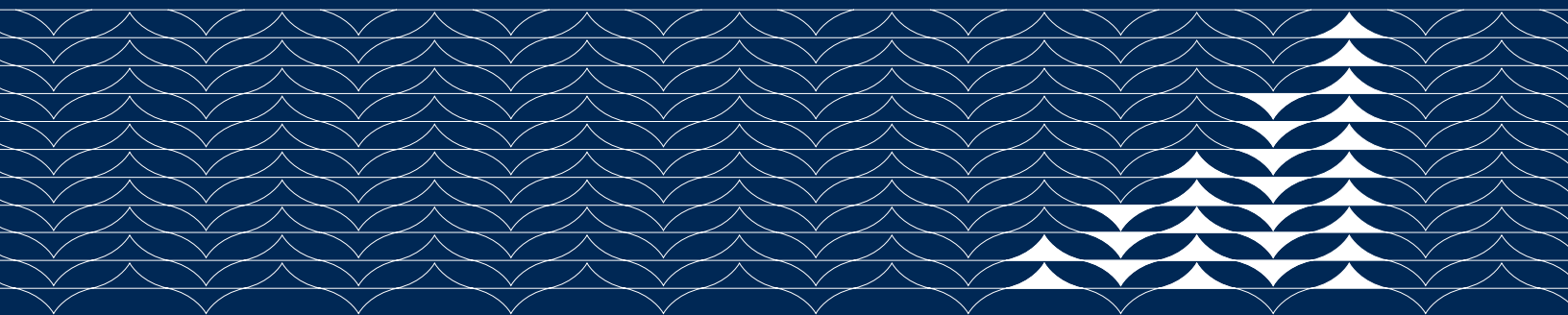


2013

ANNUAL REPORT



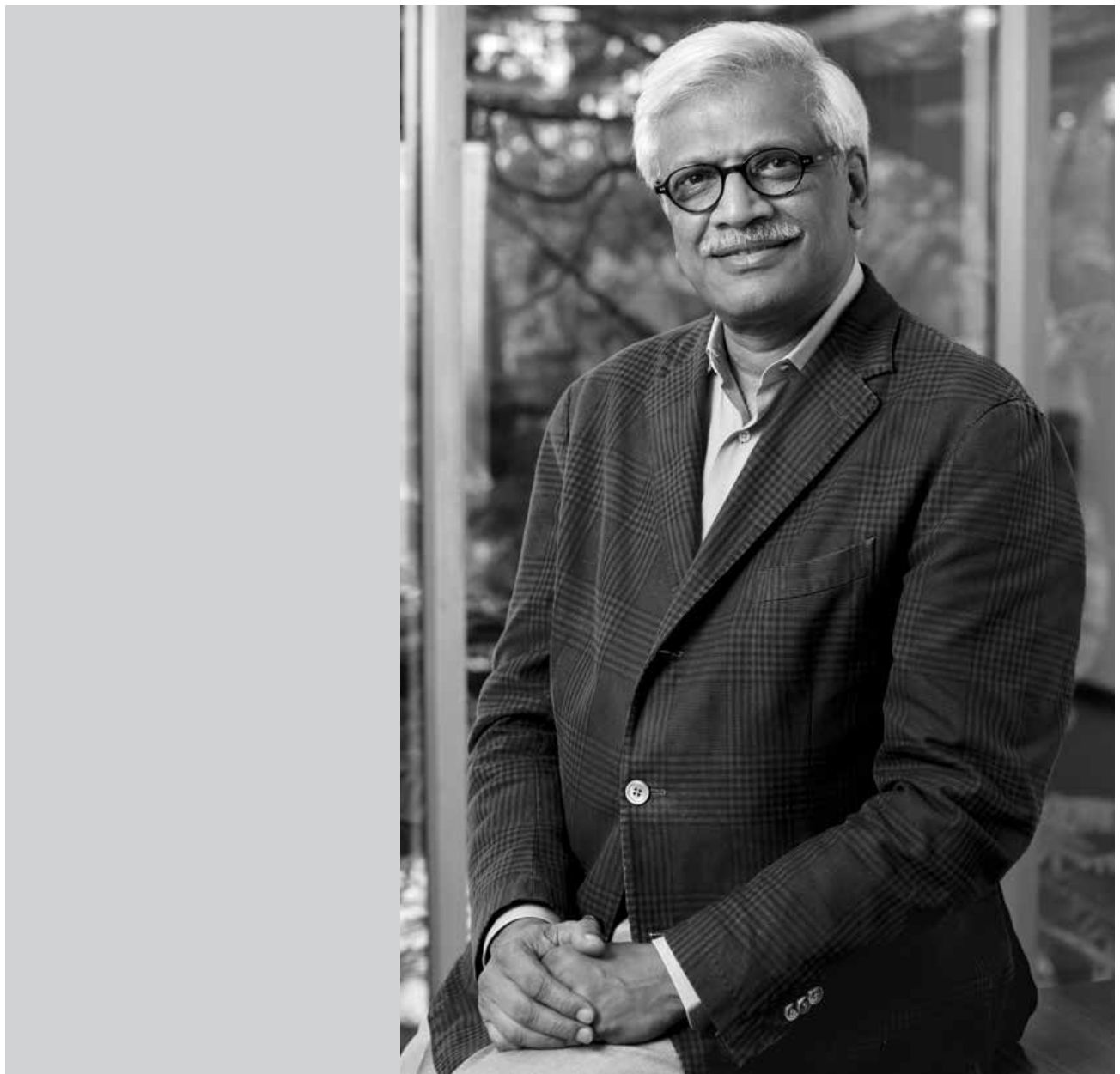
Himatsingka Seide

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OUTLOOK

Dinesh Himatsingka - Managing Director



Dear Shareholders,

It gives me great pleasure to report that the Company continued to grow during fiscal '13. We witnessed strong organic growth across our manufacturing, retailing and distribution businesses.

We continue to pursue our philosophy of embracing operational excellence, adhering to best practices and thinking ahead in order to be a global leader in our industry. I am happy to see that we continue to take various initiatives that help us align with our philosophy.

Our initiatives have included the successful implementation of SAP ERP across all our manufacturing and retail locations in India. The new platform has significantly enhanced integration and cohesiveness between operational and financial verticals.

Our focus on providing a world class work environment for our employees continues. We have strived to ensure that our Human Resource practices are benchmarked to global standards. During fiscal '13, the Company received accolades and recognition at various fora in India and internationally - among them are the Asian CSR Leadership Award in the category of "Developing Sustainable Strategies" awarded by the Asian Confederation of Businesses and "Best of Breed HR Showcase Award" at the National Annual Conference of the NHRD - National Human Resource Development Network.

FINANCIAL HIGHLIGHTS

The consolidated financial performance for fiscal '13 was credible given the challenging and volatile economic environment globally. Consolidated revenues grew 18.6% to Rs. 1,698.41 crores as compared to Rs. 1,431.62 crores in the previous year. The relative stability in critical raw material inputs coupled with higher realizations and revenue growth helped our EBITDA to grow by 13% to Rs. 166.84 crores as compared to Rs. 147.62 crores in the previous year. Profit After Tax grew by 73.4% to Rs. 57.32 crores as compared to Rs. 33.06 crores in the previous year.

RETAIL AND DISTRIBUTION

During fiscal '13 the Company continued to consolidate its market presence in North America (United States, Canada and Mexico). Revenues from these geographies across brands and private label portfolios grew by 22.1%.

In India/Asia, the retail and distribution activities as represented by the Atmosphere brand saw revenue growth of 7.9%. This division which currently has 14 stores, has been focused on building its product portfolio and enhancing global reach through its e-commerce platform "atmospheredirect.com". The platform which offers the entire range of products including drapery, upholstery, bedding and other accessories

is available across 35 countries and will give the brand visibility over time.

In Europe however, our brand Bellora continues to witness serious headwinds given the economic circumstances in the European region. Revenues declined 23.7% during fiscal '13. Efforts are on to extend the brand's presence across new geographies including North America, the Middle East and China. We expect to see some positive results in the future.

MANUFACTURING

With a current installed capacity of 25 million meters per annum (m.m.p.a) across bedding, drapery and upholstery products, the Company saw satisfactory growth in overall manufacturing revenues. Revenues from manufacturing activities grew 10.82% to Rs. 727.55 crores during the fiscal as against Rs. 656.52 crores during the previous year. We remain focused on further enhancing our capacity utilization levels while optimizing our product mix and realisations.

FUTURE OUTLOOK

The Himatsingka model of being integrated across the value chain has given us an edge in our industry. We will stay focused on strengthening our manufacturing capabilities in the form of capacities, technologies, R&D skills and design and product development expertise.

On the retail and distribution front, we are focused on enhancing our share of global shelf space and building our portfolio of brands which currently include some of the most sought after names in home textiles. We are also committed to enhancing global reach, measured by the number of points of sale and markets that we cater to.

As I have shared in my earlier communications, the various initiatives that we have spoken about should aid in delivering stronger operating and financial performance, thereby driving shareholder value.

DIVIDEND FOR 2013

Your Company has always prided itself on its dividend paying record. In line with the encouraging financial performance this year, the Board of Directors has recommended a dividend of 20% to its Shareholders.

In conclusion, on behalf of our Board of Directors, I would like to thank our employees for their efforts and our Shareholders for reposing their trust in the Company. We look forward to your continued support as we forge ahead together.

Thank you.

Dinesh Himatsingka

Managing Director
Himatsingka Seide Limited

CORPORATE INFORMATION

Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice Chairman

Dr. K.R.S. Murthy

Berjis M. Desai

A.K. Dasgupta

Rajiv Khaitan

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

D.K. Himatsingka
Managing Director

Aditya Himatsingka
Executive Director

Shrikant Himatsingka
Executive Director

Audit Committee

Dilip J. Thakkar - Chairman

Rajiv Khaitan - Member

Dr. K.R.S. Murthy - Member

Samuel Joseph Jebaraj - Member

Shareholders / Investors Grievance Committee

Rajiv Khaitan - Chairman

A.K. Himatsingka - Member

A.K. Dasgupta - Member

Investment Committee

D.K. Himatsingka - Member

A.K. Himatsingka - Member

Rajiv Khaitan - Member

Share Transfer Committee

A.K. Himatsingka - Member

D.K. Himatsingka - Member

Aditya Himatsingka - Member

Remuneration Committee

Rajiv Khaitan - Chairman

Dr. K.R.S. Murthy - Member

A.K. Dasgupta - Member

Risk Management Committee

Dr. K.R.S. Murthy - Member

Aditya Himatsingka - Member

Shrikant Himatsingka - Member

QIP Committee

Dr. K.R.S. Murthy - Member

D.K. Himatsingka - Member

Aditya Himatsingka - Member

Shrikant Himatsingka - Member

Senior Executives

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

Giuseppe Bellora
President
Giuseppe Bellora SpA

Pradeep K.P.
President - Finance & Group CFO

Vasudevan V
President - Manufacturing
Operations

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

Jayshree Poddar
Head of Design

Company Secretary

Ashok Sharma

Bankers

Canara Bank

Export-Import Bank of India

The Hongkong & Shanghai
Banking Corporation Ltd

ICICI Bank Ltd

Statutory Auditors

Deloitte Haskins & Sells

Registered Office

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

Works

Drapery and Upholstery Unit:

23A KIADB Industrial Area
Veerapura Village
Doddaballapur Taluk
Bangalore District

Bed Linen Unit:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Global Textile Industry

The Global Textile & Apparel trade is estimated at USD 700 Billion and is an integral component of Global Trade.

Over the years, there has been a marked shift of textile manufacturing activities to the East, thus making developed economies major consumption centers for products manufactured in the Eastern Hemisphere. However, in addition to being major manufacturing hubs for the Global Textile Industry, emerging economies such as India and China have also become major markets for textile products. The growth being witnessed in major emerging market economies will give an impetus to the overall growth of Global Textile & Apparel trade through 2020.

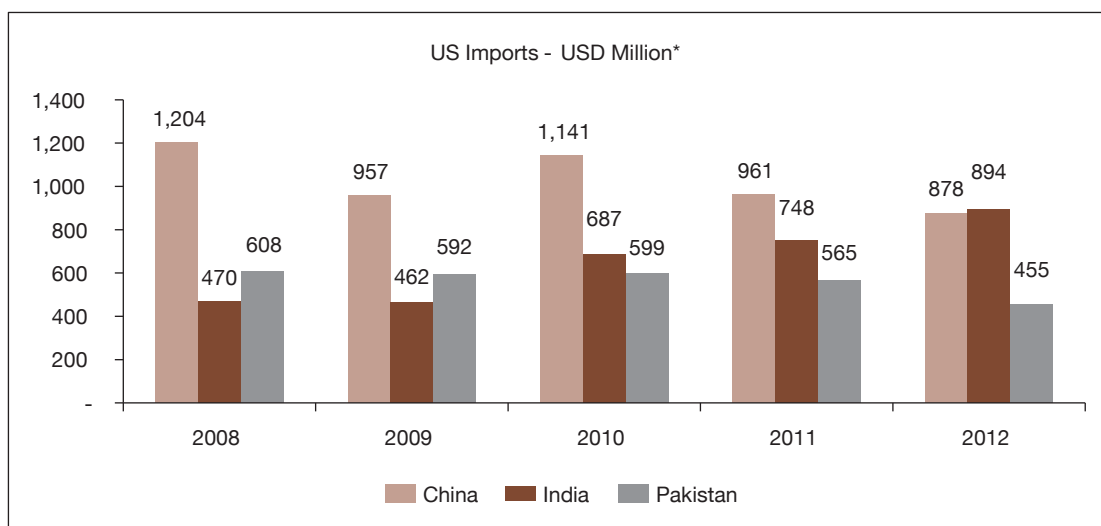
Global Home Textile Scenario

The USD 70 Billion (estimated) Global Home Textile market is about 10% of the Global Textile & Apparel trade and is estimated to be growing at a CAGR of 3 to 5%.

While the BRICS nations and other emerging economies are seeing heightened demand for Home textile products, given the disposable incomes, urbanization and increasing population, the United States continues to be the largest market for Home Textile products.

The size of the United States Home Textile market is estimated at USD 28 – 30 Billion. While Bedding and allied products account for close to 35% of this market, other categories such as Bath, Drapery, Upholstery and Decorative accessories including Kitchen products account for the rest. The mature and consolidated Home Textiles segment in the United States is dominated by major retailers. The top 50 retailers in context to their revenues from Home Textile products account for a throughput of approximately USD 23 Billion. (Source: *Home Textiles Today*)

The sourcing of Cotton Home Textile products for the large US market is predominantly from China, India and Pakistan, among other countries. India's share of US imports of Cotton based Home textile products has been on the rise. Import of Cotton Bedding (Sheets, Pillow Cases and Bed Spreads / Quilts) from India in particular has seen healthy organic growth compared to China and Pakistan.

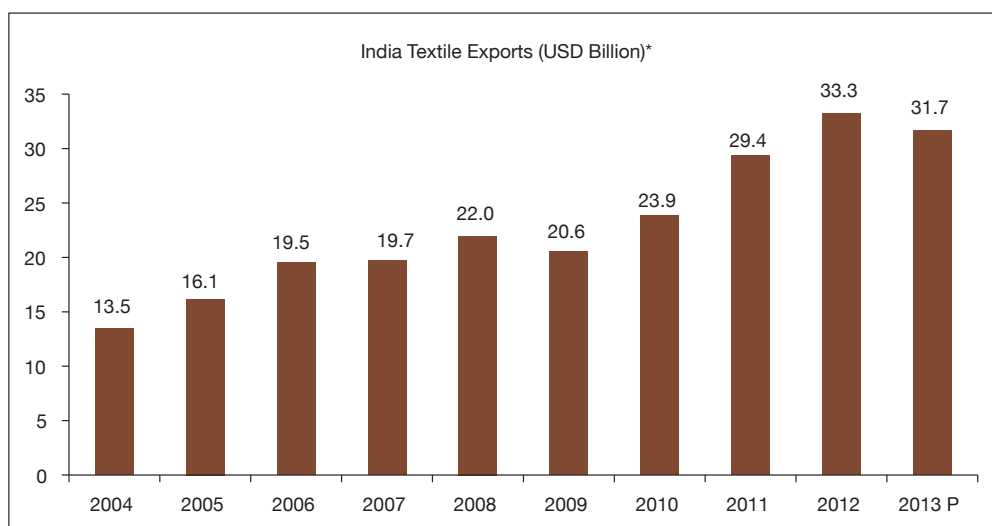


*(Source: OTEXA, Department of Commerce, United States of America)

Indian Textile Scenario

With a contribution of close to 4% of GDP, direct employment base of 45 million people and a close to 11% share of India's exports basket, the Indian Textile Industry is poised to play an important role in the economic development of the country.

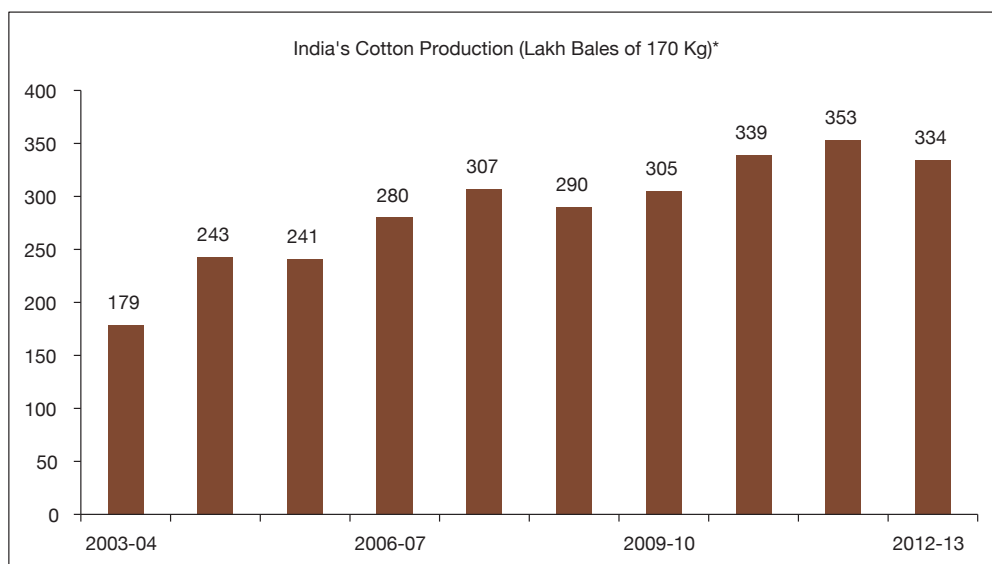
India's total apparel and textile industry (Domestic + Exports) for the year 2011 is estimated at USD 88 Billion. This is projected to grow to approximately USD 140 Billion by 2016 and to USD 220 Billion by 2021, driven by both the Domestic and Export segments. While Exports are likely to grow from approximately USD 29 Billion in 2011 to USD 82 Billion in 2021, the domestic industry is projected to grow from USD 58 Billion, to USD 141 Billion during the same period. (Source: *Technopak Report 2012*)



*(Source: Ministry of Textiles, Government of India)

The thrust on textile exports assumes importance given India's manufacturing capabilities, expertise and access to a vast raw material base.

On the raw material front, India is the second largest producer of cotton in the world. With over 11 million hectares under cultivation and yields of approximately 490 – 500 kgs per acre, the total output of cotton is close to 6 million tons per annum. (Source: Cotton Advisory Board, India). This represents close to 25% of Global Cotton production projected at 25.01 Million tons (Source: ICAC). The strong domestic cotton spinning industry, with an estimated installed spindleage of close to 50 million helps India to be a competitive source of cotton yarn. In addition to cotton yarn, India also has a strong raw material base in the man-made fiber space.



*(Source: Cotton Advisory Board, India)

Himatsingka Group - Operations Overview

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

On the retail and distribution front, North America (United States, Canada and Mexico) is the largest market for the Group. Revenues from North America stood at 84.6% of Consolidated Revenues of the Group. The Group has an extremely strong presence in the North American market through its subsidiaries DWI Holdings Inc. (DWI) and Divatex Home Fashion Inc. (DHF).

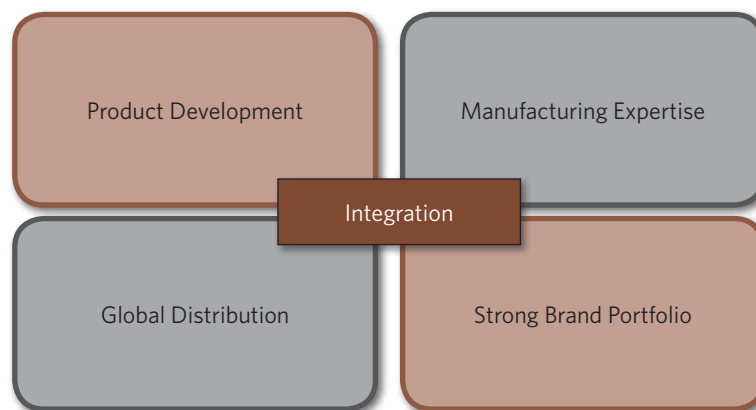
These subsidiaries cater to private label programs of major retailers and in addition to marketing their licensed and owned brands. The brand portfolio of the Group for the North American markets includes its owned brand Bellora and licensed brands Calvin Klein Home, Barbara Barry, Peacock Alley, Esprit and Waverly. The Group has amongst the strongest brand portfolios in the Home Textile space. The Calvin Klein Home brand is currently the second largest-selling bedding and bath brand sold through departmental stores in the United States.

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

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

The Himatsingka Edge

The Himatsingka Group has continued to build on its vertically integrated model. During the Fiscal, the Group has invested in the four key areas it believes will strengthen its global leadership in the Home Textile industry.



- Our in-house design and product development capabilities are considered amongst the best in the world. With creative infrastructure across North America, Europe and India, the Group is equipped to churn out over 2000 new products annually.
- Our large capacities and state-of-the-art manufacturing facilities are equipped to handle over 20,000 SKUs in order to cater to the varying specifications of our global clientele.
- Through our international Retail and Distribution infrastructure, the Group services over 35 countries with the endeavor to expand its global reach.
- The strong portfolio of brands gives the Group an edge in tapping global shelf space to reach the end consumer. The retail fraternity and the end consumer are inclined to have marquee brands that enhance the shopping experience and drive potentially superior value propositions across markets.

Emerging Opportunities

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

- The Group is seeing enhanced demand for its products and offerings in certain markets like North America and Australia driven by the positive economic environment that prevails in those geographies that in turn stimulates product demand.
- There is potential to tap new markets where the Group has negligible or no presence. With the current reach pegged at over 35 countries, there is scope to look at new markets where Home Textile product categories are seeing significant growth. This opportunity includes countries like India, China, Brazil among others.
- With the Group emerging to be a preferred vendor in several cases, there are opportunities to offer multiple product categories to clientele who are currently sourcing only a single category of product from the Group.
- We believe that the shift to the East in reference to manufacturing activities will continue, thereby positioning geographies like India to be desirable sourcing hubs catering to the growing global demand.

Internal control systems and their adequacy

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

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

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

Risks, threats and concerns

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

Discussion on Consolidated Financial Performance

A summary of our financial performance for the year ended March 31, 2013 and 2012 is as follows:

Particulars	Rs. in lakhs		
	2012-13	2011-12	Change %
Total Revenue	169,841	143,162	18.6
Material Cost	110,059	90,755	21.3
As a % of revenue	64.8%	63.4%	2.2
Employee benefit expenses	17,183	15,007	14.5
Other expenses	25,916	22,638	14.5
EBITDA	16,684	14,762	13.0
Interest and finance charges	6,528	5,284	23.6
Depreciation	5,216	5,557	-6.1
Profit before exceptional items	4,940	3,921	26.0
Exceptional items	235	555	
Profit before tax	5,176	4,476	15.6
Profit after tax	5,732	3,306	73.4

Revenue analysis

Consolidated Revenue for the year increased by 18.6% to Rs. 169,841 lakhs.

• Manufacturing business

Revenues from the Bed Linen manufacturing business increased by 12.4%. The capacity utilization for the current year stood at 82%.

Revenues from the Drapery and Upholstery manufacturing business declined by 3.8%. The capacity utilization for the current year stood at 45%.

• Retail and Distribution business

Revenue from the distribution business in North America increased by 22.1%.

Revenue from the distribution business in Europe decreased by 23.7%.

Revenue from our 'atmosphere' brand increased by 7.9%.

Expenditure analysis

- Material costs stood at Rs. 110,059 lakhs during the year. Material costs as a percentage of revenue increased from 63.4% to 64.8% given the variance in product mix and the ratio of distribution revenue streams from North America as a percentage of Consolidated Revenues.
- Employee benefit expenses increased by 14.5% to Rs. 17,183 lakhs reflecting ordinary course inflation and increased manufacturing activities.
- Interest and finance charges increased by 23.6% to Rs. 6,528 lakhs due to foreign exchange translation impact on account of the rupee depreciation and additional borrowings during the year.
- Exceptional items include a gain of Rs. 356 lakhs on transactions against derivative contract and severance pay expenses of Rs. 121 lakhs.

Profitability analysis

- EBITDA increased by 13% to Rs. 16,684 lakhs. The EBITDA margins during the year were range bound and stood at 9.82%.
- The Consolidated Profit After Tax for the year increased by 73.4% to Rs. 5,732 lakhs.

Consolidated Financial Position

Our Financial position at the year ended March 31, 2013 and 2012 is as follows:

		Rs. in lakhs	
Particulars	31.03.2013	31.03.2012	
Share capital	4,923	4,923	
Reserves and surplus	58,635	51,923	
Net Worth	63,558	56,846	
Total borrowings	70,301	69,837	
Deferred tax liabilities	648	1,116	
Current liabilities	27,239	26,454	
Minority interest	(1,998)	32	
Total Liabilities	1,59,748	1,54,285	
Fixed assets	46,311	49,713	
Goodwill	53,263	43,132	
Investments	328	1,301	
Inventories	40,750	42,704	
Trade receivables	6,722	8,171	
Cash and cash equivalents	2,897	838	
Loans and advances	9,477	8,426	
Total current assets	59,846	60,139	
Total assets	1,59,748	1,54,285	

Analysis of Liabilities

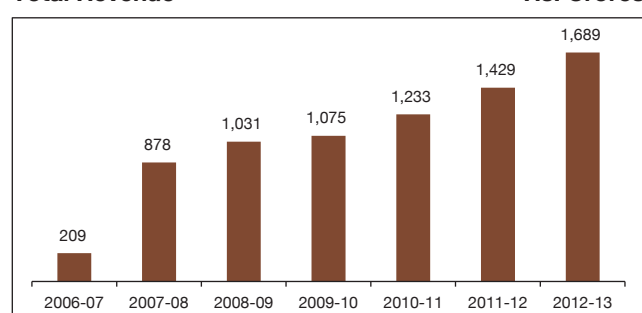
- Total borrowings increased by Rs. 464 lakhs to Rs. 70,301 lakhs due to an impact of Rs. 1,872 lakhs on account translation of foreign currency loans at higher exchange rate. During the year, the Group borrowed Rs. 9,414 lakhs and repaid Rs. 10,822 lakhs.
- Deferred tax liabilities decreased by Rs. 468 lakhs to Rs. 648 lakhs during the year mainly due to reversal of liability recorded in the previous years.
- Current liabilities increased by Rs. 785 lakhs to Rs. 27,239 lakhs mainly due to increase in Trade payables, higher provision for Dividends including tax thereon and provision for tax by Rs. 1,842 lakhs, Rs. 580 lakhs and Rs. 474 lakhs respectively, compensated by settlement of a foreign exchange derivative from the provision of Rs. 2,133 lakhs made during the previous year.
- Minority interest of Rs. 1,998 lakhs is shown as a receivable from the minority since the minority has a binding obligation to and will be able to make good the losses made by the subsidiary.

Analysis of Assets

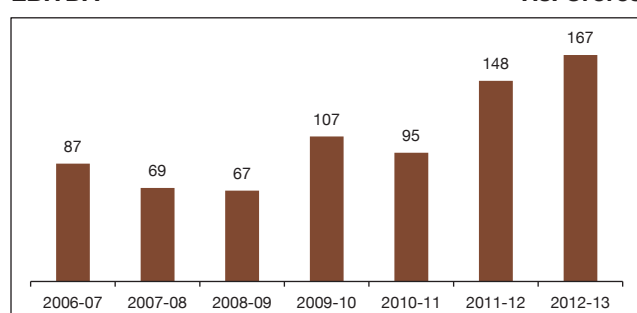
- Fixed assets decreased by Rs. 3,402 lakhs to Rs. 46,311 lakhs mainly due to the depreciation and amortization expense of Rs. 5,216 lakhs during the year.
- Goodwill increased by Rs. 10,131 lakhs to Rs. 53,263 lakhs mainly due to the acquisition of 20% shareholding in Divatex and the translation impact on account of rupee depreciation.
- Investments decreased by Rs. 973 lakhs to Rs. 328 lakhs mainly due to sale of mutual fund investments held during the previous year.
- Inventories and Trade receivable decreased by Rs. 1,954 lakhs and Rs. 1,449 lakhs respectively due to effective working capital management.
- Loans and advances increased by Rs. 1,051 lakhs to Rs. 9,477 lakhs due to increase in Prepaid expenses and MAT credit entitlement.

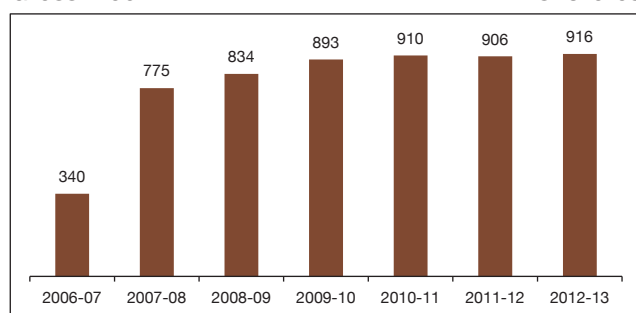
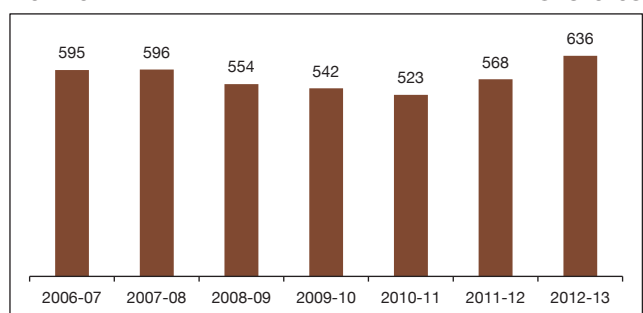
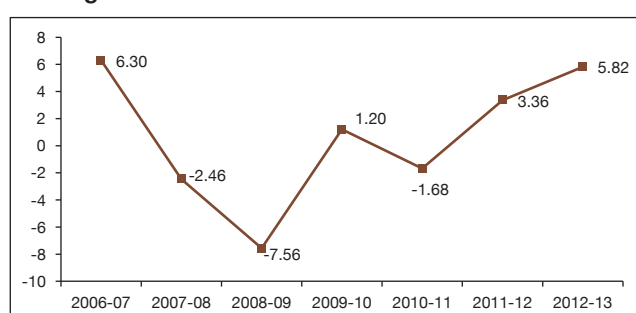
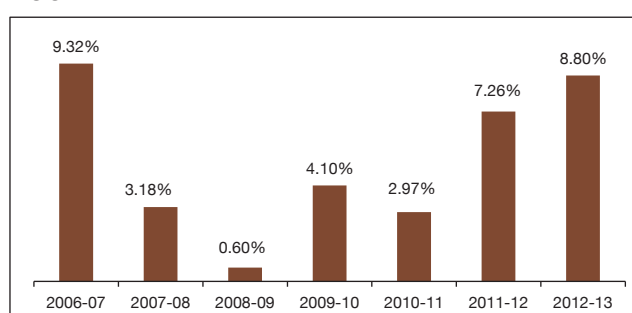
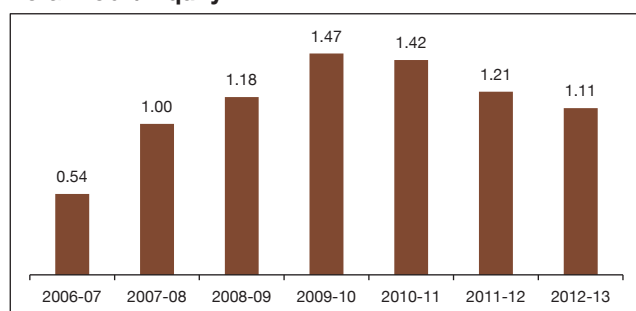
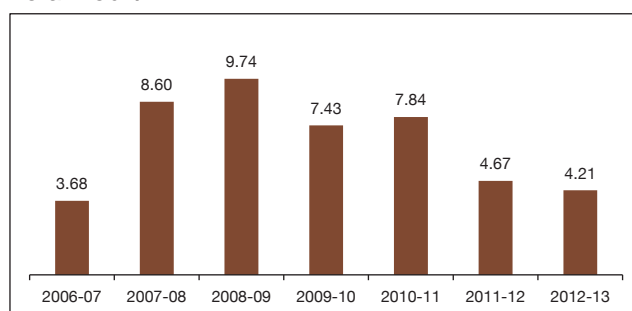
Key Financial Parameters

Total Revenue



EBITDA



Gross Block**Net worth****Earnings Per Share****ROCE****Total Debt / Equity****Total Debt / EBITDA****Human Resources**

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

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

During the year, the Company successfully concluded long term agreement at its Drapery and Upholstery manufacturing unit.

During the year, the Company received accolades and recognition at various fora in India and internationally for its HR practices. Among them were the Asian CSR Leadership Award in the category of "Developing Sustainable Strategies" awarded by the Asian Confederation of Businesses and "Best of Breed HR Showcase Award" at the National Annual Conference of the NHRD - National Human Resource Development Network.

Future Outlook

The Group aims to continue the growth momentum in Revenues and drive profitability by sweating existing assets across its Manufacturing, Retail and Distribution businesses. This will entail enhancing market share in existing markets as well as tapping new markets in line with the Group's strategy to expand global reach.

Our focus on Research and Development will lead the way for new product introductions in order to give the Group a strong product pipeline to drive sustainable growth.

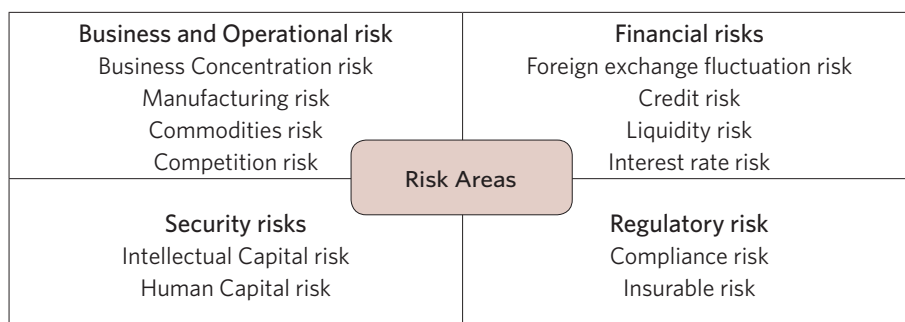
While we look to enhance revenue streams with new product introductions and enhanced market share, the Group will focus on stringent Cost optimization measures across the value chain to be able to deliver an improved operating performance.

RISK MANAGEMENT

The Group continuously explores opportunities for sustainable growth, efficiencies, profitability targets and enhance shareholder value. The increasing international business activities, ever changing demands of customers and significant foreign currency exposures entail opportunities and risks for the Group. The Risk management principles provide the framework to ensure that potential upsides are captured in the best possible manner within prudent limits.

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

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



Business and Operational risk:

Business concentration risk

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

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

Manufacturing risk

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

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

Commodities risk

Our operating results may be adversely affected by increased costs, disruption in supply or shortages of raw materials and other supplies.

The Group continues to evaluate various alternative sourcing options so as to address requirements optimally.

Competition risk

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

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

Financial risk:

Foreign exchange risk

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

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

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

Credit risk

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

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

Liquidity risk

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

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

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

CRISIL, the credit rating agency, has assigned the CRISIL BBB / Stable outlook for long term borrowings and CRISIL A3 + for its short term borrowings.

Interest rate risk

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

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

In line with the Risk Management Policy of the Company, Interest Rate Swaps are taken to ensure the mitigation of interest rate movements.

Security risk:

Intellectual capital risk

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

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

Human capital risk

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

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

Regulatory risk:

Compliance risk

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

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

Insurable risk

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

CORPORATE GOVERNANCE

1. Company's Governance Philosophy

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

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

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

2. Board of Directors (Board)

As on March 31, 2013 the Board of the Company comprised of ten Directors. The Company has a Non-Executive Chairman. The number of Non-Executive Directors is six, all of them being independent directors. The composition of the Board is in accordance with the Clause 49 of the Listing Agreement and exceeds the percentages stipulated in the subject clause.

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

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement), across all the companies in which he is a Director. All the directors have made the necessary disclosures regarding their Committee positions in other companies as on March 31, 2013.

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

Executive Directors:

Name	Designation	Board Meetings Attended / Held	Attendance at last AGM	No. of Directorships held @	No. of Memberships and Chairmanship in Committees of other Companies *
A K Himatsingka, Founder	Vice Chairman	3 / 6	Yes	4	Nil
D K Himatsingka, Founder	Managing Director	6 / 6	Yes	1	Nil
Aditya Himatsingka	Executive Director	5 / 6	Yes	4	1
Shrikant Himatsingka	Executive Director	6 / 6	Yes	1	Nil

Non Executive and Independent Directors

Name	Designation	Board Meetings Attended / Held	Attendance at last AGM	No. of Directorships held@	No. of Memberships and Chairmanship in Committees of other Companies*
Dilip J Thakkar	Chairman	5 / 6	Yes	13	9 and 4
Dr. K R S Murthy	Director	5 / 6	Yes	2	2 and 1
Berjis M Desai	Director	2 / 6	No	9	9 and 1
A K Dasgupta	Director	4 / 6	No	3	2 and 1
Rajiv Khaitan	Director	5 / 6	Yes	2	1 and Nil
Samuel J Joseph	Nominee-Export-Import Bank of India	3 / 6	No	2	2 and Nil

Note:

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

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

During the year 2012-13, the Board of Directors met six times on the following dates: May 26, 2012, July 16, 2012, August 11, 2012, August 25, 2012, November 12, 2012, and January 28, 2013.

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

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

(Rs. lakhs)

Name of the Director	Purpose	Amount
Rajiv Khaitan	Legal / Professional Fees paid to M/s Khaitan & Co.	10.09
Dr. K R S Murthy	Listing fees paid to National Stock Exchange of India Ltd	1.18

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

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

3. Audit Committee

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

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

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

The role of the Committee includes the following:

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

- Reviewing with the management and external auditors,
 - Nature and scope of audit
 - Any areas of concern and comments contained in their management letter
 - The financial statements prior to endorsement by the Board;
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Related party transactions
 - Report of the Directors & Management Discussion and Analysis
- Review of the financial statements of unlisted subsidiary companies
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act, 1956 and other statutes, as amended from time to time.

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

During the year 2012-13, the Audit Committee met on four occasions i.e. May 26, 2012, August 11, 2012, November 12, 2012 and January 28, 2013.

The Constitution of Audit Committee and attendance of the Members for the year 2012-13 is as under:

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

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

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

The Company Secretary acts as the secretary to the Committee.

4. Remuneration Committee

The Remuneration Committee of the Board comprises of three Independent Directors. During the year 2012-13, the Remuneration Committee met on May 26, 2012.

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

The following Directors are the members of the Remuneration Committee:

Rajiv Khaitan – Chairman, Dr. K.R.S. Murthy and A.K. Dasgupta

The Company Secretary acts as the secretary to the Committee.

Reappointment of directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. A K Dasgupta and Mr. Dilip J Thakkar retire by rotation. Mr. A.K. Dasgupta is not offering himself for reappointment and has expressed his desire to step down from the Board. The Board would like to place on record their appreciation for the contributions made by Mr. A.K. Dasgupta towards the growth of the Company. Mr. Dilip J Thakkar being eligible, offers himself for re-appointment. His re-appointment will be placed as one of the items in the agenda in the ensuing Annual General Meeting.

5. Remuneration and Shareholding of Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing and Executive Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The remuneration is closely linked to the performance of the Company.

Given below are the details of shareholding of Directors as on March 31, 2013 and remuneration during the financial year 2012-13 to the Directors.

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

Director	No. of shares held	Sitting fees	Salaries and perquisites	Commission	Total
Dilip J Thakkar	Nil	0.80	Nil	5.00	5.80
A K Himatsingka	25,60,675	Nil	43.89	Nil	43.89
A K Dasgupta	Nil	0.40	Nil	1.50	1.90
Rajiv Khaitan (paid to Khaitan & Co.,)	4,200	0.75	Nil	1.50	2.25
Dr. K R S Murthy	1,000	0.80	Nil	1.50	2.30
Berjis M Desai	Nil	0.20	Nil	1.50	1.70
Samuel Joseph Jebaraj (paid to Export Import Bank of India)	Nil	0.50	Nil	1.50	2.00
D K Himatsingka	1,10,23,424	Nil	78.95	35.00	113.95
Aditya Himatsingka	29,78,200	Nil	44.12	35.00	79.12
Shrikant Himatsingka	66,80,964	Nil	42.78	60.00	102.78

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

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

The Contract tenures of the Executive Directors are as follows

A.K. Himatsingka	:	From April 1, 2009 to March 31, 2014
D.K. Himatsingka	:	From April 1, 2009 to March 31, 2014
Aditya Himatsingka	:	From June 2, 2009 to June 1, 2014
Shrikant Himatsingka	:	From June 3, 2008 to June 2, 2013*

* The Contract of Appointment of Mr. Shrikant Himatsingka is expiring on June 2, 2013. The Board has approved the Appointment of Mr. Shrikant Himatsingka for a period of 5 years from June 3, 2013 to June 2, 2018, at its meeting held on May 25, 2013 subject to the approval of the shareholders of the meeting. The Approval for Reappointment of Mr. Shrikant Himatsingka is being placed before the ensuing Annual General Meeting.

Criteria for making payments to non-executive Directors:

The Non-Executive Directors (NED) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on September 23, 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings.

A sitting fee of Rs. 10,000/- (Rs. 5,000 till May 2012) is paid for attendance at each meeting of the Board and / or Committee thereof. The Company also reimburses out-of-pocket expenses for attending meetings.

6. Share Transfer Committee

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

7. Shareholder / Investors Grievance Committee

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

Three meetings of the committee were held during the year – on May 26, 2012, November 12, 2012, January 28, 2013. The Chairman of the Committee was present in all the meetings.

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

Constitution of Shareholder / Investors Grievance Committee as on March 31, 2013 and related information:

Name of the Director	Position	No. of Meetings Attended
Rajiv Khaitan	Chairman	3
A K Himatsingka	Member	2
A K Dasgupta	Member	3

The Company Secretary acts as the secretary to the Committee.

There were no pending investor complaints at the beginning of the year. During the year 2012-13, the Company received 65 investor complaints, which have been attended to and no complaints remain unresolved at the end of the year.

8. Risk Management Committee

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

During the year 2012-13, no meeting of the committee was held.

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

Constitution of Risk Management Committee as on March 31, 2013 and related information:

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

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

9. General Body Meetings

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

Date and Time	Year	Type	Time	Venue	No. of special Resolutions passed
August 25, 2012	2011-12	Annual General Meeting	3.30 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds Bangalore-560 001	1
August 23, 2011	2010-11	Annual General Meeting	3.30 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds Bangalore-560 001	1
September 8, 2010	2009-10	Annual General Meeting	3.30 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds Bangalore-560 001	Nil

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

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

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

10. Means of Communication

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

11. Code for Prevention of Insider Trading

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

12. CEO / CFO Certification

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

13. Reconciliation of Share Capital Audit

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

14. Compliance

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

15. Compliance Officer

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

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

16. Disclosures

a) Subsidiary Companies

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

b) Related party transactions

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

There were no material transactions during the year 2012-2013 that are prejudicial to the interest of the Company.

c) Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2012-13.

d) Board Disclosures – Risk Management

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

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

17. Statutory Compliance, Penalties and Strictures

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

18. General Shareholders' information

Corporate

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

Listing on Stock Exchanges

Bangalore Stock Exchange Ltd
Stock Exchange Towers, No. 51, 1st Cross
J C Road, Bangalore 560 027
Stock Exchange Code: HIMATSEIDE

Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
Stock Exchange Code: 514043

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

Listing Fees

Paid for 2012-2013 and 2013-2014 for all the above stock exchanges

Custodial Fees

Paid to Central Depository Services (India) Ltd for 2012-13 & 2013-14. The Company has paid one time fees to National Securities Depository Limited.
Demat ISIN: INE049A01027

Unclaimed Dividends

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

Year	Type of dividend	Dividend per share (Rs.)	Date of declaration of dividend	Due date for transfer to IEPF
2006	Final	1.25	July 28, 2006	September 3, 2013
2007	1st Interim	1.25	October 28, 2006	December 4, 2013
2007	2nd Interim	1.25	March 12, 2007	April 18, 2014
2010	Dividend	0.25	September 8, 2010	October 15, 2017
2012	Dividend	0.50	August 25, 2012	October 2, 2019

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

Investor Information

Annual General Meeting August 12, 2013 at 4.00 pm
The LaLiT Ashok Bangalore,
Kumara Krupa Road, High Grounds,
Bangalore - 560 001

Financial year 1st April to 31st March

Financial Calendar Board Meetings for approval of

Financial Results for 1st Quarter 2013-14	July-August 15, 2013
Financial Results for 2nd Quarter 2013-14	October-November 15, 2013
Financial Results for 3rd Quarter 2013-14	January-February 15, 2014
Annual Accounts 2013-14	April-May 30, 2014

Date of Book Closure July 30, 2013 to August 12, 2013
(both days inclusive)

Share Price

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

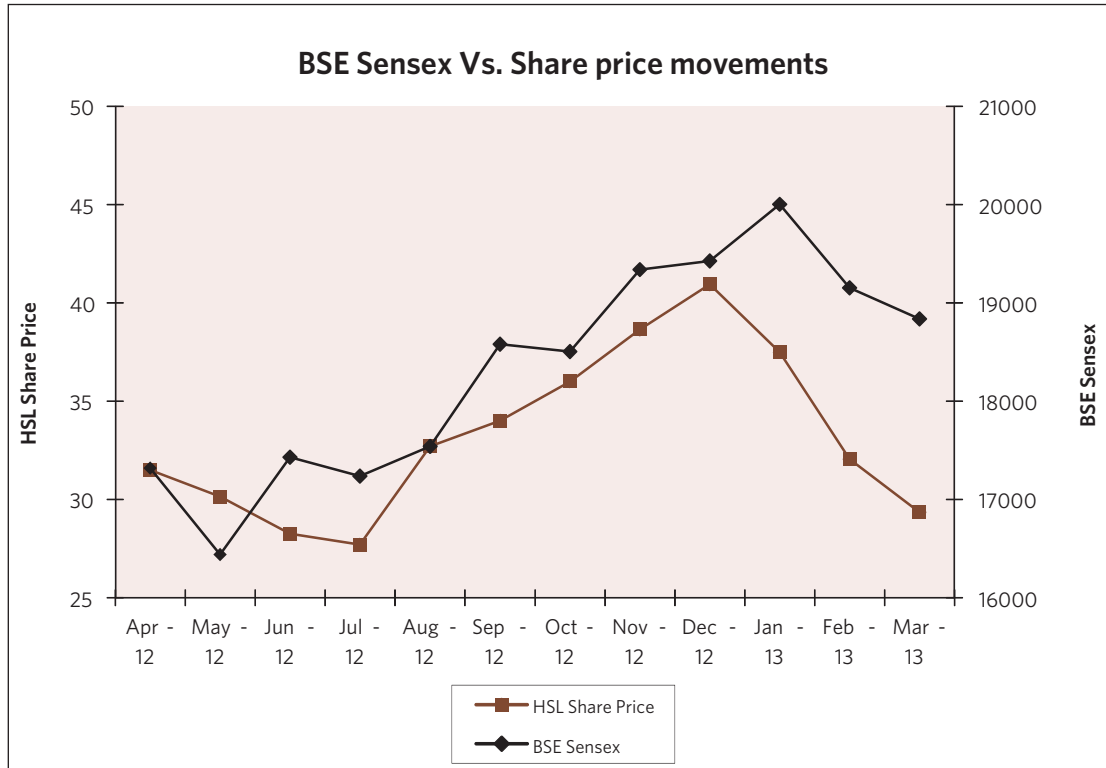
Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-12	32.25	30.45	211,032	32.30	30.40	727,515
May-12	31.95	30.05	346,746	31.90	30.00	1,201,040
Jun-12	29.55	27.95	128,300	29.50	27.95	316,267
Jul-12	31.00	26.80	391,759	31.00	26.80	1,048,876
Aug-12	32.95	27.90	1,303,469	32.95	27.85	2,303,867
Sep-12	34.85	31.35	720,997	34.80	31.25	1,127,083
Oct-12	36.15	34.15	510,162	36.10	34.25	1,024,082
Nov-12	38.95	36.40	626,913	39.00	36.35	2,232,246
Dec-12	44.40	44.20	641,872	44.40	40.50	3,522,739
Jan-13	41.05	37.50	584,151	41.00	37.50	1,194,349
Feb-13	37.70	32.05	423,734	37.80	31.95	623,550
Mar-13	34.85	29.35	1,027,017	34.70	29.30	2,343,151
Total			6,916,152			17,664,765

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

Bonus History

1994	1:2
1999	1:1
2005	1:1

Share price movement



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

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

Share Transfer System

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

Transfer period in days	2012-2013	
	No. of shares	Percentage
1 - 10	-	-
11 - 20	18,300	87.56
21 - 30	2,600	12.44
Total	20,900	100.00

Complaints received from Investors during the year

Nature of Complaints	Received	Cleared
1. Non-receipt of share certificates	7	7
2. Non-receipt of dividend warrants	52	52
3. Non-receipt of Annual Report	3	3
4. Complaints received through SEBI(SCORES)	3	3
Total	65	65

The Company attended to most of the investors' grievances / correspondence within seven days from the date of receipt of the same during the year 2012-13.

Distribution of shareholding as on March 31, 2013

No. of equity shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
1 - 5000	16,836	81.98	4,460,867	4.53
5001 - 10000	1,669	8.13	2,617,054	2.66
10001 - 20000	899	4.37	2,671,559	2.71
20001 - 30000	388	1.89	1,979,413	2.01
30001 - 40000	163	0.79	1,164,037	1.18
40001 - 50000	143	0.70	1,342,101	1.36
50001 - 100000	240	1.17	3,439,535	3.50
100001 and above	199	0.97	80,782,594	82.05
Total	20,537	100.00	98,457,160	100.00

Shareholding Pattern as on March 31, 2013:

Category of Shareholder	No. of Shareholders	No. of Equity shares	As a percentage of (A+B+C)
Shareholding of Promoter and Promoter Group-Indian			
Individuals / Hindu Undivided Family	12	35,241,063	35.79
Bodies Corporate	6	17,660,709	17.94
Sub Total (A)(1)	18	52,901,772	53.73
Foreign			
Individual (Non-Resident Individual / Foreign Individual)	2	1,237,800	1.26
Sub Total (A)(2)	2	1,237,800	1.26
Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	20	54,139,572	54.99
Public Shareholding			
Institutions			
Mutual Funds / UTI	13	8,242,260	8.37
Financial Institutions / Banks	8	64,049	0.07
Insurance Companies	1	854,886	0.87
Foreign Institutional Investors	3	1,606,262	1.63
Sub-Total (B)(1)	25	10,767,457	10.94

Category of Shareholder	No. of Shareholders	No. of Equity shares	As a percentage of (A+B+C)
Non-Institutions			
Bodies Corporate	629	5,097,239	5.18
Individuals			
i) Individual Shareholders holding nominal share capital up to Rs. 1 lakh	19,326	15,443,670	15.69
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	136	11,464,714	11.64
Any other (specify)			
- NRI / OCB	363	1,451,677	1.47
Trusts	1	12,200	0.01
- Clearing Member	37	80,631	0.08
Sub-Total (B)(2)	20,492	33,550,131	34.08
Total Public Shareholding (B)(1)+(B)(2)	20,517	44,317,588	45.01
Total (A)+(B)	20,537	98,457,160	100
Shares held by Custodians and against which Depository Receipts have been issued (C)	Nil	Nil	Nil
Grand Total (A+B+C)	20,537	98,457,160	100

Note: Promoter Group has not pledged any of their shares as on March 31, 2013

Dematerialisation of shares and liquidity

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

As on March 31, 2013, 98.40% of the Company's share capital is dematerialized and the rest is in Physical form. The Company's shares were regularly traded on the National Stock Exchange and Bombay Stock Exchange.

Shares held in demat and physical mode as on March 31, 2013

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	14,309	90,158,063	91.57
CDSL	5,263	6,720,547	6.83
Total	19,572	96,878,610	98.40
Physical Mode	965	1,578,550	1.60
Grand Total	20,537	98,457,160	100.00

Service of documents through electronic mode:

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

Other useful information to shareholders

- Equity shares of the Company are under compulsory demat trading by all investors, with effect from 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 complaint / query and request for speedy and prompt redressal.
- Shareholders holding shares in physical form are requested to notify to the RTA / Company, change in their address / Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole / first joint holder. Shareholders may note that for transfer of shares held in physical form, as per recent circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company / RTAs for registration of transfer of shares.

- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
- Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
 - Indian address for sending all communications, if not provided so far;
 - Change in their residential status on return to India for permanent settlement;
 - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
 - E-mail ID and Fax No(s), if any.
- In case of loss / misplacement of shares, investors should immediately lodge FIR / Complaint with the Police and inform to the Company along with original or certified copy of FIR / Acknowledged copy of the Police complaint.
- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical names(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
- Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.

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

Mandatory / Non Mandatory Requirements

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

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Himatsingka Seide Limited Code of Business Conduct and Ethics for the year ended March 31, 2013.

Bangalore
Date: May 25, 2013

Dinesh Himatsingka
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty – Eighth Annual Report on the operations and performance of your Company, together with audited financial statements and auditors' report for the year ended March 31, 2013.

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

Particulars	Standalone			Consolidated		
	2012-13	2011-12	Change %	2012-13	2011-12	Change %
Revenue	72,755	65,652	10.8	169,841	143,162	18.6
Material cost	40,804	38,752	5.3	110,059	90,755	21.3
As a % of Revenue	56.1%	59.0%	-5.0	64.8%	63.4%	2.2
EBITDA	12,098	10,249	18.0	16,684	14,762	13.0
Profit before exceptional items	3,878	2,405	61.2	4,939	3,921	25.9
Exceptional items	356	(403)	188.3	235	555	-57.7
Profit / (loss) before tax	4,234	2,002	111.5	5,175	4,476	15.6
Profit / (loss) after tax	4,234	2,002	111.5	5,295	3,394	56.0

Note: Figures are net of pre-operative expenses capitalised.

Dividend

Your directors have recommended a dividend of 20% (Re. 1 per equity share), subject to approval by the shareholders at the Annual General Meeting

Transfer to reserves

The Company proposes to transfer Rs. 317.39 lakhs to the General Reserve and an amount of Rs. 400 lakhs to the Debenture Redemption Reserve.

Business Operations Overview and Outlook

The year 2012-13 was a period of relative stability for the Group. The Group generates a significant part of its revenues from the US and Europe and hence the results are affected by the state of the economy in these region. The US markets were relatively stable during the past year while the European environment was under continued stress and exhibited de-growth during the past year. The year also saw the Indian economy showing signs of a slowdown in its growth.

In these economic conditions, the consolidated revenues increased by 18.6% to Rs. 169,841 lakhs.

Prices of critical raw material inputs like Cotton and silk started firming up towards the second half of 2012.

Exceptional items gain of Rs. 356 lakhs in standalone results represent the impact of the transactions arising against a derivative contract designated as fair value through profit and loss.

Exceptional items in consolidated results include gain on exceptional item in standalone results compensated by loss on severance pay of Rs. 121 lakhs.

The Consolidated Profit After Tax for the year increased by 73.4% to Rs. 5,732 lakhs.

Prospects

Consumer spending in the US is expected to be stable during the current year. The housing sector in the US is showing signs of a rebound.

The large retailers prefer vertically integrated players like your Company, due to better product development capabilities and control over supply chain which consequently ensures higher service levels. The Group has developed strong in-house expertise to manage product development, sourcing, manufacturing and distribution of home textiles.

The Group is focused on maintaining growth and optimizing its Return on Assets through leveraging distribution capabilities, enhanced utilization of manufacturing capacities and cost optimization measures.

Growth initiatives during the year

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

The retail business “atmosphere” launched its first online store “atmospheredirect.com”. This e-commerce initiative is part of its overall focus to expand its customer base and provide an enhanced shopping experience.

As part of an overall initiative to enhance the operational and financial cohesiveness in the businesses the Company has implemented an ERP package for all locations of its manufacturing and retail divisions in India.

At the beginning of the year, the Company held through its subsidiary Himatsingka America Inc., USA (HimA) , 80% shareholding in Divatex. During the year the Company acquired the remaining 20% stake from the minority shareholder and currently has 100% shareholding.

Annual accounts of the subsidiaries

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Consolidated financial statements presented by the Company include the financial results of its subsidiary companies. Further, a statement containing the particulars prescribed under the terms of the said exemption for each of the Company’s subsidiaries is also forming part of the Consolidated financial statements.

Subsidiary Companies and consolidated financial statements

As on 31st March 2013, the Company had the following subsidiaries:

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

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

In 2012-13, the Company through its 100% subsidiary Himatsingka America Inc. acquired the remaining 20% minority stake in Divatex Home Fashion Inc.

The annual accounts of these subsidiary companies have been consolidated with the accounts of Himatsingka Seide Limited.

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

The Board of Directors of the Company has accordingly decided to dispense with the requirement of attaching to its Annual Report the annual audited accounts of the Company’s subsidiaries.

Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. The Annual Accounts of these subsidiary companies, along with the related information, is available for inspection at the Company’s registered office and copies shall be provided on request. The statement pursuant to the approval under section 212(8) of the Companies Act, 1956, is annexed together with the Annual Accounts of the Company.

Research and development

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

Environment, safety, energy conservation and technology absorption

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

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

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

Foreign Exchange Earnings and Outgoings

Rs. in lakhs		
Earnings		
Export (FOB Value)		65,438
Interest		484
Outgo		
Import of raw material and other inputs	26,239	
Other expenses	492	26,731
Net foreign exchange earnings from operations		39,192
Import of capital goods		25

Corporate Governance

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

Insurance

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

Directors' Responsibility Statement

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

Directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. A.K. Dasgupta and Mr. Dilip J. Thakkar retire by rotation. Mr. A.K. Dasgupta is not offering himself for reappointment and has expressed his desire to step down from the Board. The Board would like to place on record their appreciation for the contributions made by Mr. A.K. Dasgupta towards the growth of the Company. Mr. Dilip J. Thakkar being eligible, offers himself for re-appointment. His re-appointment will be placed as one of the items in the agenda in the ensuing Annual General Meeting.

Particulars of employees

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

Public Deposits

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

Auditors

Deloitte Haskins & Sells (Firm Registration No. 008072S) Chartered Accountants, the Company's Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to appoint the auditors and fix their remuneration for the current year.

Cost Auditors

The Ministry of Corporate Affairs vide its General Circular No.11 / 2012 dated May 25, 2012, has exempted the mandatory cost audit under the provisions of Section 233B of the Companies Act, 1956, in respect of units located in Special Economic Zone (SEZs) and for 100% Export Oriented Units (EOUs). In view of this the audit of Cost Records of the Company for its two unit at Hassan (SEZ) and Doddaballapur (EOU) is exempted and as a result there will no more be a requirement to furnish a cost audit report for the Company.

Acknowledgement

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

For and on behalf of the Board

Place: Bangalore
Date: May 25, 2013

Dilip J. Thakkar
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

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

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

That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

For and on behalf of the Board

Place: Bangalore
Date: May 25, 2013

Dilip J. Thakkar
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

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

Conservation of energy:

A) Power and fuel consumption:			Current Year	Previous Year
1. Electricity				
a) Purchased	Units		9,222,534	9,499,860
Total amount	Rs.		61,732,152	57,846,873
Rate / unit	Rs.		6.69	6.09
b) Own generation				
i) Through Diesel generator				
Units	Units		86,450	59,534
Units/ Litre of Diesel Oil	Units		2.56	2.58
Cost / unit	Rs.		6.59	6.13
ii) Through Steam turbine / Generator				
Units	Units		89,178,344	67,766,608
Cost / unit	Rs.		6.94	7.46
2. Coal				
Quantity	Tons		115,800	87,274
Total amount	Rs.		452,144,001	359,969,265
Average rate / tonne	Rs.		3,905	4,125
3. Furnace oil				
Quantity	KL		1,073	1,125
Total amount	Rs.		44,656,904	43,877,756
Average rate / KL	Rs.		41,625	39,011
4. Other/Internal Generation				
Liquefied Petroleum Gas				
Quantity	Kg		345,969	320,418
Total amount	Rs.		20,376,937	16,188,649
Average rate / kg	Rs.		59	51
B) Consumption:				
Product				
a) Drapery and Upholstery fabric (per meter)				
Electricity	Unit		8.67	8.36
Furnace oil	Litre		1.13	1.17
Coal / Others			Nil	Nil
Reasons for variation: Due to changes in product-mix.				
b) Spun Silk/ Blended yarns (per Kg)				
Electricity	Units/Kg		17.81	12.15
Furnace oil			Nil	Nil
Liquefied Petroleum Gas	Rs. /Kg		17.41	19.25
Coal / Others			Nil	Nil
Reasons for variation: Due to changes in product-mix.				
LPG costs is higher due to higher prices.				
c) Bed linen (per set)				
Electricity	Units/ set		21.51	20.62
Furnace oil	Litre/set		0.00	0.01
Liquefied Petroleum Gas	Rs./set		4.35	4.27
Coal / Others	Rs./set		107.97	108.88

C. 1) Energy conservation measures taken:

- i) Regular preventive maintenance of electric motors
- ii) Installation of additional capacitor banks to improve power factor to 0.99
- iii) Frequency of steam trap checking has been increased and faulty traps were replaced
- iv) Installation of sky lighting and turbo ventilators to reduce the lighting loads
- v) Installation of heat recovery system in boiler thermic fluid heater and process machines to recover the heat
- vi) Light fitting were fixed on loom sphere duct to increase the lux level and thereby reducing number of light fittings in weaving
- vii) Electronic ballast were installed in lighting system
- viii) Solar street lights installed for new locations wherever required
- ix) LED Light fittings installed in general area lighting
- x) Air pre-heater and heat recovery unit is installed for TFH for recovering heat.
- xi) Lighting energy saver panel installed for weaving, process and Madeups, by this there is a 20% direct saving in energy

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

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

Research and development (R&D)**a) Specific areas in which the Company carried out R&D:**

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

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

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

c) Future plan of action

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

d) Expenditure on R&D

- For the year 2012-13, the Company incurred Rs. 279.69 lakhs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.39%.

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

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

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

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

c) Information regarding imported technology:

Not applicable

CERTIFICATE

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

We have examined the compliance of conditions of Corporate Governance by Himatsingka Seide Limited ("the Company"), for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 the above-mentioned listing agreement.

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

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

Place: Bangalore
Date: May 25, 2013

S. Sundaresan
Partner
Membership No. 25776

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENT

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HIMATSINGKA SEIDE LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

As referred to in Note 36(3) of the Financial Statement, in accordance with the hedge accounting principles per Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", from April 01, 2012 the Company designated pre-shipment credit ("PCFC") which are taken and repayable in foreign currency from future exports, as hedging instrument to hedge its foreign currency risk against such committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred to the Hedge Reserve in the Balance Sheet. As per the principles all such items in the Hedge reserve will be transferred back to the Statement of Profit and Loss on occurrence of the hedged transaction. The net exchange gain in respect of the above as on March 31, 2013 was Rs. 185 Lakhs.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - e) On the basis of written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

Bangalore, May 25, 2013

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

S. Sundaresan
Partner
(Membership No. 25776)

ANNEXURE TO THE AUDITORS' REPORT

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

- i) Having regard to the nature of the Company's business / activities, during the year, clauses vi, xii, xiii, xiv, xix, xx of paragraph 4 of the Order are not applicable to the Company.
- ii) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii) In respect of its inventory:
 - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
 - a) The Company has granted loans aggregating Rs. 6,901.22 lakhs to one subsidiary during the year. At the year-end, the outstanding balances of such loans aggregated to Rs. 9,970.72 lakhs (from two subsidiaries) and the maximum amount involved during the year was Rs. 9,970.72 lakhs (from two subsidiaries).
 - b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.
 - c) The receipts of principal amounts and interest have been as per stipulations.
 - d) There are no overdue amounts in respect of such loans remaining outstanding as at the year-end

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

 - a) The Company has not taken any loans during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. 2,145.30 lakhs (from one party) and the maximum amount involved during the year was Rs. 2,170.30 Lakhs (from one party).
 - b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie*, not prejudicial to the interests of the Company.
 - c) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b) Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, and having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, as stated in para (v) above, the transactions have been made at prices which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time.
- vii) In our opinion, the internal audit function carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and of are the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine if they are accurate or complete.

ix) According to the information and explanations given to us, in respect of statutory dues:

- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
- Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act	Income Tax	Commissioner of Income Tax (Appeals)	FY 2003-04	24.46
Income Tax Act	Income Tax	Income Tax Appellate Tribunal	FY 2006-07	31.49
Income Tax Act	Income Tax	High Court of Karnataka	FY 1994-95	125.75
Income Tax Act	Income Tax	Supreme Court	FY 1993-94	39.23
Central Excise Act	Excise Duty	Central Excise and Service Tax Appellate Tribunal	FY 2003-04 to 2008-09	265.40
Central Excise Act	Excise Duty & Penalty	The Commissioner of Central Excise (Appeals)	February 2009 to December 2009	76.40
Service Tax Act	Service Tax & Penalty	The Commissioner of Central Excise (Appeals)	January 2005 to June 2006	4.28

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

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

Bangalore, May 25, 2013

S. Sundaresan
Partner
(Membership No. 25776)

BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2013

	Note No.	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,922.86	4,922.86
Reserves and surplus	3	50,257.31	46,793.97
		55,180.17	51,716.83
Non-current liabilities			
Long-term borrowings	4	29,298.07	23,523.04
Other long-term liabilities	5	210.70	137.80
Long-term provisions	6	390.61	394.47
		29,899.38	24,055.31
Current liabilities			
Short-term borrowings	7	11,453.17	14,666.83
Trade payables	8	13,069.96	12,142.50
Other current liabilities	9	6,117.42	7,826.40
Short-term provisions	10	2,014.24	2,982.25
		32,654.79	37,617.98
TOTAL		117,734.34	113,390.12
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	40,147.30	43,700.00
Intangible assets	11	532.05	319.55
Capital work-in-progress		602.69	887.16
		41,282.04	44,906.71
Non-current investments	12	35,159.56	32,836.70
Deferred tax asset (net)	13	98.79	-
Long-term loans and advances	14	13,066.38	6,047.41
Other non-current assets			
Long-term trade receivables (Refer Note 29)		976.60	-
		90,583.37	83,790.82
Current assets			
Current Investments	15	-	947.56
Inventories	16	14,437.91	15,660.32
Trade receivables	17	7,224.71	7,257.76
Cash and cash equivalents	18	1,466.50	251.43
Short-term loans and advances	19	2,903.69	3,492.75
Other current assets	20	1,118.16	1,989.48
		27,150.97	29,599.30
TOTAL		117,734.34	113,390.12

See accompanying notes 1 to 40 forming part of the financial statements

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

S. Sundaresan
Partner

Bangalore, Date: May 25, 2013

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

Shrikant Himatsingka
Executive Director

Bangalore, Date: May 25, 2013

A.K. Himatsingka
Vice-Chairman

Pradeep K.P.
Chief Financial Officer

D.K. Himatsingka
Managing Director

Ashok Sharma
Company Secretary

STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2013

	Note No.	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Revenue from operations	21	71,446.73	65,042.97
Other income	22	1,307.94	608.99
Total revenue		72,754.67	65,651.96
Expenses:			
Cost of materials consumed	23A	39,288.28	35,216.64
Purchase of traded goods	23B	1,516.62	1,575.82
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(0.81)	1,959.52
Employee benefit expenses	25	7,616.87	6,275.98
Finance costs	26	3,604.43	3,058.52
Depreciation and amortization expenses	11	4,616.12	4,784.81
Other expenses	27	12,235.31	10,375.42
Total expenses		68,876.82	63,246.71
Profit before exceptional items and tax		3,877.85	2,405.25
Exceptional items – gain / (loss) (Refer Note 37)		355.94	(402.92)
Profit before tax		4,233.79	2,002.33
Tax expense:			
Current tax		790.00	583.00
Minimum alternate tax credit entitlement		(752.00)	(583.00)
Provision for tax relating to prior years		60.79	-
Deferred tax		(98.79)	-
Profit for the year		4,233.79	2,002.33
Basic and diluted earnings per equity share (Rs.) (Refer Note 34) (Par value of Rs. 5 each)		4.30	2.03
See accompanying notes 1 to 40 forming part of the financial statements			

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

S. Sundaresan
Partner

Bangalore, Date: May 25, 2013

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

Shrikant Himatsingka
Executive Director

Bangalore, Date: May 25, 2013

A.K. Himatsingka
Vice-Chairman

Pradeep K.P.
Chief Financial Officer

D.K. Himatsingka
Managing Director

Ashok Sharma
Company Secretary

CASH FLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2013

	For the year Ended 31.03.2013 Rs. in lakhs	For the year Ended 31.03.2012 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	4,233.79	2,002.33
Profit on sale of assets	(230.98)	(15.70)
Profit on sale of investments	(110.80)	(77.64)
Reversal of impairment loss	(294.29)	-
Depreciation and amortisation expense	4,616.12	4,784.81
Exchange loss on non-operating activities	453.63	258.28
Interest income	(590.59)	(473.73)
Finance costs	3,604.43	3,058.52
Operating cash profit before working capital changes	11,681.31	9,536.87
Increase in trade and other receivables	(943.55)	(2,276.62)
Decrease in inventories	1,222.41	961.96
Decrease / (increase) in short-term loans and advances, long-term loans and advances and other current assets	233.11	(555.21)
(Decrease) / increase in current and non current liabilities and provisions	(731.55)	700.77
Cash generated from operations	11,461.73	8,367.77
Income tax refund / (paid)	62.08	(389.39)
Net cash from operations	11,523.81	7,978.38
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in other subsidiary	-	(2,895.70)
Share application money	(2,322.86)	(1,106.35)
Purchase of investments	(3,732.00)	(4,816.00)
Sale of investments	4,790.36	4,621.00
Loans to subsidiaries (net)	(6,839.84)	5,133.92
Purchase of fixed assets	(950.62)	(1,224.48)
Sale proceeds of fixed assets	249.24	45.47
Interest received	1,724.81	760.62
Net cash from investing activities	(7,080.91)	518.48
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Finance costs paid	(5,025.66)	(4,767.23)
Subsidy / subvention received	1,625.81	2,278.33
Proceeds of long-term borrowings	9,413.65	520.29
Repayment of long-term borrowings	(4,723.74)	(5,396.56)
Repayment of short-term borrowings	(3,940.56)	(1,155.65)
Dividends paid	(497.51)	(13.27)
Tax on Distributed Profits	(79.86)	-
Net cash from financing activities	(3,227.87)	(8,534.09)
Total increase / (decrease) in cash and cash equivalents	1,215.03	(37.23)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.04	0.68
Cash and cash equivalents at the beginning of the period	251.43	287.98
Cash and cash equivalents at the end of the year (Refer Note 38)	1,466.50	251.43

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

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

S. Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 25, 2013

Bangalore, Date: May 25, 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

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

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

2. Use of estimates

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

3. Fixed assets

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

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

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

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

4. Depreciation

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

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

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

4.3 Leasehold land is amortised over the period of lease.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

5. Impairment of assets

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

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

6. Investments

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

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

7. Inventories

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

8. Government grants

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

9. Revenue recognition

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

Excise duty on turnover is reduced from turnover.

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

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

10. Employee benefits

a) Post-employment benefit plans:

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

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

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

b) Short term employee benefits:

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

11. Foreign currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing on the date of balance sheet. The exchange

NOTES TO FINANCIAL STATEMENTS

differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

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

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

12. Derivative Contracts and Hedge Accounting

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

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

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

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

13. Earnings per share

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

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

14. Income tax

Income tax comprises the current tax, fringe benefit tax and the net change in the deferred tax asset or liability during the year. Current tax and fringe benefit tax are determined in accordance with the provisions of the Income Tax Act, 1961 after considering tax allowances and exemptions.

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

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

15. Provisions and contingencies

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SHARE CAPITAL

Authorised

134,000,000 equity shares of Rs. 5 each
(Previous year: 134,000,000 equity shares of Rs. 5 each)

Issued

98,496,160 equity shares of Rs. 5 each fully called up
(Previous year: 98,496,160 equity shares of Rs. 5 each)

Subscribed and paid-up

98,457,160 equity shares of Rs. 5 each fully paid up
(Previous year: 98,457,160 equity shares of Rs. 5 each)

As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
6,700.00	6,700.00
4,924.81	4,924.81
4,922.86	4,922.86
4,922.86	4,922.86

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

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

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

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

Shareholder	No. of shares	No. of shares
D K Himatsingka	14,792,484	10,570,984
% of holding	15%	11%
Shrikant Himatsingka	6,680,964	6,680,964
% of holding	7%	7%
Bihar Mercantile Union Limited	5,706,000	5,706,000
% of holding	6%	6%
Rajshree Himatsingka	5,457,260	5,357,260
% of holding	6%	5%

iv) There were no instances of shares issued, on which there were any calls remaining unpaid or instances of any forfeitures during the years ended March 31, 2013 and 2012.

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
NOTE 3 - RESERVES AND SURPLUS		
Capital reserve	620.88	620.88
Securities premium account	27,675.71	27,675.71
Debenture redemption reserve		
Opening balance	-	-
Add: Transferred from Statement of profit and loss	400.00	-
Closing balance	400.00	-
General reserve		
Opening balance	14,764.28	16,737.72
Less: Adjustment in accordance with the transitional provisions under Accounting Standard - 30	-	1,973.44
Add: Transferred from Statement of profit and loss	317.39	-
Closing balance	15,081.67	14,764.28
Hedge reserve		
Opening balance	(171.44)	-
Add: Effect of foreign exchange rate variations on hedging instruments transferred during the year	(297.24)	(2,106.07)
Less: Transferred to Statement of profit and loss	(678.69)	(1,934.63)
Closing balance (Refer Note 36(1)(c) and 36(3))	210.01	(171.44)
Surplus in Statement of Profit and Loss		
Opening balance	3,904.54	2,474.36
Add: Transferred from surplus in Statement of profit and loss	4,233.79	2,002.33
Less: Transferred to Debenture redemption reserve	400.00	-
Less: Transferred to General Reserve	317.39	-
Less: Proposed dividend	984.57	492.29
Less: Tax on proposed dividend	167.33	79.86
	6,269.04	3,904.54
	50,257.31	46,793.97
NOTE 4 - LONG TERM BORROWINGS		
Secured		
Term loan from financial institution (Refer (i) below)	10,448.05	9,892.54
Term loan from banks (Refer (i) below)	15,404.72	13,630.50
Unsecured		
Non-Convertible Debentures (Refer (i) below)	1,600.00	-
Loan from related parties (Refer (i) below)	1,845.30	-
	29,298.07	23,523.04

Notes:

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

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Term loan from financial institution	7,954.55	9,772.73
Exim bank – Loan 1 [Nature of security: Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms: 33 Quarterly instalments commencing 2 years from the date of first disbursement with step up repayment in the ratio of 1:2:3. The outstanding term as of March 31, 2013 was 15 instalments] [Interest rate: Long term minimum lending rate plus 100 bps p.a.] [The amount includes the current maturity of Rs. 2500 lakhs (Previous year: Rs. 1,818.18 lakhs) included in Note 9]		
Exim bank – Loan 2 [Nature of security: Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms: 32 Quarterly instalments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2013 was 7 instalments] [Interest rate: 8% p.a.] [The amount includes the current maturity of Rs. 184.38 lakhs (Previous year: Rs. 184.38 lakhs) included in Note 9]	322.66	507.03
Exim bank – Loan 3 [Nature of security: Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms: 33 Quarterly instalments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2013 was 29 instalments] [Interest rate: Long term minimum lending rate plus 210 bps p.a.] [The amount includes the current maturity of Rs. 125.27 lakhs (Previous year: Rs. 125.27) included in Note 9]	1,940.81	1,740.61
Exim bank – Loan 4 [Nature of security: Secured by charge over certain immovable fixed assets of promoter group companies and pledge of shares of wholly owned subsidiary] [Repayment terms: 20 Quarterly equal instalments commencing 3 years from the date of first disbursement. The outstanding term as of March 31, 2013 was 20 instalments] [Interest rate: Libor (6 months) plus 550 bps p.a.]	3,039.68	-
Total – Term loans from financial institutions	13,257.70	12,020.37

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Term loans from bank:		
Canara bank – Loan 1 [Nature of security: Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms: 33 Quarterly instalments commencing 2 years from the date of first disbursement with step up repayment in the ratio of 1:2:3. The outstanding term as of March 31, 2013 was 11 instalments] [Interest rate: 8.35% pa] [The amount includes the current maturity of Rs. 1,818.18 lakhs (Previous year: Rs. 1,820 lakhs) included in Note 9]	9,318.00	11,138.00
Canara bank – Loan 2 [Nature of security: Secured by charge over moveable and certain immovable fixed assets, both present and future] [Repayment terms: 32 Quarterly instalments commencing 2 years from the date of first disbursement. The outstanding term as of March 31, 2013 was 23 instalments] [Interest rate: Base rate plus 400 bps p.a.] [The amount includes the current maturity of Rs. 750 lakhs (Previous year: Rs. 750 lakhs) included in Note 9]	4,312.50	5,062.50
ICICI bank – Loan 3 [Nature of security: Secured by charge over certain immovable fixed assets and pledge of shares of wholly owned subsidiary] [Repayment terms: 22 Quarterly instalments commencing 27 months from the date of first disbursement. The outstanding term as of March 31, 2013 was 22 instalments] [Interest rate: Libor (6 months) plus 495 bps p.a.]	4,342.40	-
Total – Term loans from bank	17,972.90	16,200.50
Debentures issued by the Company		
11.25% Non – convertible and redeemable debentures [Redemption terms: In four equal annual instalments commencing 2 years from the date of issue]	1,600.00	-
	1,600.00	-
Loan from related parties:		
Credit Himatsingka Private Limited [Repayment terms: 85 equal monthly instalments commencing from April 2013. The outstanding term as of March 31, 2013 was 85 instalments] [Interest rate: 8% p.a.] [The amount includes the current maturity of Rs. 300 lakhs (Previous year: Rs. 2,170.30 lakhs) as referred in Note 9]	2,145.30	2,170.30
Total – Loan from related parties	2,145.30	2,170.30
Total long term borrowings	34,975.90	30,391.17

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - OTHER LONG TERM LIABILITIES

Towards gratuity

As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
210.70	137.80
210.70	137.80

NOTE 5A - EMPLOYEE BENEFITS

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

Change in the benefit obligation

Projected Benefit Obligation at the beginning of the year	707.72	620.95
Service cost	67.84	71.81
Interest cost	57.47	52.83
Benefits paid	(36.15)	(42.10)
Actuarial loss	74.41	4.23
PBO at the end of the year	871.29	707.72

Change in plan assets

Fair value of plan assets at the beginning of the year	569.92	552.66
Expected return on plan assets	40.21	39.17
Employer contributions	65.00	20.12
Benefits paid	(36.15)	(42.10)
Actuarial gain	21.61	0.07
Fair value of plan assets at the end of the year	660.59	569.92

Funded status [Deficit]

Unrecognized past service costs	(210.70)	(137.80)
Recognized liability (unfunded obligations)	-	-
Less: Current portion of liability	(210.70)	(137.80)
	-	-
Non-current liability	(210.70)	(137.80)

Estimate of amount of contribution in the immediate next year

Net gratuity cost for the year ended is as follows

Service cost	100.00	100.00
Interest cost	67.84	71.81
Expected return on plan assets	57.47	52.83
Actuarial loss	(40.21)	(39.17)
	52.81	4.16
Net gratuity cost	137.91	89.63
Actual return on plan assets	66.56	54.89

Financial assumptions at the valuation date:

a) Discount rate (p.a.)	8.20%	8.20%
b) Expected rate of return on assets (p.a.)	7.50%	7.50%
c) Salary escalation rate *	6.00%	6.00%
d) Retirement age	58 yrs	58 yrs
e) Mortality: Published rates under the LIC (1994-96) mortality tables have been used		
f) Rates of leaving service for various categories of employees: 2% , 12%, 20% and 40%.		

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

NOTES TO FINANCIAL STATEMENTS

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

	Rs. in lakhs				
Five year data:	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Defined benefit obligation	871.29	707.72	620.94	624.78	511.10
Plan assets	660.59	569.92	552.65	539.42	469.41
Surplus / (deficit)	(210.70)	(137.80)	(68.29)	(85.36)	(41.69)
Exp. adj. on plan liabilities	55.86	(1.55)	(25.18)	53.31	(93.54)
Exp. adj. on plan assets	26.35	25.73	(8.89)	39.64	(18.36)

Defined contribution plans

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

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Provident fund	406.41	343.58
Employee state insurance scheme	14.35	15.90
Superannuation fund	20.20	25.24

NOTE 6 - LONG TERM PROVISIONS

Provision for taxes (Net of advance tax Rs. 263.39 lakhs
(Previous year: Rs. 813.88 lakhs))

390.61	394.47
390.61	394.47

NOTE 7 - SHORT TERM BORROWINGS

Working capital loan from banks

Canara bank (Packing credit and vendor financing)	5,511.53	7,096.64
HSBC bank (Packing credit)	5,941.64	7,570.19
(Working capital limits are secured against present and future stock and book debts on pari-passu basis.)		
	11,453.17	14,666.83

NOTE 8 - TRADE PAYABLES

Trade Payables

13,069.96	12,142.50
13,069.96	12,142.50

i) Include dues to subsidiaries		
Himatsingka Wovens Private Limited	11.95	7.51
Giuseppe Bellora S.p.A.	17.73	23.36
DWI Holdings, Inc.	16.12	106.77
Himatsingka America, Inc.	-	143.48
ii) Include dues to Directors	153.28	34.76

NOTES TO FINANCIAL STATEMENTS

NOTE 8A

The following information related to micro, small and medium enterprises are disclosed

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	707.33	1,011.14
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	62.35	42.98
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	42.98	24.59
iv) The amount of interest due and payable for the year	19.37	42.98
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	62.35	42.98
vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

NOTE 9 - OTHER CURRENT LIABILITIES

Current maturities of long term debt

Term loan from financial institution (Secured)	2,809.65	2,127.83
Term loan from banks (Secured)	2,568.18	2,570.00
Loan from related parties (Unsecured)	300.00	2,170.30
	5,677.83	6,868.13
Interest accrued but not due on borrowings	49.67	104.63
Unpaid dividend	23.99	29.21
Other liabilities		
Taxes	64.31	43.38
Payables on purchase of fixed assets	6.07	292.97
Employees	65.38	69.29
Advances received from customers	230.17	224.57
Interest accrued on trade payables	-	42.98
Payable on foreign currency contracts	-	151.24
	6,117.42	7,826.40

NOTE 10 - SHORT TERM PROVISIONS

Provision for accumulated leave credits	306.29	276.75
Provision for losses on derivative contracts (Refer Note 36 (3))	117.08	2,133.35
Provision for taxes (Net of advance tax Rs. 351.03 lakhs)	438.97	-
Provision for dividend	984.57	492.29
Provision for tax on proposed dividend	167.33	79.86
	2,014.24	2,982.25

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – FIXED ASSETS

Rs. in lakhs

Particulars	Gross block				Depreciation		Net block	
	Balance as at 01.04.2012	Reversal of Impairment losses	Additions	Deletions	Balance as at 31.03.2013	For the year	Balance as at 31.03.2013	Balance as at 31.03.2012
Tangible Assets:								
Land - owned *	747.38 (747.38)	-	-	-	-	-	747.38 (747.38)	747.38 (747.38)
Land - taken on operating lease	1,160.91 (1,160.91)	-	10.93	-	73.95 (54.60)	19.53 (19.35)	1,078.36 (1,086.96)	1,086.96 (1,106.31)
Buildings - owned	13,119.76 (13,097.39)	294.29	13.13 (22.37)	-	2,255.71 (1,826.87)	432.35 (428.84)	10,739.12 (10,864.05)	10,864.05 (11,270.52)
Buildings - partly given on operating lease	578.36 (578.36)	-	-	-	332.03 (312.71)	19.32 (19.32)	227.01 (246.33)	246.33 (265.65)
Plant and machinery - owned	58,503.47 (58,292.88)	-	655.80 (370.15)	1,078.61 (159.56)	28,316.99 (24,385.73)	3,943.66 (4,076.21)	26,884.31 (30,186.48)	30,186.48 (33,907.15)
Furniture and fixtures - owned	595.44 (591.58)	-	18.73 (3.86)	-	614.17 (295.49)	52.28 (51.70)	214.70 (248.25)	248.25 (296.09)
Leasehold improvements - owned	103.30 (92.13)	-	-	-	93.25 (87.61)	2.23 (5.64)	7.82 (10.05)	10.05 (4.52)
Office equipments - owned	948.96 (749.37)	-	28.87 (199.59)	1.00	681.82 (556.26)	82.69 (125.56)	213.21 (267.14)	267.14 (193.11)
Vehicles - owned	104.59 (131.84)	-	9.43	25.47 (27.25)	61.23 (56.54)	13.51 (16.78)	35.39 (43.36)	43.36 (75.30)
Total	75,862.17 (75,441.84)	294.29	736.89 (607.14)	1,105.08 (186.81)	32,162.17 (27,575.81)	4,565.57 (4,743.40)	40,147.30 (43,700.00)	43,700.00 (47,866.03)
Intangible Assets:								
Software and other related costs - owned	505.77 (174.28)	-	263.05 (331.49)	-	186.22 (144.81)	50.55 (41.41)	532.05 (319.55)	319.55 (29.47)
Total	505.77 (174.28)	-	263.05 (331.49)	-	186.22 (144.81)	50.55 (41.41)	532.05 (319.55)	319.55 (29.47)
Total Fixed Assets	76,367.94 (75,616.12)	294.29	999.94 (938.63)	1,105.08 (186.81)	32,348.39 (27,720.62)	4,616.12 (4,784.81)	40,679.35 (44,019.55)	44,019.55 (47,895.50)
Previous Year- Total		-						

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

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

Figures in brackets represent previous year numbers

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – NON CURRENT INVESTMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Investments, at cost		
Trade (Unlisted, unquoted)		
Investment in equity instruments of subsidiary companies		
Himatsingka Wovens Private Limited	1,164.12	1,164.12
Equity shares of Rs. 100 each fully paid up [No. of shares: 1,250,000 (Previous year: 1,250,000)]		
Himatsingka America, Inc.	20,240.33	20,240.33
Equity shares of USD 10,000 each fully paid up [No. of shares: 4,650 (Previous year: 4,650)]		
Twill & Oxford LLC	37.35	37.35
Equity shares of AED 100 each fully paid up [No. of shares: 1,470 (Previous year: 1,470)]		
Giuseppe Bellora S.p.A.	6,875.50	6,875.50
Equity shares of Euro 1 each fully paid up [No. of shares: 7,515,501 (Previous year: 7,515,501)]		
Share application money (Giuseppe Bellora S.p.A.)	6,842.26	4,519.40
	35,159.56	32,836.70

NOTE 13 – DEFERRED TAX (LIABILITY) / ASSETS

Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(4,305.15)	(4,862.69)
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	98.79	-
Unabsorbed depreciation	4,305.15	4,862.69
Deferred tax asset / (liability) net	98.79	-

The Company has recognized a deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

NOTE 14 – LONG TERM LOANS AND ADVANCES

(unsecured, considered good)		
Security deposits	247.44	342.27
Advance income tax [net of provisions Rs. 1,098.93 lakhs (Previous year Rs. 1,654.93 lakhs)]	336.12	813.88
Loans to subsidiaries		
Himatsingka Wovens Private Limited	526.00	526.00
Himatsingka America, Inc.	9,444.72	2,543.50
MAT credit entitlement	2,232.57	1,480.57
Loans and advances to employees	112.93	122.84
Balances with Government authorities – VAT receivable	140.20	140.20
Capital advances to vendors	26.40	78.15
	13,066.38	6,047.41

NOTES TO FINANCIAL STATEMENTS

NOTE 15 - CURRENT INVESTMENTS

(Current, non-trade, unquoted)

(Units of mutual funds)

Birla Sunlife Savings Fund - Institutional Plan - (Growth)	-	95.36
HDFC Cash Management Fund Treasury Advantage Plan	-	93.57
Whole Sale - (Growth)	-	94.02
Tata Floater Fund - (Growth)	-	78.55
UTI Treasury Advantage Fund Institutional Plan - (Growth)	-	94.58
Canara Robeco Liquid Fund - Institutional Plan - (Growth)	-	141.48
DSP Blackrock Liquidity Fund - Institutional Plan - (Growth)	-	95.00
Templeton India TMA / Super Institutional plan - (Growth)	-	95.00
Reliance Liquid Fund - (Growth)	-	95.00
JM High Liquidity Fund Regular Plan - (Growth)	-	65.00
UTI Money Market Fund - (Growth)	-	947.56

NOTE 16 - INVENTORIES

Raw materials

Raw materials - goods in transit

Work-in-progress

Finished goods

Stores and spares

Stores and spares - goods in transit

Details of inventory of work-in-progress

Drapery and upholstery fabric

Bed linen

Silk / blended yarn

Details of inventory of Finished goods

Drapery and upholstery fabric

Bed linen sets

Silk / blended yarn

NOTE 17 - TRADE RECEIVABLES

(Unsecured, considered good)

Outstanding for a period exceeding six months from the date they were due for payment (Note i)

Others (Note ii)

i) includes dues from subsidiaries

Giuseppe Bellora S.p.A

ii) includes dues from subsidiaries

Himatsingka America, Inc.

Himatsingka Wovens Private Limited

Divatex Home Fashion, Inc.

Giuseppe Bellora S.p.A.

DWI Holdings, Inc.

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
	-	95.36
	-	93.57
	-	94.02
	-	78.55
	-	94.58
	-	141.48
	-	95.00
	-	95.00
	-	95.00
	-	65.00
	-	947.56
	2,842.63	2,731.00
	787.45	884.56
	3,630.08	3,615.56
	8,698.68	8,806.17
	1,325.58	1,217.28
	781.90	1,897.45
	1.67	123.86
	10,807.83	12,044.76
	14,437.91	15,660.32
	1,592.61	1,059.84
	6,984.14	7,653.91
	121.93	92.42
	8,698.68	8,806.17
	1,077.23	821.06
	211.03	290.20
	37.32	106.02
	1,325.58	1,217.28
	755.12	1,866.61
	6,469.59	5,391.15
	7,224.71	7,257.76
	666.85	1,734.18
	-	126.38
	759.83	265.10
	2,847.01	1,564.84
	28.33	177.09
	657.81	1,827.82

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
NOTE 18 - CASH AND CASH EQUIVALENTS		
Cash in hand	10.15	8.99
Balances with banks		
in current account	1,267.33	213.21
in deposit account	165.00	-
in Earmarked accounts		
Unpaid dividend account	24.02	29.23
	1,466.50	251.43
NOTE 19 - SHORT TERM LOANS AND ADVANCES (unsecured, considered good)		
Security deposits	125.00	24.65
Interest subsidy receivable	505.34	822.42
Capital subsidy receivable	14.58	14.58
Prepaid expenses	496.03	297.00
Loans and advances to employees	92.89	68.36
Balances with Government authorities		
VAT credit receivable	249.11	554.21
Cenvat and service tax receivable	214.58	149.34
CST receivable	12.71	15.20
Entry tax receivable	10.00	10.00
Others	106.37	106.37
Advances to vendors	457.62	155.89
Advances to subsidiaries		
Himatsingka Wovens Private Limited	16.80	51.05
Himatsingka America, Inc.	601.83	1,223.68
Giuseppe Bellora S.p.A	0.83	-
	2,903.69	3,492.75
NOTE 20 - OTHER CURRENT ASSETS		
Advances recoverable in cash or in kind or for value to be received	148.40	163.89
Interest receivable (Refer Note i)	768.16	1,797.67
Insurance claim receivable	-	27.92
Receivable from foreign currency transactions	201.60	-
	1,118.16	1,989.48
i) includes interest dues from subsidiaries		
Himatsingka Wovens Private Limited	22.29	60.22
Himatsingka America, Inc.	700.08	1,692.84
Giuseppe Bellora S.p.A.	45.79	44.61

NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 21 - REVENUE FROM OPERATIONS		
Sale of products (Refer Note i)	68,275.51	63,329.82
Other operating income (Refer Note ii)	3,533.12	2,065.26
	71,808.63	65,395.08
Less: Excise duty	361.90	352.11
	71,446.73	65,042.97
Notes:		
i) Sale of products (net of excise duty) comprises of:		
Manufactured goods		
Drapery and upholstery		
Fabric	9,675.76	9,921.17
Silk / Blended Yarn	675.91	785.70
Bed linen		
Fabric	680.28	1,243.51
Sheet sets	55,267.51	49,375.90
	66,299.46	61,326.28
Traded goods		
Bed linen - fabric	1,614.15	1,651.43
	1,614.15	1,651.43
Total	67,913.61	62,977.71
ii) Other operating income comprises of:		
Sale of power	2,357.40	1,011.95
Sale of waste / scrap	630.62	621.54
Income under Focus Product Scheme	138.05	175.01
Government grants	3.50	-
Corporate expense recovered from subsidiary	403.55	256.76
	3,533.12	2,065.26
NOTE 21A - FOREIGN CURRENCY EARNINGS		
Revenue from operations		
Exports on FOB basis - net of returns (includes deemed export sales)	65,438.06	60,135.04
	65,438.06	60,135.04
Other Income		
Interest income	484.33	406.77
	484.33	406.77
NOTE 22 - OTHER INCOME		
Interest income		
Interest on inter corporate loan	529.04	473.68
Interest others	61.55	0.05
Reversal of Impairment losses	294.29	-
Other non-operating income		
Profit on sale of assets	230.98	15.70
Profit on sale of current investments	110.80	77.64
Rent income	19.35	17.33
Insurance claim received	-	7.66
Miscellaneous income	61.93	16.93
	1,307.94	608.99

NOTES TO FINANCIAL STATEMENTS

NOTE 23 – COST OF MATERIALS CONSUMED AND PURCHASES OF STOCK IN TRADE

A) Raw material and packing material consumed

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Opening stock	3,615.56	3,439.08
Add: Purchases	34,111.84	29,308.17
	37,727.40	32,747.25
Less: Closing stock	3,630.08	3,615.56
	34,097.32	29,131.69
Dyes, chemicals and accessories consumed	5,190.96	6,084.95
Raw material and packing material consumed	39,288.28	35,216.64

B) Traded goods purchased – Bed linen

Material consumed comprises:

Raw materials, packing materials and chemicals consumed		
Silk yarn	2,777.24	2,809.45
Silk waste / tops	447.18	611.18
Cotton fabric	6,575.59	6,703.00
Cotton yarn	22,830.84	19,008.07
Others	6,657.43	6,084.94
	39,288.28	35,216.64

Traded goods purchased – Bed linen

Value of imported and indigenous raw materials and packing materials consumed

Imported	25,818.30	13,207.88
Percentage to the total consumption	66%	38%
Indigenous	13,469.98	22,008.76
Percentage to the total consumption	34%	62%
	39,288.28	35,216.64

CIF value of imports

Raw materials and chemicals	26,016.10	13,485.92
Components, spares and others	222.79	372.43
Capital goods	25.14	2.55
	26,264.03	13,860.90

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

NOTE 24 – CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Opening stock

Finished goods	1,217.28	1,096.81
Work in progress	8,806.17	10,886.16

Closing stock

Finished goods	1,325.58	1,217.28
Work in progress	8,698.68	8,806.17

Net (increase) / decrease

	(0.81)	1,959.52
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NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 25 - EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	6,427.91	5,401.11
Contribution to provident and other funds	604.86	477.81
Workmen and staff welfare expenses	697.54	581.38
Less: Expenses capitalized (Refer Note 32)	(113.44)	(184.32)
	7,616.87	6,275.98
NOTE 26 - FINANCE COSTS		
Interest expense on:		
Borrowings		
Interest on term loan (net of subsidy under TUFs Rs. 1,323.30 lakhs (Previous year: Rs. 1,538.47 lakhs))	1,327.56	1,410.41
Interest on Non-Convertible Debentures	106.03	-
Interest on working capital loans	930.15	975.15
Trade payables	62.35	42.98
Other borrowing costs - Finance charges	449.01	277.39
Net loss on foreign currency transactions and translation	729.33	355.55
Less: Expenses capitalized (Refer Note 32)	-	(2.96)
	3,604.43	3,058.52
NOTE 27 - OTHER EXPENSES		
Power and fuel	6,209.39	5,137.54
Consumption of stores and spare parts (Refer Note 27A)	763.78	784.97
Job work charges	362.69	197.02
Other manufacturing expenses	589.35	442.38
Rent	406.98	301.04
Travelling and conveyance	789.25	618.88
Communication expenses	114.43	81.06
Printing and stationery	53.93	43.27
Insurance	151.39	140.71
Repairs and maintenance		
Plant and machinery	411.49	401.22
Building	92.44	98.71
Others	43.18	55.96
Rates and taxes	90.58	50.01
Professional and consultancy charges (Refer Note 27B)	400.22	401.79
Bank charges	54.57	44.60
Contribution and donation	1.76	1.96
Advertisement and publicity	11.62	17.22
Bad trade and other receivables, loans and advances written off	13.55	-
Selling and distribution		
Commission on sales	211.09	254.64
Selling expenses	179.88	95.08
Freight outward, net of reimbursement	879.05	767.28
Net loss on foreign currency transactions and translation	166.45	244.16
Other expenses	275.37	237.52
Less: Expenses capitalized (Refer Note 32)	(37.13)	(41.60)
	12,235.31	10,375.42

NOTES TO FINANCIAL STATEMENTS

NOTE 27A – VALUE OF IMPORTED AND INDIGENOUS STORES AND SPARES CONSUMED

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Imported	211.77	326.84
Percentage to the total consumption	28%	42%
Indigenous	552.01	458.13
Percentage to the total consumption	72%	58%
	763.78	784.97

NOTE 27B – PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS

Statutory auditor		
Audit fees	41.50	40.00
Tax audit fees	3.50	3.00
Taxation matters	5.00	10.23
Other services	7.90	-
Service tax	6.76	7.20
Out of pocket expenses	0.84	1.71
	65.50	62.14
Cost auditor		
Audit fees	2.16	1.90
Service tax	0.27	0.21
Out of pocket expenses	-	0.13
	2.43	2.24

NOTE 27C – EXPENDITURE IN FOREIGN CURRENCY

Travel	27.42	73.29
Commission on sales	206.42	254.64
Professional and other service charges	21.37	62.42
Interest	177.22	1.83
Others	59.39	10.66
	491.82	402.84

NOTE 28 – SEGMENT REPORTING

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

NOTES TO FINANCIAL STATEMENTS

NOTE 29 – RELATED PARTY DISCLOSURES

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

NOTES TO FINANCIAL STATEMENTS

NOTE 29 - RELATED PARTY DISCLOSURES

Rs. in lakhs

	HWPL WOS 31.03.2013 (31.03.2012)	HimA WOS 31.03.2013 (31.03.2012)	Divatex WOS 31.03.2013 (31.03.2012)	GB OS 31.03.2013 (31.03.2012)	DWI WOS 31.03.2013 (31.03.2012)	Others 31.03.2013 (31.03.2012)	Total 31.03.2013 (31.03.2012)
Sale of goods (net)	-	-	44,900.11	-	11,043.03	1,812.69	57,755.83
	-	-	(38,464.79)	-	(13,110.60)	(2,405.11)	(53,980.50)
Income from Focused product scheme	(14.68)	-	-	-	-	-	(14.68)
Interest income	44.71 (66.91)	484.33 (399.83)	-	-	-	-	529.04 (473.56)
Rental income	13.45 (8.68)	-	-	-	-	-	13.45 (8.68)
Purchase of goods	8.87 (0.75)	-	-	-	-	-	8.87 (362.40)
	-	-	-	-	(361.65)	-	-
Job work charges	91.77 (102.95)	-	-	-	-	-	91.77 (102.95)
Sales commission	-	-	-	17.06 (9.40)	105.68 (101.10)	-	122.74 (148.43)
	-	(37.93)	-	-	-	-	-
Lease rent expense	80.90 (41.15)	-	-	-	-	-	80.90 (41.75)
Claims	-	-	-	-	-	-	-
	-	-	-	(64.23)	-	-	(64.23)
Expenses incurred on behalf of	27.86 (73.74)	472.65 (557.38)	22.98	-	-	24.85	548.34 (633.33)
	-	-	-	-	-	-	-
Expenses incurred by	-	-	-	(13.78)	(10.91)	-	(24.69)
Purchase of fixed asset	- (2.09)	-	-	-	-	-	- (2.09)
Inter corporate loans given during the year	-	6,839.84 (1,004.27)	-	-	-	-	6,839.84 (1,004.27)
Inter corporate loans recovered during the year	-	-	-	-	-	-	-
	(2,290.00)	(3,740.99)	-	-	-	(136.80)	(6,167.79)
Investment made during the year	-	-	-	-	-	-	-
	-	(2,895.70)	-	-	-	-	(2,895.70)
Share application money given	-	-	-	2,322.86 (1,106.35)	-	-	2,322.86 (1,106.35)
Guarantees given by	7,382.08	-	-	-	-	-	7,382.08
Guarantees given on behalf of subsidiaries	-	-	-	-	-	-	-
	-	(9,080.30)	-	-	-	-	(9,080.30)
Outstanding as at year end					*		
Amounts receivable	759.83 (265.10)	- (126.38)	2,847.01 (1,564.84)	1,671.78 (1,911.27)	657.81 (1,827.82)	2.54	5,938.97 (5,695.41)
Advances recoverable	16.80 (51.14)	601.93 (1,223.68)	-	0.83	-	-	619.56 (1,274.82)
Inter corporate loans receivable	526.00 (526.00)	9,444.72 (2,543.50)	-	-	-	-	9,970.72 (3,069.50)
Interest receivable	22.29 (60.22)	700.08 (1,692.84)	-	45.79 (44.61)	-	-	768.16 (1,797.67)
Share application money	-	-	-	6,842.26 (4,519.40)	-	-	6,842.26 (4,519.40)
Amounts payable	11.95 (7.51)	- (143.48)	-	17.73 (23.36)	16.12 (106.77)	-	45.80 (281.12)

NOTES TO FINANCIAL STATEMENTS

NOTE 29 - RELATED PARTY DISCLOSURES

Rs. in lakhs

	DKH	AKH	SKH	ADH	CHPL	Khaitan & Co LLP	Total
	KMP	KMP	KMP	KMP	Enterprise	Enterprise	
	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
	(31.03.2012)	(31.03.2012)	(31.03.2012)	(31.03.2012)	(31.03.2012)	(31.03.2012)	(31.03.2012)
Remuneration	113.95 (71.95)	43.89 (40.38)	102.78 (45.46)	79.12 (43.34)	- -	- -	339.74 (201.13)
Professional fees	- -	- -	- -	- -	- -	10.09 (13.67)	10.09 (13.67)
Interest expense	- -	- -	- -	- -	173.57 (206.64)	- -	173.57 (206.64)
Inter corporate loans repaid during the year	- -	- -	- -	- -	25.00 (1,052.00)	- -	25.00 (1,052.00)
Outstanding as at year end							
Inter corporate loans payable	- -	- -	- -	- -	2,145.30 (2,170.30)	- -	2,145.30 (2,170.30)
Interest payable on Inter corporate loans	- -	- -	- -	- -	- (40.13)	- -	- (40.13)
Amounts payable	58.28 (17.82)	- (3.21)	60.00 (8.53)	35.00 (5.21)	- -	- -	153.28 (34.77)

*Includes 976.60 considered under Long-term trade receivable

Figures in brackets represent previous year numbers

As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
115.81	106.12
312.06	333.47
-	-
406.98	301.04

NOTE 30 - LEASES

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

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

NOTES TO FINANCIAL STATEMENTS

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

Contingent liabilities

Claims against the Company not acknowledged as debts

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Taxation matters#		
Income tax	465.77	465.77
Excise duty	341.80	341.80
Value added tax	140.20	140.20
Service tax	4.28	54.84
Others	35.25	35.25
Corporate guarantee given towards credit facilities on behalf of subsidiaries		
Financial institutions	221.21	342.42
Banks	18,988.98	20,278.92
Others	173.93	163.00
Bill discounted	-	8.26

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

Commitments

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

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

For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
28.18	110.73

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

Employee benefit expenses	113.44	184.32
Other expenses	37.13	41.60
Finance costs	-	2.96
Total expenses capitalized	150.57	228.88

NOTE 33 - DESIGN AND DEVELOPMENT EXPENSES

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

279.69	217.08
279.69	217.08

NOTES TO FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 34 – EARNING PER SHARE		
Net profit for the year (being entirely attributable to the equity shareholders)	4,233.79	2,002.33
Basic / diluted		
Weighted average number of equity shares	98,457,160	98,457,160
Par value per share	5	5
Earnings per share – Basic / diluted	4.30	2.03

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

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

1) a) The following hedging contracts entered are outstanding

Currency		As on 31.03.2013		As on 31.03.2012	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
Export of goods- Forward covers					
USD * INR	Sell	26,196,000	14,665.62	13,702,000	7,064.82
EURO * INR	Sell	2,450,000	1,809.61	2,497,749	1,724.01
GBP * INR	Sell	1,820,000	1,628.77	1,699,736	1,369.94
Export of goods – Foreign packing credit					
USD * INR	Sell	21,074,936	11,453.17	28,770,981	14,666.83
Import of goods					
USD * INR	Buy	12,730,617	6,990.51	3,921,526	1,976.58

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

Current Year: Nil

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

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

c) The Company has entered into an interest rate swap for hedging its interest rate exposure on borrowings in foreign currency of USD 8,000,000, which has a fair value of Rs. 117.08 lakhs, taken to hedge reserve being an effective hedge.

NOTES TO FINANCIAL STATEMENTS

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

Particulars	Foreign currency	As on 31.03.2013		As on 31.03.2012	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
a) Amounts receivable in foreign currency on account of					
Inter corporate loan	USD	17,400,000	9,444.72	5,000,000	2,543.50
Interest receivable on Inter corporate loan	EURO	65,834	45.79	65,834	44.61
	USD	1,289,735	700.08	3,298,881	1,692.84
Receivables	EURO	2,377,351	1,652.68	3,256,964	2,206.52
	USD	-	-	7,955,374	4,046.90
	SGD	5,705	2.49	-	-
Other recoverables	USD	1,108,938	601.83	2,433,402	1,237.87
	EURO	1,197	0.83	-	-
Advance to vendors	EURO	74,368	51.70	-	-
Bank balance	USD	41,663	22.61	24,622	12.53
	EURO	-	-	100	0.07
Particulars	Foreign currency	As on 31.03.2013		As on 31.03.2012	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
b) Amounts payable in foreign currency on account of					
Term loans	USD	13,600,000	7,382.08	-	-
Import of goods and services	USD	143,039	77.73	1,008,540	513.04
	EURO	-	-	14,321	9.71
	CHF	1,747	1.00	3,470	1.95
Import of capital goods	GBP	42,012	34.56	42,012	34.12

3) In accordance with the hedge accounting principles as per Accounting Standards (AS 30) "Financial Instrument: Recognition and measurement", from April 01, 2012, the Company designated pre-shipment credit ("PCFC"), which is taken in foreign currency on the basis of future exports and repayable from the proceeds thereof, as hedging instrument to hedge its foreign currency risk against committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred back to the Hedge Reserve in the Balance Sheet and is transferred to the Statement of Profit and Loss on occurrence of the hedge transaction. Accordingly, as on March 31, 2013, exchange gain on effective hedge aggregating Rs. 184.82 lakhs (net) is carried in the Hedging Reserve.

NOTES TO FINANCIAL STATEMENTS

NOTE 37 – Exceptional items represent the impact of the transactions arising against a derivative contract designated as fair value through profit and loss. On August 9, 2012, the liability on account of this contract crystallised at Rs. 1,554 lakhs which has been fully settled.

NOTE 38 – NOTES RELATING TO CASH FLOW STATEMENT

- i) The cash flow statement has been prepared under the “Indirect Method” as set out in the Companies (Accounting Standards) Rules, 2006.
- ii) Cash and cash equivalents include balances with scheduled banks on dividend account not available for use by the Company: Rs. 24.02 lakhs (Previous year: Rs. 29.23 lakhs).
- iii) Interest paid is inclusive of and purchase of fixed assets excludes, interest capitalised: Rs. Nil (Previous year: Rs. 2.96 lakhs).
- iv) Cash and cash equivalents comprises of:

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
a) Cash on hand	10.15	8.99
b) Balance with banks		
– in current account	1,267.33	213.21
– in deposit account	165.00	-
– in unpaid dividend account	24.02	29.23
	1,466.50	251.43

NOTE 39 – Other income includes, Rs. 294.29 lakhs on account of reversal of impairment loss recognised in respect of the spun yarn unit in the earlier years, in view of adequate increase in value in use arising out of cash flows from alternate use of assets from the current year.

NOTE 40 – Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

TO THE BOARD OF DIRECTORS OF HIMATSINGKA SEIDE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HIMATSINGKA SEIDE LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

As referred to in Note 35(3) of the Consolidated Financial Statements, in accordance with the hedge accounting principles per Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", from April 01, 2012 the Company designated pre-shipment credit ("PCFC") which are taken and repayable in foreign currency from future exports, as hedging instrument to hedge its foreign currency risk against such committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred to the Hedge Reserve in the Consolidated Balance Sheet. As per the principles all such items in the Hedge reserve will be transferred back to the Consolidated Statement of Profit and Loss on occurrence of the hedged transaction. The net exchange gain in respect of the above as on March 31, 2013 was Rs. 185 Lakhs.

Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements / financial information reflect total assets (net) of Rs. 10,353 Lakhs as at March 31, 2013, total revenues of Rs. 10,613 Lakhs and net cash inflows amounting to Rs. 602 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

S. Sundaresan
Partner
(Membership No. 25776)

Bangalore, May 25, 2013

CONSOLIDATED BALANCE SHEET

Himatsingka Seide Limited | As at March 31, 2013

	Note No.	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,922.86	4,922.86
Reserves and surplus	3	58,635.11	51,923.09
		63,557.97	56,845.95
Non-current liabilities			
Long-term borrowings	4	45,306.33	41,192.60
Deferred tax liabilities (Net)	5	648.21	1,116.26
Other long-term liabilities	6	215.91	137.94
Long-term provisions	7	430.91	484.39
		46,601.36	42,931.19
Current liabilities			
Short-term borrowings	8	16,135.98	20,229.12
Trade payables	9	22,382.02	20,539.86
Other current liabilities	10	10,944.64	10,689.34
Short-term provisions	11	2,124.51	3,017.67
		51,587.15	54,475.99
Minority interest (Refer Note 39)		(1,998.14)	32.35
TOTAL		159,748.34	154,285.48
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	44,883.67	48,212.15
Intangible assets	12	795.09	507.17
Capital work-in-progress	12	598.21	886.69
		46,276.97	49,606.01
Goodwill on consolidation		53,263.16	43,132.00
Non-current investments	13	328.45	353.75
Long-term loans and advances	14	3,814.61	3,388.01
		103,683.19	96,479.77
Current assets			
Current investments	15	-	947.57
Inventories	16	40,750.45	42,703.59
Trade receivables	17	6,721.81	8,170.50
Cash and cash equivalents	18	2,897.07	837.61
Short-term loans and advances	19	5,316.82	4,956.06
Other current assets	20	379.00	190.38
		56,065.15	57,805.71
TOTAL		159,748.34	154,285.48

See accompanying notes (1 to 40) to the financial statements

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

S. Sundaresan
Partner

Bangalore, Date: May 25, 2013

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

Shrikant Himatsingka
Executive Director

Bangalore, Date: May 25, 2013

A.K. Himatsingka
Vice-Chairman

Pradeep K.P.
Chief Financial Officer

D.K. Himatsingka
Managing Director

Ashok Sharma
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Himatsingka Seide Limited | For the year ended March 31, 2013

	Note No.	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Revenue from operations	21	168,942.60	142,869.05
Other income	22	898.06	292.63
Total revenue		169,840.66	143,161.68
Expenses:			
Cost of materials	23	110,058.65	90,754.53
Employee benefit expense	24	17,182.65	15,006.83
Finance costs	25	6,528.20	5,283.73
Depreciation and amortization expenses	12	5,215.74	5,557.05
Other expenses	26	25,916.08	22,638.22
Total expenses		164,901.32	139,240.36
Profit before exceptional items and tax		4,939.34	3,921.32
Exceptional items – gain (Refer Note 36)		235.27	554.60
Profit before tax		5,174.61	4,475.92
Tax expense:			
Current tax		960.69	836.57
Minimum alternate tax credit entitlement		(752.00)	(583.00)
Deferred tax		(544.65)	828.64
Reversal of provision of earlier years		215.12	-
Profit after tax before share of minority interest		5,295.45	3,393.71
Less: Share of profit / (loss) of minority interest (net), including dividend payouts		(436.84)	87.59
Profit after minority interest		5,732.29	3,306.12
Basic and diluted earnings per equity share (Rs.) (Refer note 33) (Par value of Rs. 5 each)		5.82	3.36
See accompanying notes (1 to 40) to the financial statements			

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

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

S. Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 25, 2013

Bangalore, Date: May 25, 2013

CONSOLIDATED CASHFLOW STATEMENT

Himatsingka Seide Limited | For the year ended March 31, 2013

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	5,174.61	4,475.92
Profit on sale of assets	(245.44)	(1,188.81)
Profit on sale of investments	(110.80)	(77.64)
Reversal of impairment loss	(294.29)	-
Depreciation and amortisation expense	5,215.74	5,557.05
Exchange loss on non-operating activities	449.49	244.99
Provision for doubtful trade receivables	48.54	30.16
Interest income	(63.99)	(7.14)
Finance costs	6,528.20	5,283.73
Operating cash profit before working capital changes	16,702.06	14,318.26
Decrease / (increase) in trade and other receivables	1,715.05	(681.48)
Decrease / (increase) in inventories	3,541.17	(1,675.74)
(Increase) / decrease in short term , long term loan and advances and other current assets	(1,529.41)	20.24
(Decrease) / increase in current and non current liabilities and provisions	(452.75)	503.39
Cash generated from operations	19,976.12	12,484.67
Income tax paid	(364.70)	(671.59)
Net cash from operations	19,611.42	11,813.08
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,732.00)	(4,816.00)
Sale of investments	4,790.36	4,621.00
Acquisition of additional stake in subsidiaries	(9,352.77)	-
Purchase of fixed assets	(1,732.06)	(1,894.07)
Sale proceeds of fixed assets	320.18	3,672.17
Interest received	63.89	7.82
Net cash from investing activities	(9,642.40)	1,590.92
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Finance costs paid	(7,966.43)	(7,136.94)
Subsidy / subvention received	1,625.81	2,278.33
Proceeds of long term borrowings	9,413.65	8,663.71
Repayment of long term borrowings	(5,892.39)	(16,328.57)
Repayments of short term borrowings (net)	(4,983.63)	(554.99)
Dividends paid	(497.51)	(13.27)
Dividend paid to minority share holders of the subsidiary	-	(191.95)
Tax on distributed profits	(79.86)	-
Net cash from financing activities	(8,380.36)	(13,283.68)
Total increase in cash and cash equivalents	1,588.66	120.32
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	470.80	(279.51)
Cash and cash equivalents at the beginning of the period	837.61	996.80
Cash and cash equivalents at the end of the year (Refer Note 37)	2,897.07	837.61

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

For and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice-Chairman

D.K. Himatsingka
Managing Director

S. Sundaresan
Partner

Shrikant Himatsingka
Executive Director

Pradeep K.P.
Chief Financial Officer

Ashok Sharma
Company Secretary

Bangalore, Date: May 25, 2013

Bangalore, Date: May 25, 2013

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

The consolidated financial statements of Himatsingka Seide Limited ('the Company') and its subsidiary companies, collectively referred to as 'the Group' are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis of accounting. GAAP comprises the mandatory Accounting Standards ('AS') issued under the Companies (Accounting Standards) Rules, 2006 ("the Rules").

The financial statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company i.e. March 31, 2013.

2. Principles of consolidation

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

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

Name of the entity	Country of incorporation	% ownership held either directly or through subsidiaries	
		March 31, 2013	March 31, 2012
Himatsingka Wovens Private Limited	India	100%	100%
Himatsingka America, Inc.	United States of America	100%	100%
Giuseppe Bellora S.p.A.	Italy	70%	70%
DWI Holdings, Inc.	United States of America	100%	100%
Divatex Home Fashion, Inc	United States of America	100%	80%
Twill & Oxford LLC	United Arab Emirates	49%	49%
Himatsingka Singapore Pte Limited	Singapore	100%	100%

- ◆ In terms of the Memorandum and Articles of Association, the composition of the Board of Directors of Twill & Oxford LLC is controlled by the Company and hence it has been considered as subsidiary for the purpose of consolidation.
- ◆ In respect of Divatex Home Fashion, Inc. and DWI Holdings, Inc., ownership is held through Himatsingka America, Inc.
- ◆ In respect of Himatsingka Singapore Pte Limited, ownership is held through Himatsingka Wovens Private Limited.
- ◆ GBT S.r.L. (a subsidiary of Giuseppe Bellora S.p.A.) is under liquidation and therefore has not been considered for consolidation. Provisions for losses of GBT S.r.L. has been made in the financial statements.
- ◆ Figures pertaining to the subsidiary companies have been regrouped / reclassified wherever necessary to bring them in line with the Company's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Use of estimates

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

4. Fixed assets

- 4.1 **Tangible assets:** Tangible assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of tangible assets including any incidental costs of bringing the assets to their working condition for their intended use.
- 4.2 **Intangible assets:** Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.
- 4.3 **Capital work in progress:** Expenditure during construction period in respect of new projects, for tangible and intangible assets, is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.
- 4.4 **Borrowing costs:** Borrowing costs directly attributable to acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

5. Depreciation

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

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

Leasehold land is amortised over the period of lease.

Purchased goodwill is amortised over a period of ten years.

Depreciation rates used for various classes of assets are:

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

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

6. Impairment of assets

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

7. Investments

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

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

8. Inventories

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

9. Government grants

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

10. Revenue recognition

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

Excise duty on turnover is reduced from turnover.

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

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

11. Retirement benefits

a) Post-employment benefit plans:

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

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

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

b) Short term employee benefits:

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

12. Foreign currency

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

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

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

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

- Assets and liabilities other than non-monetary items are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost.

- Revenue and expenses are translated at average exchange rates as applicable.
- The resulting exchange differences are recognised as income or expense in the statement of profit and loss.

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

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

13. Derivative Contracts and Hedge Accounting

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

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

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

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

14. Earnings per share

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

15. Income tax

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

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

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

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

16. Provisions and contingencies

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SHARE CAPITAL

Authorised

134,000,000 equity shares of Rs. 5 each
(Previous year: 134,000,000 equity shares of Rs. 5 each)

Issued

98,496,160 equity shares of Rs. 5 each fully called up
(Previous year: 98,496,160 equity shares of Rs. 5 each)

Subscribed and paid-up

98,457,160 equity shares of Rs. 5 each fully paid up
(Previous year: 98,457,160 equity shares of Rs. 5 each)

NOTE 3 - RESERVES AND SURPLUS

Capital reserve on consolidation

Capital reserve

Securities premium account

Debenture redemption reserve

Opening balance
Add: Transferred from Statement of profit and loss
Closing balance

General reserve

Opening balance
Less: Adjustment in accordance with the transitional provisions
under Accounting Standard - 30
Add: Transferred from Statement of profit and loss
Closing balance

Hedge reserve

Opening balance
Add / (less): Effect of foreign exchange rate variations on
hedging instruments outstanding at the end of the year
Less: Transferred to Statement of profit and loss
Closing balance (Refer Note 35(1)(c) and 35(3))

Legal reserve

Opening balance
Movement during the year
Closing balance

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
	6,700.00	6,700.00
	4,924.81	4,924.81
	4,922.86	4,922.86
	4,922.86	4,922.86
	66.74	66.74
	620.88	620.88
	27,675.71	27,675.71
	-	-
	400.00	-
	400.00	-
	14,764.28	16,737.72
	-	1,973.44
	317.39	-
	15,081.67	14,764.28
	(171.44)	-
	(415.59)	(2,106.07)
	(678.69)	(1,934.63)
	91.66	(171.44)
	7.23	6.73
	0.19	0.50
	7.42	7.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Foreign currency translation reserve (on consolidation)		
Opening balance	5,520.01	1,561.36
Movement during the year	1,868.34	3,958.65
Closing balance	7,388.35	5,520.01
Surplus in Statement of Profit and Loss		
Opening balance	3,439.68	705.71
Add: Transferred from surplus in Statement of profit and loss	5,732.29	3,306.12
Less: Transferred to Debenture redemption reserve	400.00	-
Less: Transferred to General Reserve	317.39	-
Less: Proposed dividend	984.57	492.29
Less: Tax on proposed dividend	167.33	79.86
	7,302.68	3,439.68
	58,635.11	51,923.09
NOTE 4 - LONG TERM BORROWINGS		
Secured		
Term loan from financial institution (Refer (i) below)	10,548.05	10,113.76
Term loan from banks (Refer (i) below)	31,312.98	25,574.71
Unsecured		
Term loan from banks	-	5,504.13
Loan from related parties	1,845.30	-
Non convertible debentures	1,600.00	-
	45,306.33	41,192.60
i) Loans are secured against certain moveable and immovable assets of the parent company , concerned subsidiary or group Company.		
NOTE 5 - DEFERRED TAX (ASSET) / LIABILITY		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	8,001.66	4,036.95
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation / losses	(6,668.23)	(1,852.07)
Other timing differences	(685.22)	(1,068.62)
Deferred tax (asset) / liability net	648.21	1,116.26
NOTE 6 - OTHER LONG TERM LIABILITIES		
Towards gratuity	215.91	137.94
	215.91	137.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
NOTE 6A - EMPLOYEE BENEFITS		
In accordance with applicable laws, the group provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the respective entity.		
Change in the benefit obligation		
Projected Benefit Obligation at the beginning of the year	735.45	646.35
Service cost	72.44	77.17
Interest cost	59.81	55.15
Benefits paid	(39.16)	(42.98)
Actuarial loss / (gain)	71.92	(0.24)
PBO at the end of the year	900.46	735.45
Change in plan assets		
Fair value of plan assets at the beginning of the year	569.90	552.65
Expected return on plan assets	40.21	39.17
Employer contributions	92.00	20.12
Benefits paid	(39.16)	(42.10)
Actuarial gain	21.60	0.07
Fair value of plan assets at the end of the year	684.55	569.91
Funded status deficit	(215.91)	(165.54)
Unrecognised past service costs	-	-
Recognised liability	(215.91)	(165.54)
Less: Current portion of liability	-	(7.56)
Non-current liability	(215.91)	(157.98)
Estimate of amount of contribution in the immediate next year	105.21	100.00
Net gratuity cost for the year ended is as follows		
Service cost	72.44	77.17
Interest cost	59.81	55.15
Expected return on plan assets	(40.21)	(39.17)
Actuarial loss	50.32	(0.30)
Net gratuity cost	142.36	92.85
Actual return on plan assets	66.56	54.89
Financial assumptions at the valuation date:		
a) Discount rate (p.a.)	7.90%	8.20%
b) Expected rate of return on assets (p.a.)	8.00%	7.50%
c) Salary escalation rate*	6.00%	6.00%
d) Retirement age	58 yrs	58 yrs
e) Mortality: Published rates under the LIC (1994-96) mortality tables have been used		
f) Rates of leaving service for various categories of employees - 2%, 12%, 15%, 20% and 40%		

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

					Rs. in lakhs
Five year data:	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Defined benefit obligation	900.46	735.45	646.35	641.84	528.72
Plan assets	684.55	569.91	552.66	551.80	469.41
Surplus / (deficit)	(215.91)	(165.54)	(93.69)	(90.04)	(59.31)
Exp. adj. on plan liabilities	52.96	(5.95)	(31.37)	53.63	(94.62)
Exp. adj. on plan assets	26.35	25.73	(8.90)	39.64	(18.36)

As at	As at
31.03.2013	31.03.2012
Rs. in lakhs	Rs. in lakhs

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

Opening balance	23.13	21.12
Exchange fluctuation	1.61	2.92
Provision during the year	15.42	(0.90)
Closing balance	40.16	23.14

Defined contribution plans

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

Provident fund	426.78	361.64
Superannuation fund	22.17	27.38
Employee state insurance	14.37	15.92
Other retirement funds	528.62	565.71

NOTE 7 - LONG TERM PROVISIONS

Provision for taxes	390.76	441.08
Provision for gratuity, unfunded	40.15	43.31
	430.91	484.39

NOTE 8 - SHORT TERM BORROWINGS

Secured		
From banks	16,011.37	20,118.75
Unsecured		
From banks	124.61	59.50
From others	-	50.87
	16,135.98	20,229.12

NOTE 9 - TRADE PAYABLES

Trade Payables	22,382.02	20,539.86
	22,382.02	20,539.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – OTHER CURRENT LIABILITIES

Current maturities of long term debt

Term loan from financial institution (Secured)	2,930.86	2,249.04
Term loan from banks (Secured)	5,627.95	3,701.02
Term loan from banks (Unsecured)	–	295.05
Loan from related parties (Unsecured)	300.00	2,170.30

Interest accrued but not due

Unpaid dividend

Other liabilities

Security Deposit

Advances received from customers

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
	2,930.86	2,249.04
	5,627.95	3,701.02
	–	295.05
	300.00	2,170.30
	140.33	175.43
	23.99	29.21
	1,544.49	1,667.60
	49.34	33.63
	327.68	368.06
	10,944.64	10,689.34

NOTE 11 – SHORT TERM PROVISIONS

Provision for accumulated leave credits

Provision for gratuity (Refer Note 6A)

Provision for taxes

Provision for losses on derivative contracts

Provision for dividend

Provision for tax on proposed dividend

	331.51	304.61
	–	7.56
	524.02	–
	117.08	2,133.35
	984.57	492.29
	167.33	79.86
	2,124.51	3,017.67

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12

Rs. in lakhs

Particulars	Gross block						Depreciation				Net block	
	As at 01.04.2012	Reversal of Impairment losses	Additions	Deletions	Other adjustments **	As at 31.03.2013	Upto 31.03.2012	For the year	On deletions	Other adjustments **	As at 31.03.2013	As at 31.03.2012
Tangible assets (i)												
Freehold land - owned	1,068.50 (1,398.20)	-	-	-	3.10 (5.61)	1,071.60 (1,068.50)	-	-	-	-	1,071.60 (1,068.50)	1,068.50 (1,398.20)
Land - taken on operating lease	1,160.91 (1,160.91)	-	10.93	-	-	1,171.84 (1,160.91)	73.95 (54.60)	19.53 (19.35)	-	-	93.48 (73.95)	1,086.96 (1,106.31)
Buildings - owned	18,182.85 (19,731.43)	294.29	98.38 (22.37)	-	151.77 (341.50)	18,727.29 (18,182.85)	4,645.74 (4,109.49)	504.99 (594.34)	-	63.67 (143.03)	5,214.40 (4,645.74)	13,537.11 (15,621.94)
Leasehold improvements - owned	1,726.92 (1,671.55)	-	32.75 (79.58)	264.14 (107.01)	36.39 (82.80)	1,531.92 (1,726.92)	1,546.87 (1,394.30)	59.27 (106.57)	264.14 (11.52)	31.80 (57.80)	1,373.80 (1,547.15)	180.05 (277.25)
Buildings - taken on operating lease	138.25 (36.63)	-	6.83 (96.46)	-	9.44 (5.16)	154.52 (138.25)	69.69 (36.63)	10.54 (27.40)	-	3.40 (5.66)	83.63 (69.69)	68.56 (-)
Plant and machinery - owned	60,232.07 (60,226.48)	-	695.48 (401.92)	1,123.40 (525.75)	65.03 (129.42)	59,869.18 (60,232.07)	29,794.78 (25,744.76)	4,006.17 (4,142.20)	1,097.45 (220.23)	63.87 (128.05)	32,767.37 (29,794.78)	30,437.29 (34,481.72)
Plant and machinery - given on operating lease	482.45 (482.45)	-	-	-	-	482.45 (482.45)	157.56 (121.79)	35.80 (35.77)	-	-	193.36 (157.56)	324.89 (360.66)
Furniture and fixtures- owned	2,221.83 (1,837.97)	-	286.69 (294.78)	11.60 (11.27)	59.02 (100.35)	2,555.94 (2,221.83)	1,394.25 (1,151.25)	218.19 (178.57)	11.60 (2.48)	31.38 (66.91)	1,632.22 (1,394.25)	827.58 (686.72)
Office equipment - owned	3,910.39 (3,400.27)	-	231.71 (320.62)	57.72 (51.97)	117.54 (241.47)	4,201.92 (3,910.39)	3,436.85 (2,920.02)	197.55 (319.10)	21.69 (23.61)	108.47 (221.06)	3,721.18 (3,436.57)	473.54 (480.25)
Vehicles - owned	319.82 (283.39)	-	11.55 (72.18)	54.95 (49.66)	7.84 (13.91)	284.26 (319.82)	169.44 (171.39)	36.57 (32.70)	47.39 (47.10)	6.06 (12.45)	164.68 (169.44)	150.38 (112.00)
Other property - owned	207.50 (157.92)	-	41.24 (27.34)	91.75 (-)	14.17 (22.24)	171.16 (207.50)	150.21 (108.74)	25.59 (24.53)	91.75 (-)	10.24 (16.94)	94.29 (150.21)	57.29 (49.18)
Tangible assets- CY	89,651.49	294.29	1,415.56	1,603.56	464.30	90,222.08	41,439.34	5,114.20	1,534.02	318.89	45,338.41	48,212.15
<i>Tangible assets-PY</i>	<i>(90,387.20)</i>	<i>-</i>	<i>(1,315.25)</i>	<i>(2,993.42)</i>	<i>(942.46)</i>	<i>(89,651.49)</i>	<i>(35,812.97)</i>	<i>(5,480.53)</i>	<i>(506.06)</i>	<i>(651.90)</i>	<i>(41,439.34)</i>	<i>(54,574.23)</i>
Intangible assets (ii)												
Goodwill - owned	367.16 (341.80)	-	12.52 (-)	-	9.84 (25.36)	389.52 (367.16)	218.70 (175.88)	29.88 (28.93)	-	5.98 (13.89)	254.56 (218.70)	148.46 (165.92)
Other Intangibles - owned	589.60 (251.13)	-	372.07 (332.77)	-	2.25 (5.70)	963.92 (589.60)	230.89 (180.42)	71.66 (47.59)	-	1.24 (2.88)	303.79 (230.89)	358.71 (70.71)
Intangible assets- CY	956.76	-	384.59	-	12.09	1,353.44	449.59	101.54	-	7.22	558.35	795.09
<i>Intangible assets-PY</i>	<i>(592.93)</i>	<i>-</i>	<i>(332.77)</i>	<i>-</i>	<i>(31.06)</i>	<i>(956.76)</i>	<i>(356.30)</i>	<i>(76.52)</i>	<i>-</i>	<i>(16.77)</i>	<i>(449.59)</i>	<i>(236.63)</i>
Total- CY	90,608.25	294.29	1,800.15	1,603.56	476.39	91,575.52	41,888.93	5,215.74	1,534.02	326.11	45,896.76	48,719.32
Capital work-in-progress											598.21	886.69
Total fixed assets - CY											46,276.97	49,606.01
<i>Total fixed assets - PY</i>	<i>(90,980.13)</i>	<i>-</i>	<i>(1,648.02)</i>	<i>(2,993.42)</i>	<i>(973.52)</i>	<i>(90,608.25)</i>	<i>(36,169.27)</i>	<i>(5,557.05)</i>	<i>(506.06)</i>	<i>(668.67)</i>	<i>(41,888.93)</i>	<i>(54,810.86)</i>

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

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

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

Figures in brackets represent previous year numbers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - NON CURRENT INVESTMENTS

Investments, at cost

Trade (Unlisted, unquoted)

Investment in equity instruments

Milano Confezioni S.r.l.

BP Venture S.r.l.

Industria e Università S.r.l.

Consorzio Tutela Lino

Provision for diminution in value of investments

As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
1.37	1.33
1,027.34	1,000.52
15.14	14.75
0.90	0.87
1,044.75	1,017.47
(716.30)	(663.72)
328.45	353.75

NOTE 14 - LONG TERM LOANS AND ADVANCES

(unsecured, considered good)

Security deposits

Advance income tax

MAT credit entitlement

Capital advances

Other long term advances

840.76	777.72
592.75	898.81
2,232.57	1,480.57
34.48	107.29
114.05	123.62
3,814.61	3,388.01

NOTE 15 - CURRENT INVESTMENTS

Current (Non-trade, unquoted)

Investments in units of mutual funds

-	947.57
-	947.57

NOTE 16 - INVENTORIES

Raw materials

Work-in-progress

Finished goods

Stores and spares

Traded Goods

5,832.02	5,951.66
9,447.06	9,286.30
3,509.43	1,691.69
846.73	2,081.55
21,115.21	23,692.39
40,750.45	42,703.59

NOTE 17 - TRADE RECEIVABLES

Unsecured considered good

Unsecured considered doubtful

Less: Provision for doubtful trade receivables

6,721.81	8,170.50
305.85	270.91
7,027.66	8,441.41
305.85	270.91
6,721.81	8,170.50

NOTE 18 - CASH AND CASH EQUIVALENTS

Cash in hand

Balances with banks

in current account

in deposit account

in Earmarked accounts

Unpaid dividend account

60.22	61.30
2,495.10	742.42
317.73	4.66
-	-
24.02	29.23
2,897.07	837.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 - SHORT TERM LOANS AND ADVANCES (unsecured, considered good)

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
Security deposits	244.40	151.32
Interest subsidy receivable	510.07	832.22
Advance to suppliers	794.41	882.87
Prepaid Expenses	1,867.54	1,105.60
Balances with Government authorities	748.20	989.90
Other advances	1,152.20	994.15
	5,316.82	4,956.06

NOTE 20 - OTHER CURRENT ASSETS

Advances recoverable in cash or in kind or for value to be received	379.00	190.38
	379.00	190.38

NOTE 21 - REVENUE FROM OPERATIONS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Sale of products	165,347.96	140,620.86
Sale of services	454.44	397.69
Other operating income (Refer Note (i))	3,140.20	1,850.50
	168,942.60	142,869.05

i) Other operating income comprises of:

Sale of power	2,357.40	1,011.95
Sale of waste / scrap	644.73	663.55
Income under Focus Product Scheme	138.07	175.00
	3,140.20	1,850.50

NOTE 22 - OTHER INCOME

Interest income	63.99	7.14
Net gain on foreign currency transactions and translation	-	-
Other non-operating income		
Profit on sale of assets	245.44	0.37
Profit on sale of current investments	110.80	77.64
Rent income	66.37	65.51
Miscellaneous income	117.17	141.97
Reversal of Impairment losses	294.29	-
	898.06	292.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 – COST OF MATERIALS

Opening stock:

Raw materials	5,951.66	4,966.12
Work in progress	9,286.30	11,557.72
Finished goods	25,384.08	20,617.82

Add: Purchases

Dyes and chemicals consumed

Total

Less: Closing stock

Raw materials	5,832.02	5,951.66
Work in progress	9,447.06	9,286.30
Finished goods	24,624.64	25,384.08

For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
--	--

40,622.04	37,141.66
104,149.37	88,149.96
5,190.96	6,084.95
149,962.37	131,376.57
5,832.02	5,951.66
9,447.06	9,286.30
24,624.64	25,384.08
110,058.65	90,754.53

NOTE 24 – EMPLOYEE BENEFIT EXPENSES

Salaries and wages

Contribution to provident and other funds

Workmen and staff welfare expenses

Less: Expenses capitalized (Refer Note 31)

14,825.89	13,011.12
1,156.68	1,065.17
1,313.52	1,114.86
(113.44)	(184.32)
17,182.65	15,006.83

NOTE 25 – FINANCE COSTS

Interest expense on:

Borrowings

Interest on term loan (net of subsidy under TUFS Rs. 1,338.67 lakhs, Previous year: Rs. 1,561.78 lakhs)	3,515.92	2,884.97
Interest on Non-Convertible Debentures	106.03	-
Interest on working capital loans	1,146.79	1,147.59

Other borrowing costs – Finance charges

Net loss on foreign currency transactions and translation

Less: Expenses capitalized (Refer Note 31)

1,030.13	898.58
729.33	355.55
-	(2.96)
6,528.20	5,283.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26 - OTHER EXPENSES

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
Power and fuel	6,473.69	5,340.64
Consumption of stores and spare parts	769.55	810.64
Other manufacturing expenses	2,581.57	2,331.11
Rent	2,691.73	2,464.18
Travelling and conveyance	1,461.99	1,353.52
Communication expenses	366.20	325.12
Printing and stationery	152.68	100.21
Insurance	496.05	421.48
Repairs and maintenance	787.93	819.90
Rates and taxes	355.70	376.37
Professional and consultancy charges (Refer Note 26A)	2,261.69	1,912.56
Bank charges	190.37	139.86
Contribution and donation	14.63	7.70
Advertisement and publicity	949.88	785.13
Selling and distribution	-	-
- Commission on sales	934.74	837.77
- Selling expenses	988.36	796.62
- Freight outward, net of reimbursement	1,123.73	1,034.30
Net loss on foreign currency transactions and translation	151.44	224.15
Other expenses	613.37	485.49
Royalty	2,552.17	2,073.69
Diminution in value of investments	35.74	39.38
Loss on sale of assets	-	-
Bad debts written off	-	-
Less: Expenses capitalized (Refer Note 31)	(37.13)	(41.60)
	25,916.08	22,638.22

NOTE 26A - PROFESSIONAL AND CONSULTANCY CHARGES INCLUDE PAYMENT TO AUDITORS

Statutory auditor		
Audit fees	80.50	78.00
Tax audit fees	4.50	4.00
Taxation matters	5.50	15.28
Other services	8.80	5.00
Service tax	11.08	11.54
Out of pocket expenses	0.87	1.81
	111.25	115.63
Remuneration to other auditors for the subsidiaries		
Audit fees	34.36	36.38
Tax audit fees	0.65	-
Taxation matters	-	-
Other services	-	2.77
Service tax	0.37	-
Out of pocket expenses	0.16	2.38
	35.54	41.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 27 - SEGMENT REPORTING		
a) Primary segment: Business segment		
The Group is mainly engaged in the business of manufacturing, marketing and distribution of textiles consisting of fabric and yarn. Considering the nature of business and financial reporting of the Group, the Group has only one business segment viz; Home textile as primary reportable segment.		
b) Information about secondary segment		
Geographic segment		
Distribution of the Group's consolidated sales by geographic location		
India	3,680.50	3,623.90
North America	142,982.02	117,022.78
Europe	14,607.20	16,274.91
Others	4,078.24	3,699.27
	165,347.96	140,620.86
Carrying amount of segment assets based on their location		
India	80,416.25	82,362.07
North America	66,103.51	57,654.90
Europe	10,147.71	10,796.96
Others	255.55	340.40
	156,923.02	151,154.33
Additions to fixed assets		
India	1,136.69	1,092.33
North America	416.23	398.74
Europe	246.65	153.72
Others	0.58	3.23
	1,800.15	1,648.02

NOTE 28 - RELATED PARTY DISCLOSURES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 28 - RELATED PARTY DISCLOSURES

Rs. in Lakhs

	DKH KMP 31.03.2013 (31.03.2012)	AKH KMP 31.03.2013 (31.03.2012)	SKH KMP 31.03.2013 (31.03.2012)	ADH KMP 31.03.2013 (31.03.2012)	CHPL Enterprise 31.03.2013 (31.03.2012)	BMU Enterprise 31.03.2013 (31.03.2012)	SR Enterprise 31.03.2013 (31.03.2012)	Khaitan & Co Enterprise 31.03.2013 (31.03.2012)	Total 31.03.2013 (31.03.2012)
Purchase of goods	-	-	-	-	-	8.67 (11.13)	-	-	8.67 (11.13)
Lease rent expense	-	-	-	-	-	-	-	-	-
Remuneration	113.95 (71.95)	43.89 (40.38)	102.78 (45.46)	79.12 (43.34)	-	(0.60)	-	-	(0.60)
Professional fees	-	-	-	-	-	-	-	10.09 (13.67)	10.09 (13.67)
Interest expense	-	-	-	-	173.57 (206.64)	-	-	-	173.57 (207.66)
Inter corporate loans repaid during the year	-	-	-	-	25.00 (1,052.00)	-	50.87	-	75.87 (1,052.00)
Inter corporate loans received during the year	-	-	-	-	-	-	-	-	-
Outstanding as at year end	58.28 (17.82)	-	60.00 (8.53)	35.00 (5.21)	-	-	-	-	153.28 (34.77)
Inter corporate loans payable	-	-	-	-	2,145.30 (2,170.30)	-	-	-	2,145.30 (2,221.17)
Interest payable on Inter corporate loans	-	-	-	-	(40.13)	-	-	-	-
	-	-	-	-	-	-	(1.51)	-	(41.64)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 29 – LEASES		
The Company has entered into operating lease agreements mainly in respect of the office premises, accommodation and vehicles provided to employees and guest houses. These leases have non – cancellable periods ranging from 1 to 7 years.		
i) Future minimum lease payments under non-cancellable operating leases due		
not later than one year	1,333.61	672.17
later than one year and not later than five years	4,942.68	1,938.83
later than five years	3,621.71	481.51
ii) lease payments recognised in the statement of profit and loss for the year	2,691.73	2,464.18
NOTE 30 – CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
	As at 31.03.2013	Rs. in lakhs As at 31.03.2012
Contingent liabilities		
Claims against the Company not acknowledged as debts		
Taxation matters		
Income tax	465.77	465.77
Excise duty	341.80	303.60
Value added tax	140.20	140.20
Service tax	4.28	54.84
Others	35.25	35.25
Corporate guarantee given:		
Banks in favour of Government authorities	4.91	4.66
Bill discounted	-	8.26
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)*	28.18	110.73
# The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.		
* Does not include value of materials to be supplied to the ongoing civil work.		
	1,020.39	1,123.31
NOTE 31 – The Company had in the prior year commenced the activity of improving operating and reporting process through an implementation of an ERP system. The below mentioned costs have been identified to be relating to the implementation process and have accordingly been capitalized as part of the asset / capital work in progress:		
Employee benefit expense	113.44	184.32
Other expenses	37.13	41.60
Finance cost	-	2.96
Total expenses capitalized	150.57	228.88
NOTE 32 – DESIGN AND DEVELOPMENT EXPENSES		
Design and development expenditure of revenue nature accounted in the respective heads of Statement of Profit and Loss	279.69	217.08
	279.69	217.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
NOTE 33 - EARNING PER SHARE		
Net profit for the year (being entirely attributable to the equity shareholders)	5,732.29	3,306.12
Basic / diluted		
Weighted average number of equity shares	98,457,160	98,457,160
Par value per share	5.00	5.00
Earnings per share - Basic / diluted	5.82	3.36

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

NOTE 35 - DETAILS OF FORWARD COVERS, OPTIONS AND DERIVATIVE TRANSACTIONS

1) a) The following hedging contracts entered are outstanding

Currency		As on 31.03.2013		As on 31.03.2012	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
Export of goods-Forward covers					
USD * INR	Sell	26,196,000	14,665.62	13,702,000	7,064.82
EURO * INR	Sell	2,450,000	1,809.61	2,497,749	1,724.01
GBP * INR	Sell	1,820,000	1,628.77	1,699,736	1,369.94
Export of goods-Foreign packing credit					
USD * INR	Sell	21,074,936	11,453.17	28,770,981	14,666.83
Import of goods					
USD * INR	Buy	12,730,617	6,990.51	3,921,526	1,976.58

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

Current Year: Nil

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

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

c) The Company has entered into an interest rate swap for hedging its interest rate exposure on borrowings in foreign currency of USD 25,000,000, which has a fair value of Rs. 235.62 lakhs, taken to hedge reserve being an effective hedge.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Foreign currency	As on 31.03.2013		As on 31.03.2012	
		Amount	Rs. in lakhs	Amount	Rs. in lakhs
a) Amounts receivable in foreign currency on account of					
	EURO	2,377,351	1,652.68	3,256,964	2,206.52
Receivables	USD	1,007,705	546.98	7,955,374	4,046.90
	SGD	387,032	169.28	271,617	109.90
	USD	1,108,938	601.83	2,433,402	1,237.87
Other recoverables	EURO	1,197	0.83	-	-
	USD	6,107	3.32	6,391	3.25
Advance to vendors	EURO	88,156	61.28	-	-
	USD	41,663	22.61	24,622	12.53
Bank balance	EURO	-	-	100	0.07
b) Amounts payable in foreign currency on account of					
Term Loans	USD	13,600,000	7,382.08	-	-
	USD	143,039	77.73	1,015,681	516.68
Import of goods and services	EURO	16,430	11.42	18,592	12.61
	CHF	1,747	1.00	3,470	1.95
Import of capital goods	GBP	42,012	34.56	42,012	34.12

3) In accordance with the hedge accounting principles as per Accounting Standards (AS 30) "Financial Instrument: Recognition and measurement", from April 01, 2012, the Company designated pre-shipment credit ("PCFC"), which is taken in foreign currency on the basis of future exports and repayable from the proceeds thereof, as hedging instrument to hedge its foreign currency risk against committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred to the Hedge Reserve in the Balance Sheet and is transferred to the Statement of Profit and Loss on occurrence of the hedge transaction. Accordingly, as on 31 March, 2013, exchange gain on effective hedge aggregating Rs. 184.82 lakhs (net) is carried in the Hedging Reserve.

NOTE 36 - Exceptional items represent the impact of the transactions arising against a derivative contract, which the company generally does not enter into, categorised as a derivative designated as fair value through profit and loss and includes:

	For the year ended 31.03.2013 Rs. in lakhs	For the year ended 31.03.2012 Rs. in lakhs
i) (Gain) / loss on change in fair value of derivative contract*	355.94	(402.92)
ii) Profit on disposal of land and building with certain movable fixed asset of a subsidiary	-	1,127.93
iii) Business re-organisation cost incurred by a subsidiary	-	(170.41)
iv) Severance pay	(120.67)	-
	235.27	554.60

*On August 9, 2012, the liability on account of this foreign exchange derivative contract crystallised at Rs. 1,554 lakhs which has been fully settled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 – NOTES RELATING TO CASH FLOW STATEMENT

- i) The cash flow statement has been prepared under the “Indirect Method” as set out in the Companies (Accounting Standards) Rules, 2006.
- ii) Cash and cash equivalents include balances with scheduled banks on dividend account not available for use by the Company: Rs. 24.02 lakhs (Previous year: Rs. 29.23 lakhs).
- iii) Interest paid is inclusive of and purchase of fixed assets excludes, interest capitalised: Rs. Nil (Previous year: Rs. 2.96 lakhs).
- iv) Cash and cash equivalents comprises of:

	As at 31.03.2013 Rs. in lakhs	As at 31.03.2012 Rs. in lakhs
a) Cash on hand	60.22	61.30
b) Balance with banks		
- in current account	2,495.10	742.42
- in deposit account	317.73	4.66
- in unpaid dividend account	24.02	29.23
	2,897.07	837.61

NOTE 38 – Other income includes, Rs. 294.29 lakhs on account of reversal of impairment loss recognised in respect of the spun yarn unit in the earlier years, in view of adequate increase in value in use arising out of cash flows from alternate use of assets from the current year.

NOTE 39 – The losses applicable to the minority shareholder in Giuseppe Bellora S.p.A. exceed the minority interest in its equity. The excess is shown as receivable from the minority interest since the minority has a binding obligation to, and will be able to, make good the losses.

NOTE 40 – Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

STATEMENT REGARDING SUBSIDIARY COMPANIES

Himatsingka Seide Limited | As at March 31, 2013

							Rs. in lakhs
Name of the Subsidiary	Himatsingka Wovens Private Limited	Twill & Oxford LLC	Himatsingka Singapore Pte Ltd.	DWI Holdings Inc.	Himatsingka America Inc.	Divatex Home Fashion Inc.	Guiseppa Bellora SpA
1 Capital (including preference capital and share application money)	1,250.00	37.35	1,082.77	0.00004	25,270.43	0.03	15,417.33
2 Reserves	882.03	(204.76)	(1,360.66)	11,056.55	1,162.46	8,387.35	(18,277.17)
3 Total Assets	5,216.13	161.00	99.27	15,018.59	51,593.19	14,901.87	9,787.01
Total Liabilities (excluding Capital and							
4 Reserves and including current liabilities and provisions)	3,084.00	328.50	377.16	3,962.04	25,160.30	6,514.49	12,975.31
5 Investments (Other than in subsidiaries)	-	-	-	-	-	-	328.45
6 Turnover	4,616.04	1,250.36	580.11	41,220.44	-	100,765.52	8,799.18
7 Profit / (Loss) Before Tax	198.52	(0.58)	(89.63)	2,868.50	(2,321.02)	2,057.61	(1,667.23)
8 Provision for Taxation	265.60	-	-	19.07	10.56	0.51	-
9 Profit / (Loss) After Tax	(67.08)	(0.58)	(89.63)	2,849.43	(2,331.58)	2,057.10	(1,667.23)
10 Proposed Dividend	-	-	-	-	-	-	-
11 Closing exchange rate	-	Rs. 14.78/ AED	Rs. 43.75/ Singapore dollar	Rs. 54.345/ USD	Rs. 54.345/ USD	Rs. 54.345/ USD	Rs. 69.576/ Euro
12 Average exchange rate	-	Rs. 14.67/ AED	Rs. 43.36/ Singapore dollar	Rs. 54.43/ USD	Rs. 54.43/ USD	Rs. 54.43/ USD	Rs. 69.98/ Euro

Note:

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

FINANCIAL HIGHLIGHTS – CONSOLIDATED

(Rs. lakhs, except ratios)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Share Capital	1,912	1,912	4,872	4,872	4,923	4,923	4,923	4,923	4,923	4,923
Reserves	25,584	26,425	52,143	54,586	54,025	49,894	49,227	47,375	51,923	58,635
Networth	27,495	28,337	57,015	59,457	59,569	55,438	54,150	52,298	56,846	63,558
Total Debt	1,377	5,850	3,975	31,884	59,636	65,311	79,433	74,457	69,837	70,301
Gross Fixed Assets	21,346	21,105	22,721	33,990	77,451	83,351	89,314	90,980	90,608	91,576
Net Fixed Assets	11,685	10,193	10,341	14,860	53,611	55,167	56,972	54,811	48,719	45,679
Capital Employed*	26,911	31,530	47,588	76,165	105,273	119,977	127,166	130,169	126,719	130,271
Revenue	14,597	15,580	17,716	24,458	89,147	103,960	108,330	124,068	143,162	169,841
EBITDA	6,614	6,252	6,786	8,665	6,933	6,703	10,685	9,510	14,762	16,684
Interest	13	120	115	96	2,944	4,248	4,922	5,262	5,284	6,528
Depreciation	1,500	1,345	1,502	1,570	3,588	5,988	5,471	5,646	5,557	5,216
Profit Before Tax	5,101	4,870	5,168	6,999	(2,164)	(7,788)	1,146	(1,398)	4,476	5,175
Profit After Tax	4,701	4,546	4,863	6,143	(2,399)	(7,442)	1,179	(1,658)	3,306	5,732
Dividend	1,912	1,912	2,436	2,436	-	-	246	-	492	985
ROCE	19.0%	15.6%	11.1%	9.3%	3.2%	0.6%	4.1%	3.0%	7.3%	8.8%

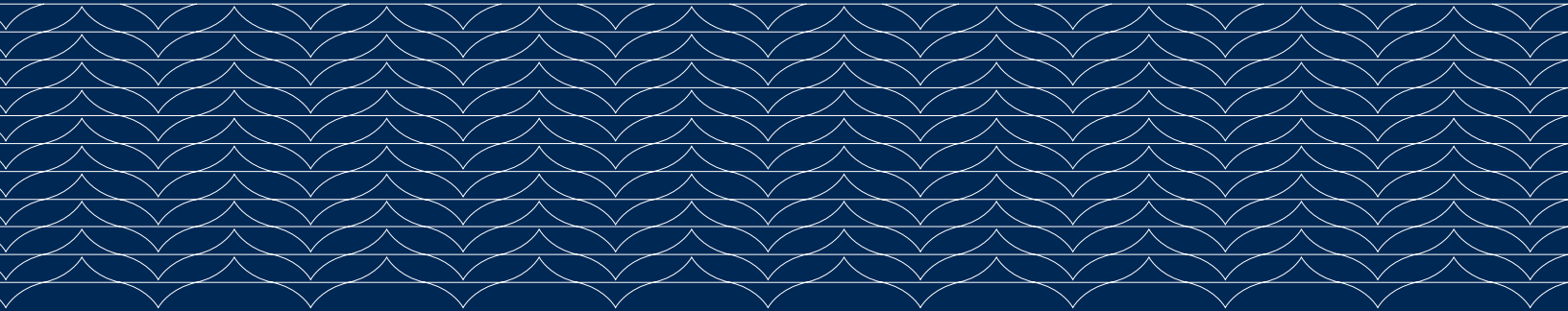
Note:

*Average Capital Employed

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

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.



FORM A

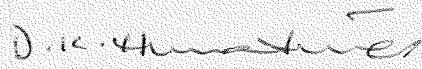
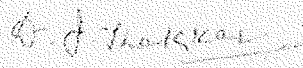
1	Name of the Company	Himatsingka Seide Limited
2	Annual standalone financial statements for the year ended	31 st March, 2013
3	Type of Audit observation	Un-qualified/ Matter of Emphasis Paragraph included under 'Emphasis of Matter' paragraph in the Auditor's report, as follows : As referred to in Note 36(3) of the Financial Statement, in accordance with the hedge accounting principles per Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", from April 01, 2012 the Company designated pre-shipment credit ("PCFC") which are taken and repayable in foreign currency from future exports, as hedging instrument to hedge its foreign currency risk against such committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred to the Hedge Reserve in the Balance Sheet. As per the principles all such items in the Hedge reserve will be transferred back to the Statement of Profit and Loss on occurrence of the hedged transaction. The net exchange gain in respect of the above as on March 31, 2013 was Rs. 182 Lakhs. Note 36, of the Standalone Financial Statements (3) In accordance with the hedge accounting principle, as per Accounting Standards (AS 30) "Financial Instrument: Recognition and measurement", from April 01, 2012, the Company designated pre-shipment credit ("PCFC"), which is taken in foreign currency on the basis of future exports and repayable from the proceeds thereof, as hedging instrument to hedge its foreign currency risk against committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred back to the Hedge Reserve in the Balance Sheet and is transferred to the Statement of Profit and Loss on occurrence of the hedge transaction. Accordingly, as on 31 March, 2013, exchange gain on effective hedge aggregating Rs. 184.82 lakhs (net) is carried in the Hedging Reserve.

4	Frequency of observation	The matter referred to in the "Emphasis of Matter Paragraph of the Auditors' Report is appearing for the first time.
5	To be signed by -	✓ <i>D.K. Himatsingka</i> D.K. Himatsingka
	C.E.O Managing Director	
	Area Committee Chairman	<i>D. J. Thakkar</i> Dilip J. Thakkar
	C.I.O	✓ <i>P.K.P.</i> Pradeep K.P.
	Auditor of the Company	Refer to our Audit Report dated May 25, 2013 on the consolidated financial statements of the Company For Deloitte Haskins & Sells Chartered Accountants (Reg. No. 008072S) <i>S. Sundaresan</i> S. Sundaresan Partner (M. No. 25776)

FORM A

1. Name of the Company	Himatsingka Seide Limited
2. Annual consolidated financial statements for the year ended	31 st March, 2013
3. Type of Audit observation	Un-qualified/ Matter of Emphasis Paragraph included under 'Emphasis of Matter' paragraph in the Auditor's report, as follows: As referred to in Note 35(3) of the Consolidated Financial Statements, in accordance with the hedge accounting principles per Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement", from April 01, 2012 the Company designated pre-shipment credit ("PFC") which are taken and repayable in foreign currency from future exports, as hedging instrument to hedge its foreign currency risk against such committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred to the Hedge Reserve in the Consolidated Balance Sheet. As per the principles all such items in the Hedge reserve will be transferred back to the Consolidated Statement of Profit and Loss on occurrence of the hedged transaction. The net exchange gain in respect of the above as on March 31, 2013 was Rs. 185 Lakhs. Note 35. of the Consolidated Financial Statements (3) In accordance with the hedge accounting principles as per Accounting Standards (AS 30) "Financial Instrument: Recognition and measurement", from April 01, 2012, the Company designated pre-shipment credit ("PFC"), which is taken in foreign currency on the basis of future exports and repayable from the proceeds thereof, as hedging instrument to hedge its foreign currency risk against committed export sales. The exchange gain / loss on such hedging, where the hedge is effective, is transferred back to the Hedge Reserve in the Balance Sheet and is transferred to the Statement of Profit and Loss on occurrence of the hedge transaction. Accordingly, as on 31 March, 2013, exchange gain on effective hedge aggregating Rs. 184.82 lakhs (net) is carried in the Hedging Reserve.

↓

1	Frequency of observation	The matter referred to in the 'Emphasis of Matter' Paragraph of the Auditors' Report is appearing for the first time.
5	To be signed by -	
	CEO, Managing Director	✓  D.K. Himatsingka
	Audit Committee Chairman	 Dilip J. Thakkar
	CFO	✓  Pradeep K.P.
	Auditor of the Company	Refer to our Audit Report dated May 25, 2013 on the standalone financial statements of the Company For Deloitte Haskins & Sells Chartered Accountants (Reg. No. 008072S)  S. Sundaresan Partner (M. No. : 25776)

↓

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Eighth Annual General Meeting of the Company will be held as scheduled below:

Day : Monday
Date : August 12, 2013
Time : 4.00 p.m.
Place : The LaLiT Ashok, Bangalore
10/24 Kumara Krupa Road
High Grounds
Bangalore 560 001 India

To transact the following business:

As Ordinary Business:

1. To consider and adopt the Profit and Loss Account of the Company for the Financial Year ended March 31, 2013, the Balance Sheet as at that date, and the Report of the Directors and Auditors thereon.
2. To declare Dividend for the financial year ended March 31, 2013
3. To elect a Director in place of Sri Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Sri A.K. Dasgupta, a Director liable to retire by rotation, who does not offer himself for re-appointment, be not reappointed as Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals or permissions from any authorities as may be necessary and subject to such modifications or stipulations as may be advised/ stipulated by such authorities, the Board be and hereby approves the re-appointment of Sri Shrikant Himatsingka, as a Whole-time Director designated as Executive Director of the Company, liable to retire by rotation, for a period of 5 years with effect from 3rd June, 2013 on the following terms and remunerations:

- a) Salary: Rs. 3,15,000 /- per month in the scale of Rs. 3,15,000-31,500 - 4,41,000 /- This will include dearness allowance and all other allowances not otherwise specified herein.

b) Perquisites as follows:

Housing: Provision of a furnished accommodation, owned / hired by the Company and to deduct 10% of the monthly salary. If no accommodation is provided by the Company, house rent allowance will be payable at 50% of salary.

i) Explanation:

The expenditure incurred by the Company on electricity, water and furnishing, will be valued as per the Income tax Rules, 1962.

ii) Leave Travel concession for self and family.

iii) Club Fee

iv) Personal Accident Insurance

v) Medical expenses and Medical Insurance for self and family.

vi) Contribution to Provident Fund, Pension Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.

vii) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity scheme of the Company, whichever is higher.

viii) Company maintained Car with Driver for official and personal use.

ix) Telecommunication facilities at residence.

x) Leave unavailed of, to be allowed to be accumulated/ encashed as per the rules of the Company.

- c) **Commission:** Such amount of commission calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors or a Sub-Committee of Directors which together with the salary and monetary value of perquisites shall not exceed the ceiling laid down in Section 198 & 309 of the Companies Act, 1956.

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year, Sri Shrikant Himatsingka, shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time."

"RESOLVED FURTHER THAT in the event of loss of his office as whole-time Director, Sri Shrikant Himatsingka shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby further authorized to take all such steps and to do all such acts, deeds and things, as may be necessary to implement the above resolution."

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

By order of the Board
for Himatsingka Seide Ltd.

Ashok Sharma
Company Secretary

Date: May 25, 2013

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of members and share transfer books of the Company shall remain closed from July 30, 2013 to August 12, 2013 (both days inclusive).
3. Members desiring any information as regards accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
4. The Company has already transferred, unclaimed dividend declared upto the financial year ended March 31, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the Central Revenue Account of the Central Government) Rules. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Karnataka, 2nd Floor "E" Wing, Kendriya Sadan, Koramangala, Bangalore-560 034.

Unclaimed Final Dividend 2004-05 and Interim dividend 2005-06 has been transferred to the Investor Education and Protection Fund. The unclaimed Final dividend 2005-06, Interim Dividend 2006-07 & 2nd Interim dividend 2006-07 is due for transfer to the Investor Education and Protection Fund on September 3, 2013, December 4, 2013 & April 18, 2014 respectively. Members, who have not encashed the dividend warrant/s for the said dividend, are requested to immediately forward to the Company the said Dividend Warrant/s for cancellation and issue of demand draft/s in lieu thereof. In case the said Dividend Warrant/s has/have been lost or misplaced or not received by any member for any reason whatsoever, such member may please apply for issue of demand drafts in lieu thereof. Members may note that after the dividend is transferred to the Investor Education and Protection Fund, members will lose their right to claim such dividend. Members who have not encashed the dividend warrant/s for the dividends declared after the above mentioned dividend may claim the same in a similar manner.

5. Members are requested to notify immediately any change of address to Company / Registrars (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).
6. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same by sending a written signed request to the Registrar and Transfer Agents, Karvy Computershare Private Limited.

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

By order of the Board
for Himatsingka Seide Ltd.

Ashok Sharma
Company Secretary

Date: May 25, 2013

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 5.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Sri A.K. Dasgupta retires by rotation at this Annual General Meeting of the Company. Sri Dasgupta has expressed his desire not to offer himself for reappointment as Director of the Company. The Company doesn't propose to fill the vacancy at the meeting. As required under Section 256 of the Companies Act, 1956, resolution is proposed not to fill the vacancy caused by the retirement of Sri A.K. Dasgupta at this meeting.

None of the Directors of the Company except Sri A.K. Dasgupta are interested or concerned in the resolution.

The Board recommends the resolution for approval of Members.

Item No. 6.

The current tenure of Sri Shrikant Himatsingka as an Executive Director of the Company expires on 2.6.2013. The Board of Directors vide their Board Meeting dated 25th May, 2013, has approved the reappointment of Sri Shrikant Himatsingka for a further term of 5 years w.e.f. 3.6.2013 subject to the approval of the Shareholders of the Company. The remuneration of Sri Shrikant Himatsingka was approved by the Remuneration Committee of the Company at its meeting held on May 25, 2013. The Reappointment and Remuneration payable to Sri Shrikant Himatsingka has to be approved by the Company in general meeting and hence, the resolution as per item 6 is placed for your approval.

The monthly salary payable to Sri Shrikant Himatsingka has been increased from Rs. 2,17,800/- per month to Rs. 3,15,000-31,500-4,41,000/- on the stated time scale with effect from the date of his re-appointment. Consequently the salary related perquisites, such as, Provident / Pension Fund, Gratuity etc., will also increase accordingly.

In view of the increased business activity of the Company and in recognition of the valuable contribution of the Executive Director, enhanced remuneration and perquisites have been recommended, as allowed under Schedule XIII of the Companies Act, 1956.

The draft of the agreement, to be entered into with Sri Shrikant Himatsingka, is open for inspection, at the registered office of the Company, during the business hours on any working day.

The Abstract of the terms of appointment of Sri Shrikant Himatsingka and Memorandum of Concern or Interest pursuant to section 302 of the Companies Act, 1956 was already circulated to the members in the second week of June 2013.

Appointment of Executive Director and payment of remuneration, requires the approval of shareholders, by an Ordinary Resolution. The Board recommends the resolution for approval.

None of the Directors except Sri Shrikant Himatsingka and Sri D.K. Himatsingka are concerned or interested in the Resolution.

Additional Information on Directors Recommended for Appointment or seeking Election at the Annual General Meeting.

The following paragraphs provide biographical data about the Directors seeking re-election or recommended for appointment as a Director.

Sri Dilip J. Thakkar, age 76 has been a Director of the Company since January 2001 and he was appointed as Chairman of the Board on 16th April 2008. He is the Chairman of the Audit Committee of the Company. He is a Chartered Accountant since 1961 and is a senior partner of the eminent firms, M/s. Jayantilal Thakkar & Co., Mumbai and M/s. Jayantilal Thakkar Associates, Mumbai and has sound knowledge of accountancy and corporate governance. He has extensively traveled abroad in the course of his professional practice. He specializes in Foreign Exchange Management Act and extensively advises Non Resident Indian, Overseas Corporations and large Indian Companies on investments, Taxation, collaboration etc. He was the Chairman and a member of the Indian Advisory Board of Hongkong and Shanghai Banking Corporation Limited. He is a Director

of Poddar Developers Ltd, Panasonic Energy India Co. Ltd, Essar Oil Limited, The Ruby Mills Ltd, PAE Ltd, Indo Count Industries Ltd, Walchandnagar Industries Ltd, Garware Polyester Ltd, Essar Ports Ltd, Modern India Ltd, Premier Limited, Magus Estates & Hotels Ltd, Westlife Development Ltd, Rajasvi Properties Holdings Private Ltd, Starrock Investments and Trading Private Ltd, Blueberry Trading Company Private Ltd, Township Real Estate Developers Private Ltd, Hamlet Constructions India (Private) Ltd, Windmere Hospitality (India) Private Ltd, Skidata (India) Pvt Ltd, Ameya Logistics Pvt Ltd and Universal Trustees Pvt. Ltd. He is a trustee of HSBC Mutual Fund. He is the Chairman of Audit Committees of Essar Oil Ltd, Panasonic Energy India Co. Ltd, Walchandnagar Industries Ltd and PAE Ltd. He is a member of Audit Committee of Premier Ltd, Magus Estates & Hotels Ltd and Westlife Development Ltd, a member of shareholder Grievances Committee of Walchandnagar Industries Ltd, a member of Investors Relations Committee of Essar Oil Ltd. Mr. Thakkar does not hold any shares in the Company.

Sri Shrikant Himatsingka, Age 33, has been a Director of the Company since June 2003. He has obtained a degree of Bachelor of Science in Economics from the Leonard Stern School of Business, New York University. His subject majors included Financial Accounting, Management and organizational behaviour. He is a Director of Himatsingka Wovens Pvt Ltd, Priya Resources Ltd, Credit Himatsingka Pvt Ltd, Twill & Oxford LLC, Giuseppe Bellora SpA, Himatsingka America Inc, Himatsingka Singapore Pte Ltd, Divatex Home Fashion Inc, and DWI Holdings Inc. Mr. Shrikant Himatsingka holds 66,80,964 Equity shares (representing 6.79% of the paid up capital) of Rs. 5 each in the Company.