Himatsingka
FORESIGHT AGILITY COURAGE //
ANNUAL REPORT 2020

In uncertain and challenging times, agile businesses respond with speed but stay the course with intelligent restraint.

Himatsingka has a carefully considered, risk-mitigating strategy built on integrated manufacturing capacities, a diversified brand portfolio, a global client base, and most importantly, extraordinary partnerships. With these assets in place, we are confident in our ability to surge ahead, drawing in no small measure on our steadfast values of foresight, agility and courage.

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

Our Values

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

Our Vision

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

Our Purpose

Making Better Lives Possible

Manufacturing 4.0: Paving the way for more sustainable shop floors

About Himatsingka

Himatsingka is a vertically integrated global textile major that designs, develops, manufactures and distributes a suite of home textile products. Our installed capacities for manufacturing bedding and bath products, drapery and upholstery fabrics, and fine-count cotton yarn, are amongst the largest in the world. Powered by a suite of over 12 brands and strong private label portfolios, our distribution capabilities are deep and expansive.

The resilience of our businesses is strengthened by global partnerships, cemented by our commitment to innovate, recognised by our industry-leading execution capabilities and elevated by our relentless pursuit of sustainability across the value chain. With over 10,000 associates to support our global scale and tech-forward capabilities, we continue to consolidate our presence in the global textile space.

Over 10,000 associates

4 manufacturing facilities

12+ brands

32 countries serviced

Foresight

* **World class assets with global scale**
* **Complete home textiles solutions**
* **Global brand connect**
* **Leader in cotton traceability solutions**
* **Creating sustainable platforms**

Thinking ahead, we have successfully built next generation shop floors with global scale. While our cotton Spinning facility is the largest in the world under one roof, our Bedding and Bath facilities are amongst the largest globally in their class of products. Equipped with the ability to design, develop, manufacture and distribute the complete gamut of home textile products gives us the required product line up, infrastructure and servicing capabilities to be a complete solutions provider in our space.

Our global brand caché, both licensed and owned, establishes a strong connect with clients and consumers across geographies, product categories and price points. Our traceability solutions portfolio, capable of tracking and tracing cotton to source, makes our cotton brands sought after and reliable at a time when consumers desire complete transparency. These platforms enable consumers to make informed and responsible choices about the textile products they bring into their homes.

Implementing sustainable business models is amongst the most important and urgent issues that businesses face today. Himatsingka is committed to being a part of the incredibly important global effort to create a greener world. We will orient our strategies and effortsto ensure that we are completely aligned to sustainable practices. Rationalizing our energy, water and waste footprint, embracing green energy and complete recycling of water resources are central to our businesses.

Complete home textile solutions

CALVIN KLEIN

TOMMY HILFIGER

kate spade NEW YORK

Pima Cott

HOMEGROWN COTTON PROUDLY GROWN IN THE USA

organicott

ROYAL VELVET

Giza Cott

HIMÊYA

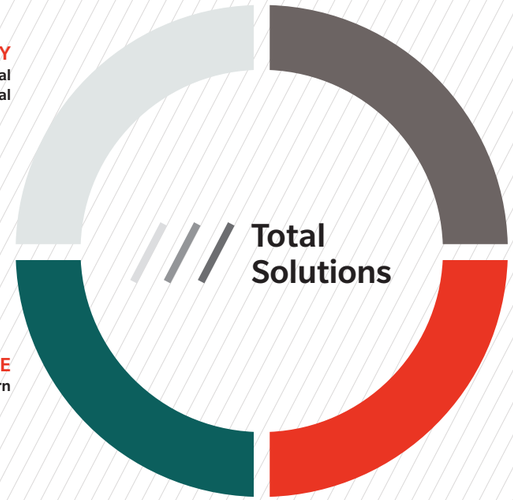
atmosphere®

BARBARA BARRY

Bellora® SINCE 1883

DRAPERY & UPHOLSTERY
Residential
Institutional

YARN & FIBRE
Cotton Yarn



BEDDING
Basic bedding
Solid, printed, dobby & jacquard sheets
Fashion bedding
Printed sheets, duvets, comforters
Utility
Pillows, mattress pads, down-alternative comforters

BATH
Core towels
Fashion towels
Beach towels
Kitchen towels
Bath mats & rugs
Bath robes
Bath accessories

Agility

* **On-time completion of all projects**
* **Leveraging technology, integration and scale to enhance response time**
* **Creating product solutions > driving consumer choices > stimulating demand**

We believe agility and time drive service, profits and stakeholder satisfaction. Scale without agility has little relevance. This year marks the successful and on-time completion of our calibrated capital expenditure programme spanning three projects undertaken over the last three years. We have proven our capability in conceiving, implementing and operating mega projects in record time. What this affords us is greater adaptability to evolving market conditions, while ensuring a high degree of compliance through the global value chain.

Being integrated from fibre to shelf gives us improved response times. With the overhaul of retail models underway, 'response time' is a critical facet of vendor strength and reliability. High frequency product introductions will be critical to drive consumer choices and global value chains have to align with this new reality. We believe our investments in integrated, technically advanced and scale oriented operations are more suited to servicing these dynamic requirements, that in turn will stimulate demand.

On-schedule completion of capital expenditure programme

Courage

* **Collective strength of over 10,000 associates**
* **Looking at challenges from the lens of opportunity**
* **Learning from crisis — using it to reinvent and reset ourselves**
* **Commitment to deliver in the face of all odds**

At Himatsingka, we foster a culture of courage that emboldens every team player to give their best at work. We have grown 18x over the last 13 years, witnessing several challenges along the way, but faced them all with collective strength and determination.

Having dealt with challenges of high intensity every crisis has made us emerge stronger, wiser and bigger. Every part of Himatsingka is at work to battle the global crisis and make sure that we reinvent and re-set ourselves to maximize our operating performance.

Our vision envisages redefining possibility and The Himatsingka Way is about courage and imagination that go hand in hand in the pursuit of perfection. Meticulous planning and rigorous execution enable us to thrive in the face of all odds. This is our spirit and this will guide us in our journey.

Foresight/ Agility/ Courage/

1/ World class assets with global scale

2/ Complete home textiles solutions

3/ Global brand connect

4/ Leader in cotton traceability solutions

5/ Creating sustainable platforms

6/ On-time completion of all projects

7/ Leveraging technology, integration and scale to enhance response time

8/ Creating product solutions > driving consumer choices > stimulating demand

9/ Collective strength of over 10,000 associates

10/ Looking at challenges from the lens of opportunity

11/ Learning from crisis — using it to reinvent and reset ourselves

12/ Commitment to deliver in the face of all odds

Performance Highlights

Business Highlights — FY20

Commissioned for commercial production our new greenfield Terry Towel plant with an installed capacity of 25,000 TPA (Tonnes Per Annum)

On schedule completion of capital expenditure programme undertaken over the last 3 years with an outlay of approximately ₹2,500 crores

Remained focussed on consolidation initiatives as there were several operational, regulatory and market related challenges through the year

Revenues from brands were range bound under challenging conditions and stood at ₹2,122 crores versus ₹2,255 crores in FY19

Maintained leadership in the cotton traceability solutions space

Expanded the Home Textile Solutions (HTS) product portfolio. New additions in bedding and bath segments to cater to broader shelf space across markets

Enhanced e-commerce focus across key markets; added 24 channel partners during the year

Expanded green energy footprint as a % of the total consumed energy portfolio

Expanded global reach of our brand portfolio by acquiring global rights for the Calvin Klein Home brand

Key Focus Areas — FY21

Continue to streamline working capital cycles

Begin de-leveraging balance sheet as major projects have been commissioned

Improve capital efficiency metrics

Increase capacity utilisation in manufacturing facilities that are a part of our Home Textile Solutions portfolio

Continue to broaden product, client and geography mix to reduce concentration

Continue to strengthen brand portfolio for the Home Textile Solutions vertical

Focus on product innovation to align with dynamic consumer preferences

Augment talent quotient across verticals

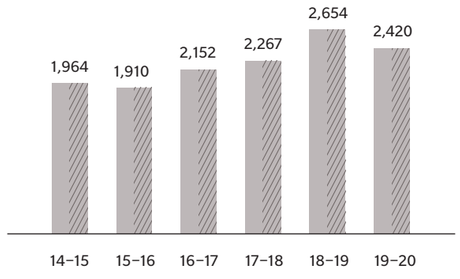
Financial Snapshot — FY20

TOTAL REVENUE	₹2,419.65 Cr	-8.84%
EBITDA	₹479.31 Cr	-17.35%
EBIT	₹353.10 Cr	-25.06%
PBT*	₹158.38 Cr	-48.58%
PAT	₹13.25 Cr	-93.27%

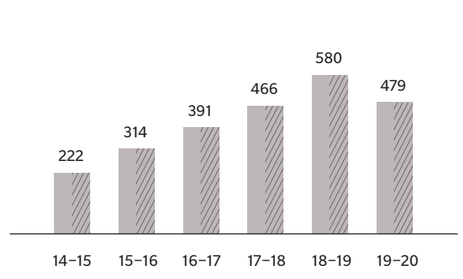
* Before exceptional items

Key Financial Parameters — 5 Years

TOTAL REVENUE — ₹ Crores



EBITDA — ₹ Crores

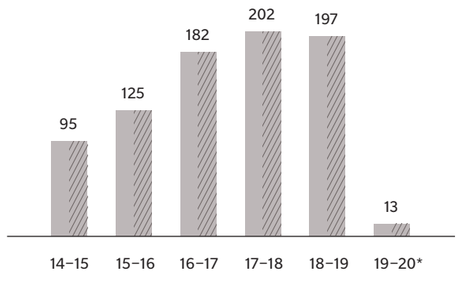


EBITDA CAGR (5 YEARS) — %

+16.69%

EBIT — ₹ Crores

PAT — ₹ Crores



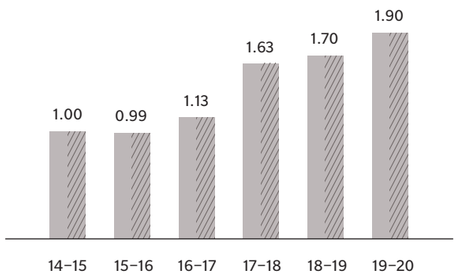
PAT CAGR (5 YEARS) — %

-1.41%

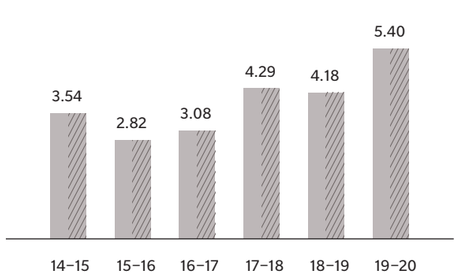
* Includes Pre-tax expectational items of ₹73.21 crores

Key Financial Parameters — 5 Years

NET DEBT / EQUITY — Ratio



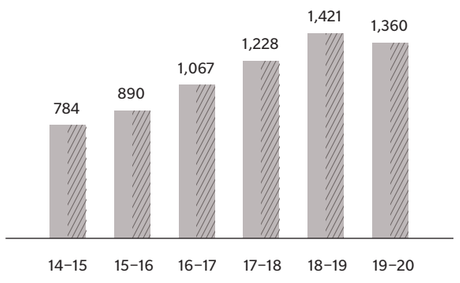
NET DEBT / EBITDA — Ratio



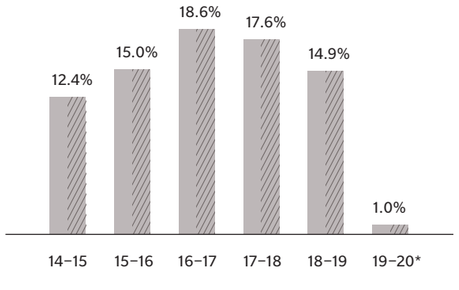
TOTAL ASSETS — ₹ Crores

5,271.80

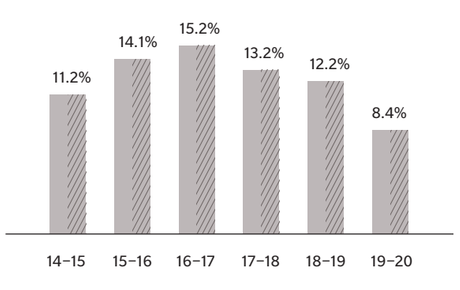
NET WORTH — ₹ Crores



ROE — %



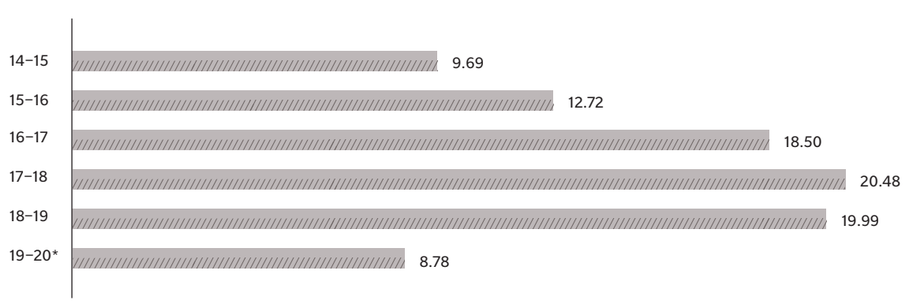
ROCE — %



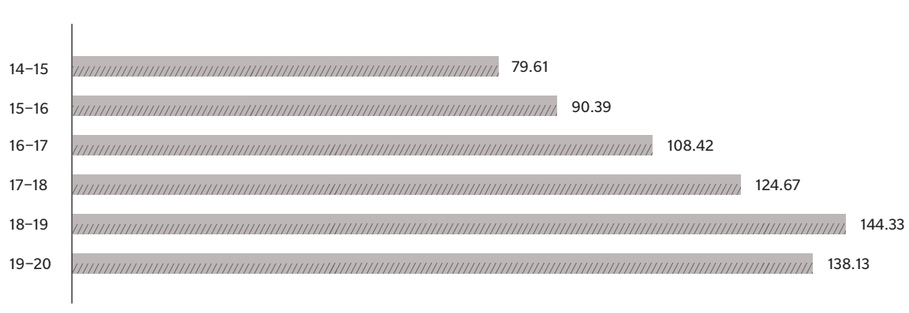
* PAT includes Pre-tax expectational items of ₹73.21 crores

Key Financial Parameters — 5 Years

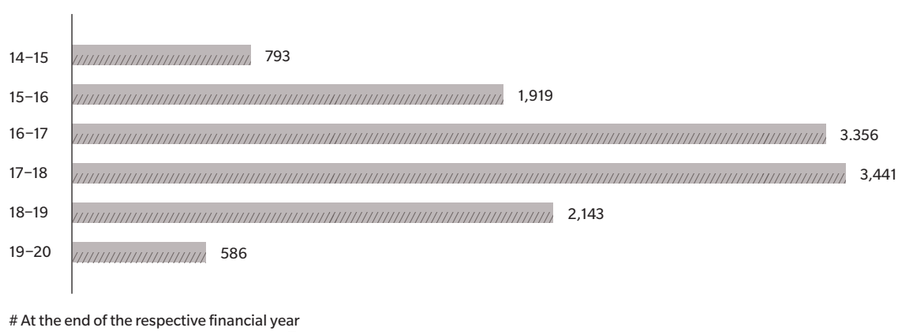
EARNINGS PER SHARE — ₹



BOOK VALUE PER SHARE — ₹



MARKET CAPITALIZATION# — ₹ Crores



At the end of the respective financial year
* Includes Pre-tax expectational items of ₹7.43 per share

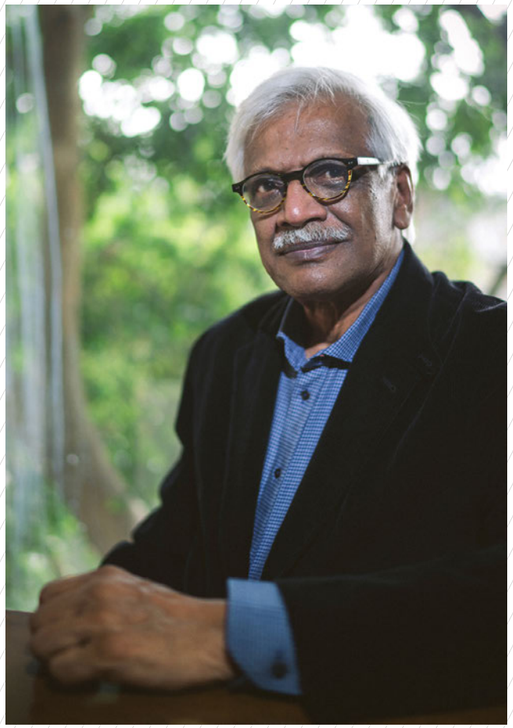
Consolidated Financial Highlights — 5 Years

(₹ Lacs)

	2015-16	2016-17	2017-18	2018-19	2019-20
Share Capital	4,923	4,923	4,923	4,923	4,923
Reserves	84,050	101,803	117,830	137,183	131,078
Net worth	88,973	106,726	122,753	142,106	136,001
Total Gross Debt	100,697	140,727	225,517	279,033	281,443
Total Net Debt	88,490	120,368	199,695	242,243	259,019
Gross Fixed Assets	145,756	184,007	278,684	356,493	384,495
Net Fixed Assets	70,923	103,491	190,769	256,476	270,908
Total Assets	219,895	251,563	421,897	520,491	527,179
Total Revenue	190,997	215,160	226,669	265,426	241,965
EBITDA	31,404	39,089	46,623	57,993	47,931
Depreciation	6,652	5,801	7,195	10,877	12,621
EBIT	24,752	33,288	39,428	47,116	35,310
Interest and Finance Charges	9,341	9,353	10,380	16,312	19,472
Profit Before Tax, Before Exceptional Items	15,411	23,935	29,048	30,804	15,838
Exceptional Items	-	-	-	-	7,321
Profit Before Tax	15,411	23,935	29,048	30,804	8,517
Profit After Tax	12,526	18,210	20,164	19,684	1,325
No. of Equity Shares (In Lakhs)	984.57	984.57	984.57	984.57	984.57
Face Value Per Share (₹)	5.00	5.00	5.00	5.00	5.00
Book Value Per Share (₹)	90.37	108.4	124.68	144.33	138.13
Earnings Per Share (₹)	12.72	18.5	20.48	19.99	1.35
Dividend Per Share (₹)	2.50	2.50	2.50	5.00	0.50
Total Dividend (₹ Lakhs)	2,461	2,461	2,461	4,923	492

Letter to Shareholders + Corporate Information

Shrikant Himatsingka
Managing Director & CEO



Dinesh Himatsingka
Executive Chairman

Dear Shareholders,

Overview

At the outset, fiscal 2020 has been challenging and volatile for us at Himatsingka. While we have made progress and remained steadfast in consolidating our operations, completing our projects and pursuing growth initiatives across businesses, we have also faced headwinds in many areas. Global macro-economic challenges, regulatory inconsistencies and a global retail environment undergoing transition and restructuring; have been some of the challenges we have faced during the year.

The global economic outlook has been strained by trade tensions and negative geo-political developments through the fiscal year. The onset of the pandemic during the fourth quarter has taken a severe toll on the global economy and altered global growth trajectories. All major advanced and developing economies are witnessing unprecedented contraction of economic activity and are engaged in developing suitable response strategies to fight the onslaught of the pandemic. We have also been impacted by these developments, and witnessed production and demand interruptions that substantially impacted our operating performance for FY20. The operations are also likely to be affected during the initial period of FY21, given the lockdowns that have been imposed both in India and in economies across the world.

In addition to the above, the fiscal year has also been challenging on the regulatory front. The Government of India announced the withdrawal of certain export incentives with retrospect effect during the third quarter of the fiscal year. While this regulatory change impacted the financial performance during the second half of fiscal 2020, this impact will be neutralised to a large extent with a confluence of initiatives over the medium term.

The global retail environment, especially in advanced and major developing economies, continued to experience radical changes with increased online activity, greater emphasis on omni-channel retailing and lower store footfalls that led to the rationalisation of the brick and mortar footprint. While these changes have been ongoing over the last few years, fiscal 2020 was particularly challenging for us as we had to face pricing pressure and challenges arising from inventory reductions that led to some softness in demand during the year. In the ordinary course, these challenges are well spaced out, but during FY20, we had to face such challenges in more concentrated time frames. On a positive note, these challenges have been addressed and we should be resuming normalcy vis-à-vis these parameters going forward.

Business Review

Manufacturing Platforms

The calibrated capital expenditure programme that we undertook over the last 3-4 years to implement one brownfield and two greenfield facilities, culminated with the commissioning of our new greenfield Terry Towel plant during FY20. We committed investments of approximately ₹2,500 crores and all our three projects were commissioned on schedule. The setting up and on-time commissioning of our projects have proven the Group's know-how in implementing, executing and operating large scale manufacturing projects.

With this latest addition to our manufacturing portfolio, Himatsingka now operates four manufacturing facilities that are best in class and of global scale. Our pursuit of creating

a model that is integrated from fibre to shelf is strengthened with these manufacturing platforms that lend us industry leading capacities, broad and deep product portfolios, best in class productivity, enhanced response times and pave the way for more sustainable value chains. We have also ensured that our manufacturing shop floors harness the potential of digital platforms that makes smart manufacturing a reality.

Having completed the three projects, our capital expenditure outlays will now resume to normal levels required for organic and scheduled capital requirements for our plants. We will continue to focus on sweating our manufacturing assets and capacities in order to optimise our operating and financial performance going forward.

The setting up and on-time commissioning of our projects have proven the Group's know-how in implementing, executing and operating large scale manufacturing projects.

Our Brand platforms

We have always emphasised on creating a strong brand portfolio with a global presence. We believe strong brands, both licensed and owned, will help us cater to a broad spectrum of consumer audiences across markets. In addition, they will enable us to create, innovate and bring to market a suite of products that span the entire gamut of price points.

Our portfolio that includes iconic brands like Calvin Klein Home, Tommy Hilfiger Home and Kate Spade New York amongst others, enhanced its reach during the year with the acquisition of the global rights for the Calvin Klein Home brand. This initiative is in line with our strategy of strengthening our global brand presence over the next few years.

We continue to have the strongest Track & Trace technology platform for cotton products, that helps us provide best-in-class traceability solutions for global clientele. Our cotton brands continue to remain very relevant for stakeholders who demand complete traceability of the value chain they operate in.

We are powered with a portfolio of over 12 brands that have added significant strength to our operating model over the years. Despite challenging conditions that prevailed during FY20, our revenue streams from brands stood at ₹2,122 crores versus ₹2,255 crores, during FY19.

Our Operating Scorecard

Delivering a consistent operating performance has always been an area of focus for us. Our financial performance for the five year period 2015-2019, saw consistent improvement across parameters. Our Consolidated Total Revenue grew from ₹1,964.04 crores to ₹2,654.26 crores during this period and clocked a CAGR of 7.8 %. Our Consolidated EBITDA on the other hand witnessed a CAGR of 27.2 % during the 5 year period ended FY19 as it grew from ₹221.30 crores to ₹579.93 crores during this period.

This consistent improvement on the operating performance front for the five-year period 2015-2019 is attributed to our focus on commissioning new capacities, sweating manufacturing assets and augmenting our brand portfolio.

Our performance for FY20 however has been severely impacted for the reasons stated above, and is therefore not consistent with the operating performance clocked during the last five years. The fiscal was indeed challenging on several fronts and the unfortunate occurrence of the pandemic, a true Black Swan event, made conditions even more challenging.

Our Consolidated Total Revenue for FY20, stood at ₹2,419.55 crores versus ₹2,654.26 crores during FY19, a reduction of 8.8%. The Consolidated EBITDA for FY20 on the other hand, stood at ₹479.32 crores versus ₹579.93 crores, a reduction of 17.4%.

We believe that we will take a couple of quarters to regain stability and bring back the consistency in our operating performance.

Priorities for FY2021

Looking ahead into FY2021, it is evident that our first priority will be to bring back the stability that was disturbed by the pandemic and the subsequent steps taken by Governments across the world. The Group has been through severe challenges before and is confident of addressing the issues that have surfaced with regard to operating in a challenged environment. We will use this opportunity to reboot and remodel, in order to adapt to the new realities that we are facing across our businesses.

Our Home Textiles Solutions vertical is powered by integrated manufacturing facilities that are amongst the largest in the world. Our operating performance is directly linked with our ability to enhance capacity utilisation levels across our facilities and therefore we will remain focussed on achieving the same. This is especially important as our new integrated Terry Towel facility was commissioned in the second half of FY20 and therefore, needs to be ramped up to ensure a stable operating performance.

While we enhance capacity utilisations at our manufacturing facilities we are also focussed on channelling our products and capacities to new markets in order to broaden our geographical presence. Our emphasis on gaining greater market share in the EMEA and APAC regions, will continue to be an area of priority as it will help us achieve more balanced revenue streams vis-à-vis what prevails today.

In addition to broadening our geographical presence we are also committed to enhancing our client base. We believe that our wider and deeper product portfolios will enable us to cater to the requirements of a larger client pool and therefore gives us the opportunity to on-board new clients across channels and markets.

De-leveraging our balance sheet will be an important theme for FY21 and beyond. Having completed our capital expenditure programme with an investment of approximately ₹2,500 crores over the last 3-4 years, we are now going to be focussed on debt reduction through working capital optimisation and repayments concurrently.

As a dominant player in the global home textiles space, we endeavour to stay relevant by showcasing best-in-class innovation, industry leading flexibility, agility and cementing strong relationships with stakeholders. These attributes are infused into our model with the assistance of technology and intellectual capital. Building teams that are rich in know-how will always be integral to The Himatsingka Way — where courage and imagination go hand-in-hand in the perennial pursuit of perfection.

Having completed our capital expenditure programme with an investment of approximately ₹2,500 crores over the last 3-4 years, we are now going to be focussed on debt reduction through working capital optimisation and repayments concurrently.

The Road Ahead

The Group continues to absorb and assimilate know-how to operate scale oriented manufacturing assets and global intellectual property portfolios across multiple jurisdictions. These experiences give us the confidence and will pave the way in harnessing new growth opportunities as we continue on this journey to become a global force in the textile space.

While growth and sustainability will remain central to the strategies that we build and put together, upholding our values and our thrust on governance will always complement our pursuits.

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

Sincerely,

Shrikant Himatsingka
Managing Director & CEO

Dinesh Himatsingka
Executive Chairman

Corporate Information

Board of Directors

D.K. Himatsingka
Executive Chairman

Shrikant Himatsingka
Managing Director & CEO

V. Vasudevan
Executive Director
Manufacturing Operations (Group)

Rajiv Khaitan
Independent Director

Pradeep Bhargava
Independent Director

Sangeeta Kulkarni
Independent Director

Raja Venkataraman
Independent Director

Manjiri Bhalerao
Nominee Director

Management Team

Akanksha Himatsingka
CEO — EMEA and Asia Pacific

Major (Retd) Kumud Kumar
President & Group CHRO

K.P. Rangaraj
President & Group CFO

Ashutosh Halbe
President & CFO — Operations (Group)

Samuel J Glasnapp
President — Sales (North America)

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

Bankers

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

Statutory Auditors

BSR & Co. LLP

Internal Auditors

Grant Thornton India LLP

Registered Office

10/24, Kumara Krupa Road
High Grounds
Bengaluru - 560001

Works

Doddaballapur, Karnataka
23A KIADB Industrial Area
Doddaballapur - 561203
Karnataka, India

Hassan, Karnataka
Plot No 1, KIADB Industrial Area
Hassan - 573201
Karnataka, India

Management Discussion and Analysis

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

Global economic growth softened in 2019 and stood at 2.9% as compared to 3.6% in 2018. This was lowest economic growth rate since the 2008-09 global financial crisis. Trade tensions between the United States and China, Brexit related uncertainty, negative geo-political developments and sluggish global demand were among the major reasons that hampered growth rates during 2019. This slowdown coupled with an adverse economic outlook triggered large scale monetary easing across countries. An estimated 67 central banks across the world eased monetary policies to arrest the slowdown in economic growth, making it the most intense and widest monetary policy initiative undertaken since 2008-09 global economic crisis.

The softness in economic growth rates was witnessed by advanced as well as the emerging economies. While advanced economies like the United States grew by only 2.3% in 2019 as compared to 2.9% in 2018, the Euro Area saw growth rates decline to 1.3% in 2019 as compared to 1.9% in 2018. The United States, the world's largest economy, suffered a setback on account of the prevailing trade tensions with China that pressured investment and subdued sentiments. On the major developing economies front, growth rates in China corrected to 6.1% in 2019 as compared to 6.7% in 2018, while India witnessed a sharper correction in growth rates that stood at 4.2% during 2019 as compared to 6.1% in 2018.

Global GDP is expected to contract by 4.9% in 2020 compared to a growth of 2.9% in 2019. This anticipated significant contraction in economic growth is expected due to the onslaught of the COIVD-19 pandemic that has disrupted growth trajectories and economic activities across the global markets. The partial and or full lockdowns announced by various governments to contain the pandemic contributed to slump in consumption, production, investments and sentiment. In light of the pandemic, all major advanced and emerging economies, except China, are expected to witness contraction in GDP in 2020.

Table 1: World Economic Growth - Projections

Percentage Change (%)	2018	2019	2020(P*)	2021(P*)
World Output	3.6	2.9	-4.9	5.4
Advanced Economies	**2.2**	**1.7**	**-8.0**	**4.8**
United States	2.9	2.3	-8.0	4.5
Euro Area	1.9	1.3	-10.2	6.0
- Germany	1.5	0.6	-7.8	5.4
- France	1.8	1.5	-12.5	7.3
- Italy	0.8	0.3	-12.8	6.3
- Spain	2.4	2.0	-12.8	6.3
Japan	0.3	0.7	-5.8	2.4
United Kingdom	1.3	1.4	-10.2	6.3
Canada	2.0	1.7	-8.4	4.9
Other Advanced Economies	2.7	1.7	-4.8	4.2
Emerging Market and Developing Economies	**4.5**	**3.7**	**-3.0**	**5.9**
Emerging and Developing Asia	6.3	5.5	-0.8	7.4
- China	6.7	6.1	1.0	8.2
- India	6.1	4.2	-4.5	6.0
- ASEAN-5	5.3	4.9	-2.0	6.2
Emerging and Developing Europe	3.2	2.1	-5.8	4.3
- Russia	2.5	1.3	-6.6	4.1
Latin America and the Caribbean	1.1	0.1	-9.4	3.7
- Brazil	1.3	1.1	-9.1	3.6
- Mexico	2.2	-0.3	-10.5	3.3
Middle East and Central Asia	1.8	1.0	-4.7	3.3
- Saudi Arabia	2.4	0.3	-6.8	3.1
Sub-Saharan Africa	3.2	3.1	-3.2	3.4
- Nigeria	1.9	2.2	-5.4	2.6
- South Africa	0.8	0.2	-8.0	3.5

(Source: IMF- World Economic Outlook, June 2020)

P*=Projection

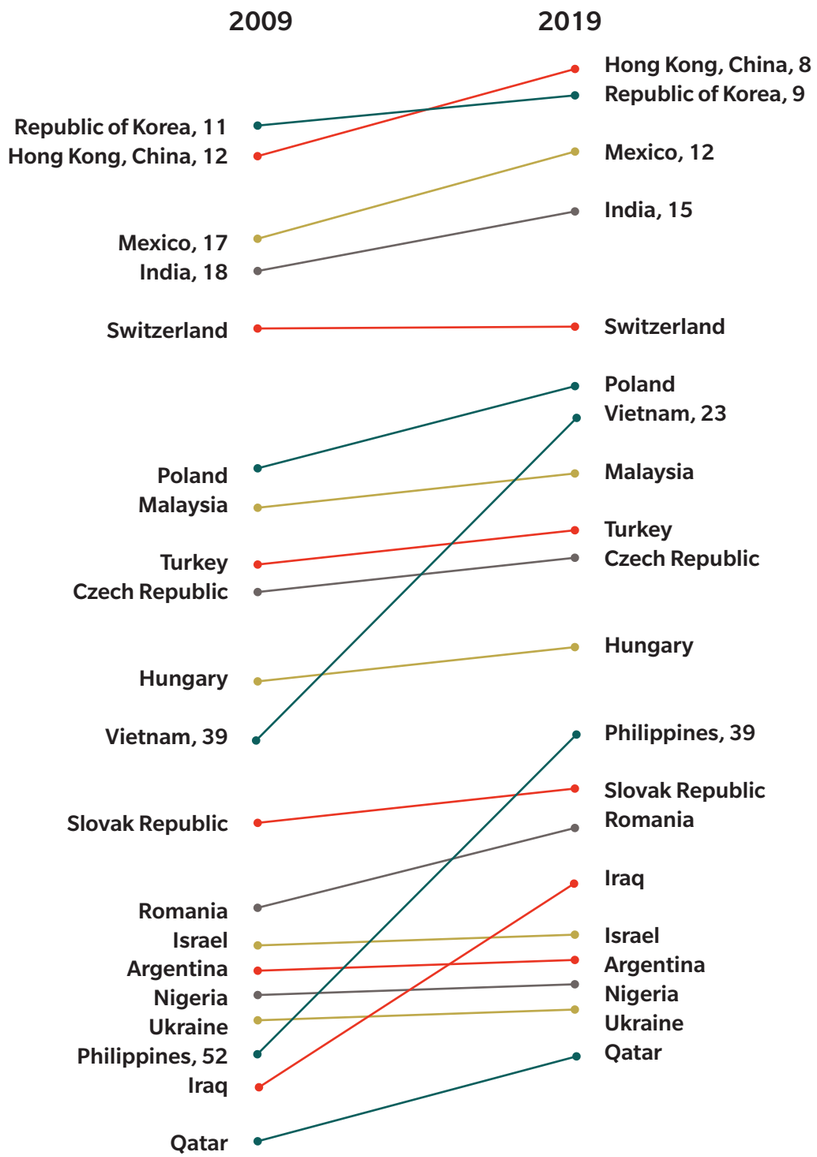
Global merchandise trade volumes contracted by 0.1% in 2019 as compared to a growth of 2.9% clocked during 2018. In value terms, global merchandize trade stood at USD 19.05 trillion down by 3.0% over 2018. The decline was driven by significant fall in energy prices, increase in trade tensions and growing protectionism across major economies.

The World Trade Organization (WTO) anticipates global merchandise trade volumes to decline between 13% to 32% in 2020, given the severity and nature of the pandemic. However, the WTO holds an optimistic view for 2021 with growth rates estimated to range between 21% and 24% essentially recovering from the sharp declines likely to be witnessed in 2020. The expected recovery in 2021 is also uncertain as it depends on the duration of the crisis and effectiveness of the policy initiatives taken by nations to respond to the various challenges that they face both economic and social.

Figure 1: Growth in World GDP & Merchandise Trade (in Volume), 2015 -2019

(Source: WTO)

Figure 2: World's leading traders of goods and services, 2009 and 2019



(Source: World Trade Statistical Review 2020, WTO)

Among the top 50 merchandise traders, India has jumped by 3 positions over the last 10 years, becoming the 15th largest merchant trader.

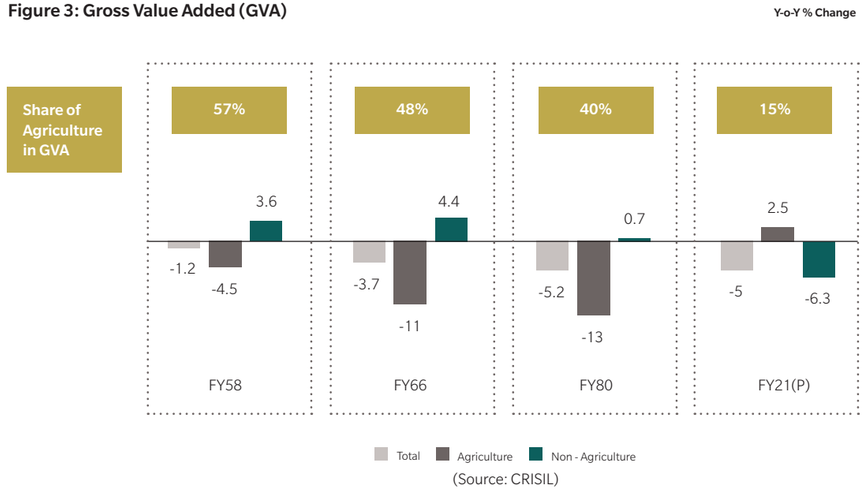
INDIAN ECONOMY OVERVIEW

During fiscal 2020, India's growth rate slowed down to 4.1%, the slowest in the last eleven years, as the COVID-19 pandemic adversely impacted economic activities in the month of March, 2020.

India's GDP is forecasted to witness a steep contraction of 4.0 - 4.5% during fiscal 2021. The contraction is estimated to be more severe and stand at 6.0% if only non-agricultural GDP contraction were to be considered. However, modest growth of approx. 2.5% projected to be clocked on the agricultural front will cushion the total GDP contraction to be in the region of 4.0 - 4.5%.

Over the last 69 years, India has witnessed a recession three times as per available data. It witnessed recessions in 1958, 1966 and 1980. It is interesting to note that during these recessions, the central reason behind such events were driven by poor performance in agricultural sector, which was a sizable part of the economy. The recession India is facing today is in sharp contrast to the ones faced earlier. The pandemic has affected the most non-agriculture sectors and global disruptions has thwarted, at least in the near term, the export opportunities that India was positioning itself to capitalise on.

Figure 3: Gross Value Added (GVA)



(Source: CRISIL)

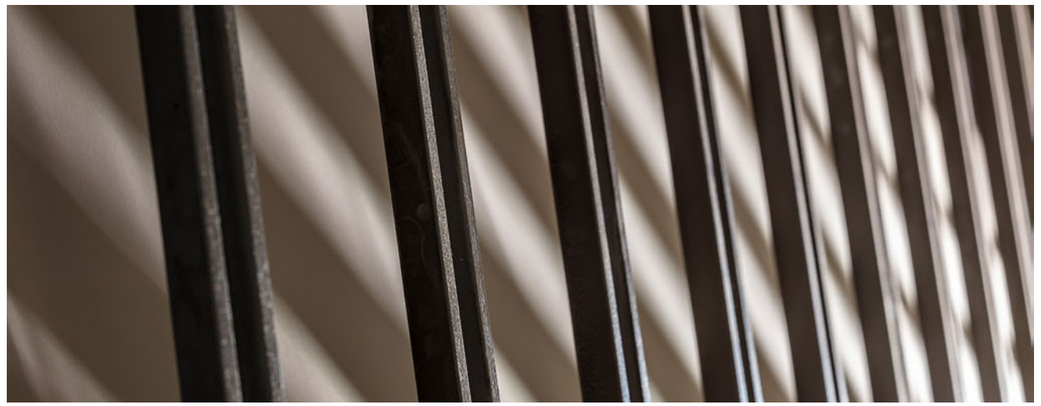
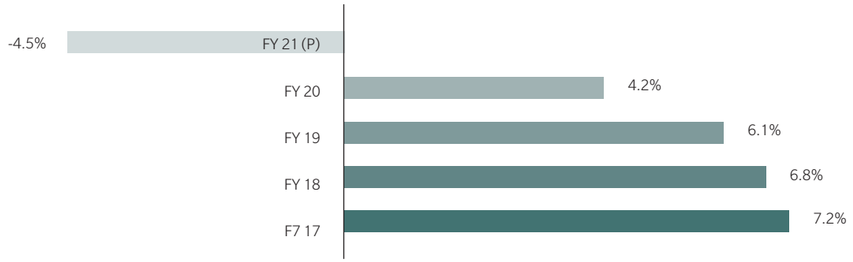


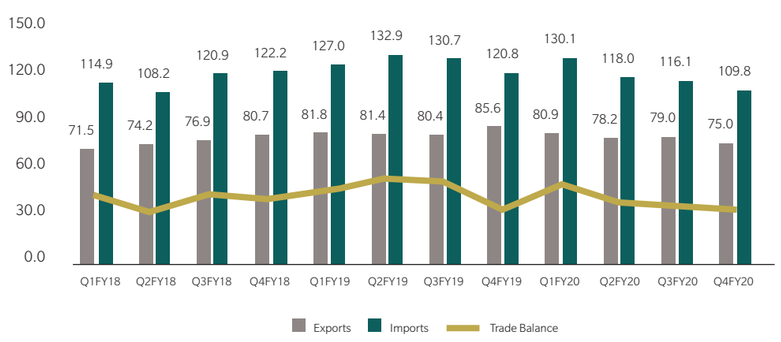
Figure 4: Indian GDP Growth **% Change**



(Source: IMF)

On the merchandise trade front,India's total exports during 2019-20 declined by 4.8% and stood at USD 313.2 billion compared to USD 339.2 billion in 2018-19. Major export destinations during 2019-20 were North America with a 19.0% share of total exports followed by the EU region with a share of 17.2%. Total merchandise imports during fiscal 2020 stood at USD 474.0 billion, a decline of 7.3% from USD 511.4 billion in fiscal 2019. As per the current rankings, India is the 18th largest exporter (with a share of 1.7%) and the 10th largest importer (with a share of 2.5%) of merchandise trade in the world. In Commercial Services Exports, India was the 8th largest exporter in 2019 (with a share of 3.5%). India ranks 10th globally (with a share of 3.1%) in imports of commercial services.

Figure 5: Quarterly Trade Figures **USD Billion**

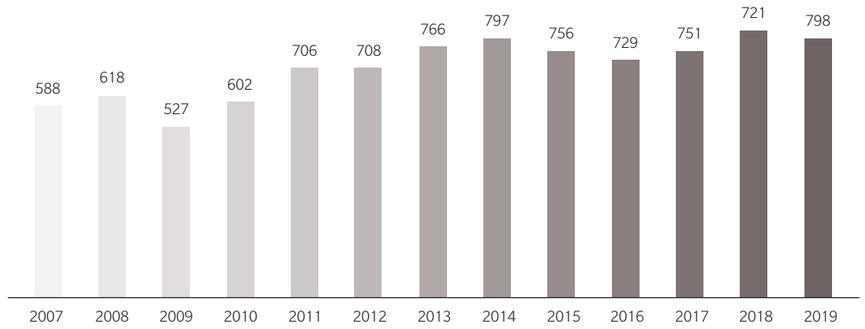


(Source: Ministry of Commerce and Industry Department of Commerce)

GLOBAL TEXTILE INDUSTRY

The global textile and apparel trade for 2019 stood at USD 798 billion vs USD 821 billion during 2018. It contributed to 4.2% of global trade during both 2018 and 2019. Of USD 798 billion, USD 492 billion came from the apparel sector and USD 305 billion came from the textiles sector. The global textile and apparel trade have witnessed a CAGR of 4.3% from 2009 through 2019.

Figure 6: World Textile & Apparel Trade **USD Billion**

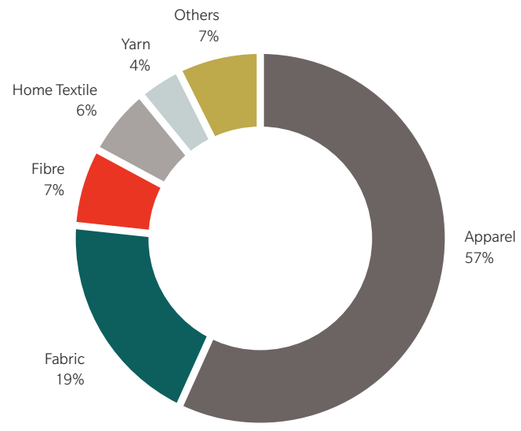


(Source: International Trade Statistics 2018, WTO)

Apparel was the most traded Textile and Apparel (T&A) category across the globe with a share of 57% of the total T&A trade. Fabric was second to apparel and accounted for 19% of the total T&A trade. The share of Home Textile in global T&A trade stood at approximately 6% and was the fourth largest T&A traded category during 2018. The global trade of T&A is expected to grow from the current US$ 798 billion to US$ 1,000 billion by 2025, clocking a compounded annual growth rate of over 3.5%

China's share in Global T&A trade has remained range bound at approximately 35% during 2019

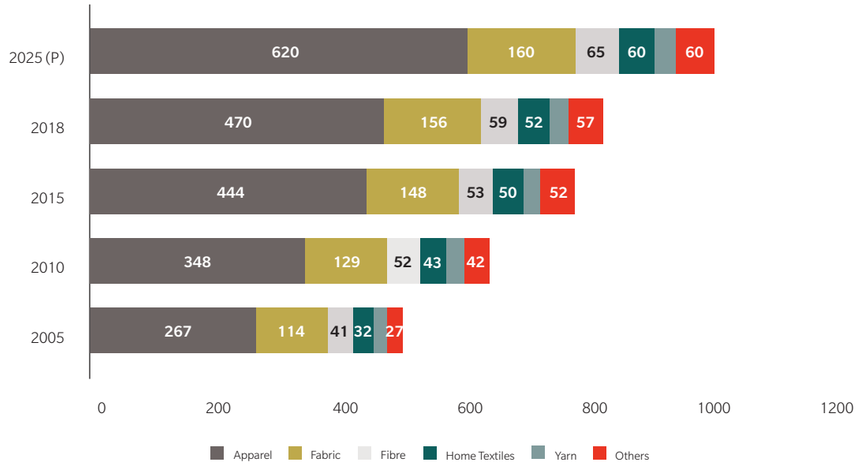
Figure 7: Category-wise Share of Global Textile & Apparel Trade (2018) **%**



(Source: Wazir Advisors)

Figure 8: Global Textile & Apparel Trade

USD Billion



(Source: Wazir Advisors)

China continues to be the dominant textile and apparel producer and exporter. Its share in global T&A trade has remained range bound at approximately 35% during 2019. India has maintained the position of the second largest supplier of T&A globally in the past decade. However, Germany with estimated exports of approximately US$ 38 billion has resulted in India falling to the number three position in global T&A exports with approximately US$ 34 billion in 2019.

Table 2: Largest Exporters of Textile and Apparel 2018

USD Billion

Country	Textile Exports	Apparel Exports	Total Exports	Share 2018 (%)
China	128.8	158.1	286.9	35
Germany	15.7	24	39.7	5
India	21.4	15.6	37	4
Italy	13.3	23.4	36.7	4
Vietnam	7.8	28.7	36.6	4
Bangladesh	1.9	32.9	34.9	4
Turkey	12.6	15.3	27.9	3
USA	21.9	5.3	27.2	3
Spain	5	14.4	19.4	2
France	5.5	12	17.5	2
Belgium	6.9	9.4	16.3	2
ROW	111.9	131.4	243.3	30
Total	**352.7**	**470.6**	**823.3**	**100**

(Source: Wazir Advisors)

Indian Textile Industry

The Indian textile industry is an important contributor to the Indian economy. It is the second largest employment generator after agriculture as it provides direct employment to over 45 million people and indirect employment to approximately 60 million people in allied sectors. It contributes approximately 2% to the GDP and 13% of export earnings. The size of India's domestic textile and apparel market, which was USD 50 billion in FY 11 is estimated to be approximately USD 106 billion in FY 20 and it is expected to grow to approximately USD 220 billion by FY 26, at a CAGR of 11.9% between FY 19 to FY 26. The home textile segment is expected to grow at 11.5% during the same period. Apparel demand at US$ 78 billion, dominated the domestic market with a share close to 74% of the total textile and apparel market in India.

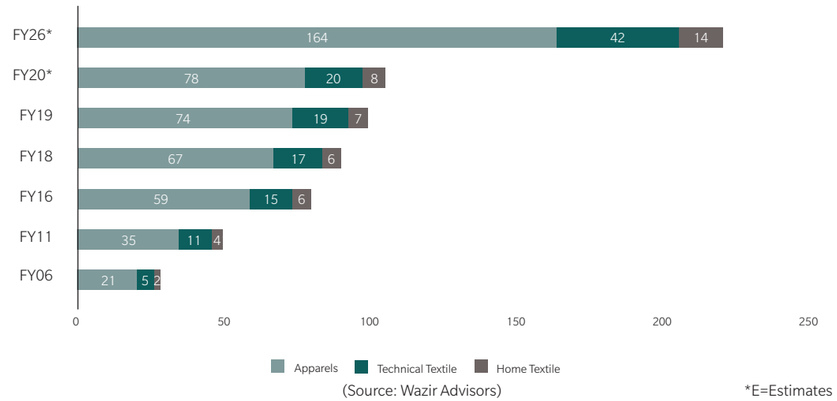
India is the third largest exporter of Textile & Apparel with approximately US$ 34 billion in 2019

India's domestic Textile and apparel market is estimated at US$ 106 billion in 2019-20 and is expected to grow at a 12% CAGR to US$ 220 billion by 2025-26

India exports of Textile & Apparel is expected to grow to US$ 70 billion by 2025-26

Figure 9: Indian Textile Market Size

USD Billion



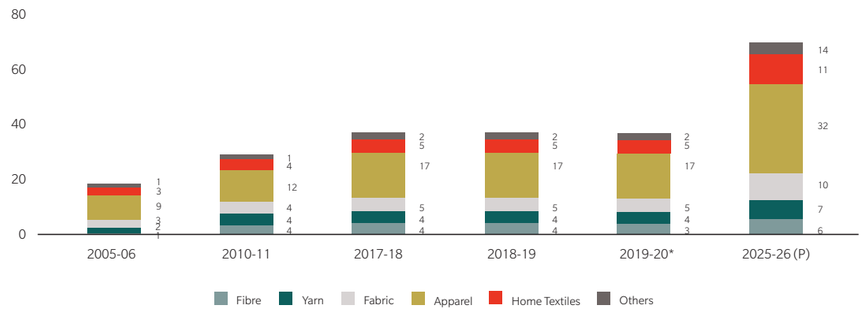
(Source: Wazir Advisors)

*E=Estimates

Overall textile and apparel exports from India during 2019-20 stood at USD 33.97 billion as compared to USD 37.21 billion during 2018-19. The sector was adversely impacted by withdrawal of incentives and COVID-19. The export of cotton made-ups and fabric was USD 5.01 billion, a decline of 4.7% over FY 18-19. Textile and apparel exports from India is expected to grow at a CAGR of over 12.0% to USD 70 billion by 2025-26 from estimated USD 34 billion in 2019-20.

Figure 10: Indian Textile & Apparel Exports

USD Billion



(Source: Ministry of Textile and Wazir Advisors)

* Estimated

The Euro Zone continues to be the largest destination for Indian textile and apparel products. India's export of T&A products to the Euro Zone stood at US$ 9.14 billion during 2018 and accounted for more than 25% of India's total T&A exports in 2018. The exports to Euro Zone have witnessed a decline over the last 5 years and clocked negative CAGR of approximately 1%.

Table 3: Textile & Apparel Exports from India to Euro Zone

USD Million

	2014	2015	2016	2017	2018	CAGR (%)	India's share in EU -28's total imports (2018) (%)
Fibre	241	193	217	232	243	0	6
Filament	123	114	107	124	136	2	5
Yarn	572	453	465	527	536	-1	22
Fabric	547	491	501	511	489	-2	5
Garments	6,176	5,718	5,691	5,686	5,767	-1	6
Home Textiles	1,304	1,124	1,147	1,207	1,229	-1	14
Others	502	508	502	578	736	8	10
Total	**9,464**	**8,601**	**8,629**	**8,866**	**9,136**	**-1**	**7**

(Source: Wazir Advisors)

India's textile and apparel exports to the United States have grown at a CAGR of 3% over the last 5 years. Apparel constituted approximately 47% of India's total T&A exports to the United States, while home textiles share was approximately 38%.

Table 4: Textile & Apparel Exports from India to the United States

USD Million

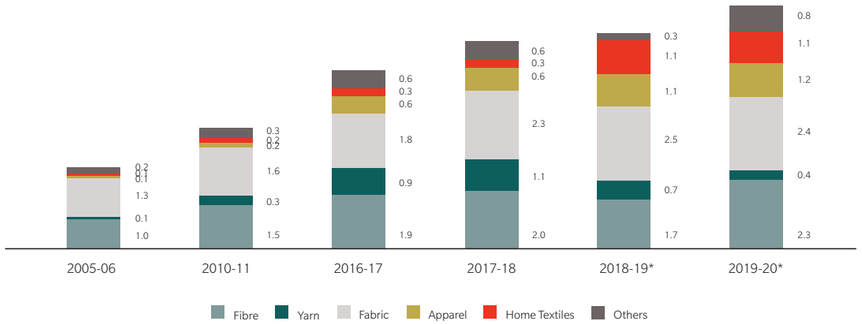
	2014	2015	2016	2017	2018	CAGR (%)	India's share in USA's total imports (2018) (%)
Fibre	104	120	126	136	125	4	11
Filament	35	45	38	41	58	11	4
Yarn	62	61	53	53	59	-1	9
Fabric	422	450	452	514	536	5	7
Garments	3,598	3,869	3,822	3,875	4,025	2	6
Home Textiles	2,865	3,104	3,092	3,174	3,238	2	25
Others	312	337	347	401	458	8	6
Total	**7,398**	**7,987**	**7,934**	**8,194**	**8,500**	**3**	**9**

(Source: Wazir Advisors)

On the import front, India's import of textile and apparel products are estimated to stand at approximately US$ 8.2 billion during 2019-20. The imports of textile and apparel products have seen a CAGR of approximately 8% over the last 13 years (2005-06 to 2018-19). The first half of the year 2019-20 witnesses substantial increase of fibre imports, which is expected to increase the overall annual imports for the fiscal.

Figure 11: Indian Textile & Apparel Imports

USD Billion



(Source: Wazir Advisors)

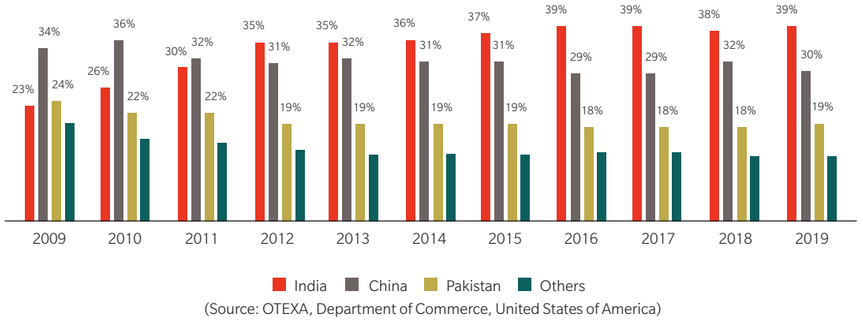
* Estimated

For Himatsingka, The United States continued to be the largest market in FY 2020. The total United States imports for cotton denominated bedding and bath products stood at USD 4.2 billion during 2019. This was 4.8% lower than the total imports for such products in 2018. The share of the above United States' imports that vests with India, China and Pakistan stood at 87.2% during 2019 vs 86.8% during 2018.

In 2019, due to prevailing political tension between the United States and China, the United States' sourcing of cotton sheets, pillow cases, bed spreads, quilts and terry towels from China witnessed a decline of 7.7% while sourcing from India increased 1.1% compared to 2018.

The United States continue to dominate the global market for soft home products. The table below demonstrates the percentage share of United States' imports of Cotton Sheets, Pillow Cases, Bed Spreads, Quilts and Terry Towels that India, China and Pakistan and the rest of the world enjoy. India and China continued to dominate United States imports in these categories with a share of approximately 70%. India continues to be the single largest supplier to the United States with 38.8%.

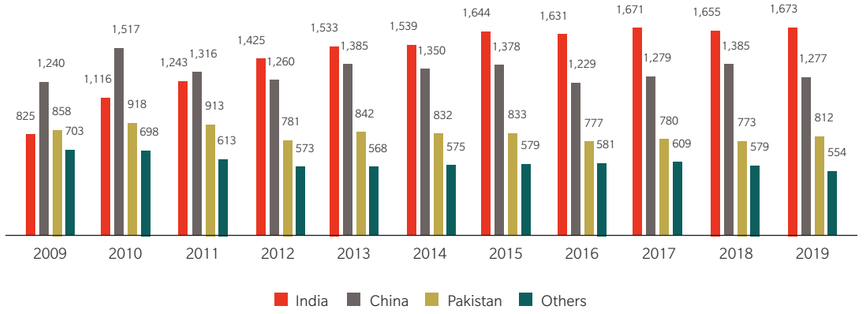
Figure 12: US Imports — Cotton Sheets, Pillow Cases, Bed Spreads, Quilts and Terry Towels % Shares of Countries



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

Over the years, India has surpassed China to become the largest supplier of cotton soft home products to the United States. While India's supply of cotton soft home products to the United States stood at USD 825 million in 2009, it now stands at USD 1.67 billion during 2019. This translates to a CAGR of 7.3%. China, on the other hand, witnessed a CAGR of 0.3% over the same period. As a result, India's contribution in US' total imports of soft products have increased from 22.8% in 2009 to 38.8% in 2019.

Figure 13: US Imports — Cotton Sheets, Pillow Cases, Bed Spreads, Quilts and Terry Towels USD Million

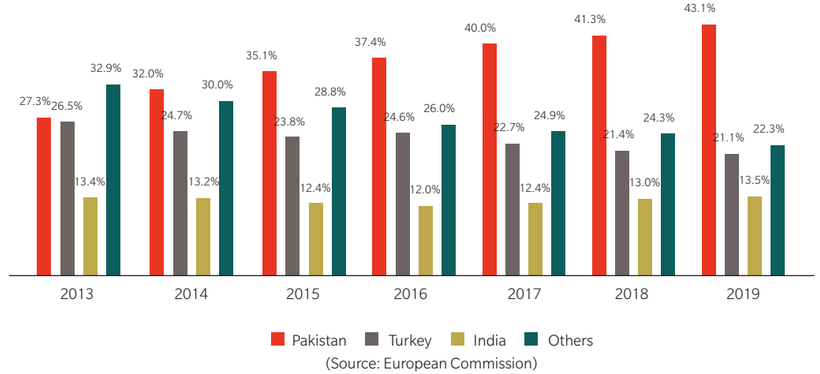


(Source: OTEXA, Department of Commerce, United States of America)

EU-28 imports of cotton-based bed linen, terry and blankets products is comparable to the US. In 2019, EU-28 imported cotton-based bed linen, terry and blankets worth Euro 2.57 billion compared to Euro 2.54 in 2018. Import of these products have grown at a CAGR of 2.5% over the last 5 years and 4.2% over the last 10 years. India is the third largest exporter of these goods to EU-28 with a Euro 346 million share and has grown its share to this region at a CAGR of 5.2% over the last 10 years.

The top three supplier countries to EU-28 region constitute approximately 78% of their total imports of cotton soft home products (bed linen, terry towels and blankets). In 2019, India was the third largest supplier with 13.5% share in the total imports.

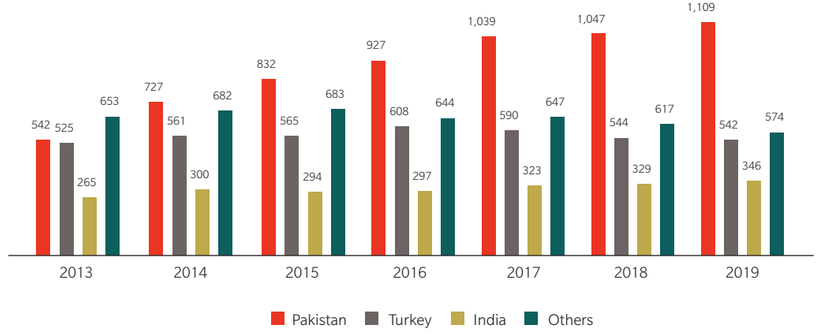
Figure 14: EU - 28 Imports — Cotton Bed Linens, Terry Towels and Blankets % Shares of Countries



(Source: European Commission)

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

Figure 15: EU - 28 Imports — Cotton Bed Linen, Terry and Blanket EURO Million



(Source: European Commission)

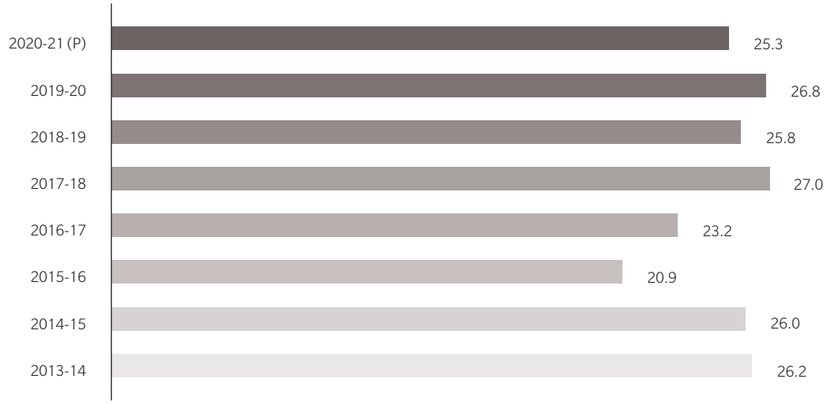
GLOBAL COTTON SCENARIO

Cotton is amongst the most extensively used fibres in the global textile space. Cotton is grown in over 100 countries but the main concentration is limited to few countries. After witnessing decline in 2018-19, world cotton production increased in 2019-20 to 26.8 million metric tons, an increase of 3.9%. This increase was largely driven by an increase in production in India and the United States.

The increase in global cotton production during 2019-20 was meet with diminished demand for the fibres on account of the general sluggishness in economic activity globally and the sudden and sever impact the COVID-19 pandemic had on the demand of various goods across markets. As a result, global cotton stocks witnessed a significant increase and stood at the highest levels seen over the last five years. Global cotton production is estimated to witness a reduction of 5.6% and stand at 25.3 million metric tons in 2020-21 given the high inventories that exist in the cotton ecosystem.

Figure 16: World Cotton Production

Million Metric Tons

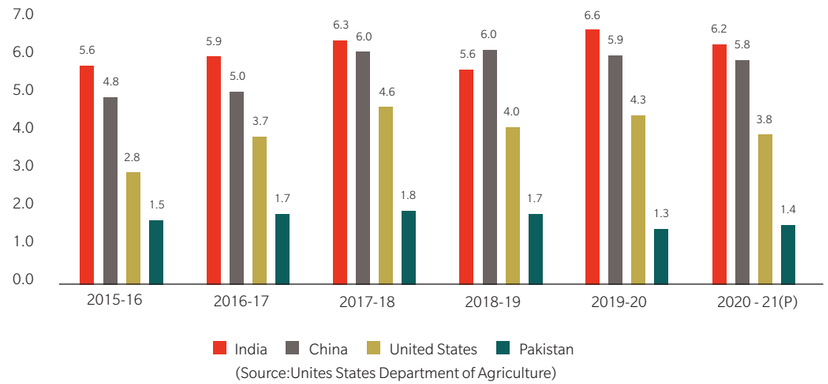


(Source: United States Department of Agriculture)

India and China contribute to approximately 47% of global cotton output. In 2019-20, India regained the position of largest cotton producer in the world with a production output of 6.6 million metric tons, an increase of 17.8% over 2018-19. In 2019-20, India's share in global cotton production increased to 24.6% as compared to 21.5% in 2018-19, while China's share declined to 22.0% from 23.4%. China witnessed a marginal decline in production as higher yield was offset by lower area under cultivation. The US witnessed production of 4.3 million tones, an increase of 7.5%. The table below shows India's cotton production vis-à-vis China, USA and Pakistan over the last 5 years and projections for 2020-21.

Figure 17: Cotton Production: Region Wise

Million Metric Tons



(Source:Unites States Department of Agriculture)

The table below gives a snapshot of the world's cotton production over the last 5 years and projection for one year

Table 5: World Cotton Balance Sheet

World Cotton Balance Sheet

Million Metric Tons	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Beginning Stocks	23.3	19.6	17.5	17.6	17.5	22.0
Production	20.9	23.2	27.0	25.8	26.8	25.3
Supply	44.2	42.9	44.5	43.5	44.3	47.3
Consumption	24.7	25.3	26.7	26.2	22.3	24.9
Ending Stocks	19.6	17.5	17.6	17.5	22.0	22.4
Stocks/Use Ratio	**79.7%**	**69.2%**	**65.9%**	**66.8%**	**98.6%**	**89.9%**

China Balance Sheet

Million Metric Tons	2015/16	2016/17	2017/18	2018/19	2019/20	2019/21
Beginning Stocks	14.5	12.3	10.0	8.3	7.8	8.1
Production	4.8	5.0	6.0	6.0	5.9	5.8
Imports	1.0	1.1	1.2	2.1	1.6	2.0
Supply	20.2	18.4	17.2	16.4	15.3	15.8
Consumption	7.8	8.4	8.9	8.6	7.2	8.1
Exports	0	-	0	0	0	0.0
Demand	7.838	8.4	9.0	8.63	9.036	8.1
Ending Stocks	12.3	10.0	8.3	7.8	8.1	7.7
Stocks/Use Ratio	**157.5%**	**119.1%**	**92.4%**	**89.8%**	**89.6%**	**95.3%**

India Balance Sheet

Million Metric Tons	2015/16	2016/17	2017/18	2018/19	2019/20(P)	2019/20(P)
Beginning Stocks	2.3	1.5	1.7	2.0	2.0	4.2
Production	5.6	5.9	6.3	5.6	6.6	6.2
Imports	0.2	0.6	0.4	0.4	0.5	0.2
Supply	8.2	8.0	8.4	8.0	9.2	10.6
Consumption	5.4	5.3	5.3	5.2	4.4	5.0
Exports	1.3	1.0	1.1	0.8	0.7	1.0
Demand	6.6	6.3	6.4	6.0	5.0	6.0
Ending Stocks	1.5	1.7	2.0	2.0	4.2	4.6
Stocks/Use Ratio	**23.1%**	**27.3%**	**31.5%**	**33.9%**	**83.5%**	**77.5%**

(Source: United States Department of Agriculture (USDA))

Risk Management

Risk Factors	Risk	Mitigation
Concentration	Concentration on certain markets and customers for a substantial part of the Company's business.	The Company is continuously pursuing opportunities in expanding market presence across new geographies and client groups in order to mitigate risk.
Raw Material	Raw material costs account for approximately 48% of the Company's sales. Our operating performance may be adversely impacted by volatility on the cost of raw materials.	The Company's enhanced level of backward integration coupled with identifying alternate sources of supply will help in absorbing volatility.
Competition	Intense competition from other manufacturers from India and China may adversely affect the Company's performance.	The Company maintains its competitive advantage given its seamless integration from fibre to shelf including manufacturing capacities of global scale and a brand portfolio with global reach.
Currency	The Company's global presence exposes its businesses to currency fluctuations which may have an adverse effect on its financial performance.	With an established Currency Risk Management Policy, the foreign currency exposures are continuously monitored and hedged on a rolling basis which helps mitigate volatility risk.
Regulatory	The textile industry is exposed to domestic and international regulations and policies, which may change from time to time, thereby potentially impacting financial performance.	The Company continues to engage with policy makers through industry bodies and other stakeholders to access, review and represent concerns stemming from policy related matters.
Covid-19 Risk	The Company has a major market in the US and Europe. In view of the Covid-19 outbreak the Company may face various challenges ranging from sourcing of raw materials, maintenance of man power, reduction in demand for the Company's product, delay in import and export of finish products and liquidity risk.	The Company maintains optimal storage of raw materials to ensure both production and supply of finished goods based on orders, are well managed. The Company has allowed limited working from campus, proper sanitization, availability of medical staff within the premises. Standard operating procedures on social distancing at Plants & Offices. The Company maintains healthy cash balances and unutilised credit lines in order to mitigate any potential liquidity risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems ensure proper safeguarding of assets, maintaining proper accounting records and reliable financial information. An external independent firm carries out the internal audit of the Company's operations and reports its findings to the Audit Committee on a regular basis. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting.

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

HUMAN RESOURCES

Our approach to Human Resources has enabled us to be able to attract, integrate, develop and retain the talent required for driving sustainable growth. The continued focus on enhancing employee capabilities and benchmarking to be able to deliver a best-in-class working environment has helped the Company maintain its leadership in the home textile industry. Our HR processes and systems have helped us to be agile and responsive to the dynamic global environment that prevails today. We are focused on creating a culture that is performance-driven and recognises innovation across the spectrum of activities within the Company. The Company employs over 10,000 people across its businesses and continues to invest in and nurture its talent pool in order to align with the broader vision of the Company.

Analysis of Consolidated Financials

CONSOLIDATED INCOME STATEMENT SUMMARY — FY20

₹ Lacs

Particulars	Consolidated		
	2019-20	2018-19	Change %
Revenue from Operations	2,35,793	2,61,765	-9.9%
Other Income	6,172	3,661	68.6%
Total Revenue	2,41,965	2,65,426	-8.8%
Cost of Materials Consumed	1,13,180	1,28,963	-12.2%
As a % of Revenue	48.00%	49.27%	-2.6%
Employee Benefit Expenses	28,012	25,686	9.1%
Other Expenses	52,842	52,784	0.1%
EBITDA	**47,931**	**57,993**	**-17.3%**
Depreciation	12,621	10,877	16.0%
EBIT	**35,310**	**47,116**	**-25.1%**
Interest and Finance Cost	19,472	16,312	19.4%
Profit Before Exceptional Items & Tax	15,838	30,804	-48.6%
Exceptional Items	7,321	-	100.0%
Profit Before Tax	8,517	30,804	-72.3%
Profit after tax	**1,325**	**19,684**	**-93.3%**

Revenue Analysis:

» Consolidated Total Revenues for the year decreased by 8.8 % and stood at ₹ 2,41,965 lacs. The decline was on account of adverse impact of the Covid-19 pandemic during the 4th quarter of the fiscal and the discontinuation of export incentives undertaken by the Government of India during the second half of the fiscal.

» Adjusted for the above, our Consolidated Total Revenues have been stable despite the challenging economic conditions that prevailed through the year.

» Revenues from brands for FY 20 stood at ₹2,12,200 lacs versus ₹2,25,000 lacs during FY19.

Expenditure Analysis:

» The cost of materials consumed stood at ₹1,13,180 lacs during the year. Material costs as a percentage of Total Revenue were stable and stood at 48.0% versus 49.3% during the previous year.

» Employee benefit expenses increased by 9.1% to ₹28,012 lacs during FY20. This was on account of the inflation and employee additions across our new and expanded facilities.

» Total operating expenses for FY20 stood at ₹1,94,034 lacs in FY 20 vs ₹2,07,433 lacs during the previous year.

» Interest and finance charges increased by 19.4% to ₹19,472 lacs primarily on account of the commissioning of our new greenfield Terry Towel facility during the second half of the fiscal.

Profitability Analysis:

The Consolidated EBITDA decreased by 17.3% to ₹47,931 lacs in FY20 versus ₹57,993 lacs in FY 19. This decline was in line with decrease in Consolidated Total Revenue during FY20. As explained above, the total Consolidated Revenue was primarily impacted on account of the pandemic and the retrospective reversal of export incentives during the year. The consolidated EBITDA margins were largely stable and stood at 19.8% in FY 20 versus 21.8% during the previous year.

The consolidated EBIT decreased by 25.1% to ₹35,310 lacs versus ₹47,116 lacs during the previous year. The consolidated EBIT margins stood at 14.6% versus 17.8% during the previous year.

The consolidated Profit After Tax, before exceptional item, for FY20 stood at ₹8,646 lacs vs ₹19,684 lacs in FY19. The exceptional items of ₹7,321 lacs represents the following

- Inventory provision of ₹4,305 lacs on account of changed economic environment due to outbreak of COVID-19.
- Non-recurring restructuring expenses of ₹1,210 lacs with regard to our Italian business.
- Loss of ₹1,142 lacs on the Foreign Exchange Hedge losses on account of the lower than expected revenue realizations due to COVID-19
- An impairment of investment in equity shares of ₹664 lacs.

Consequently, the Consolidated Profit After Tax and Exceptional Items for FY20 stood at ₹1,325 lacs vs ₹19,684 lacs in FY19.

CONSOLIDATED BALANCE SHEET

The analysis of our consolidated Balance Sheet as on 31st March 2020 is as below:

₹ Lacs

Particulars	As at 31 March 2020	As at 31 March 2019
Property, Plant and Equipment *	2,92,505	2,61,313
Goodwill	48,195	44,243
Other Financial Assets	18,572	13,994
Deferred Tax Assets, (Net)	1,694	1,977
Non-Current Income Tax Assets (Net)	1,045	1,045
Other Current and Non-Current Assets	23,688	26,904
Inventories	1,08,747	1,17,597
Trade Receivables	11,758	16,628
Cash and Cash Equivalents ^	20,975	36,790
Total Assets	**5,27,179**	**5,20,491**
Equity Share Capital	4,923	4,923
Other Equity	1,31,078	1,37,183
Total Borrowings	2,81,443	2,79,033
Current and Non-Current Provisions	2,308	2,211
Deferred Tax Liabilities (Net)	4,528	3,740
Current and Non-Current Other Liabilities	32,677	33,860
Trade Payables	37,172	44,245
Other Current and Non-Current Financial Liabilities	29,897	10,360
Current Income Tax Liabilities, (Net)	3,152	4,936
Total Liabilities	**5,27,179**	**5,20,491**

* Includes CWIP, other intangible assets, right of use asset and assets held for sale
^ Includes Current Investments

Analysis of Assets:

- Property, Plant and Equipment including CWIP and intangible assets increased by ₹31,192 lacs mainly on account of the investments made for setting up the new greenfield Terry Towel project.
- Goodwill increased by ₹3,952 lacs to ₹48,195 lacs on account of the depreciation of the Rupee against the US Dollar.
- Cash and cash equivalents including Current Investments decreased by 15,815 lacs and stood at ₹20,975 lacs versus ₹36,790 lacs in the previous year.

Analysis of Equity and Liabilities:

- The Consolidated Net Worth of the Company decreased from ₹1,42,106 lacs during FY19 to ₹1,36,001 lacs in FY20 mainly on account of lower profits, a higher dividend payout and loss arising out of changes in fair value of designated portion of hedging instruments.
- Total borrowings increased marginally from ₹2,79,034 lacs in FY 19 to ₹2,81,443 lacs in FY 20.
- Trade Payables decreased by 15.99% and stood at ₹37,172 lacs versus ₹44,245 lacs during the previous year.

KEY CONSOLIDATED FINANCIALS AND RATIOS

₹ Lacs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Income	2,41,965	2,65,426
EBITDA	47,931	57,993
EBIT	35,310	47,116
Net Profit after Tax	1,325	19,684
Net Worth	1,36,001	1,42,106
Net Debt	2,73,851	2,53,916
Net Profit Margin	0.6%	7.4%
Operating Profit Margin	19.8%	21.8%
Leverage Ratios		
Net Debt/Equity (Times)	2.01	1.70
Interest Coverage Ratio (Times)	1.81	2.89
Capital Efficiency Ratios		
Return on Equity (ROE) *	6.2%	14.9%
Return on Capital Employed (ROCE)	8.4%	12.2%
Working Capital Ratios		
Inventory Days	168	164
Receivable Days	23	18
Payable Days	58	62

* Adjusted for exceptional items in FY 20.

Statutory Reports

Board's Report

Your Directors are pleased to present the Thirty Fifth Annual Report on the operations and performance of your Company, together with Audited Financial Statements and Auditor's Report for the year ended March 31, 2020.

1. FINANCIAL HIGHLIGHTS

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

(₹ Lacs)

Particulars	Standalone			Consolidated		
	2019-20	2018-19	Change %	2019-20	2018-19	Change %
Revenue from Operations	160,076	174,526	(8.28%)	235,793	261,765	(9.92%)
Other Income	8,725	6,776	28.76%	6,172	3,661	68.59%
Total Revenue	168,801	181,302	(6.90%)	241,965	265,426	(8.84)
EBITDA	47,264	54,649	(13.51%)	47,931	57,993	(17.35%)
EBITDA Margin (%)	29.53%	31.31%	(5.68%)	20.33%	22.15%	(8.22%)
EBIT	38,152	46,105	(17.25%)	35,310	47,116	(25.06%)
Profit before exceptional items	22,987	34,969	(34.26%)	15,838	30,804	(48.58%)
Exceptional Item	1,142	-	100%	7,321	-	100%
Profit before tax	21,845	34,969	(37.53%)	8,517	30,804	(72.35%)
Tax Expense	7,181	11,365	(36.81%)	7,192	11,120	(35.32%)
Profit after tax	**14,664**	**23,604**	**(37.87%)**	**1,325**	**19,684**	**(93.27%)**

2. BUSINESS HIGHLIGHTS

The Consolidated Total Revenue for Financial Year 2019-20 decreased by 8.84% and stood at ₹ 214,965 Lacs and the Consolidated EBITDA decreased by 17.35% and stood at ₹ 47,931 lacs.

Some key highlights of FY20 are as follows:

- Commenced commercial production at the new greenfield Terry Towel Plant located in Hassan, Karnataka, effective October 3rd 2019 with an installed capacity of 25,000 Tonnes per annum.
- Revenue from brands stood at ₹ 212,200 lacs compared to ₹ 225,500 lacs in FY 19.
- The Consolidated Total Revenue for Financial Year 2019-20 has been severely impacted on account of the COVID-19 pandemic and retrospective removal of certain export incentives.

3. CHANGE IN THE NATURE OF BUSINESS

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

4. SHARE CAPITAL

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

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

5. DIVIDEND

The Board has recommended a dividend of 10% (₹ 0.50 per equity share) for the financial year ended March 31 2020, subject to approval by the shareholders at the ensuing Annual General Meeting.

6. TRANSFER TO RESERVES

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

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

As on March 31, 2020, the Company had the following subsidiaries and Joint Ventures:

Subsidiaries

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

Joint Venture

- Twill & Oxford LLC.

During the year, the Company has divested its 26% equity investment in Himatsingka Energy Private Limited by way of sale of shares to the Promoters of the Company at face value. As a result thereto, Himatsingka Energy Private Limited has ceased to be an Associate Company w.e.f. September 9, 2019. Himatsingka Europe Limited has submitted the application for strike off with the local statutory authority in United Kingdom and is awaiting for the final orders.

Consolidated Financial Statements

As required under section 129(3), the Company has prepared consolidated financial statements which form a part of the Annual Report. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies. Further, a statement containing the salient features of the financial statements of its subsidiaries in form AOC-1 is annexed to this report as **Annexure 1.**

Pursuant to section 136 of the Companies Act, 2013, the annual report of your Company containing inter alia financial statements including consolidated financial statements and financial statements of the subsidiaries are available on the Company's website at http://www.himatsingka.com/financial-information.html.

8. EXTRACT OF ANNUAL RETURN

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

9. PUBLIC DEPOSITS

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

10. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board and changes thereto

The Board of the Company comprises of 8 (Eight) Directors of which 4 (Four) are Independent Directors, 1(One) is Nominee Director, 2 (Two) are Promoter Executive Directors and 1 (One) is Non-Promoter Executive Director.

Following were the changes in the Board of Directors during the year:

- Mr. Raja Venkataraman (DIN: 00669376) was appointed as an Additional Independent Director with effect from November 8, 2019 for a period of five years. Pursuant to the relevant provisions of the Companies Act 2013, his appointment has to be approved by the shareholders in the ensuing Annual General Meeting.
- Ms. Manjiri Bhalerao (DIN: 02300546) was nominated by EXIM Bank on the Board of the Company and she was appointed as Nominee Director with effect from November 28, 2019.
- Dr. K.R.S. Murthy (DIN: 00167877) ceased to be a Director of the Company with effect from February 10, 2020, as he did not offer his candidature for re-appointment for next term.

Board Meetings

The Board met 7 (Seven) times during the year under review and the intervening gap between the meetings was within the period prescribed under the Companies Act 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The details of the meetings and attendance thereof are provided in the Corporate Governance Report forming part of the Annual Report.

Board Committees

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

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

Re-appointment of Director retiring by rotation

In accordance with the provisions of the Companies Act, 2013, and Articles of Association of the Company, Mr. V. Vasudevan, Executive Director, (DIN: 07521742), retires by rotation and being eligible, offers himself for re-appointment. His re-appointment will be taken up at the ensuing Annual General Meeting for seeking approval of shareholders.

Declaration by Independent Directors

The Company has received from each of its Independent Directors, the declaration as stipulated under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of Listing Regulations, confirming that the Director meets the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(b) of Listing Regulations.

Directors' Responsibility Statement

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

a) in the preparation of the Annual Financial Statements for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2019-20 and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Annual Financial Statements have been prepared on a Going Concern basis;

e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and

f) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.

Key Managerial Personnel

There was no change in the Key Managerial Personnel during the year under review. However, at the Board meeting held on July 4, 2020, Mr. Sridhar Muthukrishnan, AGM-Corporate Compliance & Assistant Company Secretary, has been elevated to the position of Company Secretary.

Board Performance Evaluation

The Company has, during the year, conducted an evaluation of the Board as a whole, its Committees and the individual Directors including the Independent Directors. The evaluation was carried out through different evaluation forms which covered among others the evaluation of the composition of the Board/committee, its effectiveness, activities, governance, and with respect to the Chairman and the individual Directors, their participation, integrity, independence, knowledge, impact and influence on the Board. The Independent Directors of the Company also convened a separate meeting and evaluated the performance of the Board, the Non-Independent Directors and the Chairman.

11. AUDITORS AND AUDITORS' REPORTS

a) Statutory Audit

The report of Statutory Auditors M/s. BSR and Co., LLP, Chartered Accountants, for F.Y-2019-20 (appearing elsewhere in the Annual Report) does not have any qualification, reservation or adverse remarks.

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

b) Secretarial Audit

The Company has appointed Mr. Vivek Bhat, Company Secretary in Practice, Bengaluru, to conduct the secretarial audit as required under Section 204 of the Companies Act, 2013. The Secretarial Audit Report given by Mr. Vivek Bhat is appended as **Annexure 3** to the Board's Report.

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

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

Boards Response to Comments of Secretarial Auditor

During the year, the Company has ramped up CSR spending and has spent ₹ 5.45 crores (93%) out of the required spending of ₹ 5.89 Crores. While the Company had earmarked certain areas of spending, the full amounts could not be spent as the Company was not able to tie-up with requisite agencies. The Company has collaborated with Government of Karnataka for providing home textile products and Personal Protective Equipment (PPE) products to promote and assist in sanitization and hygiene requirement in view of the COVID-19 outbreak.

c) Secretarial Compliance Report

The Company has appointed Mr. Vivek Bhat for issuing Annual Secretarial Compliance Report under Regulation 24A of Listing Regulations which is appended as **Annexure 4** to the Board's Report.

d) Cost Auditors

Since the Company's export revenue, in foreign exchange, for the financial year 2019-20 was greater than 75% (seventy five percent) of the total revenue of the Company, the Company falls within the exemption specified in Clause 4(3) of The Companies (Cost Records and Audit) Rules, 2014. In view of this, there is no requirement to furnish cost audit of cost records of the Company for its units at Hassan and Doddaballapur.

e) Internal Financial Controls (IFC)

The Board reviews the effectiveness of controls as part of IFC framework. There are regular scheduled reviews that covers controls, process level controls, fraud risk controls and Information Technology environment.

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

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

f) Fraud Reporting

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

12. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES MADE

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

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into by the Company with its related parties are at arm's length and in the ordinary course of business. However, the list of material related party transactions as per the Company's policy on related party transactions, as required under rule 8(2) of Companies (Accounts) Rules, 2014, is annexed to the Board's Report as **Annexure 5**.

14. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS/ COURTS

There are no significant or material orders passed by Regulators/ Courts during the year under review.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

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

16. RISK MANAGEMENT

The Company has developed and implemented a comprehensive Risk Management Policy and framework to counter and mitigate the various risks encountered by the Company. In terms of the provisions of Section 134 of the Companies Act, 2013 a Risk Management Report is set out elsewhere in this Annual Report.

17. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The remuneration of Directors are given herein below:

(₹ Lacs)

Director	DIN	Sitting fees	Salaries and perquisites	Profit linked Commission	Total	Ratio to Median remuneration of employees	Percentage increase over previous year
Mr. D K Himatsingka	00139516	Nil	196.85	650.00	846.85	501.75:1	0.29
Mr. Shrikant Himatsingka	00122103	Nil	209.46	637.39	846.85	501.75:1	0.65
Mr. V. Vasudevan	07521742	Nil	136.03	43.77	179.80	106.53:1	(15.74)
Mr. Rajiv Khaitan	00071487	8.00	Nil	20.00	28.00	16.59:1	21.21
Dr. K.R.S. Murthy#	00167877	8.50	Nil	Nil	8.50	-	-
Mrs. Sangeeta Kulkarni	01690333	5.00	Nil	18.00	23.00	13.63:1	13.86
Mr. Pradeep Bhargava	00525234	8.00	Nil	18.00	26.00	15.40:1	35.42
Mr. Raja Venkataraman@	00525234	0.50	Nil	9.00	9.50	5.63:1	N.A
Ms. Manjiri Bhalerao ^	02300546	0.50	Nil	5.00	5.50	3.26:1	N.A

Retired w.e.f February 10, 2020

@ Appointed w.e.f. November 8, 2019

^ Appointed w.e.f. November 28, 2019

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

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

Key Managerial Personnel	Designation	Total Remuneration (₹ In Lacs)	Percentage increase over previous year
Mr. K P Rangaraj	President - Finance and Group CFO	213.31	21.00%
Mr. Ashok Sharma	SVP - Finance & CFO (Strategic Finance) & Company Secretary	118.76	17.20%

c) The percentage decrease in median remuneration of the employees is 7.59%

d) The number of permanent employees in the rolls of the Company is 5,397

e) The average increase in the salaries of managerial personnel during the year was 1.07% and the average increase in the salaries of employees other than managerial personnel was 6.11%. The increase in the remuneration of managerial personnel is in correlation to their individual performance and to the performance of the Company.

f) The key parameters for the variable component of remuneration availed by the directors are the amount of responsibilities taken, performance of the business, specific contribution made by the director to the overall performance of the Company.

g) During the year, there were no employees whose remuneration was higher than that of the highest paid director.

h) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company

i) Information as per rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014:

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

18. INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividends of ₹ 4,28,686. Further, 50,563 corresponding shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF Rules. Year-wise amounts of unpaid / unclaimed dividends lying in the unpaid account up to the year, and the corresponding shares, which are liable to be transferred are provided in the Shareholder Information section of Corporate Governance Report and are also available on our website **https://himatsingka.com/unpaid-dividend-information.html**

19. INSURANCE

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

The Company has also taken Directors & Officers Liability Policy to provide coverage against the liabilities arising on them. The Policy extends to all Directors and Officers of the Company and its Subsidiaries.

20. POLICIES

a) Vigil Mechanism

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

In its endeavor to provide its employees a secure working environment, the Company has established a "Whistle Blower Policy" as required under the Companies Act, 2013 and Listing Regulations and the same is also available in the Company's website at **http://www.himatsingka.com/corporate-governance.html.**

The Company Secretary of the Company, has been designated as the Chief Compliance Officer under the policy and the employees can report any instance of unethical behavior, fraud and/or violation of the Company's code of conduct, policy of the Chief Compliance Officer.

In exceptional cases, an employee can make direct appeal to the Audit Committee Chairman. The contact details to the Audit Committee Chairman is also available in the Whistle Blower Policy.

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

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

The Company is committed to provide a safe and secure work environment to all its employees. Therefore any discrimination and/or harassment in any form is unacceptable and the Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaint during the year.

c) Nomination and Remuneration Policy

The Company has formed a Nomination and Remuneration Committee as required under Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. The Committee has formulated a policy as required under Section 178(3) of Companies Act, 2013 and Regulation 19 read with Schedule II to the Listing Regulations, stipulating the criteria for determining qualifications, positive attributes and independence of a director and also the criteria relating to the remuneration for the directors, key managerial personnel, senior management personnel and other employees and their performance evaluation. Pursuant to the proviso of sub-section (4) of Section 178 of the Companies Act, 2013, the aforesaid policy is available on the Company's website at **http://www.himatsingka.com/corporate-governance.html.**

d) Dividend Distribution Policy

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

e) Policy for determining material subsidiaries

As required under Regulation 24 of Listing Regulations, the Company has adopted a policy for determining material subsidiaries. The policy has been disclosed in the Company's website and can be found at **http://www.himatsingka.com/corporate-governance.html**

f) Policy on Related Party Transactions:

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

21. CORPORATE GOVERNANCE

We comply with the corporate governance code as prescribed by the stock exchanges and Securities and Exchange Board of India (SEBI). You will find a detailed report on corporate governance as part of the Annual Report. The Corporate Governance Report along with the Auditors Certificate on compliance with the mandatory recommendations on corporate governance is available as a part of the Annual report as a separate section.

22. MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

In terms of Regulation 34 of SEBI Listing Regulations, the Management Discussion and Analysis Report (MDA) forms part of the Annual Report outlining the International and Domestic economic outlook, key developments in the International and Domestic Textile Industries etc.

23. BUSINESS RESPONSIBILITY REPORTING

As per the market capitalization based on March 31, 2020, the Company is within the purview of top 1000 companies. A Business Responsibility Report is attached and forms part of the Annual Report.

Acknowledgement

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

For and on behalf of the Board

Place: Bengaluru
Date: 27 August 2020

D.K.Himatsingka
(Executive Chairman)

Annexures to the Boards' Report

ANNEXURE-1 STATEMENT REGARDING SUBSIDIARY COMPANIES AS OF MARCH 31, 2020

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

Part "A" Subsidiaries **(₹ in Lacs)**

Sl. No	Name of the subsidiary	T&O	HWPL	HHNA	HIMA
1	Capital	61.19	1,750.00	70,035.53	56,679.82
2	Reserves	(742.65)	306.22	(5,526.37)	(14,536.70)
3	Total Assets	150.97	2,431.28	1,06,268.81	1,23,219.10
4	Total Liabilities ^	832.43	375.05	41,759.66	81,075.97
5	Investments*	-	-	-	21.21
6	Turnover	603.21	207.01	4,051.68	1,96,398.04
7	Profit/ (Loss) Before Tax	(85.09)	150.74	(3,573.45)	(13,504.65)
8	Provision for Taxation	-	10.78	(262.65)	(2,828.21)
9	Profit/ (Loss) After Tax	(85.09)	139.96	(3,310.80)	(10,676.44)
10	Proposed Dividend	-	-	-	-
11	Closing exchange rate	AED/20.40	₹/1.00	USD/75.51	USD/75.51
12	Average exchange rate	AED/19.73	₹/1.00	USD/72.46	USD/72.46

T&O= Twill & Oxford LLC, HWPL=Himatsingka Wovens Private Limited, HHNA= Himatsingka Holdings NA Inc.,
HIMA= Himatsingka America Inc.
^ excluding Capital and reserves and including current liabilities and provisions
*Other than in subsidiaries
HEL = Himatsingka Europe Limited is being struck off.
All subsidiaries above have their reporting period as March 31, 2020.

Part "B" Associate

Sl. No	Name of the Associate	Latest Audited Balance sheet	Shares of Associate/held by the Company on the Year ended			Description of how there is significant influence	Reason why the associate is not consolidated	Net worth attributable to Shareholding as per latest audited balance sheet	Profit/Loss for the Year	
			No.	Amount of Investment in associates	Extent of Holding %				Considered in consolidation	Not considered in consolidation
NA										

For and on behalf of the Board of Directors

D. K. Himatsingka
(Executive Chairman)

Shrikant Himatsingka
(Managing Director & CEO)

K. P. Rangaraj
(Chief Financial Officer)

Sridhar Muthukrishnan
(Company Secretary)

Place: Bengaluru
Date: 27 August 2020

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

ANNEXURE –2

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

2) The Composition of the CSR Committee is as below:

Sl. No.	Name of the Director	Position
1	Mr. D.K. Himatsingka	Chairman
2	Mr. Shrikant Himatsingka	Member
3	Mrs. Sangeeta Kulkarni	Member
4	Mr. Raja Venkataraman	Member

3) Average net profits of the Company for the last three financial years is ₹ 29,457 lakhs.

4) The prescribed CSR expenditure for the year is ₹ 589.00 lakhs taken at 2% of the above mentioned average net profits.

5) Details of CSR spent during the financial year 2019-20

Total amount to be spent for the financial year	₹ 589.00 lacs
Amount unspent at the end of the year	₹ 43.88 lacs

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl . No.	CSR Project or activity identified	Sectors in which the project is covered	Location of projects or programs	Amount outlay (budget) project or program wise (₹)	Amount spent on the projects or programs (₹)	Cumulative expenditure upto the reporting period (₹)	Manner of spending
1	Issue of Sheet sets for Covid-19	Clause i of Schedule VII	Bangalore, India	5,00,00,000	4,93,12,900	4,93,12,900	Direct
2	Donation for promotion of Art & Literature	Clause v of Schedule VII	Bangalore, India	4,00,000	4,00,000	4,00,000	Direct
3	Imparting skills training	Clause ii of Schedule VII	Karnataka, India	6,00,000	6,00,000	6,00,000	Direct
4	Donation towards North Karnataka Flood relief	Clause xii of Schedule VII	Karnataka, India	5,00,000	5,00,000	5,00,000	Direct
4	Transfer to Foundation for undertaking CSR	Rule 4(2) of CSR Rules	Karnataka, India	72,00,000	35,00,000	35,00,000	Transfer to Himatsingka Foundation
5	Hassan Programme	Clause iii of Schedule VII	Karnataka, India	2,00,000	1,98,582	1,98,582	Direct
	Total			**5,89,00,000**	**5,45,11,482**	**5,45,11,482**	

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

7. The implementation and monitoring of CSR Activities are in compliance with the CSR objectives and policy of the Company.

D.K. Himatsingka
(Chairman, CSR Committee)

Shrikant Himatsingka
(Managing Director & CEO)

ANNEXURE – 3

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2020

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Himatsingka Seide Limited for the financial year ended on 31st March, 2020 according to the provisions of:

I) The Companies Act, 2013 (the Act) and the Rules made thereunder;

II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

III) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of investment in overseas subsidiary and External Commercial Borrowings;

V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI) Other laws applicable to the Company like Factories Act, 1948, The Payment of Gratuity Act etc.

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

i) Secretarial Standards issued by The Institute of Company Secretaries of India.

ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

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

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

I further report that

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

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

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

Vivek Bhat

Place: Bengaluru
Date: June 20, 2020

Practicing Company Secretary
UDIN : F007708B000360467

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

ANNEXURE – A

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

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Vivek Bhat

Place: Bengaluru
Date: 20 June 2020

Practicing Company Secretary
UDIN : F007708B000360467

ANNEXURE – 4

SECRETARIAL COMPLIANCE REPORT

of M/s Himatsingka Seide Limited for the year ended 31st March, 2020

I, Vivek Bhat, Company Secretary, have examined:

a) all the documents and records made available to me and explanation provided by M/s Himatsingka Seide Limited ("the Company")

b) the filings/ submissions made by the Company to the stock exchanges,

c) website of the Company,

d) other relevant filings required to be made under other SEBI regulations which has been relied upon to make this certification for the year ended 31st March, 2020 ("Review Period") in respect of compliance with the provisions of:

   a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

   b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

   a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

   e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013;

   h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   i) Other regulations as applicable and circulars/ guidelines issued thereunder;

and based on the above examination, I, hereby report that, during the Review Period:

a) The Company has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

b) The Company has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.

c) There were no actions taken against the Company/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

d) The Company was not required to take any action as there were no observations made in previous report.

Vivek Bhat
Practicing Company Secretary
FCS No.7708
CP 8426
UDIN: F007708B000360434

Place: Bengaluru
Date: 20 June 2020

ANNEXURE - 5

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

Sl. No.	Name of the Related Party	Nature of relationship	Nature of contract/ arrangement/ transaction	Salient terms	₹ Lacs
1	HHNA INC^	WoS^	Sale of goods (net)	Based on Transfer Pricing guidelines	4,124.85
			Interest income	Based on Transfer Pricing guidelines	2,491.40
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	96.66
			Investment in equity instruments	As per valuation report	7,379.37
2	HIMA INC^	WoS^	Sale of goods (net)	Based on Transfer Pricing guidelines	1,11,156.97
			Reimbursement of Expenses	Based on Transfer Pricing guidelines	268.25
			Marketing Commission	Based on Transfer Pricing guidelines	625.75
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	26.60

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

For and on behalf of the Board

Place: Bengaluru
Date: August 27, 2020

D. K. Himatsingka
(Executive Chairman)

ANNEXURE -6

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

A) CONSERVATION OF ENERGY:

a) The Company undertook the following steps for conservation of energy / utilizing alternate source of energy during the year 2019-20:

Sl. No.	Particulars	Conservation
1	LED lights installed in place of conventional doom lights	34,170 Units/Annum
2	CPP cooling tower Metallic shaft changed by carbon shaft and Fan with Hub assembly replaced by high efficiency fan	67,200 Units/annum
3	Transformer optimisation and improvement of efficiency	75,190 Units/annum
4	Reduction of loss in HT cable by optimisation of source/load	2,55,000 Units/-Annum
5	Centralised compressed air for Terry and Linen	1,80,000 Units
6	VFD Installed for feed water transfer pumps	55,,000 Unis/Annum.
7	Control Oil Pump in CPP Optimised and Running of one pump in place 2 Pumps	60,200 Units/Annum.
8	Plate heat exchanger installed for heat recovery to reduce the coal consumption by	730 MT/Annum.
9	Renewable/Green Energy uses in place of Grid power.	Last year used – 73,25,000 Units/Annum and Co2 emission reduction -71,053 Tons/Year.
10	Rain water storage and usage in Sheeting & CPP	30,000 KL/Annum.
11	Auxiliary power consumption reduction by turbine revamped	10,80,000 Units/Annum equal to 1025 MT of coal consumption.

B) TECHNOLOGY ABSORPTION:

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

1) ECSB / Bio-filtration Anaerobic system installed in place of conventional USAB system. – Investment – 5 Cr.

2) High efficiency Process boiler installed for Optimisation and supplying steam for Terry and Linen. – Investment -20 Cr.

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

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

c) Information regarding imported technology: Not applicable

d) Expenditure on R&D

- For the year 2019-20, the Company incurred ₹ 787.03 lacs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 12.25%.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	₹ Lacs
Earnings :	
Export (FOB Value)	1,40,921.77
Interest	2,517.17
Outgo :	
Import of raw materials and other inputs	28,439.41
Other expenses	586.71
Net foreign exchange earnings from operations	1,14,412.81
Import of capital goods	5,382.80

ANNEXURE - 7

DIVIDEND DISTRIBUTION POLICY

PREAMBLE

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

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

Effective Date: August 10, 2016

Definitions

For the purposes of this policy

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

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

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

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

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

"Board" means Board of Directors of HSL

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

THE POLICY

Introduction

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

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

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

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

Types of Dividends

A) FINAL DIVIDEND

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

B) INTERIM DIVIDEND

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

Factors determining the Dividend

A) INTERNAL FACTORS

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

B) EXTERNAL FACTORS

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

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

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

Utilization of retained earnings

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

For example:-

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

Review

This Policy will be reviewed periodically by the Board.

Corporate Governance Report

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

1. COMPANY'S GOVERNANCE PHILOSOPHY

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

Himatsingka believes that Corporate Governance is an essential element of business, which helps the Company to fulfill its responsibilities to all its stakeholders. Himatsingka is committed to adopting best practices in Governance and Disclosure in order to create stakeholder value. We believe Corporate Governance is integral to managing and monitoring a corporation with the highest degree of responsibility. At its core, our governance practices endeavor to maximize integrity, transparency, ethical practices and accountability in the conduct of business.

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

2. BOARD OF DIRECTORS (BOARD)

i) Composition and meetings of Board

The Company has a balanced mix of Executive Directors and Non-Executive Independent Directors. As on March 31, 2020, the Board of Directors comprised of 8 (Eight) Directors, of which 4 (Four) are Non-Executive Independent Directors including one Independent Woman Director, 1 (One) Nominee Director from Export-Import Bank of India, 2 (Two) Promoter Executive Directors and 1 (One) Non-Promoter Executive Director. The Chairperson is an Executive Director and Promoter of the Company. The composition of the Board is in accordance with Regulation 17(1) of Listing Regulations.

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

None of the Directors on the Board is a Member on more than 10 Committees and Chairperson of more than 5 Committees as specified in Regulation 26 of Listing Regulations, across all the listed companies in which he or she is a Director. All the Directors have made the necessary disclosures regarding their Committee positions in other companies as on March 31, 2020.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorships and Committee Memberships held by them in other public companies, and also the No. of shares held by Directors are given below:

Name	Category (#)	Board Meetings Attended/ Held	Attendance at last AGM	No. of Directorships held in other companies@	No. of Memberships and Chairpersonship in Committees of other public companies*		No. of shares held by Directors
					Member	Chairperson	
Mr. D K Himatsingka	P, EC	6/7	No	3	Nil	Nil	1,19,68,000
Mr. Shrikant Himatsingka	P, E	6/7	Yes	5	Nil	Nil	84,80,964
Mr. V. Vasudevan	E	7/7	Yes	1	Nil	Nil	--
Mr. Rajiv Khaitan	NE, I	7/7	Yes	5	2	1	4,200
Mr. Pradeep Bhargava	NE, I	7/7	Yes	3	2	0	--
Mr. Raja Venkataraman **	NE, I	1/1	N.A.	5	1	1	
Mrs. Sangeeta Kulkarni	NE, I	6/7	Yes	5	Nil	Nil	--
Ms. Manjiri Bhalerao ^	NE, ND	1/1	N.A.	Nil	Nil	Nil	

Notes:

Dr. K.R.S. Murthy, Independent & Non-Executive Director retired from the Board w.e.f. February 10, 2020.

** Appointed as Independent Director w.e.f. November 8, 2019

^ Nominated by Exim Bank as Nominee Director of Company w.e.f. November 28, 2019

EC = Executive Chairperson, E = Executive Director, I = Independent, NE = Non-Executive,

P = Promoter, ND = Nominee Director.

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

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

None of the Directors are related to each other, except Mr. Shrikant Himatsingka who is the son of Mr. D. K. Himatsingka.

During the year 2019-20, the Board of Directors met seven times on the following dates: April 25, 2019, May 28, 2019, August 9, 2019, September 19, 2019, September 24, 2019, November 8, 2019 and February 8, 2020. The time gap between two meetings did not exceed 120 days.

ii) Directorship in other Listed Companies

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

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

iii) Matrix- competence of the Board of Directors

Name of the Director	Textile Industry experience	Factory Operations and processes	Broad management perspective and experience	Interpretation of Financial Statements	Thorough Legal expertise involving corporate law, contracts	Risk Management
Mr. D.K. Himatsingka	√	√	√	√		√
Mr. Shrikant Himatsingka	√	√	√	√	√	√
Mr. V. Vasudevan	√	√	√			√
Mr. Rajiv Khaitan			√	√	√	√
Mr. Pradeep Bhargava		√	√	√	√	√
Mrs. Sangeeta Kulkarni			√	√		√
Mr. Raja Venkataraman		√	√	√	√	√
Ms. Manjiri Bhalerao			√	√	√	√

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

iv) Code of Conduct

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The code is posted on the website of the Company at https://himatsingka.com/corporate-governance.html.

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

v) Familiarization Programme and Training

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

vi) Re-appointment of Directors

In terms of Section 152 of the Companies Act 2013, Mr. V Vasudevan, Executive Director, (DIN: 07521742) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for appointment. The Nomination & Remuneration Committee at their meeting held on August 27, 2020 has recommended for re-appointment of Mr. V. Vasudevan, Executive Director, and the same shall be taken up at the ensuing Annual General Meeting for approval of the shareholders.

3. COMMITTEES OF BOARD

i) Audit Committee

The Audit Committee as at March 31, 2020 comprised of Mr. Rajiv Khaitan, Mr. Pradeep Bhargava, Mr. Raja Venkataraman Independent Directors and Ms. Manjiri Bhalerao, Nominee Director. Mr. Rajiv Khaitan, is the Chairperson of the Committee. Mr. Shrikant Himatsingka, Managing Director & CEO is a permanent invitee to the Committee.

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

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

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

The functions of the Audit Committee include the following:

Sl. No.	Role/Functions
1	The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
2	Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
3	Examination of the financial statement and the Auditors' report thereon;
4	Approval or any subsequent modification of transactions of the company with related parties
5	Scrutiny of inter-corporate loans and investments;
6	Valuation of undertakings or assets of the Company, wherever it is necessary;
7	Evaluation of internal financial controls and risk management systems;
8	Monitoring the end use of funds raised through public offers and related matters.
9	Information to ensure that the financial statement is correct, sufficient and credible
10	Oversight of the Company's financial reporting process and the disclosure of its financial
11	Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
12	Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to: a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause of sub-section 3 of section 134 of the Companies Act, 2013; b) Changes, if any, in accounting policies and practices and reasons for the same c) Major accounting entries involving estimates based on the exercise of judgment by management d) Significant adjustments made in the financial statements arising out of audit findings e) Compliance with listing and other legal requirements relating to financial statements f) Disclosure of any related party transactions g) Qualifications in the draft Audit Report
13	Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
14	Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
15	Review and monitor the auditor's independence and performance, and effectiveness of audit process;
16	Approval or any subsequent modification of transactions of the company with related parties;
17	Scrutiny of inter-corporate loans and investments;
18	Valuation of undertakings or assets of the company, wherever it is necessary
19	Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
20	Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
21	Discussion with Internal Auditors of any significant findings and follow up there on;
22	Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
23	Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
24	To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
25	To review the financial statements and investments made by unlisted subsidiaries of the Company;
26	To review the functioning of the Whistle Blower mechanism;
27	Review of Compliance with Company's Insider Trading Policy
28	To review the utilization of loans and/ or advances from/investment by the company in its subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

Attendance of the Directors at the Audit Committee Meetings held:

During the year 2019-20, the Audit Committee met four times on the following dates: May 28, 2019, August 9, 2019, November 8, 2019 & February 8, 2020. The minutes of the Audit Committee meetings are placed before the Board of Directors in the subsequent Board Meeting. The Chairperson of the Committee was present in all the meetings held. The attendance of the members for the year 2019-20 is as under:

Name of Director	Position	No. of meetings attended/ held
Mr. Rajiv Khaitan	Chairperson	4/4
Mr. Pradeep Bhargava	Member	4/4
Mr. Raja Venkataraman*#	Member	-
Ms. Manjiri Bhalerao*#	Member	-

Notes: Dr. K.R.S. Murthy, Independent & Non-Executive Director ceased to be the Member of the Audit Committee, since he retired from the board w.e.f. February 10, 2020. He attended all the meetings held during the year.

Mr. Shrikant Himatsingka, Managing Director & CEO, ceased to be the Member of the Audit Committee w.e.f. February 10, 2020. However, he continues to be a Permanent Invitee to the Committee. He attended all the meetings held during the year.

Members w.e.f. February 11, 2020.

*No Audit Committee meeting was held after February 8, 2020 till end of Financial year.

Mr. Rajiv Khaitan, Chairperson of the Audit Committee was present at the last Annual General Meeting. The Statutory Auditor, Internal Auditor, and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

ii) Nomination and Remuneration Committee

Nomination and Remuneration Committee as on March 31, 2020 comprised of Mr. Pradeep Bhargava, Mr. Rajiv Khaitan and Mrs. Sangeeta Kulkarni, Independent Directors. Mr. Pradeep Bhargava, is the Chairperson of the Committee w.e.f. February 11, 2020.

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

The annual compensation of the Executive Directors is approved by the Committee within the parameters set by the shareholders at their meetings. The Committee has devised a Nomination and Remuneration Policy in line with the requirements under the Companies Act, 2013 and Listing Regulations, which includes performance evaluation criteria for Independent Directors and the Board and Senior Management. The minutes of the Nomination and Remuneration Committee meetings are placed before the Board of Directors in the subsequent Board Meeting. The Chairperson of the Committee was present in all the meetings held.

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

During the year 2019-20, the Committee met Four times on May 28, 2019, August 9, 2019, November 8, 2019 & February 8, 2020. The attendance of the members for the year 2019-20 is as under:

Name of Director	Position	No. of Meetings attended/ held
Mr. Pradeep Bhargava#	Chairman	4/4
Mr. Rajiv Khaitan	Member	4/4
Mrs. Sangeeta Kulkarni	Member	3/4

Notes: Dr. K.R.S. Murthy, Independent & Non-Executive Director ceased to be the Member of the Nomination & Remuneration Committee, since he retired from the board w.e.f. February 10, 2020. He attended all the meetings held during the year.

Designated as Chairman of Committee w.e.f. February 11, 2020 in place of Mr. Rajiv Khaitan. No meeting of the Committee was held till end of Financial year after he assumed Chairmanship.

Mr. Rajiv Khaitan, Chairperson of the Nomination and Remuneration Committee till February 10, 2020, was present at the last Annual General Meeting. The terms of reference of the Committee is provided in the Nomination and Remuneration Policy and the same is available on the Company's website at http://www.himatsingka.com/corporate-governance.html

Remuneration of Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing and Executive Directors. In addition to sitting fees, Commission is paid to Non-Executive Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Nomination and Remuneration Committee and Board of Directors at the end of the financial year, subject to overall ceiling stipulated in Sections 197 of the Companies Act, 2013. The remuneration is closely linked to the performance of the Company.

Given below are the details of Directors Remuneration during the financial year 2019-20

(₹ in Lacs)

Name	Sitting fees	Salaries and perquisites	Profit linked Commission	Total (Amount in Lakhs)
Mr. D K Himatsingka	Nil	196.85	650.00	846.85
Mr. Shrikant Himatsingka	Nil	209.46	637.39	846.85
Mr. V. Vasudevan	Nil	136.03	43.77	179.80
Mr. Rajiv Khaitan^	8.00	Nil	20.00	28.00
Dr. K R S Murthy @	8.50	Nil	Nil	8.50
Mrs. Sangeeta Kulkarni	5.00	Nil	18.00	23.00
Mr. Pradeep Bhargava	8.00	Nil	18.00	26.00
Mr. Raja Venkataraman*	0.50	Nil	9.00	9.50
Ms. Manjiri Bhalerao**#	0.50	Nil	5.00	5.50

^Paid to Khaitan and Co. LLP

* Appointed w.e.f. November 8, 2019

** Appointed w.e.f. November 28, 2019

@ Retired w.e.f. February 10, 2020

Paid to Import-Export Bank of India

The Contract tenures of the Executive Directors are as follows:

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

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

(₹ in Lacs)

Name of the Director	Purpose	Amount
Mr. Rajiv Khaitan	Professional fees paid to M/s. Khaitan & Co. LLP	106.55

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

Criteria for making payments to Non-Executive Directors:

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

The Board at its meeting held on April 25, 2019, approved for enhancement of sitting fees payable to Non-Executive Directors for attendance at each meeting of the Board, Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and Independent Directors' meeting from ₹ 20,000/- per meeting to ₹ 50,000/- per meeting.

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

iii) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee as on March 31, 2020, comprises of Mrs. Sangeeta Kulkarni, Mr. Rajiv Khaitan, Independent Directors and Mr. D. K. Himatsingka, Executive Chairperson. Mrs. Sangeeta Kulkarni is the Chairperson of the Committee.

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

Attendance of the Directors at the Stakeholders' Relationship Committee Meetings held:

During the year 2019-20, the Committee met four times on May 28, 2019, August 9, 2019, November 8, 2019 and February 8, 2020. The attendance of the members for the year 2019-2020 is as under:

Name of the Director	Position	No. of Meetings Attended/ held
Mrs. Sangeeta Kulkarni @	Chairman	-
Mr. Rajiv Khaitan	Member	4/4
Mr. D.K. Himatsingka	Member	4/4

Notes: Dr. K.R.S. Murthy, Independent & Non-Executive Director ceased to be the Chairperson and Member of the Stakeholders' Relationship Committee, since he retired from the board w.e.f. February 10, 2020. He attended all the meetings held during the year.

@ Inducted as Member ad designated as Chairperson of Committee w.e.f. February 11, 2020 in place of Dr. K.R.S. Murthy. No meeting of the Committee was held till end of Financial year after she assumed Chairmanship.

Dr. K.R.S. Murthy, Chairperson of the Stakeholders' Relationship Committee till February 10, 2020 was present at the last Annual General Meeting and he was present in all the meetings held during the year. The minutes of the Stakeholders' Relationship Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

Complaints received from Investors during the year

Nature of Complaints	Received	Cleared
Non-receipt of Annual Report	26	26
Non-receipt of dividend warrants	113	113
Non-receipt of securities	16	16
Non-receipt of securities after transfer	2	2
TOTAL	**141**	**141**

The Company attended to most of the investors' grievances/ correspondence within seven days from the date of receipt of the same during the year 2019-20 and there were no complaints remaining unresolved at the end of the year.

iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee as on March 31, 2020, consists of Mr. D. K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director and CEO, Mrs. Sangeeta Kulkarni and Mr. Raja Venkataraman, Independent Directors, Mr. D. K. Himatsingka is the Chairperson of the Committee.

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

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

During the year 2019-20 the committee met two times on May 28, 2019 and November 6, 2019. The minutes of the Corporate Social Responsibility Committee meetings are placed before the Board of Directors in the subsequent Board meeting. The Chairperson of the Committee was present in all the meetings. The attendance of the members for the year 2019-20 is as under:

Name of the Director	Position	No. of meetings attended / held
Mr. D.K. Himatsingka #*	Chairperson	2/2
Mr. Shrikant Himatsingka	Member	1/2
Mrs. Sangeeta Kulkarni	Member	2/2
Mr. Raja Venkataraman##*	Member	-

Notes: Dr. K.R.S. Murthy, Independent & Non-Executive Director ceased to be the Chairperson and Member of the Corporate Social Responsibility Committee, since he retired from the board w.e.f. February 10, 2020. He attended all the meetings held during the year.

Designated as the Chairperson of CSR Committee Meeting w.e.f. February 11, 2020.

##Member w.e.f. February 11, 2020

*No CSR Committee meeting was held after February 10, 2020 till end of Financial year.

v) Risk Management Committee

The Board has constituted a Risk Management Committee whose prime responsibility is to implement and monitor the risk management plans and policy of the Company. The Committee as on March 31, 2020, comprises of Mr. Pradeep Bhargava, Mr. Raja Venkataraman, Independent Directors, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. V. Vasudevan, Executive Director. Mr. Pradeep Bhargava is the Chairperson of the Committee.

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

During the year one meeting of the Committee was held on February 8, 2020. The attendance of the members for the year 2019-20 is as under:

Name of the Director	Position	No. of meetings attended / held
Mr. Pradeep Bhargava*#	Chairperson	-
Mr. Shrikant Himatsingka	Member	1/1
Mr. V. Vasudevan	Member	1/1
Mr. Raja Venkataraman*	Member	-

Notes: Dr. K.R.S. Murthy, Independent & Non-Executive Director ceased to be the Chairperson and Member of the Risk Management Committee, since he retired from the board w.e.f. February 10, 2020. He attended the meeting of the committee held on February 8, 2020.

*Members w.e.f. February 11, 2020.

Designated as Chairperson of Risk Management Committee w.e.f. February 11, 2020

No Risk Management Committee meeting was held after February 10, 2020 till end of Financial year.

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

vi) Share Transfer Committee

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

As on March 31, 2020, Mr. D.K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. V Vasudevan, Executive Director are the members of the Committee. The Members elect the Chairperson of the Committee for every meeting.

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

During the year 2019-20, the Committee met nine times on May 7, 2019, June 12, 2019, June 28, 2019, July 4, 2019, August 16, 2019, August 27, 2019, September 30, 2019, December 31, 2019 and February 29, 2020. The attendance of the members for the year 2019-20 is as under:

Name of the Director	Position	No. of meetings attended / held
Mr. D. K. Himatsingka	Member	9/9
Mr. Shrikant Himatsingka	Member	9/9
Mr. V. Vasudevan	Member	8/9

Share Transfer System

Share transfers are registered and returned within a period of 10/30 days from the date of receipt if the documents are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as per Regulation 40(9) of Listing Regulations and files a copy of the certificate with the Stock Exchanges.

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

Transfer period in days	2019-2020	
	No. of shares	Percentage
1 – 10	9120	74%
11 – 20	3200	26%
21 – 30	0	0%
Total	**12320**	**100%**

vii) Finance and Investment Committee:

The Finance and Investment Committee of the Board comprises of Mr. D.K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. Rajiv Khaitan, Independent Director. The Members elect the Chairperson of the Committee for every meeting.

Attendance of the Directors at the Finance and Investment Committee Meetings held:

During the year 2019-20, the Committee met nine times on April, 03, 2019, April 12, 2019, May 15, 2019, May 28, 2019, August 09, 2019, November 08, 2019, December 23, 2019, February 08, 2020 and March 20, 2020. The attendance of the members for the year 2019-20 is as under:

Name of the Director	Position	No. of meetings attended / held
Mr. Rajiv Khaitan	Member	9/9
Mr. D. K. Himatsingka	Member	9/9
Mr. Shrikant Himatsingka	Member	8/9

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

Compliance Officer

Mr. Ashok Sharma, Company Secretary and Compliance Officer, acted as the Secretary to all meetings of the Committees of the Board till July 4, 2020. Mr. Sridhar Muthukrishnan has been elevated as Company Secretary with effect from July 4, 2020 post which he acts as the Secretary to all Board and Committee meetings

4. GENERAL BODY MEETINGS

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

Date	Year	Time	Venue	No. of special Resolutions passed
September 24, 2019	2018-19	4.30 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bengaluru – 560 001	2
September 22, 2018	2017-18	3.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bengaluru – 560 001	5
September 23, 2017	2016-17	2.00 p.m.	The LaLiT Ashok Kumara Krupa Road, High Grounds, Bengaluru – 560 001	1

Postal Ballot

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

5. MEANS OF COMMUNICATION

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

6. CODE FOR PREVENTION OF INSIDER TRADING

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

7. CEO/CFO CERTIFICATION

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provide quarterly and annual certification of the financial statements to the Board, as required under Regulation 33 and Schedule II part B of Regulation 17 of Listing Regulations.

8. RECONCILIATION OF SHARE CAPITAL AUDIT

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

9. COMPLIANCE CERTIFICATE BY AUDITORS

a) The certificate regarding compliance of the conditions of corporate governance obtained from our Statutory Auditors M/s. BSR & Co., LLP as stipulated under Schedule V(E) of the Listing Regulations which is annexed here with is attached to this Report.

b) Certificate from Mr. Vivek Bhat, Practicing Company Secretary affirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is attached to this report.

10. TOTAL FEES PAID TO STATUTORY AUDITORS BY THE COMPANY AND ITS SUBSIDIARIES

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

(₹ in Lacs)

Sl.No	Name of the Company	Nature of Services	Amount paid
1	Himatsingka Seide Limited	Statutory Audit Fees	111.00
2	Himatsingka Seide Limited	Other Services	7.35
3	Himatsingka Wovens Private Limited	Statutory Audit Fees	3.50
4	Himatsingka America Inc.	Audit Fees	13.50
5	Himatsingka America Inc.	Other Services	9.57
Total			**143.92**

11. COMPLIANCE OFFICER

The name and designation of the Compliance Officer of the Company is:
Mr. Sridhar Muthukrishnan - Company Secretary
Contact details: **T**: +91 80 22378000; **F**: +91 80 4147 9384; **E**: investors@himatsingka.com

12. DISCLOSURES

i) Subsidiary Companies

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

The minutes of the Board meetings of unlisted subsidiaries are periodically placed before the Board of the Company. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiaries of the Company.

ii) Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied within the Annual Accounts (Note 35). There were no material transactions during the year 2019-20 that are prejudicial to the interest of the Company.

iii) Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2019-20.

iv) Whistle Blower Policy

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

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

v) Sexual Harassment of Women at Workplace

The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaint during the year.

vi) Board Disclosures – Risk Management

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

vii) Credit Rating:

During the year CRISIL vide its letter dated March 27, 2020 has revised the credit rating of the Company as given below:

	Existing Ratings	Revised Ratings
Long Term Debt	A/ Negative	A-/ Negative
Short Term Debt	CRISIL A1	CRISIL A2+

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

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

x) All the mandatory requirements have been duly complied with.

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

xii) Statutory Compliance, Penalties and Strictures

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

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

13. GENERAL CORPORATE AND SHAREHOLDER INFORMATION:

Date of Incorporation	January 23, 1985
Registered Address	10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001
Corporate Identification Number (CIN)	L17112KA1985PLC006647
Listing on Stock Exchanges	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai-400 051
Stock Exchange Code	BSE : 514043 NSE : HIMATSEIDE
Listing Fees	Paid to BSE and NSE for 2020-21
Custodial Fees	Central Depository Services (India) Ltd. paid for the year 2019-20 National Securities Depository Limited one time fees paid. Demat ISIN: INE049A01027
Annual General Meeting	Tuesday, September 29, 2020 at 11:30 am at the Registered Office of the Company.
Financial year	1st April to 31st March
Financial Calendar	Board Meetings for approval of financial results and annual accounts: Q1 2019-20 : July-August 14, 2020 Q2 2019-20 : October-November 14, 2020 Q3 2019-20 : January-February 14, 2021 Q4 2019-20: April-May 30, 2021
Date of Book Closure	Tuesday, September 22, 2020 to Tuesday September 29, 2020 (Both days inclusive)
Stock Split	1 equity share of ₹ 10/- each split into 2 equity shares of ₹ 5/- each in October 2005
Bonus History	Year 1994 - 1:2 Year 1999 - 1:1 Year 2005 - 1:1
Dividend payment date	On or before October 28, 2020
Share Registrar and Transfer Agents	KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited) Karvy Selenium Tower B, Plot No. 31 32, KARVY Selenium, Financial District Nanakramguda, Gachibowli, Hyderabad, Telangana -500032 T: +91 40 6716 2222, 3321 1000; F: +91 40 23001153; E: shobha.anand@kfintech.com
Investors' correspondence may be addressed vto	Mr. Sridhar Muthukrishnan, Company Secretary, Himatsingka Seide Limited, 10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001. T: +91 80 2237 8000; F: +91 80 4147 9384; E: investors@himatsingka.com

14. UNCLAIMED DIVIDENDS

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

Year	Type of Dividend	Dividend per share (₹)	Date of declaration of Dividend	Due date for transfer to IEPF
2013	Final dividend	1.00	August 12, 2013	September 16, 2020
2014	Final dividend	1.50	September 23, 2014	October 23, 2021
2015	Final dividend	2.00	September 15, 2015	October 20, 2022
2016	Interim dividend	1.00	March 11, 2016	April 16, 2023
2016	Final dividend	1.50	September 17, 2016	October 23, 2023
2017	Final dividend	2.50	September 23, 2017	October 25, 2024
2018	Final dividend	2.50	September 22, 2018	October 27, 2025
2019	Final dividend	5.00	September 24, 2019	October 29, 2026

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

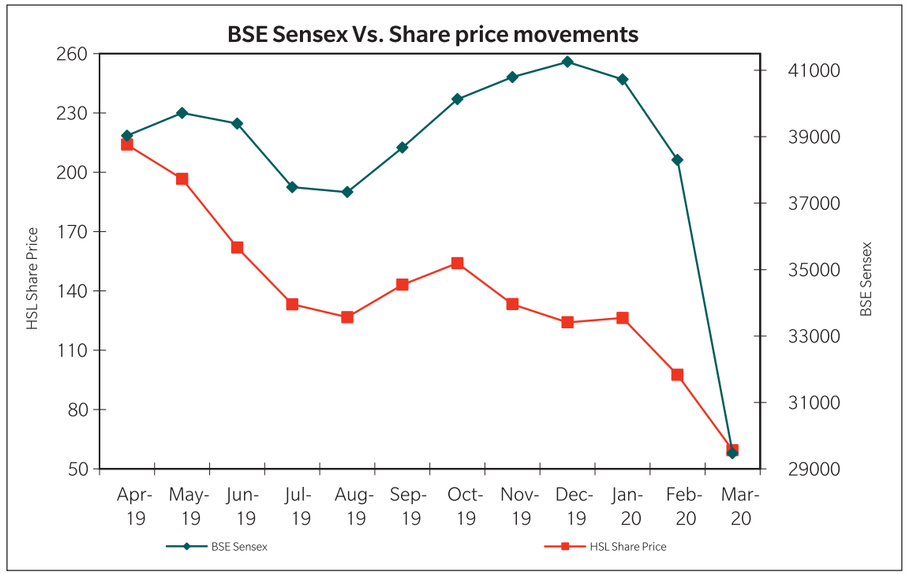
15. SHARES RELATED

i) Share Price

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

Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Apr-19	241.00	209.10	257,676	241.00	208.90	1,709,435
May-19	219.90	179.80	296,251	220.00	178.80	1,732,422
Jun-19	198.20	150.35	1,001,938	197.50	150.80	5,407,412
Jul-19	174.35	128.60	202,464	174.70	130.05	2,025,432
Aug-19	145.50	121.00	91,001	146.65	120.10	1,122,035
Sep-19	159.00	126.90	193,007	159.00	126.20	2,296,256
Oct-19	166.00	130.25	194,216	165.50	131.45	2,960,536
Nov-19	157.80	126.60	146,750	157.85	126.35	1,955,494
Dec-19	133.65	118.65	137,200	133.90	118.70	1,343,668
Jan-20	147.45	122.70	423,628	147.55	122.30	5,090,887
Feb-20	129.90	97.15	354,495	130.40	96.60	4,244,075
Mar-20	101.45	43.00	387,276	101.75	42.95	2,599,956
Total			**3,685,902**	**Total**		**32,487,608**

ii) Share Price Movement



iii) Distribution of shareholding as on March 31, 2020

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 5000	33,476	98.07	11,950,934	12.14
5001 - 10000	319	0.93	2,262,335	2.30
10001 - 20000	159	0.47	2,251,502	2.29
20001 - 30000	50	0.15	1,209,463	1.23
30001 - 40000	21	0.06	742,516	0.75
40001 - 50000	16	0.05	709,631	0.72
50001 - 100000	33	0.10	2,303,063	2.34
100001 and above	60	0.18	77,027,716	78.23
Total	**34,134**	**100.00**	**98,457,160**	**100.00**

iv) Shareholding Pattern as on March 31, 2020

Particulars	Physical Holding	Electronic Holding	Total Holdings	%
Promoters	0	46,834,592	46,834,592	47.57
Banks	2,000	70,885	72,885	0.07
Trusts	0	3,157	3,157	0.00
Mutual Fund	0	14,834,962	14,834,962	15.07
FII	400		400	0.00
Non-Resident Indians	111,540	1,008,706	1,120,246	1.14
Indian Corporate Bodies	6,900	3,422,926	3,429,826	3.48
Individuals	516,395	24,955,311	25,471,706	25.87
Others	0	6,689,386	6,689,386	6.79
Total	**637,235**	**97,819,925**	**98,457,160**	**100.00**
%	**0.65**	**99.35**	**100.00**	

v) Dematerialization of shares and liquidity

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

As on March 31, 2020, 99.35% of the Company's share capital is dematerialized and the rest is in Physical form. The equity shares of the Company were regularly traded on the National Stock Exchange and Bombay Stock Exchange.

Shares held in Demat and Physical mode as on March 31, 2020:

Category	Number of		% to total equity
	Shareholders	Shares	
Demat			
NSDL	23,076	92,253,428	93.70
CDSL	10,685	55,66,497	5.65
Total	**33,761**	**97,819,925**	**99.35**
Physical	373	637,235	0.65
Grand Total	**34,134**	**98,457,160**	**100.00**

16. PLANT LOCATIONS

Plant Location	Products Category
Doddaballapur, Karnataka, India	Home Textiles
Hassan, Karnataka, India	Home Textiles and Yarn

17. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MODE

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

18. COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITY

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

19. OTHER INFORMATION TO SHAREHOLDERS

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

- In case of loss/ misplacement of shares, investors should immediately lodge FIR/Complaint with the Police and inform to the Company along with original or certified copy of FIR/ Acknowledged copy of the Police complaint.
- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical names(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
- Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.

20. MANDATORY/NON-MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements Schedule V of Regulation 34(3) of Listing Regulations relating to Corporate Governance. With regard to the non-mandatory requirements the Company has an Executive Director as its Chairman, it has appointed separate persons as Chairman and CEO, and the Internal Auditors report directly to the Audit Committee.

DECLARATION

As provided under Schedule V(D) of Listing Regulations, all Board members and Senior Management Personnel have affirmed compliance with Himatsingka Seide Limited Code of Business Conduct and Ethics for the year ended March 31, 2020.

Place: Bengaluru
Date : 27 August 2020

D.K Himatsingka
Executive Chairman

Shrikant Himatsingka
Managing Director & CEO

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

Vivek Bhat
Practicing Company Secretary
CP 8426
UDIN: F007708B000360445

Place: Bengaluru
Date: 20 June 2020

Independent Auditors' certificate on Compliance of Corporate Governance Report

To the Members of Himatsingka Seide Limited

This certificate is issued in accordance with the terms of our engagement letter dated 18 October 2018 and addendum dated 05 February 2020.

Himatsingka Seide Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 April 2019 to 31 March 2020.

MANAGEMENTS' RESPONSIBILITY

The preparation of the Corporate Governance report is the responsibility of the management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations for the period 1 April 2019 to 31 March 2020. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation.

AUDITOR'S RESPONSIBILITY

Pursuant to the requirements of the Listing Regulations, our responsibility is to state whether the Company has complied with the above said compliances of the conditions of Corporate Governance for the period 1 April 2019 to 31 March 2020.

We have examined the compliance of conditions of Corporate Governance by the Company for the period 1 April 2019 to 31 March 2020 as per Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("the ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

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

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

RESTRICTION ON USE

This certificate is issued solely for the purpose of complying with Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2019 to 31 March 2020 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Supreet Sachdev
Partner
Membership number: 205385
ICAI UDIN: 20205385AAAABM5695

Place: Bengaluru
Date: 27 August 2020

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN)	L17112KA1985PLC006647
2	Name of the Company	Himatsingka Seide Limited
3	Registered Office & Corporate Office	# 10/24, Kumara Krupa Road, High Grounds, Bengaluru-560 001
4	Website	www.himatsingka.com
5	E-mail id	corporate@himatsingka.com
6	Financial Year reported	2019- 20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	131- Spinning, weaving and finishing of textiles 139 – Manufacture of other textiles
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	1) Bedding Products 2) Bath Products 3) Cotton Yarn
9	Total number of locations where business activity is undertaken by the Company a) Number of International Locations (Provide details of major 5) b) Number of National Locations	a) International Locations: 1) New York, USA 2) Spartanburg, USA 3) London, United Kingdom 4) Milan, Italy 5) Dubai b) National Locations 1) Bengaluru, Karnataka 2) Hassan, Karnataka
10	Markets served by the Company Local/State/National/International	North America, Europe, Middle East, Asia and India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (₹)	₹ 49.22 Crores
2	Total Turnover (₹)	₹1688.01 Crores
3	Profit after Tax (₹)	₹146.64 Crores
4	Total Spending on Corporate Social Responsibility (CSR) a) In ₹ b) As percentage of Profit after Tax (%)	 ₹ 5.45 Crores 93% (Average PAT for three preceding years)
5	List of activities in which expenditure in 4 above has been incurred	Refer CSR Report as per Annexure 2 to the Board Report.

SECTION C: OTHER DETAILS

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

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

2. Principle-wise BR Policy:

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

a) Details of compliance:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO, & OSHAS and meet national regulatory requirements such as Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6	Indicate the link for the policy to be viewed online?	Policies on CSR, Code of Conduct, Related Party and Whistle Blower etc. are available at the below link: https://himatsingka.com/corporate-governance.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The Quality, Safety, Health and Environment Policies are subject to internal and external audits as part of certification process.								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

b) If answer to the question at serial number 1 against any principle, is "No', please explain why

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

PRINCIPLE 1: BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY.

No.	Particulars	Company Information
1	Does the Policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?	The Company's policies and code of conduct explains the company's view on ethics, bribery and corruption and is applicable to all the employees. It applies to all the Group Companies. The policies have been shared with other stakeholders including vendors and suppliers.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	In the financial year 2019-20, we have not received any complaints.

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

No.	Particulars	Company Information
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	1) Made-up Bedding Products 2) Drapery & Upholstery Fabrics 3) Towels 4) Cotton Yarn
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	These products have resulted in savings in energy, raw material usage and water resources.
3	Does the company have procedures in place for sustainable sourcing (including transportation)? a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The sourcing of input materials for manufacturing activities have largely adhered to the use of such materials that are sustainable. The Company's supplier evaluation requirements stress on sustainability criteria to further the high sustainability value chain goals of the Company.
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, to the extent possible the Company sources goods and services from the area surrounding its operating facilities.
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes. The Company has a mechanism to recycle products and waste. Over 99% of all waste is recycled or recyclable.

PRINCIPLE 3: BUSINESS SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES.

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

No.	Particulars	Company Information			
1	Total number of Permanent employees	5,397			
2	Total number of employees hired on temporary/ contractual/ casual basis.	2,562			
3	The number of permanent women employees	2,559			
4	Number of permanent employees with disabilities	4			
5	Employee association that is recognized by management	HSL Employees Union			
6	Percentage of permanent employees who are members of this recognized association	Approximately 6.41% of permanent employees are members of a recognized employee association.			
7	Number of complaints received relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year	No.	Category	Filled	Resolved
		1	Child labour/forced labour	Nil	Nil
		2	Involuntary labour	Nil	Nil
		3	Sexual harassment	Nil	Nil
		4	Discriminatory employment	Nil	Nil
8	Percentage of employees given safety & skill up-gradation training in the last year a) Permanent Employees b) Permanent Women Employees c) Casual/Temporary/Contractual Employees d) Employees with Disabilities	The Company carries out training initiatives based on specific skill requirements and nature of work. In no eventuality do we train employees based on employee status as the Company is an equal opportunity employer. The Company has well-structured and developed training programmes for its various needs and it estimates approximately 80% of its employees have gone through training and skill development programmes organized through the year.			

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

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

No.	Particulars	Company Information
1	Has the company mapped its internal and external stakeholders? Yes/No	The Company has several internal and external stakeholders. They are majorly classified as follows: a) Business Stakeholders • Employees • Client Groups • Vendors and Suppliers • Partners • Local communities b) Financial Stakeholders • Bankers • Shareholders • Investors c) Statutory Stakeholders • Central and State Government authorities • Regulatory bodies
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Local communities and society continue to be an area of focus for the Company. We endeavor to take initiatives that have a positive impact on such communities.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes, special initiatives have been taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. The Company has carried out developmental work for the local communities in the vicinity of its manufacturing facilities. The initiatives include but are not limited to education, health, employment opportunities and social infrastructure.

PRINCIPLE 5: BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

No.	Particulars	Company Information
1	Does the policy of the company on human rights cover only the company or extend to the Group / Joint ventures/ Suppliers/ Contractors / NGOs /Others?	The Company remains committed to respect and protect human rights. The Company's code of conduct, Human Resource practices and policies provide guidelines on matters relating to child labour, occupational health and safety among other relevant matters that help respect and promote Human Rights.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints pertaining to this principle, during the financial year 2019-20.

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

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

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

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

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

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

PRINCIPLE 8 : BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

No.	Particulars	Company Information
1	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	In line with the provisions of the Companies Act, 2013 and based on recommendation of the CSR Committee, the Board of Directors have adopted a CSR Policy. The CSR policy, inter-alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the thrust areas of CSR, responsibilities of the CSR Committee, implementation plan and the reporting framework. The thrust areas of the Company's CSR activities during the year 2019-20 were primarily towards providing assistance to Government of Karnataka in fighting Covid-19 pandemic. The details of CSR initiatives can be accessed in the Company's CSR report in Annexure 2 of the Boards' Report.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?	The aforesaid projects have been carried out by the Company directly and or through implementing agencies.
3	Have you done any impact assessment of your initiative?	No
4	What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.	The Company has spent Rs. 5.45 Crores during the financial year 2019-20 on CSR Activities. The details of CSR initiatives can be accessed in the Company's CSR report in Annexure 2 of Board Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes the CSR Committee reviews and assesses the initiatives at the end of each year to understand the efficacy of the programmes in terms of delivery of desired benefits to the community.

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

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

Independent Auditors' Report

To the Members of Himatsingka Seide Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of Himatsingka Seide Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

REVENUE RECOGNITION

See note 2.1 and 20 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods in the ordinary course is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed to the buyer. Revenue from sale of goods is recognized at the point in time when control is transferred to customer. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could result in a risk of revenues being overstated or recognised before control has been transferred.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others, to obtain audit evidence: 1. We evaluated the revenue recognition accounting policies by comparing it with applicable accounting standards. 2. We tested the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on samples selected on a random basis. 3. We performed substantive testing for the revenue transactions using statistical sampling and tested the supporting documents. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances, if any and obtained explanations from management. 5. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year-end date to determine that the period in which the revenue has been recognized is appropriate. 6. We tested specific manual journal entries posted to revenue to identify any unusual items.

CARRYING VALUE OF INVESTMENTS AND LOANS GIVEN TO SUBSIDIARIES AND ASSESSMENT OF IMPAIRMENT

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

The key audit matter	How the matter was addressed in our audit
The Company has made significant investments in subsidiaries which are recorded at cost less impairment. The investments in subsidiaries are tested for impairment by Management at least annually. The carrying value of investments is dependent on achieving sufficient level of future net cash flows. Further, the Company has advanced loans to its subsidiaries. The loans are carried at cost less provision for impairment. The Company is required to make significant judgement with respect to the impairment if any, which is based on the information available with the Company. Impairment of investments and loans to subsidiaries have been identified as a key audit matter because of the estimation and judgements involved including the uncertainties arising due to Covid 19.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others, to obtain audit evidence: 1. We tested the design of key controls and operating effectiveness of the relevant key controls around the assessment of impairment of investments in subsidiaries and loans to subsidiaries. 2. We tested the underlying assumptions used by the Company for their assessment of the fair value of the investments/ loans. 3. We involved our valuation specialists to test the Company's assumptions with respect to the weighted average cost of capital and other key assumptions used for assessment of the fair value of the investments/ loans. 4. We performed a sensitivity analysis towards the key assumptions used by the Company, including the impact of Covid 19, to determine that the level of impairment charge, if any is adequate.

RECOGNITION FOR GOVERNMENT GRANTS AND ASSESSMENT OF RECOVERABILITY

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

The key audit matter	How the matter was addressed in our audit
The Company is eligible for government grants under various schemes issued by the State and the Central government. Each of these schemes requires fulfilment of conditions by the Company to be eligible to receive grant. The Company also needs to assess the recoverability of these grants at each balance sheet date. Recognition of grants (including its classification as capital or revenue grant) require a suitable assurance by the Company towards compliance with the conditions specified in the relevant schemes and that the grants will be received. The assessment of fulfilment of relevant conditions specified in the grant at the time of recognition involves significant judgement and assumptions. Further, the Company needs to assess at each balance sheet date the recoverability of the grant. We have identified recognition of grant and its recoverability as a key audit matter because of the complexities in establishing the compliance with the eligibility conditions of the grant and judgement involved towards the assessment of its recoverability.	In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient audit evidence: 1. We evaluated the government grant accounting policies by comparing with the applicable accounting standards. 2. We tested the design of key controls and operating effectiveness of relevant key controls with respect to recognition of grant (including its classification as capital and revenue grant) and assessment of recoverability of government grants. 3. We performed substantive testing, on a sample basis, towards recognition of grants in accordance with the relevant schemes, its classification as revenue or capital grant and verified the supporting documents. 4. We evaluated the Company's assessment of recoverability of respective grants based on ageing analysis and impact of Covid 19, if any.

INVENTORY

See note 2.11 and 9 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The inventories held by the Company comprises bed linens products, upholstery fabrics, drapery fabrics, related work in progress and raw-materials. The Company's inventories are sold predominantly in the US markets and because of COVID – 19 there is a significant risk on the valuation of inventory. Considering the above, we concluded valuation of inventories as a key audit matter for our audit of standalone financial statements.	In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain audit evidence: 1. We evaluated the inventory accounting policies by comparing it with the applicable accounting standards. 2. We tested the design and implementation of controls and operating effectiveness of the relevant key controls regarding the physical verification and valuation of inventory (including its determination of net realizable value) and provision for obsolescence. 3. Due to Covid 19, we performed physical verification of inventory by engaging an independent professional firm subsequent to the year-end. We have verified the roll back documentation performed by the Company. 4. We tested, on a statistical sample basis, the valuation of inventories as at the year end, evaluated net realizable value and the Company's assessment of provision for obsolete and slow moving inventories (including those arising out of Covid -19) held as at the balance sheet date. 5. We tested the adequacy of the disclosures in the standalone financial statements, relating to the inventories.

CAPITAL WORK-IN-PROGRESS / PROPERTY PLANT & EQUIPMENT (PPE)

See note 2.8 and 3.1 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
During the year, the Company, as a part of its PPE expansion has capitalized its Terry unit and has started commercial production effective 3 October 2019. The Terry unit is required to be capitalized and depreciated over its useful life once it is ready for use as intended by the Company. Inaccurate timing of capitalization of the Terry unit and/or incorrect classification of categories of items of PPE and/or inappropriate determination of the useful life of the assets could result in misstatement of PPE with a consequent impact on depreciation charge and results for the year. Considering the significance of capital expenditure incurred during the year and the risk associated, we concluded it as a key audit matter for our audit of standalone financial statements.	In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain audit evidence: 1. We evaluated the design of key controls and operating effectiveness of relevant key controls with respect to the timing of the capitalization and recording of additions to items of various categories of PPE. 2. We performed substantive testing towards the capitalization of Terry unit by using statistical sampling and tested the supporting documents to determine that the expenditure incurred are of capital nature and have been appropriately classified under respective block of assets. 3. We tested approvals by designated management personnel for capitalization of Terry unit and also obtained variance, if any with the budgets. 4. We obtained the technical assessment of the useful life of Terry plant by the Company's external expert for the determination of the useful life of the assets.

GOING CONCERN

See note 1.4 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Company had net current liabilities of ₹ 9,266.76 lakhs and total borrowings of ₹ 246,875.22 lakhs. Note 1.4 to the standalone financial statements explains how the management and directors of the Company have formed a judgement that the going concern basis is appropriate in preparing the standalone financial statements of the Group including the impact of Covid 19. The management and directors of the Group evaluated the Group's ability to continue as a going concern based upon an assessment of the Group's cash position, cash flow forecasts, and availability of financing facilities. This required significant management judgement, particularly in forecasting the Group's future revenue, Earnings before Interest, Taxes, Depreciation, and Amortization ('EBITDA') and in assessing the Group's ability to renew/obtain banking facilities and therefore considered as a key audit matter.	Our audit procedures to assess appropriateness of going concern assumption included the following: 1. Understand the business planning process and testing the design and operating effectiveness of management's key internal controls over the assessment of the Group's ability to continue as a going concern, including the preparation of cash flow forecasts; 2. Evaluated the key assumptions in the cash flow forecasts (including future revenues and EBITDA) and performing sensitivity analysis with reference to our knowledge of the business, historical information, impact of Covid 19, current performance, and production plans, and market and other external available information and discussed with designated management personnel; 3. Considered the reliability of cash flow forecasts made by management in prior years by comparing them with the current year's results; 4. Assessed the availability of banking and other financing facilities and arrangements by inspecting underlying documentation, past trend, and assessed the impact of any covenants and other restrictive terms therein.

OTHER INFORMATION

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 28 to the standalone financial statements;

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

   iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 20205385AAAAAY5332

Place: Bengaluru
Date: 4 July 2020

Annexure - A to the Independent Auditors' Report on the standalone Ind AS financial statements of Himatsingka Limited for the year ended 31 March 2020

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of Himatsingka Seide Limited ('the Company') on the standalone financial statements for the year ended 31 March 2020, we report that:

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

b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts. For stocks lying with third parties at the year-end, written confirmation have been obtained by the Management.

iii) The Company has granted unsecured loans to two of its subsidiaries covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act"). The Company has not granted any other loans, secured or unsecured, to firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.

a) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on the basis of which aforesaid loans have been granted are not prejudicial to the interest of the Company.

b) According to the information and explanations given to us loans granted are re-payable on demand. Further, the interest on above loans are payable on demand. We are informed that the Company has not demanded repayment of any such loan and payment of interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.

c) There are no overdue amounts in respect of the aforesaid loans.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and security given.

v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148 of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income tax, duty of Customs, Goods and Services Tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income tax, duty of Customs, Goods and Services Tax, Cess and any other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax.

b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Services tax, Sales tax, Service tax, Duty of customs, Duty of excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	64,887,270	AY 2006-07, 2009-10 and 2013-14	Income Tax Appellate Tribunal, Kolkata
Income-tax Act, 1961	Income Tax	33,039,099	AY 2010-11, 2014-15 and 2016-17	Commissioner of Income Tax (Appeals), Kolkata
Central Excise Act, 1944	Excise Duty and penalty	64,831,131 (858,689)*	FY 2003-04 to 2009-10, 2012-13 and 2015-16	Central Excise and Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944	Excise Duty and penalty	9,790,232 (367,134)*	FY 2013-14 and 2014-15	Commissioner of Central Excise (Appeals), Bangalore

*represents payments made under protest

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company does not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or fraud by the Company has been noticed or reported during the course of our audit.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 20205385AAAAAY5332

Place: Bengaluru
Date: 4 July 2020

Himatsingka Seide Limited

Annexure - B to the Independent Auditors' report on the standalone financial statements of Himatsingka Seide Limited Company Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

OPINION

We have audited the internal financial controls with reference to financial statements of Himatsingka Seide Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 20205385AAAAAY5332

Place: Bengaluru
Date: 4 July 2020

Standalone Balance Sheet

Himatsingka Seide Limited | As at 31 March, 2020 **(₹ Lacs)**

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	232,808.19	170,387.60
Capital work-in-progress		17,226.34	63,358.05
Intangible assets	3.2	1,870.63	1,790.25
Right of use assets	29	673.79	-
Financial assets			
i) Investments	4A	55,920.08	48,354.41
ii) Loans	5	26,403.99	23,752.23
iii) Other financial assets	6	2,397.27	1,077.71
Income tax assets, (net)	7A	1,045.14	1,045.14
Other non-current assets	8	3,412.92	4,910.07
Total non-current assets		**341,758.35**	**314,675.46**
Current assets			
Inventories	9	42,210.98	38,904.08
Financial assets			
i) Investments	4B	2,921.78	11,672.20
ii) Trade receivables	10	49,343.57	45,168.49
iii) Cash and cash equivalents	11	2,855.46	14,978.21
iv) Bank balances other than cash and cash equivalents above	11	13,345.32	8,407.60
v) Loans	5	60.99	65.03
vi) Other financial assets	6	23,588.45	16,837.52
Other current assets	8	9,647.56	9,439.61
Total current assets		**143,974.11**	**145,472.74**
Total Assets		**485,732.46**	**460,148.20**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	4,922.86	4,922.86
Other equity	13	144,029.26	139,573.40
Total equity		**148,952.12**	**144,496.26**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Non-current borrowings	14	146,201.05	149,159.25
ii) Lease liabilities	29	665.46	-
iii) Other financial liability	19	790.44	-
Non-current provisions	15	2,006.67	1,865.18
Deferred tax liabilities, (net)	7B	5,024.77	4,036.18
Other non-current liabilities	16	28,851.08	28,514.59
Total non-current liabilities		**183,539.47**	**183,575.20**
Current liabilities			
Financial liabilities			
i) Current borrowings	17	89,230.23	71,927.91
ii) Lease liabilities	29	293.10	-
iii) Trade payables			
a) total outstanding dues of micro enterprises and small enterprises;	18	5,453.82	1,730.43
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	26,459.51	28,726.01
iv) Other financial liabilities	19	25,034.64	22,635.52
Other current liabilities	16	3,798.01	2,274.54
Current provisions	15	276.31	211.13
Current tax liabilities, (net)	7A	2,695.25	4,571.20
Total current liabilities		**153,240.87**	**132,076.74**
Total liabilities		**336,780.34**	**315,651.94**
Total equity and liabilities		**485,732.46**	**460,148.20**
Significant accounting policies	2		

See accompanying notes to the standalone financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Place: Bengaluru
Date: 4 July 2020

Standalone Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March, 2020 **(₹ Lacs)**

Particulars	Note	31 March 2020	31 March 2019
Income			
Revenue from operations	20	160,076.24	174,526.14
Other income	21	8,724.87	6,776.14
Total income		**168,801.11**	**181,302.28**
Expenses			
Cost of materials consumed	22	69,001.11	73,041.40
Purchases of stock-in-trade	22	1,377.75	8,672.47
Changes in inventory of finished goods, work-in-progress and stock-in-trade	22	(5,658.15)	(5,941.64)
Employee benefit expense	23	20,404.20	17,862.89
Finance costs	24	15,164.72	11,135.92
Depreciation and amortisation expense	25	9,111.97	8,543.93
Other expenses	26	36,412.41	33,018.65
Total expenses		**145,814.01**	**146,333.62**
Profit before exceptional items and tax		**22,987.10**	**34,968.66**
Exceptional items	39	1,141.63	-
Profit before tax		**21,845.47**	**34,968.66**
Current tax	32	3,901.00	7,628.00
Deferred tax	32	3,280.35	3,736.95
Income tax expense		**7,181.35**	**11,364.95**
Profit for the year		**14,664.12**	**23,603.71**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		64.05	(41.15)
Income tax relating to items that will not be reclassified to profit or loss		(23.89)	16.44
B) Items that may be reclassified to profit or loss			
Net change in fair value of hedging instruments in a cash flow hedge		(6,304.66)	2,976.39
Income tax relating to items that may be reclassified to profit or loss		2,203.10	(1,058.49)
Other comprehensive (loss) / income for the year, net of income tax		**(4,061.40)**	**1,893.19**
Total comprehensive (loss) / income for the year		**10,602.72**	**25,496.90**
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	33	14.89	23.97
Significant accounting policies	2		

See accompanying notes to the standalone financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Place: Bengaluru
Date: 4 July 2020

Standalone Statement of Changes in Equity

Himatsingka Seide Limited | For the year ended 31 March, 2020

Particulars	(₹ Lacs)
A. Equity share capital	
Balance as at 01 April 2018	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2019	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2020	**4,922.86**

B. Other Equity **(₹ Lacs)**

Particulars	Note	Reserves and surplus (Refer Note 13)				Other comprehensive income		
		Capital reserve	Securities premium	General reserve	Retained earnings	Effective portion of cash flow hedge	Remeasurement of net defined benefit liability or asset	Total other equity
Balance as at 1 April 2018		**17.04**	**27,675.71**	**7,270.17**	**71,863.21**	**440.78**	**(207.65)**	**117,059.26**
Profit for the year		-	-	-	23,603.71	-	-	23,603.71
Effect on account of de-merger (Refer note 38)		-	-	-	(10.00)	-	-	(10.00)
Other comprehensive income for the year, net of income tax		-	-	-	-	1,917.90	(24.71)	1,893.19
Payment of dividends, including dividend distribution tax		-	-	-	(2,972.76)	-	-	(2,972.76)
Balance as at 31 March 2019		**17.04**	**27,675.71**	**17,270.17**	**92,484.16**	**2,358.68**	**(232.36)**	**139,573.40**
Balance as at 1 April 2019		**17.04**	**27,675.71**	**17,270.17**	**92,484.16**	**2,358.68**	**(232.36)**	**139,573.40**
Profit for the year		-	-	-	14,664.12	-	-	14,664.12
Ind AS 116-Transition adjustment (Refer note 29)		-	-	-	(209.99)	-	-	(209.99)
Other comprehensive (loss)/income for the year, net of income tax		-	-	-	-	(4,101.56)	40.16	(4,061.40)
Payment of dividends, including dividend distribution tax		-	-	-	(5,936.87)	-	-	(5,936.87)
Balance as at 31 March 2020		**17.04**	**27,675.71**	**7,270.17**	**101,001.42**	**(1,742.88)**	**(192.20)**	**144,029.26**
Significant accounting policies	2							

See accompanying notes to the standalone financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date: 4 July 2020

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Standalone Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2020 **(₹ Lacs)**

Statement of Cash Flows for the year ended	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit for the year	14,664.12	23,603.71
Adjustments for:		
Finance costs	14,659.12	10,588.94
Interest income	(3,793.20)	(2,494.60)
Net gain on sale of investments	(193.31)	(693.76)
Gain on current investments carried at fair value through profit or loss	(37.11)	(189.01)
Loss allowances on financial assets, net	0.54	16.49
Net loss/(gain) on disposal of property, plant and equipment	22.11	52.11
Profit on disposal of subsidiary	-	(955.10)
Amortization of deposits	48.49	43.18
Income on financial guarantee contracts	(186.57)	(257.55)
Depreciation and amortisation expense	9,112.18	8,543.93
Ineffective portion of hedging instrument	1,141.63	(146.48)
Net foreign exchange loss on non operating activities	(602.51)	(189.74)
Rental income from operating lease	(6.12)	(7.78)
Income tax expense	7,181.35	11,364.95
Operating cash flows before working capital changes	**42,010.72**	**49,279.29**
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(4,175.62)	(7,012.82)
(Increase) in inventories	(3,306.90)	(7,356.79)
(Increase)/ decrease in other assets	(2,022.38)	13,365.45
Increase in trade and other payables	1,457.16	10,627.95
Increase in provisions	271.49	311.16
Increase in other liabilities	1,167.69	1,102.66
Cash generated from operations	**35,402.16**	**60,316.90**
Income taxes paid, net of refund	(5,950.98)	(6,432.02)
Net cash generated from operating activities (A)	**29,451.18**	**53,884.88**
Cash flows from investing activities		
Purchase of current investments	(13,820.53)	(30,460.00)
Proceeds of sale of current investments	22,801.37	31,563.44
Interest received	900.67	326.76
Acquisition of property, plant and equipment and intangible assets	(22,120.27)	(54,300.58)
Proceeds from sale of property, plant and equipment	2.29	2.40
Income from investment property	6.12	7.78
Investment subsidiaries	(7,379.37)	(25,580.08)
Investment in fixed deposits	(37,099.88)	(13,396.02)
Proceeds from fixed deposits maturity	30,719.03	7,928.26
Loans to subsidiaries	(496.44)	-
Loan recovered from subsidiaries	28.29	-
Net cash inflow on disposal of subsidiary	-	9,003.80
Net cash used in investing activities (B)	**(26,458.72)**	**(74,904.24)**
Cash flows from financing activities		
Proceeds from short term borrowings, net	17,302.32	7,755.54
Proceeds from long term borrowings	4,431.15	43,403.25
Repayment of long term borrowings	(10,455.33)	(8,097.00)
Dividends paid on equity shares (including dividend distribution tax of ₹ 1,014 lacs)	(5,950.71)	(2,972.76)
Payment of lease liabilities	(373.57)	-
Proceeds from government subsidy	153.85	5,164.22
Interest paid	(20,222.92)	(16,776.07)
Net cash (used in) / generated from financing activities (C)	**(15,115.21)**	**28,477.18**
Net (decrease)/increase in cash and cash equivalents	**(12,122.75)**	**7,457.82**

(₹ Lacs)

Statement of Cash Flows for the year ended	31 March 2020	31 March 2019
Cash and cash equivalents at the beginning of the year	14,978.21	7,520.39
Cash and cash equivalents at the end of the year	**2,855.46**	**14,978.21**
Components of cash and cash equivalents (refer note 11)		
Cash and cash equivalents		
Cash in hand	12.49	11.11
Balance with banks		
- in current accounts	2,842.97	11,467.10
- in deposit accounts (with original maturity of less than 3 months)	-	3,500.00
Cash and cash equivalents in balance sheet	**2,855.46**	**14,978.21**

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

	Opening balance 01 April 2019	Cash flows	Non-cash movement	Closing balance 31 March 2020
Borrowings (including current maturities)	161,380.63	(6,024.18)	2,288.54	157,644.99
Short - term borrowings	71,927.91	17,302.32	-	89,230.23
Interest accured but not due	547.30	1,179.71	-	1,727.01
Total liabilities from financing activities	**233,855.84**	**12,457.85**	**2,288.54**	**248,602.23**

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

	Opening balance 01 April 2018	Cash flows	Non-cash movement	Closing balance 31 March 2019
Borrowings (including current maturities)	124,449.84	35,306.25	1,624.84	161,380.62
Short - term borrowings	64,172.01	7,755.90	-	71,927.91
Interest accured but not due	485.72	61.58	-	547.30
Total liabilities from financing activities	**189,107.57**	**43,123.73**	**1,624.84**	**233,855.83**

See accompanying notes to the standalone financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date: 4 July 2020

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2020

Reporting entity

Himatsingka Seide Limited ('the Company') is a public limited Company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange. The Company is primarily engaged in manufacturing of home textiles.

The Company's standalone annual financial statements were approved by the Company's Board of Directors on 4 July 2020.

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

1. Significant accounting policies

1.1 Statement of Compliance

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

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

1.2 Functional and presentation currency

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

1.3 Basis of preparation

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

a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

b) Certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

1.4 Use of estimates, assumption and judgements

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

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

Assumptions, judgements and estimation

Information about assumptions, judgements and estimations that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is summarized below:

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

Impact of COVID-19 (Global pandemic)

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, the Government of India declared a nation vide lockdown on March 23, 2020, subsequent to which the Company temporarily suspended its operations at across all its manufacturing facilities in compliance with the lockdown instructions issued by the Central and State Governments respectively. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel. closure/lock down of production facilities etc. during the lock-down period which had been extended till end May 2020. However, production and supply of goods commenced during the end of April 2020 at both the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities.

The Management believes that it has taken into account all the possible impacts of known events arising from the COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity including recoverable values of its property, plant and equipment, assessment of bank covenants, intangible assets, investments, goodwill, inventory and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the textile industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

Based on information available as of this date, Management believes that no further adjustments are required to the standalone financial statements.

Further, as of 31 March 2020, the Company has carried out a detailed assessment and based on the projections the Company expects to generate a positive future cash flow including its ability to use its untilised bank limits/ roll over working capital loans. In addition, the Company has received revised repayment schedule from its lenders etc. and believes that the Company will be able to meet its obligations as they fall due.

1.5 Measurement of fair values

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

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

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

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

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

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

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

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

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

- note 34: financial instruments.

2. Significant accounting policies

2.1 Revenue Recognition

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

The Company derives its revenue primarily from sale of products.

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

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

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

Use of significant judgements in revenue recognition:

a) The Company's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

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

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

2.2 Other Income

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

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

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

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

2.3 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Further, leases for which the underlying asset is of low value has been recognized immediately in the Statement of Profit and Loss.

Transition to Ind AS 116:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2.3– Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 894.32 lakhs and a corresponding lease liability of ₹ 1,217.11 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is ₹ 209.99 lakhs (including a deferred tax of ₹ 112.80 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.45% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

2.4 Borrowing cost

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

2.5 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to an expense item are recognized in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants. Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to Statement of Profit and Loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

2.6 Employee benefits

a) Defined benefit plans

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

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

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

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

b) Short term employee benefits

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

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

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

c) Compensated absences

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

d) Defined contribution plan

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

2.7 Taxation

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

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

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

Deferred tax is not recognised for:

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

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

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

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

2.8 Property, plant and equipment

a) Recognition and measurement:

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

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

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

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

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

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

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

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

b) Depreciation:

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

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

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

Class of assets	Years
Buildings	30-60 years
Plant and machinery*	8 - 25 years
Furniture and fixtures	10 years
Office equipment	3-6 years
Books and catalogues	4 years
Vehicles	6 -10 years
Leasehold improvements	shorter of the lease term and their useful lives

Freehold land is not depreciated.

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

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

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

2.9 Intangible Assets

a) Recognition and measurement

Acquired intangible assets

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

Internally generated intangible assets

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

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

b) Subsequent measurement

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

c) Amortisation

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

The estimated useful lives of intangibles are as follows:

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

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

d) Derecognition of intangible assets

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

2.10 Impairment of non-financial assets

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

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

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

2.11 Inventories

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

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

The method of determination of cost is as follows:

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

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

2.12 Foreign currency transactions and balances

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

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

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

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

2.13 Provisions

General

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

2.14 Investment in subsidiaries

Investment in subsidiaries are shown at cost less impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit and loss.

On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

2.15 Financial Instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

i) Financial assets

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

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

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

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

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

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

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

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

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

ii) Financial liabilities

Classification, subsequent measurement and gains and losses

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

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

Amortised cost

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

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

Financial guarantee contracts

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

Derecognition

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

Offsetting

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

2.16 Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

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

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

2.17 Earnings per share

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

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

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

2.18 Cash and cash equivalents

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

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

2.19 Cash flow statement

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

2.20 Contingent liability

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

2.21 Cash dividend to equity holders of the Company

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

2.22 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2020

Note 3.1: Property, plant and equipment

(₹ Lacs)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Leasehold Improvement	Office Equipment	Vehicles	Books and Catalogue	Total
Cost:									
Balance as at 1 April 2018	21,816.68	43,010.03	152,396.41	2,212.24	636.41	2,193.14	138.12	544.01	222,947.04
Additions	1,540.03	1,394.34	5,187.14	40.00	2.36	276.64	-	-	8,440.51
Disposals of assets	-	-	(274.10)	(0.81)	-	(8.83)	-	-	(283.74)
Balance as at 31 March 2019	23,356.71	44,404.37	157,309.45	2,251.43	638.77	2,460.95	138.12	544.01	231,103.81
Balance as at 1 April 2019	23,356.71	44,404.37	157,309.45	2,251.43	638.77	2,460.95	138.12	544.01	231,103.81
Additions (refer note 3.1.1)	3,325.81	24,701.69	43,595.83	66.28	-	966.54	9.41	-	72,665.56
Disposals of assets	-	(82.84)	-	(27.74)	-	(15.78)	-	-	(126.36)
Balance as at 31 March 2020	26,682.52	69,023.22	200,905.28	2,289.97	638.77	3,411.71	147.53	544.01	303,643.01
Accumulated depreciation:									
Balance as at 1 April 2018	-	(2,737.74)	(45,495.73)	(746.27)	(390.27)	(1,639.42)	(71.39)	(97.75)	(51,178.57)
Depreciation expense	-	(1,631.06)	(7,546.81)	(43.26)	(68.49)	(366.72)	(19.28)	(97.41)	(9,773.03)
Disposals of assets	-	-	226.15	0.75	-	8.50	-	-	235.39
Balance as at 31 March 2019	-	(4,368.80)	(52,816.39)	(788.78)	(458.76)	(1,997.64)	(90.67)	(195.16)	(60,716.21)
Balance as at 1 April 2019	-	(4,368.80)	(52,816.39)	(788.78)	(458.76)	(1,997.64)	(90.67)	(195.16)	(60,716.21)
Depreciation expense	-	(2,195.64)	(7,121.79)	(58.59)	(40.62)	(686.59)	(20.17)	(97.41)	(10,220.81)
Disposals of assets	-	58.68	-	27.74	-	15.78	-	-	102.20
Balance as at 31 March 2020	-	(6,505.76)	(59,938.18)	(819.63)	(499.38)	(2,668.45)	(110.84)	(292.57)	(70,834.82)
Net carrying amount:									
As at 31 March 2020	26,682.52	62,517.46	140,967.09	1,470.34	139.39	743.26	36.69	251.44	232,808.19
As at 31 March 2019	23,356.71	40,035.57	104,493.05	1,462.65	180.01	463.31	47.45	348.85	170,387.60

Note 3.1.1
During the year, the Company has commenced the commercial production of its Terry Towel facility and accordingly have capitalized ₹ 64,794.04 lacs across various categories of Property, Plant and Equipment.

Note 3.1.2
Effective 1 April 2019, the Company had increased its useful life of certain Property, Plant & Equipment based upon a fresh technical assessment carried out by Management. This assessment also involved technical experts, as considered necessary by Management. This change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS - 8 Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life, charge for depreciation for the year ended 31 March, 2020 would have been higher by ₹ 1,430.80 lacs.

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2020

Note 3.2: Intangible assets

(₹ Lacs)

Particulars	Computer software	Technical know-how	Total
Cost:			
Balance as at 1 April 2018	**2,424.64**	**324.22**	**2,748.86**
Additions	234.13	-	234.13
Balance as at 31 March 2019	**2,658.77**	**324.22**	**2,982.99**
Balance as at 1 April 2019	**2,658.77**	**324.22**	**2,982.99**
Additions	339.29	-	339.29
Balance as at 31 March 2020	**2,998.06**	**324.22**	**3,322.28**
Accumulated amortisation:			
Balance as at 1 April 2018	**(945.44)**	**(32.42)**	**(977.86)**
Amortisation expense	(182.46)	(32.42)	(214.88)
Balance as at 31 March 2019	**(1,127.90)**	**(64.84)**	**(1,192.74)**
Balance as at 1 April 2019	**(1,127.90)**	**(64.84)**	**(1,192.74)**
Amortisation expense	(226.49)	(32.42)	(258.91)
Balance as at 31 March 2020	**(1,354.39)**	**(97.26)**	**(1,451.65)**
Net carrying amount:			
As at 31 March 2020	**1,643.67**	**226.96**	**1,870.63**
As at 31 March 2019	**1,530.87**	**259.38**	**1,790.25**

Note 4: Investments

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
4A : Non-current investments		
Unquoted Investments		
A) Investment in equity instruments of subsidiary at cost		
Himatsingka Holdings North America, Inc. equity shares of USD 10,000 each fully paid up [No. of shares: 9,269 (As at 31 March 2019: 8,290)]	54,198.75	46,632.82
Himatsingka Wovens Private Limited equity shares of ₹ 100 each fully paid up [No. of shares: 1,750,000 (As at 31 March 2019: 1,750,000)]	1,683.98	1,683.98
Twill & Oxford LLC equity shares of AED 100 each fully paid up [No. of shares: 1,470 (As at 31 March 2019: 1,470)]	37.35	37.35
Total (A)	**55,920.08**	**48,354.15**
B) Investment in equity instruments of associate companies at cost		
Himatsingka Energy Private Limited equity shares of ₹ 10 each fully paid up [No. of shares: Nil (As at 31 March 2019 : 2,600)]	-	0.26
Total (B)	**-**	**0.26**
Total (A+B)	**55,920.08**	**48,354.41**
Aggregate value of unquoted investments	-	0.26
Aggregate amount of impairment in value of investments	-	-

Note 4A.1 :

During the year, the Company has made an additional investment of ₹ 7,565.93 lacs in Himatsingka Holdings North America, Inc. Further, addition includes ₹ 186.56 lacs arising from the financial guarantees provided to the subsidiary.

4B: Current investments **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
4B.1 : Investments in mutual funds (Quoted)		
DSP Short term fund - direct plan growth plan (No of units: 12,68,702.99 (As at 31 March 2019: Nil))	455.92	-
Axis Treasury Advantage Fund direct growth (No of units: 16,904.74 (As at 31 March 2019: Nil))	393.06	-
Nippon India Money Market Fund - direct growth plan growth option (No of units: 9,985.84 (As at 31 March 2019: Nil))	304.83	-
IDFC Corporate bond fund - direct plan growth plan (No of units: 21,50,611.31 (As at 31 March 2019: Nil))	300.28	-
SBI Banking & PSU fund direct growth (No of units: 11,113.90 (As at 31 March 2019: Nil))	262.88	-
HSBC Cash Fund direct growth (No of units: 12,815.66 (As at 31 March 2019: Nil))	253.43	-
Invesco India Treasury Advantage Fund direct growth plan (No of units: 7,141.28 (As at 31 March 2019: Nil))	204.39	-
Franklin India Savings Fund Retail direct growth (No of units: 2,68,268.41 (As at 31 March 2019: Nil))	101.71	-
Kotak money market scheme - (growth) - direct (No of units: Nil (As at 31 March 2019: 56,983.86))	-	1,758.84
Franklin India ultra short bond fund super institutional plan direct - growth (No of units: Nil (As at 31 March 2019: 4,975,490.54))	-	1,312.72
Aditya Birla sun life money manager fund - growth - direct plan (No of units: Nil (As at 31 March 2019: 400,876.80))	-	1,008.63
UTI money market fund -direct growth plan (No of units: Nil (As at 31 March 2019: 47,724.13))	-	1,008.20
Reliance ultra short duration fund- direct plan- growth option (No of units: Nil (As at 31 March 2019: 32,957.90))	-	1,006.74
Invesco India money market fund - direct Plan - growth (No of units: Nil (As at 31 March 2019: 46,401.19))	-	1,006.58
UTI - ultra short term fund - direct Plan (No of units: Nil (As at 31 March 2019: 24,087.52))	-	756.03
Franklin India liquid fund - super institutional - direct - growth (No of units: Nil (As at 31 March 2019: 26,982.26))	-	755.11
Sundaram low duration fund - direct plan - growth option (No of units: Nil (As at 31 March 2019: 4,856,786.80))	-	1,277.98
SBI savings fund direct plan growth (No of units: Nil (As at 31 March 2019: 2,180,119.01))	-	654.89
HDFC liquid fund -direct plan - growth option (No of units: Nil (As at 31 March 2019: 13,698.49))	-	503.61
Kotak equity arbitrage fund -fortnightly - direct (No of units: Nil (As at 31 March 2019: 1,062,911.61))	-	250.20
Axis liquid fund - direct plan - growth option (No of units: Nil (As at 31 March 2019: 10,596.59))	-	219.72
Reliance liquid fund - direct plan growth plan - growth option (No of units: Nil (As at 31 March 2019: 3,352.80))	-	152.95
Total (A)	**2,276.50**	**11,672.20**
Aggregate carrying amount of quoted investments	2,276.50	11,672.20

Note: The market value of quoted instruments is equal to the carrying value.

4B.2 : Investment in equity instruments **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Atria Wind Power (Chitradurga) Private Limited equity shares of ₹ 251 each fully paid up [No. of shares: 2,57,066 (As at 31 March 2019 : Nil)]	645.23	-
Atria Wind Power (Basavana Bagewadi) Private Limited equity shares of ₹ 251 each fully paid up [No. of shares: 25 (As at 31 March 2019 : Nil)]	0.05	-
Total (B)	**645.28**	**-**
Total (A+B)	**2,921.78**	**11,672.20**

Note 5 : Loans **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, considered good		
Loans to related parties (refer note 35)	26,339.87	23,661.33
Loans to employees	64.12	90.90
Total	**26,403.99**	**23,752.23**
Current		
Unsecured, considered good		
Loans to employees	60.99	65.03
Total	**60.99**	**65.03**

Note 5.1 :

The loans to related parties represent inter-corporate loans given to the wholly owned subsidiaries for the principle business activity of the related subsidiary company. These are provided at an interest rate of 8.5% p.a. These financial assets are carried at amortized cost. Additional information about these deposits have been set out in Note 37.

Note 6 : Other financial assets **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, considered good		
Bank deposits	1,449.36	6.52
Electricity deposits	791.16	791.16
Other deposit	156.75	280.03
Total	**2,397.27**	**1,077.71**
Current		
a) Unsecured, considered good		
Interest subsidy receivable	2,270.29	2,664.13
Subsidy receivable under various government schemes	11,985.09	4,320.69
Interest receivable (refer note 6.1 below)	8,916.03	5,440.74
Other deposits	320.69	251.28
Receivable from related party	-	267.14
Other receivables	50.00	-
b) Derivative assets	46.35	3,893.54
Total	**23,588.45**	**16,837.52**

Note 6.1: Includes interest due from subsidiaries **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Himatsingka Holdings North America, Inc.	8,264.50	5,143.29
Twill & Oxford LLC	12.70	10.76
Total	**8,277.20**	**5,154.05**

Note 7: Tax assets and liabilities

Note 7A : Income tax assets and liabilities

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current income tax assets		
Advance tax and taxes deducted at source	20,622.53	20,622.53
Less: Provisions related to the above	(19,577.39)	(19,577.39)
Income tax assets, (net)	**1,045.14**	**1,045.14**
Current tax liabilities		
Income tax provisions	4,779.00	8,492.71
Less: Advance tax and taxes deducted at source related to above	(2,083.75)	(3,921.51)
Current tax liabilities, (net)	**2,695.25**	**4,571.20**

Note 7B : Deferred tax liabilities (net)*

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

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
Property, plant and equipments and intangible assets	24,997.42	18,389.77
Cash flow hedge	-	1,266.72
Others	8.65	43.60
Total deferred tax liabilities (A)	**25,006.07**	**19,700.09**
Deferred tax assets		
Provision for gratuity and compensated absences	803.68	731.21
Ineffective hedge	398.93	-
INDAS 116 Leases	99.51	-
Cash flow hedge	936.38	-
MAT credit entitlement	17,479.11	14,767.35
Others	263.69	165.35
Total deferred tax assets (B)	**19,981.30**	**15,663.91**
Net deferred tax liability (A - B)	**5,024.77**	**4,036.18**

*refer note 32

Note 8: Other assets

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Capital advances	787.63	2,337.49
Contract acquisition cost	2,525.38	2,490.25
Others	99.91	82.33
Total	**3,412.92**	**4,910.07**
Current		
Advances to suppliers		
- Others	1,061.48	209.80
- Related parties (refer note 35)	-	157.61
Balances with government authorities (other than income taxes)	3,833.63	3,301.50
Subsidy receivable under various government schemes	2,740.29	3,983.51
Prepayments	1,577.68	1,356.16
Contract acquisition cost	420.07	355.75
Others	14.41	75.28
Total	**9,647.56**	**9,439.61**

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

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	5,107.19	8,225.04
Work-in-progress	19,992.90	18,201.71
Finished goods	13,874.55	9,431.53
Traded goods	-	576.06
Stores and spares	3,236.34	2,469.74
Total	**42,210.98**	**38,904.08**
Included above, goods-in-transit:		
Raw materials	55.01	2,510.03
Finished goods	497.63	1,113.72
Traded goods	-	576.06
Total	**552.64**	**4,199.81**

Note 10: Trade receivables

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	49,343.57	45,168.49
Credit impaired	45.00	45.00
	49,388.57	**45,213.49**
Less: Expected credit loss	(45.00)	(45.00)
Net trade receivables	**49,343.57**	**45,168.49**

All trade receivables are 'current'.

The Company's exposure to credit and currency risk and loss allowances related to trade receivables has been disclosed in Note 34.

Note 10.1 : Bill discounting

At the end of the reporting period, the carrying amount of the trade receivables that have been discounted but have not been derecognized amounted to ₹ 43,804.92 lacs and disclosed as bill discounting. (refer note No. 17)

Note 10.2 : Details of trade receivables

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

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables from related parties (refer note 35)	40,577.81	39,296.09
Loss allowance	-	-
Total	**40,577.81**	**39,296.09**

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

Note 10.3 : Expected credit loss assessment for trade receivables as at 31 March, 2020 and 31 March, 2019 are as follows:

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March, 2020 amounting to ₹ 49,343.57 lacs (31 March 2019: ₹ 45,168.49 lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows -

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	(45.00)	(35.00)
Change in allowance for expected credit loss and credit impairment	-	(10.00)
Balance as at end of the year	**(45.00)**	**(45.00)**

There is no significant movement in the impairment loss allowance during 2019-20.

Note 11: Cash and bank balances **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents consists of		
Cash in hand	12.55	11.11
Balance with banks in current accounts and deposits		
- in current accounts	2,842.91	11,467.10
- in deposit accounts (with original maturity of less than 3 months)	-	3,500.00
Cash and cash equivalents as per Ind AS 7 Cash flow statement	**2,855.46**	**14,978.21**
Other bank balances consists of		
Other bank balances (refer note 11.1)	81.47	67.64
In deposit account (more than 3 months but less than 12 months)	13,263.85	8,339.96
	13,345.32	**8,407.60**
Total	**16,200.78**	**23,385.81**

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

Note 12: Equity share capital **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
134,000,000 equity shares (31 March 2019: 134,000,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
98,496,160 equity shares (31 March 2019: 98,496,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
98,457,160 equity shares (31 March 2019: 98,457,160 equity shares) of par value of ₹ 5 each	4,922.86	4,922.86

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
At the commencement of the year	98,457,160	4,922.86	98,457,160	4,922.86
At the end of the year	98,457,160	4,922.86	98,457,160	4,922.86

Rights, preferences and restrictions attached to equity shares:

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

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

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

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

Particulars	31 March 2020		31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 5 each				
D K Himatsingka	11,968,000	12%	11,968,000	12%
Shrikant Himatsingka	8,480,964	9%	8,480,964	9%
Bihar Mercantile Union Limited	7,926,000	8%	7,926,000	8%
Templeton India Equity Income Fund	7,556,969	8%	-	-
Rajshree Himatsingka	5,897,260	6%	5,897,260	6%

Note 13: Other equity **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Capital reserve (refer note (i) below)	17.04	17.04
Securities premium account (refer note (ii) below)	27,675.71	27,675.71
General reserve (refer note (iii) below)	17,270.17	17,270.17
Retained earnings (refer note (iv) below)	101,001.42	92,484.16
Reserves and surplus	**145,964.34**	**137,447.08**
Cash flow hedge reserve (refer note (v) below)	(1,742.88)	2,358.68
Remeasurement of net defined benefit liability or asset	(192.20)	(232.36)
Other comprehensive (loss)/ income	**(1,935.08)**	**2,126.32**
Total	**144,029.26**	**139,573.40**

Notes:

i) Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserves. The reserve can be utilized in accordance with the provision of section 52 of the Companies Act, 2013.

ii) Amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve can be utilized in accordance with the provision of section 52 of the Companies Act, 2013.

iii) This represents appropriation of profit by the Company. General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

iv) Retained earnings comprise of the Company's undistributed earnings after taxes. The amount can be distributed by the Company as dividends to its equity shareholders.

v) The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Retained earnings		
Opening balance	92,484.16	71,863.21
Add: Profit for the year	14,664.12	23,603.71
Less: Payment of dividends, including dividend distribution tax	(5,936.87)	(2,972.76)
Less: Ind AS 116-Transition adjustment (refer note 29)	(209.99)	(10.00)
Total	**101,001.42**	**92,484.16**
Effective portion of cash flow hedge		
Opening balance	2,358.68	440.39
Gain/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	(3,030.42)	(334.91)
Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	(3,274.24)	3,311.69
Income tax related to net gains recognised in other comprehensive income	2,203.10	(1,058.49)
Total	**(1,742.88)**	**2,358.68**
Remeasurement of net defined benefit liability or asset		
Opening balance	(232.36)	(207.65)
Other comprehensive (loss) / income for the year, net of income tax	40.16	(24.71)
Total	**(192.20)**	**(232.36)**

Note 14: Non current borrowings (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured loans: (refer note 14.1)		
Term loans		
From banks	92,664.02	93,608.54
From financial institution	53,537.03	55,550.71
Total	**146,201.05**	**149,159.25**

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

(₹ Lacs)

Particulars	As at 31 March 2020		As at 31 March 2019		Nature of security	Repayment/ redemption / other terms
	Non-Current*	Current*	Non-Current	Current		
i) Term loans from bank (Secured)						
Loan 1	3,517.53	2,671.88	5,253.55	3,562.50	First paripassu charge of certain immovable fixed assets.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2020 was 7 installments.
Loan 2	15,526.21	608.55	16,118.30	912.82	First paripassu charge on entire movable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date. The outstanding term as of 31 March 2020 was 34 installments.
Loan 3	7,323.51	2,454.08	8,928.46	-	First paripassu charge on Midford garden property & Vittal Mallya road property.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2020 was 3 installments.
Loan 4	37,251.20	1,521.20	34,346.94	1,014.00	First paripassu charge on entire movable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing from 31 December 2019 The outstanding term as of 31 March 2020 was 38 installments.
Loan 5	4,466.48	1,500.00	5,470.33	2,000.00	First paripassu charge on entire movable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 16 structured quarterly installments commencing from 31 March 2019. The outstanding term as of 31 March 2020 was 12 installments.
Loan 6	15,428.03	-	14,102.24	-	First paripassu charge on entire movable and immovable fixed assets of the Hassan plot no.1 and Doddaballapur plant including proposed project assets present and future.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2020 was 3 installments.
Loan 7	9,151.06	250.00	9,388.72	500.00	Subservient charge on all present and future movable fixed assets.	28 quarterly structured installments payable at the end of each quarter starting from 3 months from date of 1st disbursement. The outstanding term as of 31 March 2020 was 24 installments.
Total	**92,664.02**	**9,005.71**	**93,608.54**	**7,989.32**		

The rate of interest on the above term loans is in the range of 6.10% to 11.79% (Previous Year: 5.34% to 11.55%).

Particulars	As at 31 March 2020		As at 31 March 2019		Nature of security	Repayment/ redemption / other terms
	Non-Current*	Current*	Non-Current	Current		
ii) Term loan from financial institution (Secured)						
Loan 1	-	92.94	92.67	375.80	Secured by charge over certain movable and immovable fixed assets, both present and future.	33 quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of 31 March 2020 was 1 installment.
Loan 2	804.26	125.00	926.97	250.00	First paripassu charge on certain movable and immovable fixed assets of the Company (in both units) including the proposed project assets, both present and future.	32 equal quarterly installments commencing after a moratorium of 1 year from the date of Commencement of Commercial Operation (COD). The outstanding term as of 31 March 2020 was 15 installments.
Loan 3	1,392.16	178.57	1,567.75	357.14	First paripassu charge on certain fixed assets (both movable and immovable) of the Company (in both units), both present and future excluding the fixed assets charged on exclusive basis.	28 substantially equal quarterly installments commencing after a moratorium of 2 years from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD). The outstanding term as of 31 March 2020 was 18 installments.
Loan 4	15,110.84	461.54	15,557.50	923.08	First paripassu charge on the entire fixed assets (both movable and immovable properties) of the Company (in both units) both present and future excluding the assets exclusively charged to other lenders.	39 substantially equal quarterly installments commencing after a moratorium of 1 year from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD) which ever is earlier. The outstanding term as of 31 March 2020 was 29 installments.
Loan 5	29,169.29	1,141.88	30,452.08	2,141.03	First paripassu charge on entire movable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date which ever is earlier. The outstanding term as of 31 March 2020 was 34 installments.
Loan 6	6,769.09	184.50	6,953.74	185.01	First paripassu charge on entire movable and immovable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 40 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of 31 March 2020 was 36 installments.
Loan 7	291.39	253.80	-	-	First ranking pledge on the investment made by the Company in Atria Wind Power Limited.	Repayable over a period of 2 years from the commencement of power supply.
Total	**53,537.03**	**2,438.23**	**55,550.71**	**4,232.06**		

The rate of interest on the above term loans is in the range of 10.05% to 18% (Previous year 9.75% to 11.10%).

* As the Company has not met certain bank covenants the Company, subsequent to the year end, has obtained a revised repayment schedule from the bankers on the basis of which loans got classified as current/ non-current. The repayment schedule includes, the loan moratorium availed by the Company which was announced by the Central Government of India, in order to support enterprise to manage its cash flow impact due to the impact of COVID - 19.

Note 15: Provisions **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Provision for gratuity (Refer Note 15.1)	1,573.67	1,465.75
Provision for compensated absences	433.00	399.43
Total	**2,006.67**	**1,865.18**
Current		
Provision for compensated absences	172.57	186.52
Provision for gratuity (Refer Note 15.1)	103.74	24.61
Total	**276.31**	**211.13**

Note 15.1 : Employee benefit

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

Defined benefit plan

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

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

A) Funding

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

The Company expects to pay ₹ 202 lacs in contributions to its defined benefit plans in 2020-21.

B) Reconciliation of net defined benefit liability

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

Reconciliation of present value of defined benefit obligation **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Obligation at the beginning of the year	1,933.45	1,732.66
Interest cost	129.88	125.53
Current service cost	200.74	164.38
Benefits paid	(171.70)	(123.74)
Actuarial (gains)/losses on obligations recognised in other comprehensive income (OCI)		
- Changes in demographic assumptions	0.04	-
- Changes in financial assumptions	(130.27)	59.36
- Experience adjustments	64.16	(24.74)
Obligation at the end of the year	**2,026.30**	**1,933.45**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	442.87	510.62
Interest income on plan assets	28.04	36.99
Contributions	41.06	26.00
Benefits paid	(171.70)	(123.73)
Return on plan assets, excluding interest income recognised in OCI	8.62	(7.01)
Plan assets at the end of the year, at fair value	**348.89**	**442.87**
Net defined benefit liability	**1,677.41**	**1,490.58**

C) i) Expense recognised in the Statement of profit or loss **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	200.74	164.38
Interest cost	129.88	125.53
Interest income	(28.04)	(36.99)
Net gratuity cost	**302.58**	**252.92**

ii) Remeasurement recognised in other comprehensive income **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gain)/ loss on defined benefit obligation	(66.07)	34.62
Return on plan assets, excluding interest income	(8.62)	7.01
Total (gain)/loss recognised in other comprehensive income	**(74.69)**	**41.63**

D) Plan assets **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Insurance fund	348.89	442.87
Total	**348.89**	**442.87**

E) Defined benefit obligation

i) Actuarial assumptions **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	5.45%	6.75%
Future salary growth	0% - 6%	6.00%
Mortality [IALM 06-08]	100.00%	100.00%
Attrition rate	2 - 40%	2 - 40%
Weighted average duration of defined benefit obligation (in years)	6	6
Retirement age (in years)	58	58

Notes:

i) The discount rate is based on the prevailing market yield on high quality corporate bonds as at the balance sheet date for the estimated term of obligations.

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

ii) Sensitivity Analysis

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

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Projected Benefit Obligation on Current Assumptions (Gross)	2,026.30	1,933.45
Impact of change in discount rate by +1%	1,901.72	1,812.91
Impact of change in discount rate by -1%	2,166.65	2,058.66
Impact of change in salary growth rate by +1%	2,167.54	2,058.34
Impact of change in salary growth rate by -1%	1,898.55	1,811.09
Impact of change in attrition rate by +50%	1,982.06	1,885.02
Impact of change in attrition rate by -50%	2,098.26	2,005.46
Impact of change in mortality rate by +10%	2,026.24	1,932.94
Impact of change in mortality rate by -10%	2,026.31	1,924.09

Defined contribution plans:

The Company's contribution to Provident Fund aggregating to ₹ 552.81 lacs (31 March 2019: ₹ 585.83 lacs) and contribution to superannuation fund aggregating to ₹ 11.47 lacs (31 March 2019: ₹ 13.53 lacs) has been recognised in the statement of profit and loss under the head employee benefit expense.

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provident fund	552.81	585.83
Superannuation fund	11.47	13.53

Note 16 : Other liabilities **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Deferred income arising from government grant (refer note 16.1 below)	28,851.08	28,514.59
Total	**28,851.08**	**28,514.59**
Current		
Deferred income arising from government grant (refer note 16.1 below)	1,592.60	1,470.67
Advances received from customers	1,881.64	465.20
Statutory liabilities	323.77	338.67
Total	**3,798.01**	**2,274.54**

Note 16.1 : Deferred income arising from government grant

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

Note 17 : Current borrowings (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured borrowings		
Loans repayable on demand		
From banks (refer note 17.1 and 17.2 below)	36,035.31	34,050.70
Bill discounting (refer note 10.1)	43,804.92	32,310.09
Unsecured borrowings		
Loans repayable on demand		
From banks (refer note 17.1 and 17.2 below)	9,390.00	5,567.12
Total	**89,230.23**	**71,927.91**

Note-17.1: The weighted average effective interest rate (net of subsidy) on the bank loans is 6.72% per annum (5.76% as at 31 March 2019).

Note-17.2: Working capital limits are secured against present and future inventory and trade receivables on pari-passu basis.

Information about the Company's exposure to interest rate, currency and liquidity risk are disclosed in note 34.

Note 18: Trade payables (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables (refer note 18.1 and 35)	31,913.33	30,456.44
Total	**31,913.33**	**30,456.44**

All trade payables are current.

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

Note 18.1 : Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
- Principal*	6,114.20	1,730.43
- Interest	174.95	19.05
The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
- Principal	12,658.97	6,758.19
- Interest	4.40	9.33
The amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified	314.82	50.50
The amount of interest accrued and remaining unpaid at the end of year	489.77	69.55

* Includes principal amount of ₹ 660.38 lacs remaining unpaid to capital creditors as at 31 March 2020.

Note 19 : Other financial liabilities (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Capital creditors*	790.44	-
Total	**790.44**	**-**
Current		
Current maturities of non-current borrowing (refer note 14.1)	11,443.94	12,221.37
Interest accrued but not due on borrowings	1,727.01	547.30
Capital creditors*	6,094.84	7,562.17
Employee related liabilities	1,819.40	2,065.04
Derivative liability	3,868.01	172.04
Dividend payable	81.44	67.60
Total	**25,034.64**	**22,635.52**

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

* includes principal amount of ₹ 660.38 lacs related to Micro, Small and Medium Enterprises

Note 20 : Revenue from operations ₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of goods	145,000.65	160,058.40
Other operating revenues (refer note 20.1 below)	15,075.59	14,467.74
Total revenue from operations	**160,076.24**	**174,526.14**

Note 20.1 : Other operating revenue comprises : (₹ Lacs)

Sale of waste and scrap	3,713.16	3,312.18
Export incentive	11,362.43	11,155.56
Total	**15,075.59**	**14,467.74**

Note 21 : Other income (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Interest income		
Interest from bank deposits	1,179.04	357.59
Interest on inter company deposits	2,517.17	2,033.98
Interest on electricity deposits	49.07	59.09
Interest income earned on financial assets that are not designated at fair value through profit or loss	47.92	43.94
	3,793.20	**2,494.60**
b) Other than interest income		
Foreign exchange gain/(loss)	4,473.60	2,162.57
Profit on disposal of subsidiary	-	955.10
Profit on sale of current investments	193.31	693.76
Income on financial guarantee contracts	186.57	257.55
Gain on current investments carried at fair value through profit or loss	37.11	189.01
Operating lease rental income	6.12	7.78
Miscellaneous income	34.96	15.77
	4,931.67	**4,281.54**
Total	**8,724.87**	**6,776.14**

Note 22: Cost of materials consumed and purchases of stock in trade (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A) Raw material consumed (refer note 22.1 below)	69,001.11	73,041.40
B) Purchase of stock-in-trade	1,377.75	8,672.47
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
- Work in progress	18,201.71	12,037.62
- Finished goods	9,431.53	9,205.70
- Traded goods	576.06	1,024.34
Closing stock		
- Work in progress	19,992.90	18,201.71
- Finished goods	13,874.55	9,431.53
- Traded goods	-	576.06
Net (increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(5,658.15)**	**(5,941.64)**

Note 22.1 : Refer note 30 for details of raw materials consumed and capitalised for trial production.

Note 23 : Employee benefits expense (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	16,534.67	14,877.25
Contribution to provident and other funds	644.97	606.66
Gratuity expenses	294.64	252.92
Expenses related to compensated absence	188.51	189.54
Workmen and staff welfare expenses	2,741.41	1,936.52
Total	**20,404.20**	**17,862.89**

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

Note 24 : Finance cost (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on :		
On financial liability at amortised cost		
Interest on term loan [net of subsidy ₹ 4,573.45 lacs (previous year: ₹ 4,828.45 lacs)] (refer note 24.1 below)	7,975.87	6,092.19
Interest on working capital loans	5,417.53	3,917.74
Interest on payment of income taxes	174.22	220.00
Other borrowing costs	1,091.50	359.01
Exchange differences regarded as an adjustment to borrowing costs	505.60	546.98
Total	**15,164.72**	**11,135.92**

Note 24.1 : Refer note 30 for details of borrowing costs capitalised.

Note 25 : Depreciation and amortisation expense (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property , plant and equipment (refer note 3.1)	10,220.81	9,773.03
Amortization of intangible assets (refer note 3.2)	258.91	214.88
Depreciation on Right of use of asset as per Ind AS 116 (refer note 29)	220.53	-
Less: Amortization of deferred income on government grants (refer note 16.1)	(1,588.28)	(1,443.98)
Total	**9,111.97**	**8,543.93**

Note 26 : Other expenses (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spare parts	1,754.52	1,608.67
Power and fuel	13,542.24	11,803.32
Contract labour charges	6,130.13	5,470.18
Freight outward	4,288.04	4,016.06
Rent	1,075.17	1,222.34
Traveling and conveyance	1,755.05	1,737.06
Advertisement, selling and publicity expense	1,690.31	952.98
Professional and consultancy charges (refer note 26.2 below)	1,377.06	1,184.98
Repairs and maintenance		
i) plant and machinery	542.23	505.20
ii) buildings	108.45	169.40
iii) others	398.65	290.81
Other manufacturing expenses	663.35	486.33
Insurance	630.39	321.07
Expenditure on corporate social responsibility (CSR) (refer note 26.3 below)	545.11	205.72
Job work charges	473.20	1,503.24
Security charges	469.67	484.44
Communication expenses	254.87	225.94
Rates and taxes	138.34	147.52
Printing and stationery	43.29	51.34
Commission on sales	38.98	42.55
Loss on sale of property, plant and equipment, net	22.11	52.11
Loss allowance on financial assets, net	0.54	16.49
Miscellaneous expenses	470.71	520.90
Total	**36,412.41**	**33,018.65**

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

Note 26.2 : Payments to auditors (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
For audit	57.50	65.50
For tax audit matters	3.00	3.00
For other services	4.35	5.50
For reimbursement of expenses	3.17	5.00
Total	**68.02**	**79.00**

Note 26.3 : Corporate Social Responsibility

The Company has spent ₹ 545.11 lacs (2018-19: ₹ 218.58 lacs) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

a) Gross amount required to be spent by the Company during the year: ₹ 589.13 lacs (2018-19: ₹ 501.24 lacs)

b) Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Construction/acquisition of any asset	-	-
ii) For purposes other than (i) above	545.11	218.58
Total	**545.11**	**218.58**

Note 27 : Commitments (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1,459.67	6,220.56

Other commitments :

The company has imported capital goods under the Export Promotion Capital Goods (EPCG) scheme and Advance Authorisation to utilise the benefit of zero or concessional custom duty rate. The benefits are subject to future exports within the stipulated period. Such export obligation at year end aggregate to ₹ 43,682.32 lacs (31 March 2019 : ₹ 54,898.97 lacs).

Note 28 : Contingent liabilities (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Claims against Company not acknowledged as debt		
- Income tax matters (refer note 28.1)	162.11	65.30
- Custom, Service tax and Excise duty related matter (excludes penalties, if any) (refer note 28.1)	746.21	746.21
	908.32	811.51
b) Corporate guarantee given towards credit facilities on behalf of subsidiaries		
- Financial institutions	36,999.90	33,877.38
- Banks	7,423.82	6,927.14
- Others	-	443.07
	44,423.72	41,247.59
Total	**45,332.04**	**42,059.10**

Note 28.1 : The above amounts have been arrived at based on the notice of demand or the assessment orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows including interest and other consequential payments, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. The Company doesn't expect any reimbursements in respect of the above contingent liabilities.

Note 29 : Leases

On transition to Ind AS 116, the Company recognized right-of-use assets, including investment property, and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

Particulars	Amount (in ₹ lakhs)
Right of use assets – property plant and equipment	894.32
Deferred tax asset	112.80
Lease liabilities	(1,217.11)
Retained earnings	209.99

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 9.45% for India premises.

I) Right-of-use assets The details of the right-of-use asset held by the Company is as follows:

Particulars	Buildings
Balance as at 1 April 2019	894.32
Depreciation charge for the year	(220.53)
Additions to right of use asset	-
De-recognition of right of use assets	-
Balance as at 31 March 2020	673.79

The Company has certain buildings on lease with contract terms of less than one year. These leases are classified as short-term. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

Lease liabilities included in statement of financial position as at 31 March 2020

Particulars	Amount as at 31-Mar-20
Current	293.10
Non-current	665.46

II) Amounts recognised in profit or loss

Particulars	For the year ended 31 March 2020
Leases under Ind AS 116	
Interest on lease liabilities	115.02
Expenses relating to short-term leases	1,075.17
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-

Particulars	For the year ended 31 March 2019
Lease expense under Ind AS 17	1,222.34

III) Amounts recognised in statement of cash flows

Particulars	For the year ended 31 March 2020
The Total cash outflow for leases including cash outflow of short term leases and leases of low-value assets	1,448.74

Note 30 : Expenses capitalised

During the year, the company has incurred below costs directly attributable to bringing the property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Details of borrowing costs capitalised		
Borrowing costs capitalised during the year	1,867.87	936.49
Total borrowing cost capitalised	**1,867.87**	**936.49**
b) Details of expenses capitalised		
Raw material and packing material consumed	384.72	1,172.85
Employee benefit expenses	1,275.01	726.93
Other expenses includes trial run cost (net of revenue recognised during trial run period)	2,026.01	507.88
	3,685.74	**2,407.66**
Total	**5,553.61**	**3,344.15**

Note 31 : Segment reporting

The Managing Director and Chief Executive Officer of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Company is structured into a single segment of Home Textiles value chain, and accordingly the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

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

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

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
North America	131,276.99	134,931.45
India and Asia Pacific	6,114.52	20,522.76
Europe, Middle East and Africa	7,592.51	4,581.07
Rest of the world	16.63	23.12
Total	**145,000.65**	**160,058.40**

For trade receivable refer note 34

Revenue from major customers

Customers contributing 10 % or more of Company's revenue (1 customer amounting to ₹ 1,11,156.97 lacs in 2019-20 and 2 customers amounting to ₹ 127,716.40 lacs in 2018-19).

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

Note 32 : Income Taxes

Amount recognised in statement of profit and loss

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax:		
In respect of the current year	3,901.00	7,628.00
	3,901.00	**7,628.00**
Deferred tax		
In respect of the current year	3,280.35	3,736.95
	3,280.35	**3,736.95**
Income tax expense reported in the statement of profit and loss	**7,181.35**	**11,364.95**

Income tax recognised in other comprehensive income

Deferred tax :

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Remeasurements of the defined benefit liabilities / (asset)	23.89	(16.44)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(2,203.10)	1,058.49
Income tax charged to other comprehensive (loss)/ income	**(2,179.21)**	**1,042.05**

Reconciliation of effective tax rate

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before income tax	21,845.47	34,968.66
Enacted income tax rate in India	34.94%	34.94%
Tax using the Company's domestic tax rate	7,633.68	12,219.45
Effects of tax concessions i.e. 80JJAA, 80IA	(1,210.30)	(1,009.15)
Effects of non - deductible expenses for tax purposes	762.09	198.25
Effects due to differential tax rates on capital gains	(4.32)	(43.60)
Total income tax expense recognised in the statement of profit and loss	**7,181.15**	**11,364.95**
Effective tax rate	**32.87%**	**32.50%**

Note 32 : Income Taxes (continued)

Deferred tax

Deferred tax relates to the following:

(₹ Lacs)

Particulars	As at 31 March 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	As at 31 March 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Recognised in Retained earnings during 2019-20	As at 31 March 2020
Deferred tax assets / (liabilities)								
Property, Plant and Equipment (including land)	(14,558.70)	(3,831.07)	-	(18,389.77)	(6,607.41)	-	-	(24,997.42)
Cash flow hedge	(208.23)	-	(1,058.49)	(1,266.72)	-	2,203.10	-	936.38
Investments at fair value through profit or loss	(151.33)	107.73	-	(43.60)	34.95	-	-	(8.65)
Defined benefit obligations	427.66	82.36	16.44	526.46	89.50	(23.89)	-	592.07
Ineffective hedge	-	-	-	-	398.93	-	-	398.93
INDAS 116 Leases	-	-	-	-	(13.28)	-	112.79	99.51
Unpaid employee benefits	397.43	(192.68)	-	204.75	6.86	-	-	211.61
Tax benefits	31.63	133.72	-	165.35	98.34	-	-	263.69
Unadjusted tax losses, including unabsorbed depreciation	878.77	(878.77)	-	-	-	-	-	-
Minimum Alternate Tax Credit	13,925.59	841.76	-	14,767.35	2,711.76	-	-	17,479.11
Deferred tax assets / (liabilities)	**742.82**	**(3,736.95)**	**(1,042.05)**	**(4,036.18)**	**(3,280.35)**	**2,179.21**	**112.79**	**(5,024.77)**

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2020

Note 33 : Earning per share (₹ Lacs except per share data)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit for the year attributable to equity shareholders	14,664.12	23,603.71

Reconciliation of basic and diluted shares used in computing earning per share

Particulars	As at 31 March 2020	As at 31 March 2019
Number of equity shares outstanding at the beginning of the year	98,457,160	98,457,160
Add: Weighted average number of equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	98,457,160	98,457,160

Earning per share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic	14.89	23.97
Diluted	14.89	23.97

34.1 : Categories of financial instruments:

Accounting classification and fair value

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

Fair value hierarchy

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

a) recognised and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

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

(₹ Lacs)

Particulars	Carrying amount 31 March 2020	Fair value		
		Level 1	Level 2	Level 3
Measured at amortised cost				
Cash and cash equivalents	2,855.46	-	-	-
Other bank balances	13,345.32	-	-	-
Trade receivables	49,343.57	-	-	-
Loans	26,464.98	-	-	-
Other financial assets	25,939.37	-	-	-
Measured at FVTOCI				
Other financial assets	46.35	-	46.35	-
Measured at FVTPL				
Current investments	2,921.78	2,276.50	-	645.28
Total	**120,916.83**	**2,276.50**	**46.35**	**645.28**
Financial liabilities:				
Measured at amortised cost				
Borrowings	246,875.22	-	-	-
Trade payables	31,913.33	-	-	-
Other financial liabilities*	9,722.69	-	-	-
Measured at FVTOCI				
Other financial liabilities	3,868.01	-	3,868.01	-
Total	**292,379.25**	**-**	**3,868.01**	**-**

(₹ Lacs)

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

* Current maturities of long term borrowings aggregating ₹ 11,443.94 lacs and ₹ 12,221.38 lacs as at 31 March 2020 and 31 March 2019 respectively, form part of borrowings (current and non-current).

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

Fair value hierarchy

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

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

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

Fair valuation method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Financial assets:

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

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

Financial liabilities:

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

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

Note 34.2 : Financial risk management:

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

Risk management framework

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

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

i) Credit risk:

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits includes an amount of ₹ 14,713.21 lacs held with a bank having high quality credit rating which is individually in excess of 10% or more of the Company's total bank deposits for the year ended 31 March 2020. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 1,20,904.28 lacs and ₹ 121,947.88 lacs as at 31 March 2020, and 31 March 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, current investments ,trade receivables and other financial assets excluding cash in hand and equity investments.

Geographic concentration of credit risk

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Gross %	Net %	Gross %	Net %
North America	91%	91%	96%	96%
India and Asia pacific	6%	6%	1%	1%
Europe, Middle east and Africa	3%	3%	3%	3%

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

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company believes that the working capital and its cash and cash equivalent are sufficient to meet its short and medium term requirements.

Management monitors rolling forecast of the Company's liquidity position and cash and bank balances on the basis of expected cash flows. This is generally carried out by the Management of the Company in accordance with practice and limits set by the Company. In

addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

A) Financing arrangement

The Company maintains the following line of credit:

a) Terms loans taken from banks aggregating to ₹ 101,669.73 lacs (31 March 2019: ₹ 101,597.86 lacs) repayable in various quarterly and yearly instalments with interest rate ranging from 6.10% to 11.79% per annum. Term Loan from financial institutions aggregating to ₹ 55,975.26 lacs (31 March 2019: ₹ 59,782.76 lacs) with interest rate ranging from 10.05% - 18% per annum.

b) Working capital loans from banks carry an effective interest rate of 6.72% per annum., computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Company and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Company.

c) The Company has taken receivable bill discounting facility from banks which are payable within 120 days from date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2020 **(₹ Lacs)**

Particulars	Carrying amount	Contractual cash flows			
		Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	246,875.22	246,875.22	100,674.17	82,154.43	64,046.62
Trade payables	31,913.33	31,913.33	31,913.33	-	-
Lease liabilities	958.56	1,179.20	383.69	795.51	-
Other financial liabilities#	13,590.70	13,590.70	13,590.70	-	-

As at 31 March 2019 **(₹ Lacs)**

Particulars	Carrying amount	Contractual cash flows			
		Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	233,308.53	233,308.53	84,149.28	76,914.40	72,244.85
Trade payables	30,456.44	30,456.44	30,456.44	-	-
Other financial liabilities#	10,414.15	10,414.15	10,414.15	-	-

* Includes current maturities of long term borrowings (refer note 19) and current borrowings (refer note 17)

Excludes current maturities of long term borrowings (refer note 19)

As disclosed in note 14, the Company has secured bank loan that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Except for these financial liabilities, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign currency risk:

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is ₹. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Company decides to exchange its foreign currency. A significant portion of the Company's revenues are in foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses derivative and non-derivative financial instruments, such as foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates.

Note 34.2 : Financial risk management (continued)

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

Currency	As at 31 March 2020			As at 31 March 2019		
	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)
In USD	132.37	97,772.93	3,790.64	150.02	106,471.29	3,604.35
In EURO	2.17	1,803.42	48.07	2.38	2,045.63	141.96
In GBP	2.20	2,076.76	13.37	2.26	2,181.52	83.98
Total		**101,653.11**	**3,852.08**		**110,698.44**	**3,830.28**

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

Currency	As at 31 March 2020			As at 31 March 2019		
	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)	in Foreign Currency in (million)	₹ Lacs	Fair Value (₹ Lacs)
In EURO	1.14	938.59	21.68	1.78	1,493.55	102.71
In JPY	27.40	185.96	8.74	15.55	105.55	6.07
Total		**1,124.55**	**30.42**		**1,599.10**	**108.78**

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
Less than 1 month	12,341.11	8,737.22
1 to 3 months	23,694.34	19,644.79
3 to 6 months	25,374.98	30,795.89
6 to 12 months	40,242.68	51,520.54
Total	**101,653.11**	**110,698.44**

The foreign exchange forward contracts maturity. The table below analyzes the derivative financial instruments buy contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
Less than 1 month	73.35	1,375.10
1 to 3 months	550.26	224.00
3 to 6 months	471.07	-
6 to 12 months	29.87	-
Total	**1,124.55**	**1,599.10**

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (unhedged foreign currency exposure) as reported to management is as follows:

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Amount in foreign currency in lacs	Amount in ₹ Lacs	Amount in foreign currency in lacs	Amount in ₹ Lacs
Cash and cash equivalents	USD	0.19	14.20	0.37	25.70
Trade receivables	USD	606.44	45,792.32	627.25	43,366.27
	EUR	5.67	471.35	9.62	746.61
	GBP	3.08	286.62	4.42	399.35
	AED	-	-	0.18	3.36
Non-current loans	USD	341.00	25,749.21	341.00	23,576.16
	AED	28.96	590.65	4.52	85.17
Other non current assets	USD	0.06	4.82	0.23	15.89
	EUR	0.81	67.08	5.43	421.75
Other Current assets	USD	1.68	126.57	0.33	22.92
	EUR	2.63	218.49	2.09	162.57
	CHF	0.04	3.23	-	-
	JPY	2.97	2.06	-	-
Other financial assets	USD	109.45	8,264.50	74.39	5,143.29
	AED	0.62	12.70	0.57	10.76
Borrowings	USD	333.81	25,205.62	333.11	23,030.70
Trade payables	USD	30.29	2,287.28	59.63	4,122.41
	EUR	1.46	121.45	0.74	57.46
	GBP	0.03	3.05	0.03	2.69
Other Current liabilities	USD	27.61	2,084.48	2.40	165.90
	EUR	0.37	31.14	0.08	5.98
	GBP	0.01	0.65	-	-
	AED	0.01	0.15	-	-
Other financial liabilities	USD	0.09	6.67	0.90	62.54
	EUR	17.99	1,496.13	2.88	223.58
	JPY	-	-	137.10	85.59

The following exchange rates have been applied

Currency	Year end spot rate	
	31 March 2020	31 March 2019
USD/INR	75.51	69.14
EUR/INR	83.18	77.62
GBP/INR	93.09	90.33
AED/INR	20.40	18.82
CHF/INR	77.33	73.82
JPY/INR	0.70	0.62

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP against ₹ at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (1% movement)	503.68	(503.68)	329.94	(329.94)
EURO (1% movement)	(8.92)	8.92	(5.84)	5.84
GBP (1% movement)	2.83	(2.83)	1.85	(1.85)
AED (1% movement)	6.03	(6.03)	3.95	(3.95)
CHF (1% movement)	0.03	(0.03)	0.02	(0.02)
JPY (1% movement)	0.02	(0.02)	0.01	(0.01)
31 March 2019				
USD (1% movement)	447.69	(447.69)	293.26	(293.26)
EURO (1% movement)	10.44	(10.44)	6.84	(6.84)
GBP (1% movement)	3.97	(3.97)	2.60	(2.60)
AED (1% movement)	0.99	(0.99)	0.65	(0.65)
JPY (1% movement)	(0.86)	0.86	(0.56)	0.56

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Company's investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Company's borrowings comprises of term loan, working capital loan and bill discounting which carries variable rate of interest, which expose it to interest rate risk.

a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings*	246,875.22	233,308.53
Total	**246,875.22**	**233,308.53**

* represents long term borrowings including its current maturities and short term borrowings.

b) Sensitivity

Particulars	Profit and loss		Equity, net of tax	
	25 basis points Increase	25 basis points Decrease	25 basis points Increase	25 basis points Decrease
31 March 2020			-	-
Variable rate borrowings	600.23	(600.23)	390.49	(390.49)
31 March 2019				
Variable rate borrowings	527.41	(527.41)	343.11	(343.11)

Note 34.3 : Capital management

The Company's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to uphold investor, creditor and market confidence and to sustain future development and growth of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Company's capital management, adjusted net debt is defined as aggregate on non-current borrowing, current borrowing current maturities of long-term borrowings and lease liabilities less cash and cash equivalents, deposits and current investments and total equity includes issued capital and all other equity reserves.

The Company's adjusted net debt equity ratio were as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (current and non-current)	246,875.22	233,308.53
Less: cash and cash equivalents including deposits and current investments	(20,571.92)	(35,064.53)
Adjusted net debt	**226,303.30**	**198,244.00**
Total equity	148,952.12	144,496.26
Net debt to equity ratio	**1.52**	**1.37**

The Company has also evaluated the impact of the COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same.

Note 35 : Related party disclosures

Note 35.1: Name of related parties and description of relationship

Description of relationship	Names of the related parties
Subsidiaries (including step subsidiaries)	Himatsingka Wovens Private Limited
	Himatsingka Holdings North America, Inc.
	Himatsingka America, Inc.
	Himatsingka Europe Limited*
	Giuseppe Bellora S.r.l. (Merged entity with Himatsingka America, Inc. in the previous year)*
	Twill & Oxford LLC

* During the previous year, HSL had reorganized its entities outside India to consolidate distribution operation across North America and the European region (EU operations) with a brand portfolio and to achieve segregation between distribution and manufacturing segments. As a result of the reorganization, the Company had entered into a Share Purchase Agreement ("SPA") dated 17 March 2019 with Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary, and sold 100% stake in Himatsingka Europe Limited, another wholly owned subsidiary of the Company. Further, Giuseppe Bellora Srl, Italy a 100%, a wholly owned subsidiary of Himatsingka Europe Limited, after shifting its seat of incorporation from Italy to USA, merged with Himatsingka Americ Inc, USA. Himatsingka Americ Inc, USA, is a wholly owned subsidiary of Himatsingka Holdings NA Inc., USA. The Company has filed for liquidation of Himatsingka Europe Limited and awaiting approval.

Description of relationship	Names of the related parties
Associate	Himatsingka Energy Private Limited (cease to be an Associate Company w.e.f. 9 September 2019)
Key management personnel	D.K. Himatsingka - Executive Chairman
	Shrikant Himatsingka - Managing Director & CEO
	V.Vasudevan - Executive Director
	K.P.Rangaraj - Chief Financial Officer
	Ashok Sharma - Company secretary
	Non-executive directors
	Sangeeta Kulkarni - Independent Director
	Rajiv Khaitan - Independent Director
	Dr. K.R.S Murthy - Independent Director (Retired w.e.f 10 February 2020)
	Pradeep Bhargava-Independent Director
	Raja Venkataraman - Independent Director (Appointed w.e.f. 8 November 2019)
	Manjiri Bhalerao - Nominee Director (Appointed w.e.f. 28 November 2019)
Transaction with entities over which key management personnel or relatives of such personnel are able to exercise significant influence	Bihar Mercantile Union Limited
	Khaitan & Co LLP
	Jacaranda Design LLC
	Orient Silk Private Limited

Note 35.2 : Related party transactions during the year **(₹ Lacs)**

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products to	Himatsingka Holdings North America, Inc.	4,124.85	25,076.94
	Himatsingka America, Inc.	111,156.97	102,639.47
	Giuseppe Bellora S.r.l.	-	424.06
	Twill & Oxford LLC	365.70	251.93
Interest income from	Himatsingka Holdings North America, Inc.	2,491.40	2,026.65
	Twill & Oxford LLC	25.77	7.33
Rental expenses paid to	Himatsingka Wovens Private Limited	75.00	75.00
Expense incurred on behalf of	Himatsingka Holdings North America, Inc.	96.66	144.12
	Himatsingka America, Inc.	26.60	-
Reimbursement of expenses to	Himatsingka America, Inc.	268.25	102.55
	Himatsingka Europe Limited	-	10.36
	Giuseppe Bellora S.r.l.	-	101.47
Marketing commission paid to	Himatsingka Europe Limited		663.52
	Himatsingka America, Inc.	625.72	-
Professional fees paid to	Jacaranda Design LLC	155.60	138.68
	Khaitan & Co LLP	106.55	3.29
Purchase of freehold land from	Orient Silk Private Limited	381.58	-
	Bihar Mercantile Union Limited	2,675.24	
Inter corporate loans given to	Twill & Oxford LLC	496.44	-
Inter corporate loans repaid by	Twill & Oxford LLC	28.29	
Investment made in	Himatsingka Europe Limited	-	627.06
	Himatsingka Holdings North America, Inc.	7,379.37	24,953.02
Sale of investment to	Himatsingka Europe Limited	-	8,048.70
	Himatsingka Energy Private Limited	0.26	-
Guarantees given on behalf of subsidiaries	Himatsingka America, Inc.	-	22,137.39
Remuneration paid to	D.K.Himatsingka	196.85	194.42
	Shrikant Himatsingka	209.46	191.34
	V. Vasudevan	136.03	156.94
	K.P. Rangraj	213.31	176.31
	Ashok Sharma	118.76	101.33
Dividend paid to	D.K. Himatsingka	598.40	299.20
	Shrikant Himatsingka	424.05	212.02
Commission paid to	D.K. Himatsingka	650.00	650.00
	Shrikant Himatsingka	637.39	650.00
	V. Vasudevan	43.77	57.04
	Rajiv Khaitan (Paid to Khaitan & Co LLP)	20.00	20.00
	Dr. K R S Murthy	-	18.00
	Pradeep Bhargava	18.00	9.00
	Sangeeta Kulkarni	18.00	18.00
	Raja Venkataraman	9.00	-
	Manjiri Bhalerao (Paid to Export-Import Bank of India)	5.00	-
Sitting fees paid to	Rajiv Khaitan (Paid to Khaitan & Co LLP)	8.00	3.10
	Dr. K R S Murthy	8.50	3.20
	Pradeep Bhargava	8.00	0.60
	Sangeeta Kulkarni	5.00	2.40
	Raja Venkataraman	0.50	-
	Manjiri Bhalerao (Paid to Export-Import Bank of India)	0.50	-

Note 35.3 : Balance receivable from and payable to related parties as at the balance sheet date: **(₹ Lacs)**

Particulars		As at 31 March 2020	As at 31 March 2019
Trade receivables	Himatsingka Holdings North America, Inc.	-	1,865.55
	Himatsingka America, Inc.	40,412.58	36,952.86
	Twill & Oxford LLC	165.23	477.68
Advances	Himatsingka America, Inc.	-	154.83
	Himatsingka Holdings North America, Inc.	-	-
	Twill & Oxford LLC	-	2.78
Other receivables	Himatsingka Holdings North America, Inc.	-	157.96
	Himatsingka America, Inc.	-	109.17
Other payables	Jacaranda Design LLC	12.00	-
	Khaitan & Co LLP	2.00	-
Inter corporate loans receivable	Himatsingka Holdings North America, Inc.	25,749.22	23,576.16
	Twill & Oxford LLC	590.65	85.17
Interest receivable	Himatsingka Holdings North America, Inc.	8,264.50	5,143.29
	Twill & Oxford LLC	12.70	10.76
Trade payables	Himatsingka America, Inc.	-	600.15
	Twill & Oxford LLC	2.33	2.49
	Himatsingka Wovens Private Limited	269.65	75.00
Advance from customer	Himatsingka America, Inc.	-	1.30
	Himatsingka Holdings North America, Inc.	1,047.39	-
Corporate guarantee	Himatsingka Holdings North America, Inc.	20,387.70	18,667.13
	Himatsingka America, Inc.	24,036.02	22,580.46

Note 35.4 : Compensation of key management personnel* **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and compensation	874.40	820.34
Commission	1,331.16	1,357.04
	2,205.56	2,177.38

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

Terms and conditions

All transactions with these related parties are at arm's length basis and none of the balances are secured.

Note 36 : Details of non-current investments purchased and sold during the year under Section 186(4) of the Act:

Investments in equity instruments

a) Subsidiaries	Face value per unit	As at 1 April 2019	Purchased during the year#	Sold during the year#	Adjustment on account of corporate guarantee	As at 31 March 2020
Himatsingka Wovens Private Limited	₹ 100	1,683.98	-	-	-	1,683.98
		(1,750,000)*				**(1,750,000)***
Himatsingka Holdings North America, Inc.	USD 10,000	46,632.82	7,379.37	-	186.56	54,198.75
		(8,290)*				**(9,269)***
Twill & Oxford LLC	AED 100	37.35	-	-	-	37.35
		(1,470)*				**(1,470)***
Himatsingka Energy Private Limited	₹ 10	0.26		0.26	-	-
		(2,600)*	**-**	**(2,600)***		**(2,600)***

* The amounts in parenthesis represents number of shares

a) Subsidiaries	Face value per unit	As at 1 April 2018	Purchased during the year#	Sold during the year#	Adjustment on account of corporate guarantee	As at 31 March 2019
Himatsingka Wovens Private Limited	₹ 100	1,683.98	-	-	-	1,683.98
		(1,750,000)*				**(1,750,000)***
Himatsingka Holdings North America, Inc.	USD 10,000	21,345.72	24,953.02	-	334.08	46,632.82
		(4,742)*	**(3,548)***			**(8,290)***
Twill & Oxford LLC	AED 100	37.35	-	-	-	37.35
		(1,470)*				**(1,470)***
Himatsingka Europe Limited	EURO 1,000	7,498.17	627.06	8,048.70	(76.53)	(0.00)
		(10,705)*		**(10,705)***		**-**
	GBP 1	0.00	-	0.00	-	-
		(1)*		**(1)***		**-**
Himatsingka Energy Private Limited	₹ 10	0.26	-	-	-	0.26
		(2,600)*				**(2,600)***

* The amounts in parenthesis represents number of shares

Refer note 35

Note 37: Details of loans given during the year under Section 186(4) of the Act

Name of borrower	Rate of Interest	Nature of relationship	As at 1 April 2019	Given during the year#	Repayment during the year #	Forex restatement	As at 31 March 2020
Unsecured							
Himatsingka Holdings North America, Inc.	8.50%	Subsidiary	23,576.16	-	-	2,173.06	25,749.22
Twill & Oxford LLC	8.50%	Subsidiary	85.17	496.44	28.29	37.33	590.65

Name of borrower	Rate of Interest	Nature of relationship	As at 1 April 2018	Given during the year	Repayment during the year	Forex restatement	As at 31 March 2019
Unsecured							
Himatsingka Holdings North America, Inc.	8.50%	Subsidiary	22,165.26	-	-	1,410.90	23,576.16
Twill & Oxford LLC	8.50%	Subsidiary	80.07	-	-	5.10	85.17

The loans have been given to these subsidiaries in the normal course of business for their operations.

Refer note 35

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2020

Note 38: Scheme of arrangement

During the previous year ended 31 March 2019, the Company had entered into the Scheme of arrangement (""the Scheme"") with the Himatsingka Wovens Private Limited (""HWPL""), a wholly owned subsidiary of the Company. The Scheme involved the transfer of retail business of HWPL to the Company. The Scheme became effective on 29 March 2019 with the appointed date of 30 March 2018, the date on which Company had filed the approved Scheme with Registrar of Companies (""ROC"").

Accounting treatment:

In accordance with requirements of the Scheme, the above mentioned de-merger had been accounted under the 'Pooling of Interests Method"" as per Appendix C to Ind AS 103 on Business Combination of entities under common control in the previous year. As per the guidance under Appendix C to Ind AS 103 the financial statements in respect of prior periods are restated where applicable as if the merger had occurred from the beginning of the preceding previous period irrespective of the actual date of the combination. Accordingly, the results of the retail business of HWPL got merged with effect from 1 April 2017. The said business combination does not have any impact on the consolidated financial results of the Company.

Note 39 : Exceptional items

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Hedge Ineffectiveness (Refer note 39.1 below)	(1,141.63)	-

Note 39.1: Hedge ineffectiveness of ₹ 1,141.63 lacs as the forecasted sales are not expected to occur due to the lockdown restrictions imposed on account of Covid-19 outbreak.

Note 40 : There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

Note 41 : Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 42 : Events after reporting period

On 4 July 2020, the Board of Directors recommended a final dividend of ₹ 0.50 per equity share (total dividend of ₹ 492.29 lacs (excluding dividend distribution tax) be paid to the shareholders for financial year 2019-2020, which need to be approved by shareholders at the Annual General Meeting.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date : 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date : 4 July 2020

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Independent Auditors' Report

To the members of Himatsingka Seide Limited

Report on the Audit of Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Himatsingka Seide Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, andNotes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statement of a subsidiary as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*** section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

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

REVENUE RECOGNITION

See note 2.5 and 22 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods in the ordinary course is measured at the fair value of the consideration received or receivable when the goods are delivered and title has passed to the buyer. Revenue from sale of goods is recognized at the point in time when control is transferred to customer. We identified revenue recognition as a key audit matter because the Company Group and its external stakeholders focus on revenue as a key performance indicator. This could result in a risk of revenues being overstated or recognised before control has been transferred.	In view of the significance of the matter we applied the following audit procedures in this area, amongst others, to obtain audit evidence: 1 We evaluated the revenue recognition accounting policies by comparing it with applicable accounting standards. 2 We tested the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on samples selected on random basis. 3 We performed substantive testing for the revenue transactions using statistical sampling and tested the supporting documents. 4 We carried out analytical procedures on revenue recognised during the year to identify unusual variances, if any and obtained explanations from management 5 We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine that the period in which the revenue has been recognized is appropriate. 6 We tested specific manual journal entries posted to revenue to identify unusual items.

IMPAIRMENT OF GOODWILL

See note 2.3, 2.14 and 4 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Goodwill is a significant item on the balance sheet and the Group performs impairment testing for goodwill annually. In performing such impairment assessments, the Group compared the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill had been allocated with their respective 'value in use'. The computation is based on discounted cash flow method, to determine any impairment loss. The discounted cash flow method involves estimating future cash flows, growth rates and discount rates which require significant judgement of the Group including the impact arising out of Covid 19 and therefore considered as a key audit matter.	Our audit procedures on testing for goodwill impairment includes the following: 1 We tested the design and operating effectiveness of the relevant key controls of the processes and internal controls relating to impairment of non-financial assets including goodwill; 2 We evaluated the Group's identification of CGU's, the carrying value of each CGU and the methodology followed by the Group for impairment assessment in compliance with the prevailing accounting standards; 3 We evaluated the key assumptions used in computing recoverable amount of each CGU, such as, growth rates, profitability, discount rates, etc, with reference to our understanding of the business and historical trends; 4 Engaged our valuation specialists to evaluate the methodology used to compute the recoverable amount of the CGU and the key underlying assumptions; 5 We performed a sensitivity analysis towards the key assumptions used by the Group, including the impact of Covid 19, to determine that the level of impairment charge, if any is adequate. 6 We evaluated the disclosure in the financial statements and assessed the completeness and mathematical accuracy.

RECOGNITION FOR GOVERNMENT GRANTS AND ASSESSMENT OF RECOVERABILITY

See note 2.9, 7 and 9 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group is eligible for government grants under various schemes issued by the State and the Central government. Each of these schemes requires fulfilment of conditions by the Group to be eligible to receive grant. The Group also needs to assess the recoverability of these grants at each balance sheet. Recognition of grants (including its classification as capital or revenue grant) require a suitable assurance by the Group towards compliance with the conditions specified in the relevant schemes and that the grants will be received. The assessment of fulfilment of relevant conditions specified in the grant at the time of recognition involves significant judgement and assumptions of the groupGroup. Further, the Group needs to assess at each balance sheet date the recoverability of the grant. We have identified recognition of grant and its recoverability as a key audit matters because of the complexities in establishing the compliance with the eligibility conditions of the grant and judgement involved towards the assessment of its recoverability.	1 In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient audit evidence: 2 We evaluated the government grant accounting policies by comparing with the applicable accounting standards. 3 We tested the design of key controls and operating effectiveness of relevant key controls with respect to recognition of grant (including its classification as capital and revenue grant) and assessment of recoverability of government grants. 4 We performed substantive testing, on a sample basis, towards recognition of grants in accordance with the relevant schemes, its classification as revenue or capital grant and verified the supporting documents. 5 We evaluated the Company's Group assessment of recoverability of respective grants based on ageing analysis and impact of Covid 19 if any.

INVENTORY

See note 2.15 and 10 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The inventories held by the group Group comprises bed linens products, upholstery fabrics, drapery fabrics, related work in progress and raw-materials. The Group group inventories are sold predominantly in the US markets and because of COVID – 19 there is a significant risk on the valuation of inventory. Considering the above, we concluded valuation of inventories as a key audit matter for our audit of consolidated financial statements.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain audit evidence: 1 We evaluated the inventory accounting policies by comparing it with the applicable accounting standards. 2 We tested the design and implementation of controls and operating effectiveness of the relevant key controls regarding the physical verification and valuation of inventory includin its determination of net realizable value and provision for obsolescence. 3 We attended physical verification of inventory conducted by the Company Group and performed roll-back procedures as at the year end, where applicable. Due to Covid-19, in certain location we engaged an independent professional firms to conduct physical verification of inventory. 4 We tested, on a statistical sample basis, the valuation of inventories as at the year end, evaluated net realizable value and the Company's Group assessment of provision for obsolete and slow moving inventories held as at the balance sheet date. 5 We tested the adequacy of the disclosures in the financial statements, relating to the inventories.

CAPITAL WORK-IN-PROGRESS / PROPERTY PLANT & EQUIPMENT (PPE)

See note 2.12 and 3.1 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
During the year, the CompanyGroup, as a part of its PPE expansion has capitalized its Terry unit and has started commercial production effective 3 October 2019. The Terry unit is required to be capitalized and depreciated over its useful life once it is ready for use as intended by the CompanyGroup. Inappropriate Inaccurate timing of capitalization of the Terry unit and/or inappropriate classification of categories of items of PPE and/or incorrect determination of the useful life of the assets could result in misstatement of PPE with a consequent impact on depreciation charge and results for the year. Considering the significance of capital expenditure incurred during the year and the risk associated, we concluded it as a key audit matter for our audit of standalone consolidated financial statements.	In view of the significance of the matter we applied the following audit procedures in this area, amongst other procedures, to obtain audit evidence: 1 We evaluated the design of key controls and operating effectiveness of relevant key controls with respect to the timing of the capitalization and recording of recording additions to items of various categories of PPE. 2 We performed substantive testing towards the capitalization of Terry unit by using statistical sampling and tested the supporting documents to determine that the expenditure incurred are of capital nature and have been appropriately classified under respective block of assets. 3 We tested approvals by designated management personnel for capitalization of Terry unit and also obtained variance, if any with the budgets. 4 We obtained the technical assessment of the useful life of Terry plant by the Company's Group external expert for the determination of the useful life of the assets.

GOING CONCERN

See note 1.4 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Group had net current liabilities of ₹ 3,382.98 lakhs and total borrowings of ₹ 281,443.35 lakhs. Note 361.4 to the consolidated financial statements explains how the management and directors of the Company Holding Company have formed a judgement that the going concern basis is appropriate in preparing the consolidated financial statements of the Group including the impact of Covid 19. The management and directors of the Group evaluated the Group's ability to continue as a going concern based upon an assessment of the Group's cash position, cash flow forecasts, and availability of financing facilities. This required significant management judgement, particularly in forecasting the Group's future revenue, Earnings before Interest, Taxes, Depreciation, and Amortization ('EBITDA') and in assessing the Group's ability to renew/obtain banking facilities and therefore considered as a key audit matter..	Our audit procedures to assess appropriateness of going concern assumption included the following: 1 Understanding the business planning process and testing the design, implementation and operating effectiveness of management's key internal controls over the assessment of the Group's ability to continue as a going concern, including the preparation of cash flow forecasts; 2 Evaluateding the key assumptions in the cash flow forecasts (including future revenues and EBITDA) and performing sensitivity analysis with reference to our knowledge of the business, historical information, impact of Covid 19, current performance, and production plans, and market and other external available information and discussed with designated management personnel; 3 Considereding the reliability of cash flow forecasts made by management in prior years by comparing them with the current year's results 4 Assesseding the availability of banking and other financing facilities and arrangements by inspecting underlying documentation, past trend, and assesseding the impact of any covenants and other restrictive terms therein.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in

our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹ 141 lakhs as at 31 March 2020, total revenues of ₹ 589 lakhs and net cash inflows amounting to ₹ 20 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements/ financial information of the subsidiary incorporated outside India has been prepared in accordance with accounting principles generally accepted in its that country and which has been audited by other auditor under generally accepted auditing standards applicable in its country whose report has been furnished to us by the Management.

The Holding Company's Management has converted the financial statements/financial information of the subsidiary incorporated outside India from accounting principles generally accepted in its that country to accounting principles generally accepted in India. We have audited these conversion adjustments, if any made by the Holding Company's Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit report of the other auditor and the conversion adjustments, if any prepared by the Management of the Holding Company's and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A) As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary as were audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of a subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaryies as noted in the 'Other Matters' paragraph:

i) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020. There are no amounts which are required to be transferred to the Investment Education and

Protection Funds by its subsidiary company incorporated in India during the year ended 31 March 2020.There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020.

iv) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consoliatedconsolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

C) With respect to the matter to be included in the Auditor's report under Section 197(16):

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 20205385AAAAAZ2451

Place: Bengaluru
Date: 4 July 2020

Annexure-A to the Independent Auditors' Report on the Consolidated Financial Statements of Himatsingka Seide Limited for the period ended 31 March, 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

OPINION

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Himatsingka Seide Limited (hereinafter referred to as "the Holding Company") and such companyies incorporated in India under the Companies Act, 2013 which are is a its subsidiary company, as of that date.

In our opinion, the Holding Company and such companyies incorporated in India which are itsis a subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Supreet Sachdev
Partner
Membership number: 205385
UDIN: 20205385AAAAAZ2451

Place: Bengaluru
Date: 4 July 2020

Consolidated Balance Sheet

Himatsingka Seide Limited | As at 31 March, 2020

(₹ Lacs)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	242,539.41	182,989.00
Capital work-in-progress		17,267.01	63,395.00
Investment property	3.2	-	836.04
Goodwill	4	48,195.40	44,243.01
Other intangible assets	3.3	11,101.97	10,092.12
Right of use assets	31	13,824.81	-
Financial assets			
a) Investments	5A	21.21	670.01
b) Loans	6	64.12	90.90
c) Other financial assets	7	3,066.52	1,617.09
Deferred tax assets, (net)	8.2	1,694.06	1,977.00
Income tax assets, (net)	8.1	1,045.14	1,045.14
Other assets	9	9,362.74	12,216.69
Total non-current assets		**348,182.39**	**319,172.00**
Current assets			
Inventories	10	108,746.56	117,596.57
Financial assets			
a) Investments	5B	2,921.78	11,672.20
b) Trade receivables	11	11,758.17	16,628.49
c) Cash and cash equivalents	12	4,708.15	16,709.84
d) Bank balances other than cash and cash equivalents above	12	13,345.32	8,407.60
e) Loans	6	91.02	76.90
f) Other financial assets	7	15,329.55	11,538.99
Other assets	9	14,324.79	14,687.35
Assets held for sale	13	7,771.48	4,000.67
Total current assets		**178,996.82**	**201,318.61**
Total assets		**527,179.21**	**520,490.61**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	4,922.86	4,922.86
Other equity	15	131,077.91	137,182.89
Total equity		**136,000.77**	**142,105.75**
Liabilities			
Non-current liabilities			
Financial liabilities			
a) Non-current borrowings	16	158,974.29	167,774.52
b) Lease liabilities	31	13,626.79	-
c) Other financial liability	21	790.44	-
Non-current provisions	17	2,027.92	1,962.39
Deferred tax liabilities, (net)	8.2	4,527.98	3,740.01
Other non-current liabilities	18	28,851.07	28,515.00
Total non-current liabilities		**208,798.49**	**201,991.92**
Current liabilities			
Financial liabilities			
a) Current borrowings	19	103,254.65	97,834.96
b) Lease liabilities	31	1,204.97	-
c) Trade payables			
i) total outstanding dues of micro enterprises and small enterprises; and	20	5,453.82	1,730.43
ii) total outstanding dues of creditors other than micro enterprises and small enterprises.	20	31,718.60	42,512.87
d) Other current financial liabilities	21	33,489.30	23,784.17
Other current liabilities	18	3,825.68	5,345.93
Current provisions	17	280.45	248.74
Current tax liabilities, (net)	8.1	3,152.48	4,935.84
Total current liabilities		**182,379.95**	**176,392.94**
Total liabilities		**391,178.44**	**378,384.86**
Total equity and liabilities		**527,179.21**	**520,490.61**
Significant accounting policies	2		

See accompanying Notes to the consolidated financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K.P. Rangaraj
Chief Financial Officer

Ashok Sharma
Company Secretary
Membership number: A16089

Place: Bengaluru
Date: 4 July 2020

Place: Bengaluru
Date: 4 July 2020

Consolidated Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March, 2020

(₹ Lacs)

	Note	31 March 2020	31 March 2019
Income			
Revenue from operations	22	235,792.91	261,764.91
Other income	23	6,172.30	3,661.37
Total income		**241,965.21**	**265,426.28**
Expenses			
Cost of raw materials and packing materials consumed	24	68,996.20	79,001.26
Purchases of stock-in-trade	24	42,174.88	68,539.59
Changes in stock of finished goods, work-in-progress and stock-in-trade	24	2,008.95	(18,578.00)
Employee benefit expense	25	28,012.13	25,685.85
Finance costs	26	19,471.96	16,312.49
Depreciation and amortisation expense	27	12,621.37	10,876.82
Other expenses	28	52,841.82	52,784.48
Total expenses		**226,127.31**	**234,622.49**
Profit before exceptional items and tax		**15,837.90**	**30,803.79**
Less: Exceptional item	40	7,320.55	-
Profit before tax		**8,517.35**	**30,803.79**
Current tax	34	3,929.13	7,654.40
Deferred tax	34	3,263.00	3,465.89
Income tax expense		**7,192.13**	**11,120.29**
Profit for the year		**1,325.22**	**19,683.50**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)		64.05	(41.63)
Income tax relating to items that will not be reclassified to profit or loss		(23.89)	16.45
B) Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		3,369.51	743.17
Net change in fair value of hedging instruments in a cash flow hedge		(6,304.51)	2,975.87
Income tax relating to items that may be reclassified to profit or loss		2,203.10	(1,058.37)
Other comprehensive (loss)/ income for the year, net of income tax		**(691.73)**	**2,635.49**
Total comprehensive income for the year		**633.49**	**22,318.99**
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	35	**1.35**	**19.99**
Significant accounting policies	2		

See accompanying Notes to the consolidated financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K.P. Rangaraj
Chief Financial Officer

Ashok Sharma
Company Secretary
Membership number: A16089

Place: Bengaluru
Date: 4 July 2020

Place: Bengaluru
Date: 4 July 2020

Consolidated Statement of changes in equity for the year ended 31 March 2020

Particulars	₹ Lacs
A) Equity share capital	
Balance as at 1 April 2018	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2019	4,922.86
Balance as at April 01, 2019	4,922.86
Changes in equity share capital during the year	-
Balance as at 31 March 2020	4,922.86

B) Other equity (₹ Lacs)

Particulars	Note	Reserves and surplus (Refer Note 15)				Other comprehensive income			"Total Other equity"
		Capital reserve on consolidation	Capital reserve	Securities premium reserve	General reserve	Legal reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve	Remeasurement of net defined benefit liability or asset	
Balance as at 1 April 2018		66.74	620.88	27,675.71	17,270.17	8.50	69,816.87	440.79	2,138.30	(207.55)	117,830.41
Profit for the year		-	-	-	-	-	19,683.50	-	-	-	19,683.50
Other comprehensive income for the year, net of income tax		-	-	-	-	-	-	1,917.51	743.17	(25.18)	2,635.49
Payment of dividends, including dividend distribution tax		-	-	-	-	-	(2,967.38)	-	-	-	(2,967.38)
Foreign exchange differences		-	-	-	-	0.87	-	-	-	-	0.87
Balance as at 31 March 2019		**66.74**	**620.88**	**27,675.71**	**17,270.17**	**9.37**	**86,532.99**	**2,358.30**	**2,881.47**	**(232.73)**	**137,182.89**
Balance as at 1 April 2019		**66.74**	**620.88**	**27,675.71**	**17,270.17**	**9.37**	**86,532.99**	**2,358.30**	**2,881.47**	**(232.73)**	**137,182.89**
Profit for the year		-	-	-	-	-	1,325.22	-	-	-	1,325.22
Ind AS 116-Transition adjustment (refer note 31)		-	-	-	-	-	(801.34)	-	-	-	(801.34)
Other comprehensive income for the year, net of income tax		-	-	-	-	-	-	(4,101.41)	3,369.51	40.16	(691.73)
Payment of dividends, including dividend distribution tax		-	-	-	-	-	(5,936.87)	-	-	-	(5,936.87)
Foreign exchange differences		-	-	-	-	(0.26)	-	-	-	-	(0.26)
Balance as at 31 March 2020		**66.74**	**620.88**	**27,675.71**	**17,270.17**	**9.11**	**81,120.00**	**(1,743.11)**	**6,250.98**	**(192.57)**	**131,077.91**
Significant accounting policies	2										

See accompanying Notes to the consolidated financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K. P. Rangaraj
Chief Financial Officer

Ashok Sharma
Company Secretary
Membership number: A16089

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2020 (₹ Lacs)

	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit for the year	1,325.22	19,683.50
Adjustments:		
Finance costs	18,966.35	15,765.51
Interest income	(1,289.70)	(460.62)
Net gain on sale of investments	(193.31)	(687.39)
Gain on current investments carried at fair value through profit or loss	(37.11)	(189.01)
Provision for diminution in value of investment	665.50	-
Net loss/(gain) on disposal of property, plant and equipment	17.75	43.26
Loss allowance on financial assets, net	1.40	16.49
Amortization of deposits	48.49	43.18
Depreciation and amortisation expense	12,621.37	10,876.82
Ineffective portion of hedging instrument	1,141.63	(146.48)
Net foreign exchange loss on non operating activities	(603.47)	(190.43)
Rental income from operating lease	(145.39)	(140.73)
Income tax expense	7,192.13	11,120.29
Operating cash flows before working capital changes	**39,710.86**	**55,734.39**
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	8,829.35	(5,891.45)
Decrease/(Increase) in inventories	15,054.53	(14,959.78)
(Increase)/Decrease in other assets	3,969.84	15,209.05
(Decrease)/Increase in trade and other payables	(15,226.14)	5,709.16
Increase in provisions	183.22	324.64
(Decrease) in other liabilities	(3,309.15)	(1,846.74)
Cash generated from operations	49,212.51	54,279.27
Income taxes paid, net of refund	(5,957.66)	(6,431.99)
Net cash generated from operating activities (A)	**43,254.85**	**47,847.28**
Cash flows from investing activities		
Purchase of current investments	(13,820.49)	(30,459.75)
Proceeds of sale of current investments	22,801.37	31,563.44
Interest received	914.18	326.76
Acquisition of property, plant and equipment and intangible assets	(23,971.29)	(70,368.49)
Proceeds from sale of property, plant and equipment	7.37	2.40
Income from investment property	145.39	140.78
Investment in fixed deposits	(37,099.88)	(13,396.02)
Proceeds from fixed deposits maturity	30,719.51	7,928.26
Net cash used in investing activities (B)	**(20,303.85)**	**(74,262.62)**
Cash flows from financing activities		
Proceeds from short term borrowings, net	3,923.49	1,802.61
Proceeds from long term borrowings	4,431.15	57,259.21
Repayment of long term borrowings	(11,379.55)	(8,603.87)
Dividends paid on equity shares (including dividend distribution tax of ₹ 1,014 lacs)	(5,950.71)	(2,967.38)
Payment of lease liabilities	(1,545.19)	-
Proceeds from government subsidy	153.80	6,425.78
Interest paid	(24,398.50)	(21,747.60)
Net cash (used in) / generated from financing activities (C)	**(34,765.51)**	**32,168.75**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(11,814.51)**	**5,753.41**

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2020

(₹ Lacs)

		31 March 2020	31 March 2019
Cash and cash equivalents at the beginning of the year		16,709.84	10,988.28
Effects of exchange rate changes on cash and cash equivalents		(187.18)	(31.85)
Cash and cash equivalents at the end of the year		**4,708.15**	**16,709.84**
Components of cash and cash equivalents (refer note 12)			
Cash and cash equivalents			
Cash in hand		12.62	29.03
Balance with banks			
– in current accounts		4,695.53	13,180.81
– in deposit accounts (with original maturity of less than 3 months)		-	3,500.00
Cash and cash equivalents in balance sheet		**4,708.15**	**16,709.84**
Significant accounting policies	2		

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

	Opening balance 01 April 2019	Cash flows	Non-cash movement	Closing balance 31 March 2020
Borrowings (including current maturities)	181,198.31	(6,948.40)	3,938.79	178,188.70
Short - term borrowings	97,834.96	3,923.49	1,496.20	103,254.65
Interest accured but not due	419.17	1,452.61	-	1,871.78
Total liabilities from financing activities	**279,452.44**	**(1,572.30)**	**5,434.99**	**283,315.13**

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

	Opening balance 01 April 2018	Cash flows	Non-cash movement	Closing balance 31 March 2019
Borrowings (including current maturities)	131,214.31	48,655.34	1,328.66	181,198.31
Short - term borrowings	94,302.22	1,802.61	1,730.13	97,834.96
Interest accured but not due	211.70	207.47	-	419.17
Total liabilities from financing activities	**225,728.23**	**50,665.42**	**3,058.79**	**279,452.44**

See accompanying Notes to the consolidated financial statements.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

Place: Bengaluru
Date: 4 July 2020

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2020

Reporting Entity

Himatsingka Seide Limited ("the Company") together with its subsidiaries (including step subsidiaries) collectively referred to as ("the Group") is incorporated and domiciled in India. The Company is a public limited company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange. The Group is primarily engaged in manufacturing sale and distribution of home textile group. The Group has two manufacturing facilities in India and retail and distribution businesses across North America, Europe and Asia.

The Group's consolidated Ind AS financial statements were approved by the Company's Board of Directors on 4 July 2020.

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of Compliance

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

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

1.2 Functional and presentation currency

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

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost convention and on an accrual basis of accounting except:

a) Defined benefit and other long-term employee benefits where plan asset is measured at fair value less present value of defined benefit obligations.

b) Certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date.

The Group has consistently applied the following accounting policies to all the periods presented in the consolidated annual financial statements.

1.4 Use of estimate, assumption and judgement

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

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

Assumptions and estimation uncertainties

Information about assumptions, judgements and estimations that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is summarized below:

- note 3 – useful life of property, plant and equipment and intangible assets;
- note 5 – valuation of goodwill
- note 5, 6, 7, 11 and 36 - impairment of financial assets
- note 8 and 34 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;
- note 17 – measurement of defined benefit obligation: key actuarial assumptions;
- note 25 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, the Government of India declared a nation vide lockdown on March 23, 2020, subsequent to which the Group temporarily suspended its operations at across all its manufacturing facilities in compliance with the lockdown instructions issued by the Central and State Governments respectively. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel. closure/lock down of production facilities etc. during the lock-down period which had been extended till end May 2020. However, production and supply of goods commenced during the end of April 2020 at both the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities.

The Management believes that it has taken into account all the possible impacts of known events arising from the COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Group's liquidity including recoverable values of its property, plant and equipment, assessment of bank covenants, intangible assets, investments, goodwill, inventory and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity and in particular on the textile industry, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Group will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

Based on information available as of this date, Management believes that no further adjustments are required to the consolidated annual financial statements.

Further, as of 31 March 2020, the Group has carried out a detailed assessment and based on the projections the Group expects to generate a positive future cash flow including its ability to use its unutilised bank limits/ roll over working capital loans. In addition, the Company has received revised repayment schedule from its lenders etc. and believes that the Group will be able to meet its obligations as they fall due.

1.5 Measurement of fair values

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

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

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

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

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

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

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

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

- note 36: financial instruments.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of consolidation

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

2.2 Business Combination

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2.3 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired ("net assets") exceeds the cost of business acquisition, the excess of net assets over cost of business acquisition is recognised immediately in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

2.4 Subsidiaries

Subsidiaries are the entities controlled by the Group. The Consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries (including step subsidiaries) as disclosed in Note 43. Control exists when the parent has power over an investee, exposure or rights to, or has variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statement of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

2.5 Revenue Recognition

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

The Group derives its revenue primarily from sale of products.

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

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

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

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

Costs that relate directly to a contract and incurred in securing a contract are recognized as an asset and amortized over the contract term as reduction in revenue

Use of significant judgements in revenue recognition:

a) The Group's contracts with customers could include promises to transfer multiple goods to a customer. The Group assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

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

2.6 Other Income

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

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

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

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

2.7 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any leas e incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Further, leases for which the underlying asset is of low value has been recognized immediately in the Statement of Profit and Loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2.7 – Significant accounting policies – Leases in the Annual report of the Group for the year ended March 31, 2019, for the policy as per Ind AS 17.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of INR 14,877.94 lacs and a corresponding lease liability of INR 15,953.87 lacs has been recognized. The cumulative effect on transition in retained earnings net off taxes is INR 801.34 lacs (including a deferred tax of INR 274.57 lacs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 5% for US and 9.45% for India premises have been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

2.8 Borrowing cost

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

2.9 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to an expense item are recognized in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented as a deduction in reporting the related expense. The presentation approach is applied consistently to all similar grants. Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to Statement of Profit and Loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Income from export incentives are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made and disclosed as other operating revenues.

Income from government incentives (other than export incentive) are recognized in the statement of profit and loss account when the right to receive credit as per the terms of the entitlement and disclosed as a reduction to the related expenses.

2.10 Employee benefits

a) Defined benefit plans

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

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

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

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

b) Short term employee benefits

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

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

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

c) Compensated absences

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

d) Defined contribution plan

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

2.11 Taxation

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

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

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

Deferred tax is not recognised for:

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

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

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

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

2.12 Property, plant and equipment

a) Recognition and measurement:

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

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

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

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

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

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

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

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

b) Depreciation:

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

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

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

Class of assets	Years
Buildings	30 – 60 years
Plant and machinery*	8 - 25 years
Furniture and fixtures	10 years
Office equipment	3-6 years
Books and catalogues	4 years
Vehicles	6 -10 years
Leasehold improvements	shorter of the lease term and their useful lives

Freehold land is not depreciated.

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

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

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

2.13 Goodwill and Other Intangible Assets

a) Goodwill

For measurement of goodwill that arises on a business combination (refer note 4). Subsequent measurement is at cost less any accumulated impairment losses.

b) Other intangible assets

i) Recognition and measurement

Acquired intangible assets

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

Internally generated intangible assets

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

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

ii) Subsequent measurement

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

iii) Amortisation

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

The estimated useful lives of intangibles (including internally generated intangible assets) are as follows:

Class of asset	Useful life
Computer software	4 - 10 years
Technical know-how	10 years
Brands and Licenses	3-10 years

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

iv) Derecognition of intangible assets

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

2.14 Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in the consolidated statement of profit and loss and is not reversed in the subsequent period.

Intangible assets and property, plant and equipment

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

If such assets/ CGU are considered to be impaired, the impairment to be recognised in the Statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An

impairment loss is reversed in the Statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

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

2.15 Inventories

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

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

The method of determination of cost is as follows:

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

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

2.16 Foreign Currency transactions and balances

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

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

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

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

2.17 Provisions

General

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

2.18 Financial Instruments

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets

and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

b) Classification and subsequent measurement

i) Financial assets

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

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

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

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

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

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

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

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

All financial assets not classified as amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

A financial asset is derecognised only when:

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

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

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

ii) Financial liabilities

Classification, subsequent measurement and gains and losses

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

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

Amortised cost

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

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

Derecognition

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

Offsetting

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

2.19 Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

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

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

2.20 Earnings per share

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

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

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

2.21 Cash and cash equivalents

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

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

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2020

2.22 Cash flow statement

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

2.23 Contingent liability

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

2.24 Cash dividend to equity holders of the Company

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

2.25 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2020

Note 3.1: Property plant and equipment

Tangible Assets

(₹ Lacs)

Particulars	Freehold land	Buildings	"Plant and machinery"	"Furniture and fixture"	"Leasehold improvement"	"Office equipment"	Vehicles	Books and catalogue	Total
Cost:									
Balance as at 1 April 2018	**23,618.39**	**45,903.85**	**155,303.63**	**8,578.21**	**3,272.97**	**5,054.23**	**174.64**	**544.01**	**242,449.93**
Additions	1,540.03	1,394.34	5,505.82	1,354.89	321.46	849.17	-	-	10,965.71
Disposal of assets	-	-	(274.10)	(0.81)	-	(8.83)	(0.22)	-	(283.96)
Other adjustments (refer note 3.1.3)	-	(137.43)	(45.01)	257.44	149.48	42.98	2.30	-	269.76
Balance as at 31 March 2019	**25,158.42**	**47,160.76**	**160,490.34**	**10,189.73**	**3,743.91**	**5,937.55**	**176.72**	**544.01**	**253,401.44**
Balance as at 1 April 2019	**25,158.42**	**47,160.76**	**160,490.34**	**10,189.73**	**3,743.91**	**5,937.55**	**176.72**	**544.01**	**253,401.44**
Additions	3,325.81	24,701.69	43,674.91	1,907.81	-	1,017.88	9.41	-	74,637.52
Disposal of assets	-	(82.84)	-	(27.74)	-	(15.78)	(0.92)	-	(127.27)
Asset classified as held for sale (refer note 13.1)	-	(3,776.01)	-	-	-	-	-	-	(3,776.01)
Other adjustments (refer note 3.1.3)	-	252.06	77.13	358.63	149.66	134.94	0.05	-	972.46
Balance as at 31 March 2020	**28,484.23**	**68,255.66**	**204,242.38**	**12,428.43**	**3,893.57**	**7,074.60**	**185.27**	**544.01**	**325,108.14**
Accumulated depreciation:									
Balance as at 1 April 2018	**-**	**(2,896.06)**	**(47,042.68)**	**(3,345.92)**	**(1,716.51)**	**(4,204.58)**	**(102.69)**	**(97.78)**	**(59,406.21)**
Depreciation expense	-	(1,724.88)	(7,614.61)	(1,016.74)	(300.25)	(448.00)	(19.28)	(97.41)	(11,221.17)
Disposal of assets	-	-	226.15	0.75	-	8.50	28.61	-	264.01
Other adjustments (refer note 3.1.3)	-	41.47	43.22	(2.68)	(88.13)	(44.12)	1.17	-	(49.07)
Balance as at 31 March 2019	**-**	**(4,579.47)**	**(54,387.92)**	**(4,364.59)**	**(2,104.90)**	**(4,688.20)**	**(92.19)**	**(195.19)**	**(70,412.44)**
Balance as at 1 April 2019	**-**	**(4,579.47)**	**(54,387.92)**	**(4,364.59)**	**(2,104.90)**	**(4,688.20)**	**(92.19)**	**(195.19)**	**(70,412.44)**
Depreciation expense	-	(2,264.39)	(7,226.05)	(1,061.10)	(233.45)	(737.32)	(20.17)	(97.41)	(11,639.90)
Eliminated on disposal of assets	-	58.68	-	27.74	-	15.78	0.13	-	102.33
Accumulated depreciation on asset held for sale (refer note 13.1)	-	1,059.33	-	-	-	-	-	-	1,059.33
Other adjustments (refer note 3.1.3)	-	(283.88)	(184.81)	(590.00)	(277.52)	(341.68)	(0.15)	-	(1,678.04)
Balance as at 31 March 2020	**-**	**(6,009.72)**	**(61,798.78)**	**(5,987.94)**	**(2,615.87)**	**(5,751.43)**	**(112.38)**	**(292.60)**	**(82,568.73)**
Net carrying amount:									
As at 31 March 2020	**28,484.23**	**62,245.94**	**142,443.60**	**6,440.49**	**1,277.70**	**1,323.17**	**72.89**	**251.41**	**242,539.41**
As at 31 March 2019	**25,158.42**	**42,581.29**	**106,102.42**	**5,825.14**	**1,639.01**	**1,249.36**	**84.53**	**348.82**	**182,989.00**

Note 3.1.1 :
During the year, the Company has commenced the commercial production of its Terry Towel facility and accordingly have capitalized ₹ 64,749.04 lacs across various categories of property, plant and equipment.

Note 3.1.2:
Effective 1 April 2019, the Company had increased its useful life of certain Property, Plant & Equipment based upon a fresh technical assessment carried out by Management. This assessment also involved technical experts, as considered necessary by Management. This change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS - 8 Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life, charge for depreciation for the year ended 31 March 2020 would have been higher by ₹ 1,430.80 lacs.

Note 3.1.3:
Other adjustments include exchange fluctuation arising on account of conversion of fixed assets from foreign currency to reporting currency.

Note 3.2: Investment property (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cost		
Balance at beginning of the year	912.70	943.32
Additions	-	-
Disposals	-	-
Asset classified as held for sale (refer note 13.1)	(843.97)	-
Other adjustments (refer note 3.1.3)	(68.73)	(30.62)
Balance at end of the year	-	912.70
Accumulated depreciation and impairment		
Balance at beginning of the year	(76.66)	(54.37)
Depreciation expense	(1.68)	(22.29)
Accumulated depreciation on asset held for sale (refer note 13.1)	76.69	-
Other adjustments (refer note 3.1.3)	1.64	-
Balance at end of the year	-	(76.66)
Net carrying value	-	836.04

Note 3.3: Other intangible assets (₹ Lacs)

Particulars	"Computer software"	Technical know-how	Brands & licenses	Total
Cost:				
Balance as at 1 April 2018	**6,325.85**	**347.99**	**26,339.51**	**33,013.35**
Additions	896.84	-	5,593.17	6,490.01
Disposals	-	-	-	-
Other adjustments	153.39	-	40.28	193.67
Balance as at 31 March 2019	**7,376.08**	**347.99**	**31,972.96**	**39,697.03**
Balance as at 1 April 2019	**7,376.08**	**347.99**	**31,972.96**	**39,697.03**
Additions	339.29	-	-	339.29
Disposals	-	-	-	-
Other adjustments	624.38	-	1644.59	2,268.97
Balance as at 31 March 2020	**8,339.75**	**347.99**	**33,617.55**	**42,305.29**
Accumulated amortisation:				
Balance as at 1 April 2018	**(2,238.34)**	**(32.42)**	**(26,238.08)**	**(28,508.84)**
Amortisation expense	(492.64)	(32.42)	(552.28)	(1,077.34)
Disposals	-	-	-	-
Other adjustments	(54.74)	-	36.00	(18.74)
Balance as at 31 March 2019	**(2,785.72)**	**(64.84)**	**(26,754.36)**	**(29,604.92)**
Balance as at 1 April 2019	**(2,785.72)**	**(64.84)**	**(26,754.36)**	**(29,604.92)**
Amortisation expense	(371.06)	(32.42)	(1, 111.96)	(1,515.43)
Disposals	-	-	-	-
Other adjustments	(22.27)	-	(60.69)	(82.97)
Balance as at 31 March 2020	**(3,179.05)**	**(97.26)**	**(27,927.01)**	**(31,203.32)**
Net carrying amount:				
Carrying value as at 31 March 2020	**5,160.70**	**250.73**	**5,690.54**	**11,101.97**
Carrying value as at 31 March 2019	**4,590.37**	**283.15**	**5,218.60**	**10,092.12**

Note 4: Goodwill (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cost		
Balance at beginning of year	44,243.01	35,103.69
Acquisition through business combination (Refer Note 38)	-	7,399.31
Effect of foreign currency exchange differences	3,952.39	1,740.01
Balance at end of year	**48,195.40**	**44,243.01**

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of determining fair value of a CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

As of 31 March 2020, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

Note 5: Investments (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 5A: Non-current investments		
Unquoted		
Investments carried at fair value through profit and loss		
Investments in equity instruments	21.21	670.01
Total	**21.21**	**670.01**

Note 5A.1: Details of investments (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in equity instruments		
Industria e Universita S.r.l. (No. of shares: 13,005,000) (As at 31 March 2019: 13,005,000)	21.21	19.79
Applied DNA Sciences, Inc. (No. of shares: 5,34,361) (As at 31 March 2019: 5,34,361)	664.21	650.22
	685.42	670.01
Less: Provision towards impairment of investments (refer note 40.4)	(664.21)	-
Total	**21.21**	**670.01**
Aggregate value of unquoted investments	685.42	670.01
Aggregate amount of impairment in value of investments	664.21	-

Note 5B: Current investments (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
5B.1 Investments in mutual funds (Quoted)		
"DSP Short term fund - direct plan growth plan (No of units: 12,68,702.99 (As at 31 March 2019: Nil))"	455.92	-
" Axis Treasury Advantage Fund direct growth (No of units: 16,904.74 (As at 31 March 2019: Nil))"	393.06	-
"Nippon India Money Market Fund - direct growth plan growth option (No of units: 9,985.84 (As at 31 March 2019: Nil))"	304.83	-
"IDFC Corporate bond fund - direct plan growth plan (No of units: 21,50,611.31 (As at 31 March 2019: Nil))"	300.28	-
"HSBC Cash Fund direct growth (No of units: 12,815.66 (As at 31 March 2019: Nil))"	253.43	-
"SBI Banking & PSU fund direct growth (No of units: 11,113.90 (As at 31 March 2019: Nil))"	262.88	-
"Invesco India Treasury Advantage Fund direct growth plan (No of units: 7,141.28 (As at 31 March 2019: Nil))"	204.39	-
"Franklin India Savings Fund Retail direct growth (No of units: 2,68,268.41 (As at 31 March 2019: Nil))"	101.71	-
"Kotak money market scheme - (growth) - direct (No of units: Nil (As at 31 March 2019: 56,983.86))"	-	1,758.84
"Franklin India ultra short bond fund super institutional plan direct - growth (No of units: Nil (As at 31 March 2019: 4,975,490.54))"	-	1,312.72
"Aditya birla sun life money manager fund - growth - direct plan (No of units: Nil (As at 31 March 2019: 400,876.80))"	-	1,008.63
"UTI money market fund -direct growth plan (No of units: Nil (As at 31 March 2019: 47,724.13))"	-	1,008.20
"Reliance ultra short duration fund- direct plan- growth option (No of units: Nil (As at 31 March 2019: 32,957.90))"	-	1,006.74
"Invesco India money market fund - direct Plan - growth (No of units: Nil (As at 31 March 2019: 46401.19))"	-	1,006.58
"UTI - ultra short term fund - direct Plan (No of units: Nil (As at 31 March 2019: 24,087.52))"	-	756.03
"Franklin India liquid fund - super instittutional - direct - growth (No of units: Nil (As at 31 March 2019: 26,982.26))"	-	755.11
"Sundaram low duration fund - direct plan - growth option (No of units: Nil (As at 31 March 2019: 4,856,786.80))"	-	1,277.98
"SBI savings fund direct plan growth (No of units: Nil (As at 31 March 2019: 2,180,119.01))"	-	654.89
"HDFC liquid fund -direct plan - growth option (No of units: Nil (As at 31 March 2019: 13,698.49))"	-	503.61
"Kotak equity arbitrage fund -fortnightly - direct (No of units: Nil (As at 31 March 2019: 1,062,911.61))"	-	250.20
"Axis liquid fund - direct plan - growth option (No of units: Nil (As at 31 March 2019: 10,596.59))"	-	219.72
"Reliance liquid fund - direct plan growth plan - growth option (No of units: Nil (As at 31 March 2019: 3,352.80))"	-	152.95
Total (A)	**2,276.50**	**11,672.20**
Aggregate carrying amount of quoted investments	2,276.50	11,672.20

Note: The market value of quoted instruments is equal to the carrying value.

5B.2 Investments in equity instruments (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Atria Wind Power (Chitradurga) Private Limited* equity shares of INR 251 each fully paid up [No. of shares: 2,57,066 (As at 31 March 2019: Nil)]	645.23	-
Atria Wind Power (Basavana Bagewadi) Private Limited* equity shares of INR 251 each fully paid up [No. of shares: 25 (As at 31 March 2019: Nil)]	0.05	-
Total (B)	**645.28**	**-**
Total (A+B)	**2,921.78**	**11,672.20**

Note 6: Loans (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, considered good		
Loans to employees	64.12	90.90
Total	**64.12**	**90.90**
Current		
Unsecured, considered good		
Loans to employees	91.02	76.90
Total	**91.02**	**76.90**

Note 7: Other financial assets (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Unsecured, considered good		
Bank deposits	1,449.36	6.52
Electricity deposits	806.39	806.39
Other deposit	810.77	804.18
Total	**3,066.52**	**1,617.09**
Current		
a) Unsecured, considered good		
Interest subsidy receivable	2,270.29	2,770.14
Subsidy receivable under various government schemes	11,985.09	4,320.79
Interest receivable	639.30	286.69
Other deposits	338.52	267.83
Other receivable	50.00	-
Derivative assets	46.35	3,893.54
Total	**15,329.55**	**11,538.99**

Note 8: Tax assets and liabilities

Note 8.1: Income tax assets and liabilities **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current income tax assets		
Advance tax and taxes deducted at source	20,622.53	20,622.53
Less: Provisions related to the above	(19,577.39)	(19,577.39)
Tax refund receivable (net)	**1,045.14**	**1,045.14**
Current tax liabilities		
Income tax provisions	5,276.72	8,857.35
Less: Advance tax and taxes deducted at source related to above	(2,124.24)	(3,921.51)
Tax payable (net)	**3,152.48**	**4,935.84**

Note 8.2: Deferred tax asset (net)*

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

Particulars	As at 31 March 2020	As at 31 March 2020
Deferred tax liabilities		
Property, plant and equipments and intangible assets	27,293.02	20,367.23
Cash flow hedge	-	1,266.59
Others	8.65	43.60
Total deferred tax liabilities (A)	**27,301.67**	**21,677.42**
Deferred tax assets		
Provision for gratuity and compensated absences	803.67	731.21
Cash flow hedge	936.51	-
Ineffective hedge	398.93	-
INDAS 116 Leases	261.29	-
MAT credit entitlement	17,479.11	14,767.35
Goodwill	3,289.55	3,442.46
Unrealised profits on inventory	538.33	512.00
Tax benefits	263.69	165.35
Others	496.67	296.04
Total deferred tax assets (B)	**24,467.75**	**19,914.41**
Net deferred tax liability (A - B)	**2,833.92**	**1,763.01**

*refer note 34

Deferred tax presentation in balance sheet comprises of:		
Deferred tax liabilities, (net) (C)	4,527.98	3,740.01
Deferred tax assets, (net) (D)	1,694.06	1,977.00
Total deferred tax liabilities (C - D)	**2,833.92**	**1,763.01**

Note 9: Other assets **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2020
Non-current		
Capital advances	787.63	2,337.29
Contract acquisition cost	8,475.45	9,797.07
Others	99.66	82.33
Total	**9,362.74**	**12,216.69**

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2020
Current		
Advances to suppliers	1,105.86	290.02
Balances with government authorities	3,984.29	4,151.25
Subsidy receivable under various government schemes	2,737.95	3,994.43
Prepayments	4,031.43	3,906.10
Contract acquisition cost	2,451.13	2,283.28
Others	14.13	62.27
Total	**14,324.79**	**14,687.35**

Note 10: Inventories (valued at lower of cost and net realizable value) **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	6,980.15	10,097.59
Work-in-progress	20,756.93	19,215.58
Finished goods	68,443.24	70,043.04
Traded goods	9,329.89	15,585.46
Stores and spares	3,236.35	2,654.90
Total	**108,746.56**	**117,596.57**
Included above, goods-in-transit:		
Raw materials	55.01	2,510.03
Traded goods	1,121.39	4,251.85
Total	**1,176.40**	**6,761.88**

Note 11: Trade receivables **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	11,758.17	16,628.49
Credit impaired	2,059.46	1,930.17
	13,817.63	**18,558.66**
Less: Expected credit loss	(2,059.46)	(1,930.17)
Net trade receivables	11,758.17	16,628.49

All trade receivables are 'current'.

The group's exposure to credit and currency risk and loss allowances related to trade receivables has been disclosed in Note 36.

Note 11.1 - Bill Discounting:

At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to ₹44,065.87 Lacs and the carrying amount of the associated liability is ₹ 43,804.92 lacs and disclosed as bill discounting. (Refer Note No.19)

Note 11.2: Expected credit loss assessment for Trade Recievables as at 31 March 2020 and 31 March 2019 are as follows:

The Group establishes an allowance for credit loss that respresents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables as at 31 March 2020 amounting to ₹ 11,758.17 lacs (31 March 2019: ₹ 16,628.49 lacs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	(1,930.17)	(2,101.10)
Change in allowance for expected credit loss and credit impairment	(129.29)	170.93
Balance at end of the year	**(2,059.46)**	**(1,930.17)**

Note 12: Cash and bank balances **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents consists of		
Cash in hand	12.62	29.03
Balance with banks in current accounts and deposits		
– in current accounts	4,695.53	13,180.81
– in deposit accounts (with original maturity of less than 3 months)	-	3,500.00
Cash and cash equivalents as per Ind AS 7 Cash flow statement	**4,708.15**	**16,709.84**
Other bank balances (Refer Note 12.1)	81.47	67.64
In deposit account (more than 3 months but less than 12 months)	13,263.85	8,339.96
	13,345.32	**8,407.60**
Total	**18,053.47**	**25,117.44**

Note 12.1: Other Bank Balances represent earmarked balances in respect of unpaid dividends and dividend payable.

Note 13: Assets classified as held for sale **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Building (Refer note 13.1)	7,771.48	4,000.67
Total	**7,771.48**	**4,000.67**

Note 13.1: Till 31 March 2019, the Group had a building in Bellora aggregating ₹ 4,000.67 lacs which was classified as assed held for sale. In addition to this, during the year. The Group as a part of its restructuring exercise, have closed its Bellora business and accordingly the remaining office building at Bellora has been classified as asset held for sale. No impairment loss was recognised on reclassification of the building as hold for sale as at 31 March 2020 as the Group expect that the fair value less costs to sell is higher than the carrying amount.

Note 14: Equity share capital **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
134,000,000 equity shares (31 March 2019: 134,000,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
98,496,160 equity shares (31 March 2019: 98,496,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
98,457,160 equity shares (31 March 2019: 98,457,160 equity shares) of par value of ₹ 5 each	4,922.86	4, 922.86

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

Particulars	As at 31 March 2019		As at 31 March 2020	
	Number of shares	Amount (₹ lacs)	Number of shares	Amount (₹ lacs)
At the commencement of the year	98,457,160	4,922.86	98,457,160	4,922.86
At the end of the year	98,457,160	4,922.86	98,457,160	4,922.86

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

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

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

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

Particulars	31 March 2020		31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of INR 5 each				
D K Himatsingka	11,968,000	12%	11,968,000	12%
Shrikant Himatsingka	8,480,964	9%	8,480,964	9%
Bihar Mercantile Union Limited	7,926,000	8%	7,926,000	8%
Templeton India Equity Income Fund	7,556,969	8%	-	-
Rajshree Himatsingka	5,897,260	6%	5,897,260	6%

Note 15: Other Equity **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Capital reserve on consolidation	66.74	66.74
Capital reserve (Refer note (i) below)	620.88	620.88
Securities premium account (Refer note (ii) below)	27,675.71	27,675.71
General reserve (Refer note (iii) below)	17,270.17	17,270.17
Legal reserve (Refer note (iv) below)	9.11	9.37
Retained earnings (Refer note (v) below)	81,120.00	86,532.99
Reserves and Surplus	**126,762.61**	**132,175.86**
Cash flow hedge reserve (Refer note (vi) below)	(1,743.11)	2,358.29
Foreign currency translation reserve	6,250.98	2,881.47
Remeasurement of net defined benefit liability or asset	(192.57)	(232.73)
Other comprehensive income	**4,315.30**	**5,007.03**
Total	**131,077.91**	**137,182.89**

Notes:

i) Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserves. The reserve can be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013

ii) Amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve can be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013

iii) This represents appropriation of profit by the Company. General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

iv) Legal reserve represents the reserve as mandated by the Italian Civil Code. The same will be utilized for the purposes as permitted by the Italian Civil Code.

v) Retained earnings comprises of the Company's undistributed earnings after taxes. The amount can be distributed by the Company as dividends to its equity shareholders

vi) The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Legal reserve		
Opening balance	9.37	8.50
Add/(Less): Foreign exchange difference	(0.26)	0.87
Total	**9.11**	**9.37**
Retained earnings		
Opening balance	86,532.99	69,816.87
Add: Profit for the year	1,325.22	19,683.50
Less: Payment of dividends, including dividend distribution tax	(5,936.87)	(2,967.38)
Less: Ind AS 116-Transition adjustment (refer note 31)	(801.34)	-
Total	**81,120.00**	**86,532.99**
Effective portion of cash flow hedge		
Opening balance	2,358.14	440.79
Gain/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges	(3,030.11)	(335.56)
Cumulative (gain)/loss arising on changes in fair value of designated portion of hedging instruments reclassified to profit or loss	(3,274.24)	3,311.69
Income tax related to net gains recognised in other comprehensive income	2,203.10	(1,058.78)
Total	**(1,743.11)**	**2,358.14**
Foreign currency translation reserve		
Opening balance	2,881.47	2,138.30
Other Comprehensive Income/(loss) for the year, net of income tax	3,369.51	743.17
Total	**6,250.98**	**2,881.47**
Remeasurement of net defined benefit liability or asset		
Opening balance	(232.73)	(207.55)
Other Comprehensive Income/(loss) for the year, net of income tax	40.16	(25.18)
Total	**(192.57)**	**(232.73)**

Note 16: Non-current borrowings (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured loans: (refer note 16.1)		
Term loans		
From banks	92,688.31	99,199.34
From financial institution	66,285.98	68,575.18
Total	**158,974.29**	**167,774.52**

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2020		As at 31 March 2019		Nature of security	Repayment/ redemption / other terms
	Non-Current*	Current*	Non-Current	Current		
i) Term loans from bank (Secured)						
Loan 1	3,517.53	2,671.88	5,253.68	3,562.50	First paripassu charge of certain immovable fixed assets.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2020 was 7 installments.
Loan 2	15,526.21	608.55	16,118.30	912.82	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date. The outstanding term as of 31 March 2020 was 34 installments.
Loan 3	7,323.51	2,454.08	8,928.46	-	First paripassu charge on Midford garden property & Vittal Mallya road property.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2020 was 3 installments.
Loan 4	37,251.19	1,521.21	34,346.94	1,014.00	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing from 31 December 2020 The outstanding term as of 31 March 2020 was 38 installments.
Loan 5	4,466.48	1,500.00	5,470.33	2,000.00	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 16 structured quarterly installments commencing from 31 March 2019. The outstanding term as of 31 March 2020 was 12 installments.
Loan 6	15,428.03	-	14,102.17	-	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan plot no.1 and Doddaballapur plant including proposed project assets present and future.	In 3 yearly installments after initial moratorium of 4 years (yearly % of repayment 25%, 35% & 40%) The outstanding term as of 31 March 2020 was 3 installments.
Loan 7	9,151.06	250.00	9,388.66	500.00	Subservient charge on all present and future moveable fixed assets.	28 quarterly structured installments payable at the end of each quarter starting from 3 months from date of 1st disbursement. The outstanding term as of 31 March 2020 was 24 installments.
Loan 8	24.29	397.03	353.66	369.84	Secured by properties owned by Himatsingka America Inc	The loan is repayable in 36 monthly installments. The outstanding term as of 31 March 2020 was 11 installments
Loan 9	-	5,863.24	5,237.14	582.11	Secured by Fagnano and Biella properties owned by Bellora and supported by a Corporate Guarantee from Himatsingka Seide Limited	"Euro 22.5 lacs to be repaid in 14 structured quarterly installments starting from 31 December 2017 (after a moratorium of 1.5 years). Balance Euro 62.5 lacs to be repaid at the end of 2020-21. The outstanding term as of 31 March 2020 was 5 installments.'
Total	**92,688.30**	**15,265.99**	**99,199.34**	**8,941.28**		

The rate of interest on the above term loans is in the range of 4.15% to 11.79% (Previous Year: 4.15% to 11.55%)

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings (₹ Lacs)

Particulars	As at 31 March 2020		As at 31 March 2019		Nature of security	Repayment/ redemption / other terms
	Non-Current*	Current*	Non-Current	Current		
ii) Term loan from financial institution (Secured)						
Loan 1	-	92.94	92.67	375.80	Secured by charge over certain moveable and immovable fixed assets, both present and future.	33 quarterly installments commencing 2 years from the date of first disbursement. The outstanding term as of 31 March 2020 was 1 installment.
Loan 2	804.26	125.00	926.97	250.00	First paripassu charge on certain moveable and immoveable fixed assets of the Company (in both units) including the proposed project assets, both present and future.	32 equal quarterly installments commencing after a moratorium of 1 year from the date of Commencement of Commercial Operation (COD). The outstanding term as of 31 March 2020 was 15 installments.
Loan 3	1,392.16	178.57	1,567.75	357.14	First paripassu charge on certain fixed assets (both moveable and immoveable) of the Company (in both units) ,both present and future excluding the fixed assets charged on exclusive basis.	28 substantially equal quarterly installments commencing after a moratorium of 2 years from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD). The outstanding term as of 31 March 2020 was 18 installments.
Loan 4	15,110.84	461.54	15,557.50	923.08	First paripassu charge on the entire fixed assets (both moveable and immoveable properties) of the Company (in both units) both present and future excluding the assets exclusively charged to other lenders.	39 substantially equal quarterly installments commencing after a moratorium of 1 year from Scheduled Commercial Operation Date (SCOD) or Actual Commercial Operation Date (COD) which ever is earlier. The outstanding term as of 31 March 2020 was 29 installments .
Loan 5	29,169.29	1,141.88	30,452.08	2,141.03	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 39 structured quarterly installments commencing after a moratorium of 12 months from the Scheduled Commercial Operation date (or) actual Commercial Operation date which ever is earlier. The outstanding term as of 31 March 2020 was 34 installments.
Loan 6	6,769.09	184.50	6,953.74	185.00	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	Loan shall be repaid in 40 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of 31 March 2020 was 36 installments.
Loan 7	-	-	-	250.46	Leasehold improvements at Warehouse in Spartanburg, South Carolina	36 monthly instalments commencing from 1 February 2017. Loan was closed during the year.
Loan 8	12,748.96	1,510.19	13,024.48	-	First paripassu charge on the moveable and immoveable properties located at Hassan and Doddaballapur plant including porposed project assets present and future. Further corporate guarantee is provided by Himatsingka Seide Limited for this loan.	Loan shall be repaid in 20 structured quarterly installments commencing after a moratorium of 2 years from the date of first disbursement. The outstanding term as of 31 March 2020 was 19 installments.
Loan 9	291.39	253.80	-	-	First ranking pledge on the investment made by the Company in Atria Wind Power Limited.	Repayable over a period of 2 years from the commencement of power supply.
Total	**66,285.99**	**3,948.42**	**68,575.18**	**4,482.51**		

The rate of interest on the above term loans is in the range of 5.98% to 18% (Previous year 5.92% to 11.10%).

* As the Group has not met certain bank covenats the Group, subsequent to the year end, has obtained a revised repayment schedule from the bankers on the basis of which loans got classifed as current/ non- current. The repayment schedule includes, the loan moratorium availed by the Group which was announced by the Central Government of India, in order to support enterprise to manage its cash flow impact due to the impact of Covid 19

Note 17: Provisions (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Provision for gratuity (Refer Note 17.1)	1,573.67	1,465.75
Provision for compensated absences	433.00	399.43
Others	21.25	97.21
Total	**2,027.92**	**1,962.39**
Current		
Provision for compensated absences	176.71	224.13
Provision for gratuity (Refer Note 17.1)	103.74	24.61
Total	**280.45**	**248.74**

Note 17.1: Employee benefit

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

Defined benefit plan

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

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

A) Funding

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

The Company expects to pay ₹ 1,861.09 lacs in contributions to its defined benefit plans in 2020-21."

B) Reconciliation of net defined benefit liability

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

Reconciliation of present value of defined benefit obligation (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Obligation at the beginning of the year	1,933.45	1,732.66
Interest cost	129.88	125.53
Current service cost	200.74	164.38
Benefits paid	(171.70)	(123.74)
Actuarial (gains)/losses on obligations recognised in Other comprehensive income/(loss) (OCI)	-	-
– Changes in demographic assumptions	0.04	-
– Changes in financial assumptions	(130.27)	59.36
– Experience adjustments	64.16	(24.74)
Obligation at the end of the year	**2,026.30**	**1,933.45**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	442.87	510.62
Interest income on plan assets	28.04	36.99
Contributions	41.06	26
Benefits paid	(171.70)	-123.73
Return on plan assets, excluding interest income recognised in OCI	8.62	-7.01
Plan assets at the end of the year, at fair value	**348.89**	**442.87**
Net defined benefit liability	**1,677.41**	**1,490.58**

C) i) Expense recognised in the Statement of profit or loss **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Service cost	200.74	164.38
Interest cost	129.88	125.53
Expected return on plan assets	(28.04)	(36.99)
Net gratuity cost	**302.58**	**252.93**

ii) Remeasurement recognised in other comprehensive income **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial loss on defined benefit obligation	(66.07)	34.62
Return on plan assets, excluding amount recognised in net interest expense	(8.62)	7.01
Total (gain)/ loss recognised in other comprehensive income	**(74.69)**	**41.63**

D) Plan assets **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Insurance fund	348.89	442.87
Total	**348.89**	**442.87**

Defined benefit obligation

i) Actuarial assumptions **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	5.45%	6.75%
Future salary growth	0% - 6%	6.00%
Mortality [IALM 06-08]	100.00%	100.0%
Attrition rate	2 - 40%	2 - 40%
Weighted average duration of defined benefit obligation (in years)	6	6
Retirement age (in years)	58	58

Notes:

i) The discount rate is based on the prevailing market yield on high quality corporate bonds as at the balance sheet date for the estimated term of obligations

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.

iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

ii) Sensitivity analysis

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

(₹ Lacs)

	As at 31 March 2020	As at 31 March 2019
Projected Benefit obligation on current assumptions	2,026.28	1,933.45
Impact of change in discount rate by +1%	1,901.72	1,812.91
Impact of change in discount rate by -1%	2,166.65	2,058.66
Impact of change in salary growth rate by +1%	2,167.54	2,058.34
Impact of change in salary growth rate by -1%	1,898.55	1,811.09
Impact of change in attrition rate by +50%	1,982.06	1,885.02
Impact of change in attrition rate by -50%	2,098.26	2,005.46
Impact of change in mortality rate by +10%	2,026.24	1,932.94
Impact of change in mortality rate by -10%	2,026.31	1,924.09

Defined contribution plans:

The Company's contribution to Provident Fund aggregating to ₹ 553.27 lacs (31 March 2019: ₹ 585.83 lacs) and contribution to superannuation fund aggregating to ₹ 11.47 lacs (31 March 2019: ₹ 13.53 lacs) has been recognised in the Statement of profit and loss under the head employee benefit expense.

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provident fund	553.27	585.83
Superannuation fund	11.47	13.53

Note 18: Other liabilities **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Non current		
Deferred income arising from government grant (Refer Note 18.1)	28,851.07	28,515.00
Total	**28,851.07**	**28,515.00**
Current		
Deferred income arising from government grant (Refer Note 18.1)	1,592.77	1,470.67
Advances received from customers	836.42	511.54
Statutory dues	1,351.69	3,318.92
Security deposit received	44.80	44.80
Total	**3,825.68**	**5,345.93**

Note 18.1: Deferred income arising from government grant

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

Note 19: Current borrowings (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured borrowings		
Loans repayable on demand		
From banks (Refer Note 19.1 and Note 19.2 below)	59,449.73	65,524.87
Bill discounting	43,804.92	32,310.09
Total	**103,254.65**	**97,834.96**

Note 19.1: The weighted average effective interest rate on the bank loans is 5.78% per annum (5.12% as at 31 March 2019).

Note 19.2: Working capital limits are secured against present and future stock and trade receivables on pari-passu basis.

Information about the Group's exposure to interest rate, currency and liquidity risk are disclosed in note 36.

Note 20: Trade payables (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables (Refer Note - 20.1)	37,172.42	44,243.30
Total	**37,172.42**	**44,243.30**

All trade payables are current.

The Group's exposure to currency and liquidity risk are disclosed in note 36.

Note 20.1: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2020	As at 31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
– Principal*	6,114.20	1,730.43
– Interest	174.95	19.05
The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
– Principal	12,658.97	6,758.19
– Interest	4.40	9.33
The amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified	314.82	50.50
The amount of interest accrued and remaining unpaid at the end of year	489.77	69.55

*Includes principal amount of ₹ 660.38 lacs remaining unpaid to capital creditors as at 31 March 2020.

Note 21: Other financial liabilities (₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non current		
Capital creditors	790.44	-
Total	**790.44**	**-**
Current		
Current maturities of non-current borrowing (Refer Note 16.1)	19,214.41	13,423.79
Includes principal amount of ₹ 660.38 lacs related to Micro, Small and Medium Enterprises		
Capital creditors	6,082.05	7,562.92
Employee related liabilities	2,371.61	2,138.65
Interest accrued but not due on borrowings	1,871.78	419.17
Derivative liability	3,868.01	172.04
Dividend payable	81.44	67.60
Total	**33,489.30**	**23,784.17**

The Company's exposure to currency and liquidity risk are disclosed in note 36.

Note 22: Revenue from operations (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of goods	219,752.71	246,043.91
Other operating revenue (refer note 22.1 below)	16,040.20	15,721.00
Total	**235,792.91**	**261,764.91**

Note 22.1: Other operating revenue comprises: (₹ Lacs)

Sale of waste and scrap	3,704.63	3,444.36
Export incentive	11,362.43	11,155.56
Commission income	923.07	887.46
Royalty income	50.07	233.62
Total	**16,040.20**	**15,721.00**

Note 23: Other income (₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Interest income		
Interest from bank deposits	1,179.04	357.59
Interest on electricity deposits	62.74	59.09
Interest income earned on financial assets that are not designated as at fair value through profit or loss	47.92	43.94
	1,289.70	**460.62**
b) Other than interest income		
Net foreign exchange gains/(loss)	4,446.21	2,165.60
Profit on sale of current investments	193.31	687.39
Rental income	145.39	140.73
Miscellaneous income	60.58	18.02
Gain on current investments carried at fair value through profit or loss	37.11	189.01
	4,882.60	**3,200.75**
Total	**6,172.30**	**3,661.37**

Note 24: Cost of materials consumed and purchases of stock in trade **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A) Raw material and packing material consumed (Refer note 24.1 below)	**68,996.20**	**79,001.26**
B) Purchase of stock-in-trade	**42,174.88**	**68,539.59**
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
– Work in progress	19,215.58	13,404.14
– Finished goods	70,043.04	56,973.67
– Traded goods	15,585.46	15,888.27
	104,844.08	**86,266.08**
Closing stock		
– Work in progress	20,756.93	19,215.58
– Finished goods	68,443.24	70,043.04
– Traded goods	9,329.89	15,585.46
	98,530.06	104,844.08
Less: Provision for obsolecense of inventory classified as exceptional item (refer note 40)	4,305.07	-
Net decrease / (increase) in inventories of finished goods, work-in-progress and stock-in-trade	**2,008.95**	**(18,578.00)**

Note 24.1: Refer note 32 for details of raw materials consumed and capitalised for trial production.

Note 25: Employee benefits expense **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	24,084.74	22,297.31
Contribution to provident and other funds (Refer Note 17.1)	759.32	899.21
Gratuity expenses	300.43	252.93
Expenses related to compensated absence	91.56	189.54
Workmen and staff welfare expenses	2,776.08	2,046.86
Total	**28,012.13**	**25,685.85**

Note 25.1: Refer Note 32 for details of employee benefit expenses capitalised.

Note 26: Finance cost **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on:		
On financial liability at amortised cost		
Interest on term loan [net of subsidy ₹ 4,573.45 lacs (Previous year:₹ 4,828.45 lacs)]	9,084.17	7,483.29
Interest on working capital loans	7,615.22	6,206.10
Interest on payment of income tax	175.22	220.00
Other borrowing costs - finance charges	2,091.74	1,856.12
Exchange differences regarded as an adjustment to borrowing costs	505.61	546.98
Total	**19,471.96**	**16,312.49**

Note 26.1: Refer Note 32 for details of borrowing costs capitalised.

Note 27: Depreciation and amortisation expense **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 3.1)	11,639.90	11,221.17
Amortization of intangible assets (refer note 3.3)	1,515.43	1,077.34
Amortization of investment property (refer note 3.2)	1.68	22.29
Less: Depreciation on Right of use of asset as per IndAS 116 (refer note 31)	1,052.94	-
Less:Amortization of deferred income on government grants (refer note 18.1)	(1,588.59)	(1,443.98)
Total	**12,621.37**	**10,876.82**

Note 28: Other expenses **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spare parts	1,754.52	1,613.86
Power and fuel	13,547.79	11,803.32
Royalty	7,583.08	8,206.76
Contract labour charges	6,132.35	5,478.43
Freight outward, net of reimbursement	4,289.56	4,094.20
Advertisement and publicity	3,089.91	3,071.83
Rent	2,353.69	3,619.88
Travelling and conveyance expenses	2,162.96	2,212.30
Professional and consultancy charges (Refer Note 28.2 below)	2,913.31	3,055.31
Selling expenses	1,200.90	915.39
Repairs and maintenance		
i) plant and machinery	542.94	514.17
ii) buildings	169.02	220.90
iii) others	489.80	432.38
Insurance	1,040.44	734.41
Job work charges	997.80	1,925.15
Other manufacturing expenses	711.94	982.31
Security charges	480.89	489.83
Communication expenses	359.45	364.61
Rates and taxes	308.35	334.60
Printing and stationery	118.14	114.43
Expenditure on corporate social responsibilty (CSR) (refer note 28.3 below)	545.11	205.72
Contribution and donation	94.86	105.28
Commission on sales	66.56	81.78
Loss on sale of property, plant and equipment (net)	17.75	43.26
Loss allowance on financial assets (net)	1.40	16.49
Miscellaneous expenses	1,869.30	2,147.88
Total	**52,841.82**	**52,784.48**

Note 28.1: Refer Note 32 for details of other expenses capitalised.

Note 28.2: Payments to auditors **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
For audit	113.50	91.50
For taxation matters	3.00	3.50
For other services	27.43	11.37
For reimbursement of expenses	3.17	5.00
Total	**147.10**	**111.37**
Remuneration to other auditors for the subsidiaries		
For audit	1.79	1.84
Total	**148.89**	**113.21**

Note 28.3: Corporate social responsibility

The Group has spent ₹ 545.11lacs (2018-19: ₹ 218.58 lacs) towards various schemes of Corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

a) Gross amount required to be spent by the company during the year: ₹ 589.13.lacs (2018-19: ₹ 501.24 lacs)

b) Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Construction/acquisition of any asset		
ii) For purposes other than (i) above	545.11	218.58
Total	**545.11**	**218.58**

Note 29: Commitments **(₹ Lacs)**

Particulars	As st 31 March 2020	As st 31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1,459.67	6,220.56
Other commitments:		
The Group has imported capital goods under the Export Promotion Capital Goods (EPCG) scheme and Advance Authorisation to utilise the benefit of zero or concessional custom duty rate. The benefits are subject to future exports within the stipulated period. Such export obligation at year end aggregate to ₹ 43,682.32 lacs (31 March 2019: ₹ 54,898.97 lacs).		

Note 30: Contingent Liabilities **(₹ Lacs)**

Particulars	As st 31 March 2020	As st 31 March 2019
a) Claims against Group not acknowledged as debt		
– Income tax matters (refer note 30.1)	162.11	65.30
– Custom, Service tax and Excise duty related matter (excludes penalties, if any) (refer note 30.1)	746.21	746.21
	908.32	811.51
b) Guarantees outstanding		
– Financial institutions	36,999.90	33,877.38
– Banks	7,423.82	6,927.14
– Others	-	447.28
	44,423.72	41,251.80
Total	**45,332.04**	**42,063.31**

Note 30.1: The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Group is contesting these claims withthe respective authorities. Outflows including interest and other consequential payments,if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Group's rights for future appeals before the judiciary. The Group doesn't expect any reimbursements in respect of the above contingent liabilities.

Note 31: Leases

On transition to Ind AS 116, the Group recognized additional right-of-use assets, including investment property, and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

Particulars	Amount (in INR lakhs)
Right of use assets – property plant and equipment	14,877.75
Deferred tax asset	274.59
Lease liabilities	(15,953.68)
Retained earnings	801.34

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 5% and 9.45% for US and India premises respectively.

I) Right-of-use assets The details of the right-of-use asset held by the Company is as follows:

Particulars	Buildings
Balance as at 1 April 2019	14,877.75
Depreciation charge for the year	(1,052.94)
Additions to right of use asset	-
De-recognition of right of use assets	-
Balance as at 31 March 2020	13,824.81

The Company has certain buildings on lease with contract terms of less than one year. These leases are classified as short-term. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.
Lease liabilities included in statement of financial position as at 31 March 2020

Particulars	Amount as at 31 March 2020
Current	1,204.97
Non-current	13,626.79

II) Amounts recognised in profit or loss

Particulars	For the year ended 31 March 2020
Leases under Ind AS 116	
Interest on lease liabilities	371.13
Expenses relating to short-term leases	2,353.69
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-

Particulars	For the year ended 31 March 2020
Lease expense under Ind AS 17	3,619.88

III) Amounts recognised in statement of cash flows

Particulars	For the year ended 31 March 2020
The total cash outflow for leases including cash outflow of short-term leases and leases of low-value assets	3,898.88

Note 32: Expenses capitalised

During the year, the Holding company has incurred below costs directly attributable to bringing the property, plans and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Details of borrowing costs capitalised		
Borrowing costs capitalised during the year	1,867.87	936.49
Total borrowing cost capitalised	**1,867.87**	**936.49**
b) Details of expenses capitalised		
Raw material and packing material consumed	384.72	1,172.85
Employee benefit expenses	1,275.01	726.93
Other expenses includes trial run cost (net of revenue recognised during trail run period)	2,026.01	507.88
	3,685.74	2,407.66
Total	**5,553.61**	**3,344.15**

Note 33: Segment reporting

The Managing Director and Chief Executive Officer of the group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The group is structured into a single segment of Home Textiles value chain, and accordingly the CODM evaluates the group's performance and allocates resources based on an analysis of various performance indicators by the products portfolio and segment information has been presented accordingly.

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

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

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
North America	203,315.85	215,761.13
India and Asia pacific	6,463.17	20,830.07
Europe, Middle East and Africa	9,510.25	9,227.69
Rest of the world	463.44	225.02
Total	**219,752.71**	**246,043.91**

Revenue generated from major customers

Customers contributing 10% or more of Group revenue (3 customers amounting to ₹ 186,774.01 lacs in 2019-20 and 3 customers amounting ₹ 174,304.89 lacs in 2018-19).

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

Note 34: Income Taxes

Amount recognized in statement of profit and loss **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax:		
In respect of the current year	3,929.13	7,654.40
	3,929.13	**7,654.40**
Deferred tax:		
In respect of the current year	3,263.00	3,465.89
	3,263.00	3,465.89
Income tax expense reported in the statement of profit and loss	**7,192.13**	**11,120.29**

Income tax recognized in other comprehensive income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Remeasurements of the defined benefit (asset) / liabilities	23.89	(16.45)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(2,203.10)	1,058.37
Income tax charged to other comprehensive (loss)/ income	**(2,179.21)**	**1,041.92**

Reconciliation of effective tax rate **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before income tax	8,517.35	30,803.79
Enacted income tax rate in India	34.94%	34.94%
Tax using the Holding company's domestic tax rate	2,976.30	10,764.08
Effects of tax concessions i.e. 80JJAA, 80IA	(1,210.30)	(1,009.15)
Effects of non - deductible expenses or non-chargeable income for tax purposes	762.09	198.25
Effects due to differential tax rates on capital gains	(4.32)	(43.60)
Tax credit not recognised of losses of subsidiaries operating in other jurisdictions	4,668.36	1,210.71
Total income tax expense recognised in the statement of profit and loss	**7,192.13**	**11,120.29**
Effective tax rate	**84.44%**	**36.10%**

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2020

Deferred tax

Deferred tax relates to the following:

(₹ Lacs)

Particulars	As at 31 March 2018	Recognised in profit or loss during 2018-19	As at 31 March 2019	Recognised in OCI during 2018-19	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Recognised in Retained earnings during 2019-20	As at 31 March 2020
Deferred tax assets / (liabilities)								
Property, Plant and Equipment (including land)	(16,025.82)	(4,341.41)	(20,367.23)	-	(6,925.79)	-	-	(27,293.02)
Cash flow hedge	(208.22)	-	(1,266.59)	(1,058.37)	-	2,203.10	-	936.51
Defined benefit obligations	108.35	-	124.80	16.45	-	(23.89)	-	100.91
Goodwill	3,769.28	(326.82)	3,422.46	-	(152.91)	-	-	3,289.55
Investments at fair value through profit or loss	(151.33)	107.73	(43.60)	-	34.95	-	-	(8.65)
Tax benefits	31.63	133.72	165.35	-	98.34	-	-	263.69
Unpaid employee benefits	714.13	(107.72)	606.41	-	96.35	-	-	702.76
Unrealised profit	840.31	(328.31)	512.00	-	26.33	-	-	538.33
Ineffective hedge	-	-	-	-	398.93	-	-	398.93
INDAS 116 Leases	-	-	-	-	(13.28)	-	274.57	261.29
Others	(106.69)	6.26	(100.43)	396.47	462.32	(261.69)	-	496.67
Minimum Alternate Tax Credit	13,376.68	1,390.67	14,767.35	-	2,711.76	-	-	17,479.11
Deferred tax assets / (liabilities)*	**2,348.32**	**(3,465.89)**	**(1,763.01)**	**(645.45)**	**(3,263.00)**	**1,917.52**	**274.57**	**(2,833.92)**

*Refer note 8.2

Notes to the Consolidated Annual Financial Statement for the year ended 31 March 2020

Note 35: Earnings per share

(₹ Lacs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit for the year attributable to equity shareholders	1,325.22	19,683.50

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Number of equity shares outstanding at the beginning of the year	98,457,160	98,457,160
Add: Weighted average number for equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	98,457,160	98,457,160

Earnings per share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic	1.35	19.99
Diluted	1.35	19.99

Note 36: Financial instruments:

Note 36.1: Categories of financial instruments:

Accounting classification and fair value

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

Fair value hierarchy

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

a) recognised and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the financial statements.

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

(₹ Lacs)

Particulars	Carrying amount	Fair value		
	31 March 2020	Level 1	Level 2	Level 3
Financial assets				
Measured at amortised cost:				
Cash and cash equivalents	4,708.15	-	-	-
Other bank balances	13,345.32	-	-	-
Trade receivables	11,758.17	-	-	-
Loans (current and non-current)	155.14	-	-	-
Other financial assets (current and non-current)	18,349.72	-	-	-
Measured at FVTOCI				
Other current financial assets	46.35	-	46.35	-
Measured at FVTPL				
Investments (current and non-current)	2,942.99	2,276.50	-	666.49
Total	**51,305.84**	**2,276.50**	**46.35**	**666.49**
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	281,443.35	-	-	-
Trade payables	37,172.42	-	-	-
Other current financial liabilities*	10,406.88	-	-	-
Measured at FVTOCI				
Other financial liabilities	3,868.01	-	3,868.01	-
Total	**332,890.66**	**-**	**3,868.01**	**-**

(₹ Lacs)

Particulars	Carrying amount	Fair value		
	31 March 2020	Level 1	Level 2	Level 3
Financial assets				
Measured at amortised cost:				
Cash and cash equivalents	16,709.84	-	-	-
Other bank balances	8,407.60	-	-	-
Trade receivables	16,628.49	-	-	-
Loans (current and non-current)	167.80	-	-	-
Other financial assets (current and non-current)	9,262.54	-	-	-
Measured at FVTOCI				
Other current financial assets	3,893.54	-	3,893.54	-
Measured at FVTPL				
Investments (current and non-current)	12,342.21	11,672.20	-	670.01
Total	**67,412.02**	**11,672.20**	**3,893.54**	**670.01**
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	279,033.27	-	-	-
Trade payables	44,243.30	-	-	-
Other current financial liabilities*	10,188.34	-	-	-
Measured at FVTOCI				
Other financial liabilities	172.04	-	172.04	-
Total	**333,636.95**	**-**	**172.04**	**-**

*Current maturities of long term borrowings aggregating ₹ 19,214.41 lacs and ₹ 13,423.79 lacs as at 31 March 2020 and 31 March 2019 respectively, form part of borrowings (current and non-current).

Fair value hierarchy

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

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

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

Fair valuation method:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Financial assets:

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

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

Financial liabilities:

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

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

Note 36.2: Financial risk management:

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

Risk management framework

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

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

i) Credit risk:

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits includes an amount of ₹ 14,713.21 lacs held with a bank having high quality credit rating which is individually in excess of 10% or more of the Group's total bank deposits for the year ended 31 March 2020. None of the other financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 51,272.01 lacs and ₹ 66,712.88 lacs as at 31 March 2020, and 31 March 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables and other financial assets excluding cash in hand and equity investments.

Geographic concentration of credit risk

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Gross %	Net %	Gross %	Net %
North America	46%	54%	73%	82%
Europe, Middle east and Africa	30%	18%	15%	6%
India and asia pacific	24%	27%	12%	13%

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

ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.The Group believes that the working capital and its cash and cash equivalent are sufficient to meet its short and medium term requirements."

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

A) Financing arrangement

The Group maintains the following line of credit:

a) Terms loans taken from bank aggregrating to ₹ 107,954.29 lacs (31 March 2019 ₹ 108,140.62 lacs) repayable in various quarterly and yearly installments with interest rate ranging from 4.15% to 11.79 % per annum. Term Loan from financial institutions aggregrating to ₹ 70,234.41 lacs (31 March 2019: ₹ 73,057.69 lacs) with interest rate ranging from 5.92% - 18% per annum.

b) Working capital loans from banks carry an effective interest rate of 5.78% per annum, computed on a monthly basis on the actual amount utilized, and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock and book debts of the Group and second pari passu charge on the movable (other than those exclusively charged) and immovable fixed assets of the Group.

c) The Group has receivable bill discounting facility from banks which are payable within 120 days from date of bill discounted.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2020 **(₹ Lacs)**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	281,443.35	281,443.35	122,469.06	94,260.31	64,713.98
Trade payables	37,172.42	37,172.42	37,172.42	-	-
Lease liabilities	14,831.76	19,363.74	1,944.41	9,485.32	7,934.01
Other financial liabilities#	14,274.89	14,274.89	14,274.89	-	-

As at 31 March 2019 **(₹ Lacs)**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	279,033.27	279,033.27	111,258.75	92,875.83	74,898.69
Trade payables	44,243.30	44,243.30	44,243.30	-	-
Other financial liabilities#	10,360.38	10,360.38	10,360.38	-	-

*Includes current maturies of long term borrowings (Refer note 21) and current borrowings (Refer note 19).
Excludes current maturies of long term borrowings (Refer note 21)

As disclosed in note 16.1, the Group has secured bank loan that contains loan covenants. A future breach of convenant may require the Group to repay the loan earlier than indicated in the above table. Except for these financial liabilties, it is not expected that cash flows included in maturity analysis could occur significantly earlier.

iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign currency risk:

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is INR. The currencies in which these transactions are primarily denominated are USD, GBP etc.

Management monitors the movement in foreign currency and the Group's exposure in each of the foreign currency. Based on the analysis and study of movement in foreign currency, the Group decides to exchange its foreign currency. A significant portion of the Group's revenues are in foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses derivative and non-derivative financial instruments, such as foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

All hedging activities are carried out in accordance with the Group's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Group operates."

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

Particulars	As at 31 March 2020			As at 31 March 2019		
	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)
In USD	132.37	97,772.93	3,790.64	150.02	106,471.29	3,604.35
IN EURO	2.17	1,803.42	48.07	2.38	2,045.63	141.96
In GBP	2.20	2,076.76	13.37	2.26	2,181.52	83.98
Total		**101,653.11**	**3,852.08**		**110,698.44**	**3,830.28**

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

Particulars	As at 31 March 2020			As at 31 March 2019		
	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	Fair Value (₹ lacs)
IN EURO	1.14	938.59	21.68	1.78	1,493.55	102.71
In JPY	27.40	185.96	8.74	15.55	105.55	6.07
Total		**1,124.55**	**30.42**		**1,599.10**	**108.78**

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Less than 1 month	12,341.11	8,737.22
1 to 3 months	23,694.34	19,644.79
3 to 6 months	25,374.98	30,795.89
6 to 12 months	40,242.68	51,520.54
Total	**101,653.11**	**110,698.44**

The foreign exchange forward contracts maturity. The table below analyzes the derivative financial instruments buy contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Less than 1 month	73.35	1,375.10
1 to 3 months	550.26	224.00
3 to 6 months	471.07	-
6 to 12 months	29.87	-
Total	**1,124.55**	**1,599.10**

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk (unhedged foreign currency expousre) as reported to management is as follows:

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Amount in foreign currency in lacs	Amount in ₹ lacs	Amount in foreign currency in lacs	Amount in ₹ lacs
Cash and cash equivalents	USD	0.19	14.20	0.37	25.70
	EUR	0.71	58.82	5.87	455.77
	GBP	0.24	22.22	-	-
Trade receivables	USD	70.48	5,322.12	58.87	4,070.18
	EUR	8.69	722.59	26.39	2,047.92
	GBP	3.92	364.96	4.42	399.35
	AED	-	-	0.18	3.36
Other non current assets	USD	0.06	4.82	0.23	15.89
	EUR	0.81	67.08	5.43	421.75
	CHF	0.00	0.13	-	-
Other current assets	USD	1.68	126.57	0.29	20.14
	EUR	2.63	218.49	13.68	1,061.50
	GBP	0.00	0.15	-	-
	CHF	0.04	3.23	-	-
	JPY	2.97	2.06	-	-
Other financial assets	USD	-	-	-	-
	EUR	2.15	179.09	3.52	273.15
	GBP	0.15	13.99	-	-
Borrowings	USD	333.81	25,205.62	333.11	23,030.70
	EUR	-	-	84.40	6,550.61
Trade payables	USD	30.29	2,287.28	50.91	3,519.77
	EUR	5.25	436.69	14.16	1,098.89
	GBP	0.03	3.05	0.03	2.69
Other current liabilities	USD	13.73	1,037.09	2.38	164.60
	EUR	12.44	1,034.55	34.35	2,666.25
	GBP	0.01	0.65	-	-
	AED	0.01	0.15	-	-
Other financial liabilities	USD	0.09	6.67	0.90	62.54
	EUR	94.28	7,841.92	11.31	877.81
	JPY	-	-	137.10	85.59

There were no forward contracts outstanding against the above mentioned foreign currency assets and liabilities as at 31 March 2020.

The following exchange rates have been applied

Currency	Year end spot rate	
	31 March 2020	31 March 2019
USD/INR	75.51	69.14
EUR/INR	83.18	77.62
GBP/INR	93.09	90.33
AED/INR	20.40	18.82
CHF/INR	77.33	73.82
JPY/INR	0.70	0.62

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP against ₹ at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ Lacs)

Particulars	Profit and loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (1% movement)	(230.69)	230.69	(150.08)	150.08
EURO (1% movement)	(80.67)	80.67	(52.48)	52.48
GBP (1% movement)	3.98	(3.98)	2.59	(2.59)
AED (1% movement)	(0.00)	0.00	(0.00)	0.00
CHF (1% movement)	0.03	(0.03)	0.02	(0.02)
JPY (1% movement)	0.02	(0.02)	0.01	(0.01)
31 March 2019				
USD (1% movement)	(226.46)	226.46	(147.32)	147.32
EURO (1% movement)	(69.33)	69.33	(45.11)	45.11
GBP (1% movement)	3.97	(3.97)	2.58	(2.58)
AED (1% movement)	0.03	(0.03)	0.02	(0.02)
JPY (1% movement)	(0.86)	0.86	(0.56)	0.56

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. The Group's investments are primarily in short-term investments, which do not expose it to significant interest rate risk. The Group's borrowings comprises of term loan, working capital loan and bill discounting which carries variable rate of interest, which expose it to interest rate risk.

a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ Lacs)

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate borrowings*	281,443.35	279,033.27
Total	281,443.35	279,033.27

*Represents long term borrowings including its current maturities and short term borrowings.

b) Sensitivity **(₹ Lacs)**

Particulars	Profit and loss		Equity, net of tax	
	25 basis points Increase	25 basis points Decrease	25 basis points Increase	25 basis points Decrease
31 March 2020				
Variable rate borrowings	700.60	(700.60)	455.78	(455.78)
31 March 2019				
Variable rate borrowings	630.69	(630.69)	410.30	(410.30)

Note 36.3: Capital management

The Group's policy is to maintain a stable and strong capital base structure with a focus on total equity so as to uphold investor, creditor and market confidence and to sustain future development and growth of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value and safeguard its ability to continue as a going concern.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For the purpose of Group's capital management, adjusted net debt is defined as aggregate on non-current borrowing, current borrowing, current maturities of long-term borrowings and lease liabilities less cash and cash equivalents,deposits and current invesments and total equity includes issued capital and all other equity reserves.

The Group's adjusted net debt equity ratio were as follows: **(₹ Lacs)**

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings (current and non-current)	296,275.11	279,033.27
Less: Cash and cash equivalents including deposits and current investments	(22,424.61)	(36,796.16)
Adjusted net debt	**273,850.50**	**242,237.11**
Total equity	136,000.77	142,105.75
Net debt to equity ratio	**2.01**	**1.70**

The Company has also evaluated the impact of the COVID-19 on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same.

Note 37: Related party disclosures

Note 37.1: Name of related parties and description of relationship

Description of relationship	Names of the related parties
Key management personnel	D.K. Himatsingka – Executive chairman Shrikant Himatsingka – Managing Director & CEO V. Vasudevan – Executive Director K.P. Rangaraj – Chief Financial Officer Ashok Sharma – Company Secretary **Non–executive directors** Sangeeta Kulkarni – Independent Director Rajiv Khaitan – Independent Director Dr. K.R.S. Murthy – Independent Director (Retired w.e.f. 10 February 2020) Pradeep Bhargava – Independent Director Raja Venkataraman – Independent Director (Appointed w.e.f. 8 November 2019) Manjiri Bhalerao – Nominee Director (Appointed w.e.f. 28 November 2019)
Associate	Himatsingka Energy Private Limited (cease to be an Associate Company w.e.f. 9 September 2019)
Transaction with entities over which key management personnel or relatives of such personnel are able to exercise significant influence	Bihar Mercantile Union Limited Khaitan & Co. LLP Jacaranda Design LLC Orient Silk Private Limited

List of subsidiaries (including step subsidiaries), associate

Name of the entity	Orient Silk Private Limited	Country of domicile	Holding as at	
			31 March 2020	31 March 2019
Himatsingka Wovens Private Limited	Subsidiary	India	100%	100%
Himatsingka Holdings North America, Inc.	Subsidiary	United States of America	100%	100%
Himatsingka Europe Limited	Step–subsidiary*	United Kingdom	100%	100%
Twill & Oxford LLC	Subsidiary	United Arab Emirates	49%	49%
Himatsingka America, Inc.	Step Subsidiary	United States of America	100%	100%
Himatsingka Singapore Pte Ltd	NA**	Singapore	0%	0%
Giuseppe Bellora S.r.l.	NA*	Italy	0%	0%
Himatsingka Energy Private Limited	NA#	India	0%	26%

*During the pervious year, HSL had reorganized its entities outside India to consolidate distribution operation across North America and the European region (EU operations) with a brand portfolio and to achieve segregation between distribution and manufacturing segments. As a result of the reorganization, the Company had entered into a Share Purchase Agreement ("SPA") dated 17 March 2019 with Himatsingka Holdings NA Inc., USA, a wholly owned subsidiary, and sold 100% stake in Himatsingka Europe Limited, another wholly owned subsidiary of the Company. Further, Giuseppe Bellora Srl, Italy a 100%, a wholly owned subsidiary of Himatsingka Europe Limited, after shifting its seat of incorporation from Italy to USA, merged with Himatsingka Americ Inc, USA. Himatsingka Americ Inc, USA, is a wholly owned subsidiary of Himatsingka Holdings NA Inc., USA. The Company has filed for liquidation of Himatsingka Europe Limited and awaiting approval.

** Himatsingka Singapore Pte Limited has been liquidated in the previous year.

Cease to be an Associate Company w.e.f. September 9, 2019

Note 37.2: Related party transactions during the year **(₹ Lacs)**

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
Professional fees	Khaitan & Co. LLP	155.60	3.29
	Jacaranda Design LLC	106.55	138.68
Purchase of fixed asset	Orient Silk Private Limited	381.58	–
	Bihar Mercantile Union Limited	2,675.24	–
Guarantees given on behalf of subsidiaries	Himatsingka America, Inc.	–	22,137.39
Remuneration paid to	D.K.Himatsingka	196.85	194.42
	Shrikant Himatsingka	209.46	191.34
	V. Vasudevan	136.03	156.94
	K.P. Rangraj	213.31	176.31
	Ashok Kumar Sharma	118.76	101.33
Dividend paid to	D.K.Himatsingka	598.40	299.20
	Shrikant Himatsingka	424.05	212.02
Commission paid to	D.K.Himatsingka	650.00	650.00
	Shrikant Himatsingka	637.39	650.00
	V. Vasudevan	43.77	57.04
	Rajiv Khaithan (Paid to Khaitan & Co. LLP.)	20.00	20.00
	Dr. K.R.S. Murthy	–	18.00
	Pradeep Bhargava	18.00	9.00
	Sangeeta Vivek Kulkarni	18.00	18.00
	Raja Venkataraman	9.00	–
	Manjiri Bhalerao (Paid to Export-Import Bank of India)	5.00	–
Sitting fees paid to	Rajiv Khaithan (Paid to Khaitan & Co. LLP.)	8.00	3.10
	Dr. K.R.S. Murthy	8.50	3.20
	Pradeep Bhargava	8.00	0.60
	Sangeeta Vivek Kulkarni	5.00	2.40
	Raja Venkataraman	0.50	–
	Manjiri Bhalerao (Paid to Export-Import Bank of India)	0.50	–

Note 37.3: Balance receivable from and payable to related parties as at the balance sheet date: **(₹ Lacs)**

Particulars		As at 31 March 2020	As at 31 March 2019
Other payables	Jacaranda Design LLC	12.00	–
	Khaitan & Co. LLP	2.00	–

Note 37.4: Compensation of key management personnel* **(₹ Lacs)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and compensation	874.40	820.34
Commission	1,331.16	1,357.04
Total	**2,205.56**	**2,177.38**

*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since, provision for these are based on an actuarial valuation carried out for the Company as a whole.

Terms and conditions
All transactions with these related parties are at arm's length basis and none of the balances are secured."

Note 38: Business Combinations
"Himatsingka America Inc (HIMA), a step subsidiary of HSL has entered into a definitive agreement dated 31 March 2018 to acquire home portfolio of Global Brands Group Holdings Ltd. ('GBG Ltd'). HIMA has acquired the exclusive license rights to the Tommy Hilfiger home brand (North America), the Copper Fit and other brands for a total purchase consideration of ₹ 13,657.22 lacs. As per the definitive agreement, the closing date of the transaction was 15 May 2018.

During the previous year ended 31 March 2019, HIMA has completed the purchase price allocation and has recognised assets and liabilities of the acquired business at its fair value including intangible assets.

Based on purchase price allocation, the Company has identified the intangible assets aggregating ₹ 5,469.59 lacs as at 15 May 2018 to be amortised over its estimated useful life of 10 years. The fair value of net assets acquired on the acquisition date including intangible assets as a part of the transaction amounted to ₹ 6,257.91 lacs. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill aggregating to ₹ 7,399.31 lacs. The goodwill is attributable to value of benefits of expected synergies, future revenue and future market developments. Goodwill is not deductible for income tax purposes. This acquisition is expected to provide an increased market share in home textile portfolio."

The assets and liabilities recognised as a result of the acquisition are as follows: **(₹ Lacs)**

Particulars	Amount in ₹
Intangible assets	5,469.59
Inventory	788.32
Total	**6,257.91**

Calculation of goodwill as follows **(₹ Lacs)**

Particulars	Amount in ₹
Purchase consideration	13,657.22
Net Assets acquired	6,257.91
Goodwill	**7,399.31**

The transaction costs ₹ 699.00 lacs related to the acquisition have been included in consolidated statement of profit and loss.

Note 39: Scheme of arrangement

"During the previous year ended 31 March 2019, the Company had entered into the Scheme of arrangement ("the Scheme") with the Himatsingka Wovens Private Limited ("HWPL"), a wholly owned subsidiary of the Company. The Scheme involved the transfer of retail business of HWPL to the Company. The Scheme became effective on 29 March 2019 with the appointed date of 30 March 2018, the date on which Company had filed the approved Scheme with Registrar of Companies ("ROC").

Accounting treatment:

In accordance with requirements of the Scheme, the above mentioned de-merger had been accounted under the 'Pooling of Interests Method' as per Appendix C to Ind AS 103 on Business Combination of entities under common control in the previous year. As per the guidance under Appendix C to Ind AS 103 the financial statements in respect of prior periods are restated where applicable as if the merger had occurred from the beginning of the preceding previous period irrespective of the actual date of the combination. Accordingly, the results of the retail business of HWPL got merged with effect from 1 April 2017. The said business combination does not have any impact on the consolidated financial results of the Company.

Note 40: Exceptional items

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Write down of inventory (Refer note 40.1 below)	4,305.07	-
Hedge Ineffectiveness (Refer note 40.2 below)	1,141.63	-
Restructuring activities for the European business (Refer note 40.3 below)	1,209.64	-
Impairment of investment in equity shares (Refer note 40.4 below)	664.21	-
Total	**7,320.55**	**-**

Note 40.1 Write down of inventory to the net realizable value aggregating ₹ 4,305.07 lacs as a result of adverse impact on sales and profitability due to Covid-19 outbreak.

Note 40.2 Hedge ineffectiveness of ₹ 1,141.63 lacs as the forecasted sales are not expected to occur due to the lockdown restrictions imposed on account of Covid-19 outbreak.

Note 40.3 Expenses incurred on account of restructuring activities for the European business aggregating ₹ 1,209.63 lacs.

Note 40.4 Impairment of investment in equity shares of ₹ 664.21 lacs.

Note 41: There is no amount due and outstanding as at Balance sheet date to be credited to the Investor Education and Protection Fund.

Note 42: Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Note 43: Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements for the year ended 31 March 2020.

Name of the Subsidiary (Including step Subsidiary)	Net assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in Comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ lacs)	As % of consolidated profit or loss	Amount (₹ lac)	As % of consolidated Comprehensive income	Amount (₹ lacs)	As % of consolidated total comprehensive income	Amount (₹ lacs)
Himatsingka Seide Limited	58%	148,952.12	857%	14,664.12	100%	(4,061.40)	-451%	10,602.72
Indian Subsidiaries								
Himatsingka Wovens Private Limited	1%	2,056.22	8%	139.96	0%	-	-6%	139.96
Foreign Subsidiaries (Including step Subsidiary)								
Himatsingka Holdings North America, Inc.	25%	64,509.15	-193%	(3,310.80)	0%	-	141%	(3,310.80)
Himatsingka America, Inc.	17%	43,163.67	-567%	(9,697.15)	0%	-	413%	(9,697.15)
Twill & Oxford LLC	0%	(681.46)	-5%	(85.09)	0%	-	4%	(85.09)
	100%	**257,999.69**	**100%**	**1,711.04**	**100%**	**(4,061.40)**	**100%**	**(2,350.36)**
Consolidated adjustments		(121,998.92)		(385.82)		3,369.67		2,983.85
Total		**136,000.77**		**1,325.22**		**(691.73)**		**633.49**

Note 44: Events after reporting period

On 4 July 2020, the Board of Directors recommended a final dividend of ₹ 0.50 per equity share {total dividend of ₹ 492.29 lacs (excluding dividend distribution tax)} be paid to the shareholders for financial year 2019-2020, which need to be approved by shareholders at the Annual General Meeting.

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 4 July 2020

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

D.K. Himatsingka
Executive Chairman
DIN: 00139516

K.P. Rangaraj
Chief Financial Officer

Place: Bengaluru
Date: 4 July 2020

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

Ashok Sharma
Company Secretary
Membership number: A16089

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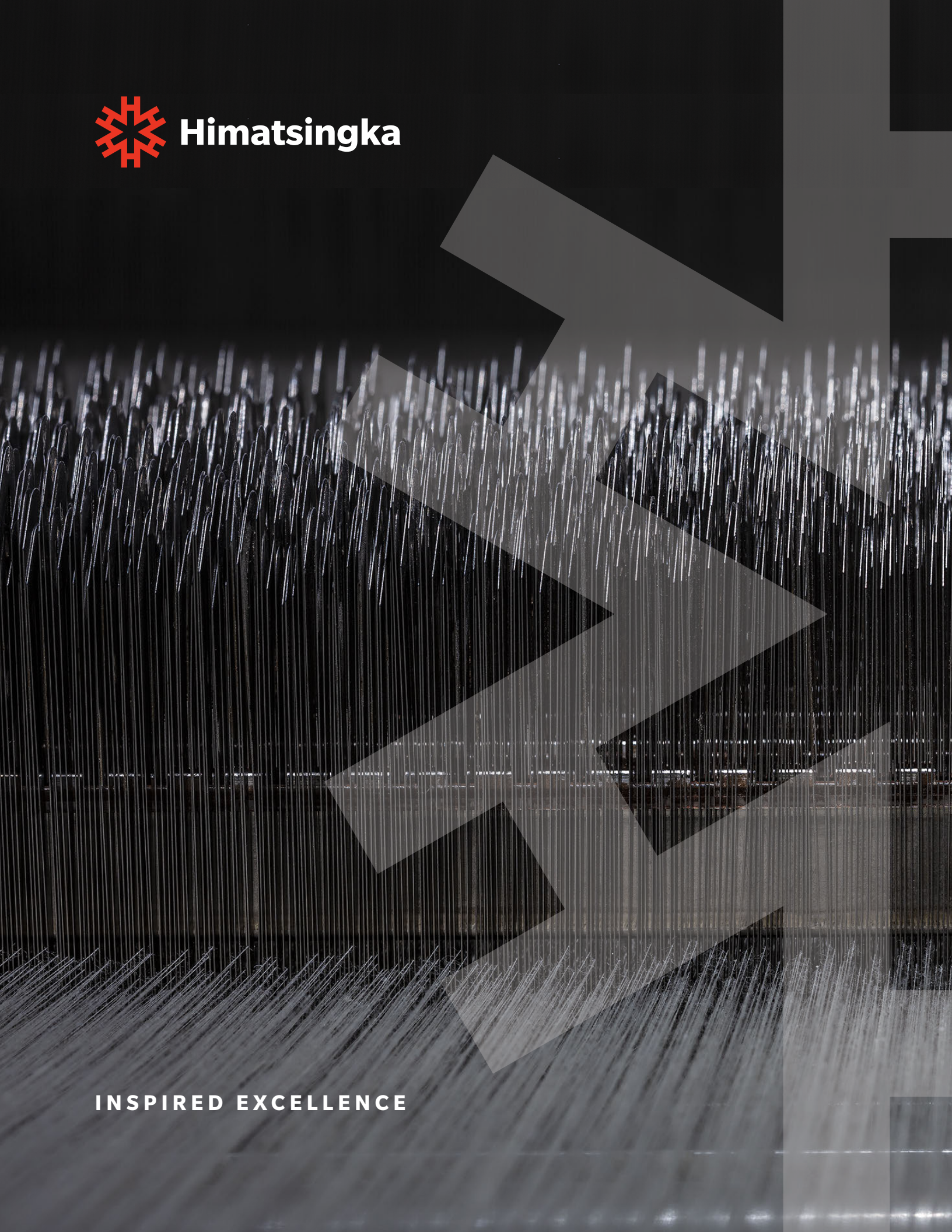
Himatsingka



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