Himatsingka

Transform

ANNUAL REPORT 2021

Change is incremental, often organic. But transformation is intense, disruptive and accelerated. The recent pandemic has made one thing abundantly clear: What Himatsingka will be focused on is transformation.

Himatsingka recognizes the importance of accelerating initiatives that position it to lead the way in aligning businesses to create favorable equations vis-à-vis the impact they have on the environment and on the people and social fronts, whilst maximizing the governance quotient.

We need to constantly develop sustainable and regenerative solutions to contribute positively to the natural ecosystems we draw from every day. It's not enough to speak of inclusion, diversity and equitable value creation. The measure of business success must expand to include impact-weighted metrics. The demand for ethical sourcing, eco-friendly materials and transparency at every stage in the product value chain is the future.

At Himatsingka, the wheels of transformation are in motion. From intent to practice, scale to value, shelf to source, inspired to excellent, we have actionized change through radical digitization, and an uncompromising focus on sustainability and the consumer. Our resilience during these challenging times is the outcome of our bold and timely strategies to transform.

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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 Purpose

Making Better Lives Possible

Our Values

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

Our Vision

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

Leading the transformation to manufacturing 4.0, Himatsingka has digitized its shopfloors to power innovation, enhance speed and usher in a high productivity work culture.

About Himatsingka

Himatsingka is a vertically integrated global textile major that designs, develops, manufactures and distributes a suite of textile products. With four manufacturing facilities, our installed capacities for manufacturing Bedding Products, Bath Products and Cotton Yarn Products are amongst the largest in the world.

We operate the world's largest Cotton Spinning Plant under one roof: **Capacity — 211,584 Spindles**

We operate amongst the world's largest Integrated Sheeting Plants for producing Bedding Products: **Capacity — 61 MMPA (Million Meters per Annum)**

We operate amongst the world's largest Integrated Terry Towel Plants for producing Bath Products: **Capacity — 25,000 TPA (Tonnes per Annum)**

We have amongst the largest brand portfolio in the Home Textile space: **15 Licensed and Owned Brands**

We are global leaders in the Cotton Track and Trace Solutions space: **Patented DNA Technology for Cotton Traceability**

We have a global network of sales offices and warehousing facilities: **North America, Europe, UK and India**

From Intent to Practice

* BUILDING CAPACITY

Over the past few years, we have ramped up capacities across the various verticals we operate in, so as to position ourselves as operators of amongst the largest capacities globally for the category of products that we manufacture. Our plants represent scale, best-in-class shopfloors and offer industry-leading flexibility to the global network of clients they serve.

* ACCELERATING DIGITIZATION

Leading the transformation to manufacturing 4.0, Himatsingka has digitized its shopfloors to power innovation, enhance speed and usher in a high-productivity work culture. The application of information and communication technology to every facet of operations, enables us to quickly adapt to evolving market conditions, while ensuring a high degree of compliance through the global value chain.

∗ CONSUMER AT THE CENTER

At Himatsingka we design, develop and manufacture products that emanate from the aesthetic and technological requirements of our global clientele. Our clients cater to a diverse cross section of consumers and hence our product portfolio is in keeping with the demand of millions of consumers across major international markets. Himatsingka brings to consumers an unparalleled suite of brands and technology-led solutions that secure the transparency of the cotton value chain and fulfil the consumer's preference for authentic and traceable products.

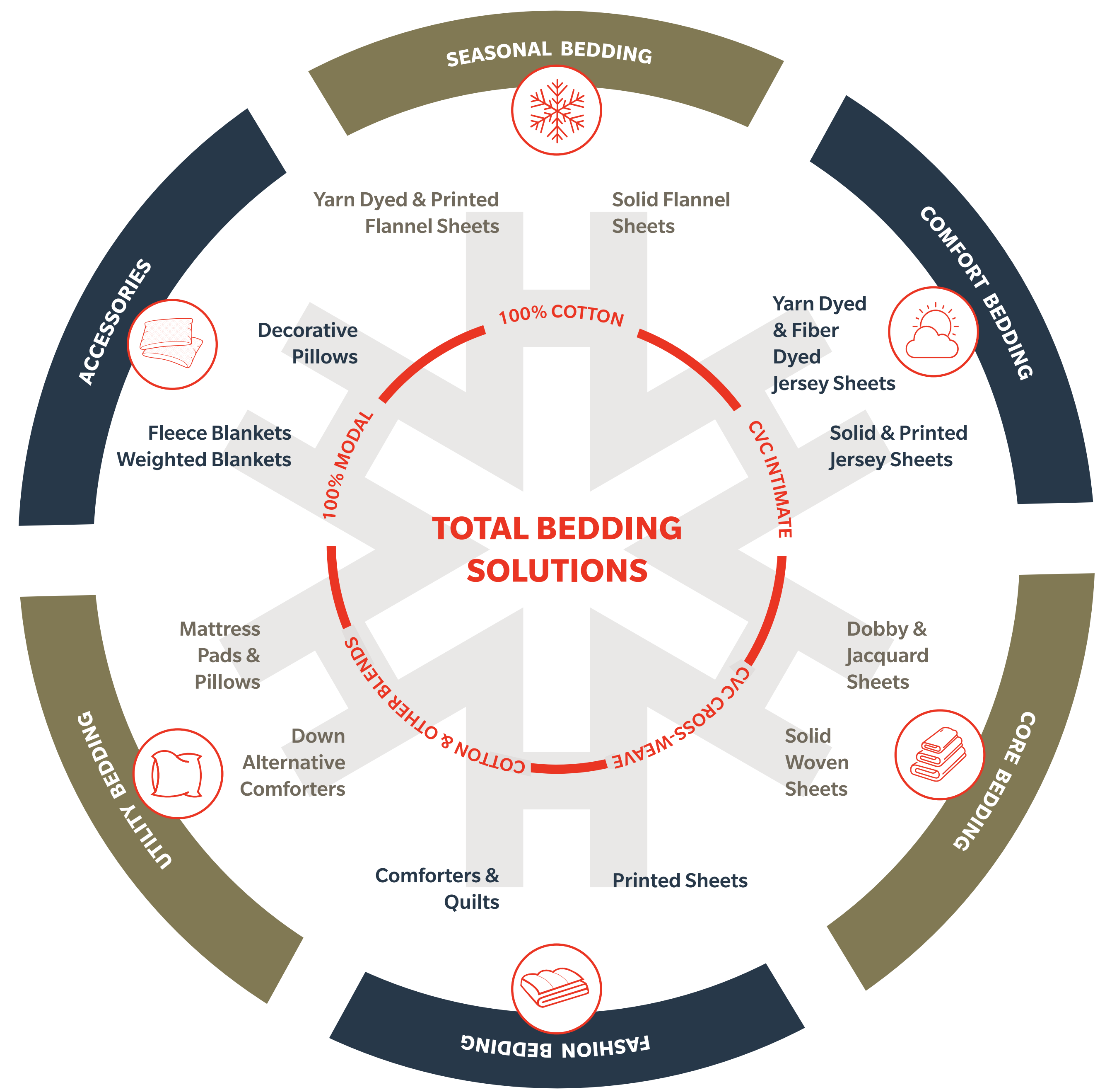
Himatsingka brings to consumers an un-paralleled suite of brands and technology-led solutions that secure the transparency of the cotton value chain and fulfil the consumer's preference for authentic and traceable products.

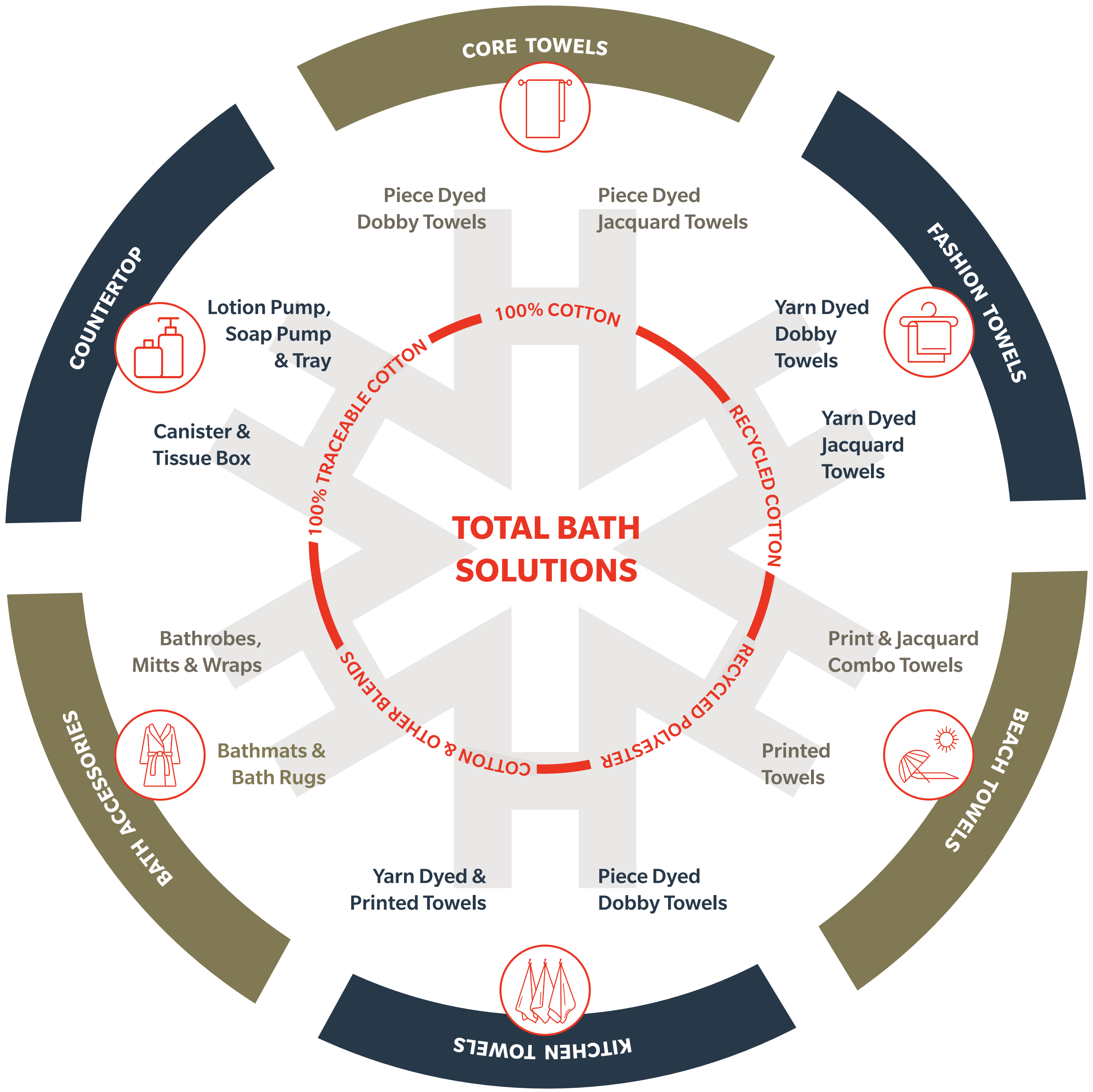
From Scale to Value

DELIVERING TOTAL SOLUTIONS

While we produce at global scale, we create value that is bespoke. Himatsingka customizes products for consumers across geographies, catering to special needs and varied age groups. We manufacture textile products for every room in the house and for every person living in it. Our portfolio is truly expansive. From products that celebrate seasons — beach towels for delightful sunny days and cozy flannel for winter warmth — to products that offer complete traceability and best-in-class functional attributes.

We design and develop an expansive range of bedding products that span diverse aesthetic signatures across categories and price points at retail.





Himatsingka is continuously creating sustainable, performance and hygiene-led bath solutions that are driving consumer choices and stimulating demand across markets.

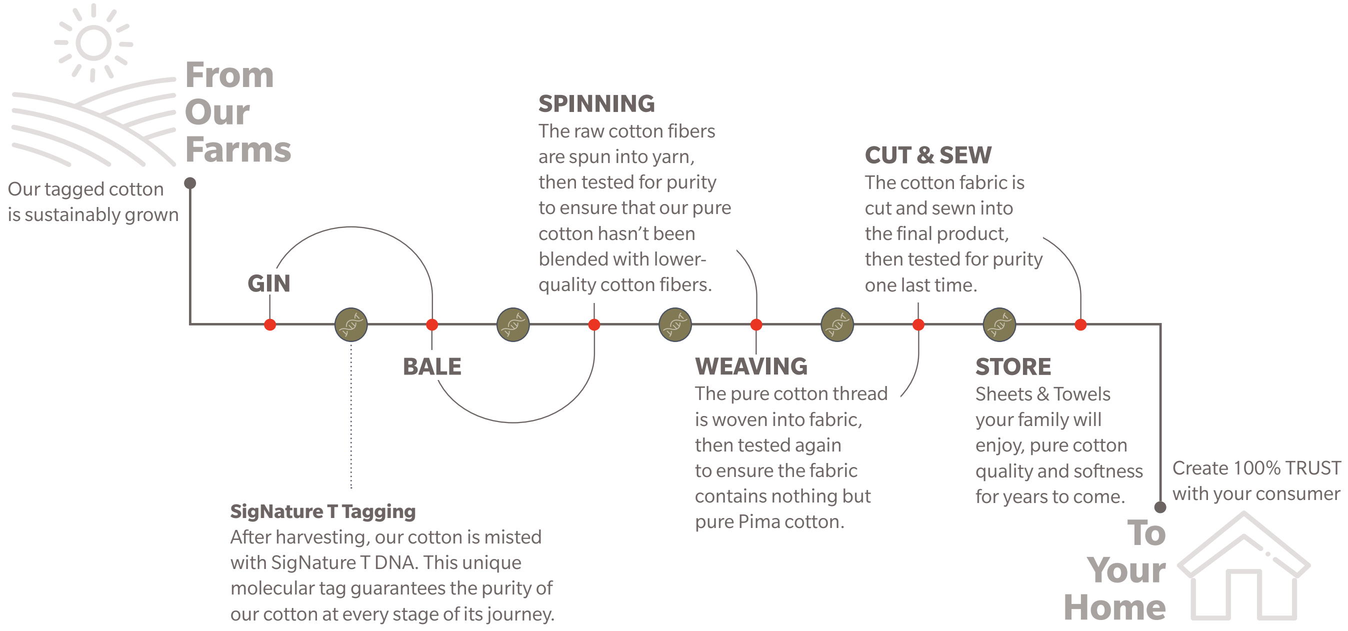
* RESOURCE-POSITIVE & TECHNOLOGY-LED INNOVATION

Championing responsible consumption, we have developed a 'conscious portfolio' of recycled/upcycled bedding and bath products, including 'All Natural' towels (made from 100% cotton and sustainably grown bamboo), and a vibrant range of 'Rescue Threads' (incorporating repurposed yarn). We also endeavor to provide technology-led solutions that provide value for consumers by enhancing comfort, hygiene and product experience.

We manufacture textile products for every room in the house and for every person living in it.

SuedePro BACTGUARD™ CLEANER - FRESHER - SAFER GRIPON FITTED SHEET TECHNOLOGY Crease Control™

From Shelf to Source



* PROMISING AUTHENTICITY

Our traceable cotton brands offer consumers traceability and trust. As leaders in the cotton track and trace space, we provide complete traceability solutions for a suite of cotton products with the assurance that our cotton is not blended. Himatsingka's licensed and patented DNA tagging technology enables consumers to retrace the journey of the cotton products they purchase, all the way from shelf back to the farm. We are working on extrapolating traceability solutions to all cotton varietals, thereby increasing our traceability coverage.

✱ LEVERAGING INTEGRATION

Integration drives control, transparency and authenticity which paves the way for a more reliable and predictable supply chain. Being integrated from fiber to shelf gives us improved response time and the ability to make high frequency product introductions that drive consumer choices. Our investments in integrated, technically advanced and scale-oriented operations are servicing dynamic retail requirements, and stimulating demand.

✱ ENABLING SEAMLESSNESS

Himatsingka is continuously working on streamlining supply chains to transform the way our products move from farm to shelf. We control highly secure, closed loop cotton supply that is supported by advanced manufacturing platforms and flexible warehousing capabilities to assure seamless delivery, from farm to shelf.

We are working on extrapolating traceability to all cotton varietals, thereby increasing our traceability coverage.

Pimacott organicott Gizacott HOMEGROWN COTTON PROUDLY GROWN IN THE USA

From Inspired to Excellent

"We believe good ESG stewardship begins with transformative change and accountability. Himatsingka has put in place sustainable practices and set ESG goals to demonstrate its deep commitment to people and planet."

Shrikant Himatsingka,
Managing Director & CEO

Guided by our brand essence 'Inspired Excellence', we take every idea to its full potential. This applies to how we think about the environment, our social responsibility and governance (ESG).

ENVIRONMENT

Developing and implementing sustainable business models is probably the most important and urgent challenge the world faces today. Himatsingka is committed to participating and contributing to the transformative journey that global value chains, across industries have to embark upon to create a more sustainable world. We are determined to take initiatives that help promote sustainable businesses.

SOCIAL

At Himatsingka, Our Purpose is to 'Make Better Lives Possible'. This philosophy guides us in our actions, both at the work place and beyond. We are committed to creating a work environment that epitomizes employee engagement and promotes diversity and inclusion. We are equally committed to working with communities around us to empower women, enable education, facilitate sanitation, healthcare services, and drive skill development.

GOVERNANCE

Our strong and transparent governance framework helps us to meet the requirements and expectations of a cross section of stakeholders. We are continuously building on our existing processes, policies and frameworks to achieve the highest standards of governance in all spheres of our businesses.

Environment

At Himatsingka, we believe in being an integral part of the global effort to create a greener and more sustainable world. We comprehend the implications that depleting natural resources and various forms of environmental degradation will have on social and business ecosystems. Embracing sustainability is at the core of our business and we are committed to taking every measure that will help make us be a more sustainable global enterprise.

AREAS OF FOCUS

Reduction of Greenhouse Gas Emissions

We are actively reducing our carbon footprint by adopting cleaner processes, while increasing energy and resource efficiencies. Our aim is to be carbon neutral by 2030 based on improvements in energy efficiency and embracing renewable energy, among other initiatives.

88,142
Tonnes Reduction in CO_2 Emissions

Reduction of Waste

Himatsingka is leading the way in reducing waste by operating a zero-paper shopfloor, reducing the use of plastics, introducing sustainable packaging solutions and reusing waste. Our 'conscious portfolio' innovatively uses recycled fibers, natural finishes and reduced water consumption in the manufacturing process.

964
Tonnes of Waste Saved and Re-purposed

Renewable Energy

We continue to increase the share of renewable energy as a percentage of our total consumed energy portfolio. Himatsingka is well on its way to meeting its renewable energy goals of 75% RE by 2025 and 100% RE by 2030.

39.8%
Green Energy of the Total Energy Portfolio

Water Conservation

Himatsingka operates best-in-class Zero Liquid Discharge (ZLD) water management plants across all its manufacturing facilities. We are mindful of our water consumption, continually optimizing its usage through the manufacturing process, capturing and recycling as much as possible, while also rejuvenating water sources.

99.3%
Water Recovery at ZLD Facilities

Conservation of Energy

Improving the energy productivity of our processes is a priority. Our digitized, next gen shopfloors and technology platforms have helped us rationalize our energy footprint. This is an area that is constantly being researched and improved upon every year.

1.8%
Reduction in Annual Energy Footprint during FY 21

SUSTAINABILITY GOALS

* Carbon Neutral by 2030
* 100% Renewable Energy by 2030 (75% by 2025)
* All Manufacturing Facilities to be ZWL-Certified by 2025
* Use of 100% Sustainable Cotton by 2025
* Operate Zero Liquid Discharge (ZLD) Water Management Plants across Manufacturing Facilities

Social

At Himatsingka, our people are our most important asset and our greatest strength. We strive to create for them a diverse and inclusive workplace — one where everyone feels empowered and has the opportunity to contribute to our open culture of innovation and entrepreneurial spirit. Outside our facilities, we actively engage with local communities through employment, education support and developing community welfare infrastructure.

OUR PEOPLE

Diversity & Inclusion
Our workforce reflects the richness of diverse backgrounds and abilities, making us more collaborative, innovative and equitable. Himatsingka is proud to employ people with special needs as an active part of its workforce.

* **42% of total workforce are women**
* **452 personnel employed with special needs**
* **40% of campus hires are women**

Women Empowerment
Himatsingka has always believed in an equitable work environment that endeavors to have a balanced workforce. Women empowerment, by giving them equal opportunity to work and to contribute to the enterprise, has been central to Himatsingka's philosophy over the years. We are proud of the fact that approximately 40% of campus hires in the last three years have been women and 42% of our workforce are women.

Talent Management & Skill Development
Providing opportunities for growth and development across the organization, we continue to invest in training and upskilling our people through The Himatsingka Learning Academy and external learning opportunities.

* **1820 people trained and upskilled in the last year**

Health & Safety
The health and safety of our people has always been a top priority at Himatsingka, and this has been in sharper focus during the recent pandemic. Annual health camps for workers and more frequent health checks for those working in sensitive areas of manufacturing, are carried out with uncompromising regularity. In 2020, we continued to have industry-leading statisitics on health and safety with amongst the lowest total recordable injury and accident rates.

OUR COMMUNITY

Education
Over the past year, we have contributed to developing school infrastructure for our neighboring communities by building solar-powered classrooms and donating laptops.

Infrastructure
With a focus on improving basic infrastructure, we have constructed bus shelters and installed a water filtration plant for a community in our vicinity. We have also provided differently-abled community members with electric scooters. Towards Covid relief, Himatsingka has donated oxygen cylinders, ventilators, bed linen and masks to local hospitals.

Governance

Himatsingka believes that in order to function and deliver seamlessly and sustainably, it is imperative to be enveloped by governance practices, policies and frameworks that embody the spirit of transparency. We constantly endeavor to create and embrace platforms that will aid our journey in bringing the best practices of governance to the forefront.

Business Ethics & Compliances

Himatsingka endeavors to achieve the highest standards of ethical conduct and compliance across all its businesses and facilities. With exacting policies and procedures, industry-leading training programs and internal monitoring and auditing systems, we are equipped to provide our businesses with the monitoring and frameworks required.

Stakeholder Engagement

Striving towards ESG leadership also means gaining and maintaining stakeholder trust and confidence by being accessible, open and transparent about our business practices. Stakeholder engagement mechanisms are an important part of Himatsingka's ESG strategy. We value and encourage feedback from all stakeholders, including our employees, suppliers and customers.

LEVERS OF TRANSFORMATION

Technology and integration to deliver value with global scale

Complete home textile solutions and a global brand portfolio of over 15 brands

Leadership in cotton traceability solutions

Conscious portfolio and sustainable operating platforms

Best-in-class consumer-centric product solutions

Collective strength of over 12,000 associates

Performance Highlights

Business Highlights — FY 21

Expanded green foot-print as a percentage of total energy portfolio	Maintained leadership in cotton traceability solutions	Expanded global brand portfolio with the onboarding of Disney and its various brands, including Marvel, Pixar, Star Wars and Disney
Expanded home textile solutions portfolio by introducing comfort bedding for Gen Z consumers	Successfully ramped up capacity utilization at our new Terry Towel plant from 35% to 65%	Remained focused on consolidation initiatives to ensure appropriate actions and measures in order to fight the pandemic
Enhance e-commerce focus across key markets; added 12 new channel partners in the fiscal year	Strong addition of new clients during the second half of the fiscal — bolstering total client base	Reduced net debt by ₹ 268 crores in the backdrop of a challeng-ing fiscal 2021

Key Focus Areas — FY 22

- Increase capacity utilization levels in our home textile solutions vertical
- Continue to strengthen brand and private label portfolios in order to drive market share
- Stay focused on deleveraging the balance sheet as major capital expenditure cycle has been completed
- Drive ESG initiatives that will help increase stakeholder value
- Enhance product portfolio through innovation and product extensions
- Expand global client network
- Continue to build e-commerce capabilities

Consolidated Financial Snapshot — FY 21

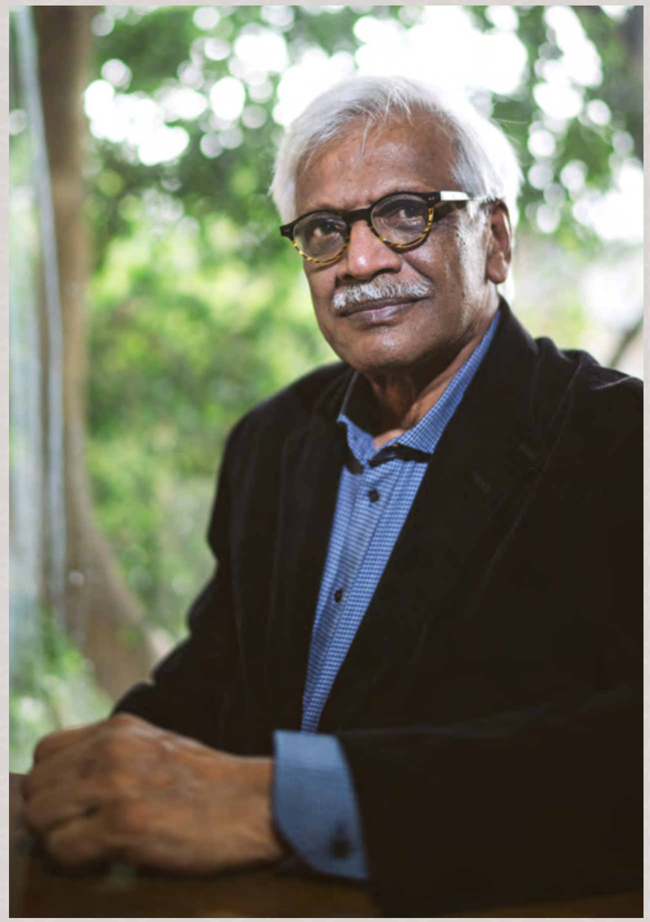
TOTAL REVENUE	₹ 2,272.52 Cr	-6.1%
EBITDA	₹ 303.16 Cr	-36.7%
EBIT	₹ 150.71 Cr	-57.3%
PBT	-₹ 26.49 Cr	-116.7%
PAT	-₹ 53.35 Cr	-502.6%

Consolidated Financial Highlights — 5 Years

(₹ Lacs)

	2016-17	2017-18	2018-19	2019-20	2020-21
Share Capital	4,923	4,923	4,923	4,923	4,923
Reserves	1,01,803	1,17,830	1,37,183	1,31,078	1,26,599
Net Worth	1,06,726	1,22,753	142,106	1,36,001	1,31,522
Total Gross Debt	1,40,727	2,25,517	279,033	2,96,275	2,59,315
Total Net Debt	1,20,368	1,99,695	2,42,243	2,73,851	2,44,870
Gross Fixed Assets	1,84,007	2,78,684	3,56,493	3,84,495	4,02,886
Net Fixed Assets	1,03,491	1,90,769	2,56,476	2,70,908	2,73,930
Total Assets	2,51,563	4,21,897	5,20,491	5,27,179	5,10,757
Total Revenue	2,15,160	2,26,669	2,65,426	2,41,965	2,27,252
EBITDA	39,089	46,623	57,993	47,931	30,316
Depreciation	5,801	7,195	10,877	12,621	15,245
EBIT	33,288	39,428	47,116	35,310	15,071
Interest and Finance Charges	9,353	10,380	16,312	19,472	17,720
Profit Before Tax, Before Exceptional Items	23,935	29,048	30,804	15,838	-2,649
Exceptional Items	-	-	-	7,321	-
Profit Before Tax	23,935	29,048	30,804	8,517	-2,649
Profit After Tax	18,210	20,164	19,684	1,325	-5,335
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 (₹)	108.4	124.68	144.33	138.13	133.58
Earnings Per Share (₹)	18.5	20.48	19.99	1.35	-5.42
Dividend Per Share (₹)	2.50	2.50	5.00	0.50	0.50
Total Dividend (₹ Lakhs)	2,461	2,461	4,923	492	492

Letter to Shareholders +
Corporate Information



Shrikant Himatsingka
Managing Director & CEO

Dinesh Himatsingka
Executive Chairman

Dear Shareholders,

Overview

FY 21 was an incredibly challenging year for all of us at Himatsingka. The year began in the midst of a complete lockdown, imposed by the Central and State Governments, that saw all our manufacturing and distribution come to a standstill. It was the first time that our facilities had to halt production and, therefore, the associated impact was significant and unprecedented. The lockdowns severely affected our operations, both in India and internationally, for the first half of the financial year. Our facilities remained non-operational for approximately 90 days and it was only by September 2020 that we started witnessing some form of operational normalcy.

While we witnessed interruptions and challenges at our facilities, these issues were faced by industry at large, both in India and globally. Disrupted supply chains, uncertainties and lockdowns in major international markets exacerbated operating conditions, while also creating pockets of opportunity and new demand patterns for a certain class of products. During the second half of the fiscal, we remained focused on consolidating our operations, bringing back the momentum that was disturbed during the first six months.

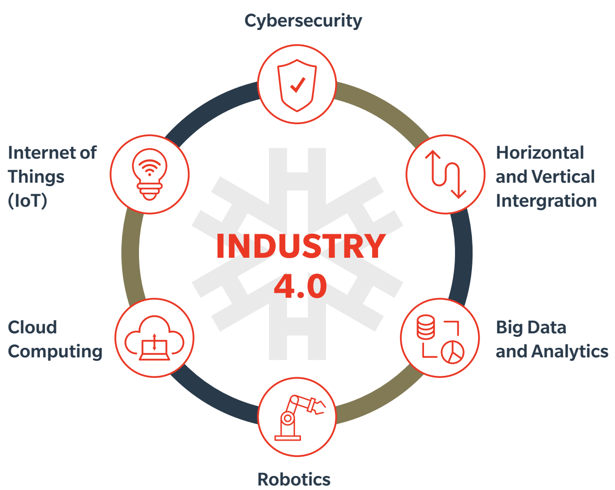
The global economic outlook, with the uncertainties arising out of the pandemic, has remained volatile and unpredictable. While global GDP growth forecasts for 2021 are buoyant after witnessing a contraction during 2020, the outlook remains challenging given the divergence in the pace of recovery across economies that may be subject to medium and/or long term impacts on account of the crisis.

While the impact of the pandemic eased during the second half of the fiscal, there were other challenges that surfaced during this period. Regulatory uncertainties along with heightened levels of inflation witnessed by various commodities and services, exerted cost pressures on the entire value chain. In particular, cotton our principal raw material, saw unprecedented levels of inflation during Q4 of FY 21. This was coupled withsubstantial price escalations in the areas of energy and logistics. Mitigation measures are being undertaken to address the impact that these factors have had on our operating performance, and the same will be carried through during FY 22. The industry was also faced with the lack of regulatory clarity during Q4 FY 21, as the Central Government was to announce a revised scheme for the remission of duties and taxes on export products. While the announcement was scheduled to be made during Q4 FY 21, the same was made later, thereby impacting the operating performance for FY 21.

On a positive note, the demand for home textile products globally has remained encouraging. Our manufacturing facilities are enhancing capacity utilization across divisions and we seem well positioned with our integrated model, robust infrastructure, strong brands and global reach, to enhance market share and tap emerging opportunities going forward.

Manufacturing Platforms

Himatsingka operates four manufacturing plants across two campuses in the State of Karnataka, India. The plants are integrated, best-in-class and of global scale. They are equipped with amongst the largest capacities globally and are capable of producing a broad assortment of products with industry-leading efficiencies, response times and compliance standards. They represent next generation industry 4.0 manufacturing capabilities with zero-paper shopfloors, aided by strong digital platforms that have paved the way for smart manufacturing.



On the manufacturing front, FY 21 was a year of consolidation. Our focus was to enhance capacity utilization across facilities while increasing our integration quotient with industry 4.0 platforms. While the first half of the fiscal was impacted for reasons explained above, the second half witnessed a growth in utilization across facilities. Our new integrated Terry towel plant commissioned during Q3 FY 20 has seen capacity utilizations grow at a robust pace. From levels of approximately 30%, the utilization levels now stand at approximately 65%. This stabilization of the Terry plant will strengthen Himatsingka's presence in the global home textile space as we now offer a robust product assortment in our home textile solutions vertical.

Our Private Label and Brand Platforms

Himatsingka continues to garner market share by leveraging its integrated model, diverse brand portfolio and strong private label capabilities. We continue to believe that our brand and private label capabilities will augment our client-facing product solutions that eventually cater to a broad cross section of consumer audiences and price points across markets.

FY 21 saw a notable addition to our brand portfolio as we entered into a new licensing agreement with The Walt Disney Company for the EMEA region. The license will give Himatsingka the rights to design, develop and distribute a broad range of home textile products inspired by Disney's vast archives and characters from the worlds of Disney, Pixar, STAR WARS™and Marvel.

This agreement marks the commencement of Himatsingka's relationship with Disney, the world's leading producer and provider of extraordinary entertainment experiences. The Disney partnership reinforces Himatsingka's commitment to collaborate with globally recognized brands.

Our patent protected track and trace technology for cotton products continues to lead the traceability solutions space and helps us corroborate supply chain security, at a time when quality of source is as important as that on the shelf.

Himatsingka's strengths in the private label space also continues to gain traction as we deepen our relationships with global retail majors and their private label platforms. Our suite of over 15 brands and strong private label portfolios, backed by our advanced manufacturing platforms will continue to generate differentiated, solutions-based responses to the dynamic and everchanging macrocosm of consumer preferences.

Our Operating Scorecard

Our operating performance for FY 21 underwent a lot of turbulence for the various reasons that were highlighted earlier. It is, therefore, inconsistent and not comparable with earlier fiscal periods. Our fiscal performance for the first half of 21 was particularly impacted, while our performance in H2 saw significant improvement across parameters.

While consolidated total revenue for H1 FY 21 stood at ₹ 842.84 crores, Capital CTR for H2 stood at ₹ 1,429.69 crores. The consolidated EBITDA for H1 FY 21 stood at ₹ 16.18 crores, while consolidated EBITDA for H2 FY 21 stood at ₹ 286.99 crores.

This H2 performance factors-in the non-recognition of export incentives for Q4 FY 21. Despite that, the H2 performance was satisfactory under the circumstances as our operations began to normalize. For FY 21, Capital CTR stood at ₹ 2,272.53 crores versus ₹ 2,419.65 during FY 20, a reduction of 6.1%.

The consolidated EBITDA stood at ₹ 303.17 crores in FY 21 versus EBITDA of ₹ 479.31 crores in FY 20, a reduction of 36.7%. We believe that the headwinds we faced during the year will be addressed progressively in FY 22. Regulatory clarity, enhanced capacity utilization and increase in product prices will aid in mitigating cost pressures on the value chain, and thus improve our operating performance.

Priorities for FY 21

Over the last four years, Himatsingka has been focused on:

- Backward integration
- Building scale
- Expanding capacity
- Extending market reach
- Broadening product assortment
- Expanding brand portfolio
- Driving innovation and nurturing talent pools

All this while, adhering to the cornerstones of our values and vision. These initiatives have led to the creation of sustainable and institutionalized platforms that are more prepared to stand the test of time.

We recognize that we need to sow the seeds of transformation from time to time, in order to recalibrate and reorient our operating models, to better align with the increasingly dynamic realities. Having built the requisite platforms, we will be focused on maximizing asset and capacity utilization levels across our facilities.

Our home textile solutions vertical is powered by integrated manufacturing facilities that are amongst the largest in the world. They address clients across 32 countries and are designed to cater to multiple retail formats and channels. It is, therefore, imperative that we continue our efforts to expand and deepen geographical presence, whilst adding new clients, in order to de-risk and broad-base global revenue streams.

Himatsingka has also been investing in creating flexible product portfolios where common infrastructure acts as an enabler for multi-product capabilities. This flexible plant design will help us stay relevant to our client preferencesas they need to constantly recalibrate product assortments in a high -octane consumer environment.

Maximizing operating performance must be executed with the highest levels of Environmental and Social responsibility coupled with a Governance framework that enables an organization to adhere to the interest of all stakeholders. Himatsingka is committed to making ESG central to its operating philosophy and has put in place initiatives that position it to lead the ESG journey in the times to come.

De-leveraging our balance sheet while maximizing our operating performance will be an important theme for FY 22 and beyond. While our consolidated Net Debt reduced by approx. ₹ 300 crores during FY 21, it will be our endeavor to continue to rationalize our debt exposure during FY 22. In tandem with capital structure optimization, we will alsoaim to improve our capital efficiency ratios for FY 22.

As a dominant player in the global home textile space, constant innovation, building trust and being agile are essential to building sustainable businesses and cementing our presence with a cross section of stakeholders. While investing in infrastructure helps us achieve these attributes, they are essentially driven by the richness and diversity of our teams globally.

With over 12,000 associates, we continue to invest in intellectual capital that will lead our journey and embody the Himatsingka Way, where courage and imagination go hand-in-hand in the perennial pursuit of perfection.

The Road Ahead

We believe our initiatives to build scale-oriented manufacturing and distribution platforms will position us to tap into larger opportunities that will help us in sustaining growth rates going forward. Himatsingka's operating know-how in the textile space spans the entire value chain, from source to shelf. We will leverage this to identify growth opportunities that fit our strategy, are in sync with our values, and give us the growth trajectory that we require.

Our Appreciation of Support

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
Non Executive Director

Rajiv Khaitan
Independent Director

Pradeep Bhargava
Independent Director

Sangeeta Kulkarni
Independent Director

Raja Venkataraman
Independent Director

Management Team

Akanksha Himatsingka
CEO — International Operations (Home Textiles)

K.P. Rangaraj
President — Finance & Group CFO

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

Adnaan Zaheer
President — Sales (Bedding & Bath)

Shanmuga Sundaram
President — Manufacturing Operations (Hassan)

Ashutosh Halbe
President & CFO — International Operations

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
Exim Bank
IndusInd Bank Ltd
Kotak Mahindra Bank Ltd
HSBC Bank
RBL Bank Ltd
Yes Bank Ltd
Doha Bank
DCB Bank

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 & Analysis

Management Discussion & Analysis

GLOBAL ECONOMIC OVERVIEW

The year 2020 proved to be a challenging year for the global economy on account of the COVID-19 pandemic. Economic activity witnessed unprecedented disruptions and recessionary shocks causing the global economy to contract by 3.3% in 2020 as compared to a growth of 2.9% in 2019. While most major economies, including advanced and emerging, witnessed contraction, China witnessed moderate growth in 2020.

Advanced Economies were amongst the most affected by the pandemic, contracting by 4.7% in 2020. The US economy contracted by 3.5% in 2020 as compared to a growth of 2.3% in 2019; the Euro Area witnessed an even more severe decline in economic activity, which led to a GDP contraction of 6.6% in 2020 as compared to a growth of 1.3% in 2019.

Emerging Markets and Developing Economies, on the other hand, contracted for the first time in 60 years, registering a contraction of 2.2% in 2020. They fared better than Advanced Economies due to the economic expansion witnessed by China, which grew by 2.3% in 2020 as compared to 6.1% in 2019.

Global GDP is expected to grow by 6.0% in 2021 compared to a contraction of 3.3% in 2020. This anticipated significant expansion in economic growth is expected on account of the successful development of effective vaccines to combat the pandemic. Furthermore, the fiscal and monetary policies support extended by various governments, especially the US, will act as an impetus for economic activity and growth during 2021. The Advanced Economies are expected to grow by 5.1% while Emerging Market and Developing Economies are estimated to grow by 6.7%. However, while many economies are on the path to recovery the outlook remains challenging given the divergence in the shape and pace of recovery across economies that may suffer from medium to long-term after effects of the crisis.

Table 1: World Economic Growth - Projections

Percentage Change (%)	2019	2020	2021(P*)	2022(P*)
World Output	2.9	(3.3)	6.0	4.4
Advanced Economies	**1.7**	**(4.7)**	**5.1**	**3.6**
United States	2.3	(3.5)	6.4	3.5
Euro Area	1.3	(6.6)	4.4	3.8
- Germany	0.6	(4.9)	3.6	3.4
- France	1.5	(8.2)	5.8	4.2
- Italy	0.3	(8.9)	4.2	3.6
- Spain	2.0	(11.0)	6.4	4.7
Japan	0.7	(4.8)	3.3	2.5
United Kingdom	1.4	(9.9)	5.3	5.1
Canada	1.7	(5.4)	5.0	4.7
Other Advanced Economies	1.7	(2.1)	4.4	3.4
Emerging Markets & Developing Economies	**3.7**	**(2.2)**	**6.7**	**5.0**
Emerging and Developing Asia	5.5	(1.0)	8.6	6.0
- China	6.1	2.3	8.4	5.6
- India ^	4.2	(8.0)	12.5	6.9
- ASEAN-5	4.9	(3.4)	4.9	6.1
Emerging and Developing Europe	2.1	(2.0)	4.4	3.9
- Russia	1.3	(3.1)	3.8	3.8
Latin America and the Caribbean	0.1	(7.0)	4.6	3.1
- Brazil	1.1	(4.1)	3.7	2.6
- Mexico	-0.3	(8.2)	5.0	3.0
Middle East and Central Asia	1.0	(2.9)	3.7	3.8
- Saudi Arabia	0.3	(4.1)	2.9	4.0
Sub-Saharan Africa	3.1	(1.9)	3.4	4.0
- Nigeria	2.2	(1.8)	2.5	2.3
- South Africa	0.2	(7.0)	3.1	2.0

P*=Projection

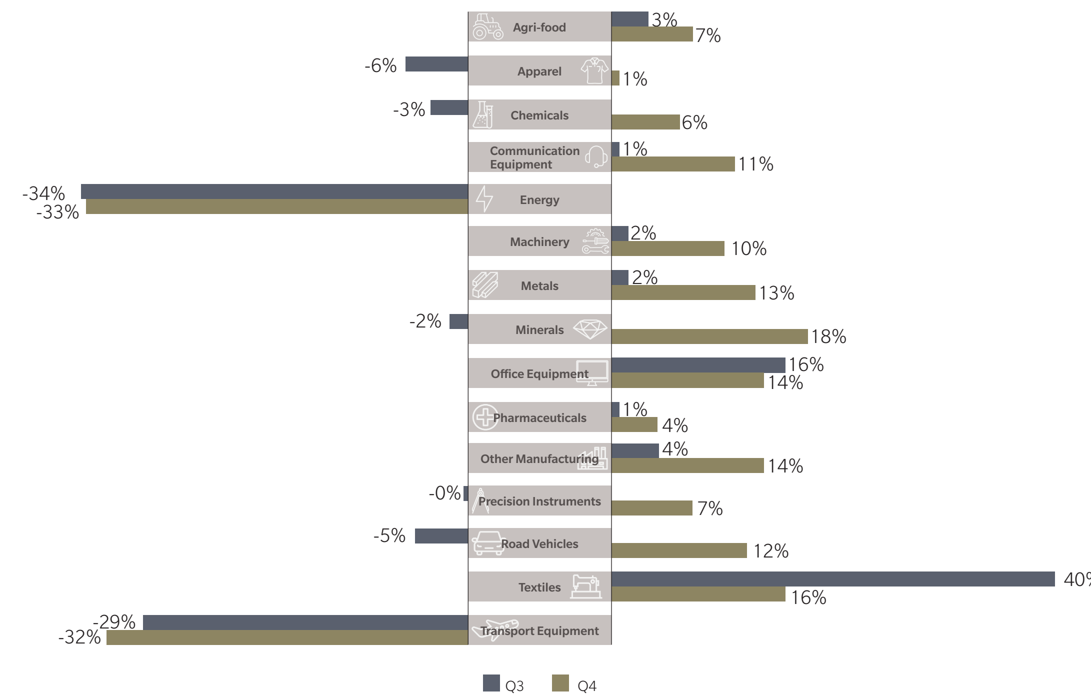
(Source: IMF - World Economic Outlook, April 2021)
(^ GDP growth is presented on fiscal year basis, with FY 2020/21 starting in April 2020)

Global merchandize trade volumes contracted by 5.3% in 2020 as compared to a growth of 0.2% registered during 2019. In value terms, global merchandize trade stood at US$ 17.58 trillion, down by 7.5% over 2019. The decline was driven by the COVID-19 pandemic, which deaccelerated the pace of economic activity across the globe as most governments announced stringent lockdowns in their countries that led to restricted economic activity. The decline in trade was more during the first half of the year compared to the second half. During the first half of the year, trade declined 15% while strong recovery was witnessed during the second half of the year.

The second half of 2020 witnessed broad based trade recovery across a majority of sectors. Trade recovery started in Q3 of CY 2020 with the goods for which demand increased due to easing lockdowns imposed on account of COVID-19 including a large cross section of textile products.

Figure 1: Global Sectorial Trade Growth in Q3 & Q4 of CY 2020

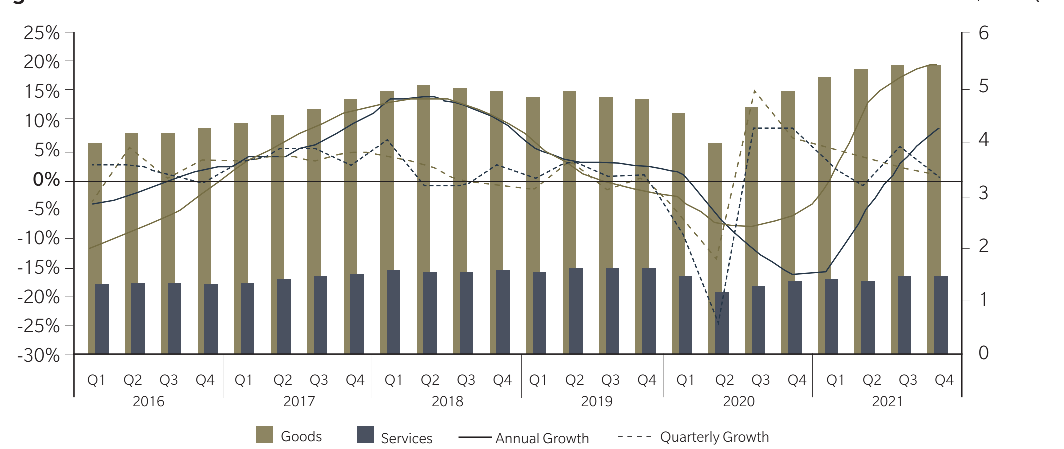
Year-on-Year % Growth



(Source: Global Trade Update, February, 2021, UNCTAD)

The following chart shows the recovery trend witnessed for both goods and services during the second half of 2020 after an unprecedented contraction that impacted the first half of the year.

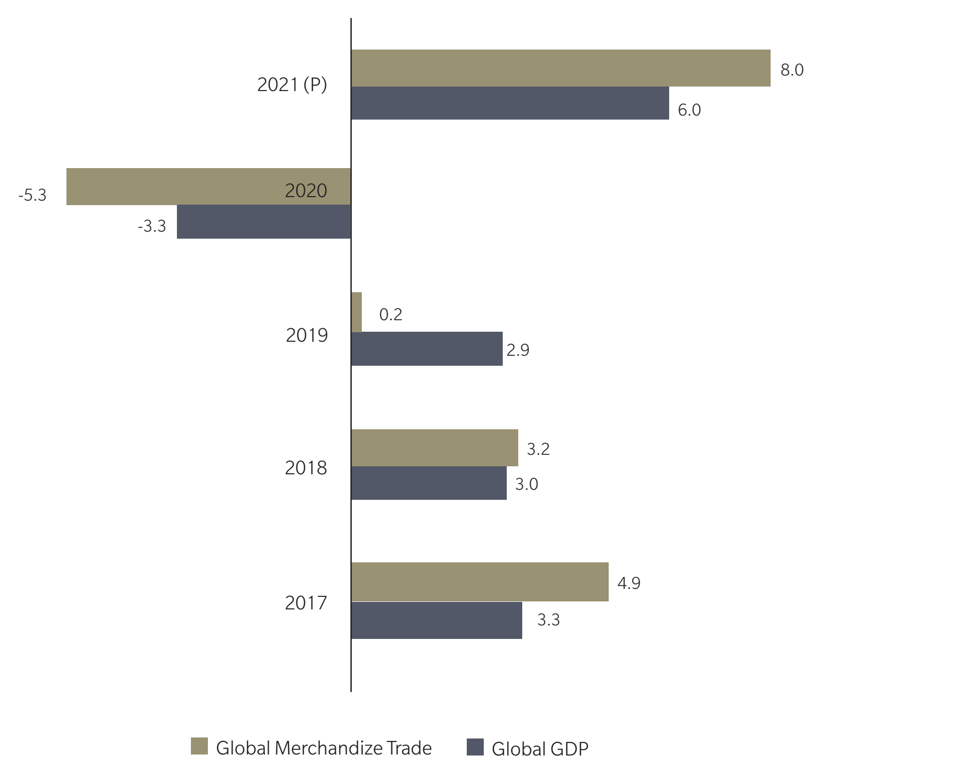
Figure 2: World Trade



(Source: Global Trade Update, May, 2021, UNCTAD)

The World Trade Organization (WTO) anticipates global merchandize trade volumes to increase 8.0% in 2021 on the back of continuing pick up in demand, which rebounded in the second half of 2020 during which the adverse impact of the COVID-19 pandemic began to be contained while governments launched aggressive fiscal and monetary policies to protect economic damage and stimulate demand.

Figure 3: Growth in World GDP & Merchandize Trade (in Volume), 2017 - 2021 (P)



(Source: WTO and IMF)

P = Projection

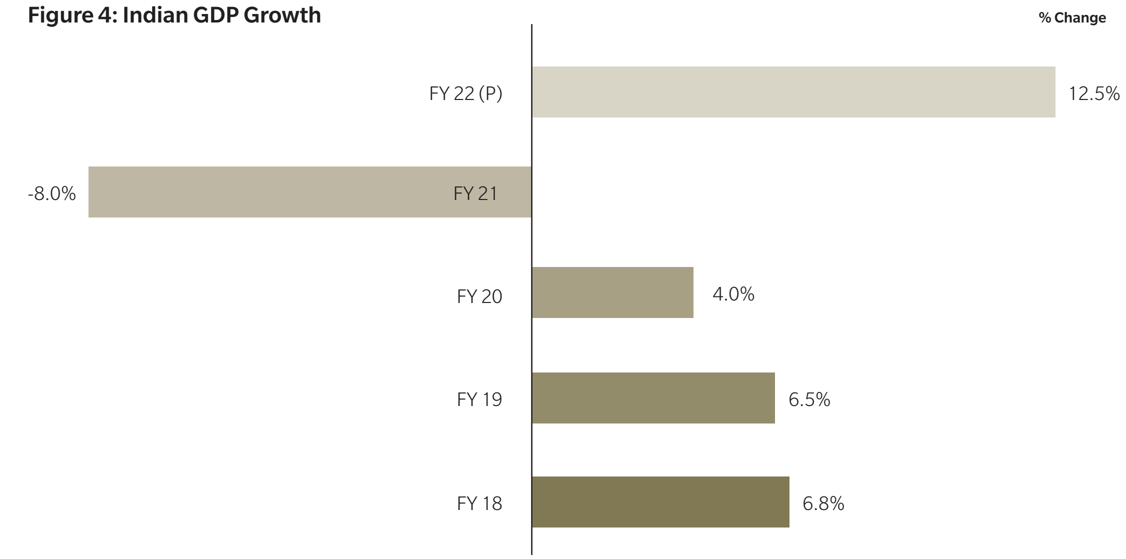
INDIAN ECONOMY OVERVIEW

The Indian economy faced its worst crisis ever, contracting by 8.0% during FY 21. The first quarter of FY 21 was significantly impacted with GDP contracting by 23.9% on account of a total lockdown across the country, for the most part of the quarter, to contain the COVID-19 pandemic. Overall, for the year, the Industry and Services sectors declined by 8.2% and 8.1% respectively, while Agriculture remained relatively resilient growing by 3% over the previous year.

Fixed capital formation, which is an indicator of the level of investments in the country, witnessed a steep decline of 12.4% and private consumption contracted by 9.0%, reflecting dampened business sentiment and consumer confidence in FY 21. Contraction in economic activity and lower tax collections contributed to a large fiscal deficit of 9.5% of GDP for FY 21.

As per IMF, India's GDP is forecasted to witness a steep expansion of 12.5% during FY 22, making it the fastest growing economy in the world. This expansion can be attributed to India's adaption to the new normal, rollout of vaccination, and well-coordinated, expansionary fiscal and monetary policies.

Figure 4: Indian GDP Growth



(Source: IMF)

P = Projection

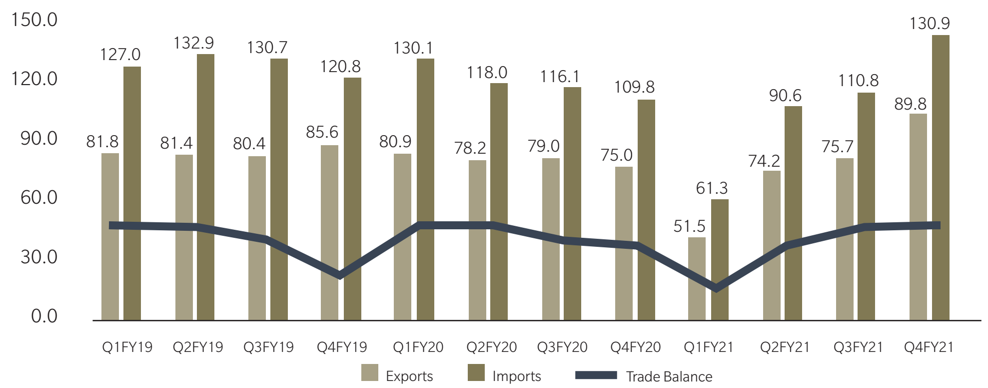
While earlier estimates of India's GDP growth for 2021-22 ranged between 11.1% to 13.0%, the resurgence of the COVID-19 second wave in India, since February, 2021, has adversely impacted economic growth prospects. Mobility restrictions, reimposed by several states to contain the spread of the virus, have halted the recovery momentum, which started building up during the initial period of the second half of FY 21. This is expected to have an adverse impact on the earlier economic growth projections.

However, less severe restrictions, a more prepared organized sector and a pick up in vaccination coverage present some of the key mitigating factors going forward. Robust recovery in Advanced Economies and other Emerging Markets, as stated earlier, could provide the much needed tailwind from an external demand perspective.

On the merchandize trade front, India's total merchandize exports during 2020-21 declined by 7.1% and stood at US$ 291.1 billion compared to US$ 313.4 billion in 2019-20. Major export destinations during 2020-21 were North America with a 19.8% share of total exports followed by the North East Asia region with a share of 14.5%. Total merchandize imports during the fiscal year of FY 21 stood at US$ 393.6 billion, a decline of 17.1% from US$ 474.7 billion in FY 20.

Figure 5: Quarterly Trade Figures

US$ Billion

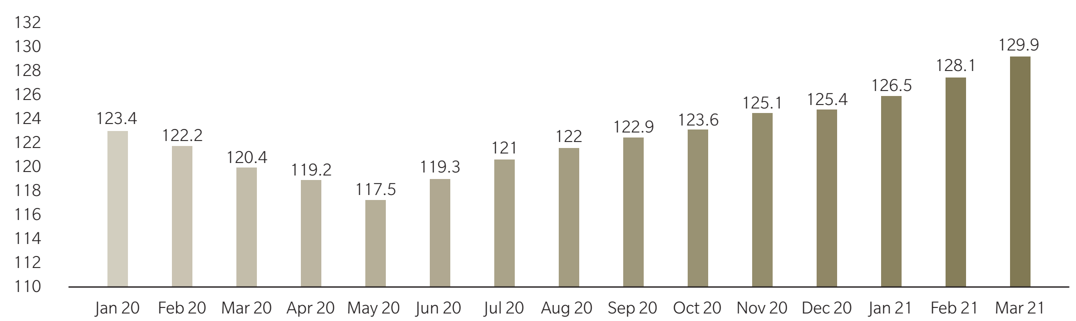


(Source: Ministry of Commerce and Industry Department of Commerce)

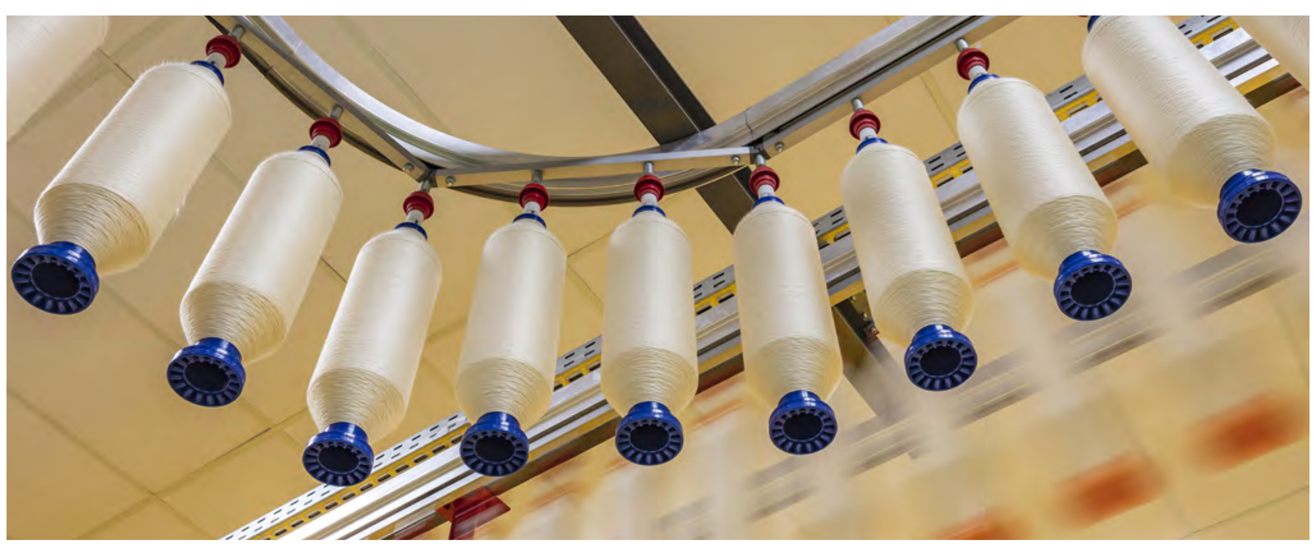
Inflation

FY 21 witnessed a sharp increase in inflation. The Wholesale Price Index (WPI) inflation index increased to 129.9 in March 2021, before hitting a low of 117.5 in May, 2020, compared to 120.4 in March, 2020. During the initial phase of the pandemic, the wholesale price inflation was subdued due to a fall in economic activities. However, as the economy started opening up, the inflation at the WPI level started rising due to an increase in global commodity prices.

Figure 6: Wholesale Price Index - India



(Source: Department for Promotion of Industry and Internal Trade, India)

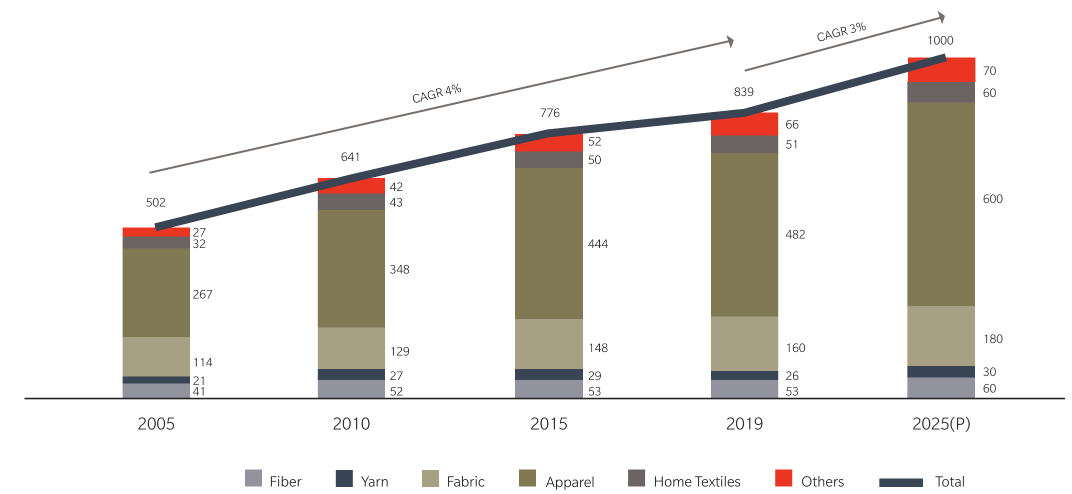


GLOBAL TEXTILE INDUSTRY

The global textile and apparel trade has grown at a CAGR of 4% since 2005 to reach US$ 839 billion in 2019 and is expected to reach US$ 1,000 billion by 2025, growing at a CAGR of 3%. Apparel dominated T&A trade with a 58% share in the overall trade value, followed by fabrics with a share of 19%. The share of Home Textiles in global T&A trade stood at approximately 6% and is expected to remain range bound as global textile and apparel trade grows to a projected US$ 1 trillion mark by 2025.

Figure 7: Global Textile & Apparel Trade

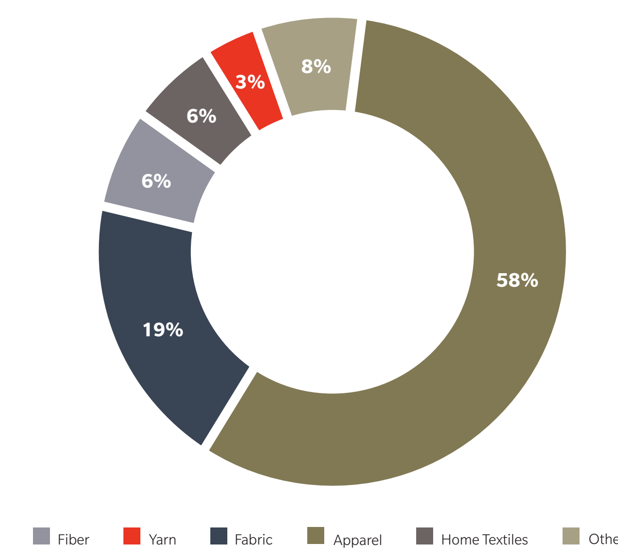
US$ Billion



(Source: Wazir Advisors)

Figure 8: Category-wise Share of Global Textile & Apparel Trade (2019)

% Share



(Source: Wazir Advisors)

China continues to be the dominant textile and apparel producer and exporter. Its share in global T&A trade has remained at approximately 34% during 2019. However, China's share has come down from 39% in 2015 to 34% in 2019. India was the 5th largest supplier of T&A globally in 2019. Vietnam and Bangladesh stand at 2nd and 3rd position respectively, with US$ 43.9 billion and US$ 42.7 billion of exports due to dominate position in exports of apparels.

Table 2: Largest Exporters of Textile & Apparel 2019

US$ Billion

Country	Textile Exports	Apparel Exports	Total Exports	Share (%)
China	134.6	149.9	284.5	34
Vietnam	10.2	33.7	43.9	5
Bangladesh	1.8	40.9	42.7	5
Germany	15.5	23.8	39.3	5
India	20.2	16.2	36.4	4
Italy	12.8	23.6	36.4	4
Turkey	12.2	16.1	28.2	3
USA	21.7	5.2	26.9	3
Spain	5	14.3	19.3	2
France	5.5	12	17.6	2
ROW	117.2	146.3	263.5	31
Total	**356.8**	**481.9**	**838.7**	

(Source: Wazir Advisors)

Indian Textile Industry

The Indian textile industry continues to be 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 to approximately 2% of the GDP and 10% of export earnings. The size of India's domestic textile and apparel market, which was US$ 50 billion in FY 11, is estimated to be approximately US$ 75 billion in FY 21 and it is expected to grow to approximately US$ 190 billion by FY 26, at a CAGR of 20.0% between FY 21 to FY 26. The home textile segment is expected to grow at 14.9% during the same period. Apparel demand, at US$ 55 billion, dominated the domestic market with a share close to 74% of the total textile and apparel market in India.

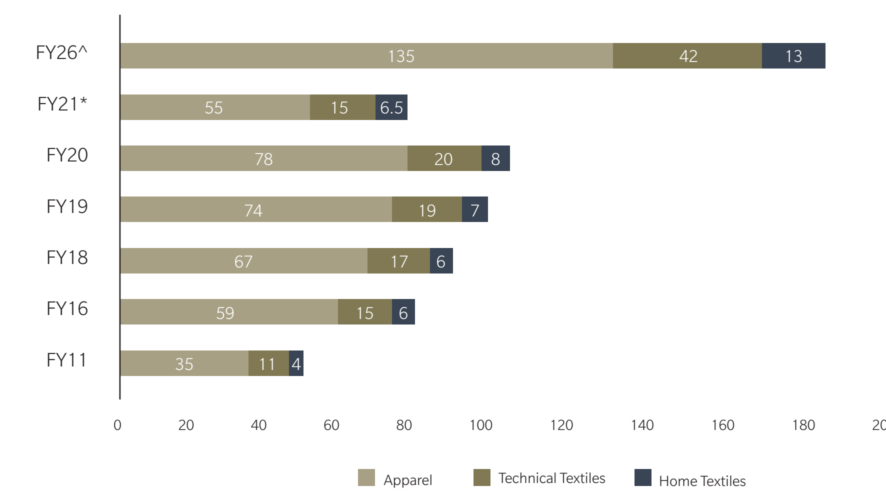
India is the fifth largest exporter of textile and apparel with approximately US$ 28 billion in 2020-21

India's domestic textile and apparel market is estimated at US$ 75 billion in 2020-21 and is expected to grow at a 20.4% CAGR to US$ 190 billion by 2025-26

India's exports of textile and apparel are expected to grow to US$ 65 billion by 2025-26

Figure 9: Indian Textile Market Size

US$ Billion



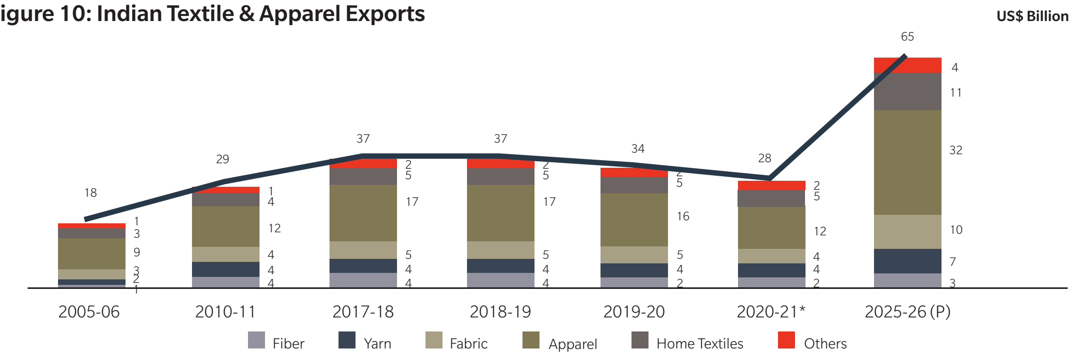
(Source: Wazir Advisors)

*=Estimates; ^=Projections

Overall textile and apparel exports from India during 2020-21 are estimated at US$ 28.40 billion as compared to US$ 34.22 billion during 2019-20. The sector was adversely impacted due to COVID-19, which led to a slump in demand during the first half of the year. The export of cotton made-ups and fabric was US$ 5.22 billion, a growth of 4.2% over 2019-20. The textile and apparel exports from India are expected to grow at a CAGR of over 18.0% to US$ 65 billion by 2025-26 from an estimated US$ 28 billion in 2020-21.

Figure 10: Indian Textile & Apparel Exports

US$ Billion



(Source: Ministry of Textile and Wazir Advisors) * Estimated; P = Projection

The Euro Zone (EU-27) continues to be one of the largest destinations for Indian textile and apparel products. India's export of T&A products to the Euro Zone (EU-27) stood at US$ 5.5 billion during 2020. Exports to EU-27 have witnessed a decline over the last 5 years and clocked negative CAGR of approximately 6%. Contraction in exports till 2019 was further impacted by COVID-19 in 2020. In 2020, the exports of T&A products to EU-27 was down 19.9% on account of COVID-19, which adversely impacted demand for apparel.

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

US$ Million

Categories	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Fiber	205	214	233	233	181	196	-1%
Filament	107	102	109	126	99	77	-6%
Yarn	474	432	494	495	426	354	-6%
Fabric	413	352	389	352	310	245	-10%
Garments	4,776	4,471	4,601	4,622	4,379	3,357	-7%
Home Textiles	1,015	940	1,074	990	949	829	-4%
Others	416	385	447	542	520	442	1%
Total	7,405	6,896	7,346	7,361	6,865	5,500	-6%

(Source: Wazir Advisors)

India's textile and apparel exports to the US have grown at a negative CAGR of 1% over the last 5 years. Export was down 10.9% in 2020 due to the pandemic. After witnessing a decline in share in total T&A exports to the US, the home textiles share increased in 2020 to 41.4% compared to 36.6% in 2019. Apparel continued to be the highest contributor to India's total T&A exports to the US with approximately 44%.

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

US$ Million

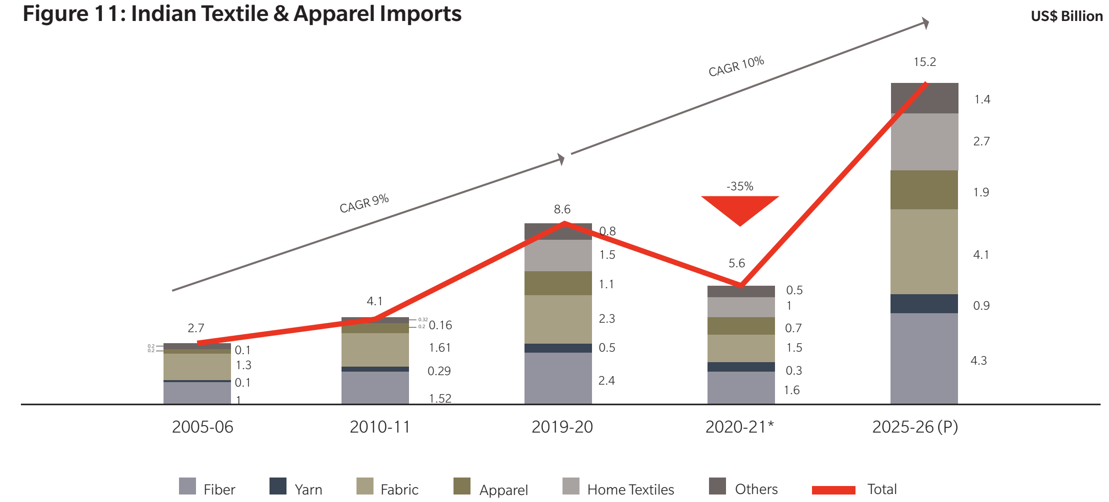
Categories	2015	2016	2017	2018	2019	2020	CAGR 2015-2020
Fiber	120	126	136	125	87	101	-3%
Filament	45	38	41	58	47	37	-4%
Yarn	61	53	53	59	54	64	1%
Fabric	450	452	514	536	414	507	2%
Garments	3,869	3,822	3,875	4,025	4,343	3,299	-3%
Home Textiles	3,104	3,092	3,175	3,238	3,093	3,109	0%
Others	337	347	401	458	402	401	4%
Total	7,986	7,930	8,195	8,499	8,440	7,517	-1%

(Source: Wazir Advisors)

On the import front, India's import of textile and apparel products is estimated to stand at approximately US$ 5.6 billion during 2020-21, a decline of 35% over 2019-20, due to lower demand on account of the pandemic. The import of textile and apparel products has seen a CAGR of approximately 9% over the last 13 years (2005-06 to 2019-20) and is expected to grow at a CAGR of 10% over the next six years.

Figure 11: Indian Textile & Apparel Imports

US$ Billion



(Source: Wazir Advisors) * Estimated; P = Projection

US Imports of Home Textile Products

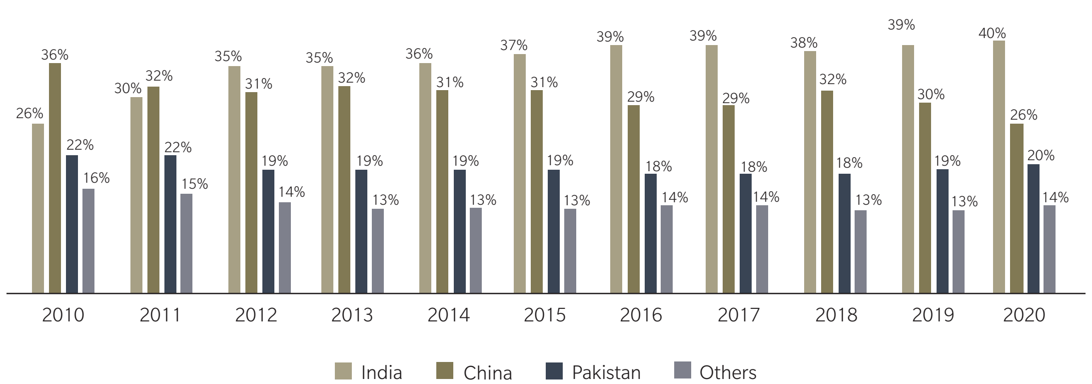
For Himatsingka, the US continued to be the largest market in FY 21. The total US imports for cotton denominated bedding and bath products stood at US$ 3.8 billion during 2020. This was 9.5% lower than the total imports for such products in 2019. The share of the above US imports that vest with India, China and Pakistan stood at 86.0% during 2020 vs 87.2% during 2019.

Despite enhanced demand for soft home products on account of the pandemic, strained trade relations between the US and China, coupled with supply chain challenges, reduced the US' sourcing of cotton sheets, pillow cases, bed spreads, quilts and Terry towels from China compared to other major countries. Imports from China declined 22.2% while sourcing from India declined by only 7.6% in 2020 as compared to 2019, resulting in increased market share for India.

The US continues to dominate the global market for soft home products. The chart below demonstrates the percentage share of US imports of cotton sheets, pillow cases, bedspreads, quilts and Terry towels that India, China, Pakistan and the rest of the world enjoy. India and China continued to dominate US imports in these categories with a share of approximately 66%. India continues to be the single largest supplier to the US with 40%.

Figure 12: US Imports — Cotton Sheets, Pillow Cases, Bed Spreads, Quilts & Terry Towels

% Shares of Countries

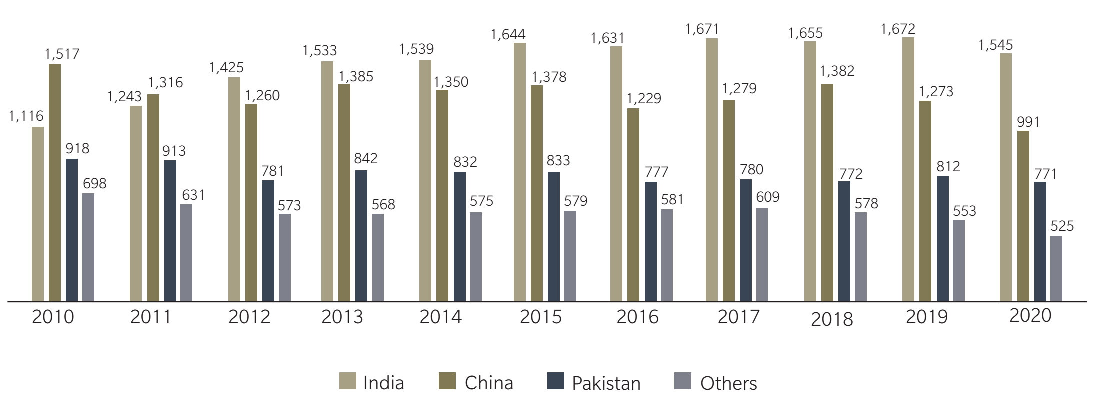


(Source: OTEXA, Department of Commerce, United States of America)

Over the years, India has surpassed China to become the largest supplier of cotton soft home products to the US. While India's supply of cotton soft home products to the US stood at US$ 1.12 billion in 2010, it now stands at US$ 1.55 billion during 2020. This translates to a CAGR of 3.3%. China, on the other hand, witnessed a CAGR decline of 4.2% over the same period. As a result, India's contribution in US total imports of soft products has increased from 26.0% in 2010 to 40.0% in 2020.

Figure 13: US Imports — Cotton Sheets, Pillow Cases, Bedspreads, Quilts & Terry Towels

US$ Million



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

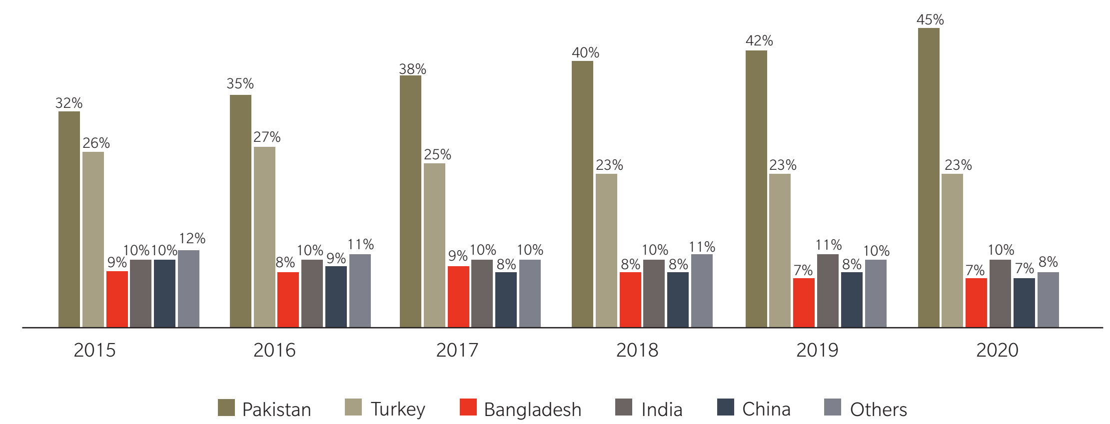
EU Imports of Home Textile Products

EU-27 imports of cotton-based bed linen, Terry and blanket products are comparable to the US. In 2020, EU-27 imported cotton-based bed linen, Terry and blankets worth € 2.02 billion compared to € 2.19 billion in 2019. Import of these products has grown at a CAGR of 0.4% over the last 5 years and 1.7% over the last 10 years. India is the third largest exporter of these goods to EU-27 with a € 192 million share and has grown its share to this region at a CAGR of 0.7% over the last 10 years.

The top three supplier countries to the EU-27 region constitute approximately 77% of their total imports of cotton soft home products (bed linen, Terry towels and blankets). In 2020, India was the third largest supplier with 9.6% share in the total imports.

Figure 14: EU-27 Imports — Cotton Bed Linens, Terry Towels & Blankets

% Shares of Countries

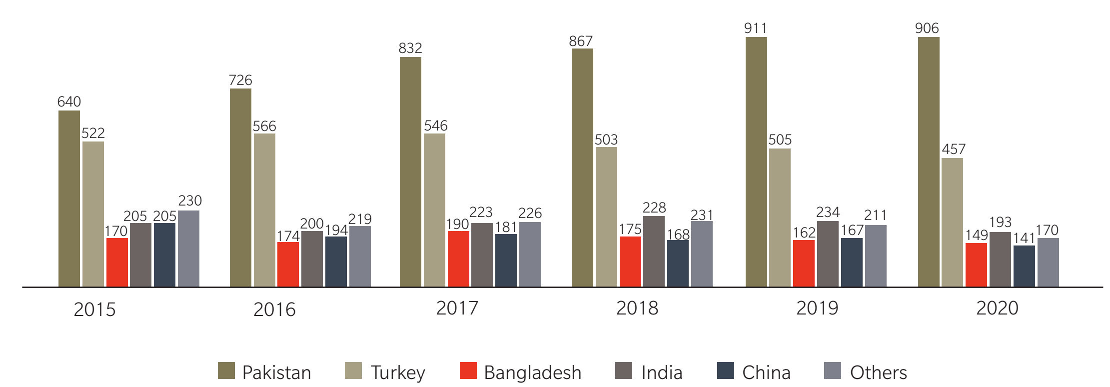


(Source: European Commission)

Pakistan continues to hold the dominant share in EU-27 imports for cotton-based soft home products. This is primarily on account of the duty advantage that it enjoys vis-à-vis India.

Figure 15: EU-27 Imports — Cotton Bed Linen, Terry Towels & Blankets

€ Million

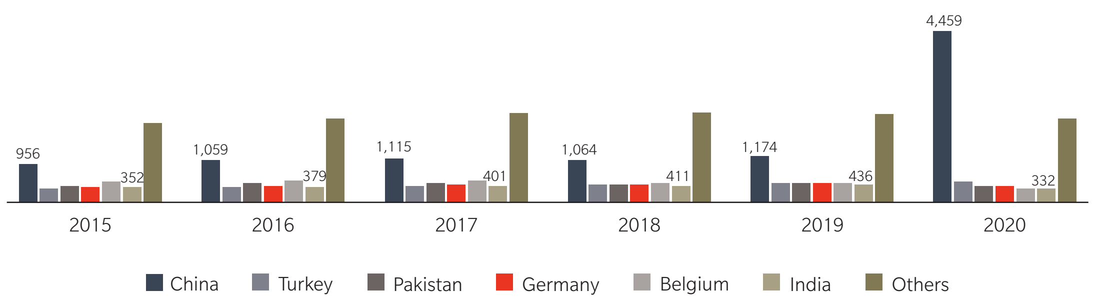


(Source: European Commission)

In 2020, the UK imported total textile goods (excluding clothing) worth £ 8.58 billion compared to £ 5.72 billion in 2019. This significant increase is due to the import of medical masks and PPE kits to combat the COVID-19 pandemic. Import of textile products has grown at a CAGR of 7.2% over the last 10 years and 11.6% over the last 5 years. India is the sixth largest exporter of these goods to the UK with a £ 332 million share. Imports from China increased significantly in 2020 on account of the import of textile medical supplies like masks and PPE.

Figure 16: UK Imports – Textile Products (excl. clothing)

£ Million



(Source: Office for National Statistics, UK)

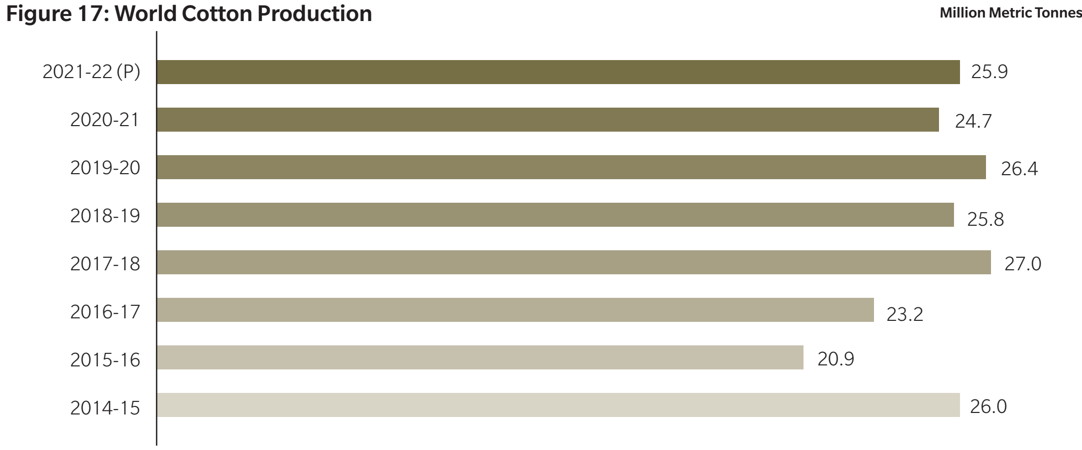
GLOBAL COTTON SCENARIO

Cotton is amongst the most extensively used fiber in the global textile space. Cotton is grown in over 100 countries but the main concentration is limited to a few countries. After witnessing growth in 2019-20, world cotton production decreased in 2020-21 to 24.7 million metric tonnes, a decline of 6.5%, largely driven by declines in yield and lower area harvest in major cotton growing areas.

The US saw a 24.9% decrease with a significantly lower area harvested, especially in Texas. Pakistan production fell 27.4% to 4.5 million bales, owing to the lowest yields in nearly 40 years. However, the decline in production by major cotton growing areas was partly offset by China and Australia. In 2021-22, the global cotton production is expected to rise 4.7% to about 25.9 million metric tonnes with rising acreage and improving yields among major cotton producing countries.

Figure 17: World Cotton Production

Million Metric Tonnes



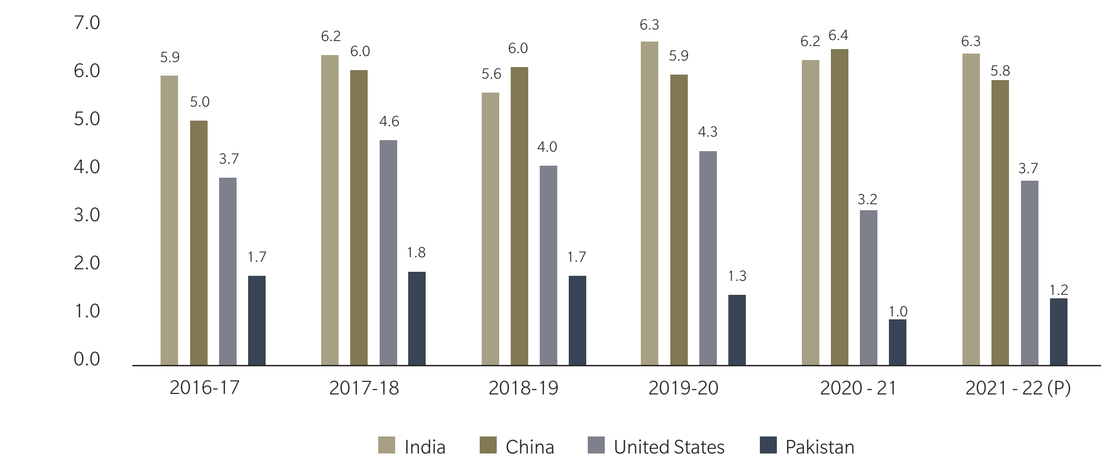
(Source: United States Department of Agriculture)

India and China contribute to approximately 51% of global cotton output. In 2020-21, China regained the position of largest cotton producer in the world with a production output of 6.4 million metric tonnes, an increase of 8.5% over 2019-20. In 2020-21, India's share in global cotton production increased to 25.1% as compared to 24.6% in 2019-20, while China's share increased to 25.9% from 22.0%. Cotton production in the US declined 25.6% after witnessing an increase of 7.5% in 2019-20. Principal causes of the reduction in the US stocks in 2020-21 were a smaller harvest and strong export demand.

The table below shows India's cotton production vis-à-vis China, the US and Pakistan over the last 5 years and projections for 2021-22.

Figure 18: Cotton Production: Region Wise

Million Metric Tonnes



(Source: United States Department of Agriculture)

P = Projection

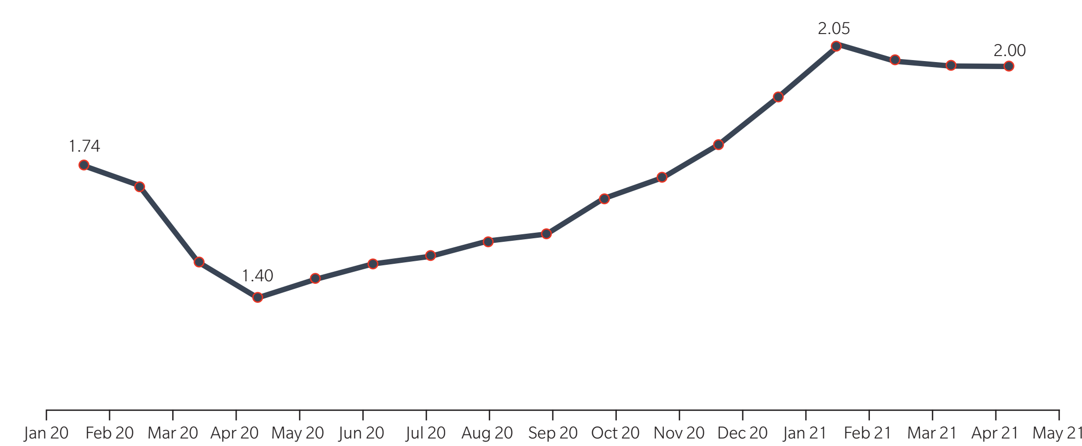
Global Cotton Prices

Global and domestic cotton prices witnessed a gradual increase from May, 2020 on account of strong demand witnessed post relaxation in lockdowns mainly on account of lower global cotton production and expected higher capacity utilization for 2020-21.

In addition, the ban imposed by the US, on imports of Chinese cotton products made in the Xinjiang region, due to forced labor issues, and higher cotton imports by China has reduced the supply of cotton in the global market.

Figure 19: US Cotton Price

US$/kg



(Source: IndexMundi)

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 Tonnes	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22(P)
Beginning Stocks	19.6	17.5	17.7	17.4	21.3	20.3
Production	23.2	27.0	25.8	26.4	24.7	25.9
Supply	42.9	44.5	43.5	43.9	46.0	46.1
Consumption	25.3	26.7	26.2	22.4	25.7	26.7
Ending Stocks	17.5	17.6	17.4	21.3	20.3	19.4
Stocks/Use Ratio	**69.2%**	**65.9%**	**66.4%**	**95.2%**	**78.8%**	**72.9%**

China Balance Sheet

Million Metric Tonnes	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22(P)
Beginning Stocks	12.3	10.0	8.3	7.8	8.0	8.5
Production	5.0	6.0	6.0	5.9	6.4	5.8
Imports	1.1	1.2	2.1	1.6	2.7	2.4
Supply	18.4	17.2	16.4	15.3	17.2	16.7
Consumption	8.4	8.9	8.6	7.2	8.7	8.9
Exports	-	0	0	0	0	0
Demand	8.4	9.0	8.6	7.2	8.7	8.9
Ending Stocks	10.0	8.3	7.8	8.0	8.5	7.7
Stocks/Use Ratio	**119.1%**	**92.4%**	**89.8%**	**111.3%**	**97.1%**	**86.7%**

India Balance Sheet

Million Metric Tonnes	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22(P)
Beginning Stocks	1.5	1.7	2.0	2.0	3.7	3.7
Production	5.9	6.3	5.6	6.3	6.2	6.3
Imports	0.6	0.4	0.4	0.5	0.2	0.2
Supply	8.0	8.4	8.0	8.7	10.1	10.2
Consumption	5.3	5.3	5.3	4.4	5.1	5.4
Exports	1.0	1.1	0.8	0.7	1.3	1.3
Demand	6.3	6.4	6.1	5.1	6.4	6.7
Ending Stocks	1.7	2.0	2.0	3.7	3.7	3.4
Stocks/Use Ratio	**27.3%**	**31.5%**	**32.4%**	**72.8%**	**57.1%**	**50.9%**

(Source: United States Department of Agriculture) P = Projection

Our Risks & Opportunities

Himatsingka Seide Limited ("HSL/The Company") believes in value protection and enhancement through Risk Management strategy.

HSL has a structured process and a balanced approach of identifying potential risks to the organization.

The Company has a defined strategy for eliminating or mitigating the risks, as well as the mechanisms to effectively monitor and evaluate organizational risks.

Risk Factors	Risk	Mitigation
Customer Concentration	Concentration in certain markets and dependency on customers for substantial business.	The Company is continuously focusing on newer customers and geographies and pursuing opportunities in expanding market presence across new geographies and client groups in order to mitigate risk. The Company has, on a continuous basis, acquired new brand licenses and added new customers.
Market Dynamics	Failure to anticipate and respond to changes in consumer preferences, purchasing behavior and market trends may adversely affect the Company's performance.	The Company has an in-house development team working constantly with brands and studying product sensitivities in the market, including the response to the current pandemic situation. The Company has set up a Terry towel plant and forayed into e-commerce business.
Raw Materials	Raw material costs account for approximately 55% of the Company's sales. Operating performance may be adversely impacted by volatility on the cost of raw materials. Dependency on foreign/single source of supply for raw materials can lead to pricing pressures when considering alternatives during time of unavailability.	The Company's enhanced level of backward integration, coupled with identifying alternate sources of supply, has helped absorb any volatility in raw material supply and prices. The Company has longer dated agreements with vendors for supply of materials at fixed prices.
Revenue	Risk of customers/brands altering the sales price of products could impact overall earnings/revenue.	The Company has exclusive licensing arrangements with brand owners.
Currency	The Company's global presence exposes its businesses to varying levels of foreign exchange risks which may have an adverse effect on its financial performance.	With an established currency risk management policy, Foreign currency exposures are continuously monitored and hedged on a rolling basis which helps mitigate volatility risk. Fixed Derivative contracts are entered for a foreseeable future.
Environmental, health & safety events, COVID-19	Accidents involving significant injuries, loss of life or damage to equipment/facilities. Risk of employees/workers being affected by COVID-19. Insufficient short-term liquidity and asset-liability mismatch may affect the Company's ability to meet its obligations in view of COVID-19.	Regular trainings/adequate awareness is provided to employees and workers on various safety requirements. Regular audits/visits are performed by the OHC team. The Company follows standard operating procedures for working in Plants & Offices, which include regular sanitization, use of PPE/masks and availability of medical staff within the premises. The Company has conducted vaccination drives across all units. The Company has formulated clear cash flow visibility for the next 150-180 days. Sales are carried out after sufficient credit check or assured payment mechanisms.

Risk Factors	Risk	Mitigation
Recruitment & Retention	Inability to attract and retain talent could affect the organization's ability to meet its growth aspirations. Inability/delay in mobilizing resources at plant due to the ongoing pandemic could lead to production shortage.	All HR policies are benchmarked with the industry best practices. Employee surveys are regularly carried out. Trainings are provided to employees based on a training calendar.
Regulatory	The evolution of the regulatory environment across the globe has resulted in increased regulatory scrutiny. The textile industry is exposed to domestic and international regulations and policies, which may change from time to time, thereby potentially impacting financial performance. New and changing regulatory compliance, corporate governance and public disclosure requirements add uncertainty to compliance policies and increase the cost of compliance.	The Company continues to engage with policy makers through industry bodies and other stakeholders to strengthen and align its decision making and to access, review and represent concerns stemming from policy related matters.

INTERNAL CONTROL SYSTEMS & 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.

Independent External Assurance

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.

HUMAN RESOURCES

Human resources are the principal drivers of change. Our approach to human resources has enabled us to attract, integrate, develop and retain the talent required to drive sustainable growth.

Learning & Development

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. The Company focuses on collaborative, transparent and participative organization culture, and rewards merit and sustained high performance.

Internal Assurance

Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting.

Governance Structures & Policies

The combination of policies and processes addresses the various risks associated with the Company's business. The Company periodically reviews the effectiveness of its risk management framework to align with contemporaries and address the emerging challenges that arise in a dynamic business environment.

Diversity & Quality in the Talent Pool

The Company engages over 12,000 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. It ensures diversity in the workforce by encouraging employees to maintain their identity, while adhering to the Company's values and behavior. Concentrated effort on gender and age diversity has been initiated through workshops and training programs.

Human Resource Transformation

Our HR processes and systems have helped us to be agile and transform to the dynamic global environment that prevails today.

Analysis of Consolidated Financials

CONSOLIDATED INCOME STATEMENT SUMMARY — FY 21

(₹ Lacs)

Particulars	Consolidated		
	2020-21	**2019-20**	**Change %**
Revenue from Operations	2,25,832	2,35,793	-4.2%
Other Income	1,421	6,172	-77.0%
Total Revenue	2,27,253	2,41,965	-6.1%
Cost of Materials Consumed	1,23,764	1,13,180	9.4%
As a % of Revenue	54.80%	48.00%	14.2%
Employee Benefit Expenses	25,933	28,012	-7.4%
Other Expenses	47,239	52,842	-10.6%
EBITDA	**30,317**	**47,931**	**-36.7%**
Depreciation	15,245	12,621	20.8%
EBIT	**15,072**	**35,310**	**-57.3%**
Interest and Finance Cost	17,720	19,472	-9.0%
Profit Before Exceptional Items & Tax	-2,648	15,838	-116.7%
Exceptional Items	-	7,321	-100.0%
Profit Before Tax	-2,648	8,517	-131.1%
Profit After Tax	**-5,335**	**1,325**	**-502.7%**

Revenue Analysis:

» Consolidated Total Revenue for the year decreased by 6.1 % and stood at ₹ 2,27,253 lacs. This decline was mainly attributable to the adverse impact the Covid-19 pandemic had on the business during the year.

» Revenues from brands for FY 21 stood at ₹ 1,79,829 lacs versus ₹ 2,12,200 lacs during FY 20.

Expenditure Analysis:

» The cost of materials consumed stood at ₹ 1,23,764 lacs during the year. Material costs as a percentage of revenue from operations increased from 48.0% to 54.8% mainly on account of inflation in raw material costs and product mix fluctuations.

» Employee benefit expenses stood at ₹ 25,933 lacs as compared to ₹ 28,012 lacs and as a percentage of total revenue, employee benefit expense stood at 11.41% in FY21 as compared to 11.58% in FY 20.

» Total operating expenses stood at ₹ 1,96,936 lacs in FY 21 vs ₹1,94,034 lacs during the previous year.

» Interest and finance charges decreased from ₹ 19,472 lacs and stood at ₹ 17,720 lacs.

Profitability Analysis:

» The consolidated EBITDA decreased by 36.7% to ₹ 30,317 lacs in FY 21 versus ₹ 47,931 lacs in FY 20. The consolidated EBITDA margins stood at 13.3% in FY 21 versus 19.8% during the previous year.

» The consolidated EBIT decreased by 57.3% to ₹ 15,072 lacs versus ₹ 35,310 lacs during the previous year. The consolidated EBIT margins stood at 6.6% versus 14.6% during the previous year.

» The consolidated profit after tax for the year stood at a loss of ₹ 5,335 lacs versus a profit of ₹ 1,325 lacs during the previous year.

CONSOLIDATED BALANCE SHEET

(₹ Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Property, Plant and Equipment *	2,93,301	2,92,505
Goodwill	47,334	48,195
Other Financial Assets	17,380	18,572
Deferred Tax Assets (Net)	1,650	1,694
Non-Current Income Tax Assets (Net)	1,045	1,045
Other Current and Non-Current Assets	22,912	23,688
Inventories	79,548	1,08,747
Trade Receivables	33,151	11,758
Cash and Cash Equivalents ^	14,438	20,975
Total Assets	**5,10,759**	**5,27,179**
Equity Share Capital	4,923	4,923
Other Equity	1,26,599	1,31,078
Total Borrowings	2,46,651	2,81,443
Current and Non-Current Provisions	2,972	2,308
Deferred Tax Liabilities (Net)	6,773	4,528
Current and Non-Current Other Liabilities	31,731	32,677
Trade Payables	60,959	37,172
Other Current and Non-Current Financial Liabilities	27,695	29,897
Current Income Tax Liabilities (Net)	2,456	3,152
Total Liabilities	**5,10,759**	**5,27,179**

* 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 ₹ 796 lacs as a part of budgeted capital expenditure and stood at ₹ 2,93,301 lacs as compared to ₹ 2,92,505 lacs in the previous fiscal.
- Goodwill decreased by ₹ 862 lacs to ₹ 47,334 lacs on account of the appreciation of the Rupee against the US Dollar.
- Cash and cash equivalents including current investments decreased by ₹ 6,537 lacs and stood at ₹14,438 lacs versus ₹ 20,975 lacs in the previous year.

Analysis of Equity & Liabilities:

- Consolidated Net Worth of the Company decreased from ₹ 136,001 lacs during FY 20 to ₹131,522 lacs in FY 21.
- Total borrowings decreased from ₹ 2,81,443 in FY 20 to ₹ 2,46,651 lacs mainly due to repayment of term loans and decreased working capital requirements across business operations.
- Trade Payables stood at ₹ 60,959 lacs versus ₹ 37,172 lacs during the previous year.

KEY CONSOLIDATED FINANCIALS & RATIOS

(₹ Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Income	2,27,253	2,41,965
EBITDA	30,317	47,931
EBIT	15,072	35,310
Net Profit After Tax	-5,335	1,325
Net Worth	1,31,522	1,36,001
Net Debt	2,44,870	2,73,851
Net Profit Margin	-2.3%	0.6%
Operating Profit Margin	13.3%	19.8%
Leverage Ratios		
Net Debt/Equity (Times)	1.86	2.01
Interest Coverage Ratio (Times)	0.85	1.81
Capital Efficiency Ratios		
Return on Equity (ROE) *	-4.0%	6.2%
Return on Capital Employed (ROCE)	3.7%	8.4%
Working Capital Ratios		
Inventory Days	129	168
Receivable Days	54	18
Payable Days	99	58

* Adjusted for exceptional items in FY 20

Statutory Reports

Board's Report

Your Directors are pleased to present the Thirty Sixth 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, 2021.

1. FINANCIAL HIGHLIGHTS

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

(₹ in Lacs)

Particulars	Standalone			Consolidated		
	2020-21	2019-20	Change %	2020-21	2019-20	Change %
Revenue from Operations	168,191	160,076	5.07	225,832	235,793	(4.22)
Other Income	2,805	8,725	(67.85)	1,421	6,172	(76.98)
Total Revenue	170,996	168,801	1.3	227,253	241,965	(6.08)
EBITDA	33,412	47,264	(29.31)	30,317	47,931	(36.75)
EBITDA Margin (%)	19.87%	29.53%	(32.71)	13.42%	20.33%	(33.99)
EBIT	22,525	38,152	(40.96)	15,072	35,310	(57.32)
Profit before exceptional items	8,133	22,987	(64.62)	(2,648)	15,838	(116.72)
Exceptional Item	-	1,142		-	7,321	
Profit before tax	8,133	21,845	(62.77)	(2,648)	8,517	(131.09)
Tax Expense	2,757	7,181	(61.61)	2,686	7,192	(62.65)
Profit after tax	5,375	14,664	(63.35)	(5,335)	1,325	(502.6)

2. BUSINESS HIGHLIGHTS

The Consolidated Total Revenue for Financial Year 2020-21 decreased by 6.08% and stood at Rs 227,252 lacs and the Consolidated EBITDA decreased by 36.75% and stood at Rs 30,317 lacs.

Some key highlights of FY 21 are as follows:

- The operations at all four manufacturing facilities of the Company were impacted during the first half of the fiscal on account of the lockdowns imposed by the Central and State Governments owing to the Covid-19 pandemic. In addition, other disruptions including but not limited to workforce unavailability, supply chain congestion and logistical interruptions hampered our operations. This directly impacted both the Consolidated Revenues and Consolidated EBITDA for the Financial Year 20-21.
- During the fiscal, the Consolidated Total Revenue and Consolidated EBITDA were further impacted as the scheduled announcement by the Government of India on the proposed RoDTEP (Remission of Duties and Taxes on Export Products) Scheme that was to replace the RoSCTL (Rebate of State and Central Levies and Taxes) scheme effective 1st January 2021 was delayed and hence export incentives for Q4 FY21 were unable to be accounted for.
- Revenues from Brands during the FY 21 stood at Rs 179,829 lacs as compared to Rs 212,200 lacs in FY 20.
- The ramping up of capacity utilization at our new Terry towel plant located in Hassan Karnataka progressed well. The utilization levels increased from 35% in fiscal 2020 to 70% by end of fiscal 2021. This was achieved despite all the challenges that prevailed during the fiscal.

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% (₹ 0.5 per equity share) for the financial year ended March 31, 2021, 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, 2021, the Company had the following subsidiaries and Joint Ventures:

Subsidiaries:

- Himatsingka Wovens Private Limited, (wholly owned subsidiary)
- Himatsingka Holdings NA Inc., (wholly owned subsidiary)
- Himatsingka America Inc., (step down wholly owned subsidiary)

Joint Venture

- Twill & Oxford LLC*

*Twill & Oxford LLC ("T&O"), Joint Venture Company based out of Dubai has filed for voluntary liquidation and is currently undergoing liquidation under the laws of Dubai.

In furtherance with the strike off application filed with the local statutory authority in United Kingdom, Himatsingka Europe Limited has been, dissolved with effect from September 22, 2020.

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 www.himatsingka.com/investors/financial-reports

8. ANNUAL RETURN

As required under the Companies Act, 2013, the draft of Annual Return for the year 2021 is available on the website of the company - https://www.himatsingka.com/investors/financial-reports?tab=annual_report_tab

9. PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year as per the provisions of the Companies Act, 2013.

10. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board and changes thereto

As on March 31, 2021, the Board of the Company comprised of 8 (Eight) Directors of which 4 (Four) were Independent Directors, 1(One) was Nominee Director, 3(Three) Executive Directors of which 2(Two) were Promoter Executive Directors and 1 (One) was Non-Promoter Executive Director.

Following were the changes in the Board of Directors between the end of financial year and the date of this report:

- Exim Bank has withdrawn the candidature of Ms. Manjiri Bhalerao (DIN: 02300546) as Nominee Director with effect from April 30, 2021.
- The designation of Mr. V. Vasudevan (DIN: 07521742) was changed from Whole time Director to Non-Executive Director of the Company with effect from May 29, 2021. Mr. V. Vasudevan continues to be Non-Independent Director and the term of appointment is for a period of 2 years subject to approval of shareholders at the ensuing Annual General Meeting and he shall be liable to retire by rotation.

  Mrs. Sangeeta Kulkarni (DIN: 01690333) was re-appointed as Independent Director for second term of 5 years with effect from May 21, 2021, subject to the approval of shareholders at the ensuing Annual General Meeting.

Board Meetings

The Board met 6 (Six) times during the year under review.

MCA through General Circular No. 11/2020 dated March 24, 2020 inter-alia granted one time relaxation to hold Board Meeting with a gap of 180 days instead of 120 days between two quarters. Correspondingly, the gap between the last Board Meeting of the Financial Year 2019-20 and the first Board Meeting of this Financial Year was 146 days. The gap between all other Board Meetings did not exceed 120 days as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and 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. D.K. Himatsingka, Executive Chairman, (DIN: 00139516), retires by rotation and being eligible, offers himself for re-appointment as a Director. His re-appointment will be considred 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. The Independent Directors have also declared compliance with Rule 6(1) and Rule 6(2) of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

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, 2021, 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 2020-21 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 (KMP)

During the period under review, Mr. Sridhar Muthukrishnan was appointed as the Company Secretary and Compliance Officer of the Company with effect from July 4, 2020. Mr. Ashok Sharma ceased to be the Company Secretary and Compliance Officer of the Company with effect from July 4, 2020.

The designation of the Mr. V. Vasudevan (DIN: 07521742) was changed from Whole Time Director to Non-Executive Director of the Company with effect from May 29,2021 and consequently he ceased to be a KMP of the Company.

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 Auditors

The report of Statutory Auditors M/s BSR and Co., LLP, Chartered Accountants, for F.Y-2020-21 (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 Auditor

The Company has appointed Mr. Vivek Bhatt, Company Secretary in Practice, Bengaluru, to conduct the secretarial audit as required under section 204 of the Companies Act, 2013. The report appended as **Annexure 3** to this report. The report does not have any qualification, reservation or adverse remarks.

c) Secretarial Compliance Report

The Company has appointed Mr. Vivek Bhatt, Company Secretary in Practice, Bengaluru, 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 FY 2020-21 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 Auditors

Pursuant to the provisions of section 138 of the Companies Act, 2013, the Board of Directors of the Company have reappointed Grant Thornton India LLP for carrying out the Internal Audit of the Company for the FY 2021-22. The Audit Committee of the Board of Directors in consultation with the Internal Auditor formulates the scope, functioning, periodicity and methodology for conducting the internal audit.

f) Internal Financial Controls (IFC)

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

Based on this evaluation, no significant events have been noticed 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 have 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.

g) Fraud Reporting

There have been no instances of fraud reported by Auditors under section 143(12) of the Companies Act, 2013 and the 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 is given herein below: **(Amount ₹ in Lacs)**

Director	DIN	Sitting fees	Salaries and Perquisites	Profit linked Commission	Total	Ratio to Median remuneration of employees	Percentage increase/decrease over previous year
Mr. D K Himatsingka	00139516	Nil	142.20	Nil	142.20	84.02:1	(83.21)
Mr. Shrikant Himatsingka	00122103	Nil	142.20	Nil	142.20	84.02:1	(83.21)
Mr. V. Vasudevan*	07521742	Nil	131.25	Nil	131.25	-	(26.78)
Mr. Rajiv Khaitan	00071487	5.25	Nil	10.00	15.25	9.01:1	(45.54)
Mrs. Sangeeta Kulkarni	01690333	3.75	Nil	10.00	13.75	8.12:1	(40.22)
Mr. Pradeep Bhargava	00525234	5.63	Nil	10.00	15.63	9.24:1	(39.88)
Mr. Raja Venkataraman	00669376	4.88	Nil	10.00	14.88	8.79:1	56.63
Ms. Manjiri Bhalerao **	02300546	3.75	Nil	Nil	3.75	2.22:1	(31.82)

* Change in designation of Mr. V. Vasudevan and terms of appointment w.e.f. May 29, 2021.

** EXIM Bank withdrew the nomination of Ms Manjiri Bhalerao as Nominee Director w.e.f. April 30, 2021.

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) Percentage Increase / Decrease in the Remuneration of the Key Managerial Personnel (other than Directors mentioned above)

Key Managerial Personnel	Designation	Percentage increase/decrease in the remuneration, if any
Mr. K.P. Rangaraj	President - Finance and Group CFO	(24.58%)
Mr. Ashok Sharma*	SVP - Finance & CFO (Strategic Finance) & CS	(76.86%)
Mr. Sridhar Muthukrishnan**	Company Secretary & Compliance Officer	N.A.

* Ceased to be Company Secretary w.e.f. July 4, 2020.

**Designated as Company Secretary w.e.f. July 4, 2020.

c) The percentage increase in median remuneration of the employees is 0.27%

d) The number of permanent employees in the rolls of the Company is 8,129

e) The average decrease in the salaries of managerial personnel during the year was 76.60% and the average decrease in the salaries of employees other than managerial personnel was 21.42%.

f) The variable component of remuneration were not availed by the Executive Directors during the year.

g) During the year, there were three employees (including KMP) whose remuneration was higher than that of the highest paid director. This was primarily due to reduction in remuneration of Executive Directors during the year 2020-21 owing to pandemic. The remuneration of Executive Directors has been reinstated with effect from April 1, 2021.

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 of Managerial Personnel) 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. Shall be provided to the shareholders upon a request mode to the Company Secretary. Further, the Annual report is 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 (IEPF)

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 ₹ 5,97,039. Further, 3,416 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://www.himatsingka.com/investors/shareholder-information?tab=dividend_tab**

19. INSURANCE

The Company's assets are subject to risks/ peril and are adequately insured. The Company has also taken a 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) Whistle Blower 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 endeavour 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 on the Company's website - **https://www.himatsingka.com/investors/corporate-governance**

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 behaviour, fraud and/or violation of the Company's code of conduct or policy to the Chief Compliance Officer.

The Company has put in place adequate measures for visibility of the Whistle Blower Policy to employees and stakeholders at the workplace and the plants. In exceptional and appropriate cases, an employee can make direct appeal to the Audit Committee Chairman. The contact details of the Audit Committee Chairman are also available in the Whistle Blower Policy.

During the year under review, 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. All employees (permanent, contractual, temporary, trainees) are covered under this policy. 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.

During the year under review, no complaints were received.

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 of 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 - **https://www.himatsingka.com/investors/corporate-governance.**

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 available at the website of the company - **https://www.himatsingka.com/investors/corporate-governance.**

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 on the Company's website - **https://www.himatsingka.com/investors/corporate-governance.**

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 on the Company's website - **https://www.himatsingka.com/investors/corporate-governance.**

g) Corporate Social Responsibility

Corporate Social Responsibility (CSR) is central to the operating philosophy of the Company and it is the Company's constant endeavour to ensure that its businesses uphold the highest standards of governance and compliance. It aims to deliver sustainable value to society at large as well as shareholders. In keeping with its philosophy, the Company has set up a CSR Committee that identifies CSR projects and overlooks, supervises and provides guidance for the implementation of the projects. The CSR Committee explores various activities based on the thrust areas, filters and shortlists projects for CSR activities with the approval of Board of Directors. The company's CSR activities envisage initiatives primarily in the areas of health, education, environmental protection, community development and sanitation among others.

21. CORPORATE GOVERNANCE

The Company complies with the corporate governance code as prescribed by the stock exchanges and the Securities and Exchange Board of India (SEBI). The detailed report on corporate governance forms a part of the Annual Report and the Corporate Governance Report along with the Auditors Certificate on compliance with the mandatory recommendations on corporate governance is available in 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 REPORT (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for the top 1,000 listed entities based on market capitalization. As per the market capitalization on March 31, 2021, the Company is within the purview of top 1000 listed companies. The Business Responsibility Report is in line with the key principles enunciated in the 'National Voluntary Guidelines on Responsible Business Conduct' framed by the Ministry of Corporate Affairs. It 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: 31 July, 2021

D.K. Himatsingka
(Executive Chairman)

Annexures to the Board's Report

ANNEXURE-1 STATEMENT REGARDING SUBSIDIARY COMPANIES AS OF MARCH 31, 2021

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	HWPL	HHNA	HIMA	#T&O
1	Capital	1,750.00	89,328.56	61,073.91	60.06
2	Reserves	380.58	4,294.46	(21,004.77)	(54.50)
3	Total Assets	2,466.26	109,560.81	120,912.53	7.90
4	Total Liabilities ^	335.68	15,937.79	80,843.39	2.34
5	Investments*	-	-	21.95	-
6	Turnover	142.86	-	166,974.14	30.16
7	Profit/ (Loss) Before Tax	78.90	(1,381.96)	(6,581.95)	668.66
8	Provision for Taxation	4.54	(1,235.36)	(3.42)	-
9	Profit/ (Loss) After Tax	74.36	(146.59)	(6,578.53)	668.66
10	Proposed Dividend	-	-	-	-
11	Closing exchange rate	INR/1.00	USD/73.5275	USD/73.5275	AED/20.0200
12	Average exchange rate	INR/1.00	USD/72.9116	USD/72.9116	AED/19.8470

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
Under Liquidation.
All subsidiaries above have their reporting period as March 31, 2021.

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: 31 July, 2021

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 - **www.himatsingka.com/investors/corporate-governance**.

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	Mr. Raja Venkataraman	Member
4	Mrs. Sangeeta Kulkarni	Member

3) Average net profits of the Company for the last three financial years is ₹ 28,651 Lacs.

4) The prescribed CSR expenditure for the year is ₹ 573.03 Lacs.

5) Details of CSR spending during the financial year 2020-21.

Total amount required to be spent during the financial year (Budgeted)	₹ 573.03 lacs
Amount spent for the financial year	₹ 575.61 lacs
Excess/(Short) Spending	₹ 2.58 lacs

Manner in which the amount was spent for the financial year is 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	Covid-19 mitigation and allied expenses	Clause i of Schedule VII	Bengaluru, India	40,103,000	40,361,000	40,361,000	Direct
2	Auroville Puducherry – Smart Grid Project	Clause x of Schedule VII	Puducherry, India	10,000,000	10,000,000	10,000,000	Direct
3	Imparting skills training	Clause ii of Schedule VII	Jharkhand, India	1,500,000	1,500,000	1,500,000	Transfer to Himatsingka Foundation
4	Transfer to Foundation for undertaking CSR	Rule 4(2) of CSR Rules	Hassan Karnataka, India	5,700,000	5,700,000	5,700,000	Transfer to Himatsingka Foundation
	Total			**57,303,000**	**57,561,000**	**57,561,000**	

6) The amount of ₹ 2.58 lacs spent is in excess of the budgeted amount. Company plans to set off the same in the year 2021-22 as per the provisions of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

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
(Member CSR Committee)

Place: Bengaluru
Date: 28 May, 2021

ANNEXURE -3

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2021

[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, 2021, 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, 2021 according to the provisions of:

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

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

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

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

V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

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

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

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

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 Bhatt
Practising Company Secretary
UDIN: F007708C000348092

Place: Bengaluru
Date: 20 May, 2021

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 Bhatt
Practising Company Secretary
UDIN: F007708C000348092

Place: Bengaluru
Date: 20 May, 2021

ANNEXURE -4

SECRETARIAL COMPLIANCE REPORT
Of M/s Himatsingka Seide Limited for the year ended 31st March, 2021

I, Vivek Bhatt, 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, 2021 ("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 Bhatt
Practising Company Secretary
UDIN: F007708C000348169

Place: Bengaluru
Date: 20 May, 2021

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	-
			Interest income	Based on Transfer Pricing guidelines	1,320.94
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	-
			Investment in equity instruments	As per valuation report	5808.80
			Inter corporate loans converted to equity	As per valuation report	25,258.17
2	HIMA INC^	WoS^	Sale of goods (net)	Based on Transfer Pricing guidelines	110,598.49
			Reimbursement of Expenses	Based on Transfer Pricing guidelines	112.85
			Marketing Commission	Based on Transfer Pricing guidelines	580.70
			Expenses incurred on behalf of	Based on Transfer Pricing guidelines	34.13
			Guarantees given	As per agreement	3,382.27

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

For and on behalf of the Board

D. K. Himatsingka
(Executive Chairman)

Place: Bengaluru
Date: 31 July, 2021

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 2020-21:

S.No	Particulars	Conservation
1	Energy Efficient compressor installed to reduce the power consumption	1440000 Units/Annum
2	Modification of Cooling tower and Turbine Overhauling for improved Power plant efficiency	1274000 Units/ Annum
3	Replaced new type of boiler tubes in Power Plant resulting in lower coal usage	Coal usage reduction of 1200 MT/Annum
4	Installed new & improved heat recovery system for saving the steam energy in sheeting process	4600 MT/Annum & corresponding coal usage reduction of 700 MT/Annum
5	Sheeting PTR and Pad steam modified to reduce the water consumption	46000 KL/Annum
6	Increase in the productivity and new technology Pre-dryer machine installed for reducing the power consumption.	3589000 Units/Annum
7	Conserved Steam usage by optimising Terry machines (PTR and CDR)	3988 MT/Annum & corresponding coal usage reduction of 665 MT/Annum.
8	Enhanced Renewable energy consumption in place of Grid power	Last year used 6,18,50,000 Units/Annum
9	VFD Installed for humidity supply air fan	44,460 Units/Annum
10	VFD Installed for compressor	38,510 Units/Annum
11	Optimised energy consumption by use of electronic ballast	1,84,163 Units/Annum
12	Rain water storage and usage	250 KL/Annum
13	By use of LED fitting in process hall in place of doom fitting	5,600 units /Annum
14	By use of energy efficiency motor in humidity plant	47,427 units /Annum

* MT : Metric Tonne
KL : Kilo Litre

B) TECHNOLOGY ABSORPTION:

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

1. High efficiency MBR technology installed in CETP in place of Conventional Clarifier – Investment - ₹ 3.5 crore.
2. Energy Efficient compressor installed -10000 CFM capacity – Investment - ₹ 3.5 crore.
3. Pre-dryer installed to improve Biancalani Finishing machine productivity - Investment - ₹ 70 lacs.
4. ATFD/ evaporator capacity augmented for state of the art Zero Liquid Discharge Plant - Investment - ₹ 1.9 crore.

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

- Benefits from the efforts above include cost rationalization, lesser usage of natural resources and 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 2020-21, the Company incurred ₹ 558.83 lacs towards recurring expenditure on R&D. The total R&D expenditure as a percentage of turnover is 0.25%.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	₹ (Lacs)
Earnings:	
Export (FOB Value)	1,48,891.26
Interest	1,333.46
Outgo:	
Import of raw materials and other inputs	13,301.21
Other expenses	85.03
Net foreign exchange earnings from operations	**1,36,838.48**
Import of capital goods	3,601.02

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.

At Himatsingka we believe 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 endeavour to maximize integrity, transparency, ethical practices and accountability in the conduct of business.

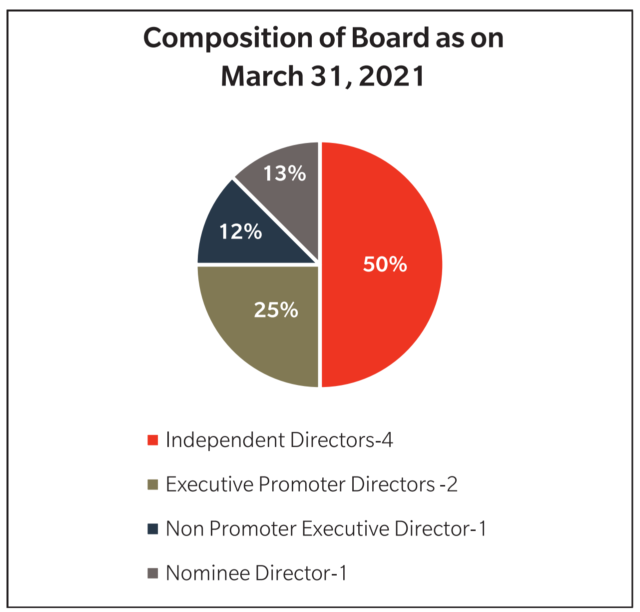
Himatsingka continues to focus its resources and capabilities to ensure Corporate Governance practices are current, relevant and sustainable in order to safeguard the interest of stakeholders and strengthen the very foundation and principles on which the Company builds and expands businesses.

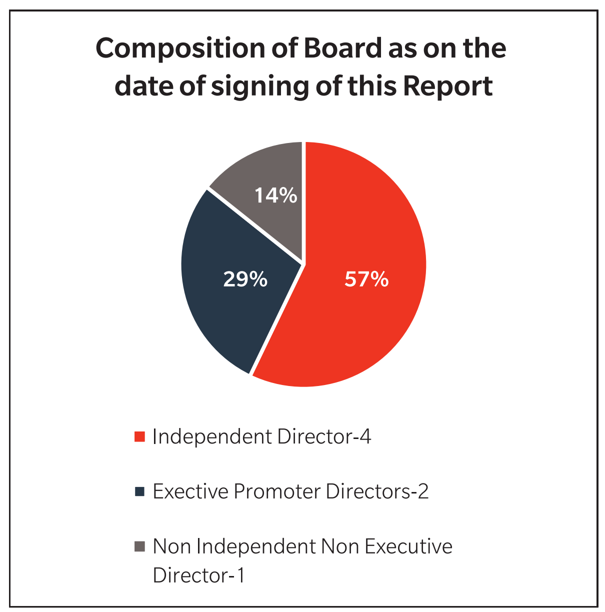
2) BOARD OF DIRECTORS (BOARD)

i) Composition and meetings of Board

The Company has a balanced mix of Executive Directors and Non-Executive Independent Directors. As on March 31, 2021, the Board comprised of 8 (Eight) Directors, of which 4 (Four) were Non-Executive Independent Directors including one Independent Woman Director, 1 (One) Nominee Director from Export-Import Bank of India and 3 (Three) were Executive Directors including, 2 (Two) Promoter Executive Directors and 1 (One) Non-Promoter Executive Director. The Chairman is an Executive Director and Promoter of the Company. The composition of the Board is in accordance with Regulation 17(1) of Listing Regulations.

The composition of Board of Directors as on March 31, 2021 and as on the date of signing of this Report is depicted herein below:





The names and categories of the Directors on the Board, number of Directorships and Committee Memberships held by them in other public companies, and also the No. of shares held by Director are given below:

Directorship & Committee Membership Matrix

Name	Category	No. of Directorships held in other companies (Note 1)	No. of Memberships and Chairpersonship in Committees of other public companies (Note 2)		No. of shares held by Directors
			Member	Chairperson	
Mr. D K Himatsingka	PED	2	Nil	Nil	1,19,02,000
Mr. Shrikant Himatsingka	PED	6	Nil	Nil	85,46,964
Mr. V. Vasudevan (Note 3)	NPED	1	Nil	Nil	–
Mr. Rajiv Khaitan	NE,I	4	0	0	4,200
Mr. Pradeep Bhargava	NE,I	5	2	0	–
Mr. Raja Venkataraman	NE,I	7	1	3	–
Mrs. Sangeeta Kulkarni	NE,I	5	Nil	Nil	–
Ms. Manjiri Bhalerao (Note 4)	NE,ND	Nil	Nil	Nil	–

PED=Promoter Executive Director, NPED=Non Promoter Executive Director, NE=Non-Executive, I= Independent, ND=Nominee Director

The Non-Executive Directors are professionals with rich experience in manufacturing, management, finance, law and other allied areas 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, 2021.

Notes:

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

2) For the purpose of considering limit of committee memberships, 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 are considered.

3) Designation of Mr. V. Vasudevan changed to Non-Executive Non Independent director with effect from May 29, 2021.

4) Ms Manjiri Bhalerao ceased to be the director of the Company by the virtue of withdrawal of nomination by EXIM Bank effective from April 30, 2021.

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

Attendance of Directors during the year 2020-21

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy.

Six Board Meetings were held during the year on the following dates: July 4, 2020, August 27, 2020, September 29, 2020, November 7, 2020, February 5, 2021and March 11, 2021.

MCA through General Circular No. 11/2020 dated March 24, 2020 inter-alia granted one time relaxation to hold Board Meetings with a gap of 180 days instead of 120 days between two quarters correspondingly, the gap between the last Board Meeting of the Financial Year 2019-20 and first Board Meeting of this Financial Year was 146 days. The time gap all other Board Meetings did not exceed 120 days. The attendance details are given below:

Directors' Attendance Matrix

Name	AGM September 29, 2020	Board Meeting						Held during the year	Attended during the year	Percentage of Attendance
		July 04, 2020	August 27,2020	September 29, 2020	November 07, 2020	February 05, 2021	March 11, 2021			
Mr. D K Himatsingka	√	√	√	√	√	√	√	6	6	100%
Mr. Shrikant Himatsingka	√	√	√	√	√	√	√	6	6	100%
Mr. V. Vasudevan (Note 1)	√	√	√	√	√	√	√	6	6	100%
Mr. Rajiv Khaitan	√	√	√	√	√	√	√	6	6	100%
Mr. Pradeep Bhargava	√	√	√	√	√	√	√	6	6	100%
Mr. Raja Venkataraman	√	√	√	√	√	√	√	6	6	100%
Mrs. Sangeeta Kulkarni	√	√	√	√	√	√	√	6	6	100%
Ms. Manjiri Bhalerao (Note 2)	√	√	√	√	√	√	√	6	6	100%

√- Attended

Notes:

1) Change of Designation of Mr V. Vasudevan from Executive Director to Non Executive Non Independent director with effect from May 29, 2021.

2) Ms Manjiri Bhalerao ceased to be the director of the Company by the virtue of withdrawal of Nomination by EXIM Bank with effect from April 30,2021.

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. Raja Venkatraman is an Additional Independent Director in Amrutanjan Healthcare Limited.

iii) Board of Directors - Competence Matrix

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*			√	√	√	√

***Ms Manjiri Bhalerao has ceased to be the director of the company with effect from April 30,2021.

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

iv) Code of Conduct

In compliance with Regulation 26(3) of the Listing Regulations and the Companies Act, 2013 the Company has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The code is posted on the website of the Company - https://himatsingka.com/investors/corporate-governance

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.

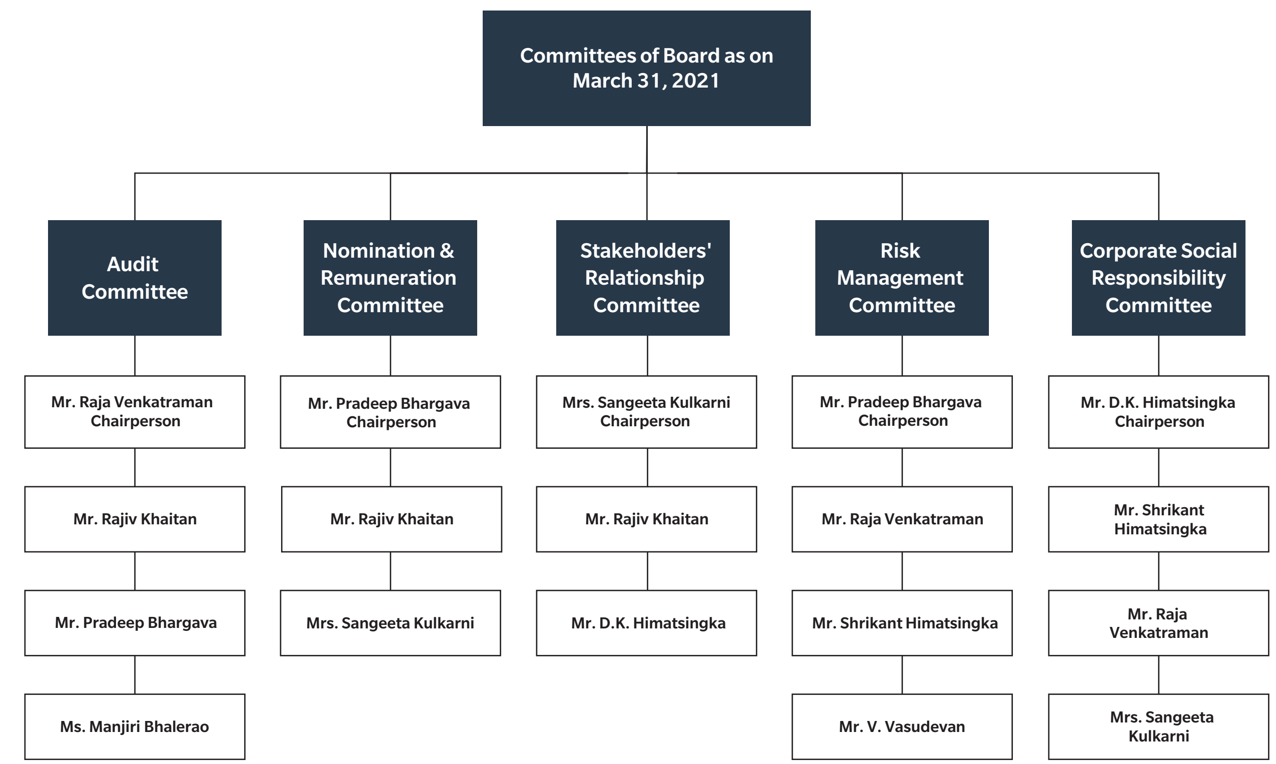
v) Familiarization Programme and Training

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. All new Independent Directors are taken through a detailed induction and familiarisation programme which covers the culture of Himatsingka and various milestones since the Company's incorporation. The details of familiarization programme for Independent Directors are posted on the website of the Company - https://himatsingka.com/investors/corporate-governance

vi) Re-appointment of Directors

In terms of Section 152 of the Companies Act 2013, Mr. D.K. Himatsingka, Executive Chairman, (DIN: 00139516) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for the appointment. The Nomination & Remuneration Committee at their meeting held on July 31, 2021 has recommended for re-appointment of Mr. D.K. Himatsingka, Executive Chairman, 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

As at March 31, 2021, the Audit Committee comprised of 4 (Four) Members namely, Mr. Raja Venkataraman, Mr. Rajiv Khaitan, Mr. Pradeep Bhargava, Independent Directors and Ms. Manjiri Bhalerao, Nominee Director. Mr. Raja Venkatraman, assumed as Chairperson of the Committee with the effect from November 8, 2020. 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:

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

The functions of the Audit Committee includes 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
29	To consider and comment on rationale, cost benefits and impact of schemes including merger, demerger, amalgamation etc, on the listed entity and its shareholders.

Attendance of the Directors at the Audit Committee Meetings held:

During the year 2020-21, the Audit Committee met four times on the following dates: July 4, 2020, August 27, 2020, November 7, 2020 & February 5, 2021. 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 2020-21 is as under:

Name of Director	Position	Date of Committee Meetings				Held during the year	Attended during the year	Percentage of Attendance
		04.07.2020	27.08.2020	07.11.2020	05.02.2021			
Mr. Raja Venkatarama (Note 1)	Chairperson	√	√	√	√	4	4	100%
Mr. Pradeep Bhargava	Member	√	√	√	√	4	4	100%
Mr. Rajiv Khaitan	Member	√	√	√	√	4	4	100%
Ms. Manjiri Bhalerao (Note 2)	Member	√	√	√	√	4	4	100%

Mr. Shrikant Himatsingka, Managing Director & CEO is a Permanent Invitee to the Committee. He attended all the meetings held during the year.

Notes:

1) Mr. Raja Venkatraman was appointed as the Chairperson of the Audit Committee with the effect from November 7,2020.

   Mr. Rajiv Khaitan, erstwhile Chairperson of the Audit Committee attended 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.

2) Ms. Manjiri Bhalerao ceased to be the member of the Audit Committee with effect from April 30, 2021.

ii) Nomination and Remuneration Committee

Nomination and Remuneration Committee as on March 31, 2021 comprised of 3 (Three) members namely, 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 functions of the Nomination and Remuneration Committee includes the following:

Sl. No.	Role/ Functions
1	Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
2	Formulation of criteria for evaluation of performance of independent directors and the board of directors
3	Devising a policy on diversity of board of directors
4	Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
5	Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6	Recommend to the board, all remuneration, in whatever form, payable to senior management

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 2020-21, the Committee met three times on July 4, 2020, August 27, 2020 and February 5, 2021. The Committee also transacts urgent businesses by way of Resolution by Circulation. The attendance of the members for the year 2020-21 is as under:

Name of Director	Position	Date of Committee Meetings			Held during the year	Attended during the year	Percentage of Attendance
		04.07.2020	27.08.2020	05.02.2021			
Mr. Pradeep Bhargava	Chairperson	√	√	√	3	3	100%
Mr. Rajiv Khaitan	Member	√	√	√	3	3	100%
Mrs. Sangeeta Kulkarni	Member	√	√	√	3	3	100%

√- Attended

Notes:

Mr. Pradeep Bhargava, Chairperson of the Nomination and Remuneration Committee attended at the last Annual General Meeting. The terms of reference of the Committee is also provided in the Nomination and Remuneration Policy and the same is available on the Company's website - https://himatsingka.com/investors/corporate-governance

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, subject to overall ceiling stipulated in Sections 197 of the Companies Act, 2013. The remuneration is closely linked to the performance of the Company.

During the year 2020-21, owing to the Covid-19 pandemic, the Executive directors and the Independent Directors voluntarily decided for reduction in remuneration and sitting fees respectively. The same were reinstated with effect from April 1, 2021.

Given below are the details of Directors' Remuneration during the financial year 2020-21 **(₹ in Lacs)**

Name	Sitting fees	Salaries and perquisites	Profit linked Commission	Total
Mr. D K Himatsingka	Nil	142.20	Nil	142.20
Mr. Shrikant Himatsingka	Nil	142.20	Nil	142.20
Mr. V. Vasudevan	Nil	131.25	Nil	131.25
Mr. Rajiv Khaitan (Note 1)	5.25	Nil	10.00	15.25
Mrs. Sangeeta Kulkarni	3.75	Nil	10.00	13.25
Mr. Pradeep Bhargava	5.63	Nil	10.00	15.63
Mr. Raja Venkataraman	4.88	Nil	10.00	14.88
Ms. Manjiri Bhalerao (Note 2)	3.75	Nil	Nil	3.75

Notes:

1) Paid to Khaitan and Co. LLP
2) Paid to Export- Import 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

The Contract tenures of the Non-Executive Director is as follows:

Sl. No.	Name	Tenure
1	Mr. V. Vasudevan	From May 29 2021 till May 28, 2023, subject to the approval of shareholders

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	25.75

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.

Performance Evaluation Criteria for Independent Directors:

Performance Evaluation of Independent Directors is based on the criteria such as significant understanding and knowledge of the entity and the sector in which company operates, ability to function as an effective team-member, availability for meetings of the Board and attendance at the meetings, effective contribution to the entity and in the Board meetings, independence from the entity and other directors and their being no conflict of interest, etc.

iii) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee as on March 31, 2021, comprised of 3 (Three) members namely, Mrs. Sangeeta Kulkarni, Mr. Rajiv Khaitan, Independent Directors and Mr. D. K. Himatsingka, Executive Chairman. Mrs. Sangeeta Kulkarni, Independent Director is the Chairperson of the Committee.

Mr Sridhar Muthukrishnan is designated as the Compliance officer of the company.

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 shareholders 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 2020-21, the Committee met four times on July 4, 2020, August 27, 2020, November 7, 2020, and February 5, 2021. The attendance of the members for the year 2020-21 is as under:

Name of Director	Position	Date of Committee Meetings				Held during the year	Attended during the year	Percentage of Attendance
		04.07.2020	27.08.2020	07.11.2020	05.02.2021			
Mrs. Sangeeta Kulkarni	Chairperson	√	√	√	√	4	4	100%
Mr. Rajiv Khaitan	Member	√	√	√	√	4	4	100%
Mr. D.K. Himatsingka	Member	√	√	√	√	4	4	100%

√- Attended

Mrs Sangeeta Kulkarni, Chairperson of the Stakeholders' Relationship Committee was present at the last Annual General Meeting and she 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	0	0
Non-receipt of dividend warrants	625	625
Non-receipt of securities	2	2
Complaints received through SEBI	0	0
Others	3	3
TOTAL	630	630

The Company attended to most of the investors' grievances/ correspondence within seven days from the date of receipt of the same during the year 2020-21 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, 2021, comprised of 4 (Four) members namely 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 Committee explores various activities based on the thrust areas and recommends projects/activities and recommends the same for approval of Board. The company has identified four thrust namely Health, Education, Environment Sustainability and Community Development . During the year, the Company has majorly spent towards COVID-19 mitigation, besides contributing in other areas like environmental sustainability at Puducherry, local area community development in Hassan, Karnataka and imparting education and skill development to specially-abled children in Ranchi, Jharkhand.

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 2020-21, the committee met once on August 27, 2020. The Committee also transacts urgent business by way of Resolution by Circulation. 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 2020-21 is as under:

Name of the Director	Position	Meeting of the Committee	Held during the year	Attended during the year	Percentage of Attendance
		August 27, 2020			
Mr. D.K. Himatsingka	Chairperson	√	1	1	100%
Mr. Shrikant Himatsingka	Member	√	1	1	100%
Mrs. Sangeeta Kulkarni	Member	√	1	1	100%
Mr. Raja Venkataraman	Member	√	1	1	100%

√- Attended

The CSR committee initiatives are available on our website - https://www.himatsingka.com/sustainability/corporate-social-responsibility

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, 2021, comprised of 4 (four) members namely 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.

Terms of reference

The Risk management Committee inter alia provides to protect and add value to the organization and its stakeholders through supporting the organization's objectives by:

- Providing a framework for an organization that enables future activity to take place in a consistent and controlled manner
- Improving decision making planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity /threat
- Contributing to more efficient use / allocation of capital and resources within the Organization
- Developing and supporting people and the organization's knowledge base

The roles and responsibilities of the Risk Management Committee encompasses monitoring and reviewing the risk management plan of the Company which shall also include reviewing the forex policy, hedging plan, risks related to cyber security etc. The Board of the Directors from time to time delegate roles and responsibilities to the Committee.

The functions of the Risk Management Committee are further guided by the Risk Management Policy adopted by the Board,

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

During the year two meetings of the Committee were held on August 27,2020 and February 5, 2021. The attendance of the members for the year 2020-21 is as under:

Name of the Director	Position	Meeting of the Committee		Held during the year	Attended during the year	Percentage of Attendance
		August 27, 2020	February 05, 2021			
Mr. Pradeep Bhargava	Chairperson	√	√	2	2	100%
Mr. Shrikant Himatsingka	Member	√	√	2	2	100%
Mr. V. Vasudevan	Member	√	√	2	2	100%
Mr. Raja Venkataraman	Member	√	√	2	2	100%

√- Attended

Notes:.

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.

The Committee as on March 31, 2021 comprised of 3 (Three) members namely, Mr. D. K. Himatsingka, Executive Chairman, Mr. Shrikant Himatsingka, Managing Director & CEO and Mr. V. Vasudevan, Executive Director as members of the committee. Members elect the chairperson of the committee for every meeting.

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

During the year 2020-21, the Committee met four times on July 27, 2020, August 31, 2020, January 4, 2021 and March 31,2021. The attendance of the members for the year 2020-21 is as under:

Name of Director	Position	Date of Committee Meetings				Held during the year	Attended during the year	Percentage of Attendance
		27.07.2020	31.08.2020	04.01.2021	31.03.2021			
Mr. D. K. Himatsingka	Chairperson	√	√	√	√	4	4	100%
Mr. Shrikant Himatsingka	Member	√	√	√	√	4	4	100%
Mr. V. Vasudevan	Member	√	√	√	√	4	4	100%

√- Attended

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.

There were no requests for physical transfers of shares during the period.

vii) Finance and Investment Committee:

The Finance and Investment Committee as on March 31, 2021 comprised of 3 (Three) members namely, 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 2020-21, the Committee met six times on July 4, 2020, July 17, 2020, August 27, 2020, November 07, 2020, February 5, 2021 and March 24, 2021. The attendance of the members for the year 2020-21 is as under:

Name of Director	Position	Date of Committee Meetings						Held during the year	Attended during the year	Percentage of Attendance
		04.07.2020	17.07.2020	27.08.2020	07.11.2020	05.02.2021	24.03.2021			
Mr. Rajiv Khaitan	Member	√	√	√	√	√	√	6	6	100%
Mr. D. K. Himatsingka	Member	√	-	√	√	√	-	6	4	66.6%
Mr. Shrikant Himatsingka	Member	-	√	-	√	√	√	6	4	66.6%

√- Attended

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 delegated by the Board.

Resolution by Circulation:

Pursuant to Section 175 of Companies Act 2013 read with the Secretarial Standard (SS)-1, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

Compliance Officer

Mr. Sridhar Muthukrishnan, Company Secretary and Compliance Officer 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	Meeting held Physically / OAVM*
September 29, 2020	2019-20	11.30 a.m.	Registered Office of the Company 10/24, Kumara Krupa Road, High Grounds, Bangalore- 560001	1	OAVM
September 24, 2019	2018-19	4.30 p.m.	The LaLiT Ashok, Kumara Krupa Road, High Grounds, Bangalore – 560 001	2	Physically
September 22, 2018	2017-18	3.00 p.m.	The LaLiT Ashok, Kumara Krupa Road, High Grounds, Bangalore – 560 001	5	Physically

*Other Audio-Visual Means

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 and 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

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'), 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 - https://himatsingka.com/investors/corporate-governance.

During the year, as per amendment to SEBI (Prohibition of Insider Trading) Regulation, 2015 dated July 17, 2020, the listed companies were required to maintain digital database pertaining to Unpublished Price Sensitive Information (UPSI). Accordingly, the company obtained the services of KFin Technologies Private Limited to maintain the database and monitor insider trading transactions by designated persons through their proprietary insider trading tool.

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

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 attached to this Report.

b) Certificate from Mr. Vivek Bhatt, 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	110.00
2	Himatsingka Seide Limited	Other Services	6.75
3	Himatsingka Wovens Private Limited	Statutory Audit Fees	3.50
4	Himatsingka America Inc.	Audit Fees	13.50
5	Himatsingka America Inc.	Other Services	11.60
	Total		**145.35**

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 on 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 2020-21 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 2020-21.

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 on the website of the Company. The Company affirms that no personnel have been denied access to the Audit Committee. The Whistle Blower policy is also displayed at the Notice Board of the Company and is made part of the induction programme as provided to employees in order to ensure that the same is well within the knowledge of the employees. Whistle Blower Policy is available on the website of the Company – https://himatsingka.com/investors/corporate-governance

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

v) Sexual Harassment of Women at Workplace

The Company is committed to provide a safe and secure work environment to all its employees. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Therefore, any discrimination and/or harassment in any form is unacceptable.

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.

No. of Complaints filed during the year	0
No. of complaints disposed off during the year	0
No. of complaints pending as at the end of the year	0

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 May 13, 2021 has reaffirmed the credit rating of the Company as given below:

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

viii) Terms and Conditions of appointment of Independent Directors are posted on the website of the company - https://himatsingka.com/investors/corporate-governance

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 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.

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 https://himatsingka.com/investors/corporate-governance

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 2021-22
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	August 28, 2021 at 11:30 am at The Registered Office of the Company.
Financial year	April 1 to March 31
Financial Calendar	Board Meetings for approval of financial results and annual accounts: Q1 2021-22: July- August 14, 2021 Q2 2021-22: October-November 14, 2021 Q3 2021-22: January- February 14, 2022 Q4 2021-22: April –May 30, 2022
Date of Book Closure	August 22, 2021 to August 28, 2021 (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 September 26, 2021
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 to	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
2014	Final dividend	1.50	September 23, 2014	October 28, 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
2020	Final dividend	0.50	September 29, 2020	November 04, 2027

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.

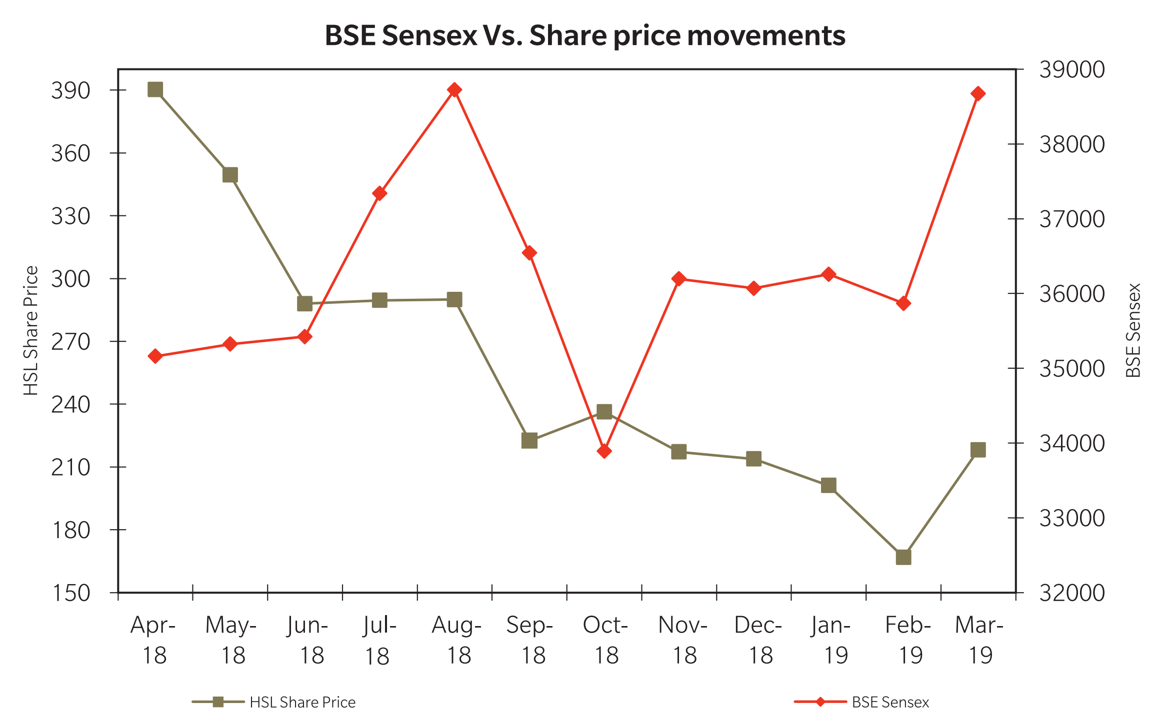
15) INFORMATION ON LISTED EQUITY SHARES

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-20	65.40	53.25	117,239	65.00	52.90	1,794,933
May-20	55.00	45.00	231,348	55.00	45.00	2,904,606
Jun-20	70.00	45.30	1,103,997	69.95	46.00	11,646,508
Jul-20	67.30	55.35	800,343	67.70	55.55	7,561,481
Aug-20	95.75	61.50	1,887,963	95.75	61.50	21,919,582
Sep-20	92.85	72.00	2,556,692	93.00	73.45	10,847,815
Oct-20	151.95	93.00	2,941,498	152.00	92.70	38,789,779
Nov-20	129.75	114.10	666,154	130.35	115.05	5,066,622
Dec-20	165.75	119.50	1,268,051	165.80	119.60	12,614,320
Jan-21	161.50	133.45	801,832	161.95	134.00	6,033,980
Feb-21	178.95	141.75	760,051	178.90	141.60	8,271,469
Mar-21	170.00	139.90	1,613,278	169.95	139.60	4,056,875
Total			**14,748,446**	**Total**		**131,507,970**

ii) Share Price Movement



iii) Distribution of shareholding as on March 31, 2021

No. of equity shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 1000	28,309	90.39	4890334	4.97
1001-2000	1,384	4.42	2141326	2.17
2001-4000	772	2.4	2286169	2.32
4001-6000	292	0.93	1469825	1.49
6001-8000	126	0.40	893864	0.91
8001-10000	88	0.28	830074	0.84
10001-20000	154	0.49	2231074	2.27
20001& Above	195	0.62	83714494	85.03
Total	**31,320**	**100**	**98,457,160**	**100.00**

iv) Shareholding Pattern as on March 31, 2021

Particulars	Physical Holding	Electronic Holding	Total Holdings	%
Promoters	0	46834592	46834592	47.57
Banks	2000	70885	72885	0.07
Trusts	0	10	10	0.00
Mutual Fund	0	15201436	15201436	15.44
FII	400	3255811	3256211	3.31
Non-Resident Indians	111540	1150895	1262435	1.28
Indian Corporate Bodies	6900	4589013	4595913	4.67
Individuals	475575	25477681	25953256	26.36
Others	0	1280422	1280422	1.30
Total	596415	97860745	98457160	100.00
%	**0.61**	**99.39**	**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, 2021, 99.39% 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, 2021:

Category	Number of		% to total equity
Demat	Shareholders	Shares	
NSDL	17295	89153694	90.55
CDSL	13665	8707051	8.84
Total	**30960**	**97,860,745**	**99.39**
Physical	360	596415	0.61
Grand Total	**31320**	**98,457,160**	**100**

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 as specified in 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, 2021.

Place: Bengaluru
Date : 31 July, 2021

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
COP: 8426
UDIN : F007708C000348059

Place: Bengaluru
Date: 20 May, 2021

Independent Auditors' Certificate on Compliance with The Corporate Governance Requirements Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of Himatsingka Seide Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 3 December 2020.
2. We have examined the compliance of conditions of Corporate Governance by Himatsingka Seide Limited ("the Company"), for the year ended 31 March 2021, 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 Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

MANAGEMENT'S RESPONSIBILITY

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

AUDITORS' RESPONSIBILITY

4. 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.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2021.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

RESTRICTION ON USE

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or 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's Registration No: 101248W/W-100022

Umang Banka
Partner
Membership Number: 223018
UDIN: 21223018AAAACB3938

Place: Bengaluru
Date: 31 July 2021

BUSINESS RESPONSIBILITY REPORT

INTRODUCTION

At Himatsingka Seide Ltd., we believe that the growth of our company depends on the economic, environmental and social sustainability of our communities across the world. Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance. The Company's approach to sustainable development is incorporated into its business strategy.

This report conforms to the requirements of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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	2020- 21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	131- Spinning, weaving and finishing of textiles 139 – Manufacture of other textiles
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1) Made-up Bedding Products 2) Drapery & Upholstery Fabrics 3) Towels 4) Cotton Yarn
9.	Total number of locations where business activity is undertaken by the Company 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) Amsterdam, Netherlands b) National Locations 1) Doddaballapur, Bengaluru Rural, Karnataka 2) Hassan, Karnataka 3) Bengaluru, India
10.	Markets served by the Company Local/State/National/International	North America, Europe, United Kingdom, Middle East, Asia and India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 49.23 Crores
2.	Total Turnover (INR) – Standalone Basis	₹1709.96 Crores
3.	Profit after Tax (INR) – Standalone Basis	₹ 53.75 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) a) In INR b) As percentage of Profit after Tax (%)	 ₹ 5.76 Crores 100.45% (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)	Company has two wholly owned subsidiaries and one step down wholly owned subsidiary
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	07521742
2	Name	V. Vasudevan *
3	Designation	Wholetime Director
4	Telephone Number	080-22378000
5	E-mail ID	corporate@himatsingka.com

*Till March 31, 2021

2) Principle-wise BR Policy:

Principle 1 (P1)	Business should Conduct and Govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P 2)	Business should provide goods & services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P 3)	Business should promote the wellbeing of all employees.
Principle 4 (P 4)	Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P 5)	Business should respect and promote human rights.
Principle 6 (P 6)	Business should respect, protect and make efforts to restore the environment.
Principle 7 (P 7)	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P 8)	Business should support inclusive growth and equitable development.
Principle 9 (P 9)	Business should engage with and provide value to their customer and consumers in a responsible manner.

a) Details of compliance:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO & OSHAS and meet national regulatory requirements such as Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.								
4	Has the policy been 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/investors/corporate-governance								
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)	-	-	-	-	-	-	-	-	-

Governance related to BR	
Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.	Within the company, the Board plays a very significant role in the governance structure. They are essentially meant to deal with specific areas / activities of the company. The Corporate Social Responsibility (CSR) Committee of the Board monitors and revives the CSR activities. For details on the frequency of the CSR committee meetings, kindly refer the Corporate Governance Report which forms part of this Annual Report.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the Company publishes BRR on an annual basis as a part of its Annual report, the link is given herein below: https://www.himatsingka.com/investors/financial-reports?tab=annual_report_tab

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.

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.	During the year, 630 (six hundred thirty) complaints were received from the shareholders. All the complaints were resolved timely and with quality. There were no complaints pending at the end of the year.

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

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	At HSL, we think about social and environmental impacts and design our products without compromising the same. The company manufactures the following: 1) Bedding Products 2) Drapery & Upholstery Products 3) Bath Products 4) Yarn Products
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?	The manufacturing of above products have resulted in savings in energy, raw material usage and water resources. Specifically, there has been 22% reduction in Annual Energy Footprint. Out of the total energy used 40% comprised of renewable energy.
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.

1	Total number of Permanent employees	8,129
2	Total number of employees hired on temporary/ contractual/casual basis.	2,343
3	The number of permanent women employees	2,616
4	Number of permanent employees with disabilities	The Company as an employer does not discriminate specially-abled people while recruitment. As on 31st March, 2021 there were 15 specially abled employees.
5	Employee association that is recognized by management	The company does not restrict employees to be part of any Employees Union, HSL Employees Union has been recognized as the Employee Association by Management.
6	Percentage of permanent employees who are members of this recognized association	Approximately 4% 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 believes in the process of being committed to continuous learning and treats employees as one of the biggest resources in an organization, The Company has enrolled with Ministry of Rural Development, Government of India under the Deen Dayal Upadhyaya- Grameen Kaushalya Yojana towards imparting skill development for rural youth. The Company is register as a Project Implementing Agency with a target to train 3500 trainees in 3 years in various facets related to textiles business like tailoring, weaving etc as per the syllabus approved by Government of India. The training is for a continuous period of 3 months with the objective of absorbing them in the organization post training. The Company carries out training initiatives based on specific skill requirements and nature of work. The Company philosophy is that of an equal employment opportunity provider. 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.

1	Has the company mapped its internal and external stakeholders? Yes/No	Yes, company has mapped its internal and external stakeholders Engaging with stakeholders allows our company to improve our business processes by linking sustainability issues into strategy, governance and operation, while the engaged stakeholders are also informed on corporate sustainability issues, performance and agenda. It is their involvement that broadens the horizon for improving the Company's sustainability performance. The Company's internal and external stakeholders are as below: 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. Company has made contribution in Deepshikha Institute for Child Development & Mental Health, Ranchi, Jharkhand. The organization has been working for the last 30 years in Jharkhand and is known for its work in the field of childhood and developmental disabilities. 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.

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 Grievance Redressal Mechanism is in place at all the locations with the proportion of workers and management as per the statutory norms. During the year, 630 (six hundred thirty) complaints were received from the shareholders. All the complaints were resolved timely and with quality. There were no complaints pending at the end of the year.

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

The economic growth and environmental protection can and should go hand in hand. At Himatsingka Seide Ltd., we are constantly strengthening our systems and processes to improve our footprints on the environment. The Company strives to have best in class initiatives and infrastructure in order to be environment friendly.

1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers /Contractors/NGOs/others	The Company's environment policy extends to its facilities across India
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	As part of its initiatives to reduce its carbon footprint and ensure operational sustainability the Company has been focused on operating Zero Liquid Discharge (ZLD), Water Treatment Plants (WTP) and operating assets with high fuel efficiencies and best in class emission standards. Among other initiatives the Company is also exploring opportunities in the renewal energy space. The web-link to the sustainability initiatives of the company is given herein below: https://www.himatsingka.com/sustainability/sustainable-development
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.

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:	Yes, Company is a member at the following industrial associations: a) TEXPROCIL – Cotton Textile Export promotion Council - YES 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.

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 2020-21 were towards mitigation of risk arising out of Covid-19, Environment Sustainability, Skill Development and Community Development. 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 INR and the details of the projects undertaken.	The Company has spent ₹ 5.76 Crores during the financial year 2020-21 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

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 labelling 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, the Company conducts surveys/consumer satisfaction trends.

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 2021, 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 2021, 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.

EMPHASIS OF MATTER

We draw attention to Note 1.4 to these standalone financial statements, which describes the Management's assessment and the effects of COVID-19 pandemic on the significant estimates and judgements involved in preparation of the standalone financial statements. In view of the highly uncertain economic environment impacting the textile industry, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these standalone financial statements. Based on information available as of this date, Management believes that no further adjustments are required to the standalone financial statements.

Our opinion is not modified in respect of this matter.

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.

DESCRIPTION OF KEY AUDIT MATTER

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 control 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 the 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 IN SUBSIDIARIES AND ASSESSMENT OF IMPAIRMENT

See note 2.14 and 4A 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. 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 assessment of investments have been identified as a key audit matter because of the estimation and judgements involved in computation of the fair value of investments.	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. 2. We tested the underlying assumptions used by the Company for their assessment of the fair value of the investments. 4. We together with the valuation specialists tested the key assumptions used by management along with their external experts in computing fair value of investments, such as weighted average cost of capital, growth rates and profitability. 6. We performed sensitivity analysis on key assumptions used by the Company in computing fair value of the investments, to identify impairment charge, if any and when identified an appropriate recognition including disclosure of the impairment in the financial statement.

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 assesses 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. 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. 6. We evaluated the Company's assessment of recoverability of respective grants based on ageing analysis and obtained explanations from management to assess the adequacy of the level of provision, if any, required for amounts considered recoverable.

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

When we read the annual report, 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 relevant 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.

Independent Auditors' Report on the Audit of the Standalone Financial Statements of Himatsingka Seide Limited for the year ended 31 March 2021 (continued)

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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 2021 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 2021.

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: 21205385AAAAAQ8533

Place: Bengaluru
Date: 29 May, 2021

Annexure - A to the Independent Auditors' Report on the standalone financial statements of Himatsingka Seide Limited for the year ended 31 March 2021

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 2021, 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) a) During the current year, the Company, has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of Clause 3(iii) (a) is not applicable to the Company. However, in the earlier years, the Company had given unsecured loans to two of its subsidiaries, of which, loan aggregating to INR 25,258.17 lakhs (excluding accrued interest of INR 7,618.44 lakhs) to one of the subsidiary has been converted into equity during the year and loan to another subsidiary aggregating to INR 577.75 lakhs has been written off during the year (refer Note 5.1 to the financial statements).

b) According to the information and explanations given to us, the aforesaid interest on loan amounting to INR 7,618.44 lakhs is re-payable on demand. We are informed that the Company has not demanded payment of said interest during the year, and thus, there has been no default on the part of the party to whom the money was lent. The interest (which was repayable on demand) relating to loan written off during the year (refer above) has been paid by the subsidiary.

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

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 investments made and guarantees given. Further, there are no loans and security given in respect of which provisions of Section 185 and 186 of the Act are applicable.

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 2021, 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 (as demanded)	Amount (in INR)	Period to which amount relates to	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	33,463,992	AY 2010-11, 2014-15 and 2016-17	Commissioner of Income Tax (Appeals), Kolkata
Central Excise Act,1994	Excise duty and penalty	53,079,936	FY 2003-04 to FY 2008-09	Commissioner of Customs, Bengaluru
Central Excise Act,1994	Excise duty and penalty	2,186,141 (500,000)*	Feb 2009 to Dec 2009	Commissioner of Customs, Bengaluru
Central Excise Act,1994	Excise duty and penalty	11,624,025 (967,767)*	FY 2012 - 2016	Commissioner of Customs, Bengaluru

*represents amounts paid 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 fraud by the Company or no material fraud on the Company by its officers or employees 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. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

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 Indian 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. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

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: 21205385AAAAAQ8533

Place: Bengaluru
Date: 29 May, 2021

Annexure-B to the Independent Auditors' Report on the standalone financial statements of Himatsingka Seide Limited for the year ended 31 March 2021.

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 standalone financial statements of Himatsingka Seide Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

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

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 21205385AAAAAQ8533

Place: Bengaluru
Date: 29 May, 2021

Standalone Balance Sheet

Himatsingka Seide Limited | As at 31 March, 2021 (₹ Lacs)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	240,284.30	232,808.19
Capital work-in-progress	3.1	14,155.59	17,226.34
Intangible assets	3.2	1,577.90	1,870.63
Right-of-use assets	29	-	673.79
Financial assets			
i) Investments	4A	87,063.06	55,920.08
ii) Loans	5	1,050.59	27,351.90
iii) Other financial assets	6	6.52	1,449.36
Income tax assets, (net)	7A	1,045.14	1,045.14
Other non-current assets	8	5,518.79	3,412.92
Total non-current assets		**350,701.89**	**341,758.35**
Current assets			
Inventories	9	33,322.94	42,210.98
Financial assets			
i) Investments	4B	1,816.71	2,921.78
ii) Trade receivables	10	66,311.86	49,343.57
iii) Cash and cash equivalents	11A	6,507.21	2,855.46
iv) Bank balances other than cash and cash equivalents above	11B	5,902.38	13,345.32
v) Loans	5	296.25	381.68
vi) Other financial assets	6	23,093.48	23,267.76
Other current assets	8	13,147.98	9,647.56
Total current assets		**150,398.81**	**143,974.11**
Total Assets		**501,100.70**	**485,732.46**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	4,922.86	4,922.86
Other equity	13	150,995.01	144,029.26
Total equity		**155,917.87**	**148,952.12**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	14	127,577.06	146,201.05
ii) Lease liabilities	29	-	665.46
iii) Other financial liabilities	19	644.63	790.44
Provisions	15	1,946.20	1,573.67
Deferred tax liabilities, (net)	7B	7,402.44	5,024.77
Other non-current liabilities	16	28,319.27	28,851.08
Total non-current liabilities		**165,889.60**	**183,106.47**
Current liabilities			
Financial liabilities			
i) Borrowings	17	82,337.23	89,230.23
ii) Lease liabilities	29	-	293.10
iii) Trade payables			
a) Total outstanding dues of micro and small enterprises	18	7,137.75	5,453.82
b) Total outstanding dues of creditors other than micro and small enterprises	18	46,928.70	26,459.51
iv) Other financial liabilities	19	37,017.17	25,034.64
Other current liabilities	16	2,872.14	3,798.01
Provisions	15	1,026.07	709.31
Current tax liabilities, (net)	7A	1,974.17	2,695.25
Total current liabilities		**179,293.23**	**153,673.87**
Total liabilities		**345,182.83**	**336,780.34**
Total equity and liabilities		**501,100.70**	**485,732.46**
Summary of 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

Standalone Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March, 2021 (₹ Lacs)

Particulars	Note	31 March 2021	31 March 2020
Income			
Revenue from operations	20	168,190.84	160,076.24
Other income	21	2,805.26	8,724.87
Total income		**170,996.10**	**168,801.11**
Expenses			
Cost of raw materials and packing material consumed	22	76,619.85	69,001.11
Purchases of stock-in-trade	22	-	1,377.75
Changes in inventory of finished goods, work-in-progress and stock-in-trade	22	7,730.08	(5,658.15)
Employee benefits expense	23	20,611.81	20,404.20
Finance costs	24	14,391.68	15,164.72
Depreciation and amortisation expense	25	10,887.33	9,111.97
Other expenses	26	32,622.82	36,412.41
Total expenses		**162,863.57**	**145,814.01**
Profit before exceptional items and tax		**8,132.53**	**22,987.10**
Exceptional items	39	-	1,141.63
Profit before tax		**8,132.53**	**21,845.47**
Tax expense			
Current tax	32	1,498.00	3,901.00
Deferred tax	32	1,259.04	3,280.35
Income tax expense		**2,757.04**	**7,181.35**
Profit for the year		**5,375.49**	**14,664.12**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)		(230.97)	64.05
Income tax relating to items that will not be reclassified to profit or loss		80.70	(23.89)
B) Items that will be reclassified to profit or loss			
Effective portion of gain (loss) on hedging instruments in cash flow hedge		3,432.15	(6,304.66)
Income tax relating to items that will be reclassified to profit or loss		(1,199.33)	2,203.10
Other comprehensive (loss) / income for the year, net of income tax		**2,082.55**	**(4,061.40)**
Total comprehensive income for the year		**7,458.04**	**10,602.72**
Earnings per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	33	5.46	14.89
Summary of 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

Standalone Statement of Changes in Equity

Himatsingka Seide Limited | For the year ended 31 March, 2021

Particulars	(₹ Lacs)
A. Equity share capital	
Balance as at 01 April 2019	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2020	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2021	**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 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**	**17,270.17**	**101,001.42**	**(1,742.88)**	**(192.20)**	**144,029.26**
Balance as at 1 April 2020		**17.04**	**27,675.71**	**17,270.17**	**101,001.42**	**(1,742.88)**	**(192.20)**	**144,029.26**
Profit for the year		-	-	-	5,375.49	-	-	5,375.49
Other comprehensive (loss)/income for the year, net of income tax		-	-	-	-	2,232.82	(150.27)	2,082.55
Payment of dividends		-	-	-	(492.29)	-	-	(492.29)
Balance as at 31 March 2021		**17.04**	**27,675.71**	**17,270.17**	**105,884.62**	**489.94**	**(342.47)**	**150,995.01**
Summary of 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

Standalone Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2021 (₹ Lacs)

Statement of Cash Flows for the year ended	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit for the year	5,375.49	14,664.12
Adjustments for:		
Finance costs	14,391.68	14,659.12
Provision for diminution in value of investment	37.35	-
Interest income	(2,280.65)	(3,793.20)
Net gain on sale of investments	(49.66)	(193.31)
Gain on current investments carried at fair value through profit or loss	(74.25)	(37.11)
Loss allowances on financial assets, net	107.55	0.54
Net loss on disposal of property, plant and equipment	38.02	22.11
Amortization of deposits	64.58	48.49
Income on financial guarantee contracts	(113.36)	(186.57)
Depreciation and amortisation expense	10,887.33	9,112.18
Income on derecognition of leases	(269.95)	-
Ineffective portion of hedging instrument	-	1,141.63
Net foreign exchange gain/(loss) on non operating activities	94.03	(602.51)
Inter company deposits and receivables written off	747.64	-
Income tax expense	2,757.04	7,181.35
Operating cash flows before working capital changes	**31,712.84**	**42,016.84**
Changes in operating assets and liabilities		
Increase in trade and other receivables	(17,220.52)	(4,175.62)
Decrease/(Increase) in inventories	8,888.04	(3,306.90)
Increase in other assets	(6,823.20)	(2,022.38)
Increase in trade and other payables	22,153.11	1,457.16
Increase in provisions	458.52	271.49
Increase in other liabilities	30.90	1,167.69
Cash generated from operations	**39,199.69**	**35,408.28**
Income taxes paid, net of refund	(2,319.08)	(5,950.98)
Net cash generated from operating activities (A)	**36,880.61**	**29,457.30**
Cash flows from investing activities		
Purchase of current investments	(145.92)	(13,820.53)
Proceeds of sale of current investments	1,374.90	22,801.37
Interest received	2,870.62	900.67
Acquisition of property, plant and equipment and intangible assets	(10,689.49)	(22,120.27)
Proceeds from sale of property, plant and equipment	1.96	2.29
Investment subsidiaries (refer note 4A.1)	(5,808.80)	(7,379.37)
Investment in fixed deposits	(20,414.76)	(37,099.88)
Proceeds from fixed deposits maturity	29,318.88	30,719.03
Loans to subsidiaries	-	(496.44)
Loan recovered from subsidiaries	-	28.29
Net cash used in investing activities (B)	**(3,492.61)**	**(26,464.84)**
Cash flows from financing activities		
(Repayments of)/ Proceeds from borrowings - Current (net)	(6,893.00)	17,302.32
Proceeds from borrowings - Non-current	-	4,431.15
Repayment of borrowings - Non current	(11,504.75)	(10,455.33)
Dividends paid on equity shares	(492.29)	(5,950.71)
Payment of lease liabilities	(92.59)	(373.57)
Proceeds from government subsidies	5,627.00	153.85
Interest paid	(16,380.62)	(20,222.92)
Net cash used in financing activities (C)	**(29,736.25)**	**(15,115.21)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**3,651.75**	**(12,122.75)**

(₹ Lacs)

Statement of Cash Flows for the year ended	31 March 2021	31 March 2020
Cash and cash equivalents at the beginning of the year	2,855.46	14,978.21
Cash and cash equivalents at the end of the year	**6,507.21**	**2,855.46**
Components of cash and cash equivalents (refer note 11A)		
Cash and cash equivalents comprise of:		
Cash in hand	6.39	12.49
Balance with banks		
- in current accounts	6,500.82	2,842.97
- in deposit accounts (with original maturity period of less than three months)	-	-
Total cash and cash equivalents in balance sheet	**6,507.21**	**2,855.46**

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

	Opening balance 01 April 2020	Cash flows	Non-cash movement	Closing balance 31 March 2021
Borrowings (including current maturities)	157,644.99	(11,504.75)	4,211.13	150,351.37
Short - term borrowings	89,230.23	(6,893.00)	-	82,337.23
Interest accrued but not due	1,727.01	(16,380.62)	15,984.40	1,330.79
Total liabilities from financing activities	**248,602.23**	**(34,778.37)**	**20,195.53**	**234,019.39**

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 accrued but not due	547.30	(20,222.92)	21,402.63	1,727.01
Total liabilities from financing activities	**233,855.84**	**(8,944.78)**	**23,691.17**	**248,602.23**

The statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard (IndAS 7) statement of cash flows.

Summary of significant accounting policies (refer note 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

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 29 May 2021.

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.

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 up to two decimals unless otherwise stated.

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.

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.

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 2021 is summarized below:

a) Note 3 - Useful life of property, plant and equipment and intangible assets;

b) Note 4 – Valuation of investment

c) Note 4, 5, 6, 10, 34 - Impairment of financial assets including government incentives

d) Note 15 - Measurement of defined benefit obligation: key actuarial assumptions;

e) 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 Company has adopted measures to curb the spread of infection of Covid-19 in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of work spaces etc. The Company's operations, revenue and consequently profit / (loss) during the year ended 31 March 2021 were impacted due to Covid-19. The Company has considered the possible effects that may result from outbreak of COVID-19 in the preparation of this financial statements including the recoverability of carrying amounts of financial and non-financial assets, assessment of bank covenants and liquidity assessment based on future cash flow projections. In building the assumptions relating to the possible uncertainties in the global economic conditions as at the date of approval of this financial statements, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered and the impact is not material. The impact of the global health pandemic may be different from that 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 standalone financial statements.

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 categorized 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 note 34: financial instruments.

2. Significant accounting policies

2.1 Revenue Recognition

Sale of goods:

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.

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

Contract balances:

Trade receivables

A trade receivable is recognised if the amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

2.2 Other income

Other income comprises interest income on deposits, gain/ (losses) on disposal of financial assets and non-financial assets. It is recognised on accrual basis except where the receipt of income is uncertain.

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.

2.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease, that is 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 applies the short term lease recognition exemption to all assets that have a lease term of 12 months or less from the commencement date. 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.

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 allocated to and utilized for qualifying assets pertaining to the period from commencement of activities directly attributable to the acquisition, construction or production of upto the date of capitalisation of such asset are added to the cost of the assets. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.. 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.

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	10- 60 years
Plant and machinery*	8 - 40 years
Furniture and fixtures	10 years
Office equipment	3-6 years
Books and catalogues*	4 years
Vehicles	6 -10 years

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 prospectively, 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, contingent liabilities and contingent assets

Provisions

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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities are disclosed by way of note to the standalone Ind AS financial statements.

Contingent assets

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent assets are neither recognised nor disclosed in the standalone Ind AS financial statements.

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 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.

2.21 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

Note 3.1 : Property, plant and equipment

(₹ Lacs)

Particulars	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Books and catalogue	Total	Capital Work in Progress
Cost:									
Balance as at 1 April 2019	23,356.71	44,404.37	157,309.45	2,890.20	2,460.95	138.12	544.01	231,103.81	63,358.05
Additions (refer note 3.1.1)	3,325.81	24,701.69	43,595.83	66.28	966.54	9.41	-	72,665.56	24,726.12
Disposals	-	(82.84)	-	(27.74)	(15.78)	-	-	(126.36)	-
Transfers/Capitalised	-	-	-	-	-	-	-	-	(70,857.83)
Balance as at 31 March 2020	26,682.52	69,023.22	200,905.28	2,928.74	3,411.71	147.53	544.01	303,643.01	17,226.34
Balance as at 1 April 2020	26,682.52	69,023.22	200,905.28	2,928.74	3,411.71	147.53	544.01	303,643.01	17,226.34
Additions (refer note 3.1.1)	-	3,054.30	16,551.78	39.19	110.44	-	-	19,755.71	16,685.30
Disposals	-	-	(116.03)	(1.37)	(17.47)	-	-	(134.87)	-
Transfers/Capitalised	-	-	-	-	-	-	-	-	(19,756.05)
Balance as at 31 March 2021	26,682.52	72,077.52	217,341.03	2,966.56	3,504.68	147.53	544.01	323,263.85	14,155.59
Accumulated depreciation:									
Balance as at 1 April 2019	-	(4,368.80)	(52,816.39)	(1,247.54)	(1,997.64)	(90.67)	(195.16)	(60,716.21)	-
Depreciation charge for the year		(2,195.64)	(7,121.79)	(99.21)	(686.59)	(20.17)	(97.41)	(10,220.81)	-
Disposals		58.68	-	27.74	15.78	-	-	102.20	-
Balance as at 31 March 2020	-	(6,505.76)	(59,938.18)	(1,319.01)	(2,668.45)	(110.84)	(292.57)	(70,834.82)	-
Balance as at 1 April 2020	-	(6,505.76)	(59,938.18)	(1,319.01)	(2,668.45)	(110.84)	(292.57)	(70,834.82)	-
Depreciation charge for the year		(2,647.47)	(8,761.80)	(151.83)	(571.30)	(9.81)	(97.41)	(12,239.62)	-
Disposals		-	76.54	1.27	17.08	-	-	94.89	-
Balance as at 31 March 2021	-	(9,153.23)	(68,623.44)	(1,469.57)	(3,222.67)	(120.65)	(389.98)	(82,979.55)	-
Net carrying amount:									
As at 31 March 2021	26,682.52	62,924.29	148,717.58	1,496.99	282.01	26.88	154.03	240,284.30	14,155.59
As at 31 March 2020	26,682.52	62,517.46	140,967.09	1,609.73	743.26	36.69	251.44	232,808.19	17,226.34

Note 3.1.1
Security
Refer to note 14.1 for information on property, plant and equipment pledged as security by the Company.

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

Note 3.2 : Intangible assets

(₹ Lacs)

Particulars	Computer software	Technical know-how	Total
Cost:			
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
Balance as at 1 April 2020	2,998.06	324.22	3,322.28
Additions	117.17	-	117.17
Balance as at 31 March 2021	3,115.23	324.22	3,439.45
Accumulated amortisation:			
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)
Balance as at 1 April 2020	(1,354.39)	(97.26)	(1,451.65)
Amortisation expense	(377.48)	(32.42)	(409.90)
Balance as at 31 March 2021	(1,731.87)	(129.68)	(1,861.55)
Net carrying amount:			
As at 31 March 2021	1,383.36	194.54	1,577.90
As at 31 March 2020	1,643.67	226.96	1,870.63

Note 4 : Investments

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
4A : Non-current investments		
Unquoted Investments		
A) Investment in equity instruments of subsidiary at cost		
Himatsingka Holdings North America, Inc.	85,379.08	54,198.75
Equity shares of USD 10,000 each fully paid up		
[No. of shares: 12,149 (As at 31 March 2020: 9,269)]		
Himatsingka Wovens Private Limited	1,683.98	1,683.98
Equity shares of INR 100 each fully paid up		
[No. of shares: 17,50,000 (As at 31 March 2020: 17,50,000)]		
Twill & Oxford LLC	37.35	37.35
Equity shares of AED 100 each fully paid up		
[No. of shares: 1,470 (As at 31 March 2020: 1,470)]		
Less: Provision towards impairment of investments (refer note 38)	(37.35)	-
Total	87,063.06	55,920.08
Aggregate value of unquoted investments	87,063.06	55,920.08
Aggregate amount of impairment in value of investments	37.35	-

Note 4A.1 :
During the year, the Company has made an additional investment of ₹ 31,066.97 lacs (31 March 2020: ₹ 7,565.93 lacs) in Himatsingka Holdings North America, Inc. which includes conversion of intercorporate loans to equity amounting to ₹ 25,258.17 lacs . Further, additional investment includes ₹ 113.36 lacs (31 March 2020: ₹ 186.56 lacs) arising from the financial guarantees provided to the subsidiary.

4B : Current investments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
4B.1 : Investments in mutual funds (Quoted)		
DSP Short term fund - direct plan growth plan (No. of units: 7,14,343.53 (As at 31 March 2020: 12,68,702.99))	277.49	455.92
Axis Treasury Advantage Fund direct growth (No. of units: 16,904.74 (As at 31 March 2020: 16,904.74))	419.67	393.06
IDFC Corporate bond fund - direct plan growth plan (No. of units: 21,50,611.31 (As at 31 March 2020: 21,50,611.31))	328.35	300.28
SBI Banking & PSU fund direct growth (No. of units: Nil (As at 31 March 2020: 11,113.90))	-	262.88
Nippon India Money Market Fund - direct growth plan growth option (No. of units: Nil (As at 31 March 2020: 9,985.84))	-	304.83
HSBC Cash Fund direct growth (No. of units: Nil (As at 31 March 2020: 12,815.66))	-	253.43
Invesco India Treasury Advantage Fund direct growth plan (No. of units: Nil (As at 31 March 2020: 7,141.28))	-	204.39
Franklin India Savings Fund Retail direct growth (No. of units: Nil (As at 31 March 2020: 2,68,268.41))	-	101.71
Total	**1,025.51**	**2,276.50**
Aggregate carrying amount of quoted investments	1,025.51	2,276.50
Aggregate market value of quoted investments	1,025.51	2,276.50

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
4B.2 : Investment in equity instruments (Unquoted)		
Atria Wind Power (Chitradurga) Private Limited	693.55	645.23
Equity shares of INR 251 each fully paid up		
[No. of shares: 2,76,317 (As at 31 March 2020 : 2,57,066)]		
Atria Wind Power (Basavana Bagewadi) Private Limited	97.65	0.05
Equity shares of INR 251 each fully paid up		
[No. of shares: 50,521 (As at 31 March 2020 : 25)]		
Total (B)	**791.20**	**645.28**
Total (A+B)	**1,816.71**	**2,921.78**

Note 5 : Loans (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured, considered good		
Loans to related parties (refer note 5.1 and note 35)	-	26,339.87
Loans to employees	56.35	64.12
Electricity deposits	791.16	791.16
Other deposits	203.08	156.75
Total	**1,050.59**	**27,351.90**
Current		
Unsecured, considered good		
Loans to employees	50.22	60.99
Security deposits	246.03	320.69
Total	**296.25**	**381.68**

Note 5.1 :

During the year ended 31 March 2021, the Company has passed a board resolution dated 7 November 2020 and converted loan given to Himatsingka Holdings North America, Inc. (wholly owned subsidiary) aggregating ₹ 25,258.17 lacs into equity. Further, the Company as a measure to restructure its luxury retail business had closed its retail store in Dubai and accordingly had recorded the net asset of its subsidiary at its fair value. Consequently, the Company has written off ₹ 747.64 lacs (includes loan of ₹ 577.75 lacs) in the standalone financial statements of the Company as these amounts were not considered recoverable.

Note 6 : Other financial assets (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured, considered good		
Fixed deposits with Banks with maturity period more than twelve months	6.52	1,449.36
Total	**6.52**	**1,449.36**
Current		
a) Unsecured, considered good		
Interest subsidy receivable	1,978.85	2,270.29
Subsidy receivable under various government schemes	12,245.74	11,985.09
Interest receivable (refer note 6.1 below)	7,915.73	8,916.03
Other receivables	32.36	50.00
b) Derivative assets	920.80	46.35
Total	**23,093.48**	**23,267.76**

Note 6.1 : Includes interest due from subsidiaries (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Himatsingka Holdings North America, Inc.	7,618.44	8,264.50
Twill & Oxford LLC (refer note 38)	-	12.70
Total	**7,618.44**	**8,277.20**

Note 7 : Tax assets and liabilities

Note 7A : Income tax assets and liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
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	14,129.17	12,582.25
Less: Advance tax and taxes deducted at source related to above	(12,155.00)	(9,887.00)
Tax payable (net)	**1,974.17**	**2,695.25**

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 2021	As at 31 March 2020
Deferred tax liabilities		
Property, plant and equipments and intangible assets	27,790.23	24,997.42
Cash flow hedge	262.95	-
Others	20.22	8.65
Total deferred tax liabilities (A)	**28,073.40**	**25,006.07**
Deferred tax assets		
Provision for gratuity and compensated absences	1,205.96	803.68
Leases	-	99.51
Cash flow hedge	-	1,335.31
MAT credit entitlement	18,977.11	17,479.11
Others	487.89	263.69
Total deferred tax assets (B)	**20,670.96**	**19,981.30**
Net deferred tax liability / (asset) (A - B)	**7,402.44**	**5,024.77**

*Refer note 32

Note 8 : Other assets (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	536.52	787.63
Contract acquisition costs	4,928.82	2,525.38
Others	53.45	99.91
Total	**5,518.79**	**3,412.92**
Current		
Advances to suppliers	1,082.87	1,061.48
Balances with government authorities (other than income taxes)	6,360.14	3,833.63
Subsidy receivable under various government schemes	2,546.79	2,740.29
Prepayments	1,070.43	1,577.68
Contract acquisition costs	2,077.05	420.07
Others	10.70	14.41
Total	**13,147.98**	**9,647.56**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and packing materials	3,230.80	5,107.19
Work-in-progress	14,201.41	19,992.90
Finished goods	11,935.96	13,874.55
Stores and spares	3,954.77	3,236.34
Total	**33,322.94**	**42,210.98**
Included above, goods-in-transit:		
Raw materials	1,197.67	55.01
Finished goods	169.16	497.63
Total	**1,366.83**	**552.64**

Note 10 : Trade receivables (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	66,311.86	49,343.57
Credit impaired	254.98	147.43
	66,566.84	**49,491.00**
Less: Expected credit loss	(254.98)	(147.43)
Net Trade receivables	**66,311.86**	**49,343.57**

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 (with recourse) but have not been derecognized amounted to ₹ 35,228.12 (31 March 2020: ₹43,804.92 lacs) and associated liability has been disclosed as bill discounting (refer note 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 2021	As at 31 March 2020
Trade receivables from related parties (refer note 35 and note 38)	51,903.85	40,577.81
Loss allowance	-	-
Total	**51,903.85**	**40,577.81**

For terms and conditions with related parties, refer to note 35

Note 10.3 : Expected credit loss assessment for trade receivables as at 31 March 2021 and 31 March 2020 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 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 2021	As at 31 March 2020
Balance as at beginning of the year	(147.43)	(147.43)
Change in allowance for expected credit loss and credit impairment	(107.55)	-
Balance as at end of the year	**(254.98)**	**(147.43)**

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

Note 11A : Cash and bank balances (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents consists of		
Cash in hand	6.39	12.55
Balance with banks in current accounts and deposits		
- in current accounts	6,500.82	2,842.91
- in deposit accounts (with original maturity period of less than three months)	-	-
Cash and cash equivalents as per Ind AS 7 Cash flow statement	**6,507.21**	**2,855.46**

Note 11B : Other Bank balances (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Other bank balances consists of		
Other bank balances (refer note 11.1)	99.81	81.47
In deposit account (with original maturity more than three months but less than twelve months)	5,802.57	13,263.85
	5,902.38	**13,345.32**

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

Note 12 : Equity share capital (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
13,40,00,000 equity shares (31 March 2020: 13,40,00,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
9,84,96,160 equity shares (31 March 2020: 9,84,96,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
9,84,57,160 equity shares (31 March 2020: 9,84,57,160 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 2021		As at 31 March 2020	
	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 2021		31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 5 each				
D K Himatsingka	11,902,000	12.09%	11,968,000	12.16%
Shrikant Himatsingka	8,546,964	8.68%	8,480,964	8.61%
Bihar Mercantile Union Limited	6,268,234	6.37%	7,926,000	8.05%
Rajshree Himatsingka	5,897,260	5.99%	5,897,260	5.99%
Templeton India Equity Income Fund	7,455,121	7.57%	7,556,969	7.68%

Note 13 : Other equity (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
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)	105,884.62	101,001.42
Reserves and surplus	**150,847.54**	**145,964.34**
Cash flow hedge reserve (refer note (v) below)	489.94	(1,742.88)
Remeasurement of net defined benefit liability or asset	(342.47)	(192.20)
Other comprehensive (loss)/ income	**147.47**	**(1,935.08)**
Total	**150,995.01**	**144,029.26**

Notes:

i) Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserves. The reserve is not available for distribution.

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 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. Such gains or losses will be reclassified to statement of profit and loss when the hedged items (Sales of goods) affects profit or loss.

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Retained earnings		
Opening balance	101,001.42	92,484.16
Add: Profit for the year	5,375.49	14,664.12
Less: Payment of dividends (including dividend distribution tax in previous year)	(492.29)	(5,936.87)
Less: Ind AS 116-Transition adjustment (refer note 29)	-	(209.99)
Total	**105,884.62**	**101,001.42**
Effective portion of cash flow hedge		
Opening balance	(1,742.88)	2,358.68
Effective portion of gain/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges recognised in Hedging Reserve	3,831.89	(3,030.42)
Cumulative (gain)/loss reclassified to profit or loss	(399.74)	(3,274.24)
Income tax related to net gains recognised in other comprehensive income	(1,199.33)	2,203.10
Total	**489.94**	**(1,742.88)**
Remeasurement of net defined benefit liability or asset		
Opening balance	(192.20)	(232.36)
Other comprehensive (loss) / income for the year, net of income tax	(150.27)	40.16
Total	**(342.47)**	**(192.20)**

Note 14 : Non current borrowings (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured loans: (refer note 14.1)		
Term loans		
From banks	77,681.04	92,664.02
From financial institution	49,896.02	53,537.03
Total	**127,577.06**	**146,201.05**

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

Note 14.1 : Details of non-current borrowings and current maturities of non-current borrowings (₹ Lacs)

Particulars	As at 31 March 2021		As at 31 March 2020		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current*	Current*		
i) Term loans from bank (Secured)						
Loan 1	-	3,549.85	3,517.53	2,671.88	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2021 was 4 installments.
Loan 2	15,104.94	1,217.09	15,526.21	608.55	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 2021 was 32 installments.
Loan 3	3,795.60	3,345.50	7,323.51	2,454.08	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 2021 was 2 installments.
Loan 4	11,262.18	615.32	11,302.59	461.48	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 5	11,352.17	651.60	11,773.38	480.72	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 6	13,444.61	772.00	14,175.23	579.00	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 7	2,761.95	2,000.00	4,466.48	1,500.00	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 2021 was 9 installments.
Loan 8	11,246.06	3,789.67	15,428.03	-	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 2021 was 3 installments.
Loan 9	8,117.98	1,000.00	9,151.06	250.00	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 2021 was 22 installments.
Loan 10	595.55	217.81	-	-	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 30 September 2020 The outstanding term as of 31 March 2021 was 36 installments.
Total	**77,681.04**	**17,158.84**	**92,664.02**	**9,005.71**		

The rate of interest on the above term loans is in the range of 3.71% to 11.26% (Previous Year: 6.10% to 11.79%).

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

Note 14.1 : Details of non-current borrowings and current maturities of non-current borrowings (₹ Lacs)

Particulars	As at 31 March 2021		As at 31 March 2020		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current*	Current*		
ii) Term loan from financial institution (Secured)						
Loan 1	-	-	-	92.94	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. There is no outstanding loan balance as of 31 March 2021
Loan 2	566.93	254.61	804.26	125.00	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 2021 was 13 installments.
Loan 3	1,057.20	363.20	1,392.16	178.57	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 2021 was 16 installments.
Loan 4	13,734.92	1,643.57	15,110.84	461.54	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 2021 was 27 installments .
Loan 5	27,364.89	2,323.78	29,169.29	1,141.88	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 2021 was 32 installments.
Loan 6	6,505.37	375.43	6,769.09	184.50	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 2021 was 34 installments.
Loan 7	68.15	477.04	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.
Loan 8	190.41	56.98	-	-	Secured by the asset which is taken under this finance lease	Loan shall be repaid in 48 structured Monthly installments commencing from November 2020 The outstanding term as of 31 March 2021 was 43 installments.
Loan 9	211.10	57.35	-	-	Secured by the asset which is taken under this finance lease	Loan shall be repaid in 48 structured Monthly installments commencing from February 2021 The outstanding term as of 31 March 2021 was 46 installments.
Loan 10	197.05	63.51	-	-	Secured by the asset which is taken under this finance lease	Loan shall be repaid in 48 structured Monthly installments commencing from September 2020 The outstanding term as of 31 March 2021 was 41 installments.
Total	**49,896.02**	**5,615.47**	**53,537.03**	**2,438.23**		

The rate of interest on the above term loans is in the range of 9.58% to 10% (Previous year 10.05% to 10.28%).

*Subsequent to 31 March 2020, the Company availed the loan moratorium facility as announced by the Reserve Bank of India and Government of India on account of Covid 19 and consequently received a revised repayment schedule, as applicable, from its bankers on the basis of which loans got classified as current/non-current.

In the current year, the Company continues to repay the loan as per the revised repayment schedule. The Company has not defaulted in repayment of loans or borrowings to banks and financial institutions.

Note 15: Provisions (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for gratuity (refer note 15.1)	1,946.20	1,573.67
Total	**1,946.20**	**1,573.67**
Current		
Provision for compensated absences	834.15	605.57
Provision for gratuity (refer note 15.1)	191.92	103.74
Total	**1,026.07**	**709.31**

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. There is no maximum limit for the payment of gratuity benefit. The present value of obligation is determined based on an actuarial valuation as at the reporting date using the Projected Unit Credit Method.

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 ₹ 191.92 lacs in contributions to its defined benefit plans in financial year 2021-22.

The expected maturity analysis of undiscounted gratuity is as follows: (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
1 year	480.84	452.60
2 to 5 years	824.80	701.01
6 to 10 years	966.85	726.18
More than 10 years	1,203.97	1,171.86

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 2021	As at 31 March 2020
Obligation at the beginning of the year	2,026.30	1,933.45
Interest cost	110.35	129.88
Current service cost	182.22	200.74
Benefits paid	(132.62)	(171.70)
Actuarial (gains)/losses on obligations recognised in other comprehensive income		
- Changes in demographic assumptions	-	0.04
- Changes in financial assumptions	329.30	(130.27)
- Experience adjustments	(88.51)	64.16
Obligation at the end of the year	**2,427.04**	**2,026.30**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	348.89	442.87
Interest income on plan assets	19.00	28.04
Contributions	43.82	41.06
Benefits paid	(132.62)	(171.70)
Return on plan assets, excluding interest income recognised in other comprehensive income	9.83	8.62
Plan assets at the end of the year, at fair value	**288.92**	**348.89**
Net defined benefit liability	**2,138.12**	**1,677.41**

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	182.22	200.74
Interest cost	110.35	129.88
Expected return on plan assets	(19.00)	(28.04)
Net benefit expense	**273.57**	**302.58**

ii) Remeasurement recognised in other comprehensive income (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial (gain)/ loss on defined benefit obligation	240.80	(66.07)
Return on plan assets, excluding amount recognised in net interest expense	(9.83)	(8.62)
Total (gain)/loss recognised in other comprehensive income	**230.97**	**(74.69)**

D) Plan assets (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Insurance fund	288.92	348.89
Total	**288.92**	**348.89**

E) Defined benefit obligation

i) Actuarial assumptions

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Discount rate	4.80%	5.45%
Future salary growth	6.00%	0% for the first 3 years and 6% thereon
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 government 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 2021	As at 31 March 2020
Projected Benefit Obligation on Current Assumptions (Gross)	2,427.04	2,026.30
Impact of change in discount rate by +1%	2,274.90	1,901.72
Impact of change in discount rate by -1%	2,598.37	2,166.65
Impact of change in salary growth rate by +1%	2,594.63	2,167.54
Impact of change in salary growth rate by -1%	2,275.18	1,898.55
Impact of change in attrition rate by +50%	2,353.48	1,982.06
Impact of change in attrition rate by -50%	2,550.56	2,098.26
Impact of change in mortality rate by +10%	2,426.65	2,026.24
Impact of change in mortality rate by -10%	2,427.43	2,026.31

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

Defined contribution plans:

The Company's contribution to various defined contribution plans recognised in the statement of profit and loss under the head employee benefit expense are as follows:

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Provident fund	648.08	552.81
Employees' State Insurance	213.24	176.81
Superannuation fund	12.65	11.47
Total	**873.97**	**741.09**

Note 16 : Other liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Deferred income arising from government grant (refer note 16.1 below)	28,319.27	28,851.08
Total	**28,319.27**	**28,851.08**
Current		
Deferred income arising from government grant (refer note 16.1 below)	1,860.37	1,592.60
Advances received from customers	585.26	1,881.64
Statutory liabilities	426.51	323.77
Total	**2,872.14**	**3,798.01**

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 2021	As at 31 March 2020
Secured borrowings		
Loans repayable on demand		
From banks (refer note 17.1 and 17.2 below)	47,109.11	45,425.31
Bill discounting (refer note 10.1)	35,228.12	43,804.92
Total	**82,337.23**	**89,230.23**

Note-17.1: The weighted average effective interest rate (net of subsidy) on the bank loans is 5.78% per annum (6.72% as at 31 March 2020).

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 2021	As at 31 March 2020
Total outstanding dues of micro and small enterprises (refer note 18.1)	7,137.75	5,453.82
Total outstanding dues of creditors other than micro and small enterprises	46,928.70	26,459.51
Total	**54,066.45**	**31,913.33**

All trade payables are current.

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

For terms and conditions with related parties, refer to note 35.

Note 18.1: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
- Principal*	7,774.65	6,114.20
- Interest	100.92	174.95
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year		
- Principal	9,384.53	12,658.97
- Interest	303.97	4.40
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	196.57	314.82
The amount of interest accrued and remaining unpaid at the end of year	297.50	489.77

* Includes principal amount of ₹ 636.90 lacs (31 March 2020: ₹ 660.38 lacs) remaining unpaid to capital creditors.

Note 19 : Other financial liabilities

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital creditors*	644.63	790.44
Total	**644.63**	**790.44**
Current		
Current maturities of non-current borrowing (refer note 14.1)	22,774.31	11,443.94
Interest accrued but not due on borrowings	1,330.79	1,727.01
Capital creditors*	9,600.00	6,094.84
Employee related liabilities	3,043.62	1,819.40
Derivative liability	168.68	3,868.01
Dividend payable	99.77	81.44
Total	**37,017.17**	**25,034.64**

The Company's exposure to currency and liquidity risk are disclosed in note 34.
* Includes principal amount of ₹ 636.90 lacs (31 March 2020: ₹ 660.38 lacs) related to Micro, Small and Medium Enterprises.

Note 20 : Revenue from operations

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from sale of goods	154,363.21	145,000.65
Other operating revenues (refer note 20.1 below)	13,827.63	15,075.59
Total revenue from operations	**168,190.84**	**160,076.24**

Note 20.1 : Other operating revenue comprises :

(₹ Lacs)

Sale of waste and scrap	3,832.91	3,713.16
Export incentive (refer note 20.2 below)	9,994.72	11,362.43
Total	**13,827.63**	**15,075.59**

Note 20.2 : Government of India vide press release dated December 31, 2020 introduced the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from January 01, 2021. With the introduction of the RoDTEP scheme, the benefit of ROSCTL scheme stood withdrawn w.e.f. January 01, 2021. Considering that the rates of RoDTEP are yet to be notified, the Company has not accrued income relating to benefits of RoDTEP scheme for the period 01 January 2021 to 31 March 2021.

Note 21 : Other income

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Interest income		
Interest from bank deposits	859.30	1,179.04
Interest on inter company deposits	1,333.46	2,517.17
Interest on electricity deposits	23.31	49.07
Interest income earned on financial assets that are not designated at fair value through profit or loss	64.58	47.92
	2,280.65	**3,793.20**
b) Other than interest income		
Foreign exchange gain	-	4,473.60
Profit on sale of current investments	49.66	193.31
Income on financial guarantee contracts	113.36	186.57
Gain on current investments carried at fair value through profit or loss	74.25	37.11
Income on derecognition of leases (refer note 29)	269.95	-
Miscellaneous income	17.39	41.08
	524.61	**4,931.67**
Total	**2,805.26**	**8,724.87**

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

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A) Raw material consumed (refer note 22.1 below)	76,619.85	69,001.11
B) Purchase of stock-in-trade	-	1,377.75
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock		
- Work in progress	19,992.90	18,201.71
- Finished goods	13,874.55	9,431.53
- Traded goods	-	576.06
Closing stock		
- Work in progress	14,201.41	19,992.90
- Finished goods	11,935.96	13,874.55
- Traded goods	-	-
Net increase in inventories of finished goods, work-in-progress and stock-in-trade	**7,730.08**	**(5,658.15)**

Note 22.1 : Refer note 30 for details of raw materials consumed and capitalised for trial production in the previous year.

Note 23 : Employee benefits expense (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	16,859.11	16,534.67
Contribution to provident and other funds (refer note 15.1)	873.97	741.09
Gratuity expenses (refer note 15.1)	273.57	302.58
Expenses related to compensated absence	485.85	188.51
Workmen and staff welfare expenses	2,119.31	2,637.35
Total	**20,611.81**	**20,404.20**

Note 23.1 : Refer note 30 for details of employee benefit expenses capitalised in the previous year.

Note 24 : Finance cost (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on :		
On financial liability at amortised cost		
Interest on term loan [net of subsidy ₹ 5,814.89 lacs (previous year: ₹ 4,573.45 lacs)] (refer note 24.1 below)	8,178.08	7,975.87
Interest on working capital loans	4,958.73	5,417.53
Interest on payment of income tax	100.00	174.22
Other borrowing costs	1,154.87	1,091.50
Exchange differences regarded as an adjustment to borrowing costs	-	505.60
Total	**14,391.68**	**15,164.72**

Note 24.1 : Refer note 30 for details of borrowing costs capitalised in the previous year.

Note 25 : Depreciation and amortisation expense (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 3.1)	12,239.62	10,220.81
Amortization of intangible assets (refer note 3.2)	409.90	258.91
Depreciation on Right-of-use of asset (refer note 29)	55.13	220.53
Less: Amortization of deferred income on government grants (refer note 16.1)	(1,817.32)	(1,588.28)
Total	**10,887.33**	**9,111.97**

Note 26 : Other expenses (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spare parts	1,414.88	1,754.52
Power and fuel	12,591.59	13,542.24
Contract labour charges	3,654.82	6,130.13
Freight outward	4,026.34	4,288.04
Rent (refer note 29)	953.94	1,075.17
Traveling and conveyance	859.18	1,755.05
Advertisement, selling and publicity expense	1,052.33	1,690.31
Professional and consultancy charges (refer note 26.2 below)	1,347.95	1,377.06
Repairs and maintenance		
i) plant and machinery	305.44	542.23
ii) buildings	90.35	108.45
iii) others	326.10	398.65
Other manufacturing expenses	598.56	663.35
Insurance	663.55	630.39
Expenditure on corporate social responsibility (CSR) (refer note 26.3 below)	575.61	545.11
Job work charges	694.17	473.20
Security charges	305.52	469.67
Communication expenses	369.07	254.87
Rates and taxes	146.39	138.34
Printing and stationery	27.42	43.29
Commission on sales	31.95	38.98
Loss on sale of property, plant and equipment, net	38.02	22.11
Loss allowance on financial assets, net	107.55	-
Inter company deposits and interest receivable written off	747.64	-
Provision towards impairment of investment in subsidiary	37.35	-
Foreign exchange loss	1,105.44	-
Miscellaneous expenses	551.66	471.25
Total	**32,622.82**	**36,412.41**

Note 26.1 : Refer note 30 for details of other expenses capitalised in the previous year.

Note 26.2 : Payments to auditors (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
For audit	62.50	57.50
For tax audit matters	3.00	3.00
For other services	3.75	4.35
For reimbursement of expenses	3.21	3.17
Total	**72.46**	**68.02**

Note 26.3 : Corporate Social Responsibility

The Company has spent ₹ 575.61 lacs (2019-20 : ₹ 545.11 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: ₹ 571.52 lacs (2019-20: ₹ 589.13 lacs)

b) Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Construction/acquisition of any asset	-	-
ii) For purposes other than (i) above	575.61	545.11
Total	**575.61**	**545.11**

Note 27 : Commitments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	2,397.67	1,459.67

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 ₹ 20,360.35 lacs (31 March 2020 : ₹ 43,682.32 lacs).

Note 28 : Contingent liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
a) Claims against Company not acknowledged as debt		
- Income tax matters (refer note 28.1)	162.11	162.11
- Custom, Service tax and Excise duty related matter (excludes penalties, if any) (refer note 28.1)	668.90	746.21
	831.01	**908.32**
b) Corporate guarantee given towards credit facilities on behalf of subsidiaries		
- Financial institutions	16,176.05	36,999.90
- Banks	7,684.07	7,423.82
- Others	4,220.77	-
	28,080.89	**44,423.72**
Total	**28,911.90**	**45,332.04**

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

During the previous year, on transition to Ind AS 116, the Company recognized Right-of-use assets and Lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

Particulars	Amount
Right-of-use assets	894.32
Deferred tax asset	112.80
Lease liabilities	(1,217.11)
Retained earnings	**209.99**

In the current year, the Company has terminated these lease contracts and accordingly de- recognised the Right-of-use of asset and Lease liabilities and the differential between the carrying values has been recognised as other income in the Statement of profit and loss (refer note 21).

I. Right of use assets: (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Buildings		
Balance as at the beginning of the year	673.79	894.32
De-recognition of Right-of-use of asset	(618.66)	-
Amortisation for the year	(55.13)	(220.53)
Balance as at the end of the year	**-**	**673.79**

The Company also 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.

II. Lease Liabilities: (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Lease Liabilities	958.56	1,217.11
Leases surrendered	(888.61)	-
Interest expense on Lease Liabilities	22.64	115.02
Payment of Lease Liabilities	(92.59)	(373.57)
Balance as at the end of the year	**-**	**958.56**
Current	-	293.10
Non-current	-	665.46

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%.

III. Amounts recognised in profit or loss (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on lease liabilities	22.64	115.02
Depreciation expense on Right-of-use asset	55.13	220.53
Income on derecognition of leases	269.95	-
Expenses relating to short-term leases (included in other expenses)	953.94	1,075.17

IV. Amounts recognised in statement of cash flows (₹ Lacs)

Particulars	For the year ended 31 March 2021	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	1,046.53	1,448.74

Note 30 : Expenses capitalised

During the previous year, the Company had 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 2021	For the year ended 31 March 2020
a) Details of borrowing costs capitalised		
Borrowing costs capitalised during the year	-	1,867.87
Total borrowing cost capitalised	**-**	**1,867.87**
b) Details of expenses capitalised		
Raw material and packing material consumed	-	384.72
Employee benefits expense	-	1,275.01
Other expenses includes trial run cost (net of revenue recognised during trial run period)	-	2,026.01
	-	**3,685.74**
Total	**-**	**5,553.61**

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 Home textile 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 2021	For the year ended 31 March 2020
North America	129,845.65	131,276.99
India and Asia Pacific	8,167.99	6,114.52
Europe, Middle East and Africa	15,512.89	7,592.51
Rest of the world	836.68	16.63
Total	**154,363.21**	**145,000.65**

For trade receivable refer note 34

Revenue from major customers

Customers contributing 10% or more of Company's revenue aggregates to 71.65% of the total revenue in financial year 2020-21 (76.66% in financial year 2019-20).

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 2021	For the year ended 31 March 2020
Current tax:		
In respect of the current year	1,498.00	3,901.00
	1,498.00	**3,901.00**
Deferred tax		
In respect of the current year	1,259.04	3,280.35
	1,259.04	**3,280.35**
Income tax expense reported in the statement of profit and loss	**2,757.04**	**7,181.35**

Income tax recognised in other comprehensive income

Deferred tax :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Remeasurements of the defined benefit liabilities / (asset)	(80.70)	23.89
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,199.33	(2,203.10)
Income tax charged to other comprehensive (loss)/ income	**1,118.63**	**(2,179.21)**

Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting profit before income tax	8,132.53	21,845.47
Enacted income tax rate in India	34.94%	34.94%
Tax using the Company's domestic tax rate	2,841.83	7,633.68
Effects of tax concessions and MAT entitlement	(274.16)	(981.48)
Effects of non - deductible expenses for tax purposes	199.48	533.27
Effects due to differential tax rates on capital gains	(10.11)	(4.32)
Total income tax expense recognised in the statement of profit and loss	**2,757.04**	**7,181.15**
Effective tax rate	**33.90%**	**32.87%**

The Company has not elected to exercise the option of lower tax rate permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

Note 32 : Income Taxes (continued)

Deferred tax

Deferred tax relates to the following: (₹ Lacs)

Particulars	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	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	As at 31 March 2021
Deferred tax assets / (liabilities)								
Property, Plant and Equipment (including land)	(18,389.77)	(6,607.41)	-	-	(24,997.42)	(2,792.81)	-	(27,790.23)
Cash flow hedge	(1,266.72)	398.93	2,203.10	-	1,335.31	(398.93)	(1,199.33)	(262.95)
Investments at fair value through profit or loss	(43.60)	34.95	-	-	(8.65)	(11.57)	-	(20.22)
Provision for gratuity and compensated absences	731.21	96.36	(23.89)	-	803.68	321.58	80.70	1,205.96
Leases	-	(13.28)	-	112.79	99.51	(99.51)	-	-
Others	165.35	98.34	-	-	263.69	224.20	-	487.89
Minimum Alternate Tax Credit	14,767.35	2,711.76	-	-	17,479.11	1,498.00	-	18,977.11
Deferred tax assets / (liabilities)	**(4,036.18)**	**(3,280.35)**	**2,179.21**	**112.79**	**(5,024.77)**	**(1,259.04)**	**(1,118.63)**	**(7,402.44)**

Note 33 : Earning per share

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year attributable to equity shareholders	5,375.49	14,664.12

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

Particulars	As at 31 March 2021	As at 31 March 2020
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 2021	For the year ended 31 March 2020
Basic	5.46	14.89
Diluted	5.46	14.89

Note 34 : Financial instruments:

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 2021	Fair value		
		Level 1	Level 2	Level 3
Measured at amortised cost				
Cash and cash equivalents	6,507.21	-	-	-
Other bank balances	5,902.38	-	-	-
Trade receivables	66,311.86	-	-	-
Loans (current and non-current)	1,346.84	-	-	-
Other financial assets (current and non-current)	22,179.20	-	-	-
Investments (non-current)	87,063.06			
Measured at FVTOCI				
Other financial assets	920.80	-	920.80	-
Measured at FVTPL				
Current investments	1,816.71	1,025.51	-	791.20
Total	**192,048.06**	**1,025.51**	**920.80**	**791.20**
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	232,688.60	-	-	-
Trade payables	54,066.45	-	-	-
Other financial liabilities* (current and non-current)	14,718.81	-	-	-
Measured at FVTOCI				
Other financial liabilities	168.68	-	168.68	-
Total	**301,642.54**	**-**	**168.68**	**-**

Notes to the Standalone Annual Financial Statements for the year ended 31 March, 2021

(₹ 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 (current and non-current)	27,733.58	-	-	-
Other financial assets (current and non-current)	24,670.77	-	-	-
Investments (non-current)	55,920.08	-	-	-
Measured at FVTOCI				
Other financial assets	46.35	-	46.35	-
Measured at FVTPL				
Current investments	2,921.78	2,276.50	-	645.28
Total	**176,836.91**	**2,276.50**	**46.35**	**645.28**
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	246,875.22	-	-	-
Trade payables	31,913.33	-	-	-
Lease liabilities	958.56			
Other financial liabilities*(current and non-current)	10,513.13	-	-	-
Measured at FVTOCI				
Other financial liabilities	3,868.01	-	3,868.01	-
Total	**294,128.25**	**-**	**3,868.01**	**-**

* Current maturities of long term borrowings aggregating ₹ 22,774.31 lacs and ₹ 11,443.94 lacs as at 31 March 2021 and 31 March 2020 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 ₹ 5,809.09 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 2021. 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 ₹ 1,04,187.41 lacs and ₹ 1,20,259.00 lacs as at 31 March 2021, and 31 March 2020, 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 2021		As at 31 March 2020	
	Gross %	Net %	Gross %	Net %
North America	86%	86%	91%	91%
India and Asia pacific	4%	4%	6%	6%
Europe, Middle east and Africa	9%	9%	3%	3%
Rest of the world	1%	1%	-	-

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 ₹ 94,839.88 lacs (31 March 2020: ₹ 101,669.73 lacs) repayable in various quarterly and yearly installments with interest rate ranging from 3.71% to 11.26% per annum. Term Loan from financial institutions aggregating to ₹ 55,511.49 lacs (31 March 2020: ₹ 55,975.26 lacs) with interest rate ranging from 9.58% - 10% 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 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 2021 and 31 March 2020. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2021 **(₹ Lacs)**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	232,688.60	233,845.94	105,193.83	75,513.18	53,138.94
Trade payables	54,066.45	54,066.45	54,066.45	-	-
Lease liabilities	-	-	-	-	-
Other financial liabilities#	14,242.86	14,242.86	14,242.86	-	-

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*	246,875.22	248,013.64	100,673.88	82,293.47	65,046.29
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	-	-

* Includes current maturities of non-current borrowings (refer note 14) and current borrowings (refer note 17)

Excludes current maturities of non-current borrowings (refer note 14)

As disclosed in note 14.1, the Company has secured loan from banks and financial institutions 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 and interest rates 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 2021			As at 31 March 2020		
	in Foreign Currency in (million)	₹ Lacs	MTM (₹ lacs)	in Foreign Currency in (million)	₹ Lacs	MTM (₹ lacs)
In USD	143.90	108,976.29	775.34	132.37	97,772.93	3,790.64
In EURO	-	-	-	2.17	1,803.42	48.07
In GBP	-	-	-	2.20	2,076.76	13.37
Total		**108,976.29**	**775.34**		**101,653.11**	**3,852.08**

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

Currency	As at 31 March 2021			As at 31 March 2020		
	in Foreign Currency in (million)	₹ Lacs	MTM (₹ lacs)	in Foreign Currency in (million)	₹ Lacs	MTM (₹ lacs)
In EURO	2.35	2,109.61	(35.09)	1.14	938.59	21.68
In JPY	71.62	518.84	(6.09)	27.40	185.96	8.74
In USD	4.17	3,113.52	17.97	-	-	-
Total		**5,741.97**	**(23.21)**		**1,124.55**	**30.42**

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 2021	As at 31 March 2020
Less than 1 month	9,518.61	12,341.11
1 to 3 months	20,835.39	23,694.34
3 to 6 months	34,325.89	25,374.98
6 to 12 months	44,296.40	40,242.68
Total	**108,976.29**	**101,653.11**

The foreign exchange forward contracts mature within 12 months. 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 2021	As at 31 March 2020
Less than 1 month	-	73.35
1 to 3 months	820.44	550.26
3 to 6 months	3,718.54	471.07
6 to 12 months	1,203.00	29.87
Total	**5,741.98**	**1,124.55**

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	31 March 2021		As at 31 March 2020	
		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	13.92	0.19	14.20
Trade receivables	USD	825.10	60,667.74	606.44	45,792.32
	EUR	40.40	3,478.57	5.67	471.35
	GBP	5.32	536.45	3.08	286.62
	AED	0.06	1.18	-	-
Non-current loans	USD	-	-	341.00	25,749.21
	AED	-	-	28.96	590.65
Other non current assets	USD	0.28	20.53	0.06	4.82
	EUR	-	-	0.81	67.08
Other Current assets	USD	0.51	37.46	1.68	126.57
	EUR	0.34	28.98	2.63	218.49
	CHF	-	-	0.04	3.23
	JPY	-	-	2.97	2.06
Other financial assets	USD	103.61	7,618.44	109.45	8,264.50
	AED	-	-	0.62	12.70
Borrowings	USD	301.61	22,176.82	333.81	25,205.62
Trade payables	USD	67.48	4,961.97	30.29	2,287.28
	EUR	2.59	223.26	1.46	121.45
	GBP	0.22	21.76	0.03	3.05
	CHF	0.02	1.58	-	-
	JPY	12.82	8.51	-	-
Other Current liabilities	USD	4.74	348.22	22.20	1,676.66
	EUR	-	-	0.37	31.14
	GBP	0.21	21.37	0.01	0.65
	AED	-	-	0.01	0.15
Other financial liabilities	USD	0.06	4.32	0.09	6.67
	EUR	35.34	3,042.41	17.99	1,496.13
	JPY	3,655.66	2,425.30	-	-

The following exchange rates have been applied

Currency	Year end spot rate	
	31 March 2021	31 March 2020
USD/INR	73.53	75.51
EUR/INR	86.10	83.18
GBP/INR	100.93	93.09
AED/INR	20.02	20.40
CHF/INR	77.90	77.33
JPY/INR	0.66	0.70

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP against ₹ at 31 March 2021 and 31 March 2020 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 2021				
USD (1% movement)	408.67	(408.67)	267.70	(267.70)
EURO (1% movement)	2.42	(2.42)	1.58	(1.58)
GBP (1% movement)	4.93	(4.93)	3.23	(3.23)
AED (1% movement)	0.01	(0.01)	0.01	(0.01)
CHF (1% movement)	0.02	(0.02)	0.01	(0.01)
JPY (1% movement)	24.34	(24.34)	15.94	(15.94)
31 March 2020				
USD (1% movement)	507.75	(507.75)	332.61	(332.61)
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)

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 2021	As at 31 March 2020
Variable rate borrowings*	231,367.01	246,330.03
Total	**231,367.01**	**246,330.03**

*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 2021 Variable rate borrowings	(599.45)	599.45	(389.98)	389.98
31 March 2020 Variable rate borrowings	(600.23)	600.23	(390.49)	390.49

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 of 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 2021	As at 31 March 2020
Borrowings including lease liabilities (current and non-current)	232,688.60	247,833.78
Less: Cash and cash equivalents including deposits and current investments	(14,232.82)	(20,571.92)
Adjusted net debt	**218,455.78**	**227,261.86**
Total equity	155,917.87	148,952.12
Net debt to equity ratio	**1.40**	**1.53**

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. Twill & Oxford LLC (refer note 38) Himatsingka Europe Limited (Liquidated w.e.f. 22 September 2020)
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 (Upto 4 July 2020) Sridhar Muthukrishnan - Company secretary (w.e.f. 4 July 2020) **Non-executive directors** Rajiv Khaitan - Independent Director Sangeeta Kulkarni - 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

* Designation changed to Non-executive Non-independent Director w.e.f. 29 May, 2021.

** Ceased to be Nominee Director owing to withdrawal of nomination by Exim Bank w.e.f. 30 April, 2021.

Note 35.2 : Related party transactions during the year (₹ Lacs)

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products to	Himatsingka Holdings North America, Inc.	-	4,124.85
	Himatsingka America, Inc.	110,598.49	111,156.97
	Twill & Oxford LLC	4.97	365.70
Interest income from	Himatsingka Holdings North America, Inc.	1,320.94	2,491.40
	Twill & Oxford LLC	12.52	25.77
Rental expenses incurred	Himatsingka Wovens Private Limited	78.75	75.00
Expenses incurred on behalf of	Himatsingka Holdings North America, Inc.	-	96.66
	Himatsingka America, Inc.	34.13	26.60
Reimbursement of expenses	Himatsingka America, Inc.	112.85	268.25
Marketing commission incurred	Himatsingka America, Inc.	580.70	625.72
Professional fees incurred	Jacaranda Design LLC	148.19	155.60
	Khaitan & Co LLP	25.75	106.55
Purchase of freehold land from	Orient Silk Private Limted	-	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
Inter corporate loans converted to equity	Himatsingka Holdings North America, Inc. (refer note 4A.1 and note 5.1)	25,258.17	-
Inter corporate loans written-off	Twill & Oxford LLC (refer note 38)	577.75	-
Trade receivable written-off	Twill & Oxford LLC (refer note 38)	169.89	-
Provision towards impairment of investment	Twill & Oxford LLC (refer note 38)	37.35	-
Investment made in	Himatsingka Holdings North America, Inc.	5,808.80	7,379.37
Sale of investment of	Himatsingka Energy Private Limited	-	0.26
Guarantees given on behalf of subsidiaries	Himatsingka America, Inc.	3,382.27	-

Note 35.3 : Balance receivable from and payable to related parties as at the balance sheet date: (₹ Lacs)

Particulars		As at 31 March 2021	As at 31 March 2020
Trade receivables	Himatsingka America, Inc.	51,903.85	40,412.58
	Twill & Oxford LLC	-	165.23
Other payables	Jacaranda Design LLC	85.56	12.00
	Khaitan & Co LLP	-	2.00
Inter corporate loans receivable	Himatsingka Holdings North America, Inc.	-	25,749.22
	Twill & Oxford LLC	-	590.65
Interest receivable	Himatsingka Holdings North America, Inc.	7,618.44	8,264.50
	Twill & Oxford LLC	-	12.70
Trade payables	Twill & Oxford LLC	-	2.33
	Himatsingka Wovens Private Limited	324.13	269.65
Advance from customer	Himatsingka Holdings North America, Inc.	-	1,047.39
Corporate guarantee	Himatsingka Holdings North America, Inc.	-	20,387.70
	Himatsingka America, Inc.	27,242.39	24,036.02

Note 35.4 : Compensation of key managerial personnel* (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and compensation	612.26	874.41
Commission	40.00	1,401.16
Dividend Paid	102.24	1,022.45
Sitting fees	23.26	30.50
	777.76	**3,328.52**

*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 (₹ Lacs)

a) Subsidiaries	Face value per unit	As at 1 April 2020	Purchased during the year#	Sold during the year	Adjustment on account of corporate guarantee	As at 31 March 2021
Himatsingka Wovens Private Limited	INR 100	1,683.98	-	-	-	1,683.98
		(1,750,000)*				**(1,750,000)***
Himatsingka Holdings North America, Inc. (refer note 4A.1 and note 5.1)	USD 10,000	54,198.75	31,066.97	-	113.36	85,379.08
		(9,269)*				**(12,149)***
Twill & Oxford LLC (refer note 38)	AED 100	37.35	-	-	-	37.35
		(1,470)*				(1,470)*

* The amounts in parenthesis represents number of shares

Investments in equity instruments (₹ Lacs)

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	INR 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	INR 10	0.26		0.26	-	-
		(2,600)*	**-**	**(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 (₹ Lacs)

Name of borrower	Rate of Interest	Nature of relationship	As at 1 April 2020	Given during the year#	Conversion/ writtenoff during the year (refer note 5.1)#	Forex restatement	As at 31 March 2021
Unsecured							
Himatsingka Holdings North America, Inc.	8.50%	Subsidiary	25,749.22	-	(25,258.17)	(491.05)	-
Twill & Oxford LLC	8.50%	Subsidiary	590.65	-	(577.75)	(12.90)	-

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	6,989.35	(7,379.37)	2,563.08	25,749.22
Twill & Oxford LLC	8.50%	Subsidiary	85.17	496.44	(28.29)	37.33	590.65

The loans have been given to these subsidiaries in the normal course of business for their operations.

Refer note 35

Note 38: During the year, the Company as a measure to restructure its luxury retail business had closed its retail store in Dubai and accordingly had recorded the net asset of its subsidiary at its fair value. Consequently, the Company had written off ₹ 747.64 lacs in the standalone financial statements of the Company as these amounts were not considered recoverable. Further the Company has also made a provision towards impairment of investment of ₹ 37.35 lacs.

Note 39: Exceptional items (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Hedge Ineffectiveness (Refer note 39.1 below)	-	(1,141.63)

Note 39.1: Hedge ineffectiveness of ₹ 1,141.63 lacs for the year ended 31 March 2020 as the forecasted sales was 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 29 May 2021, the Board of Directors recommended a final dividend of ₹ 0.50 per equity share to be paid to the shareholders for financial year 2020-21, which needs 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

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, including step subsidiary (Holding Company and its subsidiaries including step subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 2021, of its consolidated loss 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, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

EMPHASIS OF MATTER

We draw attention to Note 1.4 to these consolidated financial statements, which describes the Management's assessment and the effects of COVID-19 pandemic on the significant estimates and judgements involved in preparation of the consolidated financial statements. In view of the highly uncertain economic environment impacting the textile industry, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these consolidated financial statements. Based on information available as of this date, Management believes that no further adjustments are required to the consolidated financial statements.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Description of Key Audit Matter

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 control 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 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 the 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. Due to inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability which require significant judgement of the Group 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. We together with the valuation specialists tested key assumptions used by the Group along with their external experts in computing fair value of the CGU, such as weighted average cost of capital, growth rates and profitability. 5. We performed sensitivity analysis on key assumptions used by the Group in computing fair value of the CGU, to identify impairment charge, if any and when identified an appropriate recognition of the same in the income statement. 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 Group. 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.	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 Group assessment of recoverability of respective grants based on ageing analysis and obtained explanations from management to assess the adequacy of the level of provision required for amounts considered recoverable.

OTHER INFORMATION

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 judgment 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. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us 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

The financial statements/financial information of one subsidiary incorporated outside India, whose financial statements/financial information reflect total assets (before consolidation adjustments) of Rs.11 lacs as at 31 March 2021, total revenues (before consolidation adjustments) of ₹ 32 lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 57 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial statements/financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A) As required by Section 143(3) of the Act, based on our audit and 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.

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 2021 taken on record by the Board of Directors of the Holding Company and our audit report on the statutory audit of a subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B) With respect to the other matters to be included in the 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 financial statements/financial information certified by the Management of a subsidiary as noted in the 'Other Matters' paragraph:

i) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 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 2021.

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 2021. 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 2021. 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 2021.

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 financial statements since they do not pertain to the financial year ended 31 March 2021.

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 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 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. No remuneration has been paid to any director by the subsidiary company incorporated in India and hence the requirement of Section 197 of the Act is not applicable to the subsidiary 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: 21205385AAAAAS4604

Place: Bengaluru
Date: 29 May, 2021

Annexure A to the Independent Auditors' Report on the Consolidated Financial Statements of Himatsingka Seide Limited for the period ended 31 March, 2021

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 Himatsingka Seide Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such company incorporated in India under the Companies Act, 2013 which is a subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which is 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 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such company 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's Registration Number. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385
ICAI UDIN: 21205385AAAAAS4604

Place: Bengaluru
Date: 29 May, 2021

Consolidated Balance Sheet

Himatsingka Seide Limited | As at 31 March, 2021

(₹ Lacs)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	251,899.49	242,539.41
Capital work-in-progress	3.1	14,155.59	17,267.01
Goodwill	4	47,333.51	48,195.40
Intangible assets	3.2	7,875.49	11,101.97
Right-of-use assets	31	11,326.81	13,824.81
Financial assets			
i) Investments	5A	21.95	21.21
ii) Loans	6	1,514.49	1,681.28
iii) Other financial assets	7	6.52	1,449.36
Deferred tax assets, (net)	8B	1,649.58	1,694.06
Income tax assets, (net)	8A	1,045.14	1,045.14
Other non-current assets	9	8,002.49	9,362.74
Total non-current assets		**344,831.06**	**348,182.39**
Current assets			
Inventories	10	79,547.82	108,746.56
Financial assets			
i) Investments	5B	1,816.71	2,921.78
ii) Trade receivables	11	33,150.60	11,758.17
iii) Cash and cash equivalents	12A	6,719.34	4,708.15
iv) Bank balances other than cash and cash equivalents above	12B	5,902.38	13,345.32
v) Loans	6	329.69	429.54
vi) Other financial assets	7	15,507.79	14,991.03
Other current assets	9	14,909.21	14,324.79
Assets held for sale	13	8,043.91	7,771.48
Total current assets		**165,927.45**	**178,996.82**
Total Assets		**510,758.51**	**527,179.21**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	4,922.86	4,922.86
Other equity	15	126,599.34	131,077.91
Total equity		**131,522.20**	**136,000.77**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	16	137,397.90	158,974.29
ii) Lease liabilities	31	11,309.59	13,626.79
iii) Other financial liabilities	21	644.63	790.44
Provisions	17	1,946.20	1,594.92
Deferred tax liabilities, (net)	8B	6,772.83	4,527.98
Other non-current liabilities	18	28,319.27	28,851.07
Total non-current liabilities		**186,390.42**	**208,365.49**
Current liabilities			
Financial liabilities			
i) Borrowings	19	83,579.51	103,254.65
i) Lease liabilities	31	1,355.01	1,204.97
iii) Trade payables			
a) Total outstanding dues of micro and small enterprises	20	7,137.75	5,453.82
b) Total outstanding dues of creditors other than micro and small enterprises	20	53,821.40	31,718.60
iv) Other financial liabilities	21	40,058.96	33,489.30
Other current liabilities	18	3,411.50	3,825.68
Provisions	17	1,026.07	713.45
Current tax liabilities, (net)	8A	2,455.69	3,152.48
Total current liabilities		**192,845.89**	**182,812.95**
Total liabilities		**379,236.31**	**391,178.44**
Total equity and liabilities		**510,758.51**	**527,179.21**
Summary of 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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date : 29 May, 2021

Place: Bengaluru
Date : 29 May, 2021

Consolidated Statement of Profit and Loss

Himatsingka Seide Limited | For the year ended 31 March, 2021

(₹ Lacs)

	Note	31 March 2021	31 March 2020
Income			
Revenue from operations	22	225,831.66	235,792.91
Other income	23	1,421.06	6,172.30
Total income		**227,252.72**	**241,965.21**
Expenses			
Cost of raw materials and packing material consumed	24	76,619.86	68,996.20
Purchases of stock-in-trade	24	19,290.93	42,174.88
Changes in inventory of finished goods, work-in-progress and stock-in-trade	24	27,852.77	2,008.95
Employee benefits expense	25	25,933.47	28,012.13
Finance costs	26	17,719.97	19,471.96
Depreciation and amortisation expense	27	15,245.30	12,621.37
Other expenses	28	47,238.91	52,841.82
Total expenses		**229,901.21**	**226,127.31**
(Loss) / Profit before exceptional items and tax		**(2,648.49)**	**15,837.90**
Exceptional items		**-**	**7,320.55**
(Loss)/Profit before tax		**(2,648.49)**	**8,517.35**
Tax expense			
Current tax	34	1,515.67	3,929.13
Deferred tax	34	1,170.70	3,263.00
Income tax expense		**2,686.37**	**7,192.13**
(Loss) / Profit for the year		**(5,334.86)**	**1,325.22**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liability / (asset)		(230.97)	64.05
Income tax relating to items that will not be reclassified to profit or loss		80.70	(23.89)
B) Items that may be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		(734.04)	3,369.51
Effective portion of gain (loss) on hedging instruments in cash flow hedge		3,432.15	(6,304.51)
Income tax relating to items that will be reclassified to profit or loss		(1,199.33)	2,203.10
Other comprehensive income / (loss) for the year, net of income tax		**1,348.51**	**(691.73)**
Total comprehensive (loss) / income for the year		**(3,986.35)**	**633.49**
Earnings / (loss) per equity share (face value of ₹ 5 each)			
Basic and diluted (in ₹)	35	(5.42)	1.35
Summary of 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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date : 29 May, 2021

Place: Bengaluru
Date : 29 May, 2021

Consolidated Statement of Changes in Equity for the year ended 31 March, 2021

Particulars	(₹ Lacs)
A. Equity share capital	
Balance as at 1 April 2019	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2020	**4,922.86**
Changes in equity share capital during the year	-
Balance as at 31 March 2021	**4,922.86**

B. Other Equity (₹ Lacs)

Particulars	Note	Reserves and surplus (Refer Note 15)						Other comprehensive income (Refer Note 15)			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 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 (loss)/income for the year, net of income tax		-	-	-	-	-	-	(4,101.41)	3,369.51	40.16	(691.73)
Payment of dividends		-	-	-	-	-	(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**
Balance as at 1 April 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**
Loss for the year		-	-	-	-	-	(5,334.86)	-	-	-	(5,334.86)
Other comprehensive (loss)/income for the year, net of income tax		-	-	-	-	-	-	2,232.82	(734.04)	(150.27)	1,348.51
Payment of dividends		-	-	-	-	-	(492.29)	-	-	-	(492.29)
Foreign exchange differences		-	-	-	-	0.07	-	-	-	-	0.07
Balance as at 31 March 2021		**66.74**	**620.88**	**27,675.71**	**17,270.17**	**9.18**	**75,292.85**	**489.71**	**5,516.94**	**(342.84)**	**126,599.34**
Summary of 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

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

Supreet Sachdev
Partner
Membership number: 205385

D.K. Himatsingka
Executive Chairman
DIN: 00139516

Shrikant Himatsingka
Managing Director & CEO
DIN: 00122103

K.P. Rangaraj
Chief Financial Officer

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

Place: Bengaluru
Date: 29 May, 2021

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2021

(₹ Lacs)

	31 March 2021	31 March 2020
Cash flows from operating activities		
(Loss)/ Profit for the year	(5,334.86)	1,325.22
Adjustments for:		
Finance costs	17,719.97	18,966.35
Interest income	(948.15)	(1,289.70)
Net gain on sale of investments	(49.66)	(193.31)
Gain on current investments carried at fair value through profit or loss	(74.25)	(37.11)
Provision for diminution in value of investment	-	665.50
Net loss on disposal of property, plant and equipment	38.02	17.75
Loss allowance on financial assets, net	107.55	1.40
Amortization of deposits	64.72	48.49
Depreciation and amortisation expense	15,245.30	12,621.37
Income on derecognition of leases	(265.55)	-
Ineffective portion of hedging instrument	-	1,141.63
Net foreign exchange gain/(loss) on non operating activities	94.03	(603.47)
Income tax expense	2,686.37	7,192.13
Operating cash flows before working capital changes	**29,283.49**	**39,856.25**
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	(21,281.33)	8,829.35
Decrease in inventories	27,625.26	15,054.53
(Increase)/Decrease in other assets	(452.62)	3,969.84
Increase/(Decrease) in trade and other payables	25,279.73	(15,226.14)
Increase in provisions	431.50	183.22
Decrease in other liabilities	(909.46)	(3,309.15)
Cash generated from opera tions	**59,976.57**	**49,357.90**
Income taxes paid, net of refund	(2,337.30)	(5,957.66)
Net cash generated from operating activities (A)	**57,639.27**	**43,400.24**
Cash flows from investing activities		
Purchase of current investments	(145.92)	(13,820.49)
Proceeds of sale of current investments	1,374.90	22,801.37
Interest received	1,093.82	914.18
Acquisition of property, plant and equipment and intangible assets	(12,781.80)	(23,971.29)
Proceeds from sale of property, plant and equipment	1.96	7.37
Investment in fixed deposits	(20,414.76)	(37,099.88)
Proceeds from fixed deposits maturity	29,318.88	30,719.51
Net cash used in investing activities (B)	**(1,552.92)**	**(20,449.24)**
Cash flows from financing activities		
(Repayments of)/ Proceeds from borrowings - Current (net)	(19,406.70)	3,923.49
Proceeds from borrowings - Non-Current	-	4,431.15
Repayment of borrowings - Non Current	(19,420.96)	(11,379.55)
Dividends paid on equity shares	(492.29)	(5,950.71)
Payment of lease liabilities	(1,610.91)	(1,545.19)
Proceeds from government subsidies	5,627.00	153.80
Interest paid	(19,096.53)	(24,398.50)
Net cash used in financing activities (C)	(54,400.39)	(34,765.51)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,685.96	(11,814.51)

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended 31 March, 2021 **(₹ Lacs)**

	31 March 2021	31 March 2020
Cash and cash equivalents at the beginning of the year	4,708.15	16,709.84
Effects of exchange rate changes on cash and cash equivalents	325.23	(187.18)
Cash and cash equivalents at the end of the year	**6,719.34**	**4,708.15**
Components of cash and cash equivalents (refer note 12A)		
Cash and cash equivalents comprise of		
Cash in hand	6.39	12.62
Balance with banks		
- in current accounts	6,712.95	4,695.53
- in deposit accounts (with original maturity of period of less than three months)	-	-
Total cash and cash equivalents in balance sheet	**6,719.34**	**4,708.15**

Reconciliation between opening and closing balance sheet for financing activities

	Opening balance 01 April 2020	Cash flows	Non-cash movement	Closing balance 31 March 2021
Borrowings (including current maturities)	178,188.70	(19,420.96)	4,303.35	163,071.09
Short - term borrowings	103,254.65	(19,406.70)	(268.44)	83,579.51
Interest accrued but not due	1,871.78	(19,096.53)	18,632.07	1,407.32
Total liabilities from financing activities	**283,315.13**	**(57,924.19)**	**22,666.98**	**248,057.92**

Reconciliation between opening and closing balance sheet for 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 accrued but not due	419.17	(24,398.50)	25,851.11	1,871.78
Total liabilities from financing activities	**279,452.44**	**(27,423.41)**	**31,286.10**	**283,315.13**

The statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard (IndAS 7) statement of cash flows

Summary of significant accounting policies (refer note 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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date : 29 May, 2021

Place: Bengaluru
Date : 29 May, 2021

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2021

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 has 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 29 May 2021.

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.

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.

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.

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, 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 2021 is summarized below:

- Note 3 – Useful life of property, plant and equipment and intangible assets;
- Note 4 – Valuation of goodwill
- Note 5, 6, 7, 11 and 36 – Impairment of financial assets including government incentives
- 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 30 – 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 Group has adopted measures to curb the spread of infection of Covid-19 in order to protect the health of its employees and ensure business continuity with minimal disruption including remote working, maintaining social distancing, sanitization of work spaces etc. The Group's operations, revenue and consequently profit / (loss) during the year ended 31 March 2021 were impacted due to Covid-19. The Group has considered the possible effects that may result from outbreak of COVID-19 in the preparation of this financial statements including the recoverability of carrying amounts of financial and non-financial assets, assessment of bank covenants and liquidity assessment based on future cash flow projections. In building the assumptions relating to the possible uncertainties in the global economic conditions as at the date of approval of this financial statements, the Group has used internal and external sources of information and expects that the carrying amount of the assets will be recovered and the impact is not material. The impact of the global health pandemic may be different from that 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 consolidated financial statements.

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 note 36-financial instruments.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of consolidation

The Group consolidates all entities which are controlled by it. 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 42.

The Group 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. 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.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

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 Revenue Recognition

Sale of goods:

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.

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.

Contract balances:

Trade receivables

A trade receivable is recognised if the amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

2.4 Other income

Other income comprises interest income on deposits, and gain/ (losses) on disposal of financial assets and non-financial assets. It is recognised on accrual basis except where the receipt of income is uncertain.

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.

2.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease, that is 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 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 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 applies the short term lease recognition exemption to all assets that have a lease term of 12 months or less from the commencement date. 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.

2.6 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 allocated to and utilized for qualifying assets pertaining to the period from commencement of activities directly attributable to the acquisition, construction or production of upto the date of capitalisation of such asset are added to the cost of the assets. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. All other borrowing costs are expensed in the period in which they occur.

2.7 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.

2.8 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.

2.9 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 Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Group 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 concerned 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.

2.10 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.

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

Class of assets	Years
Buildings	10 – 60 years
Plant and machinery*	8 - 40 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 prospectively 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.

2.11 Goodwill and Other Intangible Assets

a) 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.

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 Group 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Group 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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities are disclosed by way of note to the consolidated Ind AS financial statements.

2.16 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 Group 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 there are 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 Group 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in the Statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Any gain or loss on derecognition is recognised in the Statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised 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 Group 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 Group determines whether there has been a significant increase in credit risk.

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on financial assets, trade receivables. The application of simplified approach does not require the Group 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 Group 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 Group reverts to recognising impairment loss allowance based on 12 month ECL.

Derecognition of financial assets

A financial asset is derecognised only when:

- the Group 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 an asset is transferred, the Group 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 Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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.

2.17 Derivative financial instruments and hedge accounting

The Group 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 Group 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 Group documents the risk management objective and strategy for undertaking the hedge. The Group 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.

2.18 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to owners of the Group 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.

2.19 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.

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/loss 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.

2.21 Cash dividend to equity holders

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.

2.22 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

  The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

Note 3.1: Property plant and equipment

Tangible Assets

(₹ Lacs)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Books & Catalogues	Total	Capital Work in Progress
Cost:										
Balance as at 1 April 2019	**25,158.42**	**47,160.76**	**160,490.34**	**10,828.50**	**3,105.14**	**5,937.55**	**176.72**	**544.01**	**253,401.44**	**63,395.29**
Additions	3,325.81	24,701.69	43,674.91	1,907.81	-	1,017.88	9.41	-	74,637.52	24,726.12
Disposals	-	(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)	
Transfers	-	-	-	-	-	-	-	-	-	(70,857.83)
Other adjustments	-	252.06	77.13	358.63	149.66	134.94	0.05	-	972.46	3.43
Balance as at 31 March 2020	**28,484.23**	**68,255.66**	**204,242.38**	**13,067.20**	**3,254.80**	**7,074.60**	**185.27**	**544.01**	**325,108.14**	**17,267.01**
Balance as at 1 April 2020	**28,484.23**	**68,255.66**	**204,242.38**	**13,067.20**	**3,254.80**	**7,074.60**	**185.27**	**544.01**	**325,108.14**	**17,267.01**
Additions	-	3,054.30	18,727.17	39.19	-	118.48	-	-	21,939.14	16,685.30
Disposals	-	-	(116.03)	(1.37)	-	(17.47)	-	-	(134.87)	-
Transfers	-	-	-	-	-	-	-	-	-	(19,795.65)
Other adjustments	-	125.77	114.74	149.78	76.92	123.24	0.10	-	590.55	(1.07)
Balance as at 31 March 2021	**28,484.23**	**71,435.73**	**222,968.26**	**13,254.80**	**3,331.72**	**7,298.85**	**185.37**	**544.01**	**347,502.96**	**14,155.59**
Accumulated depreciation:										
Balance as at 1 April 2019	**-**	**(4,579.47)**	**(54,387.92)**	**(4,823.35)**	**(1,646.14)**	**(4,688.20)**	**(92.19)**	**(195.19)**	**(70,412.44)**	**-**
Depreciation charge for the year	-	(2,264.39)	(7,226.05)	(1,101.72)	(192.83)	(737.32)	(20.17)	(97.41)	(11,639.90)	-
Disposals	-	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	-	(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)**	**(6,487.32)**	**(2,116.49)**	**(5,751.43)**	**(112.38)**	**(292.60)**	**(82,568.73)**	**-**
Balance as at 1 April 2020	**-**	**(6,009.72)**	**(61,798.78)**	**(6,487.32)**	**(2,116.49)**	**(5,751.43)**	**(112.38)**	**(292.60)**	**(82,568.72)**	**-**
Depreciation charge for the year	-	(2,653.98)	(8,830.34)	(1,352.45)	(201.61)	(615.52)	(9.81)	(97.41)	(13,761.12)	-
Disposals	-	-	76.54	1.27	-	17.08	-	-	94.89	-
Other adjustments	-	112.53	(22.66)	293.98	135.21	112.43	(0.01)	-	631.48	-
Balance as at 31 March 2021	**-**	**(8,551.17)**	**(70,575.24)**	**(7,544.52)**	**(2,182.89)**	**(6,237.44)**	**(122.20)**	**(390.01)**	**(95,603.47)**	**-**
Net carrying amount:										
As at 31 March 2021	**28,484.23**	**62,884.55**	**152,393.02**	**5,710.28**	**1,148.83**	**1,061.41**	**63.17**	**154.00**	**251,899.49**	**14,155.59**
As at 31 March 2020	**28,484.23**	**62,245.94**	**142,443.60**	**6,579.88**	**1,138.31**	**1,323.17**	**72.89**	**251.41**	**242,539.41**	**17,267.01**

Note 3.1.1:

Security

Refer to note 16.1 for information on property, plant and equipment pledged as security by the Company.

Note 3.1.2:

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

Note 3.2: Other intangible assets (₹ Lacs)

Particulars	Computer Software	Technical Know-How	Brands & Licenses	Total
Cost:				
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**
Balance as at 1 April 2020	**8,339.75**	**347.99**	**33,617.55**	**42,305.29**
Additions	117.17	-	39.60	156.77
Disposals	-	-	-	-
Other adjustments	(374.56)	-	(860.11)	(1,234.67)
Balance as at 31 March 2021	**8,082.36**	**347.99**	**32,797.04**	**41,227.39**
Accumulated amortisation:				
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)**
Balance as at 1 April 2020	**(3,179.05)**	**(97.26)**	**(27,927.01)**	**(31,203.32)**
Amortisation expense	(426.55)	(32.42)	(1,313.96)	(1,772.93)
Disposals	-	-	-	-
Other adjustments	(70.19)	-	(305.46)	(375.65)
Balance as at 31 March 2021	**(3,675.79)**	**(129.68)**	**(29,546.43)**	**(33,351.90)**
Net carrying amount:				
Carrying value as at 31 March 2021	**4,406.57**	**218.31**	**3,250.61**	**7,875.49**
Carrying value as at 31 March 2020	**5,160.70**	**250.73**	**5,690.54**	**11,101.97**

Note 4: Goodwill (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cost		
Balance at beginning of year	48,195.40	44,243.01
Effect of foreign currency exchange differences	(861.89)	3,952.39
Balance at end of year	**47,333.51**	**48,195.40**

i) Impairment tests for goodwill

Goodwill acquired through business combination pertains to the Home Textile Segment which is the only reportable segment.

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Home Textile Segment	47,333.51	48,195.40

ii) Significant estimate: Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations on a discounted cash flow method which require the use of assumptions. Management prepare forecast for a period of seven years and applies perpetuity growth rate of 3% from 7th year onwards. The calculations use cash flow projections calculated using the estimated growth and pre-tax discount rates stated below. The following table sets out the key assumptions for the CGU that have significant goodwill allocated to them:

Assumptions	As at 31 March 2021	As at 31 March 2020
Sales Growth (% annual growth rate)	4%-7%	4%-8%
EBITDA (%)	5% - 7%	5% - 8%
Pre-tax discount rate (%)	9.57%	11.23%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used for determining values
Sales Growth	Average annual growth rate over the forecasted period; based on past performance and management's expectations for the future..
EBITDA (%)	Based on past performance and management's expectations for the future.
Pre-tax discount rate (%)	Reflect specific risks relating to the relevant segment and the country in which it operates.

Note 5: Investments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Note 5A: Non-current investments		
Unquoted		
Investments carried at fair value through profit and loss		
Investments in equity instruments	21.95	21.21
Total	**21.95**	**21.21**

Note 5A.1: Details of investments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Investment in equity instruments		
Industria e Universita S.r.l. (No. of shares: 13,005,000) (As at 31 March 2020: 13,005,000)	21.95	21.21
Applied DNA Sciences, Inc. (No. of shares: 5,34,361) (As at 31 March 2020: 5,34,361)	664.21	664.21
	686.16	685.42
Less: Provision towards impairment of investments (refer note 39.4)	(664.21)	(664.21)
Total	**21.95**	**21.21**
Aggregate value of unquoted investments	21.95	21.21
Aggregate amount of impairment in value of investments	664.21	664.21

Note 5B: Current investments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
5B.1 Investments in mutual funds (Quoted)		
DSP Short term fund - direct plan growth plan (No. of units: 7,14,343.53 (As at 31 March 2020: 12,68,702.99))	277.49	455.92
Axis Treasury Advantage Fund direct growth (No. of units: 16,904.74 (As at 31 March 2020: 16,904.74))	419.67	393.06
IDFC Corporate bond fund - direct plan growth plan (No. of units: 21,50,611.31 (As at 31 March 2020: 21,50,611.31))	328.35	300.28
SBI Banking & PSU fund direct growth (No. of units: Nil (As at 31 March 2020: 11,113.90))	-	262.88
Nippon India Money Market Fund - direct growth plan growth option (No. of units: Nil (As at 31 March 2020: 9,985.84))	-	304.83
HSBC Cash Fund direct growth (No. of units: Nil (As at 31 March 2020: 12,815.66))	-	253.43
Invesco India Treasury Advantage Fund direct growth plan (No. of units: Nil (As at 31 March 2020: 7,141.28))	-	204.39
Franklin India Savings Fund Retail direct growth (No. of units: Nil (As at 31 March 2020: 2,68,268.41))	-	101.71
Total (A)	**1,025.51**	**2,276.50**
Aggregate carrying amount of quoted investments	1,025.51	2,276.50
Aggregate market value of quoted investments	1,025.51	2,276.50

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
5B.2 Investments in equity instruments (unquoted)		
Atria Wind Power (Chitradurga) Private Limited	693.55	645.23
Equity shares of INR 251 each fully paid up		
[No. of shares: 2,76,317 (As at 31 March 2020 : 2,57,066)]		
Atria Wind Power (Basavana Bagewadi) Private Limited	97.65	0.05
Equity shares of INR 251 each fully paid up		
[No. of shares: 50,521 (As at 31 March 2020 : 25)]		
Total (B)	**791.20**	**645.28**
Total (A+B)	**1,816.71**	**2,921.78**

Note 6: Loans (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured, considered good		
Loans to employees	56.35	64.12
Electricity deposits	806.39	806.39
Other deposits	651.75	810.77
Total	**1,514.49**	**1,681.28**
Current		
Unsecured, considered good		
Loans to employees	62.37	91.02
Security deposits	267.32	338.52
Total	**329.69**	**429.54**

Note 7: Other financial assets (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured, considered good		
Fixed deposits with Banks with maturity period more than twelve months	6.52	1,449.36
Total	**6.52**	**1,449.36**
Current		
a) Unsecured, considered good		
Interest subsidy receivable	1,978.85	2,270.29
Subsidy receivable under various government schemes	12,245.74	11,985.09
Interest receivable	297.29	639.30
Other receivable	65.11	50.00
b) Derivative assets	920.80	46.35
Total	**15,507.79**	**14,991.03**

Note 8: Tax assets and liabilities

Note 8(A): Income tax assets and liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
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	14,729.05	13,143.97
Less: Advance tax and taxes deducted at source related to above	(12,273.36)	(9,991.49)
Tax payable (net)	**2,455.69**	**3,152.48**

Note 8(B): Deferred tax asset /liability*

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 2021	As at 31 March 2020
Deferred tax liabilities		
Property, plant and equipments and intangible assets	27,790.23	24,997.42
Cash flow hedge	262.82	-
Total deferred tax liabilities (A)	**28,053.05**	**24,997.42**
Deferred tax assets		
Provision for gratuity and compensated absences	1,205.95	803.68
Cash flow hedge	-	936.51
Leases	161.79	261.29
MAT credit entitlement	18,977.11	17,479.11
Unrealised profits on inventory	613.52	538.33
Others	1,971.43	2,144.58
Total deferred tax assets (B)	**22,929.80**	**22,163.50**
Net deferred tax liability (A - B)	**5,123.25**	**2,833.92**
*refer note 34		
Deferred tax presentation in balance sheet comprises of:		
Deferred tax liabilities, (net) (C)	6,772.83	4,527.98
Deferred tax assets, (net) (D)	1,649.58	1,694.06
Net deferred tax liability (C - D)	**5,123.25**	**2,833.92**

Note 9: Other assets (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital advances	536.52	787.63
Contract acquisition costs	7,411.97	8,475.45
Others	54.00	99.66
Total	**8,002.49**	**9,362.74**
Current		
Advances to suppliers	1,128.08	1,105.86
Balances with government authorities (other than income taxes)	6,385.31	3,984.29
Subsidy receivable under various government schemes	2,546.79	2,737.95
Prepayments	2,189.77	4,031.43
Contract acquisition costs	2,648.56	2,451.13
Others	10.70	14.13
Total	**14,909.21**	**14,324.79**

Note 10: Inventories (valued at lower of cost and net realizable value) (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and packing materials	4,915.77	6,980.15
Work-in-progress	15,475.89	20,756.93
Finished goods	48,102.52	68,443.24
Traded goods	7,098.88	9,329.89
Stores and spares	3,954.76	3,236.35
Total	**79,547.82**	**108,746.56**
Included above, goods-in-transit:		
Raw materials	1,197.67	55.01
Traded goods	3,629.44	1,121.39
Total	**4,827.11**	**1,176.40**

Note 11: Trade receivables (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	33,150.60	11,758.17
Credit impaired	2,340.06	2,161.89
	35,490.66	**13,920.06**
Less: Expected credit loss	(2,340.06)	(2,161.89)
Net Trade receivables	**33,150.60**	**11,758.17**

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 discounted (with recourse) but have not been derecognized amounted to ₹ 35,228.12 (31 March 2020: ₹ 43,804.92 lacs) and associated liability has been disclosed as bill discounting (refer note 19).

Note 11.2:Expected credit loss assessment for Trade Receivables as at 31 March 2021 and 31 March 2020 are as follows:

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on past and the recent collection trend. The 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 2021	As at 31 March 2020
Balance as at beginning of the year	(2,161.89)	(2,037.60)
Change in allowance for expected credit loss and credit impairment	(107.55)	-
Foreign exchange differences	(70.62)	(124.29)
Balance at end of the year	**(2,340.06)**	**(2,161.89)**

Note 12A: Cash and Cash Equivalents (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents consists of		
Cash in hand	6.39	12.62
Balance with banks in current accounts and deposits		
- in current accounts	6,712.95	4,695.53
- in deposit accounts (with original maturity period of less than three months)	-	-
Cash and cash equivalents as per Ind AS 7 Cash flow statement	**6,719.34**	**4,708.15**

Note 12B: Other Bank balances (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Other bank balances consists of		
Other bank balances (refer note 12.1)	99.81	81.47
In deposit account (with original maturity more than three months but less than twelve months)	5,802.57	13,263.85
Total	**5,902.38**	**13,345.32**

Note 12.1: Other Bank Balances represent earmarked balances in respect of unpaid dividends.

Note 13: Assets classified as held for sale (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Buildings (refer note 13.1)	8,043.91	7,771.48
Total	**8,043.91**	**7,771.48**

Note 13.1: The Group has a building aggregating ₹ 8,043.91 lacs which was classified as asset held for sale. No impairment loss was recognised as at 31 March 2021 as the Group expects 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 2021	As at 31 March 2020
Authorised		
13,40,00,000 equity shares (31 March 2020: 13,40,00,000 equity shares) of par value of ₹ 5 each	6,700.00	6,700.00
Issued		
9,84,96,160 equity shares (31 March 2020: 9,84,96,160 equity shares) of par value of ₹ 5 each	4,924.81	4,924.81
Subscribed and fully paid-up		
9,84,57,160 equity shares (31 March 2020: 9,84,57,160 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 (₹ Lacs)

Particulars	31 March 2021		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 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 2021		31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of ₹ 5 each				
D K Himatsingka	11,902,000	12.09%	11,968,000	12.16%
Shrikant Himatsingka	8,546,964	8.68%	8,480,964	8.61%
Bihar Mercantile Union Limited	6,268,234	6.37%	7,926,000	8.05%
Rajshree Himatsingka	5,897,260	5.99%	5,897,260	5.99%
Templeton India Equity Income Fund	7,455,121	7.57%	7,556,969	7.68%

Note 15: Other Equity (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
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)	9.18	9.11
Retained earnings (refer note (v) below)	75,292.85	81,120.00
Reserves and Surplus	**120,935.53**	**126,762.61**
Cash flow hedge reserve (refer note (vi) below)	489.71	(1,743.11)
Foreign currency translation reserve	5,516.94	6,250.98
Remeasurement of net defined benefit liability or asset	(342.84)	(192.57)
Other comprehensive income	**5,663.81**	**4,315.30**
Total	**126,599.34**	**131,077.91**

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 is not available for distribution.

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 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. Such gains or losses will be reclassified to statement of profit and loss when the hedged items (Sales of goods) affects profit or loss .

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Legal reserve		
Opening balance	9.11	9.37
Add/(Less): Foreign exchange difference	0.07	(0.26)
Total	**9.18**	**9.11**
Retained earnings		
Opening balance	81,120.00	86,532.99
Add: Profit for the year	(5,334.86)	1,325.22
Less: Payment of dividends (including dividend distribution tax in previous year)	(492.29)	(5,936.87)
Less: Ind AS 116-Transition adjustment (refer note 31)	-	(801.34)
Total	**75,292.85**	**81,120.00**
Effective portion of cash flow hedge		
Opening balance	(1,743.11)	2,358.14
Effective portion of gain/ (loss) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges recognised in Hedging Reserve	3,831.89	(3,030.11)
Cumulative (gain)/loss reclassified to profit or loss	(399.74)	(3,274.24)
Income tax related to net gains recognised in other comprehensive income	(1,199.33)	2,203.10
Total	**489.71**	**(1,743.11)**
Foreign currency translation reserve		
Opening balance	6,250.98	2,881.47
Other Comprehensive Income/(loss) for the year, net of income tax	(734.04)	3,369.51
Total	**5,516.94**	**6,250.98**
Remeasurement of net defined benefit liability or asset		
Opening balance	(192.57)	(232.73)
Other Comprehensive Income/(loss) for the year, net of income tax	(150.27)	40.16
Total	**(342.84)**	**(192.57)**

Note 16: Non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured loans: (refer note 16.1)		
Term loans		
From banks	77,779.01	92,688.31
From financial institution	59,618.89	66,285.98
Total	**137,397.90**	**158,974.29**

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2021		As at 31 March 2020		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current*	Current*		
i) Term loans from bank (Secured)						
Loan 1	-	3,549.85	3,517.53	2,671.88	First paripassu charge on entire moveable and immoveable fixed assets of the Hassan and Doddaballapur plant including proposed project assets present and future.	20 substantially equal quarterly installments commencing on 31 December 2016. The outstanding term as of 31 March 2021 was 4 installments.
Loan 2	15,104.94	1,217.09	15,526.21	608.55	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 2021 was 32 installments.
Loan 3	3,795.60	3,345.50	7,323.51	2,454.08	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 2021 was 2 installments.
Loan 4	11,262.18	615.32	11,302.58	461.49	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 5	11,352.17	651.60	11,773.38	480.72	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 6	13,444.61	772.00	14,175.23	579.00	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 2019 The outstanding term as of 31 March 2021 was 35 installments.
Loan 7	2,761.95	2,000.00	4,466.48	1,500.00	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 2021 was 9 installments.
Loan 8	11,246.06	3,789.67	15,428.03	-	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 2021 was 3 installments.
Loan 9	8,117.98	1,000.00	9,151.06	250.00	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 2021 was 22 installments.
Loan 10	97.97	104.83	24.29	397.03	Secured by the asset owned by Himatsingka America Inc through this lease.	USD 1.5 Mio is repayable in 39 monthly installments. The outstanding term as of 31 March 2021 was 1 instalment. USD 55K is repayable in 48 monthly installments. The outstanding term as of 31 March 2021 was 28 instalment. USD 1.46 Mio is repayable in 48 monthly installmets commencing from April 2021.
Loan 11	-	-	-	5,863.24	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 2021was nil.
Loan 12	595.55	217.81	-	-	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 30 September 2020 The outstanding term as of 31 March 2021 was 36 installments.
Total	**77,779.01**	**17,263.67**	**92,688.30**	**15,265.99**		

The rate of interest on the above tern loans is in the range of 3.71% to 11.26% (Previous Year: 4.15% to 11.79%)

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2021

Note 16.1: Details of non-current borrowings and current maturities of non-current borrowings

(₹ Lacs)

Particulars	As at 31 March 2021		As at 31 March 2020		Nature of security	Repayment/ redemption / other terms
	Non-Current	Current	Non-Current*	Current*		
ii) Term loan from financial institution (Secured)						
Loan 1	-	-	-	92.94	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. There is no outstanding loan balance as of 31 March 2021
Loan 2	566.93	254.61	804.26	125.00	First paripassu charge on certain moveable and immoveable fixed assets of the Group (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 2021 was 13 installments.
Loan 3	1,057.20	363.20	1,392.16	178.57	First paripassu charge on certain fixed assets (both moveable and immoveable) of the Group (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 2021 was 16 installments.
Loan 4	13,734.92	1,643.57	15,110.84	461.54	First paripassu charge on the entire fixed assets (both moveable and immoveable properties) of the Group (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 2021 was 27 installments .
Loan 5	27,364.89	2,323.78	29,169.29	1,141.88	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 2021 was 32 installments.
Loan 6	6,505.37	375.43	6,769.09	184.50	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 2021 was 34 installments.
Loan 7	9,722.87	2,794.05	12,748.96	1,510.19	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 8	68.15	477.04	291.39	253.80	First ranking pledge on the investment made by the Group in Atria Wind Power Limited.	Repayable over a period of 2 years from the commencement of power supply.
Loan 9	190.41	56.98	-	-	Secured by the asset which is taken under this finance lease.	Loan shall be repaid in 48 structured Monthly installments commencing from November 2020 The outstanding term as of 31 March 2021 was 43 installments.
Loan 10	211.10	57.35	-	-	Secured by the asset which is taken under this finance lease.	Loan shall be repaid in 48 structured Monthly installments commencing from February 2021 The outstanding term as of 31 March 2021 was 46 installments.
Loan 11	197.05	63.51	-	-	Secured by the asset which is taken under this finance lease.	Loan shall be repaid in 48 structured Monthly installments commencing from September 2020 The outstanding term as of 31 March 2021 was 41 installments.
Total	**59,618.89**	**8,409.52**	**66,285.99**	**3,948.42**		

The rate of interest on the above term loans is in the range of 4.22% to 10% (Previous year 5.98% to 10.28%).
*Subsequent to 31 March 2020, the Group availed the loan moratorium facility as announced by the Reserve Bank of India and Government of India on account of Covid 19 and consequently received a revised repayment schedule, as applicable, from its bankers on the basis of which loans got classified as current/non-current.
In the current year, the Group continues to repay the loan as per the revised repayment schedule. The Group has not defaulted in repayment of loans or borrowings to banks and financial institutions.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2021

Note 17: Provisions (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for gratuity (refer note 17.1)	1,946.20	1,573.67
Others	-	21.25
Total	**1,946.20**	**1,594.92**
Current		
Provision for compensated absences	834.15	609.71
Provision for gratuity (refer note 17.1)	191.92	103.74
Total	**1,026.07**	**713.45**

Note 17.1: Employee benefits

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. There is no maximum limit for the payment of gratuity benefit. The present value of obligation is determined based on an actuarial valuation as at the reporting date using the Projected Unit Credit Method.

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 Group expects to pay ₹ 191.92 lacs in contributions to its defined benefit plans in financial year 2021-22.

The expected maturity analysis of undiscounted gratuity is as follows:

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
1 year	480.84	452.60
2 to 5 years	824.80	701.01
6 to 10 years	966.85	726.18
More than 10 years	1,203.97	1,171.86

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 2021	As at 31 March 2020
Obligation at the beginning of the year	2,026.30	1,933.45
Interest cost	110.35	129.88
Current service cost	182.22	200.74
Benefits paid	(132.62)	(171.70)
Actuarial (gains)/losses on obligations recognised in other comprehensive income		
– Changes in demographic assumptions	-	0.04
– Changes in financial assumptions	329.30	(130.27)
– Experience adjustments	(88.51)	64.16
Obligation at the end of the year	**2,427.04**	**2,026.30**
Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	348.89	442.87
Interest income on plan assets	19.00	28.04
Contributions	43.82	41.06
Benefits paid	(132.62)	(171.70)
Return on plan assets, excluding interest income recognised in other comprehensive income	9.83	8.62
Plan assets at the end of the year, at fair value	**288.92**	**348.89**
Net defined benefit liability	**2,138.12**	**1,677.41**

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

Particulars	As at 31 March 2021	As at 31 March 2020
Current service cost	182.22	200.74
Interest cost	110.35	129.88
Expected return on plan assets	(19.00)	(28.04)
Net benefit expense	**273.57**	**302.58**

ii) Remeasurement recognised in other comprehensive income

Particulars	As at 31 March 2021	As at 31 March 2020
Actuarial (gain)/ loss on defined benefit obligation	240.80	(66.07)
Return on plan assets, excluding amount recognised in net interest expense	(9.83)	(8.62)
Total (gain)/ loss recognised in other comprehensive income	**230.97**	**(74.69)**

D) Plan assets

Particulars	As at 31 March 2021	As at 31 March 2020
Insurance fund	288.92	348.89
Total	**288.92**	**348.89**

E) Defined benefit obligation

i) Actuarial assumptions (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	4.80%	5.45%
Future salary growth	6.00%	0% for the first 3 years and 6% thereon
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 government 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 2021	As at 31 March 2020
Projected Benefit Obligation on Current Assumptions	2,427.04	2,026.28
Impact of change in discount rate by +1%	2,274.90	1,901.72
Impact of change in discount rate by -1%	2,598.37	2,166.65
Impact of change in salary growth rate by +1%	2,594.63	2,167.54
Impact of change in salary growth rate by -1%	2,275.18	1,898.55
Impact of change in attrition rate by +50%	2,353.48	1,982.06
Impact of change in attrition rate by -50%	2,550.56	2,098.26
Impact of change in mortality rate by +10%	2,426.65	2,026.24
Impact of change in mortality rate by -10%	2,427.43	2,026.31

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

Defined contribution plans:

The Group's contribution to various defined contribution plans recognised in the statement of profit and loss under the head employee benefit expense are as follows:

(₹ Lacs)

	As at 31 March 2021	As at 31 March 2020
Provident fund	648.56	553.27
Employee State Insurance	213.24	176.81
Superannuation fund	12.65	11.47
Total	**874.45**	**741.55**

Note 18: Other Liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non Current		
Deferred income arising from government grant (refer note 18.1)	28,319.27	28,851.07
Total	**28,319.27**	**28,851.07**
Current		
Deferred income arising from government grant (refer note 18.1)	1,860.37	1,592.77
Advances received from customers	599.97	836.42
Statutory liabilities	906.47	1,351.69
Security deposit received	44.69	44.80
Total	**3,411.50**	**3,825.68**

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 2021	As at 31 March 2020
Secured borrowings		
Loans repayable on demand		
From banks (Refer Note 19.1 and Note 19.2 below)	48,351.39	59,449.73
Bill discounting	35,228.12	43,804.92
Total	**83,579.51**	**103,254.65**

Note 19.1: The weighted average effective interest rate on the bank loans is 4.61% per annum (5.78% as at 31 March 2020).

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 2021	As at 31 March 2020
Total outstanding dues of micro and small enterprises (refer note 20.1)	7,137.75	5,453.82
Total outstanding dues of creditors other than micro and small enterprises	53,821.40	31,718.60
Total	**60,959.15**	**37,172.42**
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

(₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
– Principal*	7,774.65	6,114.20
– Interest	100.92	174.95
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Act,2006 along with the amount of the payment made to the supplier beyond the appointed day during the year		
– Principal	9,384.53	12,658.97
– Interest	303.97	4.40
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	196.57	314.82
The amount of interest accrued and remaining unpaid at the end of year	297.50	489.77

* Includes principal amount of ₹ 636.90 lacs(31 March 2020: ₹ 660.38 lacs) remaining unpaid to capital creditors.

Note 21: Other financial liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Capital creditors*	644.63	790.44
Total	**644.63**	**790.44**
Current		
Current maturities of non-current borrowing (refer note 16.1)	25,673.19	19,214.41
Capital creditors*	9,600.00	6,082.05
Employee related liabilities	3,110.00	2,371.61
Interest accrued but not due on borrowings	1,407.32	1,871.78
Derivative liability	168.68	3,868.01
Dividend payable	99.77	81.44
Total	**40,058.96**	**33,489.30**

The Group's exposure to currency and liquidity risk are disclosed in note 36.

* Includes principal amount of ₹ 636.90 lacs (31 March 2020: ₹ 660.38 lacs) related to Micro, Small and Medium Enterprises.

Note 22: Revenue from operations (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from sale of goods	212,001.82	219,752.71
Other operating revenue (refer note 22.1 below)	13,829.84	16,040.20
Total	**225,831.66**	**235,792.91**

Note 22.1: Other operating revenue comprises:

Sale of waste and scrap	3,835.13	3,704.63
Export incentive (refer note 22.2 below)	9,994.71	11,362.43
Commission income	-	923.07
Royalty income	-	50.07
Total	**13,829.84**	**16,040.20**

Note 22.2: Government of India vide press release dated December 31, 2020 introduced the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from January 01, 2021. With the introduction of the RoDTEP scheme, the benefit of ROSCTL scheme stood withdrawn w.e.f. January 01, 2021. Considering that the rates of RoDTEP are yet to be notified, the Group has not accrued income relating to benefits of RoDTEP scheme for the period 01 January 2021 to 31 March 2021.

Note 23: Other income (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Interest income		
Interest from bank deposits	859.30	1,179.04
Interest on electricity deposits	24.27	62.74
Interest income earned on financial assets that are not designated as at fair value through profit or loss	64.58	47.92
	948.15	**1,289.70**
b) Other than interest income		
Foreign exchange gain	-	4,446.21
Profit on sale of current investments	49.66	193.31
Gain on current investments carried at fair value through profit or loss	74.25	37.11
Income on derecognition of leases (refer note 31)	265.55	-
Miscellaneous income	83.45	205.97
	472.91	**4,882.60**
Total	**1,421.06**	**6,172.30**

Note 24: Cost of materials consumed and purchases of stock in trade (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A) Raw material and packing material consumed (Refer note 24.1 below)	**76,619.86**	**68,996.20**
B) Purchase of stock-in-trade	**19,290.93**	**42,174.88**
C) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening 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
Closing stock		
– Work in progress	15,475.89	20,756.93
– Finished goods	48,102.52	68,443.24
– Traded goods	7,098.88	9,329.89
	70,677.29	98,530.06
Less: Provision for obsolescense of inventory classified as exceptional item (refer note 39.1)	-	4,305.07
Net decrease in inventories of finished goods, work-in-progress and stock-in-trade	**27,852.77**	**2,008.95**

Note 24.1: Refer note 32 for details of raw materials consumed and capitalised for trial production in the previous year.

Note 25: Employee benefits expense (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	21,831.26	24,084.74
Contribution to provident and other funds (refer note 17.1)	874.45	741.55
Gratuity expenses (refer note 17.1)	273.57	302.58
Expenses related to compensated absence	485.85	91.56
Workmen and staff welfare expenses	2,468.34	2,791.70
Total	**25,933.47**	**28,012.13**

Note 25.1: Refer Note 32 for details of employee benefits expense capitalised in the previous year.

Note 26: Finance Cost (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on:		
On Financial Liability at Amortised Cost		
Interest on term loan [net of subsidy ₹ 5,814.89 lacs (previous year:₹ 4,573.45 lacs)]	9,057.43	9,084.17
Interest on working capital loans	5,851.72	7,615.22
Interest on payment of income tax	100.00	175.22
Other borrowing costs	2,710.82	2,091.74
Exchange differences regarded as an adjustment to borrowing costs	-	505.61
Total	**17,719.97**	**19,471.96**

Note 26.1: Refer Note 32 for details of borrowing costs capitalised in the previous year.

Note 27: Depreciation and amortisation Expense (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment (refer note 3.1)	13,761.12	11,639.90
Amortization of intangible assets (refer note 3.2)	1,772.93	1,515.43
Amortization of investment property	-	1.68
Depreciation on Right-of-use of asset (refer note 31)	1,528.57	1,052.94
Less:Amortization of deferred income on government grants (refer note 18.1)	(1,817.32)	(1,588.59)
Total	**15,245.30**	**12,621.37**

Note 28: Other expenses (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spare parts	1,414.88	1,754.52
Power and fuel	12,591.59	13,547.79
Royalty	8,536.83	7,583.08
Contract labour charges	4,324.31	7,277.89
Freight outward, net of reimbursement	4,029.46	4,289.56
Advertisement and publicity	2,519.88	3,089.91
Rent (refer note 31)	1,933.78	2,353.69
Travelling and conveyance expenses	887.72	2,162.96
Professional and consultancy charges (refer note 28.2 below)	2,214.56	2,913.31
Selling expenses	1,046.53	1,200.90
Repairs and maintenance		
i) plant and machinery	305.44	542.94
i) buildings	145.49	169.02
iii) others	352.15	489.80
Insurance	1,077.68	1,040.44
Job work charges	1,202.05	997.80
Other manufacturing expenses	700.98	711.94
Security charges	318.79	480.89
Communication expenses	441.75	359.45
Rates and taxes	282.20	308.35
Printing and stationery	55.22	118.14
Expenditure on corporate social responsibility (CSR) (refer note 28.3 below)	575.61	545.11
Contribution and donation	4.52	94.86
Commission on sales	72.60	66.56
Loss on sale of property, plant and equipment, net	38.02	17.75
Loss allowance on financial assets, net	107.55	-
Foreign exchange loss	1,121.47	-
Miscellaneous expenses	937.85	725.16
Total	**47,238.91**	**52,841.82**

Note 28.1: Refer Note 32 for details of other expenses capitalised in the previous year.

Note 28.2: Payments to auditors (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
For audit	113.50	113.50
For taxation matters	3.00	3.00
For other services	28.85	27.43
For reimbursement of expenses	6.81	3.17
	152.16	147.10
Remuneration to other auditors for the subsidiaries		
For audit	1.79	1.79
Total	**153.95**	**148.89**

Note 28.3: Corporate Social Responsibility

The Company has spent ₹ 575.61lacs (2019-20: ₹ 545.11 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: ₹ 571.52.lacs (2019-20: ₹ 589.13 lacs)

b) Amount spent during the year on:

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Construction/acquisition of any asset	-	-
ii) For purposes other than (i) above	575.61	545.11
Total	**575.61**	**545.11**

Note 29: Commitments (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	2,397.67	1,459.67
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 ₹ 20,360.35 lacs (31 March 2020 : ₹ 43,682.32 lacs).		

Note 30: Contingent Liabilities (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
a) Claims against Group not acknowledged as debt		
– Income tax matters (refer note 30.1)	162.11	162.11
– Custom, Service tax and Excise duty related matter (excludes penalties, if any) (refer note 30.1)	668.90	746.21
	831.01	908.32
b) Guarantees outstanding		
– Financial institutions	16,176.05	36,999.90
– Banks	7,684.07	7,423.82
– Others	4,220.77	-
	28,080.89	44,423.72
Total	**28,911.90**	**45,332.04**

Note 30.1: The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Group is contesting these claims with the respective authorities. Outflows including interest and other consequential payments,if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Group's rights for future appeals before the judiciary. The Group doesn't expect any reimbursements in respect of the above contingent liabilities.

Note 31: Leases

During the previous year, on transition to Ind AS 116, the Group recognized Right-of-use assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

(₹ Lacs)

Particulars	Amount
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**

In the current year, the Group has terminated lease contracts in India premises and accordingly de- recognised the Right-of-use of asset and Lease liabilities and the differential between the carrying values has been recognised as other income in the Statement of profit and loss (refer note 23).

I) Right-of-use assets: (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Buildings		
Balance as at the beginning of the year	13,824.81	14,877.75
De-recognition of Right-of-use of asset	(636.05)	-
Amortisation for the year	(1,528.57)	(1,052.94)
Foreign exchange	(333.38)	-
Balance as at the end of the year	**11,326.81**	**13,824.81**

The Group also has certain buildings on lease with contract terms of less than one year. These leases are classified as short-term. The Group has elected not to recognise Right-of-use assets and Lease liabilities for these leases.

II) Lease Liability: (₹ Lacs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Lease Liabilities	14,831.76	15,953.68
Leases surrendered	(901.80)	-
Interest expense on Lease Liabilities	702.87	371.13
Payment of Lease Liabilities	(1,610.91)	(1,493.05)
Foreign exchange	(357.32)	-
Balance as at the end of the year	**12,664.60**	**14,831.76**
Current	1,355.01	1,204.97
Non-current	11,309.59	13,626.79

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.

III) Amounts recognised in profit or loss: (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on lease liabilities	702.87	371.13
Amortisation expense on Right-of-use asset	(1,528.57)	(1,052.94)
Income on derecognition of leases	265.55	-
Expenses relating to short-term leases (included in other expenses)	1,933.78	2,353.69

IV) Amounts recognised in statement of cash flows

Particulars	For the year ended 31 March 2021	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	3,544.69	3,898.88

Note 32: Expenses Capitalised

During the previous year, the Holding company had 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 2021	For the year ended 31 March 2020
i) Details of Borrowing costs capitalised		
Borrowing costs capitalised during the year	-	1,867.87
Total Borrowing cost capitalised	**-**	**1,867.87**
ii) Details of expenses capitalised		
Raw material and packing material consumed	-	384.72
Employee benefit expenses	-	1,275.01
Other expenses includes trial run cost (net of revenue recognised during trial run period)	-	2,026.01
Total expenses capitalised	**-**	**3,685.74**
Total (i+ii)	**-**	**5,553.61**

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 Home Textiles and segment information has been presented accordingly.

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

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

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
North America	184,674.99	203,315.85
India and Asia pacific	8,501.00	6,463.17
Europe,Middle East and Africa	17,830.37	9,510.25
Rest of the world	995.46	463.44
Total	**212,001.82**	**219,752.71**

Revenue generated from major customers

Customers contributing 10% or more of Group's revenue aggregates to 44.89% of total revenue in financial year 2020-21 (52.19% in financial year 2019-20).

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 2021	For the year ended 31 March 2020
Current tax:		
In respect of the current year	1,515.67	3,929.13
	1,515.67	**3,929.13**
Deferred tax:		
In respect of the current year	1,170.72	3,263.00
	1,170.72	**3,263.00**
Income tax expense reported in the statement of profit and loss	**2,686.39**	**7,192.13**

Income tax recognized in other comprehensive income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Remeasurements of the defined benefit (asset) / liabilities	(80.70)	23.89
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,199.33	(2,203.10)
Income tax charged to other comprehensive (loss)/ income	**1,118.63**	**(2,179.21)**

Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting profit before income tax	(2,648.49)	8,517.35
Enacted income tax rate in India	34.94%	34.94%
Tax using the Holding company's domestic tax rate	(925.49)	2,976.30
Effects of tax concessions and MAT entitlement	(274.16)	(981.48)
Effects of non - deductible expenses for tax purposes	199.48	533.27
Effects due to differential tax rates on capital gains	(10.11)	(4.32)
Tax credit not recognised of losses of subsidiaries operating in other jurisdictions	3,696.65	4,668.36
Total income tax expense recognised in the statement of profit and loss	**2,686.37**	**7,192.13**

Note 34: Income Taxes (continued)

Deferred tax

Deferred tax relates to the following:

(₹ Lacs)

Particulars	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	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	As at 31 March 2021
Deferred tax assets / (liabilities)								
Property, plant and equipments and intangible assets	(18,389.77)	(6,607.65)	-	-	(24,997.42)	(2,792.81)	-	(27,790.23)
Cash flow hedge	(1,266.59)	-	2,203.10	-	936.51	-	(1,199.33)	(262.82)
Provision for gratuity and compensated absences	731.21	96.36	(23.89)	-	803.68	321.57	80.70	1,205.95
Leases	-	(13.28)	-	274.57	261.29	(99.50)	-	161.79
MAT credit entitlement	14,767.35	2,711.76	-	-	17,479.11	1,498.00	-	18,977.11
Unrealised profits on inventory	512.00	26.33	-	-	538.33	75.19	-	613.52
Others	1,882.79	523.48	(261.69)	-	2,144.58	(173.15)	-	1,971.43
Deferred tax assets / (liabilities)	**(1,763.01)**	**(3,263.00)**	**1,917.52**	**274.57**	**(2,833.92)**	**(1,170.70)**	**(1,118.63)**	**(5,123.25)**

Note 35: Earnings/ (loss) per share

(₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net profit for the year attributable to equity shareholders	(5,334.86)	1,325.22

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
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 2021	For the year ended 31 March 2020
Basic	(5.42)	1.35
Diluted	(5.42)	1.35

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 2021	Level 1	Level 2	Level 3
Financial assets				
Measured at amortised cost:				
Cash and cash equivalents	6,719.34	-	-	-
Other bank balances	5,902.38	-	-	-
Trade receivables	33,150.60	-	-	-
Loans (current and non-current)	1,844.18	-	-	-
Other financial assets (current and non-current)	14,593.51	-	-	-
Measured at FVTOCI				
Other financial assets	920.80	-	920.80	-
Measured at FVTPL				
Investments (current and non-current)	1,838.66	1,025.51	-	813.15
Total	**64,969.47**	**1,025.51**	**920.80**	**813.15**
Financial liabilities:				
Measured at amortised cost				
Borrowings (current and non-current)	246,650.60	-	-	-
Trade payables	60,959.15	-	-	-
Lease liabilities (current and non-current)	12,664.60	-	-	-
Other financial liabilities* (current and non-current)	14,861.72	-	-	-
Measured at FVTOCI				
Other financial liabilities	168.68	-	168.68	-
Total	**335,304.75**	**-**	**168.68**	**-**

(₹ Lacs)

Particulars	Carrying amount	Fair value		
	31 March 2021	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)	2,110.82	-	-	-
Other financial assets (current and non-current)	16,394.04	-	-	-
Measured at FVTOCI				
Other 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	-	-	-
Lease liabilities (current and non-current)	14,831.76	-	-	-
Other financial liabilities*(current and non-current)	11,197.32	-	-	-
Measured at FVTOCI				
Other financial liabilities	3,868.01	-	3,868.01	-
Total	**348,512.86**	**-**	**3,868.01**	**-**

* Current maturities of non-current borrowings aggregating ₹ 25,673.19 lacs and ₹ 19,214.41 lacs as at 31 March 2021 and 31 March 2020 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 ₹ 5,809.09 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 2021. 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 ₹ 64,149.93 lacs and ₹ 50,626.73 lacs as at 31 March 2021, and 31 March 2020, 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 2021		As at 31 March 2020	
	Gross %	Net %	Gross %	Net %
North America	67%	70%	46%	54%
Europe, Middle east and Africa	22%	18%	30%	18%
India and asia pacific	10%	10%	24%	27%
Rest of the world	1%	1%	-	-

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 ₹ 95,042.68 lacs (31 March 2020 ₹ 107,954.29 lacs) repayable in various quarterly and yearly installments with interest rate ranging from 3.71% to 11.26 % per annum. Term Loan from financial institutions aggregrating to ₹ 68,028.41 lacs (31 March 2020 ₹ 70,234.41 lacs) with interest rate ranging from 4.22% - 18% per annum. These are secured by first pari passu charge on the entire movable and immovable fixed assets of the Group, present and future.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2021

b) Working capital loans from banks carry an effective interest rate of 4.61 % 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 2021 and 31 March 2020. The amounts are gross and undiscounted contractual cash flow and includes contractual interest payment and exclude netting arrangements:

As at 31 March 2021 **(₹ Lacs)**

Particulars	Contractual cash flows				
	Carrying amount	Total	0-1 years	1-5 years	5 years and above
Financial liabilities:					
Borrowings*	246,650.60	247,883.75	109,343.07	85,401.74	53,138.94
Trade payables	60,959.15	60,959.15	60,959.15	-	-
Lease liabilities	12,664.60	16,187.36	1,988.29	6,473.36	7,725.71
Other financial liabilities#	15,030.40	15,030.40	14,385.77	644.63	-

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	282,795.66	117,238.30	99,994.29	65,563.07
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#	15,065.33	15,065.33	14,274.89	790.44	-

* Includes current maturities of non-current borrowings (refer note 21) and current borrowings (Refer note 19).
# Excludes current maturities of non-current 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 Group. 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 2021			As at 31 March 2020		
	in Foreign Currency in (Million)	₹ lacs	MTM (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	MTM (₹ lacs)
In USD	143.90	108,976.29	775.34	132.37	97,772.93	3,790.64
IN EURO	-	-	-	2.17	1,803.42	48.07
In GBP	-	-	-	2.20	2,076.76	13.37
Total		**108,976.29**	**775.34**		**101,653.11**	**3,852.08**

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Buy Contracts:

Particulars	As at 31 March 2021			As at 31 March 2020		
	in Foreign Currency in (Million)	₹ lacs	MTM (₹ lacs)	in Foreign Currency in (Million)	₹ lacs	MTM (₹ lacs)
IN EURO	2.35	2,109.61	(35.09)	1.14	938.59	21.68
In JPY	71.62	518.84	(6.09)	27.40	185.96	8.74
In USD	4.17	3,113.52	17.97	-	-	-
Total		**5,741.97**	**(23.21)**		**1,124.55**	**30.42**

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 2021	As at 31 March 2020
Less than 1 month	9,518.61	12,341.11
1 to 3 months	20,835.39	23,694.34
3 to 6 months	34,325.89	25,374.98
6 to 12 months	44,296.40	40,242.68
Total	**108,976.29**	**101,653.11**

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 2021	As at 31 March 2020
Less than 1 month	-	73.35
1 to 3 months	820.44	550.26
3 to 6 months	3718.54	471.07
6 to 12 months	1203.00	29.87
Total	**5,741.98**	**1,124.55**

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 2021		As at 31 March 2020	
		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	13.92	0.19	14.20
	EUR	0.46	39.84	0.71	58.82
	GBP	0.07	6.62	0.24	22.22
Trade receivables	USD	120.28	8,844.10	70.48	5,322.12
	EUR	42.70	3,676.36	8.69	722.59
	GBP	9.41	950.06	3.92	364.96
	AED	0.06	1.18	-	-
Other non current assets	USD	0.28	20.53	0.06	4.82
	EUR	-	-	0.81	67.08
	CHF	-	-	0.00	0.13
Other current assets	USD	0.51	37.46	1.68	126.57
	EUR	0.34	28.98	2.63	218.49
	GBP	-	-	0.00	0.15
	CHF	-	-	0.04	3.23
	JPY	-	-	2.97	2.06
Other financial assets	EUR	-	-	2.15	179.09
	GBP	-	-	0.15	13.99
Borrowings	USD	301.61	22,176.82	333.81	25,205.62
Trade payables	USD	67.48	4,961.97	30.29	2,287.28
	EUR	3.00	258.06	5.25	436.69
	GBP	0.22	21.76	0.03	3.05
	CHF	0.02	1.58	-	-
	JPY	12.82	8.51	-	-
Other current liabilities	USD	4.74	348.22	8.33	629.26
	EUR	5.50	473.57	12.44	1,034.55
	GBP	0.21	21.37	0.01	0.65
	AED	-	-	0.01	0.15
Other financial liabilities	USD	0.06	4.32	0.09	6.67
	EUR	35.34	3,042.41	94.28	7,841.92
	JPY	3,655.66	2,425.30	-	-

There were no forward contracts outstanding against the above mentioned foreign currency assets and liabilities as at 31 March 2021.

The following significant exchange rates have been applied

Currency	Year end spot rate	
	31 March 2021	31 March 2020
USD/INR	73.53	75.51
EUR/INR	86.10	83.18
GBP/INR	100.93	93.09
SGD/INR	54.57	51.54
CHF/INR	77.90	77.33
JPY/INR	0.66	0.70

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and GBP against ₹ at 31 March 2021 and 31 March 2020 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 2021				
USD (1% movement)	(185.75)	185.75	(120.84)	120.84
EURO (1% movement)	(0.29)	0.29	(0.19)	0.19
GBP (1% movement)	9.14	(9.14)	5.94	(5.94)
CHF (1% movement)	-	-	-	-
JPY (1% movement)	(24.25)	24.25	(15.78)	15.78
31 March 2020				
USD (1% movement)	(226.61)	226.61	(147.42)	147.42
EURO (1% movement)	(80.67)	80.67	(52.48)	52.48
GBP (1% movement)	3.98	(3.98)	2.59	(2.59)
CHF (1% movement)	0.03	(0.03)	0.02	(0.02)
JPY (1% movement)	0.02	(0.02)	0.01	(0.01)

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 2021	As at 31 March 2020
Variable rate borrowings	245,329.01	280,898.16
Total	**245,329.01**	**280,898.16**

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 2021				
Variable rate borrowings	(660.12)	660.12	(429.45)	429.45
31 March 2020				
Variable rate borrowings	(700.60)	700.60	(455.78)	455.78

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 of non-current borrowing, current borrowing and 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	31 March 2021	31 March 2020
Borrowings including lease liabilities (current and non-current)	259,315.20	296,275.11
Less: Cash and cash equivalents including deposits and current investments	(14,444.95)	(22,424.61)
Adjusted net debt	**244,870.25**	**273,850.50**
Total equity	131,522.20	136,000.77
Net debt to equity ratio	**1.86**	**2.01**

The Group 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 (upto 4 July 2020)
	Sridhar Muthukrishnan - Company Secretary (w.e.f 4 July 2020)
	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

* Designation changed to Non-executive, Non-independent director w.e.f. 29 May 2021.

** Ceased to be Nominee director owing to withdrawal of nomination by Exim bank w.e.f. 30 April 2021.

List of subsidiaries (including step subsidiaries)

Name of the entity	Subsidiary/ Step Subsidiary	Country of domicile	Holding as at	
			31 March 2021	31 March 2020
Himatsingka Wovens Private Limited	Subsidiary	India	100%	100%
Himatsingka Holdings North America, Inc.	Subsidiary	United States of America	100%	100%
Twill & Oxford LLC (under liquidation)	Subsidiary	Unired Arab Emirates	49%	49%
Himatsingka America, Inc.	Step Subsidiary	United States of America	100%	100%
Himatsingka Europe Limited	Step-subsidiary*	United Kingdom	0%	100%

* The Company has been liquidated on 22 September 2020.

Note 37.2: Related party transactions during the year (₹ Lacs)

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Professional fees	Jacaranda Design LLC	148.19	155.60
	Khaitan & Co LLP	25.75	106.55
Purchase of freehold land from	Orient Silk Private Limited	-	381.58
	Bihar Mercantile Union Limited	-	2,675.24
Guarantees given on behalf of subsidiaries	Himatsingka America, Inc.	3,382.27	-

Note 37.3: Balance receivable from and payable to related parties as at the balance sheet date: (₹ Lacs)

Particulars		As at 31 March 2021	As at 31 March 2020
Other payables	Jacaranda Design LLC	85.56	12.00
	Khaitan & Co LLP	-	2.00

Note 37.4: Compensation of key management personnel* (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and compensation	612.26	874.41
Commission	40.00	1,401.16
Dividend	102.24	1,022.45
Sitting fees	23.26	30.50
Total	**777.76**	**3,328.52**

*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:

Note 38.1: During the year, the Group as a measure to restructure its luxury retail business had closed its retail store in Dubai and accordingly had recorded the net asset of its subsidiary at its fair value. Consequently, the Group had recorded a provision of ₹ 748 lacs in the standalone financial statements of the Company as these amounts were not considered recoverable. However, there is no impact on the consolidated financial statements of the Group.

Note 38.2: During the year, the Company has passed a board resolution dated 7 November 2020 and converted loan given to one of its subsidiary aggregating ₹ 25,258 lacs into equity. However, there is no impact on the consolidated financial statements of the Group.

Note 39: Exceptional items (₹ Lacs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Write down of inventory (refer note 39.1 below)	-	4,305.07
Hedge Ineffectiveness (refer note 39.1 below)	-	1,141.63
Restructuring activities for the European business (refer note 39.3 below)	-	1,209.64
Impairment of investment in equity shares (refer note 39.4 below)	-	664.21
Total	**-**	**7,320.55**

Note 39.1: 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 39.2: 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.

Notes to the Consolidated Annual Financial Statement for the year ended 31 March, 2021

Note 39.3: Expenses incurred on account of restructuring activities for the European business aggregating ₹ 1,209.63 lacs.

Note 39.4: Impairment of investment in equity shares of ₹ 664.21 lacs.

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 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 42: Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements for the year ended 31 March, 2021 -

Name of the Entity	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	53%	155,917.87	-886%	5,375.49	100%	2,082.55	505%	7,458.04
Indian Subsidiaries								
Himatsingka Wovens Private Limited	1%	2,130.58	-12%	74.36	0%	-	5%	74.36
Foreign Subsidiaries					0%			
Himatsingka Holdings North America, Inc.	32%	93,623.02	24%	(146.60)	0%	-	-10%	(146.60)
Himatsingka America, Inc.	14%	40,069.14	1084%	(6,578.53)	0%	-	-446%	(6,578.53)
Twill & Oxford LLC	0%	5.56	-110%	668.66	0%	-	45%	668.66
	100%	**291,746 .16**	**100%**	**(606.61)**	**100%**	**2,082.55**	**100%**	**1,475.94**
Consolidated adjustments		(160,223.96)		(4,728.25)		(734.04)		(5,462.29)
Total		**131,522.20**		**(5,334.86)**		**1,348.51**		**(3,986.35)**

Note 43: Events after reporting period

On 29 May 2021, the Board of Directors recommended a final dividend of ₹ 0.50 per equity share be paid to the shareholders for financial year 2020-2021, 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: 29 May, 2021

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

Sridhar Muthukrishnan
Company Secretary
Membership number: 9606

Place: Bengaluru
Date: 29 May, 2021

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Himatsingka