Himatsingka Seide

ANNUAL REPORT

2008-09

Outlook

Dinesh Himatsingka
Managing Director

Dear Shareholders,

While consolidated revenues grew 16.62% to Rs. 1,039.59 crores as against Rs. 891.47 crores during the previous year, it has been another challenging year for the company.

The unprecedented economic slowdown witnessed the world over coupled with extreme volatility in financial and foreign exchange markets, made the management of business a lot more complex. Our key markets in North America and Western Europe have reacted unfavorably to these adverse economic conditions.

While operational progress was achieved in our bed linen manufacturing division, we continued to face pressure on margins due to steep increases in input costs.

Our distribution entities acquired during the previous financial year, viz., Divatex, DWI and Bellora, were impacted by the serious slowdown in the economies of North America and Europe. However, it is interesting to note that in spite of this, the advantages of being vertically integrated are now increasingly apparent. Apart from giving us a strong presence in key markets the integrated model has also enabled us to maintain a healthy order book.

The financial performance during the year has been primarily impacted by a Rs. 43 crore loss attributable to closure / provisioning on account of foreign exchange derivative contracts, a Rs 18 crore loss incurred on account of foreign exchange translation/realization and a loss of Rs. 15 crore on account of the stabilization of the Bed Linen plant in the first half of the financial year.

We have taken adequate steps to significantly eliminate the impact of foreign exchange derivatives on our financials.

In the current financial year, I am hopeful that our manufacturing and distribution businesses will continue to demonstrate stability. The possibilities of new markets, new product lines and new distribution channels are exciting and will be a key differentiator to growth.

We expect the commissioning of our 12.5 MW captive power plant to be completed by the end of second quarter of the current financial year. This is expected to significantly reduce the cost of operations at the Bed Linen plant.

The management team is focused on restoring the competitive advantage in our operational disciplines in the current year. However, further radical change is required to deliver the return to the previous levels of performance. I am pleased with the momentum of actions of the past six months and see these as a first step to delivering the required changes within the group.

I would like to thank the Board of Directors, my colleagues in the management team and our employees for their hard work and commitment. I also thank our shareholders for their continued support and the confidence reposed in us.

Dinesh Himatsingka
Managing Director
Himatsingka Seide Limited

Management Discussion and Analysis

Himatsingka Seide Limited

Industry Structure and Developments

The textile industry is among the largest industries in India in terms of employment generation and foreign exchange earnings. The industry caters to both the local and export markets. The Home textiles segment in which the Company operates is an important part of the textile industry. The company caters to a predominantly export oriented market. The global environment in the home textile industry has significantly stressed on account of the demand recession in the global markets.

Global recession, competition, cost competitiveness, low productivity levels and volatile movement in the value of the rupee vis-à-vis global currencies, are some of the key challenges faced by the industry.

India being the second largest producer of cotton, enjoys a competitive edge in low cost cotton sourcing compared to other countries. Design and fashion capabilities are the differentiators that have enabled Indian industry to build relationships with global retailers and score over competition from China and other countries.

The international market of home textiles has been marked by increasing product complexity, higher service standards by manufacturers, shorter delivery cycles and very tight sourcing by retailers. The higher dependence on suppliers for research and development and innovation continues. Hence, investing in design and product development expertise has become a key differentiator in the global equation between buyers and suppliers.

Operating in this segment of the market tests a manufacturer's ability in coping with best in the class technology, global design trends and the ability to harness talent in creating new product lines for the market. To address these challenges the Company continuously invests in new technology, and strives to shorten delivery cycles to meet customer demands. Expanding product breadth and enlarging design teams, both in India and overseas, have been an integral part of the Himatsingka strategy. The silk and silk blended manufacturing unit at Dodballapur, the bed-linen manufacturing facility at Hassan and the Apparel Park made-ups facility at Dodballapur positions the Company to offer its customers a complete range of home textile products.

Opportunities

The continuation of Textile Upgradation Fund (TUF) scheme by the Central Government in the 11th plan period indicates the opportunities the industry has going forward. A gradual shifting of textile manufacturing facilities from the developed economies to developing economies is making countries like India and China play an increasingly important role.

With the Hassan bed-linen facility and distribution and brand synergies with Giuseppe Bellora SpA, Divatex Home Fashions Inc and DWI Holdings Inc, the Company has created a strong presence in three segments which include the manufacturing of high end home furnishing fabrics, manufacturing of bed-linen fabric and made-ups and distribution of home furnishing and bed linen products in business-to-business and business-to-customer models.

Having integrated forward into retailing through the 'ATMOSPHERE' brand, the Company also has a strong presence in the Indian market, Middle East and South East Asian markets. The Company plans to continue opening new stores in select cities in India and other Asian markets to drive growth. With 14 stores in its portfolio, including two international stores at Dubai and Singapore, 'ATMOSPHERE' brand has become fairly visible in the home furnishing fraternity.

Threats

We are dependent on China for quality raw materials for our silk business. China is also the largest producer of silk fabric in the world, hitherto focusing on mass production. Though the Company continues to be the market leader in this space, growing competition from China and India can potentially be a threat to the market share which the Company commands. The company's silk business addresses a high end clientele in this segment of business. Given the impact on brands as a result of the global recession, it is likely that the silk business may be impacted.

In the bed linen segment, the Company is competing with other large players in India, Pakistan and China, with similar or larger capacities. Given the tough macro economic environment, the industry has been witnessing a highly competitive environment with regard to the pricing of products. The challenge will be to garner market share profitably while competing with other large players.

Strengthening of the Indian rupee vis-à-vis US dollar may erode our margins as well as our competitive advantage.

Strengths

Our core strengths continue to be product design and development, state-of-the-art and flexible manufacturing facilities and efficient marketing and distribution channels.

Our in-house design studio is considered amongst the best in the world for its design capabilities. It is equipped with state-of-the-art infrastructure and related facilities to be able to churn out more than 1500 new products annually. In addition, we invest in expanding our design teams both in India and overseas to be able to address the increasing need for new products globally.

We ensure that our marketing team and our global buyers closely interact with our designers. We provide our design team with adequate facilities to enable them to anticipate market trends and create products that are cutting edge, novel and highly creative.

To successfully create products that are differentiated and unique, we constantly upgrade our manufacturing techniques. The array of intelligently balanced machines on our shop floor represents the best that technology has to offer.

Our production facilities remain flexible and unique. We are able to manufacture a large number of exclusive products, in small quantities, at just-in-time deliveries. This has increased our credibility and enabled us to reinforce long-term relationships with our global clientele.

Our IT infrastructure is seamlessly integrated, from design to manufacture. We continuously invest in capacity up-gradation and consistently work towards improving our productivity standards.

In the silk business, we have a growing clientele that is 150-strong. We sell to reputed international brands in the home textiles and apparel space. Our customer's global retail network maximizes our product visibility and provides us with avenues for market penetration through new product introductions.

Our enduring relationships with clients are testimony to our effective and highly successful business model. The high percentage of repeat business we generate is a measure of the confidence our customers have in us.

The overseas acquisitions of distribution companies have given the Company a strategic foothold in the home textiles markets of North America and Europe.

Our distribution presence in Europe, Giuseppe Bellora S.p.A, offers a significant share in the luxury market in Italy and gives us a platform to expand our business in the other markets in Europe.

Our twin distribution presence in the United States -

- Divatex Home Fashions Inc. is the third largest distributor of bed linen products in the USA and gives the company deep inroads into the private label market or our bedding products.
- DWI Holdings Inc. which possesses licenses of luxury home textile brands such as Calvin Klein Home, Barbara Barry Home and Royal Sateen gives us access to the high end and branded segment of the bedding market in the USA.

Internal control systems and their adequacy

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

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

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

Risks and Concerns

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

Financial Performance (Standalone)

Product-wise performance

(Value in Rs. Crores)

	2008-09		2007-08	
Parameter	Quantity	Value	Quantity	Value
Silk / Blended fabrics (meters)	1,159,954	118.76	1,569,667	146.09
Spun silk / blended yarn (kgs)	86,942	18.74	143,151	25.26
Bed Linen fabric (meters)	690,240	13.77	201,492	3.83
Bed Linen sets (nos.)	2,161,810	257.04	774,350	57.50

Sales realisation for silk fabric increased from US $ 23.10 per meter in the previous year to US $ 24.82 per meter. Further, due to the 13.01 % depreciation of the rupee during the year, the realisation in rupees increased from Rs 930.71 per meter to Rs. 1023.83.

The sales volume has been showing a steady decline in spite of higher realization per meter due to the extreme recessionary conditions in the markets of United States and Europe.

Sales by geographical area:

(Rs. crores)

Country/Region	2008-09	2007-08
USA	288.06	107.10
Western Europe	89.22	90.70
India	18.04	18.68
Others	12.99	16.20

Revenue break-up

(Rs. Crores)

	2008-09	%	2007-08	%
Sales	408.31	95.75	232.68	93.20
Other income	18.11	4.25	16.97	6.80
Total income	426.42	100.00	249.65	100.00

Expenditure analysis

(Rs. Crores)

	2008-09	%	2007-08	%
Material cost	197.53	46.32	113.02	45.27
Manufacturing expenses	59.71	14.00	32.31	12.94
Employee cost	46.33	10.86	40.33	16.15
Other expenses	46.74	10.96	29.35	11.76
EBIDTA before exceptional item	76.11	17.85	34.64	13.88
Interest	19.67	4.61	9.40	3.77
Exceptional item	42.56	9.98	27.77	11.12
EBDT	13.88	3.26	(2.53)	(1.01)
Depreciation	47.18	11.06	26.37	10.56
Profit/ (Loss) before tax	(33.30)	(7.81)	(28.90)	(11.57)
Tax	(0.32)	(0.07)	(2.86)	(1.14)
Profit/ (Loss) after tax	(32.98)	(7.73)	(26.04)	(10.43)

Since the bed linen facility was commissioned on 12th October 2007, the costs as a percentage of sales for the current year are not comparable with the previous year.

Material costs

Material cost as a percentage of sales has gone up due to depreciation of the rupee and higher cost of inputs

Manufacturing and Other Expenses

Manufacturing expenses include power and fuel, stores and spares, repairs, design and product development expenses.

The EBITDA margin (before exceptional item) increased from 13.88% in 2007-08 to 17.85% in 2008-09 on account of higher capacity utilisation at the Bed-linen facility.

Interest expense is higher at Rs.19.67 crores (Rs.9.40crores in 2007-08) due to interest on TUF loan and working capital loans for bed linen facility availed by the Company.

Depreciation is also higher due to full year impact of the capitalisation of bed linen facility. The bed linen facility was commissioned on 12th October 2007 and hence the previous year has only partial impact of depreciation.

The exceptional item includes the loss on closure of one derivative amounting to Rs. 9.23 crores and the provision of Rs. 33.33 crores on account of the second derivative.

Tax provision is as follows:

(Rs. Crores)

Current Tax	0.61
Less: MAT Credit availed	(0.61)
Fringe Benefit Tax	0.71
Reversal of excess provision of earlier years	(1.03)
Total Tax Provision	(0.32)

Share capital

The Company's share capital consists only of equity shares. As on 31st March, 2009, the share capital was Rs.49.23 crores consisting of 9,84,57,160 equity shares. The face value of each equity share is Rs. 5/-.

Reserves and surplus

The Company's reserves and surplus stood at Rs.538.71 crores at the end of 2007-08.

Loss of Rs. 32.98 crores for the year resulted in reduction in the profit and loss balance.

The Company's reserves and surplus stood at Rs.505.73 crores at the end of 2008-09.

The Company's entire reserve position was fully distributable to shareholders. The Company did not have any revaluation reserves as on March 31, 2009.

Loans

The Company has availed a term loan of Rs. 300 crores, at a weighted average interest of 8.35% per annum from Export Import Bank of India and Canara Bank, under the Technology Upgradation Fund (TUF) scheme for its bed linen project. An interest subsidy of 5% is available under this scheme. The loan is repayable in 33 quarterly instalments after a initial moratorium of two years. As part of the bed linen project the company is also setting up a Captive Co-generation Power Plant. The company has availed a term loan of Rs. 60 crores from Canara Bank to set up this facility. The loan is repayable in 32 quarterly instalments after a initial moratorium of two years The plant is likely to be commissioned in the second half of the current financial year.

Total term loans outstanding as at the end of 2008-09 are Rs.326.47 Crores.

The Company has also availed Rs.90.53 crores as working capital borrowings from its bankers, as on March 31, 2009.

Fixed Assets

(Rs. Crores)

Particulars	2008-09	2007-08
Buildings	117.63	103.37
Plant and machinery	507.59	458.42
Others	35.01	32.75
Gross block	660.22	594.54
Less: Accumulated depreciation	195.84	149.28
Net block	464.38	445.26
Add: Capital work-in-progress	56.28	46.45
Net fixed assets	520.66	491.71
Depreciation as a % of Total Income	11.06	10.56
Accumulated Depreciation as a % of Gross Block	29.66	25.11

Investments

Surpluses generated by the business are used to fund the Company's growth.

As on March 31, 2009, the Company has invested Rs. 29.13 crores in various schemes of mutual funds.

The mutual fund investments generated a return of 4.69 % in 2008-09, as compared to 8.01% in 2007-08. On a composite basis (including investments sold and investments held as on March 31, 2008), the return works out to 4.96 % as against 7.78 % in the previous year.

As on 31st March, 2009, break up of investments is as follows:

(Rs. Crores)

Investments in subsidiaries	As on 31.3.2009	As on 31.3.2008
- Himatsingka Wovens Pvt Ltd	11.64	11.64
- Himatsingka America Inc.	109.85	109.85
- Twill & Oxford LLC	0.37	0.37
- Giuseppe Bellora SpA	68.76	68.76
- Share application money	20.82	15.14
Other investments		
- Investment in US 64 bonds	0.53	1.67
- Investment in mutual funds	28.62	16.36
Total Investments	240.58	223.79
Less: Provision for diminution in value	0.02	0.24
Net investments as on 31st March, 2009	240.56	223.55

Sundry debtors

The total debtors of the Company decreased from Rs. 59.26 crores in 2007-08 (including Rs 33.01 crores from subsidiaries) to Rs. 54.57 crores (including Rs 41.52 crores from subsidiaries) in 2008-09.

The debtors' turnover (days) was maintained at 49 days.

The Company has an excellent track record on the realisation of receivables and does not foresee any bad debts. Accordingly, no provision is considered necessary.

Inventories

The Company's inventories – raw materials, stores and spares, work-in-process and finished goods – increased from Rs. 100.45 crores in 2007-08, to Rs. 120.69 crores in 2008-09 . The inventory levels increased due to the commissioning of the bed linen plant during the previous year. The break-up of inventories is as follows:

(Rs. crores)

	2008-09	%	**2007-08**	%	**2006-07**
Raw material	23.03	19.08	30.66	31.26	14.20
Stores and spares	9.11	7.55	8.20	7.43	2.33
Work-in-process	78.01	64.64	50.27	50.04	26.23
Finished goods	10.54	8.73	11.32	11.27	6.50
Total	**120.69**	100.00	100.45	100.00	49.26

For the silk business, the Company mainly imports its raw material from China and Brazil. It maintains about four months of raw material inventory to overcome any temporary disruptions in supply. At times, this inventory is stepped up to six months to take advantage of lower raw material prices.

India being the second largest producer of cotton, the main raw material for the bed linen facility, availability is assured through out the year.

Cash and cash equivalents

Cash and cash equivalents decreased from Rs. 8.56 crores to Rs 3.28 crores during 2008-09.

Derivative contracts

The Company is exposed to currency fluctuations on foreign currency assets and cash flows denominated in foreign currency. The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts and options. During 2007-08, apart from forward contracts, the Company, entered into three foreign exchange derivative contracts.

(i) During the year in respect of one of the derivative contracts, based on an external valuation, the Company has accounted for a mark to market loss of Rs. 33.33 crores (previous year - Rs.27.77 crores) as an exceptional item in the profit and loss account.

(ii) In respect of the second contract, the Company had in the previous year filed a suit against the counter party with which it had entered into a derivative contract, based on advice from legal counsel, that such a contract was *void ab initio* and not binding on the Company.

During the year, the Company and the counter- party have closed all disputes pertaining to the said contract by way of an out of court settlement for an amount of Rs.9.23 crores, which has been paid by the Company. The same has been treated as an exceptional item in the profit and loss account.

(iii) The third foreign exchange derivative contract has a duration of 60 months, to sell US Dollars on a monthly basis at fixed rate subject to certain conditions. The contract also obligates the Company to pay a notional amount of Swiss Franc and receive notional amount of Rupees based on the Swiss Franc to US Dollar exchange rates during a specified monitoring period in the year 2012. There is significant uncertainty regarding the exchange rates that may be prevalent at that time and consequently the liability, if any, under the contract. Due to this uncertainty, as in the previous year, no provision has been made in the financial statements as at 31 March 2009.

The marked to market valuation, as indicated by the bank, is a loss of Rs. 21.88 crores (previous year Rs.6.85 crores) as on March 31, 2009.

Financial Performance (Consolidated)

Sales by geographical area:

(Rs. crores)

Country/Region	2008-09	2007-08
USA	682.95	573.49
Europe	189.19	245.39
India	31.77	31.75
Others	115.37	19.65

Revenue break up

(Rs. Crores)

	2008-09	%	2007-08	%
Sales	1,019.28	98.05	870.27	97.53
Other Income	20.31	1.95	21.20	2.47
Total Income	1,039.59	100.00	891.47	100.00

The results of the current year are not comparable with the previous year on account of acquisitions made during the year and the commissioning of the bed linen facility during the mid year.

Expenditure analysis

The major heads of expenses are given below as a percentage of total income.

(Rs. Crores)

	2008-09	%	2007-08	%
Material cost	576.42	55.45	519.61	58.29
Manufacturing expenses	76.28	7.34	63.43	7.12
Employee cost	155.45	14.95	123.19	13.82
Other expenses	170.17	16.37	120.19	13.48
EBIDTA before exceptional item	61.27	5.89	65.05	7.30
Interest	36.72	3.53	25.16	2.82
Exceptional item	42.56	4.09	25.65	2.88
EBDT	(18.01)	(1.73)	14.24	1.60
Depreciation	59.88	5.76	35.88	4.02
Profit/ (Loss) before tax	(77.89)	(7.49)	(21.64)	(2.43)
Tax	0.75	0.07	5.39	0.60
Minority interest (gain)	(4.22)		(3.04)	
Profit/(Loss) after tax	(74.42)	(7.16)	(23.99)	(2.69)

Commercial production at Bed Linen facility commenced on October 12, 2007. The group acquired Divatex Home Fashions Inc., on June 30, 2007 and DWI Holdings Inc., on October 18, 2007. The results for the year ended March 31, 2009 are hence not comparable with the results for the year ended March 31, 2008.

Manufacturing and Other Expenses

Manufacturing expenses include power and fuel, stores and spares, repairs, design and product development expenses.

EBIDTA margin (before exceptional item) declined from 7.3% in 2007-08 to 5.89 % in 2008-09 due to

- Loss of Rs. 22.45 crores at EBIDTA level on account of the bed linen operations during the year.
- Overseas distribution entities operated at a lower EBIDTA margin on account of tight market conditions.

Interest expense and depreciation are not comparable with the previous year due to inclusion of results of bed linen operations and newly acquired entities during the current year.

Tax provision is as follows:

(Rs. Crores)

Current tax	2.36
Less: MAT credit availed	(0.47)
Reversal of deferred tax liability	(0.87)
Fringe benefit tax:	0.76
Reversal of excess provision of earlier years	(1.03)
Total Tax Provision	0.75

Share capital

The Company's share capital consists only of equity shares. As on 31st March, 2009, the share capital was Rs. 49.23 crores consisting of 9,84,57,160 equity shares. The face value of each equity share is Rs. 5/-.

Reserves and surplus

The Company's reserves and surplus stood at Rs. 540.25 crores at the end of 2007-08.

Loss of Rs. 74.42 crores for the year resulted in reduction in the profit and loss balance.

Legal reserve moved by Rs 0.0004 crores on account of exchange fluctuation and consolidation adjustments.

Foreign currency translation reserve has increased by Rs. 33.11 crores on account of difference in exchange rates arising on translation of financials from foreign currency to reporting currency.

The Company's reserves and surplus stood at Rs. 498.94 crores at the end of 2008-09.

The Company did not have any revaluation reserves as on March 31, 2009.

Secured Loans:

Secured loans have increased to Rs. 525.61 crores mainly due to term loan taken for the captive power plant project at Hassan SEZ, working capital facilities availed during the year and inclusion of secured loans of the entities acquired during the year.

Unsecured Loans:

The company has availed working capital facility for effective cash management thereby increasing the unsecured loans to Rs. 127.50 crores.

Goodwill on consolidation:

The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as goodwill, being an asset in the consolidated financial statements.

Goodwill has increased by Rs. 72.12 crores during the year primarily arising from foreign exchange fluctuation.

Fixed Assets

(Rs crores)

	2008-09	2007-08
Buildings	186.55	167 .72
Plant and machinery	532.83	489.00
Others	114.13	117.79
Gross block	833.51	774.51
Less: Accumulated depreciation	281.84	238.40
Net block	551.67	536.11
Add: Capital work-in-progress	56.23	46.63
Net fixed assets	607.90	582.74
Depreciation as a % of Total Income	5.76	4.02
Accumulated Depreciation as a % of Gross Block	33.81	30.78

Investments

Surpluses generated by the business are used to fund the Company's growth.

As on March 31, 2009, the Company has invested Rs. 29.13 crores in various schemes of mutual funds.

The mutual fund investments generated a return of 4.69 % in 2008-09, as compared to 8.01% in 2007-08. On a composite basis (including investments sold and investments held as on March 31, 2008), the return works out to 4.96 % as against 7.78 % in the previous year.

As on 31st March, 2009, break up of investments is as follows:

(Rs crores)

Long term investments	**31.03.2009**	**31.03.2008**
Milano Confezioni S.r.l	0.01	0.01
BP Venture S.r.l	9.55	8.75
Industria e Universita S.r.l	0.15	0.14
Consorzio Tutela Lino	0.01	0.01
Spazio S.r.l	0.00	0.03
Banca Intesa debentures	0.00	0.29
Less: Provision for diminution in value of investments	6.20	5.60
	3.52	**3.63**
Other investments		
- Investment in US 64 bonds	0.53	1.67
- Investment in mutual funds	28.62	16.36
Total Investments	32.67	21.66
Less: Provision for diminution in value	0.02	0.24
Net investments as on 31st March, 2009	**32.65**	**21.42**

Sundry debtors

The total debtors of the Company increased from Rs. 115.62 crores in 2007-08 to Rs.195.34 crores in 2008-09.

The debtors' turnover (days) has increased from 48 days in 2007-08 to 70 days in 2008-09 primarily due to the global economic slowdown resulting in higher collection period.

The Company has created a provision of Rs. 2.60 crores in 2008-09 towards the receivables in the books of overseas subsidiary.

Inventories

The Company's inventories – raw materials, stores and spares, work-in-process and finished goods – increased from Rs. 323.66 crores in 2007-08, to Rs. 347.28 crores in 2008-09 . The break-up of inventories is as follows:

(Rs. crores)

	2008-09	%	2007-08	%	YoY%
Raw material	38.89	11.2	47.17	14.6	(17.55)
Stores and spares	9.72	2.8	8.70	2.7	11.72
Work-in-process	85.43	24.6	61.08	18.9	39.87
Finished goods	213.24	61.4	206.71	63.9	3.16
Total	347.28	100.0	323.66	100.0	7.30

Cash and cash equivalents

Cash and cash equivalents increased from Rs 15.34 crores to Rs 22.30 crores during 2008-09.

Material developments in Human Resources

Our people are our key asset. We have been able to create a work environment that encourages pro-activeness and responsibility. The Company employed 2704 people as on March 31, 2009.

A people oriented work environment combined with a market-driven compensation and benefit package has ensured that we have a moderate attrition rate.

Outlook

With our investments in bed linen manufacturing, retailing and overseas acquisitions, we believe we are positioned to embrace the various opportunities available to us in these segments to significantly enhance our revenues and market share.

Risk Management

Himatsingka Seide Limited

Risk is an essential part of any business or industrial undertaking. Risk management is not about minimizing exposure. It is using the risk as a tool for competitive advantage. A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts taken by your Company. Prudential norms aimed at limiting exposures are an integral part of this framework.

We operate in a rapidly changing environment that involves a number of risks. The following discussion highlights some of these risks which could materially and adversely affect our business, financial condition, prospects, operating results or cash flows. The following risk factors are not an exhaustive list of the risks associated with our business. New factors may emerge or changes to these risks could occur that could materially affect our business.

Business concentration risk

The Company's business is predominantly export oriented and 80% of consolidated revenue is earned in the United States of America. The high degree of concentration in select markets could potentially impact results, especially when the consumption pattern in these markets is affected by political or economic events specific to them.

Revenue and credit risk arising from concentration of customers; as three customers account for 40% of consolidated sales.

Competition related risk

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

With strengths in design and product development capabilities coupled with strong marketing and distribution network, we strive to stay ahead of competition.

Material related risks

High dependence on raw silk imports from China and Brazil could impact results should there be any interruption, temporary shortage or transportation delays.

To minimize the risk arising out of a potential delay in delivery and to mitigate the impact of an unforeseen increase in raw material prices, the Company maintains three-to-four month raw material inventory.

Fluctuation in the cost of raw materials and finished goods could impact results.

Employee related risk

Given the high dependence of the company on design skills, attrition in this area could impact the Company's capability to meet product development requirements and thereby impact results

The Company has continually expanded its design team in India and overseas to ensure that design and product development requirements are adequately addressed. We believe that given the size of our design team and the adequacy of design infrastructure in place, industry attrition is unlikely to affect our capabilities in these areas.

Regulatory / Compliance risk

The effluents generated in some of the Company's production processes could be harmful to the environment, if released untreated. A poor management of effluent treatment could lead to statutory non-compliance for the Company.

The Company has invested significantly and prudently on effluent treatment facilities to meet pollution control and other regulatory norms.

Intellectual capital risk

The Company's intellectual capital resides largely in its designs and there could be a potential risk of losing competitive advantage should there be an inadequacy in the protection of data.

To ensure design security, we have embarked on a few initiatives. We have prudently evolved designs from the physical to the virtual networked environment with high security features. Besides, only select personnel have access to these designs, which minimises the loss of sensitive information.

Post-acquisition integration risk

In line with its vision to pursue growth through organic and inorganic means, the Company has set up bed linen manufacturing facility and completed three acquisitions in the distribution of the Bed Linen business.

The Company recognizes that there could be risk emanating from possible

a. Deviation in estimation of business potential and synergies.
b. Difficulties in integration of acquired entities within the operational and strategic policies.

Exchange rate risk

The Company earns revenues, pays expenses, owns assets and incurs liabilities in countries using currencies other than the Indian rupee, including U.S Dollar, Euro and Pound. Consolidated financial statements are presented in the Indian rupee and hence the Company must translate revenue, income and expenses, as well as assets and liabilities, into the Indian rupees at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the Indian rupee against other major currencies will affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies.

The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts and options related to receivables and anticipated realisation from projected revenues of Himatsingka Seide Limited.

Corporate Governance

Himatsingka Seide Limited

1. Company's Governance Philosophy

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

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

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

2. Board of Directors (Board)

The Board of the company comprises of Nine Directors with a Non- Executive Chairman. The number of Non- Executive Directors is five, all of them being independent directors.

The composition of the Board is in consonance with the Clause 49 of the Listing Agreement and exceeds the percentages stipulated in the subject clause.

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

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement), across all the companies in which he is a Director. All the directors have made the necessary disclosures regarding their Committee position in other companies as on March 31, 2009.

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

Name of Director	Designation	Category	No. of Board meetings attended	Attendance at last AGM	No. of other Directorships held @	No. of Membership of other Companies statutory committees @@
Dilip J Thakkar #	Chairman	Non-Executive Independent	7	Yes	13	7 (including 4 chairmanships)
A K Himatsingka	Vice-Chairman	Promoter, Executive	7	Yes	4	Nil
A K Dasgupta	Director	Non-Executive Independent	4	Yes	2	1 (including 1 chairmanship)
Rajiv Khaitan	Director	Non-Executive Independent	6	Yes	3	Nil
Dr. K.R.S. Murthy	Director	Non-Executive Independent	7	Yes	2	2 (including 1 chairmanship)
D K Himatsingka	Managing Director	Promoter, Executive	7	Yes	1	Nil
Aditya Himatsingka	Executive Director	Executive	7	Yes	3	Nil
Shrikant Himatsingka	Executive Director	Executive	7	Yes	2	Nil
David Rasquinha (Representative of Export-Import Bank of India, as lender)	Nominee Director	Non Executive Independent	4	No	1	1

Note :

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

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

\# Appointed as Chairman of the Board w.e.f. from 16.4.2008

During the year 2008-09, the Board of Directors met seven times on the following dates: 16th April, 2008, 29th June 2008, 26th July 2008, 23rd September, 2008, 22nd October 2008, 25th January 2009 and 28th March, 2009.

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

The following represent the details of pecuniary transactions between the non-executive Directors and the company:-

Name of the Director	Purpose	Amount paid (Rs.)
Mr. Rajiv Khaitan	Legal/Professional Fees paid to M/s. Khaitan & Co.	2,82,293/-
Mr. A.K. Dasgupta	Project Consultancy Fees paid to M/s. Gherzi Eastern Ltd	13,38,709/-
Dr K R S Murthy	Listing Fees paid to National Stock Exchange of India Ltd	80,000/-

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

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

3. Audit Committee

An independent Audit Committee in line with the Clause 49 of the listing agreement and Section 292A of the Companies Act was set up on 13th January 2001. It comprises of four independent non-executive Directors and the Company Secretary acts as the secretary to the Committee. During the year 2008-09, the Audit Committee met on four occasions i.e 29th June 2008, 26th July 2008, 22nd October 2008 and 25th January 2009.

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

The Constitution of Audit Committee and attendance of the Members for the year 2008-09 is mentioned below:

Name of Director	Category	No. of Audit Committee meetings attended
Mr. Dilip J Thakkar	Chairman, Non-Executive, Independent	4
Mr. Rajiv Khaitan	Non-Executive, Independent	4
Dr. K. R. S. Murthy	Non-Executive, Independent	4
Mr.David Rasquinha	Non-Executive, Independent	4

The previous Annual General Meeting was held on 23rd September 2008 and was attended by Mr.Dilip J Thakkar, Chairman of the Audit Committee.

The terms of reference of the Audit Committee were in accordance with clause 49 of the listing agreement with stock exchanges and Section 292A of the Companies Act, 1956, which, includes:

a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommending the appointment and removal of the Statutory Auditor, the fixation of the audit fee and also the approval for payment for any other services.

c. Discussion with internal auditors any significant findings and follow up thereon.

d. Reviewing the adequacy of internal audit function, 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

e. 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.

f. Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems.

g. Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to

   i. Matters required to be included in the Director's Responsibility statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.

   ii. Changes, if any, in accounting policies and practices and reasons for the same.

iii. Major accounting entries involving estimates based on the exercise of judgment by management
iv. Significant adjustments made in the financial statements arising out of audit findings
v. Compliance with listing and other legal requirements relating to financial statements
vi. Disclosure of any related party transactions
vii. Qualifications in the draft audit report.

h. Review of Management letters/ letters of internal control weaknesses issued by the statutory auditors.

i. Reviewing the company's financial and risk management policies.

j. Discussion with external auditors before audit commences, nature and scope of audit as well as, have post-audit discussion to ascertain any area of concern.

k. 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.

l. Review the Management Discussion and analysis of financial conditions and results of operations

m. Review of statement of significant related party transactions.

n. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

o. Review the financial statements of unlisted subsidiary companies, in particular the investments made by them.

p. Such additional functions as may be prescribed by the listing agreement or the Companies Act from time to time.

4. Remuneration Committee

The Board of Directors of the Company has set up an independent Remuneration Committee on 29th June 2008. It comprises of three independent non-executive Directors and the Company Secretary acts as the secretary to the Committee. During the year 2008-09, the Remuneration Committee met on two occasions- on 29th June 2008 and 25th January 2009.

The committee considers the performance of the company as well as general industry trends while fixing the remuneration of executive directors.

Remuneration Committee is responsible for recommending / reviewing remuneration of the Managing Director and Whole Time/ Executive Directors of the Company. Payment of remuneration to the Managing Director, Executive Director is governed by the respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions. The details of such remuneration have been disclosed in Sl. No. 5 below.

The following Directors are the members of the Remuneration Committee:

Name of Director	Category	No. of Remuneration Committee meetings attended
Mr. Rajiv Khaitan	Non-Executive, Independent	2
Dr. K.R.S. Murthy	Non-Executive, Independent	2
Mr. David Rasquinha*	Non-Executive, Independent	1
Mr. A.K.Dasgupta #	Non-Executive, Independent	1

* Resigned on 3-7-08
# member from 26-7-08

Reappointment of directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Dr. K.R.S. Murthy and Mr. Rajiv Khaitan retire by rotation and being eligible, offer themselves for re-appointment. Their reappointments will be placed as one of the agenda in the ensuing Annual General Meeting.

The Board has re-appointed Mr A.K. Himatsingka Vice Chairman (Whole Time Director) and Mr. D.K. Himatsingka, Managing Director for a further period of 5 years w.e.f. 1st April, 2009 and Mr. Aditya Himatsingka, as Executive Director for a further period of 5 years w.e.f. 2nd June, 2009. Their reappointments are being placed as one of the agenda in the ensuing Annual General Meeting.

As required under Clause 49 IV(G)(i), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 23rd September, 2009.

5. Remuneration of Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Managing and Whole-time Directors. Salary is paid within the limits approved by the Shareholders. Annual increments each year are approved by the Board. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

Given below are the details of relationship of directors, their business interest and actual payments made during the financial year 2008-2009 to the Directors of the Company.

Sl. No.	Director	Relationship with other Directors	Business Relationship with the Company, if any	Sitting fees for Board & Committee Meetings	Salaries & perquisites	Commission	Total
1	Dilip J Thakkar	None	None	55,000/-	Nil	Nil	55,000/-
2	A K Himatsingka	Related to Sri D K Himatsingka and Aditya Himatsingka	None	Nil	27,05,920/-	Nil	27,05,920/-
3	A K Dasgupta	None	None	25,000/-	Nil	Nil	25,000/-
4	Rajiv Khaitan	None	Partner Khaitan & Co.,	60,000/-	Nil	Nil	60,000/-
5	Dr. K.R.S. Murthy	None	None	65,000/-	Nil	Nil	65,000/-
6	David Rasquinha	None	Nominee Director of Exim Bank, a lender of the Company	40,000/-	Nil	Nil	40,000/-
7	D K Himatsingka	Related to Sri A K Himatsingka and Shrikant Himatsingka	None	Nil	26,88,000/-	Nil	26,88,000/-
8	Aditya Himatsingka	Related to Sri A K Himatsingka	None	Nil	27,05,920/-	Nil	27,05,920-
9	Shrikant Himatsingka	Related to Sri D K Himatsingka	None	Nil	15,73,444/-	Nil	15,73,444/-

The Contract tenures of the Wholetime Directors are as follows

A.K. Himatsingka : From 1st April, 2009 to 31st March, 2014,

D.K.Himatsingka : From 1st April, 2009 to 31st March, 2014,

Aditya Himatsingka : From 2nd June, 2009 to 1st June, 2014,

Shrikant Himatsingka : From 3rd June, 2008 to 2nd June, 2013.

Criteria for making payments to non-executive Directors:

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on 31st July, 2004, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The approval for payment of commission to NEDs was valid upto 31st March, 2009 . A fresh approval under Section 309(5) of the Companies Act,1956 for a further period of 5 years w.e.f. 1st April 2009 are being placed for approval of the shareholders at the ensuing annual general meeting of the company. The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings.

A sitting fee of Rs. 5,000/- for attendance at each meeting of the Board, Audit Committee and Remuneration Committee is paid to its Members (excluding Executive Directors).

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

Shareholding of Directors

Shareholding of Directors as on 31st March, 2009 is as under:

Sl. No.	Name	No. of shares held
1	Dilip J Thakkar	Nil
2.	A.K. Himatsingka	41,70,240
3	A.K. Dasgupta	Nil
4	Rajiv Khaitan	4,200

5	Dr. K.R.S. Murthy	Nil
6	David Rasquinha	700
7	D.K. Himatsingka	1,24,80,044
8	Aditya Himatsingka	29,78,200
9	Shrikant Himatsingka	37,05,964

6. Share Transfer Committee

The Company has a Share Transfer Committee. This comprises three Directors. The Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the approval of the split and consolidation requests, the de-materialisation and re-materialisation of shares as well as other matters that relate to the transfer and registration of shares.

The members of this committee are Sri. D.K.Himatsingka, Sri. A. K. Himatsingka and Sri. Aditya Himatsingka.

7. Shareholder/Investors Grievance Committee

The Board of Directors of the Company has set up a Shareholder/ Investors Grievance Committee on 13th January 2001. This comprises of three Directors and the chairman is an independent non-executive Director. The Committee looks into redressing of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend and related matters. Four meetings of the committee were held during the year – on June 29, 2008, July 26th,2008, October 22nd,2008 and January 25th, 2009 . The Chairman of the Committee was present in all the meetings.

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

Constitution of Shareholder/ Investors Grievance Committee as on 31.03.2009 and related information:

Name of the Director	**Category**	**No. of Meetings Attended**
Mr Rajiv Khaitan	Chairman, Non-Executive, Independent	4
Mr A K Himatsingka	Promoter Executive	4
Mr. A.K. Dasgupta	Non-Executive, Independent	2

Number of complaints received during the financial year ended 31st March, 2009	39
Number of complaints that were resolved to the satisfaction of shareholders during the financial year ended 31st March, 2009	39
Number of pending share transfers as on 31st March, 2009	Nil

8. General Body Meetings

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

Date	Year	Type	Time	Venue	No. of special Resolutions passed
23rd September, 2008	2007-08	Annual General Meeting	3.30 p.m.	Hotel the Grand Ashok, Kumarakrupa Road, High Grounds, Bangalore – 560 052	Nil
26th September, 2007	2006-07	Annual General Meeting	3.30 p.m.		1
28th July, 2006	2005-06	Annual General Meeting	3.30 p.m.		Nil

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

9. Means of communication

a. The relevant information relating to the Directors who would be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.

b. The Quarterly/ Half-yearly and Annual Financial Results of the Company are forwarded to the Listed Stock Exchanges and were published in Business Standard – English Newspaper (all editions) Udayavani and Times of India (only 3rd quarter results) – Kannada Newspaper, Bangalore.

c. Pursuant to clause 51 of the Listing agreement, all data related to quarterly financial results, shareholding pattern, etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.

d. The Company's financial results and official news releases were also displayed on our website www.himatsingka.co.in

The website of the Company displays the Investor Updates and presentations made to the institutional investors and analysts from time to time.

10. Code for Prevention of Insider Trading

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

11. CEO/CFO Certification

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

12. Secretarial Audit

A qualified practicing Company Secretary carried out quarterly secretarial 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.

13. Compliance

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

14. Compliance Officer

The name and designation of the Compliance Officer of the Company is Mr. Amit Jain, Associate Vice President – Treasury, Taxation & Company Secretary. His contact details are –

Telephone : 080 22378000, Fax No. 080- 22378 058/22378 059 & 4147 9384

e-mail ID : corporate@himatsingka.com

15. Disclosures

a. Subsidiary Companies:

i) None of the Company's Indian Subsidiary companies fall under the definition of "material non listed Indian subsidiary"

ii) The Audit Committee of the Company reviews the financial statements and in particular the investments made by unlisted subsidiary companies of the Company

iii) The minutes of the board meetings of unlisted subsidiary companies are periodically placed before the Board of the company. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary companies of the company.

b. Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied with in the Annual Accounts (Note 18 of Schedule 18)

There were no material transactions during the year 2008-2009 that are prejudicial to the interest of the Company.

c. Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2008-09.

d. Board Disclosures- Risk Management

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

e. Proceeds from Preferential Issue:

During the year, the Company has not received any proceeds from Preferential Issue.

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

16. Statutory Compliance, Penalties and Strictures

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

17. General Shareholders' information

Registered Office: 10/24, Kumarakrupa Road, High Grounds, Bangalore 560 001

Annual General Meeting

Date and Time : 23rd September, 2009 at 3.30 pm

Venue : The LaLit Ashok Bangalore, Kumarakrupa Road, High Grounds, Bangalore – 560 001

Financial year : 1st April to 31st March

Financial Calendar :

Financial report period ended	During
June 30, 2009	July, 2009
September 30, 2009	October, 2009
December 31, 2009	January, 2010
March 31, 2010	June, 2010

Date of Book Closure : 18th September, 2009 to 23rd September, 2009 (both days inclusive)

Incorporation : Himatsingka Seide Limited was incorporated at Bangalore, in the State of Karnataka, on 23rd January, 1985

Listing on Stock Exchanges : The Company's Equity shares are listed on the following Stock Exchanges in India :

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

Bombay Stock Exchange 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

* On conversion of all the GDRs into equity shares, the company has delisted itself from Luxembourg Stock Exchange during October 2008.

Listing Fees Paid for 2008-2009 and 2009-2010 for all the above stock exchanges

Custodial Fees Paid to Central Depository Services (India) Ltd for 2008-09 & 2009-10. The Company has paid one time fees to National Securities Depository Limited. Hence, it is not required to pay annual custodial fees.

Stock Code	Stock Exchange Code	Reuters Code
The Stock Exchange, Mumbai	514043	HMSD.BO
National Stock Exchange	HIMATSEIDE	HMSD.NS
Bangalore Stock Exchange	HIMATSEIDE	
Demat ISIN in NSDL and CDSL for Equity shares	INE049A01027	

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

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2008	64.90	54.50	1546842	63.90	53.20	1964439
May 2008	57.80	47.40	550138	57.50	47.00	917773
June 2008	57.00	43.00	290845	57.00	42.60	774651
July 2008	54.00	40.00	214427	50.25	40.00	414199
August 2008	53.20	45.50	224687	53.00	45.05	243352
September 2008	53.50	41.15	329250	53.00	40.55	407773
October 2008	45.40	24.20	307954	46.00	26.50	1197463
November 2008	31.00	24.00	1610610	34.00	24.00	233800
December 2008	26.25	23.65	234078	26.90	24.00	431433
January 2009	27.60	21.20	178589	27.70	21.50	293262
February 2009	24.00	19.00	82080	23.80	19.00	127587
March 2009	24.50	17.80	2354407	25.00	18.00	2261921
Total			7923907			9267653

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

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

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

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

Share Transfer System

Share transfers are registered and returned within a period of 10/15 days from the date of receipt if the documents are in order. In compliance with the Listing Agreement with the Stock Exchanges, a Practicing Company Secretary carries out audit of the system of transfer and a certificate to that effect is issued.

Transfer period in days	2008-2009	
	No. of shares	Percentage
1 - 10	4900	47.94
11 - 20	5120	50.10
21 - 30	200	1.96
31 and above	—	—
Total	**10220**	**100.00**

Investors services

Complaints received during the year

	Nature of complaints	Received	Cleared
1.	Non-receipt of share certificates	10	10
2.	Non-receipt of bonus shares	Nil	Nil
3.	Letters from Stock Exchanges, SEBI, etc.,	Nil	Nil
4.	Non-receipt of dividend warrants	28	28
5.	Non-receipt of Electronic Credits	Nil	Nil
6.	Non-receipt of Annual Report	1	1

The company attended to most of the investors' grievances/ correspondence within seven days from the date of receipt of the same during the year 2008-09.

Distribution of shareholding as on 31st March 2009

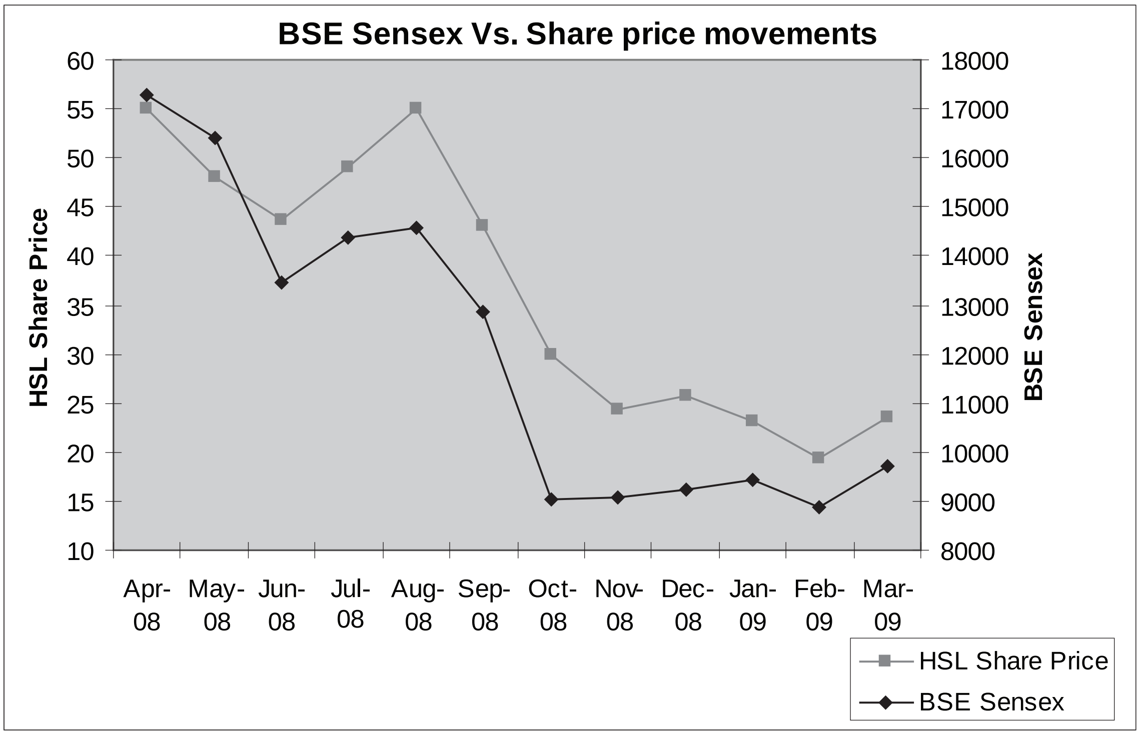
No. of equity shares	No. of share holders	% of share holders	No. of shares held	% of shareholding
1 – 5000	14783	81.29	3639272	3.70
5001 – 10000	1580	8.69	2456523	2.49
10001 – 20000	856	4.71	2566450	2.61
20001 – 30000	343	1.88	1748493	1.77
30001 – 40000	143	0.79	1025540	1.04
40001 – 50000	111	0.61	1021957	1.04
50001- 100000	195	1.07	2766689	2.81
100001 and above	175	0.96	83232236	84.54
Total	**18186**	**100.00**	**98457160**	**100.00**

Shareholding Pattern as on 31st March 2009

Category of Shareholder	No. of Shareholders	No. of Equity shares	As a percentage of (A+B+C)
Shareholding of Promoter and Promoter Group			
Indian			
Individuals/Hindu Undivided Family	14	31177268	31.68
Bodies Corporate	7	18739109	19.03
Sub Total (A)(1)	**21**	**49916377**	**50.70**
Foreign			
Individual (Non-Resident Individual/Foreign Individual)	1	237800	0.24
Sub Total (A)(2)	**1**	**237800**	**0.24**
Total Shareholding of Promoter and Promoter Group **(A)(1)+(A)(2)**	**22**	**50154177**	**50.94**
Public Shareholding Institutions			
Mutual Funds/UTI	11	8747597	8.88
Financial Institutions/ Banks	8	37080	0.04
Insurance Companies	2	1041286	1.06
Foreign Institutional Investors	17	9952539	10.11
Sub-Total (B)(1)	**38**	**19778502**	**20.09**
Non-Institutions			
Bodies Corporate	663	5376230	5.46
Individuals			
i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	16968	13031765	13.24
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	96	8621933	8.76
Any other (specify)			
- NRI/OCB	364	1478532	1.50
- Clearing Member	35	16021	0.02
Sub-Total (B)(2)	**18126**	**28524481**	**28.97**
Total Public Shareholding (B)(1)+(B)(2)	**18164**	**48302983**	**49.06**
Total (A)+(B)	**18186**	**98457160**	**100.00**
Shares held by Custodians and against which Depository Receipts have been issued (C)	Nil	Nil	Nil
Grand Total (A+B+C)	**18186**	**98457160**	**100.00**

Note: Promoter Group has not pledged any of their shares as on 31st March, 2009.

Share price movements



Dematerialisation of shares and liquidity

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

As on 31st March 2009, 97.87% of the company's share capital is dematerialized and the rest is in Physical form. The company's shares were regularly traded on the National Stock Exchange and Mumbai Stock Exchange.

Shares held in demat and physical mode as on March 31, 2009

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	13446	94225599	95.70
CDSL	3595	2138515	2.17
Total	17041	96364114	97.87
Physical Mode	1145	2093046	2.13
Grand Total	18186	98457160	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments

None

Preferential Warrants

The Company during the financial year 2007-08 had issued 58,00,000 warrants on a preferential basis to the promoters/ promoter group as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 entitling the warrant holders to apply for an equivalent number of fully paid equity shares of Rs 10 each at a price of Rs 130/- per share. In terms of the special resolution, the said warrants have been issued upon payment of 10% of the amount. The balance 90% of the amount is payable on exercise of the option to convert warrants into equity shares, anytime within 18 months form the date of issue of the warrants (i.e 8th April, 2009)

Out of the said 58,00,000 warrants, 10,24,000 warrants were converted into equivalent number of equity shares upon payment of the balance 90% of the amount in 2007-08. During the current financial year none of the allottees have applied to convert warrants into equity shares. As on 31st March, 2009, there were 47,76,000 warrants outstanding.

The promoters/promoter group did not exercise their right to convert the outstanding 47,76,000 warrants by April 8, 2009, this being the last date. Hence, the balance non exercised 47,76,000 warrants got lapsed and the application money of Rs.6,20,88,000/- paid on the 47,76,000 warrants has been transferred to Capital Reserve.

Unclaimed Dividends:

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

Financial Year	Type of dividend	Dividend per share (Rs.)	Date of declaration of dividend	Due date for transfer to IEPF
2002	Final	3.00	August 3, 2002	September 9, 2009
2003	Dividend	7.00	August 8, 2003	September 14, 2010
2004	Interim	4.00	October 22, 2003	November 28, 2010
	Final	6.00	July 31, 2004	September 6, 2011
2005	Interim	5.00	October 29, 2004	December 5, 2011
	Final	5.00	August 27, 2005	October 3, 2012
2006	Interim	1.25	January 21, 2006	February 27, 2013
	Final	1.25	July 28, 2006	September 3, 2013
2007	1st Interim	1.25	October 28, 2006	December 4, 2013
	2nd Interim	1.25	March 12, 2007	April 18, 2014

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

Other useful information to shareholders

- Equity shares of the Company are under compulsory demat trading by all investors, with effect from 21st March 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: corporate@himatsingka.com for effective investors' services where they can complaint/ query and request for speedy and prompt redressal.
- Shareholders holding shares in physical form are requested to notify to the RTA/ Company, change in their address/ Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole/ first joint holder. Shareholders may note that for transfer of shares held in physical form, as per recent circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
- Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
    - Indian address for sending all communications, if not provided so far;
    - Change in their residential status on return to India for permanent settlement;
    - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
    - E-mail ID and Fax No(s), if any.
- In case of loss/ misplacement of shares, investors should immediately lodge FIR/Complaint with the Police and inform to the Company along with original or certified copy of FIR/ Acknowledged copy of the Police complaint.
- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate the possibility of difference in signature at a later date.
- Shareholders of the Company, who have multiple accounts in identical names(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

- Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
- Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.

Plant locations	1.	23A KIADB Industrial Area Veerapura Village Doddaballapur Taluk Bangalore District
	2.	Plot No. 1, SEZ, Textile Specific KIADB Industrial Area Gorur Road Hanumanthapura PO Hassan - 573 201

Investors' correspondence may be addressed to Mr. Amit Jain, Associate Vice President – Treasury, Taxation & Company Secretary, Himatsingka Seide Limited, 10/24, Kumarakrupa Road, High Grounds, Bangalore 560 001. Phone (080) 2237 8000 Fax (080) 4147 9384/ 2237 8058, e-mail: corporate@himatsingka.com

Mandatory/Non Mandatory Requirements

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

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Himatsingka Seide Limited Code of Business Conduct and Ethics for the year ended March 31, 2009.

Bangalore
July 28, 2009

Dinesh Himatsingka
Managing Director

Board of Directors

Himatsingka Seide Limited

Board of Directors
Dilip J. Thakkar
Chairman

A.K. Himatsingka
Vice Chairman

A.K. Dasgupta

Rajiv Khaitan

Dr. K.R.S. Murthy

David Rasquinha
Nominee Director of
Export-Import Bank of India

D.K. Himatsingka
Managing Director

Aditya Himatsingka
Executive Director

Shrikant Himatsingka
Executive Director

Audit Committee
Dilip J. Thakkar
Chairman

Rajiv Khaitan
Member

Dr. K.R.S. Murthy
Member

David Rasquinha
Member

Shareholders/ Investors Grievance Committee
Rajiv Khaitan
Chairman

A.K. Himatsingka
Member

A.K. Dasgupta
Member

Investment Committee
D.K. Himatsingka
Member

A.K. Himatsingka
Member

Rajiv Khaitan
Member

Share Transfer Committee
A.K. Himatsingka
Member

D.K. Himatsingka
Member

Aditya Himatsingka
Member

Mergers & Acquisitions Committee
Dilip J. Thakkar
Member

A.K. Himatsingka
Member

D.K. Himatsingka
Member

Remuneration Committee
Rajiv Khaitan
Chairman

Dr. K.R.S. Murthy
Member

A.K. Dasgupta
Member

Senior Executives
G. Ravichandran
President (Group Operations)

Pradeep Mukherjee
President Global Sales & Marketing

Jayshree Poddar
Design Director

K.P. Pradeep
Chief Financial Officer

Y. R. Wilson Maria Doss
Vice President (HR)

Bharat Ram
Vice President (Retail)
(Himatsingka Wovens Pvt. Ltd)

Company Secretary
Amit Jain

Bankers
Canara Bank

Hongkong & Shanghai
Banking Corporation Ltd

ICICI Bank Ltd

ING Vysya Bank Ltd

Kotak Mahindra Bank Ltd

Auditors
Messrs Deloitte Haskins & Sells

Registered Office
10/24, Kumarakrupa Road
High Grounds
Bangalore - 560 001

Your Directors present the Twenty - Fourth Annual Report on the operations and performance of your Company, together with audited financial statements and auditors' report for the year ended 31st March, 2009.

Year in retrospect

Financials

2008-09 proved to be a difficult year for the global economy. The global meltdown witnessed in the second half of the year impacted the Company's performance. While the bed linen plant stabilized during the second half, the silk business was significantly impacted. The impact of lower demand in the Bedlinen segment, was mitigated in some measure by virtue of the three overseas acquisitions completed by the Company during the previous year.

During the year, the Company settled one foreign exchange derivative dispute with a bank for an amount of Rs. 9.23 crores. Due to high volatility in the foreign exchange markets, an additional provision of Rs. 33.33 crores was required to be made in respect of another foreign exchange derivative contract.

During the year, the export market turned extremely sluggish due to recession in United States and European markets. The core silk and silk blended fabric business has reported a negative growth of 1.85% year on year inspite of the depreciation of the Rupee against USD.

For 2008-09, overall sales grew by 75.48 % and stands at Rs.408.31 crores, as compared to Rs. 232.68 crores in 2007-08. Since the bed linen plant was under stabilzation in the first half of the year, the bed linen division reported a loss of Rs 38.88 crores on a turnover of Rs 270.80 crores for the year.

Other income stood at Rs. 18.11 crores as against Rs. 16.97 crores in the previous year.

For the year under review, the Company reported a loss of Rs 32.98 crores as against a loss of Rs 26.04 crores in the previous year.

Dividend

Your Directors have not recommended dividend on the Equity Shares, in view of the loss incurred during the year.

(Rs. crores)

Financial Results (Stand-alone)	2008–09	2007-08
Sales	408.31	232.68
Other income	18.11	16.97
Total income	426.42	249.65
EBITDA and Exceptional item	76.11	34.64
Profit Before Tax	(33.30)	(28.90)
Provision for Taxation	(0.32)	(2.86)
Profit After Tax	(32.98)	(26.04)
Profit brought forward from Previous Year	94.57	120.61
Profit carried to Balance Sheet	61.59	94.57

Consolidated Financial Results

Reflecting the growth initiatives undertaken by the Company, during the year, the Company's consolidated total income grew significantly and stood at Rs. 1039.59 crores as compared to Rs. 891.47 crores in the previous year. As mentioned earlier, consolidated numbers were impacted by loss on stabilization from the bed linen division, provision for mark to market loss on a foreign exchange derivative contract and foreign exchange fluctuation loss . As a result, the consolidated loss for the year was Rs 74.42 crores as compared to a loss of Rs 23.99 crores in the previous year.

Preferential issue of Warrants to the Promoters/ Promoter Group

The shareholders at the Annual General Meeting held on 26th September, 2007, had approved the issue of warrants convertible to Equity shares to Promoters/ Promoter Group in accordance with the provisions of Chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Warrant Committee, a committee of the Board of Directors, has allotted 58,00,000 warrants to promoters/ promoter group on 9th October, 2007. As per terms of the issue, warrants are convertible into equity shares at Rs. 130/- within 18 months of date of issue, at the option of the warrant holder.

During the year, the Company has not received any proceeds from Preferential Issue.

The promoters/promoter group did not exercise their right to convert the outstanding 47,76,000 warrants by April 8, 2009, this being the last date. Hence, the balance non exercised 47,76,000 warrants got lapsed and the application money of Rs.6,20,88,000/- paid on the 47,76,000 warrants has been transferred to Capital Reserve.

Prospects

USA and Europe are the key markets for the Company's products. The economic data being released from the US markets seem to suggest that the worst of the economic crisis is behind us. However, we need to be cautious in this interpretation given the extreme volatility that has been witnessed in the macro economic environment globally. We are ready to take advantage of the economic recovery as and when the same happens.

Growth initiatives during the year

Captive Power Plant

The Company is setting up a captive 12.5 MW coal based co-generation power plant at Hassan SEZ. This will meet the power and steam requirements of the Bed Linen plant. We expect the plant to be commissioned by second quarter of the financial year 2009-10. Post-commissioning, the power and fuel costs are expected to be significantly lower. The investment has been estimated at Rs 85 crores, to be funded by way of loan of Rs 60 crores and the balance through internal accruals.

Performance of subsidiary companies

Himatsingka Wovens Private Limited (HWPL)

The retail initiative under the brand name "ATMOSPHERE" is undertaken by Himatsingka Wovens Private Limited, a wholly owned subsidiary. The Company recorded a growth in sales of 13 % to Rs.41.90 Crores in the current year. EBIDTA was at Rs.8.84 crores as compared to Rs. 3.93 crores in the previous year. During this year, the new made-ups facility at Apparel Park – Dodaballapur contributed Rs. 5.34 crores in sales . Profit after tax was higher at Rs. 2.41 crores versus Rs. 0.78 crores in the previous year.

The Dubai Store & the Singapore store has met with significant interest from interior design firms which design hotels, offices and residential projects all over South East Asia, North Asia, India and the Middle East. During the year, the company had executed a very prestigious order for an international chain of hotels.

Himatsingka America Inc. (HimA)

HimA is a wholly-owned subsidiary which markets products of our silk division in the USA. HimA is also the holding Company for Divatex Home Fashions Inc. and DWI Holdings Inc..

The Company posted a revenue of Rs 21.47 Crores (Rs 22.93 Crores in 2007-08) and incurred a loss of Rs. 8.48 crores (loss of Rs 5.60 crores in 2007-08) during the year

Divatex Home Fashions Inc.

For the year ended 31st March, 2009, Divatex Home Fashions Inc. recorded sales of USD 113.87. Million (Rs 524.64 crores) compared to USD 110.67 Million (Rs 442.48 crores) for the period July 2007 to March 31, 2008 and profit after tax of USD 1.27 million (Rs. 5.87 Crores) compared to a profit of USD 4.06 Million (Rs 16.30 Crores) for the period July 2007 to March 31, 2008. The results for the year are reflective of the recessionary conditions in the US markets.

DWI Holdings Inc.

For the year ended 31st March, 2009, DWI Holdings Inc. recorded sales of USD 39.54 Million (Rs 182.15 crores) compared to USD 18.08 Million (Rs 71.70 crores) for the period October 18, 2007 to March 31, 2008 and loss after tax of USD 1.37 million (Rs.6.59 Crores) compared to a profit of USD 0.36 Million (Rs 1.42 Crores) for the period October 18, 2007 to March 31, 2008. The results for the year are reflective of the recessionary conditions in the US markets.

Giuseppe Bellora SpA (GB)

For the year ended March 31, 2009, Giuseppe Bellora SpA recorded sales of Euro 20.28 Million (Rs 132.75 crores) compared to Euro 28.04 Million (Rs. 160.03 crores) in the previous year and a loss after minority interest of Euro 2.42 Million (Rs. 15.91. Crores) compared to loss of Euro 0.47 Million (Rs. 2.71 crores) for the previous year. The results for the year have been impacted by the recessionary conditions in the European markets.

Twill & Oxford LLC

Twill & Oxford LLC is a subsidiary of the Company, which operates the ATMOSPHERE store at Dubai. For the year ended March 31, 2009, the Company posted sales of Rs.12.85 crores (Rs 4.14 crores in 2007-08) and made a loss of Rs. 1.83 crores (Loss of Rs 2.26 crores in 2007-08).

Himatsingka Singapore Pte Limited (HSPL)

HSPL is a wholly owned subsidiary of HWPL and operates a store at Singapore, retailing the ATMOSPHERE brand. For the year ended March 31, 2009, the Company posted sales of Rs. 4.41 crores (Rs 0.19 crores in 2007-08) and made a loss of Rs. 4.25 crores (Loss of Rs 2.31 crores in 2007-08).

Annual Accounts of the Subsidiaries :

In response to the Company's application, the Central Government has granted exemption (under Section 212(8) of the Companies Act, 1956) from attaching to the balance sheet of the Company, the accounts and other documents of all its subsidiaries. However, the consolidated financial statements of the Company, which include results of the said subsidiaries, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for each of the Company's subsidiaries, is also enclosed. Copies of the audited annual accounts of the Company's subsidiaries for the year ended 31st March, 2009, can be sought by any member of the Company or its subsidiaries on making a written request to the Company in this regard. The Annual Accounts of the subsidiary companies are also available for inspection for any member at the Company's and/ or its subsidiaries registered office.

Finance

In accordance with the provisions of the Investor Education and Protection Fund (awareness and protection of investor) Rules, 2001, unpaid and unclaimed dividend (final dividend for 2000-2001and Interim Dividend for 2001-02) amounting to Rs. 5.50 lakhs was transferred to the Investor Education and Protection Fund.

Personnel

Industrial relations were cordial throughout the year. We continue to train and motivate our workforce, to increase their contribution to the growth of the Company. The previous wage agreement for the Doddaballapur plant expired on March 31, 2009. A new wage agreement is being negotiated.

Research and Development

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

Awards

The Company received the "Largest Silk Exporter" Award from the Indian Silk Export Promotion Council for the eighteenth consecutive year.

Environment, Safety, Energy Conservation and Technology Absorption

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

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

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

Corporate Governance

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

Auditors' Report

The auditors in their report for the year ended 31st March, 2009, has drawn attention to Note No. 23 (3)(iii) of Schedule 18 to the accounts. In this regard, Directors submit as under:

The Company being predominantly in exports is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. During the year ended 31st March, 2009, apart from forward contracts, the Company has two outstanding foreign exchange derivative contracts.

In respect of one contract the company has fully settled the same with the counterpart for an amount of Rs. 53.96 crores as on 20th of July 2009. The company has fully provided for the same in the accounts for the year ended 31st March 2009.

In respect of the second derivative on which attention has been drawn by the auditors, the determination of the liability is dependent on the occurrence of a future uncertain event and accordingly, no provision has been made for the above contracts. The Company will continue to monitor the contract within its duration.

Insurance

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

Directors' Responsibility Statement

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

Foreign Exchange Earnings and Outgoings

(Rs. crores)

Earnings – Export (FOB Value)		384.52
Interest earned		8.88
Reimbursement of expenses		0.54
Outgo - Import of Raw Material and other Inputs	43.71	
Other Expenditure	5.14	48.85
Net Foreign Exchange Earnings from Operations		345.09
Import of Capital Goods		23.63

Directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Dr. K.R.S. Murthy and Sri. Rajiv Khaitan retire by rotation and being eligible, offer themselves for re-appointment. Their reappointments will be placed as one of the agenda in the ensuing Annual General Meeting.

The Board has re-appointed Mr A.K. Himatsingka Vice Chairman (Whole Time Director) and Mr. D.K. Himatsingka, Managing Director for a further period of 5 years w.e.f. 1st April, 2009 and Mr. Aditya Himatsingka, as Executive Director for a further period of 5 years w.e.f. 2nd June, 2009. Their reappointments are being placed as one of the agenda in the ensuing Annual General Meeting.

Group :

The names of the Promoters and entities comprising "group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 read with Section 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 are disclosed below :

1. Nathmal Himatsingka
2. A.K. Himatsingka
3. Leela Devi Himatisngka
4. D.K. Himatsingka
5. Rajshree Himatsingka
6. Aditya Himatsingka
7. Ranjana Himatsingka
8. Amitabh Himatsingka
9. Supriya Himatsingka
10. Priyadarshini Himatsingka
11. Shrikant Himatsingka
12. Anuradha Himatsingka (minor)
13. Vikram Himatsingka (minor)
14. Arjun Himatsingka (minor)
15. Varun Himatsingka (minor)
16. Orient Silk Pvt Ltd
17. Aditya Resources Ltd
18. Priya Resources Ltd
19. Bihar Mercantile Union Ltd
20. Awdhan Trading Co. Ltd
21. Bihar Agents Ltd
22. Credit Himatsingka Pvt Ltd
23. Himatsingka Wovens Pvt. Ltd.
24. Himatsingka Foundation

Particulars of Employees

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given as an Annexure, forming part of this report.

Public Deposits

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

Auditors

Messrs Deloitte Haskins & Sells., Chartered Accountants, the Company's Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to appoint the auditors and fix their remuneration for the current year.

Cost Auditors

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, in respect of the audit of Cost Records of the Company, M/s. Rao, Murthy & Associates, Cost Accountants, have been appointed as the Cost Auditor for the financial years 2008-2009 and 2009-2010.

Acknowledgement

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

For and on behalf of the Board

Place : Bangalore
Date : July 28, 2009

Dilip J Thakkar
Chairman

Annexures to the Directors' Report

Himatsingka Seide Limited

Directors' Responsibility Statement

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

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

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

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

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

For and on behalf of the Board

Place : Bangalore
Date : July 28, 2009

Dilip J Thakkar
Chairman

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

Conservation of Energy:

(A) Power & Fuel Consumption:		Current Year	Previous Year
1. a) Electricity Purchased	Units	43607397	24519782
Total Amount	Rs	207815506	125052644
Rate/Unit	Rs	4.77	5.10
b) Own Generation			
i) Through Diesel Generator	Units	214807	287035
Units/Ltr. Of Diesel Oil	Units	3.16	3.00
Cost/Unit	Rs	9.95	9.10
ii) Through Steam Turbine/Generator		NIL	NIL
2. Coal		NIL	NIL
3. Furnace Oil			
Quantity	KL	6897	3539
Total Amount	Rs	167045192	77038971
Average Rate per KL	Rs	24220	21769
4. Other/Internal Generation			
a. Liquified Petroleum Gas			
Quantity	Kg	189982	131309
Total Amount	Rs	7634722	5459530
Average Rate per kg	Rs	40.19	41.58
(B) Consumption:			
Product –(a) Natural Silk/Blended Fabrics (per meter)			
Electricity	Unit	8.05	6.79
Furnace Oil	Litre	0.94	0.75
Coal/Others		NIL	NIL
Reasons for variation: Due to changes in product-mix.			
- (b) Spun Silk/ Blended Yarns (per Kg)			
Electricity	Units/Kg	22.85	25.56
Furnace Oil		NIL	NIL
Liquified Petroleum Gas	Rs /Kg	26.56	17.36
Coal/Others		NIL	NIL
Reasons for variation: Due to changes in product-mix. LPG costs are impacted due to higher prices.			
- (c) Cotton/ Bedlinen			
Electricity	Unit/ set	15.66	10.36
Furnace Oil	Litre	2.89	2.63
Liquified Petroleum Gas	Rs./set	2.12	2.48
Coal/ others		Nil	Nil

C. 1) Energy Conservation Measures taken:

i. Regular preventive maintenance of electric motors

ii. Installation of additional power capacitors

iii. Lighting energy savers installed

iv. Installation of high efficiency and low power-consuming light fittings. Timers were installed for streetlights

v. Installation of capacitors & VFD drives at load centers

vi. Modification of motor circuit and lowering the capacity (HP) of twisting machines

vii. Modification of Compressed air lines, inter linking & Grid of compressed lines

viii. Optimizing/ Adjusting the humidity plant fans blade angle.

ix. Installation of Inverter for Humidity plant.

x. Installation of CFL wherever feasible.

xi. Intitiatves taken to recover heat energy wasted from process house & Boilers

xii. Light fitting were fixed on loom sphere duct to increase the lux level and here by reducing number of light fittings in weaving.

xiii. All the pipelines of CRP, hotwater tanks and other connected pipelines are insulated to save heat energy thereby reducing the consumption of fuels

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

i. Improvement in productivity

ii. Improvement in the life of electrical equipments

iii. Improved efficiency and product quality

iv. Reduction in electrical energy consumption and better illumination

v. Better power factor, better utilization of power plant and lower demand in Kva

vi. Optimization of compressor utilization.

vii. Reduction in power requirement & Better utilization of the plants.

Research & Development (R&D)

a) Specific areas in which the Company carried out R&D:

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

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

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

c) Future Plan of Action:

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

d) Expenditure on R&D

(Rs. crores)

Capital	-
Recurring	3.20
Total	3.20
Total R&D expenditure as a percentage of turnover	0.78%

Technology Absorption :

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

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

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

i. Quality improvement
ii. Reduced costs and increased productivity

c) Information regarding imported technology:

Not Applicable

Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

Employed for the Full Year:

Name (Age)	Designation/ Nature of Duties	Remuneration received (Rs)	Qualification (Experience)	Date of commencement of employment	Previous employment
Sri Dinesh Himatsingka (60)	Managing Director	26,88,000/-	B.A.(Hons.) (33 years)	01.08.1985	Managing Director, Bihar Mercantile Union Ltd.
Sri Aditya Himatsingka (45)	Executive Director	27,05,920/-	B.Com (Hons.) Diploma in Textiles (23 years)	01.01.1988	-
Sri A.K. Himatsingka (69)	Vice Chairman and Whole Time Director	27,05,920/-	B.Com (49 years)	01.04.1999	Wholetime Director, Bihar Mercantile Union Ltd.
Ms. Jayshree Poddar (52)	Design Director	58,01,756/-	B.Sc. Diploma in Textile Designing (32 years)	03.08.1987	Chief Designer, Bihar Mercantile Union Ltd.
Sri. Pradeep Mukherjee (60)	President (Global Sales & Marketing)	62,05,560/-	B.Tech. (Mech). DMS (36 years)	18.09.2006	Vice-President –Planning, Product Development & Exports, Bombay Dyeing & Manufacturing Ltd.
Sri .K.P. Pradeep (38)	CFO	42,51,230/-	A.C.A, A.I.C.W.A, ACS (Inter), B.Com (16 years)	02.11.2007	Director Finance, Fidelity Business Services India Ltd
Sri. Y.R Wilson Maria Doss. (50)	Vice-President – Corporate HR	46,57,288/-	MSW (24 years)	01.09.2006	Vice-President – Human resources, Arvind Brands Ltd.

Employed for part of the year:

Name (Age)	Designation/ Nature of Duties	Remuneration received (Rs)	Qualification (Experience)	Date of commencement of employment	Previous employment
Sri. G. Ravichandran (56)	President (Group Operations)	30,97,984/-	B.Tech (31years)	12.09.2008	General Manager, GER Group of Industries
Sri. A Vijayakumar Nair (52)	Asso. Vice President (Operations)	13,32,776/-	B.Sc, Dip in Textile Texhnology (30 years), MBA	21.06.2006	Senior Vice President, Cheslind Textiles Ltd.
Sri. Rajesh Kunnath (43)	Sr. Vice President (Finance) & CFO	12,06,317/-	B.Com, FCA (18) years	17.08.2006	Vice President – Finance, Bennett Coleman & Co. Ltd

Note: The remuneration includes Salaries, Commission, Allowances, Contribution to Provident/Pension/Superannuation Fund, Reimbursement of Medical Expenses and Perquisites as per I.T.Rules.

The appointment of the Managing Director, Vice Chairman and Executive Directors is on contractual basis. Other appointments are on regular basis.

Sri. Dinesh Himatsingka is related to Sri. A. K. Himatsingka, and Sri. Shrikant Himatsingka, Directors of the Company.

Sri. A.K. Himatsingka is related to Sri. D. K. Himatsingka and Sri. Aditya Himatsingka, Directors of the Company.

Sri. Aditya Himatsingka is related to Sri. A. K. Himatsingka, Director of the Company.

Certificate

Himatsingka Seide Limited

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

We have examined the compliance of conditions of Corporate Governance by **Himatsingka Seide Limited** ("the company"), for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

For DELOITTE HASKINS & SELLS
Chartered Accountants

V. Srikumar
Partner
Membership No. : 84494

Place : Bangalore
Date : July 28, 2009

Auditors' Report

Himatsingka Seide Limited

TO THE MEMBERS OF HIMATSINGKA SEIDE LIMITED

1. We have audited the attached Balance Sheet of **HIMATSINGKA SEIDE LIMITED** as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We draw attention to Note 23 (3) (iii) of Schedule 18 to the accounts. As explained in the note, the liability, if any, that may arise under the referenced contract with a Bank is dependent on the exchange rate between two currencies during a specified period in the future. Because of this significant uncertainty the Company has not provided for any liability that may arise on account of this contract in the financial statements.

4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

5. Further to our comments in the Annexure referred to above, we report that:

   (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

   (e) on the basis of the written representations from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director under Section 274 (1)(g) of the Companies Act, 1956;

   (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

      (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.84494

Place : Bangalore
Date : June 19, 2009

Annexure to the Auditors' Report
(Referred to in paragraph 4 of our report of even date)

Himatsingka Seide Limited

The nature of the company's business/activities during the year is such that clauses vi, x, xii, xiii, xiv, xviii, xix, and xx of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

i. In respect of its fixed assets:

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

   (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. In respect of its inventories:

   (a) As per explanations given to us, inventories were physically verified during the year by the management at reasonable intervals.

   (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such verification.

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

   (a) The Company has granted loans to three subsidiaries. At the year-end, the outstanding balances of such loans granted aggregated to Rs. 1,397,850,600 and the maximum amount involved during the year was Rs. 1,405,302,110.

   (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie,* not prejudicial to the interests of the company.

   (c) The receipts of principal amount and interest in respect of such loans have during the year been as per stipulations.

   (d) There is no overdue amount in respect of loans granted to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.

   (e) The Company has taken loans from one party. At the year-end, the outstanding balance of such loans taken aggregated to Rs. 239,030,000 and the maximum amount involved during the year was Rs. 239,030,000.

   (f) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.

   (g) The payment of principal amount and interest in respect of such loans are as per stipulations.

iv. In our opinion and according to the information and explanations given to us, and having regard to the explanations that some of the Company's transactions of sale and purchase involve goods and materials of a specialized nature for which comparative quotes are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.

v. In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered into the register, maintained under the said section have been so entered.

(b) In our opinion and according to the information and explanations give to us, transactions of sale and purchase made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rs. 500,000 in the value are covered by our comments in paragraph (iv) above.

(c) Other transactions (excluding loans reported under paragraph (iii) and transactions reported in (v) (b) above) in excess of Rs 500,000 in respect of any party, the transaction have been made at prices which are, *prima facie,* reasonable having regard to the prevailing market price at the relevant time.

vi. In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

vii. We have broadly reviewed the books of account and records maintained by the company relating to the manufacture of textiles pursuant to the order made by the central government for the maintenance of cost records under section 209(1)(d) of the Companies Act 1956, and are of the opinion that, *prima facie,* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

viii. In respect of statutory dues:

(a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year.

(b) According to the information and explanations given to us, dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31st March 2009 on account of any dispute are given below:

Name of statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income tax Act	Income tax	5,131,648	Financial year 2003-2004	Commissioner of Income Tax (Appeals)
Customs Act	Export Duty	2,014,766	10-May-08 to 23-Aug-2008	High court of Karnataka

ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.

x. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by others from financial institutions, are not *prima facie* prejudicial to the interest of the company.

xi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, *prima facie,* applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

xii. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie,* not been used during the year for long term investment.

xiii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

xiv.

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.84494

Place : Bangalore
Date : June 19, 2009

Balance Sheet

Himatsingka Seide Limited | As at March 31, 2009

	Sch No	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS Shareholders' Funds			
Share Capital	1	492,285,800	492,285,800
Monies received against share warrants		62,088,000	62,088,000
Reserves and Surplus	2	5,057,271,260	5,387,083,392
		5,611,645,060	5,941,457,192
Loan Funds			
Secured Loans	3	4,176,782,927	3,970,879,816
Unsecured Loans		239,030,000	-
		4,415,812,927	3,970,879,816
TOTAL		**10,027,457,987**	**9,912,337,008**
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	6,602,243,765	5,945,429,812
Less: Accumulated Depreciation		1,958,414,738	1,492,841,473
Net Block		4,643,829,027	4,452,588,339
Capital Work in Progress [includes capital advances of Rs.151,368,725 (Previous year: Rs.151,968,837)]		562,771,285	464,477,164
		5,206,600,312	4,917,065,503
Investments	5	2,405,644,815	2,235,520,539
Current assets, Loans and advances			
Inventories	6	1,206,886,781	1,004,508,417
Sundry Debtors	7	545,691,629	592,594,759
Cash and Bank Balances	8	32,817,461	85,607,750
Loans and Advances	9	2,108,006,834	2,037,356,013
		3,893,402,705	3,720,066,939
Less: Current Liabilities and Provisions	10		
Current Liabilities		682,418,261	380,725,149
Provisions		795,771,584	579,590,824
Net Current Assets		2,415,212,860	2,759,750,966
TOTAL		**10,027,457,987**	**9,912,337,008**
Notes forming part of accounts	18		
Significant accounting policies	19		

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As per our report attached
for Deloitte Haskins & Sells
Chartered Accountants

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K.Himatsingka
Vice-Chairman

D. K. Himatsingka
Managing Director

V. Srikumar
Partner
Membership No.84494
Bangalore, June 19, 2009

Pradeep K.P.
Chief Financial Officer

Amit Jain
Company Secretary

Bangalore, June 19, 2009

Profit And Loss Account

Himatsingka Seide Limited | For the year ended March 31, 2009

	Sch No	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME	I		
Export sales		3,913,210,998	2,286,002,179
Local sales		196,035,181	216,249,944
Less: Excise duty		26,193,469	29,129,751
	II	169,841,712	187,120,193
Net sales	(I+II)	4,083,052,710	2,473,122,372
Other income	11	181,129,873	169,771,330
		4,264,182,583	**2,642,893,702**
EXPENDITURE			
Materials consumed	12	2,244,904,732	1,593,647,455
Increase in work in process and finished goods	13	(269,580,634)	(288,547,925)
Manufacturing expenses	14	599,903,241	391,483,019
Personnel expenses	15	466,529,402	430,347,101
Administration, selling and other expenses	16	471,829,436	309,581,090
		3,513,586,177	**2,436,510,740**
Profit before depreciation, interest, exceptional items, pre-operative expenses capitalised and tax		**750,596,406**	**206,382,962**
Interest (Net)	17	214,803,243	140,520,961
Depreciation		472,762,280	269,033,552
Exceptional item (Refer Note 23(3) of Schedule 18)		425,581,228	277,698,663
Profit/(loss) before pre-operative expenses capitalised and tax		**(362,550,345)**	**(480,870,214)**
Less: Pre-operative expenses (net of income) capitalised (Refer Note 10 of Schedule 18)		**(29,561,954)**	**(191,912,202)**
Profit/(loss) before tax		**(332,988,391)**	**(288,958,012)**
Provision for taxation			
Current tax		6,100,000	12,902,500
Deferred tax		-	(36,600,000)
Fringe benefit tax		7,100,000	8,020,000
Minimum alternate tax credit availed		(6,100,000)	(12,902,500)
Reversal of excess provision of earlier years		(10,276,259)	-
Profit/ (loss) after tax		**(329,812,132)**	**(260,378,012)**
Balance brought forward		945,740,348	1,206,118,360
Profit available for appropriation		615,928,216	945,740,348
Balance carried to Balance Sheet		**615,928,216**	**945,740,348**
Weighted average number of equity shares		98,457,160	97,643,696
Basic and diluted earnings per equity share (Rs)		(3.35)	(2.67)
(Face value of Rs 5 per share)			
Notes forming part of accounts	18		
Significant accounting policies	19		

The schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account

As per our report attached
for Deloitte Haskins & Sells
Chartered Accountants

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K.Himatsingka
Vice-Chairman

D. K. Himatsingka
Managing Director

V. Srikumar
Partner
Membership No.84494
Bangalore, June 19, 2009

Pradeep K.P.
Chief Financial Officer

Amit Jain
Company Secretary

Bangalore, June 19, 2009

Statement of Cash Flows

Himatsingka Seide Limited | For the year ended March 31, 2009

	Sch No	For the year Ended 31.03.2009 Rupees	For the year Ended 31.03.2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before tax		(332,988,391)	(288,958,012)
(Profit)/loss on sale of assets		(4,821,380)	5,179,444
(Profit)/loss on sale of investments		3,076,509	(16,571,694)
Depreciation [Net of depreciation capitalised Rs.960,689 (Previous year: Rs.5,345,567)]		471,801,591	263,687,985
Amortisation of miscellaneous expenditure		-	3,936,849
Diminution in value of investments		(2,213,940)	1,369,876
Unrealised exchange loss/(gain)		(102,255,473)	44,149,112
Exceptional item (Refer Note 23(3) of Schedule 18)		333,264,833	277,698,663
Interest income		(136,660,499)	(115,957,719)
Dividend income		(1,814,072)	(14,293,581)
Interest expense [Net of interest capitalised Rs.18,127,099 (Previous year: Rs.46,502,136)]		196,676,144	94,018,825
Operating profit before working capital changes		424,065,322	254,259,748
Decrease/(increase) in sundry debtors		59,082,317	(172,743,839)
(Increase) in inventories		(202,378,364)	(511,866,833)
Decrease/(increase) in loans and advances		15,481,278	(137,763,201)
Increase in current liabilities and provisions		171,110,692	172,231,438
Cash generated from operations		467,361,245	(395,882,687)
Income tax paid (including fringe benefit tax)		(6,062,357)	(57,067,050)
Net cash from operations		461,298,888	(452,949,737)
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Investment in wholly owned subsidiary		-	(1,104,445,750)
Purchase of investments		(572,289,888)	(1,313,156,449)
Sale of investments		458,055,244	1,659,696,692
Loans given to subsidiaries (Net)		6,040,110	(976,860,300)
Share application money given		(56,752,200)	(151,419,500)
Purchase of fixed assets		(669,473,463)	(1,587,796,319)
Sale proceeds of fixed assets		12,586,925	9,100,438
Interest received		42,624,072	112,340,727
Dividend received		1,814,072	14,511,994
Net cash from investing activities		(777,395,128)	(3,338,028,467)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid		(357,509,426)	(279,735,405)
Subsidy/subvention received		220,123,459	6,204,479
Proceeds of long term borrowings		317,328,014	900,859,285
Repayment of long term borrowings		(154,347,227)	(41,086,647)
Proceeds from issue of shares		-	133,120,000
Proceeds from issue of share warrants		-	62,088,000
Proceeds of short term borrowings		238,440,513	861,018,876
Dividends paid		(729,382)	(6,923,113)
Net cash from financing activities		263,305,951	1,635,545,475
Total decrease in cash and cash equivalents		(52,790,289)	(2,155,432,729)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		-	1,564
Cash and Cash Equivalents at the beginning of the period		85,607,750	2,241,038,915
Cash and cash equivalents at the end of the year		32,817,461	85,607,750
Notes forming part of accounts	18		
Significant accounting policies	19		

The schedules referred to above and the notes thereon form an integral part of the Cash Flow Statement.

As per our report attached
for Deloitte Haskins & Sells
Chartered Accountants

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A.K.Himatsingka
Vice-Chairman

D. K. Himatsingka
Managing Director

V. Srikumar
Partner
Membership No.84494
Bangalore, June 19, 2009

Pradeep K.P.
Chief Financial Officer

Amit Jain
Company Secretary

Bangalore, June 19, 2009

Schedules To Balance Sheet	
Himatsingka Seide Limited	As at March 31, 2009

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedules to Accounts		
Schedule 1		
SHARE CAPITAL		
Authorised		
104,000,000 equity shares of Rs. 5 each (Previous year: 104,000,000 equity shares of Rs.5 each)	520,000,000	520,000,000
Issued		
98,496,160 equity shares of Rs. 5 each fully called up (Previous year: 98,496,160 equity shares of Rs. 5 each)	492,480,800	492,480,800
Subscribed and Paid up		
98,457,160 equity shares of Rs. 5 each fully paid up (Previous year: 98,457,160 equity shares of Rs.5 each)	492,285,800	492,285,800
(Out of the above 63,723,800 shares of Rs.5 each have been issued as Bonus shares by capitalisation of Reserves)		
	492,285,800	**492,285,800**
Schedule 2		
RESERVES AND SURPLUS		
Share premium account		
As per last Balance Sheet	2,767,571,264	2,639,571,264
Additions during the year on conversion of share warrants	-	128,000,000
	2,767,571,264	2,767,571,264
General Reserve		
As per last Balance Sheet	1,673,771,780	1,678,197,919
Less: Adjustment for transitional provision under Accounting Standard -15 “Employee Benefits”	-	4,426,139
	1,673,771,780	1,673,771,780
Profit and loss account	615,928,216	945,740,348
	5,057,271,260	**5,387,083,392**
Schedule 3		
SECURED LOANS		
Term Loan from financial institution	1,492,379,265	1,601,725,853
(Secured by charge over moveable and certain immovable fixed assets, both present and future)		
[Repayable within one year - Rs.109,346,588 (Previous year: Rs. 109,346,588)]		
Term loan from bank	1,772,327,375	1,500,000,000
(Secured by charge over moveable and certain immovable fixed assets, both present and future)		
[Repayable within one year - Rs.91,199,361 (Previous year: Rs.45,454,545)]		
Working capital loan from banks	905,254,455	869,153,963
(Working capital limits other than Buyer’s credit secured against present and future stock and book debts on pari-passu basis. Buyer’s credit secured by equitable mortgage on land and building situated at Midford Gardens, M.G. Road , Bangalore)		
Interest accrued and due	6,821,832	-
	4,176,782,927	**3,970,879,816**

Schedule 4
FIXED ASSETS

(Amount in Rupees)

Particulars	Gross block			Depreciation					Net block	
	As at 01.04.2008	Additions (Deletions)	As at 31.03.2009	Up to 31.03.2008	For the year	On deletions	Adjustments**	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land*	74,737,926	- -	74,737,926	-	-	-	-	-	74,737,926	74,737,926
Leasehold land	106,930,372	4,589,371 -	111,519,743	1,281,321	3,745,732	-	-	5,027,053	106,492,690	105,649,051
Buildings	1,033,671,062	146,847,534 (4,257,919)	1,176,260,677	91,905,804	38,524,499	(609,716)	-	129,820,587	1,046,440,090	941,765,257
Plant and machinery	4,584,188,472	494,830,434 (3,086,921)	5,075,931,985	1,337,916,258	409,098,871	(1,918,912)	-	1,745,096,217	3,330,835,768	3,246,272,214
Furniture and fixtures	52,660,965	8,867,847 -	61,528,812	15,461,191	6,774,972	-	-	22,236,163	39,292,649	37,199,774
Leasehold improvements	9,213,394	- -	9,213,394	3,232,602	1,842,678	-	-	5,075,280	4,138,114	5,980,792
Office equipments	69,635,027	7,666,529 -	77,301,556	36,187,008	10,784,452	-	-	46,971,460	30,330,096	33,448,019
Vehicles	14,392,594	8,966,798 (7,609,720)	15,749,672	6,857,289	1,991,076	(4,660,387)	-	4,187,978	11,561,694	7,535,305
Total	**5,945,429,812**	**656,813,953**	**6,602,243,765**	**1,492,841,473**	**472,762,280**	**(7,189,015)**	**-**	**1,958,414,738**	**4,643,829,027**	**4,452,588,339**
Capital work in progress									562,771,285 5,206,600,312	464,477,164 4,917,065,503
Previous Year	2,395,017,566	3,550,412,246	5,945,429,812	1,342,388,914	269,033,552	(110,714,131)	(7,866,862)	1,492,841,473	4,452,588,339	1,052,628,652

* Land includes Rs.1,791,106 (Previous year Rs. 1,791,106) being the share in land jointly owned with others.
Additions during the year include Rs.Nil (Previous year Rs. 293,767,117) being prelimianry and pre-operative expenses transferred from Capital Work in Progress.
Capital Work In Progress includes Rs.960,689 (Previous year Rs.Nil) towards depreciation on assets put to use for the Bed Linen project.
Additions to plant and machinery is net of capital subsidy of Rs.9,084,951 (Previous year Rs.61,326,530) under TUF scheme.
**Adjustments related to capitalisation of depreciation provided on the assets put to use during the period of setting up of the project.

	As at 31.03.2009		As at 31.03.2008	
	Numbers	Rupees	Numbers	Rupees
Schedule 5				
INVESTMENTS (Refer note 16 of schedule 18)				
Long term, trade, unquoted				
In subsidiary companies				
Himatsingka Wovens Private Limited				
Equity shares of Rs. 100 each fully paid up	1,250,000	116,412,000	1,250,000	116,412,000
Himatsingka America Inc.				
Equity shares of USD 10,000 each fully paid up	2,700	1,098,520,750	2,700	1,098,520,750
Twill & Oxford LLC				
Equity shares of AED 100 each fully paid up	1,470	3,735,000	1,470	3,735,000
Giuseppe Bellora S.p.A.				
Equity shares of Euro 1 each fully paid up	7,515,501	687,550,442	7,515,501	687,550,442
Share application money		208,171,700		151,419,500
Current, non-trade, quoted				
6.75% US64 (Tax Free) Bonds, Units of Rs. 100 each	-	-	108,807	11,454,238
6.60% US64 (Tax Free) Bonds, Units of Rs. 100 each	50,000	5,250,000	50,000	5,250,000
Current, non-trade, unquoted				
(Units of mutual funds)				
Birla Sunlife Buy India Fund - Plan A (Dividend option)	-	-	786,164	20,000,000
Birla Sunlife Liquid Plus - Institutional - (Growth Option)	-	-	663,508	10,018,905
Birla Sunlife Savings Fund - Institutional Plan - (Growth Option)	609,853	10,000,000		
DWS Credit Opportunities Cash Fund - Fortnightly Dividend	-	-	4,950,103	50,000,000
HDFC Cash Management Fund Treasury Advantage Plan Whole Sale - (Growth Option)	2,900,567	55,300,000		
ICICI Prudential Institutional Liquid Plan Super Institutional Plan - (Growth Option)	4,218,951	54,486,064		
Prudential ICICI Blended Plan A (Dividend Option)	-	-	2,000,000	20,000,000
Tata Floater Fund - Weekly Dividend Payout	-	-	1,058,505	10,673,123
Templeton Floating Rate Income Fund Long Term Plan Super	-	-	5,029,000	52,895,521
Templeton India Treasury Management Account Super Institutional Plan - (Growth Option)	42,930	55,813,859		
Tata Floater Fund - (Growth Option)	4,262,676	55,300,000		
UTI Treasury Advantage Fund Institutional Plan - (Growth Option)	47,354	55,300,000		
		2,405,839,815		2,237,929,479
Less: Diminution in value of investments		195,000		2,408,940
		2,405,644,815		**2,235,520,539**
Total unquoted		2,400,589,815		2,220,111,172
Total quoted (Market value: Rs. 5,055,000, Previous year: Rs. 15,409,367)		5,055,000		15,409,367

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedule 6		
INVENTORIES		
Raw materials	230,342,904	306,594,998
Stores and spares	91,096,043	82,046,219
Work-in-process	780,050,030	502,652,867
Finished goods	105,397,804	113,214,333
	1,206,886,781	**1,004,508,417**
Schedule 7		
SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)*		
Outstanding for more than six months	72,985,452	-
Other debts	472,706,177	592,594,759
	545,691,629	**592,594,759**
* Sundry debtors include dues from subsidiaries:		
Himatsingka Wovens Private Limited	75,223,649	92,253,537
Himatsingka America Inc.	16,868,544	53,932,444
Giuseppe Bellora S.p.A.	161,130,335	19,000,172
Divatex Home Fashions, Inc.	103,892,763	160,041,986
DWI Holdings, Inc.	58,088,484	4,839,382
	415,203,775	**330,067,521**
Schedule 8		
CASH AND BANK BALANCES		
Cash and stamps in hand	883,080	1,755,517
Cheques in hand	700,000	713,782
With scheduled banks		
in current accounts	30,984,381	83,138,451
in deposit account [includes security against ECGC premium Rs.250,000 (Previous year: Rs.Nil)]	250,000	-
	32,817,461	**85,607,750**
Schedule 9		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advance taxes	204,279,021	362,438,396
Minimum alternate tax credit entitlement	19,002,500	12,902,500
Loans to subsidiaries		
Himatsingka Wovens Private Limited [Maximum amount outstanding during the year Rs.355,058,510 (Previous year: Rs.355,058,510)]	354,500,000	355,058,510
Twill & Oxford LLC [Maximum amount outstanding during the year Rs.35,843,600 (Previous year: Rs.38,319,400)]	28,950,600	28,293,200
Himatsingka America Inc. [Maximum amount outstanding during the year Rs. 1,014,400,000 (Previous year: Rs.903,162,000)]	1,014,400,000	802,400,000
Interest accrued on loans to subsidiaries		
Twill & Oxford LLC [Maximum amount outstanding during the year Rs.2,558,984 (Previous year: Rs.2,468,097)]	2,558,984	2,468,097
Himatsingka America Inc. [Maximum amount outstanding during the year Rs.86,224,000 (Previous year: Rs.37,172,449)]	86,224,000	11,211,616
Himatsingka Wovens Private Limited [Maximum amount outstanding during the year Rs.23,267,678 (Previous year: Rs.4,334,522)]	23,267,678	4,334,522
Advances to subsidiaries		
Himatsingka Wovens Private Limited [Maximum amount outstanding during the year Rs.194,315 (Previous year: Rs.116,589)]	158,512	38,863
Giuseppe Bellora S.p.A. [Maximum amount outstanding during the year Rs.1,029,099 (Previous year: Rs.460,000)]	1,029,099	60,711
Receivable from Directors [Maximum outstanding during the year Rs.4,948,504 (Previous year: Rs.4,948,504)]	371,520	4,948,504
Advances recoverable in cash or in kind or for value to be received	314,934,933	396,054,097
Deposits	58,329,987	57,146,997
	2,108,006,834	**2,037,356,013**

Schedule 10

CURRENT LIABILITIES AND PROVISIONS

		As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Current liabilities			
Sundry creditors			
Micro and Small Enterprises (Refer note 16 of Schedule 18)		3,649,953	577,226
Others *		647,494,940	352,926,893
Advances received		1,869,324	1,333,939
Interest accrued but not due on loans		14,659,451	7,295,555
Other liabilities		9,231,576	12,349,137
Unpaid dividend		5,513,017	6,242,399
	A	**682,418,261**	**380,725,149**
* Sundry creditors include dues to subsidiaries			
Himatsingka Wovens Private Limited		79,182	13,717,938
Himatsingka America Inc.		10,943,405	2,718,791
Provisions			
Gratuity		4,168,862	7,964,553
Compensated absences		38,216,726	37,455,108
Provision for loss on derivatives (Refer note 23(3) of Schedule 18)		610,963,496	277,698,663
Tax (Including fringe benefit tax)		142,422,500	256,472,500
	B	**795,771,584**	**579,590,824**
	TOTAL (A + B)	**1,478,189,845**	**960,315,973**

Schedules To Profit and Loss Account

Himatsingka Seide Limited | For the year ended March 31, 2009

	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
Schedule 11		
OTHER INCOME		
Interest from banks [TDS Rs.Nil (Previous year: Rs.11,522,987)]	-	52,333,236
Interest from ICD [TDS Rs.6,817,243 (Previous year: Rs.7,720,765)]	118,867,905	62,314,549
Interest on refund of income tax	17,047,248	-
Interest from others [TDS Rs.100,220 (Previous year: Rs.Nil)]	745,346	1,309,934
Dividend from current non trade investment	1,814,072	14,293,581
Profit on sale of assets	4,821,380	-
Profit on sale of current investments	-	16,571,694
Miscellaneous income	37,833,922	22,948,336
	181,129,873	**169,771,330**
Schedule 12		
MATERIALS CONSUMED		
Raw materials		
Opening stock	306,594,998	142,019,521
Add: Purchases	1,800,092,417	1,593,029,823
Total	2,106,687,415	1,735,049,344
Less: Closing stock	230,342,904	306,594,998
Raw materials consumed	1,876,344,511	1,428,454,346
Dyes, chemicals and accessories consumed	368,560,221	165,193,109
	2,244,904,732	**1,593,647,455**
Schedule 13		
INCREASE IN WORK IN PROCESS AND FINISHED GOODS		
Opening stock		
Work in process	502,652,867	262,275,099
Finished goods	113,214,333	65,044,176
	615,867,200	327,319,275
Closing stock		
Work in process	780,050,030	502,652,867
Finished goods	105,397,804	113,214,333
	885,447,834	615,867,200
	(269,580,634)	**(288,547,925)**
Schedule 14		
MANUFACTURING EXPENSES		
Power and fuel	384,474,300	256,943,566
Stores and spares consumed	61,774,101	50,055,474
Repairs and maintenance - Buildings	14,327,142	8,615,196
Repairs and maintenance - Machinery	24,203,667	18,267,454
Other manufacturing expenses	115,124,031	57,601,329
	599,903,241	**391,483,019**

	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
Schedule 15		
PERSONNEL EXPENSES		
Wages, salaries and other allowances	386,550,441	331,733,009
Contribution to Provident and other funds	26,482,267	38,283,309
Workmen and staff welfare expenses	53,496,694	60,330,783
	466,529,402	**430,347,101**
Schedule 16		
ADMINISTRATION, SELLING AND OTHER EXPENSES		
Rent	27,827,840	21,392,020
Travelling and conveyance	48,075,884	54,554,679
Communication expenses	9,245,234	8,163,344
Printing and stationery	5,287,940	5,884,288
Insurance	10,223,516	7,761,275
Rates and taxes	4,171,492	7,904,002
Professional and service charges [Refer Note 11 of Schedule 18]	34,884,272	41,236,006
Bank charges	13,998,105	5,079,751
Contribution and donation	2,405,930	442,500
Freight outward	84,008,191	40,826,509
Commission on sales	37,496,002	51,506,219
Other selling expenses	14,418,084	23,274,202
Exchange fluctuation (net)	165,814,405	9,265,335
Loss on sale of assets	-	5,179,444
Other expenses	13,109,972	25,741,640
Loss on sale of current investments	3,076,509	-
Diminution/(Reversal of provision) in value of investments	(2,213,940)	1,369,876
	471,829,436	**309,581,090**
Schedule 17		
INTEREST		
Fixed loans [net of subsidy under TUFS Rs154,882,370 (Previous year Rs.136,323,495)]	104,003,056	96,267,514
Others [net of interest subvention Rs. 20,09,542 (Previous year Rs.6,780,606)]	110,800,187	44,253,447
	214,803,243	**140,520,961**

	31.03.2009		31.03.2008	
	Quantity	Rupees	Quantity	Rupees
Schedule 18				
NOTES ON ACCOUNTS				
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)		295,705,014		219,331,658
Note : The above amount does not include value of materials to be supplied to the ongoing civil work.				
2. Contingent liabilities				
i) Contingent liabilities not provided for:				
- Income tax		23,810,001		62,035,266
- Entry tax		999,979		999,979
- Excise duty		971,950		-
- Customs duty		2,014,766		-
- Claims against the company not acknowledged as debts		17,609,375		-
ii) Corporate guarantee given towards credit facilities on behalf of subsidiaries				
- Financial institutions		96,969,698		141,500,000
- Banks		303,421,500		190,590,000
- Others		1,039,252,800		822,263,700
iii) Bills discounted		281,404,519		-
3. Production data:				
Class of goods				
i) Fabrics				
Installed capacity (Meters)*	2,218,770		2,094,953	
Production (Meters) @	1,189,047		1,565,951	
@ includes				
Samples (Meters)	2,074		2,704	
Internal consumption (Meters)	808		567	
ii) Yarns				
Installed capacity (Kgs)*	250,000		250,000	
Production (Kgs) $	127,558		183,554	
$ includes internal consumption (Kgs)	30,675		49,264	

iii) Bed Linen

Production process

Process	Weaving	Process house	Made-ups
Input	Yarn	Grey fabric	Processed fabric
Output	Grey fabric	Processed fabric	Sheet sets

	31.03.2009		31.03.2008	
	Quantity	Rupees	Quantity	Rupees

Schedule 18

NOTES ON ACCOUNTS

	31.03.2009 Quantity	31.03.2009 Rupees	31.03.2008 Quantity	31.03.2008 Rupees
a) Fabric:				
i) Weaving (Meters)				
Installed capacity*	15,660,000		15,660,000	
Production (grey fabric)**	10,130,737		1,826,217	
ii) Process house (Meters)				
Installed capacity*	20,880,000		20,880,000	
Production (processed fabric)**	12,200,977		3,839,774	
b) Sheet sets:				
Made-ups (Nos)				
Installed capacity*	2,958,000		2,958,000	
Production **@	2,137,149		826,506	
@ Includes: Production by jobworkers	138,647		133,648	
Samples	6,295			

* As certified by management based on the current product mix and relied on by the Auditors, being a technical matter.

** Commercial production started from 12th Oct 2007

	31.03.2009		31.03.2008	
	Quantity	Rupees	Quantity	Rupees
4. Raw materials and chemicals consumed				
i) Silk yarn (Kgs)	181,648	207,279,305	281,645	296,411,403
ii) Silk waste/ tops (Kgs)	155,753	131,531,356	221,956	186,537,211
iii) Cotton fabric (previous year includes consumption during trial production 2,079,943 meters, value Rs 228,710,169)	2,695,549	455,451,182	5,160,868	624,745,257
iv) Cotton yarn (previous year includes consumption during trial production 174,109 Kgs, value Rs 40,321,378)	4,598,533	1,058,346,298	1,328,367	290,339,366
v) Others (previous year includes consumption during trial production Rs 36,680,554)	-	392,296,591		195,614,218
		2,244,904,732		**1,593,647,455**

	31.03.2009		31.03.2008	
	%	Rupees	%	Rupees

Schedule 18

NOTES ON ACCOUNTS

	31.03.2009 %	31.03.2009 Rupees	31.03.2008 %	31.03.2008 Rupees
5. Value of imported and indigenous raw materials and chemicals consumed and percentage of each to the total consumption				
-Imported (previous year includes consumption during trial production Rs 6,624,492)	19%	421,256,574	33%	524,386,009
-Indigenous (previous year includes consumption during trial production Rs 299,087,579)	81%	1,823,648,158	67%	1,069,261,446
Total	**100%**	**2,244,904,732**	**100%**	**1,593,647,455**
6. Value of imported and indigenous stores and spares consumed and percentage of each to the total consumption				
-Imported (previous year includes consumption for trial production Rs 485,332)	39%	24,083,138	33%	16,292,140
-Indigenous (previous year includes consumption for trial production Rs 4,179,431)	61%	37,690,963	67%	33,763,334
Total	**100%**	**61,774,101**	**100%**	**50,055,474**

	31.03.2009	31.03.2008
	Rupees	Rupees
7. CIF value of imports		
Capital goods	236,312,931	2,163,372,227
Components, spares and others*	34,873,418	30,504,623
Raw materials and chemicals*	402,232,069	526,018,934

* Does not include goods-in-transit as at the date of Balance sheet.

Schedule 18

NOTES ON ACCOUNTS

8. Turnover, opening and closing stocks

	31.03.2009 Quantity	31.03.2009 Rupees	31.03.2008 Quantity	31.03.2008 Rupees
i) Turnover				
Silk Division				
Fabrics (Metres)	1,159,954	1,187,595,553	1,569,667	1,460,912,073
Yarns (Kgs)	86,942	187,416,903	143,151	252,626,705
Bed Linens Division				
Fabric (Meters) (previous year includes sales during trial production period 2,821 meters at Rs 1,006,628)*	690,240	137,682,805	204,313	39,281,942
Sheet sets (Nos) (previous year includes trial production sales of 215,650 sets value Rs. 145,347,676)	2,161,810	2,570,357,449	990,000	720,301,652
		4,083,052,710		2,473,122,372
ii) Opening stock				
Silk Division				
Fabrics (Metres)	74,324	38,568,570	81,310	42,808,468
Yarns (Kgs)	9,445	9,348,838	18,306	22,235,708
Bed Linens Division				
Sheet sets (Nos)	52,514	65,296,925	-	-
		113,214,333		65,044,176
ii) Closing stock				
Silk Division				
Fabrics (Metres)	100,428	52,246,500	74,324	38,568,570
Yarns (Kgs)	19,277	25,832,973	9,445	9,348,838
Bed Linens Division				
Sheet sets (Nos)	21,558	27,318,331	52,514	65,296,925
		105,397,804		113,214,333

9. Foreign currency earnings and expenditure

	31.03.2009 Rupees	31.03.2008 Rupees
EARNINGS		
Exports on FOB basis - net of returns *(includes deemed export sales)	3,845,170,658	2,243,008,307
Interest from others	88,782,984	56,710,047
Reimbursement of expenses relating to trade fair sampling activity	5,357,405	19,357,529
* Note: Previous year exports includes Rs. 141,855,717 sales during trial production period		
EXPENDITURE		
Foreign travel	5,989,043	8,007,067
Commission on export sales	33,674,942	51,757,869
Professional and other service charges	1,154,604	5,867,461
Interest	2,734,985	-
Professional charges and foreign travel capitalised under capital work-in-progress	-	4,024,758
Trade fair expenses (To be reimbursed by Divatex Home Fashions, Inc. and DWI Holdings, Inc.)	-	4,920,554
Others	7,874,828	13,185,280

	31.03.2009 Rupees	31.03.2008 Rupees

Schedule 18

NOTES ON ACCOUNTS

10.The Company is setting up a captive power plant at Hassan, Karnataka and in the previous year has setup Bed Linen plant at Hassan, Karnataka. The following costs and incomes arising during the project period are capitalised.

	31.03.2009 Rupees	31.03.2008 Rupees
Raw materials consumed *	-	269,031,547
Dyes and chemicals	-	27,716,459
Trims and accessories	-	8,964,095
Power and Fuel	1,249,062	51,536,488
Stores and spares consumed	-	4,664,763
Other manufacturing expenses	1,571,012	12,228,692
Salary, wages and other allowances	3,199,909	22,101,302
Workmen and staff welfare expenses	51,718	3,395,759
PF contribution	-	1,542,744
Rent	434,957	1,034,463
Travelling and conveyance	1,186,672	6,085,463
Communication expenses	49,354	532,751
Rates and taxes	591,952	4,083,552
Bank charges	80,823	-
Insurance	1,410,931	-
Printing and stationery	4,810	-
Professional and other service charges	251,883	1,895,149
Other expenses	391,083	2,416,629
Depreciation	960,689	5,345,567
Borrowing costs (net of subsidy under TUFS Rs.1,811,559 - pervious year Rs.60,991,985)	18,127,099	46,502,136
Total expenses	**29,561,954**	**469,077,559**
Less: Income during trial production period		
- Export sale	-	146,120,799
- Local sale	-	233,505
Less: Stock of work-in-process and finished goods transferred to profit and loss account	-	130,811,053
	29,561,954	**191,912,202**

	31.03.2009 Quantity	31.03.2009 Rupees	31.03.2008 Quantity	31.03.2008 Rupees
* - Raw materials consumed				
Particulars				
- Fabric (Meters)	-	-	2,079,943	228,710,169
- Yarn (Kgs)	-	-	174,109	40,321,378
Total		**-**		**269,031,547**

	31.03.2009 Rupees	31.03.2008 Rupees
Schedule 18		
NOTES ON ACCOUNTS		
11. Professional and other services charges include payments made to		
i) Statutory auditor:		
Audit fees	3,000,000	3,000,000
Tax audit fees	300,000	175,000
Taxation matters	-	1,140,000
Other services	587,747	135,000
Service tax	481,249	550,020
Out of pocket expenses	130,850	10,425
ii) Cost auditor:		
Audit fees	195,749	115,000
Service tax	24,195	14,214
12. Design and development expenditure of revenue nature accounted in the respective heads of the Profit & Loss Account.	31,972,242	28,587,515
13. Advances recoverable in cash or in kind or for value to be received includes Rs. 795,000 (Previous year: Rs 975,000). Maximum amount outstanding during the year Rs.975,000/- (Previous year: Rs 1,155,000)		
Dues from officers -		
Secretary	795,000	975,000
Maximum amount outstanding during the year -		
Secretary	975,000	1,155,000
14.Leases		
The Company's significant leasing agreement is mainly in respect of the corporate office premises, accomodation & vehicles provided to employees and guest houses.		
i) the total of future minimum lease payments under non-cancellable operating leases due:		
not later than one year	6,523,104	15,988,007
later than one year and not later than five years	13,575,300	40,461,492
later than five years	-	-
ii) lease payments recognised in the statement of profit and loss for the year (includes pre-operative expenses capitalised Rs.434,957 (previous year Rs.1,034,463).	27,827,840	21,392,020
15. Deferred tax		
Deferred tax liability:		
Depreciation	(207,406,064)	(127,012,636)
Deferred tax asset:		
Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	207,406,064	127,012,636
Net Deferred Tax	-	-

	31.03.2009 Rupees	31.03.2008 Rupees
16. The information related to Micro and Small Enterprises.		
a) i) The principal amount remaining unpaid to any supplier at the end of accounting year.	3,550,837	561,383
ii) The interest due on above.	16,342	975
The total of (i) & (ii)	3,567,179	562,358
b) The amount of interest paid by the buyer in terms of section 16 of the Act.	-	-
c) The amount of interest accrued and remaining unpaid at the end of the financial year.	79,675	14,868
d) The amount of further interest remaining due and payable.	3,099	-

The above information and that given in Schedule 10(A) - "Current Liabilities & Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made with the vendors. This has been relied upon by the auditors.

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NOTES ON ACCOUNTS

17.Details of investments bought and sold during the year

	31.03.2009		31.03.2008	
	Numbers	Cost Rupees	Numbers	Cost Rupees
ABN Amro Money Plus - IP (WD)	-	-	6,020,483	60,205,432
Birla Sunlife Liquid Plus - IP (FD)	-	-	3,116,777	32,708,081
Birla Sunlife Liquid Plus - IP (G)	1,593,248	25,280,837	2,851,268	42,527,535
DWS Credit Opportunities Cash Fund (WD)	-	-	5,124,692	51,448,857
DWS Credit Opportunities Cash Fund (G)	-	-	1,095,385	11,458,059
DWS Insta Cash Plus Fund - IP (WD)	-	-	9,416,421	95,361,378
DWS Insta Cash Plus Fund - IP (G)	-	-	7,863,831	95,426,015
Grindlays FRF- LT - Inst Plan B - (WD)	-	-	6,150,776	61,606,390
Grindlays FRF- LT - Inst Plan B - (G)	-	-	5,071,091	61,623,391
HSBC Cash Fund - Institutional Plus (G)	1,558,251	20,000,000	11,283,867	139,564,242
HSBC Cash Fund - Inst Plus Plan (WD)	-	-	6,880,643	69,040,839
ICICI Prudential Flexible Income Plan (WD)	-	-	5,002,151	52,790,482
ICICI Prudential Flexible Income Plan (G)	-	-	2,606,730	37,805,205
ICICI Prudential Floating Rate - Plan D (G)	-	-	4,476,436	50,000,000
Kotak FMP 3 Months - Series 13 (DR)	-	-	19,454	194,606
Principal FRF - FMP - IP (DR)	-	-	3,010,379	30,105,897
Reliance Liquidity Fund - (MD)	-	-	1,872,116	20,000,000
SBI Insta Cash Fund - Liquid Floater Plan (G)	-	-	3,955,444	51,968,599
Tata Floater Fund (G)	3,333,126	41,000,000	5,805,466	67,500,000
Tata Floater Fund (WD)	-	-	8,674,606	87,474,926
Templeton Floating Rate Inc Fund - LT (G)	-	-	5,170,374	70,758,958
HDFC Cash Management Fund Treasury Advantage Plan WS - (G)	577,968	11,000,000	-	-
ICICI Prudential Institutional Liquid Plan (G)	962,251	20,000,000	-	-

	31.03.2009		31.03.2008	
	Numbers	Cost Rupees	Numbers	Cost Rupees

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NOTES ON ACCOUNTS

ICICI Prudential Liquid Plan Institutional Plus (G)	3,050,011	66,300,000	-	-
ICICI Prudential Institutional Liquid Plan Super Institutional (G)	925,419	11,951,416	-	-
Templeton India TMA Institutional Plan - (G)	49,470	67,600,001	-	-
Templeton India TMA Super nstitutional Plan - (G)	9,197	11,957,713	-	-
UTI Treasury Advantage Fund Institutional Plan - (G)	9,436	11,000,000	-	-
		286,089,967		**1,189,568,892**

Schedule 18

Notes on Accounts

18. Related party transactions

Particulars	Wholly Owned Subsidiaries		Other Subsidiaries		Key Management Personnel/ Relatives		Enterprises owned or significantly influenced by key management personnel /Directors or their relatives		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Purchase of Fixed Assets										
DWI Holdings, Inc.	177,116		-		-		-		177,116	-
Himatsingka Wovens Private Limited	231,988		-		-		-		231,988	-
Purchase of Goods										
Himatsingka Wovens Private Limited	942,526	12,385,444	-		-		-		942,526	12,385,444
Giuseppe Bellora S.p.A.	-		-	66,854	-		-		-	66,854
Sale of Fixed Assets	-									
Himatsingka Wovens Private Limited	227,592	1,029,427	-		-		-		227,592	1,029,427
Sale of Goods (Net)	-									
Himatsingka America Inc.	164,781,748	160,611,978	-		-		-		164,781,748	160,611,978
Himatsingka Wovens Private Limited	161,971,850	172,828,877	-		-		-		161,971,850	172,828,877
Satin Reed (America) Inc	-		-		-		-	14,674,913	-	14,674,913
Giuseppe Bellora S.p.A.	-		151,427,569	35,907,064	-		-		151,427,569	35,907,064
DWI Holdings, Inc.	296,506,093	2,561,186	-		-		-		296,506,093	2,561,186
Divatex Home Fashions, Inc.	-		2,198,308,167	689,521,134	-		-		2,198,308,167	689,521,134
Allocation Of Expenses	-									
DWI Holdings, Inc.	2,020,667	4,839,382	-		-		-		2,020,667	4,839,382
Divatex Home Fashions, Inc.	-		3,336,738	14,518,147	-		-		3,336,738	14,518,147
Job work charges	-									
Himatsingka Wovens Private Limited	47,227,197	9,538,129	-		-		-		47,227,197	9,538,129
Sales Commission	-									
Himatsingka America Inc.	15,400,568	26,800,142	-		-		-		15,400,568	26,800,142
Claims	-									
Divatex Home Fashions, Inc.	-		212,022		-		-		212,022	-
DWI Holdings, Inc.	8,081		-		-		-		8,081	-
Himatsingka America Inc.	-	716,003	-		-		-		-	716,003
Rent received										
Himatsingka Wovens Private Limited	300,000	300,000	-		-		-		300,000	300,000
Remuneration										
A K Himatsingka	-		-		2,705,920	2,705,920	-		2,705,920	2,705,920
D K Himatsingka	-		-		2,688,000	2,811,840	-		2,688,000	2,811,840
Aditya Himatsingka	-		-		2,705,920	2,705,920	-		2,705,920	2,705,920
Shrikant Himatsingka	-		-		1,573,444	1,466,259	-		1,573,444	1,466,259
Lease Rent Paid										
Bihar Mercantile Union Limited	-		-		-		7,200	67,200	7,200	67,200
A K Himatsingka	-		-		84,600		-		84,600	-
D K Himatsingka	-		-		129,600		-		129,600	-
D K Himatsingka HUF	-		-		-		86,400		86,400	-
Aditya Himatsingka	-		-		97,200		-		97,200	-

Particulars	Wholly Owned Subsidiaries		Other Subsidiaries		Key Management Personnel/ Relatives		Enterprises owned or significantly influenced by key management personnel /Directors or their relatives		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Shrikant Himatsingka	-		-		160,200		-		160,200	-
Amitabh Himatsingka	-		-		97,200		-		97,200	-
Rajshree Himatsingka	-		-		86,400		-		86,400	-
Ranjana Himatsingka	-		-		36,000		-		36,000	-
Supriya Himatsingka	-		-		36,000		-		36,000	-
Priyadarshini Himatsingka	-		-		86,400		-		86,400	-
Samples purchased										
Himatsingka Wovens Private Limited	443,403		-		-		-		443,403	-
Professional Fees										
Khaitan & Co	-		-		-		282,293	77,500	282,293	77,500
Gherzi Eastern Limited	-		-		-		1,338,709	448,500	1,338,709	448,500
Reimbursement of Expenses received										
Himatsingka Wovens Private Limited	515,509	482,085	-		-		-		515,509	482,085
Twill & Oxford LLC	-		-	951,955	-		-		-	951,955
Himatsingka America Inc.	9,861,651	78,420,730	-		-		-		9,861,651	78,420,730
Giuseppe Bellora S.p.A.	-		1,029,099	460,000	-		-		1,029,099	460,000
Reimbursement of Expenses incurred by										
Himatsingka America Inc.	-	192,556	-		-		-		-	192,556
Himatsingka Wovens Private Limited	-	951,955	-		-		-		-	951,955
Share Application Money Given										
Giuseppe Bellora S.p.A.	-		56,752,200	151,419,500	-		-		56,752,200	151,419,500
Inter Corporate Loans given during the year										
Himatsingka Wovens Private Limited	10,000,000	185,500,000	-		-		-		10,000,000	185,500,000
Twill & Oxford LLC	-		-	19,540,200	-		-		-	19,540,200
Himatsingka America Inc.	-	903,162,000	-		-		-		-	903,162,000
Inter Corporate Loans recovered during the year										
Himatsingka Wovens Private Limited	10,558,510	40,800,000	-		-		-		10,558,510	40,800,000
Himatsingka America Inc.	-	79,600,000	-		-		-		-	79,600,000
Twill & Oxford LLC	-		5,481,600	7,765,380	-		-		5,481,600	7,765,380
Interest received on Inter Corporate Loan										
Twill & Oxford LLC	-		2,558,984	2,469,638	-		-		2,558,984	2,469,638
Himatsingka Wovens Private Limited	30,084,921	5,604,502	-		-		-		30,084,921	5,604,502
Himatsingka America Inc.	86,224,000	54,240,409	-		-		-		86,224,000	54,240,409
Inter Corporate Loans received during the year										
Credit Himatsingka Pvt Ltd	-		-		-		239,030,000		239,030,000	-
Interest Payable on Inter Corporate Loan										
Credit Himatsingka Pvt Ltd	-		-		-		10,414,250		10,414,250	-
Investments made during the year										
Himatsingka Wovens Private Limited	-	75,000,000	-		-		-		-	75,000,000
Himatsingka America Inc.	-	1,029,445,750	-		-		-		-	1,029,445,750
Lease deposit refund received during the year										
Bihar Mercantile Union Limited	-		-		-		-	7,500,000	-	7,500,000

Particulars	Wholly Owned Subsidiaries		Other Subsidiaries		Key Management Personnel/ Relatives		Enterprises owned or significantly influenced by key management personnel /Directors or their relatives		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Guarantee given										
Giuseppe Bellora S.p.A.	-		101,140,500	190,590,000	-		-		101,140,500	190,590,000
Himatsingka America Inc.	-	822,263,700	-		-		-		-	822,263,700
	-									
Outstanding as on 31 March 2009										
Amounts Receivable										
Himatsingka America Inc.	16,868,544	53,932,444	-		-		-		16,868,544	53,932,444
Himatsingka Wovens Private Limited	75,223,649	92,253,537	-		-		-		75,223,649	92,253,537
Satin Reed (America) Inc	-		-		-		-	9,252,511	-	9,252,511
Divatex Home Fashions, Inc.	-		103,892,764	160,041,986	-		-		103,892,764	160,041,986
Giuseppe Bellora S.p.A.	-		161,130,335	19,000,172	-		-		161,130,335	19,000,172
DWI Holdings, Inc.	58,088,484	4,839,382	-		-		-		58,088,484	4,839,382
Interest receiveable on Inter Corporate Loan	-									
Twill & Oxford LLC	-		2,558,984	2,468,097	-		-		2,558,984	2,468,097
Himatsingka Wovens Private Limited	23,267,678	4,334,522	-		-		-		23,267,678	4,334,522
Himatsingka America Inc.	86,224,000	11,211,616	-		-		-		86,224,000	11,211,616
Interest Payable on Inter Corporate Loan	-									
Credit Himatsingka Pvt Ltd	-		-		-		1,256,074		1,256,074	-
Advances Recoverable										
Khaitan & Co	-		-		-	189,796	-		-	189,796
Gherzi Eastern Limited	-		-		-	700,000	-		-	700,000
Himatsingka Wovens Private Limited	158,512	38,863	-		-		-		158,512	38,863
Giuseppe Bellora S.p.A.	-		1,029,099	151,480,211	-		-		1,029,099	151,480,211
Inter coporate Loan receivable										
Himatsingka Wovens Private Limited	354,500,000	355,058,510	-		-		-		354,500,000	355,058,510
Twill & Oxford LLC	-		28,950,600	28,293,200	-		-		28,950,600	28,293,200
Himatsingka America Inc.	1,014,400,000	802,400,000	-		-		-		1,014,400,000	802,400,000
Inter coporate Loan payable										
Credit Himatsingka Pvt Ltd	-		-		-		239,030,000		239,030,000	-
Share Application Money										
Giuseppe Bellora S.p.A.	-		208,171,700		-		-		208,171,700	-
Lease Rent Deposit										
Bihar Mercantile Union Limited	-		-		-		360,000	360,000	360,000	360,000
Receivable										
A K Himatsingka	-		-		-	527,873	-		-	527,873
D K Himatsingka	-		-		371,520	3,536,568	-		371,520	3,536,568
Aditya Himatsingka	-		-		-	446,953	-		-	446,953
Shrikant Himatsingka	-		-		-	437,109	-		-	437,109
Amounts Payable										
Himatsingka Wovens Private Limited	12,012,487	13,717,938	-		-		-		12,012,487	13,717,938
Himatsingka America Inc.	10,943,405	2,718,791	-		-		-		10,943,405	2,718,791
A K Himatsingka	-		-		11,704		-		11,704	-

Particulars	Wholly Owned Subsidiaries		Other Subsidiaries		Key Management Personnel/ Relatives		Enterprises owned or significantly influenced by key management personnel /Directors or their relatives		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
D K Himatsingka	-		-		17,929		-		17,929	-
D K Himatsingka HUF	-		-				11,953		11,953	-
Aditya Himatsingka	-		-		13,447		-		13,447	-
Shrikant Himatsingka	-		-		22,162		-		22,162	-
Amitabh Himatsingka	-		-		13,447		-		13,447	-
Rajshree Himatsingka	-		-		11,953		-		11,953	-
Ranjana Himatsingka	-		-		6,000		-		6,000	-
Supriya Himatsingka	-		-		6,000		-		6,000	-
Priyadarshini Himatsingka	-		-		11,953		-		11,953	-
Dues towards bills discounted with banks										
Himatsingka America Inc.	24,567,274		-		-		-		24,567,274	-
Divatex Home Fashions, Inc.	-		195,151,388		-		-		195,151,388	-

Notes:

1) Related party relationship is as identified by the company on the basis of information available with them and accepted by the auditors.
2) No amount is/has been written back during the year inrespect of debts due/from/to a related party.

Names of the Related Parties:

Wholly Owned Subsidiaries	Himatsingka Wovens Private Limited Himatsingka America Inc. DWI Holdings, Inc.
Other Subsidiaries:	Giuseppe Bellora S.p.A. Giuseppe Bellora America Inc. GBT Srl Twill & Oxford LLC Himatsingka Singapore Pte Divatex Home Fashions, Inc.
Key Management Personnel	Whole time directors A.K.Himatsingka (Vice-chairman) D.K.Himatsingka (Managing Director) Aditya Himatsingka (Executive Director) Shrikant Himatsingka (Executive Director)
Relatives of Key Management Personnel	Amitabh Himatsingka Rajshree Himatsingka Ranjana Himatsingka Supriya Himatsingka Priyadarshini Himatsingka
Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	Bihar Mercantile Union Limited Satin Reed (America) Inc Gherzi Eastern Limited (Upto 25 Jan 09) Khaitan & Co D.K.Himatsingka HUF Credit Himatsingka Pvt Ltd

Schedule 18
NOTES ON ACCOUNTS

	31.03.2009 Rupees	31.03.2008 Rupees
19.(a) Computation of net profit in accordance with section 349 of the Companies Act, 1956 and commission payable to directors		
Profit/(Loss) before taxation	(332,988,390)	(288,958,012)
Add:		
Managerial remuneration	9,918,284	9,929,939
Loss on sale of investments/ assets	3,076,509	5,179,444
Diminution in value of investments	(2,213,940)	1,369,876
	(322,207,537)	**(272,478,753)**
Less:		
Profit on sale of assets/ investments	4,821,380	16,571,694
Net profit	**(327,028,917)**	**(289,050,447)**
Remuneration to Whole Time Directors:		
Eligible under Section 309	-	-
Eligible under Schedule XIII of Companies Act (including PF @ 12% of Basic)	10,708,984	10,824,480
Restricted to	9,918,284	9,689,939
(b) Managerial remuneration		
(i) to Whole Time Directors*		
Salary and allowances	8,564,300	8,430,000
Commission	-	-
Perquisites	-	35,459
Contribution to provident fund	808,984	924,480
Contribution to superannuation fund	300,000	300,000
	9,673,284	**9,689,939**
(ii) to Non Whole Time Directors		
Sitting fees	245,000	240,000
Commission	-	-
	9,918,284	**9,929,939**

*Exclusive of provision for future liabilities in respect of Gratuity (which is based on actuarial valuation done on overall company basis).

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

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

Schedule 18
NOTES ON ACCOUNTS

22. Notes relating to cash flow statement

1. The cash flow statement has been prepared under the "Indirect Method" as set out in the Companies (Accounting Standards) Rules, 2006.
2. Cash and cash equivalents include balances with scheduled banks on dividend account Rs. 5,513,016 (Previous year Rs. 6,242,399) which are not available for use by the company.
3. Cash and cash equivalents Include restricted cash of Rs. 2,50,000 (Previous year Rs.Nil) being security deposit with bank against ECGC premium
4. Interest paid is inclusive of and purchase of Fixed Assets excludes, interest capitalised Rs. 18,127,099 (Previous year Rs.46,502,136).

23. Details of Forward covers, Options and Derivative transactions:

1) a. The following are the outstanding Forward Exchange Contracts entered into by the company as on 31st March, 2009:

Export of goods

- Current year

Currency	Amount	Buy/Sell	Rupee equivalent
USD * INR	31,800,000	Sell	1,553,929,000
EURO * INR	3,750,000	Sell	253,540,000

- Previous year

Currency	Amount	Buy/Sell	USD equivalent	Rupee equivalent
USD * INR.	12,200,000	Sell		490,634,500
EURO * INR	6,750,000	Sell		401,722,575
PND * USD	600,000	Sell	1,241,800	
PND * INR	600,000	Sell		48,390,000

b. Currency Swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate

- Current year

a) To sell USD 1 million every month If USD * INR spot at every monthly expiry < 44.50, else to sell USD 2 Million @ 44.50 till August '09 (except July 09)

Currency option	USD Put	CHF Call	Equivalent INR
No. of contracts	1	1	
Notional principal	37,128,713	44,379,950	150 Crores

b) To sell USD 250,000 every month If USD * INR spot at every monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012

Currency option	CHF put	INR call	Equivalent USD
No. of contracts	1	1	
Notional principal	14,759,723	500,000,000	12,385,435

- Previous Year

a) To sell USD 1 million every month If USD * INR spot at every monthly expiry < 44.50, else to sell USD 2 Million @ 44.50 till August '09 (except July 09)

Currency option	USD Put	CHF Call	Equivalent INR
No. of contracts	1	1	
Notional principal	37,128,713	44,379,950	150 Crores

b) To sell USD 250,000 every month If USD * INR spot at every monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012

Currency Option	CHF put	INR call	Equivalent USD
No. of contracts:	1	1	
Notional Principal	14,759,723	500,000,000	12,385,435

Schedule 18
NOTES ON ACCOUNTS

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

a. Amounts receivable in foreign currency on account of the following:

Particulars		31.03.2009		31.03.2008	
	Foreign currency	Amount	INR equivalent	Amount	INR equivalent
Inter corporate loan	AED	2,100,000	28,950,600	2,600,000	28,293,200
	USD	20,000,000	1,014,400,000	20,000,000	802,400,000
Interest receivable on Inter corporate loan	AED	185,622	2,558,984	226,805	2,468,097
	USD	1,700,000	86,224,000	279,452	11,211,616
Receivables	GBP	299,257	21,681,176		
Bank balance	USD	24,921	1,188,691	15,323	614,759
	EURO	100	6,743	100	6,352

b. Amounts payable in foreign currency on account of the following:

Particulars		31.03.2009		31.03.2008	
	Foreign Currency	Amount	INR Equivalent	Amount	INR Equivalent
Import of goods and services	USD	660,581	33,504,651	580,787	23,306,982
	EURO	40,835	2,753,349	6,538	415,368
	PND	32,170	2,330,763		
Import of Capital goods	-	-	-	604	48,139

3) Derivative contracts

The Company is exposed to currency fluctuations on foreign currency assets and cash flows denominated in foreign currency. The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts and options. During 2007-08, apart from forward contracts, the Company, entered into three foreign exchange derivative contracts.

i) During the year in respect of one of the derivative contracts, based on an external valuation, the Company has accounted for a mark to market loss of Rs. 333,264,833 (previous year - Rs.277,698,663) as an exceptional item in the profit and loss account.

ii) In respect of the second contract, the Company had in the previous year filed a suit against the counter party with which it had entered into a derivative contract, based on advice from legal counsel, that such a contract was void ab initio and not binding on the Company.

During the year, the Company and the counter- party have closed all disputes pertaining to the said contract by way of an out of court settlement for an amount of Rs.92,316,395, which has been paid by the Company. The same has been treated as an exceptional item in the profit and loss account.

iii) The third foreign exchange derivative contract has a duration of 60 months, to sell US Dollars on a monthly basis at fixed rate subject to certain conditions. The contract also obligates the Company to pay a notional amount of Swiss Franc and receive notional amount of Rupees based on the Swiss Franc to US Dollar exchange rates during a specified monitoring period in the year 2012. There is significant uncertainty regarding the exchange rates that may be prevalent at that time and consequently the liability, if any, under the contract. Due to this uncertainty, as in the previous year, no provision has been made in the financial statements as at 31 March 2009.

The marked to market valuation, as indicated by the bank, is a loss of Rs 218,844,695 (previous year Rs.68,500,000) as on March 31, 2009.

24. A) Defined benefit obligations:

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

Change in the benefit obligation	31.03.2009 Rupees	31.03.2008 Rupees
Projected Benefit Obligation (PBO) at the beginning of the year	55,954,690	45,752,004
Service cost	7,594,627	4,424,104
Interest cost	4,864,004	3,818,322
Benefits paid	(2,709,799)	(7,203,197)
Actuarial loss/(gain)	(14,593,533)	9,163,457
PBO at the end of the year	51,109,989	55,954,690
Change in plan assets		
Fair value of plan assets at the beginning of the year	47,990,137	42,401,235
Expected return on plan assets	3,496,638	3,146,562
Employer contributions	-	7,148,095
Benefits paid	(2,709,799)	(7,203,197)
Actuarial gain/(loss)	(1,835,849)	2,497,442
Fair value of plan assets at the end of the year	46,941,127	47,990,137
Present value of unfunded obligation	4,168,862	7,964,553
Recognised liability	4,168,862	7,964,553
Net gratuity cost for the year ended is as follows:		
Service cost	7,594,627	4,424,104
Interest cost	4,864,004	3,818,322
Expected return on plan assets	(3,496,638)	(3,146,562)
Actuarial loss/(gain)	(12,757,684)	6,666,015
Net gratuity cost	(3,795,691)	11,761,879

Financial Assumptions at the valuation date:

	31-03-2009	31-03-2008
a) Discount Rate (p.a.)	7.00%	8.15%
b) Expected Rate of Return on Assets (p.a.)	7.50%	7.50%
c) Salary Escalation Rate	6.00%	8.00%
d) Retirement Age	58yrs	58yrs

e) Mortality : Published rates under the LIC (1994-96) mortality tables has been used.

f) Rates of leaving service are as shown below:

31-03-2009

Category	Withdrawal Rates p.a. (%)
Seide Staff	10.00%
Seide Workmen	2.00%
Linens Staff	13.00%
Linens Workmen	25.00%

31-03-2008

Age (Years)	Withdrawal Rates p.a
21-44	8.00%
45-57	1.00%

Note:

1. Salary escalation considered takes into account the inflation, seniority, promotion and other relevant factors
2. The information on composition of the plan assets held by the funds managed by the insurer is not provided since the same is not available.

B) Defined Contribution obligation	31-03-2009 Rupees	31-03-2008 Rupees
i) Provident Fund	27,079,405	23,412,478
ii) Superannuation Fund	3,198,553	3,108,952

25. Pursuant to Shareholders approval in the Annual General Meeting held on September 26, 2007, the Company has on October 9,2007, allotted 5,800,000 warrants to promoters/ promoter group, at an issue price of Rs.130/- convertible into equity shares at the same price within 18 months from the date of issue. The Company has allotted 256,000 equity shares each on November 28, 2007, January 2, January 31 and March 7, 2008 on conversion of equivalent number of warrants out of the above.

    Subsequent to balance sheet date, the promoters/promoter group, have not exercised by April 08, 2009 as required in accordance with the terms of the issue, the option to convert the remaining 4,776,000 warrants issued on a preferential basis, into equivalent number of equity shares. The validity of the said warrants, therefore, has lapsed and the application money of Rs.62,088,000/- paid on 4,776,000 lapsed warrants be forfeited.

26. The disclosure of Segmental information has not been made since the same is reported in the Consolidated financial statements.
27. Previous year figures have been regrouped/recast, wherever necessary.

Schedule 19

SIGNIFICANT ACCOUNTING POLICIES

1. System of accounting

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

2. Use of estimates

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

3. Fixed assets

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

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

   Expenditure during construction period in respect of new projects is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.

4. Depreciation

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

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

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

   4.3 Leasehold land is amortised over the period of lease.

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

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

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

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

5. Impairment of assets

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

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

Schedule 19
SIGNIFICANT ACCOUNTING POLICIES

6. Investments

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

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

7. Inventories

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

8. Government grants

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

9. Revenue recognition

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

   Excise duty on turnover is reduced from turnover.

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

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

10. Employee benefits

    a. Post-employment benefit plans :

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

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

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

    b. Short term employee benefits :

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

11. Derivative Contracts

    The Company is exposed to currency fluctuations on foreign currency assets and cash flows denominated in foreign currency. The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts, options and other derivative instruments.

    The outstanding derivative instruments at the end of the year are evaluated individually and any mark to market losses, that are possible to be reasonably ascertained, are recognised in the profit and loss account. Gains, if any, are ignored.

12. Foreign currency

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

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

    The marked to market loss, if any, on a forward exchange contracts entered in respect of highly probable forecasted transactions and firm commitments is recognised in the statement of profit and loss for the period.

13. Earnings per share

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

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

14. Income tax

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

    Current tax and fringe benefit tax are determined in accordance with the provisions of the Income Tax Act, 1961 after considering tax allowances and exemptions.

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

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

    Advance tax and provision for tax are presented in the financial statements at gross amounts and are set off on completion of the assessment

15. Provisions and contingencies

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

Balance Sheet Abstract and Company's General Business Profile

Himatsingka Seide Limited

1 Registration Details

Registration No.	6647
State Code	08
Balance Sheet Date	31.03.2009

2 Capital raised during the year (Rs Thousands)

Public Issue	-
Rights Issue	-
Bonus Issue	-
preferential Issue	-
Private placement	-

3 Position of Mobilisation and Deployment of Funds (Rs Thousands)

Total Liabilities	10,027,458	Total Assets	10,027,458
Sources of Funds		Application of Funds	
Paid up Capital	492,286	Net Fixed Assets	5,206,600
Monies received against Share Warrants	62,088	Investments	2,405,645
Reserves & Surplus	5,057,271	Net Current Assets	2,415,213
Secured Loans	4,176,783		
Unsecured Loans	239,030		
Deferred Tax	-	Misc. Expenditure	-

4 Performance of Company (Rs Thousands)

Turnover (Including other income)	4,264,183
Total Expenditure	4,597,171
Profit/(Loss) Before Tax	(332,988)
Profit/(Loss) After Tax	(329,812)
Earnings Per Share (Rs.)	(3.35)
Dividend Rate (%)	NIL

5 Generic Name of Three Principal Product of the Company
(as per monetary terms)

Item Code No (ITC Code)	Product Description
5007	Woven fabrics of silk or silk waste
5005	Spun silk yarn
6302	Bed linen, table linen, toilet linen and kitchen linen

Disclosure under clause 32 of the listing agreement:
Loans and advances in the nature of loans given to subsidiaries and associates etc:
A) Loans and advances in the nature of loans

(Rs Thousands)

Name of the Company	Rate of Interest p.a.	As at 31.03.2009	Maximum Balance During the year
Himatsingka Wovens Private Limited	8.50%	354,500	355,059
Twill & Oxford LLC	8.00%	28,951	35,844
Himatsingka America Inc	8.50%	1,014,400	1,014,400

Notes: 1. Loans to employees as per Company's policy are not considered.

B) Investment by the loanee in the shares of the Company
The above loanee has not made investments in the shares of the Company.

Dilip J. Thakkar Chairman	A.K.Himatsingka Vice-Chairman	D. K. Himatsingka Managing Director
Pradeep K.P. Chief Financial Officer	Amit Jain Company Secretary	

Bangalore,
Date : June 19, 2009

Statement Regarding Subsidiary Companies

Himatsingka Seide Limited | As of March 31, 2009

Name of the Subsidiary	Himatsingka Wovens Private Limited	Twill & Oxford LLC	Himatsingka Singapore Pte Ltd.	DWI Holdings Inc.	Himatsingka America Inc.	Divatex Home Fashions Inc.	Guiseppe Bellora SpA	Bellora America Inc.
1. Issued and subcribed share capital	125,000	3,735	15,421	0.005	1,369,440	25	723,925	115,670
2. Reserves & Surplus	33,680	(43,283)	(65,775)	755,529	(224,558)	675,117	(673,104)	(115,494)
3. Total Assets	618,769	(10,597)	1,772	781,602	3,183,826	675,142	1,264,826	176
4. Total Liabilities	618,769	(10,597)	1,772	781,602	3,183,826	675,142	1,264,826	176
5. Investments (Other than in subsidiaries)	-	-	-	-	-	-	35,202	-
6. Turnover	419,015	128,588	44,174	1,821,562	214,785	5,246,404	1,303,941	33,377
7. Profit/(Loss) Before Tax	38,335	(18,336)	(42,584)	(112,615)	(135,089)	98,588	(185,037)	(18,884)
8. Provision for Taxation	14,244	-	-	13,673	4,875	(39,081)	(5,563)	-
9. Profit/(Loss) After Tax	24,091	(18,336)	(42,584)	(126,288)	(139,964)	137,669	(179,474)	(18,884)
10. Proposed Dividend	-	-	-	-	-	-	-	-
11. Exchange Rate	-	Rs. 13.79/ AED	Rs.33.31/ Singapore dollar	Rs. 50.72/ USD	Rs. 50.72/ USD	Rs. 50.72/ USD	Rs. 67.43/ Euro	Rs. 67.43/ Euro

Auditors' Report on Consolidated Financial Statements

Himatsingka Seide Limited

TO THE BOARD OF DIRECTORS OF HIMATSINGKA SEIDE LIMITED

1. We have audited the attached Consolidated Balance Sheet of **HIMATSINGKA SEIDE LIMITED** ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the Group") as at March 31, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 4,412,486,018 as at March 31, 2009, total revenue of Rs. 8,918,443,108 and net cash flows amounting to Rs. 286,122,000 for the year ended on that date as considered in the Consolidated Accounts. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We draw attention to Note 11 (3) (iii) of Schedule 18 to the accounts. As explained in the note, the liability, if any, that may arise under the referenced contract with a Bank is dependent on the exchange rate between two currencies during a specified period in the future. Because of this significant uncertainty the Company has not provided for any liability that may arise on account of this contract in the financial statements.

5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" issued under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of reports of the other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :

   i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009;

   ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and

   iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

V. Srikumar
Partner
Membership No.84494

Place : Bangalore
Date : June 19, 2009

Consolidated Balance Sheet

Himatsingka Seide Limited | As at March 31, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	492,285,800	492,285,800
Monies received against share warrants		62,088,000	62,088,000
Reserves and surplus	2	4,989,432,483	5,402,497,436
		5,543,806,283	5,956,871,236
Loan funds			
Secured loans	3	5,256,088,471	5,125,634,742
Unsecured loans	4	1,275,006,640	837,984,023
		6,531,095,111	5,963,618,765
Deferred tax liability (net)		8,618,969	14,334,399
Minority interest		72,940,427	81,168,775
TOTAL		**12,156,460,790**	**12,015,993,175**
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	8,335,099,128	7,745,085,873
Less: Accumulated depreciation		2,818,447,009	2,383,984,059
Net block		5,516,652,119	5,361,101,814
Capital work in progress including capital advances		562,290,628	466,340,105
		6,078,942,747	5,827,441,919
Goodwill (on consolidation)		4,298,124,803	3,576,937,783
Investments	6	326,456,902	214,112,620
Current assets, Loans and advances			
Inventories	7	3,472,765,203	3,236,611,203
Sundry debtors	8	1,953,414,893	1,156,163,205
Cash and bank balances	9	222,962,281	153,428,693
Loans and advances	10	821,445,198	1,115,135,404
		6,470,587,575	5,661,338,505
Less: Current liabilities and provisions	11		
Current liabilities		4,050,565,401	2,530,225,435
Provisions		967,085,836	733,612,217
		5,017,651,237	3,263,837,652
Net current assets		1,452,936,338	2,397,500,853
TOTAL		**12,156,460,790**	**12,015,993,175**
Notes forming part of accounts	18		
Significant accounting policies	19		

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As per our report attached

for Deloitte Haskins & Sells
Chartered Accountants

V.Srikumar
Partner
Membership No. 84494

Place : Bangalore
Date : June 19, 2009

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A. K. Himatsingka
Vice-Chairman

D.K.Himatsingka
Managing Director

Pradeep K. P.
Chief Financial Officer

Amit Jain
Company Secretary

Place : Bangalore
Date : June 19, 2009

Consolidated Profit and Loss Account

Himatsingka Seide Limited | For the year ended March 31, 2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME			
Sales (Gross)		10,195,191,851	8,863,420,148
Less: Excise duty		2,345,785	1,426,656
Net sales		10,192,846,066	8,861,993,492
Other income	12	203,126,746	215,510,596
TOTAL		**10,395,972,812**	**9,077,504,088**
EXPENDITURE			
Raw Materials consumed	13A	2,392,577,889	2,389,691,819
Purchase of traded goods	13B	3,680,371,750	3,405,526,043
(Increase) in work in process and finished goods	13C	(308,791,287)	(421,948,549)
Manufacturing expenses	14	765,642,043	704,707,867
Personnel expenses	15	1,557,783,128	1,266,042,246
Administration, selling and other expenses	16	1,706,132,314	1,221,061,990
TOTAL		**9,793,715,837**	**8,565,081,416**
Profit before depreciation, interest, exceptional items, pre-operative expenses capitalised and tax		**602,256,975**	**512,422,672**
Interest	17	385,339,389	301,660,646
Depreciation and amortisation	5	599,715,185	364,116,580
Exceptional item (Refer Note 11(3) of Schedule 18)		425,581,228	256,525,000
Profit/(loss) before pre-operative expenses capitalised and tax		**(808,378,827)**	**(409,879,554)**
Less: Pre-operative expenses (net of income) capitalised (Refer note 7 of Schedule 18)		(29,561,954)	(193,468,285)
Profit/(loss) before tax		**(778,816,873)**	**(216,411,269)**
Provision for taxation			
- Current tax		23,561,099	25,267,218
- Deferred tax		(8,697,455)	34,361,299
- Fringe Benefit Tax		7,600,000	8,670,000
- Minimum alternate tax credit availed		(4,650,000)	(14,352,500)
- Reversal of excess provision of earlier years		(10,276,259)	-
Profit/(loss) after tax before share of minority interest		**(786,354,258)**	**(270,357,286)**
Less: Share of profit / (loss) of minority interest (net)		(42,171,694)	(30,486,664)
Profit/(loss) after minority interest		**(744,182,564)**	**(239,870,622)**
Balance brought forward		891,292,545	1,133,367,232
Consolidation adjustment		-	(2,204,065)
Profit available for appropriation		**147,109,981**	**891,292,545**
Balance carried to Balance sheet		**147,109,981**	**891,292,545**
Weighted average number of equity shares (basic and diluted)		98,457,160	97,643,696
Basic and diluted earnings per equity share (Rs.) (Face value of Rs.5 per share)		(7.56)	(2.46)
Notes forming part of accounts	18		
Significant accounting policies	19		

The schedules referred to above and the notes thereon form an integral part of the Profit and loss account.

As per our report attached

for Deloitte Haskins & Sells
Chartered Accountants

V.Srikumar
Partner
Membership No. 84494

Place : Bangalore
Date : June 19, 2009

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A. K. Himatsingka
Vice-Chairman

D.K.Himatsingka
Managing Director

Pradeep K. P.
Chief Financial Officer

Amit Jain
Company Secretary

Place : Bangalore
Date : June 19, 2009

Consolidated Statement of Cash Flows

Himatsingka Seide Limited | For the year ended March 31, 2009

	Sch No	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before tax		(778,816,873)	(216,411,269)
(Profit)/loss on sale of assets		(39,001,814)	(29,900,946)
(Profit)/loss on sale of investments		3,076,509	(16,571,694)
Depreciation and amortisation [Net of depreciation capitalised Rs.960,689 (Previous year: Rs.5,345,567)]		598,754,495	358,771,013
Amortisation of miscellaneous expenditure		-	3,936,848
Unrealised exchange loss/(gain)		105,878,521	(3,521,670)
Diminution in value of investments		495,017	1,369,876
Profit on dilution of stake in subsidiary		-	(34,296,612)
Provision for foreign exchange derivative contract		333,264,833	277,698,663
Interest income		(19,084,274)	(60,012,882)
Dividend income		(2,116,959)	(14,293,581)
Interest expense [Net of interest capitalised Rs.18,127,099 (Previous year: Rs.50,158,876)]]		367,212,290	251,501,770
Operating profit before working capital changes		569,661,745	518,269,516
(Increase) in sundry debtors		(770,106,232)	(54,335,163)
(Increase) in inventories		(236,153,999)	(733,600,999)
Decrease / (increase) in loans and advances		(6,347,545)	181,950,361
Increase in current liabilities and provisions		1,460,963,221	511,353,918
Cash generated from operations		1,018,017,190	423,637,633
Income tax (paid)/refund received (including fringe benefit tax) net		13,288,557	(208,281,843)
Net cash from operations		1,031,305,747	215,355,790
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of investments		(574,968,078)	(1,327,249,004)
Sale of investments		460,913,644	1,659,696,692
Acquisition of subsidiaries		-	(3,331,054,322)
Purchase of fixed assets		(725,614,431)	(1,853,097,564)
Sale proceeds of fixed assets		60,520,379	58,760,230
Interest received		18,939,499	60,163,397
Dividend received		2,116,959	14,293,581
Net cash from investing activities		(758,092,028)	(4,718,486,990)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Net Proceeds from issue of share capital		-	133,120,000
Net Proceeds from issue of share warrants		-	62,088,000
Proceeds from issue of share capital to minority shareholder of a subsidiary		-	14,673,120
Share application money received from minority in subsidiaries		14,173,540	27,631,200
Interest paid		(538,954,340)	(231,000,622)
Subsidy/subvention received		220,123,459	6,204,479
Proceeds of long term borrowings		418,468,514	1,399,859,465
Repayment of long term borrowings		(259,429,823)	(41,086,647)
Proceeds / (repayments) of short term borrowings (net)		99,846,252	861,018,876
Dividend paid		(729,382)	(6,923,113)
Net cash from financing activities		(46,501,780)	2,225,584,758
Total increase/(decrease) in cash and cash equivalents		226,711,939	(2,277,546,442)
Effect of exchange rates changes		(157,178,351)	27,197,846
Cash and cash equivalents at the beginning of the period		153,428,693	2,403,777,289
Cash and cash equivalents at the end of the period		222,962,281	153,428,693
Notes forming part of accounts	18	-	-
Significant accounting policies	19		-

The schedules referred to above and the notes thereon form an integral part of the Cash Flow Statement.

As per our report attached

for Deloitte Haskins & Sells
Chartered Accountants

V.Srikumar
Partner
Membership No. 84494

Place : Bangalore
Date : June 19, 2009

for and on behalf of the Board of Directors

Dilip J. Thakkar
Chairman

A. K. Himatsingka
Vice-Chairman

D.K.Himatsingka
Managing Director

Pradeep K. P.
Chief Financial Officer

Amit Jain
Company Secretary

Place : Bangalore
Date : June 19, 2009

Schedules To Consolidated Balance Sheet

Himatsingka Seide Limited | As at March 31, 2009

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedule 1		
SHARE CAPITAL		
Authorised :		
104,000,000 equity shares of Rs. 5 each (Previous year: 104,000,000 equity shares of Rs.5 each)	520,000,000	520,000,000
Issued:		
98,496,160 equity shares of Rs. 5 each fully called up (Previous year: 98,496,160 equity shares of Rs. 5 each)	492,480,800	492,480,800
Subscribed and paid up:		
98,457,160 equity shares of Rs. 5 each fully paid up (Previous year: 98,457,160 equity shares of Rs.5 each)	492,285,800	492,285,800
(Out of the above 63,723,800 shares of Rs.5 each have been issued as Bonus shares by capitalisation of Reserves)		
	492,285,800	**492,285,800**
Schedule 2		
RESERVES AND SURPLUS		
Capital reserve on consolidation	6,674,104	6,674,104
Share premium account		
As per last balance sheet	2,767,571,264	2,639,571,264
Add: Additions during the year on issue of equity shares	-	128,000,000
	2,767,571,264	2,767,571,264
General reserve		
As per last balance sheet	1,673,732,485	1,678,197,919
Add: Transfer from profit and loss account	-	-
Less: Opening employee benefits as per transitional provision	-	4,465,434
	1,673,732,485	1,673,732,485
Legal reserve		
As per last balance sheet	677,631	813,960
Add: Movement in foreign exchange	41,680	57,394
Less: Consolidation adjustment	-	193,723
	719,311	677,631
Foreign currency translation reserve (on consolidation)		
As per last balance sheet	62,549,407	(49,610)
Add: Movement during the period	331,075,931	62,599,017
	393,625,338	62,549,407
Profit and loss account	147,109,981	891,292,545
	4,989,432,483	**5,402,497,436**
Schedule 3		
SECURED LOANS		
Loans		
a. From financial institutions	1,589,348,963	1,701,725,853
b. From banks	3,656,862,786	3,398,864,830
(Loans are secured against certain moveable and immovable assets of the parent company or concerned subsidiary)		
c. From others	-	19,460,541
Interest accrued and due	9,876,722	5,583,518
	5,256,088,471	**5,125,634,742**
Schedule 4		
UNSECURED LOANS		
a. From banks	1,014,400,000	802,400,000
b. From others	260,606,640	35,584,023
	1,275,006,640	**837,984,023**

Schedule 5

FIXED ASSETS

Figures in Rupees

Particulars	Gross block						Depreciation						Net block	
	As at 01/04/2008	Consolidation adjustment	Additions	(Deletions)	Other Adjustments	As at 31/03/2009	Up to 31/03/2008	Consolidation adjustment	For the year	On deletions	On other adjustments	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
Tangible assets														
Land (Note 1)	105,888,852	-	-	-	946,951	106,835,803	-	-	-	-	-	-	106,835,803	105,888,852
Leasehold land	120,476,608	-	4,589,371	-	-	125,065,979	1,281,321	-	3,745,732	-	-	5,027,053	120,038,926	119,195,287
Buildings	1,677,165,393	-	154,576,248	(10,290,107)	44,027,058	1,865,478,592	246,939,871	-	50,920,702	(1,944,079)	13,428,392	309,344,886	1,556,133,706	1,430,225,522
Leasehold buildings	44,055,331	-	-	-	11,639,743	55,695,074	41,050,035	-	3,395,912	-	11,225,100	55,671,047	24,027	3,005,296
Plant and machinery	4,889,998,785	-	502,241,587	(86,423,548)	22,455,324	5,328,272,148	1,541,541,009	-	422,021,472	(79,526,374)	21,064,204	1,905,100,311	3,423,171,837	3,348,457,776
Furniture and fixtures	172,303,317	-	21,593,804	(2,511,641)	10,337,087	201,722,567	61,154,437	-	22,193,172	(1,669,890)	7,963,201	89,640,920	112,081,647	111,148,880
Leasehold improvements	177,828,651	-	6,546,869	(29,213,246)	13,977,470	169,139,744	100,827,254	-	36,975,621	(29,213,253)	8,723,205	117,312,827	51,826,917	77,001,397
Office equipments	453,159,819	-	19,256,554	(117,099,081)	47,604,700	402,921,992	338,590,898	-	41,136,417	(117,001,880)	35,986,822	298,712,257	104,209,735	114,568,921
Vehicles	30,693,459	-	9,271,118	(13,822,019)	2,369,101	28,511,659	19,109,972	-	3,271,040	(10,262,175)	1,984,902	14,103,739	14,407,920	11,583,487
Intangible assets	-													
Goodwill and other intangibles	73,515,658	-	3,089,359	(29,671,259)	4,521,812	51,455,570	33,489,262	-	16,055,117	(27,894,718)	1,884,308	23,533,969	27,921,601	40,026,396
Total	7,745,085,873	-	721,164,910	(289,030,901)	157,879,246	8,335,099,128	2,383,984,059	-	599,715,185	(267,512,369)	102,260,134	2,818,447,009	5,516,652,119	5,361,101,814
Capital work in progress including capital advances													562,290,628	466,340,105
													60,78,942,747	5,827,441,919
Previous Year	3,399,038,840	316,707,327	4,135,578,088	(185,208,919)	78,970,537	7,745,085,873	1,913,070,072	215,886,194	364,116,580	(156,145,922)	47,057,135	2,383,984,059	5,827,441,919	4,234,789,397

Note:
1. Land includes Rs. 1,791,106 (Previous year Rs. 1,791,106) being the share in land jointly owned with others
2. Fixed assets include Rs. 138,804,146 (Previous year Rs.126,143,045) representing the net realisable value of the fixed assets held for disposal.
3. Other adjustments include exchange fluctuation arising on account of conversion of fixed assets from foreign currency to reporting currency.

		As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedule 6			
INVESTMENTS			
Long term investments			
Trade, unquoted			
Milano Confezioni S.r.l.		132,772	125,079
BP Venture S.r.l.		95,528,410	87,470,093
Industria e Universita S.r.l.		1,467,689	1,382,645
Consorzio Tutela Lino		87,058	82,013
Spazio S.r.l.		-	328,053
Banca Intesa debentures		-	2,858,400
Less: Provision for diminution in value of investments		62,013,950	56,016,509
Total Long term investments	A	35,201,979	36,229,774
Current investments -			
Non-trade, quoted			
Investments in units of US-64 Bonds		5,250,000	16,704,238
Less: Diminution in value of investments		195,000	1,294,871
Total quoted (Market value: Rs. 5,055,000, Previous year: Rs. 15,409,367)		5,055,000	15,409,367
Non-trade, unquoted			
Investments in units of mutual funds		286,199,923	163,587,548
Less: Diminution in value of investments		-	1,114,069
Total unquoted		286,199,923	162,473,479
Total Short term investments	B	291,254,923	177,882,846
Total	A+B	**326,456,902**	**214,112,620**
Schedule 7			
INVENTORIES			
Raw materials		388,854,478	471,736,449
Stores and spares		97,230,463	86,985,779
Work in process		854,284,626	610,833,228
Finished goods		2,132,395,636	2,067,055,747
		3,472,765,203	**3,236,611,203**
Schedule 8			
SUNDRY DEBTORS (Unsecured)			
Considered good		1,953,414,893	1,156,163,205
Considered doubtful		26,034,677	25,803,229
		1,979,449,570	1,181,966,434
Less: Provision for doubtful debts		26,034,677	25,803,229
		1,953,414,893	**1,156,163,205**
Schedule 9			
CASH AND BANK BALANCES			
Cash and stamps on hand		2,710,649	9,111,370
Cheques in hand		700,000	924,879
Cash in transit		4,050,145	-
With banks			
in current account		212,672,879	140,914,982
in deposit account [includes security against ECGC premium Rs.250,000 (Previous year: Rs.Nil) and restricted cash Rs. 2,578,608 (Previous Year Rs. 2,477,462)]		2,828,608	2,477,462
		222,962,281	**153,428,693**

		As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedule 10			
LOANS AND ADVANCES			
(Unsecured considered good)			
Advance taxes [Inclusive of Minimum Alternate Tax credit entitlement Rs. 19,002,500 (Previous Year : Rs. 14,352,500)]		302,578,433	539,783,670
Advances recoverable in cash or in kind or for value to be received		413,120,212	475,310,087
Other Deposits		105,746,553	100,041,647
		821,445,198	**1,115,135,404**
Schedule 11			
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities:			
Sundry creditors		3,818,341,866	2,391,930,267
Advances received		13,153,992	4,517,623
Interest accrued but not due on loans		46,359,791	19,050,926
Other liabilities		167,196,735	108,484,220
Unpaid dividend		5,513,017	6,242,399
	A	**4,050,565,401**	**2,530,225,435**
Provisions:			
Gratuity		103,492,699	103,807,480
Compensated absences		62,436,427	52,747,960
losses of subsidiaries		-	18,081,601
loss on derivatives (Refer Note 11(3) of Schedule 18)		610,963,496	277,698,663
Others		4,145,076	6,669,506
Tax (including fringe benefit tax)		186,048,138	274,607,007
	B	**967,085,836**	**733,612,217**
TOTAL	(A + B)	**5,017,651,237**	**3,263,837,652**

Schedules to Consolidated Profit and Loss Account

Himatsingka Seide Limited | For the year ended March 31, 2009

		For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
Schedule 12			
OTHER INCOME			
Interest		19,084,274	60,012,882
Dividend		2,116,959	14,293,581
Profit on sale of assets (net)		39,001,814	29,900,946
Profit on sale of investments (net)		-	16,571,694
Miscellaneous income		66,773,612	48,833,629
Commission income		75,994,601	34,556,957
Income from services		155,486	9,327,193
Exchange fluctuation gain (net)		-	2,013,714
		203,126,746	**215,510,596**
Schedule 13			
MATERIALS CONSUMED			
Raw materials			
Opening stock		471,736,449	333,102,698
Add: Purchases		2,074,681,044	2,363,132,461
		2,546,417,493	2,696,235,159
Less: Closing stock		388,854,478	471,736,449
Raw materials consumed		2,157,563,015	2,224,498,710
Dyes and chemicals consumed		235,014,874	165,193,109
Raw Material Consumed	13A	**2,392,577,889**	**2,389,691,819**
Purchase of traded goods	13B	**3,680,371,750**	**3,405,526,043**
(Increase)/ decrease in work in process and finished goods			
Opening stock			
Work in process		610,833,228	369,795,760
Finished goods		2,067,055,747	509,895,754
		2,677,888,975	879,691,514
Consolidation adjustment			
Work in process		-	-
Finished goods		-	1,376,248,912
		-	1,376,248,912
Closing Stock			
Work in process		854,284,626	610,833,228
Finished goods		2,132,395,636	2,067,055,747
		2,986,680,262	2,677,888,976
(Increase) in work in process and finished goods	13C	**(308,791,287)**	**(421,948,549)**
Schedule 14			
MANUFACTURING EXPENSES			
Power and fuel		386,492,652	257,978,277
Stores and spares consumed		68,091,844	51,056,021
Repairs and maintenance - Building		14,479,671	8,626,293
Repairs and maintenance - Machinery		24,820,241	20,688,184
Other manufacturing expenses		271,757,635	366,359,092
		765,642,043	**704,707,867**

	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
Schedule 15		
PERSONNEL EXPENSES		
Wages, salaries and other allowances	1,373,893,057	1,060,300,561
Contribution to provident and other funds	103,374,266	121,230,429
Workmen and staff welfare expenses	80,515,805	84,511,256
	1,557,783,128	**1,266,042,246**
Schedule 16		
ADMINISTRATION, SELLING AND OTHER EXPENSES		
Rent	279,327,765	237,968,373
Travelling and conveyance	116,400,992	122,770,166
Communication expenses	36,677,983	30,580,450
Printing and stationery	10,772,306	12,174,683
Insurance	41,367,682	30,065,900
Rates and taxes	58,048,460	47,436,524
Professional and other service charges	220,666,248	182,366,323
Bank charges	66,761,739	58,014,359
Contribution and donation	2,935,375	1,001,840
Freight outward	112,479,191	66,198,424
Commission on sales	88,847,393	73,291,774
Other selling expenses	148,552,143	164,234,235
Repairs and maintenance - Buildings and others	24,873,776	14,790,772
Loss on sale of investments	3,076,509	-
Exchange fluctuation loss (net)	175,833,329	-
Power and fuel	25,041,747	19,420,203
Advertisement and publicity	96,444,107	59,631,351
Other expenses	48,467,659	43,171,212
Royalty	136,037,820	55,776,737
Diminution in value of investments - Current investments	495,017	1,369,876
Provision for doubtful debts	13,025,073	798,788
	1,706,132,314	**1,221,061,990**
Schedule 17		
INTEREST		
Fixed loans [net of subsidy under TUFS Rs. 159,848,918 (Previous year Rs. 138,079,854)]	110,309,027	102,042,263
Others [net of interest subvention Rs. 2,009,542 (Previous year Rs. 6,780,606)]	275,030,362	199,618,383
	385,339,389	**301,660,646**

Schedule 18

Notes Forming Part of Accounts

A) a) Information on subsidiary companies and associates :

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

Name of the entity	Country of incorporation	% Ownership held either directly or through subsidiaries	
		as at March 31, 2009	as at March 31, 2008
Himatsingka Wovens Private Limited,	India	100%	100%
Himatsingka America Inc.	United States of America	100%	100%
Giuseppe Bellora S.p.A.	Italy	70%	70%
Giuseppe Bellora America, Inc.	United States of America	70%	70%
Twill & Oxford LLC	United Arab Emirates	49%	49%
Divatex Home Fashions, Inc.	United States of America	80%	80%
DWI Holdings, Inc.	United States of America	100%	100%
Himatsingka Singapore Private Limited	Singapore	100%	100%

ii In respect of Giuseppe Bellora America, Inc., ownership is held through Giuseppe Bellora S.p.A(GB).

iii In terms of the Memorandum and Articles of Association, the composition of the Board of Directors of Twill & Oxford LLC is controlled by the Company and hence it has been considered as subsidiary for the purpose of consolidation.

iv In respect of Divatex Home Fashions, Inc. and DWI Holdings Inc., ownership is held through Himatsingka America Inc.

v In respect of Himatsingka Singapore Private Limited, ownership is held through Himatsingka Wovens Private Limited

vi GBT S.r.L. (a subsidiary of Giuseppe Bellora S.p.A.) is under liquidation and therefore has not been considered for consolidation. Provisions for losses of GBT S.r.L. has been made in the financial statements.

vii During the previous year, Interbrand Srl a subsidiary of GB has been merged into GB with effect from April 1, 2007.

viii The dissolution of Giuseppe Bellora America, Inc. was authorised at a meeting of shareholders and approved by appropriate authority on May 26, 2009.

b) Figures pertaining to the subsidiary companies have been regrouped / reclassified wherever necessary to bring them in line with the Company's financial statements.

c) The consolidated financial statements of the previous year include the share of assets, liabilities, income and expenses aggregating to amounts indicated below, which are included on the basis of unaudited financial statements in respect of B.P. Venture S.r.L. and B.P. Venture Portugal LDA.

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
Income	-	340,474,770
Expenditure	-	464,929,422

B) Notes forming part of accounts:

			31.03.2009	31.03.2008
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances).		295,705,014	221,051,243
2	Contingent liabilities not provided for :			
	i)	-Income tax	23,810,001	62,035,266
		-Entry tax	999,979	999,979
		-Excise duty	971,950	-
		-Customs duty	2,014,766	-
		-Claims against the Group not acknowledged as debt	17,609,375	-

ii) Corporate guarantee given towards credit and other facilities on behalf of subsidiaries and various government authorities and others

	31.03.2009 Rupees	31.03.2008 Rupees
- Banks	2,578,608	2,477,462
- Others	390,695	822,263,700
iii) Bills Discounted	61,685,857	-
iv) Open Letters of credit	3,246,080	46,480,344

3 Deferred tax

a) Deferred tax liability as at 31st March 2009 represents the tax effect of temporary differences substantially on account of difference in written down value of fixed assets on account of differing depreciation methods and rates and other timing differences.

b) Deferred tax liabilities /(assets) as at 31st March 2009, comprises

- Timing differences on account of depreciation	218,039,720	132,170,117
- Timing differences on account of unabsorbed tax depreciation	-	
- 'Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	(207,406,064)	(127,412,166)
- Other timing differences	(2,014,687)	9,576,448
	8,618,969	14,334,399

4 Segment reporting

a) Primary segment : Business segment

The Group is mainly engaged in the business of manufacturing, marketing and distribution of textiles consisting of fabric and yarn. Considering the nature of business and financial reporting of the Group, the Group has only one business segment viz; Home textile as primary reportable segment.

b) Information about secondary segment

Geographic segment

Distribution of the Group's consolidated sales by geographic location:

USA	6,829,526,523	5,881,844,102
Europe	1,891,947,391	2,453,794,336
India	317,708,395	329,828,729
Others	1,153,663,758	196,526,325
	10,192,846,067	8,861,993,492

Schedule 18
NOTES FORMING PART OF ACCOUNTS

	31.03.2009 Rupees	31.03.2008 Rupees
Carrying amount of segment assets based on their location:		
India	7,708,257,319	7,492,018,160
USA	6,496,706,963	4,575,266,915
Europe	2,619,688,283	2,619,437,891
Others	46,881,030	53,324,185
	16,871,533,595	14,740,047,151
Additions to fixed assets:		
India	681,945,281	3,978,170,517
USA	11,026,673	18,526,155
Europe	27,641,640	87,201,426
Others	551,316	51,679,990
	721,164,910	4,135,578,088

Note: Additions to fixed assets for the previous year do not include assets on the date of acquisition in respect of subsidiaries that have been acquired during the previous year.

5 Leases:

The Group's significant leasing agreement is mainly in respect of the showrooms, corporate office premises, accomodation and vehicles provided to employees and guest houses.

a) The total of future minimum lease payments under non-cancellable operating leases due:

not later than one year	84,213,544	94,922,929
later than one year and not later than five years	78,896,455	192,089,331
later than five years	-	1,910,415
b) lease payments recognised in the statement of profit and loss for the year:	279,327,765	237,968,373

6. Related Party Transcations:

Particulars	Key management personnel		Relatives of Key management personnel		Enterprises owned or significantly influenced by key management personnel / Directors or their relatives		Associate		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Purchase of Goods										
Bihar Mercantile Union Limited		-			747,517	2,203,525			747,517	2,203,525
BMU International		-			3,336,712	14,099,190			3,336,712	14,099,190
Satin Reed (America) Inc		-			7,492,737	19,901,672			7,492,737	19,901,672
Services provided									-	-
Bihar Mercantile Union Limited					464,725	-			464,725	-
Sale of Goods (Net)		-				-			-	-
Satin Reed (America) Inc		-				14,674,913			-	14,674,913
Rent received		-				-			-	-
Satin Reed (America) Inc		-			1,103,760	955,200			1,103,760	955,200
Remuneration		-				-			-	-
A K Himatsingka	2,705,920	2,705,920				-			2,705,920	2,705,920
D K Himatsingka	2,688,000	2,811,840				-			2,688,000	2,811,840
Aditya Himatsingka	2,705,920	2,705,920				-			2,705,920	2,705,920
Shrikant Himatsingka	1,573,444	1,466,259				-			1,573,444	1,466,259
Amitabh Himatsingka			3,633,210	7,233,934		-			3,633,210	7,233,934
Lease Rent Paid		-				-			-	-
Bihar Mercantile Union Limited		-			7,200	67,200			7,200	67,200
A K Himatsingka	84,600	-							84,600	-
D K Himatsingka	129,600	-							129,600	-
D K Himatsingka HUF					86,400	-			86,400	-
Aditya Himatsingka	97,200	-							97,200	-
Shrikant Himatsingka	160,200	-							160,200	-
Amitabh Himatsingka			97,200	-					97,200	-
Rajshree Himatsingka			86,400	-					86,400	-
Ranjana Himatsingka			36,000	-					36,000	-
Supriya Himatsingka			36,000	-					36,000	-
Priyadarshini Himatsingka			86,400	-					86,400	-
Professional Fees		-				-			-	-
Khaitan & Co		-			282,293	77,500			282,293	77,500
Gherzi Eastern Limited					1,338,709	448,500			1,338,709	448,500
Lease deposit refunded during the year		-				-			-	-
Bihar Mercantile Union Limited		-			-	7,500,000			-	7,500,000
Inter Corporate Loans received during the year									-	-
Credit Himatsingka Pvt Ltd					239,030,000	-			239,030,000	-
Interest Expense on Inter Corporate Loan									-	-
Credit Himatsingka Pvt Ltd					10,414,250	-			10,414,250	-
Outstanding as on 31 March 2009		-				-			-	-
Amounts Receivable:		-				-			-	-
For Sale of Goods		-				-			-	-
Satin Reed (America) Inc		-			-	9,252,511			-	9,252,511
Inter coporate Loan payable									-	-
Credit Himatsingka Pvt Ltd					239,030,000	-			239,030,000	-
Interest Payable on Inter Corporate Loan		-				-			-	-
Credit Himatsingka Pvt Ltd		-			1,256,074	-			1,256,074	-
Advances Recoverable		-				-			-	-
Khaitan & Co		-			-	189,796			-	189,796
Gherzi Eastern Limited		-			-	700,000			-	700,000

6. Related Party Transcations:

Inter coporate Loan		-				-			-	-
Share Application Money		-				-			-	-
Lease Rent Deposit		-				-			-	-
Bihar Mercantile Union Limited		-			360,000	360,000			360,000	360,000
Receivable		-				-			-	-
A K Himatsingka	-	527,873				-			-	527,873
D K Himatsingka	371,520	3,536,568				-			371,520	3,536,568
Aditya Himatsingka	-	446,953				-			-	446,953
Shrikant Himatsingka	-	437,109				-			-	437,109
Amounts Payable		-				-			-	-
Purchase of Goods									-	-
BMU International		-			80,340	157,030			80,340	157,030
Satin Reed (America) Inc		-			-	3,198,407			-	3,198,407
Other payables									-	-
A K Himatsingka	11,704	-				-			11,704	-
D K Himatsingka	17,929	-				-			17,929	-
D K Himatsingka HUF	-	-			11,953	-			11,953	-
Aditya Himatsingka	13,447	-							13,447	-
Shrikant Himatsingka	22,162	-							22,162	-
Amitabh Himatsingka			13,447	-					13,447	-
Rajshree Himatsingka			11,953	-					11,953	-
Ranjana Himatsingka			6,000	-					6,000	-
Supriya Himatsingka			6,000	-					6,000	-
Priyadarshini Himatsingka			11,953	-					11,953	-

Notes:
1) Related party relationship is as identified by the company on the basis of information available with them and accepted by the auditors.
2) No amount is/has been written back during the year inrespect of debts due/from/to a related party.

Names of the Related Parties:

Key Management Personnel	Whole time directors A.K.Himatsingka D.K.Himatsingka Aditya Himatsingka Srikant Himatsingka
Relatives of Key Management Personnel	Amitabh Himatsingka Rajshree Himatsingka Ranjana Himatsingka Supriya Himatsingka Priyadarshini Himatsingka
Enterprises owned or significantly influenced by key management personnel/Directors or their relatives	Bihar Mercantile Union Limited Satin Reed (America) Inc Gherzi Eastern Limited Khaitan & Co Credit Himatsingka Pvt Ltd

7 The Group is setting up a captive power plant at Hassan, Karnataka and in the previous year has set up Bed Linen plant at Hassan, Karnataka and Made-Ups facility at Apparel Park in Doddaballapur, Bangalore [District]. The following costs and incomes arising during the project period are capitalised.

	31.03.2009 Rupees	31.03.2008 Rupees
Raw materials consumed	-	273,906,607
Dyes and chemicals	-	27,716,459
Trims and accessories	-	8,964,095
Power and fuel	1,249,062	53,087,822
Stores and spares consumed	-	4,664,763
Other manufacturing expenses	1,571,012	12,678,536
Salary, wages and other allowances	3,199,909	29,191,523
Workmen and staff welfare expenses	51,718	3,395,759
Contribution to provident and other funds	-	1,542,744
Rent	434,957	1,034,463
Travelling and conveyance	1,186,672	6,754,300
Communication expenses	49,354	532,751
Rates and taxes	591,952	4,083,552
Bank charges	80,823	-
Insurance	1,410,931	-
Printing and stationery	4,810	-
Professional and other service charges	251,883	3,357,067
Other expenses	391,083	3,254,094
Depreciation	960,689	5,345,567
Borrowing costs (net of subsidy under TUFS Rs.1,811,559 (pervious year Rs.60,991,985)	18,127,099	50,158,876
Total expenses	**29,561,954**	**489,668,978**
Less:		
Income during trial production period		
Export sale	-	146,983,146
Local Sales	-	12,269,892
Job work services	-	3,542,264
Stock of WIP and FG transferred to P&L	-	133,405,391
	29,561,954	**193,468,285**

Schedule 18
NOTES FORMING PART OF ACCOUNTS

8 a) Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective local labour laws.

b) Defined benefit :

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

	31.03.2009 Rupees	31.03.2008 Rupees
Change in the benefit obligation		
Projected Benefit Obligation (PBO) at the beginning of the year	57,456,332	46,468,701
Service cost	8,293,661	4,832,282
Interest cost	5,040,897	3,904,334
Benefits paid	(2,971,770)	(7,203,197)
Actuarial (gain)/loss	(14,946,413)	9,454,212
PBO at the end of the year	52,872,707	57,456,332
Change in plan assets		
Fair value of plan assets at the beginning of the year	47,990,137	42,401,235
Expected return on plan assets	3,496,638	3,146,562
Employer contributions	261,971	7,148,095
Benefits paid	(2,971,270)	(7,203,197)
Actuarial (loss)/gain	(1,835,849)	2,497,442
Fair value of plan assets at the end of the year	46,941,627	47,990,137
Present value of unfunded obligation	5,931,080	9,466,195
Recognised liability	5,931,080	9,466,195
Net gratuity cost for the year ended March 31, 2009 is as follows:		
Service cost	8,293,661	4,832,282
Interest cost	5,040,897	3,904,334
Expected return on plan assets	(3,496,638)	(3,146,562)
Actuarial (gain)/loss	(13,110,564)	6,956,770
Net gratuity cost	(3,272,644)	12,546,824

Financial assumptions at the valuation date:

	31.03.2009	31.03.2008
a) Discount rate (p.a.)	7.00%	8.15%
b) Expected rate of return on assets (p.a.)	7.50%	7.50%
c) Salary escalation rate	6.00%	8.00%
d) Retirement age	58yrs	58yrs

e) Mortality : Published rates under the LIC (1994-96) mortality tables have been used.

f) Rates of leaving service at specimen ages are as shown below:

	31.03.2009
Category	Withdrawal Rates p.a. (%)
Seide Staff	10.00%
Seide Workmen	2.00%
Linens Staff	13.00%
Linens Workmen	25.00%
	31.03.2008
Age (Years)	
21 – 44	8.00%
45 - 57	1.00%

Note:

1. Salary escalation considered takes into account the inflation, seniority, promotion and other relevant factors
2. The information on composition of the plan assets held by the funds managed by the insurer is not provided since the same is not available

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

The movement in the accrued liability towards the end of service benefit is as follows:

	31.03.2009 Rupees	31.03.2008 Rupees
Opening balance	420,691	-
Exchange fluctuation	113,010	-
Provision during the year	762,863	420,691
Closing balance	1,296,564	420,691

c) Defined contribution obligation	31.03.2009	31.03.2008
i) Provident Fund	30,052,196	27,540,442
ii) Superannuation Fund	3,398,553	3,308,952
iii) Others*	72,956,345	76,563,570

* includes defined contributions obligations of companies incorporated outside India

9 Professional and other services charges include payments (excluding service tax) towards :

a) Remuneration to the auditors of the Company

Audit fees	3,600,000	3,500,000
Tax audit fees	400,000	200,000
Taxation matters	75,000	1,215,000
Other services	627,747	165,000
Out of pocket expenses	130,850	10,425
Total	4,833,597	5,090,425

Schedule 18
NOTES FORMING PART OF ACCOUNTS

b) Remuneration to other auditors for the Subsidiaries

Audit fees	12,536,785	15,743,479
Taxation matters	208,311	149,418
Other services	1,650,520	1,655,522
Out of pocket expenses	159,119	148,736
Total	14,554,735	17,697,155

10 Notes relating to cash flow statement

a. The cash flow statement has been prepared under the “Indirect Method” as set out in the Companies (Accounting Standards) Rules, 2006.

b. Cash and cash equivalents include balances with scheduled banks on dividend account Rs. 5,513,016 (Previous year Rs. 6,242,399) which are not available for use by the company.

c. Cash and cash equivalents include restricted cash of Rs. 2,828,608 (Previous year Rs. 2,477,462) being margin money in respect of bank guarantee issued by banks and the security deposit with bank against ECGC premium.

d. Interest paid is inclusive of and purchase of Fixed Assets excludes, interest capitalised Rs.18,127,099 (Previous year Rs.50,158,876).

11 Details of Forward covers, Options and Derivative transactions:

1) Forward Exchange Contracts

a) The following are the outstanding Forward Exchange Contracts entered into by the company as on 31st March, 2009:

i) Export of goods

- Current year

Currency	Amount	Buy/Sell	Rupee equivalent
USD * INR	31,800,000	Sell	1,553,929,000
EURO * INR	3,750,000	Sell	253,540,000

- Previous year

Currency	Amount	Buy/Sell	USD Equivalent	Rupee Equivalent
USD * INR	12,200,000	Sell		490,634,500
EURO * INR	6,750,000	Sell		401,722,575
PND * USD	600,000	Sell	1,241,800	
PND * INR	600,000	Sell		48,390,000

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

- Current year :

a) To sell USD 1 million every month If USD * INR spot at every monthly expiry < 44.50, else to sell USD 2 Million @ 44.50 till August ‘09 (except July 09).

Currency option	USD Put	CHF Call	Equivalent INR
No. of contracts	1	1	
Notional principal	37,128,713	44,379,950	150 Crores

b) To sell USD 250,000 every month If USD * INR spot at every monthly expiry < 44.10, else to sell USD 500,000 @ 44.10 till July 2012

Currency option	CHF put	INR call	Equivalent USD
No. of contracts	1	1	
Notional principal	14,759,723	500,000,000	12,385,435

- Previous year

a) To sell USD 1 Million every month at 44.50 till August '09 embedded with

Currency option	USD Put	CHF Call	Equivalent INR
No. of contracts:	1	1	
Notional principal	37,128,713	44,379,950	150 Crores

b) To sell USD 250,000 every month If USD * INR spot at every monthly Expiry < 44.10, else to sell USD 500,000 @ 44.10 Till July 2012

Currency Option	CHF put	INR call	Equivalent USD
No. of contracts:	1	1	
Notional Principal	14,759,723	500,000,000	12,385,435

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

a. Amounts receivable in foreign currency on account of the following:

Particulars	31.03.2009			31.03.2008		
	Foreign Currency	Amount	INR Equivalent	Foreign Currency	Amount	INR Equivalent
"Export of goods and services"	USD	725,753	36,810,192	USD	408,322	16,381,897
	EURO	131	8,833	EURO	1,065	67,633
	GBP	300,080	1,248,282	GBP	10,237	815,706
	SGD	46,265	1,540,938	SGD	141,342	4,097,490
Inter Corporate Loan	AED	2,100,000	28,950,600	AED	2,600,000	28,293,200
	USD	20,000,000	1,014,400,000	USD	20,000,000	802,400,000
	SGD	1,565,000	52,125,455	SGD	1,500,000	43,485,000
Interest receivable on Inter Corporate Loan	AED	185,622	2,558,984	AED	226,805	2,468,097
	USD	1,700,000	86,224,000	USD	279,452	11,211,616
	SGD	145,797	4,856,061	SGD	63,823	1,850,229
Bank balance	USD	24,921	1,188,691	USD	15,323	614,759
	EURO	100	6,743	EURO	100	6,352

b. Amounts payable in foreign currency on account of the following:

Particulars	31.03.2009			31.03.2008		
	Foreign Currency	Amount	INR Equivalent	Foreign Currency	Amount	INR Equivalent
"Import of goods and services"	USD	928,517	47,094,365	USD	624,814	25,073,760
	EURO	52,686	3,552,420	EURO	97,753	6,210,260
	PND	32,170	2,330,763	SGD	23,521	682,331
Import of Capital goods	-	-	-	PND	604	48,139

Schedule 18
NOTES FORMING PART OF ACCOUNTS

3) Derivative instruments

The Company is exposed to currency fluctuations on foreign currency assets and cash flows denominated in foreign currency. The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts and options. During 2007-08, apart from forward contracts, the Company, entered into three foreign exchange derivative contracts.

i) During the year in respect of one of the derivative contracts, based on an external valuation, the Company has accounted for a mark to market loss of Rs. 333,264,833 (previous year - Rs.277,698,663) as an exceptional item in the profit and loss account.

ii) In respect of the second contract, the Company had in the previous year filed a suit against the counter party with which it had entered into a derivative contract, based on advice from legal counsel, that such a contract was void ab initio and not binding on the Company.

During the year, the Company and the counter- party have closed all disputes pertaining to the said contract by way of an out of court settlement for an amount of Rs.92,316,395, which has been paid by the Company. The same has been treated as an exceptional item in the profit and loss account.

iii) The third foreign exchange derivative contract has a duration of 60 months, to sell US Dollars on a monthly basis at fixed rate subject to certain conditions. The contract also obligates the Company to pay a notional amount of Swiss Franc and receive notional amount of Rupees based on the Swiss Franc to US Dollar exchange rates during a specified monitoring period in the year 2012. There is significant uncertainty regarding the exchange rates that may be prevalent at that time and consequently the liability, if any, under the contract. Due to this uncertainty, as in the previous year, no provision has been made in the financial statements as at 31 March 2009.

The marked to market valuation, as indicated by the bank, is a loss of Rs 218,844,695 (previous year Rs.68,500,000) as on March 31, 2009.

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

13 The Group classifies its subsidiaries as integral or non-integral based on the way they operate in relation to the Group. On a review of the status of the Group's foreign operations in accordance thereto, effective April 01, 2008, Himatsingka America Inc. has been reclassified from an integral foreign operation to non integral foreign operation. Consequent to the above reclassification, the loss for the year ended March 31, 2009 is lower by Rs. 6362 lakhs, on account of foreign currency translation.

14 Pursuant to Shareholders approval in the Annual General Meeting held on September 26, 2007, the Company has on October 9,2007, allotted 5,800,000 warrants to promoters/ promoter group, at an issue price of Rs.130/- convertible into equity shares at the same price within 18 months from the date of issue. The Company has allotted 256,000 equity shares each on November 28, 2007, January 2, January 31 and March 7, 2008 on conversion of equivalent number of warrants out of the above.

Subsequent to balance sheet date, the promoters/promoter group, have not exercised by April 08, 2009 as required in accordance with the terms of the issue, the option to convert the remaining 4,776,000 warrants issued on a preferential basis, into equivalent number of equity shares. The validity of the said warrants, therefore, has lapsed and the application money of Rs.62,088,000/- paid on 4,776,000 lapsed warrants be forfeited.

15 During the year Design and development expenditure of Rs. 31,972,242 (Previous year Rs.28,587,515) which is revenue in nature is accounted in the respective heads of the Profit & Loss Account. There were no expenses of a capital nature incurred during the year.

16 Previous year figures have been regrouped/recast, wherever necessary, to conform the current year classification

Significant Accounting Policies

Himatsingka Seide Limited

Schedule 19

1. System of accounting

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

   The financial statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company i.e. March 31, 2009.

2. Principles of consolidation
   - The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 – Consolidated Financial Statements prescribed under the Rules. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.
   - The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits or losses. The amount shown in respect of reserves comprises the amount of the relevant reserves as per the balance sheet of the Company and its share in the post-acquisition change in the relevant reserve of subsidiaries.
   - Minority interest represents the amount of equity attributable to the minority shareholders at the dates on which investment in a subsidiary is made by the Company and its share of movements in the equity subsequent to the dates of investments as stated above.
   - The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as goodwill, being an asset in the consolidated financial statements. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as capital reserve and shown under the head Reserves and surplus.
   - Investments in Associate Companies have been accounted under the equity method as per AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued under the Rules.

3. Use of estimates

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

4. Fixed assets

   Fixed assets and intangibles are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of fixed assets including incidental costs of bringing the assets to their working condition for their intended use.

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

   Expenditure during construction period in respect of new projects is included under capital work-in-progress and the same is allocated to the fixed assets on the commissioning of the respective projects.

5. Depreciation

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

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

Schedule 19
SIGNIFICANT ACCOUNTING POLICIES

5.3 Leasehold land is amortised over the period of lease.

5.4 Purchased goodwill is amortised over a period of ten years.

5.5 Depreciation rates used for various classes of assets are:

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

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

6. Impairment of assets

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

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

7. Investments

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

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

8. Inventories

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

9. Government grants

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

10. Revenue recognition

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

Excise duty on turnover is reduced from turnover.

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

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

11. Retirement benefits

a. Post –employment benefit plans :

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

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

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

b. Short term employee benefits :

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

12. Derivative Contracts

The Company is exposed to currency fluctuations on foreign currency assets and cash flows denominated in foreign currency. The Company follows a policy of covering the risks arising out of foreign exchange fluctuations through a combination of forward contracts, options and other derivative instruments.

The outstanding derivative instruments at the end of the year are evaluated individually and any mark to market losses, that are possible to be reasonably ascertained, are recognised in the profit and loss account. Gains, if any, are ignored.

13. Foreign currency

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

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

The mark to market loss, if any, on a forward exchange contracts entered in respect of highly probable forecasted transactions and firm commitments is recognised in the statement of profit and loss for the period.

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

- Assets and liabilities other than non-monetary items are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost.
- Revenue and expenses are translated at average exchange rates prevailing during the year.
- The resulting exchange differences are recognised as income or expense in the profit and loss account.

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

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

14. Earnings per share

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

15. Income tax

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

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

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

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

Advance tax and provision for tax are presented in the financial statements at gross amounts and are set off on completion of the assessment

16. Provisions and contingencies

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

Financial Highlights - Consolidated

Himatsingka Seide Limited

(Rs. lakhs)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Account										
Total Income	11686.90	13006.89	12948.28	12946.32	14596.56	15580.32	17715.53	24458.17	89231.43	103959.73
EBITDA & Exceptional Item	5425.10	5983.08	5563.51	5725.12	6614.35	6251.89	6785.66	8665.47	6468.66	6127.31
Interest	257.69	100.58	32.80	16.75	13.13	119.58	114.99	96.41	2479.80	3672.12
Depreciation	1097.99	1273.04	1291.22	1396.91	1499.78	1344.51	1502.33	1570.09	3587.71	5987.54
Exceptional Item	-	-	-	-	-	-	-	-	2565.25	4255.81
PBT	4069.42	4609.46	4239.49	4311.46	5101.44	4869.85	5168.34	6998.96	(2164.11)	(7788.17)
Taxes	-	392.39	430.00	301.25	400.00	323.78	305.83	687.53	539.46	75.38
Net Profit	4069.42	4217.07	3809.49	4010.21	4701.44	4546.07	4862.52	6143.00	(2398.71)	(7441.83)
Dividends	1051.45	1147.03	1147.03	1338.20	1911.72	1911.72	2435.83	2435.83	-	-
Capital Account										
Share Capital	1911.72	1911.72	1911.72	1911.72	1911.72	1911.72	4871.66	4871.66	4922.86	4922.86
Reserves	15106.11	18054.56	20471.52	23038.81	25583.60	26425.42	52142.84	54585.75	54024.97	49894.32
Secured Loans	86.60	-	-	-	1376.55	5850.00	3975.00	26756.19	51256.35	52560.88
Unsecured Loans	-	-	-	-	-	-	-	5127.57	8379.84	12750.07
Average capital employed	16834.16	18535.36	21174.76	23666.89	26911.20	31529.51	47588.32	73601.55	98657.49	109550.16
Gross block	15454.26	16483.46	19226.82	20340.35	21346.08	21105.48	22720.64	33990.39	77450.86	83350.99
Net block	10977.55	10921.01	12381.94	12116.92	11684.84	10193.24	10341.18	14859.69	53611.02	55166.52
Annualised EPS - Rs	21.29	22.06	19.93	20.98	24.59	23.78	5.91	6.30	(2.46)	(7.56)
Face Value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	5.00	5.00	5.00	5.00
Dividend per share - Rs	5.50	6.00	6.00	7.00	10.00	10.00	2.50	2.50	0.00	0.00
Net worth per share - Rs	89.02	104.44	117.08	130.51	143.83	148.23	58.52	61.02	60.78	56.31
Employee Cost	802.50	1132.38	1197.58	1391.40	1552.05	1737.77	2122.60	3352.55	12433.30	15545.32

Notes :

1. The figures for the year 1999-00 till 2001-02 are on Standalone basis since there was no Subsidiary
2. The figures for the year 2007-08 and 2008-09 are net of the pre-operative expenses during the year

Forward looking statements contained 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 by such statements.

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