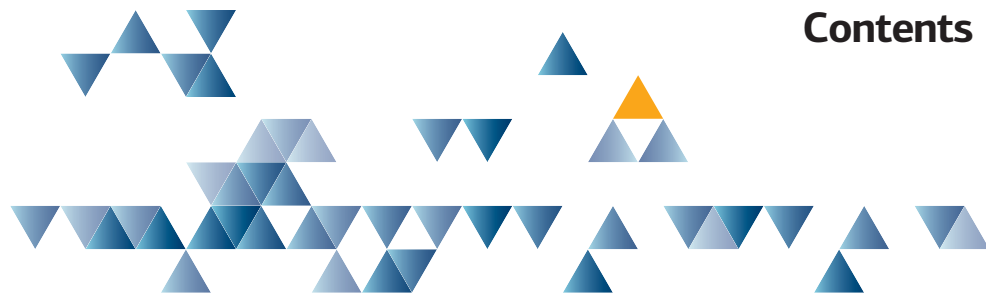


Power of Integration ▶

ANNUAL REPORT 2016

Himatsingka Seide



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“Our focus on delivering sustainable value, combined with our corporate ideals of good governance and transparency will give us the essential ingredients to build a strong and globally competitive enterprise”









Dear Shareholders

Fiscal 2015-16 has been a milestone year for the Group. The financial and operating performance signal that our initiatives to consolidate and strengthen our position in the global home textile industry have augured well.

Operating Performance

Through today, we have focused on enhancing performance across our manufacturing and distribution businesses. On the manufacturing front, we have significantly enhanced performance parameters by bringing in a new paradigm on efficiencies, productivity and technology. On the global distribution front, we have been expanding our brand portfolio and thereby bringing more relevant and differentiated solutions to the global shelf. Our integrated approach, where the power of large scale manufacturing complimented with a strong brand portfolio has helped us disseminate capacities with an optimal product profile and has paved the path to creating sustainable value.

These initiatives have had a positive impact on the consolidated financial performance over the last 3 years. Our focus on profitability has kept Consolidated Revenue range bound at Rs. 1886.84 crores for FY '16. The Compounded Annual Growth Rate (CAGR) for Consolidated Revenue over the same period stood at 3.6%. The Consolidated EBITDA however, has grown at a CAGR of 23.2% to Rs. 312.05 crores in FY '16 and our consolidated Profit After Tax during the same period has grown at a CAGR of 42.7% to Rs. 166.6 Crores in FY '16.

Therefore, our asset base has been utilized better with the Return On Capital Employed (ROCE) growing from 8.6% to 15.1% in FY '16 and our Return On Equity (ROE) growing from 9.5% to 18.6% during the same period. It will be our endeavor to continue to improve our return ratios going forward.

New Initiatives

Fiscal '16 also marked the announcement on fresh investments to be made in order to augment our manufacturing capacities and capabilities. Our investment outlay of approximately Rs. 1,300 crores will aid in achieving the following:

> Double the Group's Sheeting capacity from 23 MMPA (Million Meters Per Annum) to 46 MMPA.

> Backward integrate into ultra-fine count cotton spinning by setting up the world's largest spinning plant under one roof with a capacity of 211,584 spindles.

> Foray into manufacturing Terry Towels with a capacity of 25,000 TPA (Tons Per Annum) as it is synergistic and strategic to the Group's current offerings.

These investments will be made in a phased manner beginning FY '16 through FY '18 and will help augment our manufacturing portfolio over the next 3 years.

Contiguous to the new initiatives in manufacturing, we intend to pursue initiatives to drive growth in our distribution verticals as well. Today, with over 10 brands, the Group has amongst the largest portfolio of Home Textile brands with an annual throughput of over Rs. 800 crores. Creating brands and solutions that are differentiated by technology also continues to be a key area of focus. We are indeed pleased to be the first mover to bring to market a DNA verified cotton value chain solution under the Pimacott Brand. This initiative will drive significant value for our clients and consumers alike in the backdrop of ever changing consumer preferences, demands of the millennial consumer and the advent of omni-channel retailing.

Outlook

Looking forward, we expect our investments to add to our manufacturing portfolio and garner for us a top 3 position across our businesses globally. Our focus on delivering sustainable value, combined with our corporate ideals of good governance and transparency will give us the essential ingredients to build a strong and globally competitive enterprise.

We wish to express our sincere gratitude to our Board of Directors, Investors, Employees, Bankers and Suppliers for their trust and continued support for our initiatives.

Sincerely,

Dinesh Himatsingka Shrikant Himatsingka

Integration is

SOURCING

Spinning

RESEARCH

SEWING

Weaving

INTEGRATED SOLUTIONS

Control

Resilience

Designing

PROCESSING

Branding

Farm to Shelf

TRUST

Warehousing

Retailing

Consistency

Risk Optimization



Power of Integration

Himatsingka was amongst the first to build and combine the consumer facing domain of brands and distribution with the complexity of the manufacturing value chain.

Our pursuit of creating sustainable value is built on the premise of the power of integration. We believe this integrated approach will lead to - a superior shelf life of products, develop deeper relationship with clients, create broader platform for innovation, drive visibility and equip our businesses with the ability to better respond to the volatile economic conditions that prevail globally.

Our Brands

Today, with over 10 brands, the Group has amongst the largest portfolio of Home Textile brands with an annual throughput of over Rs. 800 crores.

Calvin Klein
home

kelly wearstler



BEEKMAN
1802


kate spade
NEW YORK

AÉROPOSTALE
ESPRIT

BARBARA
BARRY

Pima  cott®

Bellora®
since 1883
MILANO

atmosphere®