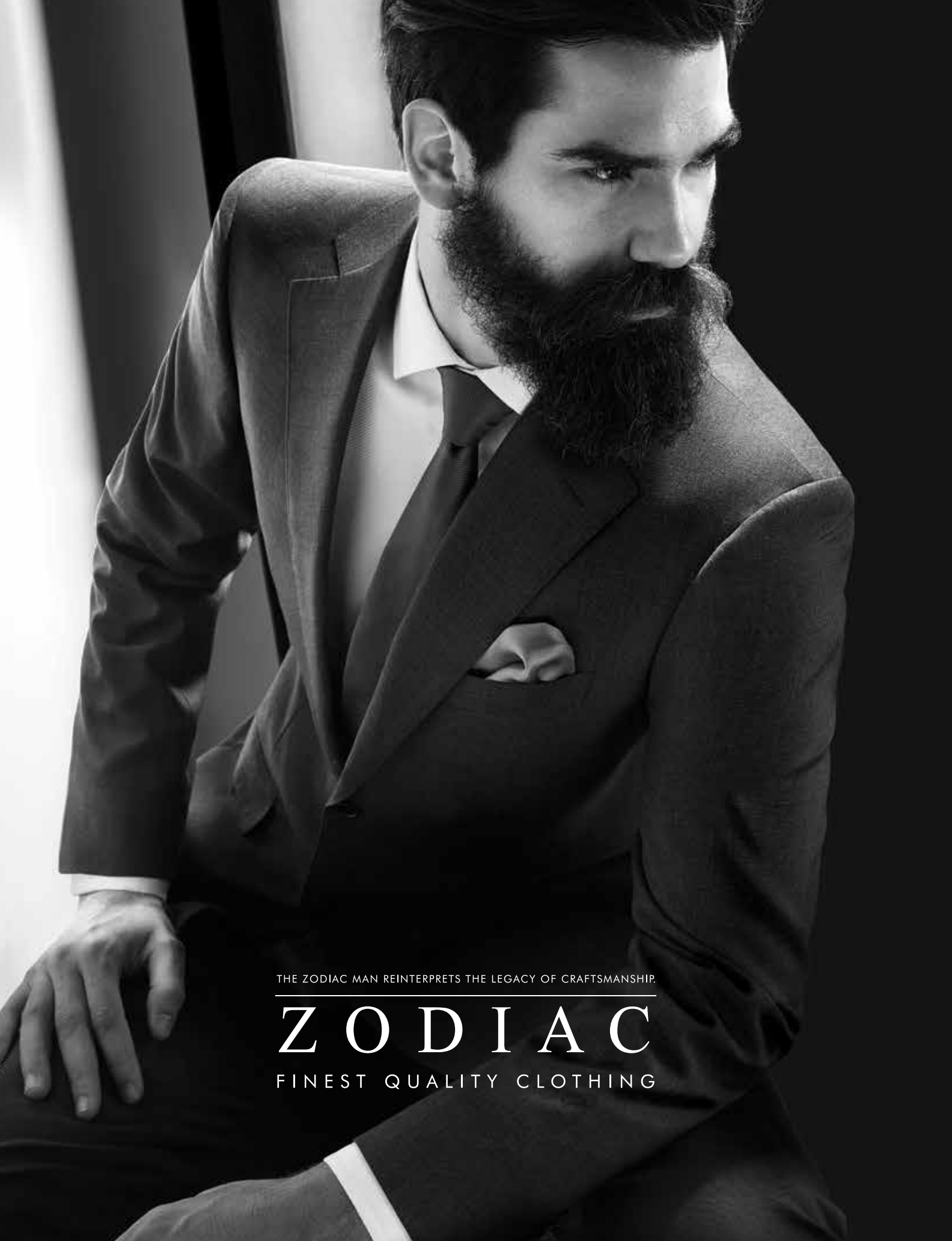


*ZODIAC*



[illegible]





THE ZODIAC MAN REINTERPRETS THE LEGACY OF CRAFTSMANSHIP.

ZODIAC

FINEST QUALITY CLOTHING



ZODIAC

*Regale*  
*Elitism 190's*

*Regale*  

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ZODIAC  
FINEST QUALITY CLOTHING



ZODIAC CLOTHING COMPANY LTD.  
32<sup>nd</sup> ANNUAL REPORT 2015-2016

A man with a full, dark beard and mustache is shown from the chest up. He is wearing a light blue, long-sleeved button-down shirt with a fine, woven texture. A dark blue tie with a small, repeating red and white geometric pattern is worn over the shirt. He is looking off to the side with a serious expression. His hands are clasped in front of him. The background is a plain, light color.

*Monteverdi*

---

ZODIAC

FINEST QUALITY CLOTHING



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## **B O A R D   O F   D I R E C T O R S**

Mr. M.Y. Noorani

Chairman

Mr. M.L. Apte

Mr. Bernhard Steinruecke

Mr. Saumitra Chaudhuri

Ms. Elizabeth Jane Hulse

Mr. S.R. Iyer

Mr. Y.P. Trivedi

Mr. A.Y. Noorani

Vice Chairman & Managing Director

Mr. S.Y. Noorani

Managing Director & President

## **A D V I S O R Y   B O A R D**

Mr. Deepak Parekh

Mr. S. M. Datta

Mr. Anil Kapoor

**REGISTERED OFFICE**

Nyloc House, 254, D-2,  
Dr. Annie Besant Road,  
Worli, Mumbai - 400 030  
Tel : 022-66677000  
Fax : 022-66677279

**CHIEF FINANCIAL OFFICER**

Mr. Aneel Saraff

**COMPANY SECRETARY**

Mr. Kumar Iyer

**STATUTORY AUDITORS**

Deloitte Haskins & Sells, LLP  
Chartered Accountants  
Tower 3, 27<sup>th</sup> -32<sup>nd</sup> Floor,  
India Bulls Finance Centre,  
Elphinstone Mills Compound  
Senapati Bapat Marg,  
Elphinstone (W)  
Mumbai - 400 013

**FACTORIES**

- Yelahanka,  
Bangalore - 560 063.
- Whitefield Road,  
Bangalore - 560 048.
- Koramangala,  
Bangalore - 560 099.
- Bommasandra  
Bangalore - 560 099.
- A-1, 181 / 1, GIDC, Umbergaon,  
Valsad, Gujarat - 396 171.
- C-2 / 7, GIDC Industrial Area, Umbergaon,  
Valsad, Gujarat - 396 171.
- Plot No. 411, GIDC, Umbergaon,  
Valsad, Gujarat - 396 171.
- A to Z Industrial Premises Co-op. Soc. Ltd.,  
Lower Parel, Mumbai - 400 013

**SOLICITORS**

A.H. Parpia & Co.  
203 / 204 Prabhat House, 2<sup>nd</sup> Floor,  
92, S.V. Road, Khar (W), Mumbai - 400 052

AZB & Partners  
AZB House, Peninsula Corporate Park,  
Lower Parel, Mumbai - 400 013

**REGISTRAR & TRANSFER AGENTS OFFICE**

Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032.  
Email id: einward.ris@karvy.com  
Website: www.karvy.com

**BANKERS**

Citi Bank N.A.  
First International Financial Centre,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051.

HDFC Bank Limited  
Trade World, A Wing,  
Kamala Mills Compound,  
Lower Parel, Mumbai - 400 013.

First Rand Bank  
TCG Financial Centre,  
5<sup>th</sup> Floor, C - 53, G Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051.

The Hongkong and Shanghai Banking  
Corporation Limited  
52/60 Mahatma Gandhi Road,  
Fort, Mumbai - 400 001

**SUBSIDIARIES**

- Zodiac Finsec and Holdings Ltd.
- Zodiac Clothing Co. S.A. (Switzerland)
- Zodiac Clothing Co. (UAE) LLC
- Zodiac Clothing Company Inc.
- Zodiac Properties Limited



## DIRECTORS' BIOGRAPHIES



**Mr. M. Y. Noorani**

Chairman

Mr. M.Y. Noorani, is the founder of ZODIAC and the founding father of the Clothing industry in India. He was the founder of the Clothing Manufacturers Association of India as well as its President for three consecutive terms. He has served on the managing committee of several trade organizations, including Indo German Chamber of Commerce, Bombay Chamber of Commerce, Indo Italian Chamber of Commerce as well as E.U. Chamber of Commerce, where he was the President for two terms. He has led Zodiac in its continuous quest for excellence and has also been the recipient for Lifetime achievement awards from IFA Lycra Images and also from the Clothing Associations –CMAI and CIAE. He is also Chairman of various Public Limited and Private Limited Group Companies. The Cross of Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.



**Mr. M. L. Apte**

Director

Mr. M. L. Apte, former Sheriff of Bombay is also the former President of Maharashtra Chamber of Commerce, Bombay Chamber of Commerce, Cricket Club of India, Indian Sugar Mills Association, Member of the Indian Cotton Mills Federation and former Chairman of the Textiles Committee. He is currently the Director of Grasim Industries Limited, Bajaj Hindusthan Limited, Kulkarni Power Tools Limited, Standard Industries Limited and Bombay Burmah Trading Corporation Limited.



**Mr. Bernhard Steinruecke**

Director

Mr. Bernhard Steinruecke is the Director General of Indo-German Chamber of Commerce. He was the Managing Partner on the Board of ABC Bank GmbH, Berlin and representative of the Indo-German Chamber of Commerce, Berlin, Germany. After acquiring an Honours degree in law from the University of Heidelberg, he became the Assistant Judge at the Supreme Court of Hamburg. He later on joined the Deutsche Bank AG and rose to become its Joint Chief Executive Officer, India. He is currently a Director of Indo German Chamber of Commerce, Bosch Limited, HDFC ERGO General Insurance Limited, Apollo Munich Health Insurance Company Limited, Nuernbergmesse India Private Limited and Spielwaremesse India Private Limited



**Mr. Y. P. Trivedi**

Director

Mr. Y. P. Trivedi, Ex-member of Rajya Sabha, was the former President of Indian Merchants Chamber, The Chamber of Income Tax Consultants, Indo-African Chamber of Commerce and is a member of the Managing Committee of Indian Merchants' Chamber. He has also served as a Director of Central Bank of India, Dena Bank and Central Bank Executors and Trustee Company Limited. He is currently the Chairman of Sai Service Station Ltd. and Trivedi Consultants Private Limited and a Director of Reliance Industries Limited, Supreme Industries Limited, New Consolidated Construction Company Limited, Emami Limited and Federation of India Automobile Association.



**Mr. S. R. Iyer**

Director

Mr. S.R. Iyer retired as Managing Director of the State Bank of India. He is the former Chairman and Director of the Credit Information Bureau (India) Limited. He was also the Managing Director of State Bank of Mysore, Director of the National Stock Exchange of India Ltd. and GE Capital Business Process Management Services Pvt. Ltd. He has vast knowledge and rich experience in banking. He is presently Chairman of Waterfield Advisors Private Limited, Waterfield Financial and Investment Advisors Private Limited and Director of IDMC Limited, KSK Energy Ventures Limited, P N Writer and Company Private Limited, Writer Lifestyle Private Limited, Writer Safeguard Private Limited, Writer Business Services Private Limited, Sai Wardha Power Limited, KSK Mahanadi Power Company Limited and KSK Power Venture PLC, ISLE of man.



**Mr. A. Y. Noorani**

Vice-Chairman & Managing Director

Mr. A.Y. Noorani joined the House of Zodiac in 1968 and after successfully developing its export business and scaling up its overall operations, became Managing Director of the organisation in 1980. He completed the Advance Management Programme at Harvard Business School, Boston, and is responsible for overseeing the management of the organisation, corporate affairs and finance. Mr. Noorani is Past President of the Indo-German Chamber of Commerce and is presently on the Managing Committee of the Chamber and a member of the Indo-German Consultative Group. He was a member of the Managing Committee of the Apparel Export Promotion Council, the Bombay Chamber of Commerce & Industry, the Clothing Manufacturers' Association of India, member of the Board of Governors of the National Institute of Fashion Technology and member of the Steering Group on Investment and Growth in the Textile Industry. He is director of Public Limited and Private Limited companies of the House of Zodiac. He was also Director of Indian Oil Corporation.



**Mr. S. Y. Noorani**

Managing Director & President

Mr. S. Y. Noorani joined the House of ZODIAC in 1982. He is responsible for setting up the company's state-of-the-art of manufacturing facilities and international marketing operations in London, Dusseldorf and New York. He leads a dynamic team of professionals in the running of the organization ranging from design and manufacturing to sales and marketing which has successfully launched the brand ZOD! and Z3 in the Indian market. Mr. S. Y. Noorani has also served on the Managing Committees of Indo- Italian Chamber of Commerce as well as CMAI. He was a member of the Regional Council of CII [Western Region].



**Mr. Saumitra Chaudhuri**

Director

Mr. Saumitra Chaudhuri is an eminent and respected Economist, who was Economic Advisor to ICRA for over a decade; He was on the Prime Minister's Economic Advisory Council for nearly a decade and a Member, Planning Commission for 5 years (both positions in the rank of Minister of State, Government of India).



**Ms. Elizabeth Jane Hulse**

Director

Ms. Elizabeth Jane Hulse has a BA (Hons) Degree in Textiles, and 4 decades of varied experience in the clothing industry in the UK. She is well-versed in textile designing, fabric sourcing and purchasing, Brand and Product Management and Buying. She has worked with reputed clothing companies and retailers such as British Van Heusen, Tootal Menswear and the Burton Group, and was Head of a highly successful UK operation for Zodiac for over a decade.

## ADVISORY BOARD



### **Mr. Deepak Parekh**

Mr. Deepak Parekh (Padma Bhushan, 2006) is a Fellow of the Institute of Chartered Accountants (England and Wales). He is the Chairman and Director of various Public Limited Companies. Mr. Parekh has won several accolades and awards. He was the youngest recipient of the 'Corporate Award for Life Time Achievement', from the Economic Times. He was awarded the 'Businessman of the Year – 1996' by Business India, and the 'JRD Tata Corporate Leadership Award' from the All-India Management Association. He was the first recipient of the 'Qimpro Platinum Award' for Quality for his contributions to the services sector. He is the first international recipient of the Institute of Chartered Accountants in England and Wales Outstanding Achievements award 2010.



### **Mr. S. M. Datta**

Mr. S. M. Datta is the former Chairman of Hindustan Lever Ltd. He is also the former President of Bombay Chamber of Commerce and Industry and is also the past President of Council of EU Chamber of Commerce. He is currently the Chairman of Castrol India Ltd., Philips Electronics India Ltd., IL & FS Investment Managers Ltd., Transport Corporation of India Ltd., Speciality Restaurants Ltd., Peerless Financial Products Distributors Limited and Director of Peerless Gen. Fin. & Inv .Co. Ltd, Atul Ltd., Bhoruka Power Corporation Ltd., Rabo India Finance Pvt. Ltd., SMD Management Consultants Private Limited and Chandras Chemical Enterprises Private Limited.

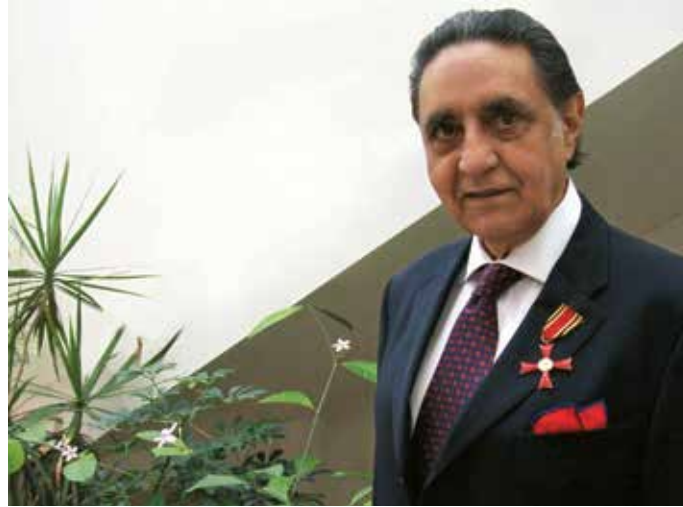


### **Mr. Anil Kapoor**

Mr. Anil Kapoor is an alumnus of St. Stephens College Delhi and IIM (A) He began his career with MCM Advertising and in 1975 joined The Boots Company India Ltd, (now Abbot India) where he went on to become Marketing Director. In 1988 Mr. Kapoor took over a then ailing Ulka Advertising which has since become one of the big 5 advertising agencies in India. In 2006, FCB, (Foote, Cone and Belding Worldwide), bought over Ulka and appointed him on their Board and also as President, Asia Pacific and Africa. Soon he was promoted to the Operating Council, the apex body which runs the global Company. Mr. Kapoor is currently Chairman Emeritus of FCB Ulka. He has been the President of the Advertising Agencies Association of India (AAAI), the Chairman of the Audit Bureau of Circulations, has been on the Management Board of the National Readership Survey and the Television Audience Measurement Research. Apart from that he serves on the Board of Governors of IIM, Rohtak and was for two years the Executive-in-Residence at the Stern School of Management at New York University.



## CHAIRMAN'S STATEMENT



The Indian economy reported impressive GDP growth of 7.6% in 2015-16, with core sectors like automobiles, coal, power and cement production being the major drivers, finally making India a USD 2 trillion economy. Our foreign exchange reserves were at a record level of USD 360.2 billion as at the end of March 2016, with slowing rates of inflation and narrowing Current Account Deficit (CAD). This was despite agriculture being impacted by two below-normal monsoons, industrial output and private investment yet to show impressive growth and on the trade front, 16 months of continuous negative export growth; however, imports fell more than exports did, mostly on account of lower oil prices. The action-oriented Government is ready to pull out all stops in reigniting the growth cycle.

It was a year of considerable volatility, with China being in the spotlight because of internal slowdown and continuous softening of commodity prices, especially of crude oil, turbulent financial markets and volatile exchange rates. This placed several commodity exporting countries under great stress. The EU continued to muddle through its economic woes. The US reported weak growth, while the rest of the markets were stagnant to contracting. Competition from low cost countries in Asia, especially those with preferential tariffs/zero duty access to the EU was extremely sharp. Turkey and Eastern Europe have been ceding ground, with the major beneficiaries being North African countries like Egypt, Morocco and Tunisia gaining ground, as also Ethiopia.

The impact of high GDP growth has yet to percolate to consumer demand in India, even more so in our industry, which was disrupted by fierce competition in both the domestic and global markets, by players offering business terms which are unsustainable. The consumer sentiment globally, as also in India, has been lacklustre to weak.

Clothing exports from India were flat at USD16.99 billion v/s 16.85 billion last year, with cotton clothing showing a decline of approximately 2%, while man-made fibre clothing grew by 4.5%.

Growth in the international clothing business of the company was flat. There was a decline in the trading portion of the International Business division. The Branded Business declined, due to domestic consumer sentiment being at an unprecedented low, with footfalls in Malls, as well as High Street locations (especially independent retailers), falling significantly. The consumer has had much lower income available for discretionary spending, besides the lack of a “feel good factor” and insecurity because of worldwide turbulence. The worst-hit channel was the independent retailer, many of whom have reported record lows in their sales. This has been the major cause of decline in the Branded business for the company. Our own web store business showed high double-digit growth, though the turnover is yet not a significant part of our turnover. The company, unlike its competition, did not prop up turnover by sales to E-commerce, as that would result in the brand being discounted,

which policy of non-discounting and other business terms we have been steadfast in adhering to. The opportunity this presented was the availability of retail space in some prime locations becoming available at viable rentals, which resulted in a net increase in the number of stores by 11, taking, the total number of stores to 139. This is in keeping with our firm belief that consumer demand will start showing healthy growth. Implementation of the 7th Pay Commission's suggested pay increases will pump in considerable liquidity into the economy, and according to some press reports, would increase consumption expenditure by ₹ 40,000 crores. The hopes of a good monsoon, if realised, will also have a positive effect.

The company has incurred a record Capex this year, not only on its own stores, but, also inspired by the 'Make in India'/'Ease of Doing Business' initiative, it has invested large amounts in its manufacturing facilities as well.

During the financial year ended 31<sup>st</sup> March 2016, the operational revenue of the company on a Standalone basis was ₹ 30,276 lakhs v/s ₹ 32,501 lakhs last year (For a like-to-like comparison, net of Excise duty ₹ 30,267 lakhs vs. ₹ 32,501 lakhs last year, i.e. a decrease of ₹ 2,224 lakhs i.e. 6.87%). Profit/(Loss) Before Tax was ₹ (510) vs. ₹ 1,185 lakhs in the previous year, while the net Profit/(Loss) after Tax for the Financial Year ended 31<sup>st</sup> March 2016 was ₹ (361) lakhs vs. ₹ 950 lakhs in the previous year.

On a consolidated basis the operational revenue of the company decreased to ₹ 35,245 lakhs from ₹ 39,395 lakhs last year. (For a like-to-like comparison, net of Excise Duty ₹ 35,236 lakhs v/s ₹ 39,395 lakhs last year, i.e. a decrease of ₹ 4,159 lakhs, i.e. 10.56%). The Consolidated Profit/(Loss) before Tax fell to ₹ (837) lakhs vs. ₹ 1,267 lakhs in the previous year, the Net Profit/(Loss) being ₹ (821) lakhs vs. ₹ 902 lakhs in the previous year.

The decline in turnover, of both International and Branded businesses, coupled with substantially higher store rentals, gestation on new stores and extended gestation on some stores open recently, as well as higher depreciation and forex loss, resulted in the company incurring a loss for the first time in its history.

There was also an effect on the Consolidated result of winding down of the manufacturing activity in the UAE, and of terminal benefits and expenses in the

discontinuation of that manufacturing activity largely due to the strength of the UAE currency (which is pegged to the USD and therefore is appreciating v/s Euro/GBP and CHF). The trading business which is profitable will continue, besides which we anticipate rental income on leasing of part of the premises used for manufacturing.

ICRA (an associate of Moody's Investor Service) has for the Financial Year 2015-16 reaffirmed the company's rating of A1+ for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs and also reaffirmed the company's rating of A1+ for Commercial Paper of ₹ 2,000 lakhs.

A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1+ to reflect their relatively stronger credit quality.

During the year, one of our respected Board members, Mr. Heinrich Dieckmann, resigned from the Board of the Company. We would like to thank Mr. Heinrich Dieckmann for his valuable guidance, contribution and support during the course of his directorship of the company.

The Board has recommended, for the approval of shareholders, a dividend of ₹ 1/- per equity share of ₹ 10/- each on 19,519,974 equity shares. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 235 lakhs.

The Government is to be thanked for its sensitivity to the size of the potential of the industry, and for initiative for increasing export and generating gender-sensitive employment, by rolling out the excellent Economic Package for the industry, something which envisages growth on a scale hitherto not contemplated. The success of this will depend, to a great extent, on simplicity of the fine print/modus operandi of the policy, rather than an obsession with process. Expeditious and flawless execution will only then become possible, as will achievement of goals.

The few residual points that remain to be addressed are a method for the Octroi/Entry Tax to be included in the state level taxes that should not be exported, rationalization of advance licensing, seamless and expeditious full disbursement of Drawback/Focus entitlement, Free Trade Agreements and Bilateral Agreements for tariff free entry with countries

that matter like the US, diversification of markets, strengthening Indian brands to emulate the success of Italy/France/Japan/Korea and even Taiwan, addressing logistics with the view to shorten the time to market, matching productivity levels with the best and pursuing quality. Within India, entry permits for trade within the country (which amounts to and import license) anti-dumping duty on linen fabric which increases the cost to the consumer, and which does not protect the interest of the country in any ways because we do not produce the raw material, i.e. flax, weights and measures applicability to our industry, availability of retail space alongside prestigious international brands, to allow Indian brands to leverage their strength internationally, are some issues that need to be addressed.

I would like to conclude with a vote of thanks to all our constituents. Our shareholders for the confidence reposed in the management, our customers, Government departments, bankers, solicitors, distributors, suppliers and other business associates for their wholehearted support and for the contribution made by them towards the development of the company.

My grateful thanks to our eminent independent Directors for their valuable guidance and advice in steering the company during this turbulent period, and especilly for the high standard of Corporate Governance that has been sustained by the company as a direct result of their inputs, as well as for their continuously guiding the company towards best practices across industries.

I would also like to place on record my deepest appreciation and thanks for the significant contribution made by the employees at all levels. Facing the challenges was made possible by their excellent performance, hard work, strong work ethic, solidarity, co-operation and unstinted support.

I continue to look forward to your collective support in our future endeavours, to take the company to greater glory. We assure you we remain as committed as ever to the company's goals and will continue to strive to build the business of the company in a sustainable manner.

**M.Y. Noorani**  
Chairman





*Positano Linen*

**ZODIAC**

FINEST QUALITY CLOTHING

## HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

₹ In Lakhs

Particulars	2015-16		2014-15	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operation	30,276	35,245	32,501	39,395
Less: Excise duty	9	9	-	-
Net revenue from operation	30,267	35,236	32,501	39,395
Other Income	1,056	277	1,558	580
Total Revenue	31,323	35,513	34,059	39,975
Less : Total expenses	30,630	34,940	31,849	37,412
Profit before finance cost, Depreciation and other exceptional items	693	573	2,210	2,563
Less : Finance cost	257	272	221	250
Profit before depreciation	436	301	1,989	2,313
Less : Depreciation	946	1,137	805	1,046
Profit / (Loss) before exceptional items	(510)	(836)	1,184	1,267
Add : Exceptional items	-	-	-	-
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR	(510)	(836)	1,184	1,267
Provision for tax (net)	(149)	(15)	235	365
PROFIT / (LOSS) AFTER TAX FOR THE YEAR	(361)	(821)	950	902
Add: Balance brought forward from the last Year	10,865	16,910	10,610	16,810
Add: Adjustment for Tax on Dividend and Depreciation for the Previous Year				
	99	99	111	106
Total amount available for appropriation	10,603	16,187	11,670	17,819
Appropriations :				
Interim Dividend	-	-	117	117
Proposed Dividend	195	195	488	488
Corporate Dividend Tax	40	43	100	123
General Reserve	-	-	100	100
Special Reserve	-	87	-	82
Capital Redemption Reserve	-	130	-	-
Balance retained in Statement of Profit & Loss A/c.	10,368	15,733	10,865	16,910

## DIRECTORS' REPORT TO THE MEMBERS

To,

The Members,

Zodiac Clothing Company Limited.

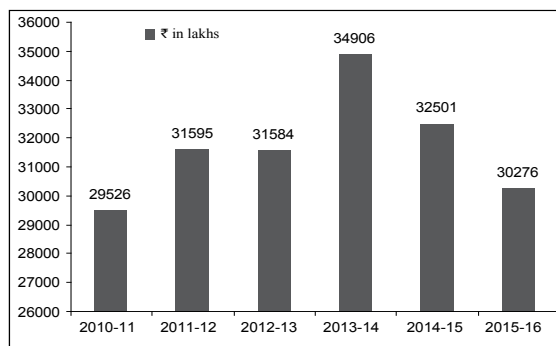
Your Directors hereby present the 32<sup>nd</sup> Annual report with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March 2016.

### 1. BUSINESS

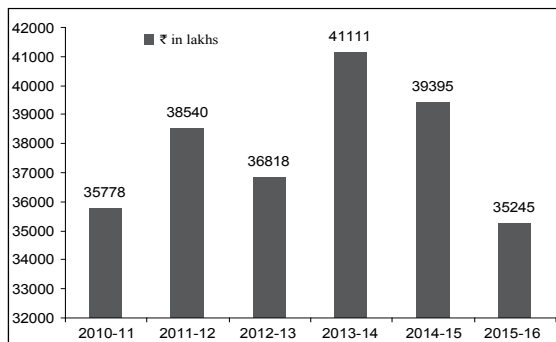
**Operational Revenue & Profits:** During the financial year ended 31<sup>st</sup> March, 2016, the operational revenue of the company on a Standalone basis was ₹ 30,276 lakhs vs. ₹ 32,501 lakhs last year (For a like-to-like comparison, net of Excise duty ₹ 30,267 lakhs vs. ₹ 32,501 lakhs last year, i.e. a decrease of ₹ 2,224 lakhs i.e. 6.87%). Profit/(Loss) Before Tax was ₹ (510) lakhs vs. ₹ 1,185 lakhs in the previous year, while the net Profit/(Loss) after Tax for the financial year ended 31<sup>st</sup> March, 2016 was ₹ (361) lakhs vs. ₹ 950 lakhs in the previous year.

On a consolidated basis the operational revenue of the company decreased to ₹ 35,245 lakhs from ₹ 39,395 lakhs last year. (For a like-to-like comparison, net of Excise duty ₹ 35,236 lakhs vs. ₹ 39,395 lakhs last year, i.e. a decrease of ₹ 4,159 lakhs, i.e. 10.56%). The Consolidated Profit/(Loss) before Tax fell to ₹ (837) lakhs vs. ₹ 1,267 lakhs in the previous year, the Net Profit/(Loss) being ₹ (821) lakhs vs. ₹ 902 lakhs in the previous year.

#### OPERATIONAL REVENUE - STANDALONE



#### OPERATIONAL REVENUE - CONSOLIDATED

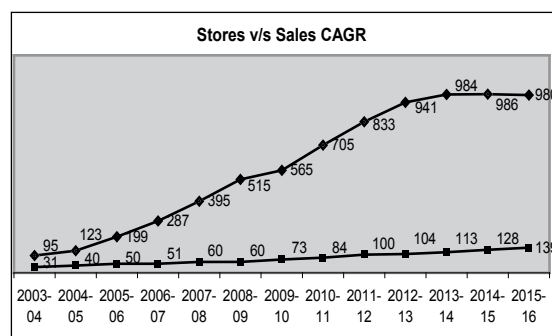


The results of the Company during the year have been disappointing. The impact of the impressive GDP 7.6% has not yet percolated to domestic consumer sentiment in our industry segment, though there have been a handful of industries that have felt some impact. The consumer sentiment, globally, has also been lacklustre to weak.

The Branded Business has been hit with unprecedented disruption of markets, by e-commerce grabbing a chunk of the consumer wallet (for mobile phones/electronics/white goods), which has reduced the disposable income available for other discretionary spending. Consumer sentiment has been at an unprecedented low, virtually throughout the year. Footfalls in Malls, as well as in the High Street, even in normally buzzing markets, have fallen significantly, as widely reported in the media.

The opportunity this presented was that store rentals fell to viable levels in certain strategic locations, enabling the company to lock-in some very attractive locations. Thus, during the year, the company had a net increase of 11 stores. The total number of stores at the year end was 139. (New stores opened – 19, unviable stores closed - 8). This is consistent with our assessment that consumer sentiment/demand will not only recover, but revert to healthy growth.

#### COMPANY OWNED RETAIL STORES – GRAPH



The worst hit channel has been the independent retailer, many of whom report record lows in their sales. They find that consumers who would normally buy multiple units of a product, when they do come in (less frequently) are buying fewer units. New entrants to the job market are not finding jobs easily, and those who have jobs are not getting their performance bonus/getting lower or no annual increments.

Competition has been fierce, with reputed competitors offering goods regularly on sale or return basis, with virtually payable-when-able terms; providing even independent retailers with store

fit-outs, selling goods to them on discount to their ex-factory prices, and funding discounts or freebies to the end consumers as well. The company has been steadfast in its policy of no discounting/freebies, as well as on its terms of business, especially timely payment and strict non-returns policy.

In the Budget 2016, Excise Duty has been reintroduced on clothing yet again, which is a step in the direction of GST, and which has been passed on to the end consumer. A new impediment which has now become virtually a nationwide phenomenon, is the requirement that retailers, including independent retailers, have to apply for an Entry Permit from their respective state authorities when they receive a supplier invoice. The supplier has then to wait to dispatch goods covered by the invoice until the Entry Permit has been received by the retailers. This has been misused by some independent retailers to postpone delivery/back out of commitments.

The Branded business had a lower turnover as compared with the previous year, largely due to the distress in the independent retailer segment. Our own web store's business continues to show high double-digit growth, though it is still yet not a significant part of our turnover. Unlike some competitors, we did not prop up our turnover with sales to e-commerce giants, as this involves heavy discounting, because the segment they serve is not the normal premium segment. Besides, the lower turnover, higher depreciation, considerably higher store rentals/ longer gestation and forex loss

(previous year we had a forex gain), contributed largely to the loss incurred by the company.

In the International Business, the export of cotton clothing from India declined 2.1% (although clothing of man made fibre increased modestly), the total export being flat (USD 16.99 billion versus USD 16.85 billion last year).

Overall for the year 2015-16 the data on Index of Industrial Production for apparel showed a growth of 6.6%, but this was concentrated in the beginning of the year. Production growth slipped into negative zone in the second half of 2015-16, but that for March 2016 was strong at nearly 17%.

Demand has been lacklustre (North America) to weak (in most other markets). This has driven down profitability for the industry per se, as well as for the company. Our turnover was virtually flat in the clothing business. The turnover in the trading business (supply of raw materials and accessories to the UAE Unit) fell due to the phasing down of the manufacturing activity in the UAE. Other operating income like duty drawback and royalty declined. Other income also declined due to the MTM Forex Loss (v/s a gain in the previous year), as well as due to lower treasury income because we deployed our resources to fund Capex, which was at an all time record high during the year. There was extreme volatility in Forex rates during the year, which our Forex Hedging Policy has sheltered us from considerably. Raw material costs have declined modestly.

## 2. RESULTS OF OPERATIONS:

<b>FINANCIAL RESULTS:</b>				
	<b>Standalone</b>		<b>Consolidated</b>	
	<b>2015-16</b>	2014-15	<b>2015-16</b>	2014-15
Total Revenue from operations (Net)	<b>30,267</b>	32,501	<b>35,236</b>	39,395
PROFIT/(LOSS) BEFORE TAXATION	<b>(510)</b>	1,185	<b>(837)</b>	1,267
Provision for Taxation:				
Current Tax	-	217	<b>134</b>	347
Deferred Tax	<b>(149)</b>	18	<b>(149)</b>	18
PROFIT/(LOSS) AFTER TAXATION	<b>(361)</b>	950	<b>(822)</b>	902
Balance of Profit Brought forward	<b>10,865</b>	10,610	<b>16,910</b>	16,810
Add: Adjustment for tax on dividend and depreciation for the previous year	<b>99</b>	111	<b>99</b>	106
Transfer from General Reserves	-	-	-	-
Profit Available for Appropriation	<b>10,603</b>	11,671	<b>16,187</b>	17,819

An Economic Package for the clothing industry has been announced by the Government in June 2016 to:

- (a) achieve quantum growth in export of clothing, and to arrest countries like Bangladesh / Vietnam from growing at India's cost and grabbing market share;
- (b) achieve the object of job creation.

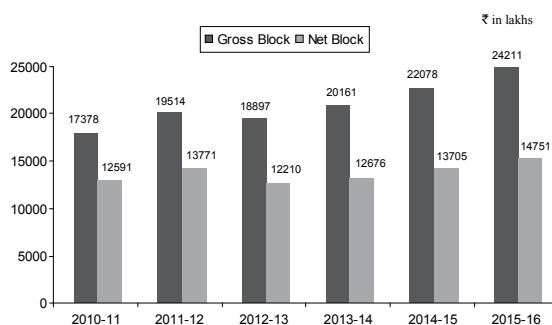
This is indeed a most laudable initiative on the part of an enlightened Government, which addresses some of the dire needs of the country and of the clothing industry. The package includes almost doubling of the overtime cap to 8 hours per week and providing for fixed term employment in order to take care of the seasonal requirements of this industry. Reforms introduced in EPF includes making it optional for employees drawing a salary of less than ₹ 15,000/- a month and government bearing the entire 12% of employers' contribution for a period of three years.

Under the Amended TUFS, the subsidy has been hiked from 15% to 25% for clothing and under the Income Tax Act, the provision of 240 days under Section 80JJAA has been reduced to 150 days for clothing industry.

Two important improvements have been introduced in the duty draw back on export of clothing: one is that State levies will also be refunded to exporters from a separate fund via the drawback route: and the other is that exporters availing the facility of zero-duty import of fabrics under Advance Authorization will be given AIR duty drawback on the other duty paid inputs used by them.

Many of these are reforms that the industry has been demanding for decades. They are bound to improve the cost competitiveness of the industry and its exports.

#### FIXED ASSETS - CONSOLIDATED



### 3. SUBSIDIARY COMPANIES

The Company had five (5) subsidiaries as on 31<sup>st</sup> March, 2016. There are no associate companies within the meaning of Section 2(6) of the

Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

The manufacturing operations in the UAE were discontinued from early April 2016. The turnover in International business from Dubai declined from AED 330.11 lakhs to AED 200.44 lakhs due to the manufacturing activity being phased out.

The primary reason for this was that the UAE currency i.e. the AED, which is pegged with the USD, has substantially appreciated in line with the dollar against the GBP/Euro/CHF, resulting in substantially lower realisation for the export from the UAE, making the operation unviable for sales to any country outside the USD area.

The trading operations in the GCC continue, although the sales are somewhat subdued due to lower oil prices and the Global economic malaise and turbulence, but are still profitable. The trading turnover should resume its healthy growth trajectory when the global situation reverts to normalcy.

The company hopes to earn rental income from the properties hitherto used for the staff accommodation as well as from the factory premises (from which a portion has been carved out for the trading activity).

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached as Annexure 5 to this report.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

### 4. CONSOLIDATED FINANCIAL STATEMENT

In accordance with the requirements of Accounting Standards AS-21, the Consolidated Accounts of the Company and its subsidiaries are annexed to this Report.

### 5. RATING

ICRA (an associate of Moody's Investor Service) has for the Financial Year 2015-16 reaffirmed the Company's rating of A1+ for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs and has also reaffirmed the Company's rating of A1+ for Commercial Paper of ₹ 2,000 lakhs.

A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1+ to reflect their relatively stronger credit quality.



## **6. CAPEX**

Inspired by the “Make in India” and “Ease of Doing Business” initiatives of the Government, as well as the potential the Branded Business offers in the medium to long term, the company has incurred record Capex of nearly ₹ 30 crores in the year, the highest in its history. Capex on Machinery & Equipment was of nearly ₹ 15 crores, on new stores (including increase of ₹ 1 crore on store deposits, not booked as Capex) of approximately ₹ 11 crores, and other investments of approximately ₹ 4 crores, funded only partially with a mere ₹ 5.5 crores of term borrowing.

## **7. LIQUIDITY**

The Debt Equity ratio as on 31<sup>st</sup> March, 2016 was 0.37 on a Standalone basis and 0.27 on a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves – on consolidated basis) were ₹ 1,487 lakhs in March 2016, as against ₹ 2,900 lakhs last year.

## **8. SHARE CAPITAL**

During the year under review, the company has allotted 8,775 Equity shares against the exercise of options granted under Zodiac Employees Stock Option Plan 2006 thereby increasing the paid-up share capital of the Company to 19,519,974 Equity shares of ₹ 10/- each.

## **9. APPROPRIATIONS**

Dividends – Your Directors have recommended a dividend of Re. 1/- (previous year ₹ 3.10/-) per equity share of ₹ 10/- each on 19,519,974 equity shares. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 235 lakhs (previous year ₹ 705 lakhs).

## **10. CORPORATE GOVERNANCE**

The company has complied with all the mandatory requirements regarding Corporate Governance as required under the erstwhile Clause 49 and Regulations 17 to 27 and Schedule V of SEBI LODR with the stock exchange (s). The report on Corporate Governance, Management Discussion and Analysis, as well as the Auditors Certificate on the compliance of Corporate Governance form part of the Annual Report.

## **11. CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES**

In line with the requirements of the Companies Act, 2013 and (erstwhile clause 49 of the Listing Agreement) SEBI LODR, the Company has formulated a Policy on Related Party Transactions which is also available on Company’s website at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. The Policy

intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval and wherever applicable omnibus approvals are obtained for Related Party Transactions. A statement of all such related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature and value of these transactions.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm’s Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm’s length basis, the disclosure under form AOC-2 is not applicable. However, the Directors draw attention of the members to Notes to the standalone financial statement which sets out related party disclosures.

## **12. QUALITY**

The focus on productivity gains and consistent quality continues to be the cornerstone of the company philosophy, as is evident from our record Capex. Quality, continuous innovation and pursuit of high value addition, and of cost control continue to drive the company.

## **13. BRAND BUILDING**

The company has continued to invest in building the strength of the 3 brands, aspiring to get traction in sales in the present, as well as in the future.

The design quality in the year was stronger than usual, which helped combat the aggressive terms of the competitors to some extent.

Upgradation of quality to win customer loyalty is a continuously ongoing exercise, the objective being to get the customers delight at the price value relationship, which is truly international quality and design at prices which are not exorbitant, even considering there are no discounts offered.

In Summer 2015, advertising strategy was primarily television led. ZODIAC showcased Linen clothing across IPL and news channels coupled with ZOD!

& Z3 going the lifestyle route with their tie -up with Zoya Akhtar's "Dil Dhadakne Do". Strategic spending in the digital space saw the ZOD! & Z3 film led activation trending #1 all India on twitter and the respective film led tvcms garnering more than 1 million views on You Tube.

In Winter 2015, we created the House of ZODIAC campaign that ran in newspapers with our 3 brands combined into one large press ad. The notable difference in our press ads was the use of differentiated products in ZODIAC, ZOD! & Z3. Sharp focused digital campaigns were released to boost the reach among our target audience.

#### 14. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

##### (A) Conservation of Energy

The Company believes that energy conservation is a continuous process of evolution and continues to remain a focus area for the organisation.

The company has accordingly aggressively adopted high yield low energy consuming LED light fittings in its shop floor providing 1000 lux at "only" the needle point lights, resulting in a considerable reduction in energy consumption.

Introduction of translucent roofing panels strategically placed in the laundries, etc. has resulted in natural light coming in and nearly negating the requirement of any kind of lighting during the day time.

Motion sensor activated lights have been installed in the common areas like toilets / accessory store / utilities zone, which results in lights coming up only when there is movement and when not occupied the consumption of electricity is nil.

##### (B) Pollution Control

The company in its quest of being ecologically responsible and sustainable has commissioned a zero liquid discharge plant for treated effluents.

The Company has also embarked on training and sensitizing the work force on the importance of water consumption. As a result of the program's success, the dependency on outside sources of water has become nil. The company has gone on and saved more water than it would have otherwise consumed by aggressive recycling and become water

positive in the process. A research project is underway in the Company to target and reduce the consumption of treatment chemicals by a factor of half which shall result in a cost effective way of treating the effluents. The Company's continuous efforts have been recognized by the pollution control board and the Company is being referred as a model factory by the pollution control board.

During the financial year 2015-16, the Company was awarded the prestigious **GOLD** certification under LEED INDIA New Construction rating system by Indian Green Building Council for its commitment to sustainable development.

With its energy-efficient design, the ZODIAC corporate office uses over 60 percent less energy than a typical office of the same size. If all commercial buildings in India were as efficient, the country could cut energy production enough to meet not only the demands of the Kyoto Protocol, (the international pact to reduce the greenhouse gas emissions that cause global warming), but this surplus could then be used by the nation for areas where our country is short of power.

**(C) Technology, Absorption, Adaptations and Innovation:** The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology.

##### (D) Foreign Exchange Earnings and Outgo.

(₹ in Lakhs)			
Foreign exchange used and earned		2015-16	2014-15
a.	Foreign Exchange Earnings	13,731	14,251
b.	Foreign Exchange Outgo	1,093	1,052

#### 15. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is traditionally driven by a moral obligation and philanthropic spirit. The Company has a heritage of being engaged in such activities. The Company is committed to sustainability and all business decisions take in to account its social and environmental impact.

As per the provisions of Section 135 of the Companies Act 2013, the Company has a CSR committee, details of which are given in the

Corporate Governance Report forming part of this report. The details of the Company's CSR policy has been posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

The Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014 including a brief outline of the Company's CSR Policy, total amount to be spent under CSR for the Financial Year, Amount unspent and the reasons thereof are set out at Annexure 2 forming part of the report.

## 16. DIRECTORS & KEY MANEGERIAL PERSONNEL

During the year, one of our respected Board members, Mr. Heinrich Dieckmann, resigned from the Board of the Company. We would like to thank Mr. Heinrich Dieckmann for his valuable guidance, contribution and support during the course of his directorship of the company.

In accordance with the provisions of Section 152 of the Companies Act 2013, Mr. A. Y. Noorani, Vice Chairman and Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

### List of Key Managerial Personnel

Sr. No	Name of the person	Designation
1	Mr. A.Y. Noorani	Vice-Chairman & Managing Director
2	Mr. S.Y. Noorani	Managing Director & President
3	Mr.Aneel Saraff	Chief Financial Officer
4	Mr. Kumar Iyer	GM Legal & Company Secretary

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under the Act.

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other Individual Directors which includes criteria for performance evaluation of the non- executive directors and executive directors.

The performance of the Board was evaluated after seeking inputs from all the directors on the basis of criteria such as Board Composition and structure, effectiveness of Board processes, information and functioning etc. The Committees were evaluated by the Board after seeking inputs from the Committee Members on the basis of criteria such as composition of the Committees, effectiveness of the Committee meetings etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

## 17. NUMBER OF MEETINGS OF THE BOARD:

Seven Meetings of the Board were held during the year, the details of which are provided in the corporate governance report, which forms part of this report.

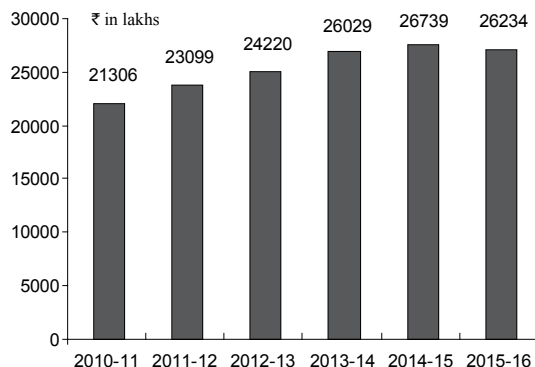
## 18. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:

- (i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the profit and loss of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;

- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

#### NET WORTH – CONSOLIDATED – BAR CHART:



#### NET WORTH – CONSOLIDATED

### 19. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments, affecting the financial position of the company which have occurred between 31<sup>st</sup> March, 2016 and the date of this report.

### 20. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Board Diversity provides for an appropriate mix of diversity, skills, experience and expertise required on the Board and assesses the extent to which the required skills are represented on the Board including the criteria for determining qualifications, positive attributes and independence of a Director.

The Company's Remuneration Policy provides for evaluation and remuneration to Directors, KMP and Senior Management and involves a balance between fixed and incentive pay reflecting short and long-term performance objectives of the Company and its goals and to retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage. It also ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the quality required to run the Company successfully and the

relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The remuneration details of the Executive and Non-Executive Directors is disclosed in the Corporate Governance report which forms part of the Directors Report.

### 21. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The particulars of loans and investments have been disclosed in the financial statements. The Company has not given any guarantees.

### 22. HUMAN RESOURCE MANAGEMENT:

The Company's belief that its people are the primary source of its sustainable competitive advantage drives its consistent emphasis on Human Resource Development, which remains vital and strategic to the Company. Cordial employee relations in keeping with tradition, are being pursued vigorously. Employee recruitment, training and development are key focus areas with policies, processes and extensive use of technology to attract, retain and build on skills of high caliber employees. In keeping with the Company's philosophy of a healthy and safe work environment, regular independent third party audits, certification and training programmes are carried out. Industrial relations have continued to be harmonious throughout the year. This has been possible by creating a performance driven culture against the backdrop of care and concern for all employees.

The Board wishes to place on record its appreciation to all the employees of the Company for their innovative approach and revitalized efforts in these challenging times, which translate to greater efficiency; leading to continuing improvement in the different parameters of business.

### 23. ZODIAC EMPLOYEES' STOCK OPTION PLAN 2006

In terms of the Employee Stock Option Plan 2006, Five Thousand Eight Hundred and Fifty (5,850) options were exercised during the year at an exercise price of ₹ 346/- resulting in allotment of Eight Thousand Seven Hundred and Seventy Five (8,775) Equity Shares.

The Applicable disclosures as stipulated under the SEBI Guidelines as on 31<sup>st</sup> March, 2016 with regards to the Employees Stock Option Plan 2006 has been provided in the Annexure 1 to this report.

The Company is obtaining a Certificate from the Auditors stating that the ESOP has been implemented in accordance with SEBI (ESOS &

ESPS) Guidelines, 1999 and the resolution of the Company passed in the Annual General Meeting held on 31<sup>st</sup> August, 2006.

## 24. COMPLIANCE WITH THE CODE OF CONDUCT

The Code of Conduct adopted by the Company for its Board of Directors, Senior Management Personnel and Functional Heads has been uploaded on the Company's website at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. The Declaration of the Compliance with the code of conduct has been received from all Board members and managerial personnel. A certificate to this effect from Mr. A. Y. Noorani, Vice-Chairman and Managing Director forms part of this report.

## 25. FIXED DEPOSIT

The company has not accepted any Fixed Deposits from the public under Section 73 of the Companies Act, 2013.

## 26. COMPANY'S WEBSITE

The Financial Statements, Annual Report, including Corporate Governance Report, Shareholding Pattern, etc., are displayed interse with the other information on the company's website, viz. [www.zodiaconline.com](http://www.zodiaconline.com).

## 27. DONATIONS

During the financial year, the company has, besides CSR, contributed ₹ 2,420,853/- to various deserving causes.

## 28. INSURANCE

All the properties/assets, including buildings, furniture/fixtures, etc. and insurable interests of the company are adequately insured. The international debtors who avail of credit are also insured, despite their flawless record, as a measure of abundant precaution.

## 29. AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to Audit the Accounts of the Company for the financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants that their appointment, if made, would be in conformity with the limits specified in the said Section.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s. Deloitte

Haskins & Sells LLP, as the Statutory Auditors of the Company.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation, adverse remark or disclaimer. The Auditor has not reported any fraud to the Company required to be disclosed under Section 143(12) of the Act.

## 30. COST AUDITOR:

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, The Company is not covered under the purview of Cost Audit from the F.Y. 2014-15.

## 31. SECRETARIAL AUDIT:

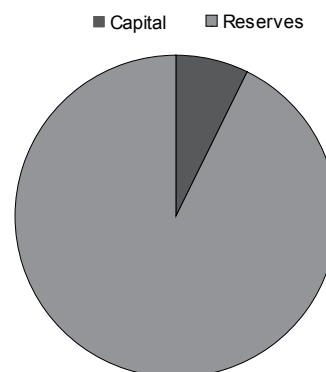
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s Robert Pavrey & Associates, Company Secretaries in Practice (CP No- 2928) to undertake the secretarial audit of the Company. The Secretarial Audit report is included as Annexure 4 and forms an integral part of this report.

The Secretarial Audit Report to the members for the year under review does not contain any qualification, reservation, adverse remark or disclaimer.

## 32. AUDIT COMMITTEE:

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

## 33. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2015-16 CONSOLIDATED:



## 34. RISK MANAGEMENT

In line with the regulatory requirements, the Company has a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. The committee is responsible for reviewing the risk



management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### 35. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s KPMG. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust management information system, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal Audit findings and corrective action taken. Audit play a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

### 36. ANTI SEXUAL HARASSMENT POLICY

The Company has in place an Anti Sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 & the Rules made thereunder. Internal Complaints Committee (ICC) has been set up to redress Complaints received regarding sexual harassment. All employees, permanent, contractual, temporary, and trainees are covered under the policy. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 37. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is attached herewith as Annexure 3 to this Report.

### 38. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Non-executive directors*	Ratio to median remuneration
Mr. M. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Bernhard Steinruecke	-
Dr. Heinrich D. Dieckmann (upto 22 <sup>nd</sup> March, 2016)	-
Mr. Saumitra Chaudhuri	-
Ms. Elizabeth Jane Hulse	-

\***Note:** The Chairman is not paid any remuneration nor sitting fees for Attending Board and Committee Meetings. The Non-Executive Directors of the Company are paid only Sitting Fees for attending the Board and Committee Meetings of the Company, details of which are given in the Corporate Governance Report. They are not entitled to any other remuneration.

Executive directors	Ratio to median remuneration
Mr. A.Y. Noorani	-
Ms. S.Y. Noorani	46.98

- b. The percentage increase in remuneration of each director, chief financial officer, company secretary in the Financial Year:

Directors, Chief Financial Officer and Company Secretary*	% Increase in remuneration in the financial year
Mr. M. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Bernhard Steinruecke	-
Dr. Heinrich D. Dieckmann (upto 22 <sup>nd</sup> March 2016)	-
Mr. Saumitra Chaudhuri	-
Ms. Elizabeth Jane Hulse	-
Mr. A.Y. Noorani <sup>#</sup>	-

<b>Directors, Chief Financial Officer and Company Secretary*</b>	<b>% Increase in remuneration in the financial year</b>
Mr. S.Y. Noorani	(1)
Mr. Aneel Saraff (CFO)	-
Mr. Kumar Iyer (CS)	-

**\*Note:** The Chairman is not paid any remuneration nor sitting fees for Attending Board and Committee Meetings. The Non-Executive Directors of the Company are paid only Sitting Fees for attending the Board and Committee Meetings of the Company, details of which are given in the Corporate Governance Report. They are not entitled to any other remuneration.

# As per the revised terms, w.e.f 1st April, 2014 Mr. A. Y. Noorani, Vice – Chairman and Managing Director is entitled to only variable pay in the form of Performance linked bonus/commission of such percentage of the net profits of the company or such amounts as may be decided by the Board not exceeding the limits as permissible under the Act.

- c. The percentage increase in the median remuneration of employees in the financial year is 13.20% (as the median employee is a piece-rated worker)
- d. The number of permanent employees on the rolls of Company: 2525 (as on 31<sup>st</sup> March, 2016)
- e. The explanation on the relationship between average increase in remuneration and Company performance:

During the year the annual increase in remuneration was given only to the employees at the Factory/ies and to the office staff in the range of 6% to 8%.

The remuneration increase is in line with the timescale, statutory requirement and market trends and in case of piece rated workers, the productivity achieved. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in F.Y. 2016 (₹ in Crores)	1.24
Revenue (₹ in Crores)	302.76
Remuneration of KMPs (as % of revenue)	0.41%
Profit before Tax (PBT) (₹ in Crores)	(5.10)
Remuneration of KMP (as % of PBT)	-*

\* Not given in view of PBT being negative during the year.

- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial year and previous financial year:

<b>Particulars</b>	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>	<b>% Change</b>
Market Capitalization (₹ in Crores)	419.48	558.02	21.80
Price Earnings Ratio	-	56.52	-*

\* Not given in view of PBT being negative during the year.

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

<b>Particulars</b>	<b>31<sup>st</sup> March, 2016</b>	<b>July, 1994 (IPO)</b>	<b>July, 1994 (IPO)*</b>	<b>% Change</b>
Market Price (BSE)	214.20	110.00	24.45	876
Market Price (NSE)	214.90	110.00	24.45	879

\*Adjusted for 1:1 bonus issue in 2005 & 1:2 Bonus issue in 2010 & 2011.

- i. The Average percentile increase in the salaries of Employees (i.e. employees at Factory/ies and to the office staff) other than managerial personnel in the last financial year was 7%. There has been no increase in the managerial remuneration and the same is lower by 50.50 %
- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

	<b>Mr. A. Y. Noorani, Vice-Chairman &amp; Managing Director</b>	<b>Mr. S. Y. Noorani, Managing Director &amp; President</b>	<b>Mr. Aneel Saraff, Chief Financial Officer</b>	<b>Mr. Kumar Iyer, Company Secretary</b>
Remuneration in FY16 (₹ crores)	-	0.60	0.33	0.30
Revenue (₹ crores)	302.76			
Remuneration as % of revenue	-	0.20	0.11	0.10
Profit before Tax (PBT) (₹ crores)	(5.10)			
Remuneration (as % of PBT)*	-	-	-	-

\* Not given in view of PBT being negative during the year.

- k. The key parameters for any variable component of remuneration availed by the directors:

For the Financial Year 2015 – 16 no performance linked bonus or any other variable component of remuneration has been paid to the executive directors of the Company

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None.

- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

- n. Information as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31<sup>st</sup> March, 2016 is given below:

Sr.No	Name	Age	Designation	Remuneration (₹)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	% of Equity Shares held	Relative of any Director/ Manager of the Company
1.	Mr. Salman Yusuf Noorani	53 years	Managing Director & President	6,039,600/-*	Contractual	B.com/ 34 years	14/05/1993	-	554,516	Son of Mr. M.Y. Noorani, Chairman and Brother of Mr. S.Y. Noorani, Managing Director & President

\* As per provisions contained in Section 17 of the Income Tax Act, 1961

#### Disclosure Requirements:

As per SEBI LODR of the listing agreements entered into with the stock exchanges, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which forms part of this report.

### 39. ACKNOWLEDEMENTS

The Directors would like to record their grateful thanks for the co-operation, support and assistance received from the customers, shareholders, the Government, other statutory bodies, Banks, Solicitors, Distributors, Suppliers and other business associates during these most turbulent times.

The Directors also express their sincere appreciation of the employees at all levels for having risen to meet the several challenges encountered and look forward to their valuable support and commitment in the times ahead.

For and on behalf of the Board of Directors

**M. Y. NOORANI**

Chairman

Place: Mumbai

Date: 8<sup>th</sup> July, 2016

## ANNEXURE 1 TO DIRECTORS' REPORT

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

### Zodiac Employees Stock Option Plan 2006

		First Grant: 27 <sup>th</sup> December, 2006	Second Grant: 20 <sup>th</sup> January, 2011
a.	Options granted till date	462,975*	401,025*
b.	Pricing formula	The Options are granted at closing market price of the Company's equity shares quoted on BSE Limited / National Stock Exchange of India Limited (wherever trading volumes are higher) as on the date preceding the date on which the Remuneration & Compensation Committee considers grant of Options to Eligible employees.	
c.	Option vested till date	462,975*	401,025*
d.	Options exercised till date	412,602*	129,976
e.	The total number of shares arising as a result of exercise of option	412,602	129,976
f.	Option lapsed	50,376*	168,419
g.	Variation of terms of option as at 31 <sup>st</sup> March, 2016	Not Applicable	
h.	Money realized by exercise of option	NIL	₹ 29,980,900/-
i.	Total number of options in force as on 31 <sup>st</sup> March, 2016	NIL	102,630
j.	Employee wise details of options granted to:		
	(i) senior managerial person	(i) 367,350* Options	(ii) 279,075* Options
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	(ii) Nil	(ii) Nil
	(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:	(iii) Nil	(iii) Nil
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS - 20) 'Earnings Per Share' Refer note no. 43(e) of the Financial Statements for the year ended 31 <sup>st</sup> March, 2016.	₹ 4.87	
l.	Where the company has calculated the employees' compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company uses the intrinsic value based method of accounting for stock option. Had the company followed fair value of method for accounting the stock option, compensation expenses would have been higher by ₹ 2,311,469/- (Previous Year ₹ 2,033,201/-) and consequently profit after tax would have been lower by ₹ 2,311,469/- (Previous Year ₹ 2,033,201/-) and Basic and Diluted Earning per share would have been lower by ₹ 0.12 (Previous year ₹ 0.11) per share and ₹ 0.12 (Previous year ₹ 0.11) per share respectively. These options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per Share notified under the Companies (Accounting Standard) Rules, 2006.	
m.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	₹ 255.40	₹ 346.00
n.	A description of the method and significant assumption used during the year to estimate the fair value of options, including the following weighted average information:		
	(1) Risk free rate	7.59% to 7.67%	8.10% to 8.10%
	(2) Expected life of options	2.5 to 4.5 years	2.5 to 4.5 years
	(3) Expected volatility	45.22% to 51.13%	50.58% to 61.45%
	(4) Expected dividends	Not applicable	As the weighted average life of the option is more than 1 year and hence the estimation of the future
	(5) The price of the underlying share in the market at the time of option grant prior to option grant.	₹ 255.40	₹ 346.00

\* The Company declared Bonus of 1:2 on record date of 28<sup>th</sup> September, 2011, consequently the options and its related information has been adjusted for the bonus effect.

For and on behalf of the Board

Place : Mumbai  
Dated : 8<sup>th</sup> July, 2016

M.Y. NOORANI  
Chairman

**1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

The Company is committed to doing business with integrity and respect for the world around us. The Company's CSR policy is aimed at forming a dynamic relationship between the Company on the one hand and the society and the environment on the other. The Company has traditionally been driven by a moral obligation and philanthropic spirit and has a heritage of being engaged in such activities. The Company is committed towards sustainability and all business decisions takes into account its social and environmental impact.

For years now, the Company has been dedicated to provide quality products and to reduce energy use and increase efficiency. The projects undertaken/programmes supported by the Company will be within the broad framework of Schedule VI of the Companies Act 2013. During the year the Company has focused on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of ₹ 2,500,000/- to CanCare Trust towards its development of a not for profit Cancer Hospital in Mumbai for treatment of head and neck cancer, aimed primarily to benefit the economically weaker sections of the society.

**M.L. Apte**  
Chairman, CSR Committee

**2. The composition of the CSR committee: The Company has a CSR committee of directors comprising of**

Mr. M. L. Apte, Chairman of the Committee, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani.

**3. Average net profit of the company for last three financial years for the purpose of computation of**

**CSR: ₹ 116,364,969/-**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 2,327,299/-.**

**5. Details of CSR spent during the financial year:**

- Total amount to be spent for the financial year: ₹ 2,500,000/-
- Amount unspent: Nil
- Manner in which the amount spent during the financial year: Attached

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not Applicable.

**M.Y. Noorani**  
Chairman

**5(c) Manner in which amount spent during the financial year is detailed below:**

Sr.No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken.	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through Implementing agency
1.	Contribution to CanCare Trust towards development of a not for profit Cancer Hospital in Mumbai.	Health Care and Preventive Health Care	Local Area – Mumbai, Maharashtra	₹ 2,500,000/-	₹ 2,500,000/-	₹ 2,500,000/-	Direct ₹ 2,500,000/-



**EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I Registration and other details:**

- i. CIN: L17100MH1984PLC033143
- ii. Registration Date: 14<sup>th</sup> June 1984
- iii. Name of the Company: Zodiac Clothing Company Limited
- iv. Category/Sub-Category of the Company: Company Limited by Shares/ Indian Non-Government Company
- v. Address of the Registered office and contact details:  
Nyloc House, 254, D-2,  
Dr. Annie Besant Road, Worli,  
Mumbai – 400 030.  
Tel:+91 22 6667 7000  
Fax:+91 22 6667 7279  
Email id: contactus@zodiacmtc.com  
Website: www.zodiaconline.com

- vi. Whether Listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any  
Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032.  
Email id: einward.ris@karvy.com  
Website: www.karvy.com

**II Principal Business Activities of the Company:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.No	Name and Description of main products/ services	Item (NIC) Code of the Product/Service	% to total turnover of the Company
1.	Mens Shirt 100% Cotton	6205	78.37%

**III Particulars of Holding, Subsidiary and Associate Companies:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.No	Name and Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Zodiac Finsec and Holdings Ltd. Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai – 400 030.	U28129MH1993PLC071999	Subsidiary	100%	2(87)
2.	Zodiac Clothing Co. S.A. (Switzerland) Promenade Noire 1, Neuchatel, Switzerland.	-	Subsidiary	100%	2(87)
3.	Zodiac Clothing Co. (UAE) LLC Al-Quoze Industrial Area, P. O. Box No. 50545, Dubai, U.A.E.	-	Subsidiary	100%*	2(87)
4.	Zodiac Clothing Company Inc. C/o. 160, Greentree Drive, Suite 101, Dover, DE 19904	-	Subsidiary	100%	2(87)
5.	Zodiac Properties Limited 1003, Khalid Al Attar Tower, P. O. Box 71241, Dubai, U.A.E.	-	Subsidiary	100%	2(87)

\*Note:- The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and M/s Zodiac Clothing CO S.A (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s Zodiac Clothing Co S.A. who is the beneficial owner.

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i. Category-wise Share Holding

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2015				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>(A) PROMOTER AND PROMOTER GROUP</b>									
(1) INDIAN									
(a) Individual / HUF	2979419	0	2979419	15.27	4450581	0	4450581	22.80	7.53
(b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	2317734	0	2317734	11.95	0	0	0	0.00	11.95
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(1):</b>	<b>11606917</b>	<b>0</b>	<b>11606917</b>	<b>59.49</b>	<b>4450581</b>	<b>0</b>	<b>4450581</b>	<b>22.80</b>	<b>-36.69</b>
<b>(2) FOREIGN</b>									
(a) Individuals (NRIs/Foreign Individuals)	281325	0	281325	1.44	846572	0	846572	4.34	2.90
(b) Bodies Corporate	6309764	0	6309764	32.34	6309764	0	6309764	32.32	0.02
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A(2) :</b>	<b>6591089</b>	<b>0</b>	<b>6591089</b>	<b>33.78</b>	<b>7156336</b>	<b>0</b>	<b>7156336</b>	<b>36.66</b>	<b>2.88</b>
<b>Total A=A(1)+A(2)</b>	<b>11606917</b>	<b>0</b>	<b>11606917</b>	<b>59.49</b>	<b>11606917</b>	<b>0</b>	<b>11606917</b>	<b>59.46</b>	<b>-0.03</b>
<b>(B) PUBLIC SHAREHOLDING</b>									
(1) INSTITUTIONS									
(a) Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b) Financial Institutions /Banks	112	0	112	0.00	112	0	112	0.00	0.00
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors	1874009	0	1874009	9.60	1874009	0	1874009	9.60	0.00
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(1):</b>	<b>1874121</b>	<b>0</b>	<b>1874121</b>	<b>9.61</b>	<b>1874121</b>	<b>0</b>	<b>1874121</b>	<b>9.60</b>	<b>0.00</b>
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	1244291	3200	1247491	6.39	1242394	3200	1245594	6.38	0.01
(b) Individuals									
(i) Individuals holding nominal share capital up to ₹ 1 lakh	829638	98537	928175	4.76	849479	93590	943069	4.83	-0.07
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	3298446	24840	3323286	17.03	3298223	24840	3323063	17.02	0.01
(c) Others									
CLEARING MEMBERS	2394	0	2394	0.01	2811	0	2811	0.01	0.00
NON RESIDENT INDIANS	527363	1350	528713	2.71	522447	1350	523797	2.68	0.03
TRUSTS	102	0	102	0.00	102	0	102	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total B(2) :</b>	<b>5902234</b>	<b>127927</b>	<b>6030161</b>	<b>30.91</b>	<b>5915956</b>	<b>122980</b>	<b>6038936</b>	<b>30.94</b>	<b>0.03</b>
<b>Total B=B(1)+B(2) :</b>	<b>7776355</b>	<b>127927</b>	<b>7904282</b>	<b>40.51</b>	<b>7790077</b>	<b>122980</b>	<b>7913057</b>	<b>40.54</b>	<b>0.03</b>
<b>Total (A+B) :</b>	<b>19383272</b>	<b>127927</b>	<b>19511199</b>	<b>100.00</b>	<b>19396994</b>	<b>122980</b>	<b>19519974</b>	<b>100</b>	<b>0.00</b>
(c) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group									
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRAND TOTAL (A+B+C) :</b>	<b>19383272</b>	<b>127927</b>	<b>19511199</b>	<b>100.00</b>	<b>19396994</b>	<b>122980</b>	<b>19519974</b>	<b>100</b>	<b>0.00</b>

**ii. Shareholding of Promoters:**

Sr.No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Euro Global Holdings Pte. Ltd.	3154882	16.27	0.00	3154882	16.16	0.00	-0.11
2	Asia Tangible Investments Pte Ltd.	3154882	16.27	0.00	3154882	16.16	0.00	-0.11
3	Mohamed Yusuf Noorani	2418287	12.39	0.00	3653657	18.72	0.00	6.33
4	Miraj Marketing Company LLP	2307609	11.90	0.00	0	0	0.00	-11.82
5	Kewal K Seth	281250	1.45	0.00	281250	1.44	0.00	-0.01
6	Mohammed Y Noorani	232875	1.20	0.00	232875	1.19	0.00	-0.01
7	Mohamed Anees Noorani	24065	0.12	0.00	565247	2.90	0.00	2.78
8	Salman Yusuf Noorani	13334	0.07	0.00	554516	2.84	0.00	2.77
9	Miraj Marketing Company LLP	10125	0.05	0.00	0	0	0.00	-0.05
10	Mohamed Yusuf Noorani	8334	0.04	0.00	8334	0.04	0.00	0.00
11	Mohamed Yusuf Noorani	607	0.00	0.00	607	0.00	0.00	0.00
12	Zehra Salman Noorani	357	0.00	0.00	367	0.00	0.00	0.00
13	Awais Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
14	Musaed Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
15	Saniyya Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
16	Muna Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
	<b>TOTAL :</b>	<b>11606917</b>	<b>59.49</b>	<b>0.00</b>	<b>11606917</b>	<b>59.46</b>	<b>0.00</b>	<b>-0.03</b>

**Note.1:** Mr. Mohamed Yusuf Noorani holds 2,660,103 equity shares of the Company as on 31.03.2016 of these he holds:  
18,990 equity shares as Trustee for and on behalf of Yusuf Noorani Family Trust  
8,334 equity shares as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust

**Note.2:** Mr. Anees Yusuf Noorani holds 24,065 equity shares of the Company as on 31.03.2016 of these he holds:  
18,990 equity shares as Trustee for and on behalf of Anees Noorani Family Trust.

**iii. Changes in Promoters' Shareholding (please specify, if there is no change):**

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30115122100739	Mohamed Yusuf Noorani	01/04/2015	Opening Balance	2418287	12.39	2418287	12.39
			28/03/2016	Transfer	1235370	6.33	3653657	18.72
			31/03/2016	Closing Balance		0.00	3653657	18.72
2	IN30018312065758	Kewal K Seth	01/04/2015	Opening Balance	281250	1.45	281250	1.44
			31/03/2016	Closing Balance		0.00	281250	1.44
3	IN30133019880830	Mohammed Y Noorani	01/04/2015	Opening Balance	232875	1.20	232875	1.20
			31/03/2016	Closing Balance		0.00	232875	1.19
4	IN30001110146884	Mohamed Anees Noorani	01/04/2015	Opening Balance	24065	0.12	24065	0.12
			28/03/2016	Transfer	541182	2.77	565247	2.90
			31/03/2016	Closing Balance		0.00	24065	0.12
5	IN30001110152967	Salman Yusuf Noorani	01/04/2015	Opening Balance	13334	0.07	13334	0.07
			28/03/2016	Transfer	541182	2.77	554516	2.84
			31/03/2016	Closing Balance		0.00	554516	2.84

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
6	IN30133019880848	Mohamed Yusuf Noorani	01/04/2015	Opening Balance	8334	0.04	8334	0.04
			31/03/2016	Closing Balance		0.00	8334	0.04
7	IN30115122152490	Mohamed Yusuf Noorani	01/04/2015	Opening Balance	607	0.00	607	0.00
			31/03/2016	Closing Balance		0.00	607	0.00
8	394001203940000211611	Zehra Salman Noorani	01/04/2015	Opening Balance	367	0.00	367	0.00
			31/03/2016	Closing Balance		0.00	367	0.00
9	IN30133020049954	Musaed Anees Noorani	01/04/2015	Opening Balance	75	0.00	75	0.00
			31/03/2016	Closing Balance		0.00	75	0.00
10	IN30154918042447	Awais Anees Noorani	01/04/2015	Opening Balance	75	0.00	75	0.00
			31/03/2016	Closing Balance		0.00	75	0.00
11	IN30001110152975	Muna Anees Noorani	01/04/2015	Opening Balance	75	0.00	75	0.00
			31/03/2016	Closing Balance		0.00	75	0.00
12	IN30088814527407	Saniyya Anees Noorani	01/04/2015	Opening Balance	75	0.00	75	0.00
			31/03/2016	Closing Balance		0.00	75	0.00
13	IN30133019238793	Euro Global Holdings Pte. Ltd.	01/04/2015	Opening Balance	3154882	16.27	3154882	16.27
			31/03/2016	Closing Balance		0.00	3154882	16.16
14	IN30112716464948	Asia Tangible Investments Pte Ltd.	01/04/2015	Opening Balance	3154882	16.27	3154882	16.27
15	IN30133021168092	Miraj Marketing Company LLP	01/04/2015	Opening Balance	2307609	11.90	2307609	11.90
			28/03/2016	Transfer	2307609	11.82	0	0
			31/03/2016	Closing Balance		0.00	0	0
16	492001204920000119596	Miraj Marketing Company LLP	01/04/2015	Opening Balance	10125	0.05	10125	0.05
			28/03/2016	Transfer	10125	0.05	0	0
			31/03/2016	Closing Balance		0.00	0	0

**iv. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs:**

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2015		Cumulative Shareholding during the Year 31-03-2016	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30047640314385	Akash Bhanshali	01/04/2015	At the Beginning of the year	1361700	6.98	1361700	6.98
			31/03/2016	At the end of the year		0.00	1361700	6.98
2	IN30014210712060	Pari Washington Company Pvt. Ltd. A/C Pari Washing	01/04/2015	At the Beginning of the year	1168087	5.99	1168087	5.99
			31/03/2016	At the end of the year		0.00	1168087	5.99
3	IN30154918652179	M3 Investment Private Limited	01/04/2015	At the Beginning of the year	716208	3.67	716208	3.67
			31/03/2016	At the end of the year		0.00	716208	3.67
4	IN30047640314336	Lata Bhanshali	01/04/2015	At the Beginning of the year	711568	3.65	711568	3.65
			03/04/2015	Transfer	663300	3.40	48628	0.25
			31/03/2016	At the end of the year		0.00	48268	0.25

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2015		Cumulative Shareholding during the Year 31-03-2016	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
5	IN30016710059939	East Sail	01/04/2015	At the Beginning of the year	692422	3.55	692422	3.55
			31/03/2016	At the end of the year		0.00	692422	3.55
6	IN30154950621609	Vallabh Roopchand Bhanshali	01/04/2015	At the Beginning of the year	0	0.00	0	0.00
			03/04/2015	Transfer	663300	3.40	663300	3.40
			31/03/2016	At the end of the year		0.00	663300	3.40
7	IN30014210363339	Husain Sultan Ali Nensey	01/04/2015	At the Beginning of the year	496792	2.55	496792	2.55
			31/03/2016	At the end of the year		0.00	496792	2.55
8	IN30036020018949	Nemish S Shah	01/04/2015	At the Beginning of the year	405124	2.08	405124	2.08
			31/03/2016	At the end of the year		0.00	405124	2.08
9	IN30260310131345	Radha Madhav Investments Ltd	01/04/2015	At the Beginning of the year	180000	0.92	180000	0.92
			31/03/2016	Sale	42395	0.22	137605	0.70
			31/03/2016	At the end of the year		0.00	180000	0.92
10	IN30068510503292	Pramit Jhaveri	01/04/2015	At the Beginning of the year	90000	0.46	90000	0.46
			31/03/2016	At the end of the year		0.00	90000	0.46
11	106001201060001753051	Syed Ahmed	01/04/2015	At the Beginning of the year	86000	0.44	86000	0.44
			31/03/2016	At the end of the year		0.00	86000	0.44

#### V. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
DIRECTORS INCLUDING EX-DIRECTORS								
1	IN30115122100739	01/04/2015	At the beginning of the year	Mohamed Yusuf Noorani	2418287	12.39	2418287	12.39
		28/03/2016	Transfer		1235370	6.33	3653657	18.72
		31/03/2016	At the end of the year			0.00	3653657	18.72
2	IN30133019880830	01/04/2015	At the beginning of the year	Mohammed Y Noorani	232875	1.20	232875	1.20
		31/03/2016	At the end of the year			0.00	232875	1.19
3	IN30133019880848	01/04/2015	At the beginning of the year	Mohamed Yusuf Noorani	8334	0.04	8334	0.04
		31/03/2016	At the end of the year			0.00	8334	0.04
4	IN30115122152490	01/04/2015	At the beginning of the year	Mohamed Yusuf Noorani	607	0.00	607	0.00
		31/03/2016	At the end of the year			0.00	607	0.00



Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
5	IN30018310051413	01/04/2015	At the beginning of the year	Susim Mukul Datta*	41250	0.21	41250	0.21
		31/12/2015	Sale		500	0.0	40750	0.21
		08/01/2016	Sale		820	0.01	39930	0.20
		15/01/2016	Sale		1650	0.01	38280	0.19
		22/01/2016	Sale		600	0.00	37680	0.19
		11/03/2016	Sale		2500	0.01	35180	0.18
		25/03/2016	Sale		1200	0.01	33980	0.17
		31/03/2016	Sale		2000	0.01	31980	0.16
		31/03/2016	At the end of the year			0.00	31980	0.16
6	IN30001110146884	01/04/2015	At the beginning of the year	Mohamed Anees Noorani	24065	0.12	24065	0.12
			Transfer		541182	2.77	565247	2.90
		31/03/2016	At the end of the year			0.00	565247	2.90
7	IN30012610557765	01/04/2015	At the beginning of the year	Madhav Laxman Apte	15000	0.08	15000	0.08
		06/11/2015	Sale		401	0.01	14599	0.07
		27/11/2015	Purchase		7875	0.05	22474	0.12
		04/12/2015	Sale		1395	0.01	21079	0.11
		08/01/2016	Sale		2200	0.01	18879	0.10
		18/03/2016	Sale		2195	0.01	16684	0.09
		31/03/2016	At the end of the year			0.00	16684	0.09
8	IN30012611021075	01/04/2015	At the beginning of the year	Deepak Shantilal Parekh*	30375	0.16	30375	0.16
		31/03/2016	At the end of the year			0.00	30375	0.16
9	IN30048412974040	01/04/2015	At the beginning of the year	Yogendra Premkrishna Trivedi	19375	0.10	19375	0.10
		31/03/2016	At the end of the year			0.00	19375	0.10
10	IN30048412993026	01/04/2015	At the beginning of the year	Yogendra Premkrishna Trivedi	4500	0.02	4500	0.02
		31/03/2016	At the end of the year			0.00	4500	0.02
11	IN30001110152967	01/04/2015	At the beginning of the year	Salman Yusuf Noorani	13334	0.07	13334	0.07
		28/03/2016	Transfer		541182	2.77	554516	2.84
		31/03/2016	At the end of the year			0.00	554516	2.84
12	492001204920000108018	01/04/2015	At the beginning of the year	Late. Dr. ABID Hussain*	9537	0.05	9537	0.05
		31/03/2016	At the end of the year			0.00	9537	0.05
13	492001204920000110327	01/04/2015	At the beginning of the year	Subramaniam Ramachandran Iyer	3375	0.02	3375	0.02
		31/03/2016	At the end of the year			0.00	3375	0.02
14	IN30016710085767	01/04/2015	At the beginning of the year	Bernhard Steinruecke	26550	0.14	26550	0.14
		31/03/2016	At the end of the year			0.00	26550	0.14
15	492001204920000107559	01/04/2015	At the beginning of the year	Bernhard Steinruecke	3825	0.02	3825	0.02
		31/03/2016	At the end of the year			0.00	3825	0.02

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
KEY MANAGERIAL PERSONNEL								
1	1204920000100306	01/04/2015	At the beginning of the year	Anil Kumar Saraff (CFO)	5567	0.03	5567	0.03
		16/04/2015	Sale		3037	0	2530	0.01
		07/07/2015	Sale		2530	0.01	0	0.00
		31/03/2016	At the end of the year		0	0.00	0	0.00
2	IN30088814370996	01/04/2015	At the beginning of the year	Kumar Iyer (CS)	Nil	Nil	Nil	Nil
		31/03/2016	At the end of the year		Nil	Nil	Nil	Nil

\*Ex - Directors

## V. INDEBTEDNESS

(₹ in Lakhs)

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year. (i.e. 01.04.2015)				
i) Principal Amount	4,988.54	207.07		
ii) interest due but not paid	1.57	0.11	-	
iii) interest accrued but not due	5.44	-		
Total (i+ii+iii)	4,995.55	207.18	-	5,203.73
Change in Indebtedness during the financial year				
♦ Addition	16,809.04	-	-	
♦ Reduction	(15,240.84)	(207.07)		
Net Change	1,568.20	(207.07)	-	1,361.13
Indebtedness at the end of the financial year. (i.e.31.03.2016)				
i) Principal Amount	6,556.74	-	-	
ii) interest due but not paid	1.72	-		
iii) interest accrued but not due	11.87	-		
Total (i+ii+iii)	6,570.33	207.18	-	6,570.33

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹)
		Mr. Anees Yusuf Noorani	Mr. Salman Yusuf Noorani	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		6,000,000*	6,000,000*
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		39,600	39,600
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5.	Others, Allowances	-	-	-
	Total (A)	-	6,039,600	6,039,600
	Ceiling as per the Act (@ 10% of profits calculated under Section 198 of the Companies Act, 2013)			(4,259,630)

\*Excluding Employers contribution to Provident Fund.

**B. Remuneration to other directors: (Refer Corporate Governance Report for details)**

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount (₹)
<b>1.</b>	<b>Independent Directors</b>				
	Mr. M. L. Apte	741,216	-	-	741,216
	Mr. Y. P. Trivedi	718,316	-	-	718,316
	Mr. S.R. Iyer	718,316	-	-	718,316
	Mr. Bernhard Steinruecke	193,722	-	-	193,722
	Dr. Heinrich D. Dieckmann (upto 22 <sup>nd</sup> March, 2016)	Nil	-	-	Nil
	Mr. Saumitra Chaudhuri	296,344	-	-	296,344
	Ms. Elizabeth Jane Hulse	79,800	-	-	79,800
	<b>Total (1)</b>	<b>2,747,714</b>			<b>2,747,714</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>				
	Mr. M. Y. Noorani	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>2,747,714</b>	<b>-</b>	<b>-</b>	<b>2,747,714</b>
	<b>Total Managerial Remuneration</b>		<b>-</b>		
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)		<b>-</b>	<b>-</b>	

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Aneel Saraff, Chief Financial Officer	Mr. Kumar Iyer, Company Secretary	Total
<b>1.</b>	<b>Gross salary</b>			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,282,280	3,008,547	6,290,827
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	31,050	-	31,050
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
<b>2.</b>	<b>Stock Option</b>	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-
<b>4.</b>	<b>Commission - as % of profit</b>	-	-	-
<b>5.</b>	<b>Others, Allowances</b>	-	-	-
	<b>Total</b>	<b>3,313,330</b>	<b>3,008,547</b>	<b>6,321,877</b>

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**Annexure 4**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
Zodiac Clothing Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zodiac Clothing Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and various rules (Rules) made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 notified with effect from 15<sup>th</sup> May 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company for the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of

Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and

- (h) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employees' Stock Option Plan 2006 approved under the provisions of The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from 1<sup>st</sup> July, 2015; and
- (ii) The erstwhile Listing Agreements entered into by the Company with stock exchanges and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1<sup>st</sup> December, 2015.

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- Competition Act, 2002
- Consumer Protection Act, 1986
- Environmental Protection Act, 1986
- The Hazardous Waste (Management & Handling) Rules, 1989.
- Boilers Act, 1923
- Legal Metrology Act, 2009
- Gas Cylinders Rules, 2004
- Standards of Weights & Measures (Enforcement) Act, 1985
- The Static & Mobile Pressure Vessels (Unfired) Rules, 1981
- Foreign Trade (Development & Regulation) Act, 1992
- Copyrights Act, 1957
- Trade Marks Act, 1999

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit period were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings of the Board or Committee thereof.

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

**For ROBERT PAVREY & ASSOCIATES**

Company Secretaries

**ROBERT PAVREY**

**Proprietor**

**FCS 2928 CP. No. : 1848**

Place : Mumbai

Date : 25<sup>th</sup> May, 2016

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES**  
Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Sr. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate on last day of financial year	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend	% of shareholding
1	Zodiac Finsec and Holdings Ltd.	April to March	INR	-	27,000,000	278,356,833	477,103,014	477,103,014	124,139,583	78,861,516	56,571,114	13,113,069	56,571,114	-	100
2	Zodiac Clothing Co. S. A. - Switzerland.	April to March	CHF	68.9257	250,000	1,252,524	1,546,947	1,546,947	-	-	874,387	3,804	870,583	-	100
3	Zodiac Clothing Co. (UAE) LLC - UAE.	April to March	AED	18.0516	300,000	29,275,845	31,465,648	31,465,648	-	31,314,266	765,418	-	765,418	-	100
4	Zodiac Clothing Company Inc - USA.	April to March	USD	66.2555	10,000	-9,583	33,872	33,872	-	-	-3,484	250	-3,484	-	100
5	Zodiac Properties Ltd.- R.A.K. (UAE).	April to March	GBP	95.2325	1,808	-482,520	3,599,420	3,599,420	3,551,449	72,543	-57,575	-	-57,575	-	100



## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015 - 2016

Corporate Governance is a process that aims to meet stakeholders' aspirations and expectations. It is much more than complying with the legal and regulatory requirements. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures etc. serve as the means for implementing the philosophy of corporate governance. The Company's policies on Corporate Governance and compliance thereof in respect of specific areas for the year ended 31<sup>st</sup> March, 2016, as per the format prescribed by SEBI and as incorporated in Regulations 17 to 27 and clause (b) to (i) of Sub-regulation 46 and para C, D, and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), are set out below for the information of the shareholders and investors of the Company.

### I. Company's Philosophy on Code of Corporate Governance

At Zodiac, Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. Good Governance practices stem from the value system and philosophy of the organization. The Company's endeavor is to follow the spirit of good governance rather than mere compliance with the conditions specified by regulatory authorities. The Board is collectively responsible for pursuing this purpose. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has formulated, inter alia, various policy documents and introduced best practices of governance. For the Company, Corporate Governance is not a destination but a continuous journey that seeks to provide an enabling environment to harmonise the goals of maximising stakeholders' value and maintaining a strong customer focus.

### II. Board of Directors

#### Composition of the Board

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31<sup>st</sup> March 2016, the Board of the Company comprised of Nine Directors of which, the Chairman is a non-executive Director, two are Executive Directors, six are Independent Directors out of which one is a Woman Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17 of LODR. The members of the Board are professionals who are senior, competent, richly experienced and highly respected persons in their respective fields.

The composition of the Board, Directorships/ Committee positions in other Companies as on 31<sup>st</sup> March, 2016, number of meetings held and attended during the year are as follows: –

Name of the Director	Designation	Category of Directorship	Board Meeting during the year		Attendance at last AGM	Directorships	Committee Memberships in other Public Companies	
			Held	Attended			Member	Chairperson
Mr. M.Y. Noorani	Chairman	Promoter & Non Executive	7	7	Yes	1	-	-
Mr. M.L. Apte	Non-Executive Director	Independent & Non Executive	7	6	Yes	6	3	1
Mr. Y.P. Trivedi	Non-Executive Director	Independent & Non Executive	7	6	Yes	7	1	1
Mr. S.R. Iyer	Non-Executive Director	Independent & Non Executive	7	6	Yes	9	-	2
Mr. Bernhard Steinruecke	Non-Executive Director	Independent & Non Executive	7	4	Yes	6	1	1
Dr. Heinrich D. Dieckmann*	Non-Executive Director	Independent & Non Executive	7	0	No	-	-	-
Mr. Saumitra Chaudhuri	Non-Executive Director	Independent & Non Executive	7	5	Yes	-	-	-
Ms. Elizabeth Jane Hulse	Non-Executive Director	Independent & Non Executive	7	2	No	-	-	-
Mr. A.Y. Noorani	Vice Chairman & Managing Director	Promoter & Executive	7	7	Yes	1	-	-
Mr. S.Y. Noorani	Managing Director & President	Promoter & Executive	7	7	Yes	1	-	-

\* Ceased to be a Director w.e.f. 22<sup>nd</sup> March 2016.

- (1) The Directorships, held by Directors as mentioned above, do not include directorship in Zodiac Clothing Company Limited and Directorships in foreign companies.
- (2) In accordance with Regulation 26(1) of LODR, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Zodiac Clothing Company Limited) have been considered.

#### **Board Meetings**

The Board Meetings are governed by a structured agenda. The agenda along with the detailed explanatory notes and supporting material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision-making. Considerable time is spent by the Directors on discussion and deliberations at the Board Meetings.

During the financial year a total of Seven (7) Board Meetings were held i.e. on 27<sup>th</sup> May, 2015, 10<sup>th</sup> June, 2015, 12<sup>th</sup> August, 2015, 24<sup>th</sup> October, 2015, 09<sup>th</sup> November, 2015, 12<sup>th</sup> February, 2016 and 22<sup>nd</sup> March, 2016.

#### **Familiarisation Programme for Board Members**

The Company has put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the company operates and the business model of the company. Further the Chairman/Managing Director has one to one discussion with the newly appointed director to familiarize with the Company's operation. The familiarization programme for Independent Directors has been posted on the Company's website at [www.zodiaconline.com](http://www.zodiaconline.com) and the web link for the same is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

#### **Code of Conduct for Board of Directors and Senior Management**

The Company has adopted a Code of Conduct for Board of Directors and Senior Management ("the Code") as laid down by Regulation 26(3) of LODR. The duties of Independent Directors as laid down in Schedule IV of the Companies Act, 2013 are suitably incorporated in the Code as required under the Regulation 17 of LODR. The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at [www.zodiaconline.com](http://www.zodiaconline.com) and the web link for the same is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. All Board members and senior management have confirmed compliance with the Code for the year ended 31<sup>st</sup> March, 2016. The Annual Report contains a declaration to this effect signed by the Managing Director.

#### **Disclosure of relationships between directors inter-se**

Mr. A. Y. Noorani, Vice Chairman and Managing Director and Mr. S. Y. Noorani, Managing Director and President of the Company are sons of Mr. M. Y. Noorani, Chairman of the Company.

Other than those mentioned above none of the directors are related to any other directors of the Company.

### **III. Audit Committee**

#### **(a) Constitution of Audit Committee:**

The members of the Audit Committee are Mr. S. R. Iyer, Mr. M. L. Apte and Mr. Y. P. Trivedi.

All the members of the Audit Committee are Non-Executive and Independent Directors. All the members possess sound knowledge of accounts, audit, financial management expertise, etc.

Mr. S. R. Iyer is the Chairman of the Audit Committee.

Mr. Kumar Iyer, Company Secretary acts as the secretary to the Audit Committee.

The terms of reference of the Audit Committee is in line with Regulation 18 of LODR and Section 177 of the Companies Act 2013. The Audit Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

#### **(b) Roles and Powers of the Audit Committee:**

The brief description of the terms of reference of the Committee are described below:

##### **Powers**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Roles:

1. 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;
2. Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and the auditors' report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Approval and Disclosure of any related party transactions;
  - (g) Modified Opinions in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. To evaluate the internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussing with internal auditors any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. 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;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

21. Such other functions as may be prescribed under the applicable laws and regulations.

The Audit Committee mandatorily reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Statement of deviations:
  - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

(c) Meetings of Audit Committee:

The Meetings of Audit Committee are also attended by Managing Director, CFO, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary of the Company acts as the Secretary to the Committee.

During the financial year a total of Seven (7) Audit Committee Meetings were held i.e. on 27<sup>th</sup> May, 2015, 24<sup>th</sup> June 2015, 12<sup>th</sup> August, 2015, 30<sup>th</sup> September, 2015, 09<sup>th</sup> November, 2015, 16<sup>th</sup> December, 2015 and 12<sup>th</sup> February, 2016.

The Attendance of each member of the Committee is given below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S.R. Iyer	Chairman	7	7
Mr. Y.P. Trivedi	Member	7	7
Mr. M.L. Apte	Member	7	7

#### IV. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible to overview the process of evaluation of performance of the Board as a whole, Board Committees and the Directors individually.

The Committee's terms of reference functions include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of Board of Directors.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The members of the Nomination and Remuneration Committee are Mr. M. L. Apte, Mr. Y. P. Trivedi and Mr. Saumitra Chaudhuri.

All the members of the Nomination and Remuneration Committee are Non-Executive and Independent Directors.

Mr. M. L. Apte is the Chairman of the Nomination and Remuneration Committee.

Mr. Kumar Iyer, Company Secretary acts as the secretary to the Nomination and Remuneration Committee.

The details of attendance of each member of the Committee is as follows:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. M. L. Apte	Chairman	1	1
Mr. Y. P. Trivedi	Member	1	1
Mr. Saumitra Chaudhuri	Member	1	1

#### V. Performance evaluation criteria for Independent Directors:

Based on the Criteria for evaluating the Performance of the Independent Directors as laid down by the Nomination and Remuneration Committee of the Company, the Performance of the Independent Directors for the Financial Year has been made by the Nomination and Remuneration Committee and the Board based at the meeting of the Nomination and Remuneration Committee held on 26<sup>th</sup> May, 2016.

#### Remuneration Policy:

##### A. Remuneration to Whole-time Directors:

The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V to the Companies Act, 2013, and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Nomination & Remuneration Committee. The remuneration to Mr. A. Y. Noorani consists only by way of variable pay in the form of performance linked bonus/commission of such percentage of the net profits of the Company or such amount as may be decided by the Board of Directors, subject to the same not exceeding the limits as permissible under the Act, and Company's Car with driver and the remuneration to Mr. S. Y. Noorani consists of Salary, Company's contribution to Provident Fund, Performance linked Bonus, other perquisites including Company's Car with driver and allowances in accordance with the rules of the Company, applicable from time to time.

The Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

##### B. Executive Directors:

##### Details of Remuneration of Executive Directors for the financial year ended 31<sup>st</sup> March, 2016

Particulars	Mr. A.Y. Noorani, Vice-Chairman and Managing Director	Mr. S. Y. Noorani, Managing Director & President
Term of Appointment	For a period of 3 years from 1 <sup>st</sup> March, 2014 to 28 <sup>th</sup> February, 2017	For a period of 3 years from 1 <sup>st</sup> March, 2014 to 28 <sup>th</sup> February, 2017
Salary*	-	₹ 6,039,000/-
Commission	Upto a maximum of 5 % of the Net Profits of the Company	-
Minimum Remuneration	Nil	Where any remuneration in excess of the minimum remuneration payable under the Act is paid to Managing Director, the same would be subject to the approval of the Central Government if required.
Service Contract, Notice Period & Severance Fees	The Appointment is contractual and can be terminated by giving Six months' notice or six months' salary in lieu thereof.	The Appointment is contractual and can be terminated by giving Six months' notice or six months' salary in lieu thereof.

\* Excluding Company's Contribution to Provident Fund

##### C. Non-Executive Directors:

The Non-Executive Directors are only paid sitting fees for attending the meetings of the Board or Committees thereof within the limits prescribed under the Companies Act 2013. The details of the sitting fees paid (inclusive of service tax) to the



Non-Executive Directors for the financial year 2015-16 is as under:

Name of Director	Sitting Fees paid	Shares as on 31 <sup>st</sup> March, 2016
Mr. M.Y. Noorani	Nil	3,895,473
Mr. M.L. Apte	741,216	16,684
Mr. Y.P. Trivedi	718,316	23,875
Mr. S.R. Iyer	718,316	3,375
Mr. Bernhard Steinruecke	193,722	30,375
Dr. Heinrich D. Dieckmann*	Nil	Nil
Mr. Saumitra Chaudhuri	296,344	Nil
Ms. Elizabeth Jane Hulse	79,800	Nil

\* Ceased to be a Director w.e.f. 22<sup>nd</sup> March, 2016.

## VI. Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to monitor and review investors' grievances, shares transfers etc. The members of the Stakeholders' Relationship Committee are Mr. M. Y. Noorani, Mr. M. L. Apte, Mr. A. Y. Noorani and Mr. S. Y. Noorani.

Mr. M. Y. Noorani (Non-Executive Director) is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary is the Compliance Officer. A total of 24 shareholders' complaints were received during the year and were reported to the Committee. All the complaints were resolved to the satisfaction of the shareholders. There were no pending complaints as on 31<sup>st</sup> March, 2016.

## VII. Corporate Social Responsibility (CSR) Committee

The Company has a Corporate Social Responsibility Committee and the members of the said committee as on 31<sup>st</sup> March, 2016 are Mr. M. L. Apte, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. M. L. Apte is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

The Corporate Social Responsibility Committee recommends to the Board Corporate Social Responsibility Policy and CSR initiatives and it also monitors implementation of the activities undertaken as per the policy.

## VIII. Risk Management Committee

The Risk Management Committee is responsible for risk identification, evaluation and mitigation and to set up process for risk management plan. The members of the Risk Management Committee are Mr. S. R. Iyer, who is the Chairman of the Committee and other members Mr. A. Y. Noorani & Mr. S. Y. Noorani. The Company Secretary acts as the Secretary to the Committee.

## IX. Forex Committee

The Company has a Forex Committee and the members of the said committee as on 31<sup>st</sup> March, 2016 are Mr. M. Y. Noorani, Mr. A. Y. Noorani, Mr. S. Y. Noorani and Mr. Bernhard Steinruecke. Mr. M. Y. Noorani is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

## X. Investment Committee

The Company has an Investment Committee and the members of the said committee as on 31<sup>st</sup> March, 2016 are Mr. S. R. Iyer, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. M. Y. Noorani is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

## XI. Subsidiary Companies

The Company has 5 subsidiary companies namely:

1. Zodiac Finsec and Holdings Limited.
2. Zodiac Clothing Company S.A (Switzerland).
3. Zodiac Clothing Company (U.A.E.) LLC (Step Down Subsidiary).
4. Zodiac Clothing Company INC (Step Down Subsidiary).
5. Zodiac Properties Limited (Step Down Subsidiary).

None of the above Companies are material subsidiaries as defined under Regulation 16 (c) of LODR. However the Company has formulated the material subsidiary policy and uploaded on the website of the Company.

The Audit Committee reviews the financial statements of the subsidiaries, in particular the Investments made, if any by the subsidiary company.

The minutes of the Board Meeting of the Subsidiaries are periodically placed before the Board of Directors of the Company. The Management also brings to the attention of the Board periodically, the statement of significant transactions entered to by the subsidiaries, if any.

## **XII. Directors seeking appointment/re-appointment**

### **Re-Appointment: Mr. A. Y. Noorani**

Mr. A. Y. Noorani, Vice Chairman and Managing Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## **XIII. Disclosure**

### **a. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this Regulation.**

The Company has complied with all the mandatory requirements as stipulated in Schedule V of LODR. The non-mandatory requirements as stipulated in Schedule V of LODR is being reviewed by the Board and adopted to the extent and in manner as stated under the appropriate headings in the Report on Corporate Governance.

### **b. Related Party Transactions**

All transactions entered into with the related parties as defined under the Companies Act 2013 and Regulation 23 and Schedule V of LODR during the financial year were in the ordinary course of business and on an Arm's Length basis and do not attract the provisions of section 188 of the Companies Act 2013. There were no materially significant transactions with related parties during the financial year. Related Party Transaction have been disclosed under the note no. 37 of significant accounting policies and notes forming part of the financial statements in accordance with Accounting Standard 18. A statement in summary form of transactions with related parties in the ordinary course of business and on Arm's Length basis is periodically placed before the Audit Committee for review and Approval.

As required under Regulation 23 of LODR, the Company has formulated a policy on dealing with related parties transactions. The policy is available on the website of the Company.

None of the transactions with related parties were in conflict with the interest of the Company. All transaction are in the normal course of business and have no potential conflict with the interest of the company as large and are carried out on an arm's length basis.

### **c. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.**

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market during the last three years.

### **d. Whistle Blower Policy/Vigil Mechanism**

Pursuant to section 177(9) & (10) of the Companies Act 2013 and Regulation 46 of LODR, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The said policy is disclosed on the website of the Company viz: <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

### **e. Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in section 133 of the Companies Act 2013. The significant accounting policies which are consistently applied are set out to the notes in the financial statements.

### **f. Web link where policy for determining 'material' subsidiaries is disclosed**

The web link where the policy for determining 'material' subsidiaries is disclosed is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

**g) Web link where policy on dealing with related party transactions**

The web link where the policy on dealing with Related Party Transactions is disclosed is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

**XIV. Shareholder Information**

**General Body Meeting**

**(a) Details of last three Annual General Meetings held:**

FINANCIAL YEAR	DAY & DATE	TIME	VENUE
2012-2013	Wednesday 14 <sup>th</sup> August, 2013	2.30 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2013-2014	Tuesday 12 <sup>th</sup> August, 2014	3.00 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2014-2015	Wednesday 12 <sup>th</sup> August, 2015	3.00 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018

**(b) Whether any Special Resolution were passed in the previous three AGMs**

29th Annual General Meeting held on 14<sup>th</sup> August, 2013: At this meeting no Special resolutions were passed.

No Extra- Ordinary General Meetings were held during the year 2012-13.

30th Annual General Meeting held on 12<sup>th</sup> August, 2014: At this meeting no Special resolutions were passed.

No Extra- Ordinary General Meetings were held during the year 2013-14.

31st Annual General Meeting held on 12<sup>th</sup> August, 2015: At this meeting no Special resolutions were passed.

No Extra- Ordinary General Meetings were held during the year 2014-15.

**(c) Whether any Special Resolution were passed through Postal Ballot, last year: No**

**(d) Person who conducted Postal Ballot: N.A.**

**(e) Whether any Special Resolution is proposed to be conducted through Postal Ballot: No**

**(f) Procedure for Postal Ballot: N.A.**

**XV. Means of Communications**

**a) Quarterly Results**

Published in the newspapers in terms of Regulation 33 of LODR.

**b) Newspapers in which results are normally published in:**

i. Business Standard (English Newspaper All India Edition).

ii. Lokmat (Marathi Newspaper - Mumbai Edition)

**c) The Company's financial results and official press releases are displayed on the Company's website: [www.zodiaconline.com](http://www.zodiaconline.com)**

**d) Any presentation made to the Investors and analysts are also posted on the Company's website.**

**e) During the year under review, 2 presentations were made to analysts.**

**XVI. General Shareholder Information-**

**a) Annual General Meeting:**

Day & Date	Time	Venue
Thursday, 11 <sup>th</sup> August, 2016	3.00 p.m.	Hall of Quest, Nehru Planetarium (Basement), Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018

**b) Financial Calendar 2016-2017 (tentative) Schedule of the Board Meetings:**

First Quarter Results ended 30 <sup>th</sup> June, 2016	: Before 15 <sup>th</sup> August, 2016
Second Quarter and Half yearly Results ended 30 <sup>th</sup> September, 2016	: Before 15 <sup>th</sup> November, 2016
Third Quarter ending 31 <sup>st</sup> December, 2016	: Before 15 <sup>th</sup> February, 2017
Fourth Quarter and Annual Results ending 31 <sup>st</sup> March, 2017	: Before end of May, 2017

**c) Dates of Book Closure:**

Friday, 5<sup>th</sup> August, 2016 to Thursday, 11<sup>th</sup> August, 2016 (both days inclusive)

**d) Dividend payment date:**

Dividend when sanctioned by shareholders will be paid on or before 31<sup>st</sup> August, 2016.

**e) Disclosure of details of Unclaimed Shares (under Schedule V of LODR):**

In terms of Schedule V of LODR, the Company is following the prescribed procedure for opening the 'Unclaimed Shares Suspense Account' in respect of the unclaimed physical share certificates. The disclosure of details of the unclaimed suspense account in terms of Schedule V of LODR are as follows:

Sr.No.	Particulars	No. of Shareholders	No. of Equity Shares
i	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 1 <sup>st</sup> April, 2015	53	16,336
ii	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Shares Suspense Account during the year	1	250
iii	Number of shareholders to whom the shares were transferred from the Unclaimed Shares Suspense Account during the year	1	250
iv	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 31 <sup>st</sup> March, 2016	52	16,086

**f. Listing on Stock Exchanges:**

The Equity Shares of the Company continue to be listed at the following Stock Exchanges: -

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Ltd,

Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051.

**Note:**

Listing Fees have been paid to the aforesaid Stock Exchanges for the year 2016-2017.

**g. Stock Code / Symbol:**

BSE Limited	:	521163
National Stock Exchange of India Limited	:	ZODIACLOTH
ISIN	:	INE206B01013

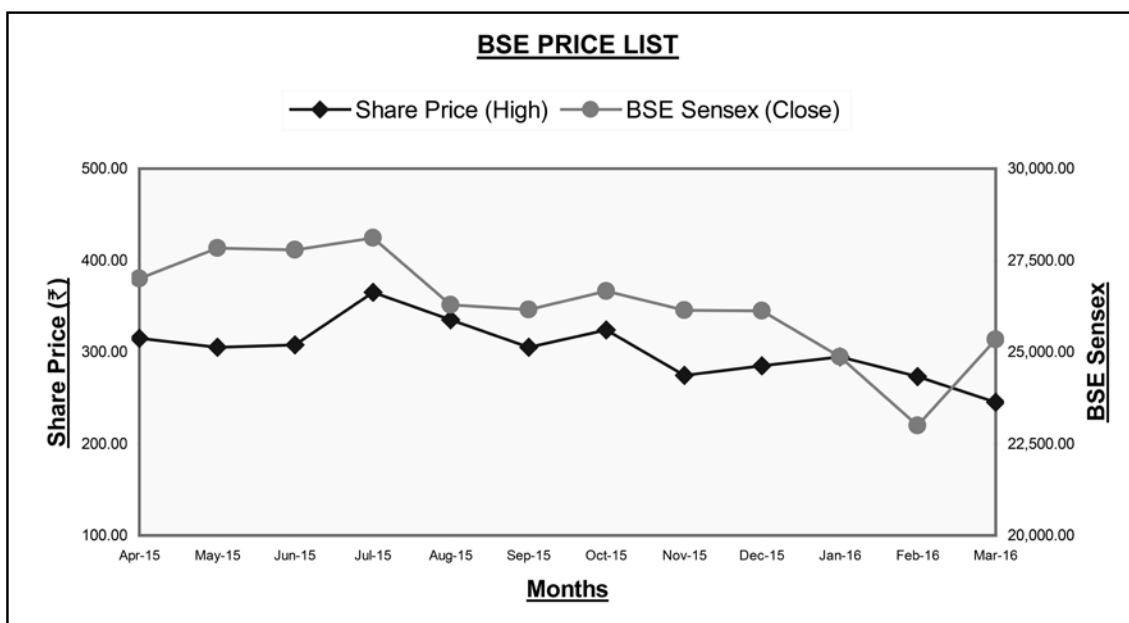
#### h. Market Price:

The monthly high & low quotations of the Company's shares traded on BSE Limited and NSE India Limited during the financial year 2015-2016 are as under:

Months	BSE Limited		NSE India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	314.70	269.00	307.45	251.50
May 2015	304.90	273.10	303.00	270.00
June 2015	307.70	267.10	307.00	256.65
July 2015	365.00	271.30	368.95	272.05
August 2015	334.90	250.20	360.00	246.00
September 2015	305.20	246.10	313.00	241.50
October 2015	324.00	255.10	290.00	257.00
November 2015	274.90	240.10	274.85	238.70
December 2015	284.90	241.80	287.20	245.50
January 2016	295.00	245.00	287.00	244.00
February 2016	273.00	221.50	279.00	222.00
March 2016	245.00	210.00	250.00	202.20

Performance in comparison to broad based indices:

#### ZODIAC vs BSE SENSEX



**i. Registrar & Share Transfer Agents**

Karvy Computershare Private Limited.

Hyderabad Office

Karvy Selenium Tower B,  
Plot No.31-32 Gachibowli,  
Financial District, Nanakramguda  
Hyderabad 500 032  
Tel No. 040-67162222  
Fax: 040-23420814  
Toll Free no.: 1800-345-4001

**j. Share Transfer System**

Shares held in the dematerialized form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the company, viz. Karvy Computershare Pvt. Ltd., periodically receive from the Depository the beneficial holdings data, so as to enable them to update their records and to send all corporate communications, dividend warrants etc. Physical shares received for dematerialization/transfer of shares are processed and completed within a period of 15 days from the date of lodgment provided they are in order in every respect. Bad deliveries are immediately returned to Depository participants under advice to the shareholders within the aforesaid period. The Company obtains from Company Secretary in practice half yearly Certificate of Compliance with the share transfer formalities as required under Regulation 40 (9) of LODR and files copy of the said certificate with the Stock Exchanges.

**k. Distribution of shareholding as on March 31, 2016**

<b>ZODIAC CLOTHING COMPANY LIMITED</b>					
<b>Distribution of Shareholding as on 31/03/2016 (TOTAL)</b>					
<b>Sr.no</b>	<b>Category (Shares)</b>	<b>No.of Shareholders</b>	<b>Percentage (%)</b>	<b>No.of Shares</b>	<b>% To Equity</b>
1	1 - 5000	3240	97.39	890610	4.56
2	5001 - 10000	27	0.81	198890	1.02
3	10001 - 20000	23	0.69	332097	1.70
4	20001 - 30000	10	0.30	252007	1.29
5	30001 - 40000	4	0.12	128209	0.66
6	40001 - 50000	4	0.12	185719	0.95
7	50001 - 100000	4	0.12	293895	1.51
8	100001 and above	15	0.45	17238547	88.31
	<b>TOTAL:</b>	<b>3327</b>	<b>100.00</b>	<b>19519974</b>	<b>100.00</b>

**l. Shareholding Pattern as on March 31, 2016**

<b>Sr.no</b>	<b>Particulars</b>	<b>Total Number of Shares</b>	<b>Percentage of Holding</b>
<b>(I)</b>	<b>(II)</b>	<b>(IV)</b>	<b>(VI)</b>
<b>(A)</b>	<b>PROMOTER HOLDING</b>		
<b>(1)</b>	<b>INDIAN</b>		
(a)	Individual	4450581	22.80
(b)	Bodies Corporate	-	-
<b>(2)</b>	<b>FOREIGN</b>		
(a)	Individuals (NRIs/Foreign Individuals)	846572	4.34
(b)	Bodies Corporate	6309764	32.32
	<b>TOTAL (A)</b>	<b>11606917</b>	<b>59.46</b>

Sr.no	Particulars	Total Number of Shares	Percentage of Holding
(I)	(II)	(IV)	(VI)
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>		
(1)	INSTITUTIONS		
(a)	Financial Institutions /Banks	112	0.00
(b)	Foreign Institutional Investors	1874009	9.60
<b>(2)</b>	<b>NON-INSTITUTIONS</b>		
(a)	Bodies Corporate	1245594	6.38
(b)	Individuals		
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	1051697	5.39
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	3032840	15.54
<b>(3)</b>	<b>NBFCs Registered with RBI</b>	500	0.00
<b>(4)</b>	<b>OTHERS</b>		
	CLEARING MEMBERS	2811	0.01
	NON RESIDENT INDIANS	523797	2.68
	TRUSTS	102	0.00
	EMPLOYEES	107286	0.55
	DIRECTORS	74309	0.38
	<b>TOTAL (B)</b>	<b>7913057</b>	<b>40.54</b>
	<b>GRAND TOTAL (A+B) :</b>	<b>19519974</b>	<b>100.00</b>

- m. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.**  
The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**n. Liquidity**

Zodiac Clothing Company Limited's equity shares are traded on the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited.

**o. Plant Locations:**

**(I) Bangalore: –**

1. Near Bangalore Cross, Air Force Station, P.O.Yelahanka, Bangalore - 560 063.
2. No.48, 7<sup>th</sup> Cross, Visweshwaraiah Industrial Area, Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
3. No. 107 & 108, 4<sup>th</sup> 'C' Cross, 5<sup>th</sup> Block, Koramangala Industrial Layout, Bangalore - 560 095
4. No. 9B, 2<sup>nd</sup> Phase, Bommasandra Industrial Area, Hebbatgudi Village, Anekal Taluka Bangalore - 560 099

**(II) Gujarat: –**

1. A-1, 181 / 1, GIDC, Umbergaon, Valsad, Gujarat: 396171.
2. C-2 / 7, GIDC Industrial Area, Umbergaon, Valsad, Gujarat - 396 171.
3. Plot no. 411, Phase III, GIDC, Umbergaon, Valsad, Gujarat- 396171.

**(III) Mumbai: –**

1. A to Z Industrial Premises Co-op. Society Ltd., G.K.Marg, Lower Parel, Mumbai - 400 013



**p. Address for Investor Correspondence:**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to:-

M / s. Karvy Computershare Pvt. Ltd, at the address mentioned at (i) above.

For general correspondence write to:

Zodiac Clothing Company Limited

Nyloc House, 254, D-2, Dr. Annie Besant Road Worli, Mumbai 400 030 or mail to

Email: cosecy@zodiacmtc.com

Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

**Note:**

In terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board of Directors of the Company have formulated a formal 'Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information' and have also adopted the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders.

**q. Auditors' Certificate on corporate governance**

As required by Schedule V of LODR, the auditor's certificate is given as an annexure to the Directors' report.

Place : Mumbai.  
Date : 8<sup>th</sup> July, 2016.

M.Y. NOORANI  
Chairman

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**CEO AND CFO CERTIFICATION UNDER REGULATION 17(8) OF LODR**

We, A. Y. Noorani, Vice Chairman and Managing Director and Aneel Saraff, Chief Financial Officer (CFO) to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2016 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and belief: -
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) ssignificant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year, if any, and that the same have disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2016.

A.Y. NOORANI  
Vice-Chairman & Managing Director

ANEEL SARAFF  
Chief Financial Officer (CFO)

Place : Mumbai.  
Date : 26<sup>th</sup> May, 2016.

## MANAGEMENT DISCUSSION & ANALYSIS

### A. OVERVIEW

The demand situation in both the Indian Market as well as in the Global Markets, has been uninspiring. In India, despite impressive GDP growth, consumer sentiment has been quite subdued. A variety of reasons come to mind, such as the lacklustre overall industrial growth in India and lack of significant fresh investments despite several reforms by the action-oriented Government. Further, disruption of the market by the E-commerce players capturing a major share of consumer wallets, by selling mobile phones/white goods/electronics at below cost, left the consumer with low liquidity for other consumption expenditure. This has led to very significant reduction in footfalls by the consumer, into both malls, as well as high street shops, especially of independent retailers.

The consumer has also, as a result of low investments/lack of increase in industrial activity, found the employment possibilities diminished - which means that new entrants to the employment market find difficulty in finding employment; consumers already holding employment, find their careers are not advancing/advancing slowly, with low or no annual pay rises and, in most cases, no performance bonus. This may also have partially resulted in their temporarily migrating to lower price points. Self employed/business people, including HNIs, also face a similar experience in their activities, driving down their consumption expenditure, partly driven by "lack of a feel good factor", even though they may have the ability to spend.

Central Excise duty has been reintroduced in the Budget 2016, probably as a precursor to GST. Virtually every state in India now requires entry permits to be obtained by the buyer after he receives an invoice copy from the supplier. Meanwhile, goods cannot be dispatched, awaiting entry permit. This is an internal barrier to trade within the country, which needs to be done away with post haste, as it is not only a national waste, but also encourages malpractice by some unscrupulous buyers to back out of their contractual obligation.

The situation in global markets, is not very different, because of the global economic woes and turbulence. The situation varies from insignificant growth in North America, to contraction of growth in most other markets. This is primarily attributable to the condition of the Chinese economy, which has radically driven down international commodity prices, and the situation in the EU, further exacerbated by the Brexit referendum. There has been sharp volatility in Forex rates. In April 2015 the Rupee/USD was ₹ 62.16, fell to a low of ₹ 68.78 during the year, and closed in March 2016 at ₹ 66.33.

The country's export of clothing ended the year flat (as did the Company's international clothing business) at

USD 16.99 billion versus USD 16.85 billion. This was despite a growth of 4.5% in Manmade Fibre Clothing. Cotton clothing export, the mainstay of India's export, declined by 2.1%.

Given the demand situation, the terms of business were extremely demanding, and posed a major challenge on pricing, credit terms, etc. There is fierce competition in the international markets, with Vietnam and Bangladesh overtaking India in the export of clothing. Myanmar and Laos are two new countries posing a challenge, even as China continues to yield ground. In the other competing bloc, East Europe continues to weaken. Turkey is facing pressure by virtue of closure of several textile mills, and is consequently losing its edge of time to market. North African countries like Egypt, Tunisia and Morocco are trying to fill this void.

The TRANS PACIFIC Partnership (TPP Agreement) is expected to come into force circa end 2017. Of the currently 12 participants, Vietnam and Malaysia are the two TPP members who can pose a serious threat to India's export of clothing, due to tariff concessions, practically zero duty access, that they would get in the US market. Vietnam is already one of the fastest growing major exporters to the US market, even without any tariff concessions.

Also relevant is that Vietnam is already in negotiation with the EU for a FTA, expected to be finalized by 2018.

India's own FTA with the EU, negotiations for which started in 2007, has not progressed substantially. In textiles and clothing there is already tentative agreement, that all customs duties can be abolished on both sides, but there are issues outside the Textiles space that remain to be resolved. Britain's decision to leave the EU is likely to add to the complexity. While EU importers of India's clothing are currently paying customs duty of 9.6%, many of our competitors, notably Bangladesh, have zero duty access. The FTA agreement is therefore of utmost importance, and can be a game changer. It needs to be signed at the earliest to harvest the competitive advantage that the economic package for clothing, announced in June 2016 by the Government of India envisages.

The economic package announced has, under the amended Technology Upgradation Fund Scheme, hiked the capital subsidy from 15% to 25%. Under section 80 JJAA of the Income Tax act, the provision of 240 days has been reduced to 150 days.

Significant changes have been introduced in relation to duty drawback. The State Level taxes and levies will now be refunded to exporters from a separate Central fund vide the drawback route. Further, exporters availing the facilities of zero duty import of fabric, will now be given AIR duty drawback on the other Duty paid Inputs used by them. The package also includes almost

doubling of the overtime cap to 8 hours per week and providing for fixed time employment in order to take care of the seasonal requirements of this industry. Reforms introduced in EPF includes making it optional for employees drawing a salary of less than ₹ 15,000/- per month and government bearing the entire 12% of employers' contribution for a period of three years.

Given the enlightened and timely initiative by a decisive Government in addressing reforms the industry has been seeking for decades, there will definitely be an improvement in the competitiveness of the industry.

What is a prerequisite is that there should be simplicity in the fine print of the policy, and expeditious execution.

Whether China's pain can become India's gain remains to be seen. Japan as a market, though difficult as it is, is low hanging fruit, because they have been sourcing almost entirely from China for over a decade now; our market share in Japan for clothing is negligible even after the FTA between the two countries.

Despite the near term situation being as described, the potential for growth by capturing a large chunk of what China may yield, is tremendous. Given the initiative of the Government's Economic Package for clothing, and with other such moves, with the Government and Industry acting in tandem issues such as realization of an FTA with the EU, and with other needs being addressed, such as improvement with time to market with deep water ports ( a work-in-progress), arrest of the residual exports of our taxes - octroi/entry tax may not be covered in the economic package - rationalisation of advance licensing, seamless and timely disbursement of Drawback and, Focus entitlement, and encouraging Indian players in the export market to build their own brands for those markets, India can achieve very substantial growth.

## **B. INDUSTRY STRUCTURE AND DEVELOPMENT**

The country continues to be the only country other than China to have the full textile chain i.e. from fibre to clothing. It is significant to mention here that TPP requires yarn forward origin, to obtain tariff benefit for export to the US. While there has been an exit of a large number of exporters of clothing of small-to- tiny size, there has been consolidation and an enhancement of capacity (which is ongoing) by larger players.

While India has achieved, for the first time, a modest growth in the MMF clothing segment, we have only scraped the surface. The major part of global trade in clothing continues to be in this segment. Whilst striving to grow this segment, we should not neglect to play to our strength, i.e. cotton clothing, where our export has declined marginally during 2015-16.

The enlightened initiative of our Government to address the dual objective of generating gender- sensitive

employment on a large scale, while capturing a chunk of what China yields, and regaining our lead over Bangladesh and Vietnam, has to be expeditiously turned into sustainable competitive advantage.

The pending Free Trade Agreement with the EU, notwithstanding the complexity added by Brexit, is the single most promising opportunity for the country's clothing export business. There are already press reports about exploring the possibility of a Bilateral Arrangement between Britain and India, emanating from the Brexit. The demand situation, both in India as well as overseas, will stabilize, and the industry has to be poised to capture that opportunity.

Compressing the time-to-market is going to gain importance, going forward, to gain business resulting from the situation in East Europe and Turkey, whose clothing industries were built on this pillar.

Any move to reimburse the rest of the export of residual taxes, after the Economic Package (such as Octroi and Entry Tax) will help sharpen competitiveness, as will the radical rationalisation of advance licensing to avail of duty free import of fabric, for export of clothing. So also, seamless disbursement of DBK, the reimbursement of State levies and entitlement under Focus in a timely manner are measures vital for competitiveness.

We need to address the need to match international levels of productivity, which are essential to combat the competition from the Asian countries with low costs and preferential tariffs. On the other hand, quality levels need to be raised and need to be consistent, as that will help gain from the other competing Bloc (East Europe / Turkey).

The reintroduction of Central Excise duty is a step in the direction of GST, and should be recognised thus; GST will transform the market place in India. Strengthening Indian brands should become a national objective as done in countries like Italy, Japan and Korea, and pushing out of premium Indian brands to make way for sometimes weak/inferior "foreign" brands, is not in the national interest. Doing away with the concept of Entry Permits for sales within the country is a dire need. Forex volatility is something that Industry has to be geared to face, using the tool of hedging most judiciously and conservatively for both import and export.

## **C. OPPORTUNITIES AND THREATS**

For the international business, the market share being yielded by China, the Economic Package by the Government, and the pending EU- FTA are potentially powerful building blocks. The exploitation of the opportunities of growing the man made fibre clothing segment, which is a major component of world trade clothing, towards which a small gain has been made this year, and the diversification to markets like Japan, the African continent, Latin America and South East Asia must be pursued diligently.

The threats looming are:

- The Trans Pacific Partnership (TPP), which would give Vietnam and Malaysia a major edge.
- The fallout of Brexit (reportedly to be executed in 2 years with a further phasing period) could be significant. From India's export, 37% or USD 6.25 B goes to the EU, from which 15% or USD 1.8 billion goes to the UK, the risk being recession/contraction of growth, as well as further depreciation of their currencies.
- China diversifying its supply base to service their customers out of low cost/tariff benefit countries and thereby, yielding less ground.
- In this decade of volatility, Forex volatility witnessed in the last few years constitutes a threat.
- How long will the global economy/consumer demand and the Indian consumer demand (including the additional constituent of fresh demand from the Demographic Dividend) take to revive?
- The fall of export of cotton clothing needs to be corrected forthwith, as this will continue to be the major component of India's clothing export, in the near term.
- The internal barrier to trade in India of Entry Permits needs to be extinguished forthwith.

#### D. SEGMENT WISE / PRODUCT WISE PERFORMANCE

Our Segments are reviewed in terms of the relevant Accounting Standards, with focus on the differential risks and returns of these segments, bearing in mind the organization structure.

The Geographical Segment is identified and given below:

**Year Ended 31<sup>st</sup> March, 2016**

Unit: ₹ in Lakhs

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	1,720.81	1,305.92	3,026.73
Carrying Cost of Segment Asset	2,839.92	137.17	2,977.09
Capital Expenditure	226.22	-	226.22

#### E. OUTLOOK

As has been discussed in great detail, the markets are there, although they are presently subdued. How soon consumer demand revives, both in India and globally, is not easy to predict.

However, with the Industry's preparedness increasing, and awareness and recognition of its potential by the present responsive Government, the evolving opportunities can be better harvested.

In line with this, the Company has invested an all time record amount of funds on Capex, for both the Indian and international markets.

We should go all out, meanwhile, to address the residual weaknesses discussed, as the extent to which the evolving opportunity will be captured will be determined by the extent to which we prepare ourselves.

#### F. RISKS & CONCERNS

Volatility in Forex is a major risk factor, both for export as well as for import. The fall out of Brexit on Britain, the EU and possible contagion for the rest of the world, is another major concern.

Some of our competing nations continue to be subsidized and to enjoy preferential or zero tariffs, despite some of them being in gross violation of compliance norms.

In recent months inflation has shown an upward trend, which could pose a risk, should it not be tamed quickly.

This has truly turned out to be the decade of volatility, as forecast, and one hopes global volatility and turmoil now recede.

The Entry Permit regime for trade within the country tantamounts to an "Import License", and should be made illegal by an act of Parliament immediately.

The discrimination against/driving out of respected Indian Brands from prime retail space, despite same or more favorable commercial terms from Indian brands, to make way for often-sub-standard/dying "foreign" brands is not in the national interest, and should be dealt with sternly. Brands that become powerful in their home markets, are more likely to be successful overseas.

As a step towards the 'Ease of Doing Business' initiative, the testing for Azo dye on all fabrics imported into the country should be done away with, as Azo dyes are banned all over the world. This only adds time, complexity and cost to the import process.

Similarly, anti-dumping duty on linen fabric imported from China should also be done away with, as India does not produce flax (which is the raw material for this fabric). This again only makes products more expensive in the hands of the consumers.

The applicability of the Weights & Measures Act to the clothing industry is ridiculous and irrelevant, besides being outdated, impractical and draconian and only serves to add cost and complexity. Retailers of brands are regularly threatened with criminal prosecution of their

Board Members on absurd matters, some of which are anyway impossible to implement. The clothing industry needs to be dropped from the schedule of industries covered under the Weights & Measures Act. In any event, the Act needs to be urgently amended to make it more practical to abide by, as well as implement, and the prosecution of officers be changed to civil instead of criminal.

## G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems, which are supplemented by an exhaustive process of internal audit (conducted by KPMG), which is regularly subjected to in-depth involvement of the management and monitored by the Audit Committee of the Board. Internal Audit covers the various functions, processes and other activities, including own retail operations of the Company. Transactions are authorised, recorded and reported accurately and subjected to audit as well. The system of internal controls also ensures that all assets are safeguarded, insured and protected against loss

## H. COMPANY'S FINANCIAL PERFORMANCE

(₹ in Lakhs)

	2015-16	2014-15
Total Operational Revenue	3,0267	3,2501
Profit Before Tax	(510)	1184
<b>Provision for Taxation:</b>		
Current Tax	-	217
MAT Credit entitlement	-	-
Deferred Tax	(149)	18
Short Provision for Tax pertaining to Previous Year	-	-
Profit after Taxation	(361)	949
Excess Provision for Tax on Dividend for the Previous Year Written Back	99	111
Profit Available for Appropriation	1,0603	1,1670
<b>Appropriation</b>		
Transfer to General Reserve	-	100
Proposed Final Dividend and Interim Dividend	195	605
Tax on Proposed Final Dividend	40	100
Balance Carried Forward	10,368	10,865
<b>Total</b>	<b>10,603</b>	<b>11,670</b>

## Operational Revenue & Profits:

The operational revenue was hit badly, largely due to the design-driven international business and partially due to a decline in the trading exports of the company.

The profitability was adversely affected due to lower turnover, high store rentals, gestation on new stores added during the year, as well as extended gestation on recently opened stores, higher depreciation and forex loss (v/s forex gain last year), resulted in the loss incurred by the company.

The story would have been radically different, had the consumer demand in India, as well as globally, not been sluggish.

## During the year:

With the issue of 8,775 shares under ESOP, the paid-up capital of the company increased from ₹ 195,111,990/- to ₹ 195,199,740/-

The Company is in compliance with the Code of Conduct for Prevention of Insider Trading formulated in terms of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

Dividends – Your Directors have recommended a dividend of ₹ 1/- (previous year ₹ 3.10) per Equity Share of ₹ 10/- each on 19,519,974 Equity Shares. The dividend amount (when approved by the shareholders) including dividend distribution tax would be ₹ 235 lakhs (previous year ₹ 7,05 lakhs).

During the year 19 Stores were opened (8 store closed – a net addition of 11 stores) with 139 stores at the end of the year vs. 128 at the start.

ICRA (an associate of Moody's Investor Service) has reaffirmed the company's rating of A1+ for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs. ICRA has also reaffirmed the company's rating of A1+ for Commercial Paper of ₹ 2,000 lakhs.

A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1+ to reflect their relatively stronger credit quality.

## I HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS:

The company's belief that its people are the primary source of its sustainable competitive advantage drives its consistent emphasis on Human Resource Development, which remains vital and strategic to the company. Cordial employee relations, in keeping with tradition, are being pursued vigorously. Employees recruitment, training and development are key focus areas with policies,

processes and extensive use of technology to attract, retain and build on skills of high calibre employees. In keeping with the company's philosophy of a healthy and safe work environment, regular independent third party audits, certification and training programmes are carried out. Industrial relations have continued to be harmonious throughout the year. This has been possible by creating a performance driven culture against the backdrop of care and concern for all employees.

The Board wishes to place on record its appreciation to all the employees of the company for their innovative approach and revitalised efforts in these challenging times, which translate to greater efficiency, leading to continuing improvement in the different parameters of business.

## J. CAUTIONARY STATEMENT

Statements in the report on Management Discussion & Analysis describing the company's objectives, expectations

or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could, however, differ materially from those express or implied. Important factors that could make a difference to the company's operation include global demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations in India, trade agreements, especially with the EU and the US.

The company assumes no responsibility in respect of forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

## INDEPENDENT AUDITOR'S CERTIFICATE

### TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

- We have examined the compliance of conditions of Corporate Governance by **ZODIAC CLOTHING COMPANY LIMITED** ("the Company"), for the year ended on 31<sup>st</sup> March, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from 01<sup>st</sup> April, 2015 to 31<sup>st</sup> November, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from 01<sup>st</sup> April, 2015 to 01<sup>st</sup> September, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from 02<sup>nd</sup> September, 2015 to 31<sup>st</sup> March, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally

Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.

- In our opinion and to the best of our information and according to our examination of the relevant records and 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 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31<sup>st</sup> March, 2016.
- We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

R. Laxminarayan  
Partner  
Place : Mumbai  
Date : 26<sup>th</sup> May, 2016 (Membership No: 33023)





*Pure Silk Vicenza Ties*



A collection of various red and blue patterned silk ties. The ties are arranged in a collage-like fashion, showing different patterns such as small squares, diamonds, paisley, and stripes. The colors are primarily red and blue, with some ties featuring white or gold accents. The ties are shown in various orientations, some knotted and some hanging straight.

*Pure Silk Vicenza Ties*





*Pure Silk Pochette*



**ZODI!**  
CLUBWEAR  
ZODIAC



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ZODIAC CLOTHING COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion

on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 25 (i) to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to

the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

R. Laxminarayan  
(Partner)  
Place : MUMBAI,  
Dated : 26<sup>th</sup> May, 2016 (Membership No. 33023)

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone financial statements of Zodiac Clothing Company Limited for the year ended March 31, 2016 )**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial

reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

R. Laxminarayan  
(Partner)  
Place : MUMBAI,  
Dated : 26<sup>th</sup> May, 2016 (Membership No. 33023)

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone financial statements of Zodiac Clothing Company Limited ("the Company") for the year ended March 31, 2016)

(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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the

balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company in an earlier year granted unsecured loans to a company covered in the Register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal has not been

stipulated and in the absence of such a stipulation, we are unable to comment on the regularity of the repayments of principal amounts. The receipts of interest have been regular as per stipulation.

- (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues in arrears, as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) As at March 31, 2016, the following are the particulars of dues on account of income tax and sales tax that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount Involved (in ₹)	Period to which the Amount Relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	782,443	A.Y. 2001-02
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax (TDS), Mumbai	159,653	A.Y. 2006-07

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount Involved (in ₹)	Period to which the Amount Relates
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax (TDS), Mumbai	70,269	A.Y. 2007-08
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax (TDS), Mumbai	265,686	A.Y. 2008-09
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	190,369	F.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	214,569	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	689,936	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant commissioner of Commercial Taxes, Kolkata	95,105	F.Y. 2003-04
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	604,159	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	709,091	F.Y. 2003-04
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	1,138,300	F.Y. 2002-03

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The company has not borrowed from any financial institution or Government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed by the Company have been applied during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting on clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or issued any fully or partly convertible debentures and hence reporting on clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with

its directors or directors of its subsidiary company or persons connected with them and hence the provisions of section 192 of the Companies Act, 2013 are not applicable.

- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place : MUMBAI  
Dated : 26<sup>th</sup> May, 2016

R. Laxminarayan  
(Partner)  
(Membership No. 33023)



**ZODIAC CLOTHING COMPANY LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	195,199,740	195,111,990
(b) Reserves and surplus	3	1,572,756,901	1,616,352,034
		<b>1,767,956,641</b>	<b>1,811,464,024</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	72,495,577	24,962,150
(b) Deferred tax liabilities (net)	36	33,137,483	48,029,111
(c) Long-term provisions	5	11,844,221	11,967,135
		<b>117,477,281</b>	<b>84,958,396</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	6	574,211,748	494,599,270
(b) Trade payables	7		
(i) Dues to micro, small and medium enterprises		3,332,351	3,685,861
(ii) Others		309,747,623	325,234,853
		<b>313,079,974</b>	<b>328,920,714</b>
(c) Other current liabilities	8	171,912,762	145,134,773
(d) Short-term provisions	9	32,455,227	62,607,486
		<b>1,091,659,711</b>	<b>1,031,262,243</b>
<b>TOTAL</b>		<b>2,977,093,633</b>	<b>2,927,684,663</b>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	1,056,425,205	940,745,789
(ii) Intangible assets	10B	19,711,326	13,284,279
(iii) Capital work-in-progress	10C	50,614,735	47,079,538
(iv) Intangible assets under development	10D	3,772,378	10,372,485
		<b>1,130,523,644</b>	<b>1,011,482,091</b>
(b) Non-current investments	11	182,039,974	158,539,974
(c) Long-term loans and advances	12	326,379,945	308,158,529
		<b>1,638,943,563</b>	<b>1,478,180,594</b>
<b>2. Current assets</b>			
(a) Current investments	13	26,661,578	65,277,517
(b) Inventories	14	772,687,435	769,428,429
(c) Trade receivables	15	242,329,357	288,749,970
(d) Cash and cash equivalents	16	23,558,687	29,989,786
(e) Short-term loans and advances	17	266,428,616	290,526,843
(f) Other current assets	18	6,484,397	5,531,524
		<b>1,338,150,070</b>	<b>1,449,504,069</b>
<b>TOTAL</b>		<b>2,977,093,633</b>	<b>2,927,684,663</b>

See accompanying notes forming part of the financial statements 1-46

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

**ZODIAC CLOTHING COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>1. Revenue from operations (gross)</b>	19	3,027,610,827	3,250,138,690
Less: Excise duty		879,696	-
Revenue from operations (net)		3,026,731,131	3,250,138,690
<b>2. Other income</b>	20	105,637,864	155,820,320
<b>TOTAL REVENUE (1+2)</b>		<b>3,132,368,995</b>	<b>3,405,959,010</b>
<b>3. Expenses</b>			
(a) Cost of materials consumed	21A	1,153,027,396	1,230,735,449
(b) Purchases of stock-in-trade	21B	133,994,962	204,372,392
(c) Changes in inventories of finished goods, work-in-progress	21C	(17,691,926)	(49,779,245)
(d) Employee benefits expense	22	574,242,380	577,343,549
(e) Finance costs	23	25,723,146	22,131,560
(f) Depreciation and amortisation expenses	10	94,581,061	80,493,188
(g) Expenditure on Corporate Social Responsibility	45	2,500,000	2,700,000
(h) Other expenses	24	1,217,013,770	1,219,497,645
<b>TOTAL EXPENSES</b>		<b>3,183,390,789</b>	<b>3,287,494,538</b>
<b>4. (Loss) / Profit before tax</b>		(51,021,794)	118,464,472
<b>5. Tax expense:</b>			
(a) Current tax expense		-	21,700,000
(b) Deferred tax (credit) / charge	36	(14,891,628)	1,804,994
<b>6. (Loss) / Profit for the year from continuing operations</b>		<b>(36,130,166)</b>	<b>94,959,478</b>
<b>7. Earnings per share (of ₹ 10/- each):</b>			
(a) Basic	40	(1.85)	4.89
(b) Diluted	40	(1.85)	4.87

See accompanying notes forming part of the financial statements 1-46

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

**ZODIAC CLOTHING COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March 2016 ₹	For the year ended 31 <sup>st</sup> March 2015 ₹
<b>A. Cash flows from operating activities</b>		
(Loss) / Profit before Taxation and Extraordinary items	(51,021,794)	118,464,472
Adjustments for:		
Depreciation and amortization	94,581,061	80,493,188
Provision for Doubtful Debts and Advances	1,195,167	1,822,173
Liabilities /provision no longer required written back	(8,497,963)	(12,291,749)
Provision for Wealth Tax	-	300,000
Assets Discarded Written off	8,605,368	-
Exchange Loss/(Gain) on revaluation	1,773,679	81,148
(Profit) / Loss on Sale of Fixed Asset	458,408	(60,728)
Profit on Sale of Current Investments	(4,082,129)	(11,719,713)
Dividend Income from Investments	(73,221,630)	(80,714,542)
Finance Costs	25,723,146	22,131,560
Interest Income	(17,240,619)	(23,752,446)
	<b>29,294,488</b>	<b>(23,711,109)</b>
Operating Profit before working capital changes	<b>(21,727,306)</b>	<b>94,753,363</b>
Adjustments for:		
Trade and other receivables	39,600,530	10,081,354
Inventories	(3,259,006)	(45,367,964)
Trade and other Payables	27,287,730	(44,334,737)
	<b>63,629,254</b>	<b>(79,621,347)</b>
Cash from operations	<b>41,901,948</b>	<b>15,132,016</b>
Direct taxes paid (Net)	(5,391,563)	1,437,128
<b>Net cash generated from operating activities (A)</b>	<b>36,510,385</b>	<b>16,569,144</b>
<b>B. Cash Flows from investing activities</b>		
Purchases of Current Investments	(241,350,000)	(353,616,349)
Sale of Current Investments	284,048,065	404,827,952
Purchases of Non Current Investments	(36,500,000)	(20,000,000)
Sale of Non Current Investments	13,000,000	-
Dividend Received	73,221,630	80,714,542
Advances and Loans to Subsidiaries(Net)	15,137,704	6,402,079
Interest Income	17,241,133	23,752,446
Purchase of fixed assets	(237,059,395)	(172,016,923)
Proceeds from sale of fixed assets	2,889,805	122,444
<b>Net cash used in investing activities (B)</b>	<b>(109,371,058 )</b>	<b>(29,813,809)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from short term borrowings	1,624,404,226	1,778,455,177
Repayment of short term borrowings	(1,542,802,503)	(1,690,990,697)
Proceeds of Term Loan	56,500,000	24,962,150
Repayment of long term borrowings	-	(580,000)
Issue of Shares at premium on exercising of Esops	2,024,100	27,956,800
Finance Costs	(25,075,764)	(22,131,560)
Interim dividend paid	-	11,823,263
Dividends paid (including Dividend Distribution Tax)	(48,778,594)	(114,919,253)
<b>Net cash generated from financing activities (C)</b>	<b>66,271,464</b>	<b>14,575,880</b>
<b>Net (Decrease) /Increase in cash and cash equivalents (A+B+C)</b>	<b>(6,589,209)</b>	<b>1,331,215</b>
<b>Cash and cash equivalents as at the commencement of the year</b>	<b>28,075,264</b>	<b>26,744,049</b>
Cash and cash equivalents as at the end of the year	21,486,055	28,075,264
Restricted Cash (Unclaimed Dividend Accounts)	2,072,632	1,914,522
<b>Cash and cash equivalents as at the end of the year as per Note 16</b>	<b>23,558,687</b>	<b>29,989,786</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements".
- Figures relating to previous year have been recast where necessary to conform the figures of the current year.

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1) SIGNIFICANT ACCOUNTING POLICIES:

#### a) BASIS OF ACCOUNTING

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/ materialize.

#### b) REVENUE RECOGNITION

Sales are recognised when goods are supplied to customers and are recorded net of sales tax/ value added tax, trade Discounts, Rebate and Returns but includes excise duty. Dividend income on investments is accounted when the right to receive the dividend is established. Interest Income is accounted on accrual basis.

Revenue in respect of Insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

#### c) EXPORT BENEFITS

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made/ to be made there against.

#### d) FIXED ASSETS

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs including incidental expenses.

#### e) DEPRECIATION / AMORTISATION

##### i) On Tangible Assets:

Depreciation has been calculated on straight-line basis in accordance with the provisions of Schedule II to the Companies Act, 2013. The estimated useful lives that are different from those prescribed under Schedule II are mentioned below:-

Description	Useful Life
Plant and Equipments	21 years
Furniture and Fixtures	16 years
Office Equipments	21 years
Computer	6 years
Electrical Installation	21 years

Assets costing ₹ 5000/- or less individually are fully depreciated over a period of one year.

Cost of Leasehold Land is amortised over the period of lease.

Cost of Leasehold improvements is amortised over the primary period of lease. However, in cases where the company as a lessee has the right of renewal of lease and it is intended to renew for further periods, then the cost of such leasehold improvements is amortised over such extended period.

##### ii) On Intangible Assets:

##### a) Goodwill

At the time of acquisition of the business, the difference between the cost of investments and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortised over a period of 10 years.

Goodwill on amalgamation in the nature of merger is amortised over a period of 5 years.

##### b) Computer software is amortised on straight line basis over a period of 6 years.

#### f) IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful

life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there is a change in the estimate of the recoverable value.

**g) INVESTMENTS**

Investments are classified into non-current investments and current investments. Investments, which are intended to be held for more than one year, are classified as non-current investments and investments, which are intended to be held for less than one year, are classified as current investments. Non-current investments are accounted at cost and a provision for diminution is made to recognize a decline other than temporary in the value of long term investments. Current investments are valued at cost or fair value whichever is lower.

Investments include investments in shares of a company registered outside India. They are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof.

Any profit or loss on sale of investments is determined on the basis of the average cost of acquisition.

**h) TRANSACTIONS IN FOREIGN CURRENCY**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are dealt with in the Statement of Profit and Loss. Forward exchange contracts entered into to hedge the foreign currency risk and outstanding as on balance sheet date are translated at year end exchange rates. The premium or discount arising at the inception of such forward exchange contracts are amortised as income or expense over the life of the contract.

Gains / Losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

**i) HEDGE ACCOUNTING**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further, non-derivative financial liabilities in the form of

Pre-shipment Export Credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the Statement of Profit and Loss for the period.

**j) INVENTORIES**

a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, Weighted average cost or Specific identification method, as applicable and found appropriate.

b) Work -in - progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.

c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.

d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.

e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.

**k) EMPLOYEE BENEFITS**

a) The contribution to Provident Fund as required under the statute is made to the Government

Provident Fund and is debited to Statement of Profit and Loss.

- b) Gratuity liability is a defined benefit obligation. The Company has taken Group gratuity- cum-life assurance (cash accumulation) Scheme offered by Life Insurance Corporation of India (LIC). Annual contributions are made on the basis of intimation received from LIC. The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognized in full in Statement of Profit and Loss for the period in which they occur.
- c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation carried out as at the year end.

**l) EMPLOYEE SHARE BASED PAYMENTS**

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the company to acquire equity shares of the company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight- line basis over the vesting period.

**m) TAXES ON INCOME**

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income. Income Tax comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the revenue authorities, using applicable tax rates and laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives 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 highly probable that future economic benefit associated with it will flow to the Company.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the

substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

**n) BORROWING COST**

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

**o) LEASES**

Assets taken / given on lease by which all significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payment / receipts under operating leases are recognized as expense / income on straight line basis over the lease term.

**p) PROVISIONS AND CONTINGENCIES**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

**q) EARNINGS PER SHARE**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 Number of shares	₹	As at 31 <sup>st</sup> March, 2015 Number of shares	₹
<b>NOTE 2 : SHARE CAPITAL</b>				
(a) Authorised				
Equity shares of ₹10/- each	30,000,000	300,000,000	30,000,000	300,000,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10/- each	19,519,974	195,199,740	19,511,199	195,111,990
<b>TOTAL</b>	<b>19,519,974</b>	<b>195,199,740</b>	<b>19,511,199</b>	<b>195,111,990</b>

### Notes :

- (i) Rights, Preferences and Restrictions attached to equity shares:
  - a) Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
  - b) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
  - c) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company. A member can also exercise his vote by electronic means in accordance with section 108 of the Companies Act, 2013.

- (ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Year ended 31 <sup>st</sup> March, 2016 Number of shares	Amount (₹)	Year ended 31 <sup>st</sup> March, 2015 Number of shares	Amount (₹)
Opening Balance	19,511,199	195,111,990	19,389,998	193,899,980
Issue of shares under ESOP	8,775	87,750	121,201	1,212,010
Closing Balance	19,519,974	195,199,740	19,511,199	195,111,990

- (iii) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 <sup>st</sup> March, 2016 Number of shares held	% of holding	As at 31 <sup>st</sup> March, 2015 Number of shares held	% of holding
Mohammed Yusuf Noorani **	3,895,473	19.96	2,660,103	13.63
Asia Tangible Investments Pte Ltd.	3,154,882	16.16	3,154,882	16.17
Euro Global Holdings Pte. Ltd.	3,154,882	16.16	3,154,882	16.17
Akash Bhanshali	1,361,700	6.98	1,361,700	6.98
India Capital Fund Ltd				
Pari Washington Company Pvt. Ltd. A/C Pari	1,168,087	5.98	1,168,087	5.99
Washington India Master Fund, Ltd.				
Miraj Marketing Company LLP	-	-	2,317,734	11.88
** Out of 3,895,473 shares held by Mr Mohammed Yusuf Noorani, (previous year 2,660,103), following shares are held by him:-				
a) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990		18,990	
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334		8,334	

- (iv) As at 31<sup>st</sup> March, 2016, 102,630 shares (As at 31 March, 2015, 205,326 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 41).

- (v) Aggregate number of equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Fully paid up by way of bonus shares	10,614,770	10,614,770

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 3 : RESERVES AND SURPLUS</b>		
<b>(a) Securities Premium Account</b>		
Opening balance	267,710,795	240,966,005
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	1,936,350	26,744,790
Closing balance	269,647,145	267,710,795
<b>(b) General Reserve</b>		
Opening balance	257,575,602	247,575,602
Add: Transferred from surplus in Statement of Profit and Loss	-	10,000,000
Closing balance	257,575,602	257,575,602
<b>(c) Hedging Reserve</b>		
Unrecognised Gains / (Losses) on cash flow hedges (net)		
Opening balance	2,156,279	15,635,089
Less : Amount reversed on settlement of hedged contracts	(2,156,279)	(15,635,089)
	-	-
Add : Gain on mark to market of hedging instruments designated and effective as hedges of future cash flows	6,319,287	2,156,279
Closing balance	6,319,287	2,156,279
<b>(d) State Cash Subsidy</b>		
As per last Balance Sheet	1,584,350	1,584,350
<b>(e) Amalgamation Reserve Account</b>		
As per last Balance Sheet	816,433	816,433
<b>(f) Surplus in Statement of Profit and Loss</b>		
Opening balance	1,086,508,575	1,060,969,161
(Less) / Add: (Loss) / Profit for the year	(36,130,166)	94,959,478
	1,050,378,409	1,155,928,639
Add: Provision for tax on dividend in terms of Section 115O read with Section 115BBD of the Income Tax Act, 1961 for the previous year written back	9,930,053	11,111,846
Less: Dividend for Financial Year 2014-15 (Previous Year 2013-14) being rounding off differences	(597)	(596)
	1,060,307,865	1,167,039,889
Less: Transferred to General Reserve	-	(10,000,000)
Interim dividend (NIL per Share) (Previous Year ₹ 0.60/- per Share)	-	(11,706,705)
Final Dividend proposed to be distributed to equity shareholders (₹ 1 per Share) (Previous Year ₹ 2.50/- per Share)	(19,519,974)	(48,777,998)
Tax on dividend	(3,973,807)	(10,046,611)
Closing balance	1,036,814,084	1,086,508,575
<b>TOTAL</b>	<b>1,572,756,901</b>	<b>1,616,352,034</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 4 : LONG-TERM BORROWINGS</b>		
Secured Term Loan From Bank	72,495,577	24,962,150
<b>TOTAL</b>	<b>72,495,577</b>	<b>24,962,150</b>

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

	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Long Term	Current Maturities of long term debts	Total	Long Term	Current Maturities of long term debts	Total
<b>Term of repayment and security</b>						
<b>Citi Bank</b>						
Secured by way of hypothecation of machinery purchased out of the proceeds of the loan. The loan carries an interest rate ranging from 10.25% to 10.75% p.a. The loan is repayable in 15 equal quarterly installments starting from the 18th month after the first drawdown dates as under:						
November, 2014	10,780,000	3,920,000	14,700,000	14,700,000	-	14,700,000
December, 2014	4,139,440	1,034,860	5,174,300	5,174,300	-	5,174,300
March, 2015	4,409,470	678,380	5,087,850	5,087,850	-	5,087,850
May, 2015	21,666,667	3,333,333	25,000,000	-	-	-
September, 2015	10,000,000	-	10,000,000	-	-	-
November, 2015	5,000,000	-	5,000,000	-	-	-
December, 2015	4,500,000	-	4,500,000	-	-	-
December, 2015	12,000,000	-	12,000,000	-	-	-
<b>Total</b>	<b>72,495,577</b>	<b>8,966,573</b>	<b>81,462,150</b>	<b>24,962,150</b>	<b>-</b>	<b>24,962,150</b>

- (ii) For the current maturities of long-term borrowings, refer item (a) in Note 8, Other current liabilities.

### NOTE 5 : LONG TERM PROVISIONS

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Provision for employee benefits:		
- Provision for compensated absences	11,844,221	11,967,135
<b>TOTAL</b>	<b>11,844,221</b>	<b>11,967,135</b>

### NOTE 6 : SHORT-TERM BORROWINGS

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
Working Capital Loans :		
From banks		
Secured	574,211,748	473,892,325
Unsecured	-	20,706,945
<b>TOTAL</b>	<b>574,211,748</b>	<b>494,599,270</b>
Details of security for the secured short-term borrowings:		
<b>Particulars</b>	<b>Nature of Security</b>	
Citi Bank / First Rand Bank / HSBC	Secured by hypothecation of Raw Materials, Finished Goods & Semi finished Goods, Packing Materials & other Accessories, Stores and Spares, Book debts, other receivables and claims, both present and future.	574,211,748
<b>TOTAL</b>		<b>473,892,325</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 7 : TRADE PAYABLES</b>		
<b>Trade payables:</b>		
Dues of Micro, Small and Medium Enterprises (Refer Note 27)	3,332,351	3,685,861
Dues other than Micro, Small and Medium Enterprises	309,747,623	325,234,853
<b>TOTAL</b>	<b>313,079,974</b>	<b>328,920,714</b>

## NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term borrowings (Refer Note (i) below)	8,966,573	-
(b) Interest accrued but not due on borrowings	1,186,830	543,657
(c) Interest accrued and due on borrowings	172,129	167,920
(d) Unpaid dividends (Refer Note (ii) below)	2,072,632	1,914,522
(e) Salaries and Wages Payable	24,783,110	25,315,498
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	22,827,904	20,334,814
(ii) Payables on purchase of fixed assets	31,043,449	41,881,144
(iii) Trade / security deposits received	314,282	314,282
(iv) Advances from customers	15,631,721	11,263,955
(v) Book overdraft from bank	5,707,136	-
(vi) Provision for bonus	47,625,250	35,058,820
(vii) Others	11,581,746	8,340,161
<b>TOTAL</b>	<b>171,912,762</b>	<b>145,134,773</b>

### Notes:

- (i) Refer Note 4 (i) - Long-term borrowings for details of security.
- (ii) There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.

## NOTE 9 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,189,522	2,199,435
	2,189,522	2,199,435
(b) Provision - Others:		
(i) Provision for Wealth Tax	-	300,000
(ii) Provision for proposed equity dividend	19,519,974	48,777,998
(iii) Provision for tax on proposed dividend	3,973,807	9,930,053
(iv) Provision for Remuneration to Managing Directors	6,771,924	1,400,000
	30,265,705	60,408,051
<b>TOTAL</b>	<b>32,455,227</b>	<b>62,607,486</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	GROSS BLOCK ( AT COST )			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1 <sup>st</sup> April, 2015	Additions	Deductions / Adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year 31 <sup>st</sup> March, 2016	Deductions / Adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>A. TANGIBLE ASSETS</b>									
Free Hold Land	42,090,419 (42,090,419)	- (-)	- (-)	42,090,419 (42,090,419)	- (-)	- (-)	- (-)	42,090,419	42,090,419
Lease Hold Land	475,940 (475,940)	- (-)	- (-)	475,940 (475,940)	202,141 (182,393)	19,748 (19,748)	- (-)	254,051	273,799
Building	124,216,076 (82,884,861)	2,593,035 (41,331,215)	- (124,216,076)	126,809,111 (124,216,076)	33,992,720 (31,505,017)	3,422,150 (2,487,703)	- (-)	89,394,241	90,223,356
Plant and Equipments	401,004,417 (363,149,291)	101,452,808 (37,870,626)	12,136,799 (15,500)	490,320,426 (401,004,417)	168,347,530 (154,214,021)	17,142,496 (14,149,009)	9,790,635 (15,500)	314,621,035	232,656,887
Furniture and Fixtures	352,420,025 (315,878,623)	36,595,540 (36,651,958)	1,108,140 (110,556)	387,907,425 (352,420,025)	120,413,573 (102,355,658)	20,914,693 (18,106,824)	630,954 (48,909)	247,210,113	232,006,452
Vehicles	34,311,153 (34,229,996)	- (737,214)	3,535,492 (656,057)	30,775,661 (34,311,153)	23,362,079 (19,657,296)	3,997,913 (4,360,840)	2,566,260 (656,057)	5,981,929	10,949,074
Office Equipments	76,556,683 (73,470,575)	3,012,858 (3,115,734)	8,160 (29,626)	79,561,381 (76,556,683)	19,467,249 (15,863,073)	3,197,656 (3,633,802)	3,783 (29,626)	56,900,259	57,089,434
Lease hold Improvement	319,372,180 (284,302,411)	61,305,761 (35,069,769)	10,485,426 (-)	370,192,515 (319,372,180)	126,116,067 (101,999,000)	30,097,747 (24,117,067)	3,286,140 (-)	217,264,841	193,256,113
Computer	70,764,935 (67,701,043)	3,760,245 (3,082,780)	30,870 (18,888)	74,494,310 (70,764,935)	50,522,863 (44,824,180)	6,117,078 (5,717,571)	25,880 (18,888)	17,880,249	20,242,072
Electrical Installation	90,418,556 (86,618,177)	8,155,580 (3,800,379)	1,250,580 (-)	97,323,556 (90,418,556)	28,460,373 (24,932,850)	4,333,349 (3,527,523)	298,234 (-)	64,828,068	61,958,183
SUB TOTAL- (A)	1,511,630,384 (1,350,801,336)	216,875,827 (161,659,675)	28,555,467 (830,627)	1,699,950,744 (1,511,630,384)	570,884,595 (495,533,488)	89,242,830 (76,120,087)	16,601,886 (768,980)	1,056,425,205	940,745,789
<b>B. INTANGIBLE ASSETS (Acquired)</b>									
Goodwill	15,699,501 (15,699,501)	- (-)	- (-)	15,699,501 (15,699,501)	15,699,501 (15,699,501)	- (-)	- (-)	-	-
Software	33,929,647 (31,113,223)	11,765,278 (2,816,424)	- (-)	45,694,925 (33,929,647)	20,645,368 (16,272,267)	5,338,231 (4,373,101)	- (-)	19,711,326	13,284,279
SUB TOTAL- (B)	49,629,148 (46,812,724)	11,765,278 (2,816,424)	- (-)	61,394,426 (49,629,148)	36,344,869 (31,971,768)	5,338,231 (4,373,101)	- (-)	19,711,326	13,284,279
<b>C. CAPITAL WORK IN PROGRESS</b>									
<b>D. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>									
TOTAL (A+B+C+D)	1,561,259,532 (1,397,614,060)	228,641,105 (164,476,099)	28,555,467 (830,627)	1,761,345,170 (1,561,259,532)	607,229,464 (527,505,256)	94,581,061 (80,493,188)	16,601,886 (768,980)	1,130,523,644	1,011,482,091
Previous Year								50,614,735 3,772,378	47,079,538 10,372,485

**Notes:**

1 Plant and Equipments costing ₹ 92,189,014/- (Previous Year ₹ 27,492,922/-) are hypothecated against Term Loan sanctioned.

2 Building includes flats of the Gross Book Value of ₹ 6,967,650/- (Previous year ₹ 6,967,650/-) given on operating lease.

3 Figures in brackets are in respect of the corresponding previous year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 11 : NON-CURRENT INVESTMENTS</b>		
<b>Non Current Investments at cost, [fully paid up]</b>		
<b>(A) Trade (Unquoted):</b>		
<b>In equity instruments of a subsidiary</b>		
250 Equity Shares of CHF 1,000/- each of Zodiac Clothing Company S.A., Switzerland	6,591,000	6,591,000
<b>TOTAL- TRADE (A)</b>	<b>6,591,000</b>	<b>6,591,000</b>
<b>(B) Other Investments</b>		
<b>In equity instruments of subsidiaries (Unquoted)</b>		
2,000,000 Equity Shares of ₹ 10/- each of Zodiac Finsec and Holdings Limited	20,000,000	20,000,000
<b>In equity instruments of other entities (Quoted)</b>		
1,713,750 Equity Shares of ₹ 5/-each of Shoppers Stop Ltd.	86,815,750	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	42,305	84,609
343 Equity Shares of Rs.10/- each of Aditya Birla Fashion and Retail Ltd. (Refer Note (i) Below)	42,304	-
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide Industries Ltd.	210	210
<b>In Preference shares of a subsidiary (unquoted)</b>		
70,000 (Previous Year : 2,00,000) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each of Zodiac Finsec and Holdings Limited.	7,000,000	20,000,000
<b>In Preference shares (Quoted)</b>		
1,250,000, 21.06% Cumulative Non Convertible Compulsorily Redeemable Preference Shares of ₹ 10/- each in I L & F S Transportation Networks Ltd.	25,000,000	25,000,000
<b>Investment in Venture Capital Fund (unquoted)</b>		
22,500 (Previous Year : Nil) Units of ₹ 1000/- each of Faering Capital India Evolving Fund II (Refer Note (ii) Below)	22,500,000	-
140,000 (Previous Year : Nil) Units of ₹ 100/- each of Paragon Partners Growth Fund – I (Refer Note (iii) Below)	14,000,000	-
<b>TOTAL - OTHER INVESTMENTS (B)</b>	<b>175,448,974</b>	<b>151,948,974</b>
<b>TOTAL (A+B)</b>	<b>182,039,974</b>	<b>158,539,974</b>
Aggregate Value of Quoted Investments	111,948,974	111,948,974
Aggregate market value of Listed and Quoted investments	622,718,637	727,113,473
Aggregate Value of Unquoted Investments	70,091,000	46,591,000

### Notes:

- (i) The said shares have been received pursuant to a scheme of demerger of Aditya Birla Nuvo Ltd.
- (ii) Total investment commitment is ₹ 1500 Lacs, contribution to be made on “as needed” basis pursuant to drawdown notices issued by the Fund Manager over commitment period of 48 months from the date of first closing i.e. Feb 01, 2016. the term of fund is 10 years and can be further extended by upto 2 years on the recommendation of the investment Manager and subject to the consent of 2/3 majority of the contributors.
- (iii) Total investment commitment is ₹ 500 lacs, contribution to be made on “as needed” basis pursuant to drawdown notices issued by the Fund Manager over a commitment period of 5 years from the date of first closing i.e. Jan 13, 2016. The term of fund is 10 years and can be further extended by upto 2 years on the recommendation of the investment Manager and subject to the consent of 2/3 majority of the contributors.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 12 : LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless otherwise stated		
(a) Capital advances	6,178,836	5,533,330
(b) Security deposits (Refer Note Below)	201,057,043	190,301,054
(c) Balances with government authorities		
(i) Sales tax Deposits	16,333,426	12,741,404
(ii) Sales tax Refund Receivable	153,962	-
(iii) Custom duty receivable	2,119,519	2,119,519
(iv) Service Tax credit receivable	1,298,501	3,490,208
(d) Prepaid expenses	424,736	550,655
(e) Advance income tax (Net of Provisions)	98,813,922	93,422,359
<b>TOTAL</b>	<b>326,379,945</b>	<b>308,158,529</b>
<b>NOTE : SECURITY DEPOSITES INCLUDES AMOUNT PAID TO:</b>		
(i) <b>Directors</b>		
Mr M.Y. Noorani	360,000	360,000
Mr A.Y. Noorani	945,000	945,000
Mr S.Y. Noorani	945,000	945,000
(ii) <b>Firms in which some of the Directors of the company are partners</b>		
Metropolitan Trading Company	16,500,000	16,500,000
Munraz Enterprises	1,000,000	1,000,000
Mustang Manufacturing Company (Refer Note 37)	250,000	250,000
<b>NOTE 13 : CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE )</b>		
65.73 (Previous Year: Nil) Units of ₹ 100/- each of DHFL Pramerica Insta Cash Plus Fund-Direct Plan-Growth	12,905	-
Nil (Previous Year: 108,713) Units of ₹ 100/- each of Birla Sunlife Savings Fund -Growth Regular Plan	-	29,169,197
Nil (Previous Year: 1,853,905) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Regular Plan)	-	36,108,320
806,148 (Previous Year :Nil ) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Direct Plan)	17,048,673	-
370,797 (Previous Year :Nil) Units of ₹ 10/- each of HDFC floating rate Income Fund-Short term Plan-Wholesale Option Growth	9,600,000	-
<b>TOTAL</b>	<b>26,661,578</b>	<b>65,277,517</b>
Aggregate amount of unquoted investments	26,661,578	65,277,517
<b>NOTE 14 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
(a) Raw materials	203,949,993	204,840,347
Goods-in-transit	8,291,989	8,972,124
	212,241,982	213,812,471
(b) Work-in-progress	42,239,540	37,207,789
(c) Finished goods (other than those acquired for trading)	344,494,787	315,089,500
(d) Stock-in-trade (acquired for trading)	76,847,445	93,592,557
(e) Stores and spares	4,737,565	4,993,032
(f) Accessories and packing material	73,595,177	95,723,016
Goods-in-transit	14,962,110	5,882,019
	88,557,287	101,605,035
(g) Chemicals & furnace oil etc.	3,568,829	3,128,045
<b>TOTAL</b>	<b>772,687,435</b>	<b>769,428,429</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 15 : TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	27,899,449	24,014,657
Doubtful	19,698,106	19,747,199
	<hr/> 47,597,555	<hr/> 43,761,856
Less: Provision for doubtful trade receivables	19,698,106	19,747,199
	<hr/> 27,899,449	<hr/> 24,014,657
Other Trade receivables		
Unsecured, considered good	214,429,908	264,735,313
<b>TOTAL</b>	<hr/> <b>242,329,357</b> <hr/>	<hr/> <b>288,749,970</b> <hr/>

### NOTE 16 : CASH AND CASH EQUIVALENTS

(a) Cash on hand	1,360,961	1,109,046
(b) Remittances in Transit	8,012,222	6,350,226
(c) Balances with banks		
(i) In current accounts	10,821,967	20,014,629
(ii) In EEFC accounts	654,265	1,363
(iii) In deposit accounts (Refer Note below)	636,640	600,000
(iv) In earmarked accounts		
- Unpaid dividend accounts	2,072,632	1,914,522
<b>TOTAL</b>	<hr/> <b>23,558,687</b> <hr/>	<hr/> <b>29,989,786</b> <hr/>

**Note:** Balances with banks include deposits amounting to ₹ 636,640/- (As at 31<sup>st</sup> March, 2015 ₹ 600,000) which have an original maturity of more than 12 months.

### NOTE 17 : SHORT-TERM LOANS AND ADVANCES

#### Unsecured, considered good unless otherwise stated

(a) Loans and advances to related parties (Refer Note 37)	144,287,284	158,777,462
(b) Loans and advances to employees		
- Good	7,274,916	9,048,040
- Doubtful	4,115,128	4,115,128
	<hr/> 11,390,044	<hr/> 13,163,168
Less: Provision for doubtful loans and advances	4,115,128	4,115,128
	<hr/> 7,274,916	<hr/> 9,048,040
(c) Prepaid expenses	5,385,437	10,843,780
(d) Balances with government authorities		
(i) Sales tax deposits	-	9,453,415
(ii) Excise duty deposit	79,446	-
(e) Others		
(i) Advances against goods and services	14,633,098	12,479,655
(ii) Export incentive receivable	42,820,224	57,537,599
(iii) Advance Payment to Gratuity Fund	41,949,037	28,488,765
(iv) Other balances	9,999,174	3,898,127
	<hr/> 109,401,533	<hr/> 102,404,146
Doubtful	553,762	553,762
	<hr/> 109,955,295	<hr/> 102,957,908
Less: Provision for other doubtful loans and advances	553,762	553,762
	<hr/> 109,401,533	<hr/> 102,404,146
<b>TOTAL</b>	<hr/> <b>266,428,616</b> <hr/>	<hr/> <b>290,526,843</b> <hr/>

### NOTE 18 : OTHER CURRENT ASSETS

Accruals		
- Interest accrued on deposits	8,428	8,940
Deferred Premium on forward contracts	6,475,969	5,522,584
<b>TOTAL</b>	<hr/> <b>6,484,397</b> <hr/>	<hr/> <b>5,531,524</b> <hr/>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 19 : REVENUE FROM OPERATIONS</b>		
Sale of products (Refer Note (i) below)	2,883,171,020	3,076,119,651
Other operating revenues (Refer Note (ii) below)	144,439,807	174,019,039
	<u>3,027,610,827</u>	<u>3,250,138,690</u>
Less: Excise duty	879,696	-
<b>TOTAL</b>	<b><u>3,026,731,131</u></b>	<b><u>3,250,138,690</u></b>

**Notes:**

**(i) Sale of products comprises**

**Manufactured goods**

Garment & Accessories

2,595,741,652

2,721,292,433

**Traded goods**

Garment & Accessories

198,722,644

243,177,522

Fabric \*

70,512,188

77,317,905

Accessories

18,194,536

34,331,791

\* Includes sale of leftover fabric

**TOTAL**

**2,883,171,020**

**3,076,119,651**

**(ii) Other operating revenues comprise:**

Duty drawback and other export incentives

99,850,691

102,642,790

Recovery of Freight and insurance on sales

32,745,081

53,731,874

Royalty received

6,954,214

12,680,588

Sale of scrap

4,841,918

4,692,797

Commission received

47,903

270,990

**TOTAL**

**144,439,807**

**174,019,039**

**NOTE 20 : OTHER INCOME**

(a) Interest income (Refer Note (i) below)

17,240,619

23,752,446

(b) Dividend income:

from Current Investments

Mutual Fund

-

2,207,355

from Non-current Investments

Subsidiaries

68,016,457

76,505,818

Others

5,205,173

2,001,369

(c) Net gain on sale of:

Current Investments

4,082,129

11,719,713

(d) Net gain on foreign currency transactions and translation (other than considered as finance cost)

-

20,518,952

(e) Other non-operating income (Refer Note (ii) below)

11,093,486

19,114,667

**TOTAL**

**105,637,864**

**155,820,320**

**Notes:**

**(i) Interest income comprises:**

Interest on bank deposit

580,803

1,014,676

Interest on loans and advances

16,057,474

16,655,291

Interest on income tax refund

290,403

5,771,739

Other interest

311,939

310,740

**TOTAL**

**17,240,619**

**23,752,446**

**(ii) Other non-operating income comprises:**

Liabilities / provisions no longer required written back

8,497,963

12,291,749

Profit on sale of fixed asset (Net)

-

60,728

Rent Income

1,818,329

1,835,067

Miscellaneous income

777,194

4,927,123

**TOTAL**

**11,093,486**

**19,114,667**

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 21A : COST OF MATERIALS CONSUMED</b>		
Opening stock	315,417,506	318,237,866
Add: Purchases	1,138,409,159	1,227,915,089
	<u>1,453,826,665</u>	<u>1,546,152,955</u>
Less: Closing stock	300,799,269	315,417,506
<b>TOTAL</b>	<b><u>1,153,027,396</u></b>	<b><u>1,230,735,449</u></b>
Material consumed comprises:		
Fabric	899,656,172	955,224,376
Yarn	2,816,376	3,953,943
Accessories and Packing Materials	250,554,848	271,557,130
<b>TOTAL</b>	<b><u>1,153,027,396</u></b>	<b><u>1,230,735,449</u></b>
<b>NOTE 21B PURCHASES OF STOCK IN TRADE</b>		
Garment and Accessories	58,247,019	103,178,767
Fabric	58,627,137	62,450,381
Accessories	17,120,806	38,743,244
<b>TOTAL</b>	<b><u>133,994,962</u></b>	<b><u>204,372,392</u></b>
<b>NOTE 21C CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	344,494,787	315,089,500
Stock in trade	76,847,445	93,592,557
Work-in-progress - Garment and Accessories	42,239,540	37,207,789
	<u>463,581,772</u>	<u>445,889,846</u>
<b>Inventories at the beginning of the year:</b>		
Finished goods	315,089,500	260,905,227
Stock in trade	93,592,557	90,042,295
Work-in-progress - Garment and Accessories	37,207,789	45,163,079
	<u>445,889,846</u>	<u>396,110,601</u>
<b>NET INCREASE</b>	<b><u>(17,691,926)</u></b>	<b><u>(49,779,245)</u></b>
<b>NOTE 22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	512,765,551	514,977,583
Contributions to provident and other funds	54,701,208	54,568,001
Staff welfare expenses	6,775,621	7,797,965
<b>TOTAL</b>	<b><u>574,242,380</u></b>	<b><u>577,343,549</u></b>
<b>NOTE 23 FINANCE COSTS</b>		
(a) Interest expense on:		
(i) Borrowings (Net of Interest reimbursement receivable under TUF Scheme Rs. 2,922,889/- Previous Year Rs. 389,172/-	11,101,512	7,951,321
(ii) Others		
- Interest on delayed / deferred payment	342,700	399,956
(b) Amortisation of deferred premium cost	14,278,934	13,780,283
<b>TOTAL</b>	<b><u>25,723,146</u></b>	<b><u>22,131,560</u></b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 24 : OTHER EXPENSES</b>		
Consumption of stores and spare parts	7,074,427	8,316,680
Excise duty on Finished Goods (Refer Note 44)	1,973,142	-
Labour charges	62,672,499	64,786,110
Consumables for printing/ embroidery/ washing	14,481,066	21,292,247
Power and fuel	21,719,078	25,096,397
Rent including lease rentals (Refer Note 29)	404,107,304	362,355,322
Retail store maintenance expenses	64,550,269	59,146,881
Repairs and maintenance - Buildings	8,386,265	6,031,455
Repairs and maintenance - Machinery	10,595,162	9,128,203
Repairs and maintenance - Others	14,743,222	16,502,166
Insurance	11,082,792	11,171,939
Rates and taxes	24,525,772	17,395,590
Postage and telephones	20,147,010	19,667,052
Travelling and conveyance	42,871,998	44,916,363
Printing and stationery	3,259,715	3,883,299
Freight and forwarding	87,908,488	118,043,230
Sales commission	92,787,711	88,124,471
Sales discount	21,115,207	19,875,971
Business promotion	139,322,492	172,386,577
Donations and contributions	2,420,853	6,042,154
Legal and professional	23,961,215	24,332,102
Directors' Sitting fees	2,747,714	1,505,624
Electricity	40,631,404	38,918,679
Remuneration to Managing Directors (including provident fund)	6,771,924	13,496,000
Security charges	12,375,935	10,658,907
Trade Mark fees	19,960,889	21,696,459
Payments to auditors (Refer Note below)	2,852,970	2,171,245
Bad and doubtful debts written off	1,664,335	38,879
Net loss on foreign currency transactions and translation (other than considered as finance cost)	13,112,584	-
Loss on sale of fixed assets (net)	458,408	-
Assets discarded written off	8,605,368	-
Provision for doubtful trade receivables, and loans and advances	1,195,167	1,822,173
Bank charges	20,444,706	18,915,291
Miscellaneous expenses	6,486,679	11,780,179
<b>TOTAL</b>	<b>1,217,013,770</b>	<b>1,219,497,645</b>
<b>Note:</b>		
Payments to auditors comprises :		
Statutory Audit		
As auditors	2,400,000	1,825,000
For other services	115,000	80,000
Reimbursement of expenses	29,962	27,400
Service Tax	308,008	238,845
<b>TOTAL</b>	<b>2,852,970</b>	<b>2,171,245</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 25) (i) **Contingent Liabilities: -**

- a) Guarantee issued by the Banks and counter guaranteed by the Company: ₹ 2,639,287/- (Previous year: ₹ 4,423,116/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 27,556,232/- (Previous year: ₹ 33,899,915/-).
- c) Foreign bills/Letters of Credit discounted with Bank: Nil (Previous year ₹ 5,076,156/-).
- d) Disputed demand not provided for in respect of: -

	Current year ₹	Previous Year ₹
1) Income Tax	37,320,795	52,723,382
2) Sales Tax	19,055,237	4,265,199
3) Apparel Export Promotion Council for non-fulfillment of export obligation against duty free imports	424,415	424,415
e) Claims against the Company not acknowledged as debts: ₹ 2,662,300/- (Previous Year ₹ 2,662,300/-).		
f) Labour disputes not acknowledged as debts: Amount not ascertainable.		

**Note:-** In respect of items mentioned above, till the matters are finally decided, the financial effect cannot be ascertained.

- g) Significant Capital Commitment in respect of contribution to Venture Capital Funds amounting to ₹ 163,350,000/- (Previous Year Nil).

### (ii) **Other commitments :-**

Contractual arrangement for payment in case of default on corporate credit card facility availed by certain employees from a bank ₹ 4,900,000/- (Previous year ₹ 4,900,000/-).

- 26) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 29,253,885/- (Previous Year ₹ 23,419,865/-).

- 27) Micro, Small and Medium enterprises have been identified by the company on the basis of the information available. Total outstanding dues of Micro, Small and Medium enterprises, which are outstanding for more than the stipulated period are given below.

	Current year ₹	Previous Year ₹
(a) Dues Remaining unpaid as on 31 <sup>st</sup> March – Principal	1,848,554	2,544,564
Interest	1,483,797	1,141,297
(b) Interest paid in terms of the Act	Nil	Nil
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	342,500	388,585
(d) Amount of interest accrued and remaining unpaid as on 31 <sup>st</sup> March	1,483,787	1,141,297
(e) Further interest due and payable even in the succeeding years until such date when the interest due as above are actually paid to the small enterprises	58,143	71,593

- 28) The amount of premium on forward exchange contracts to be recognized in the Statement of Profit and Loss in the next financial year is ₹ 6,475,969/- (Previous Year ₹ 5,522,584/-).

### 29) **Operating Leases: -**

#### A) **Premises taken on Lease**

- a) The Company has taken various offices / shops under operating lease or leave and licence agreements. These are non-cancelable during a lock in period which ranges between 11 months to 3 years under leave and licence agreements and are renewable by mutual consent on mutually agreeable terms.
- b) Lease Payments recognized in the Statement of Profit and Loss under Rent in Note 24 includes ₹ 404,107,304/- (Previous Year ₹ 362,355,322/-) in respect of premises taken on lease.

- c) The future minimum lease payments under non-cancelable operating lease :
- not later than one year is ₹ 21,249,876/- (Previous Year ₹ 43,342,600/-);
  - later than one year and not later than five years is ₹ 3,238,976/- (Previous Year ₹ 772,352/-) and
  - Later than five years Nil.

**B) Premises Given On Lease**

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 months to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the Statement of Profit and Loss as Rent income in Note 20 is ₹ 1,818,329 (Previous Year ₹ 1,835,067/-)
- c) Premises given on licence basis:-
- Gross Carrying amount ₹ 6,967,650/- (Previous ₹ 6,967,650/- )
- Accumulated Depreciation ₹ 1,469,958/- (Previous Year ₹ 1,359,488/-)
- Depreciation for the year ₹ 110,469/- (Previous Year ₹ 109,867/-)

**30) Particulars of Raw Material Consumption: -**

(Previous year's figures are in brackets)

Class of Goods	Total Value (₹)	Imported	%	Indigenous	%
a) Yarn	2,816,376 (3,953,943)	- (-)	- (-)	2,816,376 (3,953,943)	100 (100)
b) Fabric	899,656,172 (955,224,376)	369,934,538 (369,594,899)	41.12 (38.69)	529,721,634 (585,629,477)	58.88 (61.31)
c) Accessories & Packing Materials	250,554,848 (271,557,130)	97,204,482 (132,315,177)	38.80 (48.72)	153,350,366 (139,241,953)	61.20 (51.28)
<b>TOTAL</b>	<b>1,153,027,396</b> (1,230,735,449)	<b>467,139,020</b> (501,910,076)	<b>40.51</b> (40.78)	<b>685,888,376</b> (728,825,373)	<b>59.49</b> (59.22)

**31) CIF Value of Imports: -**

	Current Year ₹	Previous Year ₹
(i) Raw Materials (includes accessories)	394,791,235	435,697,776
(ii) Stores & Spares	672,707	263,514
(iii) Capital Goods	84,160,797	47,656,123
(iv) Traded Goods	34,076,181	64,508,216

**32) Value of Stores and Spares Consumption**

	Current Year		Previous Year	
	₹	%	₹	%
Imported	881,388	12.46	139,880	1.68
Indigenous	6,193,039	87.54	8,176,800	98.32
<b>TOTAL</b>	<b>7,074,427</b>	<b>100.00</b>	<b>8,316,680</b>	<b>100</b>

**33) Expenditure in Foreign Currencies: -**

	Current Year	Previous Year
	₹	₹
Sales Promotion	1,566,797	2,448,597
Interest on Loans / Bank charges	31,653,576	29,010,404
Travelling Expenses	6,405,435	7,942,617
Rebate, Discount & Commission	62,430,658	58,722,441
Membership & Subscription	20,927	-
Testing Charges	101,812	-
Books & Periodicals	15,737	458

**34) Remittance in Foreign Currencies on Account of Dividend:**

(Previous year's figures are in brackets)

	No. of Non-Resident Shareholders	No. of Shares held by them	Net Amount of Dividend (₹)
a) Dividend for the year ended 31.03.2015 (Previous Year 31.03.2014)	4 (4)	7,087,806 (7,082,529)	17,719,515 (31,871,381)
Interim Dividend for the year ended 31.03.2016 (Previous Year 31.03.2015)	- (4)	- (7,087,806)	- (4,252,683)

b) Except for the above Shareholders, the Company has not made any remittance in foreign currency on account of dividend during the year and does not have information as to the extent to which remittance in foreign currency on account of dividend have been made by or on behalf of non-resident shareholders.

c) The particulars of Non-resident Shareholders and the amount of dividend paid to them are as under: -

(Previous year's figures are in brackets)

	No. of Non- Resident Shareholders including those under (a) above	No. of Shares held by them	Net Amount of Dividend (₹)
Dividend for the year ended 31.03.2015 (Previous Year 31.03.2014)	60 (59)	7,119,955 (7,115,056)	17,799,888 (32,017,764)
Interim Dividend for the year ended 31.03.2016 (Previous Year 31.03.2015)	- (57)	- (7,119,727)	- (4,271,836)

**35) Earnings in Foreign Currencies:-**

	Current Year	Previous Year
	₹	₹
Exports of Goods on FOB basis	1,266,223,477	1,293,274,801
Royalty Income	6,954,214	12,680,588
Dividend Income	67,152,632	65,383,626
Others (Freight & Insurance Receipt)	32,745,081	53,731,874

### 36) Deferred Tax:-

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Deferred Tax Liability on account of:</b>		
(i) Depreciation and Amortisation	63,096,275	61,099,521
	<u>63,096,275</u>	<u>61,099,521</u>
<b>Deferred Tax Assets on account of:</b>		
(i) Employee benefits disallowed u/s 43B	-	34,608
(ii) Provision for Retirement Benefit	4,638,090	4,585,882
(iii) Provision for Doubtful Debts & Advances	8,195,349	8,449,920
(iv) Unabsorbed Depreciation (Restricted to the extent of Deferred Tax Liability on account of virtual certainty)	17,125,353	-
	<u>29,958,792</u>	<u>13,070,410</u>
<b>Deferred Tax Liabilities (Net)</b>	<b>33,137,483</b>	<b>48,029,111</b>

The Net Deferred tax (credit) / charge of ₹ (14,891,628)/- (Previous year ₹ 1,804,994/-) for the year has been recognized in the Statement of Profit and Loss.

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

The timing difference mainly on account of unabsorbed depreciation under the Income Tax Act, 1961 results in a deferred tax asset as per AS-22 on "Accounting for Taxes on Income". The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of corresponding deferred tax liability on the difference between book and tax depreciation under the Income Tax Act, 1961, on the basis that future taxable income will be available from future reversal of any deferred tax liability recognised at balance sheet date; and the excess of such assets has been ignored in the absence of virtual certainty.

### 37) Related Party Disclosures: -

Related party disclosures as required by (AS-18) "Related Party Disclosures" are given below:

#### I) Relationships: -

##### a) Subsidiary Companies (including sub-subsidiaries): -

Zodiac Finsec and Holdings Ltd  
Zodiac Clothing Company S. A.  
Zodiac Clothing Co (U.A.E.) LLC.  
Zodiac Clothing Company INC  
Zodiac Properties Ltd U.A.E.

##### b) Key Management Personnel: -

Mr. M. Y. Noorani -- Chairman  
Mr. A. Y. Noorani -- Vice Chairman and Managing Director  
Mr. S. Y. Noorani -- Managing Director and President

##### c) Other Related Parties:-

##### i. The enterprises where control of key management personnel and / or their relatives exist and with whom the transactions have taken place:

Zodiac Metropolitan Clothing Gmbh  
Asia Tangible Investments Pte. Ltd.  
Metropolitan Trading Company  
Montage Corporation  
Munraz Enterprises  
Mustang Manufacturing Company  
Mashal Enterprises  
Euro Global Holdings Pte. Ltd.  
Onward LLC  
Miraj Marketing Company LLP

ii. Relatives of key management personnel with whom the transactions have taken place :

Mr. Awais A. Noorani  
 Mr. Musaed A. Noorani  
 Mrs. Muna A. Noorani  
 Mrs. Zehra S. Noorani  
 Mrs. Saniyya A. Noorani

**Note:** Related party relationship is as identified by the Company and relied upon by the Auditors.

II) The following transactions were carried out with the related parties in the ordinary course of business.

(Previous year's figures are in brackets)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
<b>Sale of Goods</b>				
Mashal Enterprises	- (-)	- (-)	7,548,655 (6,916,651)	7,548,655 (6,916,651)
Zodiac Clothing Co (U.A.E.) LLC	83,016,377 (111,643,304)	- (-)	- (-)	83,016,377 (111,643,304)
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	129,440,682 (194,016,773)	129,440,682 (194,016,773)
Onward LLC	- (-)	- (-)	169,306,572 (190,142,057)	169,306,572 (190,142,057)
<b>Purchase of Goods</b>				
Zodiac Clothing Co. (U.A.E.) LLC.	808,450 (-)	- (-)	- (-)	808,450 (-)
<b>Sale of Capital Goods</b>				
Zodiac Clothing Co. (U.A.E.) LLC.	167,729 (-)	- (-)	- (-)	167,729 (-)
<b>Purchase of Capital Goods</b>				
Zodiac Clothing Co. (U.A.E.) LLC.	2,196,395 (-)	- (-)	- (-)	2,196,395 (-)
<b>Interest Income Received</b>				
Zodiac Finsec and Holdings Ltd.	16,057,474 (16,655,291)	- (-)	- (-)	16,057,474 (16,655,291)
<b>Royalty Income Received</b>				
Royalty Income Received	6,954,214 (12,680,588)	- (-)	- (-)	6,954,214 (12,680,588)
<b>Rent Income Received</b>				
Royalty Income Received	- (-)	- (-)	300,000 (850,000)	300,000 (850,000)
<b>Dividend Income Received</b>				
Zodiac Finsec and Holdings Ltd.	863,825 (11,122,192)	- (-)	- (-)	863,825 (11,122,192)
Zodiac Clothing Company S.A.	67,152,632 (65,383,626)	- (-)	- (-)	67,152,632 (65,383,626)
<b>Trade Mark fees paid</b>				
Metropolitan Trading Company	- (-)	- (-)	19,961,021 (21,696,459)	19,961,021 (21,696,459)
<b>Rent paid</b>				
Metropolitan Trading Company	- (-)	- (-)	24,894,806 (24,737,347)	24,894,806 (24,737,347)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Mustang Manufacturing Company	- (-)	- (-)	708,000 (708,000)	708,000 (708,000)
Munraz Enterprises	- (-)	- (-)	2,323,424 (2,168,544)	2,323,424 (2,168,544)
Montage Corporation	- (-)	- (-)	79,200 (72,000)	79,200 (72,000)
Miraj Marketing Company LLP	- (-)	- (-)	1,230,048 (1,213,488)	1,230,048 (1,213,488)
Mr. A. Y. Noorani	- (-)	2,073,998 (2,046,079)	- (-)	2,073,998 (2,046,079)
Mr. S. Y. Noorani	- (-)	2,073,998 (2,046,079)	- (-)	2,073,998 (2,046,079)
Mr. M. Y. Noorani	- (-)	678,000 (678,000)	- (-)	678,000 (678,000)
Zodiac Finsec and Holdings Ltd.	54,881,326 (54,142,464)	- (-)	- (-)	54,881,326 (54,142,464)
<b>Salary Paid</b>				
Mr. Awais A. Noorani	- (-)	- (-)	4,834,920 (5,264,962)	4,834,920 (5,264,962)
<b>Expenses Recovered</b>				
Mashal Enterprises	- (-)	- (-)	748,427 (707,191)	748,427 (707,191)
Zodiac Finsec and Holdings Ltd.	47,936 (47,936)	- (-)	- (-)	47,936 (47,936)
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	48,653 (-)	48,653 (-)
Metropolitan Trading Company	- (-)	- (-)	51,000 (54,826)	51,000 (54,826)
Zodiac Clothing Co (U.A.E.) LLC	780,395 (1,673,866)	- (-)	- (-)	780,395 (1,673,866)
<b>Recovery of Freight and Insurance on Sales</b>				
Zodiac Clothing Co (U.A.E.) LLC	3,807,958 (4,138,880)	- (-)	- (-)	3,807,958 (4,138,880)
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	5,053,162 (15,275,441)	5,053,162 (15,275,441)
Onward LLC	- (-)	- (-)	1,576,142 (3,119,514)	1,576,142 (3,119,514)
<b>Expenses Reimbursed</b>				
Mashal Enterprises	- (-)	- (-)	- (15,874)	- (15,874)
Munraz Enterprises	- (-)	- (-)	400,656 (401,466)	400,656 (401,466)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Zodiac Clothing Co (U.A.E.) LLC	56,460 (681,097)	- (-)	- (-)	56,460 (681,097)
Zodiac Finsec and Holdings Ltd.	1,895,927 (1,516,215)	- (-)	- (-)	1,895,927 (1,516,215)
<b>Deposits given during the year</b>				
Mustang Manufacturing Company	- (-)	- (-)	- (40,000)	- (40,000)
Mr. M.Y. Noorani	- (-)	- (230,000)	- (-)	- (230,000)
Mr. A.Y. Noorani	- (-)	- (520,000)	- (-)	- (520,000)
Mr. S.Y. Noorani	- (-)	- (520,000)	- (-)	- (520,000)
<b>Deposits repaid during the year</b>				
Metropolitan Trading Company	- (-)	- (-)	- (810,000)	- (810,000)
Munraz Enterprises	- (-)	- (-)	- (500,000)	- (500,000)
<b>Investment made during the year</b>				
Zodiac Finsec and Holdings Ltd.	(20,000,000)	- (-)	- (-)	- (20,000,000)
<b>Investment redeemed during the year</b>				
Zodiac Finsec and Holdings Ltd.	13,000,000 (-)	- (-)	- (-)	13,000,000 (-)
<b>Loans/advances repaid during the year</b>				
Zodiac Finsec and Holdings Ltd.	15,500,000 (6,000,000)	- (-)	- (-)	15,500,000 (6,000,000)
<b>Dividend Paid during the year (including Interim Dividend)</b>				
Miraj Marketing Company LLP	- (-)	- (-)	5,794,335 (11,820,444)	5,794,335 (11,820,444)
Asia Tangible Investments Pte. Ltd.	- (-)	- (-)	7,887,205 (16,089,898)	7,887,205 (16,089,898)
Euro Global Holdings Pte. Ltd.	- (-)	- (-)	7,887,205 (16,089,898)	7,887,205 (16,089,898)
Mr. M. Y. Noorani	- (-)	6,650,258 (13,353,014)	- (-)	6,650,258 (13,353,014)
Mr. A. Y. Noorani	- (-)	60,163 (122,732)	- (-)	60,163 (122,732)
Mr. S. Y. Noorani	- (-)	33,335 (68,003)	- (-)	33,335 (68,003)
Mr. Awais A. Noorani	- (-)	- (-)	188 (383)	188 (383)
Mr. Musaed A. Noorani	- (-)	- (-)	188 (383)	188 (383)
Mrs. Saniyya A. Noorani	- (-)	- (-)	188 (383)	188 (383)



Particulars	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	₹	₹	₹	₹
Mrs. Muna A. Noorani	-	-	188	188
	(-)	(-)	(383)	(383)
Mrs. Zehra S. Noorani	-	-	918	918
	(-)	(-)	(1,827)	(1,827)
<b>Commission Expense</b>				
Zodiac Metropolitan Clothing Gmbh	-	-	24,550,026	24,550,026
	(-)	(-)	(17,377,459)	(17,377,459)
<b>Remuneration</b>				
Mr. A.Y. Noorani	-	-	-	-
	(-)	(6,748,000)	(-)	(6,748,000)
Mr. S.Y. Noorani	-	6,771,924	-	6,771,924
	(-)	(6,748,000)	(-)	(6,748,000)
<b>Outstanding amount receivable</b>				
Zodiac Finsec and Holdings Ltd --	144,287,284	-	-	144,287,284
Loans and Advances	(158,777,462)	(-)	(-)	(158,777,462)
Munraz Enterprises	-	-	1,000,000	1,000,000
	(-)	(-)	(1,000,000)	(1,000,000)
Zodiac Metropolitan Clothing Gmbh	-	-	9,683,839	9,683,839
	(-)	(-)	(7,468,463)	(7,468,463)
Onward LLC	-	-	6,946,213	6,946,213
	(-)	(-)	(13,864,775)	(13,864,775)
Zodiac Clothing Co (U.A.E.) LLC	-	-	-	-
	(9,048,348)	(-)	(-)	(9,048,348)
Metropolitan Trading Company	-	-	16,500,000	16,500,000
	(-)	(-)	(16,500,000)	(16,500,000)
Mr. A.Y. Noorani	-	945,000	-	945,000
	(-)	(945,000)	(-)	(945,000)
Mr. S.Y. Noorani	-	945,000	-	945,000
	(-)	(945,000)	(-)	(945,000)
Mr. M.Y. Noorani	-	360,000	-	360,000
	(-)	(360,000)	(-)	(360,000)
Mustang Manufacturing Co.	-	-	250,000	250,000
	(-)	(-)	(250,000)	(250,000)
Mashal Enterprises	-	-	504,685	504,685
	(-)	(-)	(-)	(-)
<b>Outstanding amount payable</b>				
Zodiac Clothing Co (U.A.E.) LLC.	200,500	-	-	200,500
	(-)	(-)	(-)	(9,048,348)
Mashal Enterprises	-	-	-	-
	-	-	(107,016)	(107,016)
Metropolitan Trading Company	-	-	2,835,502	2,835,502
	(-)	(-)	(613,315)	(613,315)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Munraz Enterprises	-	-	333,892	333,892
	(-)	(-)	(-)	(-)
Zodiac Metropolitan Clothing Gmbh	-	-	11,118,981	11,118,981
	(-)	(-)	(5,001,472)	(5,001,472)
Mr. A. Y. Noorani	-	1,220,000	-	1,220,000
	(-)	(1,220,000)	(-)	(1,220,000)
Mr. S. Y. Noorani	-	1,220,000	-	1,220,000
	(-)	(1,220,000)	(-)	(1,220,000)
Mr. M. Y. Noorani	-	230,000	-	230,000
	(-)	(230,000)	(-)	(230,000)

### 38) Segment Information: -

#### Business Segment

The Company is exclusively engaged in the business of Clothing and clothing accessories. This in the context of Accounting Standard (AS 17) "Segment Reporting", constitutes single primary segment.

Geographical Segment is identified as secondary segment and details are as given below: -

Particulars	Current Year (₹)			Previous Year (₹)		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue (Net)	1,720,808,359	1,305,922,772	3,026,731,131	1,890,451,427	1,359,687,263	3,250,138,690
Carrying Cost of Segment Asset	2,839,920,281	137,173,352	2,977,093,633	2,756,844,789	170,839,874	2,927,684,663
Capital Expenditure	226,221,701	-	226,221,701	186,964,681	-	186,964,681

**Note:** There are no inter segment revenues.

### 39) Derivative Financial Instruments

a) The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and out of the money option contracts to manage its exposure in foreign exchange rates. The counter parties are banks. These contracts are for a period between one day and twelve months.

(i) The following are outstanding Foreign Exchange Forward and Option contracts as on 31<sup>st</sup> March, 2016.

Sr No	Currency	Buy / Sell	Cross Currency	Nature of Contracts	Amount in foreign currency	
					Current Year	Previous Year
1	USD	SELL	INR	Forwards	1,233,315	1,509,000
2	GBP	SELL	INR	Forwards	726,600	421,000
3	EURO	SELL	INR	Forwards	126,000	112,000
4	CHF	SELL	INR	Forwards	138,802	21,000
5	EURO	BUY	INR	Forwards	5,020	-
6	USD	BUY	INR	Forwards	4,143,632	2,905,777
7	USD	SELL	INR	Option	-	3,50,000

(ii) Net Gain on derivative instruments, which have been designated as cash flow hedges, of ₹ 2,651,260/- (Previous Year Net Gain of ₹ 2,160,418/-) recognized in Hedging Reserve as of 31<sup>st</sup> March, 2016, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature.

(iii) Net gain on non-derivative financial liabilities in the form of preshipment export credit in foreign currency (PCFC) borrowings of ₹ 3,668,027/- (Previous Year net loss of ₹ 4,139/-) recognized in the Hedging Reserve as of 31<sup>st</sup> March, 2016 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.

(iv) Exchange Loss of ₹ 13,112,584/- (Previous Year Exchange gain ₹ 20,518,952/-) has been recognised in the Statement of Profit and Loss for the year ended March 31, 2016.

- b) (i) No derivative instruments are acquired for speculation purposes.  
(ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 11,668,644/- (Previous Year ₹ 45,621,039/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Creditors for	USD 163,977	10,864,285	USD 719,253	44,953,449
Goods and expenses	EURO 10,669	804,359	EURO 8,700	584,587
	-		GBP 767	70,937
	-		HKD 1,490	12,066

**40) Earnings Per Share: -**

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
(a) Face value per share (₹)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	19,514,748	19,423,375
(ii) For Diluted EPS	19,514,748	19,494,295
(c) Net Profit for the year attributable to equity shareholders (₹)	(36,130,166)	94,959,478
(d) Basic Earnings Per Share (₹) (c/b(i))	(1.85)	4.89
(e) Diluted Earnings Per Share (₹) (c/b(ii))	(1.85)	4.87

**Note**

Weighted average number of shares outstanding during the year- for Diluted EPS:

	Current Year Numbers	Previous Year Numbers
Weighted average number of shares outstanding during the year – for calculating basic EPS (numbers)	19,514,748	19,423,375
Add: Potential equity shares that could arise on Exercise of Employee Stock Option#	-	70,920
	19,514,748	19,494,295

# In view of the loss incurred during the year, shares to be issued under Employees' Stock Option Plan, 2006 are not considered to be dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per Share.

- 41) Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 the Company had granted 864,000 (adjusted for bonus issue) options to its eligible employees in two Grants up to the year ended March 31, 2016, the details of which are as follows:**

**(a) Employees Stock Option Scheme:**

Particulars	Grant I	Grant II
Nos. of Options Granted (After considering impact of Bonus issued on 28 <sup>th</sup> September, 2011)	462,975	401,025
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting	Graded Vesting
1 <sup>st</sup> year	30%	30%
2 <sup>nd</sup> year	30%	30%
3 <sup>rd</sup> year	40%	40%
Exercise Period	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	27.12.06	20.01.11
Grant Price (₹ per share)	255.40	346.00
Market Price on the date of Grant of Option (₹)	255.40	346.00
Discount on Average Price	Nil	Nil

**(b) Movement of Options Granted:**

Particulars	Grant I	Grant II
Outstanding at the beginning of the year	Nil	205,326
Granted during the year	Nil	Nil
Exercised during the year*	Nil	8,775
Cancelled / Lapsed during the year	Nil	93,921
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	102,630

\* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28<sup>th</sup> September 2011)

**(c) Employees Stock Option Scheme:**

Particulars	Grant I	Grant II
Exercisable at the beginning of the year	Nil	205,326
Vested during the year	Nil	Nil
Exercised during the year*	Nil	8,775
Cancelled / Lapsed during the year	Nil	93,921
Options exercisable at the end of the year	Nil	102,630

\* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28<sup>th</sup> September 2011)

- (d)** The Company has followed the intrinsic value-based method of accounting for stock options granted based on Guidance Note on Accounting for Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 Issued by Securities and Exchange Board of India (SEBI). As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.

**(e) Fair Valuation:**

The fair value of options used to compute proforma net income and earnings per equity share have been done by an independent firm of Valuers on the date of grant using the Black-Scholes Model.

The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant are:

	Grant 1	Grant 2
1 Risk Free Rate	Year 1 - 7.67 % Year 2 - 7.62 % Year 3 - 7.59 %	Year 1 - 8.10 % Year 2 - 8.10 % Year 3 - 8.10 %
2 Option Life	Year 1 - 2.5yrs Year 2 - 3.5yrs Year 3 - 4.5yrs	Year 1 - 2.5yrs Year 2 - 3.5yrs Year 3 - 4.5yrs
3 Expected Volatility	Year 1 - 45.22 % Year 2 - 50.51 % Year 3 - 51.13 %	Year 1 - 50.58 % Year 2 - 61.45 % Year 3 - 56.05 %
4 Expected Dividend Yield	2.49%	1.96%
5 The weighted average fair value of the option, as on the date of grant, works out to	₹ 102.68	₹ 150.44

Had the compensation cost for the stock options granted under ESOS 2006 been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

Particulars	2015-16	2014-15
Net Profit After Tax (As Reported)	(36,130,166)	94,959,478
Add: Compensation Expenses under ESOS included in the Net Profit	-	-
Less: Compensation Expenses under ESOS as per Fair Value	-	2,311,469
Net Profit After Tax (Fair value basis)	(36,130,166)	92,648,009
Basic Earning Per Share (Reported) - ₹ / Share	(1.85)	4.89
Basic Earning Per Share (Fair value basis)- ₹ / Share	(1.85)	4.77
Diluted Earning Per Share (Reported) - ₹ / Share	(1.85)	4.87
Diluted Earning Per Share (Fair value basis) – ₹ / Share	(1.85)	4.75

**42) Disclosure as per Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-**

Loans and advances in the nature of Loans given to Subsidiaries : -

Name of the Company	Relationship	Amount outstanding as on 31.03.2015 (₹)	Maximum amount outstanding during the year (₹)	Investment in shares of the Company (No. of Shares)
Zodiac Finsec and Holdings Ltd.	Wholly owned Subsidiary	143,639,758	159,139,758	Nil

**Notes:** (a) Loans and Advances to employees and investment by such employees in the shares of the company, if any are excluded from the above disclosure.

(b) In respect of the above loans there is no repayment schedule and they are repayable on demand.

**43) (I) Disclosure in respect of gratuity liability**

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Change in obligations</b>		
Present value of funded benefit obligations as at 1 <sup>st</sup> April, 2015	83,815,666	66,947,241
Current Service Cost	9,078,455	7,010,275
Interest Cost	6,671,727	6,232,788
Benefit Paid	(14,166,937)	(10,634,695)
Actuarial (gain) / loss on obligations	784,223	14,260,057
Present value of funded benefit obligations as at 31 <sup>st</sup> March, 2016	86,183,134	83,815,666
<b>Reconciliation of present value of the fair value of the plan assets</b>		
Fair value of plan assets as at 1 <sup>st</sup> April, 2015	112,304,431	112,446,198
Expected Return on plan assets	8,939,433	10,468,741
Contributions	20,380,871	7,14,230
Benefits Paid	(14,166,937)	(10,634,695)
Actuarial gain/(loss) on plan assets	674,373	(690,043)
Fair value of plan assets as at March 31, 2016	128,132,171	112,304,431
Total Actuarial gain/(loss) recognized	109,850	(14,950,100)

<b>Amount Recognised in Balance Sheet</b>		
Present value of obligation	86,183,134	83,815,666
Fair value of plan assets	128,132,171	112,304,431
Liability / (assets)	(41,949,037)	(28,488,765)
Liability / (assets) recognized in the Balance Sheet	(41,949,037)	(28,488,765)
<b>Expenses Recognised in Statement of Profit and Loss</b>		
Current Service Cost	9,078,455	70,10,275
Interest Cost	(2,267,706)	6,232,788
Expected Return on plan assets	-	(10,468,741)
Net Actuarial (gain) / loss recognised in the current year	109,851	14,950,100
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	6,920,600	17,724,422
<b>Actuarial assumptions used</b>		
Discount rate	8.01%	7.96%
Expected Return on plan assets	8.01%	7.96%
Mortality	Indian Assured Lives Mortality ( 2006-08) Ultimate	Indian Assured Lives Mortality ( 2006-08) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 years	60 years
<b>Category of Assets</b>		
Insurer Managed Funds	128,132,171	112,304,432

**Notes:**

- Premium is paid to LIC under Group Gratuity Scheme of LIC.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 are as under:

Particulars	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹
Plan Assets	674,373	690,043	574,655	1,478,137	1,044,844
Plan Liabilities	1,193,768	4,233,218	3,866,683	1,188,369	3,684,679

- Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ Nil. (Previous Year ₹ 20,000,000/-).
- The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

**(II) Disclosure in respect of leave encashment liability:**

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Change in obligations</b>		
Present value of unfunded benefit obligations as at 1 <sup>st</sup> April, 2015	14,166,570	11,484,339
Current Service Cost	2,688,169	2,173,278
Interest Cost	1,127,659	1,069,192
Benefit Paid	(2,734,918)	(2,508,193)

<b>Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:</b>	<b>As at 31<sup>st</sup> March, 2016 ₹</b>	<b>As at 31<sup>st</sup> March, 2015 ₹</b>
Actuarial (gain)/loss on obligations	(1,213,737)	1,898,860
Present value of unfunded benefit obligations as at March 31, 2016	14,033,743	14,166,570
<b>Amount Recognised in Balance Sheet</b>		
Present value of obligation	14,033,743	14,166,570
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	14,033,743	14,166,570
<b>Expenses Recognised in Statement of Profit and Loss</b>		
Current Service Cost	2,688,169	2,173,278
Interest Cost	1,127,659	1,069,192
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain)/loss recognised in the current year	(1,213,737)	1,947,954
Expenses Recognised in the Statement of Profit and Loss	2,602,091	5,190,424
<b>Actuarial assumptions used</b>		
Discount rate	8.01%	7.96%
Expected Return on plan assets	NA	NA
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

(III) The Company makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 44,264,312/- (Previous Year ₹ 44,480,269 /-)

44) Excise duty recovered on sales is included in 'Revenue from Operations'. Excise duty in respect of Finished Goods lying in stocks is shown separately as an item of expense and included in valuation of finished goods produced.

45) (a) Gross amount required to be spent by the company during the year for Corporate Social Responsibility (CSR): ₹ 2,327,299/- (Previous Year ₹ 2,698,806/-).

(b) Following are the details of amount spent during the year for CSR :-

<b>Particulars</b>	<b>In cash (₹)</b>	<b>Yet to be paid in cash (₹)</b>	<b>Total (₹)</b>
(i) Construction/acquisition of any asset	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
(ii) On purposes other than (i) above	2,500,000	Nil	2,500,000
	(2,700,000)	(Nil)	(2,700,000)

46) Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/disclosures.

# STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013

Name of the Subsidiary Company	Zodiac Finsec and Holdings Ltd.	Zodiac Clothing Co. S.A.	Zodiac Clothing Co. (UAE) LLC	Zodiac Clothing Co. Inc	Zodiac Properties Ltd
Financial year ending Shares of the subsidiary held by the company on the above date	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2016
(a) Number and Face value	2,000,000 Eq. Shares of ₹ 10/- each fully paid up 70,000 8% Cumulative Redeemable Pref. Shares of ₹ 100/- each fully paid up	250 Shares of SFR 1000/- each fully paid up	300 Shares of AED 1000/- each fully paid up	10,000 Shares of USD 1/- each fully paid up	10 Shares of GBP 1,000/- each fully paid up
(b) Extent of holding	100%	100%	100%	100%	100%
Net aggregate amount of profit/ (Loss) of the subsidiary for the above financial year so far as they concern members of the company:	₹ 43,458,045	CHF 870,583	AED (765,418)	USD (3,734)	GBP (57,575)
(a) dealt within the accounts of the company for the year ended 31 <sup>st</sup> March, 2016	₹ 1,423,825 on Pref. Shares ₹ Nil on Eq. Shares Total ₹ 1,423,825	CHF 870,583	NIL	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31 <sup>st</sup> March, 2016	₹ 40,034,220	NIL	AED (765,418)	USD (3,734)	GBP (57,575)
Net aggregate amount of profit for previous Financial years of the subsidiary, since it became subsidiary so far as they concern members of the company	₹ 330,902,850	CHF 4,422,524	45,264,242	USD (9,583)	GBP (482,520)
(a) dealt within the accounts of the company for the year ended 31 <sup>st</sup> March 2016	₹ 52,546,017	CHF 3,170,000	15,988,397	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31 <sup>st</sup> March, 2016	₹ 278,356,833	CHF 1,252,524	29,275,845	USD (9,583)	GBP (482,520)

For and on behalf of the Board of Directors  
M. Y. NOORANI  
Chairman

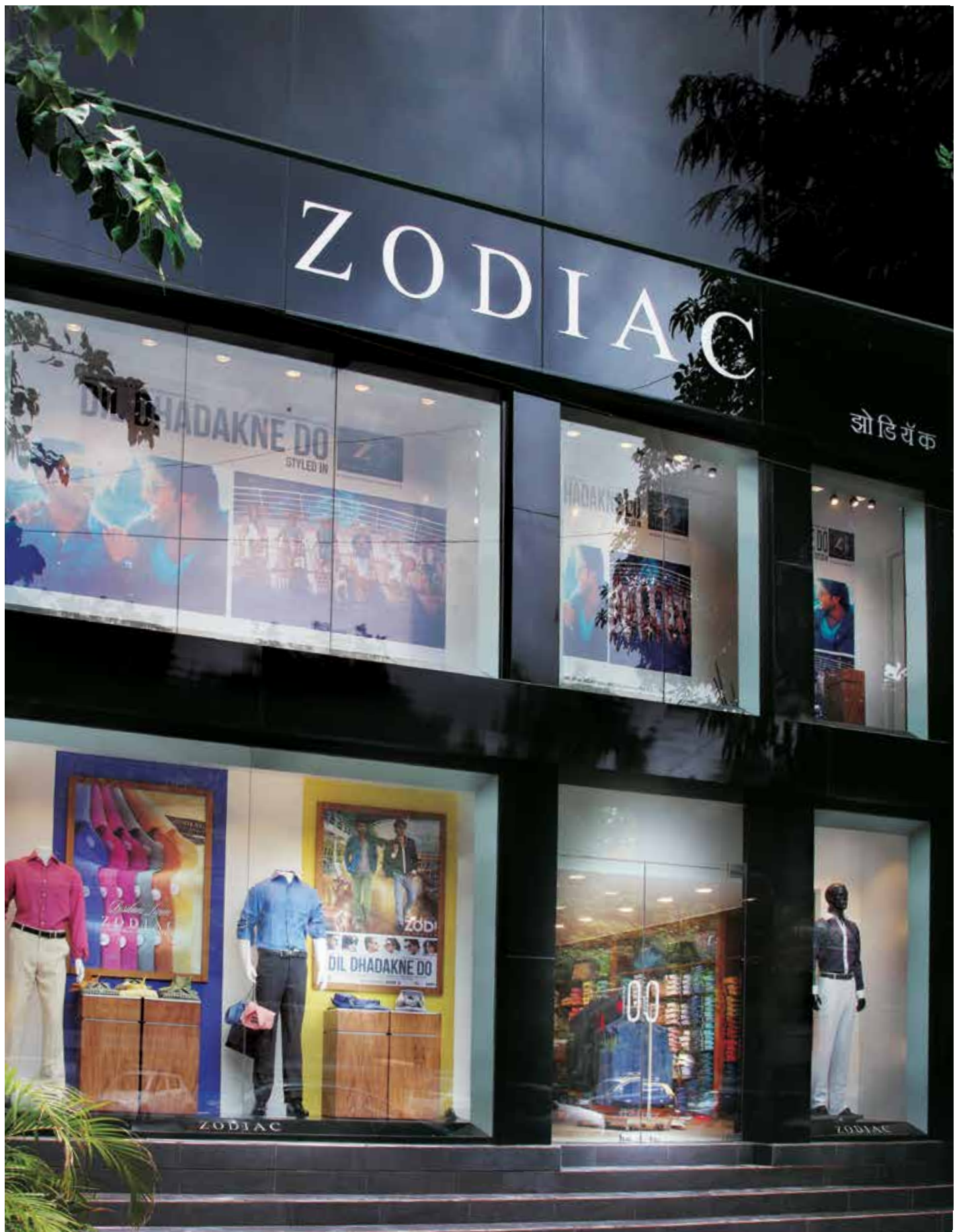
A. Y. NOORANI  
Vice Chairman & Managing Director

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016





Near Satguru's, Linking Road, Khar - Mumbai





High Street Phoenix - Mumbai



Hi-lite Mall - Calicut



**ZODIAC**  
FINEST QUALITY SHIRTMAKERS

*Super Fine 70's Cotton*

*Chianti*

**ZODIAC**

FINEST QUALITY CLOTHING





*Dorzano*

ZODIAC

FINEST QUALITY CLOTHING

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ZODIAC CLOTHING COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included

in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of 5 subsidiaries, whose financial statements reflect total assets of ₹ 11,602.83 lacs as at March 31, 2016, total revenues of ₹ 6,018.18 lacs and net cash outflows amounting to ₹ 1,141.58 lacs for the year ended on that date, as

considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and

the operating effectiveness of such controls, refer to our Report in “Annexure A”, which is based on the auditors’ reports of the Holding company and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and subsidiary company incorporated in India.

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 26 (i) to the consolidated financial statements.
  - ii. The Group did not have any long-term contracts including long term derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Indian Subsidiary. Since the other Subsidiary Companies are incorporated outside India, the requirement of transferring any amount to the Investor Education and Protection Fund by those Subsidiary companies does not arise.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

R. Laxminarayan  
(Partner)  
Place : MUMBAI  
Dated : 26<sup>th</sup> May, 2016 (Membership No. 33023)

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by

the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

R. Laxminarayan  
(Partner)  
Place : MUMBAI  
Dated : 26<sup>th</sup> May, 2016 (Membership No. 33023)



**ZODIAC CLOTHING COMPANY LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	195,199,740	195,111,990
(b) Reserves and surplus	3	2,428,151,831	2,478,749,106
		<b>2,623,351,571</b>	<b>2,673,861,096</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	72,495,577	73,497,341
(b) Deferred tax liabilities (net)	30	33,148,020	48,039,599
(c) Long-term provisions	5	15,880,944	23,434,577
		<b>121,524,541</b>	<b>144,971,517</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	6	637,554,598	494,911,445
(b) Trade payables	7		
(i) Dues to micro, small and medium enterprises		3,332,351	3,685,861
(ii) Others		331,050,621	371,814,891
		334,382,972	375,500,752
(c) Other current liabilities	8	201,193,407	193,206,537
(d) Short-term provisions	9	41,313,939	76,729,681
		<b>1,214,444,916</b>	<b>1,140,348,415</b>
<b>TOTAL</b>		<b>3,959,321,028</b>	<b>3,959,181,028</b>
<b>B ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	1,400,971,796	1,299,352,989
(ii) Intangible assets	10B	19,711,326	13,284,280
(iii) Capital work-in-progress	10C	50,614,735	47,482,581
(iv) Intangible assets under development	10D	3,772,378	10,372,485
		<b>1,475,070,235</b>	<b>1,370,492,335</b>
(b) Non-current investments	11	611,654,240	416,568,733
(c) Long-term loans and advances	12	365,026,270	334,415,193
(d) Other non-current assets	13	281,777	544,371
		<b>2,452,032,522</b>	<b>2,122,020,632</b>
<b>2. Current assets</b>			
(a) Current investments	14	27,861,578	68,077,517
(b) Inventories	15	793,107,707	818,890,382
(c) Trade receivables	16	310,663,094	427,215,877
(d) Cash and cash equivalents	17	130,711,280	251,300,168
(e) Short-term loans and advances	18	238,460,450	266,144,928
(f) Other current assets	19	6,484,397	5,531,524
		<b>1,507,288,506</b>	<b>1,837,160,396</b>
<b>TOTAL</b>		<b>3,959,321,028</b>	<b>3,959,181,028</b>

See accompanying notes forming part of the consolidated financial statements

1-40

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

**ZODIAC CLOTHING COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2016 ₹	For the year ended 31 <sup>st</sup> March 2015 ₹
<b>1. Revenue from operations (gross)</b>	20	3,524,538,770	3,939,578,724
Less: Excise duty		879,696	-
Revenue from operations (net)		3,523,659,074	3,939,578,724
<b>2. Other income</b>	21	27,695,677	57,997,760
<b>Total revenue (1+2)</b>		<b>3,551,354,751</b>	<b>3,997,576,484</b>
<b>3. Expenses</b>			
(a) Cost of materials consumed	22A	1,255,699,131	1,412,551,458
(b) Purchases of stock-in-trade		320,466,094	406,326,790
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22B	(14,033,741)	(52,062,192)
(d) Employee benefits expense	23	664,790,577	700,484,426
(e) Finance costs	24	27,175,670	24,969,152
(f) Depreciation and amortisation expenses	10	113,656,393	104,646,180
(g) Expenditure on Corporate Social Responsibility	39	3,570,000	3,800,000
(h) Other expenses	25	1,263,683,853	1,270,136,190
<b>Total expenses</b>		<b>3,635,007,977</b>	<b>3,870,852,004</b>
<b>4. (Loss) / Profit before tax</b>		<b>(83,653,226)</b>	<b>126,724,480</b>
<b>5. Tax expense:</b>			
(a) Current tax expense		13,514,548	34,748,568
(b) Deferred tax (credit) / charge	30	(14,891,579)	1,805,052
(c) Excess Provision of tax pertaining to previous years		(128,981)	(28,975)
<b>6. (Loss) / Profit for the year from continuing operations</b>		<b>(82,147,214)</b>	<b>90,199,835</b>
<b>7. Earnings per share (of ₹ 10/- each):</b>			
(a) Basic	35	(4.21)	4.64
(b) Diluted	35	(4.21)	4.63

See accompanying notes forming part of the consolidated financial statements

1-40

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

**ZODIAC CLOTHING COMPANY LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
	₹	₹
<b>A. Cash flows from operating activities</b>		
(Loss) / Profit before Tax	(83,653,226)	126,724,480
Adjustments for:		
Depreciation and amortisation	113,656,393	104,646,180
Provision for Doubtful Debts and Advances	1,195,167	1,822,173
Liabilities / provisions no longer required written back	(8,548,748)	(12,898,343)
Provision for Wealth Tax	-	300,000
Assets Discarded Written off	8,605,368	394,309
Net Exchange Loss / (Gain) on revaluation	1,435,623	23,056,164
Loss / (Profit) on Sale of Fixed Asset	1,162,519	(60,728)
Profit on Sale of Current Investments	(4,705,950)	(12,358,933)
Profit on Sale Non Current Investments	(266,909)	-
Dividend Income from Investments	(6,368,263)	(4,283,231)
Finance Costs	27,175,670	24,969,152
Interest Income	(1,488,869)	(7,957,652)
	<b>131,852,001</b>	<b>117,629,091</b>
<b>Operating Profit before working capital changes</b>	<b>48,198,775</b>	<b>244,353,571</b>
Adjustments for:		
Trade and other receivables	126,964,368	(27,253,029)
Inventories	25,782,675	(45,520,481)
Trade and other Payables	(18,367,598)	(45,474,040)
	<b>134,379,445</b>	<b>(118,247,550)</b>
<b>Cash from operations</b>	<b>182,578,220</b>	<b>126,106,021</b>
Currency Alignment on conversion of accounts of Non- Integral Foreign Subsidiaries	41,527,347	32,217,377
Direct taxes paid (Net)	(31,077,022)	(17,421,710)
<b>Net cash generated from operating activities (A)</b>	<b>193,028,545</b>	<b>140,901,688</b>
<b>B. Cash Flows from investing activities</b>		
Purchases of Current Investments	(266,350,000)	(390,646,349)
Sale of Current Investments	311,271,886	440,612,296
Purchases of Non-Current Investments	(200,040,383)	(22,523,852)
Sales of Non-Current Investments	5,221,785	-
Dividend Received	6,622,812	4,283,231
Interest Income	1,497,426	7,957,652
Purchase of fixed assets	(244,973,367)	(196,110,560)
Proceeds from sale of fixed assets	5,102,849	122,444
<b>Net cash used in investing activities (B)</b>	<b>(381,646,992)</b>	<b>(156,305,138)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from short term borrowings	1,687,411,971	1,778,545,266
Repayment of short term borrowings	(1,542,802,503)	(1,693,238,828)
Proceeds of Term Loan	56,500,000	-

	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
	₹	₹
Repayment of Long Term borrowings	(59,955,236)	7,331,276
Issue of Shares at premium on exercising of Esops	2,024,100	27,956,800
Finance Costs	(26,528,288)	(24,969,152)
Interim dividend paid	-	(14,047,045)
Dividends paid (including Dividend Distribution Tax)	(48,778,595)	(91,272,727)
<b>Net cash generated from / (used in) financing activities (C )</b>	<b>67,871,449</b>	<b>(9,694,410)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>(120,746,998)</b>	<b>(25,097,860)</b>
<b>Cash and cash equivalents as at the commencement of the year</b>	<b>249,385,646</b>	<b>274,483,506</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>128,638,648</b>	<b>249,385,646</b>
Restricted Cash (Unclaimed Dividend Accounts)	2,072,632	1,914,522
<b>Cash and cash equivalents as at the end of the year as per Note 17</b>	<b>130,711,280</b>	<b>251,300,168</b>

#### Notes

- The above Cash Flow Statement has been prepared under the “Indirect Method” set out in Accounting Standard (AS-3) “Cash Flow Statements”.
- Figures relating to previous year have been recast where necessary to conform the figures of the current year.

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

M. Y. NOORANI  
Chairman

A. Y. NOORANI  
Vice Chairman & Managing Director

R. LAXMINARAYAN  
Partner

ANEEL SARAFF  
Chief Financial Officer

KUMAR IYER  
Company Secretary

Place: Mumbai  
Date : 26<sup>th</sup> May, 2016

Place : Mumbai  
Date : 26<sup>th</sup> May, 2016

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements relate to Zodiac Clothing Co. Ltd (“the company”) and its subsidiaries which together constitute the Zodiac group (“the Group”). The consolidated financial statements have been prepared on the following basis.

- a) The financial statements of the Indian Subsidiary have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act, 1956 (“the 1956 Act”) as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year. The financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. In the opinion of the Management, based on the analysis of the significant transactions at those subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.

- b) Subsidiaries:

The Consolidated Financial Statements represent the Consolidated Accounts of Zodiac Clothing Company Limited, with its following Subsidiaries:

Name of the Subsidiary	Country of incorporation	Percentage of shareholding
a) Zodiac Finsec and Holdings Ltd.	India	100%
b) Zodiac Clothing Co. S.A.	Switzerland	100%
c) Zodiac Clothing Co. (UAE) LLC	UAE	100%*
d) Zodiac Clothing Company Inc.	USA	100%
e) Zodiac Properties Ltd.	RAK (UAE)	100%

**Note:**

- \* The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and M/s. Zodiac Clothing Co S.A. (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s. Zodiac Clothing Co S.A. who is the beneficial owner.

### (A) PRINCIPLES OF CONSOLIDATION

- a) The Financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements”.
- b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of the subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company’s separate financial statements.

- c) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

### (B) SIGNIFICANT ACCOUNTING POLICIES

#### a) BASIS OF ACCOUNTING

The Accounts are prepared on the accrual basis under the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956, as applicable.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires

the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

**b) REVENUE RECOGNITION**

Sales are recognised when goods are supplied to customers and are recorded net of sales tax/ value added tax, trade Discounts, Rebate and Returns but includes excise duty. Dividend income on investments is accounted when the right to receive the dividend is established. Interest income is accounted on accrual basis. Revenue in respect of Insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

**c) EXPORT BENEFITS**

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made/ to be made there against.

**d) FIXED ASSETS**

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs including incidental expenses.

**e) DEPRECIATION / AMORTISATION**

i) On Tangible Assets:

**Zodiac Clothing Company Ltd., India**

The Company has calculated depreciation on straight-line basis in accordance with the provisions of Schedule II to the Companies Act, 2013. The estimated useful lives that are different from those prescribed under Schedule II are mentioned below:

Description	Useful Life
Plant and Equipments	21 years
Furniture and Fixtures	16 years
Office Equipments	21 years
Computer	6 years
Electrical Installation	21 years

Assets costing ₹ 5000/- or less individually are fully depreciated over a period of one year.

**Zodiac Finsec & Holdings Ltd., India**

Depreciation has been provided on straight line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013 as under:

Description	Useful Life	Gross Block as at 31 <sup>st</sup> March, 2016
Building (office)	60 years	371,323,524
Furniture & Fixtures	10 years	695,968
Vehicles	5 years	100,000
Office Equipments	10 years	744,872

**Zodiac Clothing Co. (UAE) LLC, UAE**

The Cost of Fixed Assets is depreciated by equal annual installments over their estimated useful lives as under:

Description	Useful Life	Gross Block as at 31 <sup>st</sup> March, 2016
Factory Building	10 years	71,376,011
Plant and Equipments	8 years	109,099,151
Furniture and Office Equipments	10 years	23,432,804
Vehicles	5 years	3,291,844

Cost of Leasehold Land is amortised over the period of lease.

Cost of Leasehold improvements is amortised over the primary period of lease. However, in cases where the Group as a lessee has the right of renewal of lease and it is intended to renew for further periods, then the cost of such leasehold improvements is amortised over such extended period.

ii) On Intangible Assets:

a) Goodwill

At the time of acquisition of the business, the difference between the cost of investments and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortised over a period of 10 years.

Goodwill on amalgamation in the nature of merger is amortised over a period of 5 years.

- b) Computer software is amortised on straight line basis over a period of 6 years.

**f) IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there is a change in the estimate of the recoverable value.

**g) INVESTMENTS**

Investments are classified into non-current investments and current investments. Investments, which are intended to be held for more than one year are classified as non-current investments and investments which are intended to be held for less than one year, are classified as current investments. Non-current investments are accounted at cost and a provision for diminution is made to recognize a decline other than temporary in the value of a non-current investment. Current investments are valued at cost or fair value whichever is lower.

Any profit or loss on sale of investments is determined on the basis of the average cost of acquisition.

**Accounting policy for investment property**

Property held for the purpose of generating rental income or capital appreciation or both, are classified as investment property and are stated at cost. Investment properties are measured at cost including transaction costs less any accumulated depreciation and impairment losses. Any expenditure that results in maintenance of property to acceptable standard or specification is treated

as repairs and maintenance expenses and is expensed in the year in which it is incurred.

Investment properties are capitalised and depreciated on a straight line basis over the period of 61 years. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

**h) TRANSACTIONS IN FOREIGN CURRENCY**

- i) Foreign Subsidiaries (Non integral operation)

In case of foreign subsidiaries Income and Expenses are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the subsidiaries.

- ii) Other Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are dealt with in the Statement of Profit and Loss.

Forward exchange contracts entered into to hedge the foreign currency risk and outstanding as on balance sheet date are translated at year end exchange rates. The premium or discount arising at the inception of such forward exchange contracts are amortised as income or expense over the life of the contract.

Gains /Losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

**i) HEDGE ACCOUNTING**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further, non-derivative financial liabilities in the form of Pre-shipment Export Credit in



Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Group designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments: Recognition and Measurement” (AS-30).

The use of hedging instruments is governed by the Company’s policies approved by the board of directors, which provides written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders’ funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders’ funds is transferred to the Statement of Profit and Loss for the period.

#### **j) INVENTORIES**

- a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, weighted average cost or Specific identification method, as applicable and found appropriate.
- b) Work - in - progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.
- c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.

- d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.
- e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.
- f) Stock of shares is valued at the lower of cost computed on First in First out basis and fair value.

#### **k) EMPLOYEE BENEFITS**

- a) The contribution to Provident Fund as required under the statute is made to the Government Provident Fund and is debited to Statement of Profit and Loss.
- b) Gratuity liability is a defined benefit obligation. The Company has taken Group gratuity- cum-life assurance (cash accumulation) Scheme offered by Life Insurance Corporation of India (LIC). Annual contributions are made on the basis of intimation received from LIC. The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognized in full in Statement of Profit and Loss for the period in which they occur.
- c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation carried out as at the year end.
- d) In case of a Foreign Subsidiary, provision for retirement benefits is made on actual basis in accordance with the applicable local labour laws.

#### **l) EMPLOYEE SHARE BASED PAYMENTS**

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of option to employee of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**m) TAXES ON INCOME**

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income. Income Tax comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the revenue authorities, using applicable tax rates and laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives 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 highly probable that future economic benefit associated with it will flow to the Company.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

**n) BORROWING COST**

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

**o) LEASES**

Assets taken / given on lease by which all significant risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payment/receipts under operating leases are recognized as expense/income on straight line basis over the lease term.

**p) PROVISIONS AND CONTINGENCIES**

Provisions are recognized when the Group has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Group has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

**q) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	₹	Number of shares	₹
<b>NOTE 2 : SHARE CAPITAL</b>				
(a) Authorised				
Equity shares of ₹ 10/- each	30,000,000	300,000,000	30,000,000	300,000,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹ 10/- each	19,519,974	195,199,740	19,511,199	195,111,990
<b>TOTAL</b>	<b>19,519,974</b>	<b>195,199,740</b>	<b>19,511,199</b>	<b>195,111,990</b>

**Notes :**

- (i) Rights, Preferences and Restrictions attached to equity shares:
  - a) Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
  - b) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
  - c) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company. A member can also exercise his vote by electronic means in accordance with section 108 of the Companies Act, 2013.

- (ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Year ended 31 <sup>st</sup> March, 2016		Year ended 31 <sup>st</sup> March, 2015	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Opening Balance	19,511,199	195,111,990	19,389,998	193,899,980
Issue of shares under ESOP	8,775	87,750	121,201	1,212,010
<b>Closing Balance</b>	<b>19,519,974</b>	<b>195,199,740</b>	<b>19,511,199</b>	<b>195,111,990</b>

- (iii) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
Mohammed Yusuf Noorani **	3,895,473	19.96	2,660,103	13.63
Asia Tangible Investments Pte Ltd.	3,154,882	16.16	3,154,882	16.17
Euro Global Holdings Pte. Ltd.	3,154,882	16.16	3,154,882	16.17
Akash Bhanshali	1,361,700	6.98	1,361,700	6.98
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd	1,168,087	5.98	1,168,087	5.99
Miraj Marketing Company LLP	-	-	2,317,734	11.88

\*\*Out of 3,895,473 shares held by Mr Mohammed Yusuf Noorani, (previous year 2,660,103) following shares are held by him:-

a) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990	18,990
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334	8,334

- (iv) As at 31<sup>st</sup> March, 2016, 102,630 shares (As at 31 March, 2015, 205,326 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 34)
- (v) Aggregate number of equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Fully paid up by way of bonus shares	10,614,770	10,614,770

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 3 : RESERVES AND SURPLUS</b>		
<b>(a) Capital Redemption Reserve</b>		
Transferred from Statement of Profit and Loss	13,000,000	-
Closing balance	13,000,000	-
<b>(b) Securities Premium Account</b>		
Opening balance	267,710,795	240,966,005
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	1,936,350	26,744,790
Closing balance	269,647,145	267,710,795
<b>(c) Statutory Reserve</b>		
As per last Balance sheet	1,798,014	1,798,014
<b>(d) Special Reserve u/s 45 IC of the RBI Act, 1934</b>		
Opening balance	60,882,328	52,705,328
Add: Transferred from Statement of Profit and Loss	8,692,000	8,177,000
Closing balance	69,574,328	60,882,328
<b>(e) General reserve</b>		
Opening balance	269,315,126	259,315,126
Add: Transferred from surplus in Statement of Profit and Loss	-	10,000,000
Closing balance	269,315,126	269,315,126
<b>(f) Foreign currency translation reserve</b>		
Opening balance	181,301,660	149,084,283
Add : Effect of foreign exchange rate variations during the year	41,527,347	32,217,377
Closing balance	222,829,007	181,301,660
<b>(g) Hedging reserve (Net)</b>		
Unrecognised Gains / (Losses) on cash flow hedges (net)		
Opening balance	4,378,842	21,682,438
Less: Amount reversed on settlement of hedged contracts	(4,378,842)	(21,682,438)
Add: Gain on mark to market of hedging instruments designated and effective as hedges of future cash flows	6,319,287	4,378,842
Closing balance	6,319,287	4,378,842
<b>(h) State cash Subsidy</b>		
As per last Balance Sheet	1,584,350	1,584,350
<b>(i) Amalgamation Reserve Account</b>		
As per last Balance Sheet	816,433	816,433
<b>(j) Surplus in Statement of Profit and Loss</b>		
Opening balance	1,690,961,558	1,681,045,806
Add: Provision for tax on dividend in terms of Section 1150 read with Section 115BBD of the Income Tax Act, 1961 for the previous year written back	9,930,053	11,111,846
Less: Depreciation Adjustment (Net of Deferred Tax ₹ Nil)	-	(463,237)
Less: Dividend for Financial Year 2014-15 (Previous Year 2013-14) being rounding off differences	(597)	(596)
Add: (Loss) / Profit for the year	(82,147,214)	90,199,835
	1,618,743,800	1,781,893,654
Less: Transferred to General Reserve	-	(10,000,000)
Interim dividend Nil (Previous Year ₹ 0.60/- per share)	-	(11,706,705)
Final Dividend proposed to be distributed to equity shareholders (₹1 per share) (Previous Year ₹ 2.50/- per share)	(19,519,974)	(48,777,998)
Tax on dividend	(4,263,685)	(12,270,393)
Transferred to special reserve u/s 45IC of RBI Act, 1934	(8,692,000)	(8,177,000)
Transfer to Capital Redemption Reserve	(13,000,000)	-
Closing balance	1,573,268,141	1,690,961,558
<b>TOTAL</b>	<b>2,428,151,831</b>	<b>2,478,749,106</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 4 : LONG-TERM BORROWINGS</b>		
Secured Term Loan From Bank	72,495,577	73,497,341
<b>TOTAL</b>	<b>72,495,577</b>	<b>73,497,341</b>

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

	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Long Term	Current Maturities of long term debts	Total	Long Term	Current Maturities of long term debts	Total
<b>Term of repayment and security</b>						
<b>Citi Bank</b>						
Secured by way of hypothecation of machinery The loan carries an interest rate ranging from 10.25% to 10.75% p.a. The loan is repayable in 15 equal quarterly installments starting from the 18th month after the first drawdown dates as under:						
November, 2014	10,780,000	3,920,000	14,700,000	14,700,000	-	14,700,000
December, 2014	4,139,440	1,034,860	5,174,300	5,174,300	-	5,174,300
March, 2015	4,409,470	678,380	5,087,850	5,087,850	-	5,087,850
May, 2015	21,666,667	3,333,333	25,000,000	-	-	-
September, 2015	10,000,000	-	10,000,000	-	-	-
November, 2015	5,000,000	-	5,000,000	-	-	-
December, 2015	4,500,000	-	4,500,000	-	-	-
December, 2015	12,000,000	-	12,000,000	-	-	-
<b>The Hongkong and Shanghai Banking Corporation Ltd., London</b>						
Secured by way of First charge on the residential and commercial property situated at 11A Montagu Mews North Montagu Place, London	-	-	-	48,535,191	11,420,045	59,955,236
<b>Total</b>	<b>72,495,577</b>	<b>8,966,573</b>	<b>81,462,150</b>	<b>73,497,341</b>	<b>11,420,045</b>	<b>84,917,386</b>

- (ii) For the current maturities of long-term borrowings, refer item (a) in Note 8, Other current liabilities.

### NOTE 5 : LONG TERM PROVISIONS

Provision for Employee benefits:

Provision for Compensated Absences	12,129,713	14,436,503
Provision for Gratuity	3,588,792	7,103,859
Provision for Staff Air Passage	162,439	1,894,215
<b>TOTAL</b>	<b>15,880,944</b>	<b>23,434,577</b>

### NOTE 6 : SHORT-TERM BORROWINGS

Working Capital Loans :

a) From banks		
Secured	574,211,748	473,892,325
Unsecured	-	20,706,945
	574,211,748	494,599,270
(b) Loans and advances from related parties		
Unsecured	63,342,850	312,175
<b>TOTAL</b>	<b>637,554,598</b>	<b>494,911,445</b>

Details of security for the secured short-term borrowings:

Particulars	Nature of Security		
Citi Bank / First Rand Bank / HSBC	Secured by hypothecation of Raw Materials, Finished Goods & Semi finished Goods, Packing Materials & other Accessories, Stores and Spares, Book debts, other receivables and claims, both present and future.	574,211,748	473,892,325
<b>TOTAL</b>		<b>574,211,748</b>	<b>473,892,325</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 7 : TRADE PAYABLES</b>		
<b>Trade payables:</b>		
Dues of Micro, Small and Medium Enterprises	3,332,351	3,685,861
Dues other than Micro, Small and Medium Enterprises	331,050,621	371,814,891
<b>TOTAL</b>	<b>334,382,972</b>	<b>375,500,752</b>

## NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term borrowings (Refer Note (i) below)	8,966,573	11,420,045
(b) Interest accrued but not due on borrowings	1,186,830	543,657
(c) Interest accrued and due on borrowings	172,129	167,920
(d) Unpaid dividends (Refer Note (ii) below)	2,072,632	1,914,522
(e) Salaries and Wages Payable	26,390,774	31,282,512
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	23,696,964	20,934,857
(ii) Payables on purchase of fixed assets	31,043,449	41,881,144
(iii) Trade / security deposits received	26,916,274	26,904,222
(iv) Advances from customers	15,648,477	11,263,955
(v) Book overdraft from bank	5,707,136	-
(vi) Provision for bonus	47,625,250	35,058,820
(vii) Others	11,766,919	11,834,883
<b>TOTAL</b>	<b>201,193,407</b>	<b>193,206,537</b>

### Notes:

- (i) Refer Note 4 (i) - Long-term borrowings for details of security.
- (ii) There is no amount due and outstanding as at Balance Sheet date to be credited to Investor.

## NOTE 9 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for gratuity	4,771,728	6,805,105
(ii) Provision for staff air passage	1,685,451	3,306,349
(iii) Provision for compensated absences	4,591,055	6,210,176
	11,048,234	16,321,630
(b) Provision - Others:		
(i) Provision for Wealth Tax	-	300,000
(ii) Provision for proposed equity dividend	19,519,974	48,777,998
(iii) Provision for tax on proposed dividend	3,973,807	9,930,053
(iv) Provision for Remuneration to Managing Directors	6,771,924	1,400,000
	30,265,705	60,408,051
<b>TOTAL</b>	<b>41,313,939</b>	<b>76,729,681</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 10 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2015	Additions	Deduction / Adjustments	Currency Alignment	As at Mar 31, 2016	For the year ended Mar 31, 2016	Deduction / Adjustments	Transitional adjustment recorded against surplus balance in Statement of Profit and Loss	As at Mar 31, 2016	As at Mar 31, 2015
	Amount in (₹)									
<b>A TANGIBLE ASSETS</b>										
Freehold Land	42,090,419	-	-	-	42,090,419	-	-	-	42,090,419	42,090,419
Leasehold Land	(42,090,419)	(-)	(-)	(-)	(42,090,419)	(-)	(-)	(-)	-	-
	475,940	-	-	-	475,940	19,248	-	-	254,051	273,799
	(475,940)	(-)	(-)	(-)	(475,940)	(19,248)	(-)	(-)	-	-
Building	562,961,003	3,501,352	980,491	4,026,877	569,508,741	10,156,100	217,045	-	407,083,565	414,215,670
	(518,228,508)	(41,956,507)	(-)	(2,775,988)	(562,961,003)	(9,085,251)	(-)	(-)	-	-
Plant and Equipments	506,302,089	101,644,039	14,787,920	6,261,369	599,419,577	22,818,413	10,288,047	-	332,175,817	256,514,994
	(450,611,395)	(53,370,978)	(1,758,159)	(4,077,875)	(506,302,089)	(19,877,445)	(1,625,794)	(-)	-	-
Furniture and Fixtures	375,712,334	36,595,540	1,624,484	1,343,795	412,027,185	22,322,498	1,147,298	-	254,925,473	240,641,940
	(335,639,920)	(39,659,580)	(468,347)	(881,181)	(375,712,334)	(19,382,352)	(406,631)	(-)	-	-
Vehicles	37,517,431	-	3,535,492	185,566	34,167,505	4,648,602	2,566,260	-	7,531,806	13,033,120
	(37,307,798)	(737,214)	(656,057)	(128,476)	(37,517,431)	(4,968,648)	(656,057)	(28,500)	-	-
Office Equipment	77,201,557	3,012,858	8,160	-	80,306,255	3,197,656	3,783	-	56,937,504	57,126,679
	(74,315,449)	(3,115,734)	(29,626)	(-)	(77,301,557)	(3,633,802)	(29,626)	(434,737)	-	-
Lease hold Improvement	319,372,180	61,305,762	10,485,426	-	370,192,516	30,097,747	3,286,140	-	217,264,842	193,256,113
	(284,302,411)	(35,069,769)	(-)	(-)	(319,372,180)	(24,117,067)	(-)	(-)	-	-
Computer	70,764,935	3,760,245	30,870	-	74,494,310	6,117,078	25,880	-	17,880,249	20,242,072
	(67,701,043)	(3,082,780)	(18,888)	(-)	(70,764,935)	(5,717,571)	(18,888)	(-)	-	-
Electrical Installation	90,418,559	8,155,381	1,250,580	-	97,323,560	4,333,348	298,234	-	64,828,070	61,958,183
	(86,618,180)	(3,800,379)	(-)	(-)	(90,418,559)	(3,527,823)	(-)	(-)	-	-
<b>SUB TOTAL A</b>	<b>2,082,916,447</b>	<b>217,975,377</b>	<b>32,703,423</b>	<b>11,817,607</b>	<b>2,280,006,008</b>	<b>103,711,190</b>	<b>17,832,687</b>	<b>-</b>	<b>1,400,971,796</b>	<b>1,299,352,989</b>
Previous Year	(1,897,191,063)	(180,792,941)	(2,931,077)	(7,863,520)	(2,082,916,447)	(90,329,407)	(2,736,996)	(463,237)	(783,563,458)	(783,563,458)
<b>B INTANGIBLE ASSETS</b>										
(Acquired)										
Goodwill	90,923,302	-	-	4,493,796	95,417,098	-	-	-	-	-
	(87,812,033)	(-)	(-)	(3,111,269)	(90,923,302)	(6,411,885)	(-)	(-)	95,417,098	-
Software	33,929,647	11,765,278	-	-	45,694,925	5,338,232	-	-	19,711,326	13,284,280
	(31,113,223)	(2,816,424)	(-)	(-)	(33,929,647)	(4,272,101)	(-)	(-)	-	-
<b>SUB TOTAL B</b>	<b>124,852,949</b>	<b>11,765,278</b>	<b>-</b>	<b>4,493,796</b>	<b>141,112,023</b>	<b>5,338,232</b>	<b>-</b>	<b>-</b>	<b>19,711,326</b>	<b>13,284,280</b>
Previous Year	(118,925,256)	(2,816,424)	(-)	(3,111,269)	(124,852,949)	(10,784,986)	(-)	(-)	(2,982,050)	(111,568,669)
<b>C Capital Work in Progress</b>										
									<b>50,614,735</b>	<b>47,482,581</b>
<b>D Intangible Assets Under Development</b>										
<b>TOTAL (A+B+C+D)</b>	<b>2,207,769,396</b>	<b>229,740,655</b>	<b>32,703,423</b>	<b>16,311,403</b>	<b>2,421,118,031</b>	<b>109,049,422</b>	<b>17,832,687</b>	<b>-</b>	<b>14,086,047</b>	<b>1,000,434,909</b>
Previous Year	(2,016,116,319)	(183,609,365)	(2,931,077)	(10,974,789)	(2,207,769,396)	(101,114,393)	(2,736,996)	(463,237)	(9,438,384)	(895,132,127)

Note :-

1. Plant and Equipments costing ₹ 92,189,014/- (Previous Year ₹ 27,492,922/-) are hypothecated against Term Loan sanctioned.
2. In case of Zodiac Clothing Co. (UAE) LLC a subsidiary, Factory building is constructed on annually renewable leasehold land.
3. Building includes premises of the Gross Book Value of ₹ 378,291,174/- (Previous Year ₹ 378,291,174/-) given on operating lease.
4. The above depreciation does not include depreciation of ₹ 4,606,971/- (Previous Year ₹ 3,531,787/-) on investment property classified as non-current investment.
5. Figures in bracket are in respect of the corresponding previous year.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March 2016 ₹	As at 31 <sup>st</sup> March 2015 ₹
<b>NOTE 11 : NON-CURRENT INVESTMENTS</b>		
<b>Non Current Investments (At cost, fully paid up unless otherwise stated)</b>		
<b>Other Investments</b>		
<b>A. Investment property – Commercial Building (net of accumulated depreciation)</b>	339,065,683	187,023,679
<b>TOTAL - (A)</b>	<b>339,065,683</b>	<b>187,023,679</b>
<b>B. In equity instruments of other entities (Quoted)</b>		
1,713,750 Equity Shares of ₹ 5/-each of Shoppers Stop Ltd.	86,815,750	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	42,305	84,609
343 Equity Shares of ₹ 10/- each of Aditya Birla Fashion and Retail Ltd. (Refer Note (i) Below)	42,304	-
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide Industries Ltd.	210	210
<b>In Preference Shares of other intities (Quoted)</b>		
1,250,000, 21.06% Cumulative Non Convertible Compulsorily redeemable preference shares of ₹ 10/- each in I L & F S Transportation networks Ltd.	25,000,000	25,000,000
<b>TOTAL - (B)</b>	<b>111,948,974</b>	<b>111,948,974</b>
<b>C. Investment in Venture Capital Funds (Unquoted)</b>		
i. Tata Capital Growth Fund	17,313,586	13,668,922
20,000,000 units @ ₹ 1 each, partly paid up ₹ 0.8545929 per unit (Previous Year partly paid up ₹ 0.67236 per unit)		
ii. Tata Capital Health Care Fund	17,949,672	10,264,099
20,000,000 units @ ₹ 1 each, partly paid up ₹ 00.8881 per unit (Previous Year partly paid up ₹ 0.5038 per unit)		
iii. Faering Capital India Evolving Fund	88,876,325	93,663,059
93,633 (Previous Year 93,633 units @ ₹ 1,000/- each)		
iv. Faering Capital India Evolving Fund II	22,500,000	-
22,500 Units of ₹ 1000/- each (Previous Year: Nil) (Refer Note (ii) Below)		
v. Paragon Partners Growth Fund – I	14,000,000	-
140,000 (Previous Year: Nil) Units of ₹ 100/- each (Refer Note (iii) Below)		
<b>TOTAL - (C)</b>	<b>160,639,583</b>	<b>117,596,080</b>
<b>TOTAL (A+B+C)</b>	<b>611,654,240</b>	<b>416,568,733</b>
Aggregate Value of Quoted Investments	111,948,974	111,948,974
Aggregate market value of listed and quoted investments	622,718,637	727,113,473
Aggregate Value of Unquoted Investments	499,705,266	304,619,759

**Notes:**

- (i) The said shares have been received pursuant to a scheme of demerger of Aditya Birla Nuvo Ltd.
- (ii) Total investment commitment is ₹ 1500 Lacs, contribution to be made on “as needed” basis pursuant to drawdown notices issued by the Fund Manager over commitment period of 48 months from the date of first closing i.e. Feb 01, 2016. The term of fund is 10 years and can be further extended by upto 2 years on the recommendation of the investment Manager and subject to the consent of 2/3 majority of the contributors.
- (iii) Total investment commitment is ₹ 500 lacs, contribution to be made on “as needed” basis pursuant to drawdown notices issued by the Fund Manager over a commitment period of 5 years from the date of first closing i.e. Jan 13, 2016. The term of fund is 10 years and can be further extended by upto 2 years on the recommendation of the investment Manager and subject to the consent of 2/3 majority of the contributors.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 12 : LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless otherwise stated		
(a) Capital advances	6,563,974	5,533,330
(b) Security deposits (Refer Note Below)	203,577,054	193,116,432
(c) Balances with government authorities		
(i) Sales tax Deposits	16,333,426	12,741,404
(ii) Sales tax Refund Receivable	153,962	-
(iii) Custom duty receivable	2,119,519	2,119,519
(iv) Service Tax credit receivable	1,298,501	3,490,208
(d) Prepaid expenses	424,736	550,655
(e) Advance income tax (Net of Provisions)	134,555,098	116,863,645
<b>TOTAL</b>	<b>365,026,270</b>	<b>334,415,193</b>
<b>Note: Security Deposits (for premises taken on lease) includes amount paid to:</b>		
(i) <b>Directors</b>		
Mr M.Y. Noorani	360,000	360,000
Mr A.Y. Noorani	945,000	945,000
Mr S.Y. Noorani	945,000	945,000
(ii) <b>Firms in which some of the Directors of the company are partners</b>		
Metropolitan Trading Company	16,500,000	16,500,000
Munraz Enterprises	1,000,000	1,000,000
Mustang Manufacturing Company	250,000	250,000
<b>NOTE 13 : OTHER NON-CURRENT ASSETS</b>		
(a) Accruals		
(i) Interest accrued on Investments	264,196	272,241
(ii) Dividend accrued on Investments	-	254,549
(b) Others	17,581	17,581
<b>TOTAL</b>	<b>281,777</b>	<b>544,371</b>
<b>NOTE 14 : CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)</b>		
65.73 (Previous Year: Nil) Units of ₹ 100/- each of DHFL Pramerica Insta Cash Plus Fund-Direct Plan-Growth	12,905	-
806,148 (Previous Year: Nil) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Direct Plan)	17,048,673	-
416,886 (Previous Year: Nil) Units of ₹ 10/- each of HDFC floating rate Income Fund-Short term Plan- Wholesale Option Growth	10,800,000	-
Nil (Previous Year: 1876) Units of ₹ 1000/- each of Pramerica Liquid Fund Direct Plan-Growth Option	-	2,800,000
Nil (Previous Year: 108,713) Units of ₹ 100/- each of Birla Sunlife Savings Fund -Growth Regular Plan	-	29,169,197
Nil (Previous Year: 1,853,905) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Regular Plan)	-	36,108,320
<b>TOTAL</b>	<b>27,861,578</b>	<b>68,077,517</b>
Aggregate amount of unquoted investments	27,861,578	68,077,517

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 15 : INVENTORIES</b>		
(At lower of cost and net realisable value except stock of shares)		
(a) Raw materials	205,839,620	215,949,348
Goods-in-transit	8,291,989	12,360,364
	<hr/>	<hr/>
	214,131,609	228,309,712
(b) Work-in-progress	43,176,624	52,301,352
(c) Finished goods (other than those acquired for trading)	346,295,813	319,348,147
(d) Stock-in-trade (acquired for trading)	76,883,520	93,626,598
Goods-in-transit	12,953,943	-
	<hr/>	<hr/>
	89,837,463	93,626,598
(e) Stores and spares	5,842,073	6,722,845
Goods-in-transit	-	6,804
	<hr/>	<hr/>
	5,842,073	6,729,649
(f) Accessories and Packing Materials	74,539,963	107,654,423
Goods-in-transit	15,003,985	7,081,046
	<hr/>	<hr/>
	89,543,948	114,735,469
(g) Chemicals & Furnace oil etc	3,568,829	3,128,045
(h) Stock of Shares (at lower of cost and Fair value)	711,348	711,410
	<hr/>	<hr/>
<b>TOTAL</b>	<b>793,107,707</b>	<b>818,890,382</b>

### NOTE 16 : TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good	29,626,644	29,040,443
Doubtful	19,698,106	19,747,199
	<hr/>	<hr/>
	49,324,750	48,787,642
Less: Provision for doubtful trade receivables	19,698,106	19,747,199
	<hr/>	<hr/>
	29,626,644	29,040,443
Other Trade receivables		
Unsecured, considered good	281,036,450	398,175,434
	<hr/>	<hr/>
<b>TOTAL</b>	<b>310,663,094</b>	<b>427,215,877</b>

### NOTE 17 : CASH AND CASH EQUIVALENTS

(a) Cash on hand	1,574,958	1,871,755
(b) Remittances in Transit	8,012,222	6,350,226
(c) Balances with banks		
(i) In current accounts	109,914,250	213,125,421
(ii) In EEFC accounts	654,265	1,363
(iii) In deposit accounts (Refer Note Below)	636,640	600,000
(iv) In earmarked accounts		
- Unpaid dividend accounts	2,072,632	1,914,522
- Balances held as margin money or security against borrowings, guarantees and other commitments	7,846,313	27,436,881
	<hr/>	<hr/>
<b>TOTAL</b>	<b>130,711,280</b>	<b>251,300,168</b>

**Note:** Balances with banks include deposits amounting to ₹ 636,640 (As at 31<sup>st</sup> March, 2015 ₹ 600,000) which have an original maturity of more than 12 months.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 18 : SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties	103,617,216	102,823,510
(b) Security Deposit	33,369	31,488
(c) Loans and advances to employees		
- Good	9,847,965	11,704,971
- Doubtful	4,115,128	4,115,128
	<hr/>	<hr/>
	13,963,093	15,820,099
Less: Provision for doubtful loans and advances	4,115,128	4,115,128
	<hr/>	<hr/>
	9,847,965	11,704,971
(d) Prepaid expenses	7,296,304	21,469,080
(e) Balances with government authorities		
(i) Excise duty deposit	79,446	-
(ii) others	2,243,070	13,396,157
	<hr/>	<hr/>
	2,322,516	13,396,157
(f) Others		
(i) Advances against goods and services	18,686,636	12,656,536
(ii) Export incentive receivable	42,820,224	57,537,599
(iii) Advance payment to Gratuity Fund	41,949,037	28,488,765
(iv) Other balances	11,887,183	18,036,822
	<hr/>	<hr/>
	115,343,080	116,719,722
Doubtful	553,762	533,762
	<hr/>	<hr/>
	115,896,842	117,253,484
Less: Provision for other doubtful loans and advances	553,762	533,762
	<hr/>	<hr/>
	115,343,080	116,719,722
	<hr/>	<hr/>
<b>TOTAL</b>	<b>238,460,450</b>	<b>266,144,928</b>
	<hr/>	<hr/>
<b>NOTE 19 : OTHER CURRENT ASSETS</b>		
Accruals		
Interest accrued on deposits	8,428	8,940
Deferred Premium on forward contracts	6,475,969	5,522,584
	<hr/>	<hr/>
<b>TOTAL</b>	<b>6,484,397</b>	<b>5,531,524</b>
	<hr/>	<hr/>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March 2016 ₹	For the year ended 31 <sup>st</sup> March 2015 ₹
<b>NOTE 20 : REVENUE FROM OPERATIONS</b>		
Sale of products	3,351,697,466	3,744,648,912
Other operating revenues (Refer Note below)	<u>172,841,304</u>	<u>194,929,812</u>
	3,524,538,770	3,939,578,724
Less: Excise duty	<u>879,696</u>	<u>-</u>
<b>TOTAL</b>	<b><u>3,523,659,074</u></b>	<b><u>3,939,578,724</u></b>
<b>Note:</b>		
<b>Other operating revenues comprise:</b>		
Duty drawback and other export incentives	99,850,691	102,642,790
Recovery of Freight and insurance on sales	30,132,658	49,929,708
Rent and other revenue received	<u>42,857,955</u>	<u>42,357,314</u>
<b>TOTAL</b>	<b><u>172,841,304</u></b>	<b><u>194,929,812</u></b>
<b>NOTE 21 : OTHER INCOME</b>		
(a) Interest income	1,488,869	7,957,652
(b) Dividend income:		
from current investments	124,897	2,281,862
from non current investments	6,243,366	2,001,369
(c) Net gain on sale of		
current investments	4,705,950	12,358,933
non-current investments	266,909	-
(d) Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	13,129,414
(e) Liabilities / Provisions no longer required written back	8,548,748	12,898,343
(f) Rental Income	1,818,329	1,835,067
(g) Profit on sale of Fixed Assets	-	60,728
(h) Other Miscellaneous Income	<u>4,498,609</u>	<u>5,474,392</u>
<b>TOTAL</b>	<b><u>27,695,677</u></b>	<b><u>57,997,760</u></b>
<b>NOTE 22A : COST OF MATERIALS CONSUMED</b>		
Opening stock	343,045,181	348,471,713
Add: Purchases	<u>1,216,329,506</u>	<u>1,407,124,926</u>
	1,559,374,687	1,755,596,639
Less: Closing stock	<u>303,675,556</u>	<u>343,045,181</u>
<b>TOTAL</b>	<b><u>1,255,699,131</u></b>	<b><u>1,412,551,458</u></b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March 2016 ₹	For the year ended 31 <sup>st</sup> March 2015 ₹
<b>NOTE 22B: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year:</b>		
Finished goods	346,295,813	319,348,147
Stock in Trade	89,837,463	93,626,598
Work-in-progress	43,176,624	52,301,352
Stock of Shares	711,348	711,410
	480,021,248	465,987,507
<b>Inventories at the beginning of the year:</b>		
Finished goods	319,348,147	261,803,462
Stock in Trade	93,626,598	95,122,546
Work-in-progress	52,301,352	56,333,245
Stock of Shares	711,410	666,062
	465,987,507	413,925,315
<b>NET INCREASE</b>	<b>(14,033,741)</b>	<b>(52,062,192)</b>
 <b>NOTE 23 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	567,085,204	591,827,965
Contributions to provident and other funds	54,701,208	54,568,001
Staff welfare expenses	43,004,165	54,088,460
<b>TOTAL</b>	<b>664,790,577</b>	<b>700,484,426</b>
 <b>NOTE 24 : FINANCE COSTS</b>		
(a) Interest expense on:		
(i) Borrowings (Net of Interest reimbursement receivables under TUF Scheme Rs. 2,922,889/- Previous year Rs. 389,177/-	12,482,319	10,784,835
(ii) Others		
- Interest on delayed / deferred payment	414,417	404,034
(b) Amortisation of deferred premium cost	14,278,934	13,780,283
<b>TOTAL</b>	<b>27,175,670</b>	<b>24,969,152</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 <sup>st</sup> March 2016 ₹	For the year ended 31 <sup>st</sup> March 2015 ₹
<b>NOTE 25 : OTHER EXPENSES</b>		
Consumption of stores and spare parts	8,134,180	8,517,131
Excise duty on Finished Goods (Refer Note 38)	1,973,142	-
Labour Charges	62,742,413	65,057,808
Consumables for printing / embroidery / washing	14,481,066	21,292,247
Power and fuel	28,591,221	32,431,272
Rent including lease rentals (Refer Note 29)	366,502,115	327,794,164
Retail store maintenance expenses	64,550,269	59,146,881
Repairs and maintenance - Buildings	8,603,434	6,896,218
Repairs and maintenance - Machinery	11,309,128	9,291,953
Repairs and maintenance - Others	19,199,824	22,146,634
Insurance	12,638,644	12,966,716
Rates and taxes	25,354,591	19,076,004
Postage and Telephones	22,236,925	22,721,843
Travelling and conveyance	49,672,100	46,505,323
Printing and stationery	3,815,731	4,696,172
Freight and forwarding	94,787,404	138,692,078
Sales commission	104,335,384	102,691,309
Sales discount	33,083,663	30,784,517
Business promotion	139,936,158	173,601,609
Donations and contributions	2,427,271	6,048,515
Legal and professional	29,545,131	31,258,152
Directors' Sitting fees	3,609,673	2,435,534
Electricity	40,663,385	38,918,679
Remuneration to Managing Director (including Provident Fund)	6,771,924	13,496,000
Security Charges	12,375,935	10,658,907
Trade Mark fees	19,960,888	21,696,459
Payments to auditors	3,938,432	3,397,478
Share Issue Expenses	-	295,600
Bad and doubtful debts written off	1,669,132	500,511
Net loss on foreign currency transactions and translation (other than considered as finance cost)	28,206,670	-
Management fees	190,179	-
Loss on fixed assets sold	1,162,519	-
Bank Charges	22,816,341	22,485,186
Assets discarded written off	8,605,368	394,309
Net loss on sale of investments from current investments	422,138	-
Provision for doubtful trade receivables, and loans and advances	1,195,167	1,822,173
Miscellaneous expenses	8,176,308	12,418,808
<b>TOTAL</b>	<b>1,263,683,853</b>	<b>1,270,136,190</b>



**26) (i) Contingent Liabilities: -**

- a) Guarantee issued by a Bank and counter guaranteed by the Company: ₹ 10,485,600/- (Previous year ₹ 30,158,414/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 27,556,232/- (previous year ₹ 33,899,915/-).
- c) Foreign bills/ Letters of Credit discounted with Bank Nil (Previous year ₹ 5,280,234/-).
- d) Disputed demand not provided for in respect of: -

	Current year ₹	Previous Year ₹
1) Income Tax	75,019,690	90,422,277
2) Sales Tax	19,055,237	4,265,199
3) Apparel Export Promotion Council for non fulfillment of export obligation	424,415	424,415

- e) Claims against the Company not acknowledged as debts ₹ 2,662,300/- (Previous Year ₹ 2,662,300/-).
- f) Labour disputes not acknowledged as debts: Amount not ascertainable.

**Note:-** In respect of items mentioned above, till the matters are finally decided, the financial effect cannot be ascertained.

- g) Significant Capital Commitment in respect of contribution to Venture Capital Funds amounting to ₹ 174,833,521/- (Previous Year ₹ 22,813,768/-).

- (ii) **Other commitments:-** Contractual arrangement for payment in case of default on credit card facility availed by certain employees from a bank—₹ 4,900,000 (Previous Year ₹ 4,900,000/-).

27) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 29,253,885/- (Previous year ₹ 23,419,865/-).

28) The amount of premium on forward exchange contracts to be recognised in the Statement of Profit and Loss in the next financial year is ₹ 6,475,969/- (Previous Year ₹ 5,522,584/-).

**29) Operating Leases: -****A) Premises Taken On Lease**

- a) The Company has taken various offices/shops under operating lease or leave

and license agreements. These are non cancelable during a lock in period which ranges between 11 months to 3 years under leave and license agreements and are renewable by mutual consent on mutually agreeable terms.

- b) Lease Payments recognized in the Statement of Profit & Loss under rent in Note 25 is ₹ 366,502,115/- (Previous Year: ₹ 327,794,164/-).
- c) The future minimum lease payments under non-cancelable operating lease :
  - (i) not later than one year is ₹ 21,249,876/- (Previous Year: ₹ 43,342,600/-); and
  - (ii) Later than one year and not later than five years is ₹ 3,238,976/- (Previous Year: ₹ 772,352/-).
  - (iii) Later than five years Nil (Previous Year : Nil).

**B) Premises Given On Lease**

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 months to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the Statement of Profit & Loss under Rent in Note 20 & Note 21 is ₹ 39,657,919/- (Previous Year ₹ 39,116,633/-)
- c) The future minimum Lease rentals under non-cancelable operating leases:
  - (i) Not later than one year is ₹ 7,668,729/- (Previous Year ₹ 30,674,916/-)
  - (ii) Later than one year and not later than 5 year Nil (Previous Year: ₹ 7,668,729 /-)
  - (iii) Later than 5 years Nil (Previous Year : Nil)

- d) Premises given on licence basis:-

Gross Carrying amount ₹ 737,401,474/- (Previous Year ₹ 580,415,744/-)

Accumulated	Depreciation
₹ 75,190,623/-	(Previous Year ₹ 65,409,437/-)

Depreciation for the year	
₹ 10,587,456/-	(Previous Year ₹ 9,508,528/-)

**30) Deferred Tax: -**

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Deferred Tax Liability on account of:</b>		
(i) Depreciation and Amortisation	63,106,812	61,110,009
	<b>63,106,812</b>	<b>61,110,009</b>
<b>Deferred Tax Assets on account of:</b>		
(i) Employee benefits disallowed u/s 43B	-	34,608
(ii) Provision for Retirement Benefit	4,638,090	4,585,882
(iii) Provision for Doubtful Debts & Advances	8,195,349	8,449,920
(iv) Unabsorbed Depreciation (Restricted to the extent of Deferred Tax Liability on account of virtual certainty)	17,125,353	-
	<b>29,958,792</b>	<b>13,070,410</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>33,148,020</b>	<b>48,039,599</b>

The Net Deferred tax (credit) / charge of ₹ (14,891,579)/- (Previous Year ₹ 1,805,052/-) for the year has been recognized in the Statement of Profit and Loss.

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

The timing difference mainly on account of unabsorbed depreciation under the Income Tax Act, 1961 results in a deferred tax asset as per AS-22 on "Accounting for Taxes on Income". The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of corresponding deferred tax liability on the difference between book and tax depreciation under the Income Tax Act, 1961, on the basis that future taxable income will be available from future reversal of any deferred tax liability recognised at balance sheet date; and the excess of such assets has been ignored in the absence of virtual certainty.

**31) Related Party Disclosures: -**

**Related party disclosures as required by (AS-18) "Related Party Disclosures" are given below:**

**I. Relationships: -****(a) Key Management Personnel:-**

Mr. M. Y. Noorani – Chairman  
Mr. A. Y. Noorani – Vice Chairman and Managing Director  
Mr. S. Y. Noorani – Managing Director and President

**(b) Other Related Parties:-**

- i. The enterprises where control of key management personnel and/or their relatives exist and with whom the transactions have taken place:
  - Zodiac Metropolitan Clothing Gmbh
  - Asia Tangible Investments Pte. Ltd.
  - Metropolitan Trading Company
  - Montage Corporation
  - Munraz Enterprises
  - Mariambai & Haji Noor Mohamad Noorani Foundation Trust
  - Mustang Manufacturing Company
  - Mashal Enterprises
  - Elite Clothing Co. Pvt. Ltd.
  - Euro Global Holding Pte. Ltd.
  - Onward LLC
  - Zodiac UAE LLC
  - Miraj Marketing Company LLP

- ii. Relatives of key management personnel with whom the transactions have taken place : -

Mr. Awais A. Noorani

Mr. Musaed A. Noorani

Mrs. Muna A. Noorani

Mrs Zehra S. Noorani

Mrs Saniyya A. Noorani

**Note:** Related party relationship is as identified by the Company and relied upon by the Auditors.

**II. The following transactions were carried out with the related parties in the ordinary course of business.**

(Previous year figures are in brackets)

<b>Particulars</b>	<b>Key Management Personnel ₹</b>	<b>Other Related Parties ₹</b>	<b>Total ₹</b>
<b>Sale of Goods</b>			
Onward LLC	-	<b>169,306,572</b>	<b>169,306,572</b>
	(-)	(190,142,057)	(190,142,057)
Mashal Enterprises	-	<b>7,548,655</b>	<b>7,548,655</b>
	(-)	(6,916,651)	(6,916,651)
Zodiac Metropolitan Clothing Gmbh	-	<b>196,265,995</b>	<b>196,265,995</b>
	(-)	(223,482,776)	(223,482,776)
<b>Rent Income</b>			
Metropolitan Trading Company	-	<b>300,000</b>	<b>300,000</b>
	(-)	(850,000)	(850,000)
Zodiac Metropolitan Clothing GmbH	-	<b>3,703,670</b>	<b>3,703,670</b>
	(-)	(3,696,051)	(3,696,051)
<b>Purchases of Goods and Materials</b>			
Onward LLC	-	<b>183,404,793</b>	<b>183,404,793</b>
	(-)	(196,633,129)	(196,633,129)
<b>Interest Paid</b>			
Mr. M. Y. Noorani	-	-	-
	(28,187)	(-)	(28,187)
Mr. A. Y. Noorani	-	-	-
	(2,720)	(-)	(2,720)
Mr. S. Y. Noorani	-	-	-
	(20,749)	(-)	(20,749)
Asia Tangible Investments Pte. Ltd.		<b>323,256</b>	<b>323,256</b>
		(-)	(-)
Euro Global Holdings Pte. Ltd.		<b>467,057</b>	<b>467,057</b>
		(-)	(-)
Zodiac UAE LLC		<b>143,702</b>	<b>143,702</b>
		(-)	(-)
<b>Export Claim Paid</b>			
Zodiac Metropolitan Clothing Gmbh	-	-	-
	(-)	(6,016,880)	(6,016,880)

(Previous year figures are in brackets)

<b>Particulars</b>	<b>Key Management Personnel ₹</b>	<b>Other Related Parties ₹</b>	<b>Total ₹</b>
<b>Trade Mark fees Expense</b>			
Metropolitan Trading Company	-	<b>19,961,021</b>	<b>19,961,021</b>
	(-)	(21,696,459)	(21,696,459)
<b>Rent Expense</b>			
Metropolitan Trading Company	-	<b>24,894,806</b>	<b>24,894,806</b>
	(-)	(24,737,347)	(24,737,347)
Mustang Manufacturing Company	-	<b>708,000</b>	<b>708,000</b>
	(-)	(708,000)	(708,000)
Munraz Enterprises	-	<b>2,323,424</b>	<b>2,323,424</b>
	(-)	(2,168,544)	(2,168,544)
Montage Corporation	-	<b>79,200</b>	<b>79,200</b>
	(-)	(72,000)	(72,000)
Miraj Marketing Company LLP	-	<b>1,230,048</b>	<b>1,230,048</b>
	(-)	(1,213,488)	(1,213,488)
Mr. A.Y. Noorani	<b>2,073,998</b>	-	<b>2,073,998</b>
	(2,046,079)	(-)	(2,046,079)
Mr. S.Y. Noorani	<b>2,073,998</b>	-	<b>2,073,998</b>
	(2,046,079)	(-)	(2,046,079)
Mr. M.Y. Noorani	<b>678,000</b>	-	<b>678,000</b>
	(678,000)	(-)	(678,000)
<b>Salary Paid</b>			
Mr. Awais A. Noorani	-	<b>4,834,920</b>	<b>4,834,920</b>
	(-)	(5,264,962)	(5,264,962)
<b>Expenses Recovered</b>			
Mashal Enterprises	-	<b>748,427</b>	<b>748,427</b>
	(-)	(707,191)	(707,191)
Metropolitan Trading Company	-	<b>51,000</b>	<b>51,000</b>
	(-)	(54,826)	(54,826)
Zodiac Metropolitan Clothing GmbH	-	<b>48,653</b>	<b>48,653</b>
	(-)	-	-
Onward LLC	-	<b>3,241,143</b>	<b>3,241,143</b>
	(-)	(3,481,800)	(3,481,800)

(Previous year figures are in brackets)

<b>Particulars</b>	<b>Key Management Personnel ₹</b>	<b>Other Related Parties ₹</b>	<b>Total ₹</b>
<b>Recovery of Freight and Insurance on Sales</b>			
Zodiac Metropolitan Clothing Gmbh	-	<b>6,216,079</b>	<b>6,216,079</b>
	(-)	(15,492,996)	(15,492,996)
Onward LLC	-	<b>1,576,142</b>	<b>1,576,142</b>
	(-)	(4,647,671)	(4,647,671)
<b>Expenses Reimbursed</b>			
Zodiac Metropolitan Clothing Gmbh	-	<b>335,602</b>	<b>335,602</b>
	(-)	(3,717,114)	(3,717,114)
Mashal Enterprises	-	-	-
	(-)	(15,874)	(15,874)
Munraz Enterprises	-	<b>400,656</b>	<b>400,656</b>
	(-)	(401,466)	(401,466)
<b>Security deposits given during the year</b>			
Mustang Manufacturing Company	-	-	-
	(-)	(40,000)	(40,000)
Mr. M. Y. Noorani	-	-	-
	(230,000)	(-)	(230,000)
Mr. A. Y. Noorani	-	-	-
	(520,000)	(-)	(520,000)
Mr. S. Y. Noorani	-	-	-
	(520,000)	(-)	(520,000)
<b>Security Deposits Repaid during the year</b>			
Metropolitan Trading Company	-	-	-
	(-)	(810,000)	(810,000)
Munraz Enterprises	-	-	-
	(-)	(500,000)	(500,000)
<b>Loan Paid to</b>			
Mr. M. Y. Noorani	-	-	-
	(1,108,500)	(-)	(1,108,500)
Mr. A. Y. Noorani	-	-	-
	(117,000)	(-)	(117,000)
Mr. S. Y. Noorani	-	-	-
	(897,000)	(-)	(897,000)
<b>Dividend Paid (including Interim Dividend)</b>			
Miraj Marketing Company LLP	-	<b>5,794,335</b>	<b>5,794,335</b>
	(-)	(11,820,444)	(11,820,444)
Asia Tangible Investments Pte.Ltd	-	<b>7,887,205</b>	<b>7,887,205</b>
	(-)	(16,089,898)	(16,089,898)

(Previous year figures are in brackets)

<b>Particulars</b>	<b>Key Management Personnel ₹</b>	<b>Other Related Parties ₹</b>	<b>Total ₹</b>
Euro Global Holding Pte. Ltd.	- (-)	<b>7,887,205</b> (16,089,898)	<b>7,887,205</b> (16,089,898)
Mr. M. Y. Noorani	<b>6,650,258</b> (13,353,014)	- (-)	<b>6,650,258</b> (13,353,014)
Mr. A. Y. Noorani	<b>60,163</b> (122,732)	- (-)	<b>60,163</b> (122,732)
Mr. S. Y. Noorani	<b>33,335</b> (68,003)	- (-)	<b>33,335</b> (68,003)
Mr. Awais Noorani	- (-)	<b>188</b> (383)	<b>188</b> (383)
Mrs. Saniyya Noorani	- (-)	<b>188</b> (383)	<b>188</b> (383)
Mr. Musaed A. Noorani	- (-)	<b>188</b> (383)	<b>188</b> (383)
Mrs. Muna A. Noorani	- (-)	<b>188</b> (383)	<b>188</b> (383)
Mrs. Zehra S.Noorani	- (-)	<b>918</b> (1,827)	<b>918</b> (1,827)
<b>Commission Expense</b>			
Zodiac Metropolitan Clothing Gmbh	- (-)	<b>34,738,149</b> (25,415,009)	<b>34,738,149</b> (25,415,009)
<b>Remuneration (Including Provident Fund)</b>			
Mr. A.Y. Noorani	- (6,748,000)	- (-)	- (6,748,000)
Mr. S.Y. Noorani	<b>6,771,924</b> (6,748,000)	- (-)	<b>6,771,924</b> (6,748,000)
<b>Outstanding amount receivable</b>			
Metropolitan Trading Company	- (-)	<b>16,716,450</b> (16,704,248)	<b>16,716,450</b> (16,704,248)
Munraz Enterprises	- (-)	<b>1,000,000</b> (1,000,000)	<b>1,000,000</b> (1,000,000)
Zodiac Metropolitan Clothing Gmbh	- (-)	<b>30,654,368</b> (33,776,340)	<b>30,654,368</b> (33,776,340)

(Previous year figures are in brackets)

<b>Particulars</b>	<b>Key Management Personnel ₹</b>	<b>Other Related Parties ₹</b>	<b>Total ₹</b>
Onward LLC	-	<b>95,973,873</b>	<b>95,973,873</b>
	(-)	(94,467,118)	(94,467,118)
Zodiac UAE LLC	-	<b>118,193</b>	<b>118,193</b>
	(-)	(806,169)	(806,169)
Mr. A. Y. Noorani	<b>945,000</b>	-	<b>945,000</b>
	(945,000)	-	(945,000)
Mr. S. Y. Noorani	<b>945,000</b>	-	<b>945,000</b>
	(945,000)	-	(945,000)
Mr. M. Y. Noorani	<b>360,000</b>	-	<b>360,000</b>
	(360,000)	-	(360,000)
Mustang Manufacturing company	-	<b>250,000</b>	<b>250,000</b>
	(-)	(250,000)	(250,000)
Mashal Enterprises	(-)	<b>504,685</b>	<b>504,685</b>
	(-)	(-)	(-)
<b>Outstanding amount payable</b>			
Onward LLC	-	<b>11,069,597</b>	<b>11,069,597</b>
	(-)	(15,313,865)	(15,313,865)
Mr. A. Y. Noorani	<b>1,387,552</b>	-	<b>1,387,552</b>
	(1,376,088)	(-)	(1,376,088)
Mr. S. Y. Noorani	<b>1,387,552</b>	-	<b>1,387,552</b>
	(1,376,088)	(-)	(1,376,088)
Mr. M. Y. Noorani	<b>230,000</b>	-	<b>230,000</b>
	(230,000)	(-)	(230,000)
Metropolitan Trading Company	-	<b>2,835,502</b>	<b>2,835,502</b>
	(-)	(613,315)	(613,315)
Zodiac Metroplitan Clothing Gmbh	-	<b>12,628,515</b>	<b>12,628,515</b>
	(-)	(5,001,472)	(5,001,472)
Mashal Enterprises	-	-	-
	(-)	(107,016)	(107,016)
Asia Tangible Investment Pte. Ltd.	-	<b>21,793,794</b>	<b>21,793,794</b>
	(-)	(-)	(-)
Euro Global Holding Pte. Ltd.	-	<b>31,480,052</b>	<b>31,480,052</b>
	(-)	(-)	(-)
Zodiac UAE LLC	-	<b>9,733,899</b>	<b>9,733,899</b>
	(-)	(-)	(-)

**32) (i) Primary Segment**

The company has identified two reportable segments namely Business of Clothing and Clothing Accessories and Investment. The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Following disclosures are made.

	Particulars	Business of Clothing & Clothing Accessories		Investments		Total	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
A	Segment Revenue Gross	3,486,699,181	3,902,297,158	37,839,590	37,281,566	3,524,538,770	3,939,578,724
	Less : Excise Duty	879,696	-	-	-	879,696	-
	Segment Revenue (Net of Excise Duty)	3,485,819,485	3,902,297,158	37,839,590	37,281,566	3,523,659,074	3,939,578,724
	Other Income					27,695,677	57,997,760
	Total Segment Revenue					3,551,354,751	3,997,576,484
B	Segment Profit before tax	(119,846,745)	45,967,006	8,497,842	22,759,714	(111,348,903)	68,726,720
	Other Income					27,695,677	57,997,760
	Exceptional Item (Income)					-	-
	Total Profit before tax					(83,653,226)	126,724,480
C	Segment Assets	3,138,572,390	3,301,902,162	820,748,638	657,278,863	3,959,321,028	3,959,181,028
D	Segment Liabilities	1,207,745,496	1,193,915,906	128,223,961	91,404,026	1,335,969,457	1,285,319,932
E	Capital Expenditure	234,135,672	210,595,152	-	-	234,135,672	210,595,152
F	Segment Depreciation	103,043,319	95,109,456	10,613,074	9,536,724	113,656,393	104,646,180
G	Segment Non Cash Expenditure other than Depreciation	28,057,377	25,773,158	-	-	28,057,377	25,773,158

**(ii) Geographical Segment:-**

Geographical Segment is identified as secondary segment and given below: -

Particulars	Current year (₹)			Previous Year (₹)		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue (Net)	1,750,603,580	1,773,055,494	3,523,659,074	1,920,608,188	2,018,970,536	3,939,578,724
Carrying Cost of Segment Asset	3,173,620,732	785,700,296	3,959,321,028	3,023,324,001	935,857,027	3,959,181,028
Capital Expenditure	226,221,701	7,913,971	234,135,672	186,964,681	23,630,471	210,595,152



**33) Earnings Per Share: -**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(a) Face value per share (₹)	10	10
(b) Weighted Average No. of Shares		
(i) For Basic EPS	19,514,748	19,423,375
(ii) For Diluted EPS	19,514,748	19,494,295
(c) Net Profit for the year attributable to equity shareholders (₹)	(82,147,214)	90,199,835
(d) Basic Earnings Per Share (₹) (c / b(i))	(4.21)	4.64
(e) Diluted Earnings Per Share (₹) (c / b(ii))	(4.21)	4.63

- 34)** Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 the Company had granted 864,000 (adjusted for bonus issue) options to its eligible employees in two Grants up to the year ended March 31, 2016, the details of which are as follows:

**(a) Employees Stock Option Scheme:**

Particulars	Grant I	Grant II
Nos. of Options Granted (After considering impact of Bonus issued on 28 <sup>th</sup> September, 2011)	462,975	401,025
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting	Graded Vesting
1 <sup>st</sup> year	30%	30%
2 <sup>nd</sup> year	30%	30%
3 <sup>rd</sup> year	40%	40%
Exercise Period	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	27 <sup>st</sup> December, 2006	20 <sup>th</sup> January, 2011
Grant Price (₹ per share)	255.40	346.00
Market Price on the date of Grant of Option (₹ )	255.40	346.00
Discount on Average Price	Nil	Nil

**(b) Movement of Options Granted:**

Particulars	Grant I	Grant II
Outstanding at the beginning of the year	Nil	205,326
Granted during the year	Nil	Nil
Exercised during the year*	Nil	8,775
Cancelled / Lapsed during the year	Nil	93,921
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	102,630

\* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28<sup>th</sup> September 2011)

(c) **Employees Stock Option Scheme:**

Particulars	Grant I	Grant II
Exercisable at the beginning of the year	Nil	205,326
Vested during the year	Nil	Nil
Exercised during the year*	Nil	8,775
Cancelled / Lapsed during the year	Nil	93,921
Options exercisable at the end of the year	Nil	102,630

- (d) The Company has followed the intrinsic value-based method of accounting for stock options granted based on Guidance Note on Accounting for Employees Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 Issued by Securities and Exchange Board of India (SEBI). As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.

(e) **Fair Valuation:**

The fair value of options used to compute proforma net income and earnings per equity share have been done by an independent firm of Valuers on the date of grant using the Black-Scholes Model.

The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant are:

	Grant 1	Grant 2
1 Risk Free Rate	Year 1 - 7.67 %	Year 1 - 8.10 %
	Year 2 - 7.62 %	Year 2 - 8.10 %
	Year 3 - 7.59 %	Year 3 - 8.10 %
2 Option Life	Year 1 - 2.5yrs	Year 1 - 2.5yrs
	Year 2 - 3.5yrs	Year 2 - 3.5yrs
	Year 3 - 4.5yrs	Year 3 - 4.5yrs
3 Expected Volatility	Year 1 - 45.22 %	Year 1 - 50.58 %
	Year 2 - 50.51 %	Year 2 - 61.45 %
	Year 3 - 51.13 %	Year 3 - 56.05 %
4 Expected Dividend Yield	2.49%	1.96%
5 The weighted average fair value of the option, as on the date of grant, works out to	₹ 102.68	₹ 150.44

Had the compensation cost for the stock options granted under ESOS 2006 been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below :

Particulars	2015-16	2014-15
Net Profit After Tax (As Reported)	(82,147,214)	90,199,835
Add: Compensation Expenses under ESOS included in the Net Profit	Nil	Nil
Less: Compensation Expenses under ESOS as per Fair Value	Nil	2,311,469
Net Profit After Tax (Fair value basis)	(82,147,214)	87,888,366
Basic Earning Per Share (Reported) - ₹ / Share	(4.21)	4.64
Basic Earning Per Share (Fair value basis)- ₹ / Share	(4.21)	4.52
Diluted Earning Per Share (Reported) - ₹ / Share	(4.21)	4.63
Diluted Earning Per Share (Fair value basis) – ₹ / Share	(4.21)	4.51

### 35) Derivative Financial Instruments

- a) The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and out of the money option contracts to manage its exposure in foreign exchange rates. The counter parties are a bank. These contracts are for a period between one day and twelve months.

- (i) The following are outstanding Foreign Exchange Forward contracts and option, as on March 31, 2016:

Sr No	Currency	Buy / Sell	Cross Currency	Nature of Contracts	Amount in foreign currency	
					Current Year	Previous Year
1	USD	SELL	INR	Forwards	1,233,315	1,509,000
2	GBP	SELL	USD	Forwards	186,100	568,700
3	GBP	SELL	INR	Forwards	726,600	421,000
4	EURO	SELL	INR	Forwards	126,000	112,000
5	EURO	SELL	USD	Forwards	51,500	289,000
6	CHF	SELL	USD	Forwards	-	24,000
7	CHF	SELL	INR	Forwards	138,802	21,000
8	EURO	BUY	INR	Forwards	5,020	-
9	USD	BUY	INR	Forwards	4,143,632	2,905,777
10	USD	SELL	INR	Option	-	350,000

- (ii) Net Gain on derivative instruments which have been designated as cash flow hedges of ₹ 2,651,260/- (Previous Year Net gain ₹ 4,382,981/-) recognized in Hedging Reserve as of March 31, 2015, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature..

- (iii) Net gain on non-derivative financial liabilities in the form of preshipment export credit in foreign currency (PCFC) borrowings of ₹ 3,668,027/- (Previous year net loss of ₹ 4,139/-) recognized in the Hedging Reserve as of March 31, 2015 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.

- (iv) Exchange Loss of ₹ 28,206,670/- (Previous Year Exchange Gain ₹ 13,129,414/-) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2015

- b) (i) No derivative instruments are acquired for speculation purposes.

- (ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 11,668,644/- (Previous Year ₹ 45,621,039/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Creditors for Goods and expenses	USD 163,977	10,864,285	USD 719,253	44,953,449
	EURO 10,669	804,359	EURO 8,700	584,587
	-	-	GBP 767	70,937
	-	-	HKD 1,490	12,066

36) (I) Disclosure in respect of gratuity liability

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Change in obligations</b>		
Present value of funded benefit obligations as at 1 <sup>st</sup> April, 2015	83,815,666	66,947,241
Current Service Cost	9,078,455	7,010,275
Interest Cost	6,671,727	6,232,788
Benefit Paid	(14,166,937)	(10,634,695)
Actuarial (gain) / loss on obligations	784,223	14,260,057
Present value of funded benefit obligations as at March 31, 2016	86,183,134	83,815,666
<b>Reconciliation of present value of the fair value of the plan assets</b>		
Fair value of plan assets as at 1 <sup>st</sup> April, 2015	112,304,431	112,446,198
Expected Return on plan assets	8,939,433	10,468,741
Contributions	20,380,871	7,14,230
Benefits Paid	(14,166,937)	(10,634,695)
Actuarial gain/(loss) on plan assets	674,373	(690,043)
Fair value of plan assets as at March 31, 2016	128,132,171	112,304,431
Total Actuarial gain/(loss) recognized	109,850	14,950,100
<b>Amount Recognised in Balance Sheet</b>		
Present value of obligation	86,183,134	83,815,666
Fair value of plan assets	128,132,171	112,304,431
Liability / (assets)	(41,949,037)	(28,488,765)
Liability / (assets) recognized in the Balance Sheet	(41,949,037)	(28,488,765)
<b>Expenses Recognised in Statement of Profit and Loss</b>		
Current Service Cost	9,078,455	70,10,275
Interest Cost	(2,267,706)	6,232,788
Expected Return on plan assets	-	(10,468,741)
Net Actuarial (gain) / loss recognised in the current year	109,851	(14,950,100)
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	6,920,600	17,724,422
<b>Actuarial assumptions used</b>		
Discount rate	8.01%	7.96%
Expected Return on plan assets	8.01%	7.96%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs
<b>Category of Assets</b>		
Insurer Managed Funds	128,132,171	112,304,432

**Notes:**

- Premium is paid to LIC under Group Gratuity Scheme of LIC.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- iii. The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 are as under:

Particulars	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹	2011-12 ₹
Plan Assets	674,373	690,043	574,655	1,478,137	1,044,844
Plan Liabilities	1,193,768	4,233,218	3,866,683	1,188,369	3,684,679

- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ Nil. (Previous Year ₹ 20,000,000/-).
- v. The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

**(II) Disclosure in respect of leave encashment liability:**

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Change in obligations</b>		
Present value of unfunded benefit obligations as at 1 <sup>st</sup> April, 2015	14,166,570	11,484,339
Current Service Cost	2,688,169	2,173,278
Interest Cost	1,127,659	1,069,192
Benefit Paid	(2,734,918)	(2,508,193)
Actuarial (gain)/loss on obligations	(1,213,737)	1,898,860
Present value of unfunded benefit obligations as at March 31, 2016	14,033,743	14,166,570
<b>Amount Recognised in Balance Sheet.</b>		
Present value of obligation	14,033,743	14,166,570
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	14,033,743	14,166,570
<b>Expenses Recognised in Statement of Profit and Loss</b>		
Current Service Cost	2,688,169	2,173,278
Interest Cost	1,127,659	1,069,192
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain)/loss recognised in the current year	(1,213,737)	1,947,954
Expenses Recognised in the Statement of Profit and Loss	2,602,091	5,190,424
<b>Actuarial assumptions used</b>		
Discount rate	8.01%	7.96%
Expected Return on plan assets	NA	NA
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

- (III)** The Company makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 44,264,312/- (Previous Year ₹ 44,480,269 /-).

**37** Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements in terms of Schedule III to the Companies Act, 2013:

Sr. No.		Name of the Company	Net assets, i.e., total assets minus total liabilities				Share of profit or loss				(Figures in ₹)
			31 <sup>st</sup> March 2016		31 <sup>st</sup> March 2015		31 <sup>st</sup> March 2016		31 <sup>st</sup> March 2015		
			As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	
Parent											
1		Zodiac Clothing Company Limited	67.39	1,767,956,638	67.75	1,811,464,024	13.51	(11,097,175)	105.28		94,959,478
Subsidiaries											
Indian											
2		Zodiac Finsee and Holdings Ltd	11.64	305,356,833	10.35	276,612,491	(52.90)	43,458,045	45.32		40,880,101
Foreign											
3		Zodiac Clothing Co. S.A. - Switzerland	3.95	103,644,134	3.85	102,940,732	(71.37)	58,632,317	70.71		63,783,211
4		Zodiac Clothing Co. (UAE) LLC - UAE	20.34	533,474,302	21.54	576,069,546	13.51	(11,097,175)	39.06		35,234,931
5		Zodiac Clothing Company Inc - USA	0.00	27,601	0.01	259,388	0.30	(244,407)	0.14		127,247
6		Zodiac Properties Ltd.- R.A.K. (UAE)	(1.75)	(45,894,802)	(1.46)	(39,127,537)	6.92	(5,686,331)	(4.97)		(4,478,971)
Total Net Assets and Profit			101.57	2,664,564,706	102.03	2,728,218,644	(90.04)	73,965,276	255.55		230,505,997
Consolidation adjustments				(41,213,135)		(54,357,548)		(156,112,490)			(140,306,162)
Total Consolidated Net Assets and Profit			100.00	2,623,351,571	100.00	2,673,861,096	100.00	(82,147,214)	100.00		90,199,835

**38)** Excise duty recovered on sales is included in 'Revenue from Operations'. Excise duty in respect of Finished Goods lying in stocks is shown separately as an item of expense and included in valuation of finished goods produced.

**39)** (a) Gross amount required to be spent by the Group during the year for CSR: ₹ 3,386,639/- (Previous Year ₹ 3,752,883/-).

(b) Following are the details of amount spent during the year for CSR :-

Amount spent during the year on:			In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset		NIL	NIL	NIL
			NIL	NIL	NIL
(ii)	On purposes other than (i) above		3,570,000	NIL	3,570,000
			(3,800,000)	NIL	(3,800,000)

**40)** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.





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*Pure Leather Accessories*





## ROUTE MAP to the Venue of the 32<sup>nd</sup> Annual General Meeting



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