

A repeating watermark pattern of the text "The mark of a perfectionist ZODIAC" in a light gray, cursive font, rotated 45 degrees. The text is repeated numerous times across the page, creating a subtle background texture.



Biella

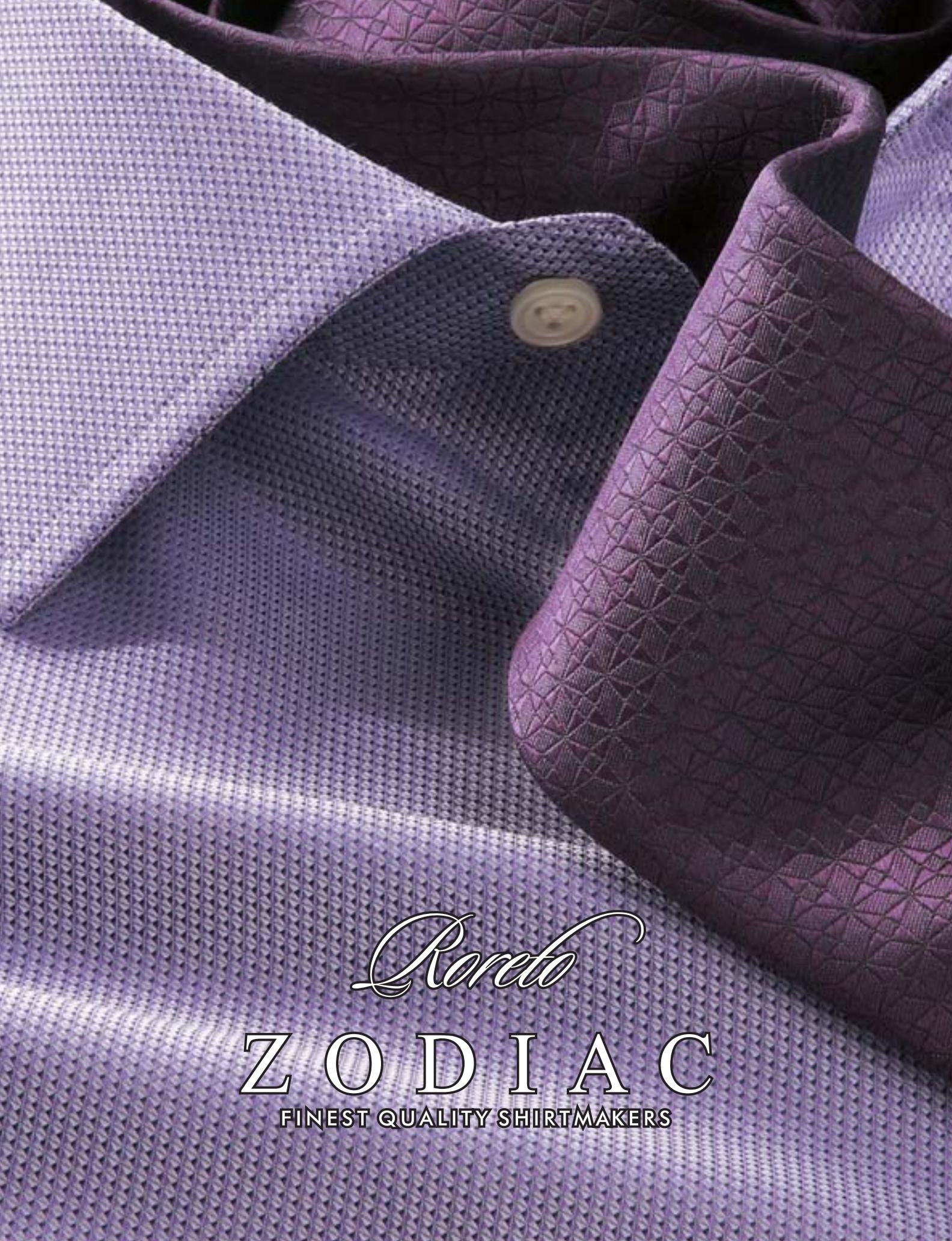
Superfine 140's Pure Wool Suits

ZODIAC
FINEST QUALITY CLOTHING

ZODIAC
Regale
Julian 77



ZODIAC CLOTHING COMPANY LTD.
29th ANNUAL REPORT 2012-2013



Roreto
ZODIAC
FINEST QUALITY SHIRTMAKERS

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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

Dr. S. Abid Hussain
(01.02.1994 to 21.06.2012)

Mr. M. L. Apte

Mr. Bernhard Steinruecke

Mr. S. M. Datta

Dr. Heinrich D. Dieckmann

Mr. Deepak Parekh

(Alternate Director to
Dr. Heinrich D. Dieckmann)

Mr. S. R. Iyer

Mr. Y. P. Trivedi

Mr. A. Y. Noorani

Vice Chairman & Managing Director

Mr. S. Y. Noorani

Managing Director & President

REGISTERED OFFICE

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

Tel. : 022-66677000
Fax : 022-66677279

SOLICITORS

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

M/s. Kanga & Co.
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai - 400 001.

COMPANY SECRETARY

Mr. Omprakash Singh

STATUTORY AUDITORS

Deloitte Haskins & Sells
Chartered Accountants
Tower 3, 27th - 32nd 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 - 560 095.
- 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
- Shed No. A/2/507, GIDC Industrial Area,
Umbergaon, Valsad, Gujarat - 396 171
- A to Z Industrial Premises Co-op. Soc. Ltd.,
Lower Parel, Mumbai - 400 013

REGISTRAR & TRANSFER AGENTS OFFICE

Karvy Computershare Pvt. Ltd.
Karvy House,
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.

BANKERS

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

The Royal Bank of Scotland N.V.
74, Sakhar Bhavan,
Nariman Point, Mumbai - 400 021.

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

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

SUBSIDIARIES

- Zodiac Finsec and Holdings Ltd.
(erstwhile Multiplex Collapsible Tubes Limited)
- Zodiac Clothing Co. S.A. (Switzerland)
- Zodiac Clothing Company (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 of 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 Apte Amalgamations Ltd., Grasim Industries Ltd., Bajaj Hindustan Ltd., Standard Industries Ltd., The Bombay Burmah Trading Corporation Ltd., The Raja Bahadur International Limited and Kulkarni Power Tools Ltd.



Mr. S. M. Datta
Director

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., Tata Trustee Co. Ltd., IL & FS Investment Managers Ltd., Transport Corporation of India Ltd., Speciality Restaurants Ltd., Reach (Cargo Movers) Pvt. Ltd., and Director of Peerless Gen. Fin. and Inv. Co. Ltd., Peerless Hotels Ltd., Peerless Developers Ltd., Atul Ltd., Bhoruka Power Corporation Ltd., Chandras Chemical Enterprises Pvt. Ltd., Rabo India Finance Pvt. Ltd., Door Sabha Nigam Ltd.



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 FAG Bearings India Ltd., Bosch Limited, HDFC ERGO General Insurance Company Limited and Apollo Munich Health Insurance Co. Ltd.



Dr. Heinrich-Dietrich Dieckmann
Director

Dr. Heinrich-Dietrich Dieckmann is a retired German diplomat whose entire career was focused mainly on international economic affairs. During his illustrious career he has served as the German Ambassador to India, German Ambassador to Japan, Director General for Economic Affairs and European Integration in the German Foreign Office, Head of the Economic Department of the German Mission to the United Nations in New York. He was the Foreign Office Representative in all negotiations with the Soviet Union and later on Russia, dealing with the economic aspects of German reunification, and one of the German Sherpas for the preparations of the G7 summits 1992, 1993 and 1994.

**Mr. Deepak Parekh**

Director

Mr. Deepak Parekh (Padma Bhushan, 2006) is a Fellow of the Institute of Chartered Accountants (England and Wales). He is the Chairman of Housing Development Finance Corporation Ltd., Infrastructure Development & Finance Co. Ltd., Glaxo Smithkline Pharmaceuticals Ltd., Siemens Ltd., HDFC Asset Management Co. Ltd., HDFC ERGO General Insurance Co. Ltd., HDFC Standard Life Insurance Co. Limited. He is a Director of Mahindra and Mahindra Ltd. and The Indian Hotels Co. Limited and DP World. He is an Alternate Director of Exide Industries Limited. He has been a member of several Committees set up by the Government of India, especially in the field of Finance and Capital Markets, the recent one being the Investment Commission Committee. 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. Y. P. Trivedi**

Director

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

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 Can Fin Homes Limited and Writer Relocasia, Hong Kong and Director of KSK Energy Ventures Ltd., KSK Power Venture Plc. Isle of Man, P.N. Writer & Co. Pvt. Ltd., Writer Lifestyle P.Ltd, Writer Safeguard P.Ltd., IDMC Limited, Kannada Prabha Publications Ltd., Wardha Power Company Limited, KSK Mahanadi Power Company Limited and Water Field Advisors Pvt. Ltd.

**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 until 14th September, 2012.

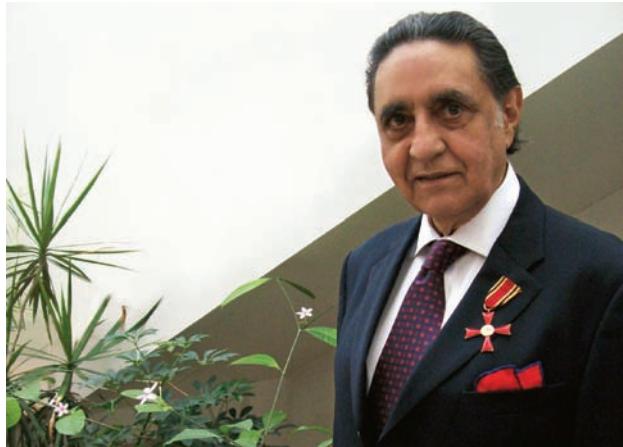
**Mr. S. Y. Noorani**

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 is a member of the Regional Council of CII [Western Region].



CHAIRMAN'S STATEMENT



The export of clothing from India (all fibres) declined during the financial year 2013 to USD 12.7 bn from USD 13.4 bn in the previous year, a decline of 5.5% in USD terms. However, in Rupee terms, the total exports were ₹ 69,000 crore vs. ₹ 64,341 crore the previous year, an increase of approximately 7% due to INR depreciation.

The company's design-driven international business has been most challenging due to the economic situation in the EU, the UK and the US. It was further de-stabilised by the sharp forex fluctuation. The Rupee depreciation has been neutralised greatly, due to pressure from customers to lower USD prices, and by stubborn inflation. The company has met with some success in increasing its business in its hitherto smaller markets, as well as entering some new markets, which show early promise.

With the economic problems faced by the Euro Zone continuing, the serious decline in demand is of concern. In a futile attempt to induce volume growth, the retail prices offered to end consumers in the EU for like-to-like products (albeit of lower quality) have been reduced considerably, despite the brands and retailers enjoying healthier margins.

The demand situation in the US, although somewhat better than in the EU, continues to be weak. Consumer behaviour, prices and margins mirrored that of the EU.

The margins have been made possible by exploiting the situation in Bangladesh and other countries who also have the benefit of lower tariffs, besides Government subsidies, as well as the enviable co-operation between Government and industry in these countries.

Despite Bangladesh enjoying preferential tariffs of "zero" duty in the EU, wages paid to the workers have been abysmally low, i.e. the equivalent of ₹ 2,000/- per month, for much longer working hours than those permitted in law-abiding countries like India, with human rights violations, non-enforcement of already-weak labour laws; working conditions there are hazardous, resulting in several widely-reported industrial accidents, one of which resulted in as many casualties as the Bhopal disaster. Will the uproar generated globally endure? Consumer polls in the US and some European countries show a significant number of consumers there are checking the "country of origin" labels on clothing and refusing to buy Bangladeshi origin.

The situation vis-a-vis competition is that China has had to perforce divert production of clothing for export because of its demographics, rising labour costs propelling available labour away from labour-intensive industries like clothing to higher value added industries – besides, China is also making a conscious effort to increase consumer demand within China, resulting in some production being diverted for consumption within China. However, they have diversified significant portions of their export production base offshore, to countries like Bangladesh, Myanmar, Vietnam and Cambodia.

The design-driven international business, notwithstanding lower volumes, increase in fabric prices during the second half of the year and higher depreciation, has remained profitable.

There was a 10% increase in prices of cotton fabrics produced in India, in the second half. International fabric

prices also, in Rupee terms, have been higher due to sharp depreciation of the Rupee. This has impacted profit margins, which have been exacerbated because of other factors as well. Notwithstanding this, as well as lower volumes, this business remained profitable.

During the financial year 2012-13, the Company reported Standalone gross operational revenues of ₹ 31,584 lakhs against ₹ 31,595 lakhs the previous year. The Standalone net profit, after tax, was ₹ 1,106 lakhs for the year, compared to ₹ 1,098 lakhs in 2011-12.

The FTA with the EU which has been under discussion since 2007, has been in the final stages with just a few products continuing to be discussed, for nearly a year. There is also discussion on IPR, resulting from Indian Court judgements, which have adversely impacted the sentiment of large Pharma companies. Agreement has also to be reached in declaring India "Data Secure".

Should the FTA be signed before elections in Germany and India, it would enable India to increase their exports to the EU, despite the weak market, and also to regain some of the market share lost to Bangladesh in the past.

Consumer demand for branded clothing in India has fluctuated widely - the first two quarters were extremely difficult, the third quarter fluctuated from month to month, showing substantial growth in December. The last quarter showed tepid growth, with the year ending with marginal increase in sales, resulting from negative sentiment generated by adverse economic, social and political developments. As a result, our competitors held large inventories which required them to discount and/or allow terms like consignment basis or stock correction, which in turn, undermined their brands, though they were able to show slightly higher growth. The consumer has the spending power – but the consistent barrage of negative developments result in the sentiment swinging from positive to negative. When the economy resumes its growth trajectory, which is when the demographic dividend would also kick-in by the addition of new consumers, is when the Indian market will reach the inflection point.

The industry has been excluded from the purview of Excise from March 2013. The benefit for the Branded segment will become evident in terms of volume growth over time. The export segment is greatly benefited, because they have been spared the cost and onerous job

of coping (without the simplified procedure) with the compliance of Excise formalities needlessly.

The Company's own retail business grew in double digits, with like-to-like stores registering a growth of just under 10%. The share of pie of own retail has grown 10%. Given the market scenario, and the fact that the company does not discount or offer soft terms on Zodiac, Z3 as well as ZOD!, this is no mean achievement. This has also made up for the weak sales through the independent retailers' channel, as well as the national chains, because of which the total branded business grew marginally.

The brands continue to strengthen because of non-discounting and not offering easy terms and because of the continuing focus on value added innovations and the constant pursuit of high quality, which resulted in the company's product extensions like suits continuing to gain ground.

The company's focus remains on growing the branded business with conservative aggressiveness across all channels (independents, national chains, own retail) with own retail continuing to be an extreme focus area, notwithstanding the current situation.

This year the company opened 11 new stores and closed down 10 non-viable stores, a net increase of 1 store, taking the total of company stores to 105 as of 31st March 2013.

It is very heartening that the Standalone EBIDTA margin has reversed direction and has increased from 7% to approximately 9% during the year. The Standalone PBT also has increased by 14%, which is heartening, given the market situation. Cost reduction/control (despite increase in rentals in pursuance of the focus on own retail) and proviso for discarded assets of the non-viable stores closed during the year) has contributed to this. The company will strive to improve further on this with improvement in sentiment in our markets

The PAT has not grown pro-rata because of high provision for deferred taxes, arising from higher depreciation.

The company's subsidiary in the UAE did not perform as well as in the past, although it continues to be profitable. This was attributable to the market situation in the Middle East (besides the EU and the US) being what it has been, which affected the top line of the company.

Besides, the strength of the Dollar (with which the UAE Dirham is pegged) not only eroded competitiveness, and therefore sales, but also had a negative impact on profitability.

The Company looks forward to overcoming this negative phase of the business cycle in this subsidiary at the earliest.

As you know, one has aspired long for Government and the industry to work as a team in complete unison to achieve maximum competitive advantage for the nation. The industry looks to the Government to take the lead role in (a) fast track negotiation of favourable Trade Agreements (especially concretising EU before elections in India/Germany); (b) helping eliminate the “export” of India's taxes by virtue of an efficient mechanism to fully insulate and reimburse taxes of any type with a delivery system that eliminates delays; (c) minor tweaking of labour laws; (d) encouraging the export segment of the industry to diversify into the Indian market as well to enable them to build themselves into truly strong globally competitive players/brands; (e) encouraging building of “Brand India”, besides innovation and product development.

One also looks to the Government to review the Advance Licence /EODC system, which belong to a different era. In the past, several items of textiles were not permitted to be imported, and those that were, attracted rates of duty, which were much higher than they are today. Most of our competitor countries have a system where data is maintained of the value of fabric imported duty free and value of total clothing exports, with a separate reconciliation in value terms of exports (without claiming of Drawback) against duty free imports, which is submitted to the authorities periodically, and compulsorily squared up at the end of each financial year. The export obligation discharge certification is an extremely painful and time-consuming process, which requires an entire department working full time only on fulfilling this onerous/unproductive task.

A simple method, as is followed in competitor countries, is the need of the hour.

The Government has, consequent to the changes in the budget, re-constituted a high-powered Committee for reviewing the rate of duty drawback. The industry awaits the decision of this Committee with great anticipation as

a step forward in combating the “export” of India's taxes.

The above steps would result in helping achieve higher unit realisation in some cases, and reduction in cost in all cases. They would sharpen India's competitiveness considerably and enable us to gain substantial market share in new markets, as also in recapturing lost market share in the EU and the US when their economies stabilise – the US is already showing signs of improvement.

This is one industry which can definitely address the most serious problem the country is facing, i.e. the Current Account Deficit, besides creating gender-sensitive employment, in compliance with prevalent Laws of the Land.

Looking back, one can only say that the year has been one of hitherto unseen volatility. Renowned Economists have opined that this decade could be a “Decade of Volatility” - the effort, therefore, has to be to see to what extent our competitive strengths can be leveraged to convert this volatility into opportunity.

Of the 8,64,000 (including bonus entitlement) stock options granted to employees of the company and its subsidiaries/Directors of the company (other than Promoter Directors or their relatives) which has been duly approved by the shareholders at the Annual General Meeting held on 31st August, 2006, the company allotted 119,700 shares (including the bonus entitlement thereon) on receipt of valid applications along with the necessary application money during the year. The paid-up share capital of the company as on 31st March 2013, increased from ₹ 19,27,02,980/- to ₹ 19,38,99,980/-.

The Board had declared an interim dividend of ₹ 1.50 during the year 2012-2013. Considering the profitability of the company during the year, as well as to be in line with best practices vis-à-vis dividend pay out ratio, your Directors are pleased to declare a final dividend of ₹ 2/- per equity share of the face value of ₹ 10/- on the enhanced paid-up capital of ₹ 19,38,99,980/-.

ICRA (an associate of Moody's Investor Service) has yet again reaffirmed the Company's rating of A1+ for its short-term fund based/non fund based facilities, of ₹ 70 crores, for the financial year 2013-14. (Within the A1 category, which is ICRA's highest quality rating denoting

lowest credit risk in the short term, certain instruments are assigned A1+ rating denoting their stronger credit quality).

Zodiac Properties Limited (the SPV for the property for the UK operations) had gainfully employed the residential floor by leasing that portion. The UK operations have been moved into the refurbished office portion, which is generating additional rental income from 1st January, 2013.

I sincerely thank all our stakeholders – our shareholders, customers, the Government, banks, solicitors, distributors, suppliers and other business associates – all of whom have supported and helped the company in achieving the results it has in this volatile period.

My grateful thanks to our eminent Board of Directors

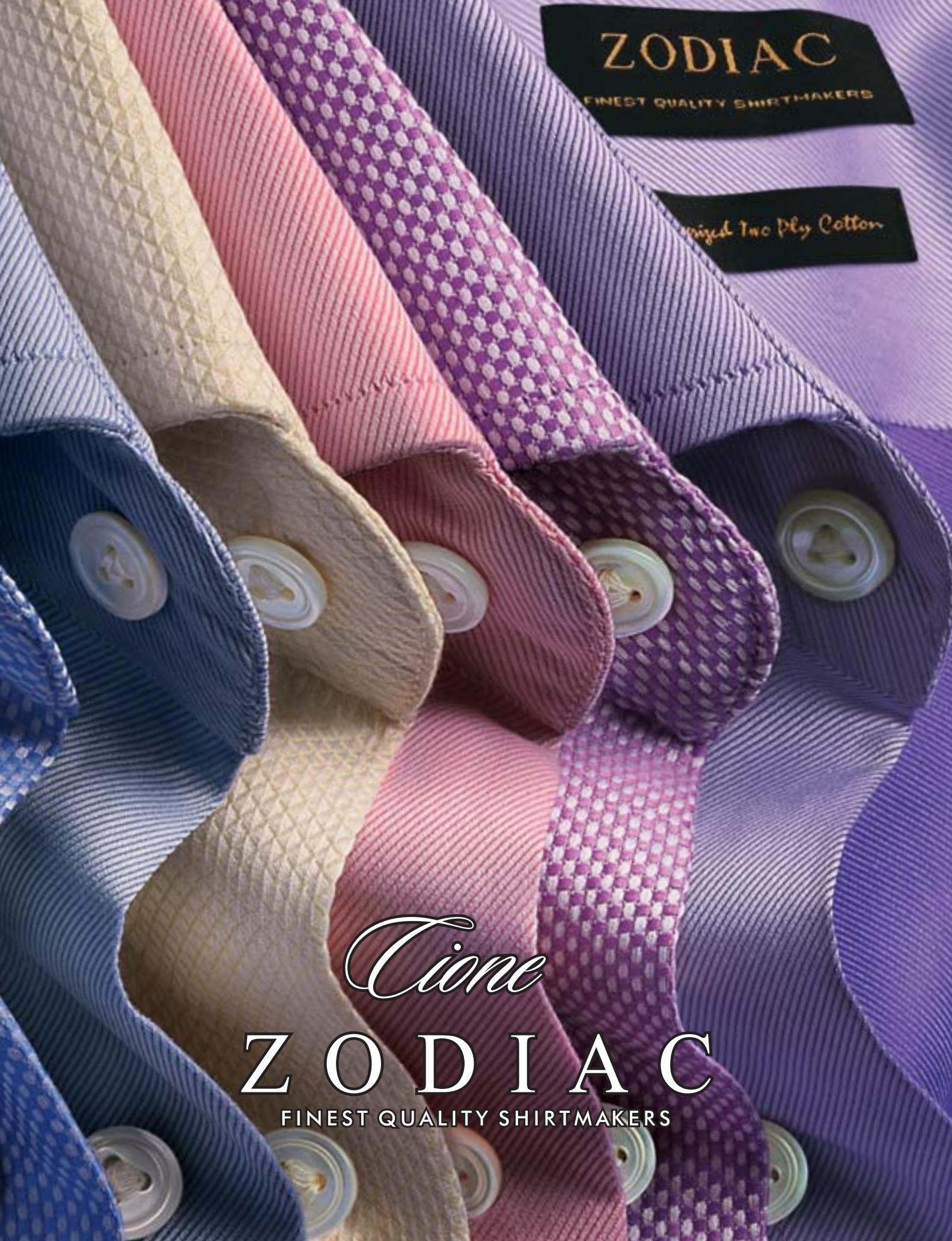
for their valuable guidance and advice, which have steered the company's progress and profitability over the decades, and helped sustain highest standards of Corporate Governance.

My deepest appreciation and thanks to our employees at all levels for their excellent performance, strong work ethic, teamwork, solidarity and commitment to the Company at all times, which has contributed to our consistent profitability in challenging times.

Thank you for the trust and confidence reposed in our organisation, especially during these turbulent times. We assure you we remain as committed as ever to the company's goals.

M.Y. Noorani

Chairman



ZODIAC

FINEST QUALITY SHIRTMAKERS

Mixed Two Ply Cotton

Tione

ZODIAC

FINEST QUALITY SHIRTMAKERS

HIGHLIGHTS (STANDALONE)

₹ in lakhs

PARTICULARS	2012-13	2011-12
Revenue from Operation	31,584	31,595
Less: Excise duty	821	787
Net revenue from operation	30,763	30,808
Other Income	780	825
Total Revenue	31,543	31,633
Less: Total expenses	29,024	29,567
Profit before finance cost, Depreciation and other exceptional items	2,519	2,066
Less: Finance cost	163	124
Profit before depreciation	2,356	1,942
Less: Depreciation	784	627
Profit before exceptional items	1,572	1,315
Add: Exceptional items	26	89
PROFIT BEFORE TAX FOR THE YEAR	1,598	1,404
Provision for Tax (net)	492	306
PROFIT AFTER TAX FOR THE YEAR	1,106	1,098
Add: Balance brought forward from the last year	10,036	9,689
Total amount available for appropriation	11,142	10,787
Appropriations:		
Interim Dividend	291	193
Proposed Dividend	388	385
Corporate Dividend Tax	80	63
General Reserve	125	110
Balance retained in Statement of Profit and Loss	10,258	10,036

DIRECTORS' REPORT TO THE MEMBERS

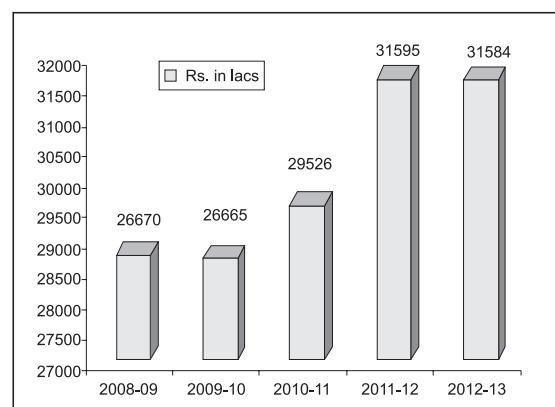
To,
The Members,
Zodiac Clothing Company Limited.

Your Directors hereby present the 29th Annual Report with the Audited Statements of Accounts for the Financial Year ended 31st March 2013.

1. BUSINESS:

Turnover & Profits – During the financial year ended 31st March 2013, the operational revenue of the company on a standalone basis was flat at ₹ 31,584 lakhs vs. ₹ 31,595 lakhs in the previous year. The Profit Before Tax was ₹ 1598 lakhs vs ₹ 1,404 lakhs in the previous year, while the net Profit After Tax for the financial year ended 31st March 2013 was ₹ 1106 lakhs vs. ₹ 1,098 lakhs in the previous year (the tax provision being higher due to deferred tax).

GROSS OPERATIONAL INCOME – STANDALONE



The volatility faced during the year in consumer demand (impacting the branded business) and exchange rate fluctuations (impacting both the branded business and design-driven international business), have been unprecedented.

The branded business showed an overall marginal increase. The growth of the company's own retail business was in double digits with like-to-like store growth of just under 10%. Given the market scenario, and the fact that the company does not discount or offer soft terms on the Zodiac, Z3 and ZOD! brands, this is no mean achievement. This has covered ground lost due to weakness in business in the independent retailers' channel, as well as in the national chains. The share of pie of own retail has increased approximately 10% in the current year.

The design-driven international business has been extremely challenging due to the economic situation in the company's markets in the EU, the UK and the US. This has been further destabilised by the sharp exchange rate fluctuation and the increase in prices of cotton fabric in the second half of the year. The company has met with some success in increasing its business in its hitherto smaller markets, as well as entering some new markets, which show early promise.

The industry has been excluded from the purview of Excise from March 2013, as a result of which the export segment is greatly benefited, because they have been spared the cost and onerous job of coping (without the simplified procedure) with the compliance of Excise formalities needlessly.

The design-driven international business, notwithstanding lower volumes, increase in fabric prices during the second half of the year, higher depreciation and the benefit of the Rupee depreciation being eroded by stubborn inflation and customers insisting on lower USD prices, has remained profitable.

The Forex Policy has also contributed somewhat to the substantial reduction in exchange loss during the current year, despite extreme volatility of the exchange rates.

The Standalone PBT increased by 14%, through cost reduction/control, despite the increase in rentals (in pursuance of the focus on own retail), and the proviso for discarded assets (the non-viable stores closed during the year), which is heartening, given the market situation

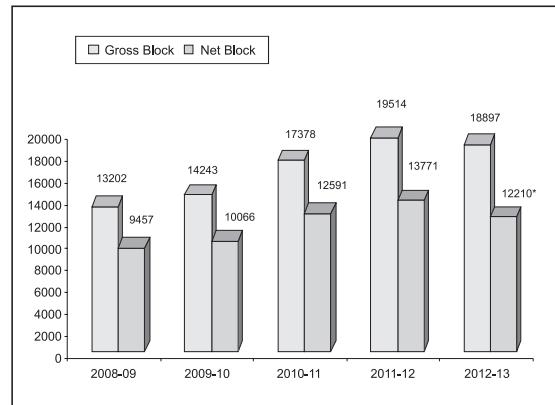
As of 31st March 2013, the company had 105 stores. 11 new stores were opened and 10 were closed during the year, a net increase of 1 store. (All stores are company-owned, not franchised). The company's strategy of investing in growth of its own retail business is being pursued steadfastly.

The outlook for the Branded business, including the Company's own retail stores, continues to look most promising in the medium to long term.

2. RESULTS OF OPERATIONS:

FINANCIAL RESULTS:		(₹ in Lakhs)			
		Standalone	Consolidated	2012-13	2011-12
Total Revenue from operations		31,584	31,595	36,818	38,540
PROFIT BEFORE TAXATION		1,598	1,404	2,016	2,203
<u>Provision for Taxation:</u>					
Current Tax		406	322	528	444
Deferred Tax		86	(16)	86	(16)
PROFIT AFTER TAXATION		1,106	1,098	1402	1,775
Balance of Profit Brought forward		10,036	9,689	15,480	14,613
Transfer from General Reserves		—	—	—	7
Profit Available for Appropriation		111,42	10,787	16,882	16,395

FIXED ASSETS – CONSOLIDATED



* Excluding property re-classified as non-current investment in the current year.

3. SUBSIDIARY COMPANIES:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary

companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

4. CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March 2013 is annexed hereto.

5. CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the requirements of Accounting Standards AS-21 notified under the Companies (Accounting Standard) Rules 2006, the Consolidated Accounts of the company and its subsidiaries are annexed to this Report.

6. RATING:

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, which have been maintained at ₹ 70 crores.

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.

7. CAPEX :

Capex (on standalone) was incurred predominantly on the new company run Stores (₹ 389 lakhs),

balancing machinery and equipment (₹ 207 lakhs), refurbishing of the Corporate Headquarters (₹ 435 lakhs), as well as on building & others (₹ 165 lakhs). Rental deposits (₹ 1,447 lakhs) are not booked as Capex.

During the year, the Capex aggregated ₹ 1,196 lakhs (as against ₹ 1,852 lakhs last year) on a standalone basis and ₹ 1,387 lakhs (as against ₹ 2,150 lakhs last year) on a consolidated basis.

8. LIQUIDITY:

The Debt Equity Ratio as on 31st March 2013 was 0.26 on a standalone basis and 0.22 on a consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves - on consolidated basis) were ₹ 2,924 lakhs in March 2013, as against ₹ 2,209 lakhs last year.

9. INCREASE IN SHARE CAPITAL:

During the year under review, the paid-up share capital of the company has increased from ₹ 19,27,02,980/- to ₹ 19,38,99,980/- as a result of allotment of 119,700 shares issued under the ESOP Scheme.

10. APPROPRIATIONS:

Dividends – Your Directors have recommended a final dividend at ₹ 2/- per Equity Share of ₹ 10/- each on 1,93,89,998 Equity Shares (previous year ₹ 2/- per Equity Share of ₹ 10/- each on 1,92,70,298 Equity Shares). The company had distributed an interim dividend of ₹ 1.50 per equity share during the year (previous year ₹ 1.00 per equity share). The total dividend (interim and final) amount (when approved by the shareholders) including dividend distribution tax would be ₹ 759 lakhs, (previous year ₹ 641 lakhs). Dividend (including dividend distribution tax) as a percentage of profit after tax is 69%.

Transfer to Reserves: Your Directors propose to transfer ₹ 125 lakhs (11% of the net profit for the year) to the General Reserve. An amount of ₹ 10,258 lakhs is proposed to be retained in the Statement of Profit and Loss.

11. CORPORATE GOVERNANCE:

The process of sharpening of, and consistent improvement in the already high standards of Corporate Governance continues. As required under the revised Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed note on Corporate

Governance is annexed to this Report. The company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate confirming compliance of the Corporate Governance requirements by the company is attached to the Report on Corporate Governance.

12. QUALITY:

The company continues to pursue its policy of quality, productivity, value addition and innovation. To combat the economic situation globally, cost control measures are being pursued vigorously.

13. BRANDING:

Zodiac, Z3 and ZOD! brands were neither discounted nor offered on soft terms, underscoring the increasing strength of the brands by virtue of the brands' continuing focus on value added innovation and consistent pursuit of higher quality. This has resulted in the company's product extensions continuing to gain ground.

The industry has been excluded from the purview of Excise from March 2013. The benefit for the Branded segment will become evident in terms of volume growth over a period of time. The export segment is greatly benefited, because they have been spared the cost and onerous job of coping (without the simplified procedure) with the compliance of Excise formalities needlessly.

14. INFORMATION UNDER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988:

(A) Conservation of Energy

Energy efficiency has been a key focus area for the organisation. Regular audits to fine tune already tight systems put in place has resulted in a further drop in energy consumption, despite the unit rates going up, as well as increase in the number of equipment.

Special emphasis is given to the major contributors of energy consumption – heating, cooling and lighting. Working closely with specialists in each field, the company is constantly striving to outperform not only industry standards, but its own already-achieved benchmarks.

Innovative solutions like microprocessor based equipment and controls, LED, web monitoring,

highly efficient steam systems, etc. used in conjunction with each other, as well as in combination with still-evolving technologies like solar, have already resulted in the reduction of minimum electricity demand at the plants.

(B) Pollution Control

The company is very sensitive about the environment. Its belief in running its business in an ecologically responsible manner has not only become a way of life, but also one of its business goals.

This quest for excellence resulted in a natural teaming up with the best in the field of air and water. After a lot of R&D and application of these technologies in its process, the company has undertaken implementation solutions, which will result in the drop of water consumed in its manufacturing process by over 50%. The eventual goal is to become “water positive”.

(C) Technology, Absorption, Adaptations & Innovation : Not applicable

(D) Foreign Exchange Earnings and Outgo:

Total Foreign Exchange Earned	₹ 13,890 lakhs
Total Foreign Exchange Outgo	₹ 5,687 lakhs

15. CORPORATE SOCIAL RESPONSIBILITY:

The company continues to lay emphasis on discharging its social responsibility in line with the policy renewed by the Board of Directors on 24th June 2009 for contribution by way of Charitable Funds not related to the business of the company. This is within the limit approved by the shareholders.

16. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. S.R Iyer, Mr. Bernhard Steinruecke and Mr. M.L. Apte, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. A brief resume of Mr. S.R Iyer, Mr. Bernhard Steinruecke and Mr. M.L. Apte, Directors, as required by Clause 49 of the Listing Agreement with the Stock Exchanges,

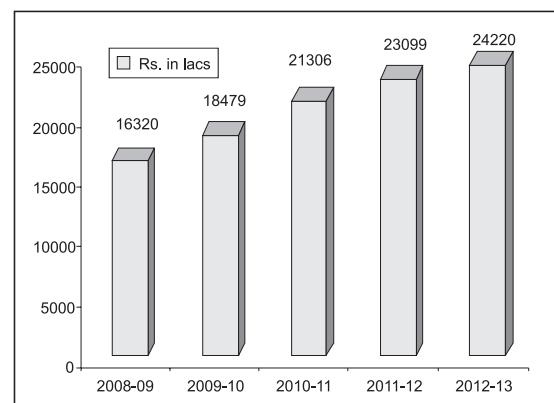
is provided in the Notice convening the Annual General Meeting of the Company.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern' basis.

NET WORTH – CONSOLIDATED



18. HUMAN RESOURCE MANAGEMENT:

The company's belief that its people are the primary source of its sustainable competitive advantage, drives its consistent emphasis on HRD. The

performance driven culture is bearing fruit. Cordial employee relations, in keeping with tradition, are being pursued vigorously with the variable component also including rewards for contribution to the profitability of the company. The Board wishes to place on record its appreciation to all the employees of the company for their sustained efforts and immense contribution to the high level of performance and efficiency of the business during the year.

19. ZODIAC EMPLOYEES' STOCK OPTION PLAN 2006:

At the Annual General Meeting held on August 31, 2006, the shareholders of the Company had approved the grant of 5,00,000 Stock Option to employees of the Company and its subsidiaries / Directors of the Company (other than Promoter Directors or their relatives).

The Company granted 2,91,000 stock options and 2,67,350 stock options on 27th December 2006 and 20th January 2011 at an exercise price of ₹ 255.40 and ₹ 346.00 per equity share respectively (each option carried an entitlement of one equity share of face value of ₹ 10/- each). Both grants were duly approved by the Compensation Committee/Board of Directors.

During the year under review, the Company allotted 119,700 equity shares, including the bonus entitlement thereon, (to eligible Directors and Employees of the Company under Zodiac Clothing Company Limited – Employees Stock Option Plan – 2006) on receipt of valid applications along with the necessary application money. The said allotment was done successfully on receipt of confirmation given by National Securities Depository Limited and Central Depository Services (India) Ltd. The Company has also received trading permission from The BSE Limited and National Stock Exchange of India Limited in respect of 119,700 equity shares allotted under ESOP. The particulars with regard to the stock options as on March 31, 2013 as required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are enclosed as Annexure 1 to this Report. The Company has obtained a certificate from the auditors stating that ESOP has been implemented in accordance with SEBI (ESOS and ESPS) Guidelines, 1999 and the resolution of the Company passed in the Annual General Meeting held on August 31, 2006.

20. COMPLIANCE WITH THE CODE OF CONDUCT:

The Code of Conduct adopted by the Company for its Board of Directors and its Managerial Personnel has been uploaded on the company's website. The declaration of compliance with the Code of Conduct has been received from all Board Members and the Managerial Personnel. A certificate to this effect from Mr. A.Y. Noorani, Vice Chairman and Managing Director, forms part of this Report.

21. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis of the Company is provided under the separate section and forms part of this report.

22. FIXED DEPOSIT:

The Company has not accepted any Fixed Deposits from the public under Section 58A of the Companies Act, 1956.

23. 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.

24. DONATIONS:

During the financial year, the Company has contributed a sum of ₹ 106 lacs to various Charitable and Educational Institutions.

25. INSURANCE:

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

26. AUDITORS:

The Auditors M/s. Deloitte Haskins and Sells, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and, being eligible, have offered themselves for

re-appointment. The Audit Committee and Board of Directors recommend the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company.

27. COST AUDITOR:

Pursuant to the provisions under Section 233B of the Companies Act, 1956. M/s. N. Ritesh & Associates, Cost Accountants, has been appointed as Cost Auditors of the Company for the financial year 2013-14.

28. AUDIT COMMITTEE:

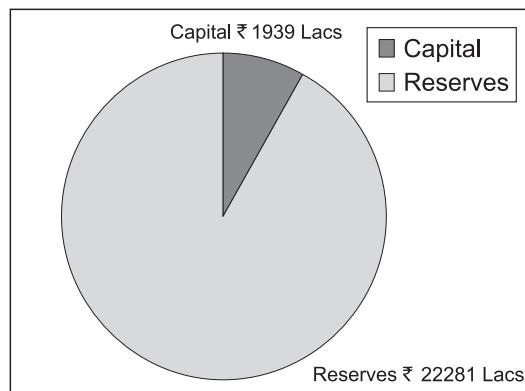
In accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee, which consists of three Non-Executive Independent Directors of the Company viz Mr. S.R Iyer (Chairman of the Audit Committee), Mr. Y.P Trivedi and Mr. M.L Apté (Members). The Audit Committee functions in terms of the powers and role delegated by the Board of Directors keeping in view the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, have been described separately under the head Audit Committee on Report of Corporate Governance.

29. PARTICULARS OF EMPLOYEES:

The Particulars of Employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of

this Report and have been annexed herewith.

30. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2012 – 2013 CONSOLIDATED



31. ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for the assistance, support and co-operation received from the customers, shareholders, the Government, other statutory bodies, banks, solicitors, distributors, suppliers and other business associates.

Your Directors also place on record their sincere appreciation for significant contribution made by employees at all levels through their dedication, commitment, and look forward to their valuable support in vigorously pursuing the medium to long term goals of the company.

For and on behalf of the Board

Place : Mumbai
Dated : May 29, 2013

M. Y. NOORANI
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2013.

Sr. No.	Name	Age	Designation	Remuneration (₹)	Nature of Duties	Qualification/ Experience	Date of joining	Last Employment
1.	Mr. Anees Yusuf Noorani	62 years	Vice-Chairman & Managing Director	8,450,000	Responsible for overseeing the management of the organisation, corporate affairs and finance.	AMP - Harvard Business School (Boston) / 44 years	14/06/1984	Zodiac Clothing Company Limited
2.	Mr. Salman Yusuf Noorani	50 years	Managing Director & President	8,450,000	Responsible for the design, manufacturing, sales and marketing functions.	B. Com/ 31 years	14/05/1993	Zodiac Clothing Company Limited

Notes:

1. The nature of employment of the above Directors is contractual.
2. Remuneration as shown above, is by way of Commission.
3. Mr. Anees Yusuf Noorani and Mr. Salman Yusuf Noorani are sons of Mr. M.Y. Noorani, who is the Chairman (Non-executive) of the Company and hold 0.10% and 0.04% equity shares in the Company respectively.

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: December 27, 2006	Second Grant: January 20, 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*	231,030*
d.	Options exercised till date	412,602*	NIL
e.	The total number of shares arising as a result of exercise of option	412,602	NIL
f.	Option lapsed till date	50376*	31950*
g.	Variation of terms of option as at 31 st March 2013		Not Applicable
h.	Money realized by exercise of option	₹ 13,587,280	NIL
i.	Total number of options in force as on 31 st March 2013	NIL	369,075*
j.	Employee wise details of options granted to: (i) senior managerial person (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 (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:	(i) 367,350* Options (ii) Nil (iii) Nil	(ii) 301,575* Options (ii) 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 March 31, 2013.	₹ 5.73	
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 ₹ 7,379,655 (Previous Year ₹ 19,532,139) and consequently profit after tax would have been lower by ₹ 7,379,655 (Previous Year ₹ 19,532,139) and Basic and Diluted Earnings per share would have been lower by ₹ 0.39 (Previous year ₹ 1.02) per share and ₹ 0.39 (Previous year ₹ 1.01) 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: 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 (2) Expected life of options (3) Expected volatility (4) Expected dividends (5) The price of the underlying share in the market at the time of option grant prior to option grant.	7.59% to 7.67% 2.5 to 4.5 years 45.22% to 51.13% Not applicable ₹ 255.40	8.10% to 8.10% 2.5 to 4.5 years 50.58% to 61.45% As the weighted average life of the option is more than 1 year and hence the estimation of the future dividend is unacceptable. ₹ 346.00

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

For and on behalf of the Board

Mumbai
Dated: May 29, 2013

M.Y. NOORANI
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-2013

Corporate Governance is a process that aims to meet stakeholders' aspirations and expectations. Corporate Governance 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 March 31, 2013, as per the format prescribed by SEBI and as incorporated in the revised Clause 49 of the Listing agreement with the Stock Exchanges, are set out below for the information of the shareholders and investors of the Company.

I. Company's Philosophy on Code of Corporate Governance

The Company's endeavor is to follow the spirit of good governance rather than mere compliance with the conditions specified by regulatory authorities. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has formulated, interalia, various policy documents and introduced best practices of governance like Code of Conduct, Prohibition of insider trading policy and risk management policy. 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

(a) Composition of the Board

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March 2013, the Board of Directors of the Company comprises of 10 Directors including an Alternate Director. The Chairman, Mr. M.Y. Noorani, is a Non – Executive Director, who is also one of the promoters of the company. Besides, there are two Executive Directors, viz. Mr. A.Y. Noorani, Vice-Chairman & Managing Director and Mr. S. Y. Noorani, Managing Director & President, who are also promoters of the Company. Out of the 10 Directors, 8 are Non-Executive Directors (including 1 Alternate Director). Out of the above 8 Non-Executive Directors, 7 are Independent Directors (including 1 Alternate Director). Thus, more than 50% of the Board comprises of Non-executive Independent Directors. 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 and other relevant details relating to Directors as on 31st March 2013 are given below: –

Name of the Director	Designation	Category of Directorship	*Directorship in other companies including private companies [other than Zodiac Clothing Company Limited]	*Committee membership [other than Zodiac Clothing Company Limited]
Mr. M.Y. Noorani	Chairman	Promoter & Non Executive	5	Nil
Mr. M.L. Apte	Director	Independent & Non Executive	7	4
Mr. S.M. Datta	Director	Independent & Non Executive	15	8
Mr. Bernhard Steinruecke	Director	Independent & Non Executive	4	Nil
Mr. Deepak Parekh	Director (Alternate to Dr. Heinrich Dietrich. Dieckmann)	Independent & Non Executive	11 (Including Alternate Directorship)	6
Mr. Y.P. Trivedi	Director	Independent & Non Executive	8	3
Mr. S.R. Iyer	Director	Independent & Non Executive	12	7 #
Dr. Heinrich D. Dieckmann	Director	Independent & Non Executive	Nil	Nil
Mr. A.Y. Noorani	Vice Chairman & Managing Director	Promoter & Executive	8	Nil
Mr. S.Y. Noorani	Managing Director & President	Promoter & Executive	9	Nil

* Details of other directorships/committee memberships of all Directors are given by way of a separate Annexure.

Including Chairman of two Audit Committees of Listed Companies.

None of the above Directors is less than 21 years of age.

(b) Details of sitting fees, remuneration etc., paid to Non-Executive Directors for the year ended 31st March 2013.

Name of the Director	Sitting fees paid for attending meetings of the Board and / or Committee (all figures in Rupees)	Number of Stock Options exercised #
Mr. M. Y. Noorani	—	—
Dr. S. Abid Hussain *	20,000	—
Mr. M.L. Apte	260,000	7650
Mr. S.M. Datta	120,000	—
Mr. Bernhard Steinruecke	80,000	7650
Mr. Deepak Parekh (Alternate Director to Dr. Heinrich D. Dieckmann)	—	—
**Mr. Y.P. Trivedi	140,000	7650
Mr. S.R. Iyer	260,000	7650
Dr. Heinrich D. Dieckmann	—	—

* Dr. S. Abid Hussain expired on 21st June 2012 and accordingly ceased to be director w.e.f. the said date.

**Mr. Y. P. Trivedi is a practicing Supreme Court Advocate, who specializes in income tax matters. He is a member of Rajya Sabha and has been appearing on behalf of the company before the Income Tax Authorities / Tribunals in a professional capacity, on a case-to-case basis. However during the financial year ending 31st March 2013, no professional fees were paid to him.

as adjusted on allocation of Bonus Option, wherever applicable.

The Company does not have any pecuniary relationship or transactions with the Non- Executive Directors, save and except as disclosed above and further to the Note No. 24 of the financial statements for the year ended 31st March, 2013. The fee/ compensation paid to Non-Executive and Independent Directors is fixed by the Board and previously approved by shareholders in General Meeting.

Save and except as stated above, the Non-Executive Directors are not entitled to any remuneration for attending Board/ Committee Meetings. However, each Executive Director, is entitled to remuneration by way of commission not exceeding 5% of net profit as computed u/s 198 of the Companies Act, 1956.

During the year under review the Company received applications from the following Directors of the Company exercising options granted to them under the Zodiac Clothing Company Limited - Employees Stock Option Plan – 2006.

ALLOTMENT TO DIRECTORS OF THE COMPANY

Sr. No.	Name of the Allottees	No of options exercised*	Amount received (₹)
1.	Mr. M.L.Apte	7650	868360
2.	Mr. Bernhard Steinruecke	7650	868360
3.	Mr. Y.P.Trivedi	7650	868360
4.	Mr. S.R.Iyer	7650	868360

* as adjusted on allocation of Bonus Option, wherever applicable.

In respect of the above shares, the Company has completed all the formalities towards Corporate Action with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) respectively and the shares have been credited to the shareholder in Electronic format. The Company has also received the Trading permission from BSE Limited and The National Stock Exchange of India Limited in respect of the above shares allotted under ESOP.

(c) Number of Board Meetings held and attended by Directors

The Meetings of the Board of Directors are scheduled well in advance .The Board Members are presented in advance with the detailed agenda in respect of all Board Meetings. During the year under review 7 meetings of the Board of Directors were held on the following dates, and the maximum time gap between any two meetings did not exceed 4 months: –

May 29, 2012, August 10, 2012, August 29, 2012, November 9, 2012, February 8, 2013, February 13, 2013 and March 23, 2013.

The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2013 and during the last Annual General Meeting is as under: –

Directors	No of Board Meetings Attended	Attendance at the last Annual General Meeting
Mr. M.Y. Noorani	7	Yes
Dr. S. Abid Hussain*	1	No
Mr. M.L. Apte	6	No
Mr. S.M. Datta	5	No
Mr. Bernhard Steinruecke	4	Yes
Mr. Deepak Parekh (Alternate Director to Dr. Heinrich D. Dieckmann)	–	No
Mr. Y.P. Trivedi	3	Yes
Mr. S.R. Iyer	6	Yes
Dr. Heinrich D. Dieckmann	–	No
Mr. A.Y. Noorani	7	Yes
Mr. S.Y. Noorani	7	Yes

* Dr. S. Abid Hussain expired on 21st June 2012 and accordingly ceased to be director w.e.f. the said date.

(d) Membership of Committees:

As per the disclosures made to the Company by Directors, none of the Directors of the Company is a member in more than 10 committees nor have they acted as Chairman of more than five committees across all companies in which they are Directors. This includes membership in Audit Committee and Shareholders/Investors Grievance Committee only. The Directors of the Company have been intimating the company about the committee positions they occupy in other companies and have also been notifying changes as and when they take place.

(e) Based on the reports received from the Functional Heads of the Company, the Vice Chairman & Managing Director has been reporting to the Board periodically about the compliance position in respect of the laws applicable to the Company. The Board is also informed about non-compliances, if any, as well as steps taken by the Company to rectify instances of non-compliance.

(f) Compliance with Code of Conduct:

The Company had evolved and adopted a Code of Conduct for its Board of Directors and its managerial personnel based on the principles of good Corporate Governance and best management practices. The declaration of compliance with the Code of Conduct has been received from all Board Members and the managerial personnel. The code is available on website of the Company. A certificate to this effect from Mr. A.Y. Noorani, Vice Chairman & Managing Director, forms part of this report.

Declaration affirming compliance to Code of Conduct

I, A.Y. Noorani, Vice Chairman & Managing Director of the Company, hereby declare that the company has adopted a Code of Conduct for its Board Members and managerial personnel and they have affirmed compliance with the said Code of Conduct.

For Zodiac Clothing Company Limited

Place : Mumbai

Dated : 29th May, 2013

A.Y. Noorani

Vice-Chairman & Managing Director

III. Audit Committee

(a) Constitution of Audit Committee

The Company has a duly constituted Audit Committee. The Chairman of the Audit Committee is Mr. S.R. Iyer, who is an Independent Director. The other members of the Audit Committee are Mr. Y. P. Trivedi and Mr. M. L. Apte who are also

Independent Directors. The Committee presently consists of three Directors all being non-executive and independent. All the members of the Audit Committee are financially literate and two of the members have accounting or related financial management expertise [viz. Mr. S. R. Iyer and Mr. Y. P. Trivedi]. The Company Secretary acts as the Secretary to the Audit Committee. At the Annual General Meeting held on August 29, 2012, Mr. S.R. Iyer, Chairman of the Audit Committee was present to answer the queries of the shareholders.

(b) Role and Powers of Audit Committee: –

The terms of reference of the Audit Committee includes:

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.

Role:

1. To oversee 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. To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. To approve payment to Statutory Auditors for any other services rendered by them.
4. To review with the management, the annual financial statements 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 (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. To review with the management, the quarterly financial statements before submission to the Board for approval.

5A To Review, 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. To review 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.
8. Discussion with internal auditors, any significant findings and follow up there on.
9. 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.
10. 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.

11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A To Approve the appointment of 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 & background, etc. of the candidate.
13. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee mandatorily reviews the following:

- i. Management discussion and analysis of financial condition and results of operation,
- ii. Statement of significant related party transactions
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors
- iv. Internal audit reports relating to internal control weaknesses and
- v. The appointment, removal and terms of remuneration of the chief internal auditor.

(c) Meetings of Audit Committee:

During the year ended 31st March 2013, Seven Audit Committee Meetings were held on May 16, 2012, May 29, 2012, August 10, 2012, November 9, 2012, January 2, 2013, February 8, 2013, and March 23, 2013. The attendance of each Audit Committee member in the above meetings is given hereunder: –

Name of the Audit committee Member	No. of meetings held	No. of meetings attended
Mr. S.R. Iyer – Chairman	7	7
Mr. M.L. Apte – Member	7	7
Mr. Y.P. Trivedi, - Member	7	4

Attendees:

The Audit Committee invites such of the executives and directors, as it considers appropriate to be present at its meeting. The Chairman, Managing Directors, the Vice- President - Accounts, the Internal Auditor and the Statutory Auditors are normally invited to these meetings.

IV. Compensation Committee:

The Company has constituted Compensation Committee on 31st October 2006, with the following Board Members:

Mr. Y. P. Trivedi	– Member
Mr. M. L. Apte	– Member
Mr. Bernhard Steinruecke	– Member

The scope of the activities of the Compensation Committee is formulations and implementations of Employee Stock Option Plans (ESOP) schemes in the Company.

At the Annual General Meeting held on August 31, 2006, the shareholders of the Company have approved the grant of Stock Option to employees of the Company and its subsidiaries / Directors of the Company (other than Promoter Directors or their relatives).

At the first meeting of the Compensation Committee held on December 27, 2006, the Committee approved grant of 2,31,500 Stock Options to employees of the Company and 34,000 Stock Options were granted to eligible Directors of the Company at a price of ₹ 255.40 per option. The Board of Directors approved the grant of 25,500 Stock Options to members of Compensation Committee at a price of ₹ 255.40 per option on the said date. No meeting of Compensation Committee was held during the year under review.

At the meeting of the Committee held on January 20, 2011, the Committee approved the Second Grant of 2,14,850 Stock Options to employees of the Company and 30,000 Stock Options were granted to eligible Directors of the Company at a price of ₹ 346.00 per option. The Board of Directors approved the grant of 22,500 Stock Options to members of the Compensation Committee at a price of ₹ 346.00 per option on the said date. Accordingly, an aggregate of 2,67,350 Stock Options were granted during the year 2010-11 at a price of ₹ 346.00 per share pursuant to Employee Stock Option Scheme 2006 of the Company.

During the year under review, the Company allotted 1,19,700 equity shares (as adjusted on allocation of Bonus Option wherever applicable) to eligible Employees / Directors of the Company under Zodiac Clothing Company Limited – Employees Stock Option Plan- 2006 after receiving full consideration on the shares. The allotment was done successfully on receipt of confirmation given by National Securities Depository Limited and Central Depository Services (India) Limited respectively. The Company has also received the trading permission from The BSE Limited and National Stock Exchange of India Limited in respect of all the above shares.

Continuous learning is the cornerstone of the Company's human resource policy. The Company's Human Resource Policy is structured to meet the aspirations of employees as well as of the organization. The Company has a progressive HR policy of continuous development of employees by training and motivating them to attain greater efficiency and competency.

V. Forex Committee:

The Forex Committee was constituted on June 24, 2009 with the following members of the Board:

Mr. S.M Datta
Mr. M.Y Noorani
Mr. A.Y Noorani
Mr. S.Y Noorani

VI. Investment Committee:

The Investment committee was constituted on August 10, 2010 consisting of the following members of the Board:

Mr. S.M. Datta
Mr. S.R. Iyer
Mr. M.Y. Noorani
Mr. A.Y. Noorani
Mr. S.Y. Noorani

VII. Subsidiary Companies:

The Company has five 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)

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Zodiac Clothing Company Limited does not have a 'material non-listed Indian subsidiary' within the meaning of the above definition.

The Audit Committee reviews the financial statements of its unlisted subsidiaries, in particular the investments made by the unlisted subsidiary companies, if any.

The Minutes of the Board Meetings of the above unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The management also brings to the attention of the Board of Directors of the Company periodically, the statement of significant transactions entered into by the unlisted subsidiaries of the company, if any.

VIII. Disclosures:

- i. Disclosure on materially significant related party transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the revised

Clause 49 of the Listing Agreement, are placed before the Audit Committee on quarterly basis. Attention of the members is drawn to the disclosures of transactions with related parties set out in the Note No. 38 of the Financial Statements for the year ended 31st March 2013.

- ii. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during the last three years.
- iii. The Board hereby confirms that no personnel have been denied access to the Audit Committee.
- iv. Disclosure of Accounting Treatment

In the preparation of financial statements, no treatment materially different from that prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable has been followed.

- v. Disclosure on Risk Management

The Company has laid down policies and procedures to inform Board members about the risk assessment and minimization procedures. The main objective of the Risk Management policy, as defined in manual, is to protect the property, earnings and personnel of the company against losses and legal liabilities that may be incurred due to various risks.

- vi. Remuneration of Directors

Non-Executive Directors:

1. The pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the company further to note under point II [b] above have been disclosed in Note No. 38 of the Financial Statements for the year ended 31st March 2013.

2. Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are entitled to sitting fees for attending Board/ Committee Meetings, as the case may be. However, the Chairman, a Non-Executive Director, does not take sitting fees for attending Board Meetings. In addition to the above the following may also be noted:

- a. Mr. Y. P. Trivedi, a Non-Executive Director, is a leading Income Tax Practitioner and a noted Supreme Court lawyer. He is a member of the Rajya Sabha. The Professional fees paid to Mr. Y.P.Trivedi are based upon his expertise in income tax matters for which the company avails his services on case-to-case basis. However, during the financial year ending 31st March 2013, no professional fees were paid to him.
- b. Seven Non – Executive Independent Directors (out of the eight on the Board) have been offered 8,500 Stock Options each at a price of ₹ 255.40 per share in terms of 'Zodiac Employees Stock Option Plan – 2006'.

During the Financial Year 2010-11, further 7,500 Stock Options (Second Grant) each at a price of ₹ 346.00 per share in terms of 'Zodiac Employees Stock Option Plan – 2006' have been offered to the Non –Executive Independent Directors. The Directors have the option to exercise their right of subscription for these shares in one or more tranches, within a period of 3 years commencing from January 20, 2012.

Executive Directors:

- 1. Each Executive Director of the Company is entitled to remuneration by way of commission not exceeding 5% of net profit as computed u/s 198 of the Companies Act, 1956 in terms of their appointment.
- 2. Remuneration paid/payable to Managing / Executive Directors for the year ended March 31,2013:

Name of the Director	Designation	Commission	Contract Period
Mr. A.Y. Noorani	Vice-Chairman & Managing Director	₹ 8,450,000	April1, 2010 to February 28, 2014
Mr.S.Y. Noorani	Managing Director & President	₹ 8,450,000	April1, 2010 to February 28, 2014

The above Executive Directors are not entitled to any sitting fees for attending the Board Meeting / Committee Meeting.

- vii. Management

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(IV)(F) of the Listing Agreement.

There are no material Financial and commercial transactions, with Senior management personnel, where there is a personal interest that may have a potential conflict with the interest of the company at large.

viii. Prevention of Insider Trading:

The Company has framed its Insider Trading Regulations wherein rules for the preservation of price sensitive information, pre-clearance of trade, monitoring and implementation of the code of conduct are framed. This code is applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company. Transaction for dealing in the securities of the Company during the prescribed time requires prior approval from the Company.

Shares held by Directors as at 31st March 2013 are as under:

SR. NO	NAME OF THE DIRECTOR	NO OF SHARES HELD
1.	Mr. M.Y. Noorani	2,569,395
2.	Mr. A.Y. Noorani	19,065
3.	Mr. S.Y. Noorani	8,334
4.	Mr. S.R. Iyer	7,650
5.	Mr. S. M. Datta	30,000
6.	Mr. Y. P. Trivedi	23,625
7.	Mr. M. L. Apte	19,125
8.	Mr. Deepak Parekh (Alternate Director to Mr. Dieckmann)	19,125
9.	Mr. Bernhard Steinruecke	19,125
10.	Dr. Heinrich D. Dieckmann	NIL
Total		2,715,444

IX. Shareholders:

i. Appointment/Re-appointment of Directors

1. Appointment

No new Directors were appointed during the year ended March 31, 2013.

2. Re-appointment

Directors retiring by rotation

The Directors who retire by rotation at the ensuing Annual General Meeting and who are eligible for reappointment are Mr. S.R.Iyer, Mr.Bernhard Steinruecke and Mr. M.L.Apte. A brief profile of the Directors is annexed to the notice of 29th Annual General Meeting. The details of Directorship / Committee Membership of the said three directors are given hereunder for the kind perusal of the shareholders:

1. Mr. S.R.IYER:

The details of Directorships of Mr. S.R. IYER are as follows:

NAME OF THE COMPANY	BOARD POSITION HELD
IDMC Limited	Director
KSK energy Ventures Ltd	Director
KSK Power Ventur Plc Isle of Man	Director
P.N.Writer and Company P.Ltd	Director
Writer Lifestyle P.Ltd	Director
Writer Safeguard P.Ltd	Director
Waterfield Advisors P.Ltd	Director
Canfin Homes Ltd	Director
Kannada Prabha Publications Ltd	Director
Writer Relocasia,Hong Kong	Director
Wardha Power Company Limited	Director
KSK Mahanadi Power Company Limited	Director

COMMITTEE MEMBERSHIP

NAME OF THE COMPANY	NAME OF COMMITTEE	DESIGNATION
IDMC Limited	Audit Committee	Chairman
KS Energy Ventures Limited	Audit Committee	Chairman
KS Power Ventur Plc Isle of Man	Audit Committee	Chairman
P.N. Writer and Company P. Ltd	Audit Committee	Chairman
Writer Lifestyle P. Ltd	Audit Committee	Chairman
Writer Safeguard P. Ltd	Audit Committee	Chairman
Writer Relocasia, Hong Kong	Audit Committee	Chairman

2. Mr. Bernhard Steinruecke

The details of Directorships of Mr. Bernhard Steinruecke are as follows:

NAME OF THE COMPANY	POSITION HELD
Apollo Munich Health Insurance Company Limited	Director
FAG Bearings (India) Limited	Director
Bosch Limited	Director
HDFC Ergo General Insurance Company Limited	Director

3. Mr. M.L. Apte

The details of Directorships of Mr. M.L. Apte are as follows:

NAME OF THE COMPANY	POSITION HELD
Bajaj Hindustan Ltd	Director
Kulkarni Power Tools Ltd	Director
The Bombay Burmah Trading Corporation Ltd	Director
Standard Industries Limited	Director
The Raja Bahadur International Ltd	Director
Apte Amalgamations Ltd	Director
Grasim Industries Ltd	Director

COMMITTEE MEMBERSHIP

NAME OF THE COMPANY	NAME OF COMMITTEE	DESIGNATION
Grasim Industries Ltd	Audit Committee	Member
Bombay Burmah Trading Corporation	Audit Committee	Member
Standard Industries Ltd	Investor Grievances Committee	Member
	Audit Committee	Member

3. Disclosure of relationships between Directors

Mr. M.Y. Noorani –Chairman of the Company is the father of Mr. A. Y. Noorani and Mr. S.Y. Noorani. Mr. A.Y. Noorani, Vice – Chairman & Managing Director is the son of Mr. M.Y. Noorani and brother of Mr. S.Y. Noorani. Mr. S.Y. Noorani, Managing Director & President, is the son of Mr. M. Y. Noorani and brother of Mr. A. Y. Noorani. Except for the above-mentioned directors, none of the other Directors are related to each other in terms of relationships.

ii. Means of Communication:

The results of the company [quarterly as well as annual] are published mostly in Business Standard and Lokmat. The financial results [quarterly /annual] are uploaded on the company's website viz. www.zodiaconline.com. The company

also uploads official news releases on its website for the information of its shareholders/investors. Even presentations if any, made to analyst / institutional investors have been uploaded on the website of the company from time to time as well as sent to stock exchanges to enable them to put it on their website. During the year under review, no presentations were made to analyst.

The Company does not have the system of sending its shareholders individually its quarterly results. However, investors / shareholders desirous of getting the quarterly unaudited results are given copies thereof after consideration of results by the Board and publication in newspapers.

iii. Shareholders/Investor Grievance Committee:

A Board committee under the Chairmanship of a Non-Executive Director has been formed to specifically look into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee has been designated as 'Shareholders/Investors Grievance Committee'. The Committee consists of Mr. M.Y. Noorani, Non-Executive Director, acting as the Chairman and the other members of the Committee are Mr. A.Y. Noorani, Mr. S.Y. Noorani and Mr. M.L. Apte. The Company Secretary acts as the Compliance Officer of the Company.

The Committee meets at frequent intervals to consider share transfer, Shareholders' complaints and other matters as delegated to it by the Board of Directors. All valid share transfers received during the year 2012-13 have been approved/ratified and attended to by the Committee in accordance with the delegation of authority conferred on the said Committee by the Board.

iv. Shareholders' complaints:

Thirty three complaints were received from the shareholders during the financial year ended March 31, 2013, which were attended to by the company promptly. Most of the complaints were relating to non-receipt of dividend, non-receipts of securities relating to transfer of shares etc. There are no complaints/ queries pending to be replied/attended to as at 31st March 2013.

X. Annual General Meetings:

Location, time and date where last three Annual General Meetings of the company were held are given below:

FINANCIAL YEAR	DAY & DATE	TIME	VENUE
2009-2010	Tuesday, August 10, 2010	10.30 a.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2010-2011	Wednesday, August 10, 2011	3.30 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2011-2012	Wednesday August 29, 2012	2.30 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018

Special Resolutions passed in last 3 Annual General Meetings and in Extraordinary General Meeting: -

26th Annual General Meeting held on 10th August 2010: At this meeting, Two Special Resolutions were proposed, seconded and passed with three-fourth majority on show of hands. These resolutions related to: 1) Payment of commission to Mr. A.Y Noorani, Vice-Chairman & Managing Director. 2) Payment of commission to Mr. S.Y Noorani, Managing Director & President.

27th Annual General Meeting held on 10th August 2011: At this meeting, One Special Resolution was proposed, seconded and passed with three-fourth majority on show of hands. This resolution related to re-appointment and continuing to hold an office or place of profit in the company by Mr. Awais A. Noorani with effect from 1st February 2012 as a Vice-President-International Sales & Sourcing subject to the approval of the Central Government.

28th Annual General Meeting held on 29th August 2012: At this meeting no Special resolutions were passed.

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

Special Resolutions whether passed by postal ballot:

No special resolution was passed by postal ballot in the last Annual General Meeting and also no resolution requiring approval of shareholders by way of postal ballot are proposed to be passed in the ensuing Annual General Meeting.

XI. General Shareholders' Information: -

a. Annual General Meeting:

DAY & DATE	TIME	VENUE
Wednesday, August 14, 2013	2.30 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018.

b. Financial Year: April 1, 2013 to March 31, 2014.

c. Financial Calendar 2013-2014 (tentative) Schedule of the Board Meetings:

First Quarter ending 30 th June 2013	: Before 15 th August 2013
Second Quarter ending 30 th September 2013	: Before 15 th November 2013
Third Quarter ending 31 st December 2013	: Before 15 th February 2014
Fourth Quarter ending 31 st March 2014	: Before end of May 2014

d. Dates of Book Closure:

Monday, August 5, 2013 to Wednesday, August 14, 2013 (both days inclusive)

e. Dividend payment date:

Dividend when sanctioned by shareholders will be paid between August 16, 2013 to August 22, 2013.

f. Pursuant to Clause 5A of the Listing Agreement, three reminder letters have been sent to those shareholders who have not yet claimed their shares (Physical form). The Company is in process of dematerializing the physical shares held in unclaimed suspense account.

g. 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 2013-2014.

h. Stock Code/Symbol

BSE Limited : 521163

National Stock Exchange of India Limited : ZODIACLOTH

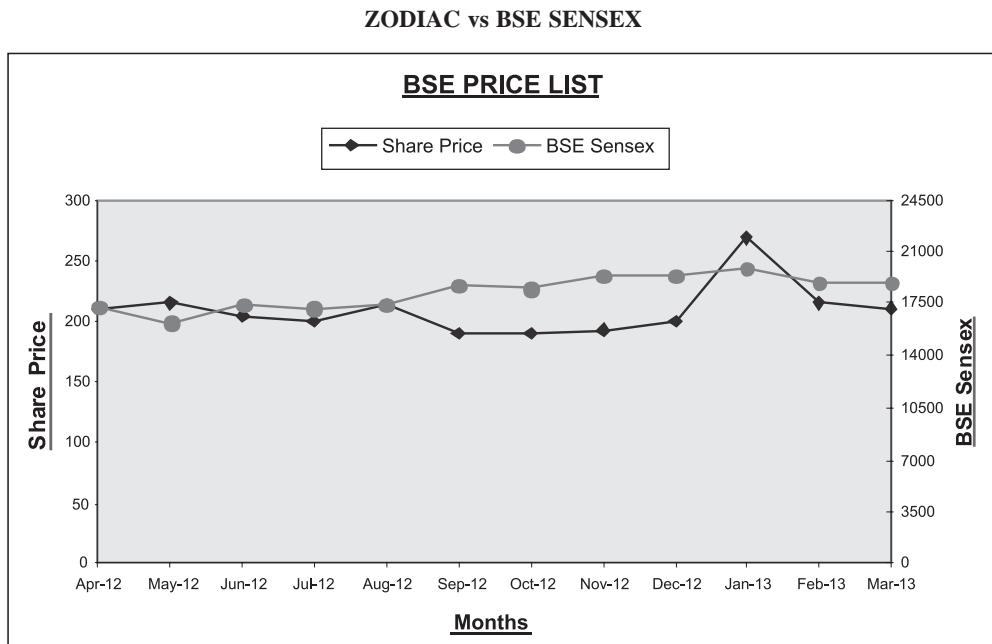
ISIN No. : INE206B01013

i. Market Price:

The monthly high and low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2012-2013 are as under:

	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	210.00	192.75	219.00	191.55
May 2012	214.90	190.00	208.90	190.35
June 2012	204.40	180.00	198.80	181.00
July 2012	199.45	182.60	214.70	181.50
August 2012	213.90	164.90	199.45	161.00
September 2012	189.90	165.00	192.50	167.00
October 2012	189.90	175.10	190.00	175.00
November 2012	192.00	175.05	193.55	175.00
December 2012	200.00	177.15	198.95	179.65
January 2013	268.90	175.00	269.25	181.80
February 2013	214.85	196.15	215.25	198.90
March 2013	210.00	180.30	209.00	180.10

Performance in comparison to broad based indices:



j. Registrar & Share Transfer Agents.

Karvy Computershare Pvt. Ltd.

Hyderabad Office

Plot No. 17-24, Vittalrao Nagar,

Madhapur, Hyderabad - 500 081.

Tel No.040-44655000 • Fax No.040-23420814

E-mail: einward.ris@karvy.com

k. 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 Clause 47 (c) of the Listing Agreement and files copy of the said certificate with the Stock Exchanges.

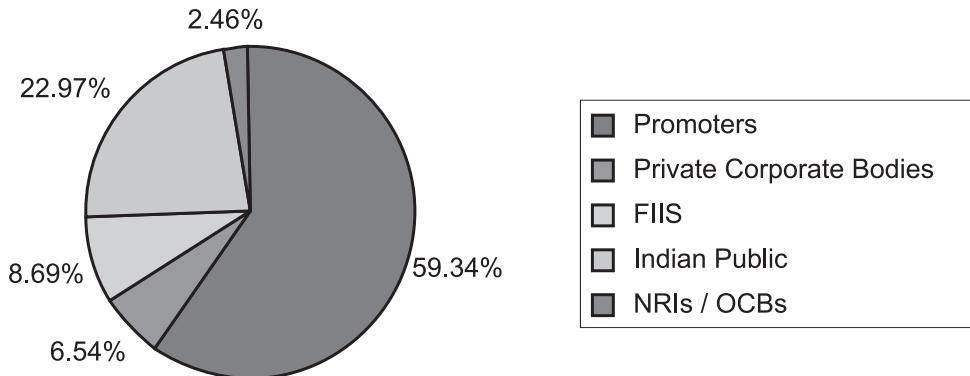
l. Distribution of shareholding as on March 31, 2013

Category	Cases	% of Cases	Amount ₹	% Amount
upto 1 - 5000	3361	88.12	4,481,630.00	2.31
5001 - 10000	166	4.35	1,286,840.00	0.66
10001 - 20000	116	3.04	1,620,860.00	0.84
20001 - 30000	39	1.02	947,950.00	0.49
30001 - 40000	22	0.58	758,960.00	0.39
40001 - 50000	23	0.60	1,056,690.00	0.54
50001 - 100000	25	0.66	1,892,680.00	0.98
100001 & ABOVE	62	1.63	181,854,370.00	93.79
Total:	3814	100.00	193,899,980.00	100.00

Shareholding Pattern as on March 31, 2013

Category Code	Category of shareholder	Total number of shareholders	Number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)[1]	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A) Shareholding of Promoter and Promoter Group								
(1) Indian								
(a) Individuals/ Hindu Undivided Family		10	2597376	2597376	13.40	13.40	—	—
(b) Central Government/ State Government(s)		—	—	—	—	—	—	—
(c) Bodies Corporate		2	2317734	2317734	11.95	11.95	—	—
(d) Financial Institutions/ Banks		—	—	—	—	—	—	—
(e) Any Other (specify)		—	—	—	—	—	—	—
Sub-Total (A)(1)		12	4915110	4915110	25.35	25.35	—	—
(2) Foreign								
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)		2	281325	281325	1.45	1.45	—	—
(b) Bodies Corporate		2	6309764	6309764	32.54	32.54	—	—
(c) Institutions		—	—	—	—	—	—	—
(d) Qualified Foreign Investor		—	—	—	—	—	—	—
(e) Any Other (specify)		—	—	—	—	—	—	—
Sub-Total (A)(2)		4	6591089	6591089	33.99	0.00	—	—
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		16	11506199	11506199	59.34	59.34	—	—
(B) Public shareholding								
(1) Institutions								
(a) Mutual Funds/ UTI		2	28831	28831	0.15	0.15	—	—
(b) Financial Institutions/ Banks		1	112	112	—	—	—	—
(c) Central Government/ State Government(s)		—	—	—	—	—	—	—
(d) Venture Capital Funds		—	—	—	—	—	—	—
(e) Insurance Companies		—	—	—	—	—	—	—
(f) Foreign Institutional Investors		3	1684954	1684954	8.69	8.69	—	—
(g) Foreign Venture Capital Investors		—	—	—	—	—	—	—
(h) Qualified Foreign Investor		—	—	—	—	—	—	—
(i) Any Other (specify)		—	—	—	—	—	—	—
Sub-Total (B)(1)		6	1713897	1713897	8.84	8.84	—	—
(2) Non-institutions								
(a) Bodies Corporate		183	1267608	1261008	6.54	6.54	—	—
Individuals -								
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.		3490	1047363	929540	5.4	5.4	—	—
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.		37	3316768	3267133	17.11	17.11	—	—
(c) Any Other (specify)								
(d) Qualified Foreign Investor		65	477717	476367	2.46	2.46	—	—
Trust		3	204	204	—	—	—	—
Clearing Members		14	60242	60242	0.31	0.31	—	—
Sub-Total (B)(2)		3792	6169902	5994494	31.51	31.82	—	—
Total Public Shareholding (B)=(B)(1)+(B)(2)		3798	7883799	7708391	40.66	40.66	—	—
TOTAL (A)+(B)		3814	19389998	19214590	100.00	100.00	—	—
(C) Shares held by Custodians and against which Depository Receipts have been issued								
GRAND TOTAL (A)+(B)+(C)		3814	19389998	19214590	100.00	100.00	—	—

Shareholding Pattern



m. Dematerialization of equity shares

The shares of the company are compulsorily traded in dematerialized form and are available for trading under both the Depository Systems – NSDL [National Securities Depository Limited] and CDSL [Central Depository Services (India) Limited]. Nearly 99.10% of total equity shares of the company are held in dematerialized form with NSDL & CDSL as on March 31, 2013.

n. Liquidity

Zodiac Clothing Co. Ltd. Equity Shares are actively traded on Stock Exchanges i.e. BSE Limited and The National Stock Exchange of India Limited.

o. Outstanding GDRS/ADRS/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The company has not issued any GDRS / ADRS.

p. Plant Locations:

(I) Bangalore: –

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

(II) Gujarat: –

1. A-1, 181/1, GIDC, Umbergaon, Valsad, Gujarat - 396 171
2. C/2/7, GIDC, Industrial Area, Umbergaon, Valsad, Gujarat - 396 171,
3. Plot no. 411, Phase III, GIDC, Umbergaon, Valsad, Gujarat- 396171
4. ShedNo.A/2/507, 3rd Phase,GIDC Industrial Area, Umbergaon, Valsad, Gujarat – 396 171

(III) Mumbai: –

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

q. 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 Computer Share Pvt. Ltd, at the addresses mentioned at (h) 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, 1992, as amended, the Board of Directors of the Company have formulated a formal 'Code of Conduct for Prevention of Insider Trading' in the equity shares of the Company and the Corporate Disclosure Practices and the applicable provisions are being complied with.

In terms of Section 205C of the Companies Act, 1956 read with the Investors Education & Protection Fund (Awareness and Protection of Investor) Rules, 2001, the Company has credited to Investors Education & Protection Fund pertaining to unclaimed amount of dividend for the financial year ended March 31, 2005.

r. CEO / CFO certification

As required by Clause 49 of the Listing Agreement, the CEO / CFO certificate is provided certificate is provided on page no.43.

s. Auditors' certificate on corporate governance

As required by Clause 49 of the Listing Agreement, the auditor' certificate is given as an annexure to the Directors' report.

t. Mandatory / Non-Mandatory requirements:

During the financial year 2012-13, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement. Save and except, the Compensation Committee, the Company will implement other non mandatory requirements as stated in Clause 49 of the Listing Agreement at the appropriate time.

ANNEXURE TO CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS / COMMITTEE MEMBERSHIPS OF ALL DIRECTORS

1) BODIES CORPORATE OF WHICH MR. M.Y. NOORANI IS A CHAIRMAN/DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Zodiac Finsec and Holdings Limited	Chairman
Elite Clothing Company Private Limited	Chairman
Zodiac Properties Limited	Director
Zodiac [UAE] LLC	Director
Zodiac Clothing Co. (UAE) LLC	Director

2) BODIES CORPORATE OF WHICH MR. M.L. APTE IS A CHAIRMAN / DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Apte Amalgamations Limited	Director
Grasim Industries Limited	Director
Bajaj Hindustan Limited	Director
Standard Industries Limited	Director
The Bombay Burmah Trading Corporation Limited	Director
The Raja Bahadur International Limited	Director
Kulkarni Power Tools Limited	Director
<u>COMMITTEE MEMBERSHIP</u>	
<u>AUDIT COMMITTEE</u>	
Grasim Industries Limited	Member
The Bombay Burmah Trading Corporation Limited	Member
Standard Industries Limited	Member
<u>SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE</u>	
The Bombay Burmah Trading Corporation Limited	Member

3) BODIES CORPORATE OF WHICH MR. S.M. DATTA IS A CHAIRMAN/DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Castrol India Limited	Chairman
Philips Electronics India Limited	Chairman
Tata Trustee Co. Limited	Chairman
IL & FS Investment Managers Limited	Chairman
Transport Corporation of India Limited	Chairman
Speciality Restaurants Ltd	Chairman
Reach (Cargo Movers) Private Limited.	Chairman
Peerless Gen. Fin. and Inv. Co. Limited	Director
Peerless Hotels Ltd	Director
Peerless Developers Ltd	Director
Atul Limited	Director
Bhoruka Power Corporation Limited	Director
Chandras Chemical Enterprises Private Limited	Director
Rabo India Finance Limited	Director
Door Sabha Nigam Ltd	Director

COMMITTEE MEMBERSHIP**AUDIT COMMITTEE**

Bhoruka Power Corp. Ltd	Chairman
Tata Trustee Co. Limited	Chairman
Transport Corporation of India Limited	Member
Peerless Gen. Fin. and Inv. Co. Limited	Member
Rabo India Finance Limited.	Member
Castrol India Limited	Member

SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

Castrol India Limited	Chairman
IL & FS Investment Managers Limited	Member

4) BODIES CORPORATE OF WHICH MR. BERNHARD STEINRUECKE IS A CHAIRMAN / DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
FAG Bearings (India) Ltd	Director
Bosch Limited	Director
HDFC ERGO General Insurance Company Limited	Director
Apollo Munich Health Insurance Co. Ltd.	Director

5) BODIES CORPORATE OF WHICH MR. DEEPAK PAREKH IS A CHAIRMAN/ DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Housing Development Finance Corp. Ltd.	Chairman
Infrastructure Development Finance Co. Ltd.	Chairman
GlaxoSmithKline Pharmaceuticals Ltd.	Chairman
HDFC Asset Management Co. Ltd.	Chairman
HDFC ERGO General Insurance Co. Ltd.	Chairman
HDFC Standard Life Insurance Co. Ltd.	Chairman
Siemens Ltd.	Chairman
Mahindra & Mahindra Ltd.	Director
The Indian Hotels Co. Ltd.	Director
DP World	Director
Exide Industries Ltd	Alternate Director

COMMITTEE MEMBERSHIPS**AUDIT COMMITTEE**

Mahindra & Mahindra Ltd.	Chairman
GSK Pharmaceuticals Ltd	Member
Siemens Ltd.	Member
The Indian Hotels Co. Ltd.	Member

SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

GSK Pharmaceuticals Ltd	Chairman
Infrastructure Development Finance Co. Ltd.	Member

7. BODIES CORPORATE OF WHICH MR. Y.P. TRIVEDI IS A CHAIRMAN/ DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Sai Service Station Ltd.	Chairman
Trivedi Consultants Pvt. Ltd.	Chairman
Reliance Industries Ltd.	Director
Supreme Industries Ltd.	Director
Metro Exporters Pvt. Ltd.	Director
Seksaria Biswan Sugar Factory Limited	Director
Emami Limited	Director
New Consolidated Construction Ltd	Director
<u>COMMITTEE MEMBERSHIPS</u>	
<u>AUDIT COMMITTEE</u>	
Reliance Industries Ltd.	Chairman
Seksaria Biswan Sugar Factory Limited	Member
<u>SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE</u>	
Reliance Industries Ltd.	Member

8) BODIES CORPORATE OF WHICH MR. S.R. IYER IS A CHAIRMAN/ DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Can Fin Homes Limited	Chairman
Writer Relocasia, Hong Kong	Chairman
KS K Energy Ventures Ltd	Director
KS K Power Ventur Plc. Isle of Man	Director
P. N. Writer and Company Pvt. Ltd	Director
Writer Lifestyle P. Ltd	Director
Writer Safeguard P. Ltd	Director
IDMC Limited	Director
Kannada Prabha Publications Ltd	Director
Wardha Power Company Limited	Director
KS K Mahanadi Power Company Limited	Director
Waterfield Advisors P.Ltd	Director
<u>COMMITTEE MEMBERSHIPS</u>	
<u>AUDIT COMMITTEE</u>	
IDMC Ltd.	Chairman
KS K Energy Ventures Ltd	Chairman
KS K Power Ventur Plc. Isle of Man	Chairman
P. N. Writer and Company Pvt. Ltd	Chairman
Writer Lifestyle P. Ltd	Chairman
Writer Safeguard P. Ltd	Chairman
Writer Relocasia Hongkong	Chairman

9) BODIES CORPORATE OF WHICH DR. HEINRICH- DIETRICH DIECKMANN IS A CHAIRMAN/ DIRECTOR

NONE

10) BODIES CORPORATE OF WHICH MR. A.Y. NOORANI IS A CHAIRMAN/DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Zodiac Finsec and Holdings Limited	Director
Elite Clothing Company Private Limited	Director
Zodiac (UAE) LLC	Director
Zodiac Clothing Co. (U.A.E.) LLC	Director
Asia Tangible Investments Pte. Ltd	Director
Euro Global Holdings Pte. Ltd	Director
Zodiac Clothing Co. INC	Director
Zodiac Properties Limited	Director

11) BODIES CORPORATE OF WHICH MR. S.Y. NOORANI IS A CHAIRMAN/DIRECTOR

NAME OF THE COMPANY	BOARD POSITION HELD
Zodiac Finsec and Holdings Limited	Director
Elite Clothing Company Private Limited	Director
Zodiac (UAE) LLC	Director
Onward Limited Liability Company	Director
Zodiac Clothing Co. (U.A.E.) LLC	Director
Asia Tangible Investments Pte. Ltd	Director
Euro Global Holdings Pte. Ltd	Director
Zodiac Clothing Co. INC	Director
Zodiac Properties Limited	Director

CEO/CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT

We, A.Y. Noorani, Vice-Chairman and Managing Director and Aneel Saraff, Vice President (Accounts) 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 31st March 2013 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and information: -
 - (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 information, 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 and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of 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) significant changes in internal control during the year,
 - (ii) significant changes in accounting policies during the year if any, and that the same have been 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.

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2013.

A.Y. NOORANI
Vice-Chairman & Managing Director

ANEEL SARAFF
Vice-President (Accounts)

Place : Mumbai
Dated : 29th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

The demand situation for the branded clothing industry in India has been extremely volatile throughout the financial year, with wide fluctuations. The first two quarters were extremely difficult; the third quarter fluctuated from month to month, ending with substantial growth in December. The last quarter showed tepid growth, with the year ending with a marginal increase in sales. This naturally resulted in competition holding large inventories (planned on the basis of those periods during the year when the demand showed very promising trends), due to the negative sentiment generated by adverse economic, social and political developments. Distress caused by large inventories again resulted in almost consistent discounting by the several players in the industry as well as soft terms like consignment sale/ stock correction being offered by them. This resulted in these players being able to show small growth, while players that did not offer discounts/soft terms, showed marginal growth. The brands from the House of Zodiac continue to neither discount nor offer soft terms.

An analysis published by a credible institution projects growth in clothing sales to improve marginally on account of better consumer sentiment in 2013-14.

With the economic problems faced by the Euro Zone continuing, the serious decline in demand is of concern. In a futile attempt to induce volume growth, the retail prices offered to end consumers in the EU for like-to-like products (albeit of lower quality) were reduced considerably, despite which brands and retailers enjoying healthier margins.

The demand situation in the US, although somewhat better than in the EU, continued to be weak. Consumers there too enjoy lower prices at retail, with better margins for brands/retailers.

Pricing and margins in Europe as well as in the US were facilitated by the now well-known malpractices in Bangladesh. Despite Bangladesh enjoying preferential tariffs of “zero” duty in the EU, wages paid to the workers have been abysmally low, i.e. the equivalent of ₹ 2,000/- per month, for much longer working hours than those permitted in law-abiding countries like India, with human rights violations, non-enforcement of already-weak labour laws; working conditions there are hazardous, resulting in several widely-reported industrial accidents, one of which resulted in as many casualties as the Bhopal disaster. Will the uproar generated globally endure? Consumer polls in the US and some European countries show a significant number of consumers there are checking the “country of origin” labels on clothing and refusing to buy clothing of Bangladeshi origin.

Bangladesh has been one of the biggest beneficiaries of India's biggest weakness - the failure to correct the situation with regard to “export” of its taxes, as well as address its cost disabilities. This resulted in a situation where the export of clothing from India (cotton / man-made fibres / wool / others) has declined for the period April 2012 to March 2013 to USD 12.7 bn from USD 13.4 bn in the previous year, a decline of 5.5% in USD terms. However, in Rupee terms, the total exports are worth ₹ 69,000 crores vs. ₹ 64,341 crores in the previous year, an increase of approximately 7% due to the sharp depreciation of the Rupee.

Importers of clothing invoke the depreciation of the rupee as a reason for demanding lower prices, which results in lower USD realisation. This means that the exporter of clothing would not receive very much more in Rupees, despite depreciation of the INR. Besides, the small gain in rupee terms has been considerably eroded by inflation, which remained stubbornly high throughout the year.

The relevant Accounting Standards requiring MTM of Forex gains and losses has had a somewhat lower impact during the year than it did in the previous year. In case of the company, the Forex Policy has also played a part in the reduction of profits for the year.

The industry has made strong efforts to build other markets, which is beginning to show some positive signs. This has also been made possible due to the Government policy encouraging the development of new markets through the Special Focus Market Scheme and Market-Linked Focus Product Scrip.

The situation vis-a-vis competition is that China has had to force divert production of clothing for export because of its demographics (aging population), rising labour costs propelling available labour away from labour-intensive industries like clothing to higher value added industries – besides, China has also been making a conscious effort to increase consumer demand within China, resulting in some production being diverted for consumption within China. However, they have shifted significant portions of their export production base offshore, to countries like Bangladesh, Myanmar, Vietnam and Cambodia.

There has been a clear trend in increase in prices of cotton yarn and fabrics produced in India, with the second half showing a 10% increase in prices. International fabric prices in Rupee terms, have also been higher due to sharp depreciation of the Rupee. This has impacted profit margins, which have been exacerbated because of other factors as well.

The FTA with the EU which has been under discussion since 2007, has been in the final stages with just a few products continuing to be discussed, for nearly a year. There is also discussion on IPR, resulting from recent Court judgements in India which have adversely impacted the sentiment of large Pharma companies. Agreement has yet to be reached in declaring India ‘Data Secure’ as well.

Should the FTA be concretised in meetings scheduled in June, as well as if the anti-Bangladesh consumer pressure in the markets pushes EU/US buyers to reduce their exposure to sourcing clothing from Bangladesh, this would work in India’s favour to regain market share lost to Bangladesh in the last few years.

During the year, the Government has excluded the clothing industry from the purview of Central Excise, which is a major relief for the industry in branded business in India, as well as for the international business. The relief is particularly appreciated by the export segment of the industry as the transaction costs incurred in compliance with Excise formalities (by virtue of the simplified procedures not having been notified for the industry when Excise was reintroduced in March 2011, in line with the simplified procedure prevalent when the industry was brought under Excise in 2001) could cease.

The industry looks to the Government to take the lead role in (a) fast track negotiation of favourable Trade Agreements (especially concretising the FTA with the EU before elections in India/Germany); (b) helping eliminate the “export” of India’s taxes by virtue of an efficient mechanism to fully insulate and reimburse taxes of any type, with a delivery system that eliminates delays; (c) minor tweaking of labour laws; (d) encouraging the export segment of the industry to diversify into the Indian market as well to enable them to build themselves into truly strong globally competitive players/brands; (e) encouraging building of “Brand India”, besides innovation and product development.

The above suggestions would result in helping achieve higher unit realisation in some cases, and reduction in cost in all cases. They would sharpen India’s competitiveness considerably and enable us to gain substantial market share in new markets, as also in recapturing lost market share in the EU and the US when their economies stabilise – the US is already showing signs of improvement.

This is one industry which can definitely address the most serious problem the country is facing, i.e. the Current Account deficit, besides creating gender-sensitive employment, in compliance with prevalent Laws of the Land.

B. INDUSTRY STRUCTURE AND DEVELOPMENT

With the evolving global scenario, the market situation in the EU and the US offers no scope for growth in the

near term. The industry will have to seek opportunities from other countries, in some of which a beginning has already been made. From these new markets a few have shown a trend of promising growth, while others have the potential to grow rapidly. It would be feasible to attempt to aspire to cover deficits if any, (in the EU /US), plus show a moderate overall growth by intensifying efforts in new markets. This could convert the weakness of the EU/US into an opportunity. Business built in new markets would result in substantial overall growth when the EU/US revert to normalcy in due course. As pointed out repeatedly, this would require Government and business, to act in total unison as a team, in the national interest.

The situation in the competing countries is that China directly would probably yield ground, notwithstanding the fact that they are building offshore production bases in countries where wages are abysmally low, and where there are preferential tariffs and treaties like FTA/RTA - within this group is Bangladesh, which has its own set of serious problems, and which may also yield market share consequently, at least in the near term. Myanmar, Vietnam and Cambodia will continue to be a force to reckon with.

The other block of competition is from countries like Turkey, East European countries (decreasingly) and North African countries. From these, Turkey continues to be a strong player, although if the current unrest there escalates, Turkey could yield some ground. East Europe is already yielding ground. North African countries are becoming more important because of their geographical and Treaty benefits and could stand to gain, but would not be able to absorb all the ground that will be yielded specially by the East European countries. This could be another opportunity for India, for which a strategic initiative has to be evolved by Government and industry jointly.

With regard to capturing the evolving opportunities, one has to be realistic that India cannot compete with low-wage countries (with human rights violations and unfair labour practices, to boot), on matching labour costs, given the need in India for inclusive growth. India, therefore, would need to combat this by a strategy of reduction in cost combined with achieving higher unit realisation. To do this, it would mean that favourable Trade Agreements (the Indo-EU FTA being the lowest hanging fruit), are absolutely vital and doable, because of the reciprocity that India can offer by way of access to the Indian market, which the entire world is lusting after.

Drastic reduction in the time to market is something which India will have to tackle on a war footing. We desperately need deep water ports on each of the east and west coasts of India. This would help in reducing time

to market, besides driving down freight costs for both exports, as well as for import of raw material.

It is remarkable that China has started a Container Rail Service from Chongqing to the heart of Europe (Leipzig, Duisburg and Hamburg) via Russia, Kazakhstan, Belarus and Poland. The transit time is 15 - 16 days and there is a daily service. Another Container Rail Service from Schenzen to Rotterdam will be via Myanmar, Bangladesh, India, Pakistan, Iran and Turkey. It is reported that Deutsche Bahn and Schenker (both German companies) are involved in Container Rail Service as well.

A Container Rail Service from India (immediately by hooking on to the Schenzen – Rotterdam service, which will pass through India) and subsequently our own service originating in India, would not only bring a dramatic transformation to our two-way trade with Europe, but also address our infrastructure/logistics deficiencies (for export) post haste.

Time to Market will also be driven by rationalisation in Licensing as was done in 1991 (which was the turning point for our economy). We need to scrap the Advance Licence/EODC system, which system belongs to a different era - several items of textiles were not permitted to be imported, and if they were, the rates of duty were much higher than they are today. Most of our competitor countries have a system where data is maintained of the value of fabric imported duty free and value of total clothing exports, with a separate reconciliation in value terms of exports (without claiming of Drawback) against duty free imports, and is submitted to the authorities periodically, and compulsorily squared up at the end of each financial year.

The discharge of Advance Licence applications is an extremely painful and time-consuming process, which requires an entire department working full time only on fulfilling this onerous/unproductive task. A simple method, as is followed in competitor countries is the need of the hour.

The immediate arrest of “export” of India's taxes and a mechanism to fully insulate and reimburse taxes of any kind via a delivery system that totally eliminates delays is vital.

Seamless disbursement of Drawback (including Refund of Service Tax via drawback) in full and in a timely manner without arbitrary deductions and without demands for repayment of Drawback disbursed because the Bank Realisation Certificate/CA's Certificate are not traceable at the port (where they have been furnished by Speed Post, and in some cases, also by Registered AD as a measure of abundant precaution) is an absolute prerequisite.

While the interest rate subvention is a step in the right direction, the differential between international cost of funds (Libor + 100 to 300 BPS, depending on the credit rating of a company) and the rate of interest after subvention, is unsustainable. Funds must be made available at international pricing, preferably in Rupees.

Minor Tweaking of Labour Laws (Overtime)

Under the Factories Act, the quantum of overtime (with a 100% surcharge, i.e. double the wages) is restricted to 2 hours a day. China allows upto 4 hours overtime in a day. It is good for India to take a stand of not allowing more than 2 hours a day to prevent exploitation of labour. The limit provided under the Act is 48 hours a month, which is in keeping with the policy of 2 hours a day. However, what is completely illogical is that the Act also provides, in the next sentence, a cap of 50 hours a quarter. Whereas if overtime is limited to 2 hours per day, 24 working days a month which is 48 hours a month, the limit of 50 hours a quarter needs to be revised upwards to 144 hours a quarter, to be consistent with 2 hours a day and 48 hours a month.

Reduction/Elimination of invisible costs including “Transaction Costs” and change in Administrative Laws

The arbitrariness/perversity in the interpretation/implementation of laws, now sought to be armed with powers to categorise them into cognizable, non-bailable offences has to be eliminated. Unsustainable demands, merely to meet revenue targets/ timelines drag people into needless expensive litigation, a national waste.

TDS

Today, TDS is required to be deducted on commission remitted to a person not resident in India, providing the service of obtaining export orders outside India, for the export of goods from India.

Alternatively, the Indian company is required to obtain a NOC under section 195 from the Assessing Officer in advance.

CBDT's Circular No. 786 dated 07.02.2000 was in force until 22.10.2009, when it was inexplicably withdrawn. After withdrawal of this Circular, the Assessing Officers have raised huge demands on exporters on a retrospective basis, i.e., for the period even before the withdrawal of Circular No. 786 in some instances. This creates unproductive work in terms of appeals/litigation, besides loss of liquidity pending disbursal of refunds.

The export sector needs a Circular to be issued by CBDT to reinstate Circular No. 786; a stoppage of retrospective demands from being issued for the period prior to the withdrawal of Circular No. 786; withdrawal of demands

raised under the retrospective demands raised after withdrawal of Circular No. 786 are also necessary.

SERVICE TAX

The three items impacting the exporter are the increase in the rate of Service Tax, the number of services on which Service Tax is payable by the exporter being widened very considerably, (i.e., they are not in the exempted/negative category as they were hitherto E.g. Insurance Service, Testing, Certification, Clearing Services at Port, Storage Warehousing, Courier Agency Services, which play a vital role and have a direct impact on the cost of goods exported, eroding India's competitiveness), and are certain services where Service Tax is to be partly paid by the receiver of services and partly by the provider of services, which is a formula for disaster, because in the first place, there is no clarity, and secondly, the procedural formalities are highly onerous and time consuming and, therefore, expensive.

To recap, exporters deserve that services not requiring exporters to pay Service Tax in the first instance (as per policy in force hitherto), needs to be restored forthwith i.e., that no Service Tax should be payable on these services – or better still, on ANY service, as per global practice.

If at all Service Tax has to be paid and refunded, items hitherto exempted should continue to remain exempted, as stated above, i.e. no Service Tax should be payable by exporters on these, in the first instance. The all-industry rate for ready made garments should be revised from 0.18% (18 BPS) i.e., suitably enhanced to reflect the impact of the new services that have been brought under the scope of Service Tax, which would impact the cost of goods exported, some of which are hidden/embedded/not easily identifiable.

COST AUDIT

The Government has made it mandatory for all companies fulfilling certain criteria to appoint Cost Auditors for Cost Compliance Reports. They have subsequently further made it mandatory for Cost Accounting records to also be audited. Not only is this adding to complexity for exporters, it is also imposing a fresh burden in terms of money.

International customers are increasingly demanding “open costings” - the GOI order would give this to the international buyer on a platter, because currently with tremendous efforts exporters have been able to withhold costing data from the buyers.

The request is to modify the order of 24.01.2012 increasing the turnover criteria from ₹ 100 crores and above to ₹ 1,000 crores and above. The criteria of including Listed Companies, even otherwise, should be dropped.

This would give relief to companies with a turnover below ₹ 1,000 crores and exporters who are listed on the Stock Exchanges.

These are some issues Government and industry have to tackle jointly, on a war footing, in a time-bound manner.

With liberalisation of FDI in retailing in September 2012, one hoped for a rush of international companies, who were waiting anxiously to build a presence in India. Sadly, the implementation of the policy guidelines has not captured its spirit (because it is so micro-managed and complicated), making large international players hold back. One cannot blame them for being wary, given the experience of several international companies in the recent past with regard to grey areas in taxation and in various other regulations. Complete clarity needs to be achieved at the earliest to ensure that India does not get a go by, miss the bus at this juncture, and lose the chance to attract sorely needed foreign capital to pull the economy out of the rut it is in.

Above all, the Government needs, as we have stated before, to eliminate the negative sentiment and to rekindle demand in India. The opportunities presented by the steps taken in this direction need to be captured fully by clear cut and transparent guidelines, which do not undergo frequent changes.

The perception globally is that India is not moving fast enough, and when it moves, it is moving haltingly with complexity added, and not speedily enough.

C. OPPORTUNITIES AND THREATS

Opportunities that emerged because of the demographic changes in China - their workforce migrating to higher value added industries and the economic situation in China necessitating greater focus by China on increasing domestic consumption, present the opportunity of capturing some of the ground that China would yield directly, notwithstanding their attempt to substitute their own production with offshore production to hold on to their dominant market share.

Only India and China have the entire clothing chain, i.e. from raw material to finished goods.

The big opportunity is that of the much-delayed possible FTA with the EU. Despite the travails of the EU presently, India should certainly be able to capture greater market share, although of a smaller market in the near term.

The recent depreciation of the Rupee has opened possibilities to sharpen India's competitiveness somewhat, although a handful of experts opine that the Rupee is still over valued considering the rate of Indian/Global inflation.

Another opportunity is the new markets which India has been pushed into developing by virtue of the crisis in the EU/US. The situation is that the share of US in India's export of clothing has diminished from 25% in 2010 to 23% in 2012. In the EU, it has diminished from 45% in 2010 to 40% in 2012. The US/EU combined have diminished from 70% to 63%. The other markets which were at 30% of India's total export of clothing have grown to 37%. While export to the US and the EU have both been declining, exports to new markets have now touched double-digit growth (10% in 2012). This has tremendous potential to grow even faster.

The cost disabilities referred to, including the procedural complexity, lead to serious cost disabilities, eroding the competitiveness of this industry and need to be addressed post haste.

Inflation, which has shown only slight moderation thus far, is another threat which has not receded.

63% concentration of India's exports to the US and EU, is still high.

Maoist terrorism and cross-border terrorism continue to be a matter of grave concern.

The impact on demand and the volatility due to the cost of negative sentiment, is a continuing threat.

This decade is forecast to be a decade of volatility, which India needs to convert into opportunity by leveraging its strengths.

D. SEGMENT WISE/PRODUCT WISE PERFORMANCE:

Segments have been identified in line with the Accounting Standard on Segment Reporting, taking into account the organization structure, as well as the differential risk and returns of these segments. The company operates mainly in the clothing and accessories segment and invests surplus funds in the investment segment.

The Geographical Segment is identified and given below:

Year Ended 31st March 2013

(₹ in lakhs)

	India	Rest of the World	Total
Segment Revenue	16,874	13,889	30,763
Carrying Cost of Segment Asset	24,940	1,706	26,646
Addition to Fixed Assets	1,196	–	1,196

E. OUTLOOK

Despite the prices of cotton, and consequently cotton fabric, having risen in the second half of FY 2012-13, the projections are that cotton prices are expected to fall globally, after factoring in the acreage/demand/inventory in the system. The fact that this is the projection of a responsible Agency, holds the promise of fabric prices possibly reversing the trend seen in the second half of FY 2012-13.

With the tremendous efforts of the Government and the Reserve Bank of India towards reigning in inflation likely to bear fruit, hopefully soon, the long term benefits of the depreciation of the Rupee may become a weapon for India. A chunk of the benefit of the depreciation of the Rupee is almost entirely yielded to the bargaining power of the buyers of clothing from India.

The evolving situation in competing countries present opportunities which require quick action, discussed in more detail earlier.

For the Branded business, stimulation of consumer demand by eliminating negative sentiment is the only way to prepone harvesting of the promising medium and long term potential, which continues to be palpable. The target consumer has the spending power – the addition of new consumers from the “demographic dividend” has been checked short term due to the state of the economy. When the growth rate resumes its upward movement, this demographic dividend should provide the thrust for the inflection point for the industry.

F. RISKS AND CONCERNS:

Revenues and expenses can vary significantly from period to period, especially in view of the economic environment and pricing pressure, especially from customers in the US and the EU. Besides the subsidies available to the clothing industry in our competitor nations (China, Myanmar, Bangladesh, Vietnam and Cambodia) some of whom also have favourable bilateral/preferential treaties with the US and the EU are a continuing risk.

The persistent inflation, especially in consumer price index remains to be tamed. The environment of uncertainty, arising from adverse economic, political and social developments continues to be of concern.

There is also concern about eminent economists predicting this will be a “Decade of Volatility”. One hopes that the level of volatility diminishes considerably from the levels of the last financial year.

The continuing sluggish economic conditions in the EU and the US have not shown any green shoots yet.

News of slowdown in China recently is also having an adverse economic impact on global markets and demand.

G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The company's internal control systems are supplemented by an extensive programme of internal audit conducted by an external auditor periodically and reviewed by the management together with the Audit Committee of the Board. The emphasis of internal control prevails across functions and processes, covering the entire gamut of activities including finance, supply chain, sales and distribution, marketing etc.

H. COMPANY'S FINANCIAL PERFORMANCE:

(₹ in Lakhs)

	2012-13	2011-12
Total Operational Revenue	31,584	31,595
Profit Before Taxation	1,598	1,404
Provision for Taxation:		
Current Tax	406	322
Deferred Tax	86	(16)
Profit After Taxation	1,106	1,098
Balance of Profit Brought Forward	10,036	9,689
Profit Available for Appropriation	11,142	10,787
Appropriations:		
Transfer to General Reserve	125	110
Proposed Final Dividend & Interim Dividend	679*	578*
Tax on Proposed Final Dividend	80	63
Balance Carried Forward	10,258	10,036
Total	11,142	10,787

* including Interim Dividend

Turnover & Profits:

Your Directors wish to inform you that during the financial year ended 31st March 2013, the operational revenue of the company was flat at ₹ 31,584 lakhs vs. ₹ 31,595 lakhs in the previous year. The Profit Before Tax stood at ₹ 1598 lakhs as against ₹ 1404 lakhs in the previous year. The Net Profit After Tax for the financial year ended 31st March 2013, stood at ₹ 1106 lakhs as against ₹ 1098 lakhs in the previous financial year.

The interest cost is 0.54 % of revenue which, when compared to most other companies among the listed entities, is significantly lower..

During the year:

- The Company has been 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.
- The paid-up share capital of the company has increased from ₹ 19,27,02,980/- to ₹ 19,38,99,980/- as a result of allotment of 1,19,700 shares issued under the ESOP Scheme.
- The Board had distributed an interim dividend of 15% for the year 2012-2013 and has recommended a final dividend (subject to approval of shareholders) of 20% for the year 2012-13 on the enhanced share capital, pursuant to the equity shares issued under the ESOP Scheme.
- Zodiac Properties Limited (the SPV for the property for the UK operations) had gainfully employed the residential floor by leasing that portion. The UK operations have been moved into the refurbished office portion, which is generating additional income for the U.K. operations from 1st January, 2013.
- As of 31st March 2013, the company had 105 stores. 11 new stores were opened (margins were impacted due to several stores being in gestation) and 10 were closed during the year, a net increase of 1 store. (All stores are company-owned, not franchised). The company's strategy of investing in growth of its own retail business is being pursued vigorously. The growth pattern, although inconsistent, continues to be most promising for the branded business specially the company-run retail business.

ICRA (an associate of Moody's Investor Service) has yet again reaffirmed the Company's rating of A1+ for its short-term fund based/non fund based facilities, which have been maintained at ₹ 70 crores, for the financial year 2013-14. (Within the A1 category, which is ICRA's highest quality rating denoting lowest credit risk in the short term, certain instruments are assigned A1+ rating denoting their stronger credit quality).

I. HUMAN RESOURCES DEVELOPMENT/ INDUSTRIAL RELATIONS:

The role of Human Resources continues to remain vital and strategic to the Company. Employee recruitment and management is a key focus, and processes and policies are in place to attract and retain employees of high caliber. The Company recognizes the need for continuous growth and development of its employees to meet their objectives for a career path to equip them to meet growing organizational challenges.

Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, welfare and development continue to receive top priority.

J. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and 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

expressed 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 developments 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 & the U.S.

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.

COMPLIANCE CERTIFICATE

Auditors' Certificate to the Members of Zodiac Clothing Company Limited on Compliance with the Conditions of Corporate Governance for the Year Ended 31st March, 2013, Under Clause 49 of the Listing Agreements with Relevant Stock Exchanges.

1. We have examined the compliance of the conditions of Corporate Governance by Zodiac Clothing Company Limited ("the Company"), for the year ended 31st March 2013, as stipulated in clause 49 of the listing agreements of the said Company with relevant stock exchanges in India (hereinafter referred to as clause 49).
2. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us,

and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in Clause 49.

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

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

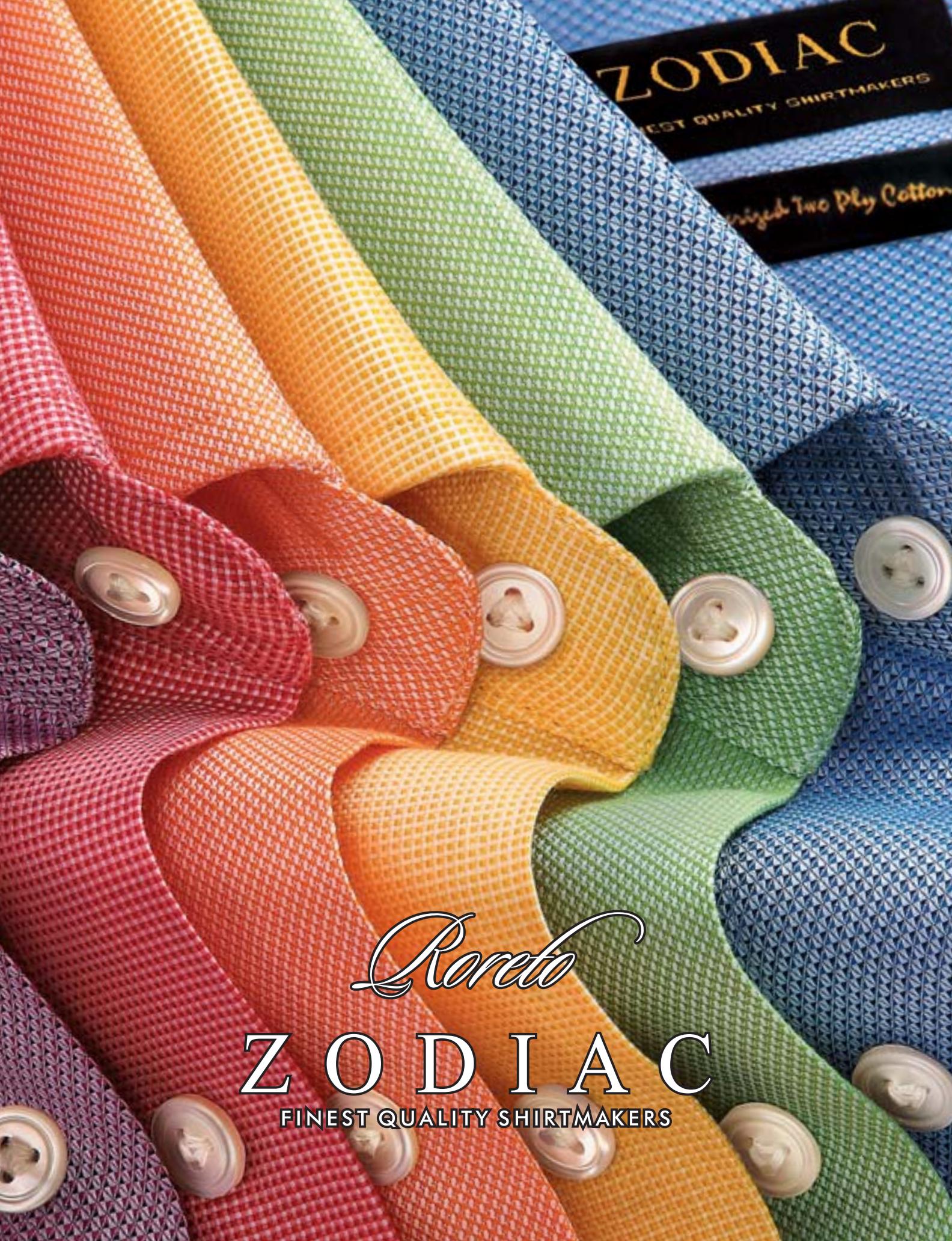
Rajesh K. Hiranandani
Place: Mumbai
Dated: 29th May, 2013
Partner
(Membership No : 36920)



Phoenix - Pune



Express Mall Chennai



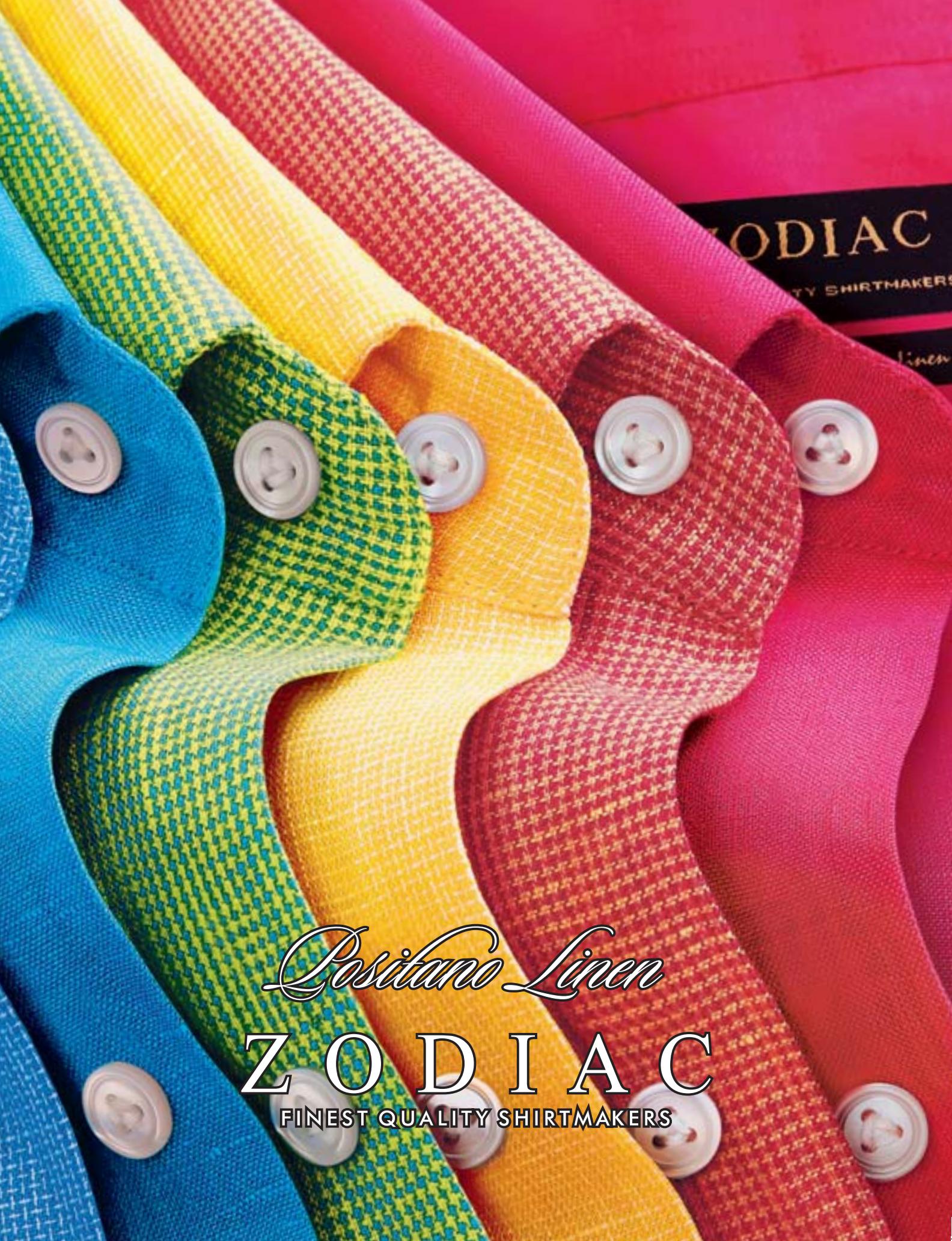
ZODIAC

FINEST QUALITY SHIRTMAKERS

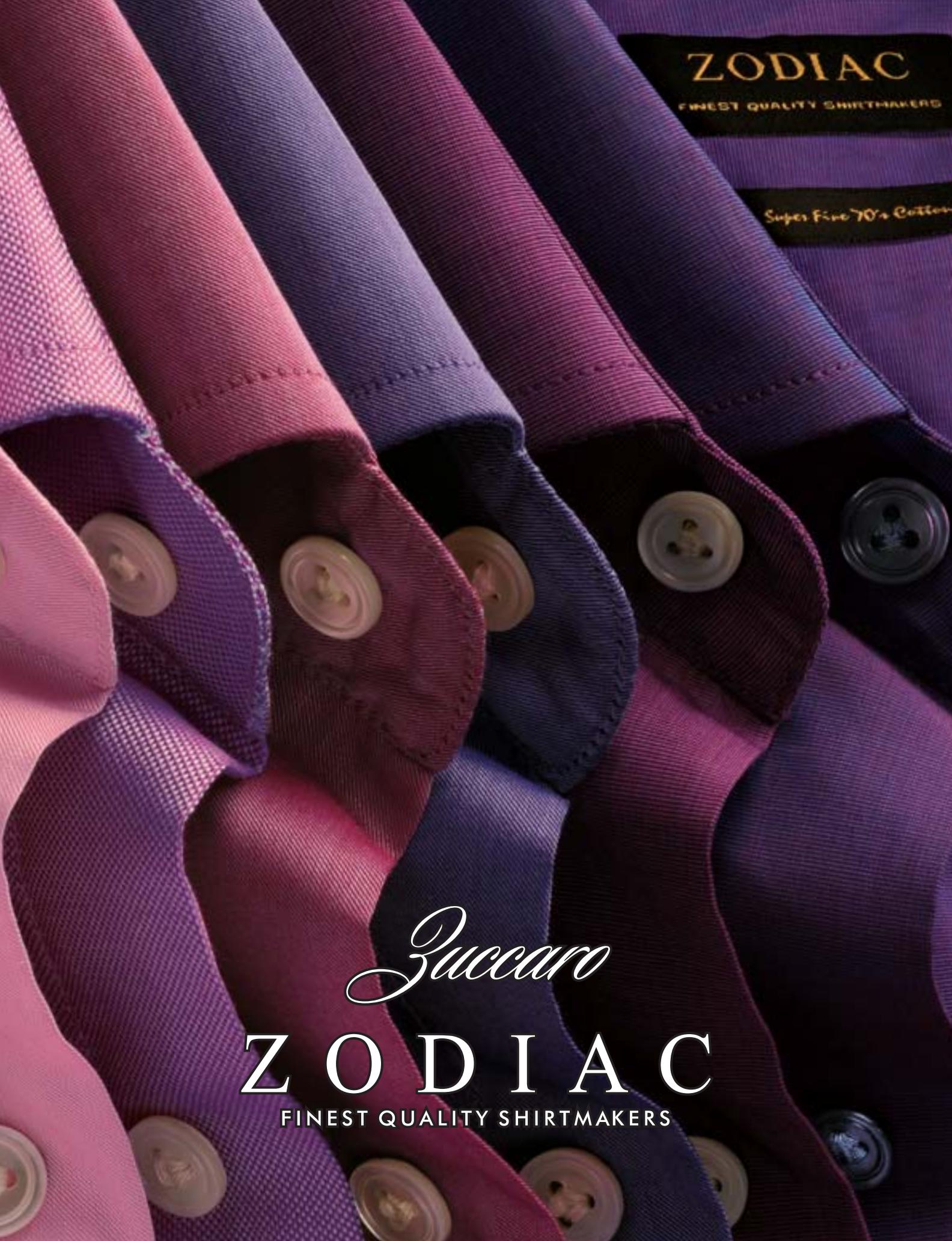
Worsted Two Ply Cotton

Rareto
ZODIAC

FINEST QUALITY SHIRTMAKERS



Positano Linen
ZODIAC
FINEST QUALITY SHIRTMAKERS



ZODIAC

FINEST QUALITY SHIRTMAKERS

Super Fine 70's Cotton

Zuccaro
ZODIAC

FINEST QUALITY SHIRTMAKERS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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 Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

Rajesh K Hiranandani
Place : Mumbai,
Dated : 29th May, 2013
Partner
Membership No. 36920

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business / activities / result during the year, clauses (vi), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 in respect of fixed assets verified during the year.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventories:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. In respect of inventories lying with third parties, confirmations have been obtained from those parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

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

- (a) The Company had granted an unsecured loan to a company in earlier years. At the year end, the outstanding balances of such loans is ₹ 171,139,758 and the maximum amount involved during the year was ₹ 177,139,758 (excluding interest).
- (b) The rate of interest and other terms and conditions of such loan are in our opinion, *prima facie*, not prejudicial to the interest of the Company.

- (c) The receipts of principal amounts and interest have been regular/as per stipulations.
- (d) With regard to the aforesaid loan, there are no overdue amounts.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In view of what has been stated above, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.

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

- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register, maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time other than in respect of certain transactions for which comparable quotations are not available and in respect of which we are unable to comment.

(vi) In our opinion, the internal audit function carried out during the year by the Company's internal audit department and by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and nature of its business.

(vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(viii) 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, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues not deposited as on 31st March, 2013 on account of disputes, which relates to Income tax and Sales tax are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (in Rupees)	Period to which the amount related
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	782,443	A.Y. 2001-02
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	19,675,942	A.Y. 2005-06
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	3,577,077	A.Y. 2006-07
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax (TDS), Mumbai	159,653	A.Y. 2006-07
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
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	1,623,923	A.Y. 2008-09
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax Appeal, Mumbai	38,460,959	A.Y. 2009-10
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

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (in Rupees)	Period to which the amount related
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
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	309,712	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	88,800	F.Y. 2002-03

- (ix) The Company has no accumulated losses as at 31st March, 2013 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) 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 and has not issued any debentures.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

Rajesh K Hiranandani
Place : Mumbai,
Dated : 29th May, 2013
Partner
Membership No. 36920

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	193,899,980	192,702,980
(b) Reserves and surplus	3	<u>1,503,995,907</u>	<u>1,452,390,914</u>
		1,697,895,887	1,645,093,894
2. Non-current liabilities			
(a) Long-term borrowings	4	580,000	2,900,000
(b) Deferred tax liabilities (net)	37	37,970,136	29,334,031
(c) Long-term provisions	5	<u>9,902,171</u>	<u>8,620,635</u>
		48,452,307	40,854,666
3. Current liabilities			
(a) Short-term borrowings	6	444,161,204	466,450,003
(b) Trade payables	7	313,162,467	243,217,148
(c) Other current liabilities	8	93,854,287	119,123,459
(d) Short-term provisions	9	<u>67,082,300</u>	<u>68,008,827</u>
		918,260,258	896,799,437
TOTAL		2,664,608,452	2,582,747,997
B ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	818,166,188	623,084,880
(ii) Intangible assets	10B	17,692,848	12,723,252
(iii) Capital work-in-progress	10C	13,890,102	192,488,542
(iv) Intangible assets under development	10D	<u>3,764,140</u>	<u>6,096,974</u>
		853,513,278	834,393,648
(b) Non-current investments	11	113,539,974	113,539,974
(c) Long-term loans and advances	12	<u>279,234,640</u>	<u>253,524,078</u>
		392,774,614	367,064,052
TOTAL		1,246,287,892	1,201,457,700
2. Current assets			
(a) Current investments	13	139,642,895	71,520,368
(b) Inventories	14	695,444,372	704,333,631
(c) Trade receivables	15	270,653,056	184,607,439
(d) Cash and cash equivalents	16	29,591,621	86,976,335
(e) Short-term loans and advances	17	282,988,616	333,363,357
(f) Other current assets	18	—	489,167
		1,418,320,560	1,381,290,297
TOTAL		2,664,608,452	2,582,747,997

See accompanying notes forming part
of the financial statements

1-47

In terms of our report attached.
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

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

Rajesh K Hiranandani
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

Place : Mumbai
Dated: 29th May, 2013

OMPRAKASH SINGH
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
1. Revenue from operations (gross)	19	3,158,414,648	3,159,501,113
Less: Excise duty		82,121,979	78,741,913
Revenue from operations (net)		<u>3,076,292,669</u>	<u>3,080,759,200</u>
2. Other income	20	78,024,781	82,515,491
TOTAL REVENUE (1+2)		<u>3,154,317,450</u>	<u>3,163,274,691</u>
3. Expenses			
(a) Cost of materials consumed	21A	1,132,272,503	1,175,693,257
(b) Purchases of stock-in-trade	21B	178,582,022	199,341,061
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21C	29,517,330	(82,745,446)
(d) Employee benefits expense	22	514,552,130	544,095,746
(e) Finance costs	23	16,254,483	12,364,167
(f) Depreciation and amortisation expenses	10	78,358,295	62,749,114
(g) Other expenses	24	1,047,600,964	1,120,279,598
TOTAL EXPENSES		<u>2,997,137,727</u>	<u>3,031,777,497</u>
4. Profit before exceptional items and tax		157,179,723	131,497,194
5. Exceptional items	25	2,586,919	8,936,321
6. Profit before tax		<u>159,766,642</u>	<u>140,433,515</u>
7. Tax expense:			
(a) Current tax expense		40,600,000	32,200,000
(b) Deferred tax charge / (credit)	37	8,636,105	(1,607,299)
8. Profit for the Year from continuing operations		<u>110,530,537</u>	<u>109,840,814</u>
9. Earnings per share (of ₹ 10/- each):			
(a) Basic	42	5.73	5.71
(b) Diluted	42	5.73	5.69

See accompanying notes forming part of
the financial statements

1-47

In terms of our report attached.
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

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

Rajesh K Hiranandani
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

Place : Mumbai
Dated: 29th May, 2013

OMPRAKASH SINGH
Company Secretary

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2013**

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
A. Cash flows from operating activities		
Profit before Taxation and Extraordinary items	159,766,642	140,433,515
Adjustments for:		
Depreciation and amortization	78,358,295	62,749,114
Provision for Doubtful Debts and Advances	3,544,815	212,074
Provision for Doubtful Debts written back	(10,123)	(1,202,712)
Liabilities / provisions no longer required written back	(9,594,722)	(8,311,531)
Provision for Wealth Tax	300,000	350,000
Assets Discarded Written off	10,752,388	3,737,194
Exchange Loss on revaluation	1,504,129	11,566,320
Profit on Sale of Leasehold Land	—	(8,936,321)
Profit on Sale of Freehold Land	(2,586,919)	—
Profit on Sale of Current Investments	(9,259,796)	(12,588,108)
Dividend Income from Investments	(38,941,168)	(39,325,639)
Finance Costs	16,254,483	12,364,167
Interest Income	(18,980,419)	(18,385,969)
	31,340,963	2,228,589
Operating Profit before working capital changes	191,107,605	142,662,104
Adjustments for:		
Trade and other receivables	(50,095,764)	(58,733,164)
Inventories	8,889,259	(15,003,803)
Trade and other Payables	53,738,295	18,835,485
	12,531,790	(54,901,482)
Cash from operations	203,639,395	87,760,622
Direct taxes paid (Net)	(45,898,289)	(48,661,925)
Net cash generated from operating activities	157,741,106	39,098,697
B. Cash Flows from investing activities		
Purchases of Current Investments	(790,345,115)	(584,502,959)
Sale of Current Investments	731,482,383	673,777,203
Dividend Received	38,941,168	39,325,639
Advances and Loans to Subsidiaries(Net)	6,190,437	22,735,229
Interest Income	18,980,419	18,385,969
Fixed deposit with Banks having Original maturity over 3 months	14,800,000	23,962,000
Purchase of fixed assets	(119,616,068)	(185,171,611)
Proceeds from sale of fixed assets	3,145,260	10,000,000
Net cash (Used in) investing activities	(96,421,516)	18,511,470
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,532,420,653	1,425,137,981
Repayment of short term borrowings	(1,556,310,906)	(1,322,451,085)
Repayment of long term borrowings	(2,320,000)	(2,320,000)
Issue of Shares at premium on exercising of Esops	13,587,280	4,392,880
Finance Costs	(16,254,483)	(12,364,167)
Interim dividend paid	(30,559,578)	(19,270,298)
Dividends paid (including Dividend Distribution Tax)	(44,792,845)	(74,506,408)
Net cash Generated From / (Used in) financing activities	(104,229,879)	(1,381,097)
Net (Decrease) /Increase in cash and cash equivalents (A+B+C)	(42,910,289)	56,229,070
Cash and cash equivalents as at the commencement of the year	70,907,017	14,677,947
Cash and cash equivalents as at the end of the year	27,996,728	70,907,017
Deposit with Original Maturity Over 3 months	—	14,800,000
Restricted Cash (Unclaimed Dividend Accounts)	1,594,893	1,269,318
Cash and cash equivalents as at the end of the year as per Note 16	29,591,621	86,976,335

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006
2. 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

FOR DELOITTE HASKINS & SELLS

M.Y. NOORANI

Chartered Accountants

Chairman

Rajesh K Hiranandani

A.Y. NOORANI

Partner

Vice Chairman & Managing Director

Place : Mumbai

O.P. SINGH

Dated : 29th May, 2013

Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) BASIS OF ACCOUNTING

The Accounts are prepared on 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, 1956.

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.

(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.

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 section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of the said act.

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 has been 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. 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) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, notified under the Companies (Accounting Standard) Rules, 2006. Income Tax comprises both current and deferred tax.

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

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 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.

m) 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.

n) 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.

o) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 Number of shares	₹	As at 31 st March, 2012 Number of shares	₹
NOTE 2 : SHARE CAPITAL				
(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	19,389,998	193,899,980	19,270,298	192,702,980
TOTAL	19,389,998	193,899,980	19,270,298	192,702,980

Notes :

(i) Rights, preferences and restrictions attached to equity shares :

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of Interim dividend. In the event of the liquidation of the company the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion of equity shares held.

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

Particulars	Opening Balance	Bonus	ESOP	Closing Balance
<u>Equity shares</u>				
Year ended 31 March, 2013				
– Number of shares	19,270,298	–	119,700	19,389,998
– Amount (₹)	192,702,980	–	1,197,000	193,899,980
Year ended 31 March, 2012				
– Number of shares	12,821,064	6,410,532	38,702	19,270,298
– Amount (₹)	128,210,640	64,105,320	387,020	192,702,980

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

Class of shares / Name of shareholder	Number of shares held	% of holding	As at 31 st March, 2013	As at 31 st March, 2012
Equity shares with voting rights:				
Asia Tangible Investments Pte Ltd.	3,154,882	16.27	3,154,882	16.37
Euro Global Holdings Pte. Ltd.	3,154,882	16.27	3,154,882	16.37
Miraj Marketing Company LLP	2,317,734	11.95	2,317,734	12.03
Mohammed Yusuf Noorani **	2,569,395	13.25	1,691,448	8.78
Akash Bhanshali	2,025,000	10.44	–	–
India Capital Fund Ltd	–	–	1,840,873	9.55
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd	979,032	5.05	404,492	2.10

**Out of 2,569,395 shares held by Mr Mohammed Yusuf Noorani, (previous year ₹ 1,691,448/-), following shares are held by him

(a) as Partner for and on behalf of Metropolitan Trading Company	–	244,170
(b) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990	18,990
(c) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334	8,334
(iv) As at 31st March, 2013, 369,075 shares (As at 31 March, 2012, 520,722 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 43)		
(v) Aggregate number and class of 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 st March, 2013	As at 31 st March, 2012
<u>Equity shares</u>	
Fully paid up by way of bonus shares	10,614,770

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening balance	228,575,725	288,675,185
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	12,390,280	4,005,860
	<u>240,966,005</u>	<u>292,681,045</u>
Less: Applied during the year for issue of bonus shares	—	64,105,320
Closing balance	240,966,005	228,575,725
(b) General Reserve		
Opening balance	219,775,602	208,775,602
Add: Transferred from surplus in Statement of Profit and Loss	12,500,000	11,000,000
Closing balance	<u>232,275,602</u>	<u>219,775,602</u>
(c) Hedging Reserve		
Unrecognised Losses on cash flow hedges (net)		
Opening balance	(2,020,887)	(2,533,663)
Add / (Less): Amount reversed on settlement of hedged contracts	2,020,887	2,533,663
	<u>—</u>	<u>—</u>
Add / (Less): Gain/(Loss) on mark to market of hedging instruments designated and effective as hedges of future cash flows	2,593,652	(2,020,887)
Closing balance	<u>2,593,652</u>	<u>(2,020,887)</u>
(d) State Cash Subsidy		
As per last Balance Sheet	1,584,350	1,584,350
(e) Amalgamation Reserve Account		
As per last Balance Sheet	816,433	816,433
(f) Surplus in Statement of Profit and Loss		
Opening balance	1,003,659,691	968,882,020
Add: Profit for the year	110,530,537	109,840,814
	<u>1,114,190,228</u>	<u>1,078,722,834</u>
Less: Transferred to General Reserve	12,500,000	11,000,000
Interim dividend (₹ 1.50 per share) (Previous Year ₹ 1 per Share)	29,085,764	19,270,298
Dividend proposed to be distributed to equity shareholders (₹ 2/- per Share) (Previous Year ₹ 2/- per Share)	38,779,996	38,540,596
Tax on dividend	8,064,603	6,252,249
Closing balance	<u>1,025,759,865</u>	<u>1,003,659,691</u>
TOTAL	<u>1,503,995,907</u>	<u>1,452,390,914</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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NOTE 4 : LONG-TERM BORROWINGS

Secured Term Loan From Bank	580,000	2,900,000
	<hr/>	<hr/>

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

Particulars	Terms of repayment and security	As at 31 st March, 2013 Secured ₹	As at 31 st March, 2012 Secured ₹
Citi Bank	Secured by way of hypothecation of machinery	580,000	2,900,000
	Repayment of the balance outstanding loan in 5 equal quarterly installment of ₹ 580,000 from 1st June, 2013		
TOTAL		580,000	2,900,000

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

NOTE 5 : LONG-TERM PROVISIONS

Provision for employee benefits:

Provision for compensated absences	9,902,171	8,620,635
TOTAL	9,902,171	8,620,635

NOTE 6 : SHORT-TERM BORROWINGS

Working Capital Loans:

From banks			
Secured	323,552,999	214,272,444	
Unsecured	120,608,205	252,177,559	
TOTAL	444,161,204	466,450,003	

Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Citi Bank	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.	323,552,999	214,272,444

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 7 : TRADE PAYABLES		
Trade Payables:		
Other than Acceptances	309,345,106	240,199,089
Dues of Micro, Small and Medium Enterprises (Refer Note 28)	3,817,361	3,018,059
TOTAL	313,162,467	243,217,148

NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term borrowings (Refer Note (i) below)	2,320,000	2,320,000
(b) Interest accrued but not due on borrowings	542,826	397,092
(c) Interest accrued and due on borrowings	241,541	385,881
(d) Unpaid dividends (Refer Note (ii) below)	1,594,893	1,269,318
(e) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	18,725,594	19,959,272
(ii) Payables on purchase of fixed assets	7,334,104	31,318,960
(iii) Trade / security deposits received	86,782	196,782
(iv) Advances from customers	7,836,506	11,471,371
(v) Book overdraft from bank	11,085,953	8,805,179
(vi) Provision for bonus	35,376,343	40,968,178
(vii) Others	8,709,745	2,031,426
TOTAL	93,854,287	119,123,459

Notes:

- (i) Refer Note (i) in Note 4 - 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 Incentives	2,500,000	8,400,000
(ii) Provision for compensated absences	2,011,643	1,365,982
	<hr/> 4,511,643	<hr/> 9,765,982
(b) Provision - Others:		
(i) Provision for Wealth Tax	300,000	350,000
(ii) Provision for proposed equity dividend	38,779,996	38,540,596
(iii) Provision for tax on proposed dividends	6,590,661	6,252,249
(iv) Provision for Commission to Managing Directors	16,900,000	13,100,000
	<hr/> 62,570,657	<hr/> 58,242,845
TOTAL	67,082,300	68,008,827

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 10: FIXED ASSETS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
NOTE 11 : NON-CURRENT INVESTMENTS		
Non Current Investments[at cost unless otherwise stated]		
(A) Trade (Unquoted):		
In equity instruments of subsidiaries		
250 Equity Shares of CHF 1,000/- each fully paid up of Zodiac Clothing Company S.A., Switzerland	6,591,000	6,591,000
TOTAL - TRADE (A)	6,591,000	6,591,000
(B) Other Investments		
In equity instruments of subsidiaries (Unquoted)		
2,000,000 Equity Shares of ₹ 10/- each fully paid up of Zodiac Finsec and Holdings Limited	20,000,000	20,000,000
In equity instruments of other entities (Quoted)		
1,713,750 Equity Shares fully paid up of ₹ 5/- each of Shoppers Stop Ltd.	86,815,750	86,815,750
66 Equity Shares fully paid up of ₹ 10/- each of Aditya Birla Nuvo Ltd	84,609	84,609
830 Equity Shares fully paid up of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares fully paid up of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares fully paid up of ₹ 10/- each of Exide Industries Ltd	210	210
TOTAL - OTHER INVESTMENTS (B)	106,948,974	106,948,974
TOTAL (A+B)	113,539,974	113,539,974
Aggregate Value of Quoted Investments	86,948,974	86,948,974
Aggregate Market Value of Listed and Quoted Investments	691,745,243	667,106,736
Aggregate Value of Unquoted Investments	26,591,000	26,591,000

NOTE 12 : LONG-TERM LOANS AND ADVANCES

Unsecured, considered good unless otherwise stated		
(a) Capital advances	12,089,399	1,261,986
(b) Security deposits (Refer Note Below)	144,715,386	135,594,186
(c) Balances with government authorities		
(i) Sales tax Deposits	8,043,658	7,669,887
(ii) Custom duty receivable	2,595,465	2,595,465
(iii) Service Tax credit receivable	2,519,732	2,519,732
(d) Prepaid expenses	423,856	333,971
(e) Advance income tax (Net of provisions)	108,847,144	103,548,851
TOTAL	279,234,640	253,524,078

Note: Long-term loans and advances include amounts due from:

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
Directors:		
Mr. M.Y. Noorani	130,000	—
Mr. A.Y. Noorani	425,000	—
Mr. S.Y. Noorani	425,000	—
Firms in which Directors are partners		
Metropolitan Trading Company	17,310,000	16,929,120
Munraz Enterprises	1,500,000	1,500,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 13 : CURRENT INVESTMENTS (At lower of cost and fair value)		
In units of Mutual Funds (Unquoted):		
4,931,908.83 (Previous Year: Nil) Units of ₹ 10/- each of IDFC Ultra Short Term Fund - Growth (Direct Plan)	80,000,000	—
9,018.73 (Previous Year : Nil) Units of ₹ 1,000/- each Pramerica Credit Opportunities Fund - Growth Plan	9,500,000	—
45,562.82 (Previous Year : Nil) Units of ₹ 1,000 /- each Pramerica Short Term Floating Rate Fund – Direct Plan - Growth Option	50,142,895	—
NIL (Previous Year : 1,673.89) Units of ₹ 1,000/- each of Pramerica Short Term Income Fund - Growth Option	—	1,800,000
NIL (Previous Year : 42,173.89) Units of ₹ 1,000/- each of Pramerica Short Term Bond Fund - Growth Option	—	48,200,000
NIL (Previous Year: 920,606.86) Units of ₹ 10/- each of Templeton Floating Rate Income Fund Institutional Option - Growth	—	15,000,000
NIL (Previous Year: 645,140.26) Units of ₹ 10/- each of IDFC Ultra Short Term Fund Monthly Dividend	—	6,520,368
TOTAL	139,642,895	71,520,368
Aggregate amount of Unquoted Investments	139,642,895	71,520,368

NOTE 14 : INVENTORIES (At lower of cost and net realisable value)

(a) Raw materials	192,513,141	191,235,297
Goods-in-transit	16,379,451	21,515,290
	<hr/>	<hr/>
	208,892,592	212,750,587
(b) Work-in-progress	33,706,876	29,248,461
(c) Finished goods (other than those acquired for trading)	259,867,450	297,582,804
(d) Stock-in-trade (acquired for trading)	98,375,388	94,635,779
(e) Stores and spares	3,878,850	3,985,904
(f) Accessories and Packing Material	84,227,876	56,921,996
Goods-in-transit	3,702,650	5,731,469
	<hr/>	<hr/>
	87,930,526	62,653,465
(g) Chemicals & Furnace oil etc	2,792,690	3,476,631
TOTAL	695,444,372	704,333,631

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 15 : TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	9,166,244	8,493,976
Doubtful	15,927,723	12,382,908
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	25,093,967	20,876,884
Less: Provision for doubtful trade receivables	15,927,723	12,382,908
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	9,166,244	8,493,976
Other Trade receivables		
Unsecured, considered good	261,486,812	176,113,463
TOTAL	<u>270,653,056</u>	<u>184,607,439</u>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

NOTE 16 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Cash on hand	2,730,861	2,830,696
(b) Remittances in Transit	5,836,804	8,965,858
(c) Balances with banks		
(i) In current accounts	10,179,420	56,702,284
(ii) In EEF C accounts	9,249,643	2,408,179
(iii) In deposit accounts (Refer Note below)	–	14,800,000
(iv) In earmarked accounts		
– Unpaid dividend accounts	1,594,893	1,269,318
TOTAL	<u>29,591,621</u>	<u>86,976,335</u>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Note:

Balances with banks include deposits amounting to ₹ Nil (As at 31st March, 2012 ₹ 6,800,000) which have an original maturity of more than 12 months.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 17 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties	171,914,374	178,104,811
(b) Loans and advances to employees		
– Good	4,421,656	6,164,351
– Doubtful	1,615,128	1,615,128
	<hr/> 6,036,784	<hr/> 7,779,479
Less: Provision for doubtful loans and advances	1,615,128	1,615,128
	<hr/> 4,421,656	<hr/> 6,164,351
(c) Prepaid expenses	4,144,395	3,466,811
(d) Balances with government authorities		
CENVAT credit receivable	3,055,056	3,992,327
	<hr/> 3,055,056	<hr/> 3,992,327
(e) Others		
(i) Advances against goods and services	3,817,447	14,207,815
(ii) Deferred Premium on Loan	4,010,650	1,457,365
(iii) Export incentive receivable	60,008,468	43,495,567
(iv) Investment in Mutual Fund pending allotment	–	56,000,000
(v) LIC Gratuity Advance	27,808,235	20,762,676
(vi) Other balances	3,808,335	5,711,634
	<hr/> 99,453,135	<hr/> 141,635,057
Doubtful	553,762	563,885
	<hr/> 100,006,897	<hr/> 142,198,942
Less: Provision for doubtful loans and advances	553,762	563,885
	<hr/> 99,453,135	<hr/> 141,635,057
TOTAL	282,988,616	333,363,357

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
NOTE 18 : OTHER CURRENT ASSETS		
(a) Accruals		
– Interest accrued on deposits	–	334,804
(b) Others		
– Insurance claims	–	154,363
TOTAL	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> 489,167

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹

NOTE 19 : REVENUE FROM OPERATIONS

(a) Sale of products (Refer Note (i) below)	2,995,503,920	3,017,315,536
(b) Other operating revenues (Refer Note (ii) below)	162,910,728	142,185,577
	<hr/>	<hr/>
	3,158,414,648	3,159,501,113
Less:		
(c) Excise duty	82,121,979	78,741,913
TOTAL	<hr/> 3,076,292,669	<hr/> 3,080,759,200

Notes:

(i) **Sale of products comprises**

Manufactured goods

Garment & Accessories	2,639,130,545	2,654,656,226
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Traded goods

Garment & Accessories	256,850,417	243,586,690
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Fabric *	69,713,046	88,273,526
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Accessories	29,809,912	30,799,094
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* Includes sale of leftover fabric

TOTAL	2,995,503,920	3,017,315,536
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(ii) **Other operating revenues comprise:**

Sale of scrap	4,420,340	7,845,101
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Duty drawback and other export incentives	99,303,323	88,606,136
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Recovery of Freight and insurance on sales	48,673,069	31,463,063
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Royalty received	10,462,446	14,149,621
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Commission received	51,550	121,656
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TOTAL	162,910,728	142,185,577
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
NOTE 20 : OTHER INCOME		
(a) Interest income (Refer Note (i) below)	18,980,419	18,385,969
(b) Dividend income:		
from Current Investments		
Mutual Fund	60,531	44,531
from Non-current Investments		
Subsidiaries	37,593,131	37,993,361
Investment in equity shares of listed company	1,287,507	1,287,747
(c) Net gain on sale of:		
Current Investments	9,259,796	12,588,108
(d) Other non-operating income (Refer Note (ii) below)	10,843,397	12,215,775
TOTAL	78,024,781	82,515,491

Notes:

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
(i) Interest income comprises:		
Interest on Bank deposit	991,651	1,314,094
Interest on loans and advances	16,434,437	16,761,703
Other interest	1,554,331	310,172
TOTAL	18,980,419	18,385,969
(ii) Other non-operating income comprises:		
Liabilities / provisions no longer required written back	9,604,845	9,514,243
Rent Income	179,200	1,073,100
Miscellaneous income	1,059,352	1,628,432
TOTAL	10,843,397	12,215,775

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
NOTE 21A : COST OF MATERIALS CONSUMED		
Opening stock	275,404,052	343,661,987
Add: Purchases	<u>1,153,691,569</u>	<u>1,107,435,322</u>
	1,429,095,621	1,451,097,309
Less: Closing stock	296,823,118	275,404,052
TOTAL	<u>1,132,272,503</u>	<u>1,175,693,257</u>
Material consumed comprises:		
Fabric	866,037,635	925,807,399
Yarn	6,753,253	6,951,733
Accessories and Packing Materials	<u>259,481,615</u>	<u>242,934,125</u>
TOTAL	<u>1,132,272,503</u>	<u>1,175,693,257</u>
NOTE 21.B : PURCHASES OF STOCK IN TRADE		
Garment & Accessories	94,551,494	115,012,143
Fabric	55,342,109	55,723,346
Accessories	<u>28,688,419</u>	<u>28,605,572</u>
TOTAL	<u>178,582,022</u>	<u>199,341,061</u>
NOTE 21.C : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Finished goods	259,867,450	297,582,804
Stock in Trade	98,375,388	94,635,779
Work-in-progress - Garment & Accessories	<u>33,706,876</u>	<u>29,248,461</u>
	<u>391,949,714</u>	<u>421,467,044</u>
Inventories at the beginning of the year:		
Finished goods	297,582,804	245,278,197
Stock in Trade	94,635,779	56,133,259
Work-in-progress - Garment & Accessories	<u>29,248,461</u>	<u>37,310,142</u>
	<u>421,467,044</u>	<u>338,721,598</u>
NET DECREASE / (INCREASE)	29,517,330	(82,745,446)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	446,579,778	473,681,105
Contributions to provident and other funds	59,678,462	61,968,142
Staff welfare expenses	8,293,890	8,446,499
TOTAL	514,552,130	544,095,746

NOTE 23 : FINANCE COSTS

(a) Interest expense on:

(i) Borrowings	8,425,081	6,458,622
(ii) Others		
– Interest on delayed / deferred payment	394,486	1,042,669
(b) Amortisation of deferred premium cost	7,434,916	4,862,876
TOTAL	16,254,483	12,364,167

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
NOTE 24 : OTHER EXPENSES		
Consumption of Stores and Spare Parts	6,871,701	9,352,492
Excise duty on Finished Goods (Refer Note 46)	(7,901,703)	28,028,720
Labour Charges	65,862,348	62,814,247
Consumables for printing/ embroidery/ washing	25,921,206	31,028,252
Power and fuel	25,173,374	22,487,977
Rent including lease rentals	279,697,967	257,950,464
Retail store maintenance expenses	39,603,508	32,778,448
Repairs and maintenance - Buildings	4,034,817	5,828,688
Repairs and maintenance - Machinery	7,173,163	5,452,286
Repairs and maintenance - Others	7,365,511	9,222,028
Insurance	7,982,986	8,254,449
Rates and taxes	8,690,353	8,880,861
Postage, and Telephones	16,382,624	17,636,085
Travelling and conveyance	37,608,622	41,041,936
Printing and stationery	4,748,711	5,865,295
Freight and forwarding	103,246,159	95,417,718
Sales commission	78,819,667	83,515,170
Sales discount	23,758,190	23,230,305
Business promotion	155,338,893	191,921,496
Donations and contributions	10,634,756	8,315,153
Legal and professional	16,439,801	16,471,112
Director Sitting fees	880,000	1,120,000
Electricity	34,518,717	26,735,443
Commission to Managing Directors	16,900,000	13,100,000
Security Charges	8,364,573	7,467,043
Trade Mark fees	17,792,875	17,734,664
Payments to auditors (Refer Note below)	1,686,682	1,650,799
Bad and doubtful debts written off	95,657	2,313,906
Net loss on foreign currency transactions and translation (other than considered as finance cost)	12,351,812	56,904,302
Assets discarded written off	10,752,388	3,737,194
Provision for doubtful trade receivables, and loans and advances	3,544,815	212,074
Prior period items (net) (Refer Note 41)	–	2,056,675
Bank Charges	17,026,003	16,229,729
Miscellaneous expenses	6,234,788	5,524,587
TOTAL	1,047,600,964	1,120,279,598
Note:		
Payments to auditors comprises :		
As auditors - statutory audit	1,350,000	1,350,000
For other services	110,000	130,000
Reimbursement of expenses	20,149	10,634
Service Tax	206,533	160,165
TOTAL	1,686,682	1,650,799
NOTE 25 : EXCEPTIONAL ITEMS		
Profit on sale of Leasehold Land	–	8,936,321
Profit on sale of Freehold Land	2,586,919	–
TOTAL	2,586,919	8,936,321

NOTES FORMING PART OF FINANCIAL STATEMENTS

26) Contingent Liabilities: -

- a) Guarantee issued by the Bank and counter guaranteed by the Company: ₹5,452,239/- (Previous year: ₹ 4,800,659/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 33,769,425/- (Previous year: ₹ 30,367,959/-).
- c) Foreign bills/Letters of Credit discounted with Bank: ₹ 12,346,148/- (Previous year ₹ 29,787,556/-)
- d) Disputed demand not provided for in respect of: -

	Current year ₹	Previous Year ₹
1) Income Tax	128,862,070	102,540,443
2) Sales Tax	11,229,872	11,229,872
3) Apparel Export Promotion Council for non fulfillment of export obligation against duty free imports	2,190,575	2,980,050
e) Claims against the Company not acknowledged as debts: ₹ 730,841/- (Previous Year ₹ 1,066,310/-)		
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.

27) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 28,290,352/- (Previous Year ₹ 62,809,263/-)

28) 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 31st March – Principal	3,234,877	2,688,059
Interest	582,484	330,000
(b) Interest paid in terms of section 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	252,484	Nil

	Current year ₹	Previous Year ₹
(d) Amount of interest accrued and remaining unpaid as on 31st March	582,484	330,000
(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	Nil	Nil

29) The amount of premium on forward exchange contracts to be recognized in the Statement of Profit and Loss in the next financial year is ₹ 4,010,650 /- (Previous Year ₹ 1,457,365/-)

30) 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 ₹ 279,486,978/- (Previous Year ₹ 257,950,464/-) in respect of premises taken on lease.
- (c) The future minimum lease payments under non-cancelable operating lease:
 - (i) not later than one year is ₹ 7,309,130/- (Previous Year ₹ 37,112,888/-);
 - (ii) later than one year and not later than five years is ₹ 559,930/- (Previous Year ₹ 15,449,296/-) and
 - (iii) 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 ₹ 179,200/- (Previous Year ₹ 1,073,100/-)

c) Premises given on licence basis:-
 Gross Carrying amount ₹ 4,645,100/- (Previous 4,645,100/-)
 Accumulated Depreciation ₹ 757,366 /-(Previous Year 681,650 /-)
 Depreciation for the year ₹ 75,716/- (Previous Year 75,716/-)

31) Particulars of Raw Material Consumption: -

(Previous year's figures are in brackets)

Class of Goods	Value (₹)	%	Imported	%	Indigenous	%
(a) Yarn	6,753,253	100	—	—	6,753,253	100
	(6,951,733)	(100)	(-)	(-)	(6,951,733)	(100)
(b) Fabric	866,037,635	100	311,038,228	35.91	554,999,407	64.09
	(925,807,399)	(100)	(327,591,019)	(35.38)	(598,216,380)	(64.62)
(c) Accessories &Packing Materials	259,481,615	100	118,502,746	45.67	140,978,869	54.33
	(242,934,125)	(100)	(111,727,215)	(45.99)	(131,206,910)	(54.01)
TOTAL	1,132,272,503	100	429,540,974	37.94	702,731,529	62.06
	(1,175,693,257)	(100)	(439,318,234)	(37.37)	(736,375,023)	(62.63)

32) CIF Value of Imports: -

	Current Year ₹	Previous Year ₹
(i) Raw Materials (includes accessories)	405,542,516	371,832,351
(ii) Stores & Spares	643,125	1,627,363
(iii) Capital Goods	7,056,797	7,030,288
(iv) Traded Goods	64,052,221	38,717,465

33) Value of Stores and Spares Consumption

	Current Year		Previous Year	
	₹	%	₹	%
Imported	783,236	11.40	2,119,411	22.66
Indigenous	6,088,465	88.60	7,233,081	77.34
Total	6,871,701	100	9,352,492	100

34) Expenditure in Foreign Currencies: -

	Current Year ₹	Previous Year ₹
Sales Promotion	82,367	287,661
Interest on Loans/Bank charges	20,596,860	19,068,018
Travelling Expenses	5,784,325	4,800,147
Rebate, Discount & Commission	64,913,957	66,977,496
Membership & subscription	—	187,520
Forward Contract Roll over charges	—	10,011,724
Books & Periodicals	22,174	4,152
Repair & Maintenance	—	2,489

35) Remittance in Foreign Currencies on Account of Dividend:

(Previous year's figures are in brackets)

(a)	No. of Non-Resident Shareholders	No. of Shares held by them	Net Amount of Dividend (₹)
Interim Dividend for the year ended 31.03.2013	4 (4)	7,024,466 (7,024,466)	10,536,699 (7,024,466)
Dividend for the year ended 31.03.2012	4 (4)	7,024,466 (4,682,978)	14,048,932 (23,414,890)

(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 (₹)
Interim Dividend for the year ended 31.03.2013	70 (73)	7,068,938 (7,514,147)	10,603,420 (7,514,147)
Dividend for the year ended 31.03.2012	70 (70)	7,063,114 (5,008,896)	14,126,228 (25,044,480)

36) Earnings in Foreign Currencies: -

	Current Year ₹	Previous Year ₹
Exports of Goods on FOB basis	1,329,817,583	1,354,578,006
Royalty Income	10,462,446	14,149,621
Others (Freight & Insurance Receipt)	48,673,069	31,463,063

37) Deferred Tax: -

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Deferred Tax Liability on account of:		
Depreciation and amortisation	48,192,923	39,798,247
	<u>48,192,923</u>	<u>39,798,247</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	22,242	2,499,442
(ii) Provision for Retirement Benefit	4,049,506	3,240,158
(iii) Provision for Doubtful Debts & Advances	6,151,039	4,724,616
	<u>10,222,787</u>	<u>10,464,216</u>
Deferred Tax Liabilities (Net)	37,970,136	29,334,031

The Net Deferred tax charge of ₹ 8,636,105/- (Previous year (credit) ₹ 1,607,299/-) 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.

38) 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

(b) Key Management Personnel: -

Mr. M. Y. Noorani

Mr. A. Y. Noorani

Mr. S. Y. Noorani

(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

Mariambai & Haji Noor Mohamad Noorani Foundation Trust

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)

	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Sale of Goods				
Mashal Enterprises	— (-)	— (-)	6,827,490 (7,047,227)	6,827,490 (7,047,227)
Zodiac Clothing Co (U.A.E.) LLC	96,846,728 (97,763,458)	— (-)	— (-)	96,846,728 (97,763,458)
Zodiac Metropolitan Clothing GmbH	— (-)	— (-)	149,293,611 (163,139,982)	149,293,611 (163,139,982)
Onward LLC	— (-)	— (-)	100,911,352 (160,377,002)	100,911,352 (160,377,002)
Interest Income Received				
Zodiac Finsec and Holdings Ltd	16,434,437 (16,761,703)	— (-)	— (-)	16,434,437 (16,761,703)
Royalty Income Received				
Zodiac Clothing Co (U.A.E.) LLC	10,462,446 (14,149,621)	— (-)	— (-)	10,462,446 (14,149,621)
Dividend Income Received				
Zodiac Finsec and Holdings Ltd	20,000,000 (20,000,000)	— (-)	— (-)	20,000,000 (20,000,000)
Zodiac Clothing Company S.A	17,593,131 (17,993,361)	— (-)	— (-)	17,593,131 (17,993,361)
Trade Mark fees Accrued				
Metropolitan Trading Company	— (-)	— (-)	19,928,766 (19,421,503)	19,928,766 (19,421,503)
Rent Accrued				
Metropolitan Trading Company	— (-)	— (-)	14,193,066 (20,364,456)	14,193,066 (20,364,456)
Mustang Manufacturing Company	— (-)	— (-)	207,600 (207,600)	207,600 (207,600)
Munraz Enterprises	— (-)	— (-)	388,800 (388,800)	388,800 (388,800)
Montage Corporation	— (-)	— (-)	62,316 (62,616)	62,316 (62,616)
Miraj Marketing Company LLP	— (-)	— (-)	1,089,888 (825,000)	1,089,888 (825,000)
Mr. A.Y. Noorani	— (-)	473,700 (433,405)	— (-)	473,700 (433,405)

	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Mr. S.Y. Noorani	— (-)	473,700 (433,405)	— (-)	473,700 (433,405)
Mr. M.Y. Noorani	— (-)	133,056 (133,056)	— (-)	133,056 (133,056)
Zodiac Finsec and Holdings Ltd	54,142,464 (53,149,824)	— (-)	— (-)	54,142,464 (53,149,824)
Salary Paid				
Mr. Awais A. Noorani	— (-)	— (-)	3,998,060 (4,709,059)	3,998,060 (4,709,059)
Expenses Recovered				
Mashal Enterprises	— (-)	— (-)	558,218 (519,923)	558,218 (519,923)
Zodiac Finsec and Holdings Ltd	26,993 (50,913)	— (-)	— (-)	26,993 (50,913)
Zodiac Metropolitan Clothing Gmbh	— (-)	— (-)	134,542 (-)	134,542 (-)
Metropolitan Trading Company	— (-)	— (-)	1,627,712 (788,259)	1,627,712 (788,259)
Munraz Enterprises	— (-)	— (-)	2,500 (390)	2,500 (390)
Zodiac Clothing Co (U.A.E.) LLC	1,295,204 (970,507)	— (-)	— (-)	1,295,204 (970,507)
Other Income Received				
Zodiac Clothing Co (U.A.E.) LLC	4,277,482 (4,578,300)	— (-)	— (-)	4,277,482 (4,578,300)
Zodiac Metropolitan Clothing Gmbh	— (-)	— (-)	5,109,194 (5,555,287)	5,109,194 (5,555,287)
Onward LLC	— (-)	— (-)	1,423,305 (363,310)	1,423,305 (363,310)
Expenses Reimbursed				
Metropolitan Trading Company	— (-)	— (-)	39,963 (2,910)	39,963 (2,910)
Mashal Enterprises	— (-)	— (-)	226,696 (143,384)	226,696 (143,384)
Munraz Enterprises	— (-)	— (-)	342,120 (342,331)	342,120 (342,331)
Zodiac Clothing Co (U.A.E.) LLC	1,185,015 (1,052,122)	— (-)	— (-)	1,185,015 (1,052,122)
Zodiac Metropolitan Clothing Gmbh	— (-)	— (-)	— (327,547)	— (327,547)
Zodiac Finsec and Holdings Ltd	1,036,049 (1,219,862)	— (-)	— (-)	1,036,049 (1,219,862)
Loans/Advances Repaid by				
Zodiac Finsec and Holdings Ltd	6,000,000 (22,510,000)	— (-)	— (-)	6,000,000 (22,510,000)

	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Dividend Paid				
Miraj Marketing Company LLP	– (-)	– (-)	8,112,070 (10,043,514)	8,112,070 (10,043,514)
Metropolitan Trading Company	– (-)	– (-)	1,546,545 (5,744,310)	1,546,545 (5,744,310)
Asia Tangible Investments Pte. Ltd.	– (-)	– (-)	11,042,087 (13,671,157)	11,042,087 (13,671,157)
Euro Global Holdings Pte Ltd	– (-)	– (-)	11,042,087 (13,671,157)	11,042,087 (13,671,157)
Mr. M.Y. Noorani	– (-)	7,446,338 (4,933,976)	– (-)	7,446,338 (4,933,976)
Mr. A.Y. Noorani	– (-)	66,728 (82,615)	– (-)	66,728 (82,615)
Mr. S.Y. Noorani	– (-)	29,169 (456,358)	– (-)	29,169 (456,358)
Mr. Awais A. Noorani	– (-)	– (-)	263 (-)	263 (-)
Mr. Musaed A. Noorani	– (-)	– (-)	263 (325)	263 (325)
Mrs. Saniyya A. Noorani	– (-)	– (-)	263 (-)	263 (-)
Mrs. Muna A. Noorani	– (-)	– (-)	263 (325)	263 (325)
Mrs. Zehra S. Noorani	– (-)	– (-)	1,250 (1,547)	1,250 (1,547)
Donation given				
Mariambai & Haji Noor	–	–	–	–
Mohamed Noorani Foundation Trust	(-)	(-)	(500,000)	(500,000)
Commission Accrued				
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	11,824,737 (13,685,494)	11,824,737 (13,685,494)
Mr. A.Y. Noorani	– (-)	8,450,000 (6,550,000)	– (-)	8,450,000 (6,550,000)
Mr. S.Y. Noorani	– (-)	8,450,000 (6,550,000)	– (-)	8,450,000 (6,550,000)
Export Claims				
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	7,500,000 (-)	7,500,000 (-)

	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Outstanding amount receivable				
Zodiac Finsec and Holdings Ltd. - Loans and Advances	171,914,374 (178,104,811)	– (-)	– (-)	171,914,374 (178,104,811)
Munraz Enterprises	– (-)	– (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Zodiac Metroplitan Clothing Gmbh	– (-)	– (-)	13,743,787 (6,575,808)	13,743,787 (6,575,808)
Onward LLC	– (-)	– (-)	5,286,631 (14,310,958)	5,286,631 (14,310,958)
Zodiac Clothing Co (U.A.E.) LLC	8,031,986 (-)	– (-)	– (-)	8,031,986 (-)
Metropolitan Trading Company	– (-)	– (-)	17,310,000 (16,929,120)	17,310,000 (16,929,120)
Mastang Manufacturing Company	– (-)	– (-)	210,000 (-)	210,000 (-)
Mr. A.Y. Noorani	– (-)	425,000 (-)	– (-)	425,000 (-)
Mr. S.Y. Noorani	– (-)	425,000 (-)	– (-)	425,000 (-)
Mr. M.Y. Noorani	– (-)	130,000 (-)	– (-)	130,000 (-)
Outstanding amount payable				
Mashal Enterprises	– (-)	– (-)	1,427,353 (26,188)	1,427,353 (26,188)
Metropolitan Trading Company	– (-)	– (-)	2,029,922 (2,211,482)	2,029,922 (2,211,482)
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	17,562,744 (15,431,724)	17,562,744 (15,431,724)
Mr. A.Y. Noorani	– (-)	8,875,000 (6,550,000)	– (-)	8,875,000 (6,550,000)
Mr. S.Y. Noorani	– (-)	8,875,000 (6,550,000)	– (-)	8,875,000 (6,550,000)
Mr. M.Y. Noorani	– (-)	130,000 (-)	– (-)	130,000 (-)
Mustang Manufacturing Co.	– (-)	– (-)	210,000 (-)	210,000 (-)
Zodiac Clothing Co (U.A.E.) LLC	– (4,171,946)	– (-)	– (-)	– (4,171,946)

39) 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", notified under the Companies (Accounting Standard) Rules, 2006, 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)	1,687,399,571	1,388,953,098	3,076,292,669	1,680,568,510	1,400,190,690	3,080,759,200
Carrying Cost of Segment Asset	2,494,033,110	170,575,342	2,664,608,452	2,466,615,306	116,132,691	2,582,747,997
Capital Expenditure	119,616,068	—	119,616,068	185,171,611	—	185,171,611

Note: There are no inter segment revenue.

40) 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 contracts, as on March 31, 2013

Sr No	Currency	Buy/Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1.	USD	SELL	INR	4,855,000	3,526,000
2	GBP	SELL	USD	—	105,000
3	GBP	SELL	INR	358,000	298,000
4	EURO	SELL	INR	27,000	—
5	EURO	SELL	USD	—	44,000
6	CHF	SELL	INR	121,000	50,000
8	USD	BUY	INR	3,180,317	3,416,339

(ii) Net Gain on derivative instruments which have been designated as Cash Flow hedges of ₹ 2,593,652/- (Previous Year Net Loss of ₹ 2,020,887/-) recognized in Hedging Reserve as of March 31, 2013, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature.

(iii) Exchange Loss of ₹ 12,351,812 (Previous Year Loss ₹ 56,904,302/-) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2013.

(b) (i) No derivative instruments are acquired for speculation purposes.

(ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 281,359,801/- (Previous Year ₹ 298,281,546/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	₹	Foreign Currency	₹
Packing Credit Loan	USD 4,696,452	₹ 254,946,897	USD 5,087,650	260,266,366
	GBP 27,968	₹ 2,299,706	GBP 272,665	22,303,752
	EURO 145,813	₹ 10,133,302	EUR 136,954	9,359,471
	CHF 15	₹ 855	–	–
Creditors for Goods and expenses	USD 239,377	₹ 12,994,555	USD 115,469	5,907,001
	EURO 14,166	984,486	EURO 6,185	422,676
	–	–	GBP 272	22,280

41) Prior Year Adjustments included in the Statement of Profit and Loss are as under: -

Particulars	Current Year (₹)	Previous Year (₹)
Expenses		
Telephone	—	1,598,136
Commission & Discount	—	244,124
Electricity	—	10,942
Purchases	—	19,087
Legal & Professional Fees	—	2,901
Courier Charges	—	181,485
Total	—	2,056,675

42) Earnings Per Share: -

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Face value per share (₹)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	19,300,462	19,236,566
(ii) For Diluted EPS	19,300,462	19,290,994
(c) Net Profit for the year attributable to equity shareholders (₹)	110,530,537	109,840,814
(d) Basic Earnings Per Share (₹) (c/b(i))	5.73	5.71
(d) Diluted Earnings Per Share (₹) (c/b(ii))	5.73	5.69

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)	19,300,462	19,236,566
Add: Potential equity shares that could arise on Exercise of Employee Stock Option	–	54,428
	19,300,462	19,290,994

43) 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, 2013, the details are as follows:

(a) Employees Stock Option Scheme:

Particulars	Grant I	Grant II
Nos. of Options Granted (After considering impact of Bonus issued on 28th September, 2011)	462,975	401,025
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting	Graded Vesting
1st year	30%	30%
2nd year	30%	30%
3rd 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	119,697	401,025
Granted during the year	Nil	Nil
Exercised during the year*	119,700	Nil
Cancelled/Lapsed during the year	Nil	31,950
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	369,075

* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28th September, 2011)

(c) Employees Stock Option Scheme:

Particulars	Grant I	Grant II
Exercisable at the beginning of the year	119,697	120,308
Vested during the year	Nil	110,722
Exercised during the year*	119,700	Nil
Cancelled/Lapsed during the year	Nil	9,585
Options exercisable at the end of the year	Nil	221,445

* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28th 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 BlackScholes Model.

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

	Grant1	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 perform amounts indicated below :

Particulars	2012-13	2011-12
Net Profit After Tax (As Reported)	110,530,537	109,840,814
Add: Compensation Expenses under ESOS included in the Net Profit	Nil	Nil
Less: Compensation Expenses under ESOS as per Fair Value	7,379,655	19,532,139
Net Profit After Tax (Fair value basis)	103,150,882	90,308,675
Basic Earning Per Share (Reported) - ₹ / Share	5.73	5.71
Basic Earning Per Share (Fair value basis)- ₹ / Share	5.34	4.69
Diluted Earning Per Share (Reported) - ₹ / Share	5.73	5.69
Diluted Earning Per Share (Fair value basis) – ₹ / Share	5.34	4.68

44) Disclosure as per Clause 32 of the Listing Agreement: -

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

Name of the Company	Relationship	Amount outstanding as on 31.03.2013 (₹)	Maximum amount outstanding during the year (₹)	Investment in shares of the Company (No. of Shares)
Zodiac Finsec and Holdings Ltd.	Wholly owned Subsidiary	171,914,374	177,139,758	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.

45. (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, 2013 ₹	As at March 31, 2012 ₹
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2012	60,711,341	54,710,275
Current Service Cost	7,447,785	8,060,340
Interest Cost	5,160,464	4,513,598
Benefit Paid	(9,400,443)	(7,221,983)
Actuarial loss on obligations	5,371,352	649,112
Present value of funded benefit obligations as at March 31, 2013	69,290,499	60,711,341
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1st April, 2012	70,374,017	62,330,457
Expected Return on plan assets	6,052,165	5,142,263
Contributions	28,594,858	9,078,436
Benefits Paid	(9,400,443)	(7,221,983)
Actuarial gain / (loss) on plan assets	1,478,137	1,044,844
Fair value of plan assets as at March 31, 2013	97,098,734	70,374,017
Total Actuarial (loss) / gain recognized	(3,893,215)	395,733
Amount Recognised in Balance Sheet		
Present value of obligation	69,290,499	60,711,341
Fair value of plan assets	97,098,734	70,374,017
Liability / (assets)	(27,808,235)	(9,662,676)
Liability / (assets) recognized in the Balance Sheet	(27,808,235)	(9,662,676)
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	7,447,785	8,060,340
Interest Cost	5,160,464	4,513,598
Expected Return on plan assets	(6,052,165)	(5,142,263)
Net Actuarial loss /(gain) recognised in the current year	3,893,215	(395,733)
Past Service Cost	–	–
Expenses Recognised in the Statement of Profit and Loss	10,449,299	7,035,942
Actuarial assumptions used		
Discount rate	8.00%	8.50%
Expected Return on plan assets	8.70%	8.50%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	97,098,734	70,374,017

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	2012-13 ₹	2011-12 ₹	2010-11 ₹	2009-10 ₹	2008-09
Plan Assets	1,478,137	1,044,844	949,368	216,807	408,244
Plan Liabilities	1,188,369	3,684,679	492,152	1,755,002	4,209,940

- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ 12,500,000/- (Previous Year ₹ 12,024,771/-).
- 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, 2013 ₹	As at March 31, 2012 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2012	9,986,617	9,852,317
Current Service Cost	2,313,288	4,157,714
Interest Cost	848,862	812,816
Benefit Paid	(2,390,275)	(4,086,074)
Actuarial loss / (gain) on obligations	1,155,322	(750,156)
Present value of unfunded benefit obligations as at March 31, 2013	11,913,814	9,986,617
Amount Recognised in Balance Sheet		
Present value of obligation	11,913,814	9,986,617
Fair value of plan assets	NIL	NIL
Liability / (assets) recognized in the Balance Sheet	11,913,814	9,986,617
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	2,313,288	4,157,714
Interest Cost	848,862	812,816
Expected Return on plan assets	Nil	Nil
Net Actuarial loss / (gain) recognised in the current year	1,155,322	(750,156)
Expenses Recognised in the Statement of Profit and Loss	4,317,472	4,220,374
Actuarial assumptions used		
Discount rate	8.00%	8.50%
Expected Return on plan assets	0%	0%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

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

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Zodiac	Zodiac	Zodiac	Zodiac	Zodiac
	Finsec and	Clothing Co.	Clothing Co.	Clothing Co.	Properties
	Holdings Ltd	S.A.	(UAE) LLC	Inc	Ltd
Financial year ending	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013
Shares of the subsidiary held by the company on the above date					
(a) Number and Face value	2,000,000	250	300	10,000	10
	Eq. Shares of	Shares of	Shares of	Shares of	Shares of
	SFR	AED	AED	USD	GBP
	₹ 10/- each fully paid up	1000/- each fully paid up	1000/- each fully paid up	1/- each fully paid up	1000/- 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: -					
(a) dealt within the accounts of the company for the year ended 31st March, 2013	₹ 20,000,000	—	AED 615,001	—	—
(b) not dealt within the accounts of the company for the year ended 31st March, 2013	₹ 16,370,159	CHF 134,626	AED 1,910,668	USD 1,023	GBP 185,121
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					
(a) dealt within the accounts of the company for the year ended 31 st March, 2013	₹ 40,000,000	CHF 920,000	AED 3,690,000	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31st March, 2013	₹ 168,076,609	CHF 370,493	AED 37,702,900	USD 15,705	GBP 800,093

M.Y. NOORANI
Chairman

A.Y NOORANI
Vice-Chairman & Managing Director

Place : Mumbai
Dated : 29th May, 2013

O.P. SINGH
Company Secretary

A close-up, slightly angled view of a stack of men's shirts. The shirts are folded and feature a fine, woven texture. The colors of the shirts, from top to bottom, are pink, red, dark red, dark blue, and light blue. Each shirt has two dark green buttons visible at the collar. In the top right corner, a small black rectangular label is partially visible, containing the word 'ZODIAC' in gold-colored letters and the words 'FINEST QUALITY SHIRTMAKERS' in smaller letters below it.

ZODIAC

FINEST QUALITY SHIRTMAKERS

100% Two Ply Cotton

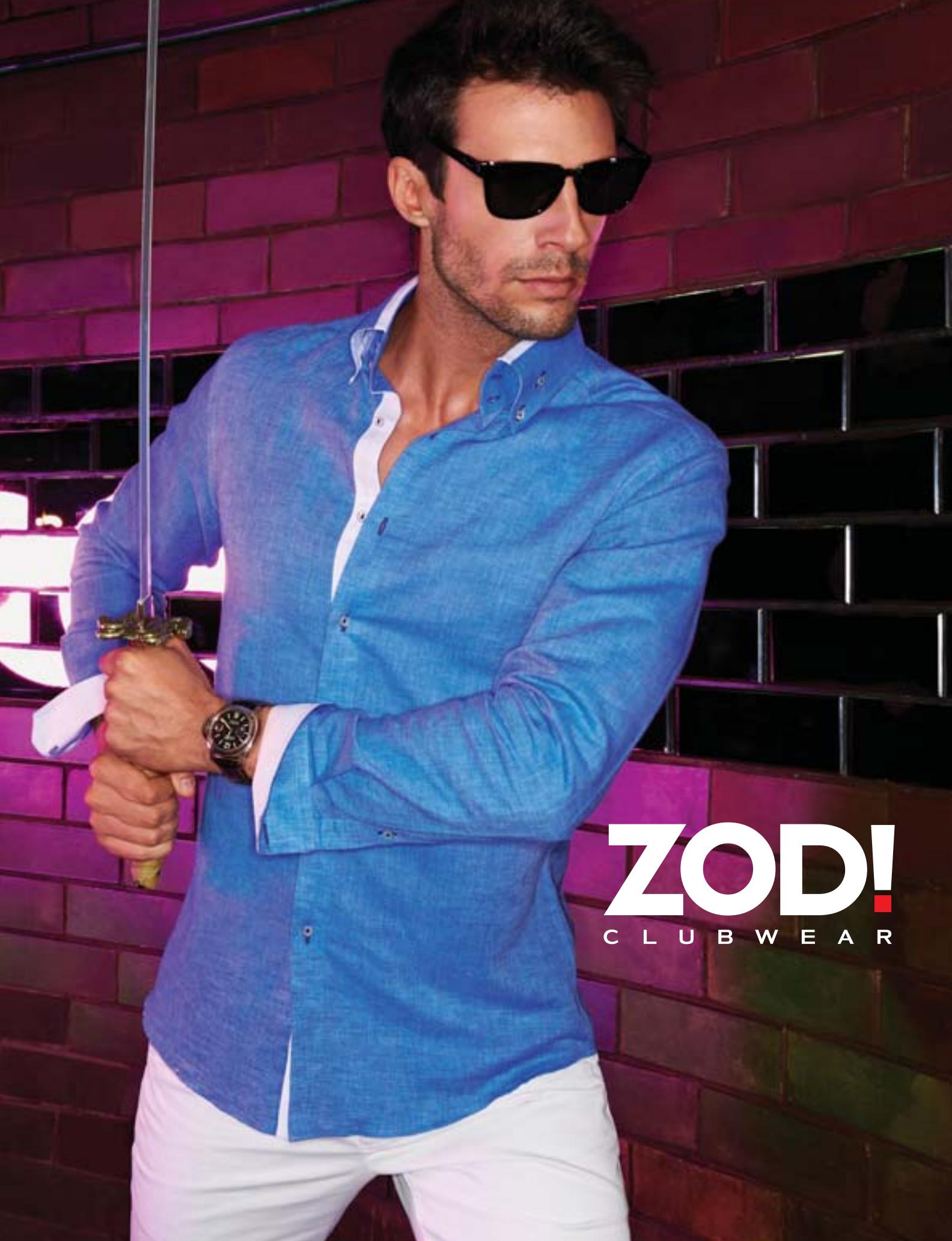
Barolo

ZODIAC

FINEST QUALITY SHIRTMAKERS







ZOD!
CLUBWEAR

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ZODIAC CLOTHING COMPANY LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 judgement, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of any of the subsidiaries, whose financial statements reflect total assets of ₹ 11,314 Lakhs as at 31st March, 2013, total revenues of ₹ 6,426 Lakhs and net cash flows amounting to ₹ 154 Lakhs 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, 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 is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

Rajesh K Hiranandani
Place : Mumbai
Dated : 29th May, 2013
Partner
Membership No. 36920

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	193,899,980	192,702,980
(b) Reserves and surplus	3	2,228,062,083	2,117,133,627
		2,421,962,063	2,309,836,607
2 Non-current liabilities			
(a) Long-term borrowings	4	64,049,352	76,140,959
(b) Deferred tax liabilities (net)	31	37,983,579	29,350,506
(c) Long-term provisions	5	16,231,546	23,133,621
		118,264,477	128,625,086
3 Current liabilities			
(a) Short-term borrowings	6	470,337,170	474,715,266
(b) Trade payables	7	358,077,434	298,156,609
(c) Other current liabilities	8	138,671,984	156,732,806
(d) Short-term provisions	9	82,161,862	79,085,163
		1,049,248,450	1,008,689,844
TOTAL		3,589,474,990	3,447,151,537
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	1,172,333,060	1,146,777,169
(ii) Intangible assets	10B	29,918,790	30,401,700
(iii) Capital work-in-progress	10C	14,940,286	193,826,488
(iv) Intangible assets under development	10D	3,764,140	6,096,974
		1,220,956,276	1,377,102,331
(b) Non-current investments	11	313,135,494	124,051,867
(c) Long-term loans and advances	12	290,600,024	263,398,714
(d) Other non-current assets	13	279,238	264,738
		604,014,756	387,715,319
TOTAL		1,824,971,032	1,764,817,650
2 Current assets			
(a) Current investments	14	148,843,897	71,520,368
(b) Inventories	15	752,986,006	754,565,111
(c) Trade receivables	16	391,043,158	329,143,184
(d) Cash and cash equivalents	17	167,388,412	209,417,100
(e) Short-term loans and advances	18	304,197,792	317,198,352
(f) Other current assets	19	44,693	489,772
		1,764,503,958	1,682,333,887
TOTAL		3,589,474,990	3,447,151,537

See accompanying notes forming part of the consolidated financial statements

1-40

In terms of our report attached.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

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

Rajesh K Hiranandani
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

Place : Mumbai
Dated : 29th May, 2013

O. P. SINGH
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
1. Revenue from operations (gross)	20	3,681,824,385	3,854,013,862
Less: Excise duty		82,121,979	78,741,913
Revenue from operations (net)		3,599,702,406	3,775,271,949
2. Other income	21	30,293,946	47,907,070
Total revenue (1+2)		3,629,996,352	3,823,179,019
3. Expenses			
(a) Cost of materials consumed	22a	1,275,361,029	1,379,100,477
(b) Purchases of stock-in-trade		297,115,294	376,789,465
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22b	30,237,018	(85,146,826)
(d) Employee benefits expense	23	610,926,705	651,658,441
(e) Finance costs	24	19,975,794	15,264,462
(f) Depreciation and amortisation expenses	10	99,040,437	81,606,808
(g) Other expenses	25	1,098,371,332	1,192,517,153
Total expenses		3,431,027,609	3,611,789,980
4. Profit before exceptional items and tax		198,968,743	211,389,039
5. Exceptional items	26	2,586,919	8,936,321
6. Profit before tax		201,555,662	220,325,360
7. Tax expense:			
(a) Current tax expense		52,798,907	44,443,230
(b) Current tax expense relating to prior years		–	11,868
(c) Deferred tax charge / (credit)	31	8,633,073	(1,610,849)
		61,431,980	42,844,249
8. Profit for the year from continuing operations		140,123,682	177,481,111
9. Earnings per share (of ₹ 10/- each):			
(a) Basic	35	7.26	9.23
(b) Diluted	35	7.26	9.20

See accompanying notes forming part of the consolidated financial statements 1-40

In terms of our report attached.
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

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

Rajesh K Hiranandani
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

Place : Mumbai
Dated : 29th May, 2013

O. P. SINGH
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2013**

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
A. Cash flows from operating activities		
Profit before Taxation and Extraordinary items	201,555,662	220,325,360
Adjustments for:		
Depreciation and amortization	99,040,437	81,606,808
Provision for Doubtful Debts and Advances	3,544,815	212,074
Provision for Doubtful Debts written back	(10,123)	(2,089,358)
Liabilities/Provisions no longer required written back	(10,599,405)	(8,327,654)
Provision for Wealth Tax	300,000	350,000
Assets Discarded Written off	12,239,397	15,749,726
Exchange Loss on revaluation	11,076,483	4,956,338
Profit on Sale of Leasehold Land	—	(8,936,321)
Profit on Sale of Freehold Land	(2,586,919)	—
Profit on Sale of Current Investments	(9,588,835)	(13,525,505)
Dividend Income from Investments	(1,434,583)	(1,492,638)
Finance Costs	19,975,794	15,264,462
Interest Income	(2,705,257)	(16,973,255)
	119,251,804	66,794,677
Operating Profit before working capital changes	320,807,466	287,120,037
Adjustments for:		
Trade and other receivables	(61,691,335)	(111,644,881)
Inventories	1,579,105	(21,251,982)
Trade and other Payables	47,785,067	6,467,970
	(12,327,163)	(126,428,893)
Cash from operations	308,480,303	160,691,144
Currency Alignment on conversion of accounts of		
Non- Integral Foreign Subsidiaries	27,400,253	64,909,788
Direct taxes paid (Net)	(59,125,471)	(58,522,502)
Net cash generated from operating activities	276,755,085	167,078,430
B. Cash Flows from investing activities		
Purchases of Current Investments	(832,258,443)	(584,502,959)
Sale of Current Investments	764,523,748	674,714,600
Purchases of Non-Current Investments	(16,882,831)	(9,077,266)
Dividend Received	1,434,583	1,492,638
Interest Income	2,705,257	16,973,255
Fixed deposit with Banks having Original maturity over 3 months	16,491,781	34,577,824
Purchase of fixed assets	(138,720,329)	(214,985,203)
Proceeds from sale of fixed assets	3,145,260	10,000,000
Net cash used in investing activities	(199,560,974)	(70,807,111)

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,563,892,347	1,435,708,538
Repayment of short term borrowings	(1,569,871,896)	(1,325,574,091)
Repayment of long term borrowings	(12,091,607)	(2,365,599)
Issue of Shares at premium on exercising of Esops	13,587,280	4,392,880
Finance Costs	(19,975,794)	(15,264,462)
Interim dividend paid	(33,804,078)	(22,514,798)
Dividends paid (including Dividend Distribution Tax)	(44,792,845)	(74,506,408)
Net cash (Used in) / Generated From financing activities	(103,056,593)	(123,940)
Net (Decrease) /Increase in cash and cash equivalents (A+B+C)	(25,862,482)	96,147,379
Cash and cash equivalents as at the commencement of the year	191,656,001	95,508,622
Cash and cash equivalents as at the end of the year	165,793,519	191,656,001
Deposit with original Maturity over 3 months	–	16,491,781
Restricted Cash (Unclaimed Dividend Accounts)	1,594,893	1,269,318
Cash and cash equivalents as at the end of the year as per Note 17	167,388,412	209,417,100

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006
2. 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 DELOITTE HASKINS & SSELLS
Chartered Accountants

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

Rajesh K Hiranandani
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

Place : Mumbai
Dated : 29th May, 2013

O. P. SINGH
Company Secretary

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 consolidated financial statements have been prepared on the following basis.

- a) The accounts of the Indian Subsidiary have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.
- b) Subsidiaries:

The Consolidated Financial Statements present 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 (Previously Known as Multiplex Collapsible Tubes Ltd.)	India	100%
b) Zodiac Clothing Co. S.A.	Switzerland	100%
c) Zodiac Clothing Co (UAE) LLC	UAE	100%*
d) Zodiac Clothing Company Inc	U.S.A	100%
e) Zodiac Properties Ltd.	R.A.K. (UAE)	100%

Note:-

* The shareholders of the company are Mrs Muna Mahmood Mohd. Mahmood (51%) and M/s Zodiac Clothing Co S.A.(49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmood 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” notified under the Companies (Accounting Standards) Rules, 2006.
- 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, 1956.

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.

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.

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 section 205(2)(b) of the Companies Act, 1956 at the rates that are equal to or higher than those prescribed under Schedule XIV to the Companies Act, 1956 based on the management's estimate of useful lives of the assets. The estimated useful lives that are different from those prescribed under schedule XIV in respect of one of the subsidiaries are as follows: -

Factory Building	10 Years
Plant and Machinery	8 Years
Furniture and Office Equipment	10 Years
Vehicles	5 Years

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 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 has been 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 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

Investment 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 initially measured at cost and transaction

costs less any accumulated depreciation and any accumulated 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. 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 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) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, notified under the Companies (Accounting Standard) Rules, 2006. Income Tax comprises both current and deferred tax.

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

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.

m) 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.

n) 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.

o) 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
NOTE 2 : SHARE CAPITAL				
(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	19,389,998	193,899,980	19,270,298	192,702,980
TOTAL	19,389,998	193,899,980	19,270,298	192,702,980

Notes :

(i) Rights, preferences and restrictions attached to equity shares :

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing annual general meeting, except in the case of Interim dividend. In the event of the liquidation of the company the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion of equity shares held.

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

Particulars	Opening Balance	Bonus	ESOP	Closing Balance
Equity shares				
Year ended 31 March, 2013				
– Number of shares	19,270,298	–	119,700	19,389,998
– Amount (₹)	192,702,980	–	1,197,000	193,899,980
Year ended 31 March, 2012				
– Number of shares	12,821,064	6,410,532	38,702	19,270,298
– Amount (₹)	128,210,640	64,105,320	387,020	192,702,980

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

Class of shares / Name of shareholder	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares with voting rights :				
Asia Tangible Investments Pte Ltd.	3,154,882	16.27	3,154,882	16.37
Euro Global Holdings Pte. Ltd.	3,154,882	16.27	3,154,882	16.37
Miraj Marketing Company LLP	2,317,734	11.95	2,317,734	12.03
Mohammed Yusuf Noorani **	2,569,395	13.25	1,691,448	8.78
Akash Bhanshali	2,025,000	10.44	–	–
India Capital Fund Ltd	–	–	1,840,873	9.55
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd	979,032	5.05	404,492	2.10
**Out of 2,569,395 shares held by Mr Mohammed Yusuf Noorani, (previous year 1,691,448), following shares are held by him				
a) as Partner for and on behalf of Metropolitan Trading Company	–	244,170		
b) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990	18,990		
c) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334	8,334		

(iv) As at 31st March, 2013, 369,075 shares (As at 31st March, 2012, 520,722 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 36)

(v) Aggregate number and class of 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 31st March, 2013	As at 31st March, 2012
Equity shares		
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 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening balance	228,575,725	288,675,185
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	12,390,280	4,005,860
	<hr/>	<hr/>
	240,966,005	292,681,045
Less: Applied during the year for issue of bonus shares	—	64,105,320
	<hr/>	<hr/>
Closing balance	240,966,005	228,575,725
(b) Statutory Reserve		
As per last Balance sheet	1,798,014	1,798,014
(c) Special Reserve u/s 45 IC of the RBI Act 1934		
Opening balance	36,489,328	28,367,328
Add: Transfer from Statement of Profit and Loss	7,923,000	8,122,000
	<hr/>	<hr/>
Closing balance	44,412,328	36,489,328
(d) General reserve		
Opening balance	226,340,126	211,065,190
Add: Transferred from Surplus in Statement of Profit and Loss	17,675,000	16,000,000
	<hr/>	<hr/>
	244,015,126	227,065,190
Less: Transferred to Surplus in Statement of Profit and Loss	—	725,064
	<hr/>	<hr/>
Closing balance	244,015,126	226,340,126
(e) Foreign currency translation reserve		
Opening balance	75,760,415	10,850,627
Add: Effect of foreign exchange rate variations during the year	27,400,253	64,909,788
	<hr/>	<hr/>
Closing balance	103,160,668	75,760,415

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 3 : RESERVES AND SURPLUS (Contd.)		
(f) Hedging reserve (Net)		
Unrecognised Losses on cash flow hedges (net)		
Opening balance	(2,265,761)	(1,964,812)
Add: Amount reversed on settlement of hedged contracts	2,265,761	1,964,812
	—	—
Add / (Less): Gain / (Loss) on mark to market of hedging instruments designated and effective as hedges of future cash flows	7,923,343	(2,265,761)
Closing balance	7,923,343	(2,265,761)
(g) State cash Subsidy		
As per last Balance Sheet	1,584,350	1,584,350
(h) Amalgamation Reserve Account		
As per last Balance Sheet	816,433	816,433
(i) Surplus in Statement of Profit and Loss		
Opening balance	1,548,034,997	1,461,258,465
Add: Transfer from Statement of Profit and Loss	140,123,682	177,481,111
Transferred from general reserve	—	725,064
	1,688,158,679	1,639,464,640
Less: Transferred to General Reserve	17,675,000	16,000,000
Interim dividend (₹ 1.50/- per share) (Previous Years ₹ 1/- per share)	29,085,764	19,270,298
Dividend proposed to be distributed to equity shareholders (₹ 2/- per Share) (Previous Year ₹ 2/- per Share)	38,779,996	38,540,596
Tax on dividend	11,309,103	9,496,749
Transfer to special reserve	7,923,000	8,122,000
Closing balance	1,583,385,816	1,548,034,997
TOTAL	2,228,062,083	2,117,133,627

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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NOTE 4 : LONG-TERM BORROWINGS

Secured Term Loan From Bank	<u>64,049,352</u>	<u>76,140,959</u>
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Notes:-

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

Particulars	Details of security	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Citi Bank	Secured by hypothecation of specified machineries acquired by using the term loan proceeds	580,000	2,900,000
The Hongkong and Shanghai Banking Corporation Ltd, London	Secured by way of First charge on the residential and commercial property situated at 11A Montagu Mews North Montagu Place, London	63,469,352	73,240,959
TOTAL		64,049,352	76,140,959

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

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee benefits:

Provision for Compensated absences	11,054,267	12,460,753
Provision for Gratuity	4,249,117	7,232,436
Provision for Staff Air Passage	928,162	3,440,432
TOTAL	16,231,546	23,133,621

NOTE 6 : SHORT-TERM BORROWINGS

Working Capital Loans :

(a) From banks

Secured	323,552,999	214,272,444
Unsecured	120,608,205	252,177,559
	<u>444,161,204</u>	<u>466,450,003</u>

(b) Loans and advances from related parties

Unsecured	<u>26,175,966</u>	<u>8,265,263</u>
TOTAL	470,337,170	474,715,266

Note:

Details of security for the secured short-term borrowings:

Secured by hypothecation of Raw materials, Finished goods and semi - finished goods, Packing Materials & other Accessories, Stores and Spares, Book Debts, other receivables and claims, both present and future.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 7 : TRADE PAYABLES		
Trade payables:		
Other than Acceptances	354,260,073	295,138,550
Dues of Micro, Small and Medium enterprises	3,817,361	3,018,059
TOTAL	358,077,434	298,156,609
NOTE 8 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowings (Refer Note (i) below)	12,475,096	12,422,201
(b) Interest accrued but not due on borrowings	542,826	397,092
(c) Interest accrued and due on borrowings	241,541	508,051
(d) Unpaid dividends (Refer Note (ii) below)	1,594,893	1,269,318
(e) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	19,358,136	20,515,550
(ii) Payables on purchase of fixed assets	7,334,104	31,318,960
(iii) Trade / security deposits received	26,305,547	26,415,547
(iv) Advances from customers	15,647,001	11,917,865
(v) Book overdraft from bank	11,085,953	8,805,179
(vi) Provision for bonus	35,376,343	40,968,178
(vii) Others	8,710,544	2,194,865
TOTAL	138,671,984	156,732,806
Notes:		
(i) Refer Note (i) in Note 4 - 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 incentives	2,500,000	8,400,000
(ii) Provision for gratuity	6,946,826	4,647,047
(ii) Provision for staff air passage	3,726,827	2,975,754
(iv) Provision for compensated absences	6,417,552	4,819,517
	19,591,205	20,842,318
(b) Provision - Others:		
(i) Provision for Wealth Tax	300,000	350,000
(ii) Provision for proposed equity dividend	38,779,996	38,540,596
(iii) Provision for tax on proposed dividend	6,590,661	6,252,249
(iv) Provision for Commission to Managing Directors	16,900,000	13,100,000
	62,570,657	58,242,845
TOTAL	82,161,862	79,085,163

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE : 10 FIXED ASSETS

(₹)

Particulars	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION			NET BLOCK					
	As at 1st April, 2012	Additions	Deductions/ Adjustments	Currency Alignment	As at 31st March, 2013	As at 1st April, 2012	for the year	Deductions/ Adjustments	Currency Alignment	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
A TANGIBLE ASSETS												
Freehold Land	42,549,771 (42,549,771)	—	459,352 (-)	—	42,090,419 (42,549,771)	—	—	—	(-)	—	42,090,419	42,549,771
Leasehold Land	475,940 (1,805,590)	—	— (1,329,650)	—	475,940 (475,940)	142,897 (389,120)	19,748 (19,748)	—	(-)	—	162,645 (142,897)	313,295 (115,771,537)
Building	664,541,434 (653,323,628)	17,970,729 (2,192,828)	179,865,367 (-)	3,464,625 (27,024,978)	506,111,421 (664,541,434)	115,771,537 (97,612,934)	11,572,875 (11,052,053)	7,565,581 (-)	2,942,084 (7,106,550)	122,720,915 (115,771,537)	383,390,506	548,769,897
Plant & Equipments	391,583,398 (354,982,001)	15,564,235 (26,840,953)	—	4,455,133 (9,760,444)	411,602,766 (391,583,398)	177,280,500 (150,530,627)	20,174,110 (19,534,050)	—	3,385,202 (7,215,823)	200,739,812 (177,280,500)	210,762,954	214,302,898
Furniture & Fixtures	254,264,362 (210,995,201)	42,445,146 (55,127,442)	6,939,897 (15,014,020)	4,350,460 (3,155,739)	294,120,071 (254,264,362)	76,711,336 (63,757,372)	18,168,194 (14,265,264)	5,111,829 (3,001,488)	4,094,496 (1,690,188)	93,362,197 (76,711,336)	200,257,874	177,553,026
Vehicles	36,353,403 (36,077,269)	—	— (394,563)	39,192 (70,070)	36,392,595 (36,353,403)	14,273,992 (11,280,345)	3,368,385 (3,333,794)	—	4,036 (394,563)	17,046,413 (34,416)	18,746,182	22,079,411
Office Equipment	18,010,852 (12,555,716)	47,415,038 (5,455,136)	—	— (-)	65,425,890 (18,010,852)	8,219,535 (7,498,828)	3,883,783 (7,20,707)	—	(-)	—	12,103,318 (8,219,535)	53,322,572 (7,971,317)
Lease hold Improvement	155,157,049 (118,375,746)	115,341,780 (44,494,671)	13,780,197 (7,713,368)	—	256,718,632 (155,157,049)	63,809,872 (49,766,804)	21,699,402 (18,107,869)	4,558,102 (4,064,801)	—	80,951,172 (63,809,872)	175,767,460	91,347,177
Computer	43,724,920 (36,894,149)	22,477,940 (6,830,771)	—	— (-)	66,202,860 (43,724,920)	32,491,299 (29,272,916)	6,018,160 (3,218,383)	—	(-)	—	38,509,459 (32,491,299)	27,693,401
Electrical Installation	46,630,999 (38,031,918)	35,760,133 (8,718,766)	1,391,804 (119,685)	—	80,999,328 (46,630,999)	17,813,991 (15,574,292)	3,399,495 (2,270,756)	202,555 (31,057)	—	21,010,931 (17,813,991)	59,988,397	28,817,008
TOTAL (A)	1,653,297,128	296,975,001	202,436,617	12,399,410	1,760,139,922	506,154,959	88,304,152	17,438,067	10,425,818	587,806,862	1,172,333,060	1,146,777,169
Previous Year	(1,487,590,989)	(150,261,194)	(24,571,286)	(40,011,231)	(1,653,292,128)	(425,683,238)	(72,542,624)	(7,757,880)	(16,046,977)	(506,514,959)	(1,146,777,169)	
B INTANGIBLE ASSETS (Acquired)												
Goodwill	77,270,448 (68,979,360)	—	3,765,426 (-)	81,035,874 (8,291,088)	59,590,113 (77,270,448)	6,555,522 (48,349,723)	—	—	2,664,298 (5,467,852)	68,809,933 (59,590,113)	12,225,941	17,680,335
Software	20,687,394 (9,104,838)	9,152,247 (11,582,556)	—	— (-)	29,839,641 (20,687,394)	4,196,029 (4,674,383)	4,180,763 (3,291,646)	—	(-)	12,146,792 (7,966,029)	17,692,849	12,721,365
TOTAL (B)	97,957,842	9,152,247	—	3,765,426	110,875,515	67,556,142	10,736,285	—	2,664,298	80,195,6725	29,918,790	30,401,700
Previous Year	(78,084,198)	(11,582,556)	(-)	(8,291,088)	(97,957,842)	(53,024,106)	(9,064,184)	(-)	(5,467,852)	(67,556,142)	(30,401,700)	
C CAPITAL WORK IN PROGRESS												
D INTANGIBLE ASSETS UNDER DEVELOPMENT												
TOTAL (A+B+C+D)	1,751,249,970	306,127,248	202,436,617	16,074,836	1,871,015,437	574,071,101	90,040,437	17,438,067	13,090,116	668,763,587	1,220,956,276	1,377,102,331
Previous Year	(1,565,675,187)	(161,843,750)	(24,571,286)	(48,302,319)	(1,751,249,970)	(47,807,344)	(81,606,808)	(7,757,880)	(21,514,829)	(574,071,101)	(1,227,102,331)	

Notes :-

1. Plant and Equipments costing ₹ 72,003,595/- (Previous Year ₹ 72,003,595/-) are hypothecated against Term Loan sanctioned in case of Zodiac Clothing Co. (UAE) LLC a subsidiary. Factory building is constructed on annually renewable leasehold land.
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 ₹ 375,968,623/- (Previous Year ₹ 375,968,623/-) given on operating lease.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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NOTE 11 : NON-CURRENT INVESTMENTS

Non Current Investments (At cost unless otherwise stated)

		As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Other Investments			
A. Investment Property (Refer Note below)		172,200,796	—
TOTAL - (A)		172,200,796	—
B. In equity instruments of other entities (Quoted)			
1,713,750 Equity Shares fully paid up of ₹ 5/- each of Shoppers Stop Ltd.		86,815,750	86,815,750
66 Equity Shares fully paid up of ₹ 10/- each of Aditya Birla Nuvo Ltd		84,609	84,609
830 Equity Shares fully paid up of ₹ 1/- each of Hindalco Industries Ltd.		43,202	43,202
108 Equity Shares of ₹ 1/- each fully paid up of Coramandel International Ltd.		5,203	5,203
7 Equity Shares fully of ₹ 10/- each paid up of Exide Industries Ltd		210	210
TOTAL - (B)		86,948,974	86,948,974
C. Investment in Venture Capital Funds (Unquoted)			
I Tata Capital Growth Fund [Venture Capital Fund] {2,000,000 units @ ₹ 1 each, partly paid up ₹ 0.5063 per unit Previous Year partly paid up ₹ 0.3847 per unit}		10,347,250	7,914,785
ii Tata Capital Health Care Fund {2,000,000 units @ ₹ 1 each, partly paid up ₹ 0.2500 per unit Previous Year partly paid up ₹ 0.2500 per unit}		5,188,108	5,188,108
iii Faering Capital India Evolving Fund {38,450 units @ ₹ 1,000 each, Previous Year. 24,000 units @ ₹ 1,000/- each}		38,450,366	24,000,000
TOTAL - (C)		53,985,724	37,102,893
TOTAL (A+B+C)		313,135,494	124,051,867
Aggregate Value of Quoted Investments		86,948,974	86,948,974
Aggregate market value of Listed and Quoted Investments		691,745,243	667,106,736
Aggregate Value of Unquoted Investments		226,186,520	37,102,893

Note: The Investment Property represent Residential & Commercial Building situated at 11 A Montage News, London, hypothecated by way of first charge against Term Loan Sanction by the Hongkong & Shanghai Banking Corporation Ltd., London. The same has been reclassified from Fixed Assets to Non-Current Investments as at 31st March, 2013.

NOTE 12 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good unless otherwise stated

(a) Capital advances	12,089,399	1,261,986
(b) Security deposits	148,479,203	138,895,528
(c) Balances with government authorities:		
(i) Sales tax Deposits	8,043,658	7,669,887
(ii) Custom duty receivable	2,595,465	2,595,465
(iii) Service Tax credit receivable	2,519,732	2,519,732
(d) Prepaid expenses	423,858	333,971
(e) Advance income tax (Net of Provisions)	116,448,709	110,122,145
TOTAL	290,600,024	263,398,714

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 13 : OTHER NON-CURRENT ASSETS		
(a) Accruals		
(i) Interest accrued on Investments	176,332	176,332
(ii) Dividend accrued on Investments	87,235	87,235
(b) Others	15,671	1,171
TOTAL	279,238	264,738

**NOTE 14 : CURRENT INVESTMENTS
(AT LOWER OF COST AND FAIR VALUE)**

In units of Mutual Funds (Unquoted):

4,931,908.83 (Previous Year: Nil) Units of ₹ 10/- each of IDFC ULTRA Short Term Fund - Growth (Direct Plan)	80,000,000	—
Nil (Previous Year : 42,173.18) Units of ₹ 1,000/- each of Pramerica Short Term Bond Fund - Growth Option	—	48,200,000
Nil (Previous Year: 1,673.89) Units of ₹ 1,000/- each of Pramerica Short Term Income Fund - Growth Option	—	1,800,000
8,362.193 (Previous Year : Nil) Units of ₹ 1,000/- each of Pramerica Short Term Floating Rate Fund - Direct Plan Growth Option	9,201,002	—
9,018.73 (Previous Year : Nil) Units of ₹ 1,000/- each Pramerica Credit Opportunities Fund - Growth Plan	9,500,000	—
45,562.82 (Previous Year : Nil) Units of ₹ 1,000 /- each Pramerica Short Term Floating Rate Fund – Direct Plan - Growth Option	50,142,895	—
Nil (Previous Year: 920,606.86) Units of ₹ 10/- each of Templeton Floating Rate Income Fund Institutional Option - Growth	—	15,000,000
Nil (Previous Year: 645,140.26) Units of ₹ 10/- each of IDFC Ultra Short Term Fund Monthly Dividend	—	6,520,368
TOTAL	148,843,897	71,520,368
Aggregate amount of Unquoted Investments	148,843,897	71,520,368

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 15 : INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials	207,385,472	194,065,537
Goods-in-transit	19,781,757	30,073,386
	<hr/>	<hr/>
	227,167,229	224,138,923
(b) Work-in-progress	46,313,946	42,788,643
(c) Finished goods (other than those acquired for trading)	261,856,008	298,339,246
(d) Stock-in-trade (acquired for trading)	100,464,802	97,727,215
Goods-in-transit	5,286,631	10,607,218
	<hr/>	<hr/>
	105,751,433	108,334,433
(e) Stores and spares	4,751,771	4,225,331
(f) Accessories and Packing Material	97,715,186	66,665,645
Goods-in-transit	5,950,503	5,892,350
	<hr/>	<hr/>
	103,665,689	72,557,995
(g) Chemicals & Furnace oil etc	2,792,690	3,476,630
(h) Stock of Shares (at lower of cost and Fair value)	687,240	703,910
TOTAL	752,986,006	754,565,111
	<hr/>	<hr/>

NOTE 16 : TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good	15,524,660	17,436,615
Doubtful	18,773,461	15,064,642
	<hr/>	<hr/>
	34,298,121	32,501,257
Less: Provision for doubtful trade receivables	18,773,461	15,064,642
	<hr/>	<hr/>
	15,524,660	17,436,615
Other Trade receivables		
Unsecured, considered good	375,518,498	311,706,569
TOTAL	391,043,158	329,143,184
	<hr/>	<hr/>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 17 : CASH AND CASH EQUIVALENTS		
(a) Cash on hand	3,149,638	3,596,176
(b) Remittances in Transit	5,836,804	8,965,858
(c) Cheques, Drafts on Hand	—	6,000
(d) Balances with banks:		
(i) In current accounts	43,658,819	93,917,058
(ii) In EEEFC accounts	9,249,643	2,408,179
(iii) In deposit accounts (Refer Notes below)	81,673,386	48,075,961
(iv) In earmarked accounts		
– Unpaid dividend accounts	1,594,893	1,269,318
– Balances held as margin money or security against borrowings, guarantees and other commitments	22,225,229	51,178,550
TOTAL	167,388,412	209,417,100
Notes:		
(i) Includes fixed deposit amounting to Nil (Previous Year ₹ 7,562,011/-) under lien against Bank facilities obtained by the subsidiary ie Zodiac Clothing Co. (UAE) LLC.		
(ii) Balances with banks include deposits amounting to Nil (As at 31st March, 2012 ₹ 6,800,000) which have an original maturity of more than 12 months.		
NOTE 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties	150,375,124	124,653,556
(b) Security Deposit	49,525	1,111,002
(c) Loans and advances to employees		
Good	6,060,938	7,731,505
Doubtful	1,615,128	1,615,128
	7,676,066	9,346,633
Less: Provision for doubtful loans and advances	1,615,128	1,615,128
	6,060,938	7,731,505
(d) Prepaid expenses	13,373,717	15,651,380
(e) Balances with government authorities		
(i) CENVAT credit receivable	3,055,056	3,992,327
(ii) others	5,592,360	4,916,552
	8,647,416	8,908,879
(f) Others		
(i) Advances against goods and services	5,319,353	16,681,353
(ii) Deferred Premium on Loan	4,010,650	1,457,365
(iii) Export incentive receivable	60,008,468	43,495,567
(iv) Investment in Mutual Fund pending allotment	—	56,000,000
(v) LIC Gratuity Advance	27,808,235	20,762,676
(vi) Other balances	28,544,366	20,745,069
	125,691,072	159,142,030
Doubtful	553,762	563,885
	126,244,834	159,705,915
Less: Provision for doubtful loans and advances	553,762	563,885
	125,691,072	159,142,030
TOTAL	304,197,792	317,198,352

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 19 : OTHER CURRENT ASSETS		
(a) Accruals		
Interest accrued on deposits	44,693	335,409
(b) Others		
Insurance claims	—	154,363
TOTAL	44,693	489,772

NOTE 20 : REVENUE FROM OPERATIONS

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
(a) Sale of products	3,504,248,813	3,698,362,137
(b) Other operating revenues (Refer Note below)	177,575,572	155,651,725
	<hr/>	<hr/>
Less:		
(c) Excise duty	82,121,979	78,741,913
TOTAL	3,599,702,406	3,775,271,949

Note:

Other operating revenues comprise:		
Duty drawback and other export incentives	99,303,323	88,606,136
Recovery of Freight and insurance on sales	45,529,259	30,807,732
Rent and other revenue received	32,742,990	36,237,857
TOTAL	177,575,572	155,651,725

NOTE 21 : OTHER INCOME

(a) Interest income	2,705,257	16,973,255
(b) Dividend income:		
from current investments	147,076	117,656
from non-current investments	1,287,507	1,374,982
(c) Net gain on sale of current investments	9,588,835	13,525,505
(d) Liabilities/provisions no longer required written back	10,609,527	10,417,012
(e) Rental Income	3,637,877	3,375,431
(f) Other Miscellaneous Income	2,317,867	2,123,229
TOTAL	30,293,946	47,907,070

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 22 a : COST OF MATERIALS CONSUMED		
Opening stock	287,977,940	362,997,969
Add: Purchases	1,312,243,418	1,304,080,449
	1,600,221,358	1,667,078,418
Less: Closing stock	324,860,329	287,977,941
TOTAL	1,275,361,029	1,379,100,477

**NOTE 22.b : CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Inventories at the end of the year:

Finished goods	261,856,008	298,339,246
Stock in Trade	100,464,802	97,727,215
Work-in-progress	46,313,946	42,788,643
Stock of Shares	687,240	703,910
	409,321,996	439,559,014

Inventories at the beginning of the year:

Finished goods	298,339,246	245,602,538
Stock in Trade	97,727,215	59,569,920
Work-in-progress	42,788,643	48,633,849
Stock of Shares	703,910	605,881
	439,559,014	354,412,188
Net Decrease / (Increase)	30,237,018	(85,146,826)

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

Salaries and wages	505,092,649	539,980,672
Contributions to provident and other funds	62,351,273	64,900,980
Staff welfare expenses	43,482,783	46,776,789
TOTAL	610,926,705	651,658,441

NOTE 24 : FINANCE COSTS

(a) Interest expense on:		
(i) Borrowings	12,142,974	9,358,900
(ii) Others		
– Interest on delayed / deferred payment	397,904	1,042,686
(b) Amortisation of deferred premium cost	7,434,916	4,862,876
TOTAL	19,975,794	15,264,462

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 25 : OTHER EXPENSES		
Consumption of stores and spare parts	6,642,109	10,299,063
Excise duty on Finished Goods (Refer Note 39)	(7,901,703)	28,028,720
Labour Charges	67,142,314	64,783,243
Consumables for printing/ embroidery /washing	25,921,206	31,028,252
Power and fuel	32,019,518	29,730,511
Rent including lease rentals	239,731,788	219,808,215
Retail store maintenance expenses	39,603,508	32,778,448
Repairs and maintenance - Buildings	4,794,564	6,543,376
Repairs and maintenance - Machinery	7,255,285	5,531,125
Repairs and maintenance - Others	12,714,817	15,154,234
Insurance	9,784,401	9,842,680
Rates and taxes	13,307,235	11,805,510
Postage and Telephones	19,180,663	20,698,777
Travelling and conveyance	38,638,281	42,463,772
Printing and stationery	5,616,912	6,884,897
Freight and forwarding	116,247,181	108,763,073
Sales commission	104,180,652	110,314,322
Sales discount	30,147,333	24,544,066
Business promotion	156,072,707	192,422,040
Donations and contributions	10,640,094	8,319,854
Legal and professional	23,070,092	26,196,714
Director Sitting fees	1,542,062	1,710,275
Electricity	34,621,571	27,286,319
Commission to Managing Directors	16,900,000	13,100,000
Security Charges	8,364,573	7,467,043
Trade Mark fees	17,792,874	17,734,664
Payments to auditors	2,525,993	2,540,392
Bad and doubtful debts written off	613,697	9,162,232
Net loss on foreign currency transactions and translation	17,045,714	63,497,621
Bank Charges	21,821,632	20,092,002
Assets discarded written off	12,239,397	15,749,726
Provision for doubtful trade receivables and loans and advances	3,544,815	212,074
Prior period expenses (net) (Refer Note 34)	4,223	2,061,167
Miscellaneous expenses	6,545,824	5,962,746
TOTAL	1,098,371,332	1,192,517,153

NOTE 26 : EXCEPTIONAL ITEMS

Profit on sale of Leasehold Land	—	8,936,321
Profit on sale of Freehold Land	2,586,919	—
TOTAL	2,586,919	8,936,321

27) Contingent Liabilities:-

- a) Guarantee issued by the Bank and counter guaranteed by the Company: ₹ 26,696,129/- (Previous year ₹ 29,318,998/-)
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 33,769,425/- (Previous year ₹ 33,804,442/-)
- c) Foreign bills/ Letters of Credit discounted with Bank ₹ 12,346,148/- (Previous year ₹ 29,787,556/-)
- d) Disputed demand not provided for in respect of: -

	Current year	Previous Year
	₹	₹
1) Income Tax	145,017,945	108,190,480
2) Sales Tax	11,229,872	11,229,872
3) Apparel Export Promotion Council for non fulfillment of export obligation against duty free imports	2,190,575	2,980,050
e) Claims against the Company not acknowledged as debts ₹ 730,841/- (Previous Year ₹ 1,066,310)		
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 in Venture Capital Funds amounting to ₹ 86,014,276/- (Previous Year ₹ 102,897,107/-).
- 28) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 28,290,352/- (Previous year ₹ 62,809,263/-)
- 29) The amount of premium on forward exchange contracts to be recognised in the Statement of Profit and Loss in the next financial year is ₹ 4,010,650/- (Previous Year ₹ 1,457,365/-)

30) 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 includes ₹ 239,520,799/- - (Previous Year: ₹ 219,808,215/-) in respect of premises taken on lease.
- c) The future minimum lease payments under non-cancelable operating lease :
 - (i) not later than one year is ₹ 7,309,130/- (Previous Year: ₹ 37,112,888/-); and
 - (ii) Later than one year and not later than five years is ₹ 559,930/- (Previous Year: ₹ 15,449,296/-).
 - (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 and 21 is ₹ 31,908,977/- (Previous Year ₹ 31,646,531/-)
- c) The future minimum Lease rentals under non-cancelable operating leases:
 - (i) Not later than one year is ₹ 28,271,100/- (Previous Year ₹ Nil)
 - (ii) Later than one year and not later than 5 year ₹ 7,067,775/- (Previous Year : ₹ Nil)
 - (iii) Later than 5 years ₹ Nil (Previous Year: ₹ Nil)
- d) Premises given on licence basis including Investment Property:-
Gross Carrying amount ₹ 555,704,733/- (Previous Year ₹ 375,968,623/-)
Accumulated Depreciation ₹ 48,635,718/- (Previous Year ₹ 34,972,115/-)
Depreciation for the year ₹ 9,039,125/- (Previous Year ₹ 6,128,289/-)

31) Deferred Tax: -

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Deferred Tax Liability on account of:		
Depreciation and amortisation	48,206,366	39,814,722
	48,206,366	39,814,722
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	22,242	24,99,442
(ii) Provision for Retirement Benefit	4,049,506	3,240,158
(iii) Provision for Doubtful Debts & Advances	6,151,039	47,24,616
	10,222,787	10,464,216
Deferred Tax Liabilities (Net)	37,983,579	29,350,506

32) Related Party Disclosures: -

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

1. Relationships: -

(a) Key Management Personnel: -

Mr. M. Y. Noorani

Mr. A. Y. Noorani

Mr. S. Y. Noorani

(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

Milano Apparel Pvt 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)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Sale of Goods			
Onward LLC	– (-)	100,911,352 (160,377,002)	100,911,352 (160,377,002)
Mashal Enterprises	– (-)	6,827,490 (7,047,227)	6,827,490 (7,047,227)
Zodiac Metropolitan Clothing Gmbh	– (-)	204,426,314 (297,729,721)	204,426,314 (297,729,721)
Purchases of Goods and Materials Accrued			
Zodiac Metropolitan Clothing Gmbh	– (-)	2,341,934 (6,388,754)	2,341,934 (6,388,754)
Onward LLC	– (-)	109,505,352 (177,871,884)	109,505,352 (177,871,884)
Interest Income			
Zodiac Metropolitan Clothing Gmbh	– (-)	Nil (14,836,017)	Nil (14,836,017)
Interest Paid			
Elite Clothing Co. Pvt. Ltd.	– (-)	1,097,195 (135,745)	1,097,195 (135,745)
Export Claims			
Zodiac Metropolitan Clothing Gmbh	– (-)	12,519,214 (-)	12,519,214 (-)
Trade Mark fees Accrued			
Metropolitan Trading Company	– (-)	19,928,766 (19,421,503)	19,928,766 (19,421,503)
Rent Accrued			
Metropolitan Trading Company	– (-)	14,193,066 (20,364,456)	14,193,066 (20,364,456)
Mustang Manufacturing Company	– (-)	207,600 (207,600)	207,600 (207,600)
Munraz Enterprises	– (-)	388,800 (388,800)	388,800 (388,800)
Montage Corporation	– (-)	62,316 (62,616)	62,316 (62,616)
Miraj Marketing Company LLP	– (-)	1,089,888 (825,000)	1,089,888 (825,000)
Mr. A.Y. Noorani	473,700 (433,405)	– (-)	473,700 (433,405)
Mr. S.Y. Noorani	473,700 (433,405)	– (-)	473,700 (433,405)
Mr. M.Y. Noorani	133,056 (133,056)	– (-)	133,056 (133,056)
Salary Paid			
Mr. Awais A. Noorani	– (-)	3,998,060 (4,709,059)	3,998,060 (4,709,059)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Expenses Recovered			
Mashal Enterprises	– (-)	558,218 (525,923)	558,218 (525,923)
Munraz Enterprises	– (-)	2,500 (3,390)	2,500 (3,390)
Metropolitan Trading Company	– (-)	1,627,712 (788,259)	1,627,712 (788,259)
Zodiac Metropolitan Clothing GmbH	– (-)	134,542 (-)	134,542 (-)
Miraj Marketing Company LLP	– (-)	– (3,000)	– (3,000)
Milano Apparels Pvt. Ltd.	– (-)	– (3,000)	– (3,000)
Mustang Manufacturing Company	– (-)	– (3,000)	– (3,000)
Montage Corporation	– (-)	– (3,000)	– (3,000)
Elite Clothing Co. Pvt. Ltd.	– (-)	– (3,000)	– (3,000)
Onward LLC	– (-)	7,816,182 (9,884,732)	7,816,182 (9,884,732)
Other Income Received			
Zodiac Metropolitan Clothing GmbH	– (-)	6,181,246 (9,412,877)	6,181,246 (9,412,877)
Onward LLC	– (-)	1,423,305 (363,310)	1,423,305 (363,310)
Expenses Reimbursed			
Metropolitan Trading Company	– (-)	39,963 (2,910)	39,963 (2,910)
Mashal Enterprises	– (-)	226,696 (143,384)	226,696 (143,384)
Munraz Enterprises	– (-)	342,120 (342,331)	342,120 (342,331)
Zodiac Metropolitan Clothing GmbH	– (-)	9,902,030 (2,758,292)	9,902,030 (2,758,292)
Onward LLC	– (-)	3,844,932 (6,864,502)	3,844,932 (6,864,502)
Loans Repaid by			
Zodiac Metropolitan Clothing GmbH	– (-)	122,183,155 (168,034,812)	122,183,155 (168,034,812)
Loan Paid to			
Zodiac Metropolitan Clothing GmbH	– (-)	156,439,940 (180,032,598)	156,439,940 (180,032,598)
Onward LLC	– (-)	28,849,291 (20,944,924)	28,849,291 (20,944,924)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Loans Taken From			
Elite Clothing Co Pvt Ltd	– (-)	22,000,000 (9,800,000)	22,000,000 (9,800,000)
Loan Repaid to			
Elite Clothing Co Pvt Ltd	– (-)	11,125,000 (3,000,000)	11,125,000 (3,000,000)
Dividend Paid			
Miraj Marketing Company LLP	– (-)	8,112,070 (10,043,514)	8,112,070 (10,043,514)
Metropolitan Trading Company	– (-)	1,546,545 (5,744,310)	1,546,545 (5,744,310)
Asia Tangible Investments Pte.Ltd	– (-)	11,042,087 (13,671,157)	11,042,087 (13,671,157)
Euro Global Holding Pte. Ltd.	– (-)	11,042,087 (13,671,157)	11,042,087 (13,671,157)
Mr. M. Y. Noorani	7,446,338 (4,933,976)	– (-)	7,446,338 (4,933,976)
Mr. A. Y. Noorani	66,728 (82,615)	– (-)	66,728 (82,615)
Mr. S. Y. Noorani	29,169 (456,358)	– (-)	29,169 (456,358)
Mr Awais Noorani	– (-)	263 (-)	263 (-)
Mrs Saniyya Noorani	– (-)	263 (-)	263 (-)
Mr. Musaed A. Noorani	– (-)	263 (325)	263 (325)
Mrs. Muna A. Noorani	– (-)	263 (325)	263 (325)
Mrs. Zehra S.Noorani	– (-)	1,250 (1,547)	1,250 (1,547)
Donation Paid			
Mariambai & Haji Noor Mohamed Noorani Foundation Trust	– (-)	– (500,000)	– (500,000)
Commission Accrued			
Zodiac Metropolitan Clothing Gmbh	– (-)	16,321,614 (18,780,138)	16,321,614 (18,780,138)
Mr. A.Y. Noorani	84,50,000 (6,550,000)	– (-)	84,50,000 (6,550,000)
Mr. S.Y. Noorani	84,50,000 (6,550,000)	– (-)	84,50,000 (6,550,000)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Outstanding amount receivable			
Metropolitan Trading Company	– (-)	17,487,402 (17,096,298)	17,487,402 (17,096,298)
Munraz Enterprises	– (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Zodiac Metroplitan Clothing Gmbh	– (-)	138,729,208 (140,993,356)	138,729,208 (140,993,356)
Onward LLC	– (-)	56,361,761 (35,255,882)	56,361,761 (35,255,882)
Zodiac UAE LLC	– (-)	3,690,320 (3,395,681)	3,690,320 (3,395,681)
Mr. A.Y. Noorani	425,000 (-)	– (-)	425,000 (-)
Mr. S.Y. Noorani	425,000 (-)	– (-)	425,000 (-)
Mr. M.Y. Noorani	130,000 (-)	– (-)	130,000 (-)
Mustang Manfacturing company	– (-)	210,000 (-)	210,000 (-)
Outstanding amount payable			
Onward LLC	– (-)	8,601,222 (13,540,984)	8,601,222 (13,540,984)
Mr. A. Y. Noorani	9,013,453 (6,687,292)	– (-)	9,013,453 (6,687,292)
Mr. S. Y. Noorani	9,013,453 (6,687,292)	– (-)	9,013,453 (6,687,292)
Mr. M. Y. Noorani	130,000 (-)	– (-)	130,000 (-)
Metropolitan Trading Company	– (-)	2,029,922 (2,211,482)	2,029,922 (2,211,482)
Zodiac Metroplitan Clothing Gmbh	– (-)	25,786,804 (16,621,739)	25,786,804 (16,621,739)
Mashal Enterprises	– (-)	1,427,353 (26,188)	1,427,353 (26,188)
Mustang Manufacturing Company	– (-)	210,000 (-)	210,000 (-)
Elite Clothing Co. Pvt. Ltd.	– (-)	17,675,000 (6,922,170)	17,675,000 (6,922,170)

33) (i) Primary Segment

The group 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	Clothing & Clothing Accessories		Investments		Total ₹
		2012-13	2011-12	2012-13	2011-12	
A.	Segment Revenue Gross	3,653,553,285	3,825,742,762	28,271,100	28,271,100	3,854,013,862
	Less : Excise Duty	82,121,979	78,741,913	—	—	78,741,913
	Segment Revenue (Net of Excise Duty)	3,571,431,306	3,747,000,849	28,271,100	28,271,100	3,775,271,949
	Other Income	—	—	—	—	47,907,070
	Total Segment Revenue	—	—	—	—	3,823,179,019
B.	Segment Profit before tax	149,150,360	143,467,890	19,524,437	20,014,079	163,481,969
	Other Income	—	—	—	—	30,293,946
	Exceptional Item (Income)	—	—	—	—	2,586,919
	Total Profit before tax	—	—	—	—	201,555,662
C	Segment Assets	3,185,250,305	3,063,680,981	404,224,685	383,470,556	3,589,474,990
D	Segment Liabilities	1,123,279,225	1,103,655,637	44,233,702	33,659,294	1,167,512,927
E	Addition to Fixed Assets	138,720,329	214,985,203	—	—	138,720,329
F	Segment Depreciation	92,898,929	75,465,300	6,141,508	6,141,508	99,040,437
G	Segment Non Cash Expenditure other than Depreciation	27,160,695	21,268,138	—	—	27,160,695
						21,268,138

(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)	1,715,610,671	1,884,091,735	3,599,702,406	1,699,287,207	2,075,984,742	3,775,271,949
Carrying Cost of Segment Asset	2,706,343,419	883,131,571	3,589,474,990	2,651,981,077	795,170,460	3,447,151,537
Capital Expenditure	119,616,068	19,104,261	138,720,329	211,959,123	3,026,080	214,985,203

34) Prior Year Adjustments included in the Statement of Profit and Loss are as under:

Particulars	Current Year (₹)	Previous Year (₹)
Income		
	Total A	-
Expenses		
Purchases	-	19,087
Electricity	-	14,441
Telephone	-	1,598,136
Commission & Discount	-	244,124
Courier Charges	-	181,485
Miscellaneous Expenses	4,223	3,894
TOTAL B	4,223	2,061,167
TOTAL (B-A)	4,223	2,061,167

35) Earnings Per Share: -

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Face value per share (₹)	10	10
(b) Weighted Average No. of Shares		
(i) For Basic EPS	19,300,462	19,236,566
(ii) For Diluted EPS	19,300,462	19,290,994
(c) Net Profit for the year attributable to equity shareholders (₹)	140,123,682	177,481,111
(d) Basic Earnings Per Share (₹) (c/b(i))	7.26	9.23
(d) Diluted Earnings Per Share (₹) (c/b(ii))	7.26	9.20

36) Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 the Company had granted 864,000(adjusted for bonus issue) to its eligible employees in two Grants up to the year ended March options 31, 2013, the details are as follows:

(a) Employees Stock Option Scheme:

Particulars	Grant I	Grant II
Nos. of Options Granted (After considering impact of Bonus issued on 28th September, 2011)	462,975	401,025
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting	Graded Vesting
1st year	30%	30%
2nd year	30%	30%
3rd 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	119,697	401,025
Granted during the year	Nil	Nil
Exercised during the year*	119,700	Nil
Cancelled/Lapsed during the year	Nil	31,950
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	369,075

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

(c) Employees Stock Option Scheme:

Particulars	Grant I	Grant II
Exercisable at the beginning of the year	119,697	120,308
Vested during the year	Nil	110,722
Exercised during the year*	119,700	Nil
Cancelled/Lapsed during the year	Nil	9,585
Options exercisable at the end of the year	Nil	221,445

* (Options outstanding is adjusted for rounding off effect due to bonus options granted to employees for bonus declared on 28th 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:

Particulars	Grant1	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 amounts indicated below :

Particulars	2012-13	2011-12
Net Profit After Tax (As Reported)	140,123,682	177,481,111
Add: Compensation Expenses under ESOS included in the Net Profit	Nil	Nil
Less: Compensation Expenses under ESOS as per Fair Value	73,79,655	19,532,139
Net Profit After Tax (Fair value basis)	132,744,027	157,948,972
Basic Earning Per Share (Reported) - ₹ / Share	7.26	9.23
Basic Earning Per Share (Fair value basis)- ₹ / Share	6.88	8.21
Diluted Earning Per Share (Reported) - ₹ / Share	7.26	9.20
Diluted Earning Per Share (Fair value basis) - ₹ / Share	6.88	8.19

37) Derivative Financial Instruments

a) The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and out 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 contracts as on March 31, 2013

Sr No	Currency	Buy/Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1	USD	SELL	INR	4,855,000	3,526,000
2	GBP	SELL	USD	957,650	1,106,500
3	GBP	SELL	INR	358,000	298,000
4	EURO	SELL	INR	27,000	–
5	EURO	SELL	USD	1,503,000	792,000
6	CHF	SELL	INR	121,000	50,000
7	CHF	SELL	USD	218,000	132,000
8	CHF	BUY	USD	105,500	–
9	USD	BUY	INR	3,180,317	3,416,339

(ii) Net gain on derivative instruments which have been designated as Cash Flow hedges of ₹ 7,923,343/- (Previous Year Net loss of ₹ 2,265,761/-) recognized in Hedging Reserve as of March 31, 2013, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature.

(iii) Exchange Loss of ₹ 17,045,714/- (Previous Year Loss ₹ 63,497,621/-) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2013.

b) (i) No derivative instruments are acquired for speculation purposes.

(ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 281,359,801/- (Previous Year ₹ 298,442,280/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	₹	Foreign Currency	₹
Packing Credit Loan	USD 4,696,452 GBP 27,968 EURO 145,813 CHF 15	254,946,897 2,299,706 10,133,302 855	USD 5,087,650 GBP 272,665 EUR 136,954 —	260,266,366 22,303,752 9,359,471 —
Creditors for Goods and expenses	USD 239,377 EURO 14,166 —	12,994,555 984,486 —	USD 115,469 EURO 8,539 GBP 272	5,907,001 583,410 22,280

38) (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, 2013 ₹	As at March 31, 2012 ₹
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2012	60,711,341	54,710,275
Current Service Cost	7,447,785	8,060,340
Interest Cost	5,160,464	4,513,598
Benefit Paid	(9,400,443)	(7,221,983)
Actuarial loss on obligations	5,371,352	649,112
Present value of funded benefit obligations as at March 31, 2013	69,290,499	60,711,341
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1st April, 2012	70,374,017	62,330,457
Expected Return on plan assets	6,052,165	5,142,263
Contributions	28,594,858	9,078,436
Benefits Paid	(9,400,443)	(7,221,983)
Actuarial gain/(loss) on plan assets	1,478,137	1,044,844
Fair value of plan assets as at March 31, 2013	97,098,734	70,374,017
Total Actuarial (loss) / gain recognized	(3,893,215)	395,733
Amount Recognised in Balance Sheet		
Present value of obligation	69,290,499	60,711,341
Fair value of plan assets	97,098,734	70,374,017
Liability/ (assets)	(27,808,235)	(9,662,676)
Liability/ (assets) recognized in the Balance Sheet	(27,808,235)	(9,662,676)

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, 2013 ₹	As at March 31, 2012 ₹
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	7,447,785	8,060,340
Interest Cost	5,160,464	4,513,598
Expected Return on plan assets	(6,052,165)	(5,142,263)
Net Actuarial loss / (gain) recognised in the current year	3,893,215	(395,733)
Past Service Cost	—	—
Expenses Recognised in the Statement of Profit and Loss	10,449,299	7,035,942
Actuarial assumptions used		
Discount rate	8.00%	8.50%
Expected Return on plan assets	8.70%	8.50%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	97,098,734	70,374,017

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	2012-13 ₹	2011-12 ₹	2010-11 ₹	2009-10 ₹	2008-09 ₹
Plan Assets	1,478,137	1,044,844	949,368	216,807	408,244
Plan Liabilities	1,188,369	3,684,679	492,152	1,755,002	4,209,940

- Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ 12,500,000/- (Previous Year ₹ 12,024,771/-).
- 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, 2013 ₹	As at March 31, 2012 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2012	9,986,617	9,852,317
Current Service Cost	2,313,288	4,157,714
Interest Cost	848,862	812,816
Benefit Paid	(2,390,275)	(4,086,074)
Actuarial loss / (gain) on obligations	1,155,322	(750,156)
Present value of unfunded benefit obligations as at March 31, 2013	11,913,814	9,986,617

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, 2013 ₹	As at March 31, 2012 ₹
Amount Recognised in Balance Sheet		
Present value of obligation	11,913,814	9,986,617
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	11,913,814	9,986,617
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	2,313,288	4,157,714
Interest Cost	848,862	812,816
Expected Return on plan assets	Nil	Nil
Net Actuarial loss / (gain) recognised in the current year	1,155,322	(750,156)
Expenses Recognised in the Statement of Profit and Loss	4,317,472	4,220,374
Actuarial assumptions used		
Discount rate	8.00%	8.50%
Expected Return on plan assets	0%	0%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

39) 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.

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

Financial Information of Subsidiary Companies pursuant to General exemption received under section 212 (8) of the Companies Act 1956

(figures in Rupees & in reporting currency)

Sr. No	Name of the Subsidiary Company	Foreign Currency of Subsidiary	Financial Year ended on	Capital	Reserves	Total Assets	Total Liabilities (other than in subsidiaries)	Investment Income	Turnover/ Total Income	Profit/ (Loss) Before Tax	Provision for Tax	Profit/ (Loss) After Tax	Proposed Dividend	Country
1	Zodiac Clothing Co. UAE LLC	INR AED	March 31, 2013	4,435,050 300,000	557,380,712 37,702,901	641,990,887 43,426,187	641,990,887 43,426,187	—	610,908,098 41,197,547	35,115,082 2,153,931	—	35,115,082 2,153,931	—	Dubai
2	Zodiac Clothing Co . S.A.	INR CHF	March 31, 2013	14,250,000 250,000	21,118,121 370,493	36,234,977 635,701	36,234,977 635,701	—	12,149,708 209,720	10,221,877 176,443	—	10,221,877 176,443	—	Switzerland
3	Zodiac Property Limited	INR GBP	March 31, 2013	148,667 1,808	(26,464,337) (321,843)	17,645,0726 2,145,885	17,645,0726 2,145,885	—	4,640,435 53,936	(7,929,057) (92,160)	—	(7,929,057) (92,160)	—	UK
4	Zodiac Clothing INC	INR USD	March 31, 2013	542,850 10,000	(19,346) (356)	1,894,266 34,895	1,894,266 34,895	—	0 0	(392,859) (7,215)	—	(392,859) (7,215)	—	USA
5	Zodiac Finsec & Holdings Ltd (Formerly Multiplex Collapsible Tubes Limited)	INR	March 31, 2013	20,000,000	168,076,609	404,224,685	63,873,966	76,929,727	51,748,627	12,133,968	39,614,659	—	India	

Exchange Rate As on 31/03/2013 1USD = ₹ 54.28500 1AED = ₹ 14.78350 1 GBP = ₹ 82.2275 1 CHF = ₹ 57.0000

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