

Biella

Superfine 160's light-weight pure wool suits

ZODIAC

FINEST QUALITY CLOTHING

ZODIAC

Regale
Etterna 1903

Regale

ZODIAC

FINEST QUALITY SHIRTMAKERS

ZODIAC CLOTHING COMPANY LTD.
30th ANNUAL REPORT 2013-2014

ZODIAC
FINEST QUALITY SHIRTMAKERS

Two Ply 120's Egyptian Cotton

Rossetti

ZODIAC

FINEST QUALITY SHIRTMAKERS

C O N T E N T S

	Page
Board of Directors	08
Directors' Biographies	10
Chairman's Statement	12
Directors' Report	16
Annexure to Directors' Report	22
Report on Corporate Governance	24
Management Discussion & Analysis	45
Independent Auditors' Report	53
Annexure to Independent Auditors' Report	54
Balance Sheet	56
Statement of Profit & Loss	57
Cash Flow Statement	58
Notes Forming Part of Financial Statement	59
Consolidated Group Accounts with Auditors' Report	93

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

Mr. M.Y. Noorani

Chairman

Mr. M.L. Apte

Mr. Bernhard Steinruecke

Mr. 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

CHIEF FINANCIAL OFFICER

Mr. Aneel Saraff

COMPANY SECRETARY

Mr. Kumar Iyer

STATUTORY AUDITORS

Deloitte Haskins & Sells, LLP
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 - 560 099.
- 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,
Valsad, Gujarat - 396 171.
- A to Z Industrial Premises Co-op. Soc. Ltd.,
Lower Parel, Mumbai - 400 013

SOLICITORS

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

AZB & Partners
24th Floor, Express Towers,
Nariman Point,
Mumbai - 400 021.

REGISTRAR & TRANSFER AGENTS OFFICE

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081.

BANKERS

Citi Bank N.A.
Citi Bank Centre,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 013.

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 (East),
Mumbai - 400 013.

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

SUBSIDIARIES

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

DIRECTORS' BIOGRAPHIES



Mr. M. Y. Noorani

Chairman

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



Mr. M. L. Apte

Director

Mr. M. L. Apte, former Sheriff of Bombay is also the former President of Maharashtra Chamber of Commerce, Bombay Chamber of Commerce, Cricket Club of India, Indian Sugar Mills Association, Member of the Indian Cotton Mills Federation and former Chairman of the Textiles Committee. He is currently the Director of Grasim Industries 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., IL & FS Investment Managers Ltd., Transport Corporation of India Ltd., Speciality Restaurants Ltd., Peerless Financial Products Distributors Limited, Reach (Cargo Movers) Pvt. Ltd., and Director of Peerless Gen. Fin. & Inv.Co. Ltd, Peerless Hotels Ltd., Atul Ltd., Bhoruka Power Corporation Ltd., Rabo India Finance Pvt. Ltd., Door Sabha Nigam Ltd and Chandras Chemical Enterprises Private Limited.



Mr. Bernhard Steinruecke

Director

Mr. Bernhard Steinruecke is the Director General of Indo-German Chamber of Commerce. He was the Managing Partner on the Board of ABC Bank GmbH, Berlin and representative of the Indo-German Chamber of Commerce, Berlin, Germany. After acquiring an Honours degree in law from the University of Heidelberg, he became the Assistant Judge at the Supreme Court of Hamburg. He later on joined the Deutsche Bank AG and rose to become its Joint Chief Executive Officer, India. He is currently a Director of FAG Bearings India Ltd., Bosch Limited, HDFC ERGO General Insurance Limited and Apollo Munich Health Insurance Co. Ltd., and Nuernbergmesse India Pvt. 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 HDFC ERGO General Insurance Co. Ltd., Housing Development Finance Corporation Ltd., HDFC Asset Management Co. Ltd., HDFC Standard Life Insurance Co. Limited, Glaxo Smithkline Pharmaceuticals Ltd., Siemens Ltd. He is a Director of Mahindra and Mahindra Ltd. and The Indian Hotels Co. Limited, DP World, Dubai and Vedanta Resources Plc, London. 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 Ex-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., Supreme Industries Ltd., New Consolidated Construction Co.Ltd., Emami Limited, Seksaria Biswan Sugar Factory Limited and Metro Exporters Pvt. Ltd. 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, Waterfield Advisors Pvt.Ltd, Waterfield Financial & Investment Advisors Pvt. Ltd and Director of KSK Energy Ventures Ltd., KSK Power Venture Plc. Isle of Man, P.N. Writer & Co. Pvt. Ltd., Writer Lifestyle Pvt.Ltd, Writer Safeguard P.Ltd., IDMC Limited, Kannada Prabha Publications Ltd., Wardha Power Company Limited, KSK Mahanadi Power Company Limited.



Mr. A. Y. Noorani
Vice-Chairman & Managing Director

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



Mr. S. Y. Noorani
Managing Director & President

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

CHAIRMAN'S STATEMENT



The export of clothing from India ended the year at USD 14.7 billion (last year was USD 12.7 billion), a growth of nearly 16%. Besides, another encouraging sign was that the dominance of the US and the EU, as share of pie in export of clothing has been diluted, with India's exports to other markets having increased faster than to the US and EU. India had a market share of 3.7% of world trade in clothing during the financial year.

Looking forward, even if conservatively India continued to grow at 15% CAGR, our exports could cross US\$ 60 billion within the next decade. A stable Government with the vision and capabilities is in place, which is expected to be more decisive in policy formulation and to show greater efficiency in its execution, which would result in India's weaknesses, especially its cost disabilities, being addressed swiftly. If the country's strengths are unleashed, we can build a sustainable and responsible growth and exports could well grow at a faster rate than 15% CAGR and perhaps they could even cross US\$ 100 billion in the next decade, if we become future ready.

The EU showed feeble signs of coming to life, with the UK and Germany leading the path to recovery. In the US, as of now, there is only nominal growth in retail sales.

The clothing industry is facing tremendous volatility in demand, as well as in exchange rates (of a kind that is unprecedented), a stubbornly high inflation rate with increasing cotton fabric prices. Despite this, the company's order books have been healthy consistently, stemming partly from the relatively weaker Rupee, and mainly from the problems of our competitor countries, viz. Bangladesh, China, Vietnam and Myanmar.

The branded business has also seen unprecedented volatility in consumer demand, stemming mainly from

the economic, social and political crises the country faced. There have been months where the turnover has been almost 50% higher, but then there have been months when it has been upto over 10% lower. The festive season, i.e., November and December 2013 and January 2014 were extremely subdued compared to the previous year, when sales post-Diwali grew very sharply. Given the market scenario and the fact that the company continues its policy of not discounting, offering soft terms or freebies, the business has still grown in double digits in every channel, viz. MBO, national chains, own retail (which grew both like-to-like and overall, i.e. including all stores).

As of 31st March 2014, the company had 113 stores. 11 new stores were opened, and 2 non-performing stores were closed, with a net increase of 9 stores during the year. The strategy of investing in the growth of the company's own retail business continues to be pursued with conservative aggressiveness.

The competition presented a mixed picture, despite their policy of discounting, easy terms and freebies which resulted in some of them recording higher sales growth.

Consumer demand has improved with the new stable Government reviving the "feel good" factor. When this gains momentum, the cycle of higher demand, increased investment, manufacturing and a return to sustained, balanced growth of GDP, will build a sustainable healthy demand. The outlook for the branded (India's market) business is, therefore, positive.

The evolution of organised retail in India continues at a healthy pace. However, it will need stronger growth of organised retail to address the spurt in consumer demand when that happens. For organised retail to grow, the availability of retail space at international pricing on commercially fair terms is essential. The unhealthy

trend of most mall developers reserving their ground floor shops for foreign brands (a lot of which are pseudo brands, far inferior to the better Indian brands) has to be corrected, because relegating Indian brands to locations on upper floors where only 40% of the consumers entering the mall traverse, is anti-national and shameful, besides shortchanging our national champions and country as a result.

It has been an extremely challenging year, despite which the performance of the company has been commendable, both in terms of growth of the top line and the bottom line. The sales in the branded business as well as in the design-driven international business have grown in double digits. Net profit on a Standalone basis has risen 35% (despite higher provision for taxation due to a lower element of dividend from subsidiaries), and on a Consolidated basis by 57%.

The UAE Subsidiary, which had been facing challenges with regard to replenishment of its workforce who return home on completion of their contracts, has been rectified to a large extent. The result of this should become visible further down the road.

I am happy to inform you that ICRA has yet again reaffirmed the company's rating of A1+ for its short term fund based/non-fund based facilities, which have been increased to ₹ 8,000 lakhs (₹ 7,000 lakhs earlier). ICRA has also reaffirmed the company's rating of A1+ for Commercial Paper ₹ 2,000 lakhs).

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

The export of clothing from India is on the cusp of a major opportunity for the third time in the last decade. The first two opportunities passed India by for reasons I have shared with you in the past. The opportunity emerging because of Bangladesh, China, Vietnam and Myanmar being under pressure, the somewhat weakening of the Rupee to a more competitive level and the possibility of some further depreciation, the green shoots in some of the major traditional markets for India, and finally, the major step (in its nascent stage) of developing other markets and moving away from the dominance of cotton clothing, are very healthy trends. All this needs to be harvested by the industry in tandem with the business-

friendly new Government, whose goal is to achieve a steep growth in manufacturing (25% of GDP from 15%) to generate employment on a large scale.

Since the objective of the industry and the new Government converge, one is very hopeful that this time India will not miss the bus in capturing its rightful share in global trade in clothing since it is the only country, besides China, that has the full clothing chain from fibre to fashion.

The industry looks forward to the Government negotiating zero tariffs, fast tracking of FTA with the EU which has been delayed inordinately, negotiating lower tariffs from countries like the US, who are profoundly interested in capturing the interest of India's burgeoning young, middle class (which is set to grow aggressively in the years to come) as well as addressing the cost disabilities the industry faces.

The Board has recommended for the shareholders' approval, a dividend of ₹ 4.50 per equity share of the face value of ₹ 10 on the paid-up capital of ₹ 19,38,99,980. The dividend pay out ratio is in line with some of the best.

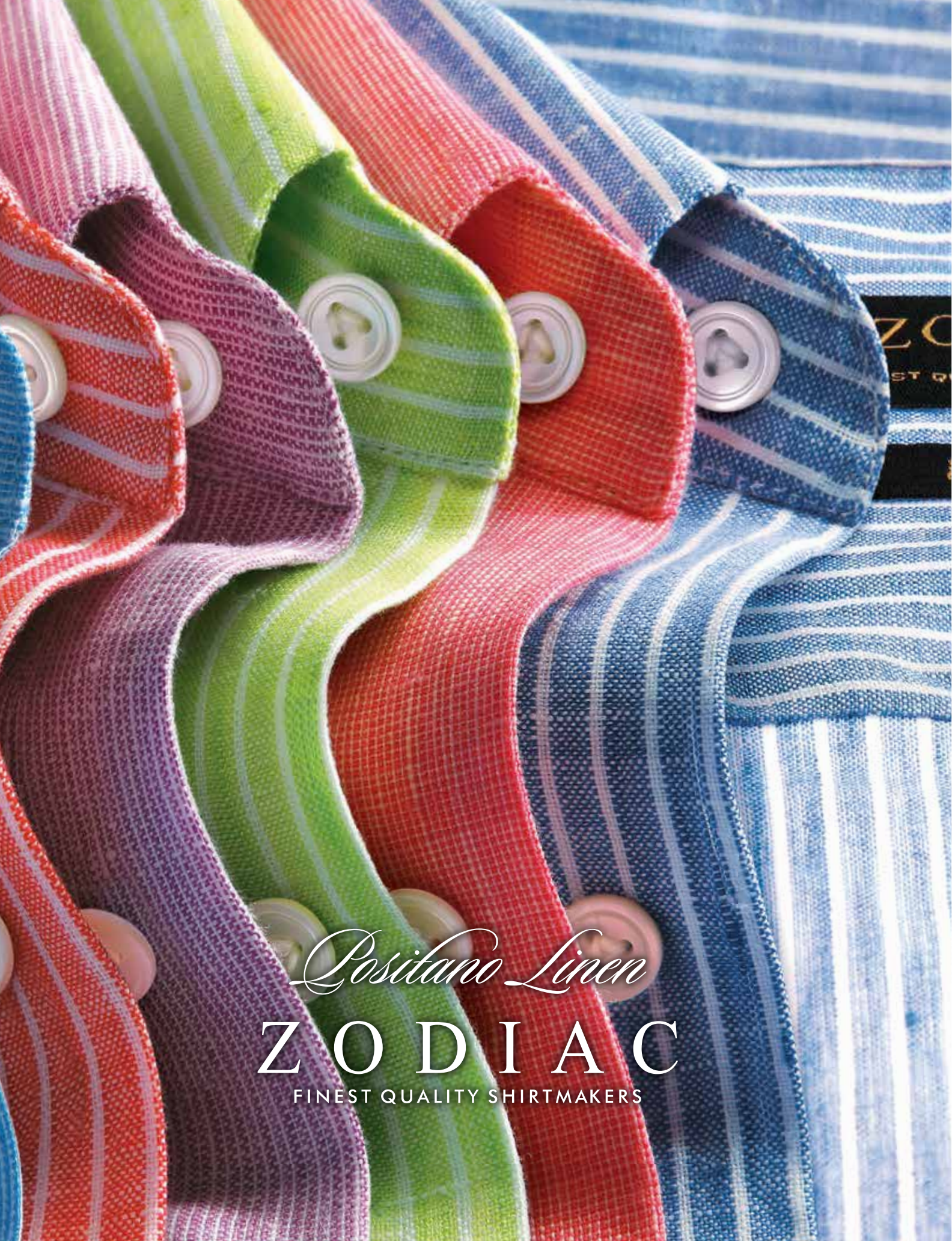
My sincere thanks to all our stakeholders - our customers, shareholders, the Government, banks, solicitors, consultants, distributors, suppliers and other business associates who have all lent their fullest co-operation to the company, especially during these turbulent times.

My grateful thanks to our valued Board of Directors for their wise counsel and value-led, purpose-driven guidance, which contribute immensely to the company, both in terms of profitability, as well as its benchmarking to the highest standards of Corporate Governance.

To our employees at all levels, my compliments and thanks for their excellent performance, strong work ethic, teamwork, solidarity and commitment to the company, which has helped sustain the company's performance during this volatile period.

I thank you for the confidence and trust consistently reposed in our organisation throughout. We will continue to strive towards attaining the company's goals.

M.Y. Noorani
Chairman



Positano Linen
ZODIAC
FINEST QUALITY SHIRTMAKERS

HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

₹ In Lakhs

Particulars	2013-14		2012-13	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operation	34,906	41,111	31,584	36,818
Less: Excise duty	55	55	821	821
Net revenue from operation	34,851	41,056	30,763	35,997
Other Income	663	339	780	303
Total Revenue	35,514	41,395	31,543	36,300
Less : Total expenses	32,262	37,042	29,024	33,120
Profit before finance cost, Depreciation and other exceptional items	3,252	4,353	2,519	3,180
Less :Finance cost	217	249	163	200
Profit before depreciation	3,035	4,104	2,356	2,980
Less : Depreciation	818	1,050	784	990
Profit before exceptional items	2,217	3,054	1,572	1,990
Add :Exceptional items	-	-	26	26
PROFIT BEFORE TAX FOR THE YEAR	2,217	3,054	1,598	2,016
Provision for tax (net)	724	853	492	614
PROFIT AFTER TAX FOR THE YEAR	1,493	2,201	1,106	1,402
Add: Balance brought forward from the last Year	10,258	15,834	10,036	15,480
Total amount available for appropriation	11,751	18,035	11,142	16,882
Appropriations :				
Interim Dividend	-	-	291	291
Proposed Dividend	873	873	388	388
Corporate Dividend Tax	115	115	80	113
General Reserve	153	153	125	177
Special Reserve	-	83	-	79
Balance retained in Statement of Profit & Loss A/c.	10,610	16,811	10,258	15,834

DIRECTORS' REPORT TO THE MEMBERS

To,
The Members,
Zodiac Clothing Company Limited.

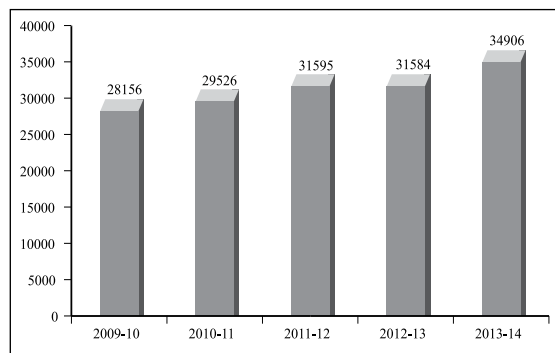
Your Directors hereby present the 30th Annual Report with the Audited Statements of Accounts for the Financial Year ended 31st March 2014.

1. BUSINESS:

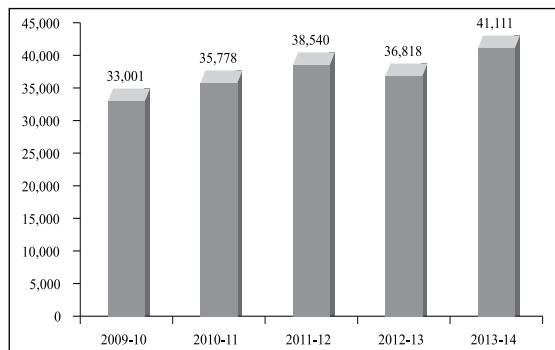
Operational Revenue & Profits – During the financial year ended 31st March 2014, the operational revenue of the company on a Standalone basis increased to ₹ 34,906 lakhs from ₹ 31,584 lakhs (Net of Excise duty for both years to ₹ 34,851 lakhs from ₹ 30,763 lakhs, i.e. an increase of ₹ 4,088 lakhs i.e. 13.28%) Profit Before Tax was ₹ 2,217 lakhs vs. ₹ 1,598 lakhs in the previous year, while the net Profit After Tax for the financial year ended 31st March 2014 was ₹ 1,493 lakhs vs. ₹ 1,105 lakhs in the previous year.

On a Consolidated basis the operational revenue of the company increased to ₹ 41,111 lakhs from ₹ 36,818 lakhs (Net of Excise to ₹ 41,056 lakhs from ₹ 35,997 lakhs, i.e. an increase of ₹ 5,059 lakhs i.e. 14.05%). The Consolidated Profit Before Tax rose to ₹ 3,053 lakhs vs. ₹ 2,016 lakhs the previous year, the Net Profit being ₹ 2,200 lakhs vs. ₹ 1,401 lakhs the previous year.

OPERATIONAL REVENUE - STANDALONE



OPERATIONAL REVENUE - CONSOLIDATED



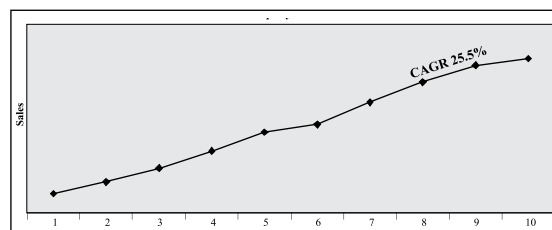
The volatility faced during the year in consumer demand (impacting the branded business) and exchange rate fluctuations (impacting both the branded business and the design-driven international business), has been unprecedented.

The turnover has been volatile in the branded business (from 42% - 46% plus in certain months, to minus 9% - 14% in some months) due to the political, economic and social situation in the country; this has impacted all channels (with November/December 2013 and January 2014 being extremely subdued). There is also a base effect here, because turnover last year post-Diwali grew very sharply.

The branded business showed an increase of 13% (like-to-like, i.e. eliminating the Excise set off because Excise Duty was withdrawn from March 2013). Given the market scenario, and the fact that the company continues to not discount or offer soft terms on the Zodiac, ZOD! and Z3 brands, that is no mean achievement. Sales at mark down expressed as a percentage of total sales during the year was insignificant. This was a direct consequence of very tight stock control and extensive use of business intelligence and other analytics solutions. There has been growth across the MBO/National Chains/Own Retail (which grew both like-to-like, as well as overall, i.e. including new stores). The share of pie of MBOs and National Chains has increased, although in rupee terms, all channels grew.

As of 31st March 2014, the company had 113 stores. 11 new stores were opened and 2 were closed during the year, a net increase of 9 stores. 2 existing stores were refurbished. In keeping with its strategy of connecting direct to consumers (versus a franchise network where the company would be in the wholesale business and not in the retail business). The company has continued to invest in its own retail store chain with conservative aggression.

COMPANY OWNED RETAIL STORES



Own store sales, although growing, did not grow as per expectations due to the volatility in demand and the cost of negative sentiment, as also the country's political, economic and social problems. There was extreme volatility month-to-month, making planning extremely challenging.

The competition (our segment) presents a mixed picture, despite their policy of discounting on easy terms and freebies, which has resulted in their sales growth being higher in some cases.

The business with National Chains (+17%) as well as MBOs (+18%) grew in double digits in percentage terms. Own Retail grew at 10% over last year, the share of pie being 54.82% vs 56.68% last year. Total Branded Sales were up by 13.31%.

For Q1 2014-15 the order books for all 3 brands, Zodiac, ZOD! and Z3 look very healthy based on bookings for Summer 2014.

The outlook for the branded business, including the Company's own retail stores, looks most promising in the medium to long term, with a stable, business-friendly government at the helm after 3 decades.

In the design driven international business, the exchange rate has fluctuated from ₹ 68.36 (High August 2013) to ₹ 53.71 (Low May 2013) and ended the year at ₹ 59.92 per USD, which kind of volatility was unseen hitherto. Despite this, the order books have been healthy consistently. The quantity exported from India was plus 2% (Value ₹ 156 crores, i.e. plus 13%, and in USD terms, USD 26.7 million plus 3%). From the UAE the quantity exported was flat., and in terms of Value AED 419 lakhs, (3% increase), and USD 114 lakhs, (3% increase). The order books for the design driven international business continue to be healthy.

We have been able to successfully re-build relations with our customer in Latin America, but we have still to make a breakthrough with new customers there. The situation in the UK, which had hit rock bottom, seems to be slowly correcting itself with substantial growth (from the turnover with them in the last few years) evolving from a large customer in the UK. Overall, the EU is still subdued, but we have been able to increase business substantially with a major account in Germany, with whom business had fallen to insignificant levels. The situation in the US is stable.

This business has been extremely challenging due to the economic situation in the company's markets. The EU is still feeble, the UK is on the road to recovery, and the US is improving better than other markets, but in fits and starts and not at any remarkable pace. There was also an impact of the extremely volatile exchange rate, inflation in India and the increase in prices of cotton fabric. The more favourable exchange rates (for a brief period) during the year were captured, to some extent, by virtue of the company's Forex Policy, and this business was more profitable.

In order to recognise the impact of fluctuation in foreign currency rates arising out of derivative instruments acquired to hedge highly probable transactions and firm commitments in appropriate accounting periods, the company has been consistently applying the principles of hedge accounting set out in the Accounting Standard 30. "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India, whereby the impact of net unrealised losses (or gains) of derivative instruments are carried as Hedging Reserve to be ultimately set off in the Statement of Profit & Loss when the underlying transaction is recognised.

2. RESULTS OF OPERATIONS:

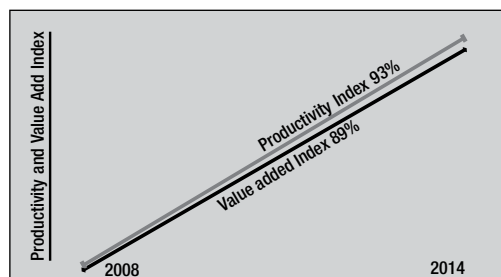
FINANCIAL RESULTS:				
	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Total Revenue from operations (Net)	34,851	30,763	41,056	35,997
PROFIT BEFORE TAXATION	2,217	1,598	3,053	2,016
Provision for Taxation:				
Current Tax	642	406	771	528
Deferred Tax	82	86	82	86
PROFIT AFTER TAXATION	1,493	1,106	2,200	1,402
Balance of Profit Brought forward	10,258	10,036	15,834	15,480
Transfer from General Reserves	-	-	-	0
Profit Available for Appropriation	11,784	11,142	18,067	16,882

With effect from 1st April 2013, non-derivative financial liabilities in the form of Preshipment Export Credit on Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency, consequent to a decision of the Board, in consultation with the Auditors. This resulted in a PCFC loss of ₹ 84 lakhs being carried to Hedging Reserves at the end of the year, instead of being accounted for in the Profit & Loss Account, as in the past. We believe this reflects the true result more faithfully.

As a direct fallout of the 2008 crisis the company formed a task force to relook at all the existing systems and processes, in many cases rebuilding them from scratch, with a significant use of next generation information technology. We are pleased to inform you that this has yielded positive results.

The Standalone PBT increased by ₹ 619 lakhs, through cost reduction/control, despite the increase in rentals and other consequential costs (in pursuance of the focus on own retail). This is most heartening, given the market situation.

PRODUCTIVITY INDEX & VALUE ADDED INDEX %

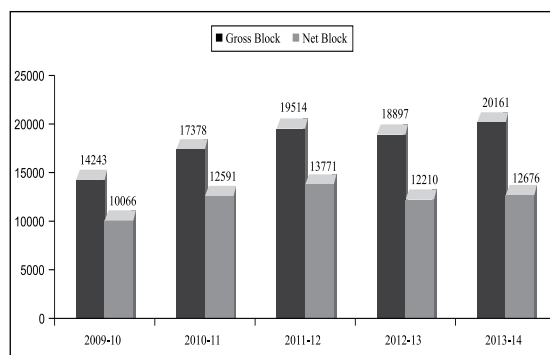


The inadequacy of workers in the UAE Unit has been resolved to a large extent. The impact of this would become visible in the next few quarters.

Finance costs (Standalone) as a percentage of turnover have risen marginally, 0.62% (LY 0.53%). This is because of the high forward premiums paid to hedge our foreign currency borrowings under Buyers Credit and FCNRB, in line with company policy to minimise risk.

Tax expenses have also risen because last year's income contained a higher element of dividend from subsidiaries (which was tax free from the Indian subsidiary and at a lower rate of 15% from the overseas subsidiary), which dividend has been lower this year. The operating profitability has increased significantly, which is very gratifying.

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, Profit & Loss Account 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 2014 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 increased to ₹ 8,000 lakhs (₹ 7,000 lakhs earlier). ICRA has also reaffirmed the company's rating of A1+ for Commercial Paper (₹ 2,000 lakhs)

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

7. CAPEX:

Capex on Standalone ₹ 1,113 lakhs v/s 1,196 lakhs was incurred predominantly on the new company-run stores (₹ 541 lakhs), factory building at Bangalore (₹ 287 lakhs), new equipment (Processing) at Bangalore (₹ 160 lakhs), Corporate Head Quarters (₹ 91 lakhs) and others (₹ 34 lakhs)

Rental deposits (₹ 1,688 lakhs total as of FY14) are not booked as Capex.

On a Consolidated basis, the Capex was ₹ 1,629 lakhs as against ₹ 1,387 lakhs last year.

8. LIQUIDITY:

The Debt Equity Ratio as on 31st March 2014 was 0.22 on a Standalone basis and 0.20 a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves - on consolidated basis) were ₹ 3,549 lakhs in March 2014, as against ₹ 2,924 lakhs last year.

9. SHARE CAPITAL:

During the year under review, there has been no change in the paid up share capital of the company.

10. APPROPRIATIONS:

Dividends – Your Directors have recommended a dividend of ₹ 4.50 per Equity Share of ₹ 10/- each on 1,93,89,998 Equity Shares (previous year ₹ 3.50 per Equity Share of ₹ 10/- each on 1,93,89,998 Equity Shares). The total dividend amount (when approved by the shareholders) including dividend distribution tax would be ₹ 1,021 lakhs, (previous year ₹ 759 lakhs). Dividend (including dividend distribution tax) as a percentage of Profit After Tax is 68.39% on a Standalone basis and 46.41% on a Consolidated basis.

Transfer to Reserves: Your Directors propose to transfer ₹ 153 lakhs to the General Reserve. An amount of ₹ 10,610 lakhs is proposed to be retained in the Profit & Loss Account.

11. CORPORATE GOVERNANCE:

The company has complied with all the requirements regarding Corporate Governance as required under the revised Clause 49 of the Listing Agreement with the Stock Exchange(s). The report on Corporate Governance, Management Discussion and Analysis, as well as the Auditors Certificate on the compliance of Corporate Governance form part of the Annual Report.

12. QUALITY:

The company continues to pursue its policy of quality, productivity, value addition and innovation, by striking a balance between skilled labour and state-of-the-art equipment/tools. We continue to aggressively pursue cost control to address the challenges presented by the economic conditions in India and worldwide.

13. BRANDING:

The Zodiac, ZOD! and Z3 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. New approaches in sales and marketing efforts, as well as in the choice of media for advertising have been adopted to address the evolving demographic profile of potential consumers. The Company continues its focus on digital as a medium to reach today's consumers.

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

The company has truly embraced technology and innovation in its approach to energy efficiency, which is a key focus area for the organisation. Continuous monitoring of existing systems by audits and upgradation using latest technology like motion sensors, occupation sensors, light level sensors, in addition to energy efficient light motors and equipment, have resulted in a considerable drop in the electrical consumption on a like-to-like basis, despite the unit rates going up, as well as an increase in the number of equipment. Out-of-the-box thinking with regard to the various requirements for processes, combined with technology has resulted in reduction of process cycles, which has increased productivity and resulted in significant conservation of energy.

(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. The quest for excellence resulted in a natural teaming up with the best in the field of air and water. The company has done joint research with leading equipment manufacturers abroad and installed state-of-the-art, made-to-order equipment. This has resulted in the productivity in the sections focused on jumping by as much as 50% and cost per shirt processed on those operations coming down by 50%. The additional benefit is that water consumption has dropped. We are accelerating towards our goal of becoming water positive.

(C) Technology, Absorption, Adaptations & Innovation – Not applicable.

(D) Foreign Exchange Earnings and Outgo:

Total Foreign Exchange	
Earned	₹ 15,625 lakhs
Total Foreign Exchange	
Outgo	₹ 7,102 lakhs

15. CORPORATE SOCIAL RESPONSIBILITY:

The company recognises Corporate Social Responsibility is a vital part of corporate activity and, therefore, continues to strive to promote social contribution activities as a good corporate citizen, in order to realise a better society. Besides, it also continues to work to minimise environmental effects and utilise resources towards the development of a sustainable society that is in harmony with the environment. The company continues to implement its social responsibility in line with the approved policy of the Board of Directors dated 24th June 2009, towards contributions not related to the business of the company. This is within the limit approved by the shareholders. The company has constituted a Corporate Social Responsibility Committee in line with Section 135 of the Companies Act, 2013 to undertake activities as specified in Schedule VII of the Companies Act, 2013.

16. DIRECTORS:

The company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, appointed Mr. M.L.

Apte, Mr. S.M. Datta, Dr. Heinrich Dieckmann, Mr. S.R. Iyer, Mr. Y.P. Trivedi and Mr. Bernhard Steinruecke as Independent Directors of the Company. As per Section 149 (4) of the Companies Act, 2013. Effective from 1st April 2014, the company is required to have at least one half of its total number of Directors as Independent Directors. Accordingly, all the said Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting of the company.

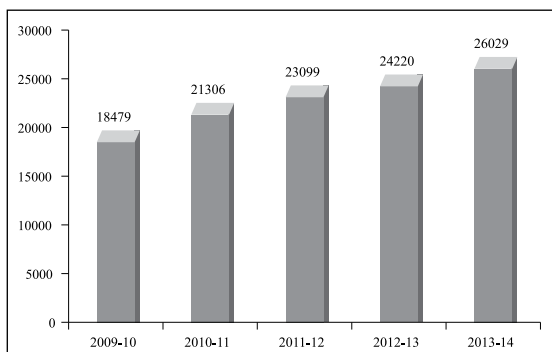
In accordance with the provisions of the Companies Act, 2013, Mr. A.Y. Noorani, Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. A brief resume of Mr. A.Y. Noorani, as required by Clause 49 of the Listing Agreement 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, and based on the representations received from the operating management, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures;
- (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 2014 on a 'going concern' basis.

NET WORTH – CONSOLIDATED



18. HUMAN RESOURCE MANAGEMENT:

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 a high calibre. The company recognises the need for continuous growth and development of its employees to meet their objectives for a career path to equip them to meet growing organisational 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.

19. ZODIAC EMPLOYEES' STOCK OPTION PLAN 2006:

In terms of the Employees Stock Option Plan 2006, the Company had granted 2,91,000 stock options at an exercise price of ₹ 255.40 on 27th December 2006, and 2,67,350 options at an exercise price of ₹ 346.00 on 20th January 2011 (each option carried an entitlement of one equity share of the face value of ₹ 10/- each). During the year under review, the Company has neither granted any option nor allotted any equity shares under the said scheme. Disclosures, as required by SEBI (ESOS & ESPS) Guidelines 1999 is attached as Annexure 1 to this Report.

The Company is obtaining 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 31st August 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. FIXED DEPOSIT:

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

22. 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.

23. DONATIONS:

During the financial year, the company has contributed a sum of ₹ 96 lakhs to various deserving causes, as part of its Corporate Social Responsibility.

24. INSURANCE:

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

25. AUDITORS:

The Auditors M/s. Deloitte Haskins and Sells, LLP, 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, LLP, Chartered Accountants, as Statutory Auditors of the Company.

26. 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 2014-15.

27. AUDIT COMMITTEE:

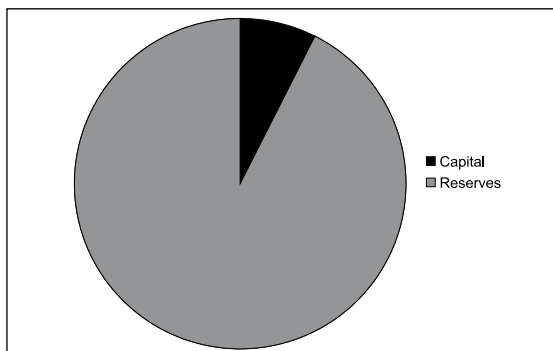
In accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee, which consists of three Non-Executive Independent Directors of the Company viz

Mr. S.R. Iyer (Chairman of the Audit Committee), Mr. Y.P. Trivedi and Mr. M.L. Apte (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 in Report of Corporate Governance.

28 PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, in respect of employees of the Company is provided in the Annexure forming part of this Report.

29. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2013 – 2014 CONSOLIDATED



For and on behalf of the Board

Place : Mumbai:

Dated : May 27, 2014

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, 2014.

Sr. No.	Name	Age	Designation	Remuneration	Nature of Duties	Qualification / Experience	Date of joining	Last Employment
1	Mr. Anees Yusuf Noorani	63 years	Vice-Chairman & Managing Director	₹ 1,24,00,000	Responsible for overseeing the management of the organization, corporate affairs and finance	AMP – Harvard Business School (Boston) / 45 years	14/06/1984	-
2	Mr. Salman Yusuf Noorani	51 years	Managing Director & President	₹ 1,24,00,000	Responsible for the design, manufacturing, sales & marketing functions	B.com. / 32 years	14/05/1993	-

Notes:

- The nature of employment of the above Directors is contractual.
- Remuneration as shown above, is by way of commission and salary.
- 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 0.12% and 0.07% 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*	401,025*
d.	Options exercised till date	412,602*	NIL
e.	The total number of shares arising as a result of exercise of option	412602	NIL
f.	Option lapsed	50376*	51,450*
g.	Variation of terms of option as at 31st March 2014	Not Applicable	
h.	Money realized by exercise of option	NIL	NIL
i.	Total number of options in force as on 31st March 2014	Nil	349,575*
j.	Employee wise details of options granted to:		
	(i) senior managerial person	(i) 367,350* Options	(ii) 301,575* Options
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	(ii) Nil	(ii) Nil
	(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:	(iii) Nil	(iii) Nil
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS - 20) 'Earnings Per Share' Refer note no. 43(e) of the Financial Statements for the year ended March 31, 2014.	₹ 7.70	
i.	Where the company has calculated the employees' compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company uses the intrinsic value based method of accounting for stock option. Had the company followed fair value of method for accounting the stock option, compensation expenses would have been higher by ₹ 2,033,201/- (Previous Year ₹ 7,379,655/-) and consequently profit after tax would have been lower by ₹ 2,033,201/- (Previous Year ₹ 7,379,655/-) and Basic and Diluted Earning per share would have been lower by ₹ 0.11 (Previous year ₹ 0.39) per share and ₹ 0.11 (Previous year ₹ 0.39) per share respectively. These options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per Share notified under the Companies (Accounting Standard) Rules, 2006.	
m.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	₹ 255.40	₹ 346.00
n.	A description of the method and significant assumption used during the year to estimate the fair value of options, including the following weighted average information:		
	(1) Risk free rate	7.59% to 7.67%	8.10% to 8.10%
	(2) Expected life of options	2.5 to 4.5 years	2.5 to 4.5 years
	(3) Expected volatility	45.22% to 51.13%	50.58% to 61.45%
	(4) Expected dividends	Not applicable	As the weighted average life of the option is more than 1 year and hence the estimation of the future dividend is unacceptable.
	(5) The price of the underlying share in the market at the time of option grant prior to option grant.	₹ 255.40	₹ 346.00

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

For and on behalf of the Board

Place : Mumbai
Dated : May 27, 2014

M.Y. NOORANI
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-2014

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, 2014, 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, inter alia, 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 2014, 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, 70% 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 2014 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 (DIN 00041608)	Chairman	Promoter & Non Executive	5	Nil
Mr. M.L. Apte (DIN 00003656)	Director	Independent & Non Executive	6	4
Mr. S.M. Datta (DIN 00032812)	Director	Independent & Non Executive	14	7
Mr. Bernhard Steinruecke (DIN 01122939)	Director	Independent & Non Executive	5	Nil
Mr. Deepak Parekh (DIN 00009078)	Director (Alternate to Dr. Heinrich Dietrich. Dieckmann)	Independent & Non Executive	9	5
Mr. Y.P. Trivedi (DIN 00001879)	Director	Independent & Non Executive	8	3
Mr. S.R. Iyer (DIN 00580437)	Director	Independent & Non Executive	12	6 #
Dr. Heinrich D. Dieckmann (DIN 01596834)	Director	Independent & Non Executive	Nil	Nil

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. A.Y. Noorani (DIN 00041686)	Vice Chairman & Managing Director	Promoter & Executive	9	Nil
Mr. S.Y. Noorani (DIN 00068423)	Managing Director & President	Promoter & Executive	10	Nil

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

Including Chairman of only One Audit Committee of Listed Company.

- (b) Details of sitting fees, remuneration etc., paid to Non-Executive Directors for the year ended 31st March 2014.

Name of the Director	Sitting fees paid for attending meetings of the Board and / or Committee (all figures in ₹)	Number of Stock Options exercised
Mr. M. Y. Noorani	-	-
Mr. M.L. Apte	260,000	-
Mr. S.M. Datta	140,000	-
Mr. Bernhard Steinruecke	60,000	-
Mr. Deepak Parekh	-	-
Mr. Y.P. Trivedi	200,000	-
Mr. S.R. Iyer	240,000	-
Dr. Heinrich D. Dieckmann	-	-

The Company does not have any pecuniary relationship or transactions with the Non- Executive Directors for the year ended 31st March, 2014. 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.

- (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 5 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, 2013, August 14, 2013, November 12, 2013, February 12, 2014 and March 19, 2014.

The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2014 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	5	Yes
Mr. M.L. Apte	5	Yes
Mr. S.M. Datta	4	Yes
Mr. Bernhard Steinruecke	3	Yes
Mr. Deepak Parekh	-	No
Mr. Y.P. Trivedi	4	No
Mr. S.R. Iyer	5	Yes
Dr. Heinrich D. Dieckmann	-	No
Mr. A.Y. Noorani	5	Yes
Mr. S.Y. Noorani	5	Yes

(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 with 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

Date : 27th May, 2014

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 14, 2013, 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 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 Auditor 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 mandatory 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 March 31, 2014, Seven Audit Committee Meetings were held on May 29, 2013, August 14, 2013, August 21, 2013, November 12, 2013, November 19, 2013, February 12, 2014, and March 19, 2014. 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	5

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. M. L. Apte	-	Chairman
Mr. Y. P. Trivedi	-	Member
Mr. Bernhard Steinruecke	-	Member

The scope of the activities of the Compensation Committee is formulation and implementation 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 at a price of ₹ 346.00 per share pursuant to Employee Stock Option Scheme 2006 of the Company.

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	-	Chairman
Mr. M.Y. Noorani	-	Member
Mr. A.Y. Noorani	-	Member
Mr. S.Y. Noorani	-	Member

VI. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was constituted on February 12, 2014 with the following members of the Board:

Mr. S.M.Datta	-	Chairman
Mr. M.Y. Noorani	-	Member
Mr. M.L. Apte	-	Member
Mr. Y.P. Trivedi	-	Member

The scope of the nomination and remuneration committee includes formulating of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors and key managerial personnel. Formulation of criteria for evaluation of Independent Directors and the Board. Devising a policy on Board diversity and identifying persons who are qualified to become directors and who may be appointed in senior management position in accordance with the criteria laid down.

VII. Investment Committee:

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

Mr. S.M. Datta	-	Chairman
Mr. S.R. Iyer	-	Member
Mr. M.Y. Noorani	-	Member
Mr. A.Y. Noorani	-	Member
Mr. S.Y. Noorani	-	Member

VIII. 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.

IX. 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. 37 of the Financial Statements for the year ended 31st March 2014.

- 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. 37 of the Financial Statements for the year ended 31st March 2014.
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. 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 and salary 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 31,2014:

Name of the Director	Designation	Remuneration	Contract Period
Mr. A.Y. Noorani	Vice-Chairman & Managing Director	₹ 12,400,000	March 1, 2014 to February 28, 2017
Mr.S.Y.Noorani	Managing Director & President	₹ 12,400,000	March 1, 2014 to February 28, 2017

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 2014 are as under:

Sr. No	Name of the Director	No of Shares held
1.	Mr. M.Y. Noorani	2583805
2.	Mr. A.Y. Noorani	24065
3.	Mr. S.Y. Noorani	13334
4.	Mr. S.R. Iyer	7604
5.	Mr. S. M. Datta	30000
6.	Mr. Y. P. Trivedi	23625
7.	Mr. M. L. Apte	19125
8.	Mr. Deepak Parekh (Alternate Director to Mr. Dieckmann)	19125
9.	Mr. Bernhard Steinruecke	19125
10.	Dr. Heinrich D. Dieckmann	NIL
Total		2739808

X. Appointment/Re-appointment of Directors:

1. Appointment

In terms of the provisions of Section 149 of the Companies Act 2013, the following Independent Directors are proposed to be appointed for the period from 12th August, 2014 to 11th August, 2019.

1. Mr. M.L. Apte

The Details of Directorship of Mr. M.L. Apte are as follows:

NAME OF THE COMPANY	BOARD POSITION HELD
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
COMMITTEE MEMBERSHIP	
AUDIT COMMITTEE	
Grasim Industries Limited	Member
The Bombay Burmah Trading Corporation Limited	Member
Standard Industries Limited	Member
SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE	
The Bombay Burmah Trading Corporation Limited	Member

2. Mr. S.M. Datta

The Details of Directorship of Mr. S.M. Datta are as follows:

NAME OF THE COMPANY	BOARD POSITION HELD
Castrol India Limited	Chairman
Philips Electronics India 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 Financial Products Distributors Limited	Chairman
Peerless Gen. Fin. and Inv. Co. Limited	Director
Peerless Hotels 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
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

3. Mr. Bernhard Steinruecke

The Details of Directorship of Mr. Bernhard Steinruecke are as follows:

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

4. Mr. Y.P. Trivedi

The Details of Directorship of Mr. Y.P. Trivedi are as follows:

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
New Consolidated Construction Ltd	Director
Emami Limited	Director
Seksaria Biswan Sugar Factory Limited	Director
Metro Exporters Pvt. Ltd	Director
COMMITTEE MEMBERSHIPS	
AUDIT COMMITTEE	
Reliance Industries Ltd.	Chairman
Seksaria Biswan Sugar Factory Limited	Member
SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE	
Reliance Industries Ltd.	Member

5. MR. S.R. Iyer

The Details of Directorship of Mr. S.R.Iyer are as follows:

NAME OF THE COMPANY	BOARD POSITION HELD
Can Fin Homes Limited	Chairman
Waterfield Advisors Pvt.Ltd	Chairman
Waterfield Financial & Investment Advisors Pvt. Ltd.	Chairman
KSK Energy Ventures Ltd	Director
KSK Power Ventur Plc.	Director
P. N. Writer and Company Pvt. Ltd	Director
Writer Lifestyle Pvt. Ltd	Director
Writer Safeguard Pvt. Ltd	Director
IDMC Limited	Director
Kannada Prabha Publications Ltd	Director
Wardha Power Company Limited	Director
KSK Mahanadi Power Company Limited	Director
COMMITTEE MEMBERSHIPS	
AUDIT COMMITTEE	
IDMC Ltd.	Chairman
KSK Energy Ventures Ltd	Chairman
KSK Power Ventur Plc. Isle of Man	Chairman
P. N. Writer and Company Pvt. Ltd	Chairman
Writer Lifestyle Pvt. Ltd	Chairman
Writer Safeguard Pvt. Ltd	Chairman

6. Dr. Heinrich- Dietrich Dieckmann

Dr. Heinrich- Dietrich Dieckmann is not a Director in any other Company:

2. Re-appointment

Director retiring by rotation

At the ensuing Annual General Meeting Mr. A.Y. Noorani retires by rotation and he eligible for re-appointment. A brief profile of Mr. A.Y. Noorani is annexed to the notice of 30th Annual General Meeting and the details of his Directorships are given hereunder for the kind perusal of the shareholders:

1. Mr. A.Y. Noorani

The details of Directorship of Mr. A.Y. Noorani are as follows:

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
Zodiac Clothing Co.Pvt.Ltd (England & Wales)	Director

b. 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.

SHAREHOLDERS:

XI. Means of Communication:

The results of the Company's [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, two presentations were made to analysts.

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.

XII. 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 2013-14 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.

XIII. Shareholders' Complaints:

Nineteen complaints were received from the shareholders during the financial year ended March 31, 2014, 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 2014.

XIV. 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
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
2012-2013	Wednesday August 14, 2013	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: -

27th Annual General Meeting held on 10th August 2011: At this meeting, One Special Resolution was passed 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 2011-12.

29th Annual General Meeting held on 14th August 2013: 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.

XV. General Shareholders' Information: -

a. Annual General Meeting:

Day & Date	Time	Venue
Tuesday, August 12, 2014	3.00 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai – 400 018

b. Financial Calendar 2014-2015 (tentative) Schedule of the Board Meetings:

First Quarter ending 30th June 2014	: Before 15th August 2014
Second Quarter ending 30th September 2014	: Before 15th November 2014
Third Quarter ending 31st December 2014	: Before 15th February 2015
Fourth Quarter ending 31st March 2015	: Before end of May 2015

c. Dates of Book Closure:

Friday, 1st August, 2014 to Tuesday, 12th August, 2014 (both days inclusive)

d. Dividend payment date:

Dividend when sanctioned by shareholders will be paid on or before 22nd August, 2014.

- e.** Pursuant to Clause 5A of the Listing Agreement, three reminder letters were sent to those shareholders who have not claimed their shares (Physical form). The Unclaimed Shares were credited to Zodiac Clothing Company Limited – Unclaimed Shares Suspense Account with Karvy Stock Broking Limited on June 3, 2013.

f. Listing on Stock Exchanges:

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

BSE Limited

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

National Stock Exchange of India Ltd,

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

Note:

Listing Fees have been paid to the aforesaid Stock Exchanges for the year 2014-2015.

g. Stock Code / Symbol

BSE Limited	:	521163
National Stock Exchange of India Limited	:	ZODIACLOTH
ISIN No.	:	INE206B01013

h. Corporate Identification Number (CIN) of the Company:

CIN: L17100MH1984PLC033143

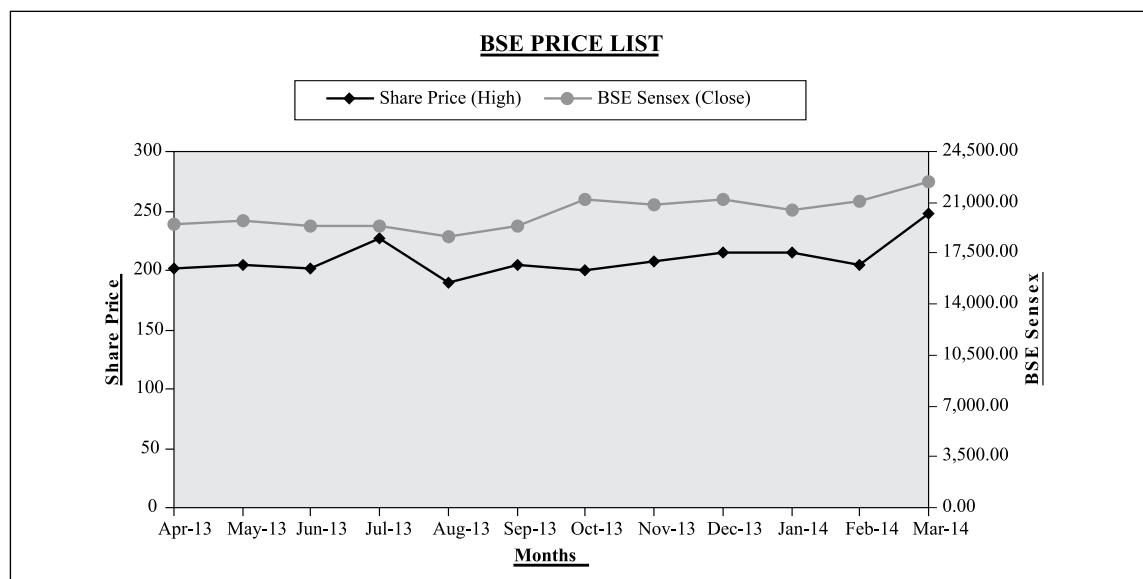
i. Market Price:

The monthly high & low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2013-2014 are as under:

	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	201.00	185.05	202.65	183.30
May 2013	205.00	190.00	201.95	190.00
June 2013	201.95	181.60	200.00	185.85
July 2013	227.40	170.30	198.90	191.00
August 2013	190.00	146.70	174.70	145.00
September 2013	204.95	156.50	200.00	175.50
October 2013	200.00	195.00	205.00	195.00
November 2013	208.00	196.00	205.00	196.00
December 2013	215.25	196.00	214.00	196.00
January 2014	215.00	186.00	225.00	187.10
February 2014	204.05	190.10	208.00	189.50
March 2014	247.75	195.00	254.94	196.00

Performance in comparison to broad based indices:

ZODIAC vs BSE SENSEX



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.

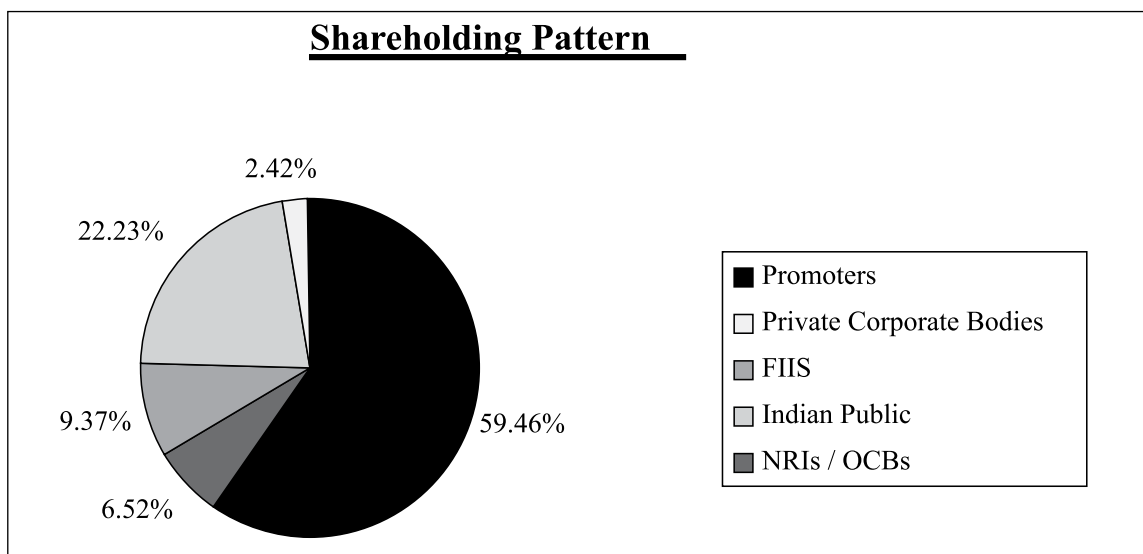
l. Distribution of shareholding as on March 31, 2014

Category	Numbers of shareholders	%	Numbers of Shares	%
1 - 5000	3011	87.71	395946	2.04
5001 - 10000	152	4.43	118107	0.61
10001 - 20000	103	3.00	143111	0.74
20001 - 30000	39	1.14	94423	0.49
30001 - 40000	21	0.61	71528	0.37
40001 - 50000	19	0.55	85580	0.44
50001 - 100000	27	0.78	200657	1.03
100001 & ABOVE	61	1.78	18280646	94.28
Total:	3433	100.00	19389998	100.00

Shareholding Pattern as on March 31, 2014

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[2]								
(1) Indian								
(a)	Individuals / Hindu Undivided Family	10	2621786	2621786	13.52	13.52	-	-
(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	4939520	4939520	25.47	25.47	-	-

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
(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	11530609	11530609	59.46	59.46	-	-
(B) Public shareholding[3]								
(1) Institutions								
	(a) Mutual Funds / UTI	-	-	-	-	-	-	-
	(b) Financial Institutions / Banks	1	112	112	0.00	0.00	-	-
	(c) Central Government / State Government(s)	-	-	-	-	-	-	-
	(d) Venture Capital Funds	-	-	-	-	-	-	-
	(e) Insurance Companies	-	-	-	-	-	-	-
	(f) Foreign Institutional Investors	4	1816509	1816509	9.37	9.37	-	-
	(g) Foreign Venture Capital Investors	-	-	-	-	-	-	-
	(h) Qualified Foreign Investor	-	-	-	-	-	-	-
	(i) Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	5	1816621	1816621	9.37	9.37	-	-
(2) Non-institutions								
	(a) Bodies Corporate	144	1263421	1260221	6.52	6.52	-	-
	Individuals -						-	-
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3117	971045	869358	5.01	5.01	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	37	3326808	3301968	17.16	17.16	-	-
	(c) Any Other (specify)						-	-
	Non Resident Indians	61	469753	468403	2.42	2.42	-	-
	Trust	3	104	104	0.00	0.00	-	-
	Clearing Members	50	11637	11637	0.06	0.06	-	-
	(d) Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
	Sub-Total (B)(2)	3412	6042768	5911691	31.10	31.16	-	-
	Total Public Shareholding (B)= (B) (1)+(B)(2)	3417	7859389	7728312	40.53	40.53	-	-
	TOTAL (A)+(B)	3433	19389998	19258921	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued								
		-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	3433	19389998	19258921	100.00	100.00	-	-



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 99.32% of total equity shares of the company are held in dematerialized form with NSDL & CDSL as on March 31, 2014.

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: 396171
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 Computershare Pvt. Ltd, at the address mentioned at (j) 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, the amount of dividend remaining unpaid or unclaimed for the period of seven years from the due date is required to be transferred to Investor Education & Protection Fund (IEPF) constituted by Central Government. The Company had, accordingly, transferred ₹ 94,360/- being the unpaid and unclaimed amount pertaining to Final Dividend for the year ended on March 31, 2006 to the Investor Education & Protection Fund of the Central Government.

r. CEO / CFO certification

As required by Clause 49 of the Listing Agreement, the CEO / CFO certificate is provided elsewhere in the Annual Report.

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 2013-14, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company will implement Non mandatory requirement 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
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
IL & FS Investment Managers Limited	Chairman
Transport Corporation of India Limited	Chairman
Speciality Restaurants Ltd	Chairman
Reach (Cargo Movers) Private Limited	Chairman
Peerless Financial Products Distributors Limited	Chairman
Peerless Gen. Fin. and Inv. Co. Limited	Director
Peerless Hotels 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

NAME OF THE COMPANY	BOARD POSITION HELD
<u>COMMITTEE MEMBERSHIP</u>	
<u>AUDIT COMMITTEE</u>	
Bhoruka Power Corp. Ltd	Chairman
Transport Corporation of India Limited	Member
Peerless Gen. Fin. and Inv. Co. Limited	Member
Rabo India Finance Limited.	Member
Castrol India Limited	Member
<u>SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE</u>	
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
Nuernbergmesse India Pvt. Ltd.	Director

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

NAME OF THE COMPANY	BOARD POSITION HELD
HDFC ERGO General Insurance Co. Ltd.	Chairman
Housing Development Finance Corp. Ltd.	Chairman
GlaxoSmithKline Pharmaceuticals Ltd.	Chairman
HDFC Asset Management Co. Ltd.	Chairman
HDFC Standard Life Insurance Co. Ltd.	Chairman
Siemens Ltd.	Chairman
Mahindra & Mahindra Ltd.	Director
The Indian Hotels Co. Ltd.	Director
Exide Industries Ltd	Director
DP World, Dubai	Director
Vedanta Resources Plc, London	Director
<u>COMMITTEE MEMBERSHIPS</u>	
<u>AUDIT COMMITTEE</u>	
Mahindra & Mahindra Ltd.	Chairman
GSK Pharmaceuticals Ltd	Member
Siemens Ltd.	Member
The Indian Hotels Co. Ltd.	Member
<u>SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE</u>	
GSK Pharmaceuticals Ltd	Chairman

6) 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
New Consolidated Construction Ltd	Director
Emami Limited	Director
Seksaria Biswan Sugar Factory Limited	Director
Metro Exporters Pvt. 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

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

NAME OF THE COMPANY	BOARD POSITION HELD
Can Fin Homes Limited	Chairman
Waterfield Advisors P.Ltd	Chairman
Waterfield Financial & Investment Advisors Pvt. Ltd.	Chairman
KSK Energy Ventures Ltd	Director
KSK Power Ventur Plc.	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
KSK Mahanadi Power Company Limited	Director
<u>COMMITTEE MEMBERSHIPS</u>	
<u>AUDIT COMMITTEE</u>	
IDMC Ltd.	Chairman
KSK Energy Ventures Ltd	Chairman
KSK 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

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

NAME OF THE COMPANY	BOARD POSITION HELD
NONE	

9) 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
Zodiac Clothing Co.Pvt.Ltd (England & Wales)	Director

10) 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
Zodiac Clothing Co. Pvt. Ltd (England & Wales)	Director

CEO/CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2014 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 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 2014.

A.Y. NOORANI
Vice-Chairman & Managing Director

ANEEL SARAFF
Chief Financial Officer (CFO)

Place : Mumbai
Date : 27th May, 2014

MANAGEMENT DISCUSSION & ANALYSIS

A. OVERVIEW

Because of the economic, political and social turbulence during the year, the demand situation for the branded clothing industry in India continued to be most volatile, with the first two quarters showing healthy growth; however, the third and fourth quarters showed large swings, resulting in the year ending with double-digit growth, which could otherwise have been even higher.

The industry continues to be in distress due to inventories built in anticipation of the growth witnessed in the first two quarters continuing, or increasing further during the festive season, which did not hold true to promise. Because of this, the industry had to continue its policy of luring customers with freebies, discounting, etc. Those companies who lured customers thus, were able to show slightly higher growth than the brands from the House of Zodiac, which does not discount/offer freebies or soft terms, because we believe the consumer will spend on brands which fulfill his aspirations.

Projections by several respected entities show that the consumer sentiment is poised to turn positive due to there being a stable Government strongly committed to address the country's problems, particularly the economic malaise. More decisiveness in Government policy formulation, as well as greater efficiency in its execution would work wonders. With the Current Account Deficit and Fiscal Deficit having fallen from their alarming levels, hopefully the new Government would be able to consolidate these gains further. There is widespread anticipation of a revival of demand due to the "feel good" factor, which would trigger the cycle of higher growth in investment, manufacturing, etc, resulting in the return to sustained, balanced growth in the country's GDP.

The evolution of organised retail in India, notwithstanding the open position with regard to 100% FDI in multi-brand retail, continue apace. There is a consequential impact of this on independent retailers as well, some of whom are turning increasingly professional in their approach.

For the branded business to grow at a healthy pace (it seems as though consumer demand could be unleashed in the near future) will need even stronger growth in organised retail, which can happen only with the availability of real estate at international pricing on commercially fair terms, which is not the case today. Besides, there is an unhealthy, growing trend with most mall developers to reserve their ground floor shops for so called "foreign" brands, (some of which are fifth rate) and relegate Indian brands to locations on higher floors where only 40% of the consumers entering the mall

reach. Often, commercial terms also are heavily slanted in favour of foreign brands. It is indeed a national shame that Indian brands are being treated in this unfair manner, which needs immediate corrective action.

GST, which is eagerly awaited across industries has yet to be rolled out.

Internationally, in the largest single market, i.e. the EU, there are early signs of small improvement, though this has yet to gain momentum. The UK seems to be, along with Germany, on a more strident path to recovery. In the US, contrary to the rhetoric one encounters in the media, the market is stable with nominal growth in retail sales.

Some of India's competitor countries in clothing export viz. Bangladesh, Vietnam, Myanmar, as well as China, have been under pressure for varying reasons. In Bangladesh the several accidents of 2013 established that on safety requirements Bangladesh has been thoroughly negligent, besides not being compliant with other standards required by international buyers. There was labour unrest due to this, as well as due to their struggle for higher wages (which were eventually increased in November 2013 to US\$ 60/- per month from US\$ 33/- per month). Similarly, there has been labour unrest in Myanmar for a living wage. In Vietnam, because of problems with China over disputed territorial waters in the south China Sea, several Chinese-owned factories were destroyed in the resultant protests in Vietnam. The situation in China continues in the direction of diversion of production increasingly to their internal market, and paucity of workers willing to work in the industry. All this, coupled with the relatively weaker Rupee (which ended the financial year a tad below ₹60/- per US\$), has driven the importing countries to turn to India for stability, compliant production facilities and dependable deliveries.

The export of clothing from India ended the year at US\$ 14.7 billion, i.e. growth of approximately 8%. The other encouraging trend was that the dominance of the EU and the US in the import of clothing from India has been diluted considerably, with India's exports to other markets having increased notably as a share of pie. India achieved 3.7% of world trade of clothing during the financial year.

The export of clothing from India, even if it grew at a conservative pace of 15% CAGR, could cross over US\$ 60 billion within the next decade. In fact, with a stable Government in place, if India's weaknesses are addressed swiftly, and the strengths the country has are unleashed, the export could grow at a faster rate of CAGR than 15% and perhaps, even cross US\$ 100 billion in the next decade. This, of course, will require

Government and industry to work in unison to sharpen India's competitiveness.

Some of the benefits Bangladesh enjoys are preferential tariffs, ease of import of raw material (i.e. fabric and accessories) with no licencing, fast track custom clearance, no obligation to show voluminous proof at multiple points that the raw materials imported have, in fact, been converted into clothing and exported, no levy of taxes like octroi, sales tax, excise duty (which, in India, are never fully reimbursed by duty drawback, which also is paid with huge delays and often not paid in full); higher productivity, simple labour laws (often woefully inadequate) and no perverse/draconian enforcement of laws by rent-seeking officialdom: industry-friendly project licencing with swift single-point clearances (Bangladesh ranks higher than India in the Ease of Doing Business Index (World Bank-June 2013), cost of funds at international pricing available on tap and not adding to the complexity of multiple laws by introduction of laws, which are not fully thought out (like the Companies Act, 2013 in India). In India, a lot of these can be addressed forthwith, while rectifying infrastructural disabilities would take a little longer. The industry will also need Government policy to be announced well in time, as clothing sales contracts are signed several months forward.

While exchange rates can largely be hedged forward, delays in renewal of Special Focus Market Scheme and Market-Linked Focus Product Scrip (which lapsed at the close of the financial year and have not yet been renewed), are highly detrimental. Meanwhile, the Rupee has strengthened and an early announcement of the continuance of this Scheme is vital to see that the momentum gained in recent months is not lost.

B. INDUSTRY STRUCTURE AND DEVELOPMENT

While the situation in the two large markets is yet to offer the possibility of substantial growth, India has gained by virtue of market share conceded by competing countries in those markets. While the industry has captured some of the opportunities presented by new markets such as the Middle East and Latin America, only a small beginning has been made. India needs to consolidate its feeble gains into a truly dominant position, as had been achieved by China a decade ago. There is no other country in the world (besides India and China), which has the complete textile chain from fibre to fashion, and this advantage has to be harvested fully. We have lost two major opportunities for quantum growth during the last decade, and it is imperative this opportunity is not lost as well.

While India cannot compete with low-wage countries (with human rights/safety violations and unfair labour practices) huge productivity gains are possible. Combined

with favourable tariffs in the importing countries (which must be locked up post haste), India's textile industry has to step up its pace of modernisation to be able to cater to the increased demand from the clothing industry with world class quality of fabric at internationally competitive pricing. Besides, the licencing procedure, i.e. Advance Licence, has to be scrapped, and the processes followed by competitor countries (where despite there being no licencing for import of raw material, there is an adequate, painless process in place to eliminate malpractices), has to be replicated.

The "export" of India's taxes needs to be eliminated. A mechanism to fully insulate the exporter of the need to first pay taxes and then claim reimbursement, and wait months to receive an inadequate refund, needs to be put in place forthwith. Alternatively, if payment of taxes cannot be eliminated in the first instance, a seamless disbursement of drawback in full, of all taxes paid - Central as well as State - in a time-bound manner (without arbitrary deductions and without needless correspondence claiming repayment of drawback disbursed on frivolous grounds), must be prioritised.

The clarification with regard to non-deduction of TDS on commission on export sales paid to a person not resident in India, is still to be notified. This has caused severe hardship in terms of litigation, increased costs and loss of liquidity pending conclusion of litigation. This is a national waste.

The way forward clearly is to achieve (a) reduction in cost and (b) increase in unit value realisation in Phase I, and time to market/transit time from India in Phase II.

Cost Audit required by companies with a turnover of over ₹100 crores (US\$ 16 million) is something which needs to be done away with if we have to look at achieving US\$ 60 – 100 billion exports from the clothing industry. One looks forward to expeditious action on this from the Government.

C. OPPORTUNITIES AND THREATS

The opportunity that presents itself by virtue of the situation in Bangladesh, Vietnam, Myanmar, as well as in China, is truly most promising as these competitor countries would yield market share as they have done in the latter months of the last financial year.

The other opportunity which needs to be crystallised, is that of zero/preferential tariffs from countries to which our major clothing exports are directed, and putting on fast track the FTA with the EU. There are other countries like the US, who are lusting for the opportunity to cater to India's burgeoning middle class, which is set to grow for years to come. They could certainly be persuaded, if India sought a quid pro quo, to lower tariffs on exports of clothing from India to their country.

The Rupee is not very highly over-valued, but there is still scope for further depreciation according to experts on Forex, which is necessary to sharpen our competitiveness.

The emerging trend of India's export of clothing to new markets continuing to grow as a share of pie is another opportunity yet to be fully captured, as we have made only a small beginning in these new markets, when viewed from the global perspective, as well as from the potential of those markets..

While the export of clothing has diversified from being predominantly of cotton, to a greater share of pie for man made fibre clothing and other "fabric" (which would include linen and silk), there is potential for further gains in the non-cotton segment.

The threat posed by the forecast of a weak monsoon and consequential rise in the already high rate of inflation, would have a cascading effect. This is a serious threat.

We are almost in the middle of the decade which has been projected to be the decade of volatility globally. There is an opinion which talks of the possibility of a Lehman-type event looming, which could cause turmoil in the financial markets. We have to be prepared to deal with, were it to occur.

Our cost disabilities, discussed at length, continue to be a major threat.

D. SEGMENT WISE / PRODUCT WISE PERFORMANCE

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

The Geographical Segment is identified and given below:

Year Ended 31st March 2014

(₹ in Lakhs)

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	19,226	15,625	34,851
Carrying Cost of Segment Asset	26,420	2,154	28,574
Capital Expenditure	1,113	-	1,113

E. OUTLOOK

The benefit of a stable Government after 3 decades has rightly evoked a "feel good" factor across industries. One looks forward to a strong Government being able to negotiate favourable tariffs for the export of clothing

from India, especially the conclusion of the long-overdue India/EU Free Trade Agreement (with zero-for-zero tariffs, in the field of textiles and clothing exports from India and import from the EU), at an early date

The Rupee is at a level where with some further depreciation expected, it would sharpen the competitiveness of the country and the industry.

The situation in the competing countries discussed earlier presents a huge opportunity, some of which has been captured in the final months of the last financial year. Further consolidation on this is possible, given the new Government's agenda to go all out to build India into a manufacturing powerhouse, which one hopes should unfold fairly quickly.

The demand situation within India should improve, given the fact that there is a "feel good" factor. When the benefits of an improving economy percolates and generates further investment, manufacturing, growth and employment for the demographic dividend, it should translate into even further growth in demand, which has been visible only in fits and starts for the last few years.

Over the medium term, the growth in demand should become more stable and consistent. The growth of organised retail is slated to continue, which holds great promise.

F. RISKS & CONCERNS

The weaknesses of the competitors (Bangladesh, Vietnam, Myanmar and China) may be overcome over time. Their competitive edge and ease of doing business, dealt with earlier in this discussion, is something which causes concern as this adds to the cost disabilities. The preferential rates of tariff that most of them enjoy in the large clothing importing countries are a continuing risk factor.

With the forecast of a weak monsoon, the concern of inflation spiralling looms large.

With volatility projected to continue, one has to build one's defences to deal with the situation as it presents itself. The traditional markets in the EU and the US are not yet robust, and gains witnessed in the final months of last year have been largely on account of competitor countries yielding market share.

The Chinese economy's faltering is causing ripples across the world, which eventually impacts demand in the US and the EU.

G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company's internal control systems, which are supplemented by an exhaustive process of internal

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

H. COMPANY'S FINANCIAL PERFORMANCE

(₹ in Lakhs)

	2013-14	2012-13
Total Operational Revenue	34,851	30,763
Profit Before Tax	2,217	1,598
Provision for Taxation:		
Current Tax	639	406
Deferred Tax	82	86
Short Provision for Tax pertaining to Previous Year	3	-
Profit after Taxation	1,493	1,106
Excess Provision for Tax on Dividend for the Previous Year Written Back	33	-
Profit Available for Appropriation	11,784	11,142
Appropriation		
Transfer to General Reserve	153	125
Proposed Final Dividend and Interim Dividend	873	679
Tax on Proposed Final Dividend	148	80
Balance Carried Forward	10,610	10,258
Total	11,784	11,142

Operational Revenue & Profits:

We are pleased to inform you that during the financial year ended 31st March 2014, the operational revenue grew from ₹30,763 lakhs to ₹34,851 lakhs, an increase of 13.29%. The Profit Before Tax was ₹ 2,217 lakhs vs ₹ 1,598 lakhs, and the Profit After Tax was ₹1,493 lakhs vs ₹ 1,106 lakhs, all of which show a healthy increase. This is despite higher provision for Tax (₹724 lakhs vs ₹ 492 lakhs). The position on a consolidated basis shows similar improvement.

The interest cost rose marginally as a percentage of revenue from 0.53% to 0.66%, largely because the company's policy is to hedge all its Forex borrowings (that are not related to exports), the cost of which rose in tandem with the rates of interest prevalent in

India. When compared to most listed companies it is significantly lower.

During the year:

There was no change in the paid-up capital of the company from Rs 19,38,99,980/-

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

The Board has recommended a dividend of 45%, i.e. ₹4.50 per share for the year 2013-14, subject to the approval of the shareholders.

At the close of the year, the company had 113 stores. 11 new stores were opened and 2 non-performing stores were closed during the year, a net increase of 9 stores. 2 existing stores were refurbished. (All stores are company-owned, not franchised). The company's strategy of investing in growth of its own retail business continues to be pursued with conservative aggressiveness.

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 increased to ₹8000 lakhs (₹7000 lakhs earlier). ICRA has also reaffirmed the company's rating of A1+ for Commercial Paper (₹2000 lakhs)

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

I HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS:

The company's belief that its people are the primary source of its sustainable competitive advantage drives its consistent emphasis in 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 sustained efforts of the employees and their immense contribution to the high level of performance and efficiency of the business during the year are also highly appreciated.

J. CAUTIONARY STATEMENT

Statements in the report on Management Discussion & Analysis describing the company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on

certain assumptions and expectations of future events. Actual results could, however, differ materially from those express or implied. Important factors that could make a difference to the company's operation include global demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic development within India and the countries with which

the company has business contacts and other factors such as litigations and industrial relations in India, trade agreements, especially with the EU and the US.

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

COMPLIANCE CERTIFICATE

Auditors' Certificate to the Members of Zodiac Clothing Company Limited on Compliance of the Conditions of Corporate Governance for the Year Ended 31st March, 2014, 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 2014, 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. 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 Management, we certify that the Company has complied, 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 affairs of the Company.

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

R. Laxminarayan
Partner
Place : Mumbai
Dated : 27th May, 2014 (Membership No: 33023)

A close-up photograph of several red silk ties with various patterns. The ties are arranged in a way that shows different designs: some with geometric patterns like squares and diamonds, others with floral or paisley motifs, and one with a plaid pattern. The ties are knotted and displayed against a dark background.

100% Pure Silk Vicenza Ties



100% Pure Silk Vicenza Ties



Pochette

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 2014;
- (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 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

MUMBAI,
May 27, 2014

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

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 on the accounts of Zodiac Clothing Company Limited for the year ended March 31, 2014)

Having regard to the nature of the Company's business / activities / results during the year, clause (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) 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.
- 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 unsecured loans to a company in earlier years. At the year-end, the outstanding balances of such loans are ₹ 165,139,758 and the maximum amount involved during the year were ₹ 171,139,758 (excluding interest).
- b) The rate of interest and other terms and conditions of such loans are in our opinion, prima facie, not prejudicial to the interest of the Company.
- c) The receipts of principal amounts and interest have been regular/as per stipulations.

d) With regard to the aforesaid loans, 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) To the best of our knowledge and belief and according to the information and explanations given to us, no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the said Register.

In view of what has been stated above, sub clause (b) of clause (v) of paragraph 4 of the order is not applicable to the company for the year.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, are not applicable to the Company.

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

(viii) 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 made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) 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, 2014 for a period of more than six months from the date they became payable.

- c) Details of dues not deposited as on 31st March, 2014 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 ₹)	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	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	Commissioner of Income Tax Appeal, Mumbai	2,511,030	A.Y. 2010-11
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	190,369	F.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	214,569	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	689,936	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant commissioner of Commercial Taxes, Kolkata	95,105	F.Y. 2003-04
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	604,159	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	709,091	F.Y. 2003-04
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	1,138,300	F.Y. 2002-03
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

- (x) The Company has no accumulated losses as at 31st March, 2014 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) 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.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) 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.
- (xv) 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.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) The Company has not borrowed any monies by way of issue of debentures. Hence, clause (xix) of paragraph 4 of the Order is not applicable to the Company for the year.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by public issue during the year. Hence, clause (xx) of paragraph 4 of the Order is not applicable to the Company for the year.
- (xix) 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, except that there has been an instance of misappropriation of inventories amounting to ₹ 1,399,236/-.

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

MUMBAI,
May 27, 2014

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

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	193,899,980	193,899,980
(b) Reserves and surplus	3	1,567,546,640	1,503,995,907
		1,761,446,620	1,697,895,887
2. Non-current liabilities			
(a) Long-term borrowings	4	-	580,000
(b) Deferred tax liabilities (net)	36	46,224,117	37,970,136
(c) Long-term provisions	5	9,479,928	9,902,171
		55,704,045	48,452,307
3. Current liabilities			
(a) Short-term borrowings	6	415,537,724	444,161,204
(b) Trade payables	7	353,711,235	289,372,065
(c) Other current liabilities	8	134,306,897	117,644,689
(d) Short-term provisions	9	136,688,388	67,082,300
		1,040,244,244	918,260,258
TOTAL		2,857,394,909	2,664,608,452
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	855,267,848	818,166,188
(ii) Intangible assets	10B	14,840,956	17,692,848
(iii) Capital work-in-progress	10C	32,977,269	13,890,102
(iv) Intangible assets under development	10D	4,584,813	3,764,140
		907,670,886	853,513,278
(b) Non-current investments	11	138,539,974	113,539,974
(c) Long-term loans and advances	12	301,873,651	279,234,640
		1,348,084,511	1,246,287,892
2. Current assets			
(a) Current investments	13	104,769,407	139,642,895
(b) Inventories	14	724,060,465	695,444,372
(c) Trade receivables	15	323,224,302	270,653,056
(d) Cash and cash equivalents	16	28,542,527	29,591,621
(e) Short-term loans and advances	17	328,713,697	282,988,616
		1,509,310,398	1,418,320,560
TOTAL		2,857,394,909	2,664,608,452

See accompanying notes forming part of the financial statements

1-46

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

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

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

ANEEL SARAFF
Chief Financial Officer

A. Y. NOORANI
Vice Chairman & Managing Director

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
1. Revenue from operations (gross)	18	3,490,564,572	3,158,414,648
Less: Excise duty		5,487,124	82,121,979
Revenue from operations (net)		3,485,077,448	3,076,292,669
2. Other income	19	66,282,202	78,024,781
TOTAL REVENUE (1+2)		3,551,359,650	3,154,317,450
3. Expenses			
(a) Cost of materials consumed	20A	1,296,033,502	1,132,272,503
(b) Purchases of stock-in-trade	20B	180,835,394	178,582,022
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20C	(4,160,887)	29,517,330
(d) Employee benefits expense	21	546,355,525	514,552,130
(e) Finance costs	22	21,654,105	16,254,483
(f) Depreciation and amortisation expenses	10	81,837,850	78,358,295
(g) Other expenses	23	1,207,119,600	1,047,600,964
TOTAL EXPENSES		3,329,675,089	2,997,137,727
4. Profit before exceptional items and tax		221,684,561	157,179,723
5. Exceptional items	24	-	2,586,919
6. Profit before tax		221,684,561	159,766,642
7. Tax expense:			
(a) Current tax expense		63,900,000	40,600,000
(b) Deferred tax charge	36	8,253,981	8,636,105
(c) Short Provision of tax pertaining to previous year		264,745	-
8. Profit for the Year from continuing operations		149,265,835	110,530,537
9. Earnings per share (of ₹ 10/- each):			
(a) Basic	40	7.70	5.73
(b) Diluted	40	7.70	5.73
See accompanying notes forming part of the financial statements	1-46		

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

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

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

ANEEL SARAFF
Chief Financial Officer

A. Y. NOORANI
Vice Chairman & Managing Director

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2014**

	For the year ended 31 st March 2014 ₹	For the year ended 31 st March 2013 ₹
A. Cash flows from operating activities		
Profit before Taxation and Extraordinary items	221,684,561	159,766,642
Adjustments for:		
Depreciation and amortization	81,837,850	78,358,295
Provision for Doubtful Debts and Advances	4,792,689	3,544,815
Provision for Doubtful Debts written back	(295,386)	(10,123)
Liabilities / provision no longer required written back	(7,397,127)	(9,594,722)
Provision for Wealth Tax	300,000	300,000
Assets Discarded Written off	1,108,959	10,752,388
Net Exchange Loss on revaluation	2,933,772	1,504,129
Loss on Sale of Fixed Asset	542,550	-
Reduction in carrying amount of current investment	1,221,713	-
Loss on Sale of Current Investment	13,500	-
Profit on Sale of Freehold Land	-	(2,586,919)
Profit on Sale of Current Investments	(6,071,304)	(9,259,796)
Dividend Income from Investments	(25,223,939)	(38,941,168)
Finance Costs	21,654,105	16,254,483
Interest Income	(22,962,535)	(18,980,419)
	<u>52,454,847</u>	<u>31,340,963</u>
Operating Profit before working capital changes	274,139,408	191,107,605
Adjustments for:		
Trade and other receivables	(132,703,665)	(50,095,764)
Inventories	(28,616,094)	8,889,259
Trade and other Payables	<u>79,372,965</u>	<u>53,738,295</u>
	(81,946,794)	12,531,790
Cash from operations	192,192,614	203,639,395
Direct taxes paid (Net)	(71,877,092)	(45,898,289)
Net cash generated from operating activities	<u>120,315,522</u>	<u>157,741,106</u>
B. Cash Flows from investing activities		
Purchases of Current Investments	(419,942,746)	(790,345,115)
Sale of Current Investments	459,652,324	731,482,383
Purchases of Non Current Investments	(25,000,000)	-
Dividend Received	25,223,939	38,941,168
Advances and Loans to Subsidiaries(Net)	6,734,833	6,190,437
Interest Income	22,962,535	18,980,419
Fixed deposit with Banks having Original maturity over 3 months	-	14,800,000
Purchase of fixed assets	(111,295,704)	(119,616,068)
Proceeds from sale of fixed assets	555,349	3,145,260
Net cash (Used in) investing activities	<u>(41,109,470)</u>	<u>(96,421,516)</u>
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,747,673,070	1,532,420,653
Repayment of short term borrowings	(1,762,114,477)	(1,556,310,906)
Repayment of long term borrowings	(2,320,000)	(2,320,000)
Issue of Shares at premium on exercising of Esops	-	13,587,280
Finance Costs	(21,654,105)	(16,254,483)
Interim dividend paid	-	(30,559,578)
Dividends paid (including Dividend Distribution Tax)	(42,043,219)	(44,792,845)
Net cash (Used in) financing activities	<u>(80,458,731)</u>	<u>(104,229,879)</u>
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	<u>(1,252,679)</u>	<u>(42,910,289)</u>
Cash and cash equivalents as at the commencement of the year	27,996,728	70,907,017
Cash and cash equivalents as at the end of the year	26,744,049	27,996,728
Restricted Cash (Unclaimed Dividend Accounts)	1,798,478	1,594,893
Cash and cash equivalents as at the end of the year as per Note 16	<u>28,542,527</u>	<u>29,591,621</u>

Notes:

- 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
- 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 & SELLS LLP
Chartered Accountants

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

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

ANEEL SARAFF
Chief Financial Officer

A. Y. NOORANI
Vice Chairman & Managing Director

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

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 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of general circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

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 the asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there is a change in the estimate of the recoverable value.

g) INVESTMENTS

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

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

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

h) TRANSACTIONS IN FOREIGN CURRENCY

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

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

i) HEDGE ACCOUNTING

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further, non-derivative financial liabilities in the form of Pre-shipment Export Credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly

probable forecast sales in foreign currency. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

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

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

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

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

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

j) INVENTORIES

- a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, Weighted average cost or Specific identification method, as applicable and found appropriate.
- b) Work-in-progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.
- c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.
- d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.
- e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.

k) EMPLOYEE BENEFITS

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

l) EMPLOYEE SHARE BASED PAYMENTS

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

m) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, 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 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 realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

n) BORROWING COST

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

o) LEASES

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

p) PROVISIONS AND CONTINGENCIES

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

q) EARNING PER SHARE

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	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	19,389,998	193,899,980
TOTAL	19,389,998	193,899,980	19,389,998	193,899,980

Notes :

- (i) Rights, Preferences and Restrictions attached to equity shares:
 - i) Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
 - ii) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 1956.
 - iii) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.

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

Particulars	Year ended 31 st March, 2014		Year ended 31 st March, 2013	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Opening Balance	19,389,998	193,899,980	19,270,298	192,702,980
ESOP	-	-	119,700	1,197,000
Closing Balance	19,389,998	193,899,980	19,389,998	193,899,980

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

Name of shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
Asia Tangible Investments Pte Ltd.	3,154,882	16.27	3,154,882	16.27
Euro Global Holdings Pte. Ltd.	3,154,882	16.27	3,154,882	16.27
Miraj Marketing Company LLP	2,317,734	11.95	2,317,734	11.95
Mohammed Yusuf Noorani *	2,583,805	13.33	2,569,395	13.25
Akash Bhanshali	2,025,000	10.44	2,025,000	10.44
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd	1,108,087	5.71	979,032	5.05

* Out of 2,583,805 shares held by Mr Mohammed. Yusuf. Noorani, (previous year 2,569,395), following shares are held by him:-

a) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990	18,990
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334	8,334

- (iv) As at 31st March, 2014, 349,575 shares (As at 31 March, 2013, 369,075 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 41)
- (v) Aggregate number of equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at 31 st March, 2014	As at 31 st March, 2013
Fully paid up by way of bonus shares	10,614,770	10,614,770

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening balance	240,966,005	228,575,725
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	-	12,390,280
Closing balance	240,966,005	240,966,005
(b) General Reserve		
Opening balance	232,275,602	219,775,602
Add: Transferred from surplus in Statement of Profit and Loss	15,300,000	12,500,000
Closing balance	247,575,602	232,275,602
(c) Hedging Reserve		
Unrecognised Losses on cash flow hedges (net)		
Opening balance	2,593,652	(2,020,887)
Add / (Less): Amount reversed on settlement of hedged contracts	(2,593,652)	2,020,887
	-	-
Add / (Less): Gain / (Loss) on mark to market of hedging instruments designated and effective as hedges of future cash flows	15,635,089	2,593,652
Closing balance	15,635,089	2,593,652
(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	1,025,759,865	1,003,659,691
Add: Profit for the year	149,265,835	110,530,537
	1,175,025,700	1,114,190,228
Add: Excess provision for tax on dividend for the previous year written back	3,327,438	-
	1,178,353,138	1,114,190,228
Less: Transferred to General Reserve	15,300,000	12,500,000
Interim dividend NIL (Previous Year ₹ 1.50/- per Share)		29,085,764
Final Dividend proposed to be distributed to equity shareholders (₹ 4.50/- per Share) (Previous Year ₹ 2/- per Share)	87,254,991	38,779,996
Tax on dividend	14,828,986	8,064,603
Closing balance	1,060,969,161	1,025,759,865
TOTAL	1,567,546,640	1,503,995,907

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
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NOTE 4 : LONG TERM BORROWINGS

Secured Term Loan From Bank	-	580,000
	<u>-</u>	<u>580,000</u>

- (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, 2014 Secured ₹	As at 31 st March, 2013 Secured ₹
Citi Bank	Secured by way of hypothecation of machinery The Loan is repayable in single installment of ₹ 5,80,000 on 1st June, 2014	-	580,000
TOTAL		<u>-</u>	<u>580,000</u>

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

NOTE 5 : LONG-TERM PROVISIONS

Provision for employee benefits:

- Provision for compensated absences	9,479,928	9,902,171
TOTAL	<u>9,479,928</u>	<u>9,902,171</u>

NOTE 6: SHORT-TERM BORROWINGS

Working Capital Loans :

From banks		
Secured	415,527,015	323,552,999
Unsecured	10,709	120,608,205
TOTAL	<u>415,537,724</u>	<u>444,161,204</u>

Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Citi Bank / First Rand 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.	415,527,015	323,552,999
TOTAL		<u>415,527,015</u>	<u>323,552,999</u>

NOTE 7 : TRADE PAYABLES

Trade Payables:

Other than Acceptances	350,503,314	285,554,704
Dues of Micro, Small and Medium Enterprises (Refer Note 27)	3,207,921	3,817,361
TOTAL	<u>353,711,235</u>	<u>289,372,065</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 8 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowings (Refer note (i) below)	580,000	2,320,000
(b) Interest accrued but not due on borrowings	245,946	542,826
(c) Interest accrued and due on borrowings	176,381	241,541
(d) Unpaid dividends (Refer note (ii) below)	1,798,478	1,594,893
(e) Salaries and Wages Payable	21,086,965	21,943,090
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	20,740,800	18,725,594
(ii) Payables on purchase of fixed assets	26,933,314	9,181,416
(iii) Trade / security deposits received	86,782	86,782
(iv) Advances from customers	11,028,388	7,836,506
(v) Book overdraft from bank	-	11,085,953
(vi) Provision for bonus	35,837,361	35,376,343
(vii) Others	15,792,482	8,709,745
TOTAL	134,306,897	117,644,689

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	7,500,000	2,500,000
(ii) Provision for compensated absences	2,004,411	2,011,643
	<u>9,504,411</u>	<u>4,511,643</u>
(b) Provision - Others:		
(i) Provision for Wealth Tax	300,000	300,000
(ii) Provision for proposed equity dividend	87,254,991	38,779,996
(iii) Provision for tax on proposed dividends	14,828,986	6,590,661
(iv) Provision for Remuneration to Managing Directors (Refer Note 44)	24,800,000	16,900,000
	<u>127,183,977</u>	<u>62,570,657</u>
TOTAL	136,688,388	67,082,300

NOTE 10 : FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1 st April , 2013	Additions	Deductions / Adjustments	As at 31 st March, 2014	As at 1 st April, 2013	For the year 31 st March, 2014	Deductions / Adjustments	As at 31 st March, 2014	As at 31 st March, 2013
A. TANGIBLE ASSETS									
Free Hold Land	42,090,419 (42,549,771)	- (-)	- (459,352)	42,090,419 (42,090,419)	- (-)	- (-)	- (-)	42,090,419	42,090,419
Lease Hold Land	475,940 (475,940)	- (-)	- (-)	475,940 (475,940)	162,645 (142,897)	19,748 (19,748)	- (-)	293,547	313,295
Building	78,573,728 (75,093,111)	4,311,133 (36,09,874)	- (129,257)	82,884,861 (78,573,728)	29,114,468 (26,923,625)	2,390,549 (2,221,110)	- (30,267)	51,379,844	49,459,260
Plant and Equipments	33,180,652 (33,677,864)	30,288,639 (14,422,788)	240,000 (-)	363,149,291 (333,100,652)	137,965,465 (121,730,496)	16,263,542 (16,234,969)	14,986 (-)	208,935,270	195,135,187
Furniture and Fixtures	279,406,818 (238,280,066)	36,471,805 (41,540,146)	- (413,394)	315,878,623 (279,406,818)	82,739,651 (65,300,088)	19,616,007 (17,511,901)	- (72,338)	213,522,965	196,667,167
Vehicles	35,612,554 (35,612,554)	- (-)	1,382,558 (-)	34,229,996 (35,612,554)	17,376,162 (14,153,701)	2,915,781 (3,222,461)	634,647 (-)	14,572,700	18,236,392
Office Equipments	64,681,016 (17,265,980)	8,958,815 (47,415,036)	169,256 (-)	73,470,575 (64,681,016)	11,865,806 (8,017,405)	4,001,409 (3,848,401)	4,142 (-)	57,607,502	52,815,210
Lease hold Improvement	256,718,632 (155,157,049)	29,738,477 (115,341,780)	2,154,698 (13,780,197)	284,302,411 (256,718,632)	80,951,172 (63,809,872)	22,215,172 (21,699,402)	1,167,344 (4,558,102)	182,303,411	175,767,460
Computer	66,202,860 (43,724,920)	1,498,183 (22,477,940)	- (-)	67,701,043 (66,202,860)	38,509,459 (32,491,299)	6,314,721 (6,018,160)	- (-)	22,876,863	27,693,401
Electrical Installation	80,999,325 (46,630,999)	5,793,982 (35,760,130)	175,130 (1,391,804)	86,618,177 (80,999,325)	21,010,928 (17,813,991)	3,975,447 (3,399,492)	53,525 (202,555)	61,685,327	59,988,397
SUB TOTAL- (A)	1,237,861,944 (973,468,254)	117,061,034 (280,567,694)	4,121,642 (16,174,004)	1,350,801,336 (1,237,861,944)	419,695,756 (350,383,374)	77,712,376 (74,175,644)	1,874,644 (4,863,262)	855,267,848 (419,695,756)	818,166,188
B. INTANGIBLE ASSETS (Acquired)									
Goodwill	15,699,501 (15,699,501)	- (-)	- (-)	15,699,501 (15,699,501)	15,699,501 (15,697,613)	- (1,888)	- (-)	-	-
Software	29,839,641 (20,687,394)	1,273,582 (9,152,247)	- (-)	31,113,223 (29,839,641)	12,146,793 (7,966,030)	4,125,474 (4,180,763)	- (-)	14,840,956	17,692,848
SUB TOTAL- (B)	45,539,142 (36,386,895)	1,273,582 (9,152,247)	- (-)	46,812,724 (45,539,142)	27,846,294 (23,663,643)	4,125,474 (4,182,651)	- (-)	14,840,956 (27,846,294)	17,692,848
C. CAPITAL WORK IN PROGRESS									
D. INTANGIBLE ASSETS UNDER DEVELOPMENT									
TOTAL (A+B+C+D)	1,283,401,086 (1,009,855,149)	118,334,616 (289,719,941)	4,121,642 (16,174,004)	1,397,614,060 (1,283,401,086)	447,542,050 (374,047,017)	81,837,850 (78,358,295)	1,874,644 (4,863,262)	32,977,269 4,584,813	13,890,102 3,764,140
Previous Year								907,670,886	853,513,278

1 Plant & Equipments costing ₹ 72,003,595/- (Previous Year ₹ 72,003,595/-) are hypothecated against Term Loan sanctioned.

- 2 Building includes flats of the Gross Book Value of ₹ 2,32,550/- (Previous year ₹ 4,64,100/-) given on operating lease.
- 3 Figures in bracket are in respect of the corresponding previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 11 : NON-CURRENT INVESTMENTS		
Non Current Investments [At cost, fully paid up]		
(A) Trade (Unquoted):		
In equity instruments of a subsidiary		
250 Equity Shares of CHF 1,000/- each 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 of Zodiac Finsec and Holdings Limited	20,000,000	20,000,000
In equity instruments of other entities (Quoted)		
1,713,750 Equity Shares of ₹ 5/-each of Shoppers Stop Ltd.	86,815,750	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	84,609	84,609
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide Industries Ltd.	210	210
In Preference shares (Quoted)		
1,250,000 (Previous Year: Nil), 21.06% Cumulative Non Convertible Compulsorily redeemable preference shares of ₹ 10/- each in I L & F S Transportation Networks Ltd.	25,000,000	-
TOTAL - OTHER INVESTMENTS (B)	131,948,974	106,948,974
TOTAL (A+B)	138,539,974	113,539,974
Aggregate Value of Quoted Investments	111,948,974	86,948,974
Aggregate market value of Listed and Quoted investments	659,322,908	691,745,243
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	2,934,687	12,089,399
(b) Security deposits (Refer Note Below)	168,781,925	144,715,386
(c) Balances with government authorities		
(i) Sales tax Deposits	4,889,264	8,043,658
(ii) Custom duty receivable	2,595,465	2,595,465
(iii) Service Tax credit receivable	5,341,325	2,519,732
(d) Prepaid expenses	771,497	423,856
(e) Advance income tax (Net of provisions)	116,559,488	108,847,144
TOTAL	301,873,651	279,234,640

Note: Security Deposits includes amount paid to:

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Directors		
Mr M.Y. Noorani	130,000	130,000
Mr A.Y. Noorani	425,000	425,000
Mr S.Y. Noorani	425,000	425,000
Firms in which some of the Directors of the company are partners		
Metropolitan Trading Company	17,310,000	17,310,000
Munraz Enterprises	1,500,000	1,500,000
Mustang Manufacturing Company	210,000	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 13 : CURRENT INVESTMENTS (At lower of cost and fair value)		
In units of Mutual Funds (Unquoted):		
2,527,297 (Previous Year: Nil) Units of ₹ 10/- each of Birla Sunlife Dynamic Bond Fund Retail Plan-Dividend	25,773,630	-
Nil (Previous Year: 4,931,908.83) Units of ₹ 10/- each of IDFC Ultra Short Term Fund -Growth (Direct Plan)	-	80,000,000
2,957,371 (Previous Year: Nil) Units of ₹ 10/- each of IDFC Dynamic Bond Fund-Quarterly dividend (Direct Plan)	30,690,400	-
198,558 (Previous Year: Nil) Units of ₹ 10/- each of IDFC- Money Manager Fund-Treasury Plan-Growth (Direct Plan)	4,000,000	-
9,000 (Previous Year: Nil) Units of ₹ 1000/- each of Birla Sunlife Dynamic Bond Fund Retail Plan-Dividend	9,000,000	-
6,325 (Previous Year: Nil) Units of ₹ 1000/- each of Pramerica Liquid Fund Direct Plan-Growth Option	8,635,550	-
Nil (Previous Year: 45,562.82) Units of ₹1000/-each of Pramerica Short Term Floating Rate Fund – Direct Plan- Growth Option	-	50,142,895
Nil (Previous Year: 9,018.73) Units of ₹ 1000/- each of Pramerica Credit Opportunities Fund-Growth Plan	-	9,500,000
2,546,748 (Previous Year: Nil) Units of ₹ 10/- each of Templeton India low duration fund Direct monthly dividend	26,669,827	-
TOTAL	104,769,407	139,642,895
Aggregate amount of unquoted investments	104,769,407	139,642,895
NOTE 14 : INVENTORIES (At Lower of Cost and Net Realisable Value)		
(a) Raw materials	199,744,558	192,513,141
Goods-in-transit	13,042,498	16,379,451
	212,787,056	208,892,592
(b) Work-in-progress	45,163,079	33,706,876
(c) Finished goods (other than those acquired for trading)	260,905,227	259,867,450
(d) Stock-in-trade (acquired for trading)	90,042,295	98,375,388
(e) Stores and spares	5,437,422	3,878,850
(f) Accessories and Packing Material	97,392,731	84,227,876
Goods-in-transit	8,058,079	3,702,650
	105,450,810	87,930,526
(g) Chemicals & Furnace oil etc	4,274,576	2,792,690
TOTAL	724,060,465	695,444,372

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 15 : TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	21,475,848	9,166,244
Doubtful	18,925,026	15,927,723
	<u>40,400,874</u>	<u>25,093,967</u>
Less: Provision for doubtful trade receivables	18,925,026	15,927,723
	<u>21,475,848</u>	<u>9,166,244</u>
Other Trade receivables		
Unsecured, considered good	301,748,454	261,486,812
TOTAL	<u>323,224,302</u>	<u>270,653,056</u>
NOTE 16 : CASH AND CASH EQUIVALENTS		
(a) Cash on hand	2,877,640	2,730,861
(b) Remittances in Transit	6,301,381	5,836,804
(c) Balances with banks		
(i) In current accounts	17,564,986	10,179,420
(ii) In EEFC accounts	42	9,249,643
(iii) In earmarked accounts		
- Unpaid dividend accounts	1,798,478	1,594,893
TOTAL	<u>28,542,527</u>	<u>29,591,621</u>
NOTE 17 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties	165,179,541	171,914,374
(b) Loans and advances to employees		
- Good	5,008,993	4,421,656
- Doubtful	3,115,128	1,615,128
	<u>8,124,121</u>	<u>6,036,784</u>
Less: Provision for doubtful loans and advances	3,115,128	1,615,128
	<u>5,008,993</u>	<u>4,421,656</u>
(c) Prepaid expenses	5,456,154	4,144,395
(d) Balances with government authorities		
CENVAT credit receivable	3,203,837	3,055,056
(e) Others		
(i) Advances against goods and services	11,036,714	3,817,447
(ii) Deferred Premium on Forward Contracts	4,910,212	4,010,650
(iii) Export incentive receivable	80,149,383	60,008,468
(iv) Advance Payment to Gratuity Fund	45,498,957	27,808,235
(v) Other balances	8,269,906	3,808,335
	<u>149,865,172</u>	<u>99,453,135</u>
Doubtful	553,762	553,762
	<u>150,418,934</u>	<u>100,006,897</u>
Less: Provision for other doubtful loans and advances	553,762	553,762
	<u>149,865,172</u>	<u>99,453,135</u>
TOTAL	<u>328,713,697</u>	<u>282,988,616</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 18 : REVENUE FROM OPERATIONS		
(a) Sale of products (Refer Note (i) below)	3,296,426,423	2,995,503,920
(b) Other operating revenues (Refer Note (ii) below)	194,138,149	162,910,728
	<u>3,490,564,572</u>	<u>3,158,414,648</u>
Less:		
(c) Excise duty	5,487,124	82,121,979
TOTAL	<u>3,485,077,448</u>	<u>3,076,292,669</u>

Particulars	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
Notes		
(i) Sale of products comprises		
Manufactured goods		
Garment & Accessories	2,937,549,652	2,639,130,545
Traded goods		
Garment & Accessories	261,037,124	256,850,417
Fabric *	58,054,482	69,713,046
Accessories	39,785,165	29,809,912
* Includes sale of leftover fabric		
TOTAL	<u>3,296,426,423</u>	<u>2,995,503,920</u>
(ii) Other operating revenues comprise:		
Sale of scrap	4,156,356	4,420,340
Duty drawback and other export incentives	115,878,126	99,303,323
Recovery of Freight and insurance on sales	61,926,929	48,673,069
Royalty received	12,045,801	10,462,446
Commission received	130,937	51,550
TOTAL	<u>194,138,149</u>	<u>162,910,728</u>

NOTE 19 : OTHER INCOME

(a) Interest income (Refer Note (i) below)	22,962,535	18,980,419
(b) Dividend income:		
from Current Investments		
Mutual Fund	4,355,570	60,531
from Non-current Investments		
Subsidiaries	19,578,918	37,593,131
Others	1,289,451	1,287,507
(c) Net gain on sale of:		
Current Investments	6,071,304	9,259,796
(d) Other non-operating income (Refer Note (ii) below)	12,024,424	10,843,397
TOTAL	<u>66,282,202</u>	<u>78,024,781</u>

Notes:

Particulars	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
(i) Interest income comprises:		
Interest on Bank deposit	580,421	991,651
Interest on loans and advances	15,664,163	16,434,437
Interest on Income Tax refund	6,167,970	1,276,664
Other interest	549,981	277,667
TOTAL	<u>22,962,535</u>	<u>18,980,419</u>
(ii) Other non-operating income comprises:		
Liabilities / provisions no longer required written back	7,692,513	9,604,845
Rent Income	550,550	179,200
Miscellaneous income	3,781,361	1,059,352
TOTAL	<u>12,024,424</u>	<u>10,843,397</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
NOTE 20A : COST OF MATERIALS CONSUMED		
Opening stock	296,823,118	275,404,052
Add: Purchases	1,317,448,250	1,153,691,569
	<u>1,614,271,368</u>	<u>1,429,095,621</u>
Less: Closing stock	318,237,866	296,823,118
TOTAL	<u>1,296,033,502</u>	<u>1,132,272,503</u>
Material consumed comprises:		
Fabric	985,083,058	866,037,635
Yarn	2,371,393	6,753,253
Accessories and Packing Materials	308,579,051	259,481,615
TOTAL	<u>1,296,033,502</u>	<u>1,132,272,503</u>
NOTE 20B : PURCHASES OF STOCK IN TRADE		
Garment & Accessories	97,600,554	94,551,494
Fabric	46,767,934	55,342,109
Accessories	36,466,906	28,688,419
TOTAL	<u>180,835,394</u>	<u>178,582,022</u>
NOTE 20C : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Finished goods	260,905,227	259,867,450
Stock in Trade	90,042,295	98,375,388
Work-in-progress - Garment and Accessories	45,163,079	33,706,876
	<u>396,110,601</u>	<u>391,949,714</u>
Inventories at the beginning of the year:		
Finished goods	259,867,450	297,582,804
Stock in Trade	98,375,388	94,635,779
Work-in-progress -Garment and Accessories	33,706,876	29,248,461
	<u>391,949,714</u>	<u>421,467,044</u>
NET DECREASE /(INCREASE)	<u>(4,160,887)</u>	<u>29,517,330</u>
NOTE 21 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	486,544,158	446,579,778
Contributions to provident and other funds	52,056,829	59,678,462
Staff welfare expenses	7,754,538	8,293,890
TOTAL	<u>546,355,525</u>	<u>514,552,130</u>
NOTE 22 : FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings	7,730,329	8,425,081
(ii) Others		
- Interest on delayed / deferred payment	662,419	394,486
(b) Amortisation of deferred premium cost	13,261,357	7,434,916
TOTAL	<u>21,654,105</u>	<u>16,254,483</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 23 : OTHER EXPENSES		
Consumption of stores and spare Parts	8,954,181	6,871,701
Excise duty on Finished Goods (Refer Note 45)	(5,487,124)	(7,901,703)
Labour Charges	78,215,409	65,862,348
Consumables for printing/ embroidery/ washing	29,508,057	25,921,206
Power and fuel	28,303,340	25,173,374
Rent including lease rentals	297,743,155	279,697,967
Retail store maintenance expenses	48,051,290	39,603,508
Repairs and maintenance - Buildings	6,565,171	4,034,817
Repairs and maintenance - Machinery	8,703,411	7,173,163
Repairs and maintenance - Others	14,990,777	7,365,511
Insurance	9,085,203	7,982,986
Rates and taxes	12,269,650	8,690,353
Postage, and Telephones	20,559,940	16,382,624
Travelling and conveyance	42,741,686	37,608,622
Printing and stationery	4,407,998	4,748,711
Freight and forwarding	104,635,977	103,246,159
Sales commission	107,490,605	78,819,667
Sales discount	41,074,614	23,758,190
Business promotion	152,433,900	155,338,893
Donations and contributions	9,618,407	10,634,756
Legal and professional	16,808,160	16,405,093
Director Sitting fees	1,029,453	880,000
Electricity	36,326,287	34,518,717
Remuneration to Managing Directors (Refer Note 44)	24,800,000	16,900,000
Security Charges	9,615,552	8,364,573
Trade Mark fees	21,628,458	17,792,875
Payments to auditors (Refer Note below)	2,097,159	1,721,390
Bad and doubtful debts written off	990,741	95,657
Net loss on foreign currency transactions and translation (other than considered as finance cost)	41,307,587	12,351,812
Loss on fixed assets sold	542,550	-
Assets discarded written off	1,108,959	10,752,388
Net loss on sale of investments	13,500	-
Reduction in the carrying amount of current investments	1,221,713	-
Provision for doubtful trade receivables, and loans and advances	4,792,689	3,544,815
Bank Charges	16,375,141	17,026,003
Miscellaneous expenses	8,596,004	6,234,788
TOTAL	1,207,119,600	1,047,600,964
Note:		
Payments to auditors comprises :		
(i) Statutory Audit		
As auditors	1,675,000	1,350,000
For other services	90,000	110,000
Reimbursement of expenses	28,735	20,149
Service Tax	218,154	206,533
(ii) Cost audit		
As auditors	85,270	34,708
TOTAL	2,097,159	1,721,390
NOTE 24 : EXCEPTIONAL ITEMS		
Profit on sale of Freehold Land	-	2,586,919
TOTAL	-	2,586,919

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

25) (i) Contingent Liabilities: -

- a) Guarantee issued by the Banks and counter guaranteed by the Company:
₹ 3,560,494/- (Previous year: ₹ 5,452,239/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company:
₹ 26,327,666/- (Previous year: ₹ 33,769,425/-).
- c) Foreign bills / Letters of Credit discounted with Bank: ₹ 445,121/- (Previous year ₹ 12,346,148/-)
- d) Disputed demand not provided for in respect of: -

	Current year ₹	Previous Year ₹
1) Income Tax	90,823,130	128,862,070
2) Sales Tax	11,229,872	11,229,872
3) Apparel Export Promotion Council for non fulfillment of export obligation against duty free imports	424,415	2,190,575
e) Claims against the Company not acknowledged as debts: ₹ 129,200/- (Previous Year ₹ 730,841/-)		
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.

(ii) Other commitments :-

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

- 26) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 18,827,465/- (Previous Year ₹ 28,290,352/-)
- 27) Micro, Small and Medium enterprises have been identified by the company on the basis of the information available. Total outstanding dues of Micro, Small and Medium enterprises, which are

outstanding for more than the stipulated period are given below.

	Current year ₹	Previous Year ₹
(a) Dues Remaining unpaid as on 31 st March – Principal	2,455,209	3,234,877
Interest	752,712	582,484
(b) Interest paid in terms of the Act	Nil	Nil
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	170,228	252,484
(d) Amount of interest accrued and remaining unpaid as on 31 st March	752,712	582,484
(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

- 28) The amount of premium on forward exchange contracts to be recognized in the Statement of Profit and Loss in the next financial year is ₹ 4,910,212/- (Previous Year ₹ 4,010,650/-)

29) Operating Leases: -

A) Premises taken on Lease

- a) The Company has taken various offices / shops under operating lease or leave and licence agreements. These are non-cancelable during a lock in period which ranges between 11 months to 3 years under leave and licence agreements and are renewable by mutual consent on mutually agreeable terms.
- b) Lease Payments recognized in the Statement of Profit and Loss under Rent in Note 23 includes ₹ 297,743,155/- (Previous Year ₹ 279,486,978/-) in respect of premises taken on lease.

- c) The future minimum lease payments under non-cancelable operating lease :
- not later than one year is ₹ 9,594,719/- (Previous Year ₹ 7,309,130/-);
 - later than one year and not later than five years is ₹ 1,273,638/- (Previous Year ₹ 559,930/-) and
 - Later than five years Nil

B) Premises Given On Lease

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 months to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the Statement of Profit and Loss as Rent income in Note 19 is ₹ 550,550/- (Previous Year ₹ 179,200/-)
- c) Premises given on licence basis:-
- Gross Carrying amount ₹ 2,322,550/- (Previous ₹ 4,645,100/-)
- Accumulated Depreciation ₹ 415,640/- (Previous Year ₹ 757,366/-)
- Depreciation for the year ₹ 37,858/- (Previous Year ₹ 75,716/-)

30) Particulars of Raw Material Consumption: -

(Previous year's figures are in brackets)

Class of Goods	Value (₹)	Imported	%	Indigenous	%
a) Yarn	2,371,393 (6,753,253)	- (-)	- (-)	2,371,393 (6,753,253)	100 (100)
b) Fabric	985,083,059 (866,037,635)	302,154,948 (311,038,228)	30.67 (35.91)	682,928,111 (554,999,407)	69.33 (64.09)
c) Accessories & Packing Materials	308,579,050 (259,481,615)	167,887,679 (118,502,746)	54.41 (45.67)	140,691,371 (140,978,869)	45.59 (54.33)
TOTAL	1,296,033,502 (1,132,272,503)	470,042,627 (429,540,974)	36.27 (37.94)	825,990,875 (702,731,529)	63.73 (62.06)

31) CIF Value of Imports: -

	Current Year ₹	Previous Year ₹
(i) Raw Materials (includes accessories)	479,317,219	405,542,516
(ii) Stores & Spares	2,840,647	643,125
(iii) Capital Goods	13,944,752	7,056,797
(iv) Traded Goods	63,453,498	64,052,221

32) Value of Stores and Spares Consumption

	Current Year		Previous Year	
	₹	%	₹	%
Imported	2,672,125	29.84	783,236	11.40
Indigenous	6,282,056	70.16	6,088,465	88.60
TOTAL	8,954,181	100	6,871,701	100

33) Expenditure in Foreign Currencies: -

	Current Year	Previous Year
	₹	₹
Sales Promotion	-	82,367
Interest on Loans / Bank charges	34,434,310	19,544,072
Travelling Expenses	7,237,596	5,784,325
Rebate, Discount & Commission	107,337,210	64,913,957
Forward Contract Roll over charges	1,590,694	-
Books & Periodicals	-	22,174

34) Remittance in Foreign Currencies on Account of Dividend:

(Previous year's figures are in brackets)

	No. of Non-Resident Shareholders	No. of Shares held by them	Net Amount of Dividend (₹)
a) Dividend for the year ended 31.03.2013	4	7,024,466	14,048,932
	(4)	(7,024,466)	(14,048,932)

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

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

(Previous year's figures are in brackets)

	No. of Non-Resident Shareholders including those under (a) above	No. of Shares held by them	Net Amount of Dividend (₹)
Dividend for the year ended 31.03.2013	69	7,073,538	14,147,076
	(70)	(7,063,114)	(14,126,228)

35) Earnings in Foreign Currencies:-

	Current Year	Previous Year
	₹	₹
Exports of Goods on FOB basis	1,488,542,935	1,329,817,583
Royalty Income	12,045,801	10,462,446
Others (Freight & Insurance Receipt)	61,926,929	48,673,069

36) Deferred Tax:-

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Deferred Tax Liability on account of:		
(i) Depreciation and Amortisation	52,229,470	48,192,923
(ii) Provision for Retirement Benefit	2,486,593	-
	<u>54,716,063</u>	<u>48,192,923</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u / s 43B	812,274	22,242
(ii) Provision for Retirement Benefit	-	4,049,506
(iii) Provision for Doubtful Debts & Advances	7,679,672	6,151,039
	<u>8,491,946</u>	<u>10,222,787</u>
Deferred Tax Liabilities (Net)	46,224,117	37,970,136

The Net Deferred tax charge of ₹ 8,253,981/- (Previous year ₹ 8,636,105/-) for the year has been recognized in the Statement of Profit and Loss.

37) Related Party Disclosures: -

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

I) Relationships: -

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

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

b) Key Management Personnel: -

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

c) Other Related Parties:-

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

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

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

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

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

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

(Previous year's figures are in brackets)

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	₹	₹	₹	₹
Sale of Goods				
Mashal Enterprises	-	-	6,449,383	6,449,383
	(-)	(-)	(6,827,490)	(6,827,490)
Zodiac Clothing Co (U.A.E.) LLC	91,850,471			91,850,471
	(96,846,728)	(-)	(-)	(96,846,728)
Zodiac Metropolitan Clothing Gmbh	-	-	163,949,642	163,949,642
	(-)	(-)	(149,293,611)	(149,293,611)
Onward LLC	-	-	129,382,911	129,382,911
	(-)	(-)	(100,911,352)	(100,911,352)
Interest Income Received				
Zodiac Finsec and Holdings Ltd	15,664,163	-	-	15,664,163
	(16,434,437)	(-)	(-)	(16,434,437)
Royalty Income Received				
Zodiac Clothing Co (U.A.E.) LLC	12,045,801	-	-	12,045,801
	(10,462,446)	(-)	(-)	(10,462,446)
Dividend Income Received				
Zodiac Finsec and Holdings Ltd	-	-	-	-
	(20,000,000)	(-)	(-)	(20,000,000)
Zodiac Clothing Company S.A	19,578,918	-	-	19,578,918
	(17,593,131)	(-)	(-)	(17,593,131)
Trade Mark fees paid				
Metropolitan Trading Company	-	-	21,628,458	21,628,458
	(-)	(-)	(19,928,766)	(19,928,766)
Rent Accrued				
Metropolitan Trading Company	-	-	9,662,073	9,662,073
	(-)	(-)	(14,193,066)	(14,193,066)
Mustang Manufacturing Company	-	-	207,600	207,600
	(-)	(-)	(207,600)	(207,600)
Munraz Enterprises	-	-	388,800	388,800
	(-)	(-)	(388,800)	(388,800)
Montage Corporation	-	-	70,824	70,824
	(-)	(-)	(62,316)	(62,316)
Miraj Marketing Company LLP	-	-	1,213,488	1,213,488
	(-)	(-)	(1,089,888)	(1,089,888)
Mr. A.Y. Noorani	-	473,700	-	473,700
	(-)	(473,700)	(-)	(473,700)
Mr. S.Y. Noorani	-	473,700	-	473,700
	(-)	(473,700)	(-)	(473,700)
Mr. M.Y. Noorani	-	133,056	-	133,056
	(-)	(133,056)	(-)	(133,056)
Zodiac Finsec and Holdings Ltd	54,142,464	-	-	54,142,464
	(54,142,464)	(-)	(-)	(54,142,464)
Salary Paid				
Mr. Awais A. Noorani	-	-	6,467,524	6,467,524
(refer note below)	(-)	(-)	(3,998,060)	(3,998,060)

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	₹	₹	₹	₹
Expenses Recovered				
Mashal Enterprises	-	-	842,190	842,190
	(-)	(-)	(558,218)	(558,218)
Zodiac Finsec and Holdings Ltd	58,884	-	-	58,884
	(26,993)	(-)	(-)	(26,993)
Zodiac Metropolitan Clothing Gmbh	-	-	9,133	9,133
	(-)	(-)	(134,542)	(134,542)
Metropolitan Trading Company	-	-	1,452,114	1,452,114
	(-)	(-)	(1,627,712)	(1,627,712)
Munraz Enterprises	-	-	2,500	2,500
	(-)	(-)	(2,500)	(2,500)
Zodiac Clothing Co (U.A.E.) LLC	1,337,185	-	-	1,337,185
	(1,295,204)	(-)	(-)	(1,295,204)
Other Income Received				
Zodiac Clothing Co (U.A.E.) LLC	2,493,545	-	-	2,493,545
	(4,277,482)	(-)	(-)	(4,277,482)
Zodiac Metropolitan Clothing Gmbh	-	-	12,149,311	12,149,311
	(-)	(-)	(5,109,194)	(5,109,194)
Onward LLC	-	-	3,933,258	3,933,258
	(-)	(-)	(1,423,305)	(1,423,305)
Expenses Reimbursed				
Metropolitan Trading Company	-	-	-	-
	(-)	(-)	(39,963)	(39,963)
Mashal Enterprises	-	-	147,294	147,294
	(-)	(-)	(226,696)	(226,696)
Munraz Enterprises	-	-	385,148	385,148
	(-)	(-)	(342,120)	(342,120)
Montage Corporation	-	-	19,081	19,081
	(-)	(-)	(-)	(-)
Zodiac Clothing Co (U.A.E.) LLC	1,205,196	-	-	1,205,196
	(1,185,015)	(-)	(-)	(1,185,015)
Zodiac Finsec and Holdings Ltd	2,404,052	-	-	2,404,052
	(1,036,049)	(-)	(-)	(1,036,049)
Loans / Advances Repaid by				
Zodiac Finsec and Holdings Ltd	6,000,000	-	-	6,000,000
	(6,000,000)	(-)	(-)	(6,000,000)
Dividend Paid				
Miraj Marketing Company LLP	-	-	4,635,468	4,635,468
	(-)	(-)	(8,112,070)	(8,112,070)
Metropolitan Trading Company	-	-	-	-
	(-)	(-)	(1,546,545)	(1,546,545)
Asia Tangible Investments Pte. Ltd.	-	-	6,309,764	6,309,764
	(-)	(-)	(11,042,087)	(11,042,087)
Euro Global Holdings Pte Ltd	-	-	6,309,764	6,309,764
	(-)	(-)	(11,042,087)	(11,042,087)
Mr. M.Y. Noorani	-	5,137,890	-	5,137,890
	(-)	(7,446,338)	(-)	(7,446,338)

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	₹	₹	₹	₹
Mr. A.Y. Noorani	-	38,130	-	38,130
	(-)	(66,728)	(-)	(66,728)
Mr.S.Y. Noorani	-	16,668	-	16,668
	(-)	(29,169)	(-)	(29,169)
Mr.Awais A. Noorani	-	-	150	150
	(-)	(-)	(263)	(263)
Mr. Musaed A. Noorani	-	-	150	150
	(-)	(-)	(263)	(263)
Mrs Saniyya A. Noorani	-	-	150	150
	(-)	(-)	(263)	(263)
Mrs.Muna A. Noorani	-	-	150	150
	(-)	(-)	(263)	(263)
Mrs. Zehra S. Noorani	-	-	714	714
	(-)	(-)	(1,250)	(1,250)
Commission Accrued				
Zodiac Metropolitan Clothing Gmbh	-	-	13,100,599	13,100,599
	(-)	(-)	(11,824,737)	(11,824,737)
Remuneration (Refer Note 44)				
Mr. A.Y. Noorani	-	12,400,000	-	12,400,000
	(-)	(8,450,000)	(-)	(8,450,000)
Mr.S.Y. Noorani	-	12,400,000	-	12,400,000
	(-)	(8,450,000)	(-)	(8,450,000)
Export Claims				
Zodiac Metropolitan Clothing Gmbh	-	-	9,079,507	9,079,507
	(-)	(-)	(7,500,000)	(7,500,000)
Outstanding amount receivable				
Zodiac Finsec and Holdings Ltd --	164,906,824	-	-	164,906,824
Loans and Advances	(171,914,374)	(-)	(-)	(171,914,374)
Munraz Enterpries	-	-	1,500,000	1,500,000
	(-)	(-)	(1,500,000)	(1,500,000)
Zodiac Metropolitan Clothing Gmbh	-	-	8,413,034	8,413,034
	(-)	(-)	(13,743,787)	(13,743,787)
Onward LLC	-	-	8,904,871	8,904,871
	(-)	(-)	(5,286,631)	(5,286,631)
Zodiac Clothing Co (U.A.E.) LLC	6,272,554	-	-	6,272,554
	(8,031,986)	(-)	(-)	(8,031,986)
Metropolitan Trading Company	-	-	17,310,000	17,310,000
	(-)	(-)	(17,310,000)	(17,310,000)
Mr. A.Y. Noorani	-	425,000	-	425,000
	(-)	(425,000)	(-)	(425,000)
Mr. S.Y. Noorani	-	425,000	-	425,000
	(-)	(425,000)	(-)	(425,000)
Mr. M.Y. Noorani	-	130,000	-	130,000
	(-)	(130,000)	(-)	(130,000)
Mustang Manufacturing Co	-	-	210,000	210,000
	(-)	(-)	(210,000)	(210,000)

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	₹	₹	₹	₹
Mashal Enterprises	-	-	137,894	137,894
	(-)	(-)	(-)	(-)
Outstanding amount payable				
Mashal Enterprises	-	-	-	-
	(-)	(-)	(1,427,353)	(1,427,353)
Metropolitan Trading Company	-	-	836,948	836,948
	(-)	(-)	(2,029,922)	(2,029,922)
Zodiac Metropolitan Clothing Gmbh	-	-	11,994,615	11,994,615
	(-)	(-)	(17,562,744)	(17,562,744)
Mr. A.Y. Noorani	-	12,400,000	-	12,400,000
	(-)	(8,875,000)	(-)	(8,875,000)
Mr. S.Y. Noorani	-	12,400,000	-	12,400,000
	(-)	(8,875,000)	(-)	(8,875,000)
Mr. M.Y. Noorani	-	-	-	-
	(-)	(130,000)	(-)	(130,000)
Mustang Manufacturing Co	-	-	-	-
	(-)	(-)	(210,000)	(210,000)

Note: Includes performance pay of ₹ 1,050,000/- pertaining to the previous year. This was approved in the Board meeting held on 12th February 2014 and was appropriated out of the amount provided in this regard in the previous year.

38) Segment Information: -

Business Segment

The Company is exclusively engaged in the business of Clothing and clothing accessories. This in the context of Accounting Standard (AS 17) "Segment Reporting", 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)	1,922,561,783	1,562,515,665	3,485,077,448	1,687,399,571	1,388,953,098	3,076,292,669
Carrying Cost of Segment Asset	2,641,988,395	215,406,514	2,857,394,909	2,494,033,110	170,575,342	2,664,608,452
Capital Expenditure	111,295,704	-	111,295,704	119,616,068	-	119,616,068

Note: There are no inter segment revenue.

39) Derivative Financial Instruments

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

- (i) The following are outstanding Foreign Exchange Forward and Option contracts as on March 31,2014.

Sr No	Currency	Buy / Sell	Cross Currency	Nature of contracts	Amount in foreign currency	
					Current Year	Previous Year
1	USD	SELL	INR	Forwards	3,564,231	4,855,000
2	GBP	SELL	USD	Forwards	268,000	-
3	GBP	SELL	INR	Forwards	181,000	358,000
4	EURO	SELL	INR	Forwards	100,000	27,000
5	EURO	SELL	USD	Forwards	291,000	-
6	CHF	SELL	INR	Forwards	-	121,000
7	USD	BUY	INR	Forwards	2,025,777	3,180,317
8	USD	SELL	INR	Options	1,100,000	-

- (ii) Net Gain on derivative instruments, which have been designated as cash flow hedges, of ₹ 7,228,017/- (Previous Year Net Loss of ₹ 2,593,652/-) recognized in Hedging Reserve as of March 31,2014, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature.
- (iii) Net gain on non derivative financial liabilities in the form of preshipment export credit in foreign currency (PCFC) borrowings of ₹ 8,407,072/- (previous year ₹ Nil/-) recognized in the Hedging Reserve as of March 31, 2014 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.
- (iv) Exchange Loss of ₹ 41,307,587/- (Previous Year Loss ₹ 12,351,812/-) has been recognised in the Statement of Profit and Loss for the year ended March 31, 2014
- b) (i) No derivative instruments are acquired for speculation purposes.
- (ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 31,103,927/- (Previous Year ₹ 281,359,801/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	-	-	USD 4,696,452	254,946,897
	-	-	GBP 27,968	2,299,706
	-	-	EURO 145,813	10,133,302
	-	-	CHF 15	855
Creditors for Goods and expenses	USD 513,548.39	30,769,252	USD 239,377	12,994,555
	EURO 4,047.59	334,675	EURO 14,166	984,486

40) Earnings Per Share: -

Particulars	As at 31.03.2014	As at 31.03.2013
(a) Face value per share (₹)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	19,389,998	19,300,462
(ii) For Diluted EPS	19,389,998	19,300,462
(c) Net Profit for the year attributable to equity shareholders (₹)	149,265,835	110,530,537
(d) Basic Earnings Per Share (₹) (c / b(i))	7.70	5.73
(d) Diluted Earnings Per Share (₹) (c / b(ii))	7.70	5.73

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)	19,389,998	19,300,462
Add: Potential equity shares that could arise on Exercise of Employee Stock Option	-	-
	19,389,998	19,300,462

- 41) Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 the Company had granted 864,000 (adjusted for bonus issue) options to its eligible employees in two Grants up to the year ended March 31, 2014, 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 28 th 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)	255.4	346
Market Price on the date of Grant of Option (₹)	255.4	346
Discount on Average Price	Nil	Nil

(b) Movement of Options Granted:

Particulars	Grant I	Grant II
Outstanding at the beginning of the year	Nil	369,075
Granted during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	19,500
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	349,575

* (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	Nil	221,445
Vested during the year	Nil	128,130
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	Nil
Options exercisable at the end of the year	Nil	349,575

* (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	2013-14	2012-13
Net Profit After Tax (As Reported)	149,265,835	110,530,537
Add: Compensation Expenses under ESOS included in the Net Profit	Nil	Nil
Less: Compensation Expenses under ESOS as per Fair Value	2,033,201	7,379,655
Net Profit After Tax (Fair value basis)	147,232,634	103,150,882
Basic Earning Per Share (Reported) - ₹ / Share	7.70	5.73
Basic Earning Per Share (Fair value basis)- ₹ / Share	7.59	5.34
Diluted Earning Per Share (Reported) - ₹ / Share	7.70	5.73
Diluted Earning Per Share (Fair value basis) – ₹ / Share	7.59	5.34

42) 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 31.03.2014 (₹)	Maximum amount outstanding during the year (₹)	Investment in shares of the Company (No. of Shares)
Zodiac Finsec and Holdings Ltd.	Wholly owned Subsidiary	165,139,758	171,139,758	Nil

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

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

43) (I) Disclosure in respect of gratuity liability

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Change in obligations		
Present value of funded benefit obligations as at 1 st April, 2013	69,290,499	60,711,341
Current Service Cost	7,866,990	7,447,785
Interest Cost	5,543,240	5,160,464
Benefit Paid	(116,00,614)	(9,400,443)
Actuarial (gain) / loss on obligations	(4,152,874)	5,371,352
Present value of funded benefit obligations as at March 31, 2014	66,947,241	69,290,499
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1 st April, 2013	97,098,734	70,374,017
Expected Return on plan assets	8,447,590	6,052,165
Contributions	17,925,833	28,594,858
Benefits Paid	(11,600,614)	(9,400,443)
Actuarial gain / (loss) on plan assets	574,655	1,478,137
Fair value of plan assets as at March 31, 2014	112,446,198	97,098,734
Total Actuarial gain / (loss) recognized	4,727,529	(3,893,215)
Amount Recognised in Balance Sheet		
Present value of obligation	66,947,241	69,290,499
Fair value of plan assets	112,446,198	97,098,734
Liability / (assets)	(45,498,957)	(27,808,235)
Liability / (assets) recognized in the Balance Sheet	(45,498,957)	(27,808,235)
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	7,866,990	7,447,785
Interest Cost	5,543,240	5,160,464
Expected Return on plan assets	(8,447,590)	(6,052,165)
Net Actuarial (gain) / loss recognised in the current year	(4,727,529)	3,893,215
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	235,111	10,449,299
Actuarial assumptions used		
Discount rate	9.31%	8.00%
Expected Return on plan assets	9.31%	8.70%
Mortality	LIC (2006-08)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	112,446,198	97,098,734

Notes:

- i. Premium is paid to LIC under Group Gratuity Scheme of LIC.
- ii. 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	2013-14 ₹	2012-13 ₹	2011-12 ₹	2010-11 ₹	2009-10 ₹
Plan Assets	574,655	1,478,137	1,044,844	949,368	216,807
Plan Liabilities	3,866,683	1,188,369	3,684,679	492,152	1,755,002

- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹12,500,000/- (Previous Year ₹ 12,500,000/-).
- v. The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

(II) Disclosure in respect of leave encashment liability:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2013	11,913,814	9,986,617
Current Service Cost	2,414,400	2,313,288
Interest Cost	953,105	848,862
Benefit Paid	(2,463,717)	(2,390,275)
Actuarial (gain)/loss on obligations	(1,333,763)	1,155,322
Present value of unfunded benefit obligations as at March 31, 2014	11,484,339	11,913,814
Amount Recognised in Balance Sheet		
Present value of obligation	11,484,339	11,913,814
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	11,484,339	11,913,814
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	2,414,400	2,313,288
Interest Cost	953,105	848,862
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain)/loss recognised in the current year	(1,333,763)	1,155,322
Expenses Recognised in the Statement of Profit and Loss	2,033,742	4,317,472
Actuarial assumptions used		
Discount rate	9.31%	8.00%
Expected Return on plan assets	0%	0%
Mortality	LIC (2006-08)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

- (III) The Company makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 40,959,338/- (Previous Year ₹38,464,803/-)

- 44)** Remuneration to Managing Directors aggregating to ₹ 24,800,000/- shown under “ Other expenses “ in note 23 above includes the following amounts to each of the managerial personnel viz the Vice-Chairman and Managing Director and the Managing Director and President :-
- (i) An amount of ₹ 11,369,498/- by way of commission on net profits (pro-rated for the period from April 1, 2013 to February 28, 2014) in terms of the approval granted by the shareholders by a resolution passed in the meeting held on 26th August, 2009;
 - (ii) An amount of ₹ 600,000/- by way of salary for the month of March, 2014 in terms of the approval granted by the Board of Directors at their Meeting held on 19th March, 2014; and
 - (iii) An amount of ₹ 430,502/- by way of performance linked bonus for the year ending March 31, 2014 to be decided by the Board of Directors.
- The remuneration of ₹ 600,000/- by way of Salary as shown in (ii) above and ₹ 430,502/- by way of performance linked Bonus as shown in (iii) above and the appointment of the above mentioned managerial personnel for a period of 3 years w.e.f. 1st March 2014 is subject to approval of the shareholders at the ensuing Annual General meeting.
- 45)** 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.
- 46)** 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 Finsec and Holdings Ltd.	Zodiac Clothing Co. S.A.	Zodiac Clothing Co. (UAE) LLC	Zodiac Clothing Co. Inc	Zodiac Properties Ltd
Financial year ending	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014

Shares of the subsidiary held by the company on the above date

(a) Number and Face value	2,000,000 Eq. Shares of ₹ 10/- each fully paid up	250 Shares of SFR 1000/- each fully paid up	300 Shares of AED 1000/- each fully paid up	10,000 Shares of USD 1/- each fully paid up	10 Shares of GBP 1,000/- each fully paid up
(b) Extent of holding	100%	100%	100%	100%	100%

Net aggregate amount of profit/(Loss) of the subsidiary for the above financial year so far as they concern members of the company :

(a) dealt within the accounts of the company for the year ended 31 st March, 2014	NIL	CHF 310,000	AED 5,250,002	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31 st March, 2014	₹ 41,464,992	CHF 982,644	NIL	(USD 7,574)	(GBP 57,659)

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 2014	₹ 40,000,000	CHF 1,230,000	AED 8,940,002	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31 st March, 2014	₹ 209,541,600	CHF 1,353,137	AED 35,141,512	USD 9,467	(GBP 966,646)

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

A. Y. NOORANI

Vice Chairman & Managing Director

ANEEL SARAFF

Chief Financial Officer

KUMAR IYER

Company Secretary

Place: Mumbai

Date : 27th May, 2014

ZODIAC
FINEST QUALITY SHIRTMAKERS

Mercerized Two Ply Cotton

Rareto

ZODIAC

FINEST QUALITY SHIRTMAKERS

ZODIAC

BEST QUALITY SHIRTMAKERS

4 Two Ply Cotton

Barolo

ZODIAC

FINEST QUALITY SHIRTMAKERS



(CSIA) T2 - Mumbai



Taj Mahal Palace - Mumbai



Citi Center, Saltlake - Kolkata



South City, Prince Anwar Shah Road - Kolkata

A man with a beard and sunglasses, wearing a black shirt with a red and white patterned collar, is holding a sword with a gold hilt. He is wearing a red watch with a black face. The background is dark and industrial.

ZOD!
C L U B W E A R

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, 2014, 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 2014;
- (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 ₹ 1,232,387,524/- as at 31st March, 2014, total revenues of ₹ 739,625,008/- and net cash flows amounting to ₹ 109,942,665/- 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI,
May 27, 2014

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
A EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	193,899,980	193,899,980
(b) Reserves and surplus	3	2,408,997,783	2,228,062,083
		2,602,897,763	2,421,962,063
2. Non-current liabilities			
(a) Long-term borrowings	4	64,685,132	64,049,352
(b) Deferred tax liabilities (net)	31	46,234,547	37,983,579
(c) Long-term provisions	5	24,031,930	16,231,546
		134,951,609	118,264,477
3. Current liabilities			
(a) Short-term borrowings	6	418,007,940	470,337,170
(b) Trade payables	7	405,924,144	329,947,425
(c) Other current liabilities	8	182,303,833	166,801,993
(d) Short-term provisions	9	144,968,961	82,161,862
		1,151,204,878	1,049,248,450
TOTAL		3,889,054,250	3,589,474,990
B ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	1,208,139,587	1,172,333,060
(ii) Intangible assets	10B	21,123,623	29,918,790
(iii) Capital work-in-progress	10C	33,750,006	14,940,286
(iv) Intangible assets under development	10D	4,584,812	3,764,140
		1,267,598,028	1,220,956,276
(b) Non-current investments	11	394,044,881	313,135,494
(c) Long-term loans and advances	12	321,775,443	290,600,024
(d) Other non-current assets	13	533,199	279,238
		1,983,951,551	1,824,971,032
2. Current assets			
(a) Current investments	14	105,684,531	148,843,897
(b) Inventories	15	773,369,901	752,986,006
(c) Trade receivables	16	417,554,729	391,043,158
(d) Cash and cash equivalents	17	276,281,984	167,388,412
(e) Short-term loans and advances	18	332,180,863	304,197,792
(f) Other current assets	19	30,691	44,693
		1,905,102,699	1,764,503,958
TOTAL		3,889,054,250	3,589,474,990

See accompanying notes forming part of the consolidated financial statements

1-42

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

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

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

ANEEL SARAFF
Chief Financial Officer

A. Y. NOORANI
Vice Chairman & Managing Director

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	For the year ended 31 st March 2014 ₹	For the year ended 31 st March 2013 ₹
1. Revenue from operations (gross)	20	4,111,079,307	3,681,824,385
Less: Excise duty		5,487,124	82,121,979
Revenue from operations (net)		4,105,592,183	3,599,702,406
2. Other income	21	33,865,308	30,293,946
Total revenue (1+2)		4,139,457,491	3,629,996,352
3. Expenses			
(a) Cost of materials consumed	22A	1,471,518,978	1,275,361,029
(b) Purchases of stock-in-trade		323,369,823	302,401,925
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22B	683,312	24,950,387
(d) Employee benefits expense	23	648,759,353	610,926,705
(e) Finance costs	24	24,934,173	19,975,794
(f) Depreciation and amortisation expenses	10	105,032,015	99,040,437
(g) Other expenses	25	1,259,816,990	1,098,371,332
Total expenses		3,834,114,644	3,431,027,609
4. Profit before exceptional items and tax		305,342,847	198,968,743
5. Exceptional items	26	-	2,586,919
6. Profit before tax		305,342,847	201,555,662
7. Tax expense:			
(a) Current tax expense		76,817,605	52,798,907
(b) Deferred tax charge	31	8,250,968	8,633,073
(c) Short Provision of tax pertaining to previous year		264,745	-
8. Profit for the year from continuing operations		220,009,529	140,123,682
9. Earnings per share (of ₹ 10/- each):			
(a) Basic	35	11.35	7.26
(b) Diluted	35	11.35	7.26

See accompanying notes forming part of the consolidated financial statements

1-42

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

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

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

ANEEL SARAFF
Chief Financial Officer

A. Y. NOORANI
Vice Chairman & Managing Director

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2014**

	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
	₹	₹	₹	₹
A. Cash flows from operating activities				
Profit before Tax		305,342,847		201,555,662
Adjustments for:				
Depreciation and amortisation	105,032,015		99,040,437	
Provision for Doubtful Debts and Advances	4,792,689		3,544,815	
Provision for Doubtful Debts written back	(295,386)		(10,123)	
Liabilities / provisions no longer required written back	(8,632,752)		(10,599,405)	
Provision for Wealth Tax	300,000		300,000	
Assets Discarded Written off	1,499,071		12,239,397	
Net Exchange Loss / (Gain) on revaluation	(19,028,401)		11,076,483	
Profit on Sale of Freehold Land	-		(2,586,919)	
Loss on Sale of Fixed Asset	542,550		-	
Reduction in the carrying amount of Current Investment	1,221,713		-	
Loss on Sale of Current Investment	13,500		-	
Profit on Sale of Current Investments	(6,410,424)		(9,588,835)	
Dividend Income from Investments	(5,890,881)		(1,434,583)	
Finance Costs	24,934,173		19,975,794	
Interest Income	(7,688,240)		(2,705,257)	
		90,389,627		119,251,804
Operating Profit before working capital changes		395,732,474		320,807,466
Adjustments for:				
Trade and other receivables	(64,029,895)		(61,691,335)	
Inventories	(20,383,896)		1,579,105	
Trade and other Payables	131,614,009		47,785,067	
		47,200,218		(12,327,163)
Cash from operations		442,932,692		308,480,303
Currency Alignment on conversion of accounts of Non- Integral Foreign Subsidiaries		45,923,615		27,400,253
Direct taxes paid (Net)		(94,795,169)		(59,125,471)
Net cash generated from operating activities (A)		394,061,138		276,755,085
B. Cash Flows from investing activities				
Purchases of Current Investments		(442,083,837)		(832,258,443)
Sale of Current Investments		490,418,415		764,523,748
Purchases of Non-Current Investments		(80,909,387)		(16,882,831)
Dividend Received		5,890,881		1,434,583
Interest Income		7,688,240		2,705,257
Fixed deposit with Banks having Original maturity over 3 months		-		16,491,781
Purchase of fixed assets		(162,867,923)		(138,720,329)
Proceeds from sale of fixed assets		555,349		3,145,260
Net cash used in investing activities (B)		(181,308,262)		(199,560,974)

	For the year ended 31 st March 2014	For the year ended 31 st March 2013
	₹	₹
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,756,977,677	1,563,892,347
Repayment of short term borrowings	(1,795,124,836)	(1,569,871,896)
Proceeds / (Repayment) of Long Term borrowings	1,061,662	(12,091,607)
Issue of Shares at premium on exercising of Esops	-	13,587,280
Finance Costs	(24,934,173)	(19,975,794)
Interim dividend paid	-	(33,804,078)
Dividends paid (including Dividend Distribution Tax)	(42,043,219)	(44,792,845)
Net cash used in financing activities (C)	(104,062,889)	(103,056,593)
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	108,689,987	(25,862,482)
Cash and cash equivalents as at the commencement of the year	165,793,519	191,656,001
Cash and cash equivalents as at the end of the year	274,483,506	165,793,519
Restricted Cash (Unclaimed Dividend Accounts)	1,798,478	1,594,893
Cash and cash equivalents as at the end of the year as per Note 17	276,281,984	167,388,412

Notes

- 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
- 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 & SELLS LLP
Chartered Accountants

R. LAXMINARAYAN
Partner

Place: Mumbai
Date : 27th May, 2014

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

A. Y. NOORANI
Vice Chairman & Managing Director

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place : Mumbai
Date : 27th May, 2014

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements relate to Zodiac Clothing Co. Ltd (“the Company”) and its subsidiaries which together constitute the Zodiac group (“the Group”). The consolidated financial statements have been prepared on the following basis.

- a) The 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 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of general circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. In the opinion of the Management, based on the analysis of the significant transactions at subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.

- b) Subsidiaries:

The Consolidated Financial Statements represent the Consolidated Accounts of Zodiac Clothing Company Limited, with its following Subsidiaries:-

	Name of the Subsidiary	Country of incorporation	Percentage of shareholding
a)	Zodiac Finsec and Holdings Ltd	India	100%
b)	Zodiac Clothing Co. S.A.	Switzerland	100%
c)	Zodiac Clothing Co (UAE) LLC	UAE	100%*
d)	Zodiac Clothing Company Inc	U.S.A	100%
e)	Zodiac Properties Ltd.	R.A.K. (UAE)	100%

Note: -

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

(A) PRINCIPLES OF CONSOLIDATION

- a) The Financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements” 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 (“ the1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of general circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

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 Group 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, not exceeding 10 years.

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 the asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there is a change in the estimate of the recoverable value.

g) INVESTMENTS

Investments are classified into non-current investments and current investments. Investments, which are intended to be held for more than one year are classified as non-

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

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

Accounting policy of investment property-

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 Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further non-derivative financial liabilities in the form of Pre-shipment Export Credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The group designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

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

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

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

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

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

j) INVENTORIES

- a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, weighted average cost or Specific identification method, as applicable and found appropriate.
- b) Work - in - progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.
- c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.
- d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.
- e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.
- f) Stock of shares is valued at the lower of cost computed on First in First out basis and fair value.

k) EMPLOYEE BENEFITS

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

- c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation carried out as at the year end.
- d) In case of a Foreign Subsidiary, provision for retirement benefits is made on actual basis in accordance with the applicable local labour laws.

l) EMPLOYEE SHARE BASED PAYMENTS

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

m) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, 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 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.

n) BORROWING COST

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

o) LEASES

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

p) PROVISIONS AND CONTINGENCIES

Provisions are recognized when the 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 Group has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

q) EARNING PER SHARE

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

NOTES FORMING PART OF THE CONSOLIDATED STATEMENTS

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	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	19,389,998	193,899,980
TOTAL	19,389,998	193,899,980	19,389,998	193,899,980

Notes :

- (i) Rights, Preferences and Restrictions attached to equity shares:
- Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
 - The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 1956.
 - Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.

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

Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Opening Balance	19,389,998	193,899,980	19,270,298	192,702,980
ESOP	-	-	119,700	1,197,000
Closing Balance	19,389,998	193,899,980	19,389,998	193,899,980

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

Name of shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
Asia Tangible Investments Pte Ltd.	3,154,882	16.27	3,154,882	16.27
Euro Global Holdings Pte. Ltd.	3,154,882	16.27	3,154,882	16.27
Miraj Marketing Company LLP	2,317,734	11.95	2,317,734	11.95
Mohammed Yusuf Noorani **	2,583,805	13.33	2,569,395	13.25
Akash Bhanshali	2,025,000	10.44	2,025,000	10.44
Pari Washington Company Pvt. Ltd. A / C				
Pari Washington India Master Fund, Ltd	1,108,087	5.71	979,032	5.05

** Out of 2,583,805 shares held by Mr Mohammed. Yusuf. Noorani, (previous year 2,569,395), following shares are held by him:-

a) as Trustee for and on behalf of Yusuf Noorani Family Trust	18,990	18,990
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust	8,334	8,334

- (iv) As at 31st March, 2014, 349,575 shares (As at 31 March, 2013, 369,075 shares) were reserved for issuance towards outstanding employee stock options granted (Refer Note 36)
- (v) Aggregate number of equity shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at 31 March, 2014	As at 31 March, 2013
Fully paid up by way of bonus shares	10,614,770	10,614,770

NOTES FORMING PART OF THE CONSOLIDATED STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening balance	240,966,005	228,575,725
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	-	12,390,280
Closing balance	240,966,005	240,966,005
(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	44,412,328	36,489,328
Add: Transferred from Statement of Profit and Loss	8,293,000	7,923,000
Closing balance	52,705,328	44,412,328
(d) General reserve		
Opening balance	244,015,126	226,340,126
Add: Transferred from surplus in Statement of Profit and Loss	15,300,000	17,675,000
Closing balance	259,315,126	244,015,126
(e) Foreign currency translation reserve		
Opening balance	103,160,668	75,760,415
Add : Effect of foreign exchange rate variations during the year	45,923,615	27,400,253
Closing balance	149,084,283	103,160,668
(f) Hedging reserve (Net)		
Unrecognised Losses on cash flow hedges (net)		
Opening balance	7,923,343	(2,265,761)
Add: Amount reversed on settlement of hedged contracts	(7,923,343)	2,265,761
	-	-
Add / (Less): Gain / (Loss) Loss on mark to market of hedging instruments designated and effective as hedges of future cash flows	21,682,438	7,923,343
Closing balance	21,682,438	7,923,343
(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	1,583,385,816	1,548,034,997
Add: Profit for the year	220,009,529	140,123,682
	1,803,395,345	1,688,158,679
Add: Excess provision for tax on dividend for the previous year written back	3,327,438	-
	1,806,722,783	1,688,158,679
Less: Transferred to General Reserve	15,300,000	17,675,000
Interim dividend NIL (Previous Years ₹ 1.50/- per share)	-	29,085,764
Final Dividend proposed to be distributed to equity shareholders (₹ 4.5/- per Share) (Previous Year ₹ 2/- per Share)	87,254,991	38,779,996
Tax on dividend	14,828,986	11,309,103
Transferred to special reserve	8,293,000	7,923,000
Closing balance	1,681,045,806	1,583,385,816
TOTAL	2,408,997,783	2,228,062,083

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
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NOTE 4 : LONG-TERM BORROWINGS

Secured Term Loan From Bank	64,685,132	64,049,352
TOTAL	64,685,132	64,049,352

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

Particulars	Term of repayment and security	As at 31 st March, 2014 Secured ₹	As at 31 st March, 2013 Secured ₹
Citi Bank	Secured by way of hypothecation of machinery	-	580,000
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	64,685,132	63,469,352
TOTAL		64,685,132	64,049,352

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

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee benefits:

Provision for Compensated Absences	12,846,731	11,054,267
Provision for Gratuity	8,823,617	4,249,117
Provision for Staff Air Passage	2,361,582	928,162
TOTAL	24,031,930	16,231,546

NOTE 6 : SHORT-TERM BORROWINGS

Working Capital Loans :

a) From banks		
Secured	415,527,015	323,552,999
Unsecured	10,709	120,608,205
	<u>415,537,724</u>	<u>444,161,204</u>
(b) Loans and advances from related parties		
Unsecured	2,470,216	26,175,966
TOTAL	418,007,940	470,337,170

Details of security for the secured short-term borrowings:

Particulars	Nature of Security	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Citi Bank / First Rand 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.	415,527,015	323,552,999
TOTAL		415,527,015	323,552,999

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 7 : TRADE PAYABLES		
Trade payables:		
Other than Acceptances	402,716,223	326,130,064
Dues of Micro Small and Medium Enterprises	3,207,921	3,817,361
TOTAL	405,924,144	329,947,425
NOTE 8 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowings (Refer Note (i) below)	12,900,978	12,475,096
(b) Interest accrued but not due on borrowings	245,946	542,826
(c) Interest accrued and due on borrowings	176,381	241,541
(d) Unpaid dividends (Refer Note (ii) below)	1,798,478	1,594,893
(e) Salaries and Wages Payable	26,371,625	26,282,697
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	21,718,225	19,358,136
(ii) Payables on purchase of fixed assets	26,933,314	9,181,416
(iii) Trade / security deposits received	26,706,004	26,305,547
(iv) Advances from customers	13,819,204	15,647,001
(v) Book overdraft from bank	-	11,085,953
(vi) Provision for bonus	35,837,361	35,376,343
(vii) Others	15,796,317	8,710,544
TOTAL	182,303,833	166,801,993
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	7,500,000	2,500,000
(ii) Provision for gratuity	4,224,769	6,946,826
(iii) Provision for staff air passage	1,768,846	3,726,827
(iv) Provision for compensated absences	4,291,369	6,417,552
	17,784,984	19,591,205
(b) Provision - Others:		
(i) Provision for Wealth Tax	300,000	300,000
(ii) Provision for proposed equity dividend	87,254,991	38,779,996
(iii) Provision for tax on proposed dividends	14,828,986	6,590,661
(iv) Provision for Remuneration to Managing Directors	24,800,000	16,900,000
	127,183,977	62,570,657
TOTAL	144,968,961	82,161,862

SCHEDULES 10 : FIXED ASSETS

Note :-

1. Plant and Equipments costing ₹ 72,003,595/- are hypothecated against Term Loan sanctioned by State Bank of India.
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/- given on operating lease.
4. The above depreciation does not include depreciation of ₹ 3,448,305/- on investment property classified as non current investment.
5. Figures in bracket are in respect of the corresponding previous year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st Mar'14 ₹	As at 31 st Mar'2013 ₹
NOTE 11 : NON-CURRENT INVESTMENTS		
Non Current Investments (At cost, fully paid up)		
Other Investments		
A. Investment property – Commercial Building (net of accumulated depreciation) (Refer Note Below)	205,352,941	172,200,796
TOTAL - (A)	205,352,941	172,200,796
B. In equity instruments of other entities (Quoted)		
1,713,750 Equity Shares of ₹ 5/-each of Shoppers Stop Ltd.	86,815,750	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	84,609	84,609
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide Industries Ltd.	210	210
Preference Share (Quoted)		
1,250,000 (Previous Year: Nil), 21.06% Cumulative Non Convertible Compulsorily redeemable preference shares of ₹ 10/- each in I L & F S Transportation networks Ltd.	25,000,000	-
TOTAL - (B)	111,948,974	86,948,974
C. Investment in Venture Capital Funds (Unquoted)		
i. Tata Capital Growth Fund [2,00,00,000 units @ ₹ 1 per unit partly paid up ₹ 0.5282 per unit P.Y. ₹ 0.5063 per unit]	10,785,853	10,347,250
ii. Tata Capital Health Care Fund [20,000,000 units @ ₹ 1 per unit partly paid ₹ 0.4457 per unit P.Y. ₹ 0.2500 per unit]	9,102,516	5,188,108
iii. Faering Capital India Evolving Fund [56,855 units @ Fully paid up ₹ 1000/- per unit P.Y. 38450 Units]	56,854,597	38,450,366
TOTAL - (C)	76,742,966	53,985,724
TOTAL (A+B+C)	394,044,881	313,135,494
Aggregate Value of Quoted Investments	111,948,974	86,948,974
Aggregate market value of listed and quoted investments	659,322,908	691,745,243
Aggregate Value of Unquoted Investments	282,095,907	226,186,520
Note: The investment property represents residential and commercial building situated at 11A Montagu Mews, London , hypothecated by way of first charge against term loan sanctioned by The Hongkong & Shanghai Banking Corporation Ltd. The same has been reclassified from Fixed Assets to non current investment as at 31 st March, 2013.		
NOTE 12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Capital advances	2,934,687	12,089,399
(b) Security deposits	171,081,677	148,479,203
(c) Balances with government authorities		
(i) Sales tax Deposits	4,889,264	8,043,658
(ii) Custom duty receivable	2,595,465	2,595,465
(iii) Service Tax credit receivable	5,341,325	2,519,732
(d) Prepaid expenses	771,497	423,858
(e) Advance income tax (Net of Provisions)	134,161,528	116,448,709
TOTAL	321,775,443	290,600,024

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 13 : OTHER NON-CURRENT ASSETS		
(a) Accruals		
(i) Interest accrued on Investments	261,069	176,332
(ii) Dividend accrued on Investments	254,549	87,235
(b) Others	17,581	15,671
TOTAL	533,199	279,238

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

In units of Mutual Funds (Unquoted):

2,527,297 (Previous Year: Nil) Units of ₹ 10/- each Of Birla Sunlife Dynamic Bond Fund Retail Plan-Dividend	25,773,630	-
Nil (Previous Year: 4,931,908.83) Units of ₹ 10/- each Of IDFC Ultra Short Term Fund -Growth (Direct Plan)	-	80,000,000
2,957,371 (Previous Year : Nil) Units of ₹ 10/- each of IDFC Dynamic Bond Fund-Qrtly dividend (Direct Plan)	30,690,400	-
198,558 (Previous Year : Nil) Units of ₹ 10/- each Of IDFC- Money Manager Fund-Treasury Plan-Growth (Direct Plan)	4,000,000	-
9,000 (Previous Year : Nil) Units of ₹ 1000/- each Pramerica Income Fund-Direct plan-Growth Option	9,000,000	-
6,325 (Previous Year : Nil) Units of ₹ 1000/- each Pramerica Liquid Fund Direct Plan-Growth Option	8,635,550	-
678.103 (Previous Year : Nil) Units of ₹ 1000/- each Pramerica Liquid Fund Direct Plan-Growth Option	915,123	-
8362.193 (Previous Year : Nil) Units of ₹ 1000/-each Pramerica Short Term Floating Rate Fund – Direct Plan- Growth Option	-	9,201,002
Nil (Previous Year :45,562.82) Units of ₹ 1000/-each Pramerica Short Term Floating Rate Fund – Direct Plan- Growth Option	-	50,142,895
Nil (Previous Year :9,018.73) Units of ₹ 1000/- each Pramerica Credit Opportunities Fund-Growth Plan	-	9,500,000
2,546,748 (Previous Year : Nil) Units of ₹ 10/- each Templeton India low duration fund Direct	26,669,828	-
TOTAL	105,684,531	148,843,897
Aggregate amount of unquoted investments	105,684,531	148,843,897

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 15 : INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials	206,648,212	207,385,472
Goods-in-transit	21,780,050	19,781,757
	<hr/> 228,428,262	<hr/> 227,167,229
(b) Work-in-progress	56,333,245	46,313,946
(c) Finished goods (other than those acquired for trading)	261,803,462	261,856,008
(d) Stock-in-trade (acquired for trading)	90,308,816	100,464,802
Goods-in-transit	4,813,730	5,286,631
	<hr/> 95,122,546	<hr/> 105,751,433
(e) Stores and spares	6,698,297	4,751,771
(f) Accessories and Packing Material	109,787,924	97,715,186
Goods-in-transit	10,255,527	5,950,503
	<hr/> 120,043,451	<hr/> 103,665,689
(g) Chemicals & Furnace oil etc	4,274,576	2,792,690
(h) Stock of Shares (at lower of cost and Fair value)	666,062	687,240
TOTAL	<hr/> 773,369,901 <hr/>	<hr/> 752,986,006 <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	22,087,739	15,524,660
Doubtful	22,065,901	18,773,461
	<hr/> 44,153,640	<hr/> 34,298,121
Less: Provision for doubtful trade receivables	22,065,901	18,773,461
	<hr/> 22,087,739	<hr/> 15,524,660
Other Trade receivables		
Unsecured, considered good	395,466,990	375,518,498
TOTAL	<hr/> 417,554,729 <hr/>	<hr/> 391,043,158 <hr/>
NOTE 17 : CASH AND CASH EQUIVALENTS		
(a) Cash on hand	3,181,789	3,149,638
(b) Remittances in Transit	6,301,381	5,836,804
(c) Balances with banks		
(i) In current accounts	137,348,911	43,658,819
(ii) In EEFC accounts	42	9,249,643
(iii) In deposit accounts	102,368,429	81,673,386
(iv) In earmarked accounts		
- Unpaid dividend accounts	1,798,478	1,594,893
- Balances held as margin money or security against borrowings, guarantees and other commitments	25,282,954	22,225,229
TOTAL	<hr/> 276,281,984 <hr/>	<hr/> 167,388,412 <hr/>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 18 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties	132,338,295	150,375,124
(b) Security Deposit	30,186	49,525
(c) Loans and advances to employees		
- Good	6,771,085	6,060,938
- Doubtful	3,115,128	1,615,128
	<hr/> 9,886,213	<hr/> 7,676,066
Less: Provision for doubtful loans and advances	3,115,128	1,615,128
	<hr/> 6,771,085	<hr/> 6,060,938
(d) Prepaid expenses	19,397,356	13,373,717
(e) Balances with government authorities		
(i) CENVAT credit receivable	3,203,837	3,055,056
(ii) others	6,966,484	5,592,360
	<hr/> 10,170,321	<hr/> 8,647,416
(f) Others		
(i) Advances against goods and services	11,893,560	5,319,353
(ii) Deferred Premium on forward contracts	4,910,212	4,010,650
(iii) Export incentive receivable	80,149,383	60,008,468
(iv) Advance payment to Gratuity Fund	45,498,957	27,808,235
(v) Other balances	21,021,508	28,544,366
	<hr/> 163,473,620	<hr/> 125,691,072
Doubtful	553,762	553,762
	<hr/> 164,027,382	<hr/> 126,244,834
Less: Provision for other doubtful loans and advances	553,762	553,762
	<hr/> 163,473,620	<hr/> 125,691,072
TOTAL	<hr/> 332,180,863 <hr/>	<hr/> 304,197,792 <hr/>
NOTE 19 : OTHER CURRENT ASSETS		
Accruals		
Interest accrued on deposits	30,691	44,693
TOTAL	<hr/> 30,691 <hr/>	<hr/> 44,693 <hr/>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March 2014 ₹	For the year ended 31 st March 2013 ₹
NOTE 20 : REVENUE FROM OPERATIONS		
(a) Sale of products	3,896,036,523	3,504,248,813
(b) Other operating revenues (Refer Note below)	215,042,784	177,575,572
	<u>4,111,079,307</u>	<u>3,681,824,385</u>
Less:		
(c) Excise duty	5,487,124	82,121,979
TOTAL	<u>4,105,592,183</u>	<u>3,599,702,406</u>
Note:		
Other operating revenues comprise:		
Duty drawback and other export incentives	115,878,126	99,303,323
Recovery of Freight and insurance on sales	59,701,151	45,529,259
Rent and other revenue received	39,463,507	32,742,990
TOTAL	<u>215,042,784</u>	<u>177,575,572</u>
NOTE 21 : OTHER INCOME		
(a) Interest income	7,688,240	2,705,257
(b) Dividend income:		
from current investments	4,601,430	147,076
from non current investments	1,289,451	1,287,507
(c) Net gain on sale of:		
current investments	6,410,424	9,588,835
(d) Liabilities / provisions no longer required written back	8,928,138	10,609,527
(e) Rental Income	550,550	3,637,877
(f) Other Miscellaneous Income	4,397,075	2,317,867
TOTAL	<u>33,865,308</u>	<u>30,293,946</u>
NOTE 22A : COST OF MATERIALS CONSUMED		
Opening stock	330,510,489	287,977,940
Add: Purchases	1,489,480,202	1,317,893,578
	<u>1,819,990,691</u>	<u>1,605,871,518</u>
Less: Closing stock	348,471,713	330,510,489
TOTAL	<u>1,471,518,978</u>	<u>1,275,361,029</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March 2014 ₹	For the year ended 31 st March 2013 ₹
NOTE 22B: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Finished goods	261,803,462	261,856,008
Stock in Trade	95,122,546	105,751,433
Work-in-progress	56,333,245	46,313,946
Stock of Shares	666,062	687,240
	413,925,315	414,608,627
Inventories at the beginning of the year:		
Finished goods	261,856,008	298,339,246
Stock in Trade	105,751,433	97,727,215
Work-in-progress	46,313,946	42,788,643
Stock of Shares	687,240	703,910
	414,608,627	439,559,014
NET DECREASE	683,312	24,950,387
 NOTE 23 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	552,048,334	505,092,649
Contributions to provident and other funds	52,056,829	62,351,273
Staff welfare expenses	44,654,190	43,482,783
TOTAL	648,759,353	610,926,705
 NOTE 24 : FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings	11,010,137	12,142,974
(ii) Others		
- Interest on delayed / deferred payment	662,679	397,904
(b) Amortisation of deferred premium cost	13,261,357	7,434,916
TOTAL	24,934,173	19,975,794

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the year ended 31 st March 2014 ₹	For the year ended 31 st March 2013 ₹
NOTE 25 : OTHER EXPENSES		
Consumption of stores and spare parts	9,183,399	6,642,109
Excise duty on Finished Goods (Refer Note 41)	(5,487,124)	(7,901,703)
Labour Charges	78,502,239	67,142,314
Consumables for printing / embroidery / washing	29,508,057	25,921,206
Power and fuel	35,093,090	32,019,518
Rent including lease rentals	259,531,461	239,731,788
Retail store maintenance expenses	48,051,290	39,603,508
Repairs and maintenance - Buildings	6,714,085	4,794,564
Repairs and maintenance - Machinery	8,838,961	7,255,285
Repairs and maintenance - Others	20,100,528	12,714,817
Insurance	10,817,303	9,784,401
Rates and taxes	15,026,956	13,307,235
Postage and Telephones	23,725,463	19,180,663
Travelling and conveyance	44,202,086	38,638,281
Printing and stationery	5,201,070	5,616,912
Freight and forwarding	118,053,334	116,247,181
Sales commission	129,677,924	104,180,652
Sales discount	51,725,745	30,147,333
Business promotion	168,138,677	156,072,707
Donations and contributions	9,624,338	10,640,094
Legal and professional	26,539,605	23,070,092
Director Sitting fees	1,780,876	1,542,062
Electricity	36,334,397	34,621,571
Remuneration to Managing Director	24,800,000	16,900,000
Security Charges	9,615,552	8,364,573
Trade Mark fees	21,628,458	17,792,874
Payments to auditors	3,137,774	2,525,993
Bad and doubtful debts written off	1,015,453	613,697
Net loss on foreign currency transactions and translation (other than considered as finance cost)	31,421,916	17,045,714
Loss on fixed assets sold	542,550	-
Reduction in the carrying amount of current investments	1,221,713	-
Bank Charges	20,248,588	21,821,632
Assets discarded written off	1,499,071	12,239,397
Net loss on sale of investments from current investments	13,500	-
Provision for doubtful trade receivables and loans and advances	4,792,689	3,544,815
Prior period expenses (net) (Refer Note 34)	-	4,223
Miscellaneous expenses	8,995,966	6,545,824
TOTAL	<u>1,259,816,990</u>	<u>1,098,371,332</u>
NOTE 26 : EXCEPTIONAL ITEMS		
Profit on sale of Freehold Land	-	2,586,919
TOTAL	<u>-</u>	<u>2,586,919</u>

27) (i) Contingent Liabilities: -

- a) Guarantee issued by the Banks and counter guaranteed by the Company:
₹ 27,007,621/- (Previous year ₹ 26,696,129/-)
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 26,327,666/- (Previous year ₹ 33,769,425/-)
- c) Foreign bills / Letters of Credit discounted with Bank ₹ 445,121/- (Previous year ₹ 12,346,148/-)
- d) Disputed demand not provided for in respect of: -

	Current year ₹	Previous Year ₹
1) Income Tax	116,088,095	145,017,945
2) Sales Tax	11,229,872	11,229,872
3) Apparel Export Promotion Council for non fulfillment of export obligation	424, 415	2,190,575

- e) Claims against the Company not acknowledged as debts ₹ 129,200/- (Previous Year ₹ 730,841)
- 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 ₹ 63,666,870/- (Previous Year ₹ 86,014,276/-).

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

- 28) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 18,827,465/- (Previous year ₹ 28,290,352/-)
- 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 ₹ 4,910,212/- (Previous Year ₹ 4,010,650/-)

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 is ₹ 259,531,461/- (Previous Year: ₹ 239,520,799/-).
- c) The future minimum lease payments under non-cancelable operating lease :
 - (i) not later than one year is ₹ 9,594,719/- (Previous Year: ₹ 7,309,130/-); and
 - (ii) Later than one year and not later than five years is ₹ 1,273,638/- (Previous Year: ₹ 559,930/-).
 - (iii) Later than five years ₹ Nil (Previous Year : Nil).

B) Premises Given On Lease

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 months to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the Statement of Profit & Loss under Rent in Note 20 & Note 21 is ₹ 35,384,311/- (Previous Year ₹ 31,908,977/-)
- c) The future minimum Lease rentals under non-cancelable operating leases:
 - (i) Not later than one year is ₹ 7,150,575/- (Previous Year ₹ 28,271,100)
 - (ii) Later than one year and not later than 5 year ₹ Nil/- (Previous Year: ₹ 7,067,775)
 - (iii) Later than 5 years ₹ Nil (Previous Year: Nil)
- d) Premises given on licence basis:-
Gross Carrying amount ₹ 591,716,342/- (Previous Year ₹ 555,704,733/-)
Accumulated Depreciation
₹ 55,953,698/- (Previous Year ₹ 48,635,718/-)
Depreciation for the year ₹ 9,538,728/- (Previous Year ₹ 9,039,125/-)

31) Deferred Tax: -

	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Deferred Tax Liability on account of:		
(i) Depreciation and Amortisation	52,239,899	48,206,366
(ii) Provision for Retirement Benefits	2,486,593	-
	54,726,492	48,206,366
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u / s 43B	812,273	22,242
(ii) Provision for Retirement Benefit	-	4,049,506
(iii) Provision for Doubtful Debts & Advances	7,679,672	6,151,039
	8,491,945	10,222,787
Deferred Tax Liabilities (Net)	46,234,547	37,983,579
The Net Deferred tax charge of ₹ 8,250,968/-(Previous year ₹ 8,633,073/-) for the year has been recognized in the Statement of Profit and Loss.		

32) Related Party Disclosures: -

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

I. Relationships: -

(a) Key Management Personnel: -

Mr. M. Y. Noorani -- Chairman

Mr. A. Y. Noorani -- Vice Chairman and Managing Director

Mr. S. Y. Noorani -- Managing Director and President

(b) Other Related Parties:-

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

Zodiac Metropolitan Clothing Gmbh

Asia Tangible Investments Pte Ltd

Metropolitan Trading Company

Montage Corporation

Munraz Enterprises

Mariambai & Haji Noor Mohamad Noorani Foundation Trust

Mustang Manufacturing Company

Mashal Enterprises

Elite Clothing Co Pvt Ltd

Euro Global Holding Pte Ltd

Onward LLC

Zodiac UAE LLC

Miraj Marketing Company LLP

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

Mr. Awais A. Noorani

Mr. Musaed A. Noorani

Mrs. Muna A. Noorani

Mrs Zehra S. Noorani

Mrs Saniyya A. Noorani

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

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

(Previous year figures are in brackets)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Sale of Goods			
Onward LLC	- (-)	129,382,911 (100,911,352)	129,382,911 (100,911,352)
Mashal Enterprises	- (-)	6,449,383 (6,827,490)	6,449,383 (6,827,490)
Zodiac Metropolitan Clothing Gmbh	- (-)	196,962,310 (204,426,314)	196,962,310 (204,426,314)
Purchases of Goods and Materials Accrued			
Zodiac Metropolitan Clothing Gmbh	- (-)	611,005 (2,341,934)	611,005 (2,341,934)
Onward LLC	- (-)	145,456,100 (109,505,352)	145,456,100 (109,505,352)
Interest Paid			
Elite Clothing Co. Pvt. Ltd.	- (-)	990,095 (1,097,195)	990,095 (1,097,195)
Mr. M. Y. Noorani	9,875 (-)	- (-)	9,875 (-)
Mr. A. Y. Noorani	1,785 (-)	- (-)	1,785 (-)
Mr. S. Y. Noorani	8,575 (-)	- (-)	8,575 (-)
Export Claim Paid			
Zodiac Metropolitan Clothing Gmbh	- (-)	17,534,982 (12,519,214)	17,534,982 (12,519,214)
Buisness Promotion expenses			
Zodiac Metropolitan Clothing Gmbh	- (-)	14,165,073 (-)	14,165,073 (-)
Trade Mark fees Accrued			
Metropolitan Trading Company	- (-)	21,628,458 (19,928,766)	21,628,458 (19,928,766)
Rent Accrued			
Metropolitan Trading Company	- (-)	9,662,073 (14,193,066)	9,662,073 (14,193,066)
Mustang Manufacturing Company	- (-)	207,600 (207,600)	207,600 (207,600)
Munraz Enterprises	- (-)	388,800 (388,800)	388,800 (388,800)

(Previous year figures are in brackets)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Montage Corporation		70,824	70,824
	(-)	(62,316)	(62,316)
Miraj Marketing Company LLP	-	1,213,488	1,213,488
	(-)	(1,089,888)	(1,089,888)
Mr.A.Y.Noorani	473,700	-	473,700
	(473,700)	(-)	(473,700)
Mr.S.Y.Noorani	473,700	-	473,700
	(473,700)	(-)	(473,700)
Mr.M.Y.Noorani	133,056	-	133,056
	(133,056)	(-)	(133,056)
Zodiac Metropolitan Clothing GmbH	-	3,608,718	3,608,718
	(-)	(-)	(-)
Salary Paid			
Mr. Awais A. Noorani (Refer Note below)	-	6,467,524	6,467,524
	(-)	(3,998,060)	(3,998,060)
Expenses Recovered			
Mashal Enterprises	-	842,190	842,190
	(-)	(558,218)	(558,218)
Munraz Enterprises		2,500	2,500
	(-)	(2,500)	(2,500)
Metropolitan Trading Company		1,452,114	1,452,114
	(-)	(1,627,712)	(1,627,712)
Zodiac Metropolitan Clothing GmbH	-	8,866,177	8,866,177
	(-)	(134,542)	(134,542)
Onward LLC	-	1,220,819	1,220,819
	(-)	(7,816,182)	(7,816,182)
Other Income Received			
Zodiac Metropolitan Clothing GmbH	-	12,390,481	12,390,481
	(-)	(6,181,246)	(6,181,246)
Onward LLC	-	3,933,258	3,933,258
	(-)	(1,423,305)	(1,423,305)
Expenses Reimbursed			
Metropolitan Trading Company	-	-	-
	(-)	(39,963)	(39,963)
Mashal Enterprises	-	147,294	147,294
	(-)	(226,696)	(226,696)
Montage Corporation	-	19,081	19,081
	(-)	(-)	(-)

(Previous year figures are in brackets)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Munraz Enterprises		385,148	385,148
	(-)	(342,120)	(342,120)
Zodiac Metropolitan Clothing Gmbh	-	1,553,255	1,553,255
	(-)	(9,902,030)	(9,902,030)
Onward LLC	-	3,986,950	3,986,950
	(-)	(3,844,932)	(3,844,932)
Loans Repaid by			
Zodiac Metropolitan Clothing Gmbh	-	190,248,811	190,248,811
	(-)	(122,183,155)	(122,183,155)
Loan Paid to			
Zodiac Metropolitan Clothing Gmbh	-	124,539,894	124,539,894
	(-)	(156,439,940)	(156,439,940)
Onward LLC	-	-	-
	(-)	(28,849,291)	(28,849,291)
Loans Taken From			
Elite Clothing Co Pvt Ltd	-	-	-
	(-)	(22,000,000)	(22,000,000)
Mr. M. Y. Noorani	2,787,387	-	2,787,387
	(-)	(-)	(-)
Mr. A. Y. Noorani	2,778,606	-	2,778,606
	(-)	(-)	(-)
Mr. S. Y. Noorani	2,784,717	-	2,784,717
	(-)	(-)	(-)
Loan Repaid to			
Mr. M. Y. Noorani	1,670,000	-	1,670,000
	(-)	(-)	(-)
Mr. A. Y. Noorani	2,660,000	-	2,660,000
	(-)	(-)	(-)
Mr. S. Y. Noorani	1,880,000	-	1,880,000
	(-)	(-)	(-)
Elite Clothing Co Pvt Ltd	-	17,675,000	17,675,000
	(-)	(11,125,000)	(11,125,000)
Dividend Paid			
Miraj Marketing Company LLP	-	4,635,468	4,635,468
	(-)	(8,112,070)	(8,112,070)
Metropolitan Trading Company	-	-	-
	(-)	(1,546,545)	(1,546,545)

(Previous year figures are in brackets)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Asia Tangible Investments Pte.Ltd	- (-)	6,309,764 (11,042,087)	6,309,764 (11,042,087)
Euro Global Holding Pte. Ltd.	- (-)	6,309,764 (11,042,087)	6,309,764 (11,042,087)
Mr. M. Y. Noorani	5,137,890 (7,446,338)	- (-)	5,137,890 (7,446,338)
Mr. A. Y. Noorani	38,130 (66,728)	- (-)	38,130 (66,728)
Mr. S. Y. Noorani	16,668 (29,169)	- (-)	16,668 (29,169)
Mr Awais Noorani	- (-)	150 (263)	150 (263)
Mrs Saniyya Noorani	- (-)	150 (263)	150 (263)
Mr. Musaed A. Noorani	- (-)	150 (263)	150 (263)
Mrs. Muna A. Noorani	- (-)	150 (263)	150 (263)
Mrs. Zehra S.Noorani	- (-)	714 (1,250)	714 (1,250)
Commission Accrued			
Zodiac Metropolitan Clothing Gmbh	- (-)	25,361,310 (16,321,614)	25,361,310 (16,321,614)
Mr. A.Y.Noorani	12,400,000 (8,450,000)	- (-)	12,400,000 (8,450,000)
Mr. S.Y.Noorani	12,400,000 (8,450,000)	- (-)	12,400,000 (8,450,000)
Outstanding amount receivable			
Metropolitan Trading Company	- (-)	17,505,801 (17,487,402)	17,505,801 (17,487,402)
Munraz Enterpries	- (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Mashal Enterprises		137,894 (-)	137,894 (-)

(Previous year figures are in brackets)

	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Zodiac Metroplitan Clothing Gmbh	- (-)	62,724,924 (138,729,208)	62,724,924 (138,729,208)
Onward LLC	- (-)	89,439,277 (56,361,761)	89,439,277 (56,361,761)
Zodiac UAE LLC	- (-)	809,705 (3,690,320)	809,705 (3,690,320)
Mr. A. Y. Noorani	425,000 (425,000)	- (-)	425,000 (425,000)
Mr. S. Y. Noorani	425,000 (425,000)	- (-)	425,000 (425,000)
Mr. M. Y. Noorani	130,000 (130,000)	- (-)	130,000 (130,000)
Mustang Manufacturing company	- (-)	210,000 (210,000)	210,000 (210,000)
Outstanding amount payable			
Onward LLC	- (-)	16,026,819 (8,601,222)	16,026,819 (8,601,222)
Mr. A. Y. Noorani	12,683,359 (9,013,453)	- (-)	12,683,359 (9,013,453)
Mr. S. Y. Noorani	13,469,470 (9,013,453)	- (-)	13,469,470 (9,013,453)
Mr. M. Y. Noorani	1,117,387 (130,000)	- (-)	1,117,387 (130,000)
Metropolitan Trading Company	- (-)	836,948 (2,029,922)	836,948 (2,029,922)
Zodiac Metroplitan Clothing Gmbh	- (-)	11,994,615 (25,786,804)	11,994,615 (25,786,804)
Mashal Enterprises	- (-)	- (1,427,353)	- (1,427,353)
Mustang Manufacturing Company	- (-)	- (210,000)	- (210,000)
Elite Clothing Co. Pvt. Ltd.	- (-)	- (17,675,000)	- (17,675,000)

Note: Includes performance pay of ₹ 1,050,000/- pertaining to the previous year. This was approved in the Board meeting held on 12th February 2014 and was appropriated out of the amount provided in this regard in the previous year.

33) (i) Primary Segment

The company has identified two reportable segments namely Business of Clothing And Clothing Accessories and Investment. The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Following disclosures are made.

	Particulars	Business of Clothing & Clothing Accessories		Investments		Total	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
A	Segment Revenue Gross	4,075,831,148	3,653,553,285	35,248,159	28,271,100	4,111,079,307	3,681,824,385
	Less : Excise Duty	5,487,124	82,121,979	-	-	5,487,124	82,121,979
	Segment Revenue (Net of Excise Duty)	4,070,344,024	3,571,431,306	35,248,159	28,271,100	4,105,592,183	3,599,702,406
	Other Income					33,865,308	30,293,946
	Total Segment Revenue					4,139,457,491	3,629,996,352
B	Segment Profit before tax	251,054,640	149,150,360	20,422,899	19,524,437	271,477,539	168,674,797
	Other Income					33,865,308	30,293,946
	Exceptional Item (Income)					-	2,586,919
	Total Profit before tax					305,342,847	201,555,662
C	Segment Assets	3,255,342,964	3,185,250,305	633,711,286	404,224,685	3,889,054,250	3,589,474,990
D	Segment Liabilities	1,179,089,397	1,123,279,225	107,067,090	44,233,702	1,286,156,487	1,167,512,927
E	Capital Expenditure	162,867,923	138,720,329	-	-	162,867,923	138,720,329
F	Segment Depreciation	95,442,209	92,898,929	9,589,806	6,141,508	105,032,015	99,040,437
G	Segment Non Cash Expenditure other than Depreciation	32,409,418	27,160,695	-	-	32,409,418	27,160,695

(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)	2,140,063,929	1,965,528,254	4,105,592,183	1,715,610,671	1,884,091,735	3,599,702,406
Carrying Cost of Segment Asset	2,871,515,688	1,017,538,562	3,889,054,250	2,706,343,419	883,131,571	3,589,474,990
Capital Expenditure	111,295,704	51,572,219	162,867,923	119,616,068	19,104,261	138,720,329

Note: There are no inter segment revenue.

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

Particulars	Current Year (₹)	Previous Year (₹)
Miscellaneous Expenses	-	4,223
TOTAL	-	4,223

35) Earnings Per Share: -

Particulars	As at 31.03.2014	As at 31.03.2013
(a) Face value per share (₹)	10	10
(b) Weighted Average No. of Shares		
(i) For Basic EPS	19,389,998	19,300,462
(ii) For Diluted EPS	19,389,998	19,300,462
(c) Net Profit for the year attributable to equity shareholders (₹)	220,009,529	140,123,682
(d) Basic Earnings Per Share (₹) (c / b(i))	11.35	7.26
(e) Diluted Earnings Per Share (₹) (c / b(ii))	11.35	7.26

36) 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, 2014, 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 28 th 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	Nil	369,075
Granted during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	19,500
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	349,575

* (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	Nil	221,445
Vested during the year	Nil	128,130
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	Nil
Options exercisable at the end of the year	Nil	349,575
* (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 1 - 8.10 %
	Year 2 - 7.62 %	Year 2 - 8.10 %
	Year 3 - 7.59 %	Year 3 - 8.10 %
2 Option Life	Year 1 - 2.5yrs	Year 1 - 2.5yrs
	Year 2 - 3.5yrs	Year 2 - 3.5yrs
	Year 3 - 4.5yrs	Year 3 - 4.5yrs
3 Expected Volatility	Year 1 - 45.22 %	Year 1 - 50.58 %
	Year 2 - 50.51 %	Year 2 - 61.45 %
	Year 3 - 51.13 %	Year 3 - 56.05 %
4 Expected Dividend Yield	2.49%	1.96%
5 The weighted average fair value of the option, as on the date of grant, works out to	₹ 102.68	₹ 150.44

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

Particulars	2013-14	2012-13
Net Profit After Tax (As Reported)	220,009,529	140,123,683
Add: Compensation Expenses under ESOS included in the Net Profit	Nil	Nil
Less: Compensation Expenses under ESOS as per Fair Value	2,033,201	73,79,655
Net Profit After Tax (Fair value basis)	217,976,328	132,744,028
Basic Earning Per Share (Reported) - ₹ / Share	11.35	7.26
Basic Earning Per Share (Fair value basis)- ₹ / Share	11.24	6.88
Diluted Earning Per Share (Reported) - ₹ / Share	11.35	7.26
Diluted Earning Per Share (Fair value basis) – ₹ / Share	11.24	6.88

37) Derivative Financial Instruments

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

- (i) The following are outstanding Foreign Exchange Forward contracts, as on March 31, 2014

Sr No	Currency	Buy / Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1	USD	SELL	INR	3,564,231	4,855,000
2	GBP	SELL	USD	1,251,500	957,650
3	GBP	SELL	INR	181,000	358,000
4	EURO	SELL	INR	100,000	27,000
5	EURO	SELL	USD	494,000	1,503,000
6	CHF	SELL	INR	-	121,000
7	CHF	SELL	USD	148,000	218,000
8	CHF	BUY	USD	-	105,500
9	USD	BUY	INR	2,025,777	3,180,317
10	EURO	BUY	USD	291,000	-

- (ii) Net Gain on derivative instruments which have been designated as cash flow hedges of ₹ 13,275,366/- (Previous Year Net Loss ₹ 7,923,343/-) recognized in Hedging Reserve as of March 31, 2014, is expected to be reclassified to the Statement of Profit and Loss as and when the same will mature.
- (iii) Net gain on non derivative financial liabilities in the form of preshipment export credit in foreign currency (PCFC) borrowings of ₹ 8,407,072/- (previous year ₹ Nil/-) recognized in the Hedging Reserve as of March 31, 2014 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.
- (iv) Exchange Loss of ₹ 31,421,916/- (Previous Year Loss ₹ 17,045,714/-) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2014.

- b) (i) No derivative instruments are acquired for speculation purposes.
- (ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 31,103,927/- (Previous Year ₹ 281,359,801/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	-	-	USD 4,696,452	254,946,897
	-	-	GBP 27,968	2,299,706
	-	-	EURO 145,813	10,133,302
	-	-	CHF 15	855
Creditors for Goods and expenses	USD 513,548	30,769,252	USD 239,377	12,994,555
	EURO 4,048	334,675	EURO 14,166	984,486

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, 2014 ₹	As at March 31, 2013 ₹
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2013	69,290,499	60,711,341
Current Service Cost	7,866,990	7,447,785
Interest Cost	5,543,240	5,160,464
Benefit Paid	(116,00,614)	(9,400,443)
Actuarial (gain) / loss on obligations	(4,152,874)	5,371,352
Present value of funded benefit obligations as at March 31, 2014	66,947,241	69,290,499
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1st April, 2013	97,098,734	70,374,017
Expected Return on plan assets	8,447,590	6,052,165
Contributions	17,925,833	28,594,858
Benefits Paid	(11,600,614)	(9,400,443)
Actuarial gain / (loss) on plan assets	574,655	1,478,137
Fair value of plan assets as at March 31, 2014	112,446,198	97,098,734
Total Actuarial gain / (loss) recognized	4,727,529	(3,893,215)
Amount Recognised in Balance Sheet		
Present value of obligation	66,947,241	69,290,499
Fair value of plan assets	112,446,198	97,098,734
Liability / (assets)	(45,498,957)	(27,808,235)
Liability / (assets) recognized in the Balance Sheet	(45,498,957)	(27,808,235)
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	7,866,990	7,447,785
Interest Cost	5,543,240	5,160,464
Expected Return on plan assets	(8,447,590)	(6,052,165)
Net Actuarial (gain) / loss recognised in the current year	(4,727,529)	3,893,215
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	235,111	10,449,299
Actuarial assumptions used		
Discount rate	9.31%	8.00%
Expected Return on plan assets	9.31%	8.70%
Mortality	LIC (2006-08) 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	112,446,198	97,098,734

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	2013-14 ₹	2012-13 ₹	2011-12 ₹	2010-11 ₹	2009-10 ₹
Plan Assets	574,655	1,478,137	1,044,844	949,368	216,807
Plan Liabilities	3,866,683	1,188,369	3,684,679	492,152	1,755,002

- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ 12,500,000/- (Previous Year ₹ 12,500,000/-).
- v. The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

(II) Disclosure in respect of leave encashment liability:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1 st April, 2013	11,913,814	9,986,617
Current Service Cost	2,414,400	2,313,288
Interest Cost	953,105	848,862
Benefit Paid	(2,463,717)	(2,390,275)
Actuarial (gain) / loss on obligations	(1,333,763)	1,155,322
Present value of unfunded benefit obligations as at March 31, 2014	11,484,339	11,913,814
Amount Recognised in Balance Sheet.		
Present value of obligation	11,484,339	11,913,814
Fair value of plan assets	NIL	NIL
Liability / (assets) recognized in the Balance Sheet	11,484,339	11,913,814
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	2,414,400	2,313,288
Interest Cost	953,105	848,862
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain) / loss recognised in the current year	(1,333,763)	1,155,322
Expenses Recognised in the Statement of Profit and Loss	2,033,742	4,317,472
Actuarial assumptions used		
Discount rate	9.31%	8.00%
Expected Return on plan assets	0%	0%
Mortality	LIC (2006-08) Ultimate	LIC (1994-96) Ultimate
Future Salary increase	5%	5%
Attrition	2%	2%
Retirement	60 yrs	60 yrs

Note: The above data has been disclosed on the basis of information available with the Group and to the extent such information has been disclosed in the financial statements of the constituents.

- (III)** The Group makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 40,959,338/- (Previous Year ₹ 38,464,803/-)

- 40.** The company has opted for exemptions granted vide Circular No. 2/2011 dated February 08, 2011, issued by the Ministry of Corporate Affairs, related to not attaching the Balance Sheet of Subsidiaries under Section 212(8) of the Companies Act, 1956. The details of Subsidiaries as at March 31, 2014, as required vide Circular No. 2/2011 are as follows:

(Figures in ₹)

Sr. No.	Name of the Subsidiary Company	Paid Up Capital	Reserves	Total Assets	Total Liabilities	Investment (other than in subsidiaries)	Turnover / Total Income	Profit / loss before Tax	Provision for Tax	Profit / loss after Tax	Proposed Dividend
1	Zodiac Clothing Co. UAE LLC	4,895,016 (4,435,050)	573,394,228 (557,380,822)	664,063,255 (641,991,021)	664,063,255 (641,991,021)	-	691,054,650 (606,062,045)	49,425,972 (31,940,104)	-	-	49,425,972 (31,940,104)
2	Zodiac Clothing Co. S.A.	16,956,875 (14,250,000)	91,779,900 (21,118,101)	110,040,284 (36,234,957)	110,040,284 (36,234,957)	-	87,609,442 (12,149,696)	85,637,921 (10,221,862)	347,589 (61,930)	85,290,332 (10,159,931)	- (17,670,000)
3	Zodiac Properties Limited	180,375 (148,667)	-37,860,818 (-26,464,181)	210,398,499 (176,450,759)	210,398,499 (176,450,759)	205,352,984 (172,200,831)	5,983,061 (3,458,711)	-5,548,668 (-7,929,027)	-	-	-5,548,668 (-7,929,027)
4	Zodiac Clothing Company INC	599,150 (542,850)	-475,126 (-19,271)	2,090,794 (1,894,329)	2,090,794 (1,894,329)	-	-	-458,259 (-392,865)	-	-	-458,259 (-392,865)
5	Zodiac Finsec & Holdings Ltd (Formerly Multiplex Collapsible Tubes Limited)	20,000,000 (20,000,000)	209,541,601 (168,076,609)	423,546,008 (404,224,685)	423,546,008 (404,224,685)	77,658,089 (63,186,726)	77,451,678 (76,457,700)	54,031,978 (51,748,627)	12,566,987 (12,133,968)	41,464,991 (39,614,659)	- (-)

(Figures within brackets relate to previous year.)

For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent Indian Rupees (INR), following exchange rates are used:

Currency	Balance Sheet		Statement of Profit and Loss	
	(Closing INR Exchange rate)		(Average INR Exchange rate)	
	As at 31st March 2014	As at 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Arab Emirates Dirham (1 AED)	16.32	14.78	16.48	14.83
Swiss Franc (1 CHF)	67.83	57.00	65.98	57.93
Great Britain Pound (1 GBP)	99.77	82.23	96.23	86.04
United States Dollar (1 USD)	59.92	54.29	60.50	54.45

- 41)** 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.

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

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