

ZODIAC

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FINEST QUALITY CLOTHING

ZODIAC

Regale

Italian 190's

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FINEST QUALITY SHIRTMAKERS

ZODIAC CLOTHING COMPANY LTD.
33rd ANNUAL REPORT 2016-2017

tailored fit
ZODIAC
FINEST QUALITY SHIRTMAKERS



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

Mr. M.Y. Noorani

Chairman

Mr. M.L. Apte

Mr. Bernhard Steinruecke

Ms. Elizabeth Jane Hulse

Mr. S.R. Iyer

Mr. Y.P. Trivedi

Mr. A.Y. Noorani

Vice Chairman

Mr. S.Y. Noorani

Managing Director & President

A D V I S O R Y B O A R D

Mr. Deepak Parekh

Mr. S. M. Datta

Mr. Anil Kapoor

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. Aneel Saraff

COMPANY SECRETARY

Mr. Kumar Iyer

STATUTORY AUDITORS

Deloitte Haskins & Sells, LLP
Chartered Accountants
Tower 3, 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.
- Bommasandra
Bangalore - 560 099.
- A-1, 181 / 1, GIDC, Umbergaon,
Valsad, Gujarat - 396 171.
- C-2 / 7, GIDC Industrial Area, Umbergaon,
Valsad, Gujarat - 396 171.
- Plot No. 411, GIDC, Umbergaon,
Valsad, Gujarat - 396 171.
- A to Z Industrial Premises Co-op. Soc. Ltd.,
Lower Parel, Mumbai - 400 013

SOLICITORS

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

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

REGISTRAR & TRANSFER AGENTS OFFICE

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

BANKERS

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

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

RBL Bank Limited
One Indiabulls Centre,
Tower 2B, 6th Floor,
841, Senapati Bapat Marg,
Lower Parel West, Mumbai – 400 013

SUBSIDIARIES

- Zodiac Finsec and Holdings Ltd.
- Zodiac Clothing Co. S.A.
- Zodiac Clothing Co. (U.A.E.) LLC
- Zodiac Clothing Company Inc.
- Zodiac Properties Limited (till 26th January 2017)

DIRECTORS' BIOGRAPHIES



Mr. M. Y. Noorani

Chairman

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



Mr. M. L. Apte

Director

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



Mr. Bernhard Steinruecke

Director

Mr. Bernhard Steinruecke is the Director General of The 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 The Indo German Chamber of Commerce, Bosch Limited, HDFC ERGO General Insurance Company Limited, Apollo Munich Health Insurance Company Limited, Nuernbergmesse India Private Limited and HDFC General Insurance Limited.



Mr. Y. P. Trivedi

Director

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



Mr. S. R. Iyer

Director

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



Mr. A. Y. Noorani

Vice-Chairman

Mr. A.Y. Noorani joined the House of Zodiac in 1968 and after successfully developing its export business and scaling up its overall operations. He was the Managing Director of the Company from from 1st March 1994 till 28th February 2017. He completed the Advance Management Programme at Harvard Business School, Boston, and continues to oversee, corporate affairs and finance functions of the Company. Mr. A.Y. Noorani is the 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 oversees the management of the Company and leads a dynamic team of professionals in the running of the Company 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]. Presently he is a Member of National Council of CII & Co- Chairman of Apparel Committee of CII.



Ms. Elizabeth Jane Hulse

Director

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

ADVISORY BOARD



Mr. Deepak Parekh

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



Mr. S. M. Datta

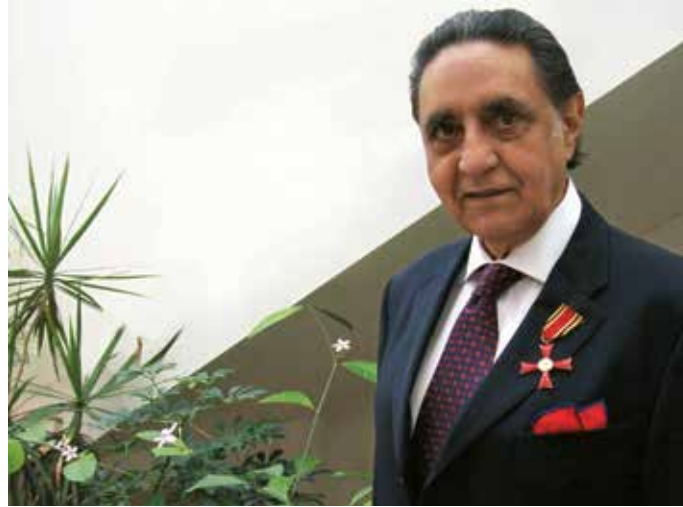
Mr. S. M. Datta is the former Chairman of Hindustan Lever Ltd. He is also the former President of Bombay Chamber of Commerce and Industry and is also the past President of Council of EU Chamber of Commerce. He is currently the Chairman of Castrol India Ltd., Philips India Ltd., IL & FS Investment Managers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



Mr. Anil Kapoor

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

CHAIRMAN'S STATEMENT



Consumer demand for Clothing globally was extremely subdued, with India being no exception, although it was somewhat better than global markets. USA, the world's largest importer of clothing, had problems of high inventory, oversupply of retail space far in excess of viable levels, which caused losses and distress to brands/retailers who went on an expansion spree; besides there was the inflexibility of the brands/retailers there to adapt quickly to changing market dynamics; the onslaught of E-Commerce in their market was most aggressive; their inability to bring cutting edge fashion to the consumer fast and frequently at a good price value relationship, something that their European counterparts have consistently executed flawlessly, has also led to a very disturbed position for the market there for clothing. In Europe, where the economy is showing sustained, but mild signs of recovery, the consumer's spending habit has changed-spending on recreational activities and healthcare has eaten into spending on clothing.

UK's clothing market has encountered feeble consumer demand. The Brexit vote cast a shadow on the overall economy, besides having caused sharp depreciation of the GBP, making the import costs rise substantially, which increases were not possible to pass on adequately to the consumer. There was, like in Europe, shifting preference for discretionary

spending towards recreational activities and healthcare.

All large economies faced problems, reflecting slackness of consumer demand, including on clothing. The INR has strengthened considerably in the recent past, caused largely by huge inflows into the capital and debt markets, as also FDI.

The share of cotton clothing in total export of clothing has come down from 55% in 2014 to 49% in 2016-17 and declined 6 % during the year; clothing of silk and of wool fibres, also declined for the year as well as for three continuous years. The ground yielded by cotton clothing has been gained by MMF and 'Other textile material', both of which have increased impressively.

The demand situation in India, though somewhat better than that in International markets, was sluggish to start with (IIP for clothing was minus 4% during April/December 2016), and the distinct downtrend in GDP growth in each quarter set in earlier, and intensified after the note ban, whose lingering effect was most sharply visible in Q4 2016-17.

The independent retailer channel was the worst effected, both before and after demonetisation, despite the further pampering of the channel by brands. Business & Macro realities do not reflect the strong showings of the equity market. Corporate profits

(barring a few sectors) are anemic, credit uptake is close to an all time low, and the cloud of NPA's seems immune to all the efforts of the RBI thus far. Investments have been lacklustre.

All these factors have adversely impacted the operating results of the company.

Our own web store business showed high double-digit growth, though the turnover is yet not a significant part of our turnover. The company, unlike competition, did not prop up turnover by sales to E-commerce, as that would result in the brand being discounted, which policy of non-discounting and other business terms we have been steadfast in adhering to. During the year, 6 new Stores were opened (20 unviable stores closed – a net decrease of 14 stores) with 125 stores at the end of the year.

The Company has incurred a Capex of ₹ 726 Lakhs during the year, primarily in state of the art production equipment, new stores and information systems to sharpen our competitiveness.

During the financial year ended 31st March 2017, the operational revenue of the company on a Standalone basis was ₹ 27,244 lakhs vs. ₹ 30,276 lakhs last year (For a like-to-like comparison, net of Excise duty ₹ 27,050 lakhs vs. ₹ 30,267 lakhs last year, i.e. a decrease of ₹ 3217 lakhs i.e. 10.63%). Profit/(Loss) Before Tax was ₹ (214) lakhs vs. ₹ (510) lakhs in the previous year, while the net Profit/(Loss) after Tax for the financial year ended 31st March 2017 was ₹ (135) lakhs vs. ₹ (361) lakhs in the previous year.

On a consolidated basis the operational revenue of the company decreased to ₹ 28,707 lakhs from ₹ 35,245 lakhs last year. Net of Excise duty the operating revenue was ₹ 28,513 lakhs vs. ₹ 35,236 lakhs last year, i.e. a decrease of ₹ 6,723 lakhs, i.e. 19.08%. The decline in consolidated revenue was primarily due to cessation of production of the U.A.E. facility. The Consolidated Profit/(Loss) before Tax and before exceptional items fell to ₹ (1,653) lakhs vs. ₹ (837) lakhs in the previous year, the Net Profit/(Loss) after tax being ₹ 614 lakhs vs. ₹ (821) lakhs in the previous year.

The decline in turnover, of both International and Branded businesses, coupled with substantially higher

store rentals, gestation on new stores and extended gestation, on some stores opened recently, as well as higher depreciation resulted in the company's operational performance being hit.

There was also an effect on the consolidated result of temporarily discontinuing the manufacturing activity in the UAE, and of terminal benefits and expenses in the discontinuation of that manufacturing activity largely due to the strength of the UAE currency (which is pegged to the USD and therefore is appreciating v/s Euro/GBP and CHF). The trading business of clothing in the UAE/GCC markets, produced in the Indian facilities, which is profitable continues, although the demand is impacted by oil prices declining.

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A1+ to A1 for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs vide their letter dated 21st March, 2017. ICRA has also revised the Company's rating from A1+ to A1 for Commercial Paper of ₹ 2,000 lakhs vide their letter dated 29th March, 2017.

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

During the year, one of our valued Board members, Mr. Saumitra Chaudhuri, passed away on 19th December, 2016. We would like to acknowledge the stellar contribution made by Mr. Saumitra Chaudhuri, besides valuable guidance and support he rendered during his tenure as a director of the company. We will truly miss him.

The Board has recommended, for the approval of the members, a dividend of Re. 1/- per equity share of ₹ 10/- each on 1,95,19,974 equity shares. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 235 lakhs.

The Government is to be thanked for its sensitivity to the size of the potential of the industry, and for its initiative to increasing export and generating gender-sensitive employment, by rolling out the Special Apparel Package for the industry, something which

envisages growth on a scale hitherto not contemplated. The success of this will depend, to a great extent, on simplicity of the fine print/modus operandi of the policy, rather than an obsession with process. Expeditious and flawless execution and disbursement are vital for the policy to succeed in achievement of goals.

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

My grateful thanks to our eminent independent Directors for their valuable guidance and advice in steering the company during these turbulent times and especially for the high standard of Corporate Governance that has been sustained by the company as a direct result of their inputs, as well as for their

continuously guiding the company towards best practices across industries.

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

I continue to look forward to your continued support in our future endeavors, to take the company to greater glory. We assure you we remain as committed as ever to the company's goals.

M.Y. Noorani

Chairman

Tailored Fit

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Pure Linen

Positano Linen

ZODIAC

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HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

₹ In Lakhs

Particulars	2016-17		2015-16	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operation	27,244	28,707	30,276	35,245
Less: Excise duty	194	194	9	9
Net revenue from operation	27,050	28,513	30,267	35,236
Other Income	1,283	953	1,056	277
Total Revenue	28,333	29,466	31,323	35,513
Less : Total expenses	28,600	29,535	30,630	34,940
(Loss) / Profit before finance cost, Depreciation and other exceptional items	(267)	(69)	693	573
Less : Finance cost	390	405	257	272
(Loss) / Profit before depreciation	(657)	(474)	436	301
Less : Depreciation	1,035	1,179	946	1,137
Loss before exceptional items	(1,692)	(1,653)	(510)	(836)
Add : Exceptional items	1,479	2,374	-	-
(LOSS) / PROFIT BEFORE TAX FOR THE YEAR	(213)	721	(510)	(836)
Provision for tax (net)	(78)	107	(149)	(15)
(LOSS) / PROFIT AFTER TAX FOR THE YEAR	(135)	614	(361)	(821)
Add: Balance brought forward from the last Year	10,368	15,733	10,865	16,910
Add: Adjustment for Tax on Dividend and Depreciation for the Previous Year	40	40	99	99
Less: Adjustment on Disposal of Subsidiary (Net)	-	(426)	-	-
Add: Adjustment on Dividend Income received from Subsidiary	-	6	-	-
Total amount available for appropriation	10,272	15,967	10,603	16,188
Appropriations :				
Interim Dividend	-	-	-	-
Proposed Dividend	-	-	(195)	(195)
Corporate Dividend Tax	-	(1)	(40)	(43)
General Reserve	-	-	-	-
Special Reserve	-	(146)	-	(87)
Capital Redemption Reserve	-	(70)	-	(130)
Balance retained in Statement of Profit & Loss A/c.	10,272	15,750	10,368	15,733

DIRECTORS' REPORT TO THE MEMBERS

To,

The Members,

Zodiac Clothing Company Limited.

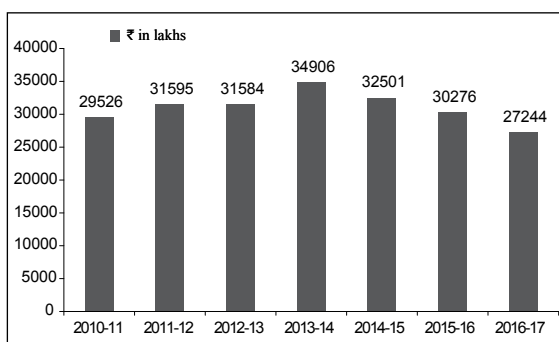
Your Directors hereby present the 33rd Annual Report with the Audited Statements of Accounts for the financial year ended 31st March 2017.

1. BUSINESS

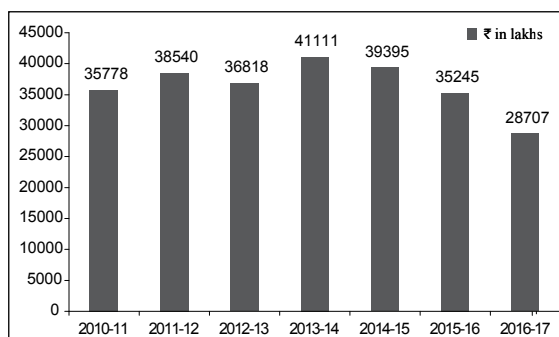
Operational Revenue & Profits: During the financial year ended 31st March 2017, the operational revenue of the company on a Standalone basis was ₹ 27,244 lakhs vs. ₹ 30,276 lakhs last year (For a like-to-like comparison, net of Excise duty ₹ 27,050 lakhs vs. ₹ 30,267 lakhs last year, i.e. a decrease of ₹ 3217 lakhs i.e. 10.63%). Profit/(Loss) Before Tax was ₹ (214) lakhs vs. ₹ (510) lakhs in the previous year, while the net Profit/(Loss) after Tax for the financial year ended 31st March 2017 was ₹ (135) lakhs vs. ₹ (361) lakhs in the previous year.

On a consolidated basis the operational revenue of the company decreased to ₹ 28,707 lakhs from ₹ 35,245 lakhs last year. (For a like-to-like comparison, net of Excise duty ₹ 28,513 lakhs vs. ₹ 35,236 lakhs last year, i.e. a decrease of ₹ 6,723 lakhs, i.e. 19.08%). The Consolidated Profit/(Loss) before Tax and before exceptional items fell to ₹ (1,653) lakhs vs. ₹ (837) lakhs in the previous year, the Net Profit/(Loss) after tax being ₹ 614 lakhs vs. ₹ (821) lakhs in the previous year.

OPERATIONAL REVENUE - STANDALONE



OPERATIONAL REVENUE - CONSOLIDATED



The operating results of the company have been adversely impacted due to the developments affecting the entire business community in India as well as globally. The not unimpressive 7.1% GDP growth did not reflect in the performance of most industries (barring a few exceptions/sectors).

The demand situation in India, though somewhat better than that in International markets, was sluggish to start with (Index of Industrial Production for clothing was minus 4% during April - December 2016).

The Demonetisation, clearly in the larger interest of the country, with obvious favourable consequences for the economy in the medium to long term, did cause disruption in the immediate term, with lingering effects was most sharply visible in Q4 of 2016-17. Consumer demand which was weak to start with, had started to show positive signs post Diwali, but quickly saw a sharp downturn in mid November, with a further sharp decline in footfalls, the worst hit being the small retailers who had larger cash components than credit card in their sales, compared to organised retail. This saw the independent retailers go into deep distress, impairing their ability to replenish inventories due to financial stringency caused by unsold inventories. Their sentiment continues to be cautious, concerned and confused, with the scheduled rollout of GST on July 1. To get them to appreciate the overwhelming benefits of GST in the long term will need a Herculean effort.

GST will replace nearly a dozen central & state levies into a single national direct tax, not only simplifying the current tax system, but also hopefully make the movement of goods cheaper & seamless across the nation. Achieving smooth agreement on GST is an outstanding symbol of Co-operative Federalism, for which the Government needs to be complimented. The likely impact on the company is being evaluated, as clarity is awaited on a few issues, especially related to our International business. Anti dumping duty on import of Linen from China (since India does not produce the raw material i.e. Flax) results in

price inflation to the end consumer. Anti dumping duty has not been eliminated by GST. Even the timing of the rollout being favourable by virtue of having a shock absorbing effect before the festive season is not being acknowledged by small retailers; that post the rollout, preceded by heavy stock clearances, there would probably be a spurt in demand during the festive season, buoyed by a forecasted good monsoon, lower discounting by E-commerce, and low inflation (as of now) is something they should be looking forward to and preparing to harvest. The industry has to be able to articulate this effectively and convince them of the probability.

The impact of GST on the branded and international business have to play out in due course.

All this has hit the Company's branded business appreciably, with lower turnover across channels, all in all a very unusual year. The exception was our own web store sale which continued to grow very aggressively, though on a small base. The upside (benchmarked with international retailers) is still substantial in relation to regular turnover in percentage terms. We continue to not prop up our sales by heavily discounted sale to E-commerce; our sale at marked down prices continued to be very a insignificant percentage of our Branded business.

A greater number of low performance, high rental stores, as well as stores where downward rental revision was warranted, and not possible to achieve were closed (20 stores) during the year, with new store additions being 6. Consistent with the belief that the medium to long term prospects look even more promising, given that consumer sentiment has remained low far too long (with the wealthy continuing to nurture the lack of a feel good factor, and the aspiring having lower amount of disposable income due to a variety of economy related reasons); the GST rollout, low inflation, continuing low oil prices, Entry Permit Raj being in the process of being dismantled, the Legal Metrology Act (erstwhile Standard Weights and Measures Act) provisions for clothing having been diluted, all hold considerable promise.

Global markets for clothing were subdued, with mostly flat to negative growth, with some markets (especially oil producing and exporting countries) being down in double digits. Different markets had different problems causing feeble consumer sentiment/demand. The USA had problems of inventories, a glut of retail space and players there being non responsive to change in market dynamics like fast fashion at affordable prices. The UK sentiment was hit by the Brexit vote and by the consequential price upturn due to approximately 20% devaluation of their currency, despite the easy money policy continuing; this was further aggravated by announcement of surprise mid-term elections. The EU has started to show signs of coming to life, but very weak signs- besides, the consumer spending pattern for now has shifted from clothing to recreational activities and healthcare. This is also visible in the UK. The GCC (Middle East) market has been highly depressed, primarily because of the tumbling of oil prices and low tourism.

Forex Volatility, Competition harvesting the benefits of favourable tariff terms (zero to low import duties on the export of their clothing into the major markets), Subsidization of their clothing industry by their respective Governments, have all contributed to the situation.

Were the disbursement of components of the Economic Package not delayed (especially the Refund of State levies, where the major portion receivable by the industry being outstanding) the positive impact visible at the fag end of the year would have been visible earlier and a greater impact would have occurred, besides the order books would have been much healthier.

The ground being yielded by China, a major portion of which should have rightfully accrued to India, has thus far been grabbed by the likes of Bangladesh (Clothing export in 2016 reportedly approximately USD 29 Billion v/s our USD17.46 Billion). Also, the Exports from India to geographies including North America, EU, UK and GCC was weak, uninspiring to worrying in some markets (which saw de-growth in mid double digits in some oil producing/exporting countries).

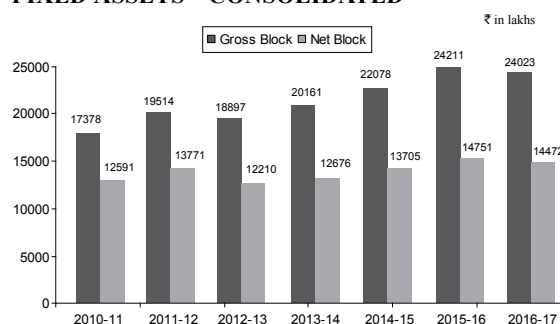
2. RESULTS OF OPERATIONS:

FINANCIAL RESULTS:				
(₹ in Lakhs)				
	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Total Revenue from operations (Net)	27,050	30,267	28,513	35,236
PROFIT/(LOSS) BEFORE TAXATION	(214)	(510)	721	(837)
Provision for Taxation:				
Current Tax	132	-	318	135
Deferred Tax	(331)	(149)	(331)	(149)
Provision for tax pertaining to previous year	121	-	120	(1)
PROFIT/(LOSS) AFTER TAXATION	(135)	(361)	614	(821)
Balance of Profit Brought forward	10,368	10,865	15,733	16,910
Add: Adjustments for tax on dividend for the previous year	40	99	40	99
Transfer from General Reserves	-	-	-	-
Less: Adjustment on disposal of subsidiary	-	-	(426)	-
Add: Adjustment on dividend income received from subsidiary	-	-	6	-
Profit Available for Appropriation	10,272	10,603	15,967	16,188
Appropriations:				
Special Reserve	-	-	(146)	(87)
Capital Redemption Reserve	-	-	(70)	(130)
Proposed Dividend	-	(195)	-	(195)
Corporate Dividend Tax	-	(40)	(1)	(43)
Balance Retained in Statement of Profit & Loss A/c	10,272	10,368	15,750	15,733

There is still considerable headroom for India, armed with the GST reform, the Special Apparel package, the possibly faster finalization of the FTA with the EU, besides India being the only clothing exporting country to have the complete value chain from fibre to clothing, apart from China.

Besides lower turnover, Higher Depreciation (₹ 10.34 Crores), interest (₹ 2.64 Crores) due to investment in stores and state of the art production equipment (where the small portion borrowed did not receive the Technology Upgradation Fund Scheme benefit as yet), no pay back on investments due to consumer demand weakness in India and internationally, higher aggregate occupation costs (full year impact of new stores opened late last year as well), gestation of potential stores getting stretched due to consumer sentiment, lower treasury income due to capex and due to lower rates of interest, and no royalty/trading profit on supplies of raw material to the UAE subsidiary where production was temporarily discontinued, also hit operational profitability.

FIXED ASSETS - CONSOLIDATED



3. SUBSIDIARY COMPANIES

The Company had four (4) subsidiaries as on 31st March, 2017. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

During the year under review, the Company's wholly owned first level step down subsidiary "Zodiac Clothing Company U.A.E. LLC", has sold its entire equity shareholding in its wholly owned subsidiary viz. Zodiac Properties Limited on 26th January, 2017 consequent to which Zodiac Properties Limited is no longer a subsidiary of the Company.

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

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

4. CONSOLIDATED FINANCIAL STATEMENT

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

5. RATING

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A1+ to A1 for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs vide their letter dated 21st March, 2017. ICRA has also revised the Company's rating from A1+ to A1 for Commercial Paper of ₹ 2,000 lakhs vide their letter dated 29th March, 2017.

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

6. CAPEX

The Company has incurred a Capex of ₹ 726 Lakhs during the year, primarily in state of the art production equipment, new stores and information systems to sharpen our competitiveness.

7. LIQUIDITY

The Debt Equity ratio as on 31st March, 2017 was 0.33 on a Standalone basis and 0.22 on a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves – on consolidated basis) were ₹ 1,896 lakhs in March 2017, as against ₹ 1,586 lakhs last year.

8. SHARE CAPITAL

During the year under review, there has been no change in the paid-up share capital of the Company which is 1,95,19,974 Equity shares of ₹ 10/- each.

9. APPROPRIATIONS

Dividends – Your Directors have recommended a dividend of Re. 1.00/- (previous year Re. 1/-) per

equity share of ₹ 10/- each on 1,95,19,974 equity shares. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 235 lakhs (previous year ₹ 235 lakhs).

10. CORPORATE GOVERNANCE

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

11. CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and SEBI LODR, the Company has a Policy on Related Party Transactions which is also available on Company's website at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

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

All Related Party Transactions entered during the year were in Ordinary Course of the Company's business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by the Company. Since all related party transactions entered into by the Company were in the ordinary course of the Company's business and were on an arm's length basis, the disclosure under form AOC-2 is not applicable. However, the Directors draw attention of the members to Note no. 38 to the Standalone Financial statements which sets out relevant disclosures on transactions with related parties.

12. QUALITY

The focus on productivity gains and consistent quality continues to be the cornerstone of the company's philosophy. Quality, continuous

innovation and pursuit of high value addition and of cost control continue to drive the company.

13. BRAND BUILDING

The company has continued to invest in building the strength of the 3 brands (Zodiac, Z3 and Zodi!), aspiring to get traction in sales in the present, as well as in the future.

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

Upgradation of quality to win customer loyalty is a continuously ongoing exercise, the objective being to get the customers delight at the price value relationship, which is truly international quality and design at prices which are not exorbitant, even without any discounts.

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

(A) Conservation of Energy

The Company in line with its philosophy of energy conservation continues with the use of high yield low energy consuming LED light fittings in its shop floors, translucent roofing panels in the laundries resulting in nearly negating the requirement of artificial lighting during the day time, motion sensor activated lights in common areas resulting in low electricity consumption when there is no movement. In continuing with the Companies policy to be Sustainable and continuously upgrade and improve, the Company has during the year, got an exceptionally good rating in the HIGGS index, a globally certified measurement index for sustainability.

The Company has by using aggressive cost reduction measures and energy efficient equipment, reduced the electrical consumption by nearly 25% over the last 5 years, inspite of the demand on processing and value addition increasing in line with the trend in fashion.

(B) Pollution Control

Post the introduction of the zero liquid discharge plant for water treatment, the dependency on outside water has almost become nil.

Further by successfully implementing processing techniques, the water consumption has also dropped by more than 60% inspite of the higher volume of work, resulting in the Company getting a good HIGGS score.

The Company has also embarked on a training program for the workers to conserve water not only at the work area but also at their homes, making them realise the value of this priceless resource resulting in savings on the shop floor.

With the increase in the catchment area for rain

water harvesting, the surplus water generated is used to recharge the existing ground water sources and for maintaining the beautiful garden and flowering plants around the factory premises thereby creating a very pleasant atmosphere.

The Company's continuous efforts have been recognized by the Pollution Control Board and the Company is being referred as a model factory by the Pollution Control Board.

With its energy-efficient design, the ZODIAC corporate office continues to use around 60 percent less energy than a typical office of the same size.

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

(D) Foreign Exchange Earnings and Outgo.

(₹ in Lakhs)			
Foreign exchange used and earned		2016-17	2015-16
a.	Foreign Exchange Earnings	13,056	13,731
b.	Foreign Exchange Outgo	4,246	6,230

15. CORPORATE SOCIAL RESPONSIBILITY

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

As per the provisions of Section 135 of the Companies Act 2013, the Company has a CSR committee, details of which are given in the Corporate Governance Report forming part of this report. The details of the Company's CSR policy has been posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

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

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year, one of our valued Board members, Mr. Saumitra Chaudhuri, passed away on 19th December, 2016. We would like to acknowledge the stellar contribution made by Mr. Saumitra Chaudhuri, besides valuable guidance and support he rendered during his tenure as a director of the company.

During the year, after his term as Vice chairman and Managing Director came to an end on 28th February, 2017, Mr. A. Y. Noorani has decided to continue only as a Non-Executive Director and Vice-Chairman of the Company w.e.f. 1st March, 2017.

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

List of Key Managerial Personnel

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

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

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

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

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

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

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature

of the industry in which the Company operates, business model of the Company and related matters are posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

17. NUMBER OF MEETINGS OF THE BOARD

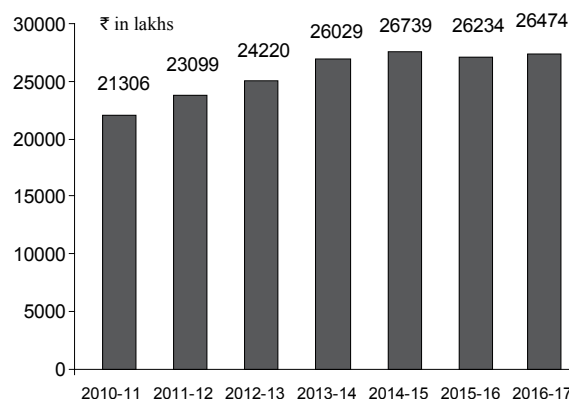
Six Meetings of the Board were held during the year, the details of which are provided in the Corporate Governance report, which forms part of this report.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- In the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit and loss of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a 'going concern' basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

NET WORTH – CONSOLIDATED



19. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments, affecting the financial position of the Company which have occurred between 31st March 2017 and the date of this report.

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

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

The Company has a Remuneration Policy to evaluate the performance of the members of the Board, to ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The policy ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Independent Directors have to comply with the requirements of the Companies Act 2013 and Regulation 16 (b) of SEBI LODR on the independence of the directors. The Company has obtained certification of independence from the independent directors in accordance with Section 149(6) of the Companies Act, 2013.

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

21. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

22. HUMAN RESOURCE MANAGEMENT

The company recognizes the need for continuous growth and development of its employees to meet the challenges posed by the industry, besides fulfilling

their own career path objectives. Consequently the role of Human Resources continues to remain vital and strategic to the company. Employee recruitment, training, and development are a key focus area, with policies, processes and extensive use of technology to attract, retain, and build on skills of high calibre employees. Industrial relations have continued to be harmonious throughout the year.

23. ZODIAC EMPLOYEES' STOCK OPTION PLAN 2006

In terms of the Employees' Stock Option Plan 2006 Grant II, no options were exercised during the year and accordingly all the vested options have lapsed on 19th January, 2017.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31st March 2017 with regards to the Employees Stock Option Plan 2006 has been provided in the Annexure 1 to this report.

The Company is obtaining a Certificate from the Auditors stating that the ESOP has been implemented in accordance with SEBI (ESOS & ESPS) Guidelines, 1999 and the resolution of the Company passed in the Annual General Meeting held on 31st August 2006.

24. COMPLIANCE WITH THE CODE OF CONDUCT

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

25. FIXED DEPOSIT

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

26. COMPANY'S WEBSITE

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

27. DONATIONS

During the financial year, the company has, besides CSR, contributed ₹ 29,16,952/- to various deserving causes.

28. INSURANCE

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

29. AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Deloitte Haskins and Sells, LLP Chartered Accountants (Registration No. 117366W/W-1000018) the Auditors of the Company shall hold office till the conclusion of the ensuing AGM and shall not be eligible for re-appointment due to expiry of the maximum permissible tenure as the Auditors of the Company. Your Board places on record its deep appreciation for the valuable contribution of the Auditors during their long association of more than a decade with the Company.

Based on the recommendation of the Audit Committee, the Board at its meeting held on 30th May, 2017, recommends the appointment of M/s. Price Waterhouse, Chartered Accountants, LLP (FRN 012754N/N500016), as the Auditors of the Company, in place of the retiring auditors M/s. Deloitte Haskins and Sells, LLP Chartered Accountants (Registration No. 117366W/W-1000018), to hold office from the conclusion of the 33rd Annual General Meeting of the Company i.e. audit of the financial statements for the year ending 31st March, 2018 onwards, subject to the approval of the Members of the Company at the ensuing Annual General Meeting and ratification by the Members of the Company every year thereafter, if required.

As per Section 139 of the Companies Act, 2013, the Company has obtained a written confirmation from M/s. Price Waterhouse Chartered Accountants LLP, that their appointment, if made, would be in conformity with the limits specified in the said Section.

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

30. COST AUDIT

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is not

covered under the purview of Cost Audit from the F.Y. 2014-15 onwards.

31. SECRETARIAL AUDIT

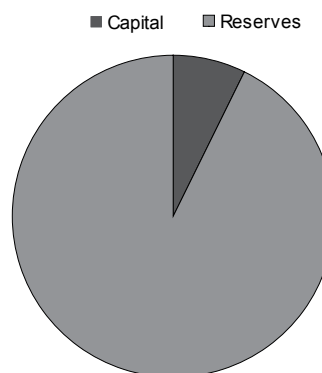
As per Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s Robert Pavrey & Associates, Company Secretaries in Practice (CP No- 2928) to undertake the secretarial audit of the Company. The Secretarial Audit report is included as Annexure 4 and forms an integral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

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

32. AUDIT COMMITTEE

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

33. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2016-17 CONSOLIDATED:



34. RISK MANAGEMENT

In line with the regulatory requirements, the Company has a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. The Risk Management Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

35. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk-mitigation system, which are constantly

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

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

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

36. ANTI SEXUAL HARASSMENT POLICY

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

37. EXTRACT OF ANNUAL RETURN

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

38. INVESTOR EDUCATION AND PROTECTION FUND

As per Sections 124 and 125 of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends for the Financial Year upto 2008-09 have been transferred to the IEPF established by the Central Government. Further, according to the Rules, the shares in respect of which dividend has been unpaid or unclaimed by the shareholders for seven consecutive years or more

shall be transferred to the demat account created by the IEPF Authority. Accordingly, the corresponding shares will be transferred to the IEPF demat account within the stipulated time, as may be notified by the Central Government.

39. PARTICULARS OF EMPLOYEES

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

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17:

Non-executive directors*	Ratio to median remuneration
Mr. M. Y. Noorani	-
Mr. A. Y. Noorani w.e.f. 1st March, 2017	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Bernhard Steinruecke	-
Mr. Saumitra Chaudhuri (upto 18th December 2016)	-
Ms. Elizabeth Jane Hulse	-

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

Executive directors	Ratio to median remuneration
Mr. A.Y. Noorani (upto 28th February, 2017)	-
Mr. S.Y. Noorani	37.02

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

Directors, Chief Financial Officer and Company Secretary*	% Increase in remuneration in the financial year
Mr. M. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-

Directors, Chief Financial Officer and Company Secretary*	% Increase in remuneration in the financial year
Mr. S. R. Iyer	-
Mr. Bernhard Steinruecke	-
Mr. Saumitra Chaudhuri (upto 18th December 2016)	-
Ms. Elizabeth Jane Hulse	-
Mr. A.Y. Noorani	-
Mr. S.Y. Noorani	-
Mr. Aneel Saraff (CFO)**	8.32%
Mr. Kumar Iyer (CS)	-

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

****** Due to re-structuring in the value of Perquisites.

- The percentage increase in the median remuneration of employees in the financial year: 1.81% (as the median employee is a piece rated worker)
- The number of permanent employees on the rolls of Company: 2316 (as on 31st March 2017)
- Percentage increase over decrease in the market quotations of the shares of the Company in

comparison to the rate at which the Company came out with the last public offer:

Particulars	31st March, 2017	July, 1994 (IPO)	July, 1994 (IPO)*	% Change
Market Price (BSE)	182.15	110.00	24.45	644.99
Market Price (NSE)	180.30	110.00	24.45	637.42

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

- The Average percentile increase in the salaries of Employees (i.e. employees at Factory/ies and to the office staff) other than managerial personnel in the last financial year was 5% to 6%. There has been no increase in the managerial remuneration.
- The key parameters for any variable component of remuneration availed by the directors:

For the Financial Year 2016 – 17 no performance linked bonus or any other variable component of remuneration has been paid to the executive directors of the Company.

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

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

- Information of top 10 employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2017 is given below:

Sr. No	Name	Date of Birth	Designation	Remuneration* (Rs)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	No. of Equity Shares held	Relative of any Director/ Manager of the Company
1.	Salman Yusuf Noorani	15/03/1963	Managing Director & President	60,39,600/-	Contractual	B.com/35 years	01/03/1994	-	554516	Son of Mr. M.Y. Noorani, Chairman and Brother of Mr. A.Y. Noorani, Vice-Chairman & Non Executive Director
2.	Behroze Daruwala	04/09/1950	VP – Fabrics & Merchandising	43,73,411	Permanent	B.A./ 45 years	30/05/1972	-	28850	-
3.	B Mahabala	07/11/1951	VP - Commercial	45,41,410	Permanent	M.com, MBA & Diploma in Cost & Management Accountancy/44 years	15/06/1984	Vulcan Engineers Limited	15075	-
4.	Imraan Surve	11/10/1968	VP-Marketing Zed, LFS & Z3	46,63,514	Permanent	B.A. (Hons.) Economics/ 25 years	18/12/2001	Contract Advertising Pvt. Ltd.	5400	-

Sr. No	Name	Date of Birth	Designation	Remuneration* (Rs)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	No. of Equity Shares held	Relative of any Director/ Manager of the Company
5.	Awais Noorani	07/10/1975	VP – International Sales & Sourcing	46,20,662	Permanent	B.Com, MBA from IMD Switzerland/22 years	01/12/2002	-	75	Son of Mr. A. Y. Noorani, Vice-Chairman & Non Executive Director, Grandson of Mr. M. Y. Noorani, Chairman and Nephew of Mr. S. Y. Noorani, Managing Director & President
6.	Mildred G. Rodrigues	20/02/1964	VP – Design	38,72,719	Permanent	B.Sc. in Home Science and Diploma in Fashion Designing/ 28 years	18/11/1991	Ravissant	2000	-
7.	Aneel Saraff	14/03/1964	CFO	35,89,004	Permanent	B. Com. and C.A./31 years	01/10/2001	Birla Tyres Limited	-	-
8.	Anand Pisharody	19/10/1957	VP - Manufacturing	31,60,391	Permanent	B.A./ 39 years	02/05/1986	Indian Molasses Company Limited	17	-
9.	Vishal Chadha	17/11/1964	GM – Sales MBO	30,31,604	Permanent	B.A./ 28 years	22/07/2004	Johnson & Johnson Private Limited	4950	-
10	Nafees Azam	07/04/1960	GM – Sales (Retail)	26,84,328	Permanent	B.Com./32 years	21/05/2004	Geep Industrial Syndicate Limited	3150	-

* Remuneration as per provisions contained in Section 17(1) of the Income-tax Act, 1961

Disclosure Requirements:

As per SEBI LODR, Corporate Governance Report with Auditors' Certificate thereon and Management Discussion and Analysis are attached, which forms part of this report.

40. ACKNOWLEDEMENTS

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

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

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

Place: Mumbai

Date: 30th May, 2017

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

		Grant I: December 27, 2006	Grant II: January 20, 2011
a.	Options granted till date	462,975*	401,025*
b.	Pricing formula	The Options were granted at closing market price of the Company's equity shares quoted on BSE Limited / National Stock Exchange of India Limited (wherever trading volumes are higher) as on the date preceding the date on which the Remuneration & Compensation Committee considers grant of Options to Eligible employees.	
c.	Option vested till date	462,975*	401,025*
d.	Options exercised till date	412,602*	129,976
e.	The total number of shares arising as a result of exercise of option	412,602	129,976
f.	Option lapsed	50,376*	102,630
g.	Variation of terms of option as at 31 st March, 2017	Not Applicable	
h.	Money realized by exercise of option	NIL	NIL
i.	Total number of options in force as on 31st March 2017	NIL	NIL
j.	Employee wise details of options granted to:		
	(i) senior managerial person	367,350* Options	279,075* Options
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	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:	Nil	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. 42 (e) of the Financial Statements for the year ended 31st March, 2017.	Not Applicable	
l.	Where the company has calculated the employees' compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company uses the intrinsic value based method of accounting for stock option. 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 was more than 1 year and hence the estimation of the future
	(5) The price of the underlying share in the market at the time of option grant prior to option grant.	₹ 255.40	₹ 346.00

* The Company declared Bonus of 1:2 on record date of 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 : 30th May, 2017

M.Y. NOORANI
Chairman

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

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

For years now, the Company has been dedicated to provide quality products and to reduce energy use and increase efficiency. The projects undertaken/ programmes supported by the Company will be within the broad framework of Schedule VI of the Companies Act 2013. During the year, the Company has continued its focus on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of ₹ 7,20,000/- to Prince Ali Khan Hospital, Mumbai registered as a Charitable Trust and part of the Aga Khan Health Services which promotes healthcare including preventive healthcare

M.L. Apte
Chairman, CSR Committee

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

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

3. Average net profit of the company for last three financial years for the purpose of computation of CSR: ₹ 3,59,17,445/-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 7,18,349/-.

5. Details of CSR spent during the financial year:

- Total amount to be spent for the financial year: ₹ 7,20,000/-
- Amount unspent: Nil
- Manner in which the amount spent during the financial year: Attached

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

Not Applicable.

M.Y. Noorani
Chairman

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

Sr.No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken.	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through Implementing agency
1.	Contribution to Prince Ali Khan Hospital, a Charitable Trust	Health Care and Preventive Health Care	Local Area – Mumbai, Maharashtra	₹ 7,20,000/-	₹ 7,20,000/-	₹ 7,20,000/-	Direct ₹ 7,20,000/-

EXTRACT OF ANNUAL RETURNAs on the financial year ended on 31st March, 2017

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

I Registration and other details:

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

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

II Principal Business Activities of the Company:

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

Sr.No	Name and Description of main products/ services	Item (NIC) Code of the Product/Service	% to total turnover of the Company
1.	Mens Shirt 100% Cotton	6205	87.65%

III Particulars of Holding, Subsidiary and Associate Companies:

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

Sr.No	Name and Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Zodiac Finsec and Holdings Ltd. Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai – 400 030.	U28129MH1993PLC071999	Subsidiary	100%	2(87)
2.	Zodiac Clothing Co. S.A. (Switzerland) Promenade Noire 1, Neuchatel, Switzerland.	-	Subsidiary	100%	2(87)
3.	Zodiac Clothing Co. (UAE) LLC Al-Quoze Industrial Area, P. O. Box No. 50545, Dubai, U.A.E.	-	Subsidiary	100%*	2(87)
4.	Zodiac Clothing Company Inc. C/o. 160, Greentree Drive, Suite 101, Dover, DE 19904	-	Subsidiary	100%	2(87)
5.	Zodiac Properties Limited (upto 26th January, 2017) 1003, Khalid Al Attar Tower, P. O. Box 71241, Dubai, U.A.E.	-	Subsidiary	100%	2(87)

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

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

i. Category-wise Share Holding

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(A) PROMOTER AND PROMOTER GROUP									
(1) INDIAN									
(a) Individual / HUF	4450581	0	4450581	22.80	4450581	0	4450581	22.80	0.00
Sub-Total A (1):	4450581	0	4450581	22.80	4450581	0	4450581	22.80	0.00
(2) FOREIGN									
(a) Individuals (NRIs/Foreign Individuals)	846572	0	846572	4.34	1254396	0	1254396	6.43	2.09
(b) Bodies Corporate	6309764	0	6309764	32.32	6309764	0	6309764	32.32	0.00
Sub-Total A(2) :	7156336	0	7156336	36.66	7564160	0	7564160	38.75	2.09
Total A=A(1)+A(2)	11606917	0	11606917	59.46	12014741	0	12014741	61.55	2.09
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Financial Institutions /Banks	112	0	112	0.00	112	0	112	0.00	112
(b) Foreign Institutional Investors	1874009	0	1874009	9.60	2062909	0	2062909	10.57	0.97
Sub-Total B(1) :	1874121	0	1874121	9.60	2063021	0	2063021	10.57	0.97
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	1221732	3200	1224932	6.28	772296	3200	775496	3.97	-2.30
(b) Individuals									
(i) Individuals holding nominal share capital up to ₹ 2 lakh	1083973	93590	1177563	6.03	1187638	90740	1278378	6.55	0.52
(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	3083650	24840	3108490	15.92	3239221	24840	3264061	16.72	0.80
(c) Others									
CLEARING MEMBERS	3552	0	3552	0.02	1560	0	1560	0.01	-0.01
NON RESIDENT INDIANS	522447	1350	523797	2.68	108699	1350	110049	0.56	-2.12
NRI NON REPATRIATION	0	0	0	0.00	12066	0	12066	0.06	0.06
TRUSTS	102	0	102	0.00	102	0	102	0.00	0.00
Sub-Total B(2) :	5915456	122980	6038436	30.93	5321582	120130	5441712	27.88	-3.06
Total B=B(1)+B(2) :	7789577	122980	7912557	40.54	7384603	120130	7504733	38.45	2.09
Total (A+B) :	19396994	122980	19519974	100.00	19399844	120130	19519974	100.00	0.00
(c) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	19396994	122980	19519974	100.00	19399844	120130	19519974	100.00	0.00

ii. Shareholding of Promoters:

Sr.No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Euro Global Holdings Pte. Ltd.	3154882	16.16	0.00	3154882	16.16	0.00	0.00
2	Asia Tangible Investments Pte Ltd.	3154882	16.16	0.00	3154882	16.16	0.00	0.00
3	Mohamed Yusuf Noorani	3653657	18.72	0.00	3653657	18.72	0.00	0.00
5	Kewal K Seth	281250	1.44	0.00	281250	1.44	0.00	0.00
6	Mohammed Y Noorani	232875	1.19	0.00	232875	1.19	0.00	0.00
7	Mohamed Anees Noorani	565247	2.90	0.00	973071	4.99	0.00	2.09
8	Salman Yusuf Noorani	554516	2.84	0.00	554516	2.84	0.00	0.00
9	Mohamed Yusuf Noorani	8334	0.04	0.00	8334	0.04	0.00	0.00
10	Mohamed Yusuf Noorani	607	0.00	0.00	607	0.00	0.00	0.00
11	Zehra Salman Noorani	367	0.00	0.00	367	0.00	0.00	0.00
12	Awais Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
13	Musaed Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
14	Saniyya Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
15	Muna Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
	TOTAL :	11606917	59.46	0.00	12014741	61.55	0.00	2.09

Note.1: Mr. Mohamed Yusuf Noorani holds 3,895,473 equity shares of the Company as on 31.03.2017 of these he holds:
18990 equity shares as Trustee for and on behalf of Yusuf Noorani Family Trust

8334 equity shares as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust

Note.2: Mr. Anees Yusuf Noorani holds 973,071 equity shares of the Company as on 31.03.2017 of these he holds:
18990 equity shares as Trustee for and on behalf of Anees Noorani Family Trust.

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

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30115122100739	Mohamed Yusuf Noorani	01/04/2016	Opening Balance	3653657	18.72	3653657	18.72
			31/03/2017	Closing Balance		0.00	3653657	18.72
2	IN30018312065758	Kewal K Seth	01/04/2016	Opening Balance	281250	1.45	281250	1.44
			31/03/2017	Closing Balance		0.00	281250	1.44
3	IN30133019880830	Mohammed Y Noorani	01/04/2016	Opening Balance	232875	1.20	232875	1.20
			31/03/2017	Closing Balance		0.00	232875	1.19
4	IN30001110146884	Mohamed Anees Noorani	01/04/2016	Opening Balance	565247	2.90	565247	2.90
			15/04/2016	Purchase	270000	1.38	835247	4.28
			28/09/2016	Purchase	132824	0.68	968071	4.96
			29/09/2016	Purchase	5000	0.03	973071	4.99
			31/03/2017	Closing Balance		0.00	973071	4.99
5	IN30001110152967	Salman Yusuf Noorani	01/04/2016	Opening Balance	554516	2.84	554516	2.84
			31/03/2017	Closing Balance		0.00	554516	2.84

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
6	IN30133019880848	Mohamed Yusuf Noorani	01/04/2016	Opening Balance	8334	0.04	8334	0.04
			31/03/2017	Closing Balance		0.00	8334	0.04
7	IN30115122152490	Mohamed Yusuf Noorani	01/04/2016	Opening Balance	607	0.00	607	0.00
			31/03/2017	Closing Balance		0.00	607	0.00
8	394001203940000211611	Zehra Salman Noorani	01/04/2016	Opening Balance	367	0.00	367	0.00
			27/05/2016	Transfer	(367)	0.00	0	0.00
			31/03/2017	Closing Balance		0.00	0	0.00
9	445001204450000497645	Zehra Salman Noorani	01/04/2016	Opening Balance	0	0.00	0	0.00
			27/05/2016	Transfer	367	0.00	0	0.00
			31/03/2017	Closing Balance		0.00	367	0.00
11	IN30133020049954	Musaed Anees Noorani	01/04/2016	Opening Balance	75	0.00	75	0.00
			31/03/2017	Closing Balance		0.00	75	0.00
12	IN30154918042447	Awais Anees Noorani	01/04/2016	Opening Balance	75	0.00	75	0.00
			31/03/2017	Closing Balance		0.00	75	0.00
13	IN30001110152975	Muna Anees Noorani	01/04/2016	Opening Balance	75	0.00	75	0.00
			31/03/2017	Closing Balance		0.00	75	0.00
14	IN30088814527407	Saniyya Anees Noorani	01/04/2016	Opening Balance	75	0.00	75	0.00
			31/03/2017	Closing Balance		0.00	75	0.00
15	IN30133019238793	Euro Global Holdings Pte. Ltd.	01/04/2016	Opening Balance	3154882	16.27	3154882	16.27
			31/03/2017	Closing Balance		0.00	3154882	16.16
16	IN30112716464948	Asia Tangible Investments Pte Ltd.	01/04/2016	Opening Balance	3154882	16.27	3154882	16.27
			31/03/2017	Closing Balance		0.00	3154882	16.16

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

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2016		Cumulative Shareholding during the Year 31-03-2017	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30047640314385	Akash Bhanshali	01/04/2016	At the Beginning of the year	1361700	6.98	1361700	6.98
			31/03/2017	At the end of the year		0.00	1361700	6.98
2	IN30014210712060	Pari Washington Company Pvt. Ltd. A/C Pari Washing	01/04/2016	At the Beginning of the year	1168087	5.99	1168087	5.99
			31/03/2017	At the end of the year		0.00	1168087	5.99
3	IN30154918652179	M3 Investment Private Limited	01/04/2016	At the Beginning of the year	716208	3.67	716208	3.67
			30/09/2016	Sale	-300000	1.54	416208	2.13
			28/10/2016	Sale	-15935	0.08	400273	2.05
			04/11/2016	Sale	-1201	0.01	399072	2.04
			31/03/2017	At the end of the year		0.00	399072	2.04

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2016		Cumulative Shareholding during the Year 31-03-2017	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
4	IN30047640314336	Lata Bhanshali	01/04/2016	At the Beginning of the year	711568	3.65	711568	3.65
			31/03/2017	Transfer	663300	3.40	48628	0.25
			31/03/2016	At the end of the year		0.00	48268	0.25
5	IN30016710059939	East Sail	01/04/2016	At the Beginning of the year	692422	3.55	692422	3.55
			31/03/2017	At the end of the year		0.00	692422	3.55
6		Vallabh Roopchand Bhanshali	01/04/2016	At the Beginning of the year	0	0.00	0	0.00
			31/03/2017	Transfer	663300	3.40	663300	3.40
			31/03/2016	At the end of the year		0.00	663300	3.40
7	IN30014210363339	Husain Sultan Ali Nensey	01/04/2016	At the Beginning of the year	496792	2.55	496792	2.55
			15/04/2016	Sale	-270000	1.38	226792	1.16
			30/09/2016	Sale	-132784	0.68	94008	0.48
			31/03/2017	At the end of the year		0.00	496792	2.55
			01/04/2016	At the Beginning of the year	405124	2.08	405124	2.08
8	IN30036020018949	Nemish S Shah	31/03/2017	At the end of the year		0.00	405124	2.08
			01/04/2016	At the Beginning of the year	90000	0.46	90000	0.46
9	IN30068510503292	Pramit Jhaveri	31/03/2017	At the end of the year		0.00	90000	0.46
			01/04/2016	At the Beginning of the year	86000	0.44	86000	0.44
10	106001201060001753051	Syed Ahmed	31/03/2017	At the end of the year		0.00	86000	0.44

V. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
DIRECTORS INCLUDING EX-DIRECTORS								
1.	IN30115122100739	01/04/2016	At the beginning of the year	MOHAMED YUSUF NOORANI	3653657	18.72	3653657	18.72
		31/03/2017	At the end of the year			0.00	3653657	18.72
2	IN30133019880830	01/04/2016	At the beginning of the year	MOHAMMED Y NOORANI	232875	1.20	232875	1.20
		31/03/2017	At the end of the year			0.00	232875	1.19
3.	IN30133019880848	01/04/2016	At the beginning of the year	MOHAMED YUSUF NOORANI	8334	0.04	8334	0.04
		31/03/2017	At the end of the year			0.00	8334	0.04
4.	IN30115122152490	01/04/2016	At the beginning of the year	MOHAMED YUSUF NOORANI		0.00	607	0.00
		31/03/2017	At the end of the year			0.00	607	0.00

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
5.	IN30001110146884	01/04/2016	At the beginning of the year	MOHAMED ANEES NOORANI	24065	0.12	24065	0.12
		15/04/2016	Purchase		270000	1.38	835247	4.28
		28/09/2016	Purchase		132824	0.68	968071	4.96
		29/09/2016	Purchase		5000	0.03	973071	4.99
		31/03/2017	At the end of the year			0.00	973071	4.99
6.	IN30012610557765	01/04/2016	At the beginning of the year	MADHAV LAXMAN APTE	16684	0.08	16684	0.08
		07.04.2016	Sale		3713	0.02	12971	0.06
		10.03.2017	Sale		1287	0.01	11684	0.05
		14.03.2017	Sale		1000	0.00	10684	0.05
		31/03/2017	At the end of the year			0.00	10684	0.09
7.	IN30048412974040	01/04/2016	At the beginning of the year	YOGENDRA PREMKRISHNA TRIVEDI	19375	0.10	19375	0.10
		31/03/2017	At the end of the year			0.00	19375	0.10
8.	IN30048412993026	01/04/2016	At the beginning of the year	YOGENDRA PREMKRISHNA TRIVEDI	4500	0.02	4500	0.02
		31/03/2017	At the end of the year			0.00	4500	0.02
9.	IN30001110152967	01/04/2016	At the beginning of the year	SALMAN YUSUF NOORANI	13334	0.07	13334	0.07
		31/03/2017	At the end of the year			0.00	554516	2.84
10.	492001204920000110327	01/04/2016	At the beginning of the year	SUBRAMANIAM RAMACHANDRAN IYER	3375	0.02	3375	0.02
		31/03/2017	At the end of the year			0.00	3375	0.02
11.	IN30016710085767	01/04/2016	At the beginning of the year	BERNHARD STEINRUECKE	26550	0.14	26550	0.14
		31/03/2017	At the end of the year			0.00	26550	0.14
12.	492001204920000107559	01/04/2016	At the beginning of the year	BERNHARD STEINRUECKE	3825	0.02	3825	0.02
		31/03/2017	At the end of the year			0.00	3825	0.02
KEY MANAGERIAL PERSONNEL								
1.	1204920000100306	01/04/2016	At the beginning of the year	ANIL KUMAR SARAFF (CFO)	Nil	Nil	Nil	Nil
		31/03/2017	At the end of the year		Nil	Nil	Nil	Nil
2.	IN30088814370996	01/04/2016	At the beginning of the year	KUMAR IYER (CS)	Nil	Nil	Nil	Nil
		31/03/2017	At the end of the year		Nil	Nil	Nil	Nil

V. INDEBTEDNESS

(₹ in Lakhs)

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

Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year. (i.e. 01.04.2016)				
i) Principal Amount	6556.74	-		6556.74
ii) interest due but not paid	1.72	-	-	1.72
iii) interest accrued but not due	11.87	-		11.87
Total (i+ii+iii)	6570.33	-	-	6570.33
Change in Indebtedness during the financial year				
♦ Addition	15446.35	1253	-	
♦ Reduction	(16360.86)	(868)		
Net Change	(914.51)	385	-	(529.51)
Indebtedness at the end of the financial year. (i.e.31.03.2017)				
i) Principal Amount	5535.29	385	-	5920.29
ii) interest due but not paid	9.72	-		9.72
iii) interest accrued but not due	3.60	2.11		5.71
Total (i+ii+iii)	5548.61	387.11	-	5935.72

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

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

*Excluding Employers contribution to Provident Fund.

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

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount (₹)
1.	Independent Directors				
	Mr. M. L. Apte	9,54,250	-	-	9,54,250
	Mr. Y. P. Trivedi	9,31,250	-	-	9,31,250
	Mr. S.R. Iyer	9,08,250	-	-	9,08,250
	Mr. Bernhard Steinruecke	1,72,500	-	-	1,72,500
	Mr. Saumitra Chaudhuri (upto 18th December, 2016)	1,38,000	-	-	1,38,000
	Ms. Elizabeth Jane Hulse	57,500			57,500
	Total (1)	31,61,750			31,61,750
2.	Other Non-Executive Directors				
	Mr. M. Y. Noorani	-	-	-	-
	Mr. A. Y. Noorani (w.e.f. 1st March, 2017)	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	31,61,750	-	-	31,61,750
	Total Managerial Remuneration	-	-	-	-
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	Nil (as Company has incurred a loss during the year under review)

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Aneel Saraff, Chief Financial Officer	Mr. Kumar Iyer, Company Secretary	Total
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	35,89,004	29,96,424	65,85,428
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5.	Others, Allowances	-	-	-
	Total	35,89,004	29,96,424	65,85,428

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

Annexure 4

FOR THE FINANCIAL YEAR ENDED MARCH 31 2017

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

To,
The Members,
Zodiac Clothing Company Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and various rules (Rules) made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that, there were no events / actions in pursuance of :

- a. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

requiring compliance thereof by the Company during the Audit period.

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

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

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

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

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

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

For ROBERT PAVREY & ASSOCIATES

Company Secretaries

ROBERT PAVREY

Proprietor

FCS 2928 CP. No. : 1848

Place : Mumbai

Date : May 22, 2017

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

Sr. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate on last day of financial year	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend	% of shareholding
1	Zodiac Finsec and Holdings Ltd.	April to March	INR	-	20,000,000	350,855,533	455,264,255	455,264,255	105,568,256	78,861,516	91,363,171	18,570,231	72,792,940	-	100
2	Zodiac Clothing Co. S. A. - Switzerland.	April to March	CHF	64.825	250,000	1,206,351	1,471,908	1,471,908	-	-	1,102,459	-1,368	1,103,827	-	100
3	Zodiac Clothing Co. (UAE) LLC - UAE.	April to March	AED	17.655	300,000	25,307,893	27,349,314	27,349,314	-	11,075,931	119,337	-	119,337	-	100
4	Zodiac Clothing Company Inc - USA.	April to March	USD	64.85	10,000	-13,645	32,998	32,998	-	-	-4,062	-	-4,062	-	100
5	Zodiac Properties Ltd.- R.A.K. (UAE).	April to 26th January, 2017	GBP	85.3104	-	-	-	-	-	60,425	-69,717	-	-69,717	-	100

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016 - 2017

Corporate Governance is a process that aims to meet stakeholders' aspirations and expectations. It is much more than complying with the legal and regulatory requirements. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures etc. serve as the means for implementing the philosophy of corporate governance. The Company's policies on Corporate Governance and compliance thereof in respect of specific areas for the year ended 31st March 2017, as per the format prescribed by SEBI and as incorporated in Regulations 17 to 27 and clauses (b) to (i) of Sub-regulation 46 and para C, D, and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), are set out below for the information of the members and investors of the Company.

I. Company's Philosophy on Code of Corporate Governance

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

II. Board of Directors

Composition of the Board

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March 2017, the Board of the Company comprised of Eight Directors of which, the Chairman and Vice-Chairman are Non-Executive Directors, one is an Executive Director, and five are Independent Directors out of which one is a Woman Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17 of LODR. The members of the Board are professionals who are senior, competent, richly experienced and highly respected persons in their respective fields.

The composition of the Board, Directorships/ Committee positions in other Companies as on 31st March 2017, number of meetings held and attended during the year are as follows –

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

* Ceased to be a Director w.e.f. 18th December, 2016 due to his death.

** Mr. A. Y. Noorani was the Vice Chairman & Managing Director till 28th February, 2017. With effect from 1st March, 2017 he continues as the Vice- Chairman and Non- Executive Director.

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

Board Meetings

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

During the financial year a total of Six (6) Board Meetings were held i.e. on 26th May 2016, 08th July 2016, 11th August 2016, 12th November 2016, 14th February 2017 and 29th March 2017.

In compliance with the requirements of Schedule IV of the Companies Act, 2013 read with Regulation 25 of LODR, a separate meeting of the Independent Directors of the Company was held on 29th March, 2017 without the attendance of Non Independent Directors and members of the Management of the Company

Familiarisation Programme for Board Members

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

Code of Conduct for Board of Directors and Senior Management Personnel

The Company has adopted a Code of Conduct for Board of Directors and Senior Management Personnel ("the Code") as laid down by Regulation 26(3) of LODR. The duties of Independent Directors as laid down in Schedule IV of the Companies Act, 2013 are suitably incorporated in the Code as required under Regulation 17 of LODR. The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at www.zodiaconline.com. and the web link for the same is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. All Board members and senior management personnel have confirmed compliance with the Code for the year ended 31st March, 2017. The Annual Report contains a declaration to this effect signed by the Managing Director and President.

Disclosure of relationships between directors inter-se

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

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

III. Audit Committee

(a) Constitution of Audit Committee:

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

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

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

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

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

(b) Roles and Powers of the Audit Committee:

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

Powers

1. To investigate any activity within its terms of reference.

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

Roles:

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

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

The Audit Committee mandatorily reviews the following information:

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

(c) Meetings of Audit Committee:

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

During the financial year a total of Nine (9) Audit Committee Meetings were held i.e. on 6th April, 2016, 26th May, 2016, 29th June 2016, 11th August, 2016, 28th September, 2016, 12th November, 2016, 30th December, 2016, 14th February, 2017 and 29th March 2017.

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

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S.R. Iyer	Chairman	9	9
Mr. Y.P. Trivedi	Member	9	9
Mr. M.L. Apte	Member	9	9

IV. **Nomination and Remuneration Committee**

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

The Committee's terms of reference include:

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

The members of the Nomination and Remuneration Committee are Mr. M. L. Apte, Mr. Y. P. Trivedi and Mr. Saumitra Chaudhuri upto 18th December, 2016 and Mr. S. R. Iyer w.e.f. 11th February, 2017.

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

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

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

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

Name	Designation	No. of meetings held	No. of meetings attended
Mr. M. L. Apte	Chairman	2	2
Mr. Y. P. Trivedi	Member	2	2
Mr. S. R. Iyer*	Member	2	1
Mr. Saumitra Chaudhuri**	Member	2	1

* Appointed as the member w.e.f. 11th February, 2017

** Ceased to be a member w.e.f 18th December, 2016 due to his death

V. Performance evaluation criteria for Independent Directors:

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

Remuneration Policy:

A. Remuneration to Whole-time Directors:

The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V of the Companies Act, 2013, and in accordance with the terms of appointment approved by the members of the Company. The remuneration of the Whole-time Directors is determined by the Nomination & Remuneration Committee. Mr. A. Y. Noorani is entitled to remuneration only by way of variable pay in the form of performance linked bonus/commission of such percentage of the net profits of the Company or such amount as may be decided by the Board of Directors, subject to the same not exceeding the limits as permissible under the Act, and Company's Car with driver for the period upto 28th February, 2017. Mr. S. Y. Noorani is entitled to a remuneration consisting of Salary, Company's contribution to Provident Fund, Performance linked Bonus, other perquisites including Company's Car with driver and allowances subject to the same not exceeding the limits as permissible under the Act, applicable from time to time.

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

A. Executive Directors:

Details of Remuneration paid to Executive Directors for the financial year ended 31st March 2017

Particulars	Mr. A.Y. Noorani, Vice-Chairman and Managing Director**	Mr. S. Y. Noorani, Managing Director & President
Term of Appointment	For a period of 3 years from 1 st March, 2014 to 28 th February, 2017	For a period of 3 years from 1 st March 2014 to 28 th February 2017 and re-appointed for a further period of 3 years from 1 st March 2017 to 29 th February 2020
Salary*	-	₹ 6,039,600/-
Commission	-	-
Minimum Remuneration	Nil	In the event of absence or inadequacy of profit under the Act in any financial year, minimum remuneration shall be the same as remuneration, subject to the same not exceeding the limits prescribed under the Act

Service Contract, Notice Period & Severance Fees	The Appointment was contractual and could be terminated by giving Six months' notice or six months' salary in lieu thereof for the period upto 28 th February, 2017.	The Appointment is contractual and can be terminated by giving Six months' notice or six months' salary in lieu thereof.
--	---	--

* Excluding Company's Contribution to Provident Fund

** Mr. A.Y. Noorani has not sought re-appointment as Managing Director after his current term ended on 28th February, 2017 but instead continues only as a Vice- Chairman and Non- Executive Director of the Company.

B. Non-Executive Directors:

The Non-Executive Directors, except Mr. A. Y. Noorani, are only paid sitting fees for attending the meetings of the Board or Committees thereof within the limits prescribed under the Companies Act 2013. Mr. A. Y. Noorani, Vice Chairman and Non Executive Director, has voluntarily agreed to not take any sitting fees for attending any Board or Committee Meetings. Mr. A. Y. Noorani is entitled to payment of Commission of such amount not exceeding 5% (five per cent) of the Net Profits of the Company w.e.f. 1st April, 2017 as approved by the members. The details of the sitting fees paid (inclusive of service tax) to the Non-Executive Directors for the financial year 2016-17 are as under:

Name of Director	Sitting Fees paid (₹)	Shares as on 31 st March, 2017
Mr. M.Y. Noorani	Nil	38,95,473
Mr. A. Y. Noorani**	Nil	9,73,071
Mr. M.L. Apte	9,54,250	10,397
Mr. Y.P. Trivedi	9,31,250	23,875
Mr. S.R. Iyer	9,08,250	3,375
Mr. Bernhard Steinruecke	1,72,500	30,375
Mr. Saumitra Chaudhuri*	1,38,000	Nil
Ms. Elizabeth Jane Hulse	57,500	Nil

*Ceased to be a director w.e.f. 18th December, 2016 due to his death.

** Non- Executive Director w.e.f. 1st March, 2017.

V. Stakeholders' Relationship Committee

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

Mr. M. Y. Noorani (Non-Executive Director) is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary is the Compliance Officer. A total of 5 shareholders' complaints were received during the year and were reported to the Committee. All the complaints were resolved to the satisfaction of the shareholders. There were no pending complaints as on 31st March 2017.

VI. Corporate Social Responsibility (CSR) Committee

The Company has a Corporate Social Responsibility Committee and the members of the said committee as on 31st March 2017 are Mr. M. L. Apte, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. M. L. Apte is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

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

VII. Risk Management Committee

The Risk Management Committee is responsible for risk identification, evaluation and mitigation and to set up process for risk management plan. The members of the Risk Management Committee as on 31st March, 2017 are Mr. S. R. Iyer, who is the Chairman of the Committee and other members are Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

VIII. Forex Committee

The Company has a Forex Committee and the members of the said committee as on 31st March 2017 are Mr. M. Y. Noorani, Mr. A. Y. Noorani, Mr. S. Y. Noorani and Mr. Bernhard Steinruecke. Mr. M. Y. Noorani is the Chairman of the Committee.

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

IX. Investment Committee

The Company has an Investment Committee and the members of the said committee as on 31st March 2017 are Mr. S. R. Iyer, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. M. Y. Noorani is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

X. Subsidiary Companies

The Company has 5 subsidiary companies namely:

1. Zodiac Finsec and Holdings Limited.
2. Zodiac Clothing Company S.A (Switzerland).
3. Zodiac Clothing Company (U.A.E.) LLC (Step Down Subsidiary).
4. Zodiac Clothing Company INC (USA) (Step Down Subsidiary).
5. Zodiac Properties Limited (RAK) (Step Down Subsidiary) till 26th January, 2017

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

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

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

XI. Director seeking appointment/ re-appointment

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

XII. Disclosure

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

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

b) Related Party Transactions

All transactions entered into with the related parties as defined under the Companies Act 2013 and Regulation 23 and Schedule V of LODR during the financial year were in the ordinary course of business and on an Arm's Length basis and do not attract the provisions of section 188 of the Companies Act 2013. There were no materially significant transactions with related parties during the financial year. Related Party Transactions have been disclosed under note no. 38 of the notes forming part of the financial statements in accordance with Accounting Standard 18. A statement in summary form of transactions with related parties in the ordinary course of business and on Arm's Length basis is periodically placed before the Audit Committee for review and approval.

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

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

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

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

d) Whistle Blower Policy/Vigil Mechanism

Pursuant to sections 177 (9) and 177 (10) of the Companies Act 2013 and Regulation 46 of LODR, the Company has a Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the

unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The said policy is disclosed on the website of the company viz: <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

e) Disclosure of Accounting Treatment

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

f) Web link where policy for determining 'material' subsidiaries is disclosed

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

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

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

XIII. Shareholder Information

General Body Meeting

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

Financial Year	Day & Date	Time	Venue
2013-2014	Tuesday August 12, 2014	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai- 400 018
2014-2015	Wednesday August 12, 2015	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai- 400 018
2015-2016	Thursday August 11, 2016	3:00 p. m.	Nehru Centre, Hall of Quest (Basement), Dr. Annie Besant Road, Worli, Mumbai- 400 018

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

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

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

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

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

32nd Annual General Meeting held on 11th August 2016: At this meeting one Special resolution was passed with requisite majority. The resolution related to Approval of remuneration paid / payable to Mr. S. Y. Noorani, Managing Director and President in case of no profits or inadequacy of profits.

No Extra- Ordinary General Meetings were held during the year 2015-16.

(c) Whether any Special Resolutions were passed through Postal Ballot, last year:

Yes, three Special Resolutions were passed through Postal Ballot, the details and the voting pattern of the same are as follows:

Sr. No.	Special Resolutions passed:	No. of votes polled	No. of Votes – in favour	% of Votes in favour on votes polled	No. of Votes – against	% of Votes against on votes polled	Date of Notice	Date of Results
1	Re- appointment of Mr. S. Y. Noorani (DIN: 00068423) as Managing Director and President of the Company and the remuneration payable to him	14817922	14817565	99.998	357	0.002	29 th March, 2017	26 th May, 2017

Sr. No.	Special Resolutions passed:	No. of votes polled	No. of Votes – in favour	% of Votes in favour on votes polled	No. of Votes – against	% of Votes against on votes polled	Date of Notice	Date of Results
2	To approve payment of Commission to Mr. A. Y. Noorani (DIN: 00041686) Non-Executive Director and Vice Chairman of the Company	14817922	14817565	99.998	357	0.002	29 th March, 2017	26 th May, 2017
3	Revision in the Remuneration payable to Mr. Awais Noorani, Vice President- International Sales & Sourcing	3084431	3084074	99.988	357	0.012	29 th March, 2017	26 th May, 2017

(d) Person who conducted Postal Ballot: Mr. B. Narasimhan, Proprietor, B. N. & Associates (Practising Company Secretary)

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

XIV. Means of Communications

- Quarterly Results
Published in the newspapers in terms of Regulation 33 of LODR.
- Newspapers in which results are normally published in:
 - Business Standard (English Newspaper All India Edition).
 - Lokmat (Marathi Newspaper - Mumbai Edition)
- The Company's financial results and official press releases are displayed on the Company's website: www.zodiaconline.com
- Any presentation made to the Investors and analysts are also posted on the Company's Website
- During the year under review, no presentations were made to analysts.

XV. General Shareholder Information-

a) Annual General Meeting:

Day & Date	Time	Venue
Thursday, 10 th August, 2017	3.00 p.m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai – 400 018

b) Financial Calendar 2017-2018 (tentative) Schedule of the Board Meetings

First Quarter Results ended 30 th June, 2017	: Before 14 th September, 2017
Second Quarter and Half yearly Results ended 30 th September, 2017	: Before 14 th December, 2017
Third Quarter ending 31 st December, 2017	: Before 14 th February, 2018
Fourth Quarter ended 31 st March, 2018	: Before end of May, 2018

c) Dates of Book Closure:

Friday, 4th August, 2017 to 10th August, 2017 (both days inclusive)

d) Dividend payment date:

Dividend when sanctioned by shareholders will be paid on or before 30th August, 2017.

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

In terms of Schedule V of LODR, the Company has opened the 'Unclaimed Shares Suspense Account' in respect of the unclaimed physical share certificates. The disclosure of the same in terms of Schedule V of LODR are as follows:

Sr.No.	Particulars	No. of Shareholders	No. of Equity Shares
i	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 1 st April, 2016	52	16086
ii	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Shares Suspense Account during the year	0	0

Sr.No.	Particulars	No. of Shareholders	No. of Equity Shares
iii	Number of shareholders to whom the shares were transferred from the Unclaimed Shares Suspense Account during the year	0	0
iv	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 31 st March, 2017	52	16086

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 2017-2018.

g. Stock Code / Symbol:

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

h. Market Price:

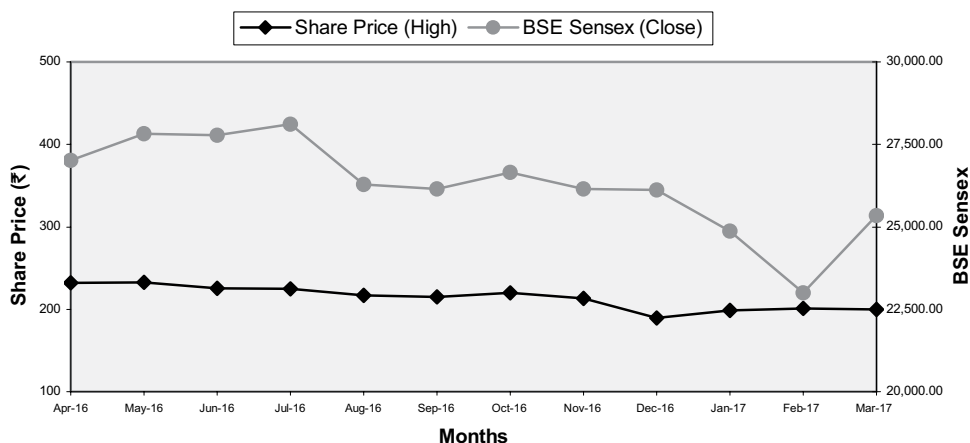
The monthly high & low quotations of the Company's shares traded on BSE Limited and NSE India Limited during the financial year 2016-2017 are as under:

Months	BSE Limited		NSE India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	232.90	209.90	235.50	206.50
May 2016	232.50	210.00	232.00	210.00
June 2016	225.45	195.00	223.90	192.25
July 2016	225.00	200.05	225.00	200.00
August 2016	216.80	201.75	223.00	200.50
September 2016	214.95	182.50	216.00	186.95
October 2016	220.00	181.10	219.10	184.05
November 2016	212.95	178.45	211.80	166.90
December 2016	189.75	175.40	200.00	174.90
January 2017	198.70	175.50	199.95	171.90
February 2017	200.95	180.50	205.00	181.65
March 2017	199.95	174.50	197.95	175.65

Performance in comparison to broad based indices:

ZODIAC vs BSE SENSEX

BSE PRICE LIST



i. Registrar & Share Transfer Agents

Karvy Computershare Private Limited.

Hyderabad Office

Karvy Selenium Tower B,

Plot No.31-32 Gachibowli,

Financial District, Nanakramguda

Hyderabad 500 032

Tel No. 040-67162222

Fax: 040-23001153

Toll Free no.: 1800-345-4001

j. Share Transfer System

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

k. Distribution of shareholding as on March 31, 2017

ZODIAC CLOTHING COMPANY LIMITED					
Distribution of Shareholding as on 31/03/2017 (TOTAL)					
Sr.no	Category (Shares)	No.of Shareholders	Percentage (%)	No.of Shares	% To Equity
1	1 - 5000	3229	87.15	403634	2.07
2	5001 - 10000	173	4.67	137025	0.70
3	10001 - 20000	114	3.08	165285	0.85
4	20001 - 30000	46	1.24	114877	0.59
5	30001 - 40000	33	0.89	116825	0.60
6	40001 - 50000	20	0.54	91355	0.47
7	50001 - 100000	30	0.81	212191	1.09
8	100001 and above	60	1.62	18278782	93.63
	TOTAL:	3705	100.00	19519974	100.00

l. Shareholding Pattern as on March 31, 2017

Sr.no	Particulars	Total Number of Shares	Percentage of Holding
(I)	(II)	(III)	(IV)
(A)	PROMOTER HOLDING		
(1)	INDIAN		
(a)	Individual	4450581	22.80
(b)	Bodies Corporate	-	-
(2)	FOREIGN		
(a)	Individuals (NRIs/Foreign Individuals)	1254396	6.43
(b)	Bodies Corporate	6309764	32.32
	TOTAL (A)	12014741	61.55
(B)	PUBLIC SHAREHOLDING		
(1)	INSTITUTIONS		
(a)	Financial Institutions /Banks	112	0.00
(b)	Foreign Institutional Investors	2062909	10.57

Sr.no	Particulars	Total Number of Shares	Percentage of Holding
(I)	(II)	(III)	(IV)
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	775496	3.98
(b)	Individuals		
	(i) Individuals holding nominal share capital upto ₹ 2 lakh	1157853	5.93
	(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	3208661	16.44
(3)	NBFCs Registered with RBI	500	0.00
(4)	OTHERS		
	CLEARING MEMBERS	1560	0.01
	NON RESIDENT INDIANS	110049	0.56
	TRUSTS	102	0.00
	EMPLOYEES	103903	0.53
	DIRECTORS	72022	0.37
	NRI NON REPATRIATION	12066	0.06
	TOTAL (B)	7505233	38.45
	GRAND TOTAL (A+B) :	19519974	100.00

m. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

n. Liquidity

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

o. 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.

(III) Mumbai: –

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

p. Address for Investor Correspondence:

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

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

For general correspondence write to:

Zodiac Clothing Company Limited

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

cosecy@zodiacmtc.com

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

Note:

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

q. Auditors' Certificate on corporate governance

As required under Schedule V of LODR, the auditors' certificate on Corporate Governance is given as an annexure to the Directors' report.

Place : Mumbai.
Date : 30th May, 2017

M.Y. NOORANI
Chairman

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

We, S.Y. Noorani, Managing Director & President 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 2017 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and belief: -
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (2) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of the internal control system of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of 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:
 - (1) significant changes in internal control over financial reporting during the year,
 - (2) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

S.Y. NOORANI
Managing Director & President
DIN: 00068423

ANEEL SARAFF
Chief Financial Officer (CFO)

Place : Mumbai.
Date : 30th May, 2017.

Annual Declaration by the Managing Director and President

I do hereby declare that pursuant to Schedule V (D) read with Regulation 34(3) of the LODR, all Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2017.

S.Y. NOORANI
Managing Director & President
DIN: 00068423

A. OVERVIEW

Consumer demand for Clothing globally was extremely subdued during the Financial Year 2016-17, with the pattern of the Indian market being no exception, although it was somewhat better than the global markets.

USA, the world's largest importer of clothing, saw inventories rise by 31% between 2013 and 2016. The inventory in 2016 was as high as 37% of total imports of clothing by the USA. The per capita retail space in the US is 6 times that of the UK (reputedly the nation of shopkeepers) which resulted in a glut of retail outlets, far more than what the market warranted. The inflexibility of the brands/retailers to adapt quickly to changing market dynamics, including the onslaught of E-Commerce in their market being aggressive, and their inability to bring cutting edge fashion to the consumer fast and frequently at a good price /value relationship, something that their European counterparts have consistently executed flawlessly (Zara and other brands from Inditex, among others like H&M, Uniqlo/Primark) has also led to the market situation being extremely unhealthy and subdued.

In Europe, where the economy is showing sustained, though feeble, signs of recovery, the consumer's spending habit has changed, spending on recreational activities and healthcare has increased at the cost of spending on clothing.

UK's clothing retailers have termed 2016 as the toughest year they have faced, with consumer demand feeble, and the Brexit vote having cast a shadow on the overall economy. Besides this having caused sharp depreciation of their currency (the GBP) which has resulted in their import costs rising substantially, which increases have not been possible to pass on adequately to the consumer. Because of weak demand, lower disposable income in the hands of the consumer and shifting preference for discretionary spending towards recreational activities and healthcare, as in Europe, have resulted in this market being most difficult.

All large economies faced problems, reflecting slackness of consumer demand, including for clothing. The INR has strengthened considerably in the recent past, caused largely by huge inflows into the capital and debt markets, as also FDI. Inflation in India, has thankfully been on a tight leash, aided also by low oil prices despite the production cuts by the oil cartel.

It is a matter of concern that the export of cotton clothing (India's biggest strength) has declined in 2016-17 by 6% (the third straight year of decline) with the share of cotton clothing in total export of clothing having come down from 55% in 2014 to 49% in 2016-17. In fact other fibre clothing i.e. silk as well as wool have also declined in each of the same 3 years. The ground yielded

has been gained by Man Made Fibre (MMF) and 'Other textile materials' clothing, both of which have increased handsomely.

India's export of clothing ended the year marginally higher at 2.9%, after a negative start. This small growth came about because of the fillip provided by the "Special Apparel Package" showing its impact in the closing months of the year, due to delays in execution and disbursement.

India's most ambitious indirect-tax reform, GST, will roll out on July 1-the timing is a bit of a challenge, but is a speed breaker and therefore better than at a later date, where transitional issues could impact the festive season commencing September. GST will replace nearly a dozen central and state levies into a single national direct tax, not only simplifying the current tax system, but also hopefully make the movement of goods cheaper and seamless across the nation. Since it follows the globally accepted 'Value Added Tax' concept of a destination based consumption tax presently adopted by over 150 countries, it is expected that GST will improve the ease of doing business in India by providing a robust, transparent tax system, which should also reduce the negative cascading effect of taxes which presently plague the economy. Reluctance of retailers to buy fresh stocks pre GST, wanting brands to protect their absolute rupee margins instead of the percentage margins, has been a dampener. Educating thousands of retailers is a mammoth task, and there is genuine concern and confusion among their ranks. There will be a period retailers would be out of /low on stocks on their shelves. The impact, if any, on inflation rising will evolve post rollout. The likely impact on the company is being evaluated, as clarity is awaited on a few issues, especially related to our International business.

The company's UAE subsidiary (Zodiac Clothing Company UAE LLC) has temporarily discontinued production from early April 2016, due to margins falling consistently because of strengthening of the AED (local currency in the UAE, which is pegged to the USD), whereby the export to the non USD area became unviable. The decision was further vindicated within a few months, when the GBP further depreciated approximately 20% v/s the USD due to the Brexit vote. The markets have also contracted meanwhile. The subsidiary continues its trading business of clothing in the UAE/GCC markets, produced at the production facilities in India.

The step down subsidiary (Zodiac Clothing Company INC) in the US, which was set up for delivering goods on a landed duty paid basis to customers in North America has outlived its utility as customers have started importing goods directly from us, hence the same is slated to be dissolved in the near future.

B. INDUSTRY STRUCTURE AND DEVELOPMENT

The demand situation in India, though somewhat better than that in International markets, was sluggish to start with (Index of Industrial Production for clothing was minus 4% during April/December 2016 before ending the year at minus 1.4% due to the sharpened competitiveness emanating from the Special Apparel Package). The distinct downtrend in GDP growth in each quarter that set in early in the year, and intensified with the note ban/demonetisation, whose lingering effect was most sharply visible in Q4 2016-17, made it a very difficult year. The festive season was tepid overall, though parts of the country did show better demand. Post Diwali, there was a distinct upturn which was very soon overturned by demonetisation. The independent retailer channel with continuing decline in foot falls, was the worst effected, both before and after demonetisation, despite the further pampering of the channel by brands in terms of Sale or Return/aggressive discounting/schemes to consumers which also became more aggressive/payable when able/funding of fit outs, which percolated to even tiny independent retailers. Business and Macro realities do not reflect the euphoria of the equity market, despite which the “spring in the step” is missing on the street. Corporate profits (barring a few sectors) are anemic, credit offtake remained close to an all time low, and the cloud of NPA’s seems immune to all the efforts of the RBI thus far. Forex volatility is something that Industry has to be geared to face, using the tool of hedging most judiciously and conservatively for both import and export. Further there was, disruption of the market by E-commerce players offering discounts, though presently clothing is not so aggressively discounted.

All these factors have adversely impacted the operating results of the company.

The Government, in recognition of the potential opportunity the clothing industry holds, announced a “Special Apparel Package” in June 2016 (which includes refund of State level duties on Export, refund of duties borne on exports from fabric imported duty free, fixed term employment, and extension and rationalization of the TUFS scheme), some small impact of which was visible at the fag end of the year with Clothing export rising by 2.9% for the full year over the previous year, after a negative start. Full impact of the Package will be discernible in 2017-18, provided there is no negative impact of GST, and of the relevant clauses of the WTO requiring India to reduce support to the industry, which kick in, in 2018.

The disbursements in Technology Upgradation Fund Scheme (TUFS)/ Refund of State Levies (ROSL) which are effective from July 2016 and September 2016 respectively have not commenced for the major part, involving large amounts of the industry’s funds being blocked, despite the Central Government having made funds available long ago.

Discounting by E-commerce in the clothing segment has diminished, somewhat benefiting the brick and mortar retail sector. Also an increasing number of states have started adopting 24x7 / 365 days working. The share of organized retailing in the total retailing sector, is expected to continue to increase dramatically until it reaches international levels.

There are credible thinkers that believe we are on the cusp of a sustainable growth phase. Experts have begun to reflect on the improving global environment (though meek, sporadic and propped up by quantitative easing in EU and Japan), the monsoon is forecast to be good in India, and consumer demand (two wheelers for instance) seems to be picking up, which could kick start a pick up in investment. When the benefits of all this percolates to our Industry is the big question!

We have continued pursuing our own retail with vigor despite the gestation period getting significantly extended due to market conditions described. The Company is geared to produce higher volumes, and to benefit from the large investments made by the Company in retail/state of the art production equipment, once sustained growth commences.

C. OPPORTUNITIES AND THREATS

If indeed an FTA between India and the EU does come about, hopefully on a fast track, pursuant to the encouraging discussions between our Prime Minister and the German Chancellor, India would gain the most in clothing/textiles and in business services, which would outweigh the loss in the machinery and automotive sectors. India should take a leap of faith with a region with which it shares economic and political values, more so in a world faced with perceived US protectionism and a China obsessed with hegemonic ambitions.

The global economy is looking up, but meekly, despite Quantitative Easing (QE) continuing, (except in the US). The Trans Pacific Partnership (TPP) threat which was looming ominously has virtually disappeared with the USA pulling out from TPP. There is also an opportunity of a possible bilateral trade treaty with Britain post Brexit.

Generalized System of Preferences (GSP)/other preferential tariffs, enjoyed by several of our competing countries have tough rules of origin for raw materials. This is where India can gain substantial ground after FTA with the EU because the country continues to be the only country other than China to have the full textile chain i.e. from fibre to clothing. A few of the benefits of the Special Apparel Package and TUFS may eventually also accrue indirectly to the branded business as well. India should adopt the Rules of origin for raw materials in case of imports of clothing into India from countries with zero/low tariff benefits. The common rule followed by developed countries is “fabric forward” i.e. to get duty free/low tariff import of clothing into India, the fabric should be produced in the country from where the clothing is exported to India on a preferential basis (such as SAARC countries, including Bangladesh).

The threats looming are increasing references to Black swan events like Qatar and North Korea, China diversifying its supply base and outsourcing from satellites like Bangladesh, Myanmar and Cambodia; the Brexit's final deal terms could have significant impact on the Global Markets, the Investment cycle in India, given the current market scenario is not picking up the rapid pace required. In this decade of volatility, Forex volatility witnessed in the last few years still poses a threat. The subsidization of all competing countries by their respective governments continues unabated, the terms of trade to the independent retailers in the Indian market must revert to normal at the earliest, the Demographic Dividend being not efficiently harvested, harnessed, gainfully employed and adequately remunerated, and also the US Federal Reserve's pace of monetary tightening could impact markets.

D. SEGMENT WISE / PRODUCT WISE PERFORMANCE

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

The Geographical Segment is identified and given below:

Year Ended 31st March, 2017

Unit: ₹ in Lakhs

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	14,782.22	12,267.51	27,049.73
Carrying Cost of Segment Asset	26,670.00	1,698.40	28,368.40
Capital Expenditure	1,136.66	-	1,136.66

E. OUTLOOK

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

However, with the Industry's preparedness increasing, and awareness and recognition of its potential by the present Government, the evolving opportunities can be better harvested, provided execution/disbursement is streamlined on Special Apparel Package items.

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

F. RISKS & CONCERNS

Volatility in Forex continues to be a major risk factor, both for export as well as for import. There has been sharp volatility in Forex rates. In April 2016 the Rupee/

USD was ₹ 66.24, fell to a low of ₹ 68.72 during the year and closed in March 2017 at ₹ 64. 84.

Bangladesh enjoys zero tariff on import of their clothing into the EU under the GSP- EBA (Everything but Arms) and circa plus minus 15% import duty into the USA. Under the MFN category, they are seeking zero tariff under LCD- DFQF and duty free imports to the US on cotton products made from raw cotton imported by them from the US and Brazil. The TPP threat receding is also highly beneficial to them. Their export of clothing in 2015 was nearly USD 30 Billion and is targeted to cross USD 50 Billion in 2021. Sri Lanka has regained GSP plus preferential tariff recently. Myanmar has MFN status, with low tariffs for export of clothing to WTO members including the US. Vietnam has concluded an FTA with EU, but with strict rules of origin for raw materials. They are trying to build the OPT (Outward Processing Traffic of EU Raw material at zero duty) business with the EU. Cambodia has also similar favourable terms.

Anti dumping duty on import of Linen from China (since India does not produce the raw material i.e. Flax), will result in price inflation to the end consumer, since anti dumping duty has not been eliminated by GST. The process of outdated advance Licensing and Export Obligation Discharge Certificate (EODC) are onerous and expensive. Also, the Industrial growth in India varies from being marginal to occasionally negative. Employment in the country that can be our strength, is yet to rise appreciably.

The impact of GST on the branded and international businesses have to play out. We would face certain hiccups in implementation of GST and there would be a gestation period. The Information Technology (I.T.) Sector woes are also casting a pall on consumer demand.

The Applicability of the Legal Metrology Act (erstwhile Standard Weights and Measures Act) to the Clothing Industry has been diluted, however our industry is not totally outside the purview of the Act yet. Further amendments to the Act are necessary to make it more practical to abide by as well as implement. There must be an efficient system for seamless drawback/ refund of state levies disbursements, for the country to capture gains from the intended benefits for which the Special Apparel Package was formulated.

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)

	2016 - 17	2015 - 16
Total Operational Revenue	27,050	30,267
Profit Before Tax	(214)	(510)
Provision for Taxation:		
Current Tax	132	-
MAT Credit entitlement	-	-
Deferred Tax	(331)	(149)
Short Provision for Tax pertaining to Previous Year	121	-
Profit after Taxation	(135)	(361)
Excess Provision for Tax on Dividend for the Previous Year Written Back	40	99
Profit Available for Appropriation	10,272	10,603
Appropriation		
Transfer to General Reserve	-	-
Proposed Final Dividend and Interim Dividend	-	(195)
Tax on Proposed Final Dividend	-	(40)
Balance Retained in Statement of Profit & Loss A/c	10,272	10,368

Operational Revenue & Profits:

The operational revenue was hit, largely due to the decline in design-driven international business, a decline in the trading exports of the company, and on the Branded business by consumer demand in India and consequently lower turnover.

Other reasons impacting the operating profits were, high store rentals, gestation on new stores added during the year, as well as extended gestation on recently opened stores, higher depreciation.

The story could have been different, if the consumer demand in India and globally would have reverted to a healthy pattern.

During the year:

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

Dividends – Your Directors have recommended a dividend of Re. 1/- (previous year Re.1) per Equity Share of ₹ 10/- each on 1,95,19,974 Equity Shares. The dividend amount (when approved by the shareholders) including dividend distribution tax would be ₹ 235 lakhs (previous year ₹ 235 lakhs).

During the year 6 new Stores were opened (20 unviable stores closed – a net decrease of 14 stores) with 125 stores at the end of the year vs. 139 at the start.

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A1+ to A1 for its short-term fund-based/non-fund based facilities at ₹ 8,000 lakhs vide their letter dated 21st March, 2017. ICRA has also revised the Company's rating from A1+ to A1 for Commercial Paper of ₹ 2,000 lakhs vide their letter dated 29th March, 2017.

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 recognises the need of continuous growth and development of its employees to meet the challenges posed by a rapidly growing consumer facing organization, besides fulfilling their own career path objectives. Consequently the role of Human Resources continues to remain vital and strategic to the company. Employee recruitment, training, and development are a key focus area, with policies, processes and extensive use of technology to attract, retain, and build on skills of high calibre employees. In keeping with its philosophy of a healthy and safe work environment, regular independent third party audits, certification, and training programs are carried out. Industrial relations have continued to be harmonious throughout the year.

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

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

J. CAUTIONARY STATEMENT

Statements in the report on Management Discussion and Analysis describing the company's objectives, expectations or predictions may be forward looking statements within

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

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

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

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated August 16, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Zodiac Clothing Company Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the 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.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on

Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

R. Laxminarayan
Partner
Place : Mumbai
Date : May 30, 2017 (Membership No: 33023)



Pure Silk Pochettes



Pure Silk Vicenza Ties



Pure Silk Vicenza Ties

ZOD!
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ZODIAC



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Zodiac Clothing Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period

from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of accounts maintained by the Company.

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

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

R. Laxminarayan
(Partner)
Place : MUMBAI,
Dated : May 30, 2017 (Membership No. 33023)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the standalone financial statements of Zodiac Clothing Company Limited for the year ended March 31, 2017)

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

We have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : MUMBAI,
Dated : May 30, 2017

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

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone financial statements of Zodiac Clothing Company Limited ("the Company") for the year ended March 31, 2017)

(i) In respect of its fixed assets:

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

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

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

- (b) The schedule of repayment of principal has not been stipulated and in the absence of such a stipulation, we are unable to comment on the regularity of the repayments of principal amounts. The receipts of interest have been regular as per stipulation.
- (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues in arrears, as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) As at March 31, 2017, the following are the particulars of dues on account of income tax and sales tax that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount Involved (in ₹)	Period to which the Amount Relates
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	782,443	A.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	190,369	F.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes, Ernakulam	214,569	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	689,936	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant commissioner of Commercial Taxes, Kolkata	95,105	F.Y. 2003-04
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	604,159	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	709,091	F.Y. 2003-04
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	1,138,300	F.Y. 2002-03

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

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

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

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

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

R. Laxminarayan
(Partner)
Place : MUMBAI
Dated : May 30, 2017 (Membership No. 33023)

ZODIAC CLOTHING COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	195,199,740	195,199,740
(b) Reserves and surplus	3	1,571,956,244	1,572,756,901
		1,767,155,984	1,767,956,641
2. Non-current liabilities			
(a) Long-term borrowings	4	89,272,337	72,495,577
(b) Deferred tax liabilities (net)	37	-	33,137,483
(c) Long-term provisions	5	12,774,552	11,844,221
		102,046,889	117,477,281
3. Current liabilities			
(a) Short-term borrowings	6	481,033,988	574,211,748
(b) Trade payables	7		
(i) Total outstanding dues to micro enterprises and small enterprises		3,238,456	3,332,351
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		283,607,563	309,747,623
		286,846,019	313,079,974
(c) Other current liabilities	8	197,444,963	178,684,686
(d) Short-term provisions	9	2,312,310	25,683,303
		967,637,280	1,091,659,711
TOTAL		2,836,840,153	2,977,093,633
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	10A	1,080,840,045	1,056,425,205
(ii) Intangible assets	10B	22,705,890	19,711,326
(iii) Capital work-in-progress	10C	22,943,540	50,614,735
(iv) Intangible assets under development	10D	3,002,003	3,772,378
		1,129,491,478	1,130,523,644
(b) Non-current investments	11	188,266,111	182,039,974
(c) Long-term loans and advances	12	317,315,892	326,379,945
		1,635,073,481	1,638,943,563
2. Current assets			
(a) Current investments	13	44,406,700	26,661,578
(b) Inventories	14	706,495,998	772,687,435
(c) Trade receivables	15	219,212,710	242,329,357
(d) Cash and cash equivalents	16	30,240,017	23,558,687
(e) Short-term loans and advances	17	196,811,013	266,428,616
(f) Other current assets	18	4,600,234	6,484,397
		1,201,766,672	1,338,150,070
TOTAL		2,836,840,153	2,977,093,633

See accompanying notes forming part of the financial statements 1-49

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

ZODIAC CLOTHING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
1. Revenue from operations (gross)	19	2,724,377,946	3,027,610,827
Less: Excise duty		19,404,794	879,696
Revenue from operations (net)		2,704,973,152	3,026,731,131
2. Other income	20	128,324,767	105,637,864
TOTAL REVENUE (1+2)		2,833,297,919	3,132,368,995
3. Expenses			
(a) Cost of materials consumed	21A	1,047,273,262	1,153,027,396
(b) Purchases of stock-in-trade	21B	35,637,194	133,994,962
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21C	(2,138,204)	(17,691,926)
(d) Employee benefits expense	22	593,023,066	574,242,380
(e) Finance costs	23	39,013,751	25,723,146
(f) Depreciation and amortisation expenses	10	103,479,142	94,581,061
(g) Expenditure on Corporate Social Responsibility	46	720,000	2,500,000
(h) Other expenses	24	1,185,555,999	1,217,013,770
TOTAL EXPENSES		3,002,564,210	3,183,390,789
4. Loss before exceptional items and tax		(169,266,291)	(51,021,794)
5. Exceptional items	25	147,906,469	-
6. Loss before tax		(21,359,822)	(51,021,794)
7. Tax expense:			
(a) Current tax expense		13,200,000	-
(b) Deferred tax credit	37	(33,137,483)	(14,891,628)
(c) Short provision for tax pertaining to previous year		12,121,185	-
		(7,816,298)	(14,891,628)
8. Loss for the year from continuing operations		(13,543,524)	(36,130,166)
9. Earnings per share (of Rs. 10/- each):			
(a) Basic	41	(0.69)	(1.85)
(b) Diluted	41	(0.69)	(1.85)
See accompanying notes forming part of the financial statements 1-49			

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

ZODIAC CLOTHING COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	For the year ended 31 st March 2017 ₹	For the year ended 31 st March 2016 ₹
A. Cash flows from operating activities		
Loss before Taxation and Extraordinary items	(21,359,822)	(51,021,794)
Adjustments for:		
Depreciation and amortization	103,479,142	94,581,061
Provision for Doubtful Debts and Advances	2,500,000	1,195,167
Liabilities / provision no longer required written back	(8,291,687)	(8,497,963)
Assets Discarded Written off	12,933,484	8,605,368
Exchange Loss on revaluation	2,875,405	1,773,679
Loss on Sale of Fixed Asset	1,425	458,408
Profit on Sale of Current Investments	(2,045,276)	(4,082,129)
Profit on Sale of Non-Current Investments	(147,906,469)	-
Dividend Income from Investments	(82,257,323)	(73,221,630)
Finance Costs	39,013,751	25,723,146
Interest Income	(12,032,171)	(17,240,619)
	(91,729,719)	29,294,488
Operating Profit before working capital changes	(113,089,541)	(21,727,306)
Adjustments for:		
Trade and other receivables	3,924,864	39,600,530
Inventories	66,191,437	(3,259,006)
Trade and other Payables	(20,735,559)	27,287,730
	49,380,742	63,629,254
Cash from operations	(63,708,799)	41,901,948
Direct taxes paid (Net)	(13,263,564)	(5,391,563)
Net cash (used in) / generated from operating activities (A)	(76,972,363)	36,510,385
B. Cash Flows from investing activities		
Purchases of Current Investments	(264,251,000)	(241,350,000)
Sale of Current Investments	248,551,153	284,048,065
Purchases of Non Current Investments	(37,000,000)	(36,500,000)
Sale of Non Current Investments	178,680,332	13,000,000
Dividend Received	82,257,323	73,221,630
Advances and Loans to Subsidiaries(Net)	86,376,601	15,137,704
Interest Income	12,034,805	17,241,133
Purchase of fixed assets	(111,585,638)	(237,059,396)
Proceeds from sale of fixed assets	173,501	2,889,805
Net cash generated from / (used in) investing activities (B)	195,237,077	(109,371,058)
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,544,634,916	1,624,404,226
Repayment of short term borrowings	(1,627,118,617)	(1,542,802,503)
Proceeds of long term borrowings	125,300,000	56,500,000
Repayment of long term borrowings	(95,766,573)	-
Issue of Shares at premium on exercising of Esops	-	2,024,100
Finance Costs	(38,828,714)	(25,075,764)
Dividends paid (including Dividend Distribution Tax)	(19,519,974)	(48,778,595)
Net cash (used in) / generated from financing activities (C)	(111,298,962)	66,271,464
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	6,965,752	(6,589,209)
Cash and cash equivalents as at the commencement of the year	21,486,055	28,075,264
Cash and cash equivalents as at the end of the year	28,451,807	21,486,055
Restricted Cash (Unclaimed Dividend Accounts)	1,788,210	2,072,632
Cash and cash equivalents as at the end of the year as per Note 16	30,240,017	23,558,688

Notes:

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

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

1) SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF ACCOUNTING

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

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

b) REVENUE RECOGNITION

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

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

c) EXPORT BENEFITS

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

d) FIXED ASSETS

i) Property, plant and equipment:

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

ii) Intangible Assets:

Intangible assets are stated at cost less amortization.

e) DEPRECIATION / AMORTISATION

i) On Property, plant and equipment :

Depreciation has been calculated on straight-line basis in accordance with the provisions of Schedule II to the Companies Act, 2013. The estimated useful lives have been assessed based on a technical evaluation, taking into account the nature of the Company's business and past experience of usage of assets. The useful lives that are different from those prescribed under Schedule II are mentioned below:

Description	Useful Life
Plant and Equipments	21 years
Furniture and Fixtures	16 years
Office Equipments	21 years
Computer	6 years
Electrical Installation	21 years
Assets costing ₹ 5000/- or less individually are fully depreciated over a period of one year.	

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

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

ii) On Intangible Assets:

a) Goodwill

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

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

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

f) IMPAIRMENT OF ASSETS

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

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

g) INVESTMENTS

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

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

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

h) TRANSACTIONS IN FOREIGN CURRENCY

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

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

i) HEDGE ACCOUNTING

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

Pre-shipment Export Credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the "Guidance Note on Accounting for Derivative Contracts".

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 (now known as SEBI (Share Based Employee Benefits) Regulations, 2014). The Schemes provides for grant of options to employees of the company to acquire equity shares of the company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight- line basis over the vesting period.

m) TAXES ON INCOME

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

Current tax is measured at the amount expected to be paid to the revenue authorities, using applicable tax rates and laws and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

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

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

n) BORROWING COST

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

o) LEASES

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

p) PROVISIONS AND CONTINGENCIES

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

q) EARNINGS PER SHARE

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	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	19,519,974	195,199,740	19,519,974	195,199,740
TOTAL	19,519,974	195,199,740	19,519,974	195,199,740

Notes :

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

Particulars	Year ended 31 st March, 2017		Year ended 31 st March, 2016	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Opening Balance	19,519,974	195,199,740	19,511,199	195,111,990
Issue of shares under ESOP	-	-	8,775	87,750
Closing Balance	19,519,974	195,199,740	19,519,974	195,199,740

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

Name of shareholder	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
Mohammed Yusuf Noorani **	3,895,473	19.96	3,895,473	19.96
Asia Tangible Investments Pte. Ltd.	3,154,882	16.16	3,154,882	16.16
Euro Global Holdings Pte. Ltd.	3,154,882	16.16	3,154,882	16.16
Akash Bhanshali	1,361,700	6.98	1,361,700	6.98
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd.	1,295,887	6.64	1,168,087	5.98

** Out of 3,895,473 shares held by Mr. Mohammed Yusuf Noorani, (Previous Year: 3,895,473) 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) During the Financial Year ended 31st March, 2017, no shares (including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options(including bonus entitlement thereon) have lapsed. (Refer Note 42)
- (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, 2017	As at 31 st March, 2016
Fully paid up by way of bonus shares	10,614,770	10,614,770

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening balance	269,647,145	267,710,795
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	-	1,936,350
Closing balance	269,647,145	269,647,145
(b) General Reserve		
As per last Balance Sheet	257,575,602	257,575,602
(c) Hedging Reserve		
Unrecognised Gains / (Losses) on cash flow hedges (net)		
Opening balance	6,319,287	2,156,279
Less : Amount reversed on settlement of hedged contracts	(6,319,287)	(2,156,279)
	-	-
Add : Gain on mark to market of hedging instruments designated and effective as hedges of future cash flows	15,088,347	6,319,287
Closing balance	15,088,347	6,319,287
(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	1,036,814,084	1,086,508,575
(Less): Loss for the year	(13,543,524)	(36,130,166)
	1,023,270,560	1,050,378,409
Add: Provision for tax on dividend in terms of Section 115O read with Section 115BBD of the Income Tax Act, 1961 for the previous year written back	3,973,807	9,930,053
Less: Dividend for Financial Year 2014-15 being rounding off differences	-	(597)
	1,027,244,367	1,060,307,865
Less: Final Dividend proposed to be distributed to equity shareholders (₹ Nil per Share) (Previous Year ₹ 1/- per Share) (Refer Note 47)	-	(19,519,974)
Tax on dividend	-	(3,973,807)
Closing balance	1,027,244,367	1,036,814,084
TOTAL	1,571,956,244	1,572,756,901

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 4 : LONG-TERM BORROWINGS		
Secured Term Loan From Bank	50,772,337	72,495,577
Unsecured loans from related parties (Refer Note 38)	38,500,000	-
TOTAL	89,272,337	72,495,577

(i) Details of terms of repayment and security provided for the secured term loan from bank:

Term of repayment and security:

Citi Bank

Secured by way of hypothecation of machinery purchased out of the proceeds of the loan. The loan carries an interest rate ranging from 10.25% to 10.75% p.a. The loan is repayable in 15 equal quarterly installments starting from the 18th month after the first drawdown dates as under:

Particulars	As at 31 st March, 2017			As at 31 st March, 2016		
	Long Term	Current Maturities of long term borrowings	Total	Long Term	Current Maturities of long term borrowings	Total
November, 2014	6,860,000	3,920,000	10,780,000	10,780,000	3,920,000	14,700,000
December, 2014	2,759,627	1,379,813	4,139,440	4,139,440	1,034,860	5,174,300
March, 2015	3,052,710	1,356,760	4,409,470	4,409,470	678,380	5,087,850
May, 2015	15,000,000	6,666,667	21,666,667	21,666,667	3,333,333	25,000,000
September, 2015	7,333,333	2,666,667	10,000,000	10,000,000	-	10,000,000
November, 2015	3,666,667	1,333,333	5,000,000	5,000,000	-	5,000,000
December, 2015	3,300,000	1,200,000	4,500,000	4,500,000	-	4,500,000
December, 2015	8,800,000	3,200,000	12,000,000	12,000,000	-	12,000,000
Total	50,772,337	21,723,240	72,495,577	72,495,577	8,966,573	81,462,150

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

(iii) Details of terms of repayment for unsecured loans from related parties:

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Mr. M .Y. Noorani	10,500,000	-
Mr. A .Y. Noorani	18,000,000	-
Mr. S .Y. Noorani	10,000,000	-
TOTAL	38,500,000	-

The loan carries an interest rate of 8% p.a. The loan is repayable after a minimum period of 18 months from the date of receipt of the amount.

NOTE 5 : LONG TERM PROVISIONS

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Provision for employee benefits:		
- Provision for compensated absences	12,774,552	11,844,221
TOTAL	12,774,552	11,844,221

NOTE 6 : SHORT-TERM BORROWINGS

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Working Capital Loans:		
From banks		
Secured	481,033,988	574,211,748
TOTAL	481,033,988	574,211,748
Details and nature of security for the secured short-term borrowings:		
Citi Bank / First Rand Bank / HSBC / HDFC		
Nature of security:	481,033,988	574,211,748
Secured loans comprises of short-term loans, packing credit and buyers credit and are 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.		
TOTAL	481,033,988	574,211,748

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 7 : TRADE PAYABLES		
Trade payables:		
Total outstanding dues to micro enterprises and small enterprises (Refer Note 28)	3,238,456	3,332,351
Total outstanding dues of creditors other than micro enterprises and small enterprises	283,607,563	309,747,623
TOTAL	286,846,019	313,079,974

NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term borrowings (Refer Note (i) below)	21,723,240	8,966,573
(b) Interest accrued but not due on borrowings	571,608	1,186,830
(c) Interest accrued and due on borrowings	972,389	172,129
(d) Unpaid dividends (Refer Note (ii) below)	1,788,210	2,072,632
(e) Salaries and Wages Payable	39,602,542	31,555,034
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	22,165,917	22,827,904
(ii) Payables on purchase of fixed assets	33,123,467	31,043,449
(iii) Trade / security deposits received	186,782	314,282
(iv) Advances from customers	13,848,875	15,631,721
(v) Book overdraft from bank	-	5,707,136
(vi) Provision for bonus	47,602,783	47,625,250
(vii) Others	15,859,150	11,581,746
TOTAL	197,444,963	178,684,686

Notes:

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

NOTE 9 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,312,310	2,189,522
	2,312,310	2,189,522
(b) Provision - Others:		
(i) Provision for proposed equity dividend (Refer Note 47)	-	19,519,974
(ii) Provision for tax on proposed dividend (Refer Note 47)	-	3,973,807
	-	23,493,781
TOTAL	2,312,310	25,683,303

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE 10 : FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1 st April, 2016	Additions	Deductions / Adjustments	As at 31 st March, 2017	For the year 31 st March, 2017	Deductions / Adjustments	As at 31 st March, 2017	As at 31 st March, 2016
A. PROPERTY, PLANT AND EQUIPMENT								
TANGIBLE ASSETS								
Free Hold Land	42,090,419 (42,090,419)	- (-)	- (-)	42,090,419 (42,090,419)	- (-)	- (-)	42,090,419	42,090,419
Lease Hold Land	475,940 (475,940)	- (-)	- (-)	475,940 (475,940)	19,748 (19,748)	- (-)	234,303	254,051
Building	126,809,111 (124,216,076)	3,186,490 (2,593,035)	121,740 (-)	129,873,861 (126,809,111)	3,519,753 (3,422,150)	56,149 (-)	88,995,387	89,394,241
Plant and Equipments	490,320,426 (401,004,417)	66,926,031 (101,452,808)	- (12,136,799)	557,246,457 (490,320,426)	21,167,592 (17,142,496)	- (9,790,635)	360,379,474	314,621,035
Furniture and Fixtures	387,907,425 (352,420,025)	18,796,200 (36,595,540)	602,321 (1,108,140)	406,101,304 (387,907,425)	22,184,985 (20,914,693)	269,878 (630,954)	243,488,885	247,210,113
Vehicles	30,775,661 (34,311,153)	- (-)	1,889,137 (3,535,492)	28,886,524 (30,775,661)	2,097,891 (3,997,913)	1,449,234 (2,566,260)	3,444,135	5,981,929
Office Equipments	79,561,381 (76,556,683)	2,564,278 (3,012,858)	4,574 (8,160)	82,121,085 (79,561,381)	3,787,364 (3,197,656)	4,574 (3,783)	55,677,173	56,900,259
Lease hold Improvement	370,192,515 (319,372,180)	33,153,237 (61,305,761)	31,403,983 (10,485,426)	371,941,769 (370,192,515)	33,290,748 (30,097,747)	20,334,673 (3,286,140)	206,058,020	217,264,841
Computer	74,494,310 (70,764,935)	2,424,428 (3,760,245)	- (30,870)	76,918,738 (74,494,310)	6,282,760 (6,117,078)	- (25,880)	14,021,917	17,880,249
Electrical Installation	97,323,556 (90,418,556)	7,148,574 (8,155,580)	1,618,663 (1,250,580)	102,853,467 (97,323,556)	4,325,147 (4,333,349)	417,500 (298,234)	66,450,332	64,828,068
SUB TOTAL- (A)	1,699,950,744	134,199,238	35,640,418	1,798,509,564	96,675,988	22,532,008	1,080,840,045	1,056,425,205
Previous Year	(1,511,630,384)	(216,875,827)	(28,555,467)	(1,699,950,744)	(89,242,830)	(16,601,886)	(717,669,519)	(643,525,539)
B. INTANGIBLE ASSETS (Acquired)								
Goodwill	15,699,501 (15,699,501)	- (-)	- (-)	15,699,501 (15,699,501)	- (-)	- (-)	-	-
Software	45,694,925 (33,929,647)	9,797,718 (11,765,278)	- (-)	55,492,643 (45,694,925)	6,803,154 (5,338,231)	- (-)	22,705,890	19,711,326
SUB TOTAL- (B)	61,394,426	9,797,718	-	71,192,144	6,803,154	-	22,705,890	19,711,326
Previous Year	(49,629,148)	(11,765,278)	(-)	(61,394,426)	(5,338,231)	(-)	(48,486,254)	(41,683,100)
C. CAPITAL WORK IN PROGRESS								
D. INTANGIBLE ASSETS UNDER DEVELOPMENT								
TOTAL (A+B+C+D)	1,761,345,170	143,996,956	35,640,418	1,869,701,708	103,479,142	22,532,008	1,129,491,478	1,130,523,644
Previous Year	(1,561,259,532)	(228,641,105)	(28,555,467)	(1,761,345,170)	(94,581,061)	(16,601,886)	(685,208,639)	(607,229,464)
							22,943,540	50,614,735
							3,002,003	3,772,378

Notes:

- Plant & Equipments costing ₹ 92,189,014/- (Previous Year ₹ 92,189,014/-) are hypothecated against Term Loan sanctioned.
- Building includes flats of the Gross Book Value of ₹ 6,967,650/- (Previous year ₹ 6,967,650/-) given on operating lease.
- Figures in brackets are in respect of the corresponding previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
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)		
1,244,452 (Previous Year: 1,713,750) Equity Shares of ₹ 5/-each of Shoppers Stop Ltd.	63,041,887	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	42,305	42,305
343 Equity Shares of ₹ 10/- each of Aditya Birla Fashion and Retail Ltd.	42,304	42,304
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide industries Ltd.	210	210
In Preference shares of a subsidiary (unquoted)		
Nil (Previous Year: 70,000) 8% Cumulative Redeemable Preference Shares of ₹ 100/- each of Zodiac Finsec and Holdings Limited	-	7,000,000
In Preference shares (Quoted)		
1,250,000, 21.06% Cumulative Non Convertible Compulsorily Redeemable Preference Shares of ₹ 10/- each in I L & F S Transportation Networks Ltd.	25,000,000	25,000,000
Investment in Venture Capital Fund (unquoted)		
37,500 (Previous Year : 22,500) Units of ₹ 1000/- each of Faering Capital India Evolving Fund II (Refer Note (i) Below)	37,500,000	22,500,000
360,000 (Previous Year : 140,000) Units of ₹ 100/- each of Paragon Partners Growth Fund – I (Refer Note (ii) Below)	36,000,000	14,000,000
TOTAL - OTHER INVESTMENTS (B)	181,675,111	175,448,974
TOTAL (A+B)	188,266,111	182,039,974
Aggregate Value of Quoted Investments	88,175,111	111,948,974
Aggregate market value of Listed and Quoted investments	454,761,858	622,718,637
Aggregate Value of Unquoted Investments	100,091,000	70,091,000

Notes:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Capital advances	4,289,105	6,178,836
(b) Security deposits (Refer Note Below)	201,758,196	201,057,043
(c) Balances with government authorities		
(i) Sales tax Deposits	18,676,128	16,333,426
(ii) Sales tax Refund Receivable	153,962	153,962
(iii) Custom duty receivable	2,119,519	2,119,519
(iv) Service Tax credit receivable	1,671,001	1,298,501
(d) Prepaid expenses	1,891,680	424,736
(e) Advance income tax (Net of Provisions)	86,756,301	98,813,922
TOTAL	317,315,892	326,379,945
Note: Security Deposits (for premises taken on lease) includes amount paid to:		
(i) Directors		
Mr M.Y. Noorani	360,000	360,000
Mr A.Y. Noorani	945,000	945,000
Mr S.Y. Noorani	945,000	945,000
(ii) Firms in which some of the Directors of the company are partners		
Metropolitan Trading Company	16,500,000	16,500,000
Munraz Enterprises	1,000,000	1,000,000
Mustang Manufacturing Company (Refer Note 38)	250,000	250,000
NOTE 13 : CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
952,134 (Previous Year: 806,148) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Direct Plan)	21,982,621	17,048,673
794,986 (Previous Year: 370,797) Units of ₹ 10/- each of HDFC floating rate Income Fund-Short term Plan-Wholesale Option Growth	22,424,079	9,600,000
Nil (Previous Year: 65.73) Units of ₹ 100/- each of DHFL Pramerica Insta Cash Plus Fund-Direct Plan-Growth	-	12,905
TOTAL	44,406,700	26,661,578
Aggregate amount of unquoted investments	44,406,700	26,661,578
NOTE 14 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
(a) Raw materials	154,035,479	203,949,993
Goods-in-transit	2,504,289	8,291,989
	156,539,768	212,241,982
(b) Work-in-progress	28,457,523	42,239,540
(c) Finished goods (other than those acquired for trading)	369,986,746	344,494,787
(d) Stock-in-trade (acquired for trading)	67,275,707	76,847,445
(e) Stores and spares	4,757,242	4,737,565
(f) Accessories and packing material	75,674,017	73,595,177
Goods-in-transit	1,064,033	14,962,110
	76,738,050	88,557,287
(g) Chemicals & furnace oil etc.	2,740,962	3,568,829
TOTAL	706,495,998	772,687,435

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 15 : TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	15,564,388	27,899,449
Doubtful	22,198,106	19,698,106
	37,762,494	47,597,555
Less: Provision for doubtful trade receivables	22,198,106	19,698,106
	15,564,388	27,899,449
Other Trade receivables		
Unsecured, considered good	203,648,322	214,429,908
TOTAL	219,212,710	242,329,357

NOTE 16 : CASH AND CASH EQUIVALENTS

(a) Cash on hand	885,600	1,360,961
(b) Remittances in Transit	3,808,830	8,012,222
(c) Balances with banks		
(i) In current accounts	23,073,239	10,821,967
(ii) In EEFC accounts	12,682	654,265
(iii) In deposit accounts (Refer Note below)	671,456	636,640
(iv) In earmarked accounts		
- Unpaid dividend accounts	1,788,210	2,072,632
TOTAL	30,240,017	23,558,687

Note: Balances with banks include deposits amounting to ₹ 671,456/- (As at 31st March, 2016 ₹ 636,640) which have an original maturity of more than 12 months.

NOTE 17 : SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good unless otherwise stated

(a) Loans and advances to related parties (Refer Note 38)	57,910,683	144,287,284
(b) Loans and advances to employees		
- Good	4,741,598	7,274,916
- Doubtful	4,115,128	4,115,128
	8,856,726	11,390,044
Less: Provision for doubtful loans and advances	4,115,128	4,115,128
	4,741,598	7,274,916
(c) Prepaid expenses	5,543,290	5,385,437
(d) Balances with government authorities - Excise duty deposit	154,252	79,446
(e) Others		
(i) Advances against goods and services	8,409,097	14,099,356
(ii) Export incentive receivable	64,274,166	42,820,224
(iii) Advance Payment to Gratuity Fund	30,437,484	41,949,037
(iv) Other balances	25,340,443	10,532,916
	128,461,190	109,401,533
Doubtful	553,762	553,762
	129,014,952	109,955,295
Less: Provision for other doubtful loans and advances	553,762	553,762
	128,461,190	109,401,533
TOTAL	196,811,013	266,428,616

NOTE 18 : OTHER CURRENT ASSETS

Accruals		
- Interest accrued on deposits	5,794	8,428
Deferred Premium on forward contracts	4,594,440	6,475,969
TOTAL	4,600,234	6,484,397

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 19 : REVENUE FROM OPERATIONS		
Sale of products (Refer Note (i) below)	2,559,042,413	2,883,171,020
Other operating revenues (Refer Note (ii) below)	165,335,533	144,439,807
	<u>2,724,377,946</u>	<u>3,027,610,827</u>
Less: Excise duty	19,404,794	879,696
TOTAL	<u>2,704,973,152</u>	<u>3,026,731,131</u>

Notes:

(i) Sale of products comprises

Manufactured goods

Garment & Accessories

2,371,034,019

2,595,741,652

Traded goods

Garment & Accessories

184,275,214

198,722,644

Fabric *

3,241,751

70,512,188

Accessories *

491,429

18,194,536

* Includes sale of leftover fabric

TOTAL

2,559,042,413

2,883,171,020

(ii) Other operating revenues comprise:

Duty drawback and other export incentives

125,052,378

99,850,691

Recovery of Freight and insurance on sales

36,867,696

32,745,081

Royalty received

88,536

6,954,214

Sale of scrap

3,146,619

4,841,918

Commission received

180,304

47,903

TOTAL

165,335,533

144,439,807

NOTE 20 : OTHER INCOME

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

12,032,171

17,240,619

(b) Dividend income:

from Non-current Investments

Subsidiaries

79,622,927

68,016,457

Others

2,634,396

5,205,173

(c) Net gain on sale of:

Current Investments

2,045,276

4,082,129

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

19,626,598

-

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

12,363,399

11,093,486

TOTAL

128,324,767

105,637,864

Notes:

(i) Interest income comprises:

Interest on bank deposit

96,267

580,803

Interest on loans and advances

11,562,343

16,057,474

Interest on income tax refund

-

290,403

Other interest

373,561

311,939

TOTAL

12,032,171

17,240,619

(ii) Other non-operating income comprises:

Liabilities / provisions no longer required written back

8,291,687

8,497,963

Rent Income

2,349,050

1,818,329

Miscellaneous income

1,722,662

777,194

TOTAL

12,363,399

11,093,486

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 21A : COST OF MATERIALS CONSUMED		
Opening stock	300,799,269	315,417,506
Add: Purchases	979,751,811	1,138,409,159
	<u>1,280,551,080</u>	<u>1,453,826,665</u>
Less: Closing stock	233,277,818	300,799,269
TOTAL	<u>1,047,273,262</u>	<u>1,153,027,396</u>
Material consumed comprises:		
Fabric	814,990,519	899,656,172
Yarn	4,031,501	2,816,376
Accessories and Packing Materials	228,251,242	250,554,848
TOTAL	<u>1,047,273,262</u>	<u>1,153,027,396</u>
NOTE 21B : PURCHASES OF STOCK IN TRADE		
Garment and Accessories	35,552,795	58,247,019
Fabric	-	58,627,137
Accessories	84,399	17,120,806
TOTAL	<u>35,637,194</u>	<u>133,994,962</u>
NOTE 21C : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Finished goods	369,986,746	344,494,787
Stock in trade	67,275,707	76,847,445
Work-in-progress - Garment and Accessories	28,457,523	42,239,540
	<u>465,719,976</u>	<u>463,581,772</u>
Inventories at the beginning of the year:		
Finished goods	344,494,787	315,089,500
Stock in trade	76,847,445	93,592,557
Work-in-progress - Garment and Accessories	42,239,540	37,207,789
	<u>463,581,772</u>	<u>445,889,846</u>
NET INCREASE	<u>(2,138,204)</u>	<u>(17,691,926)</u>
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	529,790,386	512,765,551
Contributions to provident and other funds	55,907,040	54,701,208
Staff welfare expenses	7,325,640	6,775,621
TOTAL	<u>593,023,066</u>	<u>574,242,380</u>
NOTE 23 : FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings (Net of Interest reimbursement receivable under TUF Scheme ₹ 1,001,038/- Previous Year ₹ 2,922,889/-)	23,522,822	11,101,512
(ii) Loan taken from related parties	2,665,005	-
(ii) Others - Interest on delayed / deferred payment	250,395	342,700
(b) Amortisation of deferred premium cost	12,575,529	14,278,934
TOTAL	<u>39,013,751</u>	<u>25,723,146</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 24 : OTHER EXPENSES		
Consumption of stores and spare parts	10,635,906	7,074,427
Excise duty on Finished Goods (Refer Note 45)	36,806	1,973,142
Labour charges	64,296,739	62,672,499
Consumables for printing/ embroidery/ washing	17,761,124	14,481,066
Power and fuel	25,893,265	21,719,078
Rent including lease rentals (Refer Note 30)	431,428,789	404,107,304
Retail store maintenance expenses	67,107,901	64,550,269
Repairs and maintenance - Buildings	6,957,791	8,386,265
Repairs and maintenance - Machinery	10,949,938	10,595,162
Repairs and maintenance - Others	10,697,939	14,743,222
Insurance	10,437,977	11,082,792
Rates and taxes	13,041,936	24,525,772
Postage and telephones	21,719,018	20,147,010
Travelling and conveyance	39,870,359	42,871,998
Printing and stationery	4,052,354	3,259,715
Freight and forwarding	80,086,622	87,908,488
Sales commission	98,611,085	92,787,711
Sales discount	17,821,750	21,115,207
Business promotion	100,772,341	139,322,492
Donations and contributions	2,916,952	2,420,853
Legal and professional	26,260,071	23,961,215
Directors' Sitting fees	3,161,750	2,747,714
Electricity	40,639,906	40,631,404
Remuneration to Managing Directors (including provident fund)	6,800,000	6,771,924
Security charges	13,310,281	12,375,935
Trade Mark fees	17,063,952	19,960,889
Payments to auditors (Refer Note below)	2,819,674	2,852,970
Bad and doubtful debts written off	172,756	1,664,335
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	13,112,584
Loss on sale of fixed assets (net)	1,425	458,408
Assets discarded written off	12,933,484	8,605,368
Provision for doubtful trade receivables, and loans and advances	2,500,000	1,195,167
Bank charges	18,364,553	20,444,706
Miscellaneous expenses	6,431,555	6,486,679
TOTAL	1,185,555,999	1,217,013,770
Note:		
Payments to auditors comprises :		
Statutory Audit		
As auditors	2,400,000	2,400,000
For other services	-	115,000
Reimbursement of expenses	25,584	29,962
Service Tax	394,090	308,008
TOTAL	2,819,674	2,852,970
NOTE 25 : EXCEPTIONAL ITEM		
Profit on sale of Non-Current Investments	147,906,469	-
TOTAL	147,906,469	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

26) (i) Contingent Liabilities: -

- a) Guarantee issued by the Banks and counter guaranteed by the Company: ₹ 2,439,287/- (Previous year: ₹ 2,639,287/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 10,113,238/- (Previous year: ₹ 27,556,232/-).
- c) Foreign bills/Letters of Credit discounted with Bank: 12,914,174/- (Previous year: ₹ Nil).
- d) Disputed demand not provided for in respect of:

Particulars	Current year ₹	Previous Year ₹
1) Income Tax	36,779,527	37,320,795
2) Sales Tax	22,317,657	19,055,237
3) Apparel Export Promotion Council for non-fulfillment of export obligation against duty free imports	-	424,415

- e) Claims against the Company not acknowledged as debts: ₹ 129,200/- (Previous Year ₹ 2,662,300/-).

- f) Labour disputes not acknowledged as debts: Amount not ascertainable.

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

- g) Significant Capital Commitment in respect of contribution to Venture Capital Funds amounting to ₹ 126,500,000/- (Previous Year: 163,350,000/-).

(ii) Other commitments :-

Contractual arrangement for payment in case of default on corporate credit card facility availed by certain employees from a bank ₹ 4,100,000/- (Previous year ₹ 4,900,000/-).

- 27) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 11,949,993/- (Previous Year: ₹ 29,253,885/-).

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

Particulars	Current year ₹	Previous Year ₹
(i) Principal amount remaining unpaid to any supplier as at the end of accounting year	1,504,274	1,848,554
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1,734,182	1,483,797
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	250,385	342,500
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1,734,182	1,483,797
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid due as above are actually paid to the small enterprises	22,507	58,143

- 29) The amount of premium on forward exchange contracts to be recognized in the Statement of Profit and Loss in the next financial year is ₹ 4,594,440/- (Previous Year: ₹ 6,475,969/-).

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 licence agreements and are renewable by mutual consent on mutually agreeable terms.
- b) Lease Payments recognized in the Statement of Profit and Loss under Rent in Note 24 includes ₹ 431,428,789/- (Previous Year: ₹ 404,107,304/-) in respect of premises taken on lease.

- c) The future minimum lease payments under non-cancelable operating lease:
- (i) Not later than one year is ₹ 20,325,472/- (Previous Year: ₹ 21,249,876/-);
- (ii) later than one year and not later than five years is Rs. 1,086,462/- (Previous Year: ₹ 3,238,976/-) and
- (iii) Later than five years Nil.

B) Premises Given On Lease

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 months to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the Statement of Profit and Loss as Rent income in Note 20 is ₹ 2,349,050/- (Previous Year: ₹ 1,818,329 /-)
- c) Premises given on licence basis:
Gross Carrying amount ₹ 6,967,650/- (Previous ₹ 6,967,650/-)
Accumulated Depreciation ₹ 1,579,819/- (Previous Year ₹ 1,469,958/-)
Depreciation for the year ₹ 109,861/- (Previous Year ₹ 110,469/-)

31) Particulars of Raw Material Consumption: -

(Previous year's figures are in brackets)

Class of Goods	Total Value (₹)	Imported	%	Indigenous	%
a) Yarn	4,031,501 (2,816,376)	- (-)	- (-)	4,031,501 (2,816,376)	100 (100)
b) Fabric	814,990,519 (899,656,172)	295,975,030 (369,934,538)	36.32 (41.12)	519,015,489 (529,721,634)	63.68 (58.88)
c) Accessories & Packing Materials	228,251,242 (250,554,848)	111,160,957 (97,204,482)	48.70 (38.80)	117,090,285 (153,350,366)	51.30 (61.20)
TOTAL	1,047,273,262 (1,153,027,396)	407,135,987 (467,139,020)	38.88 (40.51)	640,137,275 (685,888,376)	61.12 (59.49)

32) CIF Value of Imports: -

Particulars	Current Year ₹	Previous Year ₹
(i) Raw Materials (includes accessories)	265,325,174	394,791,235
(ii) Stores & Spares	4,019,141	672,707
(iii) Capital Goods	31,048,462	84,160,797
(iv) Traded Goods	16,255,028	34,076,181

33) Value of Stores and Spares Consumption: -

Particulars	Current Year		Previous Year	
	₹	%	₹	%
Imported	4,914,914	46.21	881,388	12.46
Indigenous	5,720,992	53.79	6,193,039	87.54
TOTAL	10,635,906	100.00	7,074,427	100

34) Expenditure in Foreign Currencies: -

Particulars	Current Year ₹	Previous Year ₹
Sales Promotion	210,937	1,566,797
Interest on Loans / Bank charges	28,719,494	31,653,576
Travelling Expenses	5,453,095	6,405,435
Rebate, Discount & Commission	66,520,795	62,430,658
Membership & Subscription	-	20,927
Testing Charges	252,871	101,812
Books & Periodicals	-	15,737

35) 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 31.03.2016 (Previous Year 31.03.2015)	4 (4)	6,817,806 (7,087,806)	6,817,806 (17,719,515)

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 31.03.2016 (Previous Year 31.03.2015)	61 (60)	7,113,024 (7,119,955)	7,113,024 (17,799,888)

36) Earnings in Foreign Currencies:-

	Current Year ₹	Previous Year ₹
Exports of Goods on FOB basis	1,189,894,936	1,266,223,477
Royalty Income	88,536	6,954,214
Dividend Income	78,818,455	67,152,632
Others (Freight & Insurance Receipt)	36,767,547	32,745,081

37) Deferred Tax:-

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Deferred Tax Liability on account of:		
(i) Depreciation and Amortisation	67,164,949	63,096,275
	<u>67,164,949</u>	<u>63,096,275</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	49,595	-
(ii) Provision for Retirement Benefit	4,988,169	4,638,090
(iii) Provision for Doubtful Debts & Advances	8,883,035	8,195,349
(iv) Unabsorbed Depreciation (Restricted to the extent of Deferred Tax Liability on account of virtual certainty)	53,244,150	17,125,353
	<u>67,164,949</u>	<u>29,958,792</u>
Deferred Tax Liabilities (Net)	-	33,137,483

The Net Deferred tax credit of ₹ 33,137,483/- (Previous year: ₹ 14,891,628/-) for the year has been recognized in the Statement of Profit and Loss.

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

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

38) Related Party Disclosures: -

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

I) Relationships:

a) Subsidiary Companies (including sub-subsidiaries):

Zodiac Finsec and Holdings Ltd.
Zodiac Clothing Company S. A.
Zodiac Clothing Co (U.A.E.) LLC.
Zodiac Clothing Company INC.
Zodiac Properties Ltd. U.A.E. (upto 26th January, 2017)

b) Key Management Personnel:

Mr. M. Y. Noorani -- Chairman
Mr. A. Y. Noorani -- Vice Chairman and Managing Director upto 28th February, 2017 and vice chairman thereafter
Mr. S. Y. Noorani -- Managing Director and President

c) Other Related Parties:

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

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

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

Mr. Awais A. Noorani

Mr. Musaed A. Noorani

Mrs. Muna A. Noorani

Mrs. Zehra S. Noorani

Mrs. Saniyya A. Noorani

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

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

(Previous year's figures are in brackets)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Sale of Goods				
Onward LLC	-	-	75,156,355	75,156,355
	(-)	(-)	(169,306,572)	(169,306,572)
Mashal Enterprises	-	-	6,240,663	6,240,663
	(-)	(-)	(7,548,655)	(7,548,655)
Zodiac Clothing Co (U.A.E.) LLC.	90,564,043	-	-	90,564,043
	(83,016,377)	(-)	(-)	(83,016,377)
Zodiac Metropolitan Clothing Gmbh	-	-	175,496,176	175,496,176
	(-)	(-)	(129,440,682)	(129,440,682)
Rent Income				
Metropolitan Trading Company	-	-	600,000	600,000
	(-)	(-)	(300,000)	(300,000)
Purchase of Goods				
Zodiac Clothing Co (U.A.E.) LLC.	2,596,803	-	-	2,596,803
	(808,450)	(-)	(-)	(808,450)
Sale of Capital Goods				
Zodiac Clothing Co (U.A.E.) LLC.	-	-	-	-
	(167,729)	(-)	(-)	(167,729)
Purchase of Capital Goods				
Zodiac Clothing Co (U.A.E.) LLC.	16,210,536	-	-	16,210,536
	(2,196,395)	(-)	(-)	(2,196,395)
Interest Income Received				
Zodiac Finsec and Holding Ltd.	11,562,343	-	-	11,562,343
	(16,057,474)	(-)	(-)	(16,057,474)
Royalty Income Received				
Zodiac Clothing Co (U.A.E.) LLC.	88,536	-	-	88,536
	(6,954,214)	(-)	(-)	(6,954,214)
Dividend Income Received				
Zodiac Finsec and Holding Ltd.	804,472	-	-	804,472
	(863,825)	(-)	(-)	(863,825)
Zodiac Clothing Company S.A.	78,818,455	-	-	78,818,455
	(67,152,632)	(-)	(-)	(67,152,632)
Interest Paid				
Mr. M. Y. Noorani	-	2,008,473	-	2,008,473
	(-)	(-)	(-)	(-)
Mr. A. Y. Noorani	-	422,115	-	422,115
	(-)	(-)	(-)	(-)
Mr. S. Y. Noorani	-	234,544	-	234,544
	(-)	(-)	(-)	(-)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Trade Mark fees				
Metropolitan Trading Company	- (-)	- (-)	17,063,446 (19,961,021)	17,063,446 (19,961,021)
Rent Expenses				
Metropolitan Trading Company	- (-)	- (-)	25,118,486 (24,894,806)	25,118,486 (24,894,806)
Mustang Manufacturing Company	- (-)	- (-)	708,000 (708,000)	708,000 (708,000)
Munraz Enterprises	- (-)	- (-)	2,344,300 (2,323,424)	2,344,300 (2,323,424)
Montage Corporation	- (-)	- (-)	86,400 (79,200)	86,400 (79,200)
Miraj Marketing Company LLP	- (-)	- (-)	516,600 (1,230,048)	516,600 (1,230,048)
Mr. A. Y. Noorani	- (-)	2,092,638 (2,073,998)	- (-)	2,092,638 (2,073,998)
Mr. S. Y. Noorani	- (-)	2,092,638 (2,073,998)	- (-)	2,092,638 (2,073,998)
Mr. M. Y. Noorani	- (-)	678,000 (678,000)	- (-)	678,000 (678,000)
Zodiac Finsec and Holding Ltd.	55,374,440 (54,881,326)	— (-)	- (-)	55,374,440 (54,881,326)
Salary Paid				
Mr. Awais A. Noorani	- (-)	- (-)	4,994,366 (4,834,920)	4,994,366 (4,834,920)
Expenses Recovered				
Mashal Enterprises	- (-)	- (-)	386,319 (748,427)	386,319 (748,427)
Zodiac Finsec and Holding Ltd.	47,936 (47,936)	- (-)	- (-)	47,936 (47,936)
Metropolitan Trading Company	- (-)	- (-)	51,000 (51,000)	51,000 (51,000)
Zodiac Metropolitan Clothing GmbH	- (-)	- (-)	76,985 (48,653)	76,985 (48,653)
Zodiac Clothing Co (U.A.E.) LLC	206,401 (780,395)	- (-)	- (-)	206,401 (780,395)
Recovery of Freight and Insurance on Sales				
Zodiac Metropolitan Clothing GmbH	- (-)	- (-)	8,266,618 (5,053,162)	8,266,618 (5,053,162)
Zodiac Clothing Co (U.A.E.) LLC	2,666,643 (3,807,958)	- (-)	- (-)	2,666,643 (3,807,958)
Onward LLC	- (-)	- (-)	1,086,007 (1,576,142)	1,086,007 (1,576,142)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Expenses Reimbursed				
Zodiac Finsec and Holding Ltd.	1,792,820	-	-	1,792,820
	(1,895,927)	(-)	(-)	(1,895,927)
Zodiac Clothing Co (U.A.E.) LLC	-	-	-	-
	(56,460)	(-)	(-)	(56,460)
Munraz Enterprises	-	-	442,344	442,344
	(-)	(-)	(400,656)	(400,656)
Loan Received from				
Mr. M. Y. Noorani	-	97,300,000	-	97,300,000
	(-)	(-)	(-)	(-)
Mr. A. Y. Noorani	-	18,000,000	-	18,000,000
	(-)	(-)	(-)	(-)
Mr. S. Y. Noorani	-	10,000,000	-	10,000,000
	(-)	(-)	(-)	(-)
Loan Repaid to				
Mr. M. Y. Noorani	-	86,800,000	-	86,800,000
	(-)	(-)	(-)	(-)
Loans & Advance repaid				
Zodiac Finsec and Holding Ltd.	79,577,500	-	-	79,577,500
	(15,500,000)	(-)	(-)	(15,500,000)
Investment redeemed during the year				
Zodiac Finsec and Holding Ltd.	7,000,000	-	-	7,000,000
	(13,000,000)	(-)	(-)	(13,000,000)
Dividend Paid (including Interim Dividend)				
Miraj Marketing Company LLP	-	-	-	-
	(-)	(-)	(5,794,335)	(5,794,335)
Asia Tangible Investments Pte. Ltd.	-	-	3,154,882	3,154,882
	(-)	(-)	(7,887,205)	(7,887,205)
Euro Global Holdings Pte. Ltd.	-	-	3,154,882	3,154,882
	(-)	(-)	(7,887,205)	(7,887,205)
Mr. M. Y. Noorani	-	3,895,473	-	3,895,473
	(-)	(6,650,258)	(-)	(6,650,258)
Mr. A. Y. Noorani	-	835,247	-	835,247
	(-)	(60,163)	(-)	(60,163)
Mr. S. Y. Noorani	-	554,516	-	554,516
	(-)	(33,335)	(-)	(33,335)
Mr. Awais Noorani	-	-	75	75
	(-)	(-)	(188)	(188)
Mrs. Saniyya Noorani	-	-	75	75
	(-)	(-)	(188)	(188)
Mr. Musaed A. Noorani	-	-	75	75
	(-)	(-)	(188)	(188)
Mrs. Muna A. Noorani	-	-	75	75
	(-)	(-)	(188)	(188)
Mrs. Zehra S.Noorani	-	-	367	367
	(-)	(-)	(918)	(918)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Commission Expense				
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	36,318,507 (24,550,026)	36,318,507 (24,550,026)
Remuneration				
Mr. S. Y. Noorani	- (-)	6,800,000 (6,771,924)	- (-)	6,800,000 (6,771,924)
Outstanding amount payable				
Zodiac Finsec and Holding Ltd.	57,910,683 (144,287,284)	- (-)	- (-)	57,910,683 (144,287,284)
Metropolitan Trading Company	- (-)	- (-)	16,500,000 (16,500,000)	16,500,000 (16,500,000)
Munraz Enterprises	- (-)	- (-)	1,000,000 (1,000,000)	1,000,000 (1,000,000)
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	32,146,429 (9,683,839)	32,146,429 (9,683,839)
Zodiac Clothing Co (U.A.E.) LLC	1,660,185 (-)	- (-)	- (-)	1,660,185 (-)
Onward LLC	- (-)	- (-)	- (6,946,213)	- (6,946,213)
Mr. A. Y. Noorani	- (-)	945,000 (945,000)	(-) (-)	945,000 (945,000)
Mr. S.Y. Noorani	- (-)	945,000 (945,000)	(-) (-)	945,000 (945,000)
Mr. M. Y. Noorani	- (-)	360,000 (360,000)	(-) (-)	360,000 (360,000)
Mustang Manufacturing company	- (-)	- (-)	250,000 (250,000)	250,000 (250,000)
Mashal Enterprises	- (-)	- (-)	812,919 (504,685)	812,919 (504,685)
Outstanding amount payable				
Mr. A. Y. Noorani-Borrowing	- (-)	18,000,000 (-)	- (-)	18,000,000 (-)
Mr. A. Y. Noorani - Payable for Rent	- (-)	1,519,217 (97,879)	- (-)	1,519,217 (97,879)
Mr. A. Y. Noorani - Interest Payable	- (-)	85,606 (-)	- (-)	85,606 (-)
Mr. S. Y. Noorani-Borrowing	- (-)	10,000,000 (-)	- (-)	10,000,000 (-)
Mr. S. Y. Noorani - Payable for Rent	- (-)	1,344,117 (158,579)	- (-)	1,344,117 (158,579)
Mr. S. Y. Noorani - Interest Payable	- (-)	61,157 (-)	- (-)	61,157 (-)
Mr. S. Y. Noorani - Remuneration payable	- (-)	13,571,924 (6,771,924)	- (-)	13,571,924 (6,771,924)
Mr. M. Y. Noorani-Borrowing	- (-)	10,500,000 (-)	- (-)	10,500,000 (-)
Mr. M. Y. Noorani - Payable for Rent	- (-)	561,900 (101,700)	- (-)	561,900 (101,700)
Mr. M. Y. Noorani - Interest Payable	- (-)	64,198 (-)	- (-)	64,198 (-)

Particulars	Subsidiaries ₹	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Metropolitan Trading Company	-	-	13,348,807	13,348,807
	(-)	(-)	(2,835,502)	(2,835,502)
Munraz Enterprises	-	-	1,953,944	1,953,944
	(-)	(-)	(333,892)	(333,892)
Miraj Marketing LLP	-	-	281,376	281,376
	(-)	(-)	(91,926)	(91,926)
Zodiac Metroplitan Clothing Gmbh	-	-	21,620,255	21,620,255
	(-)	(-)	(11,118,981)	(11,118,981)
Zodiac Clothing Co (U.A.E.) LLC.	18,286,493	-	-	18,286,493
	(200,500)	(-)	(-)	(200,500)

39) Segment Information: -

Business Segment

The Company is exclusively engaged in the business of Clothing and clothing accessories. This in the context of Accounting Standard (AS 17) "Segment Reporting", 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)	1,478,222,133	1,226,751,019	2,704,973,152	1,720,808,359	1,305,922,772	3,026,731,131
Carrying Cost of Segment Asset	2,667,000,463	169,839,690	2,836,840,153	2,839,920,281	137,173,352	2,977,093,633
Capital Expenditure	113,665,656	-	113,665,656	226,221,701	-	226,221,701

Note: There are no inter segment revenues.

40) Derivative Financial Instruments:-

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

(i) The following are outstanding Foreign Exchange Forward and Option contracts as on March 31, 2017.

Sr No	Currency	Buy / Sell	Cross Currency	Nature of Contracts	Amount in foreign currency	
					Current Year	Previous Year
1	USD	SELL	INR	Forwards	1,710,000	1,233,315
2	GBP	SELL	INR	Forwards	1,226,400	726,600
3	EURO	SELL	INR	Forwards	208,000	126,000
4	CHF	SELL	INR	Forwards	27,000	138,802
5	EURO	BUY	INR	Forwards	150,795	5,020
6	USD	BUY	INR	Forwards	3,174,828	4,143,632
7	USD	SELL	INR	Option	200,000	-

(ii) Net Gain on derivative instruments, which have been designated as cash flow hedges, of ₹ 8,753,968/- (Previous Year: Net Gain of ₹ 2,651,260/-) recognized in Hedging Reserve as of March 31, 2017, 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 ₹ 6,334,379/- (Previous Year: Net Gain of ₹ 3,668,027/-) recognized in the Hedging Reserve as of March 31, 2017 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.

(iv) Exchange Gain of ₹ 19,626,598/- (Previous Year: Exchange Loss ₹ 13,112,584/-) has been recognised in the Statement of Profit and Loss for the year ended March 31, 2017.

- b) (i) No derivative instruments are acquired for speculation purposes.
(ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 8,361,944/- (Previous Year: ₹ 11,668,644/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Creditors for	USD 121,762	7,863,744	USD 163,977	10,864,285
Goods and expenses	EURO 7,228	498,200	EURO 10,669	804,359

41) Earnings Per Share: -

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
(a) Face value per share (₹)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	19,519,974	19,514,748
(ii) For Diluted EPS	19,519,974	19,514,748
(c) Net Loss for the year attributable to equity shareholders (₹)	(13,543,524)	(36,130,166)
(d) Basic Earnings Per Share (₹) (c/b(i))	(0.69)	(1.85)
(e) Diluted Earnings Per Share (₹) (c/b(ii))	(0.69)	(1.85)

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)	19,519,974	19,514,748
Add: Potential equity shares that could arise on Exercise of Employee Stock Option #	NA	-
	19,519,974	19,514,748

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

- 42)** 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 in earlier years. During the Financial Year ended 31st March, 2017, no shares (including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options (including bonus entitlement thereon) have lapsed.

The details of Zodiac Clothing Company Limited Employees Stock Option Plan 2006 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
1 st year	30%	30%
2 nd year	30%	30%
3 rd year	40%	40%
Exercise Period	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	27 th Dec, 2006	20 th Jan, 2011
Grant Price (₹ per share)	255.40	346.00
Market Price on the date of Grant of Option (₹)	255.40	346.00
Discount on Average Price	Nil	Nil

(b) Movement of Options Granted:

Particulars	Grant I	Grant II
Outstanding at the beginning of the year	Nil	102,630
Granted during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled/Lapsed during the year	Nil	102,630
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil

*(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	102,630
Vested during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	102,630
Options exercisable at the end of the year	Nil	Nil

*(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 (now known as SEBI (Share Based Employee Benefits) Regulations, 2014) issued by Securities and Exchange Board of India (SEBI). As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.

(e) Fair Valuation:

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

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

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

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

Particulars	2015-16
Net Loss After Tax (As Reported)	(36,130,166)
Add: Compensation Expenses under ESOS included in the Net Profit	-
Less: Compensation Expenses under ESOS as per Fair Value	-
Net Loss After Tax (Fair value basis)	(36,130,166)
Basic Earnings Per Share (Reported) - Rs. / Share	(1.85)
Basic Earnings Per Share (Fair value basis)- Rs. / Share	(1.85)
Diluted Earnings Per Share (Reported) - Rs. / Share	(1.85)
Diluted Earnings Per Share (Fair value basis) – Rs. / Share	(1.85)

Note: The above disclosures in respect of the current year are not applicable.

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

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

Name of the Company	Relationship	Amount outstanding as on 31.03.2017 (₹)	Maximum amount outstanding during the year (₹)	Investment in shares of the Company (No. of Shares)
Zodiac Finsec and Holdings Ltd.	Wholly owned Subsidiary	64,062,258	143,639,758	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.

44) (I) Disclosure in respect of gratuity liability

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2016	86,183,134	83,815,666
Current Service Cost	9,322,531	9,078,455
Interest Cost	6,903,269	6,671,727
Benefit Paid	(19,311,114)	(14,166,937)
Actuarial (gain) / loss on obligations	4,917,200	784,223
Present value of funded benefit obligations as at 31st March, 2017	88,015,020	86,183,134
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1st April, 2016	128,132,171	112,304,431
Expected Return on plan assets	10,263,387	8,939,433
Contributions	196,557	20,380,871
Benefits Paid	(19,311,114)	(14,166,937)
Actuarial gain/(loss) on plan assets	(828,497)	674,373
Fair value of plan assets as at 31st March, 2017	118,452,504	128,132,171
Total Actuarial gain/(loss) recognized	(5,745,697)	(109,850)
Amount Recognised in Balance Sheet		
Present value of obligation	88,015,020	86,183,134
Fair value of plan assets	118,452,504	128,132,171
Liability / (assets)	(30,437,484)	(41,949,037)

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
Liability / (assets) recognized in the Balance Sheet	(30,437,484)	(41,949,037)
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	9,322,531	9,078,455
Interest Cost	6,903,269	6,671,727
Expected Return on plan assets	(10,263,387)	(8,939,433)
Net Actuarial loss recognised in the current year	5,745,697	109,851
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	11,708,110	6,920,600
Actuarial assumptions used		
Discount rate	7.57%	8.01%
Expected Return on plan assets	7.57%	8.01%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 years	60 years
Category of Assets		
Insurer Managed Funds	118,452,504	128,132,171

Notes:

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

Particulars	2016-17 ₹	2015-16 ₹	2014-15 ₹	2013-12 ₹	2012-13 ₹
Plan Assets	(828,497)	674,373	690,043	574,655	1,478,137
Plan Liabilities	1,391,442	1,193,768	4,233,218	3,866,683	1,188,369

- Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ Nil (Previous Year: ₹ Nil).
- 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 31st March, 2017 ₹	As at 31st March, 2016 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2016	14,033,743	14,166,570
Current Service Cost	2,870,746	2,688,169
Interest Cost	1,124,103	1,127,659
Benefit Paid	(3,388,326)	(2,734,918)
Actuarial (gain)/loss on obligations	446,596	(1,213,737)
Present value of unfunded benefit obligations as at 31st March, 2017	15,086,862	14,033,743
Amount Recognised in Balance Sheet		
Present value of obligation	15,086,862	14,033,743
Fair value of plan assets	-	-

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
Liability/(assets) recognized in the Balance Sheet	15,086,862	14,033,743
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	2,870,746	2,688,169
Interest Cost	1,124,103	1,127,659
Expected Return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the current year	446,596	(1,213,737)
Expenses Recognised in the Statement of Profit and Loss	4,441,445	2,602,091
Actuarial assumptions used		
Discount rate	7.57%	8.01%
Expected Return on plan assets	NA	NA
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 years	60 years

(III) The Company makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 44,834,474/- (Previous Year: ₹ 44,264,312/-).

- 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) (a) Gross amount required to be spent by the company during the year for Corporate Social Responsibility (CSR): ₹ 718,349/- (Previous Year: ₹ 2,327,299/-).

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

Particulars	In cash (₹)	Yet to be paid in cash (₹)	Total (₹)
(i) Construction/acquisition of any asset	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
(ii) On purposes other than (i) above	720,000	Nil	720,000
	(2,500,000)	(Nil)	(2,500,000)

- 47) The Board of Directors of the Company have proposed a dividend of Re. 1 per equity share for the year ended 31st March, 2017 (Previous Year Re. 1 per equity share). The dividend will be paid after the approval of shareholders at the Annual General Meeting. During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed/ declared after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended 31st March, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its Surplus in Statement of Profit and Loss would have been lower by ₹ 23,493,781/- and Short Term Provision would have been higher by ₹ 23,493,781/- (including dividend distribution tax of ₹ 3,973,807/-).

- 48) Disclosure in respect of details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

	SBNs (₹)	Other denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	3,577,000	764,385	4,341,385
(+) Permitted receipts	-	17,428,159	17,428,159
(-) Permitted payments	-	3,068,493	3,068,493
(-) Amount deposited in Banks	3,577,000	13,907,835	17,484,835
Closing cash in hand as on 30.12.2016	-	1,216,216	1,216,216

Note: Above disclosures have been made to the extent information is available with the Company

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



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FINEST QUALITY SHIRTMAKERS

Super Fine 70's Cotton

Bramante

ZODIAC

FINEST QUALITY SHIRTMAKERS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Zodiac Clothing Company Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of ₹ 10,340 lacs as at March 31, 2017, total revenues of ₹ 4,286 lacs and net cash inflows amounting to ₹ 56 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited

by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and subsidiary company incorporated in India.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group
 - ii. The Group did not have any long-term contracts including long term derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Indian Subsidiary. Since the other Subsidiary Companies are incorporated outside India, the requirement of transferring any amount to the Investor Education and Protection Fund by those Subsidiary companies do not arise.
 - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable; and such disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

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

R. Laxminarayan
(Partner)

Place : MUMBAI
Dated : May 30, 2017 (Membership No. 33023)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the consolidated financial statements of Zodiac Clothing Company Limited for the year ended March 31, 2017)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

Our opinion is not modified in respect of the above matters.

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

Place : MUMBAI
Dated : May 30, 2017

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

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	195,199,740	195,199,740
(b) Reserves and surplus	3	2,452,221,447	2,428,151,831
		2,647,421,187	2,623,351,571
2. Non-current liabilities			
(a) Long-term borrowings	4	89,272,337	72,495,577
(b) Deferred tax liabilities (net)	31	10,580	33,148,020
(c) Long-term provisions	5	13,366,226	15,880,944
		102,649,143	121,524,541
3. Current liabilities			
(a) Short-term borrowings	6	481,033,988	637,554,598
(b) Trade payables	7		
(i) Total outstanding dues to micro enterprises and small enterprises		3,238,456	3,332,351
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		293,519,828	331,050,621
		296,758,284	334,382,972
(c) Other current liabilities	8	209,096,681	207,965,331
(d) Short-term provisions	9	2,411,266	34,542,015
		989,300,219	1,214,444,916
TOTAL		3,739,370,549	3,959,321,028
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	10A	1,398,525,899	1,400,971,796
(ii) Intangible assets	10B	22,705,890	19,711,326
(iii) Capital work-in-progress	10C	22,943,540	50,614,735
(iv) Intangible assets under development	10D	3,002,003	3,772,378
		1,447,177,332	1,475,070,235
(b) Non-current investments	11	267,243,367	611,654,240
(c) Long-term loans and advances	12	357,711,578	365,026,270
(d) Other non-current assets	13	281,777	281,777
		2,072,414,054	2,452,032,522
2. Current assets			
(a) Current investments	14	46,578,839	27,861,578
(b) Inventories	15	714,967,150	793,107,707
(c) Trade receivables	16	239,552,466	310,663,094
(d) Cash and cash equivalents	17	142,982,240	130,711,280
(e) Short-term loans and advances	18	273,312,440	238,460,450
(f) Other current assets	19	249,563,360	6,484,397
		1,666,956,495	1,507,288,506
TOTAL		3,739,370,549	3,959,321,028

See accompanying notes forming part of the consolidated financial statements

1-43

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the year ended 31 st March 2017 ₹	For the year ended 31 st March 2016 ₹
1. Revenue from operations (gross)	20	2,870,741,380	3,524,538,770
Less: Excise duty		19,404,794	879,696
Revenue from operations (net)		2,851,336,586	3,523,659,074
2. Other income	21	95,271,080	27,695,677
TOTAL REVENUE (1+2)		2,946,607,666	3,551,354,751
3. Expenses			
(a) Cost of materials consumed	22A	1,048,385,655	1,255,699,131
(b) Purchases of stock-in-trade		122,727,886	320,466,094
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22B	6,163,288	(14,033,741)
(d) Employee benefits expense	23	601,367,289	664,790,577
(e) Finance costs	24	40,487,888	27,175,670
(f) Depreciation and amortisation expenses	10	117,959,695	113,656,393
(g) Expenditure on Corporate Social Responsibility	40	1,820,000	3,570,000
(h) Other expenses	25	1,173,031,433	1,263,683,853
TOTAL EXPENSES		3,111,943,134	3,635,007,977
4. Loss before exceptional items and tax		(165,335,468)	(83,653,226)
5. Exceptional items	26	237,419,319	-
6. Profit / (Loss) before tax		72,083,851	(83,653,226)
7. Tax expense:			
(a) Current Tax Expense		31,807,090	13,514,548
(b) Deferred tax credit	31	(33,137,440)	(14,891,579)
(c) Short / (Excess) Provision for tax pertaining to previous years		11,991,373	(128,981)
		10,661,023	(1,506,012)
8. Profit / (Loss) for the year from continuing operations		61,422,828	(82,147,214)
9 Earnings per share (of Rs 10/- each):			
(a) Basic	34	3.15	(4.21)
(b) Diluted	34	3.15	(4.21)
See accompanying notes forming part of the consolidated financial statements	1-43		

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	For the year ended 31 st March 2017	For the year ended 31 st March 2016
	₹	₹
A. Cash flows from operating activities		
Profit / (Loss) before Tax	72,083,851	(83,653,226)
Adjustments for:		
Depreciation and amortisation	117,959,695	113,656,393
Provision for Doubtful Debts and Advances	2,500,000	1,195,167
Liabilities / provisions no longer required written back	(8,352,368)	(8,548,748)
Assets Discarded Written off	12,933,484	8,605,368
Net Exchange Loss on revaluation	1,444,124	1,435,623
Loss on Sale of Fixed Asset	687,894	1,162,519
Profit on Sale of Current Investment	(2,424,733)	(4,705,950)
Profit on Sale of Non Current Investments	(180,939,134)	(266,909)
Profit on Disposal of Subsidiary	(89,512,850)	-
Dividend Income from Investment	(3,077,346)	(6,368,263)
Finance Costs	40,487,888	27,175,670
Interest Income	(563,487)	(1,488,869)
	<u>(108,856,833)</u>	<u>131,852,001</u>
Operating Profit before working capital changes	(36,772,982)	48,198,775
Adjustments for:		
Trade and other receivables	35,611,225	126,964,368
Inventories	78,140,557	25,782,675
Trade and other Payables	(46,525,148)	(18,367,598)
	<u>67,226,634</u>	<u>134,379,445</u>
Cash from operations	30,453,652	182,578,220
Currency Alignment on conversion of accounts of		
Non- Integral Foreign Subsidiaries	(7,998,092)	41,527,347
Direct taxes paid (Net)	(34,229,431)	(31,077,022)
Net cash (used in) / generated from operating activities (A)	(11,773,871)	193,028,545
B. Cash Flows from investing activities		
Purchases of Current Investments (Net)	(326,898,000)	(266,350,000)
Sale of Current Investments	310,605,472	311,271,886
Purchases of Non-Current Investments	(37,000,000)	(200,040,383)
Sales of Non-Current Investments	223,284,324	5,221,785
Proceeds of Sale of Investments in Subsidiary	94,102,557	-
Adjustment of Disposal of Subsidiary	46,904,634	-
Dividend Received	3,637,346	6,622,812
Interest Income	566,122	1,497,426
Purchase of fixed assets	(119,359,293)	(244,973,367)
Proceeds from sale of fixed assets	4,651,813	5,102,849
Net cash generated from / (used in) investing activities (B)	200,494,975	(381,646,992)
C. Cash flows from financing activities		
Proceeds from short term borrowings	1,544,634,914	1,687,411,971

	For the year ended 31 st March 2017	For the year ended 31 st March 2016
	₹	₹
Repayment of short term borrowings	(1,690,461,470)	(1,542,802,503)
Proceeds of Term Loan	125,300,000	56,500,000
Repayment of Long Term borrowings	(95,766,573)	(59,955,236)
Issue of Shares at premium on exercising of Esops	-	2,024,100
Finance Costs	(40,302,850)	(26,528,288)
Dividends paid (including Dividend Distribution Tax)	(19,569,743)	(48,778,595)
Net cash (used in) / generated from financing activities (C)	(176,165,722)	67,871,449
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	12,555,382	(120,746,998)
Cash and cash equivalents as at the commencement of the year	128,638,648	249,385,646
Cash and cash equivalents as at the end of the year	141,194,030	128,638,648
Restricted Cash (Unclaimed Dividend Accounts)	1,788,210	2,072,632
Cash and cash equivalents as at the end of the year as per Note 17	142,982,240	130,711,280

Notes

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

In terms of our report attached.

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

R. LAXMINARAYAN
Partner

ANEEL SARAFF
Chief Financial Officer

KUMAR IYER
Company Secretary

Place: Mumbai
Date : 30th May, 2017

Place : Mumbai
Date : 30th May, 2017

1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

- a) The financial statements of the Indian Subsidiary have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act 2013 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year. The financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. In the opinion of the Management, based on the analysis of the significant transactions at those subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.
- b) Subsidiaries:

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

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

Note:

- * The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and M/s. Zodiac Clothing Co S.A. (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s. Zodiac Clothing Co S.A. who is the beneficial owner.
- # Ceased to be subsidiary w.e.f. 26th January, 2017. The results of operations of ZPL are included in the consolidated statement of profit and loss until that date.

(A) PRINCIPLES OF CONSOLIDATION

- a) The Financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements”.
- b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of the subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company’s separate financial statements.

- c) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

(B) SIGNIFICANT ACCOUNTING POLICIES**a) BASIS OF ACCOUNTING**

The Accounts are prepared on the accrual basis under the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires

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

b) REVENUE RECOGNITION

Sales are recognised when goods are supplied to customers and are recorded net of sales tax/ value added tax, trade Discounts, Rebate and Returns but includes excise duty. Dividend income on investments is accounted when the right to receive the dividend is established. Interest income is accounted on accrual basis. Revenue in respect of Insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

c) EXPORT BENEFITS

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

d) FIXED ASSETS

i) Property, plant and equipment:

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

ii) Intangible Assets:

Intangible assets are stated at cost less amortization.

e) DEPRECIATION / AMORTISATION

i) Property, Plant & Equipment:

Zodiac Clothing Company Ltd., India

The Company has calculated depreciation on straight-line basis in accordance with the provisions of Schedule II to the Companies Act, 2013. The estimated useful lives have been assessed based on a technical evaluation, taking into account the nature of the Company's business and past experience of usage of assets. The useful lives that are different

from those prescribed under Schedule II are mentioned below:

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

Assets costing ₹ 5,000/- or less individually are fully depreciated over a period of one year.

Zodiac Finsec & Holdings Ltd., India

Depreciation has been provided on straight line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013 as under:

Description	Useful Life	Gross Block as at 31 st March, 2017
Building (office)	60 years	371,323,524
Furniture & Fixtures	10 years	695,968
Vehicles	5 years	100,000
Office Equipments	10 years	782,862

Zodiac Clothing Co. (UAE) LLC., UAE

The Cost of Fixed Assets is depreciated by equal annual installments over their estimated useful lives as under:

Description	Useful Life	Gross Block as at 31 st March, 2017
Factory Building	10 years	73,703,587
Plant and Equipments	8 years	8,735,893
Furniture and Office Equipments	10 years	12,203,719
Vehicles	5 years	3,222,038

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

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

ii) On Intangible Assets:

a) Goodwill

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

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

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

f) IMPAIRMENT OF ASSETS

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

g) INVESTMENTS

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

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

Accounting policy for investment property

Property held for the purpose of generating rental income or capital appreciation or both, are classified as investment property and are stated at cost. Investment properties are measured at cost including transaction costs less any accumulated depreciation and impairment losses. Any expenditure that results in maintenance of property to acceptable standard or specification is treated as repairs and maintenance expenses and is expensed in the year in which it is incurred.

Investment properties are capitalised and depreciated on a straight line basis over the period of 61 years. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

h) TRANSACTIONS IN FOREIGN CURRENCY

i) Foreign Subsidiaries (Non integral operation)

In case of foreign subsidiaries Income and Expenses are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the subsidiaries.

ii) Other Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are dealt with in the Statement of Profit and Loss.

Forward exchange contracts entered into to hedge the foreign currency risk and outstanding as on balance sheet date are translated at year end exchange rates. The premium or discount arising at the inception of such forward exchange contracts are amortised as income or expense over the life of the contract.

Gains /Losses on settlement of transactions arising on cancellation/

renewal of forward exchange contracts are recognized as income or expense.

i) HEDGE ACCOUNTING

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further, non-derivative financial liabilities in the form of Pre-shipment Export Credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Group designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the "Guidance Note on Accounting for Derivative Contracts".

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

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

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

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

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

j) INVENTORIES

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

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

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

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

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

f) Stock of shares is valued at the lower of cost computed on First in First out basis and fair value.

k) EMPLOYEE BENEFITS

a) The contribution to Provident Fund as required under the statute is made to the Government Provident Fund and is debited to Statement of Profit and Loss.

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

c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation carried out as at the year end.

d) In case of a Foreign Subsidiary, provision for retirement benefits is made on actual basis in accordance with the applicable local labour laws.

l) EMPLOYEE SHARE BASED PAYMENTS

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase

Scheme) Guidelines, 1999 (now known as SEBI (Share Based Employee Benefits) Regulations, 2014). The Scheme provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

m) TAXES ON INCOME

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

Current tax is measured at the amount expected to be paid to the revenue authorities, using applicable tax rates and laws and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

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

n) BORROWING COST

Interest and other costs in connection with the

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

o) LEASES

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

p) PROVISIONS AND CONTINGENCIES

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

q) EARNINGS PER SHARE

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	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	19,519,974	195,199,740	19,519,974	195,199,740
TOTAL	19,519,974	195,199,740	19,519,974	195,199,740

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, 2013.
 - Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company. A member can also exercise his vote by electronic means in accordance with section 108 of the Companies Act, 2013.

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

Particulars	Year ended 31 st March, 2017		Year ended 31 st March, 2016	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Opening Balance	19,519,974	195,199,740	19,511,199	195,111,990
Issue of shares under ESOP	-	-	8,775	87,750
Closing Balance	19,519,974	195,199,740	19,519,974	195,199,740

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

Name of shareholder	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
Mohammed Yusuf Noorani **	3,895,473	19.96	3,895,473	19.96
Asia Tangible Investments Pte. Ltd.	3,154,882	16.16	3,154,882	16.16
Euro Global Holdings Pte. Ltd.	3,154,882	16.16	3,154,882	16.16
Akash Bhanshali	1,361,700	6.98	1,361,700	6.98
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund. Ltd.	1,295,887	6.64	1,168,087	5.98

**Out of 3,895,473 shares held by Mr. Mohammed Yusuf Noorani, (Previous Year: 3,895,473) 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) During the Financial Year ended 31st March, 2017, no shares(including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options(including bonus entitlement thereon) have lapsed. (Refer Note 35)
- (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, 2017	As at 31 st March, 2016
Fully paid up by way of bonus shares	10,614,770	10,614,770

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 3 : RESERVES AND SURPLUS		
(a) Capital Redemption Reserve		
Opening balance	13,000,000	-
Transferred from Statement of Profit and Loss	7,000,000	13,000,000
Closing balance	<u>20,000,000</u>	<u>13,000,000</u>
(b) Securities Premium Account		
Opening balance	269,647,145	267,710,795
Add : Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	-	1,936,350
Closing balance	<u>269,647,145</u>	<u>269,647,145</u>
(c) Statutory Reserve		
As per last Balance sheet	1,798,014	1,798,014
(d) Special Reserve u/s 45 IC of the RBI Act, 1934		
Opening balance	69,574,328	60,882,328
Add: Transferred from Statement of Profit and Loss	14,559,000	8,692,000
Closing balance	<u>84,133,328</u>	<u>69,574,328</u>
(e) General reserve		
As per last Balance Sheet	269,315,126	269,315,126
(f) Foreign currency translation reserve		
Opening balance	222,829,007	181,301,660
Less / Add : Effect of foreign exchange rate variations during the year	(13,350,764)	41,527,347
Add: Adjustment on disposal of subsidiary	5,352,672	-
Closing balance	<u>214,830,915</u>	<u>222,829,007</u>
(g) Hedging reserve (Net)		
Unrecognised Gains / (Losses) on cash flow hedges (net)		
Opening balance	6,319,287	4,378,842
Less: Amount reversed on settlement of hedged contracts	<u>(6,319,287)</u>	<u>(4,378,842)</u>
	-	-
Add: Gain on mark to market of hedging instruments designated and effective as hedges of future cash flows	15,088,347	6,319,287
Closing balance	<u>15,088,347</u>	<u>6,319,287</u>
(h) State cash Subsidy		
As per last Balance Sheet	1,584,350	1,584,350
(i) Amalgamation Reserve Account		
As per last Balance Sheet	816,433	816,433
(j) Surplus in Statement of Profit and Loss		
Opening balance	1,573,268,141	1,690,961,558
Add: Provision for tax on dividend in terms of Section 115O read with Section 115BBD of the Income Tax Act, 1961 for the previous year written back	3,973,807	9,930,053
Less: Dividend for Financial Year 2014-15 being rounding off differences	-	(597)
Add: Profit / (Loss) for the year	61,422,828	(82,147,214)
	<u>1,638,664,776</u>	<u>1,618,743,800</u>
Less: Adjustment on Disposal of Subsidiary (Net)	(42,608,218)	-
Add: Adjustment on Dividend Income received from Subsidiary	560,000	-
Less: Final Dividend proposed to be distributed to equity shareholders (₹. Nil per Share) (Previous Year Re. 1/- per Share) (Refer Note 41)	-	(19,519,974)
Tax on dividend	(49,769)	(4,263,685)
Transferred to special reserve u/s 45IC of RBI Act, 1934	(14,559,000)	(8,692,000)
Transfer to Capital Redemption Reserve	<u>(7,000,000)</u>	<u>(13,000,000)</u>
Closing balance	<u>1,575,007,789</u>	<u>1,573,268,141</u>
TOTAL	<u>2,452,221,447</u>	<u>2,428,151,831</u>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
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NOTE 4 : LONG-TERM BORROWINGS

Secured Term Loan From Bank	50,772,337	72,495,577
Unsecured loans from related parties (Refer Note 32)	38,500,000	-
TOTAL	89,272,337	72,495,577

- (i) Details of terms of repayment and security provided for the secured term loan from bank:

	As at 31 st March, 2017			As at 31 st March, 2016		
	Long Term	Current Maturities of long term borrowings	Total	Long Term	Current Maturities of long term borrowings	Total
Term of repayment and security						
Citi Bank						
Secured by way of hypothecation of machinery purchased out of the proceeds of the loan. The loan carries an interest rate ranging from 10.25% to 10.75% p.a. The loan is repayable in 15 equal quarterly installments starting from the 18th month after the first drawdown dates as under:						
November, 2014	6,860,000	3,920,000	10,780,000	10,780,000	3,920,000	14,700,000
December, 2014	2,759,627	1,379,813	4,139,440	4,139,440	1,034,860	5,174,300
March, 2015	3,052,710	1,356,760	4,409,470	4,409,470	678,380	5,087,850
May, 2015	15,000,000	6,666,667	21,666,667	21,666,667	3,333,333	25,000,000
September, 2015	7,333,333	2,666,667	10,000,000	10,000,000	-	10,000,000
November, 2015	3,666,667	1,333,333	5,000,000	5,000,000	-	5,000,000
December, 2015	3,300,000	1,200,000	4,500,000	4,500,000	-	4,500,000
December, 2015	8,800,000	3,200,000	12,000,000	12,000,000	-	12,000,000
Total	50,772,337	21,723,240	72,495,577	72,495,577	8,966,573	81,462,150

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

- (iii) Details of terms of repayment for unsecured loans from related parties:

Mr. M .Y. Noorani	10,500,000	-
Mr. A .Y. Noorani	18,000,000	-
Mr. S .Y. Noorani	10,000,000	-
TOTAL	38,500,000	-

The loan carries an interest rate of 8% p.a. The loan is repayable after a minimum period of 18 months from the date of receipt of amount.

NOTE 5 : LONG TERM PROVISIONS

Provision for Employee benefits:

Provision for Compensated Absences	12,812,043	12,129,713
Provision for Gratuity	547,738	3,588,792
Provision for Staff Air Passage	6,445	162,439
TOTAL	13,366,226	15,880,944

NOTE 6 : SHORT-TERM BORROWINGS

Working Capital Loans :

a) From banks		
Secured	481,033,988	574,211,748
	481,033,988	574,211,748
(b) Loans and advances from related parties		
Unsecured	-	63,342,850
TOTAL	481,033,988	637,554,598

Details of security for the secured short-term borrowings:

Particulars	Nature of Security		
Citi Bank / First Rand Bank / HSBC / HDFC	Secured loans comprises of short-term loans, packing credit and buyers credit and are 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.	481,033,988	574,211,748
TOTAL		481,033,988	574,211,748

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 7 : TRADE PAYABLES		
Trade payables:		
Total outstanding dues to micro enterprises and small enterprises	3,238,456	3,332,351
Total outstanding dues of creditors other than micro enterprises and small enterprises	293,519,828	331,050,621
TOTAL	296,758,284	334,382,972

NOTE 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term borrowings (Refer Note (i) below)	21,723,240	8,966,573
(b) Interest accrued but not due on borrowings	571,608	1,186,830
(c) Interest accrued and due on borrowings	972,389	172,129
(d) Unpaid dividends (Refer Note (ii) below)	1,788,210	2,072,632
(e) Salaries and Wages Payable	39,764,332	33,162,698
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	22,231,731	23,696,964
(ii) Payables on purchase of fixed assets	17,749,271	31,043,449
(iii) Trade / security deposits received	26,405,547	26,916,274
(iv) Advances from customers	13,910,620	15,648,477
(v) Book overdraft from bank	-	5,707,136
(vi) Provision for bonus	47,602,783	47,625,250
(vii) Others	16,376,950	11,766,919
TOTAL	209,096,681	207,965,331

Notes:

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

NOTE 9 : SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for gratuity	44,371	4,771,728
(ii) Provision for staff air passage	27,479	1,685,451
(iii) Provision for compensated absences	2,339,416	4,591,055
	<u>2,411,266</u>	<u>11,048,234</u>
(b) Provision - Others:		
(i) Provision for proposed equity dividend (Refer Note 41)	-	19,519,974
(ii) Provision for tax on proposed dividend (Refer Note 41)	-	3,973,807
	<u>-</u>	<u>23,493,781</u>
TOTAL	2,411,266	34,542,015

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE 10 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	Additions	Deduction /	As at	For the year	Deduction /	Currency	As at	As at 31 st	As at 31 st
	1 st April, 2016		Adjustments	1 st April, 2016	31 st March, 2016	Adjustments	Alignment	31 st March, 2017	March, 2017	March, 2016
A PROPERTY, PLANT AND EQUIPMENT										
TANGIBLE ASSETS										
Freehold Land	42,090,419 (42,090,419)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	42,090,419	42,090,419
Leasehold Land	475,940 (475,940)	- (-)	- (-)	221,889 (202,141)	19,748 (19,248)	- (-)	- (-)	241,637 (221,889)	234,303	254,051
Building	569,508,741 (562,961,003)	7,652,154 (3,501,352)	612,306 (980,491)	574,901,092 (569,508,741)	10,377,023 (10,156,100)	200,684 (217,045)	1,446,737 (3,740,788)	171,154,778 (162,425,176)	403,746,314	407,083,565
Plant and Equipments	599,419,577 (506,302,089)	50,715,495 (101,644,039)	101,468,554 (14,787,920)	549,771,809 (599,419,577)	22,573,242 (22,818,413)	98,153,860 (10,288,047)	(992,880) (4,926,299)	192,656,022 (267,243,760)	357,115,787	332,175,817
Furniture and Fixtures	412,027,185 (375,712,334)	18,877,486 (36,595,540)	11,780,859 (1,624,484)	419,000,996 (412,027,185)	23,237,725 (22,322,498)	9,944,362 (1,147,298)	42,762 (856,118)	170,352,313 (157,101,712)	248,648,683	254,925,473
Vehicles	34,167,505 (37,517,431)	- (-)	1,889,137 (3,535,492)	32,208,562 (34,167,505)	2,669,304 (4,648,602)	1,449,234 (2,566,260)	56,299 (69,046)	27,799,470 (26,635,699)	4,409,092	7,531,806
Office Equipment	80,306,255 (77,301,557)	2,602,268 (3,012,858)	4,574 (8,160)	82,903,949 (80,306,255)	3,788,739 (3,197,656)	4,574 (3,783)	- (-)	27,152,916 (23,368,751)	55,751,033	56,937,504
Lease hold Improvement	370,192,516 (319,372,180)	33,153,237 (61,305,762)	31,403,983 (10,485,426)	371,941,770 (370,192,516)	33,290,748 (30,097,747)	20,334,673 (3,286,140)	- (-)	165,883,749 (152,927,674)	206,058,021	217,264,842
Computer	74,494,310 (70,764,935)	2,424,428 (3,760,245)	- (30,870)	76,918,738 (74,494,310)	6,282,760 (6,117,078)	- (25,880)	- (-)	62,896,821 (56,614,061)	14,021,917	17,880,249
Electrical Installation	97,323,560 (90,418,559)	7,148,572 (8,155,581)	1,618,665 (1,250,580)	102,853,467 (97,323,560)	4,325,147 (4,333,348)	417,500 (298,234)	- (-)	36,403,137 (32,495,490)	66,450,330	64,828,070
SUB TOTAL A	2,280,006,008	122,573,640	148,778,078	2,253,066,742	106,564,436	130,504,887	552,918	854,540,843	1,398,525,899	1,400,971,796
Previous Year	(2,082,916,447)	(217,975,377)	(32,703,423)	(2,280,006,008)	(103,711,190)	(17,832,687)	(9,592,251)	(879,034,212)	-	-
B INTANGIBLE ASSETS										
(Acquired)										
Goodwill	95,417,098 (90,923,302)	- (-)	- (-)	93,726,621 (95,417,098)	- (6,411,885)	- (-)	1,690,477 (4,493,796)	93,726,621 (95,417,098)	-	-
Software	45,694,925 (33,929,647)	9,797,718 (11,765,278)	- (-)	55,492,643 (45,694,925)	6,803,154 (5,338,232)	- (-)	- (-)	32,786,753 (25,983,599)	22,705,890	19,711,326
SUB TOTAL B	141,112,023	9,797,718	-	149,219,264	6,803,154	-	1,690,477	126,513,374	22,705,890	19,711,326
Previous Year	(124,852,949)	(11,765,278)	(-)	(141,112,023)	(5,338,232)	(-)	(4,493,796)	(121,400,697)	-	-
C Capital Work in Progress										
									22,943,540	50,614,735
									3,002,003	3,772,378
D Intangible Assets Under Development									1,447,177,332	1,475,070,235
TOTAL (A+B+C+D)	2,421,118,031	132,371,358	148,778,078	2,402,286,006	132,371,358	148,778,078	2,243,395	2,402,286,006	1,447,177,332	1,475,070,235
Previous Year	(2,207,769,396)	(229,740,655)	(32,703,423)	(2,421,118,031)	(229,740,655)	(32,703,423)	(16,311,403)	(2,421,118,031)	-	-

Note :-

- Plant & Equipments costing ₹ 92,189,014/- (Previous Year ₹ 92,189,014/-) are hypothecated against Term Loan sanctioned.
- In case of Zodiac Clothing Co. (UAE) LLC a subsidiary, Factory building is constructed on annually renewable leasehold land.
- Building includes premises of the Gross Book Value of ₹ 378,291,173/- (Previous Year ₹ 737,401,474/-) given on operating lease.
- The above depreciation does not include depreciation of ₹ 4,592,105/- (Previous Year ₹ 4,606,971/-) on investment property classified as non-current investment.
- Figures in brackets are in respect of the corresponding previous year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March 2017 ₹	As at 31 st March 2016 ₹
NOTE 11 : NON-CURRENT INVESTMENTS		
Non Current Investments (At cost, fully paid up unless otherwise stated)		
Other Investments		
A. Investment property – Commercial Building (net of accumulated depreciation)	-	339,065,683
TOTAL - (A)	-	339,065,683
B. In equity instruments of other entities (Quoted)		
1,244,452 (Previous Year: 1,713,750) Equity Shares of ₹ 5/- each of Shoppers Stop Ltd.	63,041,887	86,815,750
66 Equity Shares of ₹ 10/- each of Aditya Birla Nuvo Ltd.	42,305	42,305
343 Equity Shares of ₹ 10/- each of Aditya Birla Fashion and Retail Ltd.	42,304	-
830 Equity Shares of ₹ 1/- each of Hindalco Industries Ltd.	43,202	43,202
108 Equity Shares of ₹ 1/- each of Coramandel International Ltd.	5,203	5,203
7 Equity Shares of ₹ 10/- each of Exide Industries Ltd.	210	210
In Preference Shares of other intities (Quoted)		
1,250,000, 21.06% Cumulative Non Convertible Compulsorily redeemable preference shares of ₹ 10/- each in I L & F S Transportation	25,000,000	25,000,000
TOTAL - (B)	88,175,111	111,948,974
C. Investment in Venture Capital Funds (Unquoted)		
i. Tata Capital Growth Fund 20,000,000 units @ ₹ 1 each, partly paid up ₹ 0.86926 per unit (PreviousYear partly paid up ₹ 0.8545929 per unit)	15,595,089	17,313,586
ii. Tata Capital Health Care Fund 20,000,000 units @ ₹ 1 each, partly paid up ₹ 0.8985 per unit (PreviousYear partly paid up ₹ 0.8881 per unit)	17,102,957	17,949,672
iii. Faering Capital India Evolving Fund 72,870 (Previous Year 88,876 units @ ₹ 1,000/- each)	72,870,210	88,876,325
iv. Faering Capital India Evolving Fund II 37,500 (Previous Year: 22,500) Units of ₹.1000/- each (Refer Note (i) Below)	37,500,000	22,500,000
v. Paragon Partners Growth Fund – I 360,000 (Previous Year: 140,000) Units of ₹100/- each (Refer Note (ii) Below)	36,000,000	14,000,000
TOTAL - (C)	179,068,256	160,639,583
TOTAL (A+B+C)	267,243,367	611,654,240
Aggregate Value of Quoted Investments	88,175,111	111,948,974
Aggregate market value of listed and quoted investments	454,761,858	622,718,637
Aggregate Value of Unquoted Investments	179,068,256	499,705,266

Notes:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Capital advances	4,289,105	6,563,974
(b) Security deposits (Refer Note Below)	203,924,116	203,577,054
(c) Balances with government authorities		
(i) Sales tax Deposits	18,676,128	16,333,426
(ii) Sales tax Refund Receivable	153,962	153,962
(iii) Custom duty receivable	2,119,519	2,119,519
(iv) Service Tax credit receivable	1,671,001	1,298,501
(d) Prepaid expenses	1,891,680	424,736
(e) Advance income tax (Net of Provisions)	124,986,067	134,555,098
TOTAL	357,711,578	365,026,270
Note: Security Deposits (for premises taken on lease) includes amount paid to:		
(i) Directors		
Mr M.Y. Noorani	360,000	360,000
Mr A.Y. Noorani	945,000	945,000
Mr S.Y. Noorani	945,000	945,000
(ii) Firms in which some of the Directors of the company are partners		
Metropolitan Trading Company	16,500,000	16,500,000
Munraz Enterprises	1,000,000	1,000,000
Mustang Manufacturing Company (Refer Note 32)	250,000	250,000
NOTE 13 : OTHER NON-CURRENT ASSETS		
(a) Accruals		
- Interest accrued on Investments	264,196	264,196
(b) Others	17,581	17,581
TOTAL	281,777	281,777
NOTE 14 : CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
952,134 (Previous Year: 806,148) Units of ₹ 10/- each of IDFC Ultra Short Term Fund-Growth (Direct Plan)	21,982,621	17,048,673
872,165 (Previous Year: 416,886) Units of Rs.10/- each of HDFC floating rate Income Fund-Short term Plan-Wholesale Option Growth	24,596,218	10,800,000
Nil (Previous Year: 65.73) Units of ₹ 100/- each of DHFL Pramerica Insta Cash Plus Fund-Direct Plan-Growth	-	12,905
TOTAL	46,578,839	27,861,578
Aggregate amount of unquoted investments	46,578,839	27,861,578

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 15 : INVENTORIES		
(At lower of cost and net realisable value except stock of shares)		
(a) Raw materials	154,368,647	205,839,620
Goods-in-transit	2,504,289	8,291,989
	156,872,936	214,131,609
(b) Work-in-progress	28,457,523	43,176,624
(c) Finished goods (other than those acquired for trading)	370,928,393	346,295,813
(d) Stock-in-trade (acquired for trading)	72,127,225	76,883,520
Goods-in-transit	1,633,448	12,953,943
	73,760,673	89,837,463
(e) Stores and spares	4,757,242	5,842,073
(f) Accessories and Packing Materials	75,674,017	74,539,963
Goods-in-transit	1,064,033	15,003,985
	76,738,050	89,543,948
(g) Chemicals & Furnace oil etc.	2,740,962	3,568,829
(h) Stock of Shares (at lower of cost and Fair value)	711,371	711,348
TOTAL	714,967,150	793,107,707

NOTE 16 : TRADE RECEIVABLES

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

Unsecured, considered good	17,305,445	29,626,644
Doubtful	22,198,106	19,698,106
	39,503,551	49,324,750
Less: Provision for doubtful trade receivables	22,198,106	19,698,106
	17,305,445	29,626,644
Other Trade receivables		
Unsecured, considered good	222,247,021	281,036,450
TOTAL	239,552,466	310,663,094

NOTE 17 : CASH AND CASH EQUIVALENTS

(a) Cash on hand	895,139	1,574,958
(b) Remittances in Transit	3,808,830	8,012,222
(c) Balances with banks		
(i) In current accounts	133,475,463	109,914,250
(ii) In EEFC accounts	12,682	654,265
(iii) In deposit accounts (Refer Note Below)	671,456	636,640
(iv) In earmarked accounts		
- Unpaid dividend accounts	1,788,210	2,072,632
- Balances held as margin money or security against borrowings, guarantees and other commitments	2,330,460	7,846,313
TOTAL	142,982,240	130,711,280

Note: Balances with banks include deposits amounting to ₹ 671,456 (As at 31st March, 2016 ₹ 636,640) which have an original maturity of more than 12 months.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 18 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
(a) Loans and advances to related parties (Refer Note 32)	124,349,695	103,617,216
(b) Security Deposit	32,662	33,369
(c) Loans and advances to employees		
- Good	4,783,970	9,847,965
- Doubtful	4,115,128	4,115,128
	8,899,098	13,963,093
Less: Provision for doubtful loans and advances	4,115,128	4,115,128
	4,783,970	9,847,965
(d) Prepaid expenses	6,453,153	7,296,304
(e) Balances with government authorities		
(i) Excise duty deposit	154,252	79,446
(ii) others	2,099,691	2,243,070
	2,253,943	2,322,516
(f) Others		
(i) Advances against goods and services	8,422,581	18,152,894
(ii) Export incentive receivable	64,274,166	42,820,224
(iii) Advance payment to Gratuity Fund	30,437,484	41,949,037
(iv) Other balances	32,304,786	12,420,924
	135,439,017	115,343,080
Doubtful	553,762	553,762
	135,992,779	115,896,842
Less: Provision for other doubtful loans and advances	553,762	533,762
	135,439,017	115,343,080
TOTAL	273,312,440	238,460,450

NOTE 19 : OTHER CURRENT ASSETS

Accruals

Interest accrued on deposits	5,794	8,428
Deferred Premium on forward contracts	4,594,440	6,475,969
Receivable on sale of Investment	244,963,126	-
TOTAL	249,563,360	6,484,397

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March 2017 ₹	For the year ended 31 st March 2016 ₹
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NOTE 20 : REVENUE FROM OPERATIONS

Sale of products	2,670,801,447	3,351,697,466
Other operating revenues (Refer Note below)	199,939,933	172,841,304
	<u>2,870,741,380</u>	<u>3,524,538,770</u>
Less: Excise duty	19,404,794	879,696
TOTAL	<u>2,851,336,586</u>	<u>3,523,659,074</u>

Note:

Other operating revenues comprise:

Duty drawback and other export incentives	125,052,378	99,850,691
Recovery of Freight and insurance on sales	34,201,053	30,132,658
Rent and other revenue received	40,686,502	42,857,955
TOTAL	<u>199,939,933</u>	<u>172,841,304</u>

NOTE 21 : OTHER INCOME

(a) Interest income	563,487	1,488,869
(b) Dividend income:		
from current investments	-	124,897
from non current investments	3,077,346	6,243,366
(c) Net gain on sale of:		
current investments	2,424,733	4,705,950
non-current investments	33,032,665	266,909
(d) Net gain on foreign currency transactions and translation (other than considered as finance)	20,225,971	-
(e) Liabilities / Provisions no longer required written back	8,352,368	8,548,748
(f) Rental Income	2,349,050	1,818,329
(h) Other Miscellaneous Income	25,245,460	4,498,609
TOTAL	<u>95,271,080</u>	<u>27,695,677</u>

NOTE 22A : COST OF MATERIALS CONSUMED

Opening stock	303,675,556	343,045,181
Add: Purchases	978,321,085	1,216,329,506
	<u>1,281,996,641</u>	<u>1,559,374,687</u>
Less: Closing stock	233,610,986	303,675,556
TOTAL	<u>1,048,385,655</u>	<u>1,255,699,131</u>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March 2017 ₹	For the year ended 31 st March 2016 ₹
NOTE 22B: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year:		
Finished goods	370,928,393	346,295,813
Stock in Trade	73,760,673	89,837,463
Work-in-progress	28,457,523	43,176,624
Stock of Shares	711,371	711,348
	473,857,960	480,021,248
Inventories at the beginning of the year:		
Finished goods	346,295,813	319,348,147
Stock in Trade	89,837,463	93,626,598
Work-in-progress	43,176,624	52,301,352
Stock of Shares	711,348	711,410
	480,021,248	465,987,507
NET DECREASE / (INCREASE)	6,163,288	(14,033,741)
NOTE 23 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	536,017,448	567,085,204
Contributions to provident and other funds	55,907,040	54,701,208
Staff welfare expenses	9,442,801	43,004,165
TOTAL	601,367,289	664,790,577
NOTE 24 : FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings (Net of Interest reimbursement receivables under TUF Scheme ₹ 1,001,038/- Previous year ₹ 2,922,889/-)	24,990,883	12,482,319
(ii) Loan taken from related parties	2,665,005	-
(iii) Others - Interest on delayed / deferred payment	256,471	414,417
(b) Amortisation of deferred premium cost	12,575,529	14,278,934
TOTAL	40,487,888	27,175,670

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	For the year ended 31 st March 2017 ₹	For the year ended 31 st March 2016 ₹
NOTE 25 : OTHER EXPENSES		
Consumption of stores and spare parts	10,602,364	8,134,180
Excise duty on Finished Goods (Refer Note 39)	36,806	1,973,142
Labour Charges	64,335,527	62,742,413
Consumables for printing / embroidery / washing	17,761,124	14,481,066
Power and fuel	26,367,354	28,591,221
Rent including lease rentals (Refer Note 30)	389,097,255	366,502,115
Retail store maintenance expenses	67,107,901	64,550,269
Repairs and maintenance - Buildings	8,681,790	8,603,434
Repairs and maintenance - Machinery	11,768,731	11,309,128
Repairs and maintenance - Others	12,020,364	19,199,824
Insurance	11,022,772	12,638,644
Rates and taxes	17,286,992	25,354,591
Postage and Telephones	22,007,080	22,236,925
Travelling and conveyance	45,985,799	49,672,100
Printing and stationery	4,081,408	3,815,731
Freight and forwarding	80,278,281	94,787,404
Sales commission	98,834,498	104,335,384
Sales discount	19,303,869	33,083,663
Business promotion	101,261,329	139,936,158
Donations and contributions	4,023,529	2,427,271
Legal and professional	32,374,022	29,545,131
Directors' Sitting fees	4,025,435	3,609,673
Electricity	40,665,900	40,663,385
Remuneration to Managing Director (including Provident Fund)	6,800,000	6,771,924
Security Charges	13,310,281	12,375,935
Trade Mark fees	17,063,952	19,960,888
Payments to auditors	4,187,886	3,938,432
Bad and doubtful debts written off	172,756	1,669,132
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	28,206,670
Management fees	181,122	190,179
Loss on sale of fixed assets (net)	687,894	1,162,519
Bank Charges	18,845,957	22,816,341
Assets discarded written off	12,933,484	8,605,368
Net loss on sale of investments from current investments	-	422,138
Provision for doubtful trade receivables, and loans and advances	2,500,000	1,195,167
Miscellaneous expenses	7,417,971	8,176,308
TOTAL	1,173,031,433	1,263,683,853

NOTE 26: EXCEPTIONAL ITEMS

Profit on sale of Non-Current Investments	147,906,469	-
Profit on Disposal of Subsidiary	89,512,850	-
TOTAL	237,419,319	-

27) (i) Contingent Liabilities: -

- a) Guarantee issued by a Bank and counter guaranteed by the Company: ₹ 4,769,747/- (Previous year: ₹ 10,485,600/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: ₹ 10,113,238/- (Previous year: ₹ 27,556,232/-).
- c) Foreign bills/ Letters of Credit discounted with Bank ₹ 12,914,174/- (Previous year: Nil).
- d) Disputed demand not provided for in respect of:

	Current year ₹	Previous Year ₹
1) Income Tax	84,551,674	75,019,690
2) Sales Tax	22,317,657	19,055,237
3) Apparel Export Promotion Council for non fulfillment of export obligation	-	424,415

- e) Claims against the Company not acknowledged as debts ₹ 129,200/- (Previous Year: ₹ 2,662,300/-).

- f) Labour disputes not acknowledged as debts: Amount not ascertainable.

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

- g) Significant Capital Commitment in respect of contribution to Venture Capital Funds amounting to ₹ 137,568,804/- (Previous Year: ₹ 174,833,521/-)

- (ii) **Other commitments:-** Contractual arrangement for payment in case of default on credit card facility availed by certain employees from a bank— ₹ 4,100,000/- (Previous Year: ₹ 4,900,000/-)

- 28) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 11,949,993 /-(Previous year: ₹ 29,253,885/-)
- 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 ₹ 4,594,440 /- (Previous Year: ₹ 6,475,969/-)

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 ₹ 389,097,255/- (Previous Year: ₹ 366,502,115/-).

- c) The future minimum lease payments under non-cancelable operating lease :

(i) not later than one year is ₹ 20,325,472/- (Previous Year: ₹ 21,249,876/-); and

(ii) Later than one year and not later than five years is ₹ 1,086,462 /- (Previous Year: ₹ 3,238,976/-).

(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 ₹ 38,388,830/- (Previous Year: ₹ 39,657,919/-)

- c) The future minimum Lease rentals under non-cancelable operating leases:

(i) Not later than one year is ₹ 7,668,729/- (Previous Year: ₹ 7,668,729/-)

(ii) Later than one year and not later than 5 year ₹ Nil (Previous Year: ₹ Nil)

(iii) Later than 5 years ₹ Nil (Previous Year: Nil)

- d) Premises given on licence basis:-

Gross Carrying amount ₹ 378,291,173/- (Previous Year ₹ 737,401,474/-)

Accumulated Depreciation ₹ 65,576,164/- (Previous Year ₹ 75,190,623/-)

Depreciation for the year ₹ 5,976,773/- (Previous Year ₹ 10,587,456/-)

31) Deferred Tax: -

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Deferred Tax Liability on account of:		
(i) Depreciation and Amortisation	67,175,529	63,106,812
	67,175,529	63,106,812
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	49,595	-
(ii) Provision for Retirement Benefit	4,988,169	4,638,090
(iii) Provision for Doubtful Debts & Advances	8,883,035	8,195,349
(iv) Unabsorbed Depreciation (Restricted to the extent of Deferred Tax Liability on account of virtual certainty)	53,244,150	17,125,353
	67,164,949	29,958,792
Deferred Tax Liabilities (Net)	10,580	33,148,020

The Net Deferred tax credit of ₹ 33,137,440/- (Previous Year: ₹ 14,891,579/-) for the year has been recognized in the Statement of Profit and Loss.

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

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

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 upto 28th February, 2017 and vice chairman thereafter

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

Mustang Manufacturing Company

Mashal Enterprises

Euro Global Holdings 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)

Particulars	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Sale of Goods			
Onward LLC	-	75,156,355	75,156,355
	(-)	(169,306,572)	(169,306,572)
Mashal Enterprises	-	6,240,663	6,240,663
	(-)	(7,548,655)	(7,548,655)
Zodiac Metropolitan Clothing Gmbh	-	175,496,176	175,496,176
	(-)	(196,265,995)	(196,265,995)
Rent Income			
Metropolitan Trading Company	-	600,000	600,000
	(-)	(300,000)	(300,000)
Zodiac Metropolitan Clothing GmbH	-	2,745,692	2,745,692
	(-)	(3,703,670)	(3,703,670)
Purchases of Goods and Materials			
Onward LLC	-	80,186,170	80,186,170
	(-)	(183,404,793)	(183,404,793)
Interest Paid			
Mr. M. Y. Noorani	2,008,473	-	2,008,473
	(-)	(-)	(-)
Mr. A. Y. Noorani	422,115	-	422,115
	(-)	(-)	(-)
Mr. S. Y. Noorani	234,544	-	234,544
	(-)	(-)	(-)
Asia Tangible Investments Pte. Ltd.	-	-	-
	(-)	(323,256)	(323,256)
Euro Global Holdings Pte. Ltd.	-	-	-
	(-)	(467,057)	(467,057)
Zodiac UAE LLC	-	1,455,195	1,455,195
	(-)	(143,702)	(143,702)
Trade Mark fees Expense			
Metropolitan Trading Company	-	17,063,446	17,063,446
	(-)	(19,961,021)	(19,961,021)

(Previous year figures are in brackets)

Particulars	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Rent Expense			
Metropolitan Trading Company	-	25,118,486	25,118,486
	(-)	(24,894,806)	(24,894,806)
Mustang Manufacturing Company	-	708,000	708,000
	(-)	(708,000)	(708,000)
Munraz Enterprises	-	2,344,300	2,344,300
	(-)	(2,323,424)	(2,323,424)
Montage Corporation	-	86,400	86,400
	(-)	(79,200)	(79,200)
Miraj Marketing Company LLP	-	516,600	516,600
	(-)	(1,230,048)	(1,230,048)
Mr. A.Y. Noorani	2,092,638	-	2,092,638
	(2,073,998)	(-)	(2,073,998)
Mr. S.Y. Noorani	2,092,638	-	2,092,638
	(2,073,998)	(-)	(2,073,998)
Mr. M.Y. Noorani	678,000	-	678,000
	(678,000)	(-)	(678,000)
Salary Paid			
Mr. Awais A. Noorani	-	4,994,366	4,994,366
	(-)	(4,834,920)	(4,834,920)
Expenses Recovered			
Mashal Enterprises	-	386,319	386,319
	(-)	(748,427)	(748,427)
Metropolitan Trading Company	-	51,000	51,000
	(-)	(51,000)	(51,000)
Zodiac Metropolitan Clothing GmbH	-	76,985	76,985
	(-)	(48,653)	(48,653)
Onward LLC	-	2,211,538	2,211,538
	(-)	(3,241,143)	(3,241,143)
Zodiac (UAE) LLC	-	1,126,024	1,126,024
	(-)	(-)	(-)

(Previous year figures are in brackets)

Particulars	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Recovery of Freight and Insurance on Sales			
Zodiac Metropolitan Clothing Gmbh	-	8,266,618	8,266,618
	(-)	(6,216,079)	(6,216,079)
Onward LLC	-	1,752,330	1,752,330
	(-)	(1,576,142)	(1,576,142)
Expenses Reimbursed			
Zodiac Metropolitan Clothing Gmbh	-	301,693	301,693
	(-)	(335,602)	(335,602)
Munraz Enterprises	-	442,344	442,344
	(-)	(400,656)	(400,656)
Loans & Advances received from			
Mr. M. Y. Noorani	97,300,000	-	97,300,000
	(-)	(-)	(-)
Mr. A. Y. Noorani	18,000,000	-	18,000,000
	(-)	(-)	(-)
Mr. S. Y. Noorani	10,000,000	-	10,000,000
	(-)	(-)	(-)
Loan Repaid to			
Mr. M. Y. Noorani	86,800,000	-	86,800,000
	(-)	(-)	(-)
Dividend Paid (including Interim Dividend)			
Miraj Marketing Company LLP	-	-	-
	(-)	(5,794,335)	(5,794,335)
Asia Tangible Investments Pte. Ltd.	-	3,154,882	3,154,882
	(-)	(7,887,205)	(7,887,205)
Euro Global Holdings Pte. Ltd.	-	3,154,882	3,154,882
	(-)	(7,887,205)	(7,887,205)
Mr. M. Y. Noorani	3,895,473	-	3,895,473
	(6,650,258)	(-)	(6,650,258)
Mr. A. Y. Noorani	835,247	-	835,247
	(60,163)	(-)	(60,163)
Mr. S. Y. Noorani	554,516	-	554,516
	(33,335)	(-)	(33,335)
Mr. Awais Noorani	-	75	75
	(-)	(188)	(188)
Mrs. Saniyya Noorani	-	75	75
	(-)	(188)	(188)

(Previous year figures are in brackets)

Particulars	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Mr. Musaed A. Noorani	-	75	75
	(-)	(188)	(188)
Mrs. Muna A. Noorani	-	75	75
	(-)	(188)	(188)
Mrs. Zehra S.Noorani	-	367	367
	(-)	(918)	(918)
Commission Expense			
Zodiac Metropolitan Clothing Gmbh	-	36,541,920	36,541,920
	(-)	(34,738,149)	(34,738,149)
Remuneration (Including Provident Fund)			
Mr. S. Y. Noorani	6,800,000	-	6,800,000
	(6,771,924)	(-)	(6,771,924)
Outstanding amount receivable			
Metropolitan Trading Company	-	16,711,860	16,711,860
	(-)	(16,716,450)	(16,716,450)
Munraz Enterprises	-	1,000,000	1,000,000
	(-)	(1,000,000)	(1,000,000)
Zodiac Metropolitan Clothing Gmbh	-	72,192,328	72,192,328
	(-)	(30,654,368)	(30,654,368)
Onward LLC	-	87,139,756	87,139,756
	(-)	(95,973,873)	(95,973,873)
Zodiac UAE LLC	-	1,200,602	1,200,602
	(-)	(118,193)	(118,193)
Mr. A. Y. Noorani	945,000	-	945,000
	(945,000)	(-)	(945,000)
Mr. S.Y. Noorani	945,000	-	945,000
	(945,000)	(-)	(945,000)
Mr. M. Y. Noorani	360,000	-	360,000
	(360,000)	(-)	(360,000)
Mustang Manufacturing company	-	250,000	250,000
	(-)	(250,000)	(250,000)
Mashal Enterprises	-	812,919	812,919
	(-)	(504,685)	(504,685)

(Previous year figures are in brackets)

Particulars	Key Management Personnel ₹	Other Related Parties ₹	Total ₹
Outstanding amount payable			
Onward LLC	-	7,173,382	7,173,382
	(-)	(11,069,597)	(11,069,597)
Mr. A. Y. Noorani (Payable for Rent)	1,686,769	-	1,686,769
	(97,879)	(-)	(97,879)
Mr. A. Y. Noorani (Payable for Interest)	85,606	-	85,606
	(-)	(-)	(-)
Mr. A. Y. Noorani (Borrowing)	18,000,000	-	18,000,000
	(-)	(-)	(-)
Mr. S.Y. Noorani (Payable for Rent)	1,511,669	-	1,511,669
	(158,579)	(-)	(158,579)
Mr. S.Y. Noorani (Payable for Interest)	61,157	-	61,157
	(-)	(-)	(-)
Mr. S.Y. Noorani (Borrowing)	10,000,000	-	10,000,000
	(-)	(-)	(-)
Mr. S.Y. Noorani (Remuneration)	13,571,924	-	13,571,924
	(6,771,924)	(-)	(6,771,924)
Mr. M.Y. Noorani (Payable for Rent)	561,900	-	561,900
	(101,700)	(-)	(101,700)
Mr. M.Y. Noorani (Payable for Interest)	64,198	-	64,198
	(-)	(-)	(-)
Mr. M.Y. Noorani (Borrowing)	10,500,000	-	10,500,000
	(-)	(-)	(-)
Metropolitan Trading Company	-	13,348,807	13,348,807
	(-)	(2,835,502)	(2,835,502)
Zodiac Metroplitan Clothing Gmbh	-	21,620,255	21,620,255
	(-)	(12,628,515)	(12,628,515)
Asia Tangible Investment Pte. Ltd.	-	-	-
	(-)	(21,793,794)	(21,793,794)
Munraj Enterprises	-	1,953,944	1,953,944
	(-)	(333,892)	(333,892)
Miraj Marketing LLP	-	281,376	281,376
	(-)	(91,926)	(91,926)
Euro Global Holdings Pte. Ltd.	-	-	-
	(-)	(31,480,052)	(31,480,052)
Zodiac UAE LLC	-	57,656,778	57,656,778
	(-)	(9,733,899)	(9,733,899)

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	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
A	Segment Revenue Gross	2,834,701,599	3,486,699,181	36,039,781	37,839,590	2,870,741,380	3,524,538,770
	Less : Excise Duty	19,404,794	879,696	-	-	19,404,794	879,696
	Segment Revenue (Net of Excise Duty)	2,815,296,805	3,485,819,485	36,039,781	37,839,590	2,851,336,586	3,523,659,074
	Other Income					95,271,080	27,695,677
	Total Segment Revenue					2,946,607,666	3,551,354,751
B	Segment Profit before tax	(309,155,573)	(119,846,744)	48,549,025	8,497,842	(260,606,548)	(111,348,903)
	Other Income					95,271,080	27,695,677
	Exceptional Item (Income)					237,419,319	-
	Total Profit/(Loss) before tax					72,083,851	(83,653,226)
C	Segment Assets	3,284,106,294	3,138,572,390	455,264,255	820,748,638	3,739,370,549	3,959,321,028
D	Segment Liabilities	1,065,451,323	1,207,745,496	26,498,039	128,223,961	1,091,949,362	1,335,969,457
E	Capital Expenditure	119,359,293	234,135,672	-	-	119,359,293	234,135,672
F	Segment Depreciation	107,451,949	103,043,319	10,507,746	10,613,074	117,959,695	113,656,393
G	Segment Non Cash Expenditure other than Depreciation	17,050,364	28,057,377	-	-	17,050,364	28,057,377

(ii) Geographical Segment:-

Geographical Segment is identified as secondary segment and given below:

Particulars	Current year (₹)			Previous Year (₹)		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue (Net)	1,489,492,255	1,361,844,331	2,851,336,586	1,750,603,580	1,773,055,494	3,523,659,074
Carrying Cost of Segment Asset	2,846,224,375	893,146,174	3,739,370,549	3,173,620,732	785,700,296	3,959,321,028
Capital Expenditure	111,585,638	7,773,655	119,359,293	226,221,701	7,913,971	234,135,672

34) Earnings Per Share: -

Particulars	As at 31 st March 2017	As at 31 st March 2016
(a) Face value per share (₹)	10	10
(b) Weighted Average No. of Shares		
(i) For Basic EPS	19,519,974	19,514,748
(ii) For Diluted EPS	19,519,974	19,514,748
(c) Net Profit/(Loss) for the year attributable to equity shareholders (₹)	61,422,828	(82,147,214)
(d) Basic Earnings Per Share (₹) (c / b(i))	3.15	(4.21)
(e) Diluted Earnings Per Share (₹) (c / b(ii))	3.15	(4.21)

- 35)** 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 in earlier years. During the Financial Year ended 31st March, 2017, no shares (including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options (including bonus entitlement thereon) have lapsed. The details of Zodiac Clothing Company Limited Employees Stock Option Plan 2006 are as follows:

(a) Employees Stock Option Scheme:

Particulars	Grant I	Grant II
Nos. of Options Granted (After considering impact of Bonus issued on 28th September, 2011)	462,975	401,025
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting	Graded Vesting
1 st year	30%	30%
2 nd year	30%	30%
3 rd year	40%	40%
Exercise Period	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	27 st December, 2006	20 th January, 2011
Grant Price (₹ per share)	255.40	346.00
Market Price on the date of Grant of Option (₹)	255.40	346.00
Discount on Average Price	Nil	Nil

(b) Movement of Options Granted:

Particulars	Grant I	Grant II
Outstanding at the beginning of the year	Nil	102,630
Granted during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled/Lapsed during the year	Nil	102,630
Forfeited during the year	Nil	Nil
Outstanding at the end of the year	Nil	Nil

* (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	102,630
Vested during the year	Nil	Nil
Exercised during the year*	Nil	Nil
Cancelled / Lapsed during the year	Nil	102,630
Options exercisable at the end of the year	Nil	Nil

* (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 (now known as SEBI (Share Based Employee Benefits) Regulations, 2014) issued by Securities and Exchange Board of India (SEBI). As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.

(e) Fair Valuation:

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

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

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

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

Particulars	2015-16
Net Loss After Tax (As Reported)	(82,147,214)
Add: Compensation Expenses under ESOS included in the Net Profit	Nil
Less: Compensation Expenses under ESOS as per Fair Value	Nil
Net Loss After Tax (Fair value basis)	(82,147,214)
Basic Earnings Per Share (Reported) - ₹ / Share	(4.21)
Basic Earnings Per Share (Fair value basis)- ₹ / Share	(4.21)
Diluted Earnings Per Share (Reported) - ₹ / Share	(4.21)
Diluted Earnings Per Share (Fair value basis) – ₹ / Share	(4.21)

Note: The above disclosures in respect of the current year are not applicable.

36) Derivative Financial Instruments

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

- (i) The following are outstanding Foreign Exchange Forward contracts and option, as on March 31, 2017:

Sr No	Currency	Buy / Sell	Cross Currency	Nature of Contracts	Amount in foreign currency	
					Current Year	Previous Year
1	USD	SELL	INR	Forwards	1,710,000	1,233,315
2	GBP	SELL	INR	Forwards	1,226,400	726,600
3	GBP	SELL	USD	Forwards	-	186,100
4	EURO	SELL	INR	Forwards	208,000	126,000
5	EURO	SELL	USD	Forwards	-	51,500
6	CHF	SELL	INR	Forwards	27,000	138,802
7	EURO	BUY	INR	Forwards	150,795	5,020
8	USD	BUY	INR	Forwards	3,174,828	4,143,632
9	USD	SELL	INR	Option	200,000	-

- (ii) Net Gain on derivative instruments which have been designated as cash flow hedges of ₹ 8,753,968/- (Previous Year: Net gain ₹ 2,651,260/-) recognized in Hedging Reserve as of 31st March, 2017, is expected to be reclassified to the Statement of Profit and Losses 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 ₹ 6,334,379/- (Previous Year: Net Gain of ₹ 3,668,027/-) recognized in the Hedging Reserve as of March 31, 2017 is expected to be reclassified to the Statement of Profit and Loss as and when the highly probable sales takes place.
- (iv) Exchange Gain of ₹ 20,225,971/- (Previous Year: Exchange Loss ₹ 28,206,670/-) has been recognized in the Statement of Profit and Loss for the year ended March 31, 2017.

- b) (i) No derivative instruments are acquired for speculation purposes.
- (ii) Foreign currency exposures that are not hedged by derivative instruments or otherwise are ₹ 8,361,944/- Previous Year: ₹ 11,668,644/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Creditors for Goods and expenses	USD 121,762	7,863,744	USD 163,977	10,864,285
	EURO 7,228	498,200	EURO 10,669	804,359

37) (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, 2017 ₹	As at March 31, 2016 ₹
Change in obligations		
Present value of funded benefit obligations as at 1 st April, 2016	86,183,134	83,815,666
Current Service Cost	9,322,531	9,078,455
Interest Cost	6,903,269	6,671,727
Benefit Paid	(19,311,114)	(14,166,937)
Actuarial (gain) / loss on obligations	4,917,200	784,223
Present value of funded benefit obligations as at 31 st March, 2017	88,015,020	86,183,134
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1 st April, 2016	128,132,171	112,304,431
Expected Return on plan assets	10,263,387	8,939,433
Contributions	196,557	20,380,871
Benefits Paid	(19,311,114)	(14,166,937)
Actuarial gain/(loss) on plan assets	(828,497)	674,373
Fair value of plan assets as at 31 st March, 2017	118,452,504	128,132,171
Total Actuarial gain/(loss) recognized	(5,745,697)	(109,850)
Amount Recognised in Balance Sheet		
Present value of obligation	88,015,020	86,183,134
Fair value of plan assets	118,452,504	128,132,171
Liability / (assets)	(30,437,484)	(41,949,037)
Liability / (assets) recognized in the Balance Sheet	(30,437,484)	(41,949,037)
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	9,322,531	9,078,455
Interest Cost	6,903,269	6,671,727
Expected Return on plan assets	(10,263,387)	(8,939,433)
Net Actuarial loss recognised in the current year	5,745,697	109,851
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit and Loss	11,708,110	6,920,600
Actuarial assumptions used		
Discount rate	7.57%	8.01%
Expected Return on plan assets	7.57%	8.01%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 years	60 years
Category of Assets		
Insurer Managed Funds	118,452,504	128,132,171

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	2016-17 ₹	2015-16 ₹	2014-15 ₹	2013-14 ₹	2012-13 ₹
Plan Assets	(828,497)	674,373	690,043	574,655	1,478,137
Plan Liabilities	1,391,442	1,193,768	4,233,218	3,866,683	1,188,369

- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: ₹ Nil. (Previous Year: ₹ Nil).
- 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, 2017 ₹	As at March 31, 2016 ₹
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2016	14,033,743	14,166,570
Current Service Cost	2,870,746	2,688,169
Interest Cost	1,124,103	1,127,659
Benefit Paid	(3,388,326)	(2,734,918)
Actuarial (gain)/loss on obligations	446,596	(1,213,737)
Present value of unfunded benefit obligations as at 31st March, 2017	15,086,862	14,033,743
Amount Recognised in Balance Sheet		
Present value of obligation	15,086,862	14,033,743
Fair value of plan assets	-	-
Liability/(assets) recognized in the Balance Sheet	15,086,862	14,033,743
Expenses Recognised in Statement of Profit and Loss		
Current Service Cost	28,70,746	2,688,169
Interest Cost	1,124,103	1,127,659
Expected Return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the current year	446,596	(1,213,737)
Expenses Recognised in the Statement of Profit and Loss	4,441,445	2,602,091
Actuarial assumptions used		
Discount rate	7.57%	8.01%
Expected Return on plan assets	NA	NA
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary increase	5.00%	5.00%
Attrition	2%	2%
Retirement	60 years	60 years

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 Company makes provident fund contributions to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the salary to fund the benefits. Amount recognized as an expense in the statement of profit and loss in respect of defined contribution plan is ₹ 44,834,474/- (Previous Year: ₹ 44,264,312/-).

38) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements in terms of Schedule III to the Companies Act, 2013:

		Net assets, i.e., total assets minus total liabilities				(Figures in ₹)			
		31 st March 2017		31 st March 2016		31 st March 2017		31 st March 2016	
Sr. No.	Name of the Company	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent									
1	Zodiac Clothing Company Limited	66.75	1,767,155,984	67.39	1,767,956,638	(22.05)	(13,543,524)	13.51	(11,097,175)
Subsidiaries									
Indian									
2	Zodiac Finsec and Holdings Ltd	14.01	370,855,533	11.64	305,356,833	118.51	72,792,940	(52.90)	43,458,045
Foreign									
3	Zodiac Clothing Co. S.A. - Switzerland	3.57	94,407,906	3.95	103,644,134	122.07	74,981,694	(71.37)	58,632,317
4	Zodiac Clothing Co. (UAE) LLC - UAE	17.08	452,107,325	20.34	533,474,302	3.52	2,164,472	13.51	(11,097,175)
5	Zodiac Clothing Company Inc - USA	(0.01)	(237,561)	0.00	27,601	(0.45)	(273,713)	0.30	(244,407)
6	Zodiac Properties Ltd - R.A.K. (UAE)	-	-	(1.75)	(45,894,802)	(10.08)	(6,189,888)	6.92	(5,686,331)
Total Net Assets and Profit		101.40	2,684,289,187	101.57	2,664,564,706	211.54	129,931,981	(90.04)	73,965,276
Consolidation adjustments			(36,868,000)		(41,213,135)		(68,509,153)		(156,112,490)
Total Consolidated Net Assets and Profit		100.00	2,647,421,187	100.00	2,623,351,571	100.00	61,422,828	100.00	(82,147,214)

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

40) (a) Gross amount required to be spent by the Group during the year for CSR: ₹ 1,809,762/- (Previous Year: ₹ 3,386,639/-).

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

(Figures in ₹)

Amount spent during the year on:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	NIL	NIL	NIL
	NIL	NIL	NIL
(ii) On purposes other than (i) above	1,820,000	NIL	1,820,000
	(3,570,000)	NIL	(3,570,000)

- 41) The Board of Directors of the Company have proposed a dividend of Re. 1 per equity share for the year ended 31st March, 2017 (Previous Year Re. 1 per equity share). The dividend will be paid after the approval of shareholders at the Annual General Meeting. During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – ‘Contingencies and Events Occurring after the Balance sheet date’ (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed/ declared after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended 31st March, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its Surplus in Statement of Profit and Loss would have been lower by ₹ 23,493,781/- and Short Term Provision would have been higher by ₹ 23,493,781/- (including dividend distribution tax of ₹ 3,973,807/-).
- 42) Disclosure in respect of details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

Particulars	SBNs (₹)	Other denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	3,577,000	765,941	4,342,941
(+) Permitted receipts	-	17,428,159	17,428,159
(-) Permitted payments	-	3,068,493	3,068,493
(-) Amount deposited in Banks	3,577,000	13,907,835	17,484,835
Closing cash in hand as on 30.12.2016	-	1,217,772	1,217,772

Note: Above disclosures have been made to the extent information is available with the Company

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





Pure Leather Accessories

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue or grey lines across its entire width, typical of notebook paper. There are no margins, text, or other markings on the page.

