

ZODIAC



The mark of a perfectionist ZODIAC

ZODIAC CLOTHING COMPANY LTD.
36th ANNUAL REPORT 2019-2020



Mohamed Yusuf Noorani

24.05.1930 – 20.11.2019

Founder & Chairman Zodiac Clothing Co. Ltd.

A LIFE DEDICATED TO DRESSING UP A NATION.

Mr. M.Y. Noorani was one of the founding fathers of the clothing industry in India, the founder of the Clothing Manufacturers Association of India and its President for three consecutive terms.

He served on the managing committee of EU Chamber of Commerce and as its President for 2 terms.

As well as on the managing committees of the Indo - German Chamber of Commerce, Bombay Chamber of Commerce, Indo - Italian Chamber of Commerce, Bombay First & FIEO, where he served as Chairman of The Western Region & also of the Import - Export Advisory Committee. In 1982 he led an FIEO delegation to Saudi Arabia and the Gulf.

Mr. M.Y. Noorani initiated India's participation in clothing fairs in Germany by spearheading a delegation to Germany, in 1966, where he was subsequently awarded for the longest, continuous participation in trade fairs. He was part of Dr. Manmohan Singh's Indo - German Joint Business Commission in 1995.

He served on the board of the World Trade Centre, Mumbai for more than a decade and was a delegate to its assembly in Toronto in 1979.

He was a committee member & a past President of Indo - Spanish Committee instituted by the Bombay Chamber of Commerce. He also served on the board of the Export Credit Guarantee Corporation of India.

His belief that cultural ties promote business opportunities saw him as a long standing committee member and one of the Presidents of The India - Indonesia Friendship Society and led India's business cum goodwill mission to Indonesia in 1987 and was part of Late Mr. Atal Bihari Vajpayee's delegation to the ASEAN Summit, Indonesia & Thailand in 2003.

Mr. M.Y. Noorani led ZODIAC in its continuous quest for excellence and was the recipient for Lifetime Achievement Awards from CMAI, CIAE & IFA.

In 2009, the President of the Federal Republic of Germany conferred on him their highest civilian award - The Order of Merit.

WHY ZODIAC MAKES THE BEST SUITS

PERFECTLY BALANCED

Italian inspired, perfectly balanced jackets that do not weigh heavy on the shoulders.

CONFIDENT FIT

All our jackets are constructed with a half canvas front made from genuine horse hair which flatters the chest thereby ensuring an unmatched drape & an almost shirt like flexibility.

PURE LIGHTWEIGHT WOOL

Crafted from superfine 140's & 160's lightweight, pure wool.

HAND-STITCHED LUXURY

The lapels, half canvas lining & pockets are pick stitched while the armhole joints are hand-stitched making the suit more flexible.

COROZO BUTTONS

Crafted from the nut of a tropical palm grown only in the Ecuadorian rainforest.

BREATHABLE LINING

Only the finest "Cupro" natural fibre sourced from Bemberg is used.

Biella

LIGHTWEIGHT PURE WOOL SUITS

Z O D I A C
FINEST QUALITY CLOTHING

— www.zodiaconline.com —

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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 (upto 20.11.2019)

Mr. A. Y. Noorani

Chairman (w.e.f. 12.02.2020)

Mr. M. L. Apte

Director (upto 11.08.2019)

Mr. V. M. Apte

Director (w.e.f. 13.08.2019)

Mr. Bernhard Steinruecke

Ms. Elizabeth Jane Hulse

Mr. S. R. Iyer

Mr. Y. P. Trivedi

Dr. Naushad Forbes

Mr. S. Y. Noorani

Vice Chairman & Managing Director
(Vice Chairman w.e.f. 12.02.2020)

REGISTERED OFFICE

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

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

CHIEF FINANCIAL OFFICER

Mr. B. Mahabala

COMPANY SECRETARY

Mr. Kumar Iyer

STATUTORY AUDITORS

Price Waterhouse Chartered Accountants LLP
8th Floor, Nesco Complex, Gate No. 3,
Western Express Highway, Goregaon (East),
Mumbai – 400 063

REGISTRAR & TRANSFER AGENTS OFFICE

KFin Technologies Private Limited,
Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032.
Email id: einward.ris@kfintech.com
Website: www.kfintech.com

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

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 Clothing Co. S.A.
- Zodiac Clothing Co. (U.A.E.) LLC
- Zodiac Clothing Bangladesh Limited

DIRECTORS' BIOGRAPHIES



Late Mr. M. Y. Noorani

Chairman (upto 20.11.2019)

Late Mr. M. Y. Noorani was 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. The Cross of Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.



Mr. A. Y. Noorani

Chairman (w.e.f.12.02.2020)

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 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 also director in the subsidiary companies of Zodiac Group. He was also Director of Indian Oil Corporation.



Late Mr. M. L. Apte

Director (Upto 11.08.2019)

Late Mr. M. L. Apte, former Sheriff of Bombay was 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 was on the Board 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. 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 Director of Reliance Industries Limited, The Supreme Industries Limited, Emami Limited, 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 P N Writer and Company Private Limited, Writer Lifestyle Private Limited, Writer Safeguard Private Limited, Writer Business Services Private 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.

**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.

**Dr. Naushad Forbes**

Director

Dr. Naushad Forbes is the Co - Chairman of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He chairs the Steam Engineering Companies within the group. Dr. Naushad was an occasional Lecturer and Consulting Professor at Stanford University from 1987 to 2004 where he developed courses on Technology in Newly Industrializing Countries. He received his Bachelors, Masters and PhD Degrees from Stanford University. He is on the Board of several educational institutions and public companies. Presently he is a chairman of center for Technology Innovation and Economic Research in Pune. He has long been an active member of CII and has at various times chaired the National Committees on Higher Education , Innovation, Technology, and International Business. He was President of CII for 2016 – 17. He is currently a Director on the Board of Bajaj Holdings & Investment Limited, Bajaj Finserv Limited, Bajaj Finance Limited, Bajaj Auto Limited, Forbes Marshall (HYD) Private Limited, Forbes Marshall Private Limited, J N Marshall Private Limited, Forbes Marshall Arca Private Limited, Forbesyncle Private Limited, Krohne Marshall Pvt Ltd, CTIER Impact Forum and Forbes Solar Private Limited.

**Mr. V. M. Apte**

Director (w.e.f. 13.08.2019)

Mr. Vaman Apte is the Chairman of Dr. Writers Food Products Private Limited and a consultant at Plastocrafts Industries Private Limited and has a rich and varied business experience. He received his Bachelors degree in Arts from Ruia College. He has also been associated with cricket and squash, captained a few teams and won various national awards. He was a former member of the Managing Committee of Willingdon Sports Club, executive committee member of the Cricket Club of India, executive Committee Member Squash Rackets Federation of India and Chairman of Squash Rackets Association of Maharashtra.

**Mr. S. Y. Noorani**

Vice Chairman & Managing Director (Vice Chairman w.e.f. 12.02.2020)

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.

CHAIRMAN'S STATEMENT



We trust all of you and your families are safe and well.

We have lost our Respected Beloved Founder Chairman in November 2019. He was often described as a towering personality, truly a giant, a doyen and a founding father of the clothing industry in India, with several notable achievements to his credit. His spirit, principles and teachings will always continue to guide the Company he started.

A few months earlier, we lost Mr. M. L. Apte, one of the earliest Independent Directors of the Company, shortly after he stepped down from the Board due to ill health.

The year was a difficult one, owing to low consumer demand, GDP growth of 4.2%, no appreciable increase in investment, growing unemployment, and

finally the lockdown in the most crucial run up to the year end, which impaired the top line as well as the bottom line. The lockdown hit the year end fervour, in both the International business, as well as the Branded business.

Other factors like intense competition in the markets, disrupted by the economic slowdown, the US China trade war (which could have been, and continues to be, an opportunity to capture some of the swing of business out of China), the volatility in the Forex markets and strengthening Rupee, easing imports of clothing into India especially from Bangladesh, all added to the woes of the clothing industry, which was already reeling from the closure of several large brick & mortar retailers globally, due to the onslaught of online - Covid 19 only severely aggravated this further, although online business continued

internationally during the lockdown, online business in India was impacted because, during the lockdown online business in India came to a standstill as well. The equity markets are totally out of sync with ground realities.

One must mention here that the China-US cold war-in trade, technology and finance- comes with its own rich prospects besides the swing away from China. Indian born executives like Satya Nadella (Microsoft), Sundar Pichai (Alphabet), Arvind Krishna (IBM) and Indira Nooyi (former of PepsiCo) are in a position to drive investments/jobs to India, given the right conditions here.

In the International business, the competition for a shrunken market is mostly from competing low wage countries with favourable trade agreements, and exacerbated our country's weaknesses, such as export of our taxes and low productivity in India. Besides, issues of dependability, poor infrastructure and expensive logistics, higher turnaround time for orders (90 days from India v/s 30 days from Turkey), longer transit time because of trans shipments of consignments for a significant part of India's export due to inadequate availability of direct vessels/mother vessels add to our weakness.

Export of clothing from the country declined by 4% (from USD 16.19 B in 2018-19 to USD 15.49 B in 2019-20).

On the Branded business front, the situation of fall in demand even before Covid 19, led to cut throat discounting, promotions & free give aways throughout the year. The MBO channel continues to weaken despite being pampered with every possible inducement by the competition. One bright spot continued to be our own webstore.

The impact of Covid on both businesses has been dramatic. Very low revenues ensued in both businesses during the lock down period and phased unlockings spread over several months for both

production facilities and retail stores. There were several large bankruptcies in the international market, where demand crumpled early, resulting in carrying forward of inventories, deferring of shipments and payments for suppliers to those markets - all this, coming together, with the lurking fear of the global resurgence of the virus as winter approaches, continues to keep business subdued.

The Company has taken several dramatic steps to reduce costs, curtail capex and conserve cash. We have moved large components of fixed expenses to variable (revenue share instead of fixed rental in case of stores) created an asset light model which has been discussed in this report. Thankfully, the Company has met all it's commitments to it's team in terms of their remuneration on time without any reduction; we have also met all our statutory obligations well in time. The pivot for the result for the year ahead will be the revival of demand, both internationally as well as in India.

The Government is formulating a policy of WTO compliant refund of taxes and duties (RODTEP), which when implemented, and executed efficiently and on time, will sharpen India's competitiveness. The proposed merging of 44 labour codes into 4 codes will be a giant step towards workers across the board getting formal contracts. The insolvency reform has lost it's sting, after the business community lobbied hard against losing prized assets, which the Government is trying to bring back on track.

During the year, the Company has incurred a Capex of ₹ 392.48 Lakhs, primarily in production equipment, and information systems, to sharpen our competitiveness, besides new stores.

During the year, 12 new Stores were opened (16 unviable stores were closed – a net decrease of 4 stores) with 116 stores at the end of the year.

The decline in turnover, of both International and Branded businesses, coupled with gestation on new stores and extended gestation on some stores opened

in the recent past, reduction of duty drawback/ ROSL (for partial reimbursement of taxes/duties paid), as well as high depreciation and mark to market under IND AS of some large ticket items, has resulted in the Company's operational performance being hit.

The Company has been advised by ICRA (an associate of Moody's Investor Service) that the rating process shall be done only after the Financial accounts for the Financial year 2019-20 are finalized and approved.

During the year, Mr. Vaman Apte was appointed as an Additional Director of the Company with an aim to refresh our Board with younger Independent Directors possessing skills and perspectives to help us steer our path in the current environment. The appointment of Mr. Vaman Apte is proposed to be regularized at the 36th AGM of the Company. Ms. Elizabeth Jane Hulse, Independent Director, having completed her first term of 5 years has been appointed as an Additional Director and it is proposed to regularize her appointment and also appoint her as an Independent Director of the Company for a second term of 5 years i.e. upto 11th August, 2025.

The Board of Directors of your Company have not recommended any dividend for the Financial Year 2019-20.

I would like to conclude with a vote of thanks to all our stakeholders. 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 challenging times, was made possible by their hard work, strong work ethic, solidarity, co-operation and unstinted support. Covid induced WFH has truly put their skills and dependability to test.

We continue to be committed to our quality, transparency, environment friendly factories, sustainable production and community driven values, while delivering better product per rupee to the consumer, and remain as committed as ever to the Company's goals - our transparency, values and uncompromising principles/ ethics are hopefully cherished by all our constituents.

As always, I look forward to your continued support in our future endeavors, to take the Company to greater glory.

A. Y. Noorani

Chairman

ZODIAC
Regale
Italian 2006



Regale

Limited Edition, Bespoke & Made-to-Measure

WHY ZODIAC MAKES THE BEST SHIRTS

Almost Invisible Stitching

We use an unmatched 21 stitches per inch for an almost invisible stitch line and maximum strength. In fact our button holes get 120 stitches per inch – almost double the industry standard.



Signature Trinity Buttons

All our premium shirts come with our trademark genuine Mother-Of-Pearl, 3-hole "Trinity" buttons.

Choice of Cuffs

We offer single and the double or French cuffs, both detailed with the finest interlinings from Germany. All our shirts allow you to wear a cufflink since our single cuffs come with 2 button holes.

Range of Collars

We offer collars styles ranging from Kent, Cutaway, Contrast, Button Down and the stylish Mandarin or Band collar also.

Superior Fit

We offer 3 fits to suit diverse body types -Classic, Tailored and Slim.

Only The Finest Fabrics

Almost all our shirts are made from the finest, long staple 2-ply, mercerized, Egyptian or "Silk Touch" Giza 86 cotton. We also offer shirts in Pure French Flax Linen and Italian woven single ply, Giza 87, Air 100's.

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FINEST QUALITY CLOTHING

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HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

₹ In Lakhs

Particulars	2019-20		2018-19	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations	18,938.71	19,082.42	21,442.41	21,582.55
Other Income	1,743.68	1,213.79	1,177.51	663.03
Total Income	20,682.39	20,296.21	22,619.92	22,245.58
Less: Total expenses	18,116.95	18,369.25	22,618.43	22,939.48
Profit/(Loss) before finance cost, Depreciation and other exceptional item	2,565.44	1,926.96	1.49	(693.90)
Less: Finance cost	1,385.56	1,385.65	433.64	433.73
Profit/(Loss) before depreciation	1,179.88	541.31	(432.15)	(1,127.63)
Less: Depreciation	3,515.30	3,545.82	1,040.74	1,070.86
Profit / (Loss) before exceptional item	(2,335.42)	(3,004.51)	(1,472.89)	(2,198.49)
Add: Exceptional item	-	-	(305.62)	(305.62)
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR	(2,335.42)	(3,004.51)	(1,778.51)	(2,504.11)
Tax Expense	(202.63)	(107.97)	66.13	175.16
PROFIT / (LOSS) AFTER TAX FOR THE YEAR	(2,132.79)	(2,896.54)	(1,844.64)	(2,679.27)
Add: Balance brought forward from the last year	12,266.16	15,771.32	14,400.99	18,740.78
Add / Less: Other Comprehensive Income / (Loss) for the year	(76.35)	(76.35)	(94.99)	(94.99)
Less: Impact of Change in accounting policy (Ind AS 116)	(996.66)	(996.66)	-	-
Add: Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	707.82	707.82	-	-
Total amount available for appropriation	9,768.18	12,509.59	12,461.36	15,966.52
Appropriations:				
Dividends	(212.95)	(212.95)	(195.20)	(195.20)
Balance in Retained Earnings	9,555.23	12,296.64	12,266.16	15,771.32

DIRECTORS' REPORT TO THE MEMBERS

To,
The Members,
Zodiac Clothing Company Limited.

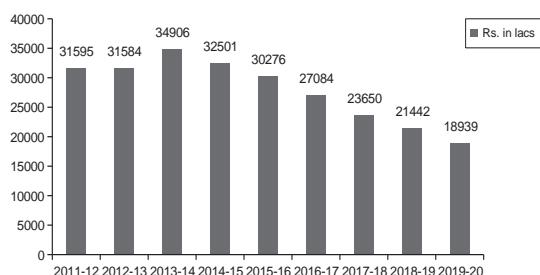
The Board of Directors are pleased to present the Company's 36th Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended 31st March 2020.

1. BUSINESS

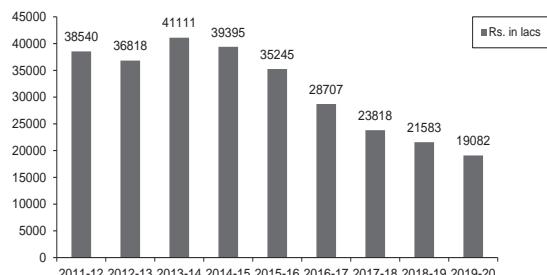
During the financial year ended 31st March 2020, the operational revenue of the Company on a Standalone basis was ₹ 18,938.71 Lakhs vs. ₹ 21,442.41 Lakhs in the previous year. Profit/(Loss) Before Tax and before exceptional items was ₹ (2,335.42) Lakhs vs. ₹ (1,472.89) Lakhs in the previous year, while the net Profit/(Loss) after Tax for the Financial Year ended 31st March 2020 was ₹ (2,132.79) Lakhs vs. ₹ (1844.64) Lakhs in the previous year. The Total Comprehensive Loss for the year was ₹ (3,279.38) Lakhs vs. ₹ (2,191.51) Lakhs in the previous year.

On a Consolidated basis the Operational revenue of the Company for the year decreased to ₹ 19,082.42 Lakhs from ₹ 21,582.55 Lakhs in the previous year. The Consolidated Profit/(Loss) before Tax and before exceptional items fell to ₹ (3,004.51) Lakhs vs. ₹ (2,198.49) Lakhs in the previous year, the Net Profit/(Loss) after tax being ₹ (2,896.54) Lakhs vs. ₹ (2,679.27) Lakhs in the previous year. The Consolidated Total Comprehensive Loss for the year was ₹ (3,733.35) Lakhs vs. ₹ (2696.14) Lakhs in the previous year.

OPERATIONAL REVENUE - STANDALONE



OPERATIONAL REVENUE – CONSOLIDATED



The slowdown in the Indian economy has been extended due to declining growth in private consumption, tepid increase in investment, drop in savings and continuing muted exports. The GDP for the financial year 2019-20 was 4.2%, which has been the lowest in the past eleven years. The end of FY 20 was further challenging due to the global spread of the Covid 19 pandemic, resulting in economic shutdowns creating unprecedented challenges for the economy. The pandemic led to tightening of liquidity, risk averseness build up and safety being the greatest priority for consumers resulting in dramatic fall in consumption demand, is likely to result in India facing its first growth recession since 1979-80.

India went into a corona virus-related lockdown only at the end of March – later than many other Asian and European nations - so the effects of the stay-at-home order only became fully visible in the quarter ending in June (GDP being down by 23.9%) as the country's efforts to contain the corona virus wreaked havoc on the economy.

India's economic decline was one of the worst among major economies, with the U.S. economy for example contracting 9.5 percent in the June quarter. With the COVID-19 restrictions being loosened, but with the virus continuing to rage in the country and elsewhere, the second quarter's results across industries, though expected to improve, will continue to remain uninspiring, with some sectors continuing to be in distress. The Government's attempt to create liquidity to restore demand in India is a welcome move.

The operating results of the Company have been affected, in a year that presented several challenges in each of the different segments and especially in the MBO segment of the Company's business. The consumer sentiment was lacklustre, across channels, with possibly the exception of the online stores. The last 2 weeks of the financial year are always charged with frenetic sales activity, so the loss in turnover was more than pro rata for the lockdown during March 20. The Company apart from initiating several efforts to expedite the growth of its online business, has also, besides closing down (16) unviable stores, started to move from the fixed rental model to the revenue share model in respect of most of its retail stores, and converting fixed expenses to variable expenses wherever possible, besides moving to an asset light model to the extent possible. This is expected to aid the Company in reducing a large part of its fixed expenses and bring down its losses substantially.

In line with declining real GDP growth, India's total exports are also stagnating for the previous five years. Further, due to the ongoing pandemic, clothing manufacturers are likely to witness a 25 per cent plus decline in revenue in the ongoing financial year due to

the prolonged lockdown, a sharp fall in both domestic and export demand and lower discretionary spending, according to a report by Crisil Ratings.

On the global front, contrary to market expectations, escalation in trade war between US and China have dampened risk sentiment and outlook for global growth. The recent slowdown in global demand has also increased competition further in the markets impacted by the Pandemic. The projected post pandemic consumption of clothing in 2020 in EU is projected at 59% of 2019 and in US at 63% of 2019, total USD 308B, of which imports would be USD 122B. The countries with favourable treaties (zero/no duties by importing countries) will be at a greater advantage.

On the domestic front, RBI's forex reserves have been increasing sharply. During the current year, India's trade deficit has been decreasing, despite a fall in exports, because of a greater fall in imports. With the expected shrinking of the current account deficit and the balance of payments surplus expected to continue through the current fiscal, the rupee is expected to strengthen in spite of RBI aggressive intervention.

Clothing imports into India continued the upward trend with a CAGR of 8% over the last thirteen years. This alarming increase was mainly due to India's Free Trade Agreements and zero duty access to highly competitive clothing exporters like Bangladesh, China, & Bangladesh continue to remain the biggest suppliers of textiles and clothing products to India.

The Inverted structure of GST, which has resulted in

huge blockage of funds, especially for distressed MSME clothing retailers, needs to be addressed forthwith by putting refunds on fast track, without any further loss of time. Also the unutilised tax credits are deadweight and reduce India's competitiveness.

The cumulative Index of Industrial Production (IIP) for clothing ended the year on a positive note. However, India's clothing exports are continuously declining since 2017, mainly due to stiff competition, economic slowdown, reduction in reimbursement for duties paid (which only partially compensate for the taxes incurred), delays in disbursement creates constraints in working capital because of large amounts receivable towards these, besides cut-throat competition particularly from FTA, zero duty / low duty and low wage countries. WTO compliant support is needed urgently, to sharpen India's export competitiveness.

The cost of not progressing with the EU trade deal - and, for that matter, of allowing the Regional Comprehensive Economic Partnership (RCEP) to move forward without India is likely to isolate India at this crucial juncture of it's development.

Going forward, both the Indian clothing industry and Government need to work in tandem towards achieving the agility that our competitor countries display.

The Company continues to invest in enhancing it's competitiveness, as well as in Information Technology (I.T.), to better service the needs of it's customers, besides consistently scouting for new viable locations for it's store additions, which continues to be a focus area.

2. RESULTS OF OPERATIONS

Financial Results

(₹ in Lakhs)

	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total Revenue from Operations (Net)	20,682.39	22,619.92	20,296.21	22245.58
Profit/(Loss) Before Exceptional Items And Tax	(2,335.42)	(1472.89)	(3,004.51)	(2198.49)
Exceptional Item	-	(305.62)	-	(305.62)
Profit/(Loss) Before Tax	(2,335.42)	(1778.51)	(3,004.51)	(2504.11)
Provision for Taxation:				
Current tax	110	107.00	110.80	109.41
Deferred tax Charge/(Credit)	(337.61)	(275.41)	(243.75)	(168.79)
Tax in respect of earlier years	24.98	234.54	24.98	234.54
Profit/(loss) after taxation	(2,132.79)	(1844.64)	(2,896.54)	(2679.27)
Other Comprehensive Income	(1,146.59)	(346.87)	(836.81)	(16.87)
Total Comprehensive Income for the year	(3,279.38)	(2191.51)	(3,733.35)	(2696.14)

3. SUBSIDIARY COMPANIES

As on 31st March, 2020 the Company had three (3) subsidiaries. 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.

Pursuant to the 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 3 to this report.

Pursuant to the provisions of Section 136 of the Act, the Standalone and Consolidated financial statements of the Company along with relevant documents and the financial statements of the subsidiaries, are available on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

4. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements of Accounting Standards AS-21, a Report on the performance and financial position of all the 3 (three) wholly owned subsidiaries included in the Consolidated Financial Statement and their contribution to the overall performance of the Company, is provided in Form AOC - 1 and forms part of this Annual Report.

5. RATING

The Company has been advised by ICRA (an associate of Moody's Investor Service) that the rating process shall be done only after the accounts for the Financial year 2019-20 are finalized and approved.

6. CAPEX

The Company has incurred a Capital expenditure of ₹ 392.48 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, 2020 was (0.27) on a Standalone basis and (0.23) on a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves – on consolidated basis) were ₹ 2090.42 Lakhs in March 2020, as against ₹ 2262.41 Lakhs last year.

8. SHARE CAPITAL

During the year under review, the paid up share capital of the Company increased from ₹ 21,29,45,960/- to ₹ 22,47,76,770/- pursuant to allotment of Equity Shares upon conversion of 11,83,081, Convertible Warrants into equivalent Equity Shares of ₹ 10/- each at a premium of ₹ 159.05/- per Equity Share on Preferential Basis to the Promoters of the Company vide circular resolution dated 22nd July, 2019.

9. DIVIDEND & RESERVE

The Board of Directors of your Company have not recommended any dividend for the Financial Year 2019-20 (previous year ₹ 1/-) per equity share of ₹ 10/- each (@ 10%).

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 the SEBI LODR with the Stock Exchange(s). The report on Business Responsibility, Corporate Governance, Management Discussion and Analysis, as well as the Auditors Certificate on the compliance of Corporate Governance forms 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 ensures that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

The 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 prior approval and wherever applicable omnibus approvals are obtained for Related Party Transactions. A statement of the related party transactions entered to during the quarter is placed before the Audit Committee, 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 an 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. 44 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 cost control continue to drive the Company.

13. BRAND BUILDING

The Company continues to invest in building the strength of its 3 brands (Zodiac, Z3 and ZOD!), aspiring to get traction in sales in the present, as well as in the future.

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 having already achieved excellent bench marks in conservation of energy, has invested in steam optimization projects for its process requirements, which has resulted in a drop in the consumption and the efficiency is going up.

The other focus areas have been to monitor the energy consumption on the shop floor using energy meters to be able to analyze, understand and fine tune efficiencies, use of translucent roofing panels in laundries thereby negating the requirement of artificial lighting during the day time, use of motion sensor activated lights in common areas resulting in low electricity consumption when there is no movement in line with the Company's philosophy of energy conservation.

As a result of the Company's policy to continuously upgrade, sustain and improve, the Company continues to maintain 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 6 years, inspite of the demand on processing and value addition increasing in line with the trend in fashion.

(B) Pollution Control

The Company's zero liquid discharge plant for water treatment has resulted in the Company's dependency on outside water to almost nil. Also with improved processing techniques, the water consumption has

reduced by more than 60% despite the higher volume of work, resulting in a good HIGGS score.

The Company's continued emphasis and training programs has helped the workers to conserve water not only at the work area but also at their homes, 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.

It is the Company's continuous thrust in this area that has resulted in results which far exceed the industry norm. As a result of aggressively mapping the input parameters/processes & live balancing of the effluent treatment, the Company has been able to achieve a high level of efficiency whereby the quality of the RO reject is better than the standards set for permeate water. The company is further investing in mapping water consumption, department-wise in the shop floors & arriving at the best methods and practices for further conservation. The drive towards becoming better at every step continues unabated. The treatment plant and its efficiencies continue to be a bench mark and continues to inspire with the outstanding results.

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		2019-20	2018-19
a.	Foreign Exchange Earnings	10,432	10,579
b.	Foreign Exchange Outgo	3,350	3,838

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 into 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 1 forming part of the report.

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review Mr. M. Y. Noorani, the founder of the Company, ceased to be the Chairman and Director of the Company due to his demise on 20th November, 2019. Consequent to that Mr. A. Y. Noorani has been appointed as the Chairman of the Company and Mr. S. Y. Noorani has been appointed as the Vice Chairman of the Company w.e.f. 12th February, 2020. Mr. Madhav Apte ceased to be the Director on the expiry of his term as an Independent Director w.e.f. 11th August, 2019.

During the year, Mr. Vaman M. Apte was appointed as an Additional Independent Director of the Company w.e.f. 13th August, 2019 and he holds office till the date of the ensuing 36th Annual General Meeting of the Company. Pursuant to the notice received from a member proposing his appointment as a Director of the Company, it is proposed to appoint him as an Independent Director at the ensuing Annual General Meeting of the Company for a period of five years upto 12th August, 2024 in terms of Section 149 of the Companies Act, 2013.

The present term of Ms. Elizabeth Jane Hulse as Independent Director of the Company ends on 11th August, 2020. The Board of Directors, based on the performance evaluation and the recommendation of Nomination & Remuneration Committee, has appointed her as an Additional Director to hold office till the date of the 36th AGM of the Company and also recommended the re-appointment of Ms. Elizabeth Jane Hulse as the Independent Director of the Company for a second term of 5 (Five) years w.e.f. 12th August, 2020 till 11th August, 2025.

In accordance with the provisions of Section 152 of the Companies Act 2013 and the Articles of Association

of the Company, Mr. A. Y. Noorani, Chairman and Non Executive Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

List of Key Managerial Personnel

Sr. No	Name of the person	Designation
1.	Mr. S. Y. Noorani	Vice Chairman & Managing Director
2	Mr. B. Mahabala	V. P. Commercial & Chief Financial Officer
3	Mr. Kumar Iyer	G. M. 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 a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole was evaluated, taking into account the views of the Independent Directors. However, in view of the incumbent Chairman being appointed only on the 12th February, 2020, the Independent Directors unanimously agreed to review his performance after the completion of 1 year.

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:

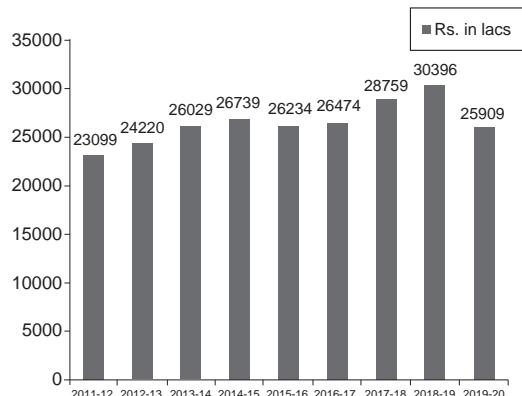
Four Meetings of the Board were held during the year, the details of which are provided in the Corporate Governance report, which forms part of this report.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:

- (i) In the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit and loss of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

NET WORTH – CONSOLIDATED



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

The Company's plants, retail stores and offices were shut down from March 25, 2020 consequent to nationwide lockdown announced by the Government of India due to COVID 19 pandemic and with the easing of restrictions, the Company's plants, retail stores and offices have commenced the operations. However, since the lockdown continued for most part of the first quarter coupled with low market demand, the financials of the Company are likely to be impacted. Considering the current situation, there are no material adjustments required to the carrying value of assets and liabilities as at July 30, 2020 and the Company will continue to monitor the changes for any material impact as the situation evolves.

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 involving 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. The above policy has been posted on the website of the Company at the link <http://>

www.zodiaconline.com/zodiac/retail/information/investorrelations.

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. COMPLIANCE WITH THE CODE OF CONDUCT
The Code of Conduct adopted by the Company for its Board of Directors and Senior Management Personnel 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, Vice Chairman & Managing Director forms part of this report.

24. FIXED DEPOSITS
The Company has not accepted any Fixed Deposits from the Public under Section 73 of the Companies Act, 2013.

25. COMPANY'S WEBSITE
The Financial Statements, Annual Report, including Corporate Governance Report, Shareholding Pattern, etc., are displayed inter se with the other information on the Company's website, viz. www.zodiaconline.com.

26. DONATIONS
During the financial year, the Company has, besides CSR, contributed ₹ 18,02,000/- (Rupees Eighteen Lakhs and Two Thousand only) to various deserving causes.

27. 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.

28. AUDITORS

The Auditors, M/s. Price Waterhouse, Chartered Accountants, LLP (FRN 012754N/N500016) who are the Statutory Auditors of the Company hold office up to the 38th Annual General Meeting.

As per the circular issued by the Ministry of Corporate Affairs dated 3rd January 2018, effective from 7th May, 2018 the provision for ratification of the appointment of the Statutory Auditors at every Annual General Meeting has been omitted. As such the item ratifying the appointment of M/s. Price Waterhouse, Chartered Accountants is not included in the Notice of the 36th Annual General Meeting.

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.

29. COST AUDITOR:

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

30. SECRETARIAL AUDIT:

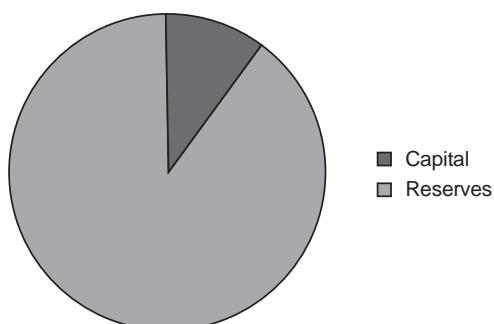
As per Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s. Robert Pavrey & Associates, Company Secretaries (CP No- 2928) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is included as Annexure 2 and forms an integral part of this report.

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

31. AUDIT COMMITTEE:

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

32. DETAILS OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2019-20 CONSOLIDATED:



33. 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.

34. 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. CNK & Associates LLP. 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 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.

35. 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.

36. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is uploaded on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

37. SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meeting.

38. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The details pertaining to the establishment of Vigil Mechanism/ Whistle Blower Policy is included in the Corporate Governance Report, which forms part of this report.

39. INVESTOR EDUCATION AND PROTECTION FUND

As per the provisions of 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 and the respective shares thereof for the Financial Year upto 2011-12 have been transferred to the IEPF established by the Central Government within the stipulated time.

40. STATEMENT OF DEVIATIONS OR VARIATIONS

Pursuant to Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015, below is the Statement of Deviation or Variation for the year ended 31st March, 2020:-

a. Deviation in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for general meeting.

There is no deviation in the use of proceeds from the objects stated in the explanatory statement to the notice for the 34th Annual General Meeting.

b. Category wise variation:

There is no variation as the application money raised through preferential allotment of Equity Shares and Convertible Warrants was ₹ 49.99 Crores till 31st March, 2020 and the Company has fully utilized the amount i.e. ₹ 50.00 Crores for the objects stated in the explanatory statement to the notice for the 34th Annual General Meeting.

41. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 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 2019-20:

Non-executive directors*	Ratio to median remuneration
Mr. M. Y. Noorani till 20 th November, 2020	-
M. L. Apte till 11 th August, 2019	-
Mr. A. Y. Noorani	-
Mr. V. M. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Dr. Naushad Forbes	-
Mr. Bernhard Steinruecke	-
Ms. Elizabeth Jane Hulse	-

***Note:**

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

Executive Director	Ratio to median remuneration
Mr. S. Y. Noorani	--

Note: The ratio to median remuneration is nil for the F.Y. 2019-20 as Mr. S. Y. Noorani has voluntarily agreed to not receive remuneration for the F.Y. 2019-20.

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. V. M. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Naushad Forbes	-
Mr. Bernhard Steinruecke	-
Ms. Elizabeth Jane Hulse	-
Mr. A.Y. Noorani	-
Mr. S.Y. Noorani	-
Mr. B. Mahabala (CFO)	-
Mr. Kumar Iyer (CS)	-

Note:

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

c. The percentage increase in the median remuneration of employees in the financial year: 3.93% (as the median employee is a piece rated worker)

d. The number of permanent employees on the rolls of Company: 1805 (as on 31st March 2020)

e. 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	31 st March, 2020	July, 1994 (IPO)	July, 1994 (IPO)*	% Change
Market Price (BSE)	100.50	110.00	24.45	311.04
Market Price (NSE)	103.45	110.00	24.45	323.11

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

f. The Average percentile increase in the salaries of Employees (i.e. employees at Factory/ies and to the office staff) other than Senior managerial personnel in the last Financial Year was 5% to 6%. There has been no increase in the managerial remuneration.

g. The key parameters for any variable component of remuneration availed by the Directors: During the Financial Year 2019 – 20 no performance linked bonus or any other variable component of remuneration has been paid to the Executive Director of the Company.

h. 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

i. 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 31st March, 2020 is given below:

Sr. No	Name	Date of Birth	Designation	Remuneration (₹)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	Percentage of Equity Shares held	Relative of any Director/ Manager of the Company
1	Salman Yusuf Noorani	15-03-1963	Vice Chairman and Managing Director	-Nil-	Contractual	B.com/38 years	01-03-1994	-	6.85	Brother of Mr. A.Y. Noorani, Chairman & Non Executive Director
2	Behroze Daruwala	04-09-1950	VP – Fabrics & Merchandising	46,11,047	Permanent	B.A. / 48 years	30-05-1972	-	0.13	-
3	Imraan Surve	11-10-1968	VP-Marketing Zod, LFS & Z3	45,63,518	Permanent	B.A. (Hons.) Economics/ 28 years	18-12-2001	Contract Advertising Pvt. Ltd.	0.02	-
4	B Mahabala	07-11-1951	V. P. Commercial & C.F.O	47,01,616	Permanent	M.com, MBA & Diploma in Cost & Management Accountancy/47 years	15-06-1984	Vulcan Engineers Limited	0.02	-
5	Awais Noorani	07-10-1975	VP – International Sales & Sourcing	45,35,666	Permanent	B.Com, MBA from IMD Switzerland/25 years	01-12-2002	-	0.00	Son of Mr. A.Y. Noorani, Chairman and nephew of Mr. S. Y. Noorani, Vice Chairman and Managing Director
6	Anand Pisharody	19-10-1957	VP - Manufacturing	33,55,472	Permanent	B.A. / 41 years	02-05-1986	Indian Molasses Company Limited	0.00	-
7	Vishal Chadha	17-11-1964	GM – Sales MBO	30,46,604	Permanent	B.A. / 31 years	22-07-2004	Johnson & Johnson Private Limited	0.01	-
8	Kumar Iyer	11-06-1964	GM Legal & Company Secretary	30,43,975	Permanent	M. Com, ACS/ 36 years	15-05-2014	Advani Hotels & Resorts (India) Limited	0.00	-
9	Nafees Azam	07-04-1960	GM – Sales (Retail)	28,44,659	Permanent	B.Com. / 35 years	21-05-2004	Geep Industrial Syndicate Limited	-	-
10	Subbraman Parameswaran	06-12-1970	DGM - Projects	26,37,895	Permanent	B.Sc and PGD in Marketing Management / 29 years	01-04-2001	West coast Industries Limited	0.09	-
11	Vikram Puri	29/06/1976	Senior Product Manager	33,71,250	Permanent	B. Sc Physics/ 24 years	07/05/2002	Cotton Club Inc.	0.00	-

Disclosure Requirements:

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

42. ACKNOWLEDGEMENTS

The Directors are grateful for the co-operation, support and assistance received from the customers, shareholders, the Government, other statutory bodies, Banks, Solicitors, Distributors, Suppliers and other business associates during these turbulent times.

The Directors also express their sincere appreciation of the employees at all levels for having risen to meet the several challenges encountered and look forward

to their valuable support and commitment in the times ahead.

For and on behalf of the Board of Directors

A. Y. NOORANI

Chairman

DIN: 00041686

Place: Mumbai

Date : 30th July, 2020

ANNUAL REPORT ON CSR ACTIVITIES

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 since inception. The Company is committed towards sustainability and all business decisions take 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 are within the broad framework of Schedule VI of the Companies Act 2013. During the year, inspite of the Average Net profit for the purpose of computation of CSR being nil, the Company has continued its focus on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of ₹ 46,50,000/- (Rupees Forty Six Lakhs Fifty Thousand only) 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 and Tata Memorial Hospital, Mumbai.

2. The composition of the CSR committee:

During the year under review the CSR Committee was re-constituted by the Board at their meeting held on 13th August, 2019 by inducting Mr. V. M. Apte as the Chairman of the Corporate Social Responsibility Committee w.e.f. 13th August, 2019 in place of Mr. M. L. Apte who had expressed his desire to not to continue with the directorship on the Board of the Company on the expiry of his term as an Independent Director on 11th August, 2019. Also M. Y. Noorani ceased to be the member of the Committee due to his demise on 20th November, 2019. As on 31st March, 2020, the Company has a CSR committee of Directors comprising of Mr. V. M. Apte, Chairman of the Committee, 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: Nil

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil

5. Details of CSR spent during the Financial Year:

a. Total amount to be spent for the Financial Year: Nil

b. Amount unspent: Nil

c. 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.

V. M. Apte

A. Y. Noorani

Chairman, CSR Committee

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 program 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	Nil	₹ 35,50,000/-	₹ 35,50,000/-	Direct
2	Contribution to Tata Memorial Hospital	Health Care and Preventive Health Care	Local Area	Nil	₹ 11,00,000/-	₹ 11,00,000/-	Direct

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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, 2020 ("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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('Act') and rules made thereunder; and
- (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, 2018;
- (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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (f) 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, Guidelines, Standards, etc. mentioned above.

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

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 requiring compliance thereof by the Company during the Audit Period.

We 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:

- (i) Factories Act, 1948;
- (ii) Industries (Development and Regulation) Act, 1951;
- (iii) Labour Laws and other identical laws related to the labour and employees appointed by the Company either on its payroll or on contractual basis;
- (iv) Competition Act, 2002
- (v) Consumer Protection Act, 1986
- (vi) Environmental Protection Act, 1986
- (vii) The Hazardous Waste (Management & Handling and Transboundary Movement) Rules, 2008.
- (viii) Boilers Act, 1923
- (ix) Gas Cylinders Rules, 2004
- (x) Standards of Weights & Measures (Enforcement) Act, 1985
- (xi) The Static & Mobile Pressure Vessels (Unfired) Rules, 2018
- (xii) Foreign Trade (Development & Regulation) Act, 1992
- (xiii) The Legal Metrology Act, 2009

We further report that 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 period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded. 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.

We further report that, during the Audit Period, no events occurred which had a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines.

This report is to be read with Annexure A which forms an integral part of this report.

For ROBERT PAVREY & ASSOCIATES
Company Secretaries

ROBERT PAVREY
Proprietor
FCS 2928 CP. No. : 1848
UDIN: F002928B000444655

Place : Mumbai
Date : July 13, 2020

To,
The Members,
Zodiac Clothing Company Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For ROBERT PAVREY & ASSOCIATES
Company Secretaries

ROBERT PAVREY
Proprietor

FCS 2928 CP. No. : 1848
UDIN: F002928B000444655

Place : Mumbai
Date : July 13, 2020

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	Proposed % of shareholding
1	Zodiac Clothing Co. S.A. - Switzerland.	April to March	CHF	₹ 72.57	2,50,000	9,19,388	11,82,246	11,82,246	-	8,55,564	1,143	8,54,421	-	100	
2	Zodiac Clothing Co. (U.A.E.) LLC - U.A.E.	April to March	AED	₹ 20.53	3,00,000	1,60,87,633	1,72,05,819	1,72,05,819	-	75,18,329	(43,946)	-	76,667	-	100
3	Zodiac Clothing Bangladesh Limited - Bangladesh	April to March	Taka	₹ 0.86	1,22,05,100	(9,65,724)	2,05,34,185	2,05,34,185	-	3,35,310	-	3,35,310	-	100	

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2019 - 2020

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 2020, as per the format prescribed by SEBI and as incorporated in Regulations 17 to 27 along with 34(3) and clause (b) to (i) of Sub-regulation 46 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") are set out below for the information of the members and investors of the Company.

I. Company's Philosophy on 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 the 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, interalia, 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 maximizing 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 2020, the Board of the Company comprised of Eight Directors of which, the Chairman is a Non-Executive Director, Vice Chairman is an Executive Director and six are Independent Directors out of which one is a Woman Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17 of LODR. The members of the Board are professionals who are senior, competent, richly experienced and highly respected persons in their respective fields.

The composition of the Board, Directorships/ Committee positions in other Companies as on 31st March 2020, number of meetings held and attended during the year are as follows:

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at last AGM	Directorships	Directorships and Category of Directorships in other Listed Entities	Committee Membership in other Public Companies	
			Held	Attended				Member	Chairperson
Mr. M. Y. Noorani*	Chairman	Promoter & Non Executive Director	4	0	No	-	None	-	-
Mr. M. L. Apte**	Non-Executive Director	Independent Director	4	0	No	6	Bajaj Hindusthan Sugar Limited - Independent Director Standard Industries Limited - Independent Director Raja Bahadur International Limited - Independent Director Grasim Industries Ltd - Independent Director Kulkarni Power Tools Ltd - Independent Director Bombay Burmah Trading Corporation Limited - Independent Director	7	1

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at last AGM	Directorships	Directorships and Category of Directorships in other Listed Entities	Committee Membership in other Public Companies	
			Held	Attended				Member	Chairperson
Mr. Y. P. Trivedi	Non-Executive Director	Independent Director	4	4	Yes	3	Reliance Industries Limited - Independent Director The Supreme Industries Limited - Independent Director Emami Limited - Independent Director	4	3
Mr. S. R. Iyer	Non-Executive Director	Independent Director	4	4	Yes	-	None	-	-
Mr. Bernhard Steinruecke	Non-Executive Director	Independent Director	4	1	Yes	1	BOSCH Limited - Independent Director	2	0
Dr. Naushad Darius Forbes	Non-Executive Director	Independent Director	4	2	No	4	Bajaj Holdings & Investment Limited - Independent Director Bajaj Finance Limited - Independent Director Bajaj Finserv Limited - Independent Director Bajaj Auto Limited - Independent Director	4	1
Mr. V. M. Apte***	Non-Executive Director	Independent Director	4	4	No	-	None	-	-
Ms. Elizabeth Jane Hulse	Non-Executive Director	Independent Director	4	1	No	-	None	-	-
Mr. A. Y. Noorani	Chairman****	Promoter & Non Executive	4	4	Yes	-	None	-	-
Mr. S. Y. Noorani	Vice Chairman & Managing Director*****	Promoter & Executive	4	4	Yes	-	None	-	-

* Mr. M. Y. Noorani, Chairman, ceased to be the Director consequent to his demise on 20th November, 2019.

** Mr. M. L. Apte ceased to be the Director on the expiry of his term as an Independent Director w.e.f. 11th August, 2019.

*** Mr. V. M. Apte has been appointed as an Additional Independent Director w.e.f. 13th August, 2019.

**** Mr. A. Y. Noorani has been appointed as the Chairman of the Company w.e.f. 12th February, 2020.

***** Mr. S. Y. Noorani has been appointed as the Vice Chairman of the Company w.e.f. 12th February, 2020.

Notes:

1. The Directorships, as mentioned above, do not include Directorship in Zodiac Clothing Company Limited, in Private Limited Companies, Unlisted Public Companies and 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. The necessary quorum has been present at all the meetings.

During the Financial Year a total of Four (4) Board Meetings were held i.e. on 30th May 2019, 13th August 2019, 13th November, 2019 and 12th February, 2020.

In compliance with the requirements of Schedule IV of the Companies Act, 2013 read with Regulation 25 of the SEBI LODR, a separate meeting of the Independent Directors of the Company was held on 12th February, 2020 without the attendance of Non Independent Directors and members of the Management of the Company.

Number of shares and convertible instruments held by Non- Executive Directors

The details of number of shares and convertible instruments held by Non- Executive Directors is provided below:

Name of the Non Executive Director	Number of Equity Shares Held as on 31st March 2020
Mr. Mohammed Yusuf Noorani*	52,26,538
Mr. Anees Yusuf Noorani	17,58,972
Mr. V.M. Apte	2,130
Mr. S. R. Iyer	3,375
Mr. Y. P. Trivedi	23,875
Mr. Bernhard Steinruecke	30,375
Dr. Naushad Forbes	38,639
Ms. Elizabeth Jane Hulse	-

*Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

List of Core skills/expertise/competencies identified by the Board of Directors as required in the context of our Business for it to function effectively and those actually available with the Board and also enumerated below, the directors who have such skills / expertise / competence :-

Name of the Non Executive Director	Designation of the Director	Skills / Expertise
Mr. M. Y. Noorani*	Chairman, Non-Executive Director (up to 20.11.2019)	Industrialist & a founding father of the Clothing industry in India and one of the pioneers of clothing exports from India. Clothing Manufacturer, Strategist & Business Management.
Mr. A.Y. Noorani	Chairman, Non-Executive Director (w.e.f. 12.02.2020)	Industrialist with expertise in developing Clothing business and its overall operations. Presently overseeing the Corporate affairs and Finance function of the Company.
Mr. S. Y. Noorani	Vice Chairman & Managing Director (w.e.f. 12.02.2020)	Industrialist with expertise in setting up and upgradation of manufacturing facilities. Presently overseeing the Company's operations, product design, manufacturing, sales and marketing.
Mr. M. L. Apte**	Non-Executive Independent Director (up to 11.08.2019)	Veteran with vast and varied knowledge of Textile Industry.
Mr. V. M. Apte	Non-Executive Independent Director (Non-Executive Independent Director w.e.f. 13.08.2019)	Industrialist with rich and varied experience in setting up and managing industries and also providing consultancy.
Mr. Bernhard Steinruecke	Non-Executive Independent Director	An eminent Banker with a law background and well versed with International business, banking and finance.
Ms. Elizabeth Jane Hulse	Non-Executive Independent Director	A veteran in Textile Designing and a trained weaver, Fabric Sourcing and Purchasing Brand and Product Management and Buying.
Mr. S. R. Iyer	Non-Executive Independent Director	An eminent Banker with vast knowledge and rich experience in Finance and Banking.
Dr. Naushad Forbes	Non-Executive Independent Director	An eminent industrialist with a doctorate degree in engineering from Stanford University and expertise in steam engineering, energy efficiency, technology and international business.
Mr. Y. P. Trivedi	Non-Executive Independent Director	An eminent lawyer with expertise in direct, indirect taxation and corporate laws.

* Mr. M. Y. Noorani, Chairman, ceased to be the Director consequent to his demise on 20th November, 2019.

** Mr. M. L. Apte ceased to be the Director on the expiry of his term as an Independent Director w.e.f. 11th August, 2019.

Familiarisation Programme for Board Members

The Company has put in place a system on an on going basis 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/Vice Chairman/Managing Director has a one to one discussions with the newly appointed Director to familiarize them 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 the Regulation 17 of LODR. The Code has been communicated to the Directors and the Senior Management Personnel. 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, 2020. The Annual Report contains a declaration to this effect signed by the Vice Chairman & Managing Director.

Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided:

None of the Independent Directors have resigned during the Financial Year 2019-20.

Disclosure of relationships between Directors inter-se

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

Other than the above, none of the Directors are related to any other Director of the Company.

Independent Directors' conformation by the Board:

All the Independent Directors (ID) have given declaration that they meet the criteria of Independence as laid down under section 149(6) of the Act and Regulation 16(1b) of LODR. In the opinion of the Board, all the IDs, fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1b) of the LODR.

Committees of Board:

The Company has constituted various Committees of Board of Directors to focus on critical functions of the Company and also for smooth and efficient business operations viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Forex Committee, and Investment Committee. The Committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation.

Details on role and composition of these Committees, including number of meeting held during the F.Y. 2019-20 and the related attendance are provided below:

III. Audit Committee

(a) Constitution of Audit Committee:

During the year under review the Audit Committee was re-constituted by the Board at their meeting held on 13th August, 2019 by inducting Mr. V. M. Apte as a member of the Audit Committee w.e.f 13th August, 2019 in place of Mr. M. L. Apte who had expressed his desire to not continue with the directorship on the Board of the Company on the expiry of his term as an Independent Director on 11th August, 2019.

The members of the Audit Committee as on 31st March, 2020 are Mr. S. R. Iyer, Mr. V. M. 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 are 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 as follows:

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 statements are 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. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. 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 the Managing Director, CFO, Statutory Auditors and Internal Auditors as special invitees.

During the Financial Year a total of Seven (7) Audit Committee Meetings were held i.e. on 30th May, 2019, 28th June 2019, 13th August, 2019, 27th September, 2019, 13th November, 2019, 20th December, 2019 and 12th February, 2020.

The details of attendance of each member of the Audit Committee is given below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. R. Iyer	Chairman	7	7
Mr. Y. P. Trivedi	Member	7	7
Mr. M. L. Apte*	Member	2	0
Mr. V. M. Apte	Member	5	5

*Mr. M. L. Apte ceased to be a member of the Audit Committee w.e.f 11th August, 2019 on expiry of his term as the Independent Director.

IV. Nomination and Remuneration Committee

During the year under review the Nomination & Remuneration Committee was re-constituted by the Board at their meeting held on 13th August, 2019 by inducting Mr. V. M. Apte as a member of the Nomination & Remuneration Committee w.e.f. 13th August, 2019 in place of Mr. M. L. Apte who had expressed his desire to not continue with the directorship on the Board of the Company on the expiry of his term as an Independent Director on 11th August, 2019.

The members of the Nomination and Remuneration Committee as on 31st March, 2020 are Mr. Y. P. Trivedi, Mr. V. M. Apte and Mr. S. R. Iyer.

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

Upon re-constitution of the Committee Mr. Y. P. Trivedi has been appointed as the Chairman of the Nomination and Remuneration Committee by the Board at their meeting held on 13th August, 2019.

Mr. Kumar Iyer, Company Secretary acts as the Secretary to the 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 the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Devising a policy on diversity of Board of Directors.
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

During the Financial Year Three (3) Nomination and Remuneration Committee Meetings were held i.e. on 30th May, 2019, 13th August, 2019 and 12th February, 2020.

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

Name	Designation	No. of meetings held	No. of meetings attended
Mr. Y. P. Trivedi	Chairman w.e.f. 13 th August, 2019	3	3
Mr. M. L. Apte	Chairman upto 11 th August, 2019	1	0
Mr. V. M. Apte	Member	2	2
Mr. S. R. Iyer	Member	3	3

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 evaluation of the Independent Directors for the Financial Year has been made by the Board of Directors at their meeting held on 12th February 2020.

As a result, in the opinion of the Board, all the Independent Directors of the Company fulfill the conditions specified in the LODR and are independent of the management.

Remuneration Policy:

A. Remuneration to Whole-time Director:

The remuneration paid to the Whole-time Director is subject to the limits laid down under Section 197 and Schedule V to the Companies Act, 2013, and in accordance with the terms of appointment approved by the members of the Company. The remuneration of the Whole-time Director is determined by the Nomination & Remuneration Committee. 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 Director is not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

B. Executive Director:

Details of Remuneration paid to Executive Director for the Financial Year ended 31st March 2020

Particulars	Mr. S. Y. Noorani, Vice Chairman & Managing Director
Term of Appointment	For a period of 3 years from 1 st March 2017 to 29 th February 2020 and re-appointed for a period of 3 years from 1 st March 2020 to 28 th February, 2023 at the Annual General Meeting of the Company held on 5 th August, 2019.
Salary	Mr. S. Y. Noorani has voluntarily waived off his remuneration for F.Y. 2019-20 and accordingly, no remuneration has been paid/provided in the books for the F.Y. 2019-20.
Commission	-
Minimum Remuneration	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 is contractual and can be terminated by giving six months' notice or six months' salary in lieu thereof.

C. Non-Executive Directors:

The Non-Executive Directors, except Mr. A. Y. Noorani, are being paid only 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, 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 a Commission of such amount not exceeding 5% (five per cent) of the Net Profits of the Company w.e.f. 1st April, 2017 as per the approval of the Members of the Company. The details of the sitting fees paid to the Non-Executive Directors for the Financial Year 2019-20 are as under:

Name of Director	Sitting Fees paid (in ₹) #	Shares held as on 31st March 2020
Mr.M.Y.Noorani*	Nil	52,25,931
Mr. A. Y. Noorani	Nil	17,58,972
Mr. M. L. Apte**	Nil	Nil
Mr. Y. P. Trivedi	5,90,000	23,875
Mr. S. R. Iyer	6,30,000	3,375
Mr. V. M. Apte***	4,20,000	2,130
Mr. Bernhard Steinruecke	50,000	30,375
Dr. Naushad Darius Forbes	1,00,000	38,639
Ms. Elizabeth Jane Hulse	Nil	Nil

The Sitting Fees paid is exclusive of GST paid thereon at the applicable rates.

* Mr. M. Y. Noorani, Chairman, ceased to be the Director consequent to his demise on 20th November, 2019.

** Mr. M. L. Apte ceased to be the Director on the expiry of his term as an Independent Director w.e.f. 11th August, 2019.

*** Mr. V. M. Apte has been appointed as an Additional Independent Director on the Board w.e.f. 13th August, 2019.

VI. Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to monitor and review investors' grievances, share transfers, etc.

During the year under review the Stakeholders' Relationship Committee was re-constituted by the Board at their meeting held on 13th August, 2019 by inducting Mr. V. M. Apte as a member of the Stakeholders' Relationship Committee w.e.f. 13th August, 2019 in place of Mr. M. L. Apte who had expressed his desire to not continue with the Directorship on the Board of the Company on the expiry of his term as an Independent Director on 11th August, 2019. Also, Mr. M. Y. Noorani ceased to be the Chairman of the Committee due to his demise on 20th November, 2019.

The members of the Stakeholders' Relationship Committee as on 31st March, 2020 are Mr. A. Y. Noorani, Mr. V. M. Apte and Mr. S. Y. Noorani.

Upon re-constitution of the Committee Mr. A. Y. Noorani (Non-Executive Director) has been appointed as the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary is the Compliance Officer.

During the year, only one shareholder complaint was received which was resolved to the satisfaction of the shareholder and reported to the Committee. There were no pending complaints as on 31st March 2020.

VII. Corporate Social Responsibility (CSR) Committee

The Company has a Corporate Social Responsibility Committee and during the year under review the CSR Committee was re-constituted by the Board at their meeting held on 13th August, 2019 by inducting Mr. V. M. Apte as a member of the Stakeholders' Relationship Committee w.e.f. 13th August, 2019 in place of Mr. M. L. Apte who had expressed his desire to not continue with the Directorship on the Board of the Company on the expiry of his term as an Independent Director on 11th August, 2019. Also, Mr. M. Y. Noorani ceased to be the member of the Committee due to his demise on 20th November, 2019.

The members of the said Committee as on 31st March, 2020 are Mr. V. M. Apte, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. V. M. Apte has been appointed as the Chairman of the Committee w.e.f. 13th August, 2019. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

The Corporate Social Responsibility Committee recommends CSR initiatives and monitors the implementation of the same as per the Corporate Social Responsibility Policy as approved by the Board.

VIII. Risk Management Committee

The Risk Management Committee is responsible for monitoring and reviewing the risk management plan duly approved by the Board. The members of the Risk Management Committee are Mr. S. R. Iyer, Chairman, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

IX. Forex Committee

The Forex Committee comprising of Mr. A. Y. Noorani, Chairman, Mr. S. Y. Noorani and Mr. Bernhard Steinruecke, is responsible for overseeing and implementing the Forex Hedging Policy approved by the Board. Mr. M. Y. Noorani ceased to be the Chairman of the Committee due to his demise on 20th November, 2019.

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

X. Investment Committee

The Investment Committee comprises of Mr. A. Y. Noorani, Chairman, Mr. S. R. Iyer, and Mr. S. Y. Noorani. Mr. M. Y. Noorani ceased to be the Chairman of the Committee due to his demise on 20th November, 2019.

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

XI. Subsidiary Companies

The following are the Company's Subsidiaries as on 31st March, 2020:

1. Zodiac Clothing Company S.A. (Switzerland) - Subsidiary;
2. Zodiac Clothing Company (U.A.E.) LLC (U.A.E.) - Step Down Subsidiary;
3. Zodiac Clothing Bangladesh Limited (Bangladesh) - Step Down Subsidiary.

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

The Audit Committee reviews the financial statements of the subsidiaries, in particular the Investments made, if any, by the subsidiary Companies during every quarter.

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.

XII. Directors seeking appointment/ re-appointment

Re-appointment of Retiring Director:

Mr. A.Y. Noorani, Director retires by rotation at the ensuing 36th Annual General Meeting and is eligible for re-appointment.

Re-Appointment of the following Independent Directors for a Second term:

Re-appointment of Ms. Elizabeth Jane Hulse as the Non- Executive Independent Director for a second term of Five (5) years from 12th August, 2020 to 11th August, 2025.

The Company has received a Notice from a member proposing her appointment as a Director under Section 160 of the Companies Act, 2013. Accordingly, it is proposed to appoint Ms. Elizabeth Jane Hulse as an Independent Director for a second term of five (5) years i.e from 12th August, 2020 to 11th August, 2025 in terms of the provisions of Section 149 of the Companies Act 2013.

Appointment:

Mr. V. M. Apte was appointed as an Additional Independent Director of the Company w.e.f. 13th August, 2019 and holds office till the date of the 36th Annual General Meeting of the Company.

The Company has received a Notice from a member proposing his appointment as a Director under Section 160 of the Companies Act, 2013. Accordingly, it is proposed to appoint Mr. V. M. Apte as an Independent Director for a term of five (5) years i.e from 13th August, 2019 to 12th August 2024 in terms of the provisions of Section 149 of the Companies Act 2013.

XIII. Other Disclosures:

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 the LODR. The non-mandatory requirement 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 the Note No. 44 of notes forming part of the standalone financial statements in accordance with Ind AS 24. A statement in summary form of transactions with related parties entered to 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 interests 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. Code for Prohibition of Insider trading

In compliance with SEBI (Prohibition of Insider Trading)(Amendment) Regulations, 2018, the Board of Directors of the Company have adopted a formal 'Code of conduct for Regulating, Monitoring and Reporting of Trading by Insiders' for prevention of Insider trading by the Directors and Designated Employees and their dependents and have also adopted the Procedure for Enquiry in case of Leak/Suspected Leak of Unpublished Price Sensitive Information Policy.

e. Whistle Blower Policy/Vigil Mechanism

Pursuant to section 177 (9) & (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 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 also provides for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the employees of the Company have 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/invesrrelations>

f. 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.

g. 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>

h. 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>

i. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the Financial Year	Number of complaints disposed of during the Financial Year	Number of complaints pending as on end of the Financial Year
Nil	Nil	Nil

j. The following non-mandatory requirements under Part E of Schedule II of the Listing Regulations to the extent Company has adopted are mentioned below:

Discretionary Requirements:

- The Company maintains a separate office for the Non-Executive Chairman.
- The position of the Chairman and Managing Director are separate.
- The Auditors’ Opinion on the Financial Statements are Unmodified.
- The Internal Auditor reports directly to the Audit Committee of the Company.

XIV. Shareholder Information:

General Body Meeting

a) Details of last three Annual General Meetings held:

Financial Year	Day & Date	Time	Venue
2016-2017	Thursday August 10, 2017	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2017-2018	Thursday August 30, 2018	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018
2018-2019	Monday August 5, 2019	3:00 p. m.	Nehru Center, Hall of Harmony, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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

33rd Annual General Meeting held on 10th August 2017: At this meeting no Special Resolutions were passed.

No Extra- Ordinary General Meeting was held during the year 2016-17.

A Court Convened Meeting (CCM) of the shareholders was held during the year 2017-18, details of the same are as follows:

Sr. No	EGM Type	Special Resolution passed:	No. of Votes Polled	No. of Votes in favour	No. of Votes against	% of votes in favour on votes polled	% of Votes against on votes polled	Date of Notice	Date of Result
1	Court Convened Meeting dated 29/12/2017	To Approve the Scheme of Amalgamation between Zodiac Finsec And Holdings Limited (“Transferor Company”) and Zodiac Clothing Company Limited (“Transferee Company”) and their respective shareholders in accordance with and on the terms and conditions as stated in the Scheme of Amalgamation	14985092	14984980	112	99.9993	0.0007	22/11/2017	30/12/2017

34th Annual General Meeting held on 30th August 2018: At this meeting the following Six Special Resolutions were passed:

1. Issue of Convertible Warrants on Preferential Basis.
2. Issue of Equity Shares on Preferential Basis.
3. Continuation of Directorship of Mr. M. Y. Noorani as Chairman
4. Continuation of Directorship of Mr. S. R. Iyer as Independent Director
5. Continuation of Directorship of Mr. Y. P. Trivedi as Independent Director
6. Continuation of Directorship of Mr. M. L. Apte as Independent Director

No Extra- Ordinary General Meeting was held during the year 2017-18.

35th Annual General Meeting held on 5th August 2019: At this meeting the following Four Special Resolutions were passed:

1. Re-appointment of Mr. S. Y. Noorani (DIN 00068423) as the Managing Director and President of the Company and approval of the remuneration payable to him.
2. Re-appointment of Mr. S. R. Iyer (DIN: 00580437), aged 79 years, as an Independent Director of the Company.
3. Re-appointment of Mr. Y. P. Trivedi (DIN: 00001879), aged 90 years, as an Independent Director of the Company.
4. Re-appointment of Mr. Bernhard Steinruecke (DIN: 01122939) as an Independent Director of the Company.

c) Whether any Special Resolutions were passed through Postal Ballot, last year: No

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

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

XV. Means of Communication:

a. Quarterly Results:

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

b. Newspapers in which results are normally published in:

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

ii. Lokmat (Marathi Newspaper - Mumbai Edition)

c. The Company's financial results and official press releases are displayed on the Company's website: www.zodiaconline.com

d. Any presentation made to the Investors and analysts are also posted on the Company's website viz. www.zodiaconline.com

e. During the year under review, no presentations were made to analysts.

XVI. General Shareholder Information

a) **Annual General Meeting:**

Day & Date	Time	Venue
Friday, 25 th September, 2020	3:00 p.m.	Audio Video Means

b) **Financial Calendar 2020 - 2021 (tentative) Schedule of the Board Meetings:**

First Quarter ended 30th June 2020 : On or before 14th August, 2020

Second Quarter ended 30th September 2020 : On or before 14th November, 2020

Third Quarter ended 31st December 2020 : On or before 14th February 2021

Fourth Quarter ended 31st March 2021 : On or before 30th May, 2021

c) Dates of Book Closure:

Wednesday, 16th September, 2020 to Friday, 25th September, 2020 (both days inclusive)

d) Dividend payment date:

The Board has not recommended any Dividend for the year under consideration.

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

In terms of Schedule V of LODR, the details of the Unclaimed Shares lying in the Unclaimed Share Suspense Account 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, 2019	14	2849
ii	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Shares Suspense Account during the year	0	0
iii	Number of shareholders to whom the shares were transferred from the Unclaimed Shares Suspense Account during the year	0	0
iv	Shares credited to the IEPF suspense account in terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 published on 5 th September, 2016,	4	999
v	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 31 st March, 2020, whose voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	10	1850

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 2020-2021.

g) Stock Code/ Symbol

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

h) Market Price

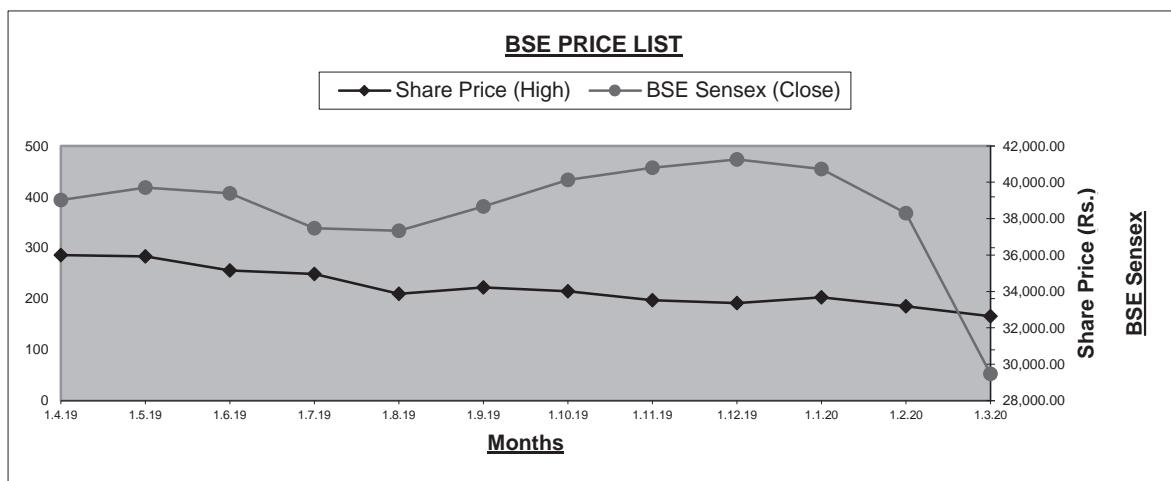
The monthly high & low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2019-2020 are as under:

Months	BSE Limited		NSE India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2019	285.90	216.65	281.00	215.55
May 2019	283.00	231.50	287.00	225.10
June 2019	255.75	225.00	255.00	220.00

Months	BSE Limited		NSE India Limited	
July 2019	248.90	196.30	248.00	191.70
August 2019	209.90	180.00	208.75	177.00
September 2019	222.00	187.00	222.50	180.10
October 2019	214.60	187.00	214.40	181.10
November 2019	196.90	179.95	198.00	168.30
December 2019	191.55	159.50	193.00	160.00
January 2020	203.05	165.00	203.75	161.30
February 2020	184.90	154.10	186.60	153.30
March 2020	165.90	89.95	169.95	81.00

Performance in comparison to broad based indices:

ZODIAC vs BSE SENSEX



i) Registrar & Share Transfer Agents

KFin Technologies Private Limited.
 Selenium Tower B,
 Plot No.31-32, Financial District,
 Nanakramguda, Serilingampally Mandal,
 Hyderabad, Telangana 500 032
 Tel No. 040-67161500
 Fax: 040-23001153
 Toll Free no.: 1800-345-4001

j) Share Transfer System

Share transfers are processed and share certificates duly endorsed are delivered within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, and so on of the Company's securities to the Managing Director and/or Company Secretary. A summary of transfer/transmission of securities made is noted at the Board meeting and Stakeholders' Relationship Committee meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate to the effect that all certificates have been issued within 30 days of the date of lodgment of the transfer, sub-division, consolidation and renewal as required under Regulation 40 (9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

Pursuant to SEBI Circular, except for transposition/transmission of securities, all securities of Listed Companies can be transferred only in dematerialised form w.e.f. 1st April, 2019

k) Distribution of shareholding as on 31st March 2020

ZODIAC CLOTHING COMPANY LIMITED					
Distribution of Shareholding as on 31/03/2020					
Sr. no.	Category (Shares)	No. of Shareholders	Percentage (%)	No. of Shares	% to Equity
1	1 - 5000	3495	85.81	4,40,682	1.96
2	5001 - 10000	219	5.38	1,73,703	0.77
3	10001 - 20000	152	3.73	2,23,830	1.00
4	20001 – 30000	54	1.33	1,35,361	0.60
5	30001 - 40000	36	0.88	1,28,084	0.57
6	40001 - 50000	19	0.47	87,592	0.39
7	50001 - 100000	36	0.88	2,54,940	1.13
8	100001 and above	62	1.52	2,10,33,485	93.58
TOTAL:		4073	100	2,24,77,677	100

l) Shareholding Pattern as on 31st March 2020

SR. NO.	PARTICULARS	TOTAL NUMBER OF SHARES	PERCENTAGE OF HOLDING
(I)	(II)	(III)	(IV)
(A) PROMOTER HOLDING			
(1) INDIAN		67,75,881	30.14
(2) FOREIGN		82,68,811	36.79
	TOTAL (A)	1,50,44,692	66.93
(B) PUBLIC SHAREHOLDING			
(1) INSTITUTIONS		19,83,085	8.82
(2) NON-INSTITUTIONS		54,49,900	24.25
	TOTAL (B)	74,32,985	33.07
	GRAND TOTAL (A+B) :	2,24,77,677	100

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

During the year under review, the warrant holders of the Preferential Issue made pursuant to the Special Resolution passed at the Annual General Meeting held on 30th August, 2018 exercised their option of conversion of 11,83,081 warrants into equivalent Equity Shares of ₹ 10/- each of the Company and are subject to a lock in period of 3 (Three) years from the date of grant of the trading approval in accordance with Regulation 78 (1) of the SEBI ICDR Regulations.

Accordingly, the Board of Directors of the Company vide a Circular Resolution dated 22nd July, 2019 allotted 11,83,081 Equity Shares of ₹ 10/- each at a premium of ₹ 159.05/- per share on preferential basis to the following warrant holders:

Sr.No.	Name of the Allottees	Number of Warrants converted into Equity Shares
1.	Mr. M. Y. Noorani	3,94,361
2.	Mr. A. Y. Noorani	3,94,360
3.	Mr. S. Y. Noorani	3,94,360
	Total	11,83,081

Impact on Equity:

Upon conversion of warrants into Equity Shares on 22nd July, 2019, the Issued, Subscribed and Paid up equity share capital of the Company has increased from ₹ 21,29,45,960 (Rupees Twenty One Crores Twenty Nine Lakhs Forty Five Thousand Nine Hundred and Sixty Only) to ₹ 22,47,76,770 (Rupees Twenty Two Crores Forty Seven Lakhs Seventy Six Thousand Seven Hundred and Seventy Only) consisting of 2,24,77,677 (Two Crores Twenty Four Lakhs Seventy Seven Thousand Six Hundred and Seventy Seven) Equity Shares of ₹ 10/- each. The voting rights have consequently changed in accordance with the revised shareholding pattern.

n) The Details of Utilization of funds raised through Preferential Allotment as specified under Regulation 32 (7A) of LODR as on 31st March, 2020 is as below

Sr. no.	Particulars	Amount Received
1.	Amount received on issue of 17,74,622 equity shares of ₹ 10 each @ premium of ₹ 159.05 on 12 th September, 2018	₹ 29,99,99,849.10
2.	Amount received on issue of 11,83,081 convertible warrants on 12 th September, 2018 and converted into 11,83,081 Equity Shares of ₹ 10 each @ premium of ₹ 159.05 on 22 nd July, 2019	₹ 19,99,99,843.05
3.	TOTAL AMOUNT RECEIVED	₹ 49,99,99,692.15
4.	Amount used towards working capital requirements	₹ 49,99,99,692.15
5.	Balance unused amount invested in liquid fund/s (rounded off)	NIL

o) Credit Rating

The Company has been advised by ICRA (an associate of Moody's Investor Service) that the rating process shall be done only after the accounts for the Financial year 2019-20 are finalized and approved.

p) Liquidity

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

q) Plant Location

(I) Bangalore: –

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

(II) Gujarat: –

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

(III) Mumbai: –

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

r) Address for Correspondence:

For Shares held in Physical form:

KFin Technologies Pvt. Ltd
Selenium Tower B,
Plot No.31-32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal Hyderabad 500 032
Tel No. 040-67161500; Fax: 040-23001153
Toll Free no.: 1800-345-4001
Email: shyam.kumar@kfintech.com
Website: www.kfintech.com

For Shares held in Demat Form:

Investor's concerned Depository Participant(s) and/ or KFin Technologies Pvt. Ltd

For General Correspondence write to:

Mr. Kumar Iyer
G.M. Legal & Company Secretary
Zodiac Clothing Company Limited
Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai 400 030.
e-mail: cosecy@zodiacmtc.com

s) Details of Total Fees for all services paid by Zodiac and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note No. 35(i) to the Standalone Financial Statements.

t) Certificate from Company Secretary in Practice on Debarment or Disqualification of Directors

As required under Schedule V, the Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such Statutory Authority is attached as Annexure A to this Report.

u) Auditors' Certificate on Corporate Governance

As required under Schedule V of LODR, the Auditor' Certificate on Corporate Governance is given as an Annexure to the Corporate Governance Report.

Place: Mumbai

A. Y. Noorani

Date: 30th July 2020

Chairman

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

We, S. Y. Noorani, Vice Chairman & Managing Director and B. Mahabala, Chief Financial Officer (CFO) to the best of our knowledge and belief, certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2020 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, if any, 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

Vice Chairman & Managing Director
DIN: 00068423

B. MAHABALA

Chief Financial Officer (CFO)

Place : Mumbai

Date : 30th July, 2020

Annual Declaration by the Vice Chairman & Managing Director

I do hereby declare that pursuant to Schedule V (D) read with the Regulation 34 (3) of the SEBI LODR, all Board members and senior management personnel of the Company have affirmed with the Code of Conduct and Ethics for the year ended 31st March 2020.

S.Y. NOORANI

Vice Chairman & Managing Director
DIN: 00068423

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Zodiac Clothing Company Limited

We have examined the compliance of conditions of Corporate Governance by Zodiac Clothing Company Limited, for the year ended March, 31 2020 as stipulated in Regulations [17, 17A 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh
Partner

Place: Mumbai
Date: July 30, 2020

Membership No: 107038
UDIN: 20107038AAAACB9791

CERTIFICATE
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to Clause 10 of Part C of Schedule V of LODR]

To,
The Members,
Zodiac Clothing Company Limited

In pursuance of sub-clause (i) of Clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (“LODR”) in respect of Zodiac Clothing Company Limited (CIN: L17100MH1984PLC033143) (“Company”), and based on our verification of the minute books, forms and records maintained by the Company including written representations/declarations received from the directors and taken on record by the Board of Directors as on March 31, 2020, we hereby certify that none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

For Robert Pavrey & Associates
Company Secretaries

Place: Mumbai
Date : July 13, 2020

Robert Pavrey
Proprietor
FCS 2928 CP. No.: 1848
UDIN: F002928B000444710

BUSINESS RESPONSIBILITY REPORT

Introduction:

At Zodiac Clothing Company Limited (Zodiac), sustainability is not a process it's a way of life. Our journey to being sustainable began at a very early stage and since then it has been ingrained into our systems. As a result, in this era of eco renaissance Zodiac continues to raise the bar with #Sustainable fashion for its customers. Environmentalism & Sustainability is a major choice today and addressing to this mindset gave birth to the sustainable brands Z3 and Z3 denim range which are created with eco-friendly processes that are now setting benchmark in the industry.

The Company endeavors to take initiatives under the principles prescribed under National Guidelines on Responsible Business Conduct, 2018 (NGRBC) released by the Ministry of Corporate Affairs. SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulation, 2019 (Listing Regulations) notified on 26th December, 2019, has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on NGRBC and as per the format suggested by SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L17100MH1984PLC033143
2. Name of the Company: Zodiac Clothing Company Limited
3. Registered address: Nyloc House 254, D-2, Dr. Annie Besant Road, Worli Mumbai - 400030
4. Website: www.zodiaconline.com
5. E-mail id: cosecy@zodiacmtc.com
6. Financial Year reported-2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)- Mens Shirt 100% Cotton Manufacture of all types of textile garments and clothing accessories , NIC Code-14101.
8. List three key products/services that the Company manufactures/provides (as in balance sheet): Shirts, Trousers & Ties
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5):
Zodiac has undertaken business activity in U.A.E. through it's subsidiary and in Germany and UK through it's agents.
 - (b) Number of National Locations:
Zodiac carries out it's business activities from its 6 manufacturing units located at Koramanagala, Bommasandra,

Whitefield, Yelahanka, Umbergaon and A - Z Industrial Estate, from 116 retail stores spread across India and from offices at Mumbai, Kolkata, Delhi, Hyderabad and Chennai.

Details of plant and location of the Company are provided under the head 'Shareholder Information' in the Corporate Governance Report.

10. Markets served by the Company Local/State/ National/International – In addition to serving the Indian markets, Zodiac exports to 18 countries worldwide during the FY 2019-20.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): ₹ 2247.77 Lakhs
2. Total Turnover (INR): ₹ 20682.39 Lakhs
3. Total profit after taxes (INR): ₹ (3279.38) Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Inspite of the losses during the FY 2019-20, the Company has contributed ₹ 46.50 Lakhs towards CSR.
5. List of activities in which expenditure in 4 above has been incurred:- Please refer Annexure 1 to Directors Report for details of CSR activities.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
During the year under review, the Company had 1 Subsidiary and 2 Step down subsidiaries. The details of subsidiaries are enumerated in form "MGT-9 - Extract of Annual Report available on www.zodiaconline.com".
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
All the Company's subsidiaries follow the BR initiatives of the parent Company.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

As part of its BR initiatives, Zodiac also collaborates with the relevant external stakeholders such as suppliers, distributors, local communities and other entities in the value chain. As stakeholders have the ability to influence the way a Company is perceived.

Zodiac engages with several stakeholders such as suppliers, distributors, local communities and other entities in the value chain.

At present, the number of entities that directly participate in the BR initiatives would be more than 60%.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
 - (a) Details of the Director/Director responsible for implementation of the BR policy/policies
 1. DIN Number: 00068423
 2. Name: Mr. Salman Yusuf Noorani
 3. Designation: Vice Chairman & Managing Director
 - (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00068423
2	Name	Mr. Salman Yusuf Noorani
3	Designation	Vice Chairman & Managing Director
4	Telephone number	022 66677000
5	e-mail id	synsecy@zodiacmtc.com

2. Principle-wise (as per NGRBC) BR Policy/policies
 - (a) Details of compliance (Reply in Y/N)
 - P1 To conduct and govern business with Integrity, Ethics, Transparency and Accountability.
 - P2 To provide goods and services that are Sustainable and safe.
 - P3 To respect and promote well-being of all employees, including those in its value chains.
 - P4 To respect the interest of and be responsive to all its Stakeholders
 - P5 To respect and promote human rights
 - P6 To respect and make efforts to protect and restore the environment
 - P7 When engaged in influencing public and regulatory policy, the Company shall do so in a responsible & transparent manner
 - P8 To promote inclusive growth and equitable development.
 - P9 To engage with and provide value to its consumers in a responsible manner

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies confirm to the principles laid down in National Guidelines on Responsible Business Conduct notified by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.zodiaconline.com/z/retail/information/investorrelations								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?									

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 Months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
The BR performance of the Company is assessed by the management annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

From the current Financial year, Business Responsibility Report of the Company forms an integral part of the Annual Report which is available on the website of the Company viz. www.zodiaconline.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
► The policy relating to ethics, bribery and corruption covers the Company, Group Companies and a majority of its Suppliers.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company takes appropriate and prompt action on any shareholder complaints received and resolves it immediately. The details of shareholder complaints received and resolved during the Financial Year are given in the Corporate Governance Report.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - a) z3 range of shirts
 - b) garment overdyed shirts made for in house brands and export labels
 - c) organic labelled products
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
 - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Head	Bench mark year 2018	Bench mark year 2019	Reduction percentage
Energy	6,41,296 units	5,53,708 units	13.65%
Water	1,02,15,830 lts	90,58,340	11.33%
Diesel	19056 lts	15984 lts	16.00%
Furnace oil	1,05,569 lts	1,00,186lts	5.09%
Chemicals	87,59,876 rupees worth of consumption	85,41,910 rupees worth of consumption	2.48%

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company's products do not have any major impact on energy and water consumption by consumers. However, the Company endeavors to reduce the consumption of energy and water.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes. The company has a very well placed system of sustainable sourcing. More than 90% of all the sourcing happens in a sustainable manner where the vendors and all the stakeholders are explained about the RSL (restricted substances list) of chemicals and work ethics.

This has resulted in the following benefits for the organization and the supply chain:

- long-term efficiency savings
- more efficient and effective use of natural resources.
- reducing the harmful impact of pollution and waste.
- reducing the impact of hazardous substances on human health and the environment.
- encouraging innovation.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The company procures almost 80% of its services from local work force in and around the manufacturing units and out of which the majority employed are women.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, the company has a very robust process in place for recycling effluents and waste - liquid effluents are recycled to the tune of 93% and solid waste is sent back to recycling units nominated and monitored by the local pollution control board. The entire percentage is very much higher than 10%

Principle 3

1. Please indicate the Total number of employees (as on 31st March, 2020) - **1805**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis - **NIL**
3. Please indicate the Number of permanent women employees - **960**
4. Please indicate the Number of permanent employees with disabilities - **NIL**
5. Do you have an employee association that is recognized by management - **No**
6. What percentage of your permanent employees is members of this recognized employee association? - **Not Applicable**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	N.A.
2	Sexual harassment	Nil	N.A.
3	Discriminatory employment	Nil	N.A

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

(a) Permanent

Employees - } The Company provides safety specific training and on the job skill upgradation training to all its employees on a continuous basis

(b) Permanent

Women Employees -

(c) Casual/Temporary/Contractual Employees - N.A.

(d) Employees with Disabilities - N. A.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No
Yes, the Company has mapped its key internal & external stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
The Company from time to time identifies disadvantaged, vulnerable and marginalized stakeholders and provides preferential treatment in its procurement initiatives.

Principle 5

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
The Company's policy on human rights covers the Company, Group companies and covers a majority of its stakeholders.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
The Company did not receive complaints relating to human rights in the past Financial Year.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
The Company's Environment, Health and Safety policy extends to the Company, all its group companies and a majority of its stakeholders.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
Yes, the Company has strategies/initiatives to address global environmental issues such as climate change, global warming, etc. The hyperlink for the webpage is
<https://www.zodiaconline.com/sf/>
3. Does the company identify and assess potential environmental risks? Y/N
Yes, the Company has a mechanism to identify and assess potential risks which includes environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, the Company has undertaken a project that symbolizes its commitment towards an environment friendly and sustainable future. The Company's HIGG Index rating for water is like our fashion quotient - amongst the finest in the country. What's more the dyes & chemicals used are Low Salt High Exhaust (LSHE) genre thereby ensuring they can be broken down by using bacteria & other processes. We are proud to have set the industry standard with a 98.5% efficiency in water consumption and evolving in to a ZLD plant. As per ZDHC guidelines, the rejected water from our plant is far better than even the treated water.

The Company's Corporate registered office building is built with energy efficient design, that results in usage of over 60% less energy than typical office of the same size thereby adhering to the Kyoto Protocol. All the equipments have been selected to meet the building's code of Energy efficiency. The building has been awarded the prestigious GOLD certification under LEED INDIA, (Leadership in Energy and Environmental Design) new construction rating system by Indian Green Building Council for its commitment to sustainable development.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
 - The Company has undertaken various initiatives on clean technology and energy efficiency. The Company's building is strategically designed to dramatically reduce artificial lighting demand. Sunlight reaches every floor through large floor to ceiling windows. All the exterior windows contain two layers of Low Emissivity which allows visible light in, reducing the need for artificial light, but block heat flow thus reducing energy needed for cooling.
 - The Company has been using energy efficient equipments, thereby reducing the electrical consumption by nearly 25% over the last 6 years.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Yes, the Emissions/Waste generated by the Company are within the permissible limits

given by CPCB/SPCB for the Financial Year 2019-20.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.-

During the Financial Year 2019-20 the Company has not received any show cause notice from CPCB/SPCB .

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) The Confederation of Indian Industry (CII)
 - (b) Indo German Chamber of Commerce (IGCC)
 - (c) Apparel Export Promotion Council (AEPC)
 - (d) Federation of Indian Export Organisation (FIEO)
 - (e) The Clothing Manufacturers Association of India (CMAI)
 - (f) Retailers Association of India (RAI)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
The Company generally espouses only issues which affect the sustainability and competitiveness of the industry.

Principle 8

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
The Company endeavours on a continuous basis to adhere to the principles of inclusive growth and equitable development through its core business as well as its corporate social responsibility (CSR) initiatives.
Also, the Company has a detailed CSR policy in place and the CSR activities are monitored by the CSR Committee. The key focus areas of the Company's CSR programs are preventive healthcare and Environment protection. The report on CSR projects carried by the Company during the Financial year 2019-20 is annexed to the Board's report.
2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?
The Company through it's inhouse team and other associations including trusts supports

CSR initiatives. All the initiatives are monitored by internal teams of the Company.

3. Have you done any impact assessment of your initiative?

The Company reviews the reports of all it's CSR activities on a yearly basis.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. The Company has made a contribution of ₹ 35,50,000/- 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 and of ₹ 11,00,000/- to Tata Memorial Hospital, a cancer care hospital.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Yes, the Community Development Initiatives undertaken are tracked on an ongoing basis through modern monitoring mechanisms.

Principle 9

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.
The Company has a policy to ensure that all customer complaints are attended to immediately and resolved to the satisfaction of the customer within 30 days. At the end of the Financial year, no customer complaints / consumer cases were pending .
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information).
Yes, the Company displays product information on the products label as mandated by local laws.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
No cases has been filed against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of the Financial year.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
Yes, the Company carries out the consumer survey/s to ascertain the consumer satisfaction trends. The Company has a separate Contact form on its website www.zodiaconline.com through which customers can give their feedbacks and suggestions.

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

India, despite having all types of fibres in abundance, presence of the entire textile value chain and the comfort of a large domestic market, exports of Textiles & Clothing (T&C) have either stagnated or declined, while imports have grown steeply in the last five years. Global export has also stagnated at circa USD 19 Trillion since 2014, but there was a shift of 4.5% from oil export to industrial export (none of which India could capture). A similar shift seems likely over the next 5 years from commodity exports to industrial exports. We have to sharpen our competitiveness to avail of this opportunity, for which reforms to address our weaknesses will be crucial.

The Indian Textile Industry is at present facing numerous challenges which are preventing the harvesting of growth potential of the industry. Higher fibre prices, higher cost of funds, power, unrefunded embedded duties, liquidity crunch due to low exports and slowdown in domestic markets, large funds blockage due to delay / non receipt of TUF subsidies, taxes, GST/ IGST severely erode our competitiveness, compounded by high tariff rates due to unfavourable trade treaties with the major markets. GST has reduced the trade barriers on imports substantially by subsuming Countervailing Duty (CVD) and Special Additional Duty of Customs (SAD). There continues to be severe volatility in the forex markets, with the USD index swinging sharply, besides other factors like the pandemic, possible resurgence of which could keep the markets turbulent. All these have suppressed the overall growth of the T&C Industry., especially its exports due to India being on an average 10-20% more expensive against competing countries. India's T&C exports have declined from US\$ 38.6 billion in 2014 to US\$ 37.1 billion in 2018 while imports have increased from US\$ 5.8 billion to US\$ 7.3 billion (22.8% in the last 5 years) during the same period.

The share of relevant countries' exports in import of clothing to EU and US was as follows:

Name of Countries	EU		US	
	2017 (in %)	2019 (in %)	2017 (in %)	2019 (in %)
China	17	15	34	30
Bangladesh	9.6	10.1	6	7
Turkey	6	5.8	-	-
Poland	3	3.6	-	-
India	3.1	2.9	5	5
Vietnam	2	2.1	14	16

India should have been a Textile Superpower by now but China, Bangladesh and Vietnam have all surpassed us,

making us a mute spectator with them eating into our rightful share. India which maintained the 2nd Position in the world textile and clothing till 2017, has slipped to 3rd position in 2018 due to stagnant export performance.

India faces its first growth recession since 1979-80. India's T&C industry has witnessed many ups-downs during the past five years. Over the past five fiscals, revenue growth of clothing manufacturers was supported by domestic demand (although weaker since 2016-17) even as exports were muted. This fiscal, with domestic demand also falling, more significantly post the pandemic, revenues are expected to be materially impacted and operating margins to contract despite softer cotton prices, and wide ranging cost-reduction initiatives. Demand for man-made textiles have been growing worldwide as a substitute for cotton amid changes in global fashion trends. With implied limitations on growing cotton, the future of textile & clothing sector, significance of growth of Man Made Fibre has increased.

India urgently needs reforms in land, labour, infrastructure and logistics to become globally competitive.

Also, the pandemic has had a globally adverse impact on clothing retailing in brick and mortar stores, as the online stores remain the more convenient and safe option to shop for clothing, despite consumers primarily focusing on grocery, medicines and staple purchases online. Further, since the occupation cost of retail real estate continues to be prohibitively expensive, the international trend of shake out of malls has come to India, which has been aggravated further by the pandemic. Also, clothing purchases may be deferred due to lack of urgency to replenish, work from home, uncertainty due to economic slowdown and limited social and official activity. Hopefully, the expected crisis in the economy has played out fully with the pandemic.

The focus, therefore, has to be on leveraging Artificial Intelligence using valuable data in different aspects of business including sourcing, product development, investment in quality; adapting to pandemic will need organizational transformation, regardless of hierarchy or departmental affiliation and remote working readiness (WFH) will have to be made a mandatory requirement when recruiting.

Also, sustainability needs to be made a tool for value creation, causing little or no damage to the environment/social impact/increased consumerism and sensitivity to the ability of future generations to meet their own needs - water footprint/carbon emissions/workers" welfare.

B. Industry Structure and Development

India's Textile & Clothing (T&C) industry is one of its oldest industries and has a formidable presence in the national economy. It contributed to about 11.4% towards

India's total exports and had a share of about 27% in India's foreign exchange inflow during 2018-19. With over 10 crore people involved, besides providing livelihood to 60 lakh cotton farmers, it is the 2nd largest employer after agriculture. Clothing has always been the largest exported category from India and the European Union continues to remain its biggest market.

On the other hand, India's imports of T&C products have grown at a CAGR of 8% over the last thirteen years with fabric having the largest share of 33%. China and Bangladesh continue to remain significant suppliers of T&C products to India.

Despite the T&C industry being, one of India's largest Industrial employers it is presently going through a deep crisis having several issues dealt with above, and also with banks having classified Textiles as a Red and Stressed Sector.

The Demand situation, pre and post pandemic was weak, and has now assumed crisis proportions post lockdown. The Industry stands at a crucial juncture, experiencing its worst phase and certainly needs maximum support from the government to overcome the unprecedented challenges. Government creating liquidity to restore demand in India is being unanimously and vehemently espoused by economists from India as well as globally. In the current budget, Government of India has set an ambitious vision of US\$ 350 bn for T&C industry by 2024-25. To achieve this, the sector needs substantial policy support from the Government, which can be achieved only with the support and co-operation of all the stakeholders in the textile value chain. India's real GDP for the year 2019-20 was 4.2% (lowest in 11 years) as compared to 6.1% in the year 2018-19. The Cumulative index of Industrial Production was 1% higher in the year 2019 - 20 as compared to the year 2018-19. India's total exports are stagnating for previous 5 years including clothing exports (FY 2020 - 15.51 B v/s FY 2019 - 16.16 B, i.e. minus 4% even before the pandemic (HY 20 was 7.629 v/s 8.433 i.e. minus 10%) as compared to China 145B, Bangladesh 36B and Vietnam 33B last year). The lockdown skewed the picture, but we would have struggled to stay flat even without the pandemic.

For the development of the textile and clothing Industry, Government has introduced many measures like TUFS, SITP and numerous schemes including skill development schemes like SAMARTH. The challenge is in the execution of these, as low growth, poor employment, weak financial trajectory with the financial sector continuing to shower bad news; vulnerability to external capital flows (despite the single exception of RIL's outstanding raising of capital) and oil prices continues.

Government should also negotiate a Reciprocal Duty Structure with Bangladesh as India allows zero duty market access to Bangladesh, while Bangladesh imposes high duty rates on T&C exports from India.

C. Opportunities and Threats

We thank the Government of India for giving RoSCTL Scheme for Apparel and Made-ups Sectors and helpus in reducing our taxes getting exported. However what is needed is a policy to eliminate fully the export of taxes, a WTO compliant support to replace existing non WTO compliant measures to ensure that our exports become more competitive

Growing imports, especially of clothing from Bangladesh, and MMF yarns from Indonesia and Vietnam, are a big concern. Further our fabric sector is not performing to potential, as it is not internationally competitive. Our current GST does not include various input taxes like agriculture inputs, petroleum, electricity etc., and thus along with our fabric exports, we export large component of embedded taxes. Even though we have huge potential to emerge as a sourcing destination for fabric, due to our uncompetitive prices, our fabric exports are not picking up. For the overall growth of the textile value chain, the growth of Fabric Sector is very critical. Even in large T&C export countries like China, fabric accounts for 20% of their exports.

Indian clothing industry manufactures over 100 different types of clothing for men, women and children. Exports account for about 20% of the total production while 80% of clothing manufactured is consumed domestically. In India for every ₹ 1 lakh invested, the clothing industry creates about 7 jobs. However, India's clothing sector is highly fragmented and decentralized. Manufacturing units can be viable at different scales, particularly because of relatively low cost of plant and machinery. The units range from small to medium, due to which nearly 90% of the manufacturing units fall under the Small and Medium Enterprises (SME) category. As per Office of Textile Commissioner, clothing sector could provide employment to about 156 million people by 2025.

Competing countries such as Vietnam, Indonesia, Pakistan and Cambodia enjoy duty free access to China in different segments of cotton textiles, while Indian products bear 3.5% to 14% duty. We must negotiate with China to give duty free access to Indian cotton textiles as it has been giving to Vietnam, Pakistan, Indonesia and Cambodia under APTA. The swing out of China for clothing import by US companies needs to be captured by the Indian clothing industry as has been done by Vietnam and Bangladesh (and by the leather and footwear industry in India).

There is no customs duty on import of Clothing from Bangladesh. Rapidly rising imports from Bangladesh would result in potential loss of jobs and crores of investment in the clothing sector.

Also, lack of a FTA vis-à-vis our competitors such as Vietnam, Bangladesh, Sri Lanka, Cambodia, Ethiopia

and Myanmar into several importing countries lead to loss of market share for India. Bangladesh and Vietnam are gaining in both EU and US, while Turkey and Poland are gaining in EU, whereas India's market share is lacklustre in both markets. Retaining market share is critical for India, in the face of stiff competition from Bangladesh and Vietnam and possibly China, (if they lower prices by subsidizing export to retain market share, in addition to their export from Bangladesh / Vietnam /Cambodia /Laos /Ethiopia where they have aggressively set up facilities to counter rising wages in China and capture benefit of favourable treaties with EU/US).

The era of free trade/ globalization has ended, with greater protectionism all over the world. Global trade developments like US – China Trade war have adversely impacted the global demand of textile products, and the ongoing RCEP negotiations are posing an imminent threat especially to our T&C industry.

The Covid -19 pandemic and the resulting economic shutdowns have created unprecedented challenges for the clothing industry, including declining consumer demand/ spending and disrupted supply chains, which will accelerate the shift to greener more sustainable supply chains and shape the future of the clothing industry.

The world is currently witnessing a retail apocalypse, with the online sector (referred to as "Clicks") expected to further gain momentum with many retail store closures due to the onslaught of the pandemic.

Although the world is currently tirelessly fighting to control the spread of the pandemic, the same has not disappeared, as there will be pockets of it around the world, thereby leaving the risk of it being potentially returning on a wider scale in the near future, the projected end being circa end of 2021.

There is a greater need to tweak the FTA rules under SAFTA/SAARC and enforce Rules of Origin and Yarn/Fabric Forward Rule to safeguard the interest of Indian Textile Industry.. At present Bangladesh is importing fabric from China and routing it to India in the form of clothing, which has zero import duty after implementation of GST.

The largest manufacturing units in China have a workforce of 30k, those in Bangladesh 10k while in India comparative numbers rarely exceed 1,000 in the largest units. Beyond 1,000 workers, India's employers prefer to split their workforce into multiple units, to avoid being compelled to continue to employ the workforce by an unreasonable denial or delay in permission to close the unit. The need for government permission to downsize also impacts Indian manufacturers' ability to respond to seasonal fluctuations in demand. The Contract Act is vague and leads to its widespread abuse. Contract

workers are paid only 71% of regular workers and don't have regular protection which leads to most instances of industrial disputes.

Other prickly points are overtime wages of 200% of normal which is above OECD and ILO accepted level of 125%. The proposed codification of 29 Central enactments into four labour codes is expected to bring about a balance between the interests of the workmen and the industry. Labour reforms are not the only hindrance to developing India's manufacturing base. Holistic supply side reforms (land, electricity, infrastructure, etc.) are important too, but the reforms need to be significant enough to make a difference.

The Inverted structure of GST, which has resulted in huge blockage of funds (especially for MSME retailers of clothing, who are in despair) needs to be addressed forthwith by putting refunds to them on fast track, without any further loss of time. Also the unutilised tax credits are deadweight and reduce India's competitiveness.

Our industry is a consumer facing industry, and therefore we experience shifts in the economy (which can occur with a shattering suddenness) before most industries. Globalization's most significant export is financial stress, which is seemingly shipped from country to country within the global system - we are no longer de-linked with that. Our industry continues to evolve and innovate and it continues to cope, and in some ways thrive despite all the uncertainties in the world today.

Adversity truly breeds innovation!

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 2020 -

On a Consolidated Basis

(Unit: ₹ Million)

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	9,311.25	9,771.17	19,082.42
Carrying Cost of Segment Non Current Asset	20,851.00	315.05	21,166.05

E. OUTLOOK

The Clothing industry is the second largest (gender sensitive) employment generator of the Indian economy which is largely dominated by SMEs, and employs

mostly people from the poorer sections of society, especially illiterate women. The growth of the clothing industry is crucial for inclusive growth of the nation and especially of our growing female workforce. Government encouragement through policy reforms which can make it competitive and productive are vital. These policy reforms will also enable India to grab the opportunities created by the US-China trade war, and to increase our clothing exports and generate more employment in the country.

India already being the largest textile manufacturing country after China, holds tremendous potential to convert itself into a textile manufacturing hub for the entire world. Increasing consumerism, changing demographics, increasing penetration of organized retail, and disposable income on the rise make the future of Indian textile industry look promising. However, industry at present is facing several issues like unfriendly tax structure, rising interest rates, increasing labor costs and lack of skilled manpower which are proving detrimental to the industry's growth. On the export front, India's clothing sector is facing high trade barriers compared to other competing countries like Bangladesh, Vietnam, Sri Lanka, Cambodia, Ethiopia and Pakistan (to name a few) in key markets such as the US and EU.

The projected post pandemic consumption of clothing in 2020 in EU is estimated at 59% of 2019 and in US at 63% of 2019, total USD 308B, of which imports would be USD 122B.

Recently, China's clothing industry has shifted its focus from export to their domestic market, which has provided the opportunity for India to regain its rightful share from the void created. For that, Indian Clothing industry needs to build economies of scale in production. Also, financial reforms in terms of suitable moratorium of loans to emerge from the current crisis, regulation of interest rates to bring them in line with International rates, services such as insurance of receivables and factoring need to be encouraged.

More than half of India's population of 1.3 billion is below the age of 25 compared to 40, 46 and 47 years for USA, Europe and Japan respectively. A World Bank study predicts that for the next two decades in India, every year more than 12 million youth between 15 and 29 years of age are expected to enter the job market. The country has more than 62% of its population in the working age group (15-59 years) which can be a huge demographic advantage, if used to its full potential to achieve maximum possible production and consequently demand. However, if not utilized properly, the large number of unemployed youth can become a demographic time bomb. 500 million people in mid demographic population is what makes the Indian domestic market something global marketeers are drooling at, besides the rapid rate of our urbanization.

The low education and low skill intensity of the country present the humongous challenge of developing a skilled workforce. Lack of access to job creation for the growing population is largely attributable to the persistent skill gaps and mismatches existing in the labour market. The Textile Skill Council (TSC), one of the 40 sector skills councils set up for skilling initiatives under the National Skill Development Council, aims to develop a robust ecosystem for skilling in spinning, weaving, processing and handloom sectors based on the skill requirements of the industry so as to create a deployable talent pool of workforce for the industry.

F. Risks and Concerns

Clothing manufacturers are likely to witness a 25 per cent plus decline in revenue in the ongoing financial year due to the prolonged lockdown, a sharp fall in both domestic and export demand because of the pandemic and lower discretionary spending, according to a report by Crisil Ratings. For exporters, the fall will be more because of tepid discretionary spending in the US and European Union, which account for 60 per cent of India's clothing exports. India (4.29%) ranked sixth in exports of Clothing Globally in 2019 behind China (28.81%), Bangladesh (9.44%), Vietnam (7.01%), Germany (5.43%) & Italy (5.33%). From Jan - May '20 fall in export to the US has been China -49%, India -27%, Vietnam -9%, Bangladesh -12%, Indonesia -15% and Cambodia +1%.

The working capital cycle of Clothing manufacturers has elongated because of higher inventory and stretched receivables due to the Pandemic related depressed demand, which is expected to impair their credit profiles, as also those of large global brick and mortar retailers adding to the woes of exporters, according to a Crisil report. The last fiscal ended with 20-25 per cent higher inventory as the pandemic took hold and lockdowns began in late March.

Indian clothing Sector is also going through a difficult phase and needs immediate attention of the government. After implementation of GST in July 2017 the import of clothing from Bangladesh is increasing sharply and consistently. India's import of clothing from Bangladesh has increased unprecedentedly by 82%, reaching US\$ 365 mn. during 2018-19, amounting to 33% of India's total clothing imports.

Most of our competitive disadvantage, stems from tariff or non-tariff barriers in destination countries and lack of domestic reforms. Indian clothing industry's weaknesses of high energy and capital costs, low productivity (33% lower than China's and 26% lower than Vietnam's - a cost disadvantage of 5%), higher wages per month than e.g. Bangladesh, highly fragmented production facilities - (a legacy of Government policy of reservation for SSI) fragmented supply chain with production of various components scattered across the Country requiring a

lot of movement of materials within the country before clothing is exported, which creates incremental logistics costs, poor infrastructure including higher cost of road transport and more time taken for port and customs clearances, higher shipping costs and longer transit time due to trans shipments, (all of which add up to 16% of the unit price) lack of dependability/high turnaround time and lack of capability to service large orders, inadequate R&D, high cycle time (90 days v/s 30 days in Turkey), accessing new markets including saturating existing markets by virtue of favourable trade/ tariff agreements (disadvantage of 10-12% in the EU 2.5-5% in the US), diversification of fabric/product categories, fibres and very few large composite fabric units with world class technology and requisite skills.

Global value chains rate quality, lead time and compliance to social standards higher than price (in buyers' perception India is rated lowest in 2 of these criteria and second lowest in the third, from amongst China /Vietnam /Indonesia / Cambodia and Bangladesh, in that order). FDI in the clothing industry in India is lowest @ 5% (our competitors have foreign ownership ranging from 20-97%), limiting the consequent benefits of transfer of technology, productivity improvements and preferential buying through connections with Global Value Chains.

India's strategy should be to 1) consolidate it's position within it's core cotton categories, it's ability to deliver small minimum quantities per article, while building manufacturing excellence and improved cost competitiveness 2) Diversification into MMF aggressively, also into winter wear, intimate wear, outerwear, functional wear and performance wear and 3) Finalize FTA with EU, propose more favourable new trade deal with the US, and reconsider participation in the RCEP with adequate safeguards by leveraging our strengthened bargaining power.

Government also needs to simplify ATUFS guidelines and clear all the pending TUF subsidies in a time bound manner. Time bound clearances of payments from the Government have to be ensured, as owing to variety of reasons, thousands of crores remain pending for long periods of time, which has made many units unviable and sick.

On the global front, escalation in trade war between US and China has dampened risk sentiment and outlook for global growth.

RBI's forex reserves increased for USD 412.9B ('19) to USD477.8 ('20) and USD506B (June '20). During the current year, the trajectory of India's trade deficit has been decreasing, despite a fall in exports because of an even greater fall in imports. With the expected shrinking of the current account deficit in every quarter and the balance of payments surplus expected to continue through the current fiscal, the rupee is expected to strengthen in spite of RBI interventions.

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 M/s. CNK & Associates LLP), which is regularly subjected to in-depth involvement of the management and monitored by the Company's Audit Committee. 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)	
	2019 - 20	2018 - 19
Total Revenue from Operations (Net)	20,682.39	22619.92
PROFIT/(LOSS) BEFORE TAXATION	(2,335.42)	(1472.89)
Provision for Taxation:		
Current Tax	110	107
Deferred tax Charge/(Credit)	(337.61)	(275.41)
Tax in respect of earlier years	24.98	234.54
PROFIT/(LOSS) AFTER TAXATION	(2,132.79)	(1844.64)
Other Comprehensive Income / (Loss)	(1146.59)	(346.87)
Total Comprehensive Income for the year	(3279.38)	(2191.51)

Operational Revenue & Profits:

The operating results of the Company have been affected, in a year that presented unprecedented challenges in each of the different segments of the Company's business. The consumer sentiment was lacklustre, across channels, with possibly the exception of our web-store, which also was locked down during the latter part of March. During the year, the Company apart from initiating several efforts to expedite the growth of its online business, has also, besides closing down (16) unviable stores, started to move from the fixed rental model to a revenue share model in respect of most of its retail stores, thereby converting fixed expenses to variable expenses wherever possible and moving to an asset light model. This, and several other initiatives are expected to aid the Company in reducing a large part of its fixed expenses and bring down its losses substantially. The Company's exports during the year also declined due to the slowdown (more acute in the last quarter because of Covid in the US/EU) in the demand, reduction in reimbursement of duties and competition from China, Bangladesh and Vietnam. Interest cost swelled

despite reduction in borrowings, due to delayed payments on account of reimbursements of various kinds including GST refund involving inverted duty structure

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, 2015, as amended from time to time. During the year, 12 new Stores were opened (16 unviable stores closed – a net decrease of 4 stores) with 116 stores at the end of the year.

I HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS

The Company recognizes 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.

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.

Place: Mumbai

A. Y. Noorani

Date: 30th July, 2020

Chairman



ZODIAC
PURE SILK

Pure Silk Pochettes



Pure Silk Vicenza Ties



Pure Silk Vicenza Ties



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Zodiac Clothing Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss ((including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ("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, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone

Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 49 to the standalone financial statements, which explains the uncertainties and the management's assessment of the financial impact due to restrictions and other conditions related to the Covid-19 pandemic; for which a definitive assessment of the impact on the subsequent period is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of carrying value of property, plant and equipment (including capital work-in-progress), right of use assets and other intangible assets (together referred as the "Assets") (Refer to Notes 4(a), 4(b), 4(c) and 6 in the standalone financial statements)</p> <p>The carrying value of Assets is ₹ 18,531.21 Lakhs as at March 31, 2020 which is significant to the balance sheet. The Management has assessed whether there are any indications for impairment of Assets considering internal and external sources of information, as per Ind AS 36 – Impairment of Assets.</p>	<p>We have performed audit procedures including the following:</p> <ul style="list-style-type: none"> • Obtained understanding, evaluated and tested the design and operating effectiveness of the Company's relevant controls relating to impairment assessment including determining recoverable value of Assets. • Assessed whether the Company's identification of CGU is appropriate. • Pursued the report issued by the external professional valuer engaged by the management. • Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the Management for valuation of immovable properties. • Engaged auditors' valuation experts to assess appropriateness of valuation methodology.

<p>For the purposes of impairment testing, the carrying value of the cash generating unit (CGU) was compared to the recoverable amount of CGU. The Company has applied fair value less costs of disposal method in determining the recoverable value of CGU. In this connection, the Management has engaged an external professional valuer to determine the fair value of immovable properties and, the fair value of other assets were determined on the basis of management's judgement and estimates.</p> <p>Based on the assessment, the Management has concluded that no impairment was required as of March 31, 2020.</p> <p>Considering significant carrying value of Assets, involvement of valuation expert, judgment and estimates made by Management, we have considered this as a Key Audit Matter.</p>	<ul style="list-style-type: none"> Verified the input data in the valuation report of immovable properties (such as description, area etc.) with the agreements. Evaluated the reasonableness of assumptions applied by management, in determining the fair value of other assets. Verified the mathematical accuracy of underlying calculations of recoverable amount and compared with the carrying value of Assets. Performed sensitivity analysis over the key assumptions, to assess the potential impact on impairment results and the range of possible outcomes of recoverable value of Assets. <p>Based on the above procedures performed by us, we found the Management's assessment of carrying value of Assets to be reasonable.</p>
<p>Assessment of recoverability of deferred tax assets (Refer to Note 37 in the standalone financial statements)</p> <p>The carrying value of Deferred Tax Assets is ₹ 1,571.89 Lakhs as at March 31, 2020. Deferred tax assets are recognised on unabsorbed depreciation and other temporary differences as it is considered to be recoverable based on the Company's projected future taxable income, in line with Ind AS 12 – Income Taxes.</p> <p>We considered this as a Key Audit Matter due to uncertainties and significant judgement required by the Management in preparation of projected future taxable income considering the future business plans and the underlying assumptions such as fair value of immovable properties, as also assessed by an external professional valuer. The Management has also engaged tax expert to assess utilization of available tax benefits in accordance with prevailing taxation laws.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated and tested the design and operating effectiveness of key controls relating to recognition and assessment of deferred tax assets. Reviewed the Company's accounting policy in respect of recognizing deferred tax asset on temporary differences and unabsorbed depreciation Evaluated the judgements and assumptions made by the Management in determining the projected future taxable income for reasonableness. Checked the mathematical accuracy of the underlying calculations of the projections. Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the Management. Verified the input data in the valuation report of immovable properties (such as description, area) with agreements and assessed the appropriateness of tax rate applied to the projected future taxable income. Engaged with auditors' tax experts to assess utilization of available tax benefits against the projected future taxable income in accordance with prevailing taxation laws and consequential recognition of deferred tax assets Performed sensitivity analysis on the projected taxable profits by varying key assumptions, within reasonably foreseeable range. Reviewed the adequacy of disclosures made in the financial statements with regards to deferred taxes. <p>Based on the above procedures performed by us, the Management's assessment of recoverability of deferred tax assets was considered to be reasonable.</p>

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the chairman's statement, director's report, annexure to the director's report, report on corporate governance and management discussion and analysis but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement

of Changes in Equity and 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 specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 39 (i) to the standalone financial statements).
 - ii. The Company has long-term contracts for which there were no material foreseeable losses as at March 31, 2020. The Company did not have any long term derivative contracts as at March 31, 2020.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
- 16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh

Partner

Place: Mumbai

Membership Number: 107038

Date: July 30, 2020

UDIN: 20107038AAAAACC5372

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditor's Report of even date to the members of Zodiac Clothing Company Limited on the standalone financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Zodiac Clothing Company Limited (“the Company”) as of March 31, 2020 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

2. 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 (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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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. Also, refer paragraph 4 of our main report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh
Partner

Place: Mumbai
Date: July 30, 2020

Membership Number: 107038
UDIN: 20107038AAAACC5372

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Zodiac Clothing Company Limited on the standalone financial statements as of and for the year ended March 31, 2020

- i.(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 4(a) on Property, Plant and Equipment, and Note 5 on Investment Properties to the standalone financial statements, are held in the name of the Company, except for the following which were transferred to the Company pursuant to Scheme of Arrangements, and are pending registration in the name of the Company:

(₹ In lacs)

Location	Type of Immovable Property	Gross Block	Net Block
Mumbai	Building	2,395.05	2,218.47
Mumbai	Investment Property (Building)	736.89	681.42

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it, as applicable.

The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act.

- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii.(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period March 1, 2020 to March 31, 2020, the Company has paid Goods and Service Tax and filed GSTR1 and Form 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Circular No. 136/06/2020 dated April 3, 2020 on fulfilment of conditions specified therein.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs, duty of excise, value added tax, sales tax and Goods and Service tax as at March 31, 2020 which have not been deposited on account of any dispute. The particulars of dues of income tax, value added tax and sales tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Period to which the amount relates (Financial Year)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	4.91	1997-98	High Court
Income Tax Act, 1961	Income Tax	4.74	1999-00 and 2011-12	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	306.04	2009-10, 2012-13, 2015-16 and 2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Deducted at Source	205.81	2011-12 to 2017-18	Commissioner of Income Tax (Appeals)
The Kerala General Sales Tax Act, 1963	Sales Tax	4.05	2001-02 and 2002-03	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam
The Kerala Value Added Tax Rules 2005	Sales Tax	77.40	2010-11 to 2013-14	Deputy Commissioner Tevera Division, Ernakulam
The West Bengal Sales Tax, 1994	Sales Tax	7.85	2002-03 and 2003-04	Assistant Commissioner of Commercial Taxes, Kolkata
The Central Sales Tax Act, 1956	Sales Tax	4.59	2015-16	Joint Commissioner of Commercial Taxes, Bengaluru
The Central Sales Tax Act, 1956	Sales Tax	13.13	2002-03 and 2003-04	Asst. Commissioner of Commercial Taxes, Kolkata
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	271.36	2014-15 and 2015-16	Joint Commissioner of Sales Tax (Appeals), Mumbai

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the balance sheet date. Further, according to the records of the Company examined by us and the information and explanation given to us, the Company does not have any loans or borrowings from any financial institution or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). Further, the Company has applied term loans for the purpose for which they were obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Further, in respect of preferential allotment of convertible share warrants made during the previous year, the amounts received during the year against such allotment have been used for the purpose for which funds were raised.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh
Partner
Place: Mumbai Membership Number: 107038
Date: July 30, 2020 UDIN: 20107038AACD5372

ZODIAC CLOTHING COMPANY LIMITED
Standalone Balance Sheet as at March 31, 2020
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I ASSETS				
1 Non-current assets				
Property, plant and equipment	4(a)	10,998.63	11,701.00	
Right-of-use assets	4(c)	7,134.97	-	
Capital work - in - progress	4(b)	186.94	202.55	
Investment properties	5	744.63	760.07	
Intangible assets	6	210.67	246.20	
Investments in subsidiary	7	65.91	65.91	
Financial assets				
- Investments	8	2,663.17	4,294.56	
- Loans	9	930.85	1,592.34	
- Others financial assets	10	1.00	1.00	
Deferred tax assets (net)	37	1,571.89	808.15	
Non - Current tax assets (net)	37	1,324.86	1,349.05	
Other non - current assets	11	184.39	613.16	
2 Current assets				
Inventories	12	8,821.91	8,684.30	
Financial assets				
- Investments	13	164.65	1,084.35	
- Trade receivables	14	1,598.28	2,227.35	
- Cash and cash equivalents	15	546.31	417.04	
- Bank Balances other than cash and cash equivalents	16	48.87	45.06	
- Loans	17	901.29	104.09	
- Other financial assets	18	5.67	147.78	
Other current assets	19	2,509.70	2,323.51	
TOTAL ASSETS			40,614.59	36,667.47
II EQUITY AND LIABILITIES				
1 Equity				
Equity share capital	20	2,247.77	2,129.46	
Other equity	21	20,251.84	24,402.54	
2 Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	22	1,671.62	83.06	
- Lease Liabilities	4(c)	5,619.29	-	
Current liabilities				
Financial liabilities				
- Borrowings	23	4,298.62	5,747.46	
- Lease Liabilities	4(c)	2,533.94	-	
- Trade payables	24			
- total outstanding dues of micro and small enterprises		37.94	71.77	
- total outstanding dues of creditors other than micro and small enterprises		2,222.11	2,106.87	
- Other financial liabilities	25	666.67	812.31	
Provisions	26	134.42	117.54	
Other current liabilities	27	930.37	1,196.46	
TOTAL EQUITY AND LIABILITIES			40,614.59	36,667.47
Significant Accounting Policies		2		

The accompanying notes (1 - 50) are an integral part of these standalone financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

For and on behalf of Board of Directors

A. Y. NOORANI

Chairman

DIN: 00041686

S. Y. NOORANI

Vice Chairman and Managing Director

DIN: 00068423

Sachin Parekh

Partner

Membership No. 107038

B. MAHABALA

Chief Financial Officer

KUMAR IYER

Company Secretary

Mumbai
July 30, 2020

Mumbai
July 30, 2020

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Profit and Loss for the year ended March 31, 2020
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I	INCOME			
	Revenue from operations	28	18,938.71	21,442.41
	Other income	29	1,743.68	1,177.51
	Total Income		20,682.39	22,619.92
II	EXPENSES			
	Cost of materials consumed	30	6,914.13	7,664.71
	Purchases of stock-in-trade		357.25	443.18
	Changes in inventories of finished goods, stock-in-trade and work-in progress	31	(500.96)	(779.55)
	Employee benefits expense	32	5,400.56	5,739.60
	Finance costs	33	1,385.56	433.64
	Depreciation and amortization expense	34	3,515.30	1,040.74
	Other expenses	35	5,945.97	9,550.49
	Total expenses		23,017.81	24,092.81
III	Loss before exceptional items and tax		(2,335.42)	(1,472.89)
IV	Exceptional Item	36	-	(305.62)
V	Loss before tax		(2,335.42)	(1,778.51)
VI	Tax expense	37		
	Current tax		110.00	107.00
	Deferred tax credit		(337.61)	(275.41)
	Tax in respect of earlier years		24.98	234.54
VII	Loss for the year		(2,132.79)	(1,844.64)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	42	(76.35)	(94.99)
	- Equity Instruments through Other Comprehensive Income		(1,003.00)	(302.12)
	- Income tax relating to above items		-	6.84
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		(93.15)	59.49
	- Income tax relating to above items		25.91	(16.09)
IX	Total Comprehensive Loss for the year		(3,279.38)	(2,191.51)
X	Earnings per equity share of ₹ 10 each	41		
	Basic (₹)		(9.65)	(8.99)
	Diluted (₹)		(9.65)	(8.99)
	Significant Accounting Policies	2		

The accompanying notes (1 - 50) are an integral part of these standalone financial statements
As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of Board of Directors

A. Y. NOORANI
Chairman
DIN: 00041686

S. Y. NOORANI
Vice Chairman and Managing Director
DIN: 00068423

Sachin Parekh
Partner
Membership No. 107038

Mumbai
July 30, 2020

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
July 30, 2020

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Cash Flows for the year ended March 31, 2020
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES:			
Loss before exceptional items and tax		(2,335.42)	(1,472.89)
Adjustments for:			
Depreciation and amortization expenses	3,515.30	1,040.74	
Finance cost	1,385.56	433.64	
Unrealised exchange gain on foreign currency translation / transaction (net)	(21.40)	(35.70)	
Dividend income	(710.83)	(656.00)	
Rent income	(386.13)	(369.33)	
Interest income	(110.43)	(58.07)	
Net gain on financial assets measured at fair value through profit or loss	(218.57)	(79.62)	
Gain on remeasurement of lease contracts	(172.84)	-	
Allowance for doubtful debts, loans and deposits (net)	13.47	(51.68)	
Bad and doubtful debts, loans and deposits written off (net)	66.19	-	
Remeasurements of net defined benefit plans	(76.35)	(94.99)	
Net Loss on sale/discard of property, plant and equipment	36.80	80.79	
	985.35	(1,263.11)	
Operating profit before working capital changes			
Adjustments for:			
Decrease in trade and other receivables	425.42	105.09	
Increase in inventories	(137.61)	(883.71)	
Decrease in trade and other payables	(199.65)	(1,060.58)	
Increase/(decrease) in provisions	16.88	(133.27)	
	1,090.39	(3,235.58)	
Less: Direct taxes paid (net of refunds)	(110.79)	(132.57)	
Net cash flows generated from / (used in) operating activities after exceptional items	979.60	(3,368.15)	
CASH FLOW FROM INVESTING ACTIVITIES:			
Inflows			
Sale proceeds of property, plant and equipment	4.82	0.81	
Interest received	3.90	63.84	
Rent received	386.13	369.33	
Sale proceeds of non-current investments	983.46	430.00	
Sale proceeds of current investments (Net)	965.80	-	
Dividend received	710.83	656.00	
	3,054.94	1,519.98	
Outflows			
Purchase of property, plant and equipment/ intangible assets/ investment property	(417.57)	(506.07)	
Purchase of current investments (Net)	-	(303.57)	
Purchase of non-current investments	(182.87)	(441.90)	
Investment in Term Deposits (Net)	(7.04)	(30.00)	
	(607.48)	(1,281.54)	
Net cash generated from investing activities	2,447.46	238.44	
CASH FLOW FROM FINANCING ACTIVITIES:			
Inflows			
Proceeds from issue of equity shares (including securities premium) / Share Warrants	500.00	4,500.00	
Proceeds from non-current borrowings	1,671.62	-	
	2,171.62	4,500.00	
Outflows			
Repayment of non-current borrowings	(210.82)	(632.23)	
Repayment of current borrowings (net)	(1,448.84)	(107.61)	
Principal element of lease payments	(2,213.03)	-	
Interest on lease liabilities	(939.57)	-	
Interest paid on others	(444.20)	(415.43)	
Dividend paid	(212.95)	(195.20)	
	(5,469.41)	(1,350.47)	
Net cash (used in) / generated from financing activities	(3,297.79)	3,149.53	
Net increase in cash and cash equivalents	129.27	19.82	
Add : Cash and cash equivalents at beginning of the year	417.04	397.22	
Cash and cash equivalents at end of the year	546.31	417.04	
Non-cash financing and investing activities			
	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Acquisition of right-of-use assets	859.32	-
	Cash and Cash equivalent as per above comprises of the following		
	Particulars	As at March 31, 2020	As at March 31, 2019
	Cash and Cash Equivalents (Refer Note 15)	546.31	417.04

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The accompanying notes (1 - 50) are an integral part of these standalone financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of Board of Directors

A. Y. NOORANI
Chairman
DIN: 00041686

S. Y. NOORANI
Vice Chairman and Managing Director
DIN: 00068423

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Sachin Parekh
Partner
Membership No. 107038
Mumbai
July 30, 2020

Mumbai
July 30, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

	Particulars	Notes	Amount
As at April 01, 2018			1,952.00
Changes in equity share capital		20	177.46
As at March 31, 2019			2,129.46
Changes in equity share capital		20	118.31
As at March 31, 2020			2,247.77

B. Other Equity

Particulars	Money received against Share Warrants	Reserves and Surplus				Other Comprehensive Income (OCI)	Total	
		Securities Premium	Amalgamation Reserve	State Cash Subsidy	Capital Redemption Reserve	Retained Earnings	FVOCI - Equity Instruments	Cash Flow Hedging Reserve
Balance as at April 01, 2018		2,696.47	8.16	15.84	200.00	2,677.51	14,400.99	2,467.74
Loss for the year	-	-	-	-	-	(94.99)	(1,844.64)	(27.86)
Other Comprehensive Income for the year						(1,939.63)	(295.28)	43.40
Total Comprehensive Income for the year								22,438.85
Share Application Money received	1,500.00	2,822.54	-	-	-	-	-	(346.87)
Premium Received on Issue of Equity Shares	-	-	-	-	-	-	-	(2,191.51)
Dividends	-	-	-	-	-	(195.20)	-	1,500.00
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	2,822.54
Balance as at March 31, 2019	1,500.00	5,519.01	8.16	15.84	200.00	2,677.51	12,266.16	2,172.46
Loss for the year	-	-	-	-	-	(2,132.79)	-	(2,132.79)
Other Comprehensive Income for the year						(76.35)	(1,003.00)	(67.24)
Total Comprehensive Income for the year								(1,146.59)
Change in accounting policy (net of deferred tax ₹ 384.13 Lakhs) (Refer Note 48)	-	-	-	-	-	(2,209.14)	(1,003.00)	(67.24)
Share Application Money received	500.00	(2,000.00)	-	-	-	-	-	(3,279.38)
Allotment of Equity Shares (including Securities Premium)	-	1,881.69	-	-	-	(996.66)	-	(996.66)
Premium Received on Issue of Equity Shares	-	-	-	-	-	-	-	500.00
Dividends	-	-	-	-	-	-	-	(2,000.00)
Transfer of gain on FVOCI Equity Instruments to Retained Earnings	-	-	-	-	-	(212.95)	-	1,881.69
Reclassification to Statement of Profit and Loss	-	-	-	-	-	707.82	(707.82)	(212.95)
Balance as at March 31, 2020			7,400.70	8.16	15.84	200.00	2,677.51	9,555.23
								461.64
								(67.24)
								20,251.84

The accompanying notes (1 - 50) are an integral part of these standalone financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

A. Y. NOORANI

Chairman

DIN: 00041686

B. MAHABALA

Chief Financial Officer

Sachin Parekh

Partner

Membership No. 107038

Mumbai

July 30, 2020

S. Y. NOORANI

Vice Chairman and Managing Director

DIN: 00068423

KUMARIYER

Company Secretary

1 Background and Operations

Zodiac Clothing Company Limited ('the Company') incorporated in India having registered office at Mumbai and Manufacturing facilities at Bengaluru, Umbergaon and Mumbai. The Company is a leading garment manufacturing Company and having retail stores spread across India.

2 Significant accounting policies

(a) Basis of preparation of Standalone Financial Statements

(i) Compliance with Ind AS

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') notified under section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting standards) Rules, 2015], and other relevant provisions of the Act.

(ii) Going Concern Assessment

The Directors of the Company have assessed its liquidity position (including the impact of COVID-19 and its possible sources of funds under various scenarios). The Board of Directors are confident of the Company's ability to meet its obligation in next twelve months from the balance sheet date under all scenarios. Accordingly these financial statements have been prepared on going concern basis.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- 2) defined benefit plans - plan assets measured at fair value;

(iv) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing Costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. The details are disclosed in Note 48. The other amendments listed above did not have any impact on the amounts recognised in prior

periods and are not expected to significantly affect the current or future periods.

(v) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(vi) Rounding off amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

(b) Use of estimates and judgments

The estimates and judgments used in the preparation of the standalone financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

The Company depreciates its property, plant and equipment on a straight line method net of residual values over the useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act, except for the following class of assets, useful life for which is based on a technical evaluation and taking into

consideration nature of Company's business and past experience of usage of such assets:

Description of asset	Useful life followed by the Company	Useful life as prescribed under Schedule II
Plant and equipment	21 Years	15 Years
Furniture and fixtures	16 Years	10 Years
Office equipments	21 Years	5 Years
Computer (Including Servers)	6 Years	3-6 Years
Electrical Installation	21 Years	10 Years

Leasehold improvements are amortised over the period of lease or estimated useful lives of such assets, whichever is lower. Period of lease is either the primary lease period or where the Company as a lessee has the right of renewal of lease, and it is intended to renew for further periods, then such extended period.

The residual values are generally not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

(d) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is initially recognized at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties, net of residual value are depreciated using the straight-line method over their useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act.

(e) Intangible assets

Computer software

Computer software are stated at cost, less accumulated amortisation and impairments, if any.

Amortisation method

The Company amortizes intangible assets using the straight-line method over following period:

Nature of intangible asset	Useful life
- Computer Software	6 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

(f) Lease

As lessee

Till March 31, 2019:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from April 01, 2019:

The Company has adopted Ind AS 116-Leases effective April 01, 2019, using the modified retrospective method. The Group has applied the standard to its leases retrospectively to all the contracts existing on April 01, 2019, with cumulative effect of initially applying the new standard recognized to the retained earnings on the date of initial application. Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses, if

any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments and payments to be made under reasonably certain extension option are also included in measurement of liability. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been presented separately on the face of the Balance Sheet and lease payments have been classified as financing cash flows.

As lessor

Till March 31, 2019

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

The respective leased assets are included in the balance sheet based on their nature.

With effect from April 01, 2019:

The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new lease standard.

(g) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, Bank overdrafts, deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Inventories

Inventories of Raw Materials, Work-in-Progress, Stock-in-trade, Stores and spares and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-

in-First-Out', 'Weighted Average cost' or 'Specific Identification', as applicable.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be utilised are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

Slow-moving, non-moving & defective inventories are identified and wherever necessary, provision is made for such inventories considering various factors such as likely usage, obsolescence etc.

(i) Investment in subsidiary

Investment in subsidiary is recognised at cost (less, impairment, if any), as per Ind AS - 27 'Separate Financial Statements'.

(j) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- * those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- * those measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition

Purchases and sales of financial assets are recognised on trade - date, being the date on which the Company commits to purchase or sale the financial asset.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly

attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

*** Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

*** Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest revenue which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other income/expense. Interest income from these financial assets is included in other income using the effective interest rate method.

*** Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised as other income in the Statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, are measured at amortised cost e.g., loans, deposits, and bank balance.
- (b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

(v) Derecognition

A financial asset is derecognised only when

- the Company has transferred the rights to receive the cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognised.

(vi) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

(k) Borrowings

Borrowings are initially recognised at net of

transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

(l) Borrowing costs

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other interest and borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

(m) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in Statement of Profit and loss.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events.

A contingent asset is disclosed in respect of possible asset that may arise from past event and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events.

(n) Revenue recognition

Sale of goods - Wholesale

Sales are recognised when the control of the goods has been transferred to customer which is generally on delivery of goods and there is

no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, risk of obsolescence and loss have been transferred to customer and the Company has objective evidence that all criteria for the acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods - Retail

The Company operates a chain of retail stores. Revenue from the sale of goods is recognised when the Company sells a product to the customer. Payment of transaction price is generally due immediately when the customer purchases the goods and takes delivery in store.

Sales return

Accumulated experience is used to estimate and provide for the sales return, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected sales return in relation to sales made until the end of the reporting period.

Service income

Sale of services - Revenue is recognised based on actual service provided at the end of the reporting period as proportion of total service to be provided.

Other operating revenue - Export incentives

Export incentives under various schemes of Government of India are accounted on accrual basis on the basis of exports made and when there is reasonable assurance that the Company will comply with the conditions and incentive will be received.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected

to be settled wholly within 12 months after the end of the period in which the employees render the related service. An actuarial valuation is obtained at the end of reporting period. The present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The obligations are presented as current liabilities in the balance sheet, if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

Defined Benefits Plan

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The net interest cost is calculated by actuary applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments as calculated by actuary are recognised immediately in the Statement of Profit and Loss as past service cost.

Defined Contribution Plans

The Company pays Provident Fund (PF) contributions, Employees State Insurance Scheme (ESIC) etc., to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the company recognises costs for structuring that is within the scope of Ind AS-37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(p) Foreign currency transactions

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

(q) Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of firm commitment transactions (sales orders/purchase orders) (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objectives and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than or equal to 12 months.

Cash flow hedges that qualify for hedge accounting –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

When forward contracts are used to hedge forecast transactions, the Company designates them in entirety as the hedging instrument. Gains or losses relating to effective portion of fair value of forward contracts are recognised in the other comprehensive income in the cash flow hedging reserve within other equity.

When the option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the option contract as the hedging instrument.

Derivative Contracts other than cash flow hedges:
Derivative contracts which are not designated as cash flow hedges, are accounted for at fair value through profit or loss and are included in Statement of Profit and Loss.

(r) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the standalone financial

statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related defer income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

(t) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The CODM, being the Managing Director assesses the financial performance and position of the Company and makes strategic decisions.

(u) Impairment of non-financial assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(v) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

(w) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Recent Accounting Pronouncements:

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 on 24 July, 2020. The amendments to Ind AS are:

- Amendment to Ind AS 116 - Optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification
- Amendment to Ind AS 103 - Revises the definition of a business
- Amendment to Ind AS 107 - Provide certain

reliefs in connection with interest rate benchmark reform

- Amendment to Ind AS 1 - Clarifies the definition of material and make Ind ASs more consistent. An entity shall apply these amendments for annual periods beginning on or after the April 01, 2020 except amendment to Ind AS 116, where an entity who has not yet approved the financial statements for issue before the issuance of these amendments, then the same may be applied for annual reporting periods beginning on or after the April 01, 2019.

The Company has decided to apply these amendments effective April 01, 2020.

The Company has received rent concession related to COVID - 19 subsequent to year end and is currently assessing its impact. Further, based on the assessment, the other amendments listed above are not expected to have any material impact on the Company's financial statements.

3 Critical estimates and judgements

The preparation of standalone financial statements requires the use of accounting estimates which by definition will seldom equal the actual results.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

The areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation (Refer Note 42).
- Recoverability of deferred tax assets (Refer Note 37).
- Allowance for doubtful debts (Refer Note 14 and 46).
- Fair value of Investment properties (Refer Note 5)
- Direct tax litigations (Refer Note 39)
- Determination of lease term (Refer Note 4(c))
- Impairment of non-financial assets (Refer Note 2(u))
- Impact of Covid-19 (Refer Note 49)
- Provision for Inventory Obsolescence (Refer Note 2(h) and 12)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(a) Property, Plant and Equipment

	Land		Buildings	Leasehold Improvement	Plant & Machinery	Furniture & fixtures	Vehicles	Office equipment	Computers	Electrical Installation	Total
	Freehold	Leasehold									
Gross Carrying Amount											
Balance at April 01, 2018	420.90	2.54	3,296.34	2,443.96	3,840.50	2,690.96	55.18	618.04	213.19	762.38	14,343.99
Additions	-	-	6.18	99.53	31.72	87.61	-	36.49	11.31	75.82	348.66
Disposals	-	-	-	117.58	-	-	-	3.56	-	2.74	123.88
Balance as at March 31, 2019	420.90	2.54	3,302.52	2,425.91	3,872.22	2,778.57	55.18	650.97	224.50	835.46	14,568.77
Additions	-	-	-	126.62	3.37	115.65	-	28.96	9.53	68.32	352.45
Disposals	12.49	-	-	113.48	1.07	6.93	1.32	6.12	0.24	5.79	147.44
Less: Adjustment for change in accounting Policy (Refer Note 48)	-	2.54	-	-	-	-	-	-	-	-	2.54
Balance as at March 31, 2020	408.41	-	3,302.52	2,439.05	3,874.52	2,887.29	53.86	673.81	233.79	897.99	14,771.24
Accumulated depreciation											
Balance at April 01, 2018	-	0.40	158.73	604.59	436.27	444.88	35.93	70.97	118.69	86.25	1,956.71
Additions	-	0.20	80.30	309.82	225.79	225.91	4.70	34.62	27.19	44.81	953.34
Disposals	-	-	-	41.37	-	-	-	0.50	-	0.41	42.28
Balance as at March 31, 2019	-	0.60	239.03	873.04	662.06	670.79	40.63	105.09	145.88	130.65	2,867.77
Additions	-	-	78.46	355.11	225.15	232.41	0.86	36.84	19.30	63.13	1,011.26
Disposals	-	-	-	99.41	0.13	2.81	0.52	1.61	0.24	1.10	105.82
Less: Adjustment for change in accounting Policy (Refer Note 48)	-	0.60	-	-	-	-	-	-	-	-	0.60
Balance as at March 31, 2020	-	317.49	1,128.74	887.08	900.39	40.97	140.32	164.94	192.68	3,772.61	
Carrying Amount											
Balance as at March 31, 2019	420.90	1.94	3,063.49	1,552.87	3,210.16	2,107.78	14.55	545.88	78.62	704.81	11,701.00
Balance as at March 31, 2020	408.41	-	2,985.03	1,310.31	2,987.44	1,986.90	12.89	533.49	68.85	705.31	10,998.63

4(b) Capital Work in Progress

Capital Work in Progress (Refer Note iv)	
Balance as at March 31, 2019	202.55
Balance as at March 31, 2020	186.94

Notes:

- Refer Note 39 for disclosure of contractual commitments for acquisition of property, plant and equipment.
- Refer Note 38 for information on property, plant and equipment pledged as security by the Company.
- Buildings acquired pursuant to the scheme of amalgamation are pending registration in the name of the Company having carrying amounts ₹ 2,218.47 Lakhs (March 31, 2019 ₹ 2,264.74 Lakhs).
- Capital Work in Progress primarily includes plant and machinery under installation and leasehold improvements, furniture & fixtures related to retail shops.
- Pursuant to the adoption of Ind AS 116, leasehold land is presented as a separate line item in the balance sheet as at March 31, 2020, Refer Note 4(c). Refer to Note 48 for details about the changes in accounting policy.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(c) Leases

This note provides information for leases where the Company is a lessee. The Company leases Land and Building (retail stores, factories, warehouse, offices, guest house etc.). Rental contracts are typically made for periods of 3 years to 9 years, but may have extension options as described in (iv) below.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Particulars	As at March 31, 2020	As at April 01, 2019
Right of use assets		
- Leasehold Land	1.74	1.94
- Buildings	7,133.23	11,319.48
Total	7,134.97	11,321.42

Set out below are the carrying amounts of right of use assets recognised and movements during the year:

Particulars	Lease hold Land *	Buildings	Total right of use assets
I. Gross carrying amount			
Balance as at April 01, 2019	2.54	17,575.06	17,577.60
Additions	-	859.32	859.32
Deductions on disposals	-	4,991.02	4,991.02
Balance as at March 31, 2020	2.54	13,443.36	13,445.90
II. Accumulated depreciation			
Balance as at April 01, 2019	0.60	6,255.58	6,256.18
Depreciation expense for the year	0.20	2,412.84	2,413.04
Deductions on disposals	-	2,358.29	2,358.29
Balance as at March 31, 2020	0.80	6,310.13	6,310.93
III. Net carrying amount (I - II)	1.74	7,133.23	7,134.97

* Leasehold Land acquired pursuant to scheme of arrangement are pending registration in the name of the Company having carrying amounts ₹ 1.74 Lakhs.

Particulars	As at March 31, 2020	As at April 01, 2019
Lease Liabilities		
Current	2,533.94	2,213.03
Non-Current	5,619.29	10,099.47
Total	8,153.23	12,312.50

For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, please refer to note 48.

(ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amount relating to lease:

Particulars	Note	Year Ended March 31, 2020
Depreciation charge of Right-of-use assets	34	
- Leasehold Land		0.20
- Buildings		2,412.84
Total		2,413.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(c) Leases (Contd...)

Particulars	Note	Year Ended March 31, 2020
Gain on remeasurement of lease contracts (included in other income)	29	172.84
Interest expense (included in finance costs)	33	939.57
Expense relating to short-term leases (included in other expenses)	35	317.14
Expense relating to variable lease payments not included in lease liabilities	35	35.92

The total cash outflow for leases for the year ended March 31, 2020 was ₹ 3,505.66 Lakhs (including short term and variable lease payments).

(iii) Variable Lease Payments

Some property leases contain variable payment terms that are linked to sales generate from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 10% to 30% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the company with such variable lease contracts would increase total lease payments by approximately by ₹ 3.59 Lakhs.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(v) Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended.

For leases of retail stores, the Company considers factors such as historical lease durations and the costs and business disruption required to replace the leased asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

5 Investment Properties

	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	806.02	800.17
Additions	-	5.85
Closing gross carrying amount	806.02	806.02
Accumulated depreciation		
Opening accumulated depreciation	45.95	30.12
Additions	15.44	15.83
Closing accumulated depreciation	61.39	45.95
Net carrying amount	744.63	760.07

Note:

(i) Amounts recognised in statement of profit or loss for investment properties:

Particulars	As at March 31, 2020	As at March 31, 2019
Rental income derived from investment properties	377.13	360.33
Direct operating expenses (including repairs and maintenance) of investment properties	2.34	2.20
Income arising from investment properties before depreciation	374.79	358.13
Depreciation	15.44	15.83
Income arising from investment properties (Net)	359.35	342.30

(ii) Premises given on operating lease:

The Company has given investment properties on operating lease. These lease arrangements range for a period between 11 months to 5 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms.

The total future minimum lease rentals receivable in respect of non-cancellable leases at the Balance Sheet date is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
For a period not later than one year	91.08	348.68
For a period later than one year and not later than five years	-	137.09
For a period later than five years	-	-
(iii) Fair value		
Particulars	As at March 31, 2020	As at March 31, 2019
Investment Properties	4,994.74	4,849.95

Significant Estimates:

Estimation of fair value

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in active market for similar properties.

The fair valuation of investment properties has been determined by accredited independent valuers. The main inputs used are the prevailing market rates and recent sale of similar properties, etc. The fair value measurement is categorised in level 3 fair value hierarchy.

(iv) Investment Property (Building) acquired pursuant to the scheme of amalgamation are pending registration in the name of the Company having carrying amounts ₹ 681.42 Lakhs (March 31, 2019 ₹ 695.67 Lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

6 Intangible assets

	Computer Software
Gross carrying amount	
Balance as at April 01, 2018	319.03
Additions	129.71
Disposals	-
Balance as at March 31, 2019	448.74
Additions	40.03
Disposals	-
Balance as at March 31, 2020	488.77
 Accumulated amortisation	
Balance as at April 01, 2018	130.97
Additions	71.57
Disposals	-
Balance as at March 31, 2019	202.54
Additions	75.56
Disposals	-
Balance as at March 31, 2020	278.10
 Net carrying amount	
Balance as at March 31, 2019	246.20
Balance as at March 31, 2020	210.67

7 Investments in Subsidiary

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Unquoted				
Equity instruments at cost				
Zodiac Clothing Company S.A., Switzerland (Equity Shares of CHF 1,000/- each)	250	65.91	250	65.91
Total		65.91		65.91
Aggregate value of unquoted investments		65.91		65.91

8 Non-current Investments

		As at March 31, 2020		As at March 31, 2019	
		No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
A	Investment in Equity Instruments				
	Quoted				
	At Fair value through Other Comprehensive Income				
	Shoppers Stop Limited (Equity Shares of ₹ 5 each)	326,112	630.86	513,269	2,419.04
	Aditya Birla Capital Limited (Equity Shares of ₹ 10 each)	138	0.06	138	0.13
	Grasim Industries Limited (Equity Shares of ₹ 10 each)	99	0.47	99	0.85
	Aditya Birla Fashion and Retail Limited (Equity Shares of ₹ 10 each)	343	0.53	343	0.76
	Hindalco Industries Limited (Equity Shares of ₹ 1 each)	830	0.79	830	1.70
	Coramandel International Limited (Equity Shares of ₹ 10 each)	108	0.59	108	0.54
	Exide Industries Limited (Equity Shares of ₹ 10 each)	7	0.01	7	0.02
	Indraprastha Medical Limited (Equity Shares of ₹ 10 each)	5,000	1.70	5,000	1.92
	Karur Vysya Bank Limited (Equity Shares of ₹ 2 each)	32,733	6.63	32,733	23.44
	Maan Alluminium Limited (Equity Shares of ₹ 10 each)	500	0.14	500	0.47
	Spentex Industries Limited (Equity Shares of ₹ 10 each)	54	*	54	*
	Total (A)		641.78		2,448.87

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

8 Non-current Investments

		As at March 31, 2020		As at March 31, 2019	
		No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
B	Investment in Non Convertible Debentures (NCD)				
	Unquoted				
	At amortised cost				
	11.80 % I L & F S Transportation Networks Limited (NCDs of ₹ 100 each)	30	305.62	30	305.62
	Less: Impairment Loss **		(305.62)		(305.62)
	Total (B)		-		-
C	Investment in Venture capital funds				
	Unquoted				
	At Fair value through Profit and Loss @				
	Faering Capital India Evolving Fund II (Units of ₹ 1000/- each)	68,070	653.69	68,070	584.86
	Paragon Partners Growth Fund I (Units of ₹ 100/- each)	444,290	562.20	294,885	442.33
	Tata Capital Healthcare Fund (Units of ₹ 1 /- each)	20,000,000	144.61	20,000,000	108.00
	Tata Capital Growth Fund (Units of ₹ 1 /- each)	20,000,000	106.15	20,000,000	96.00
	Faering Capital India Evolving Fund (Units of ₹ 1000/- each)	50,087	554.74	57,124	614.50
	Total (C)		2,021.39		1,845.69
	Total (A+B+C)		2,663.17		4,294.56
	Aggregate amount of quoted investments		641.78		2,448.87
	Aggregate Market Value of the quoted investments		641.78		2,448.87
	Aggregate amount of unquoted investments		2,327.01		2,151.31
	Aggregate amount of impairment in the value of investment		305.62		305.62

Note:

* Amount is below the rounding off norms adopted by the Company.

** Refer Note 36

@ Investment in venture capital funds have been fair valued at closing Net Assets Value(NAV) / Fair Market Value(FMV).

Refer Note 45 for information about fair value measurement of investments and Note 39(ii)(b) for Investment Commitments related to Venture Capital funds.

9 Non-current loans

	As at March 31, 2020	As at March 31, 2019
Security deposits	972.85	1,634.34
Less: Allowance for doubtful deposits	(42.00)	(42.00)
Total	930.85	1,592.34

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Note (a): Break-up of security details		
Loans considered good - unsecured	930.85	1,592.34
Loans - credit impaired	42.00	42.00
Total	972.85	1,634.34
Less: Allowance for doubtful deposits	(42.00)	(42.00)
Total Non-current loans	930.85	1,592.34
 Note (b): Security Deposits (for premises taken on lease) includes amount paid to:		
(i) Directors		
Mr. M. Y. Noorani \$	3.60	3.60
Mr. A. Y. Noorani	9.45	9.45
Mr. S. Y. Noorani	9.45	9.45
(ii) Firms in which Directors of the Company are partners		
Metropolitan Trading Company	165.00	165.00
Munraz Enterprises	10.00	10.00
Mustang Manufacturing Company	2.50	2.50

\$ Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

10 Other non-current financial assets

	As at March 31, 2020	As at March 31, 2019
Term deposits with banks	1.01	1.01
Less: Interest accrued (included in Note 18)	(0.01)	(0.01)
Total	1.00	1.00

11 Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Capital advances	21.19	28.12
Prepaid expenses	6.30	371.74
Balances with government authorities (including deposits)	156.90	213.30
Total	184.39	613.16

12 Inventories

	As at March 31, 2020	As at March 31, 2019
(The mode of valuation of inventories has been stated in Note 2(h))		
Raw Materials [Includes Raw Material - In Transit ₹ Nil, (As at March 31, 2019 ₹ 43.64 Lakhs)]	2,227.40	2,638.58
Work-in-progress	240.67	347.47
Finished goods	5,517.19	4,838.61
Stock-in-trade	707.54	778.36
Stores and Spares	129.11	81.28
Total	8,821.91	8,684.30

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to ₹ 42.49 Lakhs for the year ended March 31, 2020 (₹ 178.60 Lakhs for year ended March 31, 2019). These writedowns were recognised as an expense and included in 'Cost of material consumed', 'changes in inventories of finished goods, stock-in-trade and work-in-progress', and 'consumption of stores and spares' in the Statement of Profit and Loss.

As part of the Company's internal control procedure in respect of inventory, the management has conducted physical verification of inventory subsequent to the year end (consequent to the nationwide lockdown announced by the Government of India) and performed other procedures to obtain comfort over the quantity and condition of inventories as at March 31, 2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

13 Current investments

		No. of Units	As at March 31, 2020	No. of Units	As at March 31, 2019
A	<u>Investments in Mutual Funds</u>				
	Unquoted				
	At Fair value through Profit and Loss				
	HDFC floating rate Income Fund-Short term Plan-Wholesale Option Growth (Units of ₹ 10/- each)	-	-	799,350	261.41
	HDFC Ultra Short Term - Regular Growth (Units of ₹ 10/- each)	1,466,053	164.28	-	-
	HDFC Ultra Short Term Fund (Units of ₹ 10/- each)	3,722	0.37	559,877	56.27
	HDFC Ultra Short Term Debt Fund Direct Plan Growth (Units of ₹ 10/- each)	-	-	3,680,461	766.67
	Total		164.65		1,084.35
	Aggregate amount of unquoted investments		164.65		1,084.35

Refer Note 45 for information about fair value measurement of investments.

14 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Receivables from related parties (Refer Note 44)	315.87	291.78
Others	1,681.01	2,334.17
Less: Loss Allowances	(398.60)	(398.60)
Total	1,598.28	2,227.35
 Note (a): Break-up of security details		
Trade receivables considered good - unsecured	1,598.28	2,227.35
Trade receivables - credit impaired	398.60	398.60
Total	1,996.88	2,625.95
Less: Loss Allowances	(398.60)	(398.60)
Total Trade Receivables	1,598.28	2,227.35
 Note (b): Amounts Receivable from firms in which Directors are partners		
Mashal Enterprises	-	1.27

Refer Note 46 for information about credit risk and market risk of trade receivables.

15 Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.65	-
Balances with Banks		
- In current accounts	545.53	416.87
- In EEFC accounts	0.13	0.17
Total	546.31	417.04

There are no repatriation restrictions with regard to cash and cash equivalents as at March 31, 2020 and previous year end.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

16 Bank Balances other than cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Term deposits with Banks	37.08	30.23
Less: Interest accrued (included in Note 18)	(0.04)	(0.23)
	37.04	30.00
Unclaimed dividends - Earmarked balances with banks	11.83	15.06
Total	48.87	45.06

17 Current loans

	As at March 31, 2020	As at March 31, 2019
Security Deposits	843.41	64.92
Loans to employees	67.69	48.98
Less: Allowance for doubtful loans	(9.81)	(9.81)
Total	901.29	104.09
Note: Break-up of security details		
Loans considered good - unsecured	901.29	104.09
Loans - credit impaired	9.81	9.81
Total	911.10	113.90
Less: Allowance for doubtful loans	(9.81)	(9.81)
Total Current loans	901.29	104.09

18 Other current financial assets

	As at March 31, 2020	As at March 31, 2019
Interest accrued	0.05	0.24
Derivative financial instruments	0.62	86.09
Others	5.00	61.45
Total	5.67	147.78

19 Other current assets

	As at March 31, 2020	As at March 31, 2019
Export Benefits receivables	246.38	349.65
Excess Contribution to gratuity fund (Refer Note 42)	-	111.46
Interest subsidy receivable	28.21	28.21
Advances to Suppliers	63.70	88.70
Prepaid expenses	76.54	173.50
GST receivable/refundable	2,055.17	1,543.99
Right to recover returned goods	31.00	28.00
Other advances	8.70	-
Total	2,509.70	2,323.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

20 Equity share capital

		As at March 31, 2020	As at March 31, 2019
Authorised		3,40,00,000	3,40,00,000
3,40,00,000 [March 31, 2019: 3,40,00,000] Equity Shares of ₹ 10 each		3,40,000	3,400,00
Issued, subscribed and fully paid up		2,247.77	2,129.46
2,24,77,677 [March 31, 2019: 2,12,94,596] Equity Shares of ₹ 10 each		2,247.77	2,129.46

Notes:

a) **Reconciliation of number of shares:**

		As at March 31, 2020	As at March 31, 2019
		Number of shares	Amount
Equity Shares :		21,294,596	19,519,974
Balance as at the beginning of the year		1,183,081	1,774,622
Issued during the year #		2,247,677	2,247.77
Balance as at the end of the year		21,294,596	2,129.46

b) **Rights, preferences and restrictions attached to shares:**

Equity shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) **Details of shares held by each shareholder holding more than 5% shares in the Company:**

		As at March 31, 2020	As at March 31, 2019
		%	No. of shares
Mohammed Yusuf Noorani *** # \$		23.25	5,225,931
Asia Tangible Investments Pte Limited		14.04	3,154,882
Euro Global Holdings Pte Limited		14.04	3,154,882
Akash Bhanshali		6.06	1,361,700
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Limited		8.76	1,969,153
Anees Yusuf Noorani #		7.83	1,758,972
Salman Yusuf Noorani #		6.85	1,540,417
			5.38
*** Includes shares held by Mr. Mohammed Yusuf Noorani \$			1,146,057
a) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust			18,990
b) as Trustee for and on behalf of Yusuf Noorani Family Benefit Trust			8,334
			18,990
			8,334

The Company has allotted 1,183,081 equity shares of Face Value ₹ 10 each at a premium of ₹ 159.05 per equity share pursuant to conversion of equivalent number of warrants allotted to the following promoters of the Company during the year 2018-19. Further, during the 2018-19, the Company has allotted 17,74,622 equity shares of face value of ₹ 10 each at a premium of ₹ 159.05 per equity share on preferential basis to the following promoters of the Company.

	Year ended March 31, 2020	Year ended March 31, 2019
Mohammed Yusuf Noorani \$	394,361	591,540
Anees Yusuf Noorani	394,360	591,541
Salman Yusuf Noorani	394,360	591,541

§ Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

21 Other Equity

	Money received against Share Warrants	Reserves and Surplus						Other Comprehensive Income (OCI)		Total
		Securities Premium	Amalgamation Reserve	State Cash Subsidy	Capital Redemption Reserve	General Reserves	Retained Earnings	FVOCL -Equity Instruments	Cash Flow Hedging Reserve	
Balance as at April 01, 2018	-	2,692.47	8.16	15.84	200.00	2,677.51	14,400.99	2,467.74	(27.86)	22,438.85
Loss for the year	-	-	-	-	-	-	(1,844.64)	-	-	(1,844.64)
Other Comprehensive Income for the year	-	-	-	-	-	-	(94.99)	(295.28)	43.40	(346.87)
Total Comprehensive Income for the year	-	-	-	-	-	-	(1,939.63)	(295.28)	43.40	(2,191.51)
Share Application Money received	1,500.00	-	-	-	-	-	-	-	-	1,500.00
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	2,822.54
Dividends	-	-	-	-	-	-	(195.20)	-	-	(195.20)
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	27.86	27.86
Balance as at March 31, 2019	1,500.00	5,519.01	8.16	15.84	200.00	2,677.51	12,266.16	2,172.46	43.40	24,402.54
Loss for the year	-	-	-	-	-	-	(2,132.79)	-	-	(2,132.79)
Other Comprehensive Income for the year	-	-	-	-	-	-	(76.35)	(1,003.00)	(67.24)	(1,146.59)
Total Comprehensive Income for the year	-	-	-	-	-	-	(2,209.14)	(1,003.00)	(67.24)	(3,279.38)
Change in accounting policy (net of deferred tax ₹ 384.13 Lakhs) (Refer Note 48)	-	-	-	-	-	-	(996.66)	-	-	(996.66)
Share Application Money received	500.00 (2,000.00)	-	-	-	-	-	-	-	-	500.00 (2,000.00)
Allotment of Equity Shares (including Securities Premium)	-	1,881.69	-	-	-	-	-	-	-	1,881.69
Premium Received on Issue of Equity Shares	-	-	-	-	-	-	(212.95)	-	-	(212.95)
Dividends	-	-	-	-	-	-	707.82	(707.82)	-	(43.40)
Transfer of gain on FVOCL Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	7,400.70	8.16	15.84	200.00	2,677.51	9,555.23	461.64	(67.24)	20,251.84

Purpose of Significant Reserves:

Securities Premium

Securities premium is used to record the premium on issue of shares, which is to be utilised in accordance with the provisions of the Act.

Capital Redemption Reserve

Represent reserve created during redemption of Preference Shares and it is a non-distributable reserve, which is to be utilised in accordance with provision of the Act.

FVOCL -Equity Instruments

The Company has elected to recognise changes in the fair value of investments in certain equity securities as other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are sold.

Cash Flow Hedging Reserve

The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in the other comprehensive income in the cash flow hedging reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

22 Non-current borrowings

	As at March 31, 2020	As at March 31, 2019
Secured		
Term loan from banks	80.42	293.17
Unsecured		
Loan from Directors (Refer Note 44)	1,686.75	-
Total Non-current borrowings	1,767.17	293.17
Less: Current maturities of long term debt (included in Note 25)	(79.67)	(207.43)
Less: Interest accrued but not due on borrowings (included in Note 25)	(15.88)	(2.68)
Total Non-current borrowings (as per Balance Sheet)	1,671.62	83.06

Refer Note 46 for liquidity risk

Notes:

- (a) Nature of Security and terms of repayment for secured term loan from a bank:
 - (i) Secured by way of hypothecation of respective plant and equipment purchased out of the proceeds of the loan.
 - (ii) The loan carries an interest rate ranging from 7.25% to 10.75% p.a (March 31, 2019: 7.75% to 10.75% p.a.)
 - (iii) The loan is repayable in 15 equal quarterly instalments starting from the 18th month from their respective drawdown dates.
- (b) Details of terms of repayment for unsecured loans from directors:
 - (i) The loan is repayable on April 30, 2021.
 - (ii) The loan carried an interest rate of 8% p.a.

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 38.

23 Current Borrowings

	As at March 31, 2020	As at March 31, 2019
From banks (Working Capital Loans):		
Secured		
In Foreign Currency		
- Foreign Currency Non Resident Bank Loan (FCNR)	-	1,539.46
In Indian Rupees		
- Rupee Packing Credit (RPC)	4,309.82	4,230.61
Total Current borrowings	4,309.82	5,770.07
Less: Interest accrued but not due on borrowings (included in Note 25)	(11.20)	(22.61)
Total Current borrowings (as per Balance Sheet)	4,298.62	5,747.46

Nature of Security and terms of repayment:

Current borrowings are secured against hypothecation of all current assets of the Company.

FCNR is repaid in FY 2019-20 at various dates. Rate of interest LIBOR + 3.00% p.a. on date of repayment (March 31, 2019: LIBOR + 2.40% p.a.)

RPC is repayable within 180 days. Rate of interest 6.25% p.a. to 6.30% p.a. (March 31, 2019: 6.00% p.a. to 6.25% p.a.)

Refer Note 46 for liquidity risk.

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 38.

Net debt reconciliation	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	546.31	417.04
Current Borrowings	(4,309.82)	(5,770.07)
Non Current Borrowings	(1,767.17)	(293.17)
Lease liabilities	(8,153.23)	-
Net debt	(13,683.91)	(5,646.20)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

	Cash and Cash equivalents	Lease Liabilities	Non current borrowings (Including current maturities of long term debt and interest accrued)	Current borrowings (Including interest accrued)	Total
Net Debt as at April 01, 2018	397.22	-	(924.83)	(5,772.34)	(6,299.95)
Cash flows	19.82	-	632.23	107.61	759.66
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	-	(93.58)	(93.58)
Interest expense on borrowings	-	-	(92.72)	(256.92)	(349.64)
Interest paid on borrowings	-	-	92.15	245.16	337.31
Net Debt as at March 31, 2019	417.04	-	(293.17)	(5,770.07)	(5,646.20)
Recognised on adoption of Ind AS 116 (Refer Note 48)	-	(12,312.50)	-	-	(12,312.50)
Cash flows	129.27	2,213.03	(1,460.80)	1,448.84	2,330.34
Acquisitions - Leases	-	(859.32)	-	-	(859.32)
Termination - Leases	-	2,805.56	-	-	2,805.56
Interest expense	-	(939.57)	(47.77)	(318.61)	(1,305.95)
Interest paid	-	939.57	34.57	330.02	1,304.16
Net Debt as at March 31, 2020	546.31	(8,153.23)	(1,767.17)	(4,309.82)	(13,683.91)

24 Trade payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
- total outstanding dues of micro and small enterprises [Refer Note below]	37.94	71.77
- total outstanding dues of creditors other than micro and small enterprises		
- Payable to related parties [Refer Note 44]	427.69	333.20
- Others	1,794.42	1,773.67
Total	2,260.05	2,178.64

Refer Note 46 for information about liquidity risk and market risk of trade payables.

Notes:

The Company has certain dues to suppliers under Micro, small and Medium enterprises Development Act, 2006 (“MSMED Act”). The disclosure pursuant to the said MSMED Act are as follows:

	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	33.50	52.06
Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.44	17.42
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	21.48	129.89
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	19.71	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	2.29
Interest accrued and remaining unpaid at the end of each accounting year	4.44	19.71
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

25 Other current financial liabilities

	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt (Refer Note 22)	79.67	207.43
Interest accrued but not due on borrowings	27.08	25.29
Unclaimed dividends [Refer Note below]	11.83	15.06
Derivative financial instruments	135.21	128.39
Security deposits	263.21	238.84
Capital Creditors	149.67	197.30
Total	666.67	812.31

Notes:

There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

26 Provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 42)		
- Compensated absences	120.87	117.54
- Gratuity	13.55	-
Total	134.42	117.54

27 Other Current liabilities

	As at March 31, 2020	As at March 31, 2019
Contract Liabilities - Advance from customers	70.48	-
Statutory dues payable	160.95	148.10
Employee benefits payable	631.02	890.01
Refund liabilities	62.00	128.23
Other liabilities	5.92	30.12
Total	930.37	1,196.46

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

28 Revenue from Operations

	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue from contracts with customers		
- Sale of Products	18,302.26	20,497.13
- Sale of Services	149.69	162.14
Other operating revenue		
- Export Incentives	479.35	770.49
- Process waste sale	7.41	12.65
Total	18,938.71	21,442.41

There are no unsatisfied performance obligations resulting from Revenue from Contracts with Customers as at March 31, 2020 and March 31, 2019.

Reconciliation of revenue recognised with contract price:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Contract price	18,778.18	20,991.86
Adjustments for:		
Discounts and Rebates	(238.10)	(176.91)
Sales returns	(88.13)	(155.68)
Revenue from contract with customers	18,451.95	20,659.27

29 Other income

	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest income on financial instrument carried at amortised cost	110.43	58.07
Dividend Income on financial assets measured at fair value through profit or loss	707.16	651.93
Dividend Income on financial assets measured at fair value through Other Comprehensive Income	3.67	4.07
Rent income	386.13	369.33
Net gain on financial assets measured at fair value through profit or loss *	218.57	79.62
Net gain / (loss) on foreign currency transactions and translation	91.62	7.05
Gain on remeasurement of lease contracts	172.84	-
Miscellaneous income	53.26	7.44
Total	1,743.68	1,177.51

* Includes unrealised fair value gain / (loss) of ₹ 102.68 Lakhs, (₹ 196.79 Lakhs) for year ended March 31, 2019

30 Cost of materials consumed

	Year Ended March 31, 2020	Year Ended March 31, 2019
Raw and packing materials at the beginning of the year	2,638.58	2,572.79
Purchases	6,528.71	7,753.16
Less: Sale of Raw and packing materials	(25.76)	(22.66)
Less: Raw and packing materials at the end of the year	(2,227.40)	(2,638.58)
Total	6,914.13	7,664.71

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

31 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening inventories		
Finished goods	4,838.61	3,932.65
Stock-in-trade	778.36	797.58
Work-in-progress	347.47	454.66
	5,964.44	5,184.89
Closing inventories		
Finished goods	5,517.19	4,838.61
Stock-in-trade	707.54	778.36
Work-in-progress	240.67	347.47
	6,465.40	5,964.44
Total	(500.96)	(779.55)

32 Employee benefits expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries, wages, bonus etc.	4,834.32	5,151.85
Contribution to provident and other funds (Refer Note 42)	420.01	440.75
Gratuity Expenses (Refer Note 42)	66.25	70.43
Staff welfare expenses	79.98	76.57
Total	5,400.56	5,739.60

33 Finance costs

	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest expense on:		
- Term Loans	47.77	92.72
- Current Borrowings	318.61	256.92
- Lease Payments	939.57	-
- Others	33.71	26.39
Exchange differences regarded as an adjustment to borrowing costs	45.90	57.61
Total	1,385.56	433.64

34 Depreciation and amortization expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Depreciation on property, plant and equipment	1,011.26	953.34
Depreciation on Right-of-use assets	2,413.04	-
Depreciation on investment property	15.44	15.83
Amortization on intangible assets	75.56	71.57
Total	3,515.30	1,040.74

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

35 Other expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019
Consumption of stores and spares	180.32	169.35
Power and fuel	252.80	272.25
Electricity Expenses	345.92	345.54
Job Work Charges	210.15	344.54
Insurance	117.61	91.90
Repairs to buildings	51.56	63.69
Repairs to machinery	10.93	25.30
Repairs and Maintenance - Others	275.20	274.28
Rent	353.06	3,378.82
Retail store maintenance expenses	644.31	611.98
Rates and Taxes	103.22	92.94
Advertisement and sales promotion	888.39	1,485.97
Commission to selling agents	523.36	642.45
Freight and forwarding	644.92	633.25
Legal and Professional Expenses	247.56	205.25
Payments to auditors (Refer Note (i) below)	30.25	29.11
Travelling and Conveyance	344.22	349.24
Director Fees	18.40	27.16
Donations	18.02	23.07
Expenditure incurred for Corporate Social Responsibility (Refer Note (ii) below)	46.50	30.00
Allowance for doubtful debts, loans and deposits (net)	13.47	(51.68)
Bad debts, loans and deposits written off	79.66	56.32
Less: Allowances there against	(13.47)	(56.32)
Net Loss on sale/discard of property, plant and equipment	36.80	80.79
Bank Charges	150.97	150.99
Security Charges	126.91	115.73
Trade Mark Fees	92.80	108.02
Miscellaneous Expenses	152.13	50.55
Total	5,945.97	9,550.49
Notes:		
(i) Payments to auditors includes:		
For Audit	18.00	19.00
For Limited Review	6.00	4.50
For Other services	4.25	4.00
For reimbursement of expenses	2.00	1.61
Total	30.25	29.11

(ii) Details of Corporate Social Responsibility (CSR) Expenditure:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Amount required to be spent as per Section 135 of the Act	-	-
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	46.50	30.00
Total	46.50	30.00

36 Exceptional Item

	Year Ended March 31, 2020	Year Ended March 31, 2019
Impairment Loss on Non-current Investments (Refer Note Below)	-	305.62
Total	-	305.62

Note: During the previous year ended March 31, 2019, there had been default of interest receivable on non-convertible debentures of I L & F S Transportation Networks Limited. The Company had accordingly considered it prudent to fully impair these investments and had recorded a loss of ₹ 305.62 Lakhs, which has been disclosed as 'Exceptional item' in these standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

37 Taxes

i) **Tax expense recognised in the Statement of Profit and Loss:**

	Year Ended March 31, 2020	Year Ended March 31, 2019
Current tax		
Expense for the year	110.00	107.00
Total current tax (A)	110.00	107.00
Deferred tax		
Deferred tax credit	(337.61)	(275.41)
Total deferred tax credit (B)	(337.61)	(275.41)
Total tax expense for the year (C) = (A + B)	(227.61)	(168.41)
Tax in respect of earlier years (D)	24.98	234.54
Total tax expense/(credit) (C + D)	(202.63)	66.13

ii) A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the loss before income taxes is summarized below:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Loss before tax	(2,335.42)	(1,778.51)
Enacted income tax rate in India	27.82%	27.82%
Tax expenses at enacted income tax rate	(649.71)	(494.78)
 Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	21.34	46.21
Impairment Loss on Non-current Investments	-	85.02
Income exempted from Income taxes	(15.92)	(5.33)
Additional deduction for House Property Income under Income Tax	(30.18)	(27.62)
Differential tax rate in respect of income from capital gains	(2.22)	(14.75)
Differential due to indexation on Investment Properties	(34.54)	(17.50)
Differential tax rate in respect of income from other sources	(72.72)	(70.88)
Deferred tax assets not recognised on business losses	571.04	256.55
Others	(14.70)	74.57
Total Tax Expenses	(227.61)	(168.41)

iii) **Non - Current tax assets (net)**

	Taxes paid (A)		Provision made (B)		Tax assets (net) (A-B)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Opening Balances	6,888.49	6,773.92	5,539.44	5,432.44	1,349.05	1,341.48
Provision made during the year	-	-	110.00	107.00	(110.00)	(107.00)
Tax Paid during the year	110.79	132.57	-	-	110.79	132.57
Tax in respect of earlier years	(24.98)	(18.00)	-	-	(24.98)	(18.00)
Closing Balances	6,974.30	6,888.49	5,649.44	5,539.44	1,324.86	1,349.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

iv) The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2020:

	As at April 01, 2018	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2019	Credit in Retained Earnings	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2020
Deferred tax assets/(liabilities)								
Provision for employee benefits	44.75	(12.06)	-	32.69	-	0.93	-	33.62
Provision for doubtful debts and advances	155.35	(30.05)	-	125.30	-	-	-	125.30
Unabsorbed Depreciation	1,047.83	245.48	-	1,293.31	-	273.31	-	1,566.62
Depreciation	(450.06)	(164.14)	-	(614.20)	-	76.72	-	(537.48)
Lease Liabilities and Right-of-use assets	-	-	-	-	384.13	(100.85)	-	283.28
Others	(28.34)	8.64	(9.25)	(28.95)	16.09	87.50	25.91	100.55
Total	769.53	47.87	(9.25)	808.15	400.22	337.61	25.91	1,571.89

Significant Estimates: Based on the future business plans and the underlying assumptions such as fair value of immovable properties, as also assessed by an external professional valuer, the company has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the company has recognized deferred tax asset on aforesaid unabsorbed depreciation. However, deferred tax on carried forward unabsorbed business losses as detailed below has not been considered for recognition of deferred tax asset.

Assessment Year (A.Y.)	As at March 31, 2020	Loss Carried forward for upto A.Y.
2016 - 17	79.78	2024 -25
2017 - 18	1,064.52	2025 -26
2018 - 19	1,890.73	2026 -27
2019 - 20	515.46	2027 -28
2020 - 21	2,052.63	2028 -29
Total	5,603.12	

38 Assets pledged as securities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at March 31, 2020	As at March 31, 2019
Floating Charge		
Current Assets		
Financial Assets		
- Investments	164.65	1,084.35
- Trade receivables *	1,282.41	1,935.57
- Cash and cash equivalents	546.31	417.04
- Bank Balances other than cash and cash equivalents	48.87	45.06
- Loans	901.29	104.09
- Others financial assets	5.67	147.78
	2,949.20	3,733.89
Non Financial Assets		
- Inventories	8,821.91	8,684.30
- Other current assets	2,509.70	2,323.51
	11,331.61	11,007.81
Total Current assets	14,280.81	14,741.70
Fixed Charge		
Non Current Assets		
- Plant and Equipments	734.22	775.92
Total non-current assets	734.22	775.92
Total assets	15,015.03	15,517.62

* Trade Receivables represent receivables excluding group entities trade receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

39 Contingent liabilities, Contingent assets and commitments (to the extent not provided for)

		As at March 31, 2020	As at March 31, 2019
i)	Contingent Liabilities		
	Claims against the company not acknowledged as debts in respect of:		
	Income Tax matters (including TDS matters)	1,352.10	1,262.47
	Sales Tax matters	192.57	271.64
	Others matters	1.29	1.29

The amounts shown in respect of above items represent the best possible estimates arrived at on the basis of available information. The uncertainties are dependent upon the outcome of the different legal processes. The timing of future cash flows will be determinable only on receipt of judgements/decision pending with various forums/authorities.

The Company does not expect any reimbursements in respect of above contingent liabilities.

Significant Estimates: The Company has litigations in respect of certain Income tax matters. The management does assessment of all outstanding matters and wherever required, further obtains legal advices including those relating to interpretation of law. Based on such assessment, it concludes whether a provision should be recognised or a disclosure should be made.

		As at March 31, 2020	As at March 31, 2019
ii)	Commitments		
a)	Capital Commitments		
	Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
	Property, plant and equipment	71.13	112.74
	Less: Capital advances (Refer Note 11)	(21.19)	(28.12)
	Net Capital commitments	49.94	84.62

b) Investment Commitments related to Venture Capital funds

	As at March 31, 2020	As at March 31, 2019
Investment Commitments related to Venture Capital funds	416.83	1,049.70

Investment commitment: contribution is to be made on “as needed” basis pursuant to drawdown notices issued by the respective funds over commitment period.

Mirage Marketing Company LLP (MMLP) vide Deed of Adherence (DOA) dated December 18, 2019 and February 04, 2020 executed in favour of Faering Capital India Evolving Fund II and the Company, has acquired Investment Commitment of class A units of Faering Capital India Evolving Fund amounting to ₹ 450.00 Lakhs from the Company and pursuant to which the Company is no longer committed for investment commitment to the extent of ₹ 450 lakhs.

40 Lease (Disclosure for the year ended March 31, 2019)

Premises taken on operating lease:	As at March 31, 2019
The Company has significant operating leases for premises. These lease arrangements range for a period between 3 years and 12 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.	
With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:	
For a period not later than one year	149.60
For a period later than one year and not later than five years	152.11
For a period later than five years	-

Total operating lease expenses debited to Statement of Profit and Loss for the year ended March 31, 2019 is ₹ 3,378.82 lakhs.

Refer Note 5 for disclosure related to premises given on operating lease.

From April 01, 2019, the group has recognised right-of-use assets for these leases, except for short-term leases and leases involving variable lease payments, Refer Note 4(c) and Note 48 for further information.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

41 Earnings per share

		Year ended March 31, 2020	Year ended March 31, 2019
Basic & Diluted			
Loss for the year	(A)	(2,132.79)	(1,844.64)
Weighted average number of equity shares outstanding	(B)	22,112,409	20,497,232
Basic and Diluted Loss Per Share (₹)	(A / B)	(9.65)	(8.99)
Nominal value per equity shares (in ₹)		10	10

42 Post retirement benefit plans

I. Defined Benefit Plan - Gratuity:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service, subject to a ceiling of ₹ 20 Lakhs (Previous Year ₹ 20 Lakhs). The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

As per Actuarial Valuation as on March 31, 2020 and March 31, 2019, amounts recognised in the financial statements in respect of Employee Benefits Scheme:

A Amount recognised in the Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	1,129.11	1,004.79
Fair value of plan assets	(1,115.56)	(1,116.25)
Net plan liability/(Net plan surplus)	13.55	(111.46)

B Movement in plan assets and liabilities

	Year ended March 31, 2020			Year ended March 31, 2019		
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	Net
As at April 01	1,116.25	1,004.79	111.46	1,142.61	885.77	256.84
Current service cost	-	74.71	(74.71)	-	90.62	(90.62)
Interest cost	-	76.26	(76.26)	-	69.62	(69.62)
Interest income	84.72	-	84.72	89.81	-	89.81
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(7.96)	7.96	-	71.99	(71.99)
Actuarial (gain)/loss arising from changes in financial assumptions	-	113.29	(113.29)	-	(15.70)	15.70
Actuarial (gain)/loss arising from experience adjustments		(34.80)	34.80	-	28.37	(28.37)
Return on plan assets excluding actual return of plan assets	(5.82)	-	(5.82)	(10.33)	-	(10.33)
Employer contributions	17.59	-	17.59	20.04	-	20.04
Benefit payments	(97.18)	(97.18)	-	(125.88)	(125.88)	-
As at March 31	1,115.56	1,129.11	(13.55)	1,116.25	1,004.79	111.46

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

The liabilities are split between different categories of plan participants as follows:

	As at March 31, 2020	As at March 31, 2019
Active members	1,805	1,970
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	9 years	8 years
Expected contribution to the Fund	103.12	-

C Statement of Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefits Expense:		
Current service cost	74.71	90.62
Net Interest expense/(income)	(8.46)	(20.19)
Amount recognised in Statement of Profit and Loss	66.25	70.43
Remeasurements of the net defined benefits liability:		
Actuarial (gain)/losses arising from changes in demographic assumptions	(7.96)	71.99
Actuarial (gains)/losses arising from changes in financial assumptions	113.29	(15.70)
Experience (gains)/losses	(34.80)	28.37
Return on plan assets excluding actual return on plan assets	5.82	10.33
Amount recognised in Other Comprehensive Income	76.35	94.99

D Assets

	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Insurer managed Fund	1,115.56	1,116.25
Total	1,115.56	1,116.25

E Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Financial Assumptions	As at March 31, 2020	As at March 31, 2019
Discount rate	6.04%	7.59%
Salary Escalation Rate *	5.00%	5.00%
Expected Return on Plan Assets	6.04%	7.59%
Attrition Rate	For service period 5 years and below 11.00% p.a.	For service period 5 years and below 11.00% p.a.
	For service period of 5 years and above 1.00% p.a.	For service period of 5 years and above 1.00% p.a.

* Taking into account inflation, seniority, promotion and other relevant factors.

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table Mortality in Retirement

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

F Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

	Change in assumption	As at March 31, 2020		As at March 31, 2019	
		Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability
Discount rate	1%	(75.73)	86.94	(53.56)	61.12
Salary Escalation Rate	1%	84.35	(74.95)	61.80	(55.18)
Attrition Rate	1%	5.58	(6.44)	10.72	(12.22)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G The defined benefit obligations shall mature after the end of reporting period is as follows:

	As at March 31, 2020	As at March 31, 2019
1 st Following Year	114.19	224.73
2 nd Following Year	91.65	78.71
3 rd Following Year	102.79	96.88
4 th Following Year	95.42	93.50
5 th Following Year	118.77	88.72
Sum of Years 6 to 10	489.88	405.92
Thereafter	923.68	836.10

H. Risk Exposure - Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk derivatives to minimize risk to an acceptable level.

II. Compensated absences

The compensated absences obligations cover the Company's liability for leave which is actuarially valued at each year end by applying the assumptions referred in 'E' above.

The amount of the provision of ₹ 120.87 lakhs (as at March 31, 2019: ₹ 117.54 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

III. Details of Defined Contribution Plan

The Company also has certain defined contribution plans. Contributions are made to provident and other funds in India for employees as per regulations. The contributions are made to registered provident fund, ESIC, etc. which are administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan are ₹ 420.01 lakhs (Previous year ₹ 440.75 lakhs) in the Statement of Profit and Loss.

43 In accordance with Accounting Standard Ind AS 108 'Operating Segment', segment information has been given in the consolidated financial statements of Zodiac Clothing Company Limited, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

44 Related Party Disclosures under IND AS 24

1. Relationships:

Entities where control exists:

(a) Subsidiary Companies (including step down subsidiaries):

			Ownership Interest	
			March 31, 2020	March 31, 2019
(i)	Zodiac Clothing Company S. A.	Switzerland	100	100
(ii)	Zodiac Clothing Co (U.A.E.) LLC *	UAE	100	100
(iii)	Zodiac Clothing Bangladesh Limited	Bangladesh	100	100

Other related parties:

(b) Key Management Personnel:

Mr. M. Y. Noorani \$	Non Executive Director (till November 20, 2019)
Mr. A. Y. Noorani	Non Executive Director
Mr. S. Y. Noorani	Managing Director
Mr. M. L. Apte	Independent Director (till August 11, 2019)
Mr. V. M. Apte	Independent Director (w.e.f. August 13, 2019)
Mr. Y. P. Trivedi	Independent Director
Mr. S. R. Iyer	Independent Director
Mr. Bernhard Steinruecke	Independent Director
Ms. Elizabeth Jane Hulse	Independent Director
Mr. Naushad Forbes	Independent Director

(c) Relatives of key management personnel with whom the transactions have taken place:

Mr. Awais A. Noorani	Son of Mr. A. Y. Noorani
Mr. Musaed A. Noorani	Son of Mr. A. Y. Noorani
Mrs. Muna A. Noorani	Wife of Mr. A. Y. Noorani
Mrs. Zehra S. Noorani	Wife of Mr. S. Y. Noorani
Mrs. Saniyya A. Noorani	Daughter of Mr. A. Y. Noorani

(d) Enterprises in which key management personnel and / or their relatives are able to exercise significant influence and with whom transactions have taken place:

Zodiac Metropolitan Clothing Gmbh	Germany
Metropolitan Trading Company	India
Montage Corporation	India
Munraz Enterprises	India
Mustang Manufacturing Company	India
Mashal Enterprises	India
Asia Tangible Investments Pte Ltd.	Singapore
Euro Global Holdings Pte. Ltd.	Singapore
Onward LLC	UAE
Miraj Marketing Company LLP	India
Forbes Marshal Private Limited	India

(e) Trust

Zodiac Clothing Co. Ltd. EMPL GGCA Scheme

* 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.

\$ Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

44 Related Party Disclosures under IND AS 24 (Contd....)

2. Transactions carried out with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above		Related Parties	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers	1,344.60	918.26	-	-	-	-	-	2,208.72	2,111.45	-
Sale of Goods and Services	-	653.49	636.85	-	-	-	-	9.00	9.00	-
Other Income	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	-	-	-	-
Purchases:	-	-	-	-	-	-	-	-	-	-
Purchase of Goods and Materials	-	-	-	-	-	-	-	-	-	-
Employees benefit expenses *	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	29.43	60.00	50.90	50.09	-	-	11.79
Other Expenses	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Commission to selling agents	-	-	-	-	-	-	-	-	-	-
Director Fees	-	-	-	-	-	-	-	-	-	-
Trade Mark Fees	-	-	-	-	-	-	-	-	-	-
Purchase of Stores and spares	-	-	-	-	-	-	-	-	-	-
Repairs to machinery	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses from	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses to	-	-	-	-	-	-	-	-	-	-
Gratuity Fund contribution	-	-	-	-	-	-	-	-	-	-
Loan Received	-	-	-	-	-	-	-	-	-	-
Share Application Money Received	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-
				79.45	500.00	4,500.00	56.84	0.01	0.01	63.10
										63.10

* This aforesaid amount does not include amount in respect of gratuity and compensated absences as the same is not determinable on individual basis and hence considered for disclosure on payment basis.

3. Balances with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above		Related Parties	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstandings:										
Non-current borrowings	-	-	-	-	-	-	-	-	-	-
Trade Payables	25.28	-	-	-	1,671.62	3.68	3.58	398.73	-	329.62
Other Current Liabilities	-	-	-	-	178.19	-	178.19	-	-	-
- Employee benefits payable	-	-	-	-	-	-	-	-	-	-
- Contract Liabilities - Advance from customers	-	-	-	-	-	-	-	-	-	-
- Other Current Financial Liabilities	-	-	-	-	15.13	-	-	-	10.07	-
- Interest accrued but not due	-	-	-	-	-	-	-	-	-	-
- Loans (Security Deposit given)	-	-	-	-	22.50	22.50	-	177.50	177.50	-
Trade Receivables	-	216.93	-	-	-	-	-	315.87	315.87	74.85

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

44 Related Party Disclosures under IND AS 24 (Contd....)

4 Disclosure in respect of material transactions with related parties during the year (included in 2 above)	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers: - Zodiac Clothing Co (U.A.E.) LLC - Zodiac Metropolitan Clothing GmbH	1,344.60 2,152.85	918.26 2,052.65
Other Income: Rent - Metropolitan Trading Company	9.00	9.00
Dividend Income Received - Zodiac Clothing Company S.A.	653.49	636.85
Purchase of Goods and Materials: - Zodiac Metropolitan Clothing GmbH	-	11.79
Expenses: Employees benefit expenses - Mr. S. Y. Noorani - Mr. Awais A. Noorani	- 50.09	60.00 50.09
Interest Expense - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	3.22 15.32 10.89	16.98 17.02 16.90
Rent Expense - Metropolitan Trading Company	218.58	218.58
Commission to selling agents - Zodiac Metropolitan Clothing GmbH	354.80	434.35
Director Fees - Mr. M. L. Apte - Mr. V. M. Apte - Mr. Y. P. Trivedi - Mr. S. R. Iyer	- 4.20 5.90 6.30	7.10 - 7.90 7.90
Trade Mark Fees - Metropolitan Trading Company	92.80	108.02
Purchase of Stores and spares - Forbes Marshal Private Limited	-	14.50
Repairs to machinery - Forbes Marshal Private Limited	-	0.40
Others		
Reimbursement of Expenses from - Zodiac Clothing Co (U.A.E.) LLC - Mashal Enterprises - Zodiac Metropolitan Clothing GmbH	0.41 5.99 -	2.33 7.09 -
Reimbursement of Expenses to - Metropolitan Trading Company - Munraz Enterprises	2.58 4.73	1.00 4.43
Gratuity Fund contribution - Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	17.59	20.04
Loan Received - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	100.00 908.09 663.53	574.00 559.00 609.00
Loan Repaid - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	- - -	709.00 739.00 709.00
Share Application Money Received - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	166.66 166.67 166.67	1,500.00 1,500.00 1,500.00
Dividend Paid - Asia Tangible Investments Pte. Ltd. - Euro Global Holding Pte. Ltd. - Mr. M. Y. Noorani	31.55 31.55 48.40	31.55 31.55 41.56

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

44 Related Party Disclosures under IND AS 24 (Contd....)

5	Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above)	As at March 31, 2020	As at March 31, 2019
	Outstandings:		
	Non-current borrowings		
	- Mr. M. Y. Noorani	100.00	-
	- Mr. A. Y. Noorani	908.09	-
	- Mr. S. Y. Noorani	663.53	-
	Trade Payables		
	- Zodiac Metropolitan Clothing Gmbh	378.28	312.30
	- Mr. M. Y. Noorani - Payable for Rent	0.40	0.57
	- Mr. A. Y. Noorani - Payable for Rent	1.64	1.38
	- Mr. S. Y. Noorani - Payable for Rent	1.64	1.64
	Other Current Liabilities - Employee benefits payable		
	- Mr. S. Y. Noorani - Remuneration	178.19	178.19
	Other Current Financial Liabilities - Interest accrued but not due		
	- Mr. M. Y. Noorani - Payable for Interest	0.90	-
	- Mr. A. Y. Noorani - Payable for Interest	8.49	-
	- Mr. S. Y. Noorani - Payable for Interest	5.74	-
	Security Deposit		
	- Metropolitan Trading Company	165.00	165.00
	- Munraz Enterprises	10.00	10.00
	- Mustang Manufacturing company	2.50	2.50
	- Mr. M. Y. Noorani	3.60	3.60
	- Mr. A. Y. Noorani	9.45	9.45
	- Mr. S. Y. Noorani	9.45	9.45
	Trade Receivables		
	- Zodiac Clothing Co (U.A.E.) LLC.	-	216.93
	- Zodiac Metropolitan Clothing Gmbh	315.87	73.57
	Contract Liabilities - Advance from customers		
	- Mashal Enterprises	10.07	-

Terms and Conditions:

Transactions are made in ordinary course of business and on normal terms and conditions. Outstanding balances are unsecured and repayable in cash.

45 Fair Value Measurement:

(i) Financial Instrument by category and hierarchy.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of trade receivables, cash and cash equivalents, other bank balances, other current financial assets, trade payables, and other current financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The interest rate on term deposits is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The interest rate on borrowing is at the prevailing market rates. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Financial Assets and Liabilities as at March 31, 2020	Non Current	Current	Total	Fair Value through Profit and Loss			Fair Value through OCI			Carried at amortised cost	Total Amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	
Financial Assets											
Investments											
- Equity instruments	641.78	-	641.78	-	-	-	-	-	-	641.78	-
- Non convertible debentures	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	-	164.65	164.65	-	-	164.65	-	-	-	-	164.65
- Venture capital fund	-	2,021.39	-	-	2,021.39	2,021.39	-	-	-	-	2,021.39
Other Assets	2,663.17	164.65	2,827.82	164.65	-	2,021.39	2,186.04	641.78	-	641.78	-
- Loans to Employees	-	57.88	57.88	-	-	-	-	-	-	-	57.88
- Security Deposits	930.85	843.41	1,774.26	-	-	-	-	-	-	1,774.26	1,774.26
- Derivative financial instruments	-	0.62	0.62	-	0.62	-	0.62	-	-	-	0.62
- Other Financial Assets	1.00	5.05	6.05	-	-	-	-	-	-	-	6.05
- Trade receivable	-	1,598.28	1,598.28	-	-	-	-	-	-	-	1,598.28
- Cash and Cash equivalents	-	546.31	546.31	-	-	-	-	-	-	-	546.31
- Bank Balances other than cash and cash equivalents	-	48.87	48.87	-	-	-	-	-	-	-	48.87
931.85	3,100.42	4,032.27	-	0.62	-	0.62	-	-	-	-	4,031.65
Financial Liabilities											
Borrowings											
- Borrowings	1,671.62	4,298.62	5,970.24	-	-	-	-	-	-	5,970.24	5,970.24
- Derivative financial instruments	-	135.21	135.21	-	42.06	-	42.06	-	93.15	-	135.21
- Other Financial Liabilities	-	531.46	531.46	-	-	-	-	-	-	531.46	531.46
- Trade Payables	-	2,260.05	2,260.05	-	-	-	-	-	-	2,260.05	2,260.05
1,671.62	7,225.34	8,896.96	-	42.06	-	42.06	-	93.15	-	93.15	8,761.75
											8,896.96

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All) amounts are in ₹ Lakhs, unless otherwise stated)

Financial Assets and Liabilities as at March 31, 2019				Fair Value through Profit and Loss						Fair Value through OCI												Carried at amortised cost		Total Amount				
Financial Assets		Non Current	Current	Total	Level 1			Level 2			Level 3			Total	Level 1			Level 2			Level 3			Total	Carried at amortised cost		Total Amount	
Investments																												
- Equity instruments	2,448.87	-		2,448.87	-			-	-		-					-	-	-	2,448.87	-					2,448.87			
- Non convertible debentures	-	-		-	-			-	-		-					-	-	-	-	-								
- Mutual funds	-	1,084.35	1,084.35	1,084.35	-			-	-		-	1,084.35	-			-	-	-	-	-					1,084.35			
- Venture capital fund	1,845.69	-	1,845.69	-				-	-		1,845.69	1,845.69	-			-	-	-	-	-					1,845.69			
Other Assets	4,294.56	1,084.35	5,378.91	1,084.35	-			-	-		1,845.69	2,930.04	2,448.87	-	-	-	2,448.87	-	-	-	-				5,378.91			
- Loans to Employees	-	39.17	39.17	-				-	-		-	-	-	-	-	-	-	-	-	-					39.17		39.17	
- Security Deposits	1,592.34	64.92	1,657.26	-				-	-		26.60	-	26.60	-	-	-	59.49	-	59.49	-	-				1,657.26		1,657.26	
- Derivative financial instruments	-	86.09	86.09	-				-	-		-	-	-	-	-	-	59.49	-	59.49	-	-				86.09		86.09	
- Other Financial Assets	1.00	61.69	62.69	-				-	-		-	-	-	-	-	-	-	-	-	-					62.69		62.69	
- Trade receivable	-	2,227.35	2,227.35	-				-	-		-	-	-	-	-	-	-	-	-	-					2,227.35		2,227.35	
- Cash and Cash equivalents	-	417.04	417.04	-				-	-		-	-	-	-	-	-	-	-	-	-					417.04		417.04	
- Bank Balances other than cash and cash equivalents	-	45.06	45.06	-				-	-		-	-	-	-	-	-	-	-	-	-					45.06		45.06	
Financial Liabilities	1,503.34	2,941.32	4,534.66	-	26.60	-	26.60	-	26.60	-	59.49	-	59.49	-	59.49	-	59.49	-	59.49	-	59.49	-	4,448.57	4,534.66	8,933.08			
- Borrowings	83.06	5,747.46	5,830.52	-	-			-	-		-	-	-	-	-	-	-	-	-	-					5,830.52		5,830.52	
- Derivative financial instruments	-	128.39	128.39	-				-	-		128.39	-	128.39	-	-	-	-	-	-	-	-	-	-	-	-	128.39		128.39
- Other Financial Liabilities	-	683.92	683.92	-				-	-		-	-	-	-	-	-	-	-	-	-					683.92		683.92	
- Trade Payables	-	2,178.64	2,178.64	-				-	-		-	-	-	-	-	-	-	-	-	-					2,178.64		2,178.64	
Total	83.06	8,738.41	8,821.47	-	128.39	-	128.39	-	128.39	-	128.39	-	128.39	-	128.39	-	128.39	-	128.39	-	128.39	-	8,821.47	8,821.47	8,821.47			

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed:

	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
- Loans to Employees	-	-	53.10	53.10	-	-	35.94	35.94
- Security Deposits	-	-	2,178.98	2,178.98	-	-	2,135.62	2,135.62
Total	-	-	2,232.08	2,232.08	-	-	2,171.56	2,171.56

(iii) Fair value of financial assets and liabilities measured at amortised cost:

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
- Loans to Employees	57.88	53.10	39.17	35.94
- Security Deposits	1,774.26	2,178.98	1,657.26	2,135.62
Total	1,832.14	2,232.08	1,696.43	2,171.56

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for shares and mutual funds
- the fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date
- net asset value ('NAV') / fair market value ('FMV') are determined based on audited financial statements/valuation reports provided by fund manager
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

	Venture Capital Fund*
As at April 01, 2018	1,823.51
Acquisitions	441.90
Disposal	(150.24)
Loss recognised in profit or loss	(269.48)
As at March 31, 2019	1,845.69
Acquisitions	182.87
Disposal	(179.37)
Gain recognised in profit or loss	172.20
As at March 31, 2020	2,021.39

*The Company has invested in following funds and these funds have been further invested into various companies.

1. Faering Capital India Evolving Fund
2. Paragon Partners Growth Fund - I
3. Faering Capital India Evolving Fund II
4. Tata Capital Growth Fund
5. Tata Capital Healthcare Fund

The Company has considered fair market values based on audited financial statement and/or valuation reports provided by venture capital fund.

Investment commitment in respect of venture capital funds are on "as needed" basis and will be at face value. [Refer Note 39(ii)(b).]

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

46 Financial Risk Management:

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Management.

(A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, future committed transactions, foreign currency receivables, payables, borrowings etc.

The Company manages market risk through its finance department (headed by CFO), which evaluates and exercises independent control over the entire process of market risk management. The finance department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, option contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market Risk- Interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at March 31, 2020	As at March 31, 2019
Total Borrowings	6,049.91	6,037.95
% of Borrowings out of above bearing variable rate of interest	71.05%	95.19%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on loss before tax

Particulars	2019-2020	2018-2019
50 bp increase- increase in loss *	21.49	28.74
50 bp decrease- decrease in loss *	(21.49)	(28.74)

* Sensitivity is calculated based on the assumption that amount outstanding as at reporting dates were utilised for the whole financial year.

Market Risk- Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales, purchases and borrowings in various foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts and option contracts to hedge exposure to foreign currency risk.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Derivative instruments and unhedged foreign currency exposure

(a) Derivative outstanding as at the reporting date

Foreign currency	As at March 31, 2020		As at March 31, 2019	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	41.33	0.17	25.17	23.02
Forward Contracts EURO	5.27	-	3.78	-
Forward Contracts GBP	10.25	-	12.41	-
Forward Contracts CHF	0.07	-	-	-
Option Contract USD	-	-	6.03	-

Derivative financial instruments such as foreign exchange forward and option contracts are used for hedging purposes and not as trading or speculative instruments. The Company designates these hedging instruments as cash flow hedges to hedge foreign currency risk in cash flow from firm commitment (sales order/purchase orders).

(b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD	EURO	USD	EURO
Trade payables	2.01	0.13	0.95	0.13

Particulars	As at March 31, 2020		As at March 31, 2019	
	CHF	CAD	CHF	CAD
Trade receivables	0.03	-	0.02	0.51

Foreign Currency Risk Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	7.58	(7.58)	3.28	(3.28)
EURO	0.54	(0.54)	0.50	(0.50)
CHF	(0.12)	0.12	(0.07)	0.07
CAD	-	-	(1.31)	1.31
Increase / (decrease) in loss	8.00	(8.00)	2.40	(2.40)

Market Risk- Price Risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through Other Comprehensive Income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the Company.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the BSE index on the Company's equity and other comprehensive income for the year arising from portfolio of investment in equity shares of listed companies. The

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

analysis is based on the assumption that the index has increased by 10 % or decreased by 10 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on Other Comprehensive Income	
	March 31, 2020	March 31, 2019
BSE Sensex 30- Increase 10%	64.18	244.89
BSE Sensex 30- Decrease 10%	(64.18)	(244.89)

Above referred sensitivity pertains to quoted equity investment (Refer note 8). Other Comprehensive Income for the year would increase/ (decrease) as a result of gains/losses on equity securities as at fair value through Other Comprehensive Income.

(B) Credit risk

Credit risk is the risk of incurring a loss that may arise from a borrower or debtor failing to make required payments. Credit risk arises mainly from trade receivables, cash and cash equivalents, deposit with banks, derivative financial instruments, investments, loan to employee and security deposits. The Company manages and analyses the credit risk for each of its new customers before standard payment and delivery terms and conditions are offered.

Credit risk on cash and cash equivalents, deposit with banks, derivative financial instruments and investment is limited as Company generally deals with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in liquid mutual and accredited venture fund.

While loans in the form of security deposits and loan to employees are subjected to the impairment requirement of Ind AS 109, the identified impairment loss was immaterial.

(i) Credit risk management:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognised from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Sale to retail customers are required to be settled in cash or using major cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors or regions.

In respect of sales to export customers, there are no past history of losses, thus the identified expected credit loss was immaterial.

Credit risk for domestic trade receivable is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Company grants credit terms in the normal course of business.

Provision for expected credit losses

The Company provides for expected credit loss on trade receivables for domestic business for Indian operations under simplified approach

As at March 31, 2020

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	128.33	8.85	66.38	12.88	1.40	354.85	572.69
Expected loss rate	4.22%	20.11%	39.86%	67.50%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	5.42	1.78	26.46	8.69	1.40	354.85	398.60
Carrying amount of trade receivables (net of impairment)	122.91	7.07	39.92	4.19	-	-	174.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

As at March 31, 2019

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	357.06	32.26	37.81	36.78	53.46	277.81	795.18
Expected loss rate	4.51%	20.46%	47.08%	72.92%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.11	6.60	17.80	26.82	53.46	277.81	398.60
Carrying amount of trade receivables (net of impairment)	340.95	25.66	20.01	9.96	-	-	396.58

Reconciliation of loss allowance provision – Trade receivables

Particulars	As at March 31, 2020		As at March 31, 2019
Opening provision	398.60		426.40
Add:- Additional provision made	13.47		-
Less:- Provision write off/ reversed	-		(27.80)
Less:- Provision utilised against bad debts	(13.47)		-
Closing provisions	398.60		398.60

No Significant changes in estimation techniques or assumptions were made during the year.

Significant estimates and judgements:

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2020	As at March 31, 2019
Floating Rate		
Expiring within one year (Current Borrowing facilities)	2,201.38	3,452.54
Expiring beyond one year (bank loans)	-	-

The bank loan facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the non-continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Maturity patterns of borrowings

Particulars	As at March 31, 2020				As at March 31, 2019			Total
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	
Non current borrowings (Including current maturity of long term debt)	79.67	1,671.62	-	1,751.29	207.43	83.06	-	290.49
Current borrowings	4,298.62	-	-	4,298.62	5,747.46	-	-	5,747.46
Total	4,378.29	1,671.62	-	6,049.91	5,954.89	83.06	-	6,037.95

Maturity patterns of other Financial Liabilities - other than borrowings

As at March 31, 2020	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	864.05	1,396.00	-	-	2,260.05
Lease Liabilities	496.72	675.72	1,361.50	5,619.29	8,153.23
Other Current Financial Liabilities	323.79	255.74	-	7.47	587.00
Total	1,684.56	2,327.46	1,361.50	5,626.76	11,000.28

As at March 31, 2019	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2,178.64	-	-	-	2,178.64
Other Current Financial Liabilities	366.04	-	-	238.84	604.88
Total	2,544.68	-	-	238.84	2,783.52

46 Financial risk management (contd.)

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge of Foreign exchange risk as at March 31, 2020:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - SELL	3,164.86	93.15	1:1	93.15	(93.15)

Cash flow hedge of Foreign exchange risk March 31, 2019:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - SELL	2,216.77	(59.50)	1:1	(59.50)	59.50
Foreign exchange forward contracts - BUY	(6.92)	0.01	1:1	0.01	(0.01)
Foreign currency options	417.00	**	1:1	**	**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge March 31, 2020

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	93.15	-	(59.50)	Revenue
Foreign exchange risk	-	-	0.01	Purchase
	93.15	-	(59.49)	

Cash flow hedge March 31, 2019

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	(59.50)	-	41.28	Revenue
Foreign exchange risk	0.01	-	(2.69)	Purchase
	(59.49)	-	38.59	

*The foreign exchange forward contracts and option contract are determined in the same currency as the firm commitment (sales order/purchase orders), therefore the hedge ratio is 1:1.

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of hedging instrument match exactly with the terms of the hedged items, and so a qualitative assessment of effectiveness is performed.

Movements in cash flow hedging reserve and costs of hedging reserve

Derivative Instrument	Foreign exchange forward contracts - SELL	Foreign exchange forward contracts - BUY	Foreign exchange options	Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	Total
Balance – As at April 01, 2018	(13.73)	1.94	**	(16.07)	(27.86)
Add: Change in fair value of foreign exchange forward contract & PCFC	59.50	(0.01)	-	-	59.49
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	19.02	(2.69)	**	22.26	38.59
Deferred tax relating to the above (net)	(21.38)	0.75	**	(6.19)	(26.82)
Balance – As at March 31, 2019	43.41	(0.01)	**	-	43.40
Add: Change in fair value of foreign exchange forward contract	(93.15)	-	-	-	(93.15)
Less: Amount reclassified to profit or loss	(59.50)	0.01	-	-	(59.49)
Deferred tax relating to the above (net)	42.00	**	**	-	42.00
Balance – As at March 31, 2020	(67.24)	-	-	-	(67.24)

** Amount is below the rounding off norms adopted by the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

47 Capital Management:

(a) Risk Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company's management monitors the return on capital as well as the level of dividends to shareholders.

(b) Dividend

Particulars	March 31, 2020	March 31, 2019
Equity shares		
Final dividend for the year ended March 31, 2019 of Re. 1 (March 31, 2018 – Re. 1) per fully paid share *	212.95	195.20
Dividends not recognised at the end of the reporting period (Events occurring after Balance Sheet date)		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Re. Nil per fully paid equity share (March 31, 2019 – Re. 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	-	212.95

Dividend distribution tax payable of ₹ 36.85 lakhs (Previous Year ₹ 33.78 lakhs) on final dividend is fully set-off against the tax payable by the Company on dividend received from Zodiac Clothing Company S. A. as per the provisions of section 115-O and 115BO of Income Tax Act, 1961.

48 Changes in Accounting Policies

Ind AS 116 - Leases

As indicated in note 2(a)(iv) Significant accounting policies, the Company has adopted Ind AS 116 retrospectively from April 01, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note 2(f).

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.00%.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- there were no onerous contracts as at April 01, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Measurements of lease liabilities:

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	301.71
Discounted using the Lessee's incremental borrowing rate at the date of initial application	275.95
Add: Adjustments as a result of a different treatment of extension and termination options	12,036.55
Lease liability recognised as at April 01, 2019	12,312.50
of which are:	
Current lease liabilities	2,213.03
Non-current lease liabilities	10,099.47

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if new rules has always been applied.

(iv) Adjustments recognised in the balance sheet on April 01, 2019

Particulars	Increase / (Decrease)	Amount
Property, plant and equipment (PPE)	(Decrease)	(1.94)
Right of use assets	Increase	11,321.42
Deferred tax assets (net)	Increase	384.13
Prepaid expenses (non-current)	(Decrease)	(362.98)
Prepaid expenses (current)	(Decrease)	(126.29)
Trade Payables	(Decrease)	(101.50)
Lease liabilities	Increase	12,312.50
Net Impact on retained earnings on April 01, 2019	(Decrease)	(996.66)

(v) Reconciliation for Impact of Ind AS 116 on retained earnings

Particulars		Amount
Right of use assets (Net reclassification of Prepaid Expenses and PPE)	(A)	10,830.21
Lease liabilities (Net reclassification of Trade Payables)	(B)	12,211.00
Impact on retained earnings as on April 01, 2019 (before tax)	(C) = (A - B)	(1,380.79)
Deferred tax assets (net)	(D)	384.13
Net Impact on retained earnings on April 01, 2019	(C) - (D)	(996.66)

49 Impact of COVID-19

The Company's plants, retail stores and offices were shut down from March 25, 2020 consequent to nationwide lockdown announced by the Government of India due to COVID 19. Since the easing of restriction in phased manner, the Company commenced the operations from May 04, 2020 onwards. However, the current situation has impacted the operations of the Company and caused uncertainty.

The Company's Management has done an assessment of the situation including the liquidity position after considering various cost reduction measures, orders on hand etc. and of the carrying value of all its assets and liabilities as at March 31, 2020, and concluded that there are no material adjustments required in the financial statements as of March 31, 2020. However, the impact assessment due to COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Company will continue to monitor any material changes as the situation evolves.

50 These standalone financial statements were authorised for issue by the directors on July 30, 2020.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Sachin Parekh

Partner

Membership No. 107038

Mumbai

July 30, 2020

For and on behalf of Board of Directors

A. Y. NOORANI

Chairman

DIN: 00041686

S. Y. NOORANI

Vice Chairman and Managing Director

DIN: 00068423

B. MAHABALA

Chief Financial Officer

KUMAR IYER

Company Secretary

Mumbai

July 30, 2020

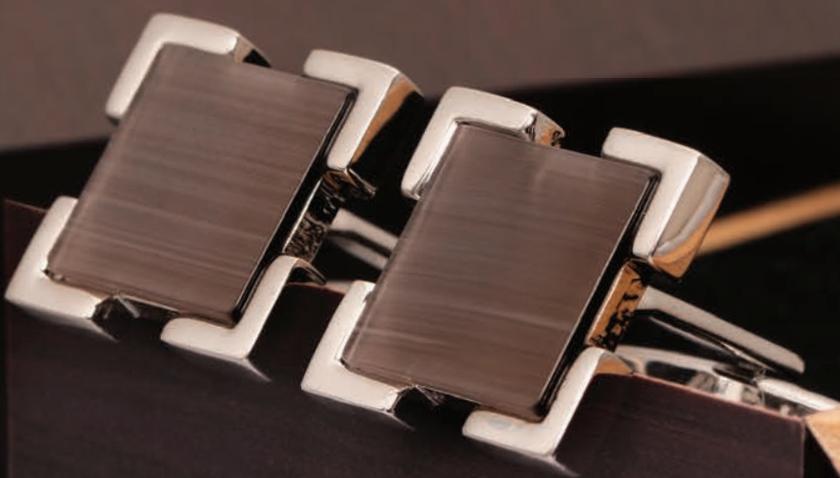


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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Zodiac Clothing Company Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 42 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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, 2020, of consolidated total comprehensive income (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 15 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 50 to the consolidated financial statements, which explain the uncertainties and the management's assessment of the financial impact due to restrictions and other conditions related to the Covid-19 pandemic; for which a definitive assessment of the impact in the subsequent period is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below Key Audit Matters have been reproduced from the report on the audit of the standalone financial statements of the Holding Company.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of carrying value of property, plant and equipment (including capital work-in-progress), right of use assets and other intangible assets (together referred as the "Assets") (Refer to Notes 4(a), 4(b), 4(c) and 6 in the standalone financial statements of the Holding Company)</p> <p>The carrying value of Assets is ₹ 18,531.21 Lakhs as at March 31, 2020 which is significant to the balance sheet. The Management has assessed whether there are any indications for impairment of Assets considering internal and external sources of information, as per Ind AS 36 – Impairment of Assets.</p> <p>For the purposes of impairment testing, the carrying value of the cash generating unit (CGU) was compared to the recoverable amount of CGU. The Company has applied fair value less costs of disposal method in determining the recoverable value of CGU. In this connection, the</p>	<p>We have performed audit procedures including the following:</p> <ul style="list-style-type: none"> • Obtained understanding, evaluated and tested the design and operating effectiveness of the Company's relevant controls relating to impairment assessment including determining recoverable value of Assets. • Assessed whether the Company's identification of CGU is appropriate. • Pursued the report issued by the external professional valuer engaged by the management. • Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the Management for valuation of immovable properties. • Engaged auditors' valuation experts to assess appropriateness of valuation methodology. • Verified the input data in the valuation report of immovable properties (such as description, area etc.) with the agreements. • Evaluated the reasonableness of assumptions applied by management, in determining the fair value of other assets. • Verified the mathematical accuracy of underlying calculations of recoverable amount and compared with the carrying value of Assets.

<p>Management has engaged an external professional valuer to determine the fair value of immovable properties and, the fair value of other assets were determined on the basis of management's judgement and estimates.</p> <p>Based on the assessment, the Management has concluded that no impairment was required as of March 31, 2020.</p> <p>Considering significant carrying value of Assets, involvement of valuation expert, judgment and estimates made by Management, we have considered this as a Key Audit Matter.</p>	<ul style="list-style-type: none"> Performed sensitivity analysis over the key assumptions, to assess the potential impact on impairment results and the range of possible outcomes of recoverable value of Assets. <p>Based on the above procedures performed by us, we found the Management's assessment of carrying value of Assets to be reasonable.</p>
<p>Assessment of recoverability of deferred tax assets (Refer to Note 37 in the standalone financial statements of the Holding Company)</p> <p>The carrying value of Deferred Tax Assets is ₹ 1,571.89 Lakhs as at March 31, 2020. Deferred tax assets are recognised on unabsorbed depreciation and other temporary differences as it is considered to be recoverable based on the Company's projected future taxable income, in line with Ind AS 12 – Income Taxes.</p> <p>We considered this as a Key Audit Matter due to uncertainties and significant judgement required by the Management in preparation of projected future taxable income considering the future business plans and the underlying assumptions such as fair value of immovable properties, as also assessed by an external professional valuer. The Management has also engaged tax expert to assess utilization of available tax benefits in accordance with prevailing taxation laws.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated and tested the design and operating effectiveness of key controls relating to recognition and assessment of deferred tax assets. Reviewed the Company's accounting policy in respect of recognizing deferred tax asset on temporary differences and unabsorbed depreciation Evaluated the judgements and assumptions made by the Management in determining the projected future taxable income for reasonableness. Checked the mathematical accuracy of the underlying calculations of the projections. Evaluated the competence, capabilities and objectivity of the external professional valuer engaged by the Management. Verified the input data in the valuation report of immovable properties (such as description, area) with agreements and assessed the appropriateness of tax rate applied to the projected future taxable income. Engaged with auditors' tax experts to assess utilization of available tax benefits against the projected future taxable income in accordance with prevailing taxation laws and consequential recognition of deferred tax assets Performed sensitivity analyses on the projected taxable profits by varying key assumptions, within reasonably foreseeable range. Reviewed the adequacy of disclosures made in the financial statements with regards to deferred taxes. <p>Based on the above procedures performed by us, the Management's assessment of recoverability of deferred tax assets was considered to be reasonable.</p>

Other Information

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the chairman's statement, director's report, annexure to director's report, report on corporate governance and management discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the

Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 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.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- 12. We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The financial statements of three subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 4,566 lakhs and net assets of ₹ 4,385 lakhs as at March 31, 2020, total revenue of ₹ 2,230 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 612 lakhs and net cash inflows amounting to ₹ 656 lakhs for the year then ended; have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding 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.

Report on Other Legal and Regulatory Requirements

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

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 (including other comprehensive income), Consolidated Statement of

Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified 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, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) As there is no subsidiary incorporated in India, this report does not contain a separate report on the internal financial controls with reference to financial statements of the Group and accordingly, reference should be made to Annexure A to the audit report on the standalone financial statements.

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

- i. The consolidated financial statements disclose the impact of pending litigations as at the March 31, 2020 on the consolidated financial position of the Group. (Refer Note 38(i) to the consolidated financial statements).
- ii. The Group had long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group did not have any long-term derivative contracts as at March 31, 2020.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company for the year ended March 31, 2020.

17. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh
Partner

Place : Mumbai Membership Number: 107038
Date : July 30, 2020 UDIN: 20107038AAAACD9097

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Balance Sheet as at March 31, 2020
 (All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I ASSETS				
1 Non-current assets				
Property, plant and equipment	4(a)	11,230.49	11,829.73	
Right-of-use assets	4(c)	7,134.97	-	
Capital work - in - progress	4(b)	186.94	282.87	
Investment properties	5	744.63	760.07	
Intangible assets	6	210.67	246.20	
Financial assets				
- Investments	7	2,663.17	4,294.56	
- Loans	8	955.10	1,592.34	
- Others financial assets	9	1.00	1.00	
Deferred tax assets (net)	36	918.57	248.69	
Non - Current tax assets (net)	36	1,324.86	1,349.05	
Other non - current assets	10	333.49	613.16	
2 Current assets				
Inventories	11	8,822.70	8,724.00	
Financial assets				
- Investments	12	164.65	1,084.35	
- Trade receivables	13	1,750.57	2,309.37	
- Cash and cash equivalents	14	1,925.77	1,178.06	
- Bank Balances other than cash and cash equivalents	15	277.23	757.40	
- Loans	16	2,236.04	1,157.78	
- Others financial assets	17	601.43	2,094.84	
Other current assets	18	2,548.99	2,371.74	
TOTAL ASSETS		44,031.27	40,895.21	
II EQUITY AND LIABILITIES				
1 Equity				
Equity share capital	19	2,247.77	2,129.46	
Other equity	20	23,661.54	28,266.21	
2 Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	21	1,671.62	83.06	
- Lease Liabilities		5,619.29	-	
Provisions	25	0.66	2.92	
Current liabilities				
Financial liabilities				
- Borrowings	22	4,298.62	6,076.69	
- Lease Liabilities		2,533.94	-	
- Trade payables	23			
- total outstanding dues of micro and small enterprises		37.94	71.77	
- total outstanding dues of creditors other than micro and small enterprises		2,217.49	2,131.24	
- Other financial liabilities	24	670.19	815.76	
Provisions	25	140.49	119.43	
Other current liabilities	26	931.72	1,198.67	
TOTAL EQUITY AND LIABILITIES		44,031.27	40,895.21	
Significant Accounting Policies		2		

The accompanying notes (1 - 51) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

A. Y. NOORANI
 Chairman
 DIN: 00041686

S. Y. NOORANI
 Vice Chairman and Managing Director
 DIN: 00068423

Sachin Parekh

Partner

Membership No. 107038

B. MAHABALA
 Chief Financial Officer

KUMAR IYER
 Company Secretary

Mumbai
 July 30, 2020

Mumbai
 July 30, 2020

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Profit and Loss for the year ended March 31, 2020
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I	INCOME			
	Revenue from operations	27	19,082.42	21,582.55
	Other income	28	1,213.79	663.03
	Total Income		20,296.21	22,245.58
II	EXPENSES			
	Cost of materials consumed	29	6,914.13	7,664.71
	Purchases of stock-in-trade		376.69	460.14
	Changes in inventories of finished goods, stock-in-trade and work-in progress	30	(453.41)	(680.92)
	Employee benefits expense	31	5,424.98	5,763.31
	Finance costs	32	1,385.65	433.73
	Depreciation and amortization expense	33	3,545.82	1,070.86
	Other expenses	34	6,106.86	9,732.24
	Total expenses		23,300.72	24,444.07
III	Loss before exceptional Items and tax		(3,004.51)	(2,198.49)
IV	Exceptional Item	35	-	(305.62)
V	Loss before tax		(3,004.51)	(2,504.11)
VI	Tax expense	36		
	Current tax		110.80	109.41
	Deferred tax		(243.75)	(168.79)
	Tax in respect of earlier periods		24.98	234.54
VII	Loss for the year		(2,896.54)	(2,679.27)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	41	(76.35)	(94.99)
	- Equity Instruments through Other Comprehensive Income		(1,003.00)	(302.12)
	- Income tax relating to above items		-	6.84
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		(68.39)	59.49
	- Exchange differences on translation of foreign operations		285.02	330.00
	- Income tax relating to above items		25.91	(16.09)
IX	Total Comprehensive Loss for the year		(3,733.35)	(2,696.14)
X	Loss attributable to:			
	Owners of the Company		(2,896.54)	(2,679.27)
	Non Controlling Interest		-	-
XI	Other comprehensive income attributable to:			
	Owners of the Company		(836.81)	(16.87)
	Non Controlling Interest		-	-
XII	Total comprehensive loss attributable to:			
	Owners of the Company		(3,733.35)	(2,696.14)
	Non Controlling Interest		-	-
XII	Loss per equity share of ₹ 10 each	40		
	Basic (₹)		(13.10)	(13.07)
	Diluted (₹.)		(13.10)	(13.07)
Significant Accounting Policies		2		

The accompanying notes (1 - 51) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

A. Y. NOORANI
Chairman
DIN: 00041686

S. Y. NOORANI
Vice Chairman and Managing Director
DIN: 00068423

Sachin Parekh
Partner
Membership No. 107038

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
July 30, 2020

Mumbai
July 30, 2020

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Cash Flows for the year ended March 31, 2020
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES:			
Loss before exceptional Items and tax		(3,004.51)	(2,198.49)
Adjustments for:			
Depreciation and amortization expenses		3,545.82	1,070.86
Finance cost		1,385.65	433.73
Unrealised exchange loss on foreign currency translation / transaction (net)		(21.40)	(35.70)
Dividend income		(57.24)	(19.15)
Rent income		(386.13)	(369.33)
Interest income		(118.33)	(59.39)
Net gain on financial assets measured at fair value through profit or loss		(218.57)	(79.62)
Allowance for doubtful debts, loans and deposits (net)		13.47	(51.68)
Bad and doubtful debts, loans and deposits written off (net)		71.39	3.51
Gain on remeasurement of lease contracts		(172.84)	-
Remeasurements of net defined benefit plans		(76.35)	(94.99)
Net Loss on sale/discard of property, plant and equipment		36.80	80.79
		997.76	(1,319.46)
Operating profit before working capital changes			
Adjustments for:			
Decrease in trade and other receivables		594.20	1,201.33
Increase in inventories		(98.70)	(799.16)
Decrease in trade and other payables		(331.42)	(1,538.66)
Increase/(decrease) in provisions		18.80	(136.76)
		1,180.64	(2,592.71)
Less: Direct taxes paid (net of refunds)		(111.59)	(134.98)
Net cash flows generated from / (used in) operating activities after exceptional items		1,069.05	(2,727.69)
CASH FLOW FROM INVESTING ACTIVITIES:			
Inflows			
Sale proceeds of property, plant and equipment		4.82	0.81
Interest received		12.85	63.84
Rent Received		386.13	369.33
Sale proceeds of non-current investments		983.46	430.00
Sale proceeds of current investments (Net)		965.80	-
Dividend received		57.24	19.15
Proceeds of Sale of Investments in Subsidiary		1,372.17	471.89
Proceeds from Term Deposits (Net)		476.94	-
		4,259.41	1,355.02
Outflows			
Purchase of property, plant and equipment/ intangible assets/ investment property		(455.56)	(568.24)
Purchase of current investments (Net)		-	(303.57)
Purchase of non-current investments		(182.87)	(441.90)
Loans given		(315.12)	(123.69)
Investment in Term Deposits (Net)		-	(719.98)
		(953.55)	(2,157.38)
Net cash (used in) / generated from investing activities		3,305.86	(802.36)
CASH FLOW FROM FINANCING ACTIVITIES:			
Inflows			
Proceeds from issue of equity shares (including securities premium) / share warrants		500.00	4,500.00
Proceeds from non-current borrowings		1,671.62	-
Proceeds from current borrowings (net)		-	220.48
		2,171.62	4,720.48
Outflows			
Repayment of non-current borrowings		(210.82)	(632.23)
Repayment of short term borrowings (net)		(1,778.07)	-
Principal element of lease payments		(2,213.03)	-
Interest on lease liabilities		(939.57)	-
Interest paid on others		(444.38)	(415.43)
Dividend paid		(212.95)	(195.20)
		(5,798.82)	(1,242.86)
Net cash (used in) / generated from financing activities		(3,627.20)	3,477.62
Net increase / (Decrease) in cash and cash equivalents		747.71	(52.43)
Add : Cash and cash equivalents at beginning of the year		1,178.06	1,230.49
Cash and cash equivalents at end of the year		1,925.77	1,178.06
Non-cash financing and investing activities			
Acquisition of right-of-use assets		As at March 31, 2020	As at March 31, 2019
		859.32	-
Cash and Cash equivalents as per above comprises of the following		As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents (Refer Note 14)		1,925.77	1,178.06

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The accompanying notes (1 - 51) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sachin Parekh
Partner
Membership No. 107038
Mumbai
July 30, 2020

For and on behalf of the Board of Directors

A. Y. NOORANI
Chairman
DIN: 00041686

B. MAHABALA
Chief Financial Officer

S. Y. NOORANI
Vice Chairman and Managing Director
DIN: 00068423

KUMAR IYER
Company Secretary

Mumbai
July 30, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020
 (ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

A. Equity Share Capital

	Notes	Amount
As at April 01, 2018		1,952.00
Changes in equity share capital	19	177.46
As at March 31, 2019		2,129.46
Changes in equity share capital	19	118.31
As at March 31, 2020		2,247.77

B. Other Equity

	Money received against Share Warrants	Securities Premium	Amalgamation Reserves	State Cash Subsidy	Capital Redemption Reserve	Statutory Reserve	General Reserves	Retained Earnings	FVOCL - Equity Instruments	Other Comprehensive Income (OCI)	Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Total
Balance as at April 01, 2018	2,696.47	8.16	15.84										(5.11)
Loss for the year	-	-	-	-	-	-	-						
Other Comprehensive Income for the year	-	-	-	-	-	-	-						
Total Comprehensive Income for the year													
Share Application Money received	1,500.00	-	-	-	-	-	-						
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-						
Dividends	-	-	-	-	-	-	-						
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-						
Balance as at March 31, 2019	1,500.00	5,519.01	8.16	15.84	200.00	17.98	2,693.15	15,771.32	2,172.46	43.40	324.89	28,266.21	
Loss for the year	-	-	-	-	-	-	-						
Other Comprehensive Income for the year	-	-	-	-	-	-	-						
Total Comprehensive Income for the year													
Change in accounting policy (net of deferred tax ₹ 384.13 Lakhs) (Refer Note 49)	-	-	-	-	-	-	-						
Share Application Money received	500.00	-	-	-	-	-	-						
Allotment of Equity Shares (including Securities Premium)	(2000.00)	1,881.69	-	-	-	-	-						
Premium Received on Issue of Equity Shares	-	-	-	-	-	-	-						
Dividends	-	-	-	-	-	-	-						
Transfer of gain on FVOCL Equity Instruments to Retained Earnings	-	-	-	-	-	-	-						
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-						
Balance as at March 31, 2020	- 7,400.70	8.16	15.84		200.00	17.98	2,693.15	12,296.64	461.64	(42.48)	609.91	23,661.54	

The accompanying notes (1 - 51) are an integral part of these consolidated financial statements
 As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

A. Y. NOORANI
 Chairman
 DIN: 00041686

S. Y. NOORANI
 Vice Chairman and Managing Director
 DIN: 00068423

B. MAHABALA
 Chief Financial Officer

KUMAR IYER
 Company Secretary

Mumbai
 July 30, 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1 Background and Operations

Zodiac Clothing Company Limited ('the Company') incorporated in India and its subsidiary and step down subsidiaries which together constitutes the Zodiac Group ('the Group') mainly deals in garments.

2 Significant accounting policies

(a) Basis of preparation of consolidated Financial Statements

(i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') notified under section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting standards) Rules, 2015], and other relevant provisions of the Act.

(ii) Going Concern Assessment

The Directors of the Company have assessed its liquidity position (including the impact of COVID-19 and its possible sources of funds under various scenarios). The Board of Directors are confident of the group's ability to meet its obligation in next twelve months from the balance sheet date under all scenarios. Accordingly these financial statements have been prepared on going concern basis.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- 2) defined benefit plans - plan assets measured at fair value;

(iv) New and amended standards adopted by the Company

The Group has applied the following standard and amendment for the first time for their annual reporting period commencing April 01, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing Costs

The Group had to change its accounting policies as a result of adopting Ind AS 116. The details are disclosed in Note 48. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(vi) Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Use of estimates and judgments

The estimates and judgments used in the preparation of the consolidated financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured

reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

The Group depreciates its property, plant and equipment on a straight line method net of residual values over the useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act, except for the following class of assets, useful life for which is based on a technical evaluation and taking into consideration nature of Company's business and past experience of usage of such assets.

Description of asset	Useful life followed by the Company	Useful life as prescribed under Schedule II
Plant and equipment	21 Years	15 Years
Furniture and fixtures	16 Years	10 Years
Office equipments	21 Years	5 Years
Computer (including servers)	6 Years	3-6 Years
Electrical Installation	21 Years	10 years

Leasehold improvements are amortised over the period of lease or estimated useful lives of such assets, whichever is lower. Period of lease is either the primary lease period or where the Company as a lessee has the right of renewal of lease, and it is intended to renew for further periods, then such extended period.

In respect of **Zodiac Clothing Company (U.A.E.) LLC, UAE**, the useful life are as follows:

Description of asset	Useful life
Factory Building	- 10 Years
Plant and equipment	- 8 Years
Furniture and fixtures	- 10 Years
Office equipments	- 10 Years
Vehicles	- 5 Years

The residual values are generally not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment

property. Investment property is initially recognized at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties, net of residual value are depreciated using the straight-line method over their useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act.

(f) Intangible assets

Computer software

Computer software are stated at cost, less accumulated amortisation and impairments, if any.

Amortisation method

The Group amortizes intangible assets using the straight-line method over following period:

Nature of intangible asset	Useful life
- Computer Software	6 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

(g) Lease

As lessee

Till March 31, 2019:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from April 01, 2019:

The Group has adopted Ind AS 116-Leases effective April 01, 2019, using the modified retrospective method. The Group has applied the standard to its leases retrospectively to all the contracts existing on April 01, 2019, with cumulative effect of initially applying the new standard recognized to the retained earnings on the date of initial application. Accordingly, previous period information has not been restated."

The Group's lease asset classes primarily consist of leases for Land and Buildings. The Group assesses whether a contract is or contains a lease, at inception

of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been presented separately on the face of the Balance Sheet and lease payments have been classified as financing cash flows.

As lessor

Till March 31, 2019

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. “

The respective leased assets are included in the balance sheet based on their nature.

With effect from April 01, 2019:

The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new lease standard.”

(h) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes

cash on hand, Bank overdrafts, deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Inventories

Inventories of Raw Materials, Work-in-Progress, Stock-in-trade, Stores and spares and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-in-First-Out', 'Weighted Average cost' or 'Specific Identification', as applicable.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be utilised are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

Slow-moving, non-moving & defective inventories are identified and wherever necessary, provision is made for such inventories considering various factors such as likely usage, obsolescence etc.

The inventories resulting from intra-group transactions have been stated at cost after deducting unrealised profit on such transactions.

(j) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

* those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
* those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition

Purchases and sales of financial assets are recognised on trade - date, being the date on which the Company commits to purchase or sale the financial asset.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

*** Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

*** Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest revenue which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other income/expense. Interest income from these financial assets is included in other income using the effective interest rate method.

*** Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. Interest income from these financial assets is included in other income.

Equity instruments:

The Group subsequently measures all equity

investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the Statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

In accordance with Ind-AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, are measured at amortised cost e.g., loans, deposits, and bank balance.
- (b) Trade receivables - The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

(v) Derecognition

A financial asset is derecognised only when
- the group has transferred the rights to receive the cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognised."

(vi) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

(k) Borrowings

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

(l) Borrowing costs

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other interest and borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

(m) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in Statement of Profit and loss.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events.

A contingent asset is disclosed in respect of possible asset that may arise from past event and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events.

(n) Revenue recognition

Sale of goods - Wholesale

Sales are recognised when the control of the goods has been transferred to customer which is generally on delivery of goods and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, risk of obsolescence and loss have been transferred to customer and the group has objective evidence that all criteria for the acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods - Retail

The group operates a chain of retail stores. Revenue from the sale of goods is recognised when the group entity sells a product to the customer. Payment of transaction price is generally due immediately when the customer purchases the goods and takes delivery in store.

Sales return

Accumulated experience is used to estimate and provide for the sales return, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected sales return in relation to sales made until the end of the reporting period.

Service income

Sale of services - Revenue is recognised based on actual service provided at the end of the reporting period as proportion of total service to be provided.

Other operating revenue - Export incentives -

Export incentives under various schemes of Government of India are accounted on accrual basis on the basis of exports made and when there is reasonable assurance that the group entity will comply with the conditions and incentive will be received.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end

of the period in which the employees render the related service. An actuarial valuation is obtained at the end of reporting period. The present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

Defined Benefits Plan

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The net interest cost is calculated by actuary applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments as calculated by actuary are recognised immediately in the Statement of Profit and Loss as past service cost.

Defined Contribution Plans

The Group pays Provident Fund (PF) contributions, Employees State Insurance Scheme (ESIC) etc., to publicly administered funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before

the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for any structuring that is within the scope of Ind AS-37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(p) Foreign currency transactions

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

(iii) Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit and loss, as a part of gain or loss on sale.

(q) Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of firm commitment transactions (sales orders/purchase orders) (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objectives and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than or equal to 12 months.

Cash flow hedges that qualify for hedge accounting –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

When forward contracts are used to hedge forecast transactions, the Group designates them in entirety as the hedging instrument. Gains or losses relating to effective portion of fair value of forward contracts are recognised in the other comprehensive income in the cash flow hedging reserve within other equity.

When the option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

Derivative Contracts other than cash flow hedges: Derivative contracts which are not designated as cash flow hedges, are accounted for at fair value through profit or loss and are included in Statement of Profit and Loss.

(r) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related defer income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

(t) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker(CODM). The CODM, being the Managing Director of the Company, assesses the financial performance and position of the Group and makes strategic decisions.

(u) Impairment of non-financial assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(v) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

(w) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Recent Accounting Pronouncements:

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 on 24 July 2020. The amendments to Ind AS are:

- Amendment to Ind AS 116 - Optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification
- Amendment to Ind AS 103 - Revises the definition of a business
- Amendment to Ind AS 107 - Provide certain reliefs in connection with interest rate benchmark reform
- Amendment to Ind AS 1 - Clarifies the definition of material and make Ind ASs more consistent. An entity shall apply these amendments for annual periods beginning on or after the April 1, 2020 except amendment to Ind AS 116, where an entity who has not yet approved the financial statements for issue before the issuance of these amendments, then the same may be applied for annual reporting periods beginning on or after the April 1, 2019. The Group has decided to apply these amendments effective April 1, 2020. The Group has received rent concession related to COVID - 19 subsequent to year end and is currently assessing its impact. Further, based on the assessment, the other amendments listed above are not expected to have any material impact on the Group's financial statements.

3 Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which by definition will seldom equal the actual results.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation
(Refer Note 41)
- Recoverability of deferred tax assets
(Refer Note 36)
- Allowance for doubtful debts
(Refer Note 13 and 47)
- Fair value of Investment properties (Refer Note 5)
- Direct tax litigations (Refer Note 38)
- Determination of lease term (Refer Note 4(c))
- Impairment of non-financial assets (Refer Note 2(u))
- Impact of Covid-19 (Refer Note 50)
- Provision for Inventory Obsolescence
(Refer Note 2(i) and 11)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(a) Property, Plant and Equipment

	Land	Buildings	Leasehold Improvement	Plant & Machinery	Furniture & fixtures	Vehicles	Office equipment	Computer	Electrical Installation	Total
	Freehold	Leasehold								
Gross Carrying Amount										
Balance as at April 01, 2018	420.90	2.54	3,369.77	2,443.96	3,863.81	2,754.36	70.09	618.04	213.19	762.38
Additions	-	-	45.96	99.53	31.72	87.61	-	36.49	11.31	75.82
Disposals	-	-	-	117.58	-	2.08	-	3.56	-	2.74
Currency Alignment	-	-	(39.77)	-	(5.36)	(7.37)	(1.98)	-	-	-
Balance as at March 31, 2019	420.90	2.54	3,375.96	2,425.91	3,890.17	2,832.52	68.11	650.97	224.50	835.46
Additions										
Disposals										
Less: Adjustment for change in accounting Policy (Refer Note 49)										
Currency Alignment	-	-	(19.55)	-	(2.04)	(2.76)	(0.75)	-	-	-
Balance as at March 31, 2020	408.41	-	3,495.38	2,439.05	3,890.43	2,938.88	66.04	673.81	233.79	897.99
Accumulated depreciation										
Balance as at April 01, 2018	-	0.40	169.20	604.59	459.63	463.74	46.04	70.97	118.69	86.25
Additions	-	0.20	91.82	309.82	225.80	239.71	9.49	34.62	27.19	44.81
Disposals	-	-	-	41.37	-	2.08	-	0.50	-	0.41
Currency Alignment	-	-	(44.18)	-	(5.36)	(10.13)	(1.63)	-	-	(61.30)
Balance as at March 31, 2019	-	0.60	216.84	873.04	680.07	691.24	53.90	105.09	145.88	130.65
Additions										
Disposals										
Less: Adjustment for change in accounting Policy (Refer Note 49)										
Currency Alignment	-	-	(14.58)	-	(2.04)	(2.01)	(0.75)	-	-	(19.38)
Balance as at March 31, 2020	-	-	301.62	1,128.74	912.67	918.83	53.49	140.32	164.94	192.68
Carrying Amount										
Balance as at March 31, 2019	420.90	1.94	3,159.12	1,552.87	3,210.10	2,141.28	14.21	545.88	78.62	704.81
Balance as at March 31, 2020	408.41	-	3,193.76	1,310.31	2,977.76	2,020.05	12.55	533.49	68.85	705.31

4(b) Capital Work in Progress

Capital Work in Progress (Refer Note iv)
March 31, 2019
March 31, 2020

Notes:

- Refer Note 38 for disclosure of contractual commitments for acquisition of property, plant and equipment.
- Refer Note 37 for information on property, plant and equipment pledged as security by the Group.
- In case of Zodiac Clothing Company (U.A.E.) LLC, Factory building is constructed on leasehold land which is in name of U.A.E. national shareholder.
- Capital Work in Progress primarily includes plant and machinery under installation, leasehold improvements and furniture & fixtures related to retail shops.
- Pursuant to the adoption of Ind AS 116, leasehold land is presented as a separate line item in the balance sheet as at March 31, 2020, Refer Note 4(c). Refer to Note 49 for details about the changes in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(c) Leases

This note provides information for leases where the Group is a lessee. The Group leases Land and Building (retail stores, factories, warehouse, offices, guest house etc.). Rental contracts are typically made for periods of 3 years to 9 years, but may have extension options as described in (iv) below.

(i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Particulars	As at March 31, 2020	As at March 31, 2019
Right of use assets		
- Leasehold Land	1.74	1.94
- Buildings	7,133.23	11,319.48
Total	7,134.97	11,321.42

Set out below are the carrying amounts of right of use assets recognised and movements during the year:

Particulars	Lease hold Land	Buildings	Total right of use assets
I. Gross carrying amount			
Balance as at April 01, 2019	2.54	17,575.06	17,577.60
Additions	-	859.32	859.32
Deductions on disposals	-	4,991.02	4,991.02
Balance as at March 31, 2020	2.54	13,443.36	13,445.90
II. Accumulated depreciation			
Balance as at April 01, 2019	0.60	6,255.58	6,256.18
Depreciation expense for the year	0.20	2,412.84	2,413.04
Deductions on disposals	-	2,358.29	2,358.29
Balance as at March 31, 2020	0.80	6,310.13	6,310.93
III. Net carrying amount (I - II)	1.74	7,133.23	7,134.97

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities		
Current	2,533.94	2,213.03
Non-Current	5,619.29	10,099.47
Total	8,153.23	12,312.50

For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, please refer to note 49.

(ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amount relating to lease:

Particulars	Note	Year ended March 31, 2020
Depreciation charge of Right-of-use assets	33	
- Leasehold Land		0.20
- Buildings		2,412.84
Total		2,413.04

Particulars	Note	Year ended March 31, 2020
Gain on remeasurement of lease contracts (included in other income)	28	172.84
Interest expense (included in finance costs)	32	939.57
Expense relating to short-term leases (included in other expenses)	34	317.99
Expense relating to variable lease payments not included in lease liabilities	34	35.92

The total cash outflow for leases for the year ended March 31, 2020 was ₹ 3,506.51 Lakhs (including short term lease payments).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

4(c) Leases (Contd...)

(iii) Variable Lease Payments

Some property leases contain variable payment terms that are linked to sales generate from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 10% to 30% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

A 10% increase in sales across all stores in the company with such variable lease contracts would increase total lease payments by approximately ₹ 3.59 Lakhs.

(iv) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(v) Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended.

For leases of retail stores, the Group considers factors such as historical lease durations and the costs and business disruption required to replace the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

5. Investment Properties

	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	806.02	800.17
Additions	-	5.85
Closing gross carrying amount	806.02	806.02
Accumulated depreciation		
Opening accumulated depreciation	45.95	30.12
Additions	15.44	15.83
Closing accumulated depreciation	61.39	45.95
Net carrying amount	744.63	760.07
Notes:		
(i) Amounts recognised in statement of profit or loss for investment properties:		
Particulars	As at March 31, 2020	As at March 31, 2019
Rental income derived from investment properties	377.13	360.33
Direct operating expenses (including repairs and maintenance) of investment properties	2.34	2.20
Income arising from investment properties before depreciation	374.79	358.13
Depreciation	15.44	15.83
Income arising from investment properties (Net)	359.35	342.30

(ii) Premises given on operating lease:

The Group has given investment properties on operating lease. These lease arrangements range for a period between 11 months to 5 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms.

The total future minimum lease rentals receivable in respect of non-cancellable leases at the Balance Sheet date is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
For a period not later than one year	91.08	348.68
For a period later than one year and not later than five years	-	137.09
For a period later than five years	-	-
(iii) Fair value		
Particulars	As at March 31, 2020	As at March 31, 2019
Investment Properties	4,994.74	4,849.95

Significant Estimates:

Estimation of fair value

The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in active market for similar properties.

The fair valuation of investment properties has been determined by accredited independent valuers. The main inputs used are the prevailing market rates and recent sale of similar properties, etc. The fair value measurement is categorised in level 3 fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

6 Intangible assets

	Computer Software
Gross carrying amount	
Balance as at April 01, 2018	319.03
Additions	129.71
Disposals	-
Balance as at March 31, 2019	448.74
Additions	40.03
Disposals	-
Balance as at March 31, 2020	488.77
 Accumulated amortisation	
Balance as at April 01, 2018	130.97
Additions	71.57
Disposals	-
Balance as at March 31, 2019	202.54
Additions	75.56
Disposals	-
Balance as at March 31, 2020	278.10
 Net carrying amount	
Balance as at March 31, 2019	246.20
Balance as at March 31, 2020	210.67

7 Non-current Investments

		As at March 31, 2020		As at March 31, 2019	
		No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
A	<u>Investment in Equity Instruments</u>				
	Quoted				
	At Fair value through Other Comprehensive Income				
	Shoppers Stop Limited (Equity Shares of ₹ 5 each)	326,112	630.86	513,269	2,419.04
	Aditya Birla Capital Limited (Equity Shares of ₹ 10 each)	138	0.06	138	0.13
	Grasim Industries Limited (Equity Shares of ₹ 10 each)	99	0.47	99	0.85
	Aditya Birla Fashion and Retail Limited (Equity Shares of ₹ 10 each)	343	0.53	343	0.76
	Hindalco Industries Limited (Equity Shares of ₹ 1 each)	830	0.79	830	1.70
	Coramandel International Limited (Equity Shares of ₹ 10 each)	108	0.59	108	0.54
	Exide Industries Limited (Equity Shares of ₹ 10 each)	7	0.01	7	0.02
	Indraprastha Medical Limited (Equity Shares of ₹ 10 each)	5,000	1.70	5,000	1.92
	Karur Vysya Bank Limited (Equity Shares of ₹ 2 each)	32,733	6.63	32,733	23.44
	Maan Alluminium Limited (Equity Shares of ₹ 10 each)	500	0.14	500	0.47
	Spentex Industries Limited (Equity Shares of ₹ 10 each)	54	*	54	*
	Total (A)		641.78		2,448.87
B	<u>Investment in Non Convertible Debentures (NCD)</u>				
	Unquoted				
	At amortised cost				
	11.80 % I L & F S Transportation Networks Limited (Bonds of ₹ 100 each)	30	305.62	30	305.62
	Less: Impairment Loss**		(305.62)		(305.62)
	Total (B)		-		-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

7 Non-current Investments

		As at March 31, 2020		As at March 31, 2019	
		No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
C	<u>Investment in Venture capital funds</u>				
	Unquoted				
	At Fair value through Profit and Loss @				
	Faering Capital India Evolving Fund II (Units of ₹ 1000/- each)	68,070	653.69	68,070	584.86
	Paragon Partners Growth Fund – I (Units of ₹ 100/- each)	444,290	562.20	294,885	442.33
	Tata Capital Healthcare Fund (Units @ ₹ 1 / - each)	20,000,000	144.61	20,000,000	108.00
	Tata Capital Growth Fund (Units @ ₹ 1 / - each)	20,000,000	106.15	20,000,000	96.00
	Faering Capital India Evolving Fund (Units of ₹ 1000/- each)	50,087	554.74	57,124	614.50
	Total (C)		2,021.39		1,845.69
	Total (A+B+C)		2,663.17		4,294.56
	Aggregate amount of quoted investments		641.78		2,448.87
	Aggregate Market Value of the quoted investments		641.78		2,448.87
	Aggregate amount of unquoted investments		2,327.01		2,151.31
	Aggregate amount of impairment in the value of investment		305.62		305.62

Note:

* Amount is below the rounding off norms adopted by the Group.

** Refer Note 35

@ Investment in venture capital funds have been fair valued at closing Net Asset Value (NAV) / Fair Market Value (FMV)

Refer Note 46 for information about fair value measurement of investments and Note 38(ii)(b) for Investment Commitments related to Venture Capital funds.

8 Non-current loans

	As at March 31, 2020		As at March 31, 2019	
Security Deposits		997.10		1,634.34
Less: Allowance for Doubtful Deposits		(42.00)		(42.00)
Total		955.10		1,592.34
Note: Break-up of security details				
Loans considered good - Unsecured		955.10		1,592.34
Loans - Credit impaired		42.00		42.00
Total		997.10		1,634.34
Less: Allowance for doubtful deposits		(42.00)		(42.00)
Total Non-current loans		955.10		1,592.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

9 Other non-current financial assets

	As at March 31, 2020	As at March 31, 2019
Term deposits with banks	1.01	1.01
Less: Interest accrued (included in Note 17)	(0.01)	(0.01)
Total	1.00	1.00

10 Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Capital advances	21.19	28.12
Prepaid expenses	6.30	371.74
Balances with government authorities (including deposits)	156.90	213.30
Advance for factory construction and commercial work	149.10	-
Total	333.49	613.16

11 Inventories

	As at March 31, 2020	As at March 31, 2019
(The mode of valuation of inventories has been stated in Note 2(h))		
Raw Materials [Includes Raw Material - In Transit ₹ Nil, (As at March 31, 2019 ₹ 43.64 Lakhs)]	2,227.40	2,638.58
Work-in-progress	240.67	347.47
Finished goods	5,517.19	4,838.61
Stock-in-trade [Includes Stock-in-trade - In Transit ₹ Nil, (As at March 31, 2019 ₹ 21.37 Lakhs)]	708.33	818.06
Stores and Spares	129.11	81.28
Total	8,822.70	8,724.00

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to ₹ 42.49 Lakhs for the year ended March 31, 2020 (₹ 178.60 Lakhs for year ended March 31, 2019). These writedowns were recognised as an expense and included in ‘Cost of material consumed’, ‘changes in inventories of finished goods, stock-in-trade and work-in-progress’, and ‘consumption of stores and spares’ in the Statement of Profit and Loss.

As part of the Group’s internal control procedure in respect of inventory, the management has conducted physical verification of inventory subsequent to the year end (consequent to the nationwide lockdown announced by the Government of India) and performed other procedures to obtain comfort over the quantity and condition of inventories as at March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

12 Current investments

		As at March 31, 2020		As at March 31, 2019	
		No. of Units	Amount	No. of Units	Amount
Investments in Mutual Funds					
Unquoted					
At Fair value through Profit and Loss					
HDFC floating rate Income Fund-Short term					
Plan-Wholesale Option Growth (Units of ₹ 10/- each)		-	-	799,350	261.41
HDFC Ultra Short Term - Regular Growth (Units of ₹ 10/- each)	1,466,053	164.28	-	-	-
HDFC Ultra Short Term Fund (Units of ₹ 10/- each)	3,722	0.37	559,877	56.27	
HDFC Ultra Short Term Debt Fund Direct Plan Growth (Units of ₹ 10/- each)	-	-	3,680,461	766.67	
Total		164.65			1,084.35
Aggregate amount of unquoted investments		164.65			1,084.35

Refer Note 46 for information about fair value measurement of investments.

13 Trade receivables

	As at March 31, 2020		As at March 31, 2019	
	No. of Units	Amount	No. of Units	Amount
Receivables from related parties (Refer Note 45)		315.87		74.85
Others		1,833.30		2,633.12
Less: Loss allowances		(398.60)		(398.60)
Total		1,750.57		2,309.37
Note: Break-up of security details				
Trade receivables considered good - unsecured		1,750.57		2,309.37
Trade receivables - credit impaired		398.60		398.60
Total		2,149.17		2,707.97
Less: Loss allowances		(398.60)		(398.60)
Total Trade Receivables		1,750.57		2,309.37

Refer Note 47 for information about credit risk and market risk of trade receivables.

14 Cash and cash equivalents

	As at March 31, 2020		As at March 31, 2019	
	No. of Units	Amount	No. of Units	Amount
Cash on hand		1.73		0.21
Balances with Banks				
- In current accounts		1,923.91		1,177.68
- In EEFC accounts		0.13		0.17
Total		1,925.77		1,178.06

There are no repatriation restrictions with regard to cash and cash equivalents as at March 31, 2020 and previous year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

15 Bank Balances other than cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Margin money deposits*	2.46	712.34
Term deposits with Banks	263.24	31.54
Less: Interest accrued (included in Note 17)	(0.30)	(1.54)
	265.40	742.34
Unclaimed dividends - Earmarked balances with banks	11.83	15.06
Total	277.23	757.40

* Deposit of ₹ 2.46 Lakhs (March 31, 2019 ₹ 20.90 Lakhs) given as security against Banker's letters of guarantees and Deposits of Nil (March 31, 2019: ₹ 691.44 Lakhs) against security for overdraft facility.

16 Current loans

	As at March 31, 2020	As at March 31, 2019
Security Deposits	857.97	78.29
Loans to related parties (Refer Note 45)	1,320.19	1,005.08
Receivable from related party (Refer Note 45)	-	34.30
Loans to employees	67.69	49.92
Less: Allowance for doubtful loans	(9.81)	(9.81)
Total	2,236.04	1,157.78
Note: Break-up of security details		
Loans considered good - Unsecured	2,236.04	1,157.78
Loans - credit impaired	9.81	9.81
Total	2,245.85	1,167.59
Less: Allowance for doubtful loans	(9.81)	(9.81)
Total Current loans	2,236.04	1,157.78

Refer Note 47 for information about credit risk.

17 Other current financial assets

	As at March 31, 2020	As at March 31, 2019
Interest accrued	0.31	1.55
Derivative financial instruments	25.38	86.09
Receivable on account of sale of subsidiary	563.05	1,935.22
Others	12.69	71.98
Total	601.43	2,094.84

18 Other current assets

	As at March 31, 2020	As at March 31, 2019
Export Benefits receivables	246.38	349.65
Excess Contribution to gratuity fund (Refer Note 41)	-	111.46
Interest subsidy receivable	28.21	28.21
Advances to Suppliers	63.70	103.83
Prepaid expenses	82.94	181.56
GST receivable/refundable	2,055.17	1,543.99
Right to recover returned goods	31.00	28.00
Other advances	41.59	25.04
Total	2,548.99	2,371.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

19 Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised 3,40,00,000 [March 31, 2019: 3,40,00,000] and Equity Shares of ₹ 10 each	3,400.00	3,400.00
Issued, subscribed and fully paid up 2,24,77,677 [March 31, 2019: 2,12,94,596] Equity Shares of ₹ 10 each	2,247.77	2,129.46
	2,247.77	2,129.46

Notes:				
a) Reconciliation of number of shares:				
	As at March 31, 2020	As at March 31, 2019		
	Number of shares	Amount	Number of shares	Amount
Equity Shares : Balance as at the beginning of the year Issued during the year # Balance as at the end of the year	2,12,94,596 11,83,081 2,24,77,677	2,129.46 118.31 2,247.77	1,95,19,974 17,74,622 2,12,94,596	1,952.00 177.46 2,129.46

b) Rights, preferences and restrictions attached to shares:				
Equity shares: The Group has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.				

c) Details of shares held by each shareholder holding more than 5% shares in the Company:	As at March 31, 2020	As at March 31, 2019		
%	No. of shares	%	No. of shares	
Mohammed Yusuf Noorani ** # \$ Asia Tangible Investments Pte Ltd. Euro Global Holdings Pte. Ltd. Akash Bhanshali Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd. Anees Yusuf Noorani # Salman Yusuf Noorani #	23.25 14.04 14.04 6.06 8.76 7.83 6.85	52,25,931 31,54,882 31,54,882 13,61,700 19,69,153 17,58,972 15,40,417	22.73 14.82 14.82 6.39 9.29 6.41 5.38	48,39,904 31,54,882 31,54,882 13,61,700 19,78,333 13,64,612 11,46,057
** Includes shares held by Mr. Mohammed Yusuf Noorani \$ a) as Trustee for and on behalf of Yusuf Noorani Family Trust b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust		18,990 8,334	18,990 8,334	

The Company has allotted 11,83,081 equity shares of Face Value ₹ 10 each at a premium of ₹ 159.05 per equity share pursuant to conversion of equivalent number of warrants allotted to the following promoters of the Company during the year 2018-19. Further, during the 2018-19, the Company has allotted 17,74,622 equity shares of face value of ₹ 10 each at a premium of ₹ 159.05 per equity share on preferential basis to the following promoters of the Company.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Mohammed Yusuf Noorani \$	3,94,361	5,91,540
Anees Yusuf Noorani	3,94,360	5,91,541
Salman Yusuf Noorani	3,94,360	5,91,541

\$ Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

20 Other Equity

	Money received against Share Warrants	Securities Premium Reserve	Amalgamation Reserves	State Cash Subsidy	Capital Reserve	Statutory Reserve	General Reserves	Retained Earnings	FVOCL - Equity Instruments	Other Comprehensive Income (OCI)	Foreign Currency Translation Reserve	Total	
Balance as at April 01, 2018		2,696.47	8.16	15.84	200.00	17.98	2,693.15	18,740.78	2,467.74	(27.86)	(5.11)	26,807.15	
Loss for the year	-	-	-	-	-	-	-	(2,679.27) (94.99)	(295.28)	-	-	(2,679.27) (16.87)	
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(2,774.26)	(295.28)	43.40	330.00	(2,696.14)	
Total Comprehensive Income for the year								(195.20)	-				
Money received against Share Warrants	1,500.00	-	-	-	-	-	-	-	-	-	-	1,500.00	
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	-	-	2,822.54	
Dividends	-	-	-	-	-	-	-	-	-	-	-	(195.20)	
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	-	-	27.86	
Balance as at March 31, 2019		1,500.00	5,519.01	8.16	15.84	200.00	17.98	2,693.15	15,771.32	2,172.46	43.40	324.89	28,266.21
Loss for the year	-	-	-	-	-	-	-	(2,896.54) (76.35)	(1,003.00)	(42.48)	-	(2,896.54) (836.81)	
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(2,972.89)	(1,003.00)	(42.48)	285.15	(3,733.35)	
Total Comprehensive Income for the year								(996.66)	-	-	-		
Change in accounting policy (net of deferred tax ₹ 384.13 Lakhs) (Refer Note 49)	-	-	-	-	-	-	-	-	-	-	-	(996.66)	
Share Application Money received	500.00	-	-	-	-	-	-	-	-	-	-	500.00	
Allotment of Equity Shares (including Securities Premium)	(2000.00)	1,881.69	-	-	-	-	-	-	-	-	-	(2000.00)	
Premium Received on Issue of Equity Shares								-	-	-	-		
Dividends	-	-	-	-	-	-	-	(212.95) 707.82	(707.82)	-	-	(212.95)	
Transfer of gain on FVOCL Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	(43.40)	
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2020		7,400.70	8.16	15.84	200.00	17.98	2,693.15	12,296.64	461.64	(42.48)	609.91	23,661.54	
Purpose of Significant Reserves:													
Securities Premium													
Securities premium is used to record the premium on issue of shares, which is to be utilised in accordance with the provisions of the Act													
Capital Redemption Reserve													
Represent reserve created during redemption of Preference Shares and it is a non-distributable reserve, which is to be utilised in accordance with provision of the Act.													
Statutory Reserve													
Statutory Reserve is created by allocating 10% of the net profit of the subsidiary - Zodiac Clothing Company (U.A.E.) LLC as required by Article 103 of the UAE Commercial Companies Law No. 2 of 2015 concerning commercial companies in the UAE. The subsidiary discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law													
FVOCL - Equity Instruments													
The Group has elected to recognise changes in the fair value of investments in certain equity securities as other comprehensive income. These changes are accumulated within the FVOCL equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are sold.													
Cash Flow Hedging Reserve													
The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss													
Foreign Currency Translation Reserve													
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve with equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.													

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

21 Non-current borrowings

	As at March 31, 2020	As at March 31, 2019
Secured		
Term loan from banks	80.42	293.17
Unsecured		
Loan from Directors (Refer Note 45)	1,686.75	-
Total Non-current borrowings	1,767.17	293.17
Less: Current maturities of long term debt (included in Note 24)	(79.67)	(207.43)
Less: Interest accrued but not due on borrowings (included in Note 24)	(15.88)	(2.68)
Total Non-current borrowings (as per Balance Sheet)	1,671.62	83.06

Refer Note 47 for liquidity risk

Notes:

(a) Nature of Security and terms of repayment for Long Term secured borrowings from a bank:

- (i) Secured by way of hypothecation of respective plant and equipment purchased out of the proceeds of the loan.
- (ii) The loan carries an interest rate ranging from 7.25% to 10.75% p.a (March 31, 2019: 7.75% to 10.75% p.a.)
- (iii) The loan is repayable in 15 equal quarterly instalments starting from the 18th month from their respective drawdown dates.

(b) Details of terms of repayment for unsecured loans from directors:

- (i) The loan is repayable on April 30, 2021.
- (ii) The loan carried an interest rate of 8% p.a.

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.

22 Current Borrowings

	As at March 31, 2020	As at March 31, 2019
From banks (Working Capital Loans):		
Secured		
In Foreign Currency		
- Foreign Currency Non Resident Bank Loan (FCNR) *	-	1,539.46
- Bank Overdraft **	-	329.32
In Indian Rupees		
- Rupee Packing Credit (RPC) *	4,309.82	4,230.61
Total Current borrowings	4,309.82	6,099.39
Less: Interest accrued but not due on borrowings (included in Note 24)	(11.20)	(22.70)
Total Current borrowings (as per Balance Sheet)	4,298.62	6,076.69

Nature of Security and terms of repayment:

* Current borrowings are secured against hypothecation of all current assets of the Company.

** Bank overdraft, secured against fixed deposits was repaid on April 03, 2019. (Refer Note 15)

FCNR is repaid in FY 2019-20 at various dates. Rate of interest LIBOR + 3.00% p.a. on date of repayment (March 31, 2019 LIBOR + 2.40% p.a.)

RPC is repayable within 180 days. Rate of interest 6.25% p.a. to 6.30% p.a. (March 31, 2019 6.00% p.a. to 6.25% p.a.)

Refer Note 47 for liquidity risk

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.

Net debt reconciliation	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	1,925.77	1,178.06
Current Borrowings	(4,309.82)	(6,099.39)
Non Current Borrowings	(1,767.17)	(293.17)
Lease liabilities	(8,153.23)	-
Net debt	(12,304.45)	(5,214.50)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

	Cash and Cash equivalents	Lease Liabilities	Non current borrowings (Including current maturities of long term debt and interest accrued)	Current borrowings (Including interest accrued)	Total
Net Debt as at April 01, 2018	1,230.49	-	(924.83)	(5,773.48)	(5,467.82)
Cash flows	(52.43)	-	632.23	(220.57)	359.23
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	-	(93.58)	(93.58)
Interest expense on borrowings	-	-	(92.72)	(257.01)	(349.73)
Interest paid on borrowings	-	-	92.15	245.25	337.40
Net Debt as at March 31, 2019	1,178.06	-	(293.17)	(6,099.39)	(5,214.50)
Recognised on adoption of Ind AS 116 (Refer Note 49)	-	(12,312.50)	-	-	(12,312.50)
Cash flows	747.71	2,213.03	(1,460.80)	1,778.07	3,278.01
Acquisitions - Leases	-	(859.32)	-	-	(859.32)
Termination - Leases	-	2,805.56	-	-	2,805.56
Interest expense	-	(939.57)	(47.77)	(318.70)	(1,306.04)
Interest paid	-	939.57	34.57	330.20	1,304.34
Net Debt as at March 31, 2020	1,925.77	(8,153.23)	(1,767.17)	(4,309.82)	(12,304.45)

23 Trade payables

	As at March 31, 2020	As at March 31, 2019
Trade payables [Refer Note below]		
- total outstanding dues of micro and small enterprises	37.94	71.77
- total outstanding dues of creditors other than micro and small enterprises	404.67	333.20
- Payable to related parties [Refer Note 45]	1,812.82	1,798.04
- others		
Total	2,255.43	2,203.01

Refer Note 47 for information about liquidity risk and market risk of trade payables.

Notes:

The Company has certain dues to suppliers under Micro, small and Medium enterprises Development Act, 2006 (“MSMED Act”). The disclosure pursuant to the said MSMED Act are as follows:

	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	33.50	52.06
Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.44	17.42
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	21.48	129.89
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	19.71	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	2.29
Interest accrued and remaining unpaid at the end of each accounting year	4.44	19.71
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

24 Other current financial liabilities

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt (Refer Note 21)	79.67	207.43
Interest accrued but not due on borrowings	27.08	25.38
Unclaimed dividends [Refer Note below]	11.83	15.06
Derivative financial instruments	135.21	128.39
Security deposits received	263.21	238.84
Capital Creditors	149.67	197.30
Other payables	3.52	3.36
Total	670.19	815.76

Notes:

There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

25 Provisions

Non-current Provisions	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 41)		
- Staff end of service gratuity	0.66	2.92
Total	0.66	2.92
Current Provisions	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 41)		
- Compensated absences (Refer Note 41)	122.15	118.07
- Gratuity	13.55	-
- Staff end of service gratuity	4.54	0.82
- Others	0.25	0.54
Total	140.49	119.43

26 Other Current liabilities

	As at March 31, 2020	As at March 31, 2019
Contract Liabilities - Advance from customers	70.57	0.66
Statutory dues payable	160.95	148.80
Employee benefits payable	632.28	890.86
Refund liabilities	62.00	128.23
Other payables	5.92	30.12
Total	931.72	1,198.67

27 Revenue from Operations

	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue from contracts with customers		
- Sale of Products	18,475.77	20,652.80
- Sale of Services	119.16	146.61
Other operating revenue		
- Export Incentives	479.35	770.49
- Process waste sale	8.14	12.65
Total	19,082.42	21,582.55

There are no unsatisfied performance obligations resulting from Revenue from Contracts with Customers as at March 31, 2020 and March 31, 2019.

Reconciliation of revenue recognised with contract price:	Year Ended March 31, 2020	Year Ended March 31, 2019
Contract price	18,921.16	21,132.00
Adjustments for:		
Discounts and Rebates	(238.10)	(176.91)
Sales returns	(88.13)	(155.68)
Revenue from contract with customers	18,594.93	20,799.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

28 Other income

	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest income on financial instrument carried at amortised cost	118.33	59.39
Dividend Income on financial assets measured at fair value through profit or loss	53.57	15.08
Dividend Income on financial assets measured at fair value through Other Comprehensive Income	3.67	4.07
Rent income	386.13	369.33
Net gain on financial assets measured at fair value through profit or loss *	218.57	79.62
Net gain / (loss) on foreign currency transactions and translation	91.62	8.37
Gain on remeasurement of lease contracts	172.84	-
Miscellaneous income	169.06	127.17
Total	1,213.79	663.03

* Includes unrealised fair value gain / (loss) of ₹ 102.68 Lakhs, (₹ 196.79 Lakhs) for year ended March 31, 2019

29 Cost of materials consumed

	Year Ended March 31, 2020	Year Ended March 31, 2019
Raw and packing materials at the beginning of the year	2,638.58	2,572.79
Purchases	6,528.71	7,753.16
Less: Sale of Raw and packing materials	(25.76)	(22.66)
Less: Raw and packing materials at the end of the year	(2,227.40)	(2,638.58)
Raw materials consumed	6,914.13	7,664.71

30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year Ended March 31, 2020	Year Ended March 31, 2019
Opening inventories		
Finished goods	4,838.61	3,940.64
Stock-in-trade	818.06	927.92
Work-in-progress	347.47	454.66
	6,004.14	5,323.22
Closing inventories		
Finished goods	5,517.19	4,838.61
Stock-in-trade	708.33	818.06
Work-in-progress	240.67	347.47
	6,466.19	6,004.14
Others	8.64	-
Total	(453.41)	(680.92)

31 Employee benefits expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries, wages, bonus etc.	4,851.36	5,167.97
Contribution to provident and other funds (Refer Note 41)	420.01	440.75
Gratuity Expenses (Refer Note 41)	66.25	70.43
Staff welfare expenses	87.36	84.16
Total	5,424.98	5,763.31

32 Finance costs

	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest expense on:		
- Term Loans	47.77	92.72
- Current Borrowings	318.70	257.01
- Lease Payments	939.57	-
- Others	33.71	26.39
Exchange differences regarded as an adjustment to borrowing costs	45.90	57.61
Total	1,385.65	433.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

33 Depreciation and amortization expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Depreciation on property, plant and equipment	1,041.78	983.46
Depreciation on Right to use of lease assets	2,413.04	-
Depreciation on investment property	15.44	15.83
Amortization on intangible assets	75.56	71.57
Total	3,545.82	1,070.86

34 Other expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019
Consumption of stores and spares	180.32	169.35
Power and fuel	252.80	272.25
Electricity Expenses	345.92	345.54
Job Work Charges	210.15	344.54
Insurance	118.45	91.90
Repairs to buildings	51.56	63.69
Repairs to machinery	10.93	25.30
Repairs and Maintenance Others	275.77	274.50
Rent	353.91	3,379.29
Retail store maintenance expenses	644.31	611.98
Rates and Taxes	108.87	100.66
Advertisement and sales promotion	888.39	1,488.28
Commission to selling agents	523.36	642.45
Freight and forwarding	644.92	633.25
Legal and Professional Expenses	321.61	298.90
Travelling and Conveyance	349.98	363.16
Director Fees	18.40	27.16
Donations	18.09	23.14
Expenditure incurred for Corporate Social Responsibility	46.50	30.00
Allowance for doubtful debts, loans and deposits (net)	13.47	(51.68)
Bad debts, loans and deposits written off	84.86	59.83
Less: Allowances there against	(13.47)	(56.32)
Net Loss on sale/discard of property, plant and equipment	36.80	80.79
Bank Charges	155.00	154.38
Security Charges	126.91	115.73
Trade Mark Fees	92.80	108.02
Miscellaneous Expenses	246.25	136.15
Total	6,106.86	9,732.24

35 Exceptional Item

	Year Ended March 31, 2020	Year Ended March 31, 2019
Impairment Loss on Non-current Investments (Refer Note Below)	-	305.62
Total	-	305.62

Note: During the previous year ended March 31, 2019, there had been default of interest receivable on non-convertible debentures of I L & F S Transportation Networks Limited. The Group had accordingly considered it prudent to fully impair these investments and had recorded a loss of ₹ 305.62 Lakhs, which has been disclosed as 'Exceptional item' in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

36 Income Taxes

i) Tax expense recognised in the Statement of Profit and Loss:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Current tax		
Expense for the year	110.80	109.41
Total current tax (A)	110.80	109.41
Deferred tax		
Deferred tax credit	(243.75)	(168.79)
Total deferred tax credit (B)	(243.75)	(168.79)
Total tax expense for the year (C) = (A + B)	(132.95)	(59.38)
Tax in respect of earlier years (D)	24.98	234.54
Total tax expense/(credit) (C + D)	(107.97)	175.16

ii) A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the loss before income taxes is summarized below:

	As at March 31, 2020	As at March 31, 2019
Loss before tax	(3004.51)	(2504.11)
Enacted income tax rate in India	27.82%	27.82%
Tax expenses at enacted income tax rate	(835.85)	(696.64)
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	21.34	46.21
Impairment Loss on Non-current Investments	-	85.02
Income exempted from Income taxes	(15.92)	(5.33)
Additional deduction for House Property Income under Income Tax	(30.18)	(27.62)
Additional Income under Income Tax (Dividend from subsidiaries)	110.00	107.00
Differential tax rate in respect of income from capital gains	(2.22)	(14.75)
Differential due to indexation on Investment Properties	(34.54)	(15.09)
Deferred tax assets not recognised on business losses	571.04	256.55
Foreign Entities with no tax / differential tax	4.22	26.00
Differential Deferred tax on undistributed profits	93.86	107.01
Others	(14.70)	74.67
Total Tax Expenses	(132.95)	(59.38)

iii)	Non - Current tax assets (net)	Taxes paid (A)		Provision made (B)		Tax assets (net) (A - B)	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Opening Balances	6888.49	6773.92	5539.44	5432.44	1349.05	1341.48
	Provision made during the year	-	-	110.80	109.41	(110.80)	(109.41)
	Tax Paid during the year	110.79	132.57	(0.80)	(2.41)	111.59	134.98
	Tax in respect of earlier years	(24.98)	(18.00)	-	-	(24.98)	(18.00)
	Closing Balances	6,974.30	6,888.49	5,649.44	5,539.44	1,324.86	1,349.05

iv) The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2020:

	As at April 01, 2018	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Com- prehesive Income	As at March 31, 2019	Credit in Retained Earnings	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Com- prehesive Income	As at March 31, 2020
Deferred tax assets/(liabilities)								
Provision for employee benefits	44.75	(12.06)	-	32.69	-	0.93	-	33.62
Provision for doubtful debts and advances	155.35	(30.05)	-	125.30	-	-	-	125.30
Unabsorbed Depreciation	1,047.83	245.48	-	1,293.31	-	273.31	-	1,566.62
Depreciation	(450.29)	(164.14)	-	(614.43)	-	76.72	-	(537.71)
Lease Liabilities and Right-of-use assets	-	-	-	-	384.13	(100.85)	-	283.28
Undistributed reserves of subsidiaries	(452.22)	(107.01)	-	(559.23)	-	(93.86)	-	(653.09)
Others	(28.34)	8.64	(9.25)	(28.95)	16.09	87.50	25.91	100.55
Total	317.08	(59.14)	(9.25)	248.69	400.22	243.75	25.91	918.57

Significant Estimates: Based on the future business plans and the underlying assumptions such as fair value of immovable properties, as also assessed by an external professional valuer, the Group has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the Group has recognized deferred tax asset on aforesaid unabsorbed depreciation. However, deferred tax on carried forward unabsorbed business losses as detailed below has not been considered for recognition of deferred tax asset.

Assessment Year (A.Y.)	As at March 31, 2020	Loss Carried forward for upto A.Y.
2016 - 17	79.78	2024 - 25
2017 - 18	1,064.52	2025 - 26
2018 - 19	1,890.73	2026 - 27
2019 - 20	515.46	2027 - 28
2020 - 21	2,052.63	2028 - 29
Total	5,603.12	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

37 Assets pledged as securities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at March 31, 2020	As at March 31, 2019
Floating Charge		
Current Assets		
Financial Assets		
- Investments	164.65	1,084.35
- Trade receivables *	1,282.41	1,935.57
- Cash and cash equivalents	546.31	417.04
- Bank Balances other than cash and cash equivalents	48.87	736.50
- Loans	901.29	104.09
- Others financial assets	5.67	147.78
	2,949.20	4,425.33
Non Financial Assets		
- Inventories	8,821.91	8,684.30
- Other current assets	2,509.70	2,323.51
	11,331.61	11,007.81
Total Current assets	14,280.81	15,433.14
Fixed Charge		
Non Current Assets		
- Plant and Equipments	734.22	775.92
Total non-current assets	734.22	775.92
Total assets	15,015.03	16,209.06

* Trade Receivables represent receivables excluding group entity trade receivables.

38 Contingent liabilities, Contingent assets and commitments (to the extent not provided for)

	As at March 31, 2020	As at March 31, 2019
i Contingent Liabilities		
Claims against the Group not acknowledged as debts in respect of:		
Income Tax matters	1,352.10	1,262.47
Sales Tax matters	192.57	271.64
Others matters	1.29	1.29

The amounts shown in respect of above items represent the best possible estimates arrived at on the basis of available information. The uncertainties are dependent upon the outcome of the different legal processes. The timing of future cash flows will be determinable only on receipt of judgements/decision pending with various forums/authorities. The Group does not expect any reimbursements in respect of above contingent liabilities.

Significant Estimates: The group has litigations in respect of certain Income tax matters. The management does assessment of all outstanding matters and wherever required further obtains legal advice including those relating to interpretation of law. Based on such assessment, it concludes whether a provision should be recognised or a disclosure should be made.

	As at March 31, 2020	As at March 31, 2019
ii Commitments		
a Capital Commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment	71.13	172.48
Less: Capital advances (Refer Note 10)	(21.19)	(28.12)
Net Capital commitments	49.94	144.36
b Investment Commitments related to Venture Capital funds		
Investment Commitments related to Venture Capital funds	416.83	1,049.70
Investment commitment: contribution is to be made on “as needed” basis pursuant to drawdown notices issued by the respective funds over commitment period.		
Mirage Marketing Company LLP (MMLP) vide Deed of Adherence (DOA) dated December 18, 2019 and February 04, 2020 executed in favour of Faering Capital India Evolving Fund II and the Company, has acquired Investment Commitment of class A units of Faering Capital India Evolving Fund amounting to ₹ 450.00 Lakhs from the Company and pursuant to which the Company is no longer committed for investment commitment to the extent of ₹ 450 lakhs.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

39 Lease

Premises taken on operating lease:

	As at March 31, 2019
The Group has significant operating leases for premises. These lease arrangements range for a period between 3 years and 12 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.	
With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:	
For a period not later than one year	149.60
For a period later than one year and not later than five years	152.11
For a period later than five years	-

Total operating lease expenses (including lease rentals) debited to Statement of Profit and Loss is ₹ 3,379.29 lakhs (Year ended March 31, 2018: ₹ 3,435.98 lakhs).

Refer Note 5 for disclosure related to premises given on operating lease.

From April 01, 2019, the group has recognised right-of-use assets for these leases, except for short-term leases and leases involving variable lease payments, Refer Note 4(c) and Note 49 for further information.

40 Earnings per share

Basic & Diluted	Year ended March 31, 2020		Year ended March 31, 2019	
	(A)	(B)	(A / B)	(A / B)
Loss for the year	(A)	(2,896.54)	(2,679.27)	(2,679.27)
Weighted average number of equity shares outstanding	(B)	22,112,409	20,497,232	20,497,232
Basic and Diluted Earnings Per Share (₹)	(A / B)	(13.10)	(13.07)	(13.07)
Nominal value per equity shares (in ₹)		10	10	10

41 Post retirement benefit plans

I. Defined Benefit Plan - Gratuity:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service, subject to a ceiling of ₹ 20 Lakhs (Previous Year ₹ 20 Lakhs). The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India.

As per Actuarial Valuation as on March 31, 2020 and March 31, 2019, amounts recognised in the financial statements in respect of Employee Benefits Scheme:

A. Amount recognised in the Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	1,129.11	1,004.79
Fair value of plan assets	(1,115.56)	(1,116.25)
Net plan liability/(Net plan surplus)	13.55	(111.46)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

B. Movement in plan assets and liabilities

	Year ended March 31, 2020			Year ended March 31, 2019		Net
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	
As at April 01	1,116.25	1,004.79	111.46	1,142.61	885.77	256.84
Current service cost	-	74.71	(74.71)	-	90.62	(90.62)
Interest cost	-	76.26	(76.26)	-	69.62	(69.62)
Interest income	84.72	-	84.72	89.81	-	89.81
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(7.96)	7.96	-	71.99	(71.99)
Actuarial (gain)/loss arising from changes in financial assumptions	-	113.29	(113.29)	-	(15.70)	15.70
Actuarial (gain)/loss arising from experience adjustments		(34.80)	34.80	-	28.37	(28.37)
Return on plan assets excluding actual return of plan assets	(5.82)	-	(5.82)	(10.33)	-	(10.33)
Employer contributions	17.59	-	17.59	20.04	-	20.04
Benefit payments	(97.18)	(97.18)	-	(125.88)	(125.88)	-
As at March 31	1,115.56	1,129.11	(13.55)	1,116.25	1,004.79	111.46

The liabilities are split between different categories of plan participants as follows:

	As at March 31, 2020	As at March 31, 2019
Active members	1,805	1,970
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	9 years	8 years
Expected contribution to the Fund	103.12	-

C. Statement of Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefits Expense:		
Current service cost	74.71	90.62
Net Interest expense/(income)	(8.46)	(20.19)
Amount recognised in Statement of Profit and Loss	66.25	70.43
Remeasurements of the net defined benefits liability:		
Actuarial (gain)/losses arising from changes in demographic assumptions	(7.96)	71.99
Actuarial (gains)/losses arising from changes in financial assumptions	113.29	(15.70)
Experience (gains)/losses	(34.80)	28.37
Return on plan assets excluding actual return on plan assets	5.82	10.33
Amount recognised in Other Comprehensive Income	76.35	94.99

D. Assets

	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Insurer managed Fund	1,115.56	1,116.25
Total	1,115.56	1,116.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

E. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Financial Assumptions	As at March 31, 2020		As at March 31, 2019	
	Discount rate	6.04%	7.59%	
Salary Escalation Rate*		5.00%	5.00%	
Expected Return on Plan Assets		6.04%	7.59%	
Attrition Rate	For service period 5 years and below 11.00% p.a.		For service period 5 years and below 11.00% p.a.	
	For service period of 5 years and above 1.00% p.a.		For service period of 5 years and above 1.00% p.a.	

* Taking into account inflation, seniority, promotion and other relevant factors.

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table Mortality in Retirement

F. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

	Change in assumption	As at March 31, 2020		As at March 31, 2019	
		Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability
Discount rate	1%	(75.73)	86.94	(53.56)	61.12
Salary Escalation Rate	1%	84.35	(74.95)	61.80	(55.18)
Attrition Rate	1%	5.58	(6.44)	10.72	(12.22)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. The defined benefit obligations shall mature after the end of reporting period is as follows:

		As at March 31, 2020		As at March 31, 2019	
		114.19	224.73	91.65	78.71
1st Following Year		102.79	96.88	102.79	96.88
2nd Following Year		95.42	93.50	95.42	93.50
3rd Following Year		118.77	88.72	118.77	88.72
4th Following Year		489.88	405.92	489.88	405.92
5th Following Year		923.68	836.10	923.68	836.10
Sum of Years 6 to 10					
Thereafter					

H. Risk Exposure - Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk derivatives to minimize risk to an acceptable level.

II. Compensated absences

The compensated absences obligations cover the Group's liability for leave which is actuarially valued at each year end by applying the assumptions referred in 'E' above.

The amount of the provision of ₹ 122.15 lakhs (as at March 31, 2019: ₹ 118.07 lakhs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

III. Details of Defined Contribution Plan

The Group also has certain defined contribution plans. Contributions are made to provident and other funds in India for employees as per regulations. The contributions are made to registered provident fund, ESIC, etc. which are administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan are ₹ 420.01 lakhs (Previous year ₹ 440.75 lakhs) in the Statement of Profit and Loss.

42 Interest in Other entities

The Consolidated Financial Statements present the Consolidated Accounts of Zodiac Clothing Company Limited with its following Subsidiary and step down subsidiaries:

Name of the Subsidiary and sub-subsidiaries:	Country of Incorporation	Proportion of Ownership of Interest	
		As at March 31, 2020	As at March 31, 2019
a) Zodiac Clothing Co. S.A.	Switzerland	100%	100%
b) Zodiac Clothing Co. (UAE) LLC.	UAE	**	100%
c) Zodiac Clothing Bangladesh Limited	Bangladesh	#	100%

** 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.

Step down subsidiary incorporated on November 22, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

43 For Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of the Entities		2018-19			
		Net Assets i.e. total assets minus total liabilities	Share in profit /loss)	Comprehensive Income	Share in total Comprehensive Income
As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
Parent:					
- Indian					
Zodiac Clothing Company Limited	87.29%	26,532.00	68.85%	(1,844.64)	2056.14%
Zodiac Clothing Company Limited	87.29%	26,532.00	68.85%	(1,844.64)	2056.14%
Subsidiary and sub-subsidiaries:					
- Foreign					
Zodiac Clothing Co. S.A.	2.84%	863.03	-24.65%	660.37	-24.49%
Zodiac Clothing Co. (UAE) LLC.	12.20%	3,707.08	-0.39%	10.39%	-0.39%
Zodiac Clothing Bangladesh Limited	0.01%	4.42	0.28%	(7.43)	0.28%
Intercompany Elimination & Consolidation Adjustments					
Total		(710.86)		(1,497.96)	
Non Controlling Interest in subsidiaries		30,395.67		(2,679.27)	
Grand Total		30,395.67		(2,679.27)	
					(1,497.96)
					(2,696.14)
					(2,696.14)

Name of the Entities		2019-20			
		Net Assets i.e. total assets minus total liabilities	Share in profit /loss)	Comprehensive Income	Share in total Comprehensive Income
As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
Parent:					
- Indian					
Parent:					
Zodiac Clothing Co. S.A.	86.84%	22,499.61	73.63%	(2,132.79)	137.02%
Zodiac Clothing Co. S.A.	86.84%	22,499.61	73.63%	(2,132.79)	137.02%
Subsidiary and sub-subsidiaries:					
- Foreign					
Zodiac Clothing Co. S.A.	3.28%	848.63	-20.62%	597.25	0.00%
Zodiac Clothing Co. (UAE) LLC.	12.98%	3,363.91	0.25%	(7.22)	-2.96%
Zodiac Clothing Bangladesh Limited	0.67%	172.47	0.09%	(2.75)	0.00%
Intercompany Elimination & Consolidation Adjustments					
Total		(975.31)		(1,351.03)	
Non Controlling Interest in subsidiaries		25,909.31		(2,896.54)	
Grand Total		25,909.31		(2,896.54)	
					(1,351.03)
					(1,066.01)
					(3,733.35)
					(3,733.35)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

44 Segment Information: Business Segment

Identification of Segments:

The chief operational decision maker (Managing Director) monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

(i) The Group's business operations falls within a single primary business segment of 'Garment'. Accordingly, the Group operation is a single segment in terms of its products.

(ii) Entity wide disclosure - Information in respect of geographical segment:

Particulars	India		Rest of the world		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Segment Revenue *	9,311.25	10,879.48	9,771.17	10,703.07	19,082.42	21,582.55
Carrying cost of segment Non Current assets**@	20,851.00	14,872.03	315.05	209.05	21,166.05	15,081.08

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and deferred tax asset.

Note:-

Considering the nature of business in which it operates, the group deals with various customers including multiple geographies. Consequently, none of the customer contribute materially to the revenue of the Company.

45 Related Party Disclosures under IND AS 24

1. Relationships:

(a) Key Management Personnel:

Mr. M. Y. Noorani \$	Non Executive Director (till November 20, 2019)
Mr. A. Y. Noorani	Non Executive Director
Mr. S. Y. Noorani	Managing Director
Mr. M. L. Apte	Independent Director (till August 11, 2019)
Mr. V. M. Apte	Independent Director (w.e.f. August 13, 2019)
Mr. Y. P. Trivedi	Independent Director
Mr. S. R. Iyer	Independent Director
Mr. Bernhard Steinruecke	Independent Director
Ms. Elizabeth Jane Hulse	Independent Director
Mr. Naushad Forbes	Independent Director

(b) Relatives of key management personnel with whom the transactions have taken place:

Mr. Awais A. Noorani	Son of Mr. A. Y. Noorani
Mr. Musaed A. Noorani	Son of Mr. A. Y. Noorani
Mrs. Muna A. Noorani	Wife of Mr. A. Y. Noorani
Mrs. Zehra S. Noorani	Wife of Mr. S. Y. Noorani
Mrs. Saniyya A. Noorani	Daughter of Mr. A. Y. Noorani

(c) Enterprises in which key management personnel and / or their relatives are able to exercise significant influence and with whom transactions have taken place:

Zodiac Metropolitan Clothing Gmbh	Germany
Metropolitan Trading Company	India
Montage Corporation	India
Munraz Enterprises	India
Mustang Manufacturing Company	India
Mashal Enterprises	India
Onward LLC	UAE
Miraj Marketing Company LLP	India
Zodiac UAE LLC	UAE
Asia Tangible Investments Pte Ltd.	Singapore
Euro Global Holdings Pte. Ltd	Singapore
Forbes Marshal Private Limited	India

(d) Trust

Zodiac Clothing Co. Ltd. EMPL GGCA Scheme

\$ Mr. M. Y. Noorani deceased on November 20, 2019 and the process of obtaining a probate of his will is in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

45 Related Party Disclosures under IND AS 24 (Contd....)

2. Transactions carried out with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers	-	-	-	-	-	-	-	-
Sale of Goods	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-
Purchase of Goods and Materials	-	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-
Employees benefit expenses*	29.43	60.00	50.90	-	50.09	-	-	-
Interest Expense	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-
Rent	43.20	43.20	-	-	-	-	247.02	247.17
Commission to selling agents	-	-	-	-	-	-	354.80	434.35
Director Fees	18.40	27.16	-	-	-	-	-	-
Trade Mark Fees	-	-	-	-	-	-	92.80	108.02
Purchase of Stores and spares	-	-	-	-	-	-	-	-
Repairs to machinery	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Reimbursement of Expenses from Reimbursement of Expenses to	-	-	-	-	-	-	-	-
Gratuity Fund contribution	1,671.62	1,742.00	-	-	-	-	-	-
Loan Received	-	2,157.00	-	-	-	-	-	-
Loan Repaid	-	4,500.00	-	-	-	-	-	-
Share Application Money Received	-	-	-	-	-	-	-	-
Dividend Paid	79.45	56.84	0.01	0.01	0.01	63.10	63.10	-

* This aforesaid amount does not include amount in respect of gratuity and compensated absences as the same is not determinable on individual basis and hence considered for disclosure on payment basis.

3. Balances with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstandings:								
Non-current borrowings	1,671.62	3.68	3.58	-	400.99	-	329.74	-
Trade Payables	178.19	-	178.19	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-
Employee benefits payable	-	-	-	-	-	-	-	-
Contract Liabilities - Advance from customers	-	-	-	-	-	-	-	-
Other Current Financial Liabilities	-	-	-	-	-	-	-	-
Interest accrued but not due	-	-	-	-	-	-	-	-
Loans (Security Deposit given)	15.13	9.45	22.50	-	177.50	-	177.50	-
Loans to related parties	-	-	-	-	1,320.20	1,005.08	34.30	-
Due from related party	-	-	-	-	315.87	-	74.85	-
Trade Receivables	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

45 Related Party Disclosures under IND AS 24 (Contd....)

4	Disclosure in respect of material transactions with related parties during the year (included in 2 above)	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers:			
- Zodiac Metropolitan Clothing Gmbh	2,152.85	2,052.65	
Other Income:			
Rent			
- Metropolitan Trading Company	9.00	9.00	
Purchase of Goods and Materials:			
- Zodiac Metropolitan Clothing Gmbh	-	11.79	
Expenses:			
Employees benefit expenses			
- Mr. S. Y. Noorani	-	60.00	
- Mr. Awais A. Noorani	50.09	50.09	
Interest expense			
- Mr. M. Y. Noorani	3.22	16.98	
- Mr. A. Y. Noorani	15.32	17.02	
- Mr. S. Y. Noorani	10.89	16.90	
Rent			
- Metropolitan Trading Company	218.58	218.58	
Commission to selling agents			
- Zodiac Metropolitan Clothing Gmbh	354.80	434.35	
Director Fees (including service tax)			
- Mr. M. L. Apte	-	7.10	
- Mr. V. M. Apte	4.20	-	
- Mr. Y. P. Trivedi	5.90	7.90	
- Mr. S. R. Iyer	6.30	7.90	
Trade Mark Fees			
- Metropolitan Trading Company	92.80	108.02	
Purchase of Stores and spares			
- Forbes Marshal Private Limited	-	14.50	
Repairs to machinery			
- Forbes Marshal Private Limited	-	0.40	
Miscellaneous Expenses			
- Zodiac UAE Ajman LLC	0.39	-	
Others			
Reimbursement of Expenses from			
- Mashal Enterprises	5.99	7.09	
- Mrs. Muna A. Noorani	-	34.30	
Reimbursement of Expenses to			
- Metropolitan Trading Company	2.58	1.00	
- Munraz Enterprises	4.73	4.43	
Paid to Trust			
- Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	17.59	20.04	
Loan Received			
- Mr. M. Y. Noorani	100.00	574.00	
- Mr. A. Y. Noorani	908.09	559.00	
- Mr. S. Y. Noorani	663.53	609.00	
Loan Repaid			
- Mr. M. Y. Noorani	-	709.00	
- Mr. A. Y. Noorani	-	739.00	
- Mr. S. Y. Noorani	-	709.00	
Share Application Money Received			
- Mr. M. Y. Noorani	166.66	1,500.00	
- Mr. A. Y. Noorani	166.67	1,500.00	
- Mr. S. Y. Noorani	166.67	1,500.00	
Dividend Paid			
- Asia Tangible Investments Pte. Ltd.	31.55	31.55	
- Euro Global Holding Pte. Ltd.	31.55	31.55	
- Mr. M. Y. Noorani	48.40	41.56	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

45 Related Party Disclosures under IND AS 24 (Contd....)

5.	Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above) Outstandings:	As at March 31, 2020		As at March 31, 2019	
		Non-current borrowings	Trade Payables	Other Current Liabilities - Employee benefits payable	Other Current Financial Liabilities - Interest accrued but not due
	- Mr. M. Y. Noorani	100.00			-
	- Mr. A. Y. Noorani	908.09			-
	- Mr. S. Y. Noorani	663.53			-
	Trade Payables				
	- Zodiac Metropolitan Clothing GmbH	378.28		312.30	
	- Metropolitan Trading Company	16.81		14.26	
	- Mr. M. Y. Noorani - Payable for Rent	0.40		0.57	
	- Mr. A. Y. Noorani - Payable for Rent	1.64		1.38	
	- Mr. S. Y. Noorani - Payable for Rent	1.64		1.64	
	Other Current Liabilities - Employee benefits payable				
	- Mr. S. Y. Noorani - Remuneration	178.19		178.19	
	Other Current Financial Liabilities - Interest accrued but not due				
	- Mr. M. Y. Noorani	0.90		-	
	- Mr. A. Y. Noorani	8.49		-	
	- Mr. S. Y. Noorani	5.74		-	
	Security Deposit				
	- Metropolitan Trading Company	165.00		165.00	
	- Munraz Enterprises	10.00		10.00	
	- Mustang Manufacturing company	2.50		2.50	
	- Mr. M. Y. Noorani	9.45		3.60	
	- Mr. A. Y. Noorani	-		9.45	
	- Mr. S. Y. Noorani	-		9.45	
	Loans to related parties				
	- Onward LLC	501.87		432.08	
	- Zodiac Metropolitan Clothing GmbH	818.33		570.28	
	Due from related party				
	- Mrs. Muna A. Noorani	-		34.30	
	Trade Receivables				
	- Zodiac Metropolitan Clothing GmbH	315.87		73.57	
	Contract Liabilities - Advance from customers				
	- Mashal Enterprises	10.07		-	

Terms and Conditions:

Transactions are made in ordinary course of business and on normal terms and conditions.

Outstanding balances are unsecured and repayable in cash.

46 Fair Value Measurement:

(i) Financial Instrument by category and hierarchy.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The interest rate on term deposits and non convertible debentures is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The interest rate on borrowing is at the prevailing market rates. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Financial Assets and Liabilities as at March 31, 2020	Non Current	Current	Total	Fair Value through Profit and Loss			Fair Value through OCI			Carried at amortised cost	Total Amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	
Financial Assets											
Investments											
- Equity instruments	641.78	-	641.78	-	-	-	-	641.78	-	-	641.78
- Non convertible debentures	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	164.65	164.65	164.65	-	-	164.65	-	-	-	-	164.65
- Venture capital fund	2,021.39	-	2,021.39	-	-	2,021.39	-	-	-	-	2,021.39
2,663.17	164.65	2,827.82	164.65	-	2,021.39	2,186.04	641.78	-	641.78	-	2,827.82
Other Assets											
- Loans to Employees	-	57.88	57.88	-	-	-	-	-	-	-	57.88
- Security Deposits	955.10	857.97	1,813.07	-	-	-	-	-	-	-	1,813.07
- Derivative financial instruments	-	25.38	25.38	0.62	-	-	24.76	-	24.76	-	25.38
- Loans to related parties	-	1,320.19	1,320.19	-	-	-	-	-	-	-	1,320.19
- Other Financial Assets	1.00	576.05	577.05	-	-	-	-	-	-	-	577.05
- Trade receivable	-	1,750.57	1,750.57	-	-	-	-	-	-	-	1,750.57
- Cash and Cash equivalents	-	1,925.77	1,925.77	-	-	-	-	-	-	-	1,925.77
- Bank Balances other than cash and cash equivalents	-	277.23	277.23	-	-	-	-	-	-	-	277.23
956.10	6,791.04	7,747.14	-	0.62	-	0.62	-	24.76	-	24.76	7,721.76
Financial Liabilities											
Borrowings											
- Derivative financial instruments	1,671.62	4,298.62	5,970.24	-	-	-	-	-	-	-	5,970.24
- Other Financial Liabilities	-	135.21	135.21	42.06	-	93.15	-	93.15	-	-	135.21
- Trade Payables	-	534.98	534.98	-	-	-	-	-	-	-	534.98
1,671.62	7,224.24	8,895.86	-	42.06	-	93.15	-	93.15	-	2,255.43	2,255.43
											8,895.86

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Financial Assets and Liabilities as at March 31, 2019	Non Current	Current	Total	Fair Value through Profit and Loss			Fair Value through OCI			Carried at amortised cost	Total Amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	
Financial Assets											
Investments											
- Equity instruments	2,448.87	-	2,448.87	-	-	-	-	-	-	-	2,448.87
- Non convertible debentures	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	1,084.35	1,084.35	1,084.35	-	-	-	1,084.35	-	-	-	1,084.35
- Venture capital fund	1,845.69	-	1,845.69	-	-	1,845.69	1,845.69	-	-	-	1,845.69
Other Assets	4,294.56	1,084.35	5,378.91	1,084.35	-	1,845.69	2,930.04	2,448.87	-	2,448.87	-
- Loans to Employees	-	40.11	40.11	-	-	-	-	-	-	-	40.11
- Security Deposits	1,592.34	78.29	1,670.63	-	-	-	-	-	-	-	1,670.63
- Derivative financial instruments	-	86.09	86.09	-	26.60	-	26.60	-	-	-	86.09
- Loans to related parties	-	1,005.08	1,005.08	-	-	-	-	-	-	-	1,005.08
- Receivable from related party	-	34.30	34.30	-	-	-	-	-	-	-	34.30
- Other Financial Assets	1.00	2,008.75	2,009.75	-	-	-	-	-	-	-	2,009.75
- Trade receivable	-	2,309.37	2,309.37	-	-	-	-	-	-	-	2,309.37
- Cash and Cash equivalents	-	1,178.06	1,178.06	-	-	-	-	-	-	-	1,178.06
- Bank Balances other than cash and cash equivalents	-	757.40	757.40	-	-	-	-	-	-	-	757.40
Financial Liabilities	1,593.34	7,497.45	9,090.79	-	26.60	-	26.60	-	59.49	-	59.49
- Borrowings	83.06	6,076.69	6,159.75	-	-	-	-	-	-	-	6,159.75
- Derivative financial instruments	-	128.39	128.39	128.39	-	128.39	-	-	-	-	128.39
- Other Financial Liabilities	-	687.37	687.37	-	-	-	-	-	-	-	687.37
- Trade Payables	-	2,203.01	2,203.01	-	-	-	-	-	-	-	2,203.01
	83.06	9,095.46	9,178.52	-	128.39	-	128.39	-	-	-	9,050.13
											9,178.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed:

	As at March 31, 2020				As at March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
- Loans to Employees	-	-	53.10	53.10	-	-	36.80	36.80
- Security Deposits	-	-	2,217.79	2,217.79	-	-	2,150.73	2,150.73
- Loans to related parties	-	-	1,257.32	1,257.32	-	-	922.09	922.09
- Receivable from related party	-	-	-	-	-	-	31.47	31.47
Total	-	-	3,528.21	3,528.21	-	-	3,141.09	3,141.09

(iii) Fair value of financial assets and liabilities measured at amortised cost:

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
- Loans to Employees	57.88	53.10	40.11	36.80
- Security Deposits	1,813.07	2,217.79	1,670.63	2,150.73
- Loans to related parties	1,320.19	1,257.32	1,005.08	922.09
- Receivable from related party	-	-	34.30	31.47
Total	3,191.14	3,528.21	2,750.12	3,141.09

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for shares and mutual funds
- the fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date
- net asset value ('NAV') / fair market value ('FMV') are determined based on audited financial statements/valuation reports provided by fund manager
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

	Venture Capital Fund*
As at April 01, 2018	1,823.51
Acquisitions	441.90
Disposal	(150.24)
Loss recognised in profit or loss	(269.48)
As at March 31, 2019	1,845.69
Acquisitions	182.87
Disposal	(179.37)
Gain recognised in profit or loss	172.20
As at March 31, 2020	2,021.39

*The Group has invested in following funds and these funds have been further invested into various companies.

1. Faering Capital India Evolving Fund
2. Paragon Partners Growth Fund - I
3. Faering Capital India Evolving Fund II
4. Tata Capital Growth Fund
5. Tata Capital Healthcare Fund

The Group has considered fair market values based on audited financial statement and/or valuation reports provided by venture capital fund.

Investment commitment in respect of venture capital funds are on "as needed" basis and will be at face value.

[Refer Note 38(ii)(b).]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

47 Financial Risk Management:

Financial risk management objectives and policies

The Group's financial risk management is an integral part of how to plan and execute its business strategies. the Group's financial risk management policy is set by the Management.

(A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, future committed transactions, foreign currency receivables, payables, borrowings etc.

The Group manages market risk through its finance department (headed by CFO), which evaluates and exercises independent control over the entire process of market risk management. The finance department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, option contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market Risk- Interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.”

Exposure to interest rate risk

Particulars	As at March 31, 2020	As at March 31, 2019
Total Borrowings	6,049.91	6,367.18
% of Borrowings out of above bearing variable rate of interest	71.05%	95.44%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2019-2020	2018-2019
50 bp increase- decrease in profits *	21.49	30.38
50 bp decrease- Increase in profits *	(21.49)	(30.38)

* Sensitivity is calculated based on the assumption that amount outstanding as at reporting dates were utilised for the whole financial year.

Market Risk- Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases in various foreign currencies. The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts and option contracts to hedge exposure to foreign currency risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Derivative instruments and unhedged foreign currency exposure

(a) Derivative outstanding as at the reporting date

Foreign currency	As at March 31, 2020		(Foreign Currency in Lakhs)	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	45.97	0.17	25.17	23.02
Forward Contracts EURO	5.27	-	3.78	-
Forward Contracts GBP	10.25	-	12.41	-
Forward Contracts CHF	0.07	-	-	-
Option Contract USD	-	-	6.03	-

Derivative financial instruments such as foreign exchange forward and option contracts are used for hedging purposes and not as trading or speculative instruments. The Group designates these hedging instruments as cash flow hedges to hedge foreign currency risk in cash flow from firm commitment (sales order/purchase orders).

(b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As at March 31, 2020		(Foreign Currency in Lakhs)	
	USD	EURO	USD	EURO
Trade payables	2.01	0.13	0.95	0.13

Particulars	As at March 31, 2020		(Foreign Currency in Lakhs)	
	CHF	CAD	CHF	CAD
Trade Receivables	0.03	-	0.02	0.51

Foreign Currency Risk Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	2019-20		2018-19	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	7.58	(7.58)	3.28	(3.28)
EURO	0.54	(0.54)	0.50	(0.50)
CHF	(0.12)	0.12	(0.07)	0.07
CAD	-	-	(1.31)	1.31
Increase / (decrease) in loss	8.00	(8.00)	2.40	(2.40)

Market Risk- Price Risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet at fair value through Other Comprehensive Income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the Group.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the BSE index on the Group's equity and other comprehensive income for the year arising from portfolio of investment in equity shares of listed companies. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Impact on Profit before tax	
	March 31, 2020	March 31, 2019
BSE Sensex 30- Increase 10%	64.18	244.89
BSE Sensex 30- Decrease 10%	(64.18)	(244.89)

Above referred sensitivity pertains to quoted equity investment (Refer note 8). Other Comprehensive Income for the year would increase/ (decrease) as a result of gains/losses on equity securities as at fair value through Other Comprehensive Income.

(B) Credit risk

Credit risk is the risk of incurring a loss that may arise from a borrower or debtor failing to make required payments. Credit risk arises mainly from trade receivables, cash and cash equivalents, deposit with banks, derivative financial instruments, investments, loan to employee and security deposits. The Group manages and analyses the credit risk for each of its new customers before standard payment and delivery terms and conditions are offered.

Credit risk on cash and cash equivalents, deposit with banks, derivative financial instruments and investment is limited as Group generally deals with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in liquid mutual and accredited venture fund.

While loans in the form of security deposits and loan to employees are subjected to the impairment requirement of Ind AS 109, the identified impairment loss was immaterial.

(i) Credit risk management:

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognised from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

Sale to retail customers are required to be settled in cash or using major cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors or regions.

In respect of sales to export customers, there are no past history of losses, thus the identified expected credit loss was immaterial.

Credit risk for domestic trade receivable is managed by the Group through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the Group grants credit terms in the normal course of business.

Provision for expected credit losses

The Group provides for expected credit loss on trade receivables for India business under simplified approach

As at March 31, 2020

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	128.33	8.85	66.38	12.88	1.40	354.85	572.69
Expected loss rate	4.22%	20.11%	39.86%	67.50%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	5.42	1.78	26.46	8.69	1.40	354.85	398.60
Carrying amount of trade receivables (net of impairment)	122.91	7.07	39.92	4.19	-	-	174.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

As at March 31, 2019

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	357.06	32.26	37.81	36.78	53.46	277.81	795.18
Expected loss rate	4.51%	20.46%	47.08%	73.78%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.11	6.60	17.80	26.82	53.46	277.81	398.60
Carrying amount of trade receivables (net of impairment)	340.95	25.66	20.01	9.96	-	-	396.58

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision	398.60	426.40
Add:- Additional provision made	13.47	-
Less:- Provision write off/ reversed	-	(27.80)
Less:- Provision utilised against bad debts	(13.47)	-
Closing provisions	398.60	398.60

No Significant changes in estimation techniques or assumptions were made during the year.

Significant estimates and judgements:

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

(C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at March 31, 2020	As at March 31, 2019
Floating Rate		
Expiring within one year (Current Borrowing facilities)	2,201.38	3,452.63
Expiring beyond one year (bank loans)	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

ii) Maturity patterns of borrowings

Particulars	As at March 31, 2020				As at March 31, 2019			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Non current borrowings (Including current maturity of long term debt)	79.67	1,671.62	-	1,751.29	207.43	83.06	-	290.49
Current borrowings	4,298.62	-	-	4,298.62	6,076.69	-	-	6,076.69
Total	4,378.29	1,671.62	-	6,049.91	6,284.12	83.06	-	6,367.18

Maturity patterns of other Financial Liabilities - other than borrowings

As at March 31, 2020	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	859.43	1,396.00	-	-	2,255.43
Lease Liabilities	496.72	675.72	1,361.50	5,619.29	8,153.23
Other Current Financial Liabilities	327.31	255.74	-	7.47	590.52
Total	1,683.46	2,327.46	1,361.50	5,626.76	10,999.18

As at March 31, 2019	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2,203.01	-	-	-	2,203.01
Other Current Financial Liabilities	369.49	-	-	238.84	608.33
Total	2572.50	-	-	238.84	2811.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

47 Financial risk management (contd.)

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge of Foreign exchange risk as at March 31, 2020:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - SELL	3,514.67	68.39	1:1	68.39	(68.39)

Cash flow hedge of Foreign exchange risk as at March 31, 2019:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - SELL	2,216.77	(59.50)	1:1	(59.50)	59.50
Foreign exchange forward contracts - BUY	(6.92)	0.01	1:1	0.01	(0.01)
Foreign currency options	417.00	**	1:1	**	**

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge March 31, 2020

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	68.39	-	(59.50)	Revenue
Foreign exchange risk	-	-	0.01	Purchase
	68.39	-	(59.49)	

Cash flow hedge March 31, 2019

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	(59.50)	-	41.28	Revenue
Foreign exchange risk	0.01	-	(2.69)	Purchase
	(59.49)	-	38.59	

* The foreign exchange forward contracts and option contract are determined in the same currency as the firm commitment (sales order/purchase orders), therefore the hedge ratio is 1:1.

The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of hedging instrument match exactly with the terms of the hedged items, and so a qualitative assessment of effectiveness is performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

Movements in cash flow hedging reserve and costs of hedging reserve

Derivative Instrument	Foreign exchange forward contracts - SELL	Foreign exchange forward contracts - BUY	Foreign exchange options	Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	Total
Balance – As at April 01, 2018	(13.73)	1.94	**	(16.07)	(27.86)
Add: Change in fair value of foreign exchange forward contract & PCFC	59.50	(0.01)	-	-	59.49
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	19.02	(2.69)	**	22.26	38.59
Deferred tax relating to the above (net)	(21.38)	0.75	**	(6.19)	(26.82)
Balance – As at March 31, 2019	43.41	(0.01)	**	-	43.40
Add: Change in fair value of foreign exchange forward contract	(68.39)	-	-	-	(68.39)
Less: Amount reclassified to profit or loss	(59.50)	0.01	-	-	(59.49)
Deferred tax relating to the above (net)	42.00	**	**	-	42.00
Balance – As at March 31, 2020	(42.48)	-	-	-	(42.48)

** Amount is below the rounding off norms adopted by the Company.

48 Capital Management

(a) Risk Management

The Group aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders.

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Group's management monitors the return on capital as well as the level of dividends to shareholders.

(b) Dividend

Particulars	As at March 31, 2020	As at March 31, 2019
Equity shares		
Final dividend for the year ended March 31, 2019 of ₹ 1 (March 31, 2018 – ₹ 1) per fully paid share	212.95	195.20
Dividends not recognised at the end of the reporting period (Events occurring after Balance Sheet date)		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (March 31, 2019 – ₹ 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	-	212.95
Dividend distribution tax payable of ₹ 36.85 lakhs (Previous Year ₹ 33.78 lakhs) on final dividend is fully set-off against the tax payable by the Group on dividend received from Zodiac Clothing Company S. A. as per the provisions of section 115-O and 115BO of Income Tax Act, 1961.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

49 Changes in Accounting Policies

Ind AS 116 - Leases

As indicated in note 2(a)(iv) Significant accounting policies, the Group has adopted Ind AS 116 retrospectively from April 01, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 01, 2019. The new accounting policies are disclosed in note 2(f).

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.00%.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- there were no onerous contracts as at April 01, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

(ii) Measurements of lease liabilities:

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	301.71
Discounted using the Lessee's incremental borrowing rate at the date of initial application	275.95
Add: Adjustments as a result of a different treatment of extension and termination options	12,036.55
Lease liability recognised as at April 01, 2019	12,312.50
of which are:	
Current lease liabilities	2,213.03
Non-current lease liabilities	10,099.47

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if new rules has always been applied.

(iv) Adjustments recognised in the balance sheet on April 01, 2019

Particulars	Increase / (Decrease)	Amount
Property, plant and equipment (PPE)	(Decrease)	(1.94)
Right of use assets	Increase	11,321.42
Deferred tax assets (net)	Increase	384.13
Prepaid expenses (non-current)	(Decrease)	(362.98)
Prepaid expenses (current)	(Decrease)	(126.29)
Trade Payables	(Decrease)	(101.50)
Lease liabilities	Increase	12,312.50
Net Impact on retained earnings on April 01, 2019	(Decrease)	(996.66)

(v) Reconciliation for Impact of Ind AS 116 on retained earnings

Particulars	Amount
Right of use assets (Net reclassification of Prepaid Expenses and PPE)	(A) 10,830.21
Lease liabilities (Net reclassification of Trade Payables)	(B) 12,211.00
Impact on retained earnings as on April 01, 2019 (before tax)	(C) = (A - B) (1,380.79)
Deferred tax assets (net)	(D) 384.13
Net Impact on retained earnings on April 01, 2019	(C) - (D) (996.66)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in ₹ Lakhs, unless otherwise stated)

50 Impact of COVID-19

The Company's plants, retail stores and offices were shut down from March 25, 2020 consequent to nationwide lockdown announced by the Government of India due to COVID 19. Since the easing of restriction in phased manner, the Company commenced the operations from May 04, 2020 onwards. However, the current situation has impacted the operations of the Group and caused uncertainty.

The Group's Management has done an assessment of the situation including the liquidity position after considering various cost reduction measures, orders on hand etc. and of the carrying value of all its assets and liabilities as at March 31, 2020, and concluded that there are no material adjustments required in the financial statements as of March 31, 2020. However, the impact assessment due to COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Group will continue to monitor any material changes as the situation evolves.

51 These consolidated financial statements were authorised for issue by the directors on July 30, 2020.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Sachin Parekh

Partner

Membership No. 107038

Mumbai

July 30, 2020

For and on behalf of the Board of Directors

A. Y. NOORANI

Chairman

DIN: 00041686

S. Y. NOORANI

Vice Chairman and Managing Director

DIN: 00068423

B. MAHABALA

Chief Financial Officer

KUMAR IYER

Company Secretary

Mumbai

July 30, 2020



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