

Independent Auditor's Report

To the Members of
ZODIAC FINSEC AND HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC FINSEC AND HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

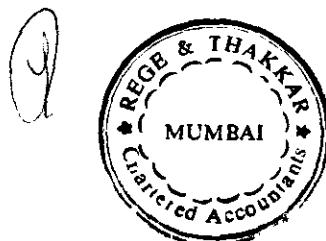
Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of Companies Act, 2013 (the Act) with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

Opinion

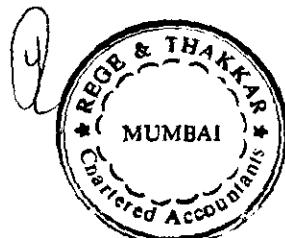
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2) 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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 financial statements –Refer Note 23(a) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, in the financial statements; and



iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For REGE & THAKKAR
(Chartered Accountants)
FRN: 113263W



Y. L. Rege
(Partner)
M No: 43330



Place: Mumbai
Date: 25th May, 2015

Annexure to Independent Auditors Report

The annexure referred to in paragraph 1 of the our report of even date to the members of **ZODIAC FINSEC AND HOLDINGS LIMITED** on the accounts for the year ended 31st March, 2015.

i. In respect of fixed assets:

The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.

ii. According to information and explanations given to us there are no inventories held by the company, hence clause (ii) of the paragraph 3 of the Order, is not applicable.

iii. According to information and explanations given to us the Company has not granted any loan/s to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

v. According to the information and explanations given to us, the Company has not accepted any deposit from public.

vi. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any products of the Company.

vii. In respect of statutory dues:

a. According to the records of the Company, undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax or cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable.

b. According to the records of the Company and the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax or cess, which have not been deposited on account of any dispute. Details of disputed due is as under: -



Name of the statute	Nature of Dues	Amount in Rs:	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Assessment Dues	13,30,872	A.Y.2006-07	Asst. Comm. Of I. Tax
Income Tax Act, 1961	Assessment Dues	3,505,838	A.Y.2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Assessment Dues	5,109,090	A.Y.2011-12	Commissioner of Income Tax Appeals, Mumbai
Income Tax Act, 1961	Assessment Dues	1,24,33,930	A.Y.2012-13	Commissioner of Income Tax Appeals, Mumbai

c. According to the information and explanations given to us, there are no amounts are required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act.

viii. The Company does not have accumulated losses as at 31st March 2015 and has not incurred any cash losses during the financial year covered by our audit.

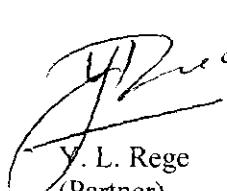
ix. As informed to us the Company has not taken any loan from financial institution or bank or debenture holders and hence this clause is not applicable to the company.

x. As informed to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

xi. As informed to us, the Company has not obtained any term loan/s during the period covered by the report.

xii. According to the information and explanation given to us, no material fraud on or by the company was noticed or reported during the year.

For REGE & THAKKAR
(Chartered Accountants)
FRN: 113263W


Y. L. Rege
(Partner)
M No: 43330



Place: Mumbai
Date: 25th May, 2015

ZODIAC FINSEC AND HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2015

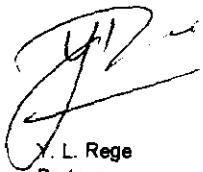
Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
		Rupees	Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	40,000,000	20,000,000
(b) Reserves and surplus	3	<u>236,612,491</u>	<u>209,541,601</u>
		<u>276,612,491</u>	<u>229,541,601</u>
2 Non-current liabilities			
(a) Deferred tax liabilities (net)	27	<u>10,487</u>	<u>10,429</u>
		<u>10,487</u>	<u>10,429</u>
3 Current liabilities			
(a) Short-term borrowings	4	159,139,758	167,280,468
(b) Advance Received and other Payables	5	3,494,722	186,270
(c) Other current liabilities	6	<u>26,381,512</u>	<u>26,527,240</u>
		<u>188,995,992</u>	<u>193,993,978</u>
TOTAL		<u>465,618,971</u>	<u>423,548,008</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	<u>319,324,603</u>	<u>325,792,815</u>
		<u>319,324,603</u>	<u>325,792,815</u>
(b) Non-current investments	8	117,596,080	76,742,966
(c) Long-term loans and advances	9	23,650,328	17,811,111
(d) Other non-current assets	10	<u>544,371</u>	<u>533,199</u>
		<u>141,790,779</u>	<u>95,087,276</u>
2 Current assets			
(a) Current investments	11	2,800,000	915,123
(b) Inventories	12	711,410	666,062
(c) Trade receivables	13	607,808	357,304
(d) Cash and cash equivalents	14	331,367	691,443
(e) Short-term loans and advances	15	<u>52,904</u>	<u>35,986</u>
		<u>4,503,589</u>	<u>2,665,918</u>
TOTAL		<u>465,618,971</u>	<u>423,548,008</u>

See accompanying notes forming part of the financial statements

1-28

In terms of our report attached.
 For Rege and Thakkar
 Chartered Accountants

FRN : 113263W


 Y. L. Rege
 Partner

M. No. 043330



For and on behalf of the Board



M.Y. NOORANI
 Chairman


 A.Y. NOORANI
 Director


 E.S.D. Rao
 Company Secretary

Place : Mumbai
 Date : 25th May 2015

ZODIAC FINSEC AND HOLDINGS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Particulars	Note No.	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
1	Revenue from operations (gross)	16	78,343,362	77,451,678
2	Other income	17	761,482	669,717
	TOTAL REVENUE (1+2)		79,104,844	78,121,396
3	Expenses			
	(a) Purchases of stock-in-trade	18	-	-
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(45,348)	21,177
	(c) Employee benefits expense	20	60,060	60,060
	(d) Finance costs	21	18,712,660	16,676,868
	(e) Depreciation and amortisation expenses	7	6,004,975	6,141,508
	(f) Other expenses	22	2,821,313	1,189,804
	TOTAL EXPENSES		25,553,860	24,089,417
4	Profit before tax		53,551,184	54,031,978
5	Tax expense:			
	(a) Current tax expense		12,700,000	12,570,000
	(b) Deferred tax charge/(credit)		58	(3,013)
	(c) Excess Provision for tax of previous year now written off		(28,975)	-
6	Profit for the Year from continuing operations		40,880,101	41,464,992
7	Earnings per share (of Rs 10/- each):			
	(a) Basic	26	19.77	20.73
	(b) Diluted	26	19.77	20.73

See accompanying notes forming part of the financial statements

1-28

In terms of our report attached.
 For Rege and Thakkar
 Chartered Accountants

For and on behalf of the Board of Directors

PRN :- 113263W


 Y.L. Rege
 Partner

M.N. 043330




 M.Y. NOORANI
 Chairman


 A.Y. NOORANI
 Director


 E.S.D. Rao
 Company Secretary

Place : Mumbai
 Date : 25th May 2015

Zodiac Finsec and Holdings Limited

Cash Flow Statement for the year ended 31st March, 2015

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	53,551,184	54,031,978
<u>Adjustments for:</u>		
Depreciation and amortisation	6,004,975	6,141,508
Dividend income	(74,507)	(245,860)
Net (gain) / loss on sale of investments	(639,220)	(339,120)
Interest on borrowings	16,706,947	21,998,195
Operating profit / (loss) before working capital changes	75,549,379	22,231,022
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(45,348)	21,177
Trade receivables	(250,604)	(284,370)
Short-term loans and advances	(16,918)	9,062
Other non-current assets	(11,172)	(253,961)
Adjustments for increase / (decrease) in operating liabilities:		
Advance Received	3,308,452	42,843
Other current liabilities	(165,728)	(649,208)
	2,818,682	(1,114,456)
	78,368,061	75,148,544
Cash flow from extraordinary items	-	-
Cash generated from operations	78,368,061	75,148,544
Net income tax (paid) / refunds	(18,510,242)	(22,570,000)
Net cash flow from / (used in) operating activities (A)	59,857,819	62,678,544
B. Cash flow from investing activities		
Current investments not considered as Cash and cash equivalents		
- Purchased	(17,030,000)	(22,141,091)
- Proceeds from sale	15,784,343	30,766,091
Purchase of long-term investments		
- Others – Venture Capital Fund	(40,853,114)	(22,757,242)
Dividend received		
- Others	74,507	245,860
	(42,024,264)	(13,886,362)
Net cash flow from / (used in) investing activities (B)	(42,024,264)	(13,886,362)

Zodiac Finsec and Holdings Limited

Cash Flow Statement for the year ended 31st March, 2015 (Contd.)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
C. Cash flow from financing activities		
Proceeds from issue of preference shares	20,000,000	-
Repayment of long-term borrowings	-	-
Proceeds from other short-term borrowings	(8,140,710)	(21,534,290)
Interest on borrowings	(16,706,947)	(16,674,494)
Dividends paid on Equity Shares	(10,000,000)	-
Dividends paid on Preference Shares	(1,122,192)	-
Tax on dividend	(2,223,782)	(18,193,631)
Net cash flow from / (used in) financing activities (C)	(18,193,631)	(38,208,784)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(360,076)	483,378
Cash and cash equivalents at the beginning of the year	691,443	208,065
Cash and cash equivalents at the end of the year	331,367	691,443
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	331,367	691,443
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13	331,367	691,443
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	-	-
Cash and cash equivalents at the end of the year *	331,367	691,443
* Comprises:		
(a) Cash on hand	1,952	262
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	329,415	691,181
	331,367	691,443

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Rege & Thakkar
(Chartered Accountants)

FRN :- 113263W

(Y J. Rege)
Partner

M. NO. 043330



Place : Mumbai
Date : 25th May 2015

For and on behalf of the Board

M Y Noorani
[Chairman]

A Y Noorani
[Director]

E S D Rao
[Company Secretary]

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

Note 1: Significant accounting policies

1.1. Basis of accounting and preparation of financial statements

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

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

1.2. Inventories

Inventories of shares and securities are valued at cost or fair value whichever is lower.

1.3. Depreciation and amortisation

On Tangible Assets: Depreciation has been calculated on straight-line basis in accordance with the provisions of the Companies Act, 2013.

1.4. Revenue recognition

Sales are recognized when shares are sold and are recorded inclusive of service tax. Dividend income on long term investments and current investments is accounted when the right to receive the dividend is established.

Lease transactions entered into on or after April 1, 2001:

Assets given on license basis, where the lessees do not retain significant portions of the risks and rewards incidental to the ownership, are classified as operating leases. Lease rentals in respect of premises given on lease are recognized as income on accrual basis.

Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as and when they are earned / incurred.

1.5. Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established except dividend from long term investments.

1.6. Tangible fixed assets

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs including incidental expenses. Cost comprising cost of acquisition and other attributable cost.

ZODIAC FINSEC AND HOLDINGS LIMITED

Notes forming part of the financial Statement

1.7. Investments

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

Investments include investments in shares of Companies registered outside India. They are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof. Any profit or loss on sale of investments is determined on the basis of average cost of acquisition.

1.8. Borrowing costs

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

1.9. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

1.10. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

1.11. Taxes on income.

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India. Income Tax comprises both current and deferred tax.

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

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

Deferred tax assets arising from timing differences are recognised to the extent that it is more likely that future taxable profits will be available against which the asset can be utilised.

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 2 SHARE CAPITAL

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
AUTHORISED		
20,00,000 Equity Shares of Rs. 10/- each (As at March 31, 2014: 20,00,000)	20,00,000	20,00,000
200,000 8% Cumulative Redeemable Preference Shares of Rs. 100/- each (As at March 31, 2014 : Nil)	20,00,000	-
	<u>40,00,000</u>	<u>20,00,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP		
20,00,000 Equity Shares of Rs. 10/- each with voting rights (As at March 31, 2014: 20,00,000 Shares)	20,00,000	20,00,000
200,000 8% Cumulative Redeemable Preference Shares of Rs. 100/- each (As at March 31, 2014 : Nil)	20,00,000	-
	<u>40,00,000</u>	<u>20,00,000</u>

Note:

All the equity shares (100%) and preference shares (100%) are held by the Holding Company, M/s. Zodiac Clothing Company Ltd.

NOTE 3 RESERVES AND SURPLUS

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(a) General Reserve		
Opening balance	10,175,000	10,175,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	<u>10,175,000</u>	<u>10,175,000</u>
(b) Other reserves (specify the nature and purpose of each reserve) -		
Special Reserve u/s. 45 IC of RBI Act, 1934	52,705,328	44,412,328
Opening balance	8,177,000	8,293,000
Add: Transferred from Statement of Profit and loss as shown below	<u>60,882,328</u>	<u>52,705,328</u>
(c) Surplus in Statement of Profit and Loss		
Opening balance	146,661,273	113,489,281
Less: Depreciation of earlier years	<u>463,237</u>	-
Add: Profit for the year	146,198,036	113,489,281
	<u>40,880,101</u>	<u>41,464,992</u>
	187,078,137	154,954,273
Less: Interim dividend paid (Rs 5/- per share) (Previous Year Nil)	10,000,000	-
Dividend on Preference shares paid	1,122,192	-
Tax on dividend	2,223,782	-
Transfer to Special Reserve	<u>8,177,000</u>	<u>8,293,000</u>
Closing balance	<u>21,522,974</u>	<u>8,293,000</u>
	<u>165,555,163</u>	<u>146,661,273</u>
	<u>236,612,491</u>	<u>209,541,601</u>

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 4 SHORT-TERM BORROWINGS

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(a) Loans and advances from related parties		
Unsecured (Refer to note below)	159,139,758	167,280,468
	159,139,758	167,280,468

Note :-

Short term borrowings include amount due to:

Directors:

Mr. M. Y. Noorani	-	1,117,387
Mr. A. Y. Noorani	-	118,606
Mr. S. Y. Noorani	-	904,717

Holding Company:

Zodiac Clothing Co. Ltd	159,139,758	165,139,758
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NOTE 5 Advance Received and Other Payables

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Advance Received and Other Payables:		
Advance Received and Other Payables	3,494,722	186,270
	3,494,722	186,270

NOTE 6 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(a) Interest accrued and due on borrowings	-	-
(b) Other payables		
(i) Statutory dues	142,747	304,640
(ii) Security deposits received	26,218,765	26,218,765
(iii) Other Expenses payable	-	3,835
	26,361,512	26,527,240

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 7 FIXED ASSETS

Tangible Assets

Description	Gross Block			Depreciation				Net Block		
	As at 01.04.2014	Additions	Adjustments	As at 31.03.2015	Up to 01.04.2014	For the year	Adjustments	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
Building (Office)	371,323,524	-	-	371,323,524	46,395,609	5,866,912	-	52,262,521	319,061,002	324,927,914
Furniture & Fixtures	695,968	-	-	695,968	336,550	138,063	-	474,613	221,355	359,418
Vehicles	100,000	-	-	100,000	66,500	-	28,500	95,000	5,000	33,500
Office Equipment	744,872	-	-	744,872	272,890	-	434,737	707,627	37,246	471,983
Total	372,864,364	-	-	372,864,364	47,071,549	6,004,975	463,237	53,539,761	319,324,603	325,792,815

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 8: Non-Current Investment

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Investment In Venture Capital Fund - Unquoted		
Tata Capital Growth Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.67236 per unit P.Y. Rs. 0.5282 per unit]	13,668,922	10,785,853
Tata Capital Healthcare Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.5038 per unit P.Y. 0.4457 per unit]	10,264,099	9,102,516
Faering Capital India Evolving Fund [93,663 units, P.Yr. 56,855 units] (Fully paid up Rs. 1000/- per unit)	93,663,059	56,854,597
	117,596,080	76,742,966

NOTE 9 : LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(a) Security deposits for Electricity	211,211	211,211
(b) Advance income tax (net of provisions)	23,439,117	17,599,900
	23,650,328	17,811,111

Note 10 : Other Non-Current Assets

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(a) Accruals		
(i) Interest Accrued on investments	272,241	261,069
(ii) Dividend Accrued on investments	254,549	254,549
(b) Others - Advance Paid	17,581	17,581
	544,371	533,199

Note 11: Current Investments

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Other Investments - Quoted		
Pramerica Liquid Fund Direct Plan - Growth Option [1876.217 units P.Y. 678.103]	2,800,000	915,123
	2,800,000	915,123

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 12 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

	Particulars	As at 31st March,	As at 31st March,
		2015	2014
		Rupees	Rupees
(a) Stock-in-trade		711,410	666,062
		711,410	666,062

NOTE 13 TRADE RECEIVABLES

	Particulars	As at 31st March,	As at 31st March,
		2015	2014
		Rupees	Rupees
Unsecured, Considered good			
Other Trade Receivables		607,908	357,304
		607,908	357,304

Note :-

Others trade receivables include amount due from:

<u>Holding Company:</u>		
Zodiac Clothing Co. Ltd	362,296	232,934

NOTE 14 CASH AND CASH EQUIVALENTS

	Particulars	As at 31st March,	As at 31st March,
		2015	2014
		Rupees	Rupees
(a) Cash on hand		1,952	262
(b) Balances with banks			
(i) In current accounts		329,415	691,181
		329,415	691,181
		331,367	691,443

NOTE 15 SHORT-TERM LOANS AND ADVANCES

	Particulars	As at 31st March,	As at 31st March,
		2015	2014
		Rupees	Rupees
Unsecured, considered good unless otherwise stated			
(a) Prepaid expenses		52,904	35,986
		52,904	35,986

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 16 : REVENUE FROM OPERATIONS

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
(a) Sale of Shares		-	414,378
(b) Other operating revenues (Refer Note (i) below)		78,343,362	77,037,300
		78,343,362	77,037,300
(i) Other operating revenues :			
Rental Income from Properties		78,343,362	77,037,300
		78,343,362	77,037,300

NOTE 17 : OTHER INCOME

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
(a) Interest income (Refer note (i) Below)		10,735	84,737
(b) Dividend		74,507	245,860
From Current Investments		639,220	339,120
(c) Capital Gain (Short term) on sale of current investment		437	-
(d) Miscellaneous Income		36,583	-
(e) Credit Balance written off		761,482	669,717
(i) Interest income comprises:			
Interest income from long term investments - Venture Capital Fund		10,735	84,737
		10,735	84,737

NOTE 18 PURCHASES OF STOCK IN TRADE

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Equity Shares		-	-
		-	-

NOTE 19 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Inventories at the end of the year:			
Stock in Trade		711,410	666,062
		711,410	666,062
Inventories at the beginning of the year:			
Stock in Trade		666,062	687,240
		666,062	687,240
NET DECREASE / (INCREASE)		(45,348)	21,177

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

NOTE 20 EMPLOYEE BENEFITS EXPENSE

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Salaries and wages		<u>60,060</u>	<u>60,060</u>
		<u>60,060</u>	<u>60,060</u>

NOTE 21 FINANCE COSTS

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
(a) Interest paid			
(i) On Borrowings		16,706,947	16,674,494
(ii) Others		4,078	260
(b) Bank Charges		1,635	2,114
		<u>16,712,660</u>	<u>16,676,868</u>

NOTE 22 OTHER EXPENSES

	Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Repairs and maintenance - Building		414,491	148,914
Insurance		6,884	8,803
Rates and Taxes		157,881	466,273
Legal and Professional		447,238	150,146
Payment to Auditors (Refer note (i) below)		33,708	33,708
Expenditure on Corporate Social Responsibility (CSR)		1,100,000	-
Share Issued Expenses		285,600	-
Miscellaneous expenses		365,511	361,960
		<u>2,821,313</u>	<u>1,189,804</u>
Note:			
(i) Payments to auditors comprises :			
As Auditors		33,708	33,708
		<u>33,708</u>	<u>33,708</u>

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

Note 23 : Additional information to the financial statements		As at 31 st March, 2015	As at 31 st March, 2014
23.8 Contingent liabilities and commitments (to the extent not provided for)			
(i) Contingent liabilities			
The following liabilities are in appeal with Higher Authority:			
I-Tax Demand [A.Yr.2003-04] [amount paid under protest Rs.83,210/- P.Yr.Rs.83,210/-]	11,489	11,489	/
I-Tax Demand [A.Yr.2006-07] [amount paid under protest Rs. Nil P.Yr. Rs. Nil]	1,330,872	1,330,872	/
I-Tax Demand [A.Yr.2007-08] [amount paid under protest Rs.51,07,328/-, P.Yr.Rs.51,07,328/-]	4,307,676	4,307,676	/
I-Tax Demand [A.Yr.2010-11] [amount paid under protest Rs.90,00,000/-, P.Yr.Rs. 70,00,000]	10,505,838	10,505,838	/
I-Tax Demand [A.Yr.2011-12] [amount paid under protest Rs.80,00,000/-, P.Yr.Rs. 40,00,000]	9,109,090	9,109,090	/
I-Tax Demand [A.Yr. 2012-13] [amount paid under protest Rs. Nil, P.Yr.Rs. Nil]	12,433,930	-	-
Total :	37,696,896	25,264,866	/
(ii) Commitments			
(Uncalled liability on shares and other investments partly paid)			
Faering Capital India Evolving Fund [amount paid Rs. 9,36,63,059/-, P.Yr.Rs. 5,88,54,887/-]	8,335,943	43,145,403	/
Tata Capital Growth Fund [amount paid Rs.1,36,88,922/-, P.Yr.Rs.1,07,85,853/-]	6,552,806	9,435,875	/
Tata Capital Healthcare Fund [amount paid Rs. 1,02,64,099/-, P.Yr. Rs.91,02,516/-]	9,924,009	11,085,592	/
Total :	22,813,760	63,666,870	/
Total Contingent Liabilities and Commitments	60,612,653	68,931,836	/

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

Note 24 : Disclosures under Accounting Standards

Related Party disclosures:

i) Relationships :

a) **Holding Company**
 Zodiac Clothing Co.Ltd.

b) **The enterprises where control of key management personnel and/or their relative exist and with whom the transactions have taken place.**
 Elite Clothing Co Pvt Ltd

c) **Key Management Personnel:**

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

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

ii) Transactions carried out with related parties referred in (i) above, in ordinary course of business.

Nature of Transactions	Holding Company (in Rupees)	Key Management Personnel (in Rupees)	Other Related Parties (in Rupees)	(Previous year's figures are in brackets)	
				Total (in Rupees)	
Income					
Rent Income from Zodiac Clothing Co.Ltd	48,186,600 (48,186,600)	- (-)	- (-)	48,186,600 (48,186,600)	
Expenses					
Interest paid to Zodiac Clothing Co.Ltd	16,655,291 (15,664,164)	- (-)	- (-)	16,655,291 (15,664,164)	
Elite Clothing Company Private Ltd	- (-)	- (-)	(990,095)	- (990,095)	
Mohd. Yusuf Noorani	- (-)	28,187 (9,875)	- (-)	28,187 (9,875)	
Anees Yusuf Noorani	- (-)	2,720 (1,785)	- (-)	2,720 (1,785)	
Salman Yusuf Noorani	- (-)	20,749 (8,575)	- (-)	20,749 (8,575)	
Dividend paid to Zodiac Clothing Co.Ltd (Equity Shares - Rs.10,00,000 & Preference Shares- Rs. 1,122,192)	11,122,192 (-)	- (-)	- (-)	11,122,192 (-)	
Expenses recovered from Zodiac Clothing Co.Ltd	1,516,215 (2,404,052)	- (-)	- (-)	1,516,215 (2,404,052)	

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

Note 24 : Disclosures under Accounting Standards (contd.)

Nature of Transactions	Holding Company (in Rupees)	Key Management Personnel (in Rupees)	Other Related Parties (in Rupees)	(Previous year's figures are in brackets)	
				Total (in Rupees)	
Allotment of Preference Shares					
Zodiac Clothing Co.Ltd	20,000,000 (-)	- (-)	- (-)	20,000,000 (-)	
Loans & Advances taken from					
Mohd. Yusuf Noorani	- (-)	(2,778,500) -	- (-)	(2,778,500) -	
Anees Yusuf Noorani	- (-)	(2,777,000) -	- (-)	(2,777,000) -	
Salman Yusuf Noorani	- (-)	(2,777,000) -	- (-)	(2,777,000) -	
Loans & Advances repaid to					
Zodiac Clothing Co. Ltd	6,000,000 (6,000,000)	- (-)	- (-)	6,000,000 (6,000,000)	
Elite Clothing Company Pvt Ltd	- (-)	- (-)	(17,675,000) -	(17,675,000) -	
Mohd. Yusuf Noorani	- (-)	1,108,500 (1,670,000)	- (-)	1,108,500 (1,670,000)	
Anees Yusuf Noorani	- (-)	117,000 (2,660,000)	- (-)	117,000 (2,660,000)	
Salman Yusuf Noorani	- (-)	897,000 (1,880,000)	- (-)	897,000 (1,880,000)	
Outstandings amount payable to					
Zodiac Clothing Co.Ltd	158,777,462 (164,906,824)	- (-)	- (-)	158,777,462 (164,906,824)	
Mohd. Yusuf Noorani	- (-)	(1,117,387) -	- (-)	(1,117,387) -	
Anees Yusuf Noorani	- (-)	(118,606) -	- (-)	(118,606) -	
Salman Yusuf Noorani	- (-)	(904,717) -	- (-)	(904,717) -	

Note 25

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Details of leasing arrangements		
As Lessor		
The Company has entered into operating lease arrangements for Lease Rental received is recognized in the statement of Profit and	78,343,362	77,037,300
Future minimum lease payments receivables not later than one year	30,674,916	7,150,575
later than one year and not later than five years	7,668,729	-
later than five years	-	-
Premises given on license basis Gross Carrying amount	371,323,524	371,323,524
Accumulated Depreciation on leased assets	52,262,521	46,395,609
Depreciation recognised on leased assets	5,866,912	6,052,572

ZODIAC FINSEC AND HOLDINGS LIMITED
Notes forming part of the financial Statement

Note 26

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2014
Earnings per share		
(a) Continuing operations		
Net profit for the year from continuing operations	40,880,101	41,464,992
Less: Preference dividend and tax thereon	1,346,564	-
Net profit for the year from continuing operations attributable to the equity shareholders	39,533,537	41,464,992
Weighted average number of equity shares	2,000,000	2,000,000
Par value per share	10	10
Earnings per share from continuing operations - Basic	19.77	20.73
(b) Total operations		
Net profit for the year	40,880,101	41,464,992
Less: Preference dividend and tax thereon	1,346,564	-
Net profit for the year attributable to the equity shareholders	39,533,537	41,464,992
Weighted average number of equity shares	2,000,000	2,000,000
Par value per share	10	10
Earnings per share - Basic	19.77	20.73

Note 27

Deferred Tax Liability	As at 31st March, 2016	As at 31st March, 2014
On difference between book balance and tax balance of fixed assets	10,487	10,429
	10,487	10,429

The deferred tax liability of Rs. 58/- (Previous Year: Deferred tax Assets of Rs. 3,013/-) has been recognised in the Profit and Loss Account

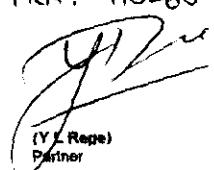
Note 28

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

For and on behalf of the Board

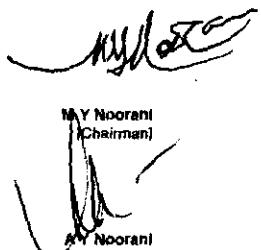
In terms of our report attached.
 For Rege & Thakkar
 (Chartered Accountants)

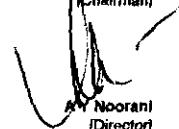
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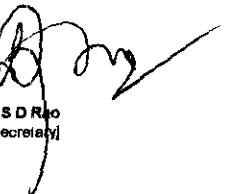

 (Y.V. Rege)
 Partner

M No 043330




 M.Y. Noorani
 (Chairman)


 A.Y. Noorani
 (Director)


 E.S.D. Rao
 (Company Secretary)

Place : Mumbai
 Date : 25th May 2015

ZODIAC PROPERTIES LIMITED

Financial Statements

31 March 2015

Registered agent's office:

Suite 1003, Al Manal Tower
Sheik Zayed Road
P.O. Box 71241
Dubai, U.A.E.

ZODIAC PROPERTIES LIMITED

Financial Statements *31 March 2015*

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Statement of Changes in Equity	4
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Independent Auditors' Report to the Shareholder of ZODIAC PROPERTIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC PROPERTIES LIMITED**, which comprises of the statement of financial position as of 31 March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **ZODIAC PROPERTIES LIMITED** as of 31 March 2015 in accordance with International Financial Reporting Standards.

Emphasis of matters

We draw attention to note 2(a), which states that these financial statements have been prepared on a going concern basis, the validity of which assume that the shareholder will continue its financial support to the company in order that it can meet its liabilities as and when they fall due. These financial statements do not include any adjustments that would arise from a failure to obtain financial support or generate positive cash flow in the foreseeable future.

For KSI Shah & Associates

Dubai, U.A.E.

Signed by:

Sonal P. Shah (Registration No. 123)

14 May 2015

ZODIAC PROPERTIES LIMITED**Statement of Financial Position**
At 31 March 2015

	<i>Notes</i>	2015 <i>GBP</i>	2014 <i>GBP</i>
ASSETS			
Non-current assets			
Investment property	6	<u>2,022,534</u>	<u>2,058,367</u>
Current assets			
Other receivables	7, 13	34,057	29,669
Prepayments		-	176
Bank balances	8	<u>19,999</u>	<u>20,729</u>
		<u>54,056</u>	<u>50,574</u>
Total assets		<u>2,076,590</u>	<u>2,108,941</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity	9	1,808	1,808
Accumulated losses		<u>(424,944)</u>	<u>(379,500)</u>
Equity funds		<u>(423,136)</u>	<u>(377,692)</u>
Shareholder's loan account	10	<u>1,466,923</u>	<u>1,346,146</u>
Total equity funds		<u>1,043,787</u>	<u>968,454</u>
Non-current liabilities			
Non-current liabilities	11, 13	<u>892,194</u>	<u>1,004,995</u>
Current liabilities			
Accruals		17,109	11,992
Bank borrowing	11	<u>123,500</u>	<u>123,500</u>
		<u>140,609</u>	<u>135,492</u>
Total equity and liabilities		<u>2,076,590</u>	<u>2,108,941</u>

The accompanying notes 1 to 18 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on page 1.

Approved by the shareholder on 25th April 2015 and signed on their behalf by:

For ZODIAC PROPERTIES LIMITED


Mr. Mohamed Anees Noorani
Director


Mr. Salman Yusuf Noorani
Director

ZODIAC PROPERTIES LIMITED

Statement of Comprehensive Income
for the year ended 31 March 2015

		<i>2015</i> <i>GBP</i>	<i>2014</i> <i>GBP</i>
Rental income	13	72,288	62,173
Expenses	12	<u>(47,779)</u>	<u>(55,050)</u>
Profit from operations		24,509	7,123
Other incomes		3,256	4,948
Finance cost on bank borrowing		(20,259)	(23,363)
Interest paid to a related party and a shareholder	13	<u>(52,950)</u>	<u>(46,367)</u>
(Loss) for the year		(45,444)	(57,659)
Other comprehensive income		—	—
Total comprehensive income for the year		<u>(45,444)</u>	<u>(57,659)</u>

The accompanying notes 1 to 18 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2015

	<i>Share capital GBP</i>	<i>Accumulated (losses) GBP</i>	<i>Shareholder's loan account GBP</i>	<i>Total GBP</i>
As at 31 March 2013	1,808	(321,841)	1,121,937	801,904
Loss for the year	-	(57,659)	-	(57,659)
Introduced during the year (net)	-	-	<u>224,209</u>	<u>224,209</u>
As at 31 March 2014	1,808	(379,500)	1,346,146	968,454
Loss for the year	-	(45,444)	-	(45,444)
Introduced during the year (net)	-	-	<u>120,777</u>	<u>120,777</u>
As at 31 March 2015	<u>1,808</u>	<u>(424,944)</u>	<u>1,466,923</u>	<u>1,043,787</u>

The accompanying notes 1 to 18 form an integral part of these combined financial statements.

ZODIAC PROPERTIES LIMITED

Statement of Cash Flows
for the year ended 31 March 2015

	Notes	2015 GBP	2014 GBP
Cash flows from operating activities			
(Loss) for the year		(45,444)	(57,659)
Adjustment for:			
Depreciation on investment property		35,833	35,833
Interest paid to a related party and a shareholder		52,950	46,367
Finance cost on bank borrowing		20,259	23,363
Operating profit before working capital changes		63,598	47,904
Changes in due to a related party		10,699	(89,516)
Changes in other receivables and prepayments		(4,212)	(29,845)
Changes in accruals		5,117	9,522
Cash generated from/(used in) operations		75,202	(61,935)
Finance cost on bank borrowing paid		(20,259)	(23,363)
Interest paid to related party and shareholder		(52,950)	(46,367)
Net cash from/(used in) operating activities		1,993	(131,665)
Cash flows from investing activities			
Changes in margin deposit		—	(6,467)
Net cash (used in) investing activities		—	(6,467)
Cash flows from financing activities			
(Payments of) bank borrowings		(123,500)	(123,500)
Funds introduced by a shareholder (net)		120,777	224,209
Net cash (used in)/from financing activities		(2,723)	100,709
Net changes in cash and cash equivalents		(730)	(37,423)
Cash and cash equivalents at beginning of the year		2,327	39,750
Cash and cash equivalents at end of the year	14	1,597	2,327

The accompanying notes 1 to 18 form an integral part of these financial statements.

ZODIAC PROPERTIES LIMITED
 (Incorporated in the Ras Al Khaimah Free Zone)
 (Registration No IC/2206/09)

Notes to the Financial Statements
for the year ended 31 March 2015

1. Legal status and business activity

- a) **ZODIAC PROPERTIES LIMITED** ("The Company") is an International Company registered with Ras Al Khaimah Free Trade Zone Authority, U.A.E. on 22nd November 2009 vide registration number IC/2206/09.
- b) The company is established and engaged to carry out investments in shares and properties.

2. Basis of preparation

a) **Going concern**

These financial statements have been prepared on a going concern basis, which assume that the company will continue to operate as a going concern for a foreseeable future. The statement of financial position shows that the accumulated losses exceed the share capital by GBP 423,136/- which is mainly due to losses incurred during the current and the previous years. The shareholder and directors have agreed to continue with the operations of the company, and the shareholder and related parties will continue its financial support to the company in order that it can meet its liabilities as and when they fall due.

b) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2014 and the implementing rules and regulations of the International companies with Ras Al Khaimah Free Trade Zone Authority.

c) **Basis of measurement**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

Basis of measurement (contd.):

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

d) Functional and presentation currency

These financial statements have been prepared in the Great Britain Pounds, which is the company's functional and presentation currency and values are rounded off to nearest unit.

3. Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to Statement of Comprehensive Income or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Classification of investment properties

The company determines whether a property qualifies as investment property in accordance with IAS 40 Investment Property. In making its judgment, the company considers whether the property generates cash flows largely independently of the other assets held by the company.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment property

The company has elected to adopt the cost model for investment property. Accordingly, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Valuation of investment property

The company hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment property using recognized valuation techniques for the purposes of their impairment review and disclosures in the financial statement.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The directors ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 16.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

4. Adoption of new and revised International Financial Reporting Standards and amendments

a) New and revised International Financial Reporting Standards and amendments

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- Investment Entities (Amendments to IFRS10, IFRS12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities(Amendments to IAS 32)
- Recoverable Amount Disclosures for Non- Financial Assets(Amendments to IAS 36)

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements.

Their adoption has resulted in presentation and disclosure changes only.

b) International Financial Reporting Standards issued in 2014 but not effective

IFRS 9 – Financial Instruments (July 2014 version) This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers- The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Significant accounting policies

a) Investment property

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

The investment property will be depreciated on a straight line basis over the period of 61 years.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

b) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Non derivative financial assets

Initial Recognition and Measurement

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the year, company has non-derivative financial assets in the form of loans and receivables only.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in income statement when the loans and receivables are derecognized or impaired, and through the amortization process.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

c) Other receivables

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

d) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

e) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

f) **Installment plans**

Future installments payable under installment plan net of finance charges, are shown under bank borrowings with the corresponding asset value recorded as fixed assets and depreciated over their estimated useful lives. Payments are apportioned between the finance element charged to Statement of Comprehensive Income and the capital element, which reduces the capital amount outstanding.

g) **Other payables**

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

h) **Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) **Revenue recognition**

Rental income is recognized on accrual basis in accordance with the terms of the contract.

Other income is recognised on accrual basis.

j) **Foreign currency transactions**

Transactions in foreign currencies are converted into Great Britain Pound at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into Great Britain Pound at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the income statement.

k) **Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise cash, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

	2015 GBP	2014 GBP
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6. Investment property

On rental: ^{a b}

Cost	<u>2,185,840</u>	<u>2,185,840</u>
Accumulated depreciation		
Opening balance	(127,473)	(91,640)
Charge during the year	(35,833)	(35,833)
Closing balance	<u>(163,306)</u>	<u>(127,473)</u>
Net book value	<u>2,022,534</u>	<u>2,058,367</u>

^a Under mortgage (refer note 10).

^b Represents property at 11A, Montagu Mews North, Montagu Place, London and commercial property, 11, Montagu Mews North, Montagu Place, London, are given on rentals.

In the opinion of management, there was no impairment in respect of investment property. Hence, the fair value of the investment property at reporting date approximates its book value.

	2015 GBP	2014 GBP
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7. Other receivables

Rent receivables (refer note 13)	30,043	25,655
Security deposit receivable	<u>4,014</u>	<u>4,014</u>
	<u>34,057</u>	<u>29,669</u>

8. Bank balances

In current accounts	1,597	2,327
In margin account (refer note 11)	<u>18,402</u>	<u>18,402</u>
	<u>19,999</u>	<u>20,729</u>

9. Share capital

Authorised, subscribed, issued and paid up		
Shares 10 @ AED 1,000/- each	<u>1,808</u>	<u>1,808</u>
(converted 1GBP @ AED 5.53) ^a		

^a Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai.

10. Shareholder's loan account

This represents loan account balance of Zodiac Clothing Co. (U.A.E.) L.L.C., a sole shareholder of the company, which carries interest @ 3% per annum (refer note 13).

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

	2015 GBP	2014 GBP
11. Non current liabilities		
Term loan for investment property from a bank ^a	648,375	771,875
Payable within 12 months	<u>(123,500)</u>	<u>(123,500)</u>
	524,875	648,375
Due to a related party ^b	<u>367,319</u>	<u>356,620</u>
	<u>892,194</u>	<u>1,004,995</u>

^a Term loan from an international bank, HSBC Private Bank (UK) Limited, is secured against following:

- First legal charge over the investment property (refer note 6).
- Charge over margin account (refer note 8).

^b Represents an unsecured loan received from a related party bearing interest charge of 3% p.a. without any repayment terms (refer note 13).

	2015 GBP	2014 GBP
12. Expenses		
Professional charges	2,257	7,282
Other administrative expenses	9,689	11,935
Depreciation on property (refer note 6)	<u>35,833</u>	<u>35,833</u>
	<u>47,779</u>	<u>55,050</u>

13. Related party transactions

For the purpose of this financial statement, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The relationship of related parties is as under –

- a) Shareholder
 1. Zodiac Clothing Company U.A.E. LLC, U.A.E.
- b) Companies under common management control
 1. Zodiac Metropolitan Clothing Company GMBH, UK
 2. Zodiac Clothing Company SA, Switzerland

The nature of significant related party transactions and the amounts involved are as under:

	Shareholder GBP		<i>Companies under common management control</i>		Total 2015 GBP	Total 2014 GBP
			2015 GBP	2014 GBP		
Rental income	-		37,500	37,500	37,500	37,500
Interest on loan to a related party and a shareholder	42,251		10,699	52,950	46,367	

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

Related party transactions (contd.):

At the reporting date balances with related parties were as follows:

	<i>Shareholder</i> <i>GBP</i>	<i>Companies under common management</i> <i>control</i> <i>GBP</i>	<i>Total 2015</i> <i>GBP</i>	<i>Total 2014</i> <i>GBP</i>
Under current assets				
Other receivables	-	30,043	30,043	22,756
Under non-current liabilities				
Due to a related party (refer note 11)	-	367,319	367,319	356,620
			<i>2015</i> <i>GBP</i>	<i>2014</i> <i>GBP</i>

14. Cash and cash equivalents

Bank balance		
In current accounts with HSBC Bank (UK) Limited		<u>1,597</u> <u>2,327</u>

15. Financial instrument risks

The company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of bank balances.

Trade receivables

There is no significant concentration of credit risk from trade receivables within and outside U.A.E. and outside the industry in which the company operates.

Bank balances

The company's bank balance in current and margin account is placed with high credit quality financial institution.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk, exchange rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2015

Market risk (contd.):

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The shareholder's loan account and due from a related party are at fixed rate of interest. Bank term loan is at floating rates of interest, which is generally obtained in the International markets.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the company's profit for the year (*through the impact on floating rate borrowings*).

	<i>Changes in basis points 2015</i>	<i>Sensitivity of interest expenses 2015</i>	<i>Changes in basis points 2014</i>	<i>Sensitivity of interest expenses 2014 GBP</i>
LIBOR interest rates	+ 20	(1,297)	+ 50	(3,859)
LIBOR interest rates	- 20	1,297	- 50	3,859

There is no material impact on equity for a change in interest rate.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in GBP.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the directors and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

16. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of other receivables, due from related parties, and bank balances and financial liabilities, comprising of other payables and due to related parties approximate to their carrying values.

The following table analyses the company's financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

**Notes to the Financial Statements
for the year ended 31 March 2015****Financial instruments: Fair values (contd.):**

As on 31 March 2015 <i>Financial assets</i> - Investment property	Level 1 (GBP)	Level 2 (GBP)	Level 3 (GBP)	Total (GBP)
	-	-	2,022,534	2,022,534
As on 31 March 2014 <i>Financial assets</i> - Investment property	Level 1 (GBP)	Level 2 (GBP)	Level 3 (GBP)	Total (GBP)
	-	-	2,058,367	2,058,367

There were no transfers between levels for fair value measurements during the year.

17. Contingent liability

There is no contingent liability of a significant amount outstanding as at the reporting date.

18. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

**ZODIAC CLOTHING
COMPANY INC.**

Financial Statements

31 March 2015

Registered office:

C/o, 160, Greentree Drive,
Suite 101,
City of Dover,
County of Kent, 19904.
U.S.A.

ZODIAC CLOTHING COMPANY INC.

Financial Statements

31 March 2015

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Independent Auditors' Report to the Shareholder of ZODIAC CLOTHING COMPANY INC.

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY INC.**, which comprises of the statement of financial position as of 31 March 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **ZODIAC CLOTHING COMPANY INC.** as of 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

14 May 2015

ZODIAC CLOTHING COMPANY INC.

Statement of Financial Position At 31 March 2015

	<i>Notes</i>	2015 US\$	2014 US\$
ASSETS			
Current assets			
Other receivable			
Cash and cash equivalents	6	2,420 31,254 <u>33,674</u>	2,420 32,476 <u>34,896</u>
TOTAL ASSETS		<u>33,674</u>	<u>34,896</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital			
Accumulated (losses)	7	10,000 (5,849)	10,000 (7,930)
Equity funds			
Shareholder's loan account	8	4,151 22,570 <u>26,721</u>	2,070 17,397 <u>19,467</u>
Current liability			
Accruals		<u>6,953</u>	<u>15,429</u>
TOTAL EQUITY AND LIABILITIES		<u>33,674</u>	<u>34,896</u>

*The accompanying notes 1 to 12 form an integral part of these financial statements.
The Independent Auditors' Report is set forth on page 1.
Approved by the shareholder on 25th April 2015 and signed on their behalf by:*

For ZODIAC CLOTHING COMPANY INC.

Mr. Mohamed Anees Noorani
Director

Mr. Salman Yusuf Noorani
Director

ZODIAC CLOTHING COMPANY INC.

Statement of Comprehensive Income
for the year ended 31 March 2015

	<i>2015</i> <i>US \$</i>	<i>2014</i> <i>US \$</i>
Liability no longer payable reversed	6,566	-
Other administrative expenses	(4,485)	(7,575)
Profit/(loss) for the year	2,081	(7,575)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,081</u>	<u>(7,575)</u>

The accompanying notes 1 to 12 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY INC.

Statement of Changes in Equity
for the year ended 31 March 2015

	<i>Share capital US \$</i>	<i>Accumulated profits US \$</i>	<i>Shareholder's loan account US \$</i>	<i>Total US \$</i>
As at 31 March 2013	10,000	(355)	16,060	25,705
Funds introduced by shareholder	-	-	1,337	1,337
(Loss) for the year	-	(7,575)	-	(7,575)
As at 31 March 2014	10,000	(7,930)	17,397	19,467
Funds introduced by shareholder	-	-	5,173	5,173
Profit for the year	-	2,081	-	2,081
As at 31 March 2015	<u>10,000</u>	<u>(5,849)</u>	<u>22,570</u>	<u>26,721</u>

The accompanying notes 1 to 12 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2015

	<i>Notes</i>	2015 US\$	2014 US\$
<u>Cash flows from operating activities</u>			
Profit/(loss) for the year		2,081	(7,575)
Adjustment for			
Liability no longer payable reversed		(6,566)	-
Operating (loss) before working capital changes		(4,485)	(7,575)
Changes in accruals		(1,910)	6,238
Net cash (used in) operating activities		(6,395)	(1,337)
<u>Cash flows from financing activities</u>			
Funds introduced by a shareholder (net)		5,173	1,337
Net cash from financing activities		5,173	1,337
Net increase/(decrease) in cash and cash equivalents		(1,222)	-
Cash and cash equivalents at beginning of the year		32,476	32,476
Cash and cash equivalents at end of the year	6	31,254	32,476

The accompanying notes 1 to 12 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY INC.

(Incorporated in the State of Delaware, U.S.A.)

Notes to the Financial Statements for the year ended 31 March 2015

1. Legal status and business activity

- a) **ZODIAC CLOTHING COMPANY INC.** ("The Company") is a corporation registered in the state of Delaware, United States of America.
- b) The company is established to carry out trading in men's garments. During the year, the company has not carried out any commercial activity.

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2014.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Functional and presentation currency

These financial statements have been prepared in the United States Dollars, which is the company's functional and presentation currency.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

3. Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment, intangible assets, investments and all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

4. Adoption of new and revised International Financial Reporting Standards and amendments

a) New and revised International Financial Reporting Standards and amendments

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- *Investment Entities (Amendments to IFRS10, IFRS12 and IAS 27)*
- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements.

Their adoption has resulted in presentation and disclosure changes only.

b) International Financial Reporting Standards issued in 2014 but not effective

IFRS 9 – Financial Instruments (July 2014 version) This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers- The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Significant accounting policies

a) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

Financial assets

Non derivative financial assets

Initial Recognition and Measurement

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the year, company has non-derivative financial assets in the form of loans and receivables only.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in income statement when the loans and receivables are derecognized or impaired, and through the amortization process.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

b) Other receivables

Provision is made for doubtful debts. Bad debts are written off when there is no possibility of recovery.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

e) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

d) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

e) Other payables

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

f) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

Provisions (contd.):

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

g) Sales

Sales will represents net amount invoiced for goods delivered during the year.

h) Income tax

Taxation is provided in accordance with the relevant fiscal regulation of the country in which the company operates.

i) Foreign currency transactions

Transactions in foreign currencies are converted into US Dollar at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the income statement.

j) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

	2015 US\$	2014 US\$
6. Cash and cash equivalents		
Bank balance:		
In a current account	<u>31,254</u>	<u>32,476</u>
7. Share capital		
Authorised, subscribed, issued and paid up		
Shares 10,000 @ US \$ 1/- ^a	<u>10,000</u>	<u>10,000</u>

^a Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements for the year ended 31 March 2015

8. Shareholder's loan account

This represents long term loan account balance of Zodiac Clothing Co. (U.A.E.) L.L.C., a sole shareholder of the company, without any interest terms.

9. Financial instrument risks

The company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of bank balance.

Bank balance

The company's bank balance in current account is placed with high credit quality financial institution.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk, exchange rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

In absence of bank borrowings, interest rate risk is minimum.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the shareholders and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

ZODIAC CLOTHING COMPANY INC.

Notes to the Financial Statements *for the year ended 31 March 2015*

10. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of other receivables and bank balances and financial liabilities, comprising of accruals approximate to their carrying values.

11. Contingent liability

There was no contingent liability of significant amount outstanding as at the reporting date.

12. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

**ZODIAC CLOTHING COMPANY
(U. A. E.) LLC**

Financial Statements

31 March 2015

Registered Office:

P.O. Box 50545
Dubai, U.A.E.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Financial Statements

31 March 2015

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ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Director's Report

The director submits his report and accounts for the year ended 31 March 2015.

Results and dividend

The profit for the year amounted to AED 1,992,128/. The shareholders have approved the payment of interim dividend of AED 3,675,000/- for the year ended 31 March 2015.

Review of the business

The company is registered and engaged in manufacturing of ready-made garments and wholesale trade of ready-made garments.

Events since the end of the year

There were no important events, which occurred since the year-end that materially affects the company.

Shareholders and their interests

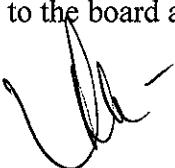
The shareholders at 31 March 2015 and their interests as of that date in the share capital of the company were as follows:

	<i>Nationality</i>	<i>No. of shares</i>	<i>AED</i>
Mrs Muna Mahmood Mohd. Mahmood ^a	U.A.E.	153	153,000
M/s. Zodiac Clothing Company S.A.	Switzerland	<u>147</u>	<u>147,000</u>
		<u>300</u>	<u>300,000</u>

^a As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmood is holding 51% shares for and on behalf of Zodiac Clothing Company S.A. (Switzerland) who is the beneficial owner.

Auditors

A resolution to re-appoint **KSI Shah and Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.


Mr. Mohamed Anees Noorani
 Director

Independent Auditors' Report to the Shareholders of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC**

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC**, which comprises of the statement of financial position as of 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** as of 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

We further confirm that we have obtained all information and explanations necessary for our audit that proper books of account have been kept by the company and an inventory was duly carried out. To the best of our knowledge and belief no violations of the U.A.E. Commercial Companies Law No. 8 of 1984 (as amended) or the articles of association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

14 May 2015



ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Financial Position At 31 March 2015

	Notes	2015 AED	2014 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,331,608	1,706,939
Intangible asset	7	-	385,044
Investment in subsidiaries	8, 22	46,720	46,720
Long term loan to subsidiaries	9, 22	<u>8,074,088</u>	<u>8,294,586</u>
		<u>10,452,416</u>	<u>10,433,289</u>
Current assets			
Inventories	10	2,874,650	2,987,315
Trade and other receivables	11	9,874,721	7,690,040
Prepayments		621,152	852,289
Financial assets	12	130,580	43,983
Due from related parties	22	5,877,871	7,969,017
Cash and bank balances	13	<u>8,999,713</u>	<u>10,722,397</u>
		<u>28,378,687</u>	<u>30,265,041</u>
TOTAL ASSETS		<u>38,831,103</u>	<u>40,698,330</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	300,000	300,000
Statutory reserve	15	150,000	150,000
Accumulated profits		33,264,658	34,947,530
Hedging reserve	12	<u>130,580</u>	<u>43,983</u>
Total equity funds		<u>33,845,238</u>	<u>35,441,513</u>
Non-current liability			
Staff end of service gratuity		<u>817,179</u>	<u>799,694</u>
Current liability			
Trade and other payables	16, 22	<u>4,168,686</u>	<u>4,457,123</u>
TOTAL EQUITY AND LIABILITIES		<u>38,831,103</u>	<u>40,698,330</u>

The accompanying notes 1 to 29 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on page 1.

Approved by the shareholders on 25th April 2015 and signed on their behalf by;

For ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Mr. Mohamed Anees Noorani
Director

Mrs. Muna Mahmood Mohd. Mahmoud
Shareholder

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Comprehensive Income
for the year ended 31 March 2015

	<i>Notes</i>	2015 <i>AED</i>	2014 <i>AED</i>
Sales	17, 22	46,850,860	41,945,654
Cost of sales	18, 22	(39,474,125)	(33,561,465)
Gross profit		7,376,735	8,384,189
Other income	19	23,363	95,785
Profit on sale of machinery and equipment		7,262	-
Foreign currency exchange gain/(loss)		(1,370,581)	203,576
Realised gains from cash flow hedges		905,573	360,515
Expenses	20, 22	(5,203,841)	(6,266,481)
Profit from ordinary activities		1,738,510	2,777,584
Interest income from banks		22,557	18,521
Interest income from a related party	22	255,130	205,240
Interest costs	21, 22	(24,069)	(1,286)
Profit for the year		1,992,128	3,000,059
Other comprehensive income			
Unrealised gains from cash flow hedges		130,580	43,983
Total comprehensive income for the year		2,122,708	3,044,042

The accompanying notes 1 to 29 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Changes in Equity *for the year ended 31 March 2015*

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Accumulated profits AED</i>	<i>Hedging reserve AED</i>	<i>Total AED</i>
As at 31 March 2013	300,000	150,000	37,192,385	360,515	38,002,900
Profit for year	-	-	3,000,059	-	3,000,059
Dividend paid during the year	-	-	(5,244,914)	-	(5,244,914)
Realised during the year	-	-	-	(360,515)	(360,515)
Transfer from other comprehensive income	-	-	-	<u>43,983</u>	<u>43,983</u>
As at 31 March 2014	300,000	150,000	34,947,530	43,983	35,441,513
Profit for year	-	-	1,992,128	-	1,992,128
Dividend paid during the year	-	-	(3,675,000)	-	(3,675,000)
Realised during the year	-	-	-	(43,983)	(43,983)
Transfer from other comprehensive income	-	-	-	<u>130,580</u>	<u>130,580</u>
As at 31 March 2015	<u>300,000</u>	<u>150,000</u>	<u>33,264,658</u>	<u>130,580</u>	<u>33,845,238</u>

The accompanying notes 1 to 29 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC
Statement of Cash Flows
for the year ended 31 March 2015

	<i>Notes</i>	2015 <i>AED</i>	2014 <i>AED</i>
<u>Cash flows from operating activities</u>			
Profit for the year		1,992,128	3,000,059
Adjustment for:			
Depreciation		492,690	383,803
Amortization of goodwill		385,045	441,955
Interest income		(277,687)	(223,761)
Profit on sale of machine and equipment		(7,262)	-
Impairment of capital work in progress		23,679	23,679
Interest costs		24,069	1,286
Provision for staff end of service gratuity		<u>200,574</u>	<u>267,837</u>
Operating profit before working capital changes		2,833,236	3,894,858
Changes in inventories		112,665	858,487
Changes in trade and other receivables		(2,182,789)	3,133,148
Changes in due from/due to related parties (net)		2,088,886	1,934,160
Changes in prepayments		231,137	(231,037)
Changes in trade and other payables		(288,069)	<u>59,811</u>
Cash flow generated from operations		2,795,066	9,649,427
Interest paid to bank		(24,069)	(1,286)
Gratuity paid		(183,089)	<u>(225,470)</u>
Net cash from operating activities		<u>2,587,908</u>	<u>9,422,671</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(1,148,987)	(539,508)
Sale proceeds from machinery and equipment		15,210	-
Changes in due from/to subsidiaries (net)		220,498	(1,966,335)
Changes in margin and fixed deposit accounts		6,198,836	(749,204)
Interest received		277,687	223,761
Net cash from/(used in) investing activities		<u>5,563,244</u>	<u>(3,031,286)</u>
<u>Cash flows from financing activities</u>			
Dividend paid to the shareholder		(3,675,000)	(5,244,914)
Net cash (used in) financing activities		<u>(3,675,000)</u>	<u>(5,244,914)</u>
Net increase in cash and cash equivalents		4,476,152	1,146,471
Cash and cash equivalents at beginning of the year		<u>3,011,561</u>	<u>1,865,090</u>
Cash and cash equivalents at end of the year	23	<u>7,487,713</u>	<u>3,011,561</u>

The accompanying notes 1 to 29 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

(Incorporated in the Emirate of Dubai)

(Registration No. 72212)

Notes to the Financial Statements for the year ended 31 March 2015

1. Legal status and business activity

- a) **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** ("The Company") is a limited liability company registered in the Emirate of Dubai, under industrial license no. 301266, in accordance with the provisions of the U.A.E. Commercial Companies Law No. 8 of 1984, as amended.
- b) The company is registered and engaged in manufacturing of ready-made garments and wholesale trade of ready-made garments.
- c) The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (U.A.E. National) (51%) and M/s. Zodiac Clothing Company S.A. (Switzerland) (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of Zodiac Clothing Company S.A. (Switzerland) who is the beneficial owner.

2. Basis of preparation

- a) These financial statements do not include the financial statements of its subsidiary companies. The consolidated financial statements for the group are prepared by the ultimate holding company Zodiac Clothing Company Limited, India.

b) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2014 and the applicable requirements of the Company Commercial Law number 8 of 1984.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Basis of measurement (contd.):

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

d) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

3. Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets, investments and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Classification of investment as a subsidiary

The company has classified its 100% investment in Zodiac Properties Limited and Zodiac Clothing Co INC, as its' subsidiaries, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Residual values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Estimated useful life of property, plant and equipment

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

Carrying value of intangible assets

Carrying values of the intangible assets are assessed for premiums as commanded by the market forces on a periodic basis. Based on such assessments the premiums are reduced to their estimated market valuation.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment, intangible assets, investments and all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The directors ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 26.

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

4. Adoption of new and revised International Financial Reporting Standards and amendments

a) New and revised International Financial Reporting Standards and amendments

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- *Investment Entities (Amendments to IFRS10, IFRS12 and IAS 27)*
- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements.

Their adoption has resulted in presentation and disclosure changes only.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements *for the year ended 31 March 2015*

b) International Financial Reporting Standards issued in 2014 but not effective

IFRS 9 – Financial Instruments (July 2014 version) This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers- The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Significant accounting policies

a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated by equal annual installments over their estimated useful lives as under:

Factory building	10 years
Plant and machinery	8 years
Furniture and office equipment	10 years
Vehicles	5 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

No depreciation is charged on capital work-in-progress.

b) Intangible asset

Intangible asset represents goodwill for the excess of the purchase price over the fair value of tangible and identifiable intangible assets and liabilities of business acquired. Goodwill paid will be amortised over a period of ten years on pro rata basis.

c) Investment in subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (*the Parent or the Investor*). The control is based on whether –

- The Investor has power over the investee
- It is exposed to rights of variable returns and
- It has the ability to use its power to affect the amount of the returns.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements *for the year ended 31 March 2015*

Investment in subsidiaries (contd.):

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiaries is stated at cost less provision for impairment if any.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

d) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Non derivative financial assets

Initial Recognition and Measurement

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the year, company has non-derivative financial assets in the form of loans and receivables only.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Derivative financial instruments including hedge accounting

A derivative financial instrument is one with all three of the following characteristics:

- ➔ It's value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- ➔ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- ➔ It is settled at a future date.

Recognition and Measurement

Derivative Financial Instruments

The company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks associated primarily with foreign currency fluctuation relating to trade and other receivables.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in income statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as current financial assets and a derivative with a negative fair value is recognized as current financial liability.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cumulative changes in fair values. The gain or loss relating to the ineffective portion is recognized immediately in Statement of Comprehensive Income and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to Statement of Comprehensive Income in the periods when the hedged item is recognized in Statement of Comprehensive Income, in the same line of the Statement of Comprehensive Income as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Cash flow hedges (contd.):

Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in Statement of Comprehensive Income.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in income statement when the loans and receivables are derecognized or impaired, and through the amortization process.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

e) **Inventories**

Raw materials are stated at cost including direct expenses using weighted average method.

Work in progress is valued at cost, by reference to the stage of completion.

Finished goods are valued at the lower of cost and net realisable value.

Cost comprises of material cost, labour and attributable overheads.

Net realisable value is based on estimated selling price less any estimated cost to completion and disposals.

f) **Trade and other receivables**

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

g) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

h) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

i) Trade and other payables

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

j) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Provisions (contd.):

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

k) Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

l) Revenue recognition

Sales of goods

Sales represents net amount invoiced for goods delivered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accounted on accrual basis.

m) Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the approximate rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting gain or loss is taken to the statement of comprehensive income.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

n) Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank balances in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

o) Dividend

Dividend is paid out of accumulated profits, when declared.

6. Property, plant and equipment

	<i>Capital work in progress^a AED</i>	<i>Factory building^b AED</i>	<i>Plant and Machinery^c AED</i>	<i>Furniture and office equipment^c AED</i>	<i>Vehicles AED</i>	<i>Total AED</i>
Cost						
As at 01.04.2014	47,358	3,923,590	5,360,275	1,168,452	182,500	10,682,175
Additions ^b	-	37,550	930,824	180,613	-	1,148,987
Disposals		-	(104,650)	(21,486)	-	(126,136)
Impairment	(23,679)	-	-	-	-	(23,679)
As at 31.03.2015	<u>23,679</u>	<u>3,961,140</u>	<u>6,186,449</u>	<u>1,327,579</u>	<u>182,500</u>	<u>11,681,347</u>
Depreciation						
As at 01.04.2014	-	3,627,541	4,537,435	786,408	23,852	8,975,236
Charge for the year	-	43,876	344,003	68,311	36,500	492,690
Relating to disposals	-	-	(96,701)	(21,486)	-	(118,187)
As at 31.03.2015	<u>-</u>	<u>3,671,417</u>	<u>4,784,737</u>	<u>833,233</u>	<u>60,352</u>	<u>9,349,739</u>
Net book value						
As at 31.03.2015	<u>23,679</u>	<u>289,723</u>	<u>1,401,712</u>	<u>494,346</u>	<u>122,148</u>	<u>2,331,608</u>
As at 31.03.2014	<u>47,358</u>	<u>296,049</u>	<u>822,840</u>	<u>382,044</u>	<u>158,648</u>	<u>1,706,939</u>

^a Represents work in progress for operator interface.

^b Factory building is constructed on leasehold land in name of U.A.E. national shareholder. The lease rent is being paid annually.

^c Includes AED 13,048/- (previous year AED 37,618/-) purchased from a related party (refer note 22).

In the opinion of management, there was no impairment in respect of any of the property, plant and equipment items. Hence, the fair values of the property, plant and equipment at reporting date are the same as their net book values.

7. Intangible asset

	<i>2015 AED</i>	<i>2014 AED</i>
Amount paid for acquiring business	<u>4,419,548</u>	<u>4,419,548</u>
Amortisation:		
Opening balance	4,034,504	3,592,549
For the year	<u>385,044</u>	<u>441,955</u>
Closing balance	<u>4,419,548</u>	<u>4,034,504</u>
Net book amount	<u><u>=</u></u>	<u><u>385,044</u></u>

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

	2015 <i>AED</i>	2014 <i>AED</i>
8. Investment in subsidiaries		
Zodiac Clothing Company Inc. U.S.A. (100 % shareholding)		
10,000 shares of US \$ 1/- each (converted @ 3.672)	36,720	36,720
Zodiac Properties Limited, R.A.K., U.A.E (100 % shareholding)		
10 shares of AED 1,000/- each	<u>10,000</u>	<u>10,000</u>
	<u>46,720</u>	<u>46,720</u>

9. Long term loan to subsidiaries

Zodiac Clothing Company Inc. U.S.A. ^a	82,876	63,881
Zodiac Properties Limited, R.A.K., U.A.E ^b	<u>7,991,212</u>	<u>8,230,705</u>
	<u>8,074,088</u>	<u>8,294,586</u>

^a Represents an unsecured and interest free loan given to a subsidiary, without any repayment terms (refer note 22).

^b Represents an unsecured and interest bearing loan at the rate of 3% p.a. given to a subsidiary, without any repayment terms (refer note 22).

	2015 <i>AED</i>	2014 <i>AED</i>
10. Inventories		
Raw materials and accessories	1,376,095	1,205,190
Spare parts	79,205	54,850
Semi-finished inventories	886,777	684,584
Finished inventories	250,204	55,051
Trading inventories	<u>2,000</u>	<u>16,334</u>
	<u>2,594,281</u>	<u>2,016,009</u>
Goods in transit	<u>280,369</u>	<u>971,306</u>
	<u>2,874,650</u>	<u>2,987,315</u>

11. Trade and other receivables

Trade receivables (refer note 22)	8,652,328	6,495,972
Provision for doubtful debts	<u>-</u>	<u>(192,494)</u>
	<u>8,652,328</u>	<u>6,303,478</u>
Advance to suppliers	10,392	33,513
Deposits	386,494	556,804
Staff advances	156,100	107,993
Claim receivable	595,598	-
Other receivables ^a	<u>73,809</u>	<u>688,252</u>
	<u>9,874,721</u>	<u>7,690,040</u>

^a Includes AED Nil (previous year AED 612,562/-) given to business associates, without any interest and receivable on demand.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

12. Financial assets

Represents favourable fair values, of open derivative contracts, on mark to market basis as, of the reporting date with notional contract values of US \$ 1,217,747/- (*previous year notional contract values US\$ 2,472,489/-*).

	<i>2015</i>	<i>2014</i>
	<i>AED</i>	<i>AED</i>

13. Cash and bank balances

Cash on hand	44,696	18,624
Bank balance in:		
Current accounts	7,443,017	2,992,937
Margin accounts (<i>refer note 28</i>)	1,512,000	1,437,000
Fixed deposits	-	6,273,836
	<u>8,999,713</u>	<u>10,722,397</u>

14. Share capital

300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
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15. Statutory reserve

Statutory reserve is created by allocating 10% of the net profit of the company as required by Article 255 of the UAE Commercial Companies Law No. 8 of 1984, as amended concerning Commercial Companies in the UAE. The company 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.

	<i>2015</i>	<i>2014</i>
	<i>AED</i>	<i>AED</i>

16. Trade and other payables

Trade payables (<i>refer note 22</i>)	1,849,376	1,495,791
Provision for leave salaries and air passage	686,263	599,642
Advance from customers	-	316,503
Other payable	1,152,290	760,194
Accruals ^a	<u>480,757</u>	<u>1,151,742</u>
	<u>4,168,686</u>	<u>4,323,872</u>

^a Includes AED 8,857/- (*previous year AED 29,006/-*) payable to related parties on account of commission and management fees and AED Nil (*previous year AED 674,010/-*) on account of market survey expenses (*refer note 22*).

17. Sales

Manufactured shirts (<i>refer note 22</i>)	33,011,477	32,225,999
Trading shirts	<u>13,839,383</u>	<u>9,719,655</u>
	<u>46,850,860</u>	<u>41,945,654</u>

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

	2015 AED	2014 AED
18. Cost of sales		
Opening work in progress	684,584	852,780
Material consumed		
Opening inventories	1,260,040	1,977,378
Purchases of raw materials (<i>refer note 22</i>)	17,538,307	15,024,506
Closing inventories	(1,735,669)	(1,260,040)
Wages and benefits	5,746,594	4,625,932
Purchase of trading shirts (<i>refer note 22</i>)	12,202,411	8,533,880
Other direct expenses (<i>refer note 22</i>)	4,856,742	4,246,339
Customs refund	(399,167)	(279,732)
Depreciation (<i>refer note 20</i>)	387,879	320,545
Closing work in progress	(886,777)	(684,584)
(Accretion)/decretion of finished goods	(180,819)	204,461
	<u>39,474,125</u>	<u>33,561,465</u>
19. Other income		
Credit balance written off	16,639	-
Sale of scrap	6,724	20,785
Reversal of bank charges of previous year	-	75,000
	<u>23,363</u>	<u>95,785</u>
20. Expenses		
Salaries and other benefits	612,992	576,730
Other administrative expenses (<i>refer note 22</i>)	3,865,166	4,930,949
Bank charges	212,148	229,910
Depreciation (<i>per below</i>)	104,811	63,258
Impairment of capital work in progress	23,679	23,679
Amortisation of goodwill	385,045	441,955
	<u>5,203,841</u>	<u>6,266,481</u>
Depreciation		
Total depreciation (<i>refer note 6</i>)	492,690	383,803
Less: taken to cost to sales (<i>refer note 18</i>)	(387,879)	(320,545)
	<u>104,811</u>	<u>63,258</u>
21. Interest costs		
Bank interest	535	1,286
Interest on shareholder's loan (<i>refer note 22</i>)	23,534	-
	<u>24,069</u>	<u>1,286</u>
22. Related party transactions		

For the purpose of this financial statement, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Related party transactions (*contd.*):

The relationship of related parties is as under –

- a) Major shareholders
 - 1. Zodiac Clothing Company Limited, India
 - 2. Zodiac Clothing Company SA, Switzerland
- b) Subsidiaries
 - 1. Zodiac Clothing Company INC, USA
 - 2. Zodiac Properties Limited, RAK, U.A.E.
- c) Companies under common management control
 - 1. Zodiac Metropolitan Clothing Company GMBH, Germany
 - 2. Zodiac Metropolitan Clothing Company GMBH, UK
 - 3. Onward LLC, U.A.E.
 - 4. Zodiac Ajman LLC, U.A.E.

The nature of significant related party transactions and the amounts involved are as under:

	<i>Major shareholders</i> <i>AED</i>	<i>Subsidiaries</i> <i>AED</i>	<i>Companies under common management control</i> <i>AED</i>	<i>Total 2015</i> <i>AED</i>	<i>Total 2014</i> <i>AED</i>
Sales (<i>at market price</i>) (<i>net of discount</i>)	-	-	1,769,490	1,769,490	2,003,804
Purchase of raw materials (<i>refer note 18</i>)	6,850,387	-	-	6,850,387	5,660,207
Purchase of trading shirts/ties (<i>refer note 18</i>)	-	-	12,202,411	12,202,411	8,533,880
Purchase of property, plant and equipment (<i>refer note 6</i>)	13,048	-	-	13,048	37,618
Under other direct expenses (<i>refer note 18</i>)					
Royalty expenses	760,784	-	-	760,784	727,912
Other expenses (<i>net</i>)	80,449	-	-	80,449	92,238
Under other administrative expenses (<i>refer note 20</i>)					
Market survey	-	-	-	-	859,792
Commission for handling shipment	-	-	-	-	242,000
Export claim	-	-	361,325	361,325	513,231

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Related party transactions (contd.):

	<i>Major shareholders</i> AED	<i>Subsidiaries</i> AED	<i>Companies under common management control</i> AED	<i>Total 2015</i> AED	<i>Total 2014</i> AED
Sales commission	-	-	482,671	482,671	1,729,231
Management fees	80,775	-	-	80,775	78,988
Others	94,567	-	-	94,567	56,473
Interest income from a related party	-	255,130	-	255,130	205,240
Interest costs	23,534	-	-	23,534	-

At the reporting date balances with related parties were as follows:

Included under non-current assets:

Investment in subsidiaries (refer note 8)	-	46,720	-	46,720	46,720
Long term loan to subsidiaries (refer note 9)	-	8,074,088	-	8,074,088	8,294,586

Included under current assets:

Trade receivables (refer note 11)	-	-	299,465	299,465	891,781
Due from related parties	-	-	5,877,871	5,877,871	7,969,017

Included under current liabilities:

Trade payables (refer note 16)	530,545	-	899,720	1,430,265	1,115,484
Accruals (refer note 16)	8,857	-	-	8,857	701,188

The company also provides funds to related parties as and when required as working capital facilities without any interest except for note no 9(b) to the financial statements.

23. Cash and cash equivalents

	<i>2015</i> AED	<i>2014</i> AED
Cash on hand	44,696	18,624
Bank balance:		
Current accounts	7,443,017	2,992,937
	<u>7,487,713</u>	<u>3,011,561</u>

24. Number of employees

The average numbers of employees during the year were 396 (previous year 368).

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

25. Financial instrument risks

The company has exposure to the following risks from use of its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances, trade and other receivables and due from related parties.

Trade receivables

As at 31 March 2015, the company's exposure on account of significant concentration of credit risk from trade receivables (*other than related parties*) situated outside U.A.E., in U.S.A., amounts to AED 1,696,719/- due from a customer (*previous year AED 1,756,885/- from a customer*) and within U.A.E amounts to AED 5,832,566/- from three customers (*previous year AED 1,671,546/- from two customers*).

There is no significant concentration of credit risk from trade receivables outside the industry in which the company operates.

Bank balances

The company's bank balances in current, margin and fixed deposits accounts are placed with high credit quality financial institutions.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk, exchange rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest received from a related party is at fixed rate of interest. The fixed deposits with banks are at a fixed interest rate.

Exchange rate risk

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

Exchange rate risk (contd.):

	2015 Equivalent AED	2014 Equivalent AED
Foreign currency financial assets:		
Great Britain Pounds	8,301,837	11,525,610
Euro	219,347	988,298
Swiss Francs	976	100,143
Foreign currency financial liabilities:		
Euro	-	763,111
Swiss Francs	8,857	23,918
Hong Kong Dollars	-	6,020

As part of its exchange risk management, the company enters into forward foreign exchange contracts to hedge its exposure to exchange rate movements (refer note 12).

The following table illustrates the sensitivity of profit for a reasonable change in foreign exchange rates, with all other variables held constant at 31 March 2015 and 2014.

Particulars	Balance AED	2015		2014		Effect on income statement AED
		Change in currency rate in %	Effect on income statement AED	Balance AED	Change in currency rate in %	
Foreign currency assets						
Euro currency	219,347	+/- 15%	17,548	988,298	+/- 4%	+/- 39,532
GBP currency	8,301,837	+/- 8%	1,245,276	11,525,610	+/- 5%	+/- 576,281
Swiss Francs currency	976	+/- 6%	59	100,143	+/- 5%	+/- 5,007
Foreign currency liabilities						
Euro currency	-	-	-	763,111	+/- 4%	+/- 30,524
Swiss Francs currency	8,857	+/- 6%	531	23,918	+/- 5%	+/- 1,196
HK Dollars currency	-	-	-	6,020	+/- 1%	+/- 602

A change in currency rates are considered for the exchange rate have been determined based on the average market volatility in exchange rates in the year 2014-15 and 2013-14 over period of 12 months.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2015

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the shareholders and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

26. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables, due from related parties, and bank balances and financial liabilities, comprising of trade and other payables approximate their carrying values. Derivatives consist of forward foreign exchange contracts outstanding on the reporting date whose fair values are not materially different from their carrying values.

The following table analyses the company's financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

As on 31 March 2015	Level 1 (AED)	Level 2 (AED)	Level 3 (AED)	Total (AED)
<i>Financial assets</i>				
- Investment in subsidiaries	-	-	46,720	46,720
- Long term loans to subsidiaries	—	—	<u>8,074,088</u>	<u>8,074,088</u>
Total	—	—	<u>8,120,808</u>	<u>8,120,808</u>

As on 31 March 2014	Level 1 (AED)	Level 2 (AED)	Level 3 (AED)	Total (AED)
<i>Financial assets</i>				
- Investment in subsidiaries	-	-	46,720	46,720
- Long term loans to subsidiaries	—	—	<u>8,294,586</u>	<u>8,294,586</u>
Total	—	—	<u>8,341,306</u>	<u>8,341,306</u>

There were no transfers between levels for fair value measurements during the year.

	2015 AED	2014 AED
27. Purchase commitment		
Banker's letters of credit	<u>11,990</u>	<u>418,537</u>
28. Contingent liability		
Banker's letters of guarantees (refer note 13)	<u>1,512,000</u>	<u>1,437,000</u>
29. Comparative figures		

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.



ZODIAC CLOTHING COMPANY SA, Neuchâtel

Report of the Statutory Auditor
on the Limited Statutory Examination
to the General Meeting of Shareholders

Financial Statements 2015

KPMG SA
Neuchâtel, 18 May 2015
Ref. VR/GM/dp



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Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

ZODIAC CLOTHING COMPANY SA, Neuchâtel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of ZODIAC CLOTHING COMPANY SA for the year ended 31 March 2015.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

KPMG SA

Valérie Reymond Benetazzo
Licensed Audit Expert
Auditor in Charge

Gaëtan Moritz

Neuchâtel, 18 May 2015

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet as of 31 March	2015	2014
	CHF	CHF
ASSETS		
Current assets		
Cash and banks	995,876	1,003,721
Accounts receivable from affiliated companies	532,562	520,564
Other current assets	33	31
	<hr/>	<hr/>
	1,528,471	1,524,316
	<hr/>	<hr/>
Fixed assets		
Financial fixed assets:		
- Investment	98,039	98,039
	<hr/>	<hr/>
	1,626,510	1,622,355
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Other current liabilities	7,569	7,560
Accrued expenses	17,000	11,658
	<hr/>	<hr/>
	24,569	19,218
	<hr/>	<hr/>
Shareholder's equity		
Share capital	250,000	250,000
General reserve	50,000	50,000
Available earnings:		
- Retained earnings brought forward	333,137	10,493
- Net profit for the year	968,804	1,292,644
	<hr/>	<hr/>
	1,601,941	1,603,137
	<hr/>	<hr/>
	1,626,510	1,622,355
	<hr/>	<hr/>

Income Statement	2015	2014
	CHF	CHF
INCOME		
Dividend	964,756	1,283,792
Management fees	20,000	20,000
Financial income	22,646	15,024
Exchange gain	5,372	8,976
	<hr/>	<hr/>
	1,012,774	1,327,792
	<hr/>	<hr/>
EXPENSES		
Administrative expenses	(38,290)	(29,482)
Financial expenses	(386)	(398)
	<hr/>	<hr/>
	(38,676)	(29,880)
	<hr/>	<hr/>
Profit before taxes	974,098	1,297,912
Current taxes	(5,294)	(5,268)
	<hr/>	<hr/>
Net profit for the year	968,804	1,292,644
	<hr/>	<hr/>

Notes to the Financial Statements as of 31 March 2015

1 Company affiliation and activity

The Company, which is registered in Neuchâtel (Switzerland), is a wholly owned subsidiary of Zodiac Clothing Company Ltd incorporated in Mumbai (India). The Company's activity is to provide management services to the group.

2 Significant investments

<i>Company, domicile purpose</i>	<i>percentage held directly and indirectly %</i>	<i>share capital</i>
Zodiac Clothing Company (UAE) LLC, Dubai Manufacturing of ready wear garments and accessories	100	AED 300,000

The shareholders of the Company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and ZODIAC CLOTHING COMPANY SA (Switzerland) (49%). As per the mutual agreement between the shareholders Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of ZODIAC CLOTHING COMPANY SA (Switzerland) who is the beneficial owner.

3 Risk assessment

The Company's risk assessment was conducted and formally approved by the Board of Directors.

Proposed Appropriation of Available Earnings	2015	2014
	CHF	CHF
Retained earnings brought forward	333,137	10,493
Net profit for the year	968,804	1,292,644
Available earnings	1,301,941	1,303,137
<hr/>		
The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:		
Dividend	970,000	970,000
To be carried forward	331,941	333,137
Available earnings	1,301,941	1,303,137