

ZODIAC FINSEC AND HOLDINGS LIMITED

Nyloc House, 254, D-2, Dr. A.B Road, Worli, Mumbai 400 030,
Tel No. 022-66677000, Fax No: 022-66677279
CIN: U28129MH1993PLC071999

DIRECTORS' REPORT

To,

The Members,

Zodiac Finsec & Holdings Limited.

Your Directors have pleasure in presenting the 23rd Annual Report together with the audited accounts of the Company for the year ended 31st March 2016.

1. RESULTS OF OPERATIONS:

Particulars	(Rs. In lakhs)	
	2015-16	2014-15
Turnover & Other Income	809.27	791.04
Profit/Loss before Taxation	565.71	535.51
Income Tax & Deferred Tax	131.13	126.71
Profit / (Loss) after Taxation	434.58	408.80
Profit/(Loss) for the year	434.58	408.80
Balance forward from previous year	1655.55	1466.61
Appropriation:		
Transfer to Special Reserve u/s 451C of RBI Act	86.92	81.77
Balance carried to Balance Sheet	1856.08	1655.55

2. Turnover & Profits:

During the Financial Year ended 31st March 2016, the Turnover of the Company increased to Rs. 788.62 Lakhs as compared to Rs. 783.43 Lakhs during the previous year. The Profit before tax during the year was Rs. 565.71 Lakhs as compared to Rs. 535.51 Lakhs during the previous year.

3. Dividend

During the year under consideration, 1,30,000 8% Cumulative Redeemable Preference Shares of Rs. 100 each were redeemed on 29th January, 2016 and pro-rata dividend of Rs. 8.64 Lakhs was declared and paid in respect of the said preference shares. On the balance outstanding 70,000 8% Cumulative Redeemable Preference Shares of Rs. 100 each, an interim dividend of Rs. 5.60 Lakhs for the year 2015-16 was declared on 18th April, 2016 and paid on 21st April, 2016. The total dividend outflow including the Dividend Distribution tax was Rs. 17,13,703/-.

For the year under consideration no dividend has been recommended by the Board on the Equity Shares.

4. Directors and Key Managerial Personnel (KMP)

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. S. Y. Noorani (DIN: 00068423), Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. There have been no other changes in the Board during the Financial Year.

List of Key Managerial Personnel

Sr. No.	Name of the person	Designation
1	Mr. E. S. Dwarkanath Rao	Company Secretary

5. Directors' Responsibility Statement

1. In compliance of section 134(5) of the Companies Act, 2013, in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with the requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The directors have prepared the annual accounts on a going concern basis;
5. The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

6. Fixed deposits

The Company has neither invited nor accepted any Deposit within the meaning of Section 73(1) of the Companies Act 2013 read with NBFC Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

The Information as required to be provided under the NBFC Regulations are as under:

Sr. No.	Particulars	Amount (Rs.)
1	Total number of accounts of public deposit of the company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment	NIL. The Company has not accepted any Public Deposits till date.
2	Total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in Point 1 above.	NIL.

7. Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, M/s. Rege & Thakkar, Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of the Twenty First Annual General Meeting (AGM) of the Company held on 12th August, 2014 till the conclusion of the Twenty Seventh AGM, subject to the ratification of their appointment at every AGM.

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

8. Particulars of Employees

There are no employees drawing remuneration within the monetary ceiling prescribed under Section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended upto date.

9. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is traditionally driven by a moral obligation and philanthropic spirit. As per the provisions of Section 135 of the Companies Act 2013, the Company has constituted a CSR Committee. The members of the Corporate Social Responsibility Committee are Mr. M. Y. Noorani, Mr. S. Y. Noorani and Mr. A. Y. Noorani. Mr. M. Y. Noorani is the Chairman of the Committee. Mr. E. S. Dwarkanath Rao, Company Secretary acts as the Secretary to the Committee.

The Board has also framed a CSR policy for the Company on the recommendations of the CSR Committee.

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

10. Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo

A. Conservation of Energy:

The Company, being a Non - Banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on conservation of energy and technology absorption.

B. Research and Development and Technology Absorption:

Not Applicable

C. Foreign Exchange Earnings and Outgo:

During the year the Company did not have any foreign exchange earnings and outgo.

11. Adequacy of internal financial controls

The Company's internal control system is commensurate with its size, scale and nature of it's operations. Internal financial controls with reference to the financial statements were adequate and operating effectively.

12. Material changes, if any affecting the Financial Position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the report:

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 31st March 2016 and the date of this report

13. Credit rating

Since the Company is registered with the Reserve Bank of India as a Non Deposit taking NBFC, obtaining a credit rating is not required.

14. Number of meetings of the Board

During the year six meetings of the Board were held.

15. Extract of annual return

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed form MGT 9 is annexed as Annexure 1 to this Report.

16. Particulars of loans, guarantees and investments

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report. The particulars of investments have been disclosed in the financial statements. The Company has not given any guarantees.

17. Related party transactions

All related party transactions entered during the year were on an arm's length basis and in the ordinary course of business and do not attract the provisions of Section 188 of the Companies Act, 2013. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the disclosure under form AOC-2 is not applicable. The details of the related party disclosures are set out in Notes to the standalone financial statement (Note no. 23).

18. Risk management

The Board of Directors of the Company has adopted risk management policy for the Company which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy.

19. Insurance

All the properties/assets including buildings, furnitures/fixtures, and insurable interest of the Company are adequately insured.

20. Acknowledgement

The Board of Directors takes the opportunity to express its sincere appreciation for the support and co-operation from its members, Reserve Bank of India and banks.

On behalf of the Board of Directors

Sd/-

M. Y. Noorani
Chairman

Date: 25th May, 2016

Place: Mumbai

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON March 31, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U28129MH1993PLC071999
ii.	Registration Date	14/05/1993
iii.	Name of the Company	ZODIAC FINSEC AND HOLDINGS LIMITED
iv.	Category / Sub-Category of the Company	Non Banking Finance Company
v.	Address of the Registered office and contact details	NYLOC HOUSE, 254, D-2, DR. ANNIE BESANT ROAD, WORLI, Mumbai - 400030 Maharashtra
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Financial Services	64990	97.45%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Zodiac Clothing Company Limited	L17100MH1984PLC033143	Holding	100 %	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

lakh									
c) Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	20,00,000	20,00,000	100	0	20,00,000	20,00,000	100	Nil

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Zodiac Clothing Company Limited	19,99,985	99.99	0	19,99,985	99.99	0	0
2.	M. Y. Noorani	10	0.01	0	10	0.01	0	0
3.	A. Y. Noorani	1	0.00	0	1	0.00	0	0
4.	S. Y. Noorani	1	0.00	0	1	0.00	0	0
5.	Madhav Apte	1	0.00	0	1	0.00	0	0
6.	Susim Datta	1	0.00	0	1	0.00	0	0
7.	Yogendra Trivedi	1	0.00	0	1	0.00	0	0
	Total	20,00,000	100	0	20,00,000	100	0	0

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No change	No change	No change	No change
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change	No change	No change	No change
	At the End of the year	No change	No change	No change	No change

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans (Rs. In Lakhs)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1591.40	-	1591.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	-	1591.40	-	1591.40
Change in Indebtedness during the financial year				
- Addition	-		-	
- Reduction	-	155	-	155
Net Change	-	155	-	155
Indebtedness at the end of the financial year				
i) Principal Amount	-	1436.40	-	1436.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	1436.40	-	1436.40

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
6.	Total (A)	Nil	Nil	Nil	Nil	Nil
	Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	60,060	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
6.	Total	Nil	60,060	Nil	Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Report on CSR Activities

I. Corporate Social Responsibility (CSR) Committee (Composition):

The Board of Directors, during the year constituted the “Corporate Social Responsibility Committee” as required under Section 135 of the Companies Act, 2013. The members of the Corporate Social Responsibility Committee are Mr. M. Y. Noorani, Mr. S. Y. Noorani and Mr. A. Y. Noorani. Mr. M. Y. Noorani is the Chairman of the Committee. Mr. E. S. Dwarkanath Rao, Company Secretary acts as the Secretary to the Committee.

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

II. A Brief outline of the company's CSR initiatives:

The projects undertaken/ programmes supported by the Company will be within the broad framework of Schedule VI of the Companies Act 2013. During the year the Company has focused on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of Rs. 8,20,000/- to CanCare Trust towards its development of a not for profit Cancer Hospital in Mumbai for Treatment of head and neck cancer, aimed primarily to benefit the economically weaker sections of the society and Rs. 2,50,000/- to Nanavati Hospital.

III. Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR:

Rs. 5,29,77,014/-

IV. Prescribed CSR Expenditure (two percent of the amount as in item no. III above):

Rs. 10,59,540/-

V. Details of CSR spent during the financial year:

- a) Total amount spent for the financial year: Rs. 10,70,000/-
- b) Amount unspent: Nil
- c) Manner in which the amount spent during the financial year: Attached

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

Not Applicable

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

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state and district where project or program was undertaken	Amount Outlay (budget) project or program wise	Amount spent on the projects or programs	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through Implementing agency
1	Contribution to CanCare Trust towards development of a not for profit Cancer Hospital in Mumbai	Health Care and Preventive Health Care	Local Area Mumbai, Maharashtra	-Rs. 8,20,000/-	Rs. 8,20,000/-	Rs. 8,20,000/-	Direct Rs. 8,20,000/-
2	Contribution to Nanavati Hospital	Health Care and Preventive Health Care	Local Area Mumbai, Maharashtra	-Rs. 2,50,000/-	Rs. 2,50,000/-	Rs. 2,50,000/-	Direct Rs. 2,50,000/-

Sd/-
M. Y. Noorani
Chairman

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, 2016, 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, 2016, 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 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, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its 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

sdt

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

Place: Mumbai
Date: 25th May, 2016

Annexure A 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, 2016.

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, 2016 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	1,505,838	A.Y.2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Assessment Dues	1,109,090	A.Y.2011-12	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 2016 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

SD/-
Y. L. Rege
(Partner)
M No: 43330

Place: Mumbai
Date: 25th May, 2016

Annexure B to the Independent Auditor's Report

The annexure B referred to in our report of even date to the members of **ZODIAC FINSEC AND HOLDINGS LIMITED** on the accounts for the year ended 31st March, 2016.

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

We have audited the internal financial controls over financial reporting of **ZODIAC FINSEC AND HOLDINGS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over

financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sol/-

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

Place: Mumbai
Date: 25th May, 2016

ZODIAC FINSEC AND HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
		Rupees	Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	27,000,000	40,000,000
(b) Reserves and surplus	3	<u>278,356,833</u>	<u>236,612,491</u>
		305,356,833	276,612,491
2 Non-current liabilities			
(a) Deferred tax liabilities (net)	26	10,537	10,487
		10,537	10,487
3 Current liabilities			
(a) Short-term borrowings	4	143,639,758	159,139,758
(b) Advance Received and other Payables	5	-	3,304,892
(c) Other current liabilities	6	<u>28,095,885</u>	<u>26,551,342</u>
		171,735,643	188,995,992
TOTAL		477,103,014	465,618,971
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	<u>313,318,499</u>	<u>319,324,603</u>
		313,318,499	319,324,603
(b) Non-current investments	8	124,139,583	117,596,080
(c) Long-term loans and advances	9	35,950,060	23,650,328
(d) Other non-current assets	10	<u>281,777</u>	<u>544,371</u>
		160,371,419	141,790,779
2 Current assets			
(a) Current investments	11	1,200,000	2,800,000
(b) Inventories	12	711,348	711,410
(c) Trade receivables	13	444,081	607,908
(d) Cash and cash equivalents	14	1,014,081	331,367
(e) Short-term loans and advances	15	<u>43,586</u>	<u>52,904</u>
		3,413,096	4,503,589
TOTAL		477,103,014	465,618,971

See accompanying notes forming part of the financial statements

1-27

In terms of our report attached.

For and on behalf of the Board

For Rege and Thakkar
Chartered Accountants
FRN:113263W

sdr

Y. L. Rege
Partner
M.No.043330

sdr
M.Y. NOORANI
Chairman

sdr
A.Y. NOORANI
Director

Place : Mumbai
Date : 25th May 2016

sdr
E. S. D. Rao
Company Secretary

ZODIAC FINSEC AND HOLDINGS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	For the year ended 31st March, 2016 Rupees	For the year ended 31st March, 2015 Rupees
1 Revenue from operations (gross)	16	78,861,516	78,343,362
2 Other income	17	<u>2,065,539</u>	<u>761,482</u>
TOTAL REVENUE (1+2)		80,927,055	79,104,844
3 Expenses			
(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	62	(45,348)
(b) Employee benefits expense	19	60,060	60,060
(c) Finance costs	20	16,130,865	16,712,660
(d) Depreciation and amortisation expenses	7	6,006,104	6,004,975
(e) Other expenses	21	2,158,849	2,821,313
TOTAL EXPENSES		24,355,940	25,553,660
4 Profit before tax		56,571,114	53,551,184
5 Tax expense:			
(a) Current tax expense		13,242,000	12,700,000
(b) Deferred tax charge/(credit)		50	58
(c) Excess Provision for tax of previous year now written back		(128,981)	(28,975)
6 Profit for the Year from continuing operations		43,458,045	40,880,101
7 Earnings per share (of Rs 10/- each):			
(a) Basic	25	20.87	19.77
(b) Diluted	25	20.87	19.77

See accompanying notes forming part of the financial statements

1-27

In terms of our report attached.

For Rege and Thakkar
Chartered Accountants
FRN:-113263W

For and on behalf of the Board of Directors

Y L Rege
Partner
M.No.043330

sdr *sdr*
M.Y. NOORANI
Chairman

sdr *sdr*
A.Y. NOORANI
Director

Place : Mumbai
Date : 25th May 2016

sdr *sdr*
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.

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

Cash Flow Statement for the year ended 31st March, 2016

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	56,571,114	53,551,184
<u>Adjustments for:</u>		
Depreciation and amortisation	6,006,104	6,004,975
Dividend income	(1,163,090)	(74,507)
Net (gain) / loss on sale of investments	(890,731)	(639,220)
Interest on borrowings	16,057,474	20,009,757
Operating profit / (loss) before working capital changes	76,580,872	21,998,195
<u>Changes in working capital:</u>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	62	(45,348)
Trade receivables	163,827	(250,604)
Short-term loans and advances	9,318	(16,918)
Other non-current assets	262,594	(11,172)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Advance Received	(3,304,892)	3,308,452
Other current liabilities	870,540	(165,728)
	<u>(1,998,551)</u>	<u>2,818,682</u>
Cash flow from extraordinary items	<u>74,582,321</u>	<u>78,368,061</u>
Cash generated from operations		
Net income tax (paid) / refunds	<u>74,582,321</u>	<u>78,368,061</u>
	<u>(25,412,751)</u>	<u>(18,510,242)</u>
Net cash flow from / (used in) operating activities (A)	49,169,570	59,857,819
 B. Cash flow from investing activities		
Current investments not considered as Cash and cash equivalents		
- Purchased	(23,000,000)	(17,030,000)
- Proceeds from sale	25,223,822	15,784,343
Purchase of long-term investments		
- Others – Venture Capital Fund (Net)	(6,276,594)	(40,853,114)
Dividend received		
- Others	1,163,090	74,507
	<u>(2,889,682)</u>	<u>(42,024,264)</u>
Net cash flow from / (used in) investing activities (B)	(2,889,682)	(42,024,264)

Zodiac Finsec and Holdings Limited

Cash Flow Statement for the year ended 31st March, 2016 (Contd.)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
C. Cash flow from financing activities		
Proceeds from long-term borrowings		
Proceeds from issue of preference shares	(13,000,000)	20,000,000
Repayment of long-term borrowings		
Proceeds from other short-term borrowings	(15,500,000)	(8,140,710)
Interest on borrowings	(16,057,474)	(16,706,947)
Dividends paid on Equity Shares		(10,000,000)
Dividends paid on Preference Shares	(863,825)	(1,122,192)
Tax on dividend	(175,875)	(2,223,782)
Net cash flow from / (used in) financing activities (C)	(45,597,174)	(18,193,631)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	682,713	(360,076)
Cash and cash equivalents at the beginning of the year	331,367	691,443
Cash and cash equivalents at the end of the year	1,014,080	331,367
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	1,014,081	331,367
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements</i> (give details)	0	0
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 13	1,014,081	331,367
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>)	0	0
Cash and cash equivalents at the end of the year *	1,014,081	331,367
* Comprises:		
(a) Cash on hand	176	1,952
(b) Cheques, drafts on hand	0	0
(c) Balances with banks		
(i) In current accounts	1,013,905	329,415
	1,014,081	331,367

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Rege & Thakkar
(Chartered Accountants)
FRN:-113263W

For and on behalf of the Board

Sd/-

M Y Noorani
[Chairman]

Sd/-
(Y L Rege)
Partner
M.No.043330

Sd/-

A Y Noorani
[Director]

Place : Mumbai
Date : 25th May 2016

Sd/-
E S D Rao
[Company Secretary]

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

NOTE 2 SHARE CAPITAL

		As at 31st March, 2016		As at 31st March, 2015	
	Particulars	Number of shares	Rupees	Number of shares	Rupees
AUTHORISED					
Equity Shares of Rs.10/- each		2,000,000	20,000,000	2,000,000	20,000,000
8% Cumulative Redeemable Preference Shares of Rs. 100/- each		200,000	20,000,000	200,000	20,000,000
		<u>40,000,000</u>		<u>40,000,000</u>	
ISSUED, SUBSCRIBED AND FULLY PAID UP					
Equity Shares of Rs.10/- each		2,000,000	20,000,000	20,000,000	20,000,000
8% Cumulative Redeemable Preference Shares of Rs. 100/- each		70,000	7,000,000	200,000	20,000,000
		<u>27,000,000</u>		<u>40,000,000</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, 2016 Rupees	As at 31st March, 2015 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>
(a) Capital Redemption Reserve			
Transfer from Statement of Profit and loss as shown below		<u>13,000,000</u>	-
		<u>13,000,000</u>	-
(c) Other reserves (specify the nature and purpose			
Special Reserve u/s. 45 IC of RBI Act, 1934		60,882,328	52,705,328
Opening balance		8,692,000	8,177,000
Add: Transferred from Statement of Profit and loss as shown below		<u>69,574,328</u>	<u>60,882,328</u>
(c) Surplus in Statement of Profit and Loss			
Opening balance		165,555,163	146,661,273
Less: Depreciation of earlier years		-	463,237
Add: Profit for the year		<u>165,555,163</u>	<u>146,198,036</u>
		<u>43,458,045</u>	<u>40,880,101</u>
		<u>209,013,208</u>	<u>187,078,137</u>
Less: Interim dividend paid (Rs 5/- per share)		-	10,000,000
Dividend on Preference shares paid		1,423,825	1,122,192
Tax on dividend		289,878	2,223,782
Transfer to Capital Redemption Reserve		13,000,000	
Transfer to Special Reserve		8,692,000	8,177,000
Closing balance		<u>185,607,505</u>	<u>165,555,163</u>
		<u>278,356,833</u>	<u>236,612,491</u>

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

NOTE 4 SHORT-TERM BORROWINGS

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
(a) Loans and advances from related parties Unsecured (Refer to note below)	143,639,758	159,139,758
	143,639,758	159,139,758

Note :-

Holding Company:

Zodiac Clothing Co. Ltd

143,639,758 159,139,758

NOTE 5 Advance Received and Other Payables

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
Advance Received and Other Payables:		
Advance Received and Other Payables	-	3,304,892
	-	3,304,892

NOTE 6 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
(a) Other payables		
(i) Statutory dues	484,421	142,747
(ii) Security deposits received	26,218,765	26,218,765
(iii) Other Expenses payable	832,699	189,830
(iv) Preference dividend payable	560,000	-
	28,095,885	26,551,342

Note :-

Others expenses payable include amount due to:

Holding Company:

Zodiac Clothing Co. Ltd

647,526

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

NOTE 7 FIXED ASSETS

Tangible Assets

Description	Rate	Gross Block			Depreciation			Net Block	
		As at 01.04.2015	Additions	As at 31.03.2016	Up to 01.04.2015	For the year	Up to 31.03.2016	As at 31.03.2016	As at 31.03.2015
Building (Office)	1.63%	371,323,524	-	-	371,323,524	52,262,521	5,866,912	-	313,194,090
Furniture & Fixtures	6.33%	695,968	-	-	695,968	474,613	139,192	-	82,163
Vehicles	9.50%	100,000	-	-	100,000	95,000	-	-	221,355
Office Equipment	4.75%	744,872	-	-	744,872	707,627	-	-	5,000
Total		372,864,364	-	-	372,864,364	53,539,761	6,006,104	-	59,545,865
Previous year		372,864,364	-	-	372,864,364	47,071,549	6,004,975	463,237	53,530,761
								310,224,603	325,702,845

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

NOTE 8: Non-Current Investment

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
Investment in Venture Capital Fund - Unquoted		
Tata Capital Growth Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.8545929 per unit P.Y. Rs. 0.67236 per unit]	17,313,586	13,668,922
Tata Capital Healthcare Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.8881 per unit P.Y. 0.5038 per unit]	17,949,672	10,264,099
Faering Capital India Evolving Fund [88,876 units, P.Yr. 93,663 units] (Fully paid up Rs. 1000/- per unit)	88,876,325	93,663,059
	124,139,583	117,596,080

NOTE 9 : LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st Rupees	As at 31st Rupees
(a) Security deposits for Electricity	211,211	211,211
(b) Advance income tax (net of provisions)	35,738,849	23,439,117
Note 10 : Other Non-Current Assets		
	35,950,060	23,650,328

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
(a) Accruals		
(i) Interest Accrued on investments	264,196	272,241
(ii) Dividend Accrued on investments	-	254,549
(b) Others - Advance Paid	17,581	17,581
	281,777	544,371

Note 11: Current Investments

Particulars	As at 31st March, 2016 Rupees	As at 31st March, 2015 Rupees
<u>Other Investments - Quoted</u>		
Pramerica Liquid Fund Direct Plan - Growth Option [Nil units P.Y.1876.2171 units]	-	2,800,000
HDFC Floating Rate Income Fund short term plan Direct Wholesale Option Growth [46,089.321 units P.Y. Nil]	1,200,000	-
1,200,000 2,800,000		

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, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Stock-in-trade	711,348	711,410
	711,348	711,410

NOTE 13 TRADE RECEIVABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Unsecured, Considered good		
Other Trade Receivables	444,081	607,908
	444,081	607,908

Note :-

Others trade receivables include amount due from:

Holding Company:

Zodiac Clothing Co. Ltd

362,296

NOTE 14 CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Cash on hand	176	1,952
(b) Balances with banks		
(i) In current accounts	1,013,905	329,415
	1,014,081	331,367

NOTE 15 SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Unsecured, considered good unless otherwise stated		
(a) Prepaid expenses	43,586	52,904
	43,586	52,904

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

NOTE 16 : REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
(a) Rental Income from Properties	78,861,516	78,343,362
	<u>78,861,516</u>	<u>78,343,362</u>

NOTE 17 : OTHER INCOME

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
(a) Interest income (Refer note (i) Below)	11,718	10,735
(b) Dividend income	1,163,090	74,507
(c) Capital Gain (Short term) on sale of current investment	623,822	639,220
(d) Capital Gain (Long term) on sale of non-current investment	266,909	-
(e) Miscellaneous Income	-	437
(f) Credit Balance written off	-	36,583
	<u>2,065,539</u>	<u>761,482</u>
(i) Interest income comprises:		
Interest income from long term investments - Venture Capital Fund	11,718	10,735
Health care	<u>11,718</u>	<u>10,735</u>

NOTE 18 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
Inventories at the end of the year:		
Stock in Trade	711,348	711,410
	<u>711,348</u>	<u>711,410</u>
Inventories at the beginning of the year:		
Stock in Trade	711,410	666,062
	<u>711,410</u>	<u>666,062</u>
NET DECREASE /(INCREASE)	62	(45,348)

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

NOTE 19 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31st March, 2016 Rupees	For the year ended 31st March, 2015 Rupees
Salaries and wages	60,060	60,060
	<u>60,060</u>	<u>60,060</u>

NOTE 20 FINANCE COSTS

Particulars	For the year Rupees	For the year Rupees
(a) Interest paid		
(i) On Borrowings	16,057,474	16,706,947
(ii) Others	71,717	4,078
(b) Bank Charges	1,674	1,635
	<u>16,130,865</u>	<u>16,712,660</u>

NOTE 21 OTHER EXPENSES

Particulars	For the year ended 31st March, 2016 Rupees	For the year ended 31st March, 2015 Rupees
Repairs and maintenance - Building	125,484	414,491
Insurance	10,694	6,884
Rates and Taxes	225,259	157,881
Legal and Professional	242,414	447,238
Payment to Auditors (Refer note (i) below)	34,350	33,708
Expenditure on Corporate Social Responsibility (CSR)	1,070,000	1,100,000
Share Issue Expenses	-	295,600
Miscellaneous expenses	450,648	365,511
	<u>2,158,849</u>	<u>2,821,313</u>

Note:

(i) Payments to auditors comprises :

As Audit Fees	30,000	30,000
Service Tax	4,350	3,708
	<u>34,350</u>	<u>33,708</u>

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

Note 22 : Additional information to the financial statements		As at 31st March, 2016	As at 31st March, 2015
22.a	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
	The following liabilities are in appeal with Higher Authority:		
	The amount paid under protest is included in		
	Advance Tax		
	I-Tax Demand [A.Yr.2003-04]	11,489	11,489
	[amount paid under protest Rs.83,210/- P.Yr.Rs.83,210/-]		
	I-Tax Demand [A.Yr.2006-07]	1,330,872	1,330,872
	[amount paid under protest Rs. Nil P.Yr. Rs. Nil]		
	I-Tax Demand [A.Yr.2007-08]	4,307,676	4,307,676
	[amount paid under protest Rs.51,07,326/-, P.Yr.Rs.51,07,326/-]		
	I-Tax Demand [A.Yr.2010-11]	10,505,838	10,505,838
	[amount paid under protest Rs.90,00,000/-, I P.Yr Rs. 90,00,000]		
	I-Tax Demand [A.Yr.2011-12]	9,109,090	9,109,090
	[amount paid under protest Rs.80,00,000/-, I P.Yr Rs. 80,00,000]		
	I-Tax Demand [A.Yr. 2012-13]	12,433,930	12,433,930
	[amount paid under protest Rs. 12433,930, P.Yr Rs. Nil]		
	Total :	37,698,895	37,698,895
(ii)	Commitments		
	(Uncalled liability on shares and other investments partly paid)		
	Faering Capital India Evolving Fund	6,336,943	6,336,943
	[amount paid Rs. 9,36,63,059/-, P.Yr.Rs. 9,36,63,059/-]		
	Tata Capital Growth Fund	2,908,142	6,552,806
	[amount paid Rs.1,73,13,586/-, P.Yr.Rs.1,36,68,922/-]		
	Tata Capital Healthcare Fund	2,238,436	9,924,009
	[amount paid Rs. 1,79,49,672/-, P.Yr. Rs.1,02,64,099/-]		
	Total :	11,483,521	22,813,758
	Total Contingent liabilities and Commitments	49,182,416	60,512,653

ZODIAC FINSEC AND HOLDINGS LIMITED

Notes forming part of the financial Statement

Note 23 : 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.

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.

(Previous year's figures are in brackets)

Nature of Transactions	Holding Company (in Rupees)	Management Personnel (in Rupees)	Other Related Parties (in Rupees)	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	16,057,474 (16,655,291)	- (-)	- (-)	16,057,474 (16,655,291)
Mohd. Yusuf Noorani	- (-)	- (28,187)	- (-)	- (28,187)
Anees Yusuf Noorani	- (-)	- (2,720)	- (-)	- (2,720)
Salman Yusuf Noorani	- (-)	- (20,749)	- (-)	- (20,749)
Dividend paid to Zodiac Clothing Co.Ltd (Preference Shares- Rs. 8,63,825)	863,825 (1,122,192)	- (-)	- (-)	863,825 (1,122,192)
Expenses recovered from Zodiac Clothing Co.Ltd	1,895,927 (1,516,215)	- (-)	- (-)	1,895,927 (1,516,215)
Expenses reimbursed to Zodiac Clothing Co.Ltd	47,936	- (-)	- (-)	47,936

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

Note 23 : Disclosures under Accounting Standards (contd.)

(Previous year's figures are in brackets)

Nature of Transactions	Holding Company (in Rupees)	Management Personnel (in Rupees)	Other Related Parties (in Rupees)	Total (in Rupees)
Redemption of Preference Shares				
Zodiac Clothing Co.Ltd	13,000,000	-	-	13,000,000
Allotment of Preference Shares- Last year	(20,000,000)	-	-	(20,000,000)
Loans & Advances taken from				
Loans & Advances repaid to				
Zodiac Clothing Co. Ltd	15,500,000 (6,000,000)	- (-)	- (-)	15,500,000 (6,000,000)
Mohd. Yusuf Noorani	-	- (1,108,500)	-	- (1,108,500)
Anees Yusuf Noorani	-	- (117,000)	-	- (117,000)
Salman Yusuf Noorani	-	- (897,000)	-	- (897,000)
Outstandings amount payable to				
Zodiac Clothing Co.Ltd	144,287,284 (158,777,462)	- (-)	- (-)	144,287,284 (158,777,462)

Note 24

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Details of leasing arrangements		
<u>As Lessor</u>		
The Company has entered into operating lease arrangements for certain surplus facilities. The lease given is non-cancellable for a period of 2 years from the date of agreement.		
Lease Rental received is recognized in the statement of Profit and Loss Account under Rent in Note 16	78,861,516	78,343,362
Future minimum lease payments receivables not later than one year	7,668,729	30,674,916
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	58,129,433	52,262,521
Depreciation recognised on leased assets	5,866,912	5,866,912

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

Note 25

Particulars	For the year ended 31st March.	For the year ended 31st March.
Earnings		
(a) Continuing operations (Basic EPS)		
Net profit for the year from continuing operations	43,458,045	40,880,101
Less: Preference dividend and tax thereon	1,713,703	1,346,564
Net profit for the year from continuing operations attributable to the equity shareholders	41,744,342	39,533,537
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	20.87	19.77
(b) Total operations (Diluted EPS)		
Net profit for the year	43,458,045	40,880,101
Less: Preference dividend and tax thereon	1,713,703	1,346,564
Net profit for the year attributable to the equity shareholders	41,744,342	39,533,537
Outstanding Equity Shareholder	2,000,000	2,000,000
Add : Potential Equity shares	-	-
Weighted average number of equity shares	2,000,000	2,000,000
Par value per share	10	10
Earnings per share - Basic	20.87	19.77

Note 26 : Deferred Tax

Deferred Tax Liability	As at 31st March, 2016	As at 31st March, 2015
On difference between book balance and tax balance of fixed assets	10,537	10,487
	10,537	10,487

The deferred tax liability of Rs. 50/- (Previous Year: Deferred tax Liability of Rs.58/-) has been recognised in the Profit and Loss Account

Note 27

During the year the Company has redeemed its Preference Shares holders of Rs.1,30,00,000/-

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)
 FRN:-113263W

sdr
M Y Noorani
 [Chairman]

sdr
(Y L Rege)
 Partner
 M.No.043330

sdr
A Y Noorani
 [Director]

Place : Mumbai
 Date : 25th May 2016

sdr
E S D Rao
 [Company Secretary]

ZODIAC PROPERTIES LIMITED

Financial Statements

31 March 2016

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 2016

<i>CONTENTS</i>	<i>PAGE</i>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 17

PAGE 1

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 2016 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 2016 in accordance with International Financial Reporting Standards.

Emphasis of matters

We draw attention that 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 480,711/- 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.

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

21 April 2016



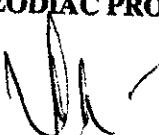
ZODIAC PROPERTIES LIMITED**Statement of Financial Position**
At 31 March 2016

	<i>Notes</i>	2016 <i>GBP</i>	2015 <i>GBP</i>
ASSETS			
Non-current assets			
Investment properties	6	<u>3,551,449</u>	<u>2,022,534</u>
Current assets			
Other receivables	7, 13	22,513	34,057
Bank balances	8	<u>25,458</u>	<u>19,999</u>
		<u>47,971</u>	<u>54,056</u>
Total assets		<u>3,599,420</u>	<u>2,076,590</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity	9	1,808	1,808
Accumulated losses		<u>(482,519)</u>	<u>(424,944)</u>
Equity funds		<u>(480,711)</u>	<u>(423,136)</u>
Shareholder's loan account	10	<u>3,031,479</u>	<u>1,466,923</u>
Total equity funds		<u>2,550,768</u>	<u>1,043,787</u>
Non-current liabilities	11, 13	<u>1,038,419</u>	<u>892,194</u>
Current liabilities			
Accruals		10,233	17,109
Bank borrowing	11	<u>-</u>	<u>123,500</u>
		<u>10,233</u>	<u>140,609</u>
Total equity and liabilities		<u>3,599,420</u>	<u>2,076,590</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 21st April 2016 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 2016

		2016 GBP	2015 GBP
Rental income	13	72,543	72,288
Expenses	12	<u>(70,898)</u>	<u>(47,779)</u>
Profit from operations		1,645	24,509
Other income		37,680	3,256
Finance cost on bank borrowing		(4,495)	(20,259)
Interest paid to a related party and a shareholder	13	<u>(92,405)</u>	<u>(52,950)</u>
(Loss) for the year		(57,575)	(45,444)
Other comprehensive income		—	—
Total comprehensive income for the year		<u>(57,575)</u>	<u>(45,444)</u>

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

ZODIAC PROPERTIES LIMITED

Statement of Changes in Equity for the year ended 31 March 2016

	<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 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	1,808	(424,944)	1,466,923	1,043,787
Loss for the year	-	(57,575)	-	(57,575)
Introduced during the year (net)	—	—	<u>1,564,556</u>	<u>1,564,556</u>
As at 31 March 2016	<u>1,808</u>	<u>(482,519)</u>	<u>3,031,479</u>	<u>2,550,768</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 2016

	<i>Notes</i>	2016 GBP	2015 GBP
Cash flows from operating activities			
(Loss) for the year		(57,575)	(45,444)
Adjustment for:			
Depreciation on investment property		46,646	35,833
Interest paid to a related party and a shareholder		92,405	52,950
Finance cost on bank borrowing		4,495	20,259
Operating profit before working capital changes		85,971	63,598
Changes in due to a related party		-	10,699
Changes in other receivables and prepayments		11,544	(4,212)
Changes in accruals		(6,876)	5,117
Net cash from operating activities		90,639	75,202
Cash flows from investing activities			
Purchase of investment property		(1,575,561)	-
Changes in margin account		18,402	-
Net cash (used in) investing activities		(1,557,159)	-
Cash flows from financing activities			
(Payments of) bank borrowings		(648,375)	(123,500)
Changes in long term loan from related party		671,100	-
Funds introduced by a shareholder (net)		1,564,556	120,777
Finance cost on bank borrowing paid		(4,495)	(20,259)
Interest paid to related party and shareholder		(92,405)	(52,950)
Net cash from financing activities		1,490,381	75,932
Net changes in cash and cash equivalents		23,861	(730)
Cash and cash equivalents at beginning of the year		1,597	2,327
Cash and cash equivalents at end of the year	14	25,458	1,597

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 2016

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 480,711/- 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 2015 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 2016

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 investment properties 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 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 2016

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 investment properties 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.

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 2016

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 2016

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 2016

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 2016

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 from investment properties is recognized, net of discount, in accordance with the terms of the lease contracts over the lease term on a systematic basis, as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

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 2016

	2016 GBP	2015 GBP
6. Investment properties		
Investment property on rental ^a		
Cost of investment property	<u>2,185,840</u>	<u>2,185,840</u>
Closing balance	<u>2,185,840</u>	<u>2,185,840</u>
Accumulated depreciation on rental properties		
Opening balance	(163,306)	(127,473)
Charge during the year	(35,833)	(35,833)
Closing balance	<u>(199,139)</u>	<u>(163,306)</u>
Net book value	A	1,986,701
		2,022,534
Investment property ^b		
Cost of investment property (<i>purchased during the year</i>)	<u>1,575,561</u>	-
Closing balance	<u>1,575,561</u>	-
Accumulated depreciation on rental properties		
Charged during the year	(10,813)	-
Closing balance	<u>(10,813)</u>	-
Net book value	B	1,564,748
		2,022,534
Total (A+B)	3,551,449	

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

^b Represents property at 2 Northwick Close, St. John's Wood, London.

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

	2016 GBP	2015 GBP
7. Other receivables		
Rent receivables (<i>refer note 13</i>)	18,499	30,043
Security deposit receivable	4,014	4,014
	<u>22,513</u>	<u>34,057</u>
8. Bank balances		
In current accounts	25,458	1,597
In margin account (<i>refer note 11</i>)	-	18,402
	<u>25,458</u>	<u>19,999</u>

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2016

	2016 <i>GBP</i>	2015 <i>GBP</i>
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).

	2016 <i>GBP</i>	2015 <i>GBP</i>
11. Non-current liabilities		
Term loan for investment property from a bank ^a	-	648,375
Payable within 12 months	<u>—</u>	<u>(123,500)</u>
	-	524,875
Long term loan from related parties ^b	<u>1,038,419</u>	<u>367,319</u>
	<u>1,038,419</u>	<u>892,194</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 long term loan received from a related party bearing interest charge of 3% p.a. without any repayment terms (refer note 13).

	2016 <i>GBP</i>	2015 <i>GBP</i>
12. Expenses		
Professional charges	6,624	2,257
Other administrative expenses	17,628	9,689
Depreciation on properties (refer note 6)	<u>46,646</u>	<u>35,833</u>
	<u>70,898</u>	<u>47,779</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.

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2016

Related party transactions (contd.):

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:

	<i>Companies under common management control</i>	<i>Total 2016 GBP</i>	<i>Total 2015 GBP</i>
	<i>Shareholder GBP</i>	<i>Shareholder GBP</i>	<i>Shareholder GBP</i>
Rental income	-	37,500	37,500
Expenses	-	3,398	3,398
Interest paid	71,805	12,598	84,403
			52,950

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

	<i>Companies under common management control</i>	<i>Total 2016 GBP</i>	<i>Total 2015 GBP</i>
	<i>Shareholder GBP</i>	<i>Shareholder GBP</i>	<i>Shareholder GBP</i>
Under current assets			
Other receivables (refer note 7)	-	14,465	14,465
			30,043
Under non-current liabilities			
Long term loan (refer note 11)	480,417	480,417	367,319
			2016 GBP
			2015 GBP

14. Cash and cash equivalents

Bank balance		
In current accounts	<u>25,458</u>	<u>1,597</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

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2016

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.

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 2016</i>	<i>Sensitivity of interest expenses 2016 GBP</i>	<i>Changes in basis points 2015</i>	<i>Sensitivity of interest expenses 2015 GBP</i>
LIBOR interest rates	-	-	+ 20	(1,297)
LIBOR interest rates	-	-	- 20	1,297

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

ZODIAC PROPERTIES LIMITED

Notes to the Financial Statements for the year ended 31 March 2016

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 and bank balances and financial liabilities, comprising of accruals and long term loan payable 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.

	Level 1 (GBP)	Level 2 (GBP)	Level 3 (GBP)	Total (GBP)
As on 31 March 2016				
<i>Financial assets</i>				
- Investment property	-	-	3,551,449	3,551,449
As on 31 March 2015	Level 1 (GBP)	Level 2 (GBP)	Level 3 (GBP)	Total (GBP)
<i>Financial assets</i>				
- Investment property	-	-	2,022,534	2,022,534

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 2016

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 2016

<i>CONTENTS</i>	<i>PAGE</i>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 13

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 2016, 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 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

21 April 2016



ZODIAC CLOTHING COMPANY INC.

Statement of Financial Position
At 31 March 2016

	Notes	2016 U.S.\$	2015 U.S.\$
ASSETS			
Current assets			
Other receivable		2,618	2,420
Cash and cash equivalents	6	<u>31,254</u>	<u>31,254</u>
		<u>33,872</u>	<u>33,674</u>
TOTAL ASSETS		<u>33,872</u>	<u>33,674</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	10,000	10,000
Accumulated (losses)		<u>(9,583)</u>	<u>(5,849)</u>
Equity funds		<u>417</u>	<u>4,151</u>
Shareholder's loan account	8	<u>25,102</u>	<u>22,570</u>
Total equity funds		<u>25,519</u>	<u>26,721</u>
Current liability			
Accruals		<u>8,353</u>	<u>6,953</u>
TOTAL EQUITY AND LIABILITIES		<u>33,872</u>	<u>33,674</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 21st April 2016 and signed on their behalf by;

For ZODIAC CLOTHING COMPANY INC.

Mr. Mohamed Anees Noorani
Director

Mr. ~~Sohail~~ Yusuf Noorani
Director

ZODIAC CLOTHING COMPANY INC.

Statement of Comprehensive Income for the year ended 31 March 2016

	2016 <u>US\$</u>	2015 <u>US\$</u>
Liability no longer payable reversed	-	6,566
Other administrative expenses	<u>(3,734)</u>	<u>(4,485)</u>
(Loss)/profit for the year	<u>(3,734)</u>	<u>2,081</u>
Other comprehensive income	—	—
Total comprehensive income for the year	<u>(3,734)</u>	<u>2,081</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 2016

	<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 2014	10,000	(7,930)	17,397	19,467
Funds introduced by shareholder	-	-	5,173	5,173
Profit for the year	<u>-</u>	<u>2,081</u>	<u>-</u>	<u>2,081</u>
As at 31 March 2015	10,000	(5,849)	22,570	26,721
Funds introduced by shareholder	-	-	2,532	2,532
Loss for the year	<u>-</u>	<u>(3,734)</u>	<u>-</u>	<u>(3,734)</u>
As at 31 March 2016	<u>10,000</u>	<u>(9,583)</u>	<u>25,102</u>	<u>25,519</u>

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

ZODIAC CLOTHING COMPANY INC.

Statement of Cash Flows
for the year ended 31 March 2016

	<i>Notes</i>	2016 US\$	2015 US\$
<u>Cash flows from operating activities</u>			
(Loss)/profit for the year		(3,734)	2,081
Adjustment for			
Liability no longer payable reversed		<u>-</u>	(6,566)
Operating (loss) before working capital changes		(3,734)	(4,485)
Changes in other receivables		(198)	-
Changes in accruals		<u>1,400</u>	(1,910)
Net cash (used in) operating activities		(2,532)	(6,395)
<u>Cash flows from financing activities</u>			
Funds introduced by a shareholder (net)		<u>2,532</u>	<u>5,173</u>
Net cash from financing activities		<u>2,532</u>	<u>5,173</u>
Net changes in cash and cash equivalents		<u>-</u>	(1,222)
Cash and cash equivalents at beginning of the year		<u>31,254</u>	<u>32,476</u>
Cash and cash equivalents at end of the year	6	<u>31,254</u>	<u>31,254</u>

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 2016

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 2015.

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 2016

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 2016

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 2016

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 2016

c) 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 2016

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.

	<i>2016</i> <i>US\$</i>	<i>2015</i> <i>US\$</i>
6. Cash and cash equivalents		
Bank balance:		
In a current account	<u>31,254</u>	<u>31,254</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 2016

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 2016*

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 2016

Registered Office:

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

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

Financial Statements

31 March 2016

CONTENTS

	<i>PAGE</i>
Director's report	1
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 25

ZODIAC CLOTHING COMPANY (U.A.E.) LLC
Director's Report

The director submits his report and accounts for the year ended 31 March 2016.

Results and dividend

The loss for the year amounted to AED 765,427/- and retained earnings amounted to AED 29,125,836/- for the year ended 31 March 2016. The shareholders have approved the payment of interim dividend of AED 3,373,395/- for the year ended 31 March 2016.

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

After the reporting date, the company has solely continued its wholesale trading operations.

Shareholders and their interests

The shareholders at 31 March 2016 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	147	147,000
		<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

PAGE 2

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 2016, 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 2016 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.

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

21 April 2016



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

Statement of Financial Position

At 31 March 2016

	Notes	2016 AED	2015 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,731,286	2,331,608
Intangible asset	7	-	-
Investment in subsidiaries	8, 22	46,720	46,720
Long term loan to subsidiaries	9, 22	<u>16,085,593</u>	<u>8,074,088</u>
		<u>17,863,599</u>	<u>10,452,416</u>
Current assets			
Inventories	10	1,092,664	2,874,650
Trade and other receivables	11	4,459,201	9,874,721
Prepayments		103,523	621,152
Financial assets	12	-	130,580
Due from related parties	22	5,764,127	5,877,871
Cash and bank balances	13	<u>2,182,535</u>	<u>8,999,713</u>
		<u>13,602,050</u>	<u>28,378,687</u>
TOTAL ASSETS		<u>31,465,649</u>	<u>38,831,103</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	300,000	300,000
Statutory reserve	15	150,000	150,000
Accumulated profits		29,125,836	33,264,658
Hedging reserve	12	-	130,580
Total equity funds		<u>29,575,836</u>	<u>33,845,238</u>
Non-current liability			
Staff end of service gratuity		<u>463,508</u>	<u>817,179</u>
Current liabilities			
Trade and other payables	16, 22	1,342,616	4,168,686
Due to a related party	22	<u>83,689</u>	-
		<u>1,426,305</u>	<u>4,168,686</u>
TOTAL EQUITY AND LIABILITIES		<u>31,465,649</u>	<u>38,831,103</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 21st April 2016 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 2016

	Notes	2016 AED	2015 AED
Sales	17, 22	31,239,993	46,850,860
Cost of sales	18, 22	(28,351,963)	(39,474,125)
Gross profit		2,888,030	7,376,735
Other income	19	10,059	23,363
(Loss)/ profit on sale of machinery and equipment		(39,497)	7,261
Foreign currency exchange (loss)		(848,327)	(1,370,581)
Realised gains from cash flow hedges		116,900	905,573
Expenses	20, 22	(3,282,725)	(5,203,841)
(Loss)/profit from ordinary activities		(1,155,560)	1,738,510
Interest income from banks		16,492	22,557
Interest income from a related party	22	392,599	255,130
Unrealised loss on derivative contracts	16	(1,234)	-
Interest costs	21, 22	(17,724)	(24,069)
(Loss)/profit for the year		(765,427)	1,992,128
Other comprehensive income		-	-
Unrealised gains from cash flow hedges		-	130,580
Total comprehensive income for the year		(765,427)	2,122,708

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 2016

	<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 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	-	-	-	130,580	130,580
As at 31 March 2015	300,000	150,000	33,264,658	130,580	33,845,238
Interim dividend paid during the year	-	-	(3,373,395)	-	(3,373,395)
(Loss) for year	-	-	(765,427)	-	(765,427)
Realized during the year	-	-	-	(130,580)	(130,580)
As at 31 March 2016	<u>300,000</u>	<u>150,000</u>	<u>29,125,836</u>	<u>—</u>	<u>29,575,836</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 2016

	<i>Notes</i>	2016 <i>AED</i>	2015 <i>AED</i>
<u>Cash flows from operating activities</u>			
(Loss)/profit for the year		(765,427)	1,992,128
Adjustment for:			
Depreciation		474,685	492,690
Amortization of goodwill		-	385,045
Interest income		(409,091)	(277,687)
(Loss)/profit on sale of machine and equipment		39,497	(7,262)
Impairment of capital work in progress		23,679	23,679
Interest costs		17,565	24,069
Provision for staff end of service gratuity		<u>130,019</u>	<u>200,574</u>
Operating (loss)/profit before working capital changes		(489,073)	2,833,236
Changes in inventories		1,781,986	112,665
Changes in trade and other receivables		5,415,520	(2,182,789)
Changes in due from/due to related parties (net)		197,433	2,088,886
Changes in prepayments		517,629	231,137
Changes in trade and other payables		<u>(2,826,070)</u>	<u>(288,069)</u>
Cash flow generated from operations		4,597,425	2,795,066
Interest paid		(17,565)	(24,069)
Gratuity paid		<u>(483,690)</u>	<u>(183,089)</u>
Net cash from operating activities		<u>4,096,170</u>	<u>2,587,908</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(61,677)	(1,148,987)
Sale proceeds from machinery and equipment		124,138	15,210
Changes in long term loans to subsidiaries (net)		(8,011,505)	220,498
Changes in margin and fixed deposit accounts		1,077,000	6,198,836
Interest received		409,091	277,687
Net cash (used in)/from investing activities		<u>(6,462,953)</u>	<u>5,563,244</u>
<u>Cash flows from financing activities</u>			
Interim dividend paid to the shareholder		<u>(3,373,395)</u>	<u>(3,675,000)</u>
Net cash (used in) financing activities		<u>(3,373,395)</u>	<u>(3,675,000)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(5,740,178)</u>	<u>4,476,152</u>
Cash and cash equivalents at beginning of the year		<u>7,487,713</u>	<u>3,011,561</u>
Cash and cash equivalents at end of the year	23	<u>1,747,535</u>	<u>7,487,713</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)

Notes to the Financial Statements
for the year ended 31 March 2016

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.
- d)** After the reporting date, the company has solely continued its wholesale trading operations.

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 2015 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 2016

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 2016

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 2016

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 2016

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 2016

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 2016

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 2016

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 2016*

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 2016

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 2016

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 AED</i>	<i>Vehicles AED</i>	<i>Total AED</i>
Cost						
As at 01.04.2015	23,679	3,961,140	6,186,449	1,327,579	182,500	11,681,347
Additions ^b	-	50,950	10,727	-	-	61,677
Disposals	-	(55,000)	(148,713)	(28,964)	-	(232,677)
Impairment	(23,679)	-	-	-	-	(23,679)
As at 31.03.2016	<u>—</u>	<u>3,957,090</u>	<u>6,048,463</u>	<u>1,298,615</u>	<u>182,500</u>	<u>11,486,668</u>
Depreciation						
As at 01.04.2015	-	3,671,417	4,784,737	833,233	60,352	9,349,739
Charge for the year	-	48,636	318,387	71,162	36,500	474,685
Relating to disposals	<u>—</u>	<u>(12,175)</u>	<u>(27,902)</u>	<u>(28,965)</u>	<u>—</u>	<u>(69,042)</u>
As at 31.03.2016	<u>—</u>	<u>3,707,878</u>	<u>5,075,222</u>	<u>875,430</u>	<u>96,852</u>	<u>9,755,382</u>
Net book value						
As at 31.03.2016	<u>—</u>	<u>249,212</u>	<u>973,241</u>	<u>423,185</u>	<u>85,648</u>	<u>1,731,286</u>
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>

^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 9,804/- (previous year AED 13,048/-) purchased from a related party and machineries costing AED 148,713/- sold to a related party at price of AED 120,739/- (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>2016 AED</i>	<i>2015 AED</i>
Amount paid for acquiring business	<u>4,419,548</u>	<u>4,419,548</u>
Amortisation:		
Opening balance	4,419,548	4,034,504
For the year	<u>—</u>	<u>385,044</u>
Closing balance	<u>4,419,548</u>	<u>4,419,548</u>
Net book value	<u>—</u>	<u>—</u>

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

Notes to the Financial Statements for the year ended 31 March 2016

	2016 <i>AED</i>	2015 <i>AED</i>
8. Investment in subsidiaries		
Zodiac Clothing Company Inc. U.S.A. (<i>100 % shareholding</i>)		
10,000 shares of US \$ 1/- each (<i>converted @ 3.672</i>)	36,720	36,720
Zodiac Properties Limited, R.A.K., U.A.E (<i>100 % shareholding</i>)		
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	92,176	82,876
Zodiac Properties Limited, R.A.K., U.A.E ^b	<u>15,993,417</u>	<u>7,991,212</u>
	<u>16,085,593</u>	<u>8,074,088</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).

	2016 <i>AED</i>	2015 <i>AED</i>
10. Inventories		
Raw materials and accessories	157,140	1,376,095
Spare parts	61,234	79,205
Semi-finished inventories	51,952	886,777
Finished inventories	99,849	250,204
Trading inventories	<u>2,000</u>	<u>2,000</u>
	<u>372,175</u>	<u>2,594,281</u>
Goods in transit	<u>720,489</u>	<u>280,369</u>
	<u>1,092,664</u>	<u>2,874,650</u>

11. Trade and other receivables

Trade receivables (refer note 22)	3,763,806	8,652,328
Advance to suppliers	224,729	10,392
Deposits	254,206	386,494
Staff advances	142,650	156,100
Claim receivable	-	595,598
Other receivables	<u>73,810</u>	<u>73,809</u>
	<u>4,459,201</u>	<u>9,874,721</u>

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

Notes to the Financial Statements for the year ended 31 March 2016

12. Financial assets

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

	<i>2016</i> <i>AED</i>	<i>2015</i> <i>AED</i>
13. Cash and bank balances		
Cash on hand	11,854	44,696
Bank balance in:		
Current accounts	1,735,681	7,443,017
Margin accounts (<i>refer note 28</i>)	<u>435,000</u>	<u>1,512,000</u>
	<u>2,182,535</u>	<u>8,999,713</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>2016</i> <i>AED</i>	<i>2015</i> <i>AED</i>
16. Trade and other payables		
Trade payables (<i>refer note 22</i>)	817,604	1,849,376
Advance from customer	929	-
Provision for leave salaries and air passage	251,416	686,263
Other payable	114,284	1,152,290
Unrealised loss payable on derivative contracts	1,234	-
Accruals ^a	<u>157,149</u>	<u>480,757</u>
	<u>1,342,616</u>	<u>4,168,686</u>

^a Includes AED Nil (*previous year AED 8,857/-*) payable to a related party on account of management fees (*refer note 22*).

17. Sales

Manufactured shirts (<i>refer note 22</i>)	20,546,961	33,011,477
Trading shirts	<u>10,693,032</u>	<u>13,839,383</u>
	<u>31,239,993</u>	<u>46,850,860</u>

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

Notes to the Financial Statements for the year ended 31 March 2016

	2016 AED	2015 AED
18. Cost of sales		
Opening work in progress	886,777	684,584
Material consumed		
Opening inventories	1,735,669	1,260,040
Purchases of raw materials (<i>refer note 22</i>)	8,946,751	17,538,307
Closing inventories	(220,696)	(1,735,669)
Wages and benefits	3,796,076	5,746,594
Purchase of trading shirts (<i>refer note 22</i>)	10,287,983	12,202,411
Other direct expenses (<i>refer note 22</i>)	3,172,144	4,856,742
Customs refund	-	(399,167)
Depreciation (<i>refer note 20</i>)	367,023	387,879
Closing work in progress	(51,952)	(886,777)
(Accretion)/decretion of finished goods	(567,812)	(180,819)
	<u>28,351,963</u>	<u>39,474,125</u>
19. Other income		
Credit balance written off	2,849	16,639
Sale of scrap	7,210	6,724
	<u>10,059</u>	<u>23,363</u>
20. Expenses		
Salaries and other benefits	273,373	612,992
Other administrative expenses (<i>refer note 22</i>)	2,748,359	3,865,166
Bank charges	129,651	212,148
Depreciation (<i>per below</i>)	107,662	104,811
Impairment of capital work in progress	23,680	23,679
Amortisation of goodwill	-	385,045
	<u>3,282,725</u>	<u>5,203,841</u>
Depreciation		
Total depreciation (<i>refer note 6</i>)	474,685	492,690
Less: taken to cost to sales (<i>refer note 18</i>)	(367,023)	(387,879)
	<u>107,662</u>	<u>104,811</u>
21. Interest costs		
Bank interest	159	535
Interest on shareholder's loan (<i>refer note 22</i>)	17,565	23,534
	<u>17,724</u>	<u>24,069</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 2016

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> AED	<i>Subsidiaries</i> AED	<i>Companies under common management control</i> AED	<i>Total 2016</i> AED	<i>Total 2015</i> AED
Sales (<i>at market price</i>) (<i>net of discount</i>)	-	-	3,748,526	3,748,526	1,769,490
Purchase of raw materials (<i>refer note 18</i>)	4,905,269	-	-	4,905,269	6,850,387
Purchase of trading shirts/ties (<i>refer note 18</i>)	-	-	10,287,983	10,287,983	12,202,411
Purchase of plant and equipment (<i>refer note 6</i>)	9,804	-	-	9,804	13,048
Sale of plant and equipment (<i>refer note 6</i>)	120,739	-	-	120,739	-
Under other direct expenses (<i>refer note 18</i>)					
Royalty expenses	390,521	-	-	390,521	760,784
Other expenses (<i>net</i>)	10,215	-	-	10,215	80,449
Under other administrative expenses (<i>refer note 20</i>)					
Export claim	-	-	-	-	361,325

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

Notes to the Financial Statements for the year ended 31 March 2016

Related party transactions (contd.):

	<i>Major shareholders</i> AED	<i>Subsidiaries</i> AED	<i>Companies under common management control</i> AED	<i>Total 2016</i> AED	<i>Total 2015</i> AED
Sales commission	-	-	571,497	571,497	482,671
Management fees	76,098	-	-	76,098	80,775
Others	43,000	-	-	43,000	94,567
Interest income	-	392,599	-	392,599	255,130
Interest costs	17,565	-	-	17,565	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)	-	16,085,593	-	16,085,593	8,074,088

Included under current assets:

Trade receivables (refer note 11)	-	-	372,315	372,315	299,465
Due from related parties	96,149	-	5,667,978	5,764,127	5,877,871

Included under current liabilities:

Trade payables (refer note 16)	-	-	650,351	650,351	1,430,265
Accruals (refer note 16)	-	-	-	-	8,857
Due to a related party	-	-	83,689	83,689	-

The company also provides funds to related parties as and when required as working capital facilities without any interest except for an interest bearing loan provided to a subsidiary as stated in note no 9(b).

23. Cash and cash equivalents

	<i>2016</i> AED	<i>2015</i> AED
Cash on hand	11,854	44,696
Bank balance:		
Current accounts	<u>1,735,681</u>	<u>7,443,017</u>
	<u>1,747,535</u>	<u>7,487,713</u>

24. Number of employees

The average numbers of employees during the year were 276 (previous year 396).

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

Notes to the Financial Statements for the year ended 31 March 2016

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 2016, the company's exposure on account of significant concentration of credit risk from trade receivables (*other than related parties*) situated outside U.A.E. nil (*previous year AED 1,696,719/- due from a customer*) and within U.A.E amounts to AED 2,864,171/- due from three customers (*previous year AED 5,832,566/- due from three 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 2016

Exchange rate risk (contd.):

	<i>2016</i> <i>Equivalent</i> <i>AED</i>	<i>2015</i> <i>Equivalent</i> <i>AED</i>
Foreign currency financial assets:		
Great Britain Pounds	16,301,228	8,301,837
Euro	288,946	219,347
Swiss Francs	157	976
Foreign currency financial liabilities:		
Swiss Francs	-	8,857

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 2016 and 2015.

<i>Particulars</i>	<i>Balance</i> <i>AED</i>	<i>2016</i>		<i>2015</i>		<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>
		<i>Change in</i> <i>currency</i> <i>rate in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency</i> <i>rate in %</i>	
Foreign currency assets						
Euro currency	288,946	+/- 4%	11,558	219,347	+/- 15%	17,548
GBP currency	16,301,228	+/-3%	489,037	8,301,837	+/- 8%	1,245,276
Swiss Francs currency	157	+/-2%	+/- 3	976	+/- 6%	+/- 59
Foreign currency liabilities						
Swiss Francs currency	-	-	-	8,857	+/- 6%	+/- 531

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 2015-16 and 2014-15 over period of 12 months.

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

Notes to the Financial Statements for the year ended 31 March 2016

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 2016	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>16,085,593</u>	<u>16,085,593</u>
Total	-	-	<u>16,132,313</u>	<u>16,132,313</u>
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>

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

	2016 AED	2015 AED
27. Purchase commitment		
Banker's letters of credit	<u>—</u>	<u>11,990</u>
28. Contingent liability		
Banker's letters of guarantees (refer note 13)	<u>435,000</u>	<u>1,512,000</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 2016

KPMG SA
Neuchâtel, 24 May 2016
Ref. VR/GM/sdh

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 2016.

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
Licensed Audit Expert

Neuchâtel, 24 May 2016

Enclosures:

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

Balance Sheet as of 31 March	2016	2015
	CHF	CHF
ASSETS		
Current assets		
Cash and cash equivalents	902,722	995,875
Prepaid expenses and accrued income	33	33
	<hr/>	<hr/>
	902,755	995,908
	<hr/>	<hr/>
Non-current assets		
Financial assets (affiliated companies)	546,153	532,562
Investments	2.1	98,039
	<hr/>	<hr/>
	644,192	630,601
	<hr/>	<hr/>
	1,546,947	1,626,509
	<hr/>	<hr/>

Balance Sheet as of 31 March	2016	2015
	CHF	CHF
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Other short-term liabilities due to group companies	27,413	4,858
Accrued expenses and deferred income	17,010	19,710
	<hr/>	<hr/>
	44,423	24,568
	<hr/>	<hr/>
Shareholders' equity		
Share capital	250,000	250,000
Legal capital reserves		
- Reserves from capital contributions	50,000	50,000
Voluntary retained earnings		
- Accumulated profits		
- Accumulated profits brought forward	331,941	333,137
- Profit for the year	870,583	968,804
	<hr/>	<hr/>
	1,502,524	1,601,941
	<hr/>	<hr/>
	1,546,947	1,626,509
	<hr/>	<hr/>

Income Statement	2016	2015
	CHF	CHF
INCOME		
Dividend income	896,440	964,756
Other financial income	41,323	28,018
Other operating income	20,000	20,000
	<hr/>	<hr/>
	957,763	1,012,774
EXPENSES		
Financial expenses	(50,974)	(386)
Other operating expenses	(32,401)	(38,290)
Direct taxes	(3,805)	(5,294)
	<hr/>	<hr/>
	(87,180)	(43,970)
	<hr/>	<hr/>
Profit for the year	<hr/> 870,583	<hr/> 968,804

Notes to the Financial Statements as of 31 March 2016

1. Principles

1.1 General aspects

The annual accounts have been established for the first time in accordance with Swiss law on Accounting and Financial Reporting (thirty-second under the Swiss Code of Obligations). To ensure comparability, the comparative figures of the previous year have been adapted to the new requirements for the structure.

Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

1.2 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. Disclosure on balance sheet and income statement items

2.1 Investments

a) Direct investments

Company name, domicile	Voting and capital rights in %	Capital in 1'000
Zodiac Clothing Company (UAE) LLC, Dubai	100	AED 300

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.

b) Significant indirect investments

Company name, domicile	Voting and capital rights in %	Capital in 1'000
Zodiac Clothing Company Inc. USA	100	USD 10
Zodiac Properties Limited, R.A.K, UAE	100	AED 10

Notes to the Financial Statements as of 31 March 2016

3. Other information

3.1 Full-time equivalents

ZODIAC CLOTHING COMPANY SA does not have any employees.

3.2 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Proposed Appropriation of Available Earnings	2016	2015
	CHF	CHF
Retained earnings brought forward	331,941	333,137
Profit for the year	870,583	968,804
 Available earnings	 1,202,524	 1,301,941
	<hr/>	<hr/>
<p>The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:</p>		
Dividend	850,000	970,000
To be carried forward	352,524	331,941
 1,202,524	 1,301,941	
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