

**DIRECTORS' REPORT**

To,  
The Members,  
Zodiac Finsec & Holdings Limited.

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2017.

**1. RESULTS OF OPERATIONS:**

	<b>(Rs. in Lakhs)</b>	
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Turnover & Other Income	1,128.10	809.27
Profit/Loss before Taxation	913.63	565.71
Income Tax & Deferred Tax	185.70	131.13
Profit / (Loss) after Taxation	727.93	434.58
Profit/(Loss) for the year	727.92	434.58
Balance forward from previous year	1,856.08	1,655.55
Appropriations:		
Transfer to Special Reserve u/s 451C of RBI Act	145.59	86.92
Transfer to Capital Redemption Reserve	70.00	130.00
Dividend and Tax paid thereon	2.94	17.13
Balance carried to Balance Sheet	2,365.47	1,856.08

**2. Turnover & Profits**

During the Financial Year ended 31<sup>st</sup> March 2017, although the Turnover of the Company remained constant as compared to the previous year at Rs.788.62 Lakhs, the Profit before tax during the year increased to Rs. 913.63 Lakhs as compared to Rs. 565.71 Lakhs during the previous year.

**3. Dividend**

During the year under review, the entire outstanding 70,000 8% Cumulative Redeemable Preference Shares of Rs. 100 each were redeemed (64,000 shares on 6<sup>th</sup> September 2016 and 6,000 on 10<sup>th</sup> September, 2016, respectively) and pro-rata dividend of Rs. 2.44 Lakhs was declared and paid in respect of the said preference shares. The total dividend outflow including the Dividend Distribution tax was Rs. 2,94,241/-.

For the year under review, the Board of Directors have not recommended any dividend 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. A. Y. Noorani (DIN: 00041686), Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. There has been no change 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 31<sup>st</sup> March 2017, 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:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
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, at the ensuing Annual General Meeting of the Company the appointment of M/s. Rege & Thakkar, Chartered Accountants, Mumbai be ratified.

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 its operations. Internal financial controls with reference to the financial reporting 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 31<sup>st</sup> March 2017 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 Five (5) 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 permitted to grant loans, etc. is exempt from complying with the provisions of section 186 of the Companies Act, 2013. Accordingly, the disclosures 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**

The Company has not entered into any Related Party Transactions, other than with its Holding Company (Zodiac Clothing Company Limited), which is exempt under the provisions of Section 188 of the Companies Act, 2013 and hence 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. 22).

## **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. Application to RBI for surrender of NBFC Certificate**

Since the principal activity of the Company for the last couple of years did not qualify it to be an NBFC, the Company has made an application on 3<sup>rd</sup> April, 2017 to the Reserve Bank of India (RBI) for surrendering its Certificate of Registration as a Non Deposit taking NBFC.

## **21. 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: 29<sup>th</sup> May, 2017  
Place: Mumbai

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
 AS ON THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March 2017.

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

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	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/	% to total turnover of the company
1	Non Banking Financial Services	64990	69.91%

**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	L17100MH1984P LC033143	Holding	100 %	2(87)

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

***i. Category-wise Share Holding***

[illegible]

Sub-total (B)(1)	0	0	0	0	0	0	0	0	0
<b>2. Non Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
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
		No. of Shares	% of total Shares of the	% of Shares Pledged	No. of Shares	% of total Shares of the	% of Shares Pledged /	
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
	<b>Total</b>	<b>20,00,000</b>	<b>100</b>	<b>0</b>	<b>20,00,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

**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 Shareholding 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	-	1436.40	-	1436.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	-	1436.40	-	1436.40
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	857.29	-	857.29
Net Change	-	857.29	-	857.29
Indebtedness at the end of the financial year				
i) Principal Amount	-	579.11	-	579.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	579.11	-	579.11

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/WTD/ Manager</b>			<b>Total Amount</b>	
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**

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/ WTD/ Manager</b>			<b>Total Amount</b>	
	<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)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officers In Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## Report on CSR Activities

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

As per the provision of Section 135 of the Companies Act, 2013, the Company has a CSR committee of directors comprising of Mr. M. Y. Noorani Chairman of the Committee, Mr. S. Y. Noorani and Mr. A.Y. Noorani. 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 continued its focus on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of Rs. 11,00,000/- 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.

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

Rs. 5,45,70,656 /-

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

Rs. 10,91,413/-

### V. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year: Rs. 11,00,000/-
- 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 covered	Project or programs (1) Local area or other (2) Specify the state and district where project or program was undertaken	Amount Outlay (budget) projects 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. 11,00,000/-	Rs. 11,00,000/-	Rs. 11,00,000/-	Direct Rs. 11,00,000/-

Sd/-  
M. Y. Noorani  
Chairman



# *Rege & Thakkar*

CHARTERED ACCOUNTANTS

5B, FAIRY MANOR, 13, RUSTOM SIDHWA MARG,  
FORT, MUMBAI-400 001. INDIA

TEL. : 2265 8613 • FAX : 91-22-2263 2884

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## **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, 2017, 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 the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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, 2017, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure 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, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;





- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure 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 22(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.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the financial statements.

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

  
Y. L. Rege  
(Partner)

M No: 43330



Place: Mumbai  
Date: 29<sup>th</sup> May, 2017

## **Annexure A to Independent Auditors Report**

The annexure referred to in paragraph 1 of our report of even date to the members of **ZODIAC FINSEC AND HOLDINGS LIMITED** on the accounts for the year ended 31<sup>st</sup> March, 2017.

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.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.

ii. According to information and explanations given to us there are no inventories held by the company, hence this clause 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, the company has complied with the provisions of section 185 and 186 of the Act, with respect to loans and investments made.

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

vi. The central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by 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 31<sup>st</sup> March, 2017 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	1,505,838	A.Y.2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Assessment Dues	1,053,569	A.Y.2011-12	Commissioner of Income Tax Appeals, Mumbai
Income Tax Act, 1961	Assessment Dues	8,066,998	A.Y. 2014-15	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. According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year and hence this clause is not applicable
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence this clause is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanations given to us, the company is not a Nidhi company and hence this clause is not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with the sections of 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements prepared as per applicable financial reporting framework.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into Non-



cash transaction with the directors or persons connected with him and hence this clause is not applicable.

xvi. The Company is required to be registered under section 45 IA of the reverse bank of India Act, 1934 and the Company has obtained registration.

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



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



Place: Mumbai  
Date: 29<sup>th</sup> May, 2017



## **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 31<sup>st</sup> March, 2017.

### **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, 2017 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For REGE & THAKKAR

(Chartered Accountants)

FRN: 113263W

Y. L. Rege  
(Partner)

M No: 043330



Place: Mumbai

Date: 29<sup>th</sup> May, 2017.



# ZODIAC FINSEC AND HOLDINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
		<b>Rupees</b>	<b>Rupees</b>
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	20,000,000	27,000,000
(b) Reserves and surplus	3	350,855,533	278,356,833
		<b>370,855,533</b>	<b>305,356,833</b>
<b>2 Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	25	10,580	10,537
		<b>10,580</b>	<b>10,537</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	4	57,910,683	143,639,758
(b) Other current liabilities	5	26,487,459	28,095,885
		<b>84,398,142</b>	<b>171,735,643</b>
<b>TOTAL</b>		<b>455,264,255</b>	<b>477,103,014</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Property, Plant & Equipments	6	307,440,838	313,318,499
		<b>307,440,838</b>	<b>313,318,499</b>
(b) Non-current investments	7	105,568,256	124,139,583
(c) Long-term loans and advances	8	38,438,789	35,950,060
(d) Other non-current assets	9	281,777	281,777
		<b>144,288,822</b>	<b>160,371,419</b>
<b>2 Current assets</b>			
(a) Current investments	10	2,172,139	1,200,000
(b) Inventories	11	711,371	711,348
(c) Trade receivables	12	517,024	444,081
(d) Cash and cash equivalents	13	79,474	1,014,081
(e) Short-term loans and advances	14	54,587	43,586
		<b>3,534,595</b>	<b>3,413,096</b>
<b>TOTAL</b>		<b>455,264,255</b>	<b>477,103,014</b>
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached.

For Rege and Thakkar  
Chartered Accountants  
FRN:-113263W

Y. L. Rege  
Partner  
M.No.043330

For and on behalf of the Board

M.Y. NOORANI  
Chairman

A.Y. NOORANI  
Director

E. S. D. Rao  
Company Secretary

Place : Mumbai  
Date : 29<sup>th</sup> May 2017

**ZODIAC FINSEC AND HOLDINGS LIMITED**  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Rupees	Rupees
1 Revenue from operations (gross)	15	78,861,516	78,861,516
2 Other income	16	33,948,730	2,065,539
<b>TOTAL REVENUE (1+2)</b>		<b>112,810,246</b>	<b>80,927,055</b>
3 Expenses			
(a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17	(23)	62
(b) Employee benefits expense	19	60,060	60,060
(c) Finance costs	18	11,569,091	16,130,865
(d) Depreciation and amortisation expenses	6	5,915,651	6,006,104
(e) Expenditure on Corporate Social Responsibility	28	1,100,000	1,070,000
(f) Other expenses	20	2,802,297	1,088,849
<b>TOTAL EXPENSES</b>		<b>21,447,076</b>	<b>24,355,940</b>
4 Profit before tax		91,363,171	56,571,114
5 Tax expense:			
(a) Current tax expense		18,700,000	13,242,000
(b) Deferred tax charge/(credit)		43	50
(c) Excess Provision for tax of previous year now written back		(129,812)	(128,981)
6 Profit for the Year from continuing operations		<b>72,792,940</b>	<b>43,458,045</b>
7 Earnings per share (of Rs 10/- each):			
(a) Basic	24	36.25	20.87
(b) Diluted	24	36.25	20.87
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached.

For Rege and Thakkar  
Chartered Accountants  
FRN:-113263VP

For and on behalf of the Board of Directors

Y L Rege  
Partner  
M.No.043330



M.Y. NOORANI  
Chairman

A.Y. NOORANI  
Director

E S D Rao  
Company Secretary

Place : Mumbai  
Date : 29<sup>th</sup> May 2017

**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 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in 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. Fixed Assets - Property, Plant and Equipments**

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.

**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 and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

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



# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### NOTE 2 SHARE CAPITAL

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Rupees	Number of shares	Rupees
<b>AUTHORISED</b>				
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
		<b>40,000,000</b>		<b>40,000,000</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>				
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
		<b>20,000,000</b>		<b>27,000,000</b>
<b>Note:</b> Entire share capital (100%) is held by the Holding Company, M/s. Zodiac Clothing Company Ltd.				

### NOTE 3 RESERVES AND SURPLUS

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
<b>(a) General Reserve</b>		
As per last Balance Sheet	10,175,000	10,175,000
<b>(a) Capital Redemption Reserve</b>		
Opening balance	13,000,000	
Add: Transferred from surplus in Statement of Profit and Loss	7,000,000	13,000,000
Closing balance	20,000,000	13,000,000
<b>(c) Other reserves -</b>		
<b>Special Reserve u/s. 45 IC of RBI Act, 1934</b>		
Opening balance	69,574,328	60,882,328
Add: Transferred from Statement of Profit and loss as shown below	14,559,000	8,692,000
	84,133,328	69,574,328
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	185,607,505	165,555,163
Add: Profit for the year	72,792,940	43,458,045
	258,400,446	209,013,208
Less: Dividend on Preference shares paid	244,472	1,423,825
Tax on dividend	49,769	289,878
Transfer to Capital Redemption Reserve	7,000,000	13,000,000
Transfer to Special Reserve	14,559,000	8,692,000
	21,853,241	23,405,703
Closing balance	<b>236,547,205</b>	<b>185,607,505</b>
	<b>350,855,533</b>	<b>278,356,833</b>

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

**NOTE 4 SHORT-TERM BORROWINGS**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Loans and advances from related parties Unsecured (Refer to note No. 22)	57,910,683	143,639,758
	<b>57,910,683</b>	<b>143,639,758</b>
Note :- Holding Company: Zodiac Clothing Co. Ltd	57,910,683	143,639,758

**NOTE 5 OTHER CURRENT LIABILITIES**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Other payables		
(i) Statutory dues	65,814	484,421
(ii) Security deposits received	26,218,765	26,218,765
(iii) Other Expenses payable	202,880	832,699
(iv) Preference dividend payable	-	560,000
	<b>26,487,459</b>	<b>28,095,885</b>
Note :- Others expenses payable include amount due to: Holding Company: Zodiac Clothing Co. Ltd	-	647,526

## NOTE 6 FIXED ASSETS

Description	Rate	Gross Block			Depreciation			Net Block			
		As at 01.04.2016	Additions	Adjustments	As at 31.03.2017	Up to 01.04.2016	For the year	Adjustments	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Building (Office)	1.63%	371,323,524	-	-	371,323,524	58,129,433	5,866,912	-	63,996,345	307,327,178	313,194,090
Furniture & Fixtures	6.33%	695,968	-	-	695,968	613,805	47,364	-	661,169	34,799	82,163
Vehicles	9.50%	100,000	-	-	100,000	95,000	-	-	95,000	5,000	5,000
Office Equipment	4.75%	744,872	37,990	-	782,862	707,627	1,375	-	709,002	73,861	37,246
<b>Total</b>		<b>372,864,364</b>	<b>37,990</b>	<b>-</b>	<b>372,902,354</b>	<b>59,545,865</b>	<b>5,915,651</b>	<b>-</b>	<b>65,461,516</b>	<b>307,440,838</b>	<b>313,318,499</b>
Previous year		372,864,364	-	-	372,864,364	53,539,761	6,006,104	-	59,545,865	313,318,499	319,324,603

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### NOTE 7: NON - CURRENT INVESTMENT

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
<b>Investment in Venture Capital Fund - Unquoted</b>		
Tata Capital Growth Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.86926 per unit P.Y. Rs. 0.8545929 per unit]	15,595,089	17,313,586
Tata Capital Healthcare Fund [2,00,00,000 units @ Re.1 per unit partly paid Rs. 0.8985 per unit P.Y. 0.8881 per unit]	17,102,957	17,949,672
Faering Capital India Evolving Fund [72,870 units, P.Yr. 88,876 units] (Fully paid up Rs. 1000/- per unit)	72,870,210	88,876,325
	<b>105,568,256</b>	<b>124,139,583</b>

### NOTE 8 : LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Security deposits for Electricity	211,211	211,211
(b) Advance income tax (net of provisions)	38,227,578	35,738,849
	<b>38,438,789</b>	<b>35,950,060</b>

### Note 9 : OTHER NON - CURRENT ASSET

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Accruals		
(i) Interest Accrued on investments	264,196	264,196
(ii) Dividend Accrued on investments	-	-
(b) Others - Advance Paid	17,581	17,581
	<b>281,777</b>	<b>281,777</b>

### Note 10 : CURRENT INVESTMENTS

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
<b>Other Investments - Quoted</b>		
HDFC Floating Rate Income Fund short term plan Direct	2,172,139	1,200,000
Wholesale Option Growth [77,178.937 units P.Y. 46,089.321]		
	<b>2,172,139</b>	<b>1,200,000</b>



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

**NOTE 11 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Stock-in-trade	711,371	711,348
	<b>711,371</b>	<b>711,348</b>

**NOTE 12 TRADE RECEIVABLES**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Unsecured, Considered good	517,024	444,081
	<b>517,024</b>	<b>444,081</b>
Note :- Others trade receivables include amount due from: <u>Holding Company:</u> Zodiac Clothing Co. Ltd		

**NOTE 13 CASH AND CASH EQUIVALENTS**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(a) Cash on hand	67	176
(b) Balances with banks		
(i) In current accounts	79,407	1,013,905
	<b>79,474</b>	<b>1,014,081</b>

**NOTE 14 SHORT-TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Unsecured, considered good unless otherwise stated		
(a) Prepaid expenses	54,587	43,586
	<b>54,587</b>	<b>43,586</b>



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

**NOTE 15 : REVENUE FROM OPERATIONS**

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
(a) Rental Income from Properties	78,861,516	78,861,516
	<b>78,861,516</b>	<b>78,861,516</b>

**NOTE 16 : OTHER INCOME**

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
(a) Interest income (Refer note (i) Below)	93,659	11,718
(b) Dividend income	442,950	1,163,090
(c) Capital Gain (Short term) on sale of current investment	1,102,185	623,822
(d) Capital Gain (Long term) on sale of non-current investment	32,309,936	266,909
	<b>33,948,730</b>	<b>2,065,539</b>
(I) Interest income comprises:		
Other Interest	93,659	11,718
	<b>93,659</b>	<b>11,718</b>

**NOTE 17 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
<b>Inventories at the end of the year:</b>		
Stock in Trade	711,371	711,348
	<b>711,371</b>	<b>711,348</b>
<b>Inventories at the beginning of the year:</b>		
Stock in Trade	711,348	711,410
	<b>711,348</b>	<b>711,410</b>
<b>NET DECREASE /(INCREASE)</b>	<b>(23)</b>	<b>62</b>

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### NOTE 18 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Salaries and wages	60,060	60,060
	<b>60,060</b>	<b>60,060</b>

### NOTE 19 FINANCE COSTS

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
(a) Interest paid		
(i) On Borrowings	11,562,343	16,057,474
(ii) Others	6,076	71,717
(b) Bank Charges	672	1,674
	<b>11,569,091</b>	<b>16,130,865</b>

### NOTE 20 OTHER EXPENSES

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Repairs and maintenance - Building	482,060	125,484
Insurance	8,584	10,694
Rates and Taxes	221,000	225,259
Legal and Professional	469,440	242,414
Payment to Auditors (Refer note (i) below)	34,500	34,350
Donation	1,100,000	-
Miscellaneous expenses	486,713	450,648
	<b>2,802,297</b>	<b>1,088,849</b>
<b>Note:</b>		
(i) Payments to auditors comprises :		
As Audit Fees	30,000	30,000
Service Tax	4,500	4,350
	<b>34,500</b>	<b>34,350</b>

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

Note 21 : Additional information to the financial statements		As at 31st March, 2017	As at 31st March, 2016
<b>21.a</b>	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>(i)</b>	<b>Contingent liabilities</b>		
	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] [amount paid under protest Rs.83,210/- P.Yr.Rs.83,210/-]	11,489	11,489
	I-Tax Demand [A.Yr.2006-07] [amount paid under protest Rs. Nil P.Yr. Rs. Nil]	1,330,872	1,330,872
	I-Tax Demand [A.Yr.2007-08] [amount paid under protest Rs.51,07,326/-, P.Yr.Rs.51,07,326/-]	4,307,676	4,307,676
	I-Tax Demand [A.Yr.2010-11] [amount paid under protest Rs.90,00,000/-, P.Yr Rs. 90,00,000]	10,505,838	10,505,838
	I-Tax Demand [A.Yr.2011-12] [amount paid under protest Rs.80,00,000/-, P.Yr Rs. 80,00,000]	9,109,090	9,109,090
	I-Tax Demand [A.Yr. 2012-13] [amount paid under protest Rs. 1,24,33,930, P.Yr Rs. 1,24,33,930]	12,433,930	12,433,930
	I-Tax Demand [A.Yr. 2014-15] [amount paid under protest Rs. 20,00,500, P.Yr Rs. Nil]	13,336,093	0
	<b>Total :</b>	<b>51,034,988</b>	<b>37,698,895</b>
<b>(ii)</b>	<b>Commitments</b>		
	(Uncalled liability on shares and other investments partly paid)		
	Faering Capital India Evolving Fund [amount paid Rs. 9,36,63,059/-, P.Yr.Rs. 9,36,63,059/-]	6,336,941	6,336,943
	Tata Capital Growth Fund [amount paid Rs.1,55,95,089/-, P.Yr.Rs.1,73,13,586/-]	2,663,314	2,908,142
	Tata Capital Healthcare Fund [amount paid Rs. 1,71,02,957/-, P.Yr. Rs.1,79,49,672/-]	2,068,549	2,238,436
	<b>Total :</b>	<b>11,068,804</b>	<b>11,483,521</b>
	<b>Total Contingent liabilities and Commitments</b>	<b>62,103,792</b>	<b>49,182,416</b>

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### Note 22 : 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)
<b>Income</b>				
<b>Rent Income from</b> Zodiac Clothing Co.Ltd	48,186,600 (48,186,600)	- (-)	- (-)	48,186,600 (48,186,600)
<b>Expenses</b>				
<b>Interest paid to</b> Zodiac Clothing Co.Ltd	11,562,343 (16,057,474)	- (-)	- (-)	11,562,343 (16,057,474)
<b>Dividend paid to</b> Zodiac Clothing Co.Ltd (Preference Shares)	244,472 (863,825)	- -	- -	244,472 (863,825)
<b>Expenses recovered from</b> Zodiac Clothing Co.Ltd	1,792,820 (1,895,927)	- (-)	- (-)	1,792,820 (1,895,927)
<b>Expenses reimbursed to</b> Zodiac Clothing Co.Ltd	47,936 (47,936)	- (-)	- (-)	47,936 (47,936)



# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### Note 22 : 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)
<b>Redemption of Preference Shares</b>				
Zodiac Clothing Co.Ltd	7,000,000 (13,000,000)	- -	- -	7,000,000 (13,000,000)
<b>Loans &amp; Advances taken from</b>				
<b>Loans &amp; Advances repaid to</b> Zodiac Clothing Co. Ltd	79,577,500 (15,500,000)	- (-)	- (-)	79,577,500 (15,500,000)
<b>Outstandings amount payable to</b> Zodiac Clothing Co.Ltd	57,910,683 (144,287,284)	- (-)	- (-)	57,910,683 (144,287,284)

### Note 23

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Details of leasing arrangements</b>		
<u>As Lessor</u>		
The Company has entered into operating lease arrangements. 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	78,861,516
Future minimum lease payments receivables		
not later than one year	30,674,916	7,668,729
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	63,996,345	58,129,433
Depreciation recognised on leased assets	5,866,912	5,866,912

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### Note 24

Particulars	For the year ended 31st March,	For the year ended 31st March,
<b>Earnings</b>		
<u>(a) Continuing operations (Basic EPS)</u>		
Net profit for the year from continuing operations	72,792,940	43,458,045
Less: Preference dividend and tax thereon	294,241	1,713,703
Net profit for the year from continuing operations attributable to the equity shareholders	72,498,699	41,744,342
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	<b>36.25</b>	<b>20.87</b>
<u>(b) Total operations (Diluted EPS)</u>		
Net profit for the year	72,792,940	43,458,045
Less: Preference dividend and tax thereon	294,241	1,713,703
Net profit for the year attributable to the equity shareholders	72,498,699	41,744,342
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	<b>36.25</b>	<b>20.87</b>

# ZODIAC FINSEC AND HOLDINGS LIMITED

## Notes forming part of the financial Statement

### Note 25 : Deferred Tax

Deferred Tax Liability	As at 31st March, 2017	As at 31st March, 2016
Depreciation and Amortisation	10,580	10,537
	10,580	10,537

The deferred tax liability of Rs. 43/- (Previous Year: Deferred tax Liability of Rs.50/-) has been recognised in the Profit and Loss Account

### Note 26

During the year the Company has redeemed its Preference Shares holders of Rs.70,00,000/-

### Note 27

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-

Sr. No.		SBNs	Other denomination notes	Total
1	Closing cash in hand as on 08.11.2016	-	1,556.00	1,556.00
2	(+) Permitted receipts	-	-	
3	(-) Permitted payments	-	-	
4	(-) Amount deposited in Banks	-	-	
5	Closing cash in hand as on 30.12.2016		1,556.00	1,556.00

Explanation : For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016."

### Note 28

(a) Gross amount required to be spent by the company during the year for Corporate Social Responsibility (CSR) Rs. 10,91,413/- (Previous Year Rs. 10,59,540/-).

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

Particulars	In Cash Rs.	Yet to be paid in Cash	Total Rs.
(i) Construction/acquisition of any asset	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
(ii) On purposes other than (i) above	1,100,000	Nil	1,100,000
	(1,070,000)	(Nil)	(1,070,000)

### Note 29

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

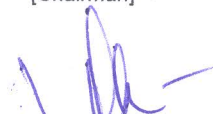
For and on behalf of the Board  
In terms of our report attached.

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



(Y L Rege)  
Partner  
M.No.043330

  
M Y Noorani  
[Chairman]

  
A Y Noorani  
[Director]

  
E S D Rao  
[Company Secretary]

Place : Mumbai  
Date : 29th May 2017



**Zodiac Finsec and Holdings Limited**
**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017**

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		<b>91,363,171</b>		<b>56,571,114</b>
<u>Adjustments for:</u>				
Depreciation and amortisation	5,915,651		6,006,104	
Dividend income	(442,950)		(1,163,090)	
Interest Income	(93,659)		(11,718)	
Net (gain) / loss on sale of investments	(33,412,121)		(890,731)	
Interest on borrowings	11,562,343	(16,470,737)	16,057,474	19,998,039
Operating profit / (loss) before working capital changes		<b>74,892,434</b>		<b>76,569,154</b>
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(23)		62	
Trade receivables	(72,943)		163,827	
Short-term loans and advances	(11,001)		9,318	
Other non-current assets	-		262,594	
Adjustments for increase / (decrease) in operating liabilities:				
Advance Received			(3,304,892)	
Other current liabilities	(1,608,426)		870,540	
		<b>(1,692,393)</b>		<b>(1,998,551)</b>
Cash flow from extraordinary items		73,200,041		74,570,603
Cash generated from operations		73,200,041		74,570,603
Net income tax (paid) / refunds		(21,058,917)		(25,412,750)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>52,141,124</b>		<b>49,157,852</b>
<b>B. Cash flow from investing activities</b>				
Current investments not considered as Cash and cash equivalents				
- Purchased	(62,647,000)		(23,000,000)	
- Proceeds from sale	62,054,318		25,223,822	
Purchase of fixed assets	(37,990)			
Purchase of long-term investments				
- Others – Venture Capital Fund (Net)	51,603,991		(6,276,594)	
Interest Income	93,659		11,718	
Dividend received				
- Others	442,950		1,163,090	
		<b>51,509,928</b>		<b>(2,877,964)</b>
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>51,509,928</b>		<b>(2,877,964)</b>



Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017 (Contd.)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings			(13,000,000)	
Proceeds from issue of preference shares	(7,000,000)		-	
Repayment of long-term borrowings	-		(15,500,000)	
Proceeds from other short-term borrowings	(85,729,075)		(16,057,474)	
Interest on borrowings	(11,562,343)		-	
Dividends paid on Equity Shares			(863,825)	
Dividends paid on Preference Shares	(244,472)		(175,875)	(45,597,174)
Tax on dividend	(49,769)	(104,585,659)		
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(104,585,659)</b>		<b>(45,597,174)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		(934,607)		682,714
Cash and cash equivalents at the beginning of the year		1,014,081		331,367
<b>Cash and cash equivalents at the end of the year</b>		<b>79,474</b>		<b>1,014,081</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		79,474		1,014,081
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13		79,474		1,014,081
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		-		-
<b>Cash and cash equivalents at the end of the year *</b>		<b>79,474</b>		<b>1,014,081</b>
* Comprises:				
(a) Cash on hand		67		176
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		79,407		1,013,905
		<b>79,474</b>		<b>1,014,081</b>

See accompanying notes forming part of the financial statements

For and on behalf of the Board

In terms of our report attached.

For Rege &amp; Thakkar

(Chartered Accountants)

FRN:-113263W

(Y L Rege)

Partner

M.No.043330



M Y Noorani  
[Chairman]

A Y Noorani  
[Director]

E S D Rao  
[Company Secretary]

Place : Mumbai

Date : 29th May 2017

# **ZODIAC PROPERTIES LIMITED**

## **Financial Statements**

*26 January 2017*

***Registered agent's office:***

1205, Westburry Commercial Tower  
Al Abraj Street, Business Bay  
P.O. Box 71241  
Dubai, U.A.E.

# **ZODIAC PROPERTIES LIMITED**

## **Financial Statements**

*26 January 2017*

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## **Independent Reviewer's Report to the Shareholder of ZODIAC PROPERTIES LIMITED**

### **Report on the Review of the Financial Statements**

#### **Opinion**

We have reviewed the accompanying interim financial statements of **ZODIAC PROPERTIES LIMITED** as of January 26, 2017, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the ten months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the presentation of these interim financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility to express a conclusion on these interim financial statements based on review.

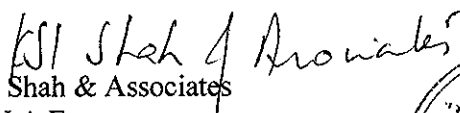
#### **Review work performed**

We conducted our review in accordance with International Standards on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of person responsible for financial and accounting matters, and applying analytical and other review procedures. This standard required us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also required us to comply with relevant ethical requirements. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

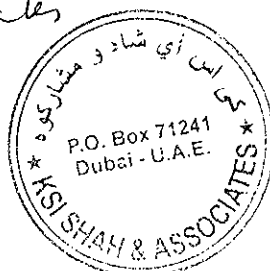
#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements present fairly, in all material respect, the financial position of the company as at January 26, 2017 and of its financial performance and its cash flows for the ten months period then ended in accordance with International Financial Reporting Standards.

  
For KSI Shah & Associates  
Dubai, U.A.E.

Signed by:  
Sonal P. Shah (Registration No. 123)

27 January 2017



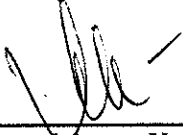
**ZODIAC PROPERTIES LIMITED****Statement of Financial Position***At 26 January 2017*

	<i>Notes</i>	<b>26 Jan. 2017 GBP</b>	<b>31 Mar. 2016 GBP</b>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment properties	6	<u>3,605,415</u>	<u>3,551,449</u>
<b>Current assets</b>			
Other receivables	7, 13	.. 33,688	22,513
Bank balances	8	<u>11,761</u>	<u>25,458</u>
		<u>45,449</u>	<u>47,971</u>
<b>Total assets</b>		<u><b>3,650,864</b></u>	<u><b>3,599,420</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity	9	3,509,918	1,808
Accumulated losses		<u>(552,236)</u>	<u>(482,519)</u>
<b>Equity funds</b>		<u><b>2,957,682</b></u>	<u><b>(480,711)</b></u>
Shareholder's loan account	10	-	<u>3,031,479</u>
<b>Total equity funds</b>		<u><b>2,957,682</b></u>	<u><b>2,550,768</b></u>
<b>Non-current liability</b>	11, 13	<u><b>675,847</b></u>	<u><b>1,038,419</b></u>
<b>Current liability</b>			
Accruals		<u>17,334</u>	<u>10,233</u>
<b>Total equity and liabilities</b>		<u><b>3,650,864</b></u>	<u><b>3,599,420</b></u>


*The accompanying notes 1 to 17 form an integral part of these financial statements.*

*The Independent Reviewers' Report is set forth on page 1.*

*Approved by the board of directors on 27<sup>th</sup> January 2017 and signed on their behalf by;*

**For ZODIAC PROPERTIES LIMITED**


**Mr. Mohamed Anees Noorani**  
Director



**Mr. Mohamed Yusuf Noorani**  
Director

**ZODIAC PROPERTIES LIMITED****Statement of Comprehensive Income**  
*for the period ended 26 January 2017*

		<i>01 Apr. 2016 to 26 Jan. 2017 <u>GBP</u></i>	<i>01 Apr. 2015 to 31 Mar. 2016 <u>GBP</u></i>
Rental income	13	60,425	72,543
Expenses	12	<u>(113,752)</u>	<u>(70,898)</u>
<b>(Loss)/profit from operations</b>		<b>(53,327)</b>	<b>1,645</b>
Other income		-	37,680
Finance cost on bank borrowing		-	(4,495)
Interest paid to a related party and a shareholder	13	<u>(16,390)</u>	<u>(92,405)</u>
<b>(Loss) for the year</b>		<b>(69,717)</b>	<b>(57,575)</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>(69,717)</u></b>	<b><u>(57,575)</u></b>

*The accompanying notes 1 to 17 form an integral part of these financial statements.*

**ZODIAC PROPERTIES LIMITED****Statement of Changes in Equity**  
*for the period ended 26 January 2017*

	<i>Share capital <u>GBP</u></i>	<i>Accumulated (losses) <u>GBP</u></i>	<i>Shareholder's loan account <u>GBP</u></i>	<i>Total <u>GBP</u></i>
<b>As at 31 March 2015</b>	<b>1,808</b>	<b>(424,944)</b>	<b>1,466,923</b>	<b>1,043,787</b>
Loss for the year	-	(57,575)	-	(57,575)
Introduced during the year (net)	<u>-</u>	<u>-</u>	<u>1,564,556</u>	<u>1,564,556</u>
<b>As at 31 March 2016</b>	<b>1,808</b>	<b>(482,519)</b>	<b>3,031,479</b>	<b>2,550,768</b>
Additional share capital issued	3,508,110	-	(3,508,110)	-
Loss for the period	-	(69,717)	-	(69,717)
Introduced during the year (net)	<u>-</u>	<u>-</u>	<u>476,631</u>	<u>476,631</u>
<b>As at 26 January 2017</b>	<b><u>3,509,918</u></b>	<b><u>(552,236)</u></b>	<b><u>-</u></b>	<b><u>2,957,682</u></b>

*The accompanying notes 1 to 17 form an integral part of these combined financial statements.*

## ZODIAC PROPERTIES LIMITED

**Statement of Cash Flows**  
**for the period ended 26 January 2017**

	<i>Notes</i>	<i>01 Apr. 2016 to 26 Jan. 2017 GBP</i>	<i>01 Apr. 2015 to 31 Mar. 2016 GBP</i>
<b><u>Cash flows from operating activities</u></b>			
(Loss) for the year		(69,717)	(57,575)
Adjustment for:			
Depreciation on investment property		51,721	46,646
Interest paid to a related party and a shareholder		16,390	92,405
Finance cost on bank borrowing		-	4,495
<b>Operating (loss)/profit before working capital changes</b>		<b>(1,606)</b>	<b>85,971</b>
Changes in other receivables and prepayments		(11,175)	11,544
Changes in accruals		7,102	(6,876)
<b>Net cash (used in)/from operating activities</b>		<b><u>(5,679)</u></b>	<b><u>90,639</u></b>
 <b><u>Cash flows from investing activities</u></b>			
Additions to investment property		(105,687)	(1,575,561)
Changes in margin account		-	18,402
<b>Net cash (used in) investing activities</b>		<b><u>(105,687)</u></b>	<b><u>(1,557,159)</u></b>
 <b><u>Cash flows from financing activities</u></b>			
(Payments of) bank borrowings		-	(648,375)
Changes in long term loan from related party		(362,572)	671,100
Funds introduced by a shareholder (net)		476,631	1,564,556
Finance cost on bank borrowing paid		-	(4,495)
Interest paid to related party and shareholder		(16,390)	(92,405)
<b>Net cash from financing activities</b>		<b><u>97,669</u></b>	<b><u>1,490,381</u></b>
 <b>Net changes in cash and cash equivalents</b>		<b>(13,697)</b>	<b>23,861</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>25,458</u></b>	<b><u>1,597</u></b>
<b>Cash and cash equivalents at end of the year</b>	<b>8</b>	<b><u><u>11,761</u></u></b>	<b><u><u>25,458</u></u></b>

*The accompanying notes 1 to 17 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 period ended 26 January 2017***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 22<sup>nd</sup> 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) 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 2016 and the implementing rules and regulations of the International companies with Ras Al Khaimah Free Trade Zone Authority.

**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.

**ZODIAC PROPERTIES LIMITED****Notes to the Financial Statements**  
*for the period ended 26 January 2017***c) 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.

**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.

**ZODIAC PROPERTIES LIMITED****Notes to the Financial Statements**  
*for the period ended 26 January 2017****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 period ended 26 January 2017

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

##### a) New and revised International Financial Reporting Standards

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:

- IFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to IAS 1)
- Clarification on acceptable methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Investment Entities: Applying the Consolidation Exception (Amendment to IFRS 10, IFRS 12 and IAS 28)
- Accounting for acquisitions of Interest in Joint operations (Amendments to IFRS 11)
- Amendments to IAS 19 Employee Benefits
- Equity method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements to IFRSs 2012-2014 Cycle

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 but not effective

IAS 7 – Disclosure initiatives – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

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.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

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



**ZODIAC PROPERTIES LIMITED****Notes to the Financial Statements**  
*for the period ended 26 January 2017***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.

**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 financials 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.

## ZODIAC PROPERTIES LIMITED

### Notes to the Financial Statements for the period ended 26 January 2017

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.

#### 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.

**ZODIAC PROPERTIES LIMITED****Notes to the Financial Statements**  
*for the period ended 26 January 2017***Impairment of non-financial assets** *(contd.)*

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.

**f) Other payables**

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

**g) 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.

**h) 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.

**i) 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 statement of comprehensive income.

## ZODIAC PROPERTIES LIMITED

**Notes to the Financial Statements**  
*for the period ended 26 January 2017*
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>26 Jan. 2017 GBP</i>	<i>31 Mar. 2016 GBP</i>
<b>6. Investment properties</b>		
<b>Investment property <sup>a</sup></b>		
Cost of investment property	2,185,840	2,185,840
Closing balance	<u>2,185,840</u>	<u>2,185,840</u>
<b>Accumulated depreciation on properties</b>		
Opening balance	(199,139)	(163,306)
Charge during the period/year	<u>(29,550)</u>	<u>(35,833)</u>
Closing balance	<u>(228,689)</u>	<u>(199,139)</u>
<b>Net book value</b> <span style="float: right;">A</span>	<u>1,957,151</u>	<u>1,986,701</u>
<b>Investment property <sup>b</sup></b>		
Opening balance	1,575,561	-
Additions during the period/year	<u>105,687</u>	<u>1,575,561</u>
Closing balance	<u>1,681,248</u>	<u>1,575,561</u>
<b>Accumulated depreciation on properties</b>		
Opening balance	(10,813)	-
Charged during the period/year	<u>(22,171)</u>	<u>(10,813)</u>
Closing balance	<u>(32,984)</u>	<u>(10,813)</u>
<b>Net book value</b> <span style="float: right;">B</span>	<u>1,648,264</u>	<u>1,564,748</u>
<b>Total (A+B)</b>	<u>3,605,415</u>	<u>3,551,449</u>

<sup>a</sup> Represents property at 11A, Montagu Mews North, Montagu Place, London and commercial property, 11, Montagu Mews North, Montagu Place, London, are given on rentals.

<sup>b</sup> 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.

**7. Other receivables**

	<i>26 Jan. 2017 GBP</i>	<i>31 Mar. 2016 GBP</i>
Rent receivables (refer note 13)	29,674	18,499
Security deposit receivable	<u>4,014</u>	<u>4,014</u>
	<u>33,688</u>	<u>22,513</u>



## ZODIAC PROPERTIES LIMITED

**Notes to the Financial Statements**  
*for the period ended 26 January 2017*

	<i>26 Jan. 2017 <u>GBP</u></i>	<i>31 Mar. 2016 <u>GBP</u></i>
<b>8. Bank balances</b>		
In current accounts	<u>11,761</u>	<u>25,458</u>
<b>9. Share capital</b>		
Authorised, subscribed, issued and paid up Shares 18,500 @ AED 1,000/- each (converted 1GBP @ AED 5.27) <sup>a</sup>	<u>3,509,918</u>	<u>1,808</u>
Previous year 10 shares @ AED 1,000/- each (converted 1GBP @ AED 5.53) <sup>a</sup>		
<sup>a</sup> Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai.		
<b>10. Shareholder's loan account</b>		
This represented 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), settled against increase in share capital during the period. Interest for the period has been waived.		
	<i>26 Jan. 2017 <u>GBP</u></i>	<i>31 Mar. 2016 <u>GBP</u></i>
<b>11. Non-current liabilities</b>		
Long term loans <sup>ab</sup>	<u>675,847</u>	<u>1,038,419</u>
<sup>a</sup> Includes GBP 675,847/- (previous year GBP 101,955/-) towards an unsecured long term loan received from a related party bearing interest charge of 3% p.a. without any repayment terms (refer note 13).		
<sup>b</sup> Includes Nil (previous year GBP 936,464/-) towards an unsecured and interest long term loans received from business associates, taken over by a related party and shareholder during the year (refer note 13).		
	<i>01 Apr. 2016 to 26 Jan. 2017 <u>GBP</u></i>	<i>01 Apr. 2015 to 31 Mar. 2016 <u>GBP</u></i>
<b>12. Expenses</b>		
Professional charges	11,859	6,624
Other administrative expenses	50,172	17,628
Depreciation on properties (refer note 6)	<u>51,721</u>	<u>46,646</u>
	<u>113,752</u>	<u>70,898</u>

# ZODIAC PROPERTIES LIMITED

## Notes to the Financial Statements for the period ended 26 January 2017

### 13. Related party transactions

For the purpose of these financial statements, 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 and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The relationship of related parties is as under –

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

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

	<i>Shareholder</i>	<i>Companies under common management control</i>	<i>01 Apr. 2016 to 26 Jan. 2017</i>	<i>01 Apr. 2015 to 31 Mar. 2016</i>
	<i>GBP</i>	<i>GBP</i>	<i>GBP</i>	<i>GBP</i>
Rental income	-	30,925	30,925	37,500
Expenses	-	3,398	3,398	3,398
Interest paid	-	16,390	16,390	12,598
Long term loan balance taken over	378,462	357,833	736,295	-

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

	<i>Companies under common management control</i>	<i>Total 2017</i>	<i>Total 2016</i>
	<i>GBP</i>	<i>GBP</i>	<i>GBP</i>
<b>Under current assets</b>			
Other receivables (refer note 7)	29,674	29,674	14,465
<b>Under non-current liabilities</b>			
Long term loan (refer note 11)	675,847	675,847	480,417

**ZODIAC PROPERTIES LIMITED****Notes to the Financial Statements**  
*for the period ended 26 January 2017***14. 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 receivables***

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

***Bank balances***

The company's bank balance in a current account is placed with a 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***

Loan from a related party is at fixed rate of interest.

***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.

## ZODIAC PROPERTIES LIMITED

### Notes to the Financial Statements for the period ended 26 January 2017

#### 15. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of other receivables and bank balance and financial liabilities, comprising of accruals and long term loan payable 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)
<b>As on 21 January 2017</b>				
<i>Financial assets</i>				
- Investment property	-	-	3,605,415	3,605,415
<b>As on 31 March 2016</b>				
<i>Financial assets</i>				
- Investment property	-	-	3,551,449	3,551,449

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

#### 16. Contingent liability

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

#### 17. 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 2017***

***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 2017**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY INC.** (the "Company"), which comprises of the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Independent Auditors' Report to the Shareholder of  
ZODIAC CLOTHING COMPANY INC.****Report on the Audit of the Financial Statements (contd.):****Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KSI Shah & Associates*  
For KSI Shah & Associates  
Dubai, U.A.E.

Signed by:

Sonal P. Shah (Registration No. 123)



**ZODIAC CLOTHING COMPANY INC.****Statement of Financial Position***At 31 March 2017*

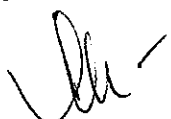
	<i>Notes</i>	<i>2017 US \$</i>	<i>2016 US \$</i>
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivable		2,485	2,618
Cash and cash equivalents	6	<u>30,513</u>	<u>31,254</u>
		<u>32,998</u>	<u>33,872</u>
<b>TOTAL ASSETS</b>		<u>32,998</u>	<u>33,872</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	10,000	10,000
Accumulated (losses)		<u>(13,645)</u>	<u>(9,583)</u>
<b>Equity funds</b>		<u>(3,645)</u>	<u>417</u>
Shareholder's loan account	8	<u>27,509</u>	<u>25,102</u>
<b>Total equity funds</b>		<u>23,864</u>	<u>25,519</u>
<b>Current liability</b>			
Accruals		<u>9,134</u>	<u>8,353</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>32,998</u>	<u>33,872</u>


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

*The Independent Auditors' Report is set forth on pages 1 to 2.*

*Approved by the board of directors on 9<sup>th</sup> May 2017 and signed on their behalf by;*

**For ZODIAC CLOTHING COMPANY INC.**

  
**Mr. Mohamed Anees Noorani**  
 Director

  
**Mr. Mohamed Yusuf Noorani**  
 Director

**ZODIAC CLOTHING COMPANY INC.****Statement of Comprehensive Income**  
*for the year ended 31 March 2017*

	<i><u>2017</u></i> <i><u>US \$</u></i>	<i><u>2016</u></i> <i><u>US \$</u></i>
Other administrative expenses	<u>(4,062)</u>	<u>(3,734)</u>
<b>(Loss) for the year</b>	<b>(4,062)</b>	<b>(3,734)</b>
Other comprehensive income	—	—
<b>Total comprehensive income for the year</b>	<b><u>(4,062)</u></b>	<b><u>(3,734)</u></b>

*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 2017*

	<i>Share capital US \$</i>	<i>Accumulated (losses) US \$</i>	<i>Shareholder's loan account US \$</i>	<i>Total US \$</i>
<b>As at 31 March 2015</b>	<b>10,000</b>	<b>(5,849)</b>	<b>22,570</b>	<b>26,721</b>
Funds introduced by shareholder	-	-	2,532	2,532
Loss for the year	<u>-</u>	<u>(3,734)</u>	<u>-</u>	<u>(3,734)</u>
<b>As at 31 March 2016</b>	<b>10,000</b>	<b>(9,583)</b>	<b>25,102</b>	<b>25,519</b>
Funds introduced by shareholder	-	-	2,407	2,407
Loss for the year	<u>-</u>	<u>(4,062)</u>	<u>-</u>	<u>(4,062)</u>
<b>As at 31 March 2017</b>	<b><u>10,000</u></b>	<b><u>(13,645)</u></b>	<b><u>27,509</u></b>	<b><u>23,864</u></b>

*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 2017*

	<i>Notes</i>	<b>2017</b> <b>US \$</b>	<b>2016</b> <b>US \$</b>
<b><u>Cash flows from operating activities</u></b>			
Operating (loss) before working capital changes		<b>(4,062)</b>	<b>(3,734)</b>
Changes in other receivables		133	(198)
Changes in accruals		<u>781</u>	<u>1,400</u>
<b>Net cash (used in) operating activities</b>		<b><u>(3,148)</u></b>	<b><u>(2,532)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Funds introduced by a shareholder (net)		<u>2,407</u>	<u>2,532</u>
<b>Net cash from financing activities</b>		<b><u>2,407</u></b>	<b><u>2,532</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>(741)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>31,254</u></b>	<b><u>31,254</u></b>
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b><u>30,513</u></b>	<b><u>31,254</u></b>

*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 2017*

**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 on 22<sup>nd</sup> July, 2008.
- 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 2016.

**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 2017*

#### **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 2017*

#### **4. Adoption of new and revised International Financial Reporting Standards**

##### **a) New and revised International Financial Reporting Standards**

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:

- IFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to IAS 1)
- Clarification on acceptable methods of Depreciation and Amortization( Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Investment Entities: Applying the Consolidation Exception(Amendment to IFRS 10,IFRS 12 and IAS 28)
- Accounting for acquisitions of Interest in Joint operations (Amendments to IFRS 11)
- Amendments to IAS 19 Employee Benefits
- Equity method in Separate Financial Statements(Amendments to IAS 27)
- Annual Improvements to IFRSs 2012-2014 Cycle

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 but not effective**

IAS 7 – Disclosure initiatives – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

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.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

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

**ZODIAC CLOTHING COMPANY INC.****Notes to the Financial Statements**  
*for the year ended 31 March 2017***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.

**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 CLOTHING COMPANY INC.****Notes to the Financial Statements**  
*for the year ended 31 March 2017****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.

**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) Other payables**

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

**e) 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.



## ZODIAC CLOTHING COMPANY INC.

### Notes to the Financial Statements for the year ended 31 March 2017

**f) Sales**

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

**g) Income tax**

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

**h) 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.

**i) 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>2017</i> <u>US \$</u>	<i>2016</i> <u>US \$</u>
<b>6. Cash and cash equivalents</b>		
Bank balance:		
In a current account	<u>30,513</u>	<u>31,254</u>
<b>7. Share capital</b>		
Authorised, subscribed, issued and paid up Shares 10,000 @ US \$ 1/- <sup>a</sup>	<u>10,000</u>	<u>10,000</u>

<sup>a</sup> Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai.

**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 use of its financial instruments:

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

**ZODIAC CLOTHING COMPANY INC.****Notes to the Financial Statements**  
*for the year ended 31 March 2017***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 a current account is placed with a 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.

**10. Financial instruments: Fair values**

The fair values of the company's financial assets, comprising of other receivables and bank balance 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 2017***

***Registered Office:***

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

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

## **Financial Statements**

***31 March 2017***

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

### Director's Report

The director submits his report and accounts for the year ended 31 March 2017.

#### Results and dividend

The profit for the year amounted to AED 119,337/-. The shareholders have approved the dividend payment of AED 4,087,280/- for the year ended 31 March 2016.

#### Review of the business

The company is registered for manufacturing of ready-made garments and wholesale trade of ready-made garments. During the year, the company was solely engaged in its wholesale trading of ready-made garments.

#### Events since the end of the year

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

#### Shareholders and their interests

The shareholders at 31 March 2017 and their interests as of that date in the share capital of the company were as follows:

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

<sup>a</sup> As per the mutual agreement between the shareholders, Mrs.Muna Mohmood Mohd.Mahmoud 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.

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**Mr. Mohamed Anees Noorani**  
Director

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** (the "Company"), which comprises of the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### **Other Information**

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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



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

### **Report on the Audit of the Financial Statements (contd.):**

#### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

### **Report on the Audit of the Financial Statements (contd.):**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

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, an inventory was duly carried out and the contents of the director's report relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the U.A.E. Commercial Companies Law No. 2 of 2015 or the Articles of Association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

For KSI Shah & Associates  
Dubai, U.A.E.

Signed by:

Sonal P. Shah (Registration No. 123)

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

## Statement of Financial Position

At 31 March 2017

	<i>Notes</i>	<i>2017</i> <i>AED</i>	<i>2016</i> <i>AED</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	765,239	1,731,286
Intangible asset	7	-	-
Investment in subsidiaries	8, 21	36,720	46,720
Long term loan to subsidiaries	9, 21	101,013	16,085,593
		<b>902,972</b>	<b>17,863,599</b>
<b>Current assets</b>			
Inventories	10	439,523	1,092,664
Trade and other receivables	11	15,711,817	4,459,201
Prepayments		48,446	103,523
Due from related parties	21	8,078,754	5,764,127
Cash and bank balances	12	2,167,802	2,182,535
		<b>26,446,342</b>	<b>13,602,050</b>
<b>TOTAL ASSETS</b>		<b>27,349,314</b>	<b>31,465,649</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	300,000	300,000
Statutory reserve	14	150,000	150,000
Accumulated profits		25,157,893	29,125,836
<b>Total equity funds</b>		<b>25,607,893</b>	<b>29,575,836</b>
<b>Non-current liability</b>			
Staff end of service gratuity		<b>33,538</b>	<b>463,508</b>
<b>Current liabilities</b>			
Trade and other payables	15, 21	812,155	1,342,616
Due to a related party	21	895,728	83,689
		<b>1,707,883</b>	<b>1,426,305</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,349,314</b>	<b>31,465,649</b>

The accompanying notes 1 to 26 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 to 4.

Approved by the shareholders on 3<sup>rd</sup> May 2017 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 2017

	<i>Notes</i>	<i>2017 AED</i>	<i>2016 AED</i>
<b>Sales</b>	16, 21	<b>11,212,787</b>	<b>31,239,993</b>
Cost of sales	17, 21	<u>(11,325,627)</u>	<u>(28,351,963)</u>
<b>Gross (loss)/profit</b>		<b>(112,840)</b>	<b>2,888,030</b>
Other income	18	1,421,480	10,059
Profit/(loss) on sale of machinery and equipment		141,149	(39,497)
Foreign currency exchange gain/(loss)		32,521	(848,327)
Realised gains from cash flow hedges		-	116,900
Expenses	19, 21	<u>(1,307,334)</u>	<u>(3,282,725)</u>
<b>Profit/(loss) from ordinary activities</b>		<b>174,976</b>	<b>(1,155,560)</b>
Interest income from banks		-	16,492
Interest income from a related party	21	-	392,599
Unrealised loss on derivative contracts	15	-	(1,234)
Interest costs	20, 21	<u>(55,639)</u>	<u>(17,724)</u>
<b>Profit/(loss) for the year</b>		<b>119,337</b>	<b>(765,427)</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>119,337</u></b>	<b><u>(765,427)</u></b>

*The accompanying notes 1 to 26 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 2017

	<i>Share capital <u>AED</u></i>	<i>Statutory reserve <u>AED</u></i>	<i>Accumulated profits <u>AED</u></i>	<i>Hedging reserve <u>AED</u></i>	<i>Total <u>AED</u></i>
<b>As at 31 March 2015</b>	<b>300,000</b>	<b>150,000</b>	<b>33,264,658</b>	<b>130,580</b>	<b>33,845,238</b>
Interim dividend paid during the year	-	-	(3,373,395)	-	(3,373,395)
(Loss) for year	-	-	(765,427)	-	(765,427)
Realized during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,580)</u>	<u>(130,580)</u>
<b>As at 31 March 2016</b>	<b>300,000</b>	<b>150,000</b>	<b>29,125,836</b>	<b>-</b>	<b>29,575,836</b>
Dividend paid during the year	-	-	(4,087,280)	-	(4,087,280)
Profit for year	<u>-</u>	<u>-</u>	<u>119,337</u>	<u>-</u>	<u>119,337</u>
<b>As at 31 March 2017</b>	<b><u>300,000</u></b>	<b><u>150,000</u></b>	<b><u>25,157,893</u></b>	<b><u>-</u></b>	<b><u>25,607,893</u></b>

*The accompanying notes 1 to 26 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 2017

	<i>Notes</i>	<b>2017</b> <u>AED</u>	<b>2016</b> <u>AED</u>
<b><u>Cash flows from operating activities</u></b>			
Profit/(loss) for the year		119,337	(765,427)
Adjustment for:			
Depreciation		217,442	474,685
Interest income		-	(409,091)
(Profit)/loss on sale of machine and equipment		(141,149)	39,497
Impairment of capital work in progress		-	23,679
Interest costs		55,639	17,565
Provision for staff end of service gratuity		17,197	130,019
<b>Operating profit/(loss) before working capital changes</b>		<b>268,466</b>	<b>(489,073)</b>
Changes in inventories		653,141	1,781,986
Changes in trade and other receivables		2,622,384	5,415,520
Changes in due from/due to related parties (net)		(1,502,588)	197,433
Changes in prepayments		55,077	517,629
Changes in trade and other payables		(530,461)	(2,826,070)
<b>Cash flow generated from operations</b>		<b>1,566,019</b>	<b>4,597,425</b>
Interest paid		(55,639)	(17,565)
Staff end of service gratuity paid		(447,167)	(483,690)
<b>Net cash from operating activities</b>		<b><u>1,063,213</u></b>	<b><u>4,096,170</u></b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment		(248,867)	(61,677)
Sale proceeds from machinery and equipment		1,138,621	124,138
Changes in long term loans to subsidiaries (net)		(2,505,420)	(8,011,505)
Proceeds from sale of a subsidiary		4,625,000	-
Changes in margin and fixed deposit accounts		303,000	1,077,000
Interest received		-	409,091
<b>Net cash from/(used in) investing activities</b>		<b><u>3,312,334</u></b>	<b><u>(6,462,953)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Dividend paid to the shareholder		(4,087,280)	(3,373,395)
<b>Net cash (used in) financing activities</b>		<b><u>(4,087,280)</u></b>	<b><u>(3,373,395)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>288,267</b>	<b>(5,740,178)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>1,747,535</u></b>	<b><u>7,487,713</u></b>
<b>Cash and cash equivalents at end of the year</b>	22	<b><u>2,035,802</u></b>	<b><u>1,747,535</u></b>

The accompanying notes 1 to 26 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 2017*

#### **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 for manufacturing of ready-made garments and wholesale trade of ready-made garments. During the year, the company was solely engaged in its wholesale trading of ready-made garments.
- c) During the year, the company had sold its investment in a 100% subsidiary, namely Zodiac Properties Limited, an International Company registered with Ras Al Khaimah Free Trade Zone Authority, U.A.E. effective 26<sup>th</sup> January 2017.
- d) The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (U.A.E. National) (51%) and M/s. Zodiac Clothing Company S.A. (Switzerland) (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of Zodiac Clothing Company S.A. (Switzerland) who is the beneficial owner.

#### **2. Basis of preparation**

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

##### **b) Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2016 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 2017*

#### **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 (till 26<sup>th</sup> January 2017) 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 2017***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 2017

#### *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 24.

#### *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**

### **a) New and revised International Financial Reporting Standards**

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:

- IFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to IAS 1)
- Clarification on acceptable methods of Depreciation and Amortization( Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Investment Entities: Applying the Consolidation Exception(Amendment to IFRS 10,IFRS 12 and IAS 28)
- Accounting for acquisitions of Interest in Joint operations (Amendments to IFRS 11)
- Amendments to IAS 19 Employee Benefits
- Equity method in Separate Financial Statements(Amendments to IAS 27)
- Annual Improvements to IFRSs 2012-2014 Cycle

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 2017*

#### b) International Financial Reporting Standards issued but not effective

IAS 7 – Disclosure initiatives – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

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.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

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.

#### 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 –

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) 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 2017***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 financials 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 2017

#### **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 2017****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 2017***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 2017***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 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.

Other 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 2017

### 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>Factory building<sup>a</sup> AED</i>	<i>Plant and Machinery<sup>b</sup> AED</i>	<i>Furniture and office equipment AED</i>	<i>Vehicles AED</i>	<i>Total AED</i>
<b>Cost</b>					
As at 01.04.2016	3,957,090	6,048,463	1,298,615	182,500	11,486,668
Additions <sup>b</sup>	244,418	-	4,449	-	248,867
Disposals/written off	(26,850)	(5,553,652)	(611,832)	-	(6,192,334)
As at 31.03.2017	<u>4,174,658</u>	<u>494,811</u>	<u>691,232</u>	<u>182,500</u>	<u>5,543,201</u>
<b>Depreciation</b>					
As at 01.04.2016	3,707,878	5,075,222	875,430	96,852	9,755,382
Charge for the year	54,205	76,935	55,027	31,275	217,442
Relating to disposals	(7,912)	(4,657,439)	(529,511)	-	(5,194,862)
As at 31.03.2017	<u>3,754,171</u>	<u>494,718</u>	<u>400,946</u>	<u>128,127</u>	<u>4,777,962</u>
<b>Net book value</b>					
As at 31.03.2017	<u>420,487</u>	<u>93</u>	<u>290,286</u>	<u>54,373</u>	<u>765,239</u>
As at 31.03.2016	<u>249,212</u>	<u>973,241</u>	<u>423,185</u>	<u>85,648</u>	<u>1,731,286</u>

<sup>a</sup> Factory building is constructed on leasehold land in name of U.A.E. national shareholder. The lease rent is being paid annually.

<sup>b</sup> Includes AED Nil (previous year AED 9,804/-) purchased from a related party and machineries costing AED 2,723,583/- (previous year AED 148,713/-) sold to a related party at price of AED 893,510/- (previous year AED 120,739/-) (refer note 21).

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>2017 AED</i>	<i>2016 AED</i>
Amount paid for acquiring business	<u>4,419,548</u>	<u>4,419,548</u>
<b>Amortisation:</b>		
Opening balance	<u>4,419,548</u>	<u>4,419,548</u>
Closing balance	<u>4,419,548</u>	<u>4,419,548</u>
<b>Net book value</b>	<u>-</u>	<u>-</u>

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

## Notes to the Financial Statements for the year ended 31 March 2017

	<u>2017</u> <u>AED</u>	<u>2016</u> <u>AED</u>
<b>8. Investment in subsidiaries</b>		
Zodiac Clothing Company Inc. U.S.A. (100 % shareholding)		
10,000 shares of US \$ 1/- each (converted @ 3.672)	<u>36,720</u>	<u>36,720</u>
Zodiac Properties Limited, R.A.K., U.A.E (100 % shareholding) (refer note 1 (c))		
Opening balance	10,000	10,000
Additional shares purchased during the year	18,490,000	-
Sold during the year	<u>(18,500,000)</u>	<u>-</u>
	<u>-</u>	<u>10,000</u>
	<u>36,720</u>	<u>46,720</u>
<b>9. Long term loan to subsidiaries</b>		
Zodiac Clothing Company Inc. U.S.A. <sup>a</sup>	101,013	92,176
Zodiac Properties Limited, R.A.K., U.A.E <sup>b</sup>	<u>-</u>	<u>15,993,417</u>
	<u>101,013</u>	<u>16,085,593</u>
<sup>a</sup> Represents an unsecured and interest free loan given to a subsidiary, without any repayment terms (refer note 21).		
<sup>b</sup> Represented an unsecured and interest bearing loan at the rate of 3% p.a. given to a subsidiary, without any repayment terms, settled against additional shares purchased during the year (refer note 21). Interest for the year has been waived by the company.		
	<u>2017</u> <u>AED</u>	<u>2016</u> <u>AED</u>
<b>10. Inventories</b>		
Raw materials and accessories	18,871	157,140
Spare parts	-	61,234
Semi-finished inventories	-	51,952
Finished inventories	328,132	99,849
Trading inventories	<u>-</u>	<u>2,000</u>
	<u>347,003</u>	<u>372,175</u>
Goods in transit	<u>92,520</u>	<u>720,489</u>
	<u>439,523</u>	<u>1,092,664</u>
<b>11. Trade and other receivables</b>		
Trade receivables (refer note 21)	1,216,818	3,763,806
Advance to suppliers	312,294	224,729
Deposits	231,496	254,206
Staff advances	2,400	142,650
Other receivables <sup>a</sup>	<u>13,948,809</u>	<u>73,810</u>
	<u>15,711,817</u>	<u>4,459,201</u>

<sup>a</sup> Includes AED 13,875,000/- (previous year Nil) receivable on account of sale of subsidiary and will be received on or before 31 March 2018 as agreed between the parties.

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

## Notes to the Financial Statements for the year ended 31 March 2017

	<i>2017</i> <u>AED</u>	<i>2016</i> <u>AED</u>
<b>12. Cash and bank balances</b>		
Cash on hand	537	11,854
Bank balance in:	-	
Current accounts	2,035,265	1,735,681
Margin accounts ( <i>refer note 25</i> )	<u>132,000</u>	<u>435,000</u>
	<b><u>2,167,802</u></b>	<b><u>2,182,535</u></b>
<b>13. Share capital</b>		
300 shares of AED 1,000 each	<b><u>300,000</u></b>	<b><u>300,000</u></b>
<b>14. Statutory reserve</b>		
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>2017</i> <u>AED</u>	<i>2016</i> <u>AED</u>
<b>15. Trade and other payables</b>		
Trade payables ( <i>refer note 21</i> )	557,405	817,604
Advance from customers	3,497	929
Provision for leave salaries and air passage	5,580	251,416
Other payable	133,252	114,284
Unrealised loss payable on derivative contracts	-	1,234
Accruals	<u>112,421</u>	<u>157,149</u>
	<b><u>812,155</u></b>	<b><u>1,342,616</u></b>
<b>16. Sales</b>		
Manufactured shirts ( <i>refer note 21</i> )	136,856	20,546,961
Trading shirts	<u>11,075,931</u>	<u>10,693,032</u>
	<b><u>11,212,787</u></b>	<b><u>31,239,993</u></b>

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

## Notes to the Financial Statements for the year ended 31 March 2017

	<u>2017</u> <u>AED</u>	<u>2016</u> <u>AED</u>
<b>17. Cost of sales</b>		
Opening work in progress	51,952	886,777
<b>Material consumed</b>		
Opening inventories	220,696	1,735,669
Purchases of raw materials (refer note 21)	742	8,946,751
Closing inventories	(18,871)	(220,696)
Wages and benefits	319,022	3,796,076
Purchase of trading shirts (refer note 21)	9,564,865	10,287,983
Other direct expenses (refer note 21)	656,717	3,172,144
Depreciation (refer note 19)	131,140	367,023
Closing work in progress	-	(51,952)
(Accretion)/decretion of finished goods	399,364	(567,812)
	<u><b>11,325,627</b></u>	<u><b>28,351,963</b></u>
<b>18. Other income</b>		
Credit balance written off	57,568	2,849
Sale of scrap	76,444	7,210
Other income	1,287,468	-
	<u><b>1,421,480</b></u>	<u><b>10,059</b></u>
<b>19. Expenses</b>		
Salaries and other benefits	241,034	273,373
Other administrative expenses (refer note 21)	956,732	2,748,359
Bank charges	23,266	129,651
Depreciation (per below)	86,302	107,662
Impairment of capital work in progress	-	23,680
	<u><b>1,307,334</b></u>	<u><b>3,282,725</b></u>
<b>Depreciation</b>		
Total depreciation (refer note 6)	217,442	474,685
Less: taken to cost to sales (refer note 17)	(131,140)	(367,023)
	<u><b>86,302</b></u>	<u><b>107,662</b></u>
<b>20. Interest costs</b>		
Bank interest	704	159
Interest on shareholder's loan (refer note 21)	54,935	17,565
	<u><b>55,639</b></u>	<u><b>17,724</b></u>
<b>21. Related party transactions</b>		

For the purpose of these financial statements, 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 and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. 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 2017

### 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. (till 26<sup>th</sup> January 2017)
- c) Companies under common management control
  1. Zodiac Metropolitan Clothing Company GMBH, Germany
  2. Zodiac Metropolitan Clothing Company GMBH, UK
  3. Onward LLC, U.A.E.
  4. Zodiac Ajman LLC, U.A.E.

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

	<i>Major shareholders</i>	<i>Subsidiaries</i>	<i>Companies under common management control</i>	<i>Total 2017</i>	<i>Total 2016</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Sales (at market price) (net of discount)	5,090,794	-	-	5,090,794	3,748,526
Purchase of raw materials (refer note 17)	64,969	-	-	64,969	4,905,269
Purchase of trading shirts/ties (refer note 17)	-	-	4,388,811	4,388,811	10,287,983
Purchase of plant and equipment (refer note 6)	-	-	-	-	9,804
Sale of plant and equipment (refer note 6)	893,510	-	-	893,510	120,739
<b>Under other direct expenses (refer note 17)</b>					
Royalty expenses	4,891	-	-	4,891	390,521
Other expenses (net)	56,476	-	95,883	152,359	10,215
<b>Under other administrative expenses (refer note 19)</b>					

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

## Notes to the Financial Statements for the year ended 31 March 2017

### Related party transactions (contd.):

	<i>Major shareholders AED</i>	<i>Subsidiaries AED</i>	<i>Companies under common management control AED</i>	<i>Total 2017 AED</i>	<i>Total 2016 AED</i>
Sales commission	-	12,228	-	12,228	571,497
Management fees	74,062	-	-	74,062	76,098
Others	-	-	-	-	43,000
<b>Interest income</b>	-	-	-	-	392,599
<b>Interest costs</b>	54,935	-	-	54,935	17,565

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

### Included under non-current assets:

Investment in subsidiaries (refer note 8)	-	36,720	-	36,720	46,720
Long term loan to subsidiaries (refer note 9)	-	101,013	-	101,013	16,085,593

### Included under current assets:

Trade receivables (refer note 11)	-	-	97,247	97,247	372,315
Due from related parties	1,035,441	-	7,043,313	8,078,754	5,764,127

### Included under current liabilities:

Trade payables (refer note 15)	-	-	406,309	406,309	650,351
Due to a related party	895,728	-	-	895,728	83,689

The company also provides funds to related parties as and when required as working capital facilities without any interest.

	<i>2017 AED</i>	<i>2016 AED</i>
<b>22. Cash and cash equivalents</b>		
Cash on hand	537	11,854
Bank balance:		
Current accounts	2,035,265	1,735,681
	<u>2,035,802</u>	<u>1,747,535</u>



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

### Notes to the Financial Statements for the year ended 31 March 2017

#### 23. 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 within U.A.E amounted to AED 1,119,569/- due from two customers (*previous year AED 2,864,171/- due from three customers*).

There is no significant concentration of credit risk from trade receivables situated outside U.A.E. and 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*

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

##### *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 2017

### Exchange rate risk (contd.):

	2017 <i>Equivalent AED</i>	2016 <i>Equivalent AED</i>
<b>Foreign currency financial assets:</b>		
Great Britain Pounds	791,589	16,301,228
Euro	802,643	288,946
Swiss Francs	-	157
<b>Foreign currency financial liabilities:</b>		
Swiss Francs	942,263	-

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 2017 and 2016.

<i>Particulars</i>	<i>Balance AED</i>	2017 <i>Change in currency rate in %</i>	<i>Effect on income statement AED</i>	<i>Balance AED</i>	2016 <i>Change in currency rate in %</i>	<i>Effect on income statement AED</i>
<b>Foreign currency assets</b>						
<i>Euro</i>						+/-
<i>currency</i>	802,643	+/- 0.5%	+/- 4,013	288,946	+/- 4%	11,558
<i>GBP</i>						+/-
<i>currency</i>	791,589	+/- 8%	+/- 63,327	16,301,228	+/-3%	489,037
<i>Swiss</i>						
<i>Francs</i>	-	-	-	157	+/-2%	+/- 3
<i>currency</i>						
<b>Foreign currency liabilities</b>						
<i>Swiss</i>						
<i>Francs</i>	942,263	+/- 2%	-/+ 18,845	-	-	-
<i>currency</i>						

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 2016-17 and 2015-16 over period of 12 months.

### 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 (U.A.E.) LLC

## Notes to the Financial Statements

for the year ended 31 March 2017

### 24. 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.

	Level 1 (AED)	Level 2 (AED)	Level 3 (AED)	Total (AED)
<b>As on 31 March 2017</b>				
<i>Financial assets</i>				
- Investment in subsidiaries	-	-	36,720	36,720
- Long term loans to subsidiaries	-	-	<u>101,013</u>	<u>101,013</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<b><u>137,733</u></b>	<b><u>137,733</u></b>
<b>As on 31 March 2016</b>				
<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>
<b>Total</b>	<u>-</u>	<u>-</u>	<b><u>16,132,313</u></b>	<b><u>16,132,313</u></b>

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

	<u>2017</u> <u>AED</u>	<u>2016</u> <u>AED</u>
<b>25. Contingent liability</b>		
Banker's letters of guarantees (refer note 12)	<b><u>132,000</u></b>	<b><u>435,000</u></b>

### 26. 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 2017



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

### **ZODIAC CLOTHING COMPANY SA, Neuchâtel**

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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 2017.

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*

Sofia da Silva  
*Licensed Audit Expert*

Neuchâtel, 23 May 2017

#### *Enclosures:*

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

Balance Sheet as of 31 March	2017	2016
	CHF	CHF
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,117,030	902,722
Prepaid expenses and accrued income	33	33
	<u>1,117,063</u>	<u>902,755</u>
<b>Non-current assets</b>		
Financial assets (affiliated companies)	256,806	546,153
Investments	2.1 98,039	98,039
	<u>354,845</u>	<u>644,192</u>
	<u>1,471,908</u>	<u>1,546,947</u>

Balance Sheet as of 31 March	2017	2016
	CHF	CHF
LIABILITIES AND SHAREHOLDER'S EQUITY		
<b>Current liabilities</b>		
Other short-term liabilities due to group companies	4,857	27,413
Accrued expenses and deferred income	10,700	17,010
	<u>15,557</u>	<u>44,423</u>
<b>Shareholders' equity</b>		
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	52,524	331,941
- Profit for the year	1,103,827	870,583
	<u>1,456,351</u>	<u>1,502,524</u>
	<u>1,471,908</u>	<u>1,546,947</u>



*ZODIAC CLOTHING COMPANY SA, Neuchâtel*

<b>Income Statement</b>	<b>2017</b>	<b>2016</b>
	CHF	CHF
INCOME		
Dividend income	1,104,850	896,440
Other financial income	15,285	41,323
Other operating income	20,000	20,000
	<u>1,140,135</u>	<u>957,763</u>
EXPENSES		
Financial expenses	(370)	(50,974)
Other operating expenses	(37,306)	(32,401)
Direct taxes	1,368	(3,805)
	<u>(36,308)</u>	<u>(87,180)</u>
Profit for the year	<u><u>1,103,827</u></u>	<u><u>870,583</u></u>

## Notes to the Financial Statements as of 31 March 2017

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### 1. Principles

#### 1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

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	100	AED 300	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	100	USD 10	USD 10

**Notes to the Financial Statements as of 31 March 2017**

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**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	2017	2016
	CHF	CHF
Retained earnings brought forward	52,524	331,941
Profit for the year	1,103,827	870,583
	<hr/>	<hr/>
Available earnings	1,156,351	1,202,524
	<hr/> <hr/>	<hr/> <hr/>

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

Dividend	1,000,000	850,000
Extraordinary Dividend	–	300,000
To be carried forward	156,351	52,524
	<hr/>	<hr/>
	1,156,351	1,202,524
	<hr/> <hr/>	<hr/> <hr/>