

DIRECTORS' REPORT

To,
The Members,
Zodiac Finsec & Holdings Limited.

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

1. RESULTS OF OPERATIONS:

| Particulars | (Rs. in Lakhs) | |
|---|-----------------------|----------------|
| | 2016-17 | 2015-16 |
| 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 31st 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 6th September 2016 and 6,000 on 10th 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 31st 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:

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

7. Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, 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 31st 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 it's 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 3rd April, 2017 to the Reserve Bank of India (RBI) for surrendering it's 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: 29th May, 2017

Place: Mumbai

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

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i. | CIN | 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 | L17100MH1984PLC033143 | Holding | 100 % | 2(87) |

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

i. Category-wise Share Holding

| | | | | | | | | | |
|---|----------|------------------|------------------|------------|----------|------------------|------------------|------------|------------|
| Sub-total (B)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Non Institutions | | | | | | | | | |
| 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 |
| | Total | 20,00,000 | 100 | 0 | 20,00,000 | 100 | 0 | 0 |

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

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | No change | No change | No change | No change |
| | Date wise Increase / Decrease in Promoters 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

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

B. Remuneration to other directors

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

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Report on CSR Activities**I. Corporate Social Responsibility (CSR) Committee (Composition):**

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 project covered | Project or programs in the (1) Local area or is other (2) Specify theor state and districtwise where project or program undertaken | Amount Outlay (budget) projects | 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/- | Rs. 11,00,000/- |

Sd/-
M. Y. Noorani
Chairman

Independent Auditor's Report

To the Members of
ZODIAC FINSEC AND HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC FINSEC AND HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 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;

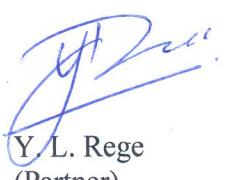


f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**” and

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: 29th 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 31st 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 31st 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


V.L. Rege
(Partner)

M No: 043330



Place: Mumbai

Date: 29th 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 31st 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: 29th May, 2017.

ZODIAC FINSEC AND HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31st | As at 31st |
|---|----------|--------------------|--------------------|
| | | March, 2017 | March, 2016 |
| | | Rupees | Rupees |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 2 | 20,000,000 | 27,000,000 |
| (b) Reserves and surplus | 3 | 350,855,533 | 278,356,833 |
| | | 370,855,533 | 305,356,833 |
| 2 Non-current liabilities | | | |
| (a) Deferred tax liabilities (net) | 25 | 10,580 | 10,537 |
| | | 10,580 | 10,537 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 4 | 57,910,683 | 143,639,758 |
| (b) Other current liabilities | 5 | 26,487,459 | 28,095,885 |
| | | 84,398,142 | 171,735,643 |
| TOTAL | | 455,264,255 | 477,103,014 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Property, Plant & Equipments | 6 | 307,440,838 | 313,318,499 |
| | | 307,440,838 | 313,318,499 |
| (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 |
| | | 144,288,822 | 160,371,419 |
| 2 Current assets | | | |
| (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 |
| | | 3,534,595 | 3,413,096 |
| TOTAL | | 455,264,255 | 477,103,014 |
| 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 : 29th 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 | For the year |
|---|----------|------------------------------|------------------------------|
| | | ended 31st March, 2017 | 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 |
| TOTAL REVENUE (1+2) | | 112,810,246 | 80,927,055 |
| 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 |
| TOTAL EXPENSES | | 21,447,076 | 24,355,940 |
| 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 | | 72,792,940 | 43,458,045 |
| 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 In terms of our report attached. | 1-29 | | |

For Rege and Thakkar

Chartered Accountants
FRN:-113268W

Y L Rege
Partner
M.No.043330



Place : Mumbai
Date : 29th May 2017

For and on behalf of the Board of Directors


M.Y. NOORANI
Chairman


A.Y. NOORANI
Director


E S D Rao
Company Secretary

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

Note 1: Significant accounting policies

1.1. Basis of accounting and preparation of financial statements

The financial statements of the company has been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act 2013 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 |
| AUTHORISED | | | | |
| Equity Shares of Rs.10/- each | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 |
| 8% Cumulative Redeemable Preference Shares of Rs. 100/- each | 200,000 | 20,000,000 | 200,000 | 20,000,000 |
| | | 40,000,000 | | 40,000,000 |
| ISSUED, SUBSCRIBED AND FULLY PAID UP | | | | |
| Equity Shares of Rs.10/- each | 2,000,000 | 20,000,000 | 20,000,000 | 20,000,000 |
| 8% Cumulative Redeemable Preference Shares of Rs. 100/- each | - | - | 70,000 | 7,000,000 |
| | | 20,000,000 | | 27,000,000 |

Note:

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 | | |
| (a) General Reserve | | | | |
| As per last Balance Sheet | 10,175,000 | | 10,175,000 | |
| (a) Capital Redemption Reserve | | | | |
| 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 | |
| (c) Other reserves - | | | | |
| Special Reserve u/s. 45 IC of RBI Act, 1934 | 69,574,328 | | 60,882,328 | |
| Opening balance | 14,559,000 | | 8,692,000 | |
| Add: Transferred from Statement of Profit and loss as shown below | 84,133,328 | | 69,574,328 | |
| (c) Surplus in Statement of Profit and Loss | | | | |
| 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 | 236,547,205 | | 185,607,505 | |
| | | | | |
| | 350,855,533 | | 278,356,833 | |

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 |
| | 57,910,683 | 143,639,758 |
| Note :- <u>Holding Company:</u> 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 (ii) Security deposits received (iii) Other Expenses payable (iv) Preference dividend payable | 65,814 26,218,765 202,880 - | 484,421 26,218,765 832,699 560,000 |
| | 26,487,459 | 28,095,885 |
| Note :- Others expenses payable include amount due to: <u>Holding Company:</u> Zodiac Clothing Co. Ltd | | 647,526 |

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

NOTE 6 FIXED ASSETS

Tangible 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 | As at 31.03.2017 | | |
| 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 |
| Total | | 372,864,364 | 37,990 | - | 372,902,354 | 59,545,865 | 5,915,651 | - | 65,461,516 | 307,440,838 | 313,318,499 |
| 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 |
| Investment in Venture Capital Fund - Unquoted | | |
| 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 |
| | 105,568,256 | 124,139,583 |

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 |
| | 38,438,789 | 35,950,060 |

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 |
| | 281,777 | 281,777 |

Note 10 : CURRENT INVESTMENTS

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

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 |
| | 711,371 | 711,348 |

NOTE 12 TRADE RECEIVABLES

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|--|---------------------------|---------------------------|
| | Rupees | Rupees |
| Unsecured, Considered good | 517,024 | 444,081 |
| | 517,024 | 444,081 |
| 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 |
| | 79,474 | 1,014,081 |

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 |
| | 54,587 | 43,586 |

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 |
| | 78,861,516 | 78,861,516 |

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 |
| | 33,948,730 | 2,065,539 |
| (I) Interest income comprises: | | |
| Other Interest | 93,659 | 11,718 |
| | 93,659 | 11,718 |

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 |
| Inventories at the end of the year: | | |
| Stock in Trade | 711,371 | 711,348 |
| | 711,371 | 711,348 |
| Inventories at the beginning of the year: | | |
| Stock in Trade | 711,348 | 711,410 |
| | 711,348 | 711,410 |
| NET DECREASE /(INCREASE) | (23) | 62 |

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 |
| | 60,060 | 60,060 |

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 |
| | 11,569,091 | 16,130,865 |

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 |
| | 2,802,297 | 1,088,849 |
| Note: | | |
| (i) Payments to auditors comprises : | | |
| As Audit Fees | 30,000 | 30,000 |
| Service Tax | 4,500 | 4,350 |
| | 34,500 | 34,350 |

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 |
|---|--|-----------------------------------|-----------------------------------|
| 21.a | Contingent liabilities and commitments (to the extent not provided for) | | |
| (i) | Contingent liabilities | | |
| | The following liabilities are in appeal with Higher Authority: | | |
| | The amount paid under protest is included in | | |
| | Advance Tax | | |
| | I-Tax Demand [A.Yr.2003-04] | 11,489 | 11,489 |
| | [amount paid under protest Rs.83,210/- P.Yr.Rs.83,210/-] | | |
| | I-Tax Demand [A.Yr.2006-07] | 1,330,872 | 1,330,872 |
| | [amount paid under protest Rs. Nil P.Yr. Rs. Nil] | | |
| | I-Tax Demand [A.Yr.2007-08] | 4,307,676 | 4,307,676 |
| | [amount paid under protest Rs.51,07,326/-, P.Yr.Rs.51,07,326/-] | | |
| | I-Tax Demand [A.Yr.2010-11] | 10,505,838 | 10,505,838 |
| | [amount paid under protest Rs.90,00,000/-, P.Yr Rs. 90,00,000] | | |
| | I-Tax Demand [A.Yr.2011-12] | 9,109,090 | 9,109,090 |
| | [amount paid under protest Rs.80,00,000/-, P.Yr Rs. 80,00,000] | | |
| | I-Tax Demand [A.Yr. 2012-13] | 12,433,930 | 12,433,930 |
| | [amount paid under protest Rs. 1,24,33,930, P.Yr Rs. 1,24,33,930] | | |
| | I-Tax Demand [A.Yr. 2014-15] | 13,336,093 | 0 |
| | [amount paid under protest Rs. 20,00,500, P.Yr Rs. Nil] | | |
| | Total : | 51,034,988 | 37,698,895 |
| (ii) | Commitments | | |
| | (Uncalled liability on shares and other investments partly paid) | | |
| | Faering Capital India Evolving Fund | 6,336,941 | 6,336,943 |
| | [amount paid Rs. 9,36,63,059/-, P.Yr.Rs. 9,36,63,059/-] | | |
| | Tata Capital Growth Fund | 2,663,314 | 2,908,142 |
| | [amount paid Rs.1,55,95,089/-, P.Yr.Rs.1,73,13,586/-] | | |
| | Tata Capital Healthcare Fund | 2,068,549 | 2,238,436 |
| | [amount paid Rs. 1,71,02,957/-, P.Yr. Rs.1,79,49,672/-] | | |
| | Total : | 11,068,804 | 11,483,521 |
| | Total Contingent liabilities and Commitments | 62,103,792 | 49,182,416 |

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) |
|---|--------------------------------|--|---|----------------------------|
| Income | | | | |
| Rent Income from Zodiac Clothing Co.Ltd | 48,186,600 (48,186,600) | - (-) | - (-) | 48,186,600 (48,186,600) |
| Expenses | | | | |
| Interest paid to Zodiac Clothing Co.Ltd | 11,562,343 (16,057,474) | - (-) | - (-) | 11,562,343 (16,057,474) |
| Dividend paid to Zodiac Clothing Co.Ltd (Preference Shares) | 244,472 (863,825) | - - | - - | 244,472 (863,825) |
| Expenses recovered from Zodiac Clothing Co.Ltd | 1,792,820 (1,895,927) | - (-) | - (-) | 1,792,820 (1,895,927) |
| Expenses reimbursed to 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) |
|--|--------------------------------|--|---|-----------------------------|
| Redemption of Preference Shares | | | | |
| Zodiac Clothing Co.Ltd | 7,000,000 (13,000,000) | - | - | 7,000,000 (13,000,000) |
| Loans & Advances taken from | | | | |
| Loans & Advances repaid to Zodiac Clothing Co. Ltd | 79,577,500 (15,500,000) | - | - | 79,577,500 (15,500,000) |
| Outstandings amount payable to 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 |
|---|--|--|
| Details of leasing arrangements | | |
| <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, |
|--|--------------------------------------|--------------------------------------|
| Earnings | | |
| (a) Continuing operations (Basic EPS) | | |
| 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 | 36.25 | 20.87 |
| (b) Total operations (Diluted EPS) | | |
| 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 | 36.25 | 20.87 |

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

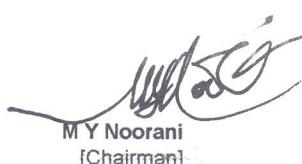
Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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 31st March, 2017

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|--|--|--|
| A. Cash flow from operating activities | | |
| Net Profit / (Loss) before extraordinary items and tax | 91,363,171 | 56,571,114 |
| <i>Adjustments for:</i> | | |
| 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 | 16,057,474 |
| Operating profit / (loss) before working capital changes | 74,892,434 | 76,569,154 |
| <i>Changes in working capital:</i> | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Inventories | (23) | 62 |
| Trade receivables | (72,943) | 163,827 |
| Short-term loans and advances | (11,001) | 9,318 |
| Other non-current assets | - | 262,594 |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Advance Received | | (3,304,892) |
| Other current liabilities | (1,608,426) | 870,540 |
| | (1,692,393) | |
| | 73,200,041 | |
| | 73,200,041 | |
| | (21,058,917) | |
| Cash flow from extraordinary items | | |
| Cash generated from operations | | |
| Net income tax (paid) / refunds | | |
| Net cash flow from / (used in) operating activities (A) | 52,141,124 | 49,157,852 |
| B. Cash flow from investing activities | | |
| 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 |
| | 51,509,928 | |
| Net cash flow from / (used in) investing activities (B) | 51,509,928 | (2,877,964) |

Zodiac Finsec and Holdings Limited

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

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|--|--|
| C. Cash flow from financing activities | | |
| Proceeds from long-term borrowings | (7,000,000) | (13,000,000) |
| Proceeds from issue of preference shares | | - |
| Repayment of long-term borrowings | (85,729,075) | (15,500,000) |
| Proceeds from other short-term borrowings | (11,562,343) | (16,057,474) |
| Interest on borrowings | | - |
| Dividends paid on Equity Shares | (244,472) | (863,825) |
| Dividends paid on Preference Shares | (49,769) | (175,875) |
| Tax on dividend | | (45,597,174) |
| Net cash flow from / (used in) financing activities (C) | (104,585,659) | (45,597,174) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | (934,607) | 682,714 |
| Cash and cash equivalents at the beginning of the year | 1,014,081 | 331,367 |
| Cash and cash equivalents at the end of the year | 79,474 | 1,014,081 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| 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 <i>Cash Flow Statements</i> (give details) | | - |
| Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) 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 <i>Cash Flow Statements</i>) | | - |
| Cash and cash equivalents at the end of the year * | 79,474 | 1,014,081 |
| * 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 |
| | 79,474 | 1,014,081 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board

In terms of our report attached.

For Rege & Thakkar

(Chartered Accountants)

FRN:-113263W

(Y L Rege)

Partner

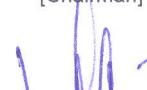
M.No.043330



Place : Mumbai

Date : 29th May 2017


M Y Noorani
[Chairman]


A Y Noorani
[Director]


E S D Rao
[Company Secretary]

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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| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6 - 17 |

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.

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

27 January 2017



ZODIAC PROPERTIES LIMITED

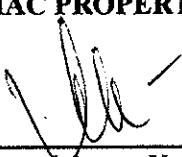
Statement of Financial Position

At 26 January 2017

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

*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 27th 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</i> | <i>01 Apr. 2015 to 31 Mar. 2016</i> |
|--|----|---|---|
| | | <i>GBP</i> | <i>GBP</i> |
| Rental income | 13 | 60,425 | 72,543 |
| Expenses | 12 | <u>(113,752)</u> | <u>(70,898)</u> |
| (Loss)/profit from operations | | (53,327) | 1,645 |
| 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> |
| (Loss) for the year | | <u>(69,717)</u> | <u>(57,575)</u> |
| Other comprehensive income | | — | — |
| Total comprehensive income for the year | | <u>(69,717)</u> | <u>(57,575)</u> |

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

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</i> | <i>01 Apr. 2015 to 31 Mar. 2016</i> |
|---|--------------|---|---|
| | | <i>GBP</i> | <i>GBP</i> |
| <u>Cash flows from operating activities</u> | | | |
| (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 |
| Operating (loss)/profit before working capital changes | | (1,606) | 85,971 |
| Changes in other receivables and prepayments | | (11,175) | 11,544 |
| Changes in accruals | | 7,102 | (6,876) |
| Net cash (used in)/from operating activities | | (5,679) | 90,639 |
| <u>Cash flows from investing activities</u> | | | |
| Additions to investment property | | (105,687) | (1,575,561) |
| Changes in margin account | | - | 18,402 |
| Net cash (used in) investing activities | | (105,687) | (1,557,159) |
| <u>Cash flows from financing activities</u> | | | |
| (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) |
| Net cash from financing activities | | 97,669 | 1,490,381 |
| Net changes in cash and cash equivalents | | (13,697) | 23,861 |
| Cash and cash equivalents at beginning of the year | | 25,458 | 1,597 |
| Cash and cash equivalents at end of the year | 8 | 11,761 | 25,458 |

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 22nd November 2009 vide registration number IC/2206/09.
- b) The company is established and engaged to carry out investments in shares and properties.

2. Basis of preparation

a) **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 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.

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.</i> | <i>31 Mar.</i> |
|---|------------------|------------------|
| | <i>2017</i> | <i>2016</i> |
| | <i>GBP</i> | <i>GBP</i> |
| 6. Investment properties | | |
| Investment property^a | | |
| Cost of investment property | 2,185,840 | 2,185,840 |
| Closing balance | <u>2,185,840</u> | <u>2,185,840</u> |
| Accumulated depreciation on properties | | |
| 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> |
| Net book value | A | 1,957,151 |
| | | 1,986,701 |
| Investment property^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> |
| Accumulated depreciation on properties | | |
| 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> |
| Net book value | B | 1,648,264 |
| | | 1,564,748 |
| Total (A+B) | 3,605,415 | 3,551,449 |

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

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

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

| | <i>26 Jan.</i> | <i>31 Mar.</i> |
|----------------------------------|----------------------|----------------------|
| | <i>2017</i> | <i>2016</i> |
| | <i>GBP</i> | <i>GBP</i> |
| 7. Other receivables | | |
| 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 GBP</i> | <i>31 Mar. 2016 GBP</i> |
|--|---|---|
| 8. Bank balances | | |
| In current accounts | <u>11,761</u> | <u>25,458</u> |
| 9. Share capital | | |
| Authorised, subscribed, issued and paid up Shares 18,500 @ AED 1,000/- each (<i>converted IGBP @ AED 5.27</i>) ^a | <u>3,509,918</u> | <u>1,808</u> |
| Previous year 10 shares @ AED 1,000/- each (<i>converted IGBP @ AED 5.53</i>) ^a | | |
| ^a Held by Zodiac Clothing Company (U.A.E.) LLC, Dubai. | | |
| 10. Shareholder's loan account | | |
| 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 (<i>refer note 13</i>), settled against increase in share capital during the period. Interest for the period has been waived. | | |
| | <i>26 Jan. 2017 GBP</i> | <i>31 Mar. 2016 GBP</i> |
| 11. Non-current liabilities | | |
| Long term loans ^{ab} | <u>675,847</u> | <u>1,038,419</u> |
| ^a 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 (<i>refer note 13</i>). | | |
| ^b 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 (<i>refer note 13</i>). | | |
| | <i>01 Apr. 2016 to 26 Jan. 2017 GBP</i> | <i>01 Apr. 2015 to 31 Mar. 2016 GBP</i> |
| 12. Expenses | | |
| Professional charges | 11,859 | 6,624 |
| Other administrative expenses | 50,172 | 17,628 |
| Depreciation on properties (<i>refer note 6</i>) | <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</i> | <i>01 Apr. 2015</i> |
|--------------------------------------|--------------------|--|----------------------------|----------------------------|
| | | | <i>to 26 Jan. 2017</i> | <i>to 31 Mar. 2016</i> |
| | | <i>GBP</i> | <i>GBP</i> | <i>GBP</i> |
| Rental income | | - | 30,925 | 30,925 |
| Expenses | | - | 3,398 | 3,398 |
| Interest paid | | - | 16,390 | 16,390 |
| 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> |
| Under current assets | | | |
| Other receivables (refer note 7) | 29,674 | 29,674 | 14,465 |
| Under non-current liabilities | | | |
| 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) |
|------------------------------|------------------|------------------|------------------|------------------|
| As on 21 January 2017 | | | | |
| <i>Financial assets</i> | | | | |
| - Investment property | - | - | 3,605,415 | 3,605,415 |
| As on 31 March 2016 | Level 1 (GBP) | Level 2 (GBP) | Level 3 (GBP) | Total (GBP) |
| <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.

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

| | Notes | 2017 US\$ | 2016 US\$ |
|-------------------------------------|-------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| 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> |
| TOTAL ASSETS | | <u>32,998</u> | <u>33,872</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 7 | 10,000 | 10,000 |
| Accumulated (losses) | | <u>(13,645)</u> | <u>(9,583)</u> |
| Equity funds | | | |
| Shareholder's loan account | 8 | <u>27,509</u> | <u>25,102</u> |
| Total equity funds | | <u>23,864</u> | <u>25,519</u> |
| Current liability | | | |
| Accruals | | <u>9,134</u> | <u>8,353</u> |
| TOTAL EQUITY AND LIABILITIES | | <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 9th 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>2017</i> <i>US\$</i> | <i>2016</i> <i>US\$</i> |
|--|----------------------------|----------------------------|
| Other administrative expenses | (4,062) | (3,734) |
| (Loss) for the year | (4,062) | (3,734) |
| Other comprehensive income | — | — |
| Total comprehensive income for the year | (4,062) | (3,734) |

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

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

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

ZODIAC CLOTHING COMPANY INC.

Statement of Cash Flows
for the year ended 31 March 2017

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

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 22nd 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> <i>US\$</i> | <i>2016</i> <i>US\$</i> |
|-------------------------------------|----------------------------|----------------------------|
| 6. Cash and cash equivalents | <u>30,513</u> | <u>31,254</u> |

7. Share capital

| | | |
|--|----------------------|----------------------|
| Authorised, subscribed, issued and paid up | | |
| Shares 10,000 @ US \$ 1/- ^a | <u>10,000</u> | <u>10,000</u> |

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

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 ^a | U.A.E. | 153 | 153,000 |
| M/s. Zodiac Clothing Company S.A. | Switzerland | <u>147</u> | <u>147,000</u> |
| | | <u>300</u> | <u>300,000</u> |

^a As per the mutual agreement between the shareholders, Mrs.Muna Mahmood Mohd.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.

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

| | <u>Notes</u> | 2017 AED | 2016 AED |
|-------------------------------------|--------------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| 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 |
| | | 902,972 | 17,863,599 |
| Current assets | | | |
| 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 |
| | | 26,446,342 | 13,602,050 |
| TOTAL ASSETS | | 27,349,314 | 31,465,649 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 13 | 300,000 | 300,000 |
| Statutory reserve | 14 | 150,000 | 150,000 |
| Accumulated profits | | 25,157,893 | 29,125,836 |
| Total equity funds | | 25,607,893 | 29,575,836 |
| Non-current liability | | | |
| Staff end of service gratuity | | 33,538 | 463,508 |
| Current liabilities | | | |
| Trade and other payables | 15, 21 | 812,155 | 1,342,616 |
| Due to a related party | 21 | 895,728 | 83,689 |
| | | 1,707,883 | 1,426,305 |
| TOTAL EQUITY AND LIABILITIES | | 27,349,314 | 31,465,649 |

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 3rd 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

| | <u>Notes</u> | 2017 AED | 2016 AED |
|--|--------------|---------------------------|---------------------------|
| Sales | 16, 21 | 11,212,787 | 31,239,993 |
| Cost of sales | 17, 21 | (11,325,627) | (28,351,963) |
| Gross (loss)/profit | | (112,840) | 2,888,030 |
| 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 | (1,307,334) | (3,282,725) |
| Profit/(loss) from ordinary activities | | 174,976 | (1,155,560) |
| 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 | (55,639) | (17,724) |
| Profit/(loss) for the year | | 119,337 | (765,427) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 119,337 | (765,427) |

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

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

| | <u>Notes</u> | 2017 <u>AED</u> | 2016 <u>AED</u> |
|---|--------------|---------------------------|---------------------------|
| <u>Cash flows from operating activities</u> | | | |
| 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 |
| Operating profit/(loss) before working capital changes | | 268,466 | (489,073) |
| 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) |
| Cash flow generated from operations | | 1,566,019 | 4,597,425 |
| Interest paid | | (55,639) | (17,565) |
| Staff end of service gratuity paid | | (447,167) | (483,690) |
| Net cash from operating activities | | 1,063,213 | 4,096,170 |
| <u>Cash flows from investing activities</u> | | | |
| 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 |
| Net cash from/(used in) investing activities | | 3,312,334 | (6,462,953) |
| <u>Cash flows from financing activities</u> | | | |
| Dividend paid to the shareholder | | (4,087,280) | (3,373,395) |
| Net cash (used in) financing activities | | (4,087,280) | (3,373,395) |
| Net increase/(decrease) in cash and cash equivalents | | 288,267 | (5,740,178) |
| Cash and cash equivalents at beginning of the year | | 1,747,535 | 7,487,713 |
| Cash and cash equivalents at end of the year | 22 | 2,035,802 | 1,747,535 |

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 26th 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 26th 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 –

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

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

Notes to the Financial Statements for the year ended 31 March 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 financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 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

| | Factory building ^a AED | Plant and Machinery ^b AED | Furniture and office equipment AED | Vehicles AED | Total AED |
|-------------------------|--------------------------------------|--|---|-----------------|------------------|
| Cost | | | | | |
| As at 01.04.2016 | 3,957,090 | 6,048,463 | 1,298,615 | 182,500 | 11,486,668 |
| Additions ^b | 244,418 | - | 4,449 | - | 248,867 |
| Disposals/written off | (26,850) | (5,553,652) | (611,832) | - | (6,192,334) |
| As at 31.03.2017 | 4,174,658 | 494,811 | 691,232 | 182,500 | 5,543,201 |
| Depreciation | | | | | |
| 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 | 3,754,171 | 494,718 | 400,946 | 128,127 | 4,777,962 |
| Net book value | | | | | |
| As at 31.03.2017 | 420,487 | 93 | 290,286 | 54,373 | 765,239 |
| As at 31.03.2016 | 249,212 | 973,241 | 423,185 | 85,648 | 1,731,286 |

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

^b 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

| | 2017 AED | 2016 AED |
|------------------------------------|------------------|------------------|
| Amount paid for acquiring business | 4,419,548 | 4,419,548 |
| Amortisation: | | |
| Opening balance | 4,419,548 | 4,419,548 |
| Closing balance | 4,419,548 | 4,419,548 |
| Net book value | - | - |

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

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

| | <i>2017</i> <i>AED</i> | <i>2016</i> <i>AED</i> |
|---|---------------------------|---------------------------|
| 8. Investment in subsidiaries | | |
| Zodiac Clothing Company Inc. U.S.A. (100 % shareholding) | | |
| 10,000 shares of US \$ 1/- each (<i>converted @ 3.672</i>) | <u>36,720</u> | <u>36,720</u> |
| Zodiac Properties Limited, R.A.K., U.A.E (100 % shareholding) (<i>refer note 1 (c)</i>) | | |
| 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>10,000</u> | <u>10,000</u> |
| | <u>36,720</u> | <u>46,720</u> |

9. Long term loan to subsidiaries

| | | |
|---|-----------------------|--------------------------|
| Zodiac Clothing Company Inc. U.S.A. ^a | 101,013 | 92,176 |
| Zodiac Properties Limited, R.A.K., U.A.E ^b | - | 15,993,417 |
| | <u>101,013</u> | <u>16,085,593</u> |

^a Represents an unsecured and interest free loan given to a subsidiary, without any repayment terms (*refer note 21*).

^b 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.

| | <i>2017</i> <i>AED</i> | <i>2016</i> <i>AED</i> |
|-------------------------------|---------------------------|---------------------------|
| 10. Inventories | | |
| 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> |

11. Trade and other receivables

| | | |
|--|--------------------------|-------------------------|
| Trade receivables (<i>refer note 21</i>) | 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 ^a | <u>13,948,809</u> | <u>73,810</u> |
| | <u>15,711,817</u> | <u>4,459,201</u> |

^a 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> <i>AED</i> | <i>2016</i> <i>AED</i> |
|---|---------------------------|---------------------------|
| 12. Cash and bank balances | | |
| 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> |
| | <u>2,167,802</u> | <u>2,182,535</u> |
| 13. Share capital | | |
| 300 shares of AED 1,000 each | <u>300,000</u> | <u>300,000</u> |
| 14. Statutory reserve | | |
| Statutory reserve is created by allocating 10% of the net profit of the company as required by Article 255 of the UAE Commercial Companies Law No. 8 of 1984, as amended concerning Commercial Companies in the UAE. The company discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law. | | |
| 15. Trade and other payables | | |
| 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> |
| | <u>812,155</u> | <u>1,342,616</u> |
| 16. Sales | | |
| Manufactured shirts (<i>refer note 21</i>) | 136,856 | 20,546,961 |
| Trading shirts | <u>11,075,931</u> | <u>10,693,032</u> |
| | <u>11,212,787</u> | <u>31,239,993</u> |

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

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

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

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 26th 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>Companies under common management control</i> | | | <i>Total 2017 AED</i> | <i>Total 2016 AED</i> |
|--|--|-----------------------------|------------|-------------------------------|---|
| | <i>Major shareholders AED</i> | <i>Subsidiaries 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) | | - | - | - | - |
| Sale of plant and equipment (refer note 6) | 893,510 | | - | - | 893,510 120,739 |
| Under other direct expenses (refer note 17) | | | | | |
| Royalty expenses | 4,891 | | - | - | 4,891 390,521 |
| Other expenses (net) | 56,476 | | - | 95,883 | 152,359 10,215 |
| Under other administrative expenses (refer note 19) | | | | | |

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

22. Cash and cash equivalents

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

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

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) |
|-----------------------------------|----------------------|----------------------|--------------------------|--------------------------|
| As on 31 March 2017 | | | | |
| <i>Financial assets</i> | | | | |
| - Investment in subsidiaries | - | - | 36,720 | 36,720 |
| - Long term loans to subsidiaries | — | — | <u>101,013</u> | <u>101,013</u> |
| Total | — | — | <u>137,733</u> | <u>137,733</u> |
| As on 31 March 2016 | Level 1 (AED) | Level 2 (AED) | Level 3 (AED) | Total (AED) |
| <i>Financial assets</i> | | | | |
| - Investment in subsidiaries | - | - | 46,720 | 46,720 |
| - Long term loans to subsidiaries | — | — | <u>16,085,593</u> | <u>16,085,593</u> |
| Total | — | — | <u>16,132,313</u> | <u>16,132,313</u> |

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

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

KPMG SA
Neuchâtel, 23 May 2017
Ref. VR/SDS/sdh



KPMG SA
Audit Western Switzerland
Rue du Seyon 1
CH-2000 Neuchâtel

PO Box 2572
CH-2001 Neuchâtel

Telephone +41 58 249 61 30
Fax +41 58 249 61 58
Internet www.kpmg.ch

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

ZODIAC CLOTHING COMPANY SA, Neuchâtel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of ZODIAC CLOTHING COMPANY SA for the year ended 31 March 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 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,117,030 | 902,722 |
| Prepaid expenses and accrued income | 33 | 33 |
| | <hr/> | <hr/> |
| | 1,117,063 | 902,755 |
| | <hr/> | <hr/> |
| Non-current assets | | |
| Financial assets (affiliated companies) | 256,806 | 546,153 |
| Investments | 2.1 | 98,039 |
| | <hr/> | <hr/> |
| | 354,845 | 644,192 |
| | <hr/> | <hr/> |
| | 1,471,908 | 1,546,947 |
| | <hr/> | <hr/> |

| Balance Sheet as of 31 March | 2017 | 2016 |
|---|-----------|-----------|
| | CHF | CHF |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| Current liabilities | | |
| Other short-term liabilities due to group companies | 4,857 | 27,413 |
| Accrued expenses and deferred income | 10,700 | 17,010 |
| | <hr/> | <hr/> |
| | 15,557 | 44,423 |
| | <hr/> | <hr/> |
| Shareholders' equity | | |
| Share capital | 250,000 | 250,000 |
| Legal capital reserves | | |
| - Reserves from capital contributions | 50,000 | 50,000 |
| Voluntary retained earnings | | |
| - Accumulated profits | | |
| - Accumulated profits brought forward | 52,524 | 331,941 |
| - Profit for the year | 1,103,827 | 870,583 |
| | <hr/> | <hr/> |
| | 1,456,351 | 1,502,524 |
| | <hr/> | <hr/> |
| | 1,471,908 | 1,546,947 |
| | <hr/> | <hr/> |

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

Notes to the Financial Statements as of 31 March 2017

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 | AED 300 |

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

b) Significant indirect investments

| Company name, domicile | Voting and capital rights in % | Capital in 1'000 |
|----------------------------------|--------------------------------|------------------|
| Zodiac Clothing Company Inc. USA | 100 | USD 10 |

Notes to the Financial Statements as of 31 March 2017

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 |
| Available earnings | 1,156,351 | 1,202,524 |
| | <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 |
| Available earnings | 1,156,351 | 1,202,524 |
| | <hr/> | <hr/> |