

ZODIAC

10th August, 2018

National Stock Exchange of India Ltd.,
Exchange Plaza,
5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra East
Mumbai - 400051

BSE Limited,
Corporate Relationship Department,
First Floor, New Trading Ring,
Rotunda Building, P.J. Tower,
Dalal Street,
Mumbai - 400001

Dear Sir,

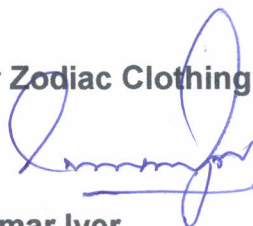
Sub: 34th Annual General Meeting of the Company

In continuation of our letter dated 27th June, 2018 intimating the date of the 34th Annual General Meeting (AGM) of the Company, please find attached herewith a copy of the Notice of the 34th AGM to be held on Thursday, 30th August, 2018 at 3:00 p.m. at Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai – 400018, Maharashtra alongwith the Annual Report for the year 2017 – 18.

The same is also available on the website of the Company www.zodiaconline.com.

Request you to kindly take the above on record.

For **Zodiac Clothing Company Limited**



Kumar Iyer
Company Secretary

Membership No: A9600



ZODIAC CLOTHING COMPANY LTD.,

Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai - 400 030. India.

Tel.: +91 22 6667 7000 Fax : +91 22 6667 7279 CIN: L17100MH1984PLC033143.

Trademark Under Licence From Metropolitan Trading Co.

www.zodiaconline.com

ZODIAC CLOTHING COMPANY LIMITED

CIN : L17100MH1984PLC033143

Registered Office: Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Mumbai -400 030.

Tel : 66677000 Fax: 66677279 Website: www.zodiaconline.com email id : contactus@zodiacmtc.com

NOTICE OF 34th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of Zodiac Clothing Company Limited will be held at Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra on Thursday, 30th August 2018 at 3:00 p.m. to transact the following Business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. A. Y. Noorani (DIN: 00041686), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

- 4) **To appoint Dr. Naushad Forbes (DIN 00630825) as an Independent Director of the Company.**

To consider and if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 (the ‘Act’) read with Companies (Appointment and Qualification of Directors) Rules, 2014 along with Schedule IV of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulations 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Naushad Forbes (DIN 00630825), an Additional Director (Non-Executive & Independent) of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive & Independent Director of the Company, not liable to retire by rotation, for a term upto 28th March 2023.”

- 5) **Issue of Convertible Warrants on Preferential basis**

To consider and, if thought fit, to pass the following resolutions as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the applicable Rules thereunder (the ‘Act’), and the enabling provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and rules and regulations framed thereunder as in force and in accordance with

other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India, the Securities and Exchange Board of India (“SEBI”), the Registrar of Companies (“RoC”) and the Stock Exchanges where the shares of the Company are listed (“Stock Exchanges”) and subject to the requisite approvals, consents, permissions and/or sanctions, if any, from them and other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting any such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred hereunder), the consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time in one or more tranche/s 11,83,081 (Eleven Lakhs Eighty Three Thousand and Eighty One) Convertible Warrants (“Warrants”) on a Preferential basis to Mr. Mohamed Yusuf Noorani (3,94,361 warrants), Mr. Anees Yusuf Noorani (3,94,360 warrants) and Mr. Salman Yusuf Noorani (3,94,360 warrants), Promoters of the Company, with a right to the Warrant Holders to apply for and get allotted one Equity Share of the face value of ₹ 10/- (Rupees Ten) each for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Convertible Warrants, at a minimum price (including the Warrant subscription price and the Warrant exercise price) of ₹ 169.05/- (Rupees One Hundred Sixty Nine and Five Paise only) including premium of ₹ 159.05/- ((Rupees One Hundred Fifty Nine and Five Paise only) per Convertible Warrant aggregating up to a maximum amount of ₹ 19,99,99,843.05/- (Rupees Nineteen Crores Ninety Nine Lakhs Ninety Nine Thousand Eight Hundred Forty Three and Five Paise only) as determined in accordance with the SEBI ICDR Regulations as on the ‘Relevant Date’ i.e. 31st July, 2018 or such higher price as may be arrived at in accordance with the SEBI ICDR Regulations, as the Board may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT the Relevant Date, as per the provisions of Chapter VII of the SEBI ICDR Regulations, for determining the minimum issue price of the Warrants/Equity Shares arising on conversion of Warrants is Tuesday, 31st July 2018 i.e. 30 days prior to the date of the Annual General Meeting to be held on Thursday, 30th August, 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares from time to time in one or more tranche/s as may be required to be issued and allotted upon exercise of option by the Warrant holder/s and the Equity Shares issued on conversion of the said Warrants shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank pari passu in all respects including dividend with the existing fully paid up Equity Shares of the Company.

RESOLVED FURTHER THAT:

- a. The Warrants to be offered, issued and allotted shall be subject to the provisions of the Act and the SEBI ICDR Regulations.
- b. The consideration for allotment of Convertible Warrants shall be paid to the Company from the bank accounts of the respective proposed allottees only;
- c. The Warrants shall be allotted within a period of 15 (fifteen) days from the date of passing this resolution provided where the allotment of the Warrants is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval
- d. An amount equivalent to at least 25% (Twenty Five per cent) of the Warrants value, shall become payable for the Warrants on or before the date of the allotment of Warrants and balance 75% (Seventy Five per cent) of the Warrants value shall be paid before the conversion of Warrants into Equity Shares within a period of 18 months from the date of issue of Warrants, failing which the said amount/s will be forfeited.
- e. The amount paid against Warrants shall be adjusted / set off against the price payable for the resultant Equity Shares.
- f. Subject to applicable provisions of law, such Warrants, may at the option of the holder/s, be converted to Equity Shares of the Company, within 18 months from the date of allotment, and on such terms and the conditions, in such form and manner as the Board and the holder of the Warrants may, at their absolute discretion, think fit.
- g. The Warrant Holders shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranche/s by giving a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate amount payable thereon, without any further approval from the members of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant Holders;
- f. The Equity Shares to be issued and allotted by the Company upon exercise of the Warrants in the manner aforesaid shall be in dematerialized form.
- i. Subject to the provisions of Chapter VII of the ICDR Regulations, the Warrants and Equity Shares allotted on exercise of such Warrants shall be transferable within the Promoters and persons forming part of the Promoter Group;
- j. The Warrants, and pursuant to conversion of Warrants, the Equity Shares to be allotted to the proposed allottees, shall be under lock-in for such period as may be prescribed by the SEBI ICDR Regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing clarifications, resolving

all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue) and to authorise all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and Equity Shares and listing thereof with the Stock Exchanges as appropriate and utilisation of proceeds thereof, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to Committee of Directors/ any Director(s)/ Company Secretary / any Officer(s) of the Company to give effect to the aforesaid resolution.”

6) Issue of Equity Shares on Preferential basis:

To consider and, if thought fit, to pass the following resolutions as **SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re enactment(s) thereof, for the time being in force) and the applicable Rules thereunder (the “Act”), and the enabling provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “SEBI ICDR Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and rules and regulations framed thereunder as in force and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India, the Securities and Exchange Board of India (“SEBI”), the Registrar of Companies (the “RoC”) and the Stock Exchanges where the shares of the Company are listed (“Stock Exchanges”) and subject to requisite approvals, consents, permissions and/or sanctions, if any, from them and other appropriate statutory, regulatory or other authority and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting any such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred hereunder), the consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranche/s on Preferential basis, up to 17,74,622 (Seventeen Lakhs Seventy Four Thousand Six Hundred and Twenty Two) Equity Shares of the face value of ₹ 10/- (Rupees Ten) each fully paid-up to Mr. Mohamed Yusuf Noorani (5,91,540 Equity Shares), Mr. Anees Yusuf Noorani (5,91,541 Equity Shares) and Mr. Salman Yusuf Noorani (5,91,541 Equity Shares), Promoters of the Company, for cash at a minimum issue price of

₹ 169.05/- (Rupees One Hundred Sixty Nine and Five Paise only) including premium of ₹ 159.05/- ((Rupees One Hundred Fifty Nine and Five Paise only) per equity share aggregating to an amount of ₹ 29,99,99,849.10/- (Rupees Twenty Nine Crores Ninety Nine Lakhs Ninety Nine Thousand Eight Hundred Forty Nine and Ten Paise only) determined in accordance with the provisions of Chapter VII of SEBI ICDR Regulations as on the Relevant Date, as the Board may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT the Relevant Date, as per the provisions of Chapter VII of the SEBI ICDR Regulations, for determining the issue price of the Equity Shares is Tuesday, 31st July, 2018 i.e. 30 days prior to the date of the Annual General Meeting to be held on Thursday, 30th August, 2018.

RESOLVED FURTHER THAT the aforesaid issue of Equity Shares shall be subject to the following terms and conditions:

- a) The proposed allottees shall be required to bring in 100% of the consideration for the Equity Shares to be allotted to such proposed allottees, on or before the date of allotment thereof;
- b) The consideration for allotment of Equity Shares shall be paid to the Company from the bank accounts of the respective proposed allottees only;
- c) The Equity Shares to be allotted to the proposed allottees shall be under lock-in for such period as may be prescribed by the SEBI ICDR Regulations.
- d) The Equity Shares to be allotted to the proposed allottees under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under;
- e) The Equity Shares shall be allotted within a period of 15 (fifteen) days from the date of passing this resolution provided where the allotment of the Equity Shares is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval; and
- f) Allotment shall only be made in dematerialized form.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make an offer to the proposed allottees through private placement offer letter immediately after passing of this resolution with a stipulation that allotment would be made only upon receipt of in-principle approval from the Stock Exchange(s) i.e. BSE Limited & National Stock Exchange of India Limited.

RESOLVED FURTHER THAT the Equity Shares proposed to be so allotted shall rank *pari passu* in all respects including as to dividend, with the existing fully paid up Equity Shares of face value of ₹ 10/- (Rupees Ten only) each of the Company.

RESOLVED FURTHER THAT subject to the SEBI ICDR Regulations and other applicable laws, the Board be and is hereby authorized to decide and approve the terms and conditions of issue of the above mentioned Equity Shares and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue) and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares and listing thereof with the Stock Exchanges as appropriate and utilisation of proceeds of the Equity Shares, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to Committee of Directors/ any Director(s)/ Company Secretary / any Officer(s) of the Company to give effect to the aforesaid resolutions”

7) **Continuation of Directorship of Mr. M. Y. Noorani (DIN 00041608) as the Non-Executive Director of the Company.**

To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019 and all applicable provision(s) of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded for Mr. M. Y. Noorani (DIN 00041608), Promoter and Chairman of the Company, not liable to retire by rotation and who has attained the age of 89 years to continue to hold office as the Non-Executive Director of the Company.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such acts, deeds, things and matters, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

8) **Continuation of Directorship of Mr. S. R. Iyer (DIN 00580437) as the Non-Executive Independent Director of the Company.**

To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in furtherance of the ordinary resolution passed by the Members at the 30th AGM of the Company held on 12th August, 2014 and pursuant to the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019 and all applicable provision(s) of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded for Mr. S. R. Iyer

(DIN 00580437) who has attained the age of 78 years to continue to hold office as the Non-Executive Independent Director of the Company up to his term ending on 11th August, 2019.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such acts, deeds, things and matters, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

9) Continuation of Directorship of Mr. Y. P. Trivedi (DIN 00001879) as the Non-Executive Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in furtherance of the ordinary resolution passed by the Members at the 30th AGM of the Company held on 12th August, 2014 and pursuant to the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019 and all applicable provision(s) of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded for Mr. Y. P. Trivedi (DIN 00001879) who has attained the age of 89 years to continue to hold office as the Non-Executive Independent Director of the Company up to his term ending on 11th August, 2019.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such acts, deeds, things and matters, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

10) Continuation of Directorship of Mr. M. L. Apte (DIN 00003656) as the Non-Executive Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in furtherance of the ordinary resolution passed by the Members at the 30th AGM of the Company held on 12th August, 2014 and pursuant to the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019 and all applicable provision(s) of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded Mr. M. L. Apte (DIN 00003656) who has attained the age of 86 years to continue to hold office as the Non-Executive Independent Director of the Company up to his term ending on 11th August, 2019.

RESOLVED FURTHER THAT the Board or any Committee thereof, be and is hereby authorized to do all such acts, deeds, things and matters, as may be required to give effect to this resolution and to do all things incidental and ancillary thereto.”

By Order of the Board of Directors
For **Zodiac Clothing Company Limited**

KUMAR IYER
G.M. Legal & Company Secretary
MEMBERSHIP No. – A9600

Date: 31st July, 2018

Place: Mumbai

Registered Office:

Nyloc House, 254, D-2,
Dr. Annie Besant Road, Worli,
Mumbai 400 030

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. **HOWEVER A PERSON APPOINTED AS A PROXY SHALL ACT ON BEHALF OF SUCH MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS.** THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. A brief resume of the directors proposed to be appointed and re-appointed, nature of their expertise in specific functional areas, names of Indian companies in which they

hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, are provided in **Annexure A** to the Notice under Details of Directors seeking appointment and re-appointment at the Annual General Meeting.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday 24th August 2018 to Thursday 30th August 2018 (both days inclusive).
7. The dividend, if declared at the Meeting, shall be payable to members of the Company whose names appear:
 - a) As Beneficial Owners as at the end of business hours on 24th August 2018 as per the download to be furnished by National Securities Depository Ltd. and Central Depository

- Services (India) Ltd., in respect of the shares held in electronic form and
- b) As members on the Register of Members of the Company as at 24th August, 2018.
 - c) The dividend on Equity shares, if declared at the Meeting, will be credited/dispatched on or before 20th September 2018.
8. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the National Electronic Clearing Services (NECS) facility wherever possible for dividend payment to the shareholders. Accordingly, the company has already implemented the NECS facility provided by RBI. Members are requested to provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts. It should be signed by all the holders. For electronic shares, the relevant information may be provided to the concerned DP with whom the demat account is operational. For the shares held in Physical form it may be sent to Karvy, the Registrar and Share Transfer Agent.
 9. Members holding shares in dematerialised form may please note that the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend as directed by the Stock Exchanges. In the absence of electronic credit facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in dematerialised form must give instructions, regarding bank accounts in which they wish to receive dividend, to their respective Depository Participant. The Company or the Share Transfer Agents will not act on any direct request from such members for change/deletion in such bank details.
 10. Members who hold shares in physical form can avail of the nomination facility in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form No. SH-13 in duplicate with the Share Transfer Agents who, on request, will supply blank nomination forms. Members holding shares in the dematerialized form may contact the Depository Participant for recording nomination in respect of their shares.
 11. **Members are being informed that as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 effective from 5th December, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.**
 12. All unclaimed dividends up to the Dividends for the year 2009-10 paid by the Company have been transferred to the General Revenue Account of the Central Government. Pursuant to the provisions of the Investor Education & Protection Fund (IEPF) (Uploading of Information Regarding Unpaid & Unclaimed Amounts lying with the Companies) Rules, 2012, the Company has uploaded the details of the unpaid & unclaimed amounts lying with the Company on the website of the Company (www.zodiaconline.com), as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed Equity Dividend for the financial year 2010-11 will fall due for transfer to the IEPF on 15th October, 2018
 13. In compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended from time to time, the Equity Shares in respect of which dividend remains unclaimed/unpaid for the last seven or more consecutive years, are required to be transferred to the Demat Account of the IEPF authority. In this regard, the Company had informed the concerned Members through letter(s) and subsequently through publication of Notice(s) in 'the Free Press Journal' and 'Navshakti' advising them to claim their unclaimed/unpaid dividend from the Company within the stipulated time period. The Company has also uploaded on its website, i.e. www.zodiaconline.com, the complete list of members alongwith relevant details pertaining to unclaimed/unpaid dividend for seven consecutive years or more and the corresponding shares have been transferred to the Demat account of the IEPF Authority. Members may view the aforesaid details on www.zodiaconline.com under the 'Investor Relations' category.
 14. Members are being informed that once the unclaimed/unpaid dividend is transferred to the account of IEPF and shares are transferred to the Demat account of IEPF authority, no claim shall lie against the Company in respect of such dividend/shares. The eligible members are entitled to claim such unclaimed/unpaid dividend and shares including benefits, if any, accruing on such shares from the IEPF Authority by making an application in the prescribed Form IEPF 5 online and sending the physical copy of the same duly signed alongwith the requisite documents to the Registered Office of the Company for verification of their claim. Those members, who have not encashed their dividends for the financial year 2010-11 and thereafter, are requested to claim it from Karvy immediately.
 15. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company M/s. Karvy Computershare Pvt. Ltd, Karvy Selenium Tower-B, Plot No. 31 & 32 Gachibowli Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500 032. India Tel No.+91 040 67161568, Toll free No. 1800-34-54-001, E-mail: einward.ris@karvy.com
 16. The Ministry of Corporate Affairs (MCA) has introduced a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies for service of documents to their Members through electronic mode, which will be in compliance with Section 20 of the Companies Act, 2013 and rules framed thereunder. In case you have not registered your e-mail id, please communicate the same to the Company or RTA at their communication address given in the Annual Report in respect of the shares held in physical mode or communicate to the concerned DPs in respect of shares held in demat/electronic mode. Although you are entitled to receive physical copies of Notices, Annual Reports, etc. from the Company, we sincerely seek your support to enable us to forward these documents to you only by e-mail, which will enable us to participate in the Green Initiatives of the MCA and to protect our environment.

17. An electronic copy of the Annual Report for the F.Y. 2017-18 alongwith the Notice of the AGM and all accompanying documents is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s). Members may please note that notices, annual reports, and other related documents will be available on the Company's website (www.zodiaconline.com) as well as the website of Karvy (i.e. <http://evoting.karvy.com>) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
18. SEBI has mandated the submission of Permanent Account Number (PAN) as the sole identification number by every participant in securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/Share Transfer Agents for registration of such transfer of shares. Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s), (ii) Transmission of shares to the legal heir(s), and (iii) Transposition of shares. Accordingly, members holding shares in dematerialized form are requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts, if not already submitted. Members holding shares in the physical form can submit their PAN details to the Company / Registrar and Transfer Agents, M/s Karvy Computershare Private Limited, if not already submitted.
19. Members are requested to:
- Quote Registered Folio / Client ID and DP ID in all their correspondence.
 - Bring the copy of the Annual Report and the Attendance Slip with them to the Annual General Meeting.
 - Send queries related to accounts, to the Company at least 7 days before the date of the Annual General Meeting.
- 20. Voting Instructions:**
- In terms of Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 the Resolutions proposed at this AGM will be transacted through remote e-voting (facility to cast vote from a place other than the venue of the AGM), for which purpose the Company has engaged the services of Karvy Computershare Pvt. Ltd. (Karvy) to facilitate remote e-voting.
 - Please note that the Members can opt for only one mode of voting i.e. voting at the meeting or e-voting. If Members opt for e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting may also attend the Meeting and participate in the Meeting, but shall not be entitled to cast their vote again.
 - The Board of Directors of the Company has appointed Mr.

B. Narasimhan, Proprietor B.N. & Associates, a Practising Company Secretary as the Scrutinizer for conducting the e-voting process and voting at the AGM in a fair and transparent manner. The Scrutinizer's decision on the validity of the votes shall be final.

- Voting rights will be reckoned on the paid-up value of the shares registered in the name of the Members as on 24th August, 2018 being the cut-off date. Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or voting at the AGM.
- The particulars as required by Rule 20 of the Companies (Management and Administration) Rules, 2014 shall be published through an advertisement in the following newspapers: (i) Business Standard and (ii) Lokmat.
- The Scrutinizer will submit his report to the Chairman/Managing Director after the completion of scrutiny, and the result of the voting will be announced by the Chairman/Managing Director or Company Secretary of the Company duly authorized, on or before 1st September, 2018 at the registered office of the Company and will also be displayed on the Company's website (www.zodiaconline.com) and on the website of Karvy (<http://evoting.karvy.com>) immediately after the results are declared. The Company shall simultaneously forward the results to BSE LTD and National Stock Exchange of India Limited, where the shares of the Company are listed. The result will also be published in the newspapers.

The instructions for e-voting are as under:

- In case a Member receiving an email of the AGM Notice from Karvy [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:
 - Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - Enter the login credentials (i.e., **User ID and password mentioned below**). Event No. followed by Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - After entering these details appropriately, Click on "LOGIN".
 - You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - You need to login again with the new credentials.
 - On successful login, the system will prompt you to select the "EVENT" i.e., Zodiac Clothing Company Limited.

- vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
- ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- x) You may then cast your vote by selecting an appropriate option and click on “Submit”
- xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.”
- xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 24th August 2018, he/she may write to the Karvy on the email Id: evoting@karvy.com or to Mr. Shyam Kumar, Contact No. 040-67161568, or toll free no. 1-800-34-54-001, at [Unit: Zodiac Clothing Company Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
- i) **User ID and initial password are provided in a separate e-voting communication, being sent along with the Notice of AGM and Annual Report.**
- ii). Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. **The e-voting period commences on Sunday, 26th August 2018 at 10:00 A.M. and ends on Wednesday, 29th August 2018, at 5:00 P.M.** During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being **Friday, 24th August, 2018**, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote by way of poll at the Meeting.
- D. In case of any query or grievance pertaining to e-voting, please visit Help & FAQ’s section available at <https://evoting.karvy.com> (Karvy’s website) or Contact:
- Mr. Shyam Kumar
 Karvy Computershare Private Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,
 Financial District, Nanakramguda,
 Hyderabad - 500 032.
 Email:evoting@karvy.com, Tel: 040-67161568
- E. Voting at the AGM will be through Poll paper to be distributed at the venue. The Scrutinizer shall after scrutinizing the votes cast at the AGM and through e-voting, make a Consolidated Scrutinizers Report and submit the same to the Chairman of the Company, not later than 48 hours after the conclusion of the AGM.
- F. The Results declared along with the Consolidated Scrutinizers Report shall be placed on the Company’s website www.zodiaconline.com and on the website of Karvy i.e. <http://evoting.karvy.com>. The results shall simultaneously be communicated to the BSE Ltd and National Stock Exchange of India Ltd., where the Company’s shares are listed.
- G. The resolution/s shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes in favour of the resolutions through a compilation of voting results (i.e. remote e-voting and voting held at the AGM).
21. Refer reverse side of the Attendance Slip for the route map to reach the venue of the Annual General Meeting.

By Order of the Board of Director
 For **Zodiac Clothing Company Limited**

KUMAR IYER
 G.M. Legal & Company Secretary
 MEMBERSHIP No. – A9600

Date: 31st July, 2018
 Place: Mumbai

Registered Office:
 Nyloc House, 254,
 D- 2, Dr. Annie Besant Road,
 Worli, Mumbai -400 030.
 Tel : 66677000 Fax: 66677279
 Website: www.zodiaconline.com
 email id : contactus@zodiacmtc.com

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT
(Pursuant to section 102 of the Companies Act, 2013)**

ITEM NO. 4

Pursuant to Section 149(4) of the Companies Act, 2013 ("Act") read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to have Independent Directors on its Board.

Pursuant to the recommendation made by the Nomination & Remuneration Committee, the Board of Directors of the Company at their meeting held on 29th March 2018, have appointed Dr. Naushad Forbes (DIN: 00630825) as an Additional Director (Non-executive & Independent) of the Company under Section 161 of the Act, to hold office up to the 34th Annual General Meeting of the Company.

A notice has been received from a member proposing the candidature of Dr. Naushad Forbes' for the office of Director of the Company.

Dr. Naushad Forbes has furnished declarations to the Company under Section 149(7) of the Act, confirming that he meets the criteria prescribed for Non-Executive & Independent Directors under sub-section (6) of Section 149 of the Act as well as Regulations 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Naushad Forbes has also furnished to the Company (i) Consent to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and qualification of Directors) Rules, 2014, (ii) Declaration of Non-disqualification in Form DIR- 8 pursuant to Section 164 of the Act, and (iii) a declaration in writing in Form MBP-1 disclosing his interest or concern in the company or companies, bodies corporate, firms or other association of individuals.

In the opinion of the Board, Dr. Naushad Forbes fulfills the conditions for his appointment as Non-Executive & Independent Director as prescribed under the Act and Rules issued thereunder and the Listing Regulations.

Dr. Naushad Forbes is Independent of the management and possesses appropriate skill, knowledge and experience.

Accordingly, it is proposed to appoint Dr. Naushad Forbes as a Non-Executive & Independent Director on the Board of the Company for a period of five (5) consecutive years upto 28th March 2023 and he will not be liable to retire by rotation. In the opinion of the Board, the Company will immensely benefit from the varied experience and knowledge of Dr. Naushad Forbes.

The terms and conditions of appointment of Dr. Naushad Forbes as the Non-Executive & Independent Director shall be open for inspection by the Members at the Registered Office of the Company on all working days, during business hours up to the date of the Annual General Meeting, and has also been uploaded on the website of the Company at www.zodiaconline.com.

Except Dr. Naushad Forbes, being an appointee, no Director, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

A brief profile of Dr. Naushad Forbes is given in the Directors Biographies, forming part of the Annual Report and the nature of his expertise in specific functional areas and the names of Companies in which he holds Directorships and memberships/ chairmanships of the Board/Committees, shareholding and relationships amongst Directors inter-se as stipulated under Regulations 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Details of Directors seeking appointment/re-appointment at the AGM annexed to this notice as **Annexure A**.

The Board recommends the passing of the Resolution as set out in item No. 4 of the accompanying Notice as an Ordinary Resolution as it is in the interest of the Company.

ITEM NO. 5 and 6

Pursuant to provisions of Section 42 and 62 (1)(c) of Companies Act, 2013 (the "Act") and Regulation 72 of SEBI ICDR Regulations, any Preferential Allotment of Securities needs to be approved by the Members by way of a Special Resolution.

The consent of the Members is therefore being sought by a Special Resolution to enable the Board to issue Convertible Warrants and Equity Shares as may be permitted under the applicable laws to the abovementioned Promoters i.e. Proposed Allottees in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder, SEBI ICDR Regulations, as amended, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable laws, including with respect to the pricing of the Convertible Warrants and Equity Shares proposed to be issued.

The Promoters i.e. Proposed allottees of Convertible Warrants and Equity Shares have not sold any Equity Shares of the Company during the six months preceding the Relevant Date i.e. Tuesday, 31st July, 2018.

Therefore, in compliance with the provisions of applicable laws, the proposed resolutions as set out at Item No. 5 and 6 of the accompanying Notice are recommended for the approval of the Members as Special Resolutions.

Further, the following are the disclosures in terms of Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 73 of the SEBI ICDR Regulations:

A. The objects of the issue:

The objects of the issue of Convertible Warrants and Equity Shares is to meet the Company's Working Capital requirements, repayment of outstanding loans, Capital expenditure, general corporate purposes and such other purpose as the Board may decide.

B. The total number of securities to be issued:

The resolutions set out in the accompanying Notice authorizes the Board to issue upto 11,83,081 Convertible Warrants and upto 17,74,622 Equity Shares on Preferential basis.

C. Issue Price and Relevant Date

i. Convertible Warrants

The Convertible Warrants of Face Value of ₹ 10/- (Rupees Ten) each shall be allotted at a price of ₹ 169.05/- (Rupees One Hundred Sixty Nine and Five Paise only) per Convertible Warrant including premium of ₹ 159.05/- (Rupees One Hundred Fifty Nine and Five Paise only) per Convertible Warrant arrived at in accordance with the provisions of SEBI ICDR Regulations as on Tuesday, 31st July 2018 (Relevant Date) i.e. 30 days prior to the date of the 34th Annual General Meeting to be held on Thursday, 30th August, 2018; or

ii. Equity Shares

The Equity Shares of Face Value of ₹ 10/- (Rupees Ten) each shall be allotted at a price of ₹ 169.05/- (Rupees One Hundred Sixty Nine and Five Paise only) per Equity Share including premium of ₹ 159.05/- (Rupees One Hundred Fifty Nine and Five Paise only) per Equity Share determined in accordance with the provisions of Chapter VII of SEBI ICDR Regulations as on, Tuesday, 31st July 2018 (Relevant Date) i.e. 30 days prior to the date of the 34th Annual General

Meeting to be held on Thursday, 30th August, 2018.

Basis on which the price has been arrived at

The Company is listed on BSE Limited and National Stock Exchange of India Limited and the price above is determined on the basis of the quotes available on the BSE wherein the Company's shares are traded highest in volume, during the preceding 26 weeks prior to the Relevant date. For the computation of the price per Convertible Warrant and Equity Shares and in terms of ICDR Regulations the Convertible Warrants and Equity Shares shall be allotted at a price not less than higher of the following:

- a. Average of the weekly high and low of the volume weighted average prices of the Equity Shares of the Company quoted on the exchange, during the twenty six weeks preceding the Relevant date or
- b. Average of the weekly high and low of the volume weighted average prices of the Equity Shares of the Company quoted on the exchange, during the two weeks preceding the Relevant date.

The minimum price as per the pricing formula prescribed under the ICDR Regulations for the preferential issue of Warrants is ₹ 169.05, being higher of (a) the average of the high and low of the volume weighted average price at the BSE for 26 weeks prior to the relevant date viz. ₹ 169.05 and (b) the average of the high and low of the volume weighted average price at the BSE for 2 weeks prior to the Relevant date viz. ₹ 151.92.

D. Intention of Promoters, Directors or Key Managerial Personnel to subscribe to the offer

G. The names of the Proposed Aallottees and the percentage of Post Preferential offer Capital that may be held by them

Sr. No.	Name of the proposed allottee	Category	Pre Issue Shareholding		Present Issue (Equity on conversion of Warrants & Equity Shares)	Post Issue Shareholding*	
			No. of Equity Shares	% to Pre-Issue Capital		No. of Equity Shares	% to Post Issue Capital
1	Mohamed Yusuf Noorani	Promoter	41,56,220	21.29	9,85,901	51,42,121	22.88
2	Anees Yusuf Noorani	Promoter	7,73,071	3.96	9,85,901	17,58,972	7.83
3	Salman Yusuf Noorani	Promoter	5,54,516	2.84	9,85,901	15,40,417	6.85

* The above post-issue shareholding is based on the assumption of full subscription of Warrants and the subsequent conversion of Convertible Warrants issued pursuant to resolution at item No. 5 into Equity Shares and full subscription and allotment of Equity Shares on Preferential basis at item no. 6.

H. The number of persons to whom allotment on Preferential basis have already been made during the year, in terms of number of securities as well as price

No allotments have been made on Preferential basis by the Company during the year.

I. The justification for the allotment proposed to be made for consideration other than cash together with the valuation report of the registered valuer

No allotments are proposed to be made for consideration other than cash.

J. Lock-in Period

- i. The Equity Shares to be allotted on a Preferential basis to the Promoters i.e. Proposed Allottees, pursuant to exercise of options against each Convertible Warrants, shall be subject to 'lock-in' for a period of 3 (Three) years from the date of trading approval for such Equity Shares in accordance with Regulation 78(1) of the SEBI ICDR Regulations.

Except for the Promoters i.e. the Proposed Allottees, who will be subscribing to the Preferential Issue of Convertible Warrants and Equity shares, none of the other Promoters, Directors or Key Managerial Personnel, intends to subscribe to this Preferential issue of Convertible Warrants and Equity Shares.

E. The proposed time within which the allotment shall be completed

In terms of Chapter VII of the SEBI ICDR Regulations, Preferential Allotment of Convertible Warrants and Equity Shares to the aforementioned Promoters i.e. Proposed Allottees will be completed within a period of 15 (fifteen) days from the date of passing of Special Resolutions set out in Item No. 5 and 6 above.

Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 (fifteen) days from the date of such approval or within such further period as may be prescribed or allowed by SEBI, Stock Exchange(s) or other concerned authorities.

F. The change in control, if any, in the Company that would occur consequent to the Preferential offer

There will be no change in the control or management of the Company as a result of the proposed Preferential Issue of Convertible Warrants and Equity Shares, and upon conversion of the Convertible Warrants. However, the voting rights will change in accordance with the shareholding pattern.

- ii. The Equity Shares to be allotted on a Preferential basis to the Promoters i.e. Proposed Allottees shall be subject to 'lock-in' for a period of 3 (Three) years from the date of trading approval for such Equity Shares in accordance with Regulation 78(1) of the SEBI ICDR Regulations.

- iii. The entire pre-Preferential allotment shareholding of the Promoters i.e. proposed allottees, shall be locked-in from the Relevant Date up to a period of six months from the date of trading approval as per Regulation 78(6) of the SEBI ICDR Regulations.

K. Terms of issue and conversion of convertible Warrants to be issued to the proposed allottees

i) For Convertible Warrants

- a. The Warrants to be offered, issued and allotted shall be subject to the provisions of the Act and the SEBI ICDR Regulations.

- b) The consideration for allotment of Convertible Warrants shall be paid to the Company from the bank accounts of the respective proposed allottees only;
 - c) The Warrants shall be allotted within a period of 15 (fifteen) days from the date of passing this resolution provided where the allotment of the Warrants is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval
 - d) An amount equivalent to at least 25% (Twenty Five per cent) of the Warrants value, shall become payable for the Warrants on or before the date of the allotment of Warrants and balance 75% (Seventy Five per cent) of the Warrants value shall be paid before the conversion of Warrants into Equity Shares within a period of 18 months from the date of issue of Warrants, failing which the said amount/s will be forfeited.
 - e) The amount paid against Warrants shall be adjusted / set off against the price payable for the resultant Equity Shares.
 - f) Subject to applicable provisions of law, such Warrants, may at the option of the holder/s, be converted to Equity Shares of the Company, within 18 months from the date of allotment, and on such terms and the conditions, in such form and manner as the Board and the holder of the Warrants may, at their absolute discretion, think fit.
 - g) The Warrant Holders shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranche/s by giving a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate amount payable thereon, without any further approval from the members of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant Holders;
 - h) The Equity Shares to be issued and allotted by the Company upon exercise of the Warrants in the manner aforesaid shall be in dematerialized form.
 - i) Subject to the provisions of Chapter VII of the ICDR Regulations, the Warrants and Equity Shares allotted on exercise of such Warrants shall be transferable within the Promoters and persons forming part of the Promoter Group;
 - j) The Warrants, and pursuant to conversion of Warrants, the Equity Shares to be allotted to the proposed allottees, shall be under lock-in for such period as may be prescribed by the SEBI ICDR Regulations.
 - ii) For Equity Shares
 - a) The proposed allottees shall be required to bring in 100% of the consideration for the Equity Shares to be allotted to such proposed allottees, on or before the date of allotment thereof;
 - b) The consideration for allotment of Equity Shares shall be paid to the Company from the bank accounts of the respective proposed allottees only;
 - c) The Equity Shares to be allotted to the proposed allottees shall be under lock-in for such period as may be prescribed by the SEBI ICDR Regulations.
 - d) The Equity Shares to be allotted to the proposed allottees under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under;
 - e) The Equity Shares shall be allotted within a period of 15 (fifteen) days from the date of passing this resolution provided where the allotment of the Equity Shares is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of such approval; and
 - f) Allotment shall only be made in dematerialized form.
- L. The Company hereby undertakes that**
- a) It would re-compute the price of the securities specified above in terms of the provisions of the SEBI ICDR Regulations, if it is required to do so.
 - b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.
- M. Auditor's Certificate**
- The Certificate from M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Company, certifying that the Preferential issue of Convertible Warrants and Equity Shares is being made in accordance with the requirements contained in SEBI ICDR Regulations, shall be available for inspection at the Registered Office of the Company during 10:00 a.m. to 6:00 p.m. (office hours) on all the working days except on Saturday and Public holidays upto the date of the 34th Annual General Meeting.
- N. Report of Registered Valuer**
- No report of Registered Valuer is required to be obtained for the offer, issue and allotment of the Convertible Warrants, Equity Shares arising on exercise of the Convertible Warrants and Equity Shares under the provisions of first proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014.
- It is proposed to obtain consent of Members, pursuant to Section 42, 62 and other applicable provisions of the Companies Act, 2013, SEBI ICDR Regulations and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Preferential issue and allotment of Convertible Warrants and Equity Shares to the Promoters i.e Proposed Allottees.

O. The pre issue and post issue shareholding pattern of the Company

Sr. No.	Category	Pre Issue		Post Issue*	
		No. of shares held	% of share-holding	No. of shares held	% of share-holding
A	Promoters' holding				
1	Indian:				
	Individual	4711935	24.14	6683737	29.73
	Sub Total				
2	Foreign Promoters	973146	4.99	1959047	8.72
3	Bodies Corporate	6309764	32.32	6309764	28.07
	Total (A)	11994845	61.45	14952548	66.52
B	Non Promoters' holding				
1	Institutions:				
	Foreign Portfolio Investors	19,91,833	10.20	19,91,833	8.86
	Financial Institutions/ Banks	112	0.00	112	0.00
	NBFC	500	0.00	500	0.00
	Sub Total (B1)	1992445	10.20	1992445	8.86
2	Non Institution:				
	Bodies Corporate	602418	3.09	602418	2.68
	Directors and Relatives	83948	0.43	83948	0.37
	Employees	75880	0.39	75880	0.34
	Public	45,51,318	23.32	45,51,318	20.25
	Clearing Members	7506	0.03	7506	0.03
	HUF	71453	0.37	71453	0.32
	Non Resident Indians	106455	0.55	106455	0.47
	Non Resident (Non Repatriable)	7082	0.03	7082	0.03
	IEPF	26522	0.14	26522	0.12
	Trusts	102	0.00	102	0.00
	Sub Total (B2)	5532684	28.35	5532684	24.61
	Total (B1 + B2)	7525129	38.55	7525129	33.48
	Grand Total	19519974	100.00	22477677	100.00

* The above post-issue shareholding is based on the assumption of full subscription of Warrants and the subsequent conversion of Convertible Warrants issued pursuant to resolution at item No. 5 into Equity Shares and full subscription and allotment of Equity Shares on Preferential basis at item no. 6.

The Company will ensure compliance with all applicable laws and regulations including the SEBI ICDR Regulations at the time of allotment of Convertible Warrants and Equity Shares on Preferential basis to the Promoters i.e. Proposed Allottees.

None of the Promoters, other than the proposed allottees, Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in the above referred resolutions.

The Board recommends the passing of the resolutions as set out at item no. 5 and 6 of the accompanying notice as Special Resolution as it is in the interest of the Company.

ITEM NO. 7

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from 1st April, 2019, requires every listed company to pass a Special Resolution for appointing or continuing the

directorship of Non-Executive Director on their having attained the age of 75 years.

Regulation 17(1A) of LODR reads as under:

“No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of Seventy Five Years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person”

Mr. M. Y. Noorani (Aged 89 years), Chairman and Promoter, is the Non-Executive Director of the Company.

He has been associated with the Company as Promoter-Director since 14th June 1984. The Company has benefited immensely from his experience and expertise in the clothing industry. He is also the Chairman of the Stakeholders Relationship Committee & Member of the Corporate Social Responsibility Committee of the Company.

Mr. M. Y. Noorani is not entitled to receive sitting fees nor does he draw any remuneration. Mr. M. Y. Noorani holds 4156220 Equity shares of the Company.

The Board considers that his continued association shall benefit the Company immensely and therefore recommends the continuation of Mr. M. Y. Noorani as the Chairman and Non Executive Director of the Company by passing of the resolution as set out at Item No. 7 of the accompanying Notice as a Special Resolution as it is in the interest of the Company.

Except Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani, being relatives of Mr. M. Y. Noorani, none of the other Director(s) and/or Key Managerial Personnel(s) and their relative(s) are either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution as set out at Item No. 7 of the Notice.

ITEM NO. 8

In compliance with the SEBI (LODR) Amendment Regulations 2018 as enumerated at Item no.7 above a Special Resolution will have to be passed by the members for the continuation of the Directorship of Mr. S. R. Iyer, Non-Executive and Independent Director of the Company.

Mr. S. R. Iyer (Aged 78 years) has been associated with the Company as a Director since 2002. The Company has benefited immensely from his expertise in Banking and Finance. He has been appointed as an Independent Director by the Members of the Company for a period of 5 years from 12th August, 2014 to 11th August, 2019. He is the Chairman of the Audit Committee & Member of the Nomination and Remuneration Committee of the Company.

Mr. S. R. Iyer is entitled to receive only sitting fees and reimbursement of expenses for attending Board, Committee and other meetings of the Company. He is not entitled to any other remuneration from the Company. Mr. S. R. Iyer holds 3375 Equity shares of the Company as on 31st July, 2018.

The Board considers that his continued association would benefit the Company immensely and therefore recommends the continuation of Mr. S. R. Iyer as Non-Executive and Independent Director till completion of his current term i.e. upto 11th August, 2019 by passing the resolutions as set out at Item No. 8 of the

accompanying Notice as a Special Resolution as it is in the interest of the Company.

Except Mr. S. R. Iyer, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) are either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution as set out at Item No. 8 of the Notice.

ITEM NO. 9

In compliance with the SEBI (LODR) Amendment Regulations 2018 as enumerated at Item no.7 above a Special Resolution will have to be passed by the members for the continuation of the Directorship of Mr. Y. P. Trivedi, Non-Executive and Independent Director of the Company.

Mr. Y. P. Trivedi (Aged 89 years) has been associated with the Company as a Director since 2000. The Company has benefited immensely from his expertise in Taxation and Law. He has been appointed as an Independent Director by the Members of the Company for a period of 5 years from 12th August, 2014 to 11th August, 2019. He is the member of the Audit Committee and the Nomination and Remuneration Committee of the Company.

Mr. Y. P. Trivedi is entitled to receive only sitting fees and reimbursement of expenses for attending Board, Committee and other meetings of the Company. He is not entitled to any other remuneration from the Company. Mr. Y. P. Trivedi holds 23875 Equity shares of the Company as on 31st July, 2018.

The Board considers that his continued association would benefit the Company immensely and therefore recommends the continuation of Mr. Y. P. Trivedi as Non-Executive and Independent Director till completion of his current term i.e. till 11th August, 2019 by passing of the resolution as set out at Item No. 9 of the accompanying Notice as a Special Resolution as it is in the interest of the Company.

Except Mr. Y. P. Trivedi, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) are either directly

or indirectly concerned or interested, financially or otherwise in the proposed resolution as set out at Item No. 9 of the Notice.

ITEM NO. 10

In compliance with the SEBI (LODR) Amendment Regulations 2018 as enumerated at Item no.7 above a Special Resolution will have to be passed by the members for the continuation of the Directorship of Mr. M. L. Apte, Non-Executive and Independent Director of the Company.

Mr. M. L. Apte (Aged 86 years) has been associated with the Company as a Director since 1994. The Company has benefited immensely from his expertise in the Clothing and Textile industry. He has been appointed as an Independent Director by the Members of the Company for a period of 5 years from 12th August, 2014 to 11th August, 2019. He is the Chairman of the Nomination and Remuneration Committee and Corporate Social Responsibility Committee and member of the Audit Committee and Stakeholders Relationship Committee of the Company.

Mr. M. L. Apte is entitled to receive only sitting fees and reimbursement of expenses for attending Board, Committee and other meetings of the Company. He is not entitled to any other remuneration from the Company. Mr. M. L. Apte holds 7684 Equity shares of the Company as on 31st July, 2018.

The Board considers that his continued association would benefit the Company immensely and therefore recommends the continuation of Mr. M. L. Apte as Non-Executive and Independent Director till completion of his current term i.e. till 11th August, 2019 by passing of the resolution as set out at Item No. 10 of the accompanying Notice as a Special Resolution as it is in the interest of the Company.

Except Mr. M. L. Apte, none of the Director(s) and/or Key Managerial Personnel(s) and their relative(s) are either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution as set out at Item No. 10 of the Notice.

Annexure A

DETAILS OF DIRECTOR SEEKING APPOINTMENT AND RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Mr. A. Y. Noorani	Dr. Naushad Forbes
Date of Birth	11-12-1950	13-05-1960
Date of Appointment	14-06-1984	29-03-2018
Director Identification Number	00041686	00630825
Qualification	B. Com., Advance Management Programme at Harvard Business School	Bachelors, Masters and PhD in Engineering degrees from Stanford University
Expertise in specific functional areas	Industrialist with rich Business Expertise	Industrialist with rich Business Expertise
Directorship held in other Indian Companies	Nil	Bajaj Auto Ltd., Bajaj Finserv Ltd., Bajaj Holdings & Investments Ltd., Forbes Marshall Pvt. Ltd., Krohne Marshall Pvt. Ltd., J. N. Marshall Pvt. Ltd. Forbes Marshall Arca Pvt. Ltd., Forbesvyncke Pvt. Ltd., Forbes Solar Pvt. Ltd., Forbes Marshall (Hyd) Pvt. Ltd. and Centre for Technology Innovation and Economic Research
Membership/Chairmanships of Audit and Shareholders/Investor Grievance Committee in other Indian Companies	Nil	Audit Committee Membership - Bajaj Auto Ltd., Bajaj Finserv Ltd., Bajaj Holdings & Investments Ltd.,
Number of shares held in the Company (As on 31st March 2018)	7,73,071	18,639
Relationship with Directors	Son of Mr. M. Y. Noorani, Chairman & Brother of Mr. S. Y. Noorani, Managing Director & President	-
Number of Meetings of the Board attended during the year	4	0



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SUPER160's LIGHTWEIGHT PURE WOOL SUITS

ZODIAC

FINEST QUALITY CLOTHING

ZODIAC
Carletti
Italian style
CLASSICO

Carletti

ZODIAC

FINEST QUALITY CLOTHING

ZODIAC CLOTHING COMPANY LTD.
34th ANNUAL REPORT 2017-2018

ZODIAC
FINEST QUALITY SHIRTMAKERS

Silk Touch Cotton

Barboni

ZODIAC

FINEST QUALITY CLOTHING

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B O A R D O F D I R E C T O R S

Mr. M.Y. Noorani

Chairman

Mr. M.L. Apte

Mr. Bernhard Steinruecke

Ms. Elizabeth Jane Hulse

Mr. S.R. Iyer

Mr. Y.P. Trivedi

Dr. Naushad Forbes

Mr. A.Y. Noorani

Vice Chairman

Mr. S.Y. Noorani

Managing Director & President

A D V I S O R Y B O A R D

Mr. Deepak Parekh

Mr. S. M. Datta

Mr. Anil Kapoor

REGISTERED OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. B. Mahabala (w.e.f. 14th February, 2018)
Mr. Aneel Saraff (upto 14th February, 2018)

COMPANY SECRETARY

Mr. Kumar Iyer

STATUTORY AUDITORS

Price Waterhouse Chartered Accountants LLP
252, Veer Savarkar Marg, Shivaji Park,
Dadar (West), Mumbai- 400 028

FACTORIES

- Yelahanka,
Bangalore - 560 063.
- Whitefield Road,
Bangalore - 560 048.
- Koramangala,
Bangalore - 560 099.
- Bommasandra
Bangalore - 560 099.
- A-1, 181 / 1, GIDC, Umbergaon,
Valsad, Gujarat - 396 171.
- C-2 / 7, GIDC Industrial Area, Umbergaon,
Valsad, Gujarat - 396 171.
- Plot No. 411, GIDC, Umbergaon,
Valsad, Gujarat - 396 171.
- A to Z Industrial Premises Co-op. Soc. Ltd.,
Lower Parel, Mumbai - 400 013

SOLICITORS

A.H. Parpia & Co.
203 / 204 Prabhat House, 2nd Floor,
92, S.V. Road, Khar (W), Mumbai - 400 052

AZB & Partners
AZB House, Peninsula Corporate Park,
Lower Parel, Mumbai - 400 013

REGISTRAR & TRANSFER AGENTS OFFICE

Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032.
Email id: einward.ris@karvy.com
Website: www.karvy.com

BANKERS

Citibank N.A.
First International Financial Centre,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051.

HDFC Bank Limited
Trade World, A Wing,
Kamala Mills Compound,
Lower Parel, Mumbai - 400 013.

RBL Bank Limited
One Indiabulls Centre,
Tower 2B, 6th Floor,
841, Senapati Bapat Marg,
Lower Parel West, Mumbai – 400 013

SUBSIDIARIES

- Zodiac Clothing Co. S.A.
- Zodiac Clothing Co. (U.A.E) LLC
- Zodiac Clothing Company Inc. (till 15th June 2017)
- Zodiac Finsec and Holdings Ltd. (Merged with
Zodiac Clothing Co. Ltd. w.e.f. 1st April 2017)

DIRECTORS' BIOGRAPHIES



Mr. M. Y. Noorani

Chairman

Mr. M.Y. Noorani, is the founder of Zodiac and the founding father of the Clothing industry in India. He was the founder of the Clothing Manufacturers Association of India as well as its President for three consecutive terms. He has served on the managing committee of several trade organizations, including Indo German Chamber of Commerce, Bombay Chamber of Commerce, Indo Italian Chamber of Commerce as well as E.U. Chamber of Commerce, where he was the President for two terms. He has led Zodiac in its continuous quest for excellence and has also been the recipient for Lifetime achievement awards from IFA Lycra Images and also from the Clothing Associations –CMAI and CIAE. He is also Chairman of various Public Limited and Private Limited Group Companies. The Cross of Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.



Mr. M. L. Apte

Director

Mr. M. L. Apte, former Sheriff of Bombay is also the former President of Maharashtra Chamber of Commerce, Bombay Chamber of Commerce, Cricket Club of India, Indian Sugar Mills Association, Member of the Indian Cotton Mills Federation and former Chairman of the Textiles Committee. He is currently the Director of Grasim Industries Limited, Bajaj Hindusthan Sugar Limited, Kulkarni Power Tools Limited, Raja Bahadur International Limited, Standard Industries Limited and Bombay Burmah Trading Corporation Limited.



Mr. Bernhard Steinruecke

Director

Mr. Bernhard Steinruecke is the Director General of The Indo-German Chamber of Commerce. He was the Managing Partner on the Board of ABC Bank GmbH, Berlin and representative of the Indo-German Chamber of Commerce, Berlin, Germany. After acquiring an Honours degree in Law from the University of Heidelberg, he became the Assistant Judge at the Supreme Court of Hamburg. He later on joined the Deutsche Bank AG and rose to become its Joint Chief Executive Officer, India. He is currently a Director of The Indo German Chamber of Commerce, Bosch Limited, HDFC ERGO General Insurance Company Limited, Apollo Munich Health Insurance Company Limited, and Nuernbergmesse India Private Limited.



Mr. Y. P. Trivedi

Director

Mr. Y. P. Trivedi, Ex-member of Rajya Sabha, was the former President of Indian Merchants Chamber, The Chamber of Income Tax Consultants, Indo-African Chamber of Commerce and is a member of the Managing Committee of Indian Merchants' Chamber. He has also served as a Director of Central Bank of India, Dena Bank and Central Bank Executors and Trustee Company Limited. He is currently the Chairman of Sai Service Private Ltd. and a Director of Reliance Industries Limited, The Supreme Industries Limited, New Consolidated Construction Company Limited, Emami Limited, IMC Chamber of Commerce & Industry and Federation of Indian Automobile Association.



Ms. Elizabeth Jane Hulse

Director

Ms. Elizabeth Jane Hulse has a BA (Hons) Degree in Textiles, and over four decades of varied experience in the clothing industry in the UK. She is well-versed in textile designing, fabric sourcing and purchasing, Brand and Product Management and Buying. She has worked with reputed clothing companies and retailers such as British Van Heusen, Tootal Menswear and the Burton Group, and was Head of a highly successful UK operation for Zodiac for over a decade.



Mr. S. R. Iyer

Director

Mr. S.R. Iyer retired as Managing Director of the State Bank of India and was also the Managing Director of State Bank of Mysore. He was the former Chairman and Director of the Credit Information Bureau (India) Limited and the Director of the National Stock Exchange of India Ltd. and GE Capital Business Process Management Services Pvt. Ltd. He has vast knowledge and rich experience in banking. He is presently Chairman of Waterfield Advisors Private Limited, Waterfield Financial and Investment Advisors Private Limited and Infrastructure Finance Credit Committee of Aditya Birla Capital Limited and Director of IDMC Limited, P N Writer and Company Private Limited, Writer Lifestyle Private Limited, Writer Safeguard Private Limited, and Writer Business Services Private Limited. He is presently Member – Investment Committee of National Dairy Development Board.



Dr. Naushad Forbes

Director

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



Mr. A. Y. Noorani

Vice-Chairman

Mr. A.Y. Noorani joined the House of Zodiac in 1968 and after successfully developing its export business and scaling up its overall operations. He was the Managing Director of the Company from 1st March 1994 till 28th February 2017. He completed the Advance Management Programme at Harvard Business School, Boston, and continues to oversee, corporate affairs and finance functions of the Company. Mr. A.Y. Noorani is the Past President of the Indo-German Chamber of Commerce and is presently on the Managing Committee of the Chamber and a member of the Indo-German Consultative Group. He was a member of the Managing Committee of the Apparel Export Promotion Council, the Bombay Chamber of Commerce & Industry, the Clothing Manufacturers' Association of India, member of the Board of Governors of the National Institute of Fashion Technology and member of the Steering Group on Investment and Growth in the Textile Industry. He is also director in the subsidiary companies of Zodiac Group. He was also Director of Indian Oil Corporation.



Mr. S. Y. Noorani

Managing Director & President

Mr. S. Y. Noorani joined the House of Zodiac in 1982. He is responsible for setting up the company's state-of-the-art of manufacturing facilities and international marketing operations in London, Dusseldorf and New York. He oversees the management of the Company and leads a dynamic team of professionals in the running of the Company ranging from design and manufacturing to sales and marketing which has successfully launched the brand ZOD! and Z3 in the Indian market. Mr. S. Y. Noorani has also served on the Managing Committees of Indo- Italian Chamber of Commerce as well as CMAI. He was a member of the Regional Council of CII [Western Region]. Presently he is a Member of National Council of CII & Co- Chairman of Apparel Committee of CII.

ADVISORY BOARD



Mr. Deepak Parekh

Mr. Deepak Parekh (Padma Bhushan, 2006) is a Fellow of the Institute of Chartered Accountants (England and Wales). He is the Chairman and Director of various Public Limited Companies. Mr. Parekh has won several accolades and awards. He was the youngest recipient of the ‘Corporate Award for Life Time Achievement’, from the Economic Times. He was awarded the ‘Businessman of the Year – 1996’ by Business India, and the ‘JRD Tata Corporate Leadership Award’ from the All-India Management Association. He was the first recipient of the ‘Qimpro Platinum Award’ for Quality for his contributions to the services sector. He is the first international recipient of the Institute of Chartered Accountants in England and Wales Outstanding Achievements award 2010.



Mr. S. M. Datta

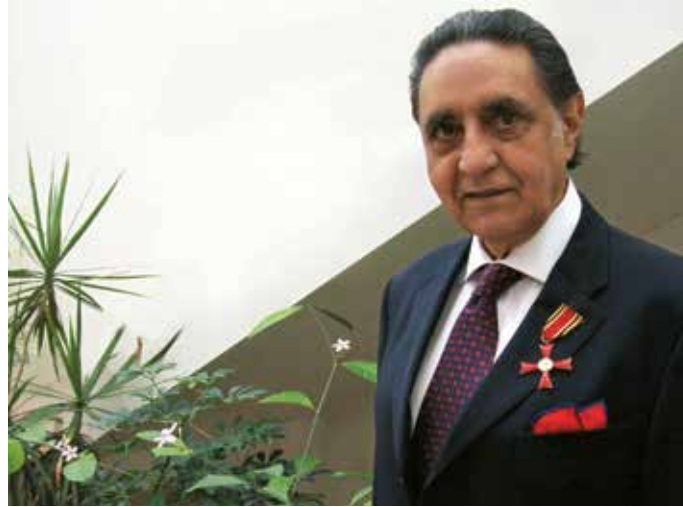
Mr. S. M. Datta is the former Chairman of Hindustan Lever Ltd. He is also the former President of Bombay Chamber of Commerce and Industry and is also the past President of Council of EU Chamber of Commerce. He is currently the Chairman of Castrol India Ltd., Philips India Ltd., IL & FS Investment Managers Ltd., Transport Corporation of India Ltd., Peerless Financial Products Distributors Limited and Director of The Peerless Gen. Fin. & Inv. Co. Ltd, Atul Ltd., Bhoruka Power Corporation Ltd., SMD Management Consultants Private Limited and Chandras Chemical Enterprises Private Limited.



Mr. Anil Kapoor

Mr. Anil Kapoor is an alumnus of St. Stephens College Delhi and IIM (A) He began his career with MCM Advertising and in 1975 joined The Boots Company India Ltd, (now Abbot India) where he went on to become Marketing Director. In 1988 Mr. Kapoor took over a then ailing Ulka Advertising which has since become one of the big 5 advertising agencies in India. In 2006, FCB, (Foote, Cone and Belding Worldwide), bought over Ulka and appointed him on their Board and also as President, Asia Pacific and Africa. Soon he was promoted to the Operating Council, the apex body which runs the global Company. Mr. Kapoor is currently Chairman Emeritus of FCB Ulka. He has been the President of the Advertising Agencies Association of India (AAAI), the Chairman of the Audit Bureau of Circulations, has been on the Management Board of the National Readership Survey and the Television Audience Measurement Research. Apart from that he serves on the Board of Governors of IIM, Rohtak and was for two years the Executive-in-Residence at the Stern School of Management at New York University.

CHAIRMAN'S STATEMENT



During the Year 2017-18, Clothing production in India declined, by 11% due to demand contraction, globally and domestically. India has to be the focus market, as global markets are wobbly (US flat despite the hype, EU no perceptible growth); despite China ceding ground, export led growth cannot be counted upon. In the domestic market, E Commerce and Omni Channel (Walmart, Flipkart, Amazon with Reliance, Alibaba and Tencent following closely on their heels) though not directly in our segment of clothing, are capturing significant share of wallet on non clothing /low cost clothing segment.

Bangladesh is the world's largest importer of raw cotton (55% of which is from India) as their own production is a mere 5% of their requirement. India is the world's largest cotton producer (25% of world output) followed by China (21%) and US (16%) in 2017-18. The African Growth and Opportunities Act (AGOA) is providing a major boost for clothing import into USA from Africa, with zero duty/duty free leading to a surge of companies from Bangladesh, China and even India making a beeline to set up production in countries like Ethiopia and Kenya, despite their constraints. Like China, Bangladesh has brand building and B2C E-Commerce aspirations. Under the SAARC agreement, Bangladesh and Sri Lanka have duty free access for their export of clothing (from fabric imported from anywhere in the world)

to India, where they are growing very aggressively. This is unfair competition to the Clothing Industry in India, for the domestic market, because Indian companies pay Import duty (recently hiked) as well as anti dumping duty on fabrics imported.

India has regained its position as the world's fastest growing major economy, projected to grow at 7.3% and has recently surpassed China as the top retail destination in the world. Four major contributing factors were (1)increased spending over essentials by consumers, (2) mobile and internet penetration, (3) favourable foreign investment climate and (4) increase in cashless transactions. Hopefully, if India's general elections, due next year, should deliver a stable government, bold reforms for the Economy and Industry can be rolled out. With elections out of the way, the Government may be emboldened to take the leap of faith necessary to conclude the India - EU FTA. It is worth noting that Bangladesh Clothing Export to the EU was 19.63 B last year (total export in excess of USD 30B) v/s India's total global clothing export of USD 16.65 B!

India's retail market is expected to reach ₹ 1,02,50,500 Crores by 2026, growing 2.5 times at a CAGR of 10%. Fashion retail is expected to reach ₹ 7,48,398 Crores by 2026 mirroring overall India's retail growth. Menswear is the largest segment of clothing and is

expected to reach ₹ 2,95,795 Crores by 2026, with a CAGR of 9%.

Deep Discounting by E Commerce (taking away share of wallet left for spending on clothing) needs to end. Also the trend of a knee jerk reaction by the clothing industry to partly recapture loss of volume due to weak consumer demand, has to end. Year round discounting, with 50% or more of goods being sold below MRP, that too at higher discounts, is unsustainable and unhealthy. The independent retailer has to be insulated from the damaging effects of the above, and nursed back to healthy growth, as they play an important role in the retail network globally. Only E-Commerce and large discounters, anywhere, cannot capture all business.

Unemployment /under employment of the educated “demographic dividend”, no appreciable acceleration of skill development, the lack of a “Feel Good Factor” yet are keeping demand constrained. Further, the customer has changed and his expectations have changed. Demonetisation and GST continue to present challenges for the Clothing industry because of the dominant position of SME’s in the industry, who are not geared to meet the challenges presented.

The decline in turnover, of both International and Branded businesses, coupled with gestation on new stores and extended gestation on some stores opened recently, reduction of duty drawback for duties paid on inputs by 67%, as well as high depreciation has resulted in the Company’s operational performance being hit. The Company’s recent large Capex (on which a loan was applied for under the TUFS scheme, benefits of which have not yet been received, also impacting profitability) is yet to bear fruit because of demand constraints.

All the weaknesses discussed have adversely impacted the operating results of the Company. During the financial year ended 31st March 2018, the operational revenue of the Company on a Standalone basis was ₹ 23,650.42 Lakhs vs. ₹ 27,084.05 Lakhs last year. Profit/(Loss) Before Tax was ₹ (2,078.25) Lakhs vs. ₹ (453.84) Lakhs in the previous year, while the net Profit/(Loss) after Tax for the Financial Year ended 31st March 2018 was ₹ (1,886.90) Lakhs vs. ₹ (583.78) Lakhs in the previous year under IND AS, adopted

during the year. The Total Comprehensive Loss for the year was ₹ (560.50) Lakhs vs. ₹ (627.98) Lakhs in the previous year.

On a Consolidated basis the operational revenue of the Company decreased to ₹ 23,817.86 Lakhs from ₹ 28,240.63 Lakhs last year. The Consolidated Profit/(Loss) before Tax and before exceptional items fell to ₹ (2,624.20) Lakhs vs. ₹ (1,319.01) Lakhs in the previous year, the Net Profit/(Loss) after tax being ₹ (2,348.94) Lakhs vs. ₹ (437.84) Lakhs in the previous year under IND AS, adopted during the year. The Consolidated Total Comprehensive Loss for the year was ₹ (947.67) Lakhs vs. ₹ (562.02) Lakhs in the previous year.

Our own web store business showed double-digit growth, though the turnover is yet not a significant part of our turnover. The company, unlike competition, did not prop up turnover by sales to E-commerce, as that would result in the brand being discounted, which policy of non-discounting and other business terms we have been steadfast in adhering to. During the year, 6 new Stores were opened (7 unviable stores closed – a net decrease of 1 store) with 121 stores at the end of the year.

The Company has incurred a Capex of ₹ 347.36 Lakhs during the year, primarily in production equipment, new stores and information systems to sharpen our competitiveness.

A normal to good monsoon would help improve domestic demand and raise the level of the robustness of the macro economy. Long term players would need to continue to incur Capex, to both sharpen competitiveness, reduce costs as well as to expand, to capture the potential of evolving demand fructifying.

ICRA (an associate of Moody’s Investor Service) has revised the Company’s rating from A1 to A2+ for its short-term fund-based/non-fund based facilities at ₹ 8,000 Lakhs vide their letter dated 6th April, 2018.

During the year, Zodiac Clothing Company INC, Delaware, USA, the company’s wholly owned step down subsidiary has been dissolved w.e.f. 15th June, 2017. Also, Zodiac Finsec & Holdings Limited, the company’s wholly owned subsidiary has been merged with the Company effective from 1st April, 2017 vide

the order of the National Company Law Tribunal, Mumbai Bench dated 9th March, 2018.

During the year, Dr. Naushad Forbes, has been appointed as an Additional Director w.e.f 29th March, 2018. Dr. Naushad Forbes is the Co - Chairman of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. Dr. Naushad was an occasional Lecturer and Consulting Professor at Stanford University from 1987 to 2004 where he developed courses on Technology in Newly Industrializing Countries. He received his Bachelors, Masters and PhD Degrees from Stanford University. He is on the Board of several educational institutions and public Companies. Presently, he is the Chairman of Centre for Technology Innovation and Economic Research in Pune. He was the Past President of CII and has long been an active member of CII and has at various times chaired the National Committees on Higher Education, Innovation, Technology and International Business. We look forward to the valuable contribution of Dr. Forbes in guiding the future course of the Company.

The Board has recommended, for the approval of members, a dividend of ₹ 1/- per equity share of ₹ 10/- each on 1,95,19,974 equity shares. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 195.20 Lakhs.

I would like to conclude with a vote of thanks to all our constituents. Our shareholders for the confidence reposed in the management, our customers, Government departments, bankers, solicitors, distributors, suppliers and other business

associates for their wholehearted support and for the contribution made by them towards the development of the Company.

My grateful thanks to our eminent Independent Directors for their valuable guidance and advice in steering the Company during these turbulent times and especially for the high standard of Corporate Governance that has been sustained by the Company as a direct result of their inputs, as well as for their continuously guiding the Company towards best practices across industries.

I would also like to place on record my deepest appreciation and thanks for the significant contribution made by the employees at all levels. Facing the challenging times, was made possible by their hard work, strong work ethic, solidarity, co-operation and unstinted support.

We continue to be committed to our quality, transparency, environment friendly factories, sustainable production and community driven values, while delivering better product per rupee to the consumer, and remain as committed as ever to the Company's goals. As always, I look forward to your continued support in our future endeavors, to take the Company to greater glory.

M.Y. Noorani

Chairman



Banco

THE WALL STREET LOOK

ZODIAC

FINEST QUALITY CLOTHING

HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

₹ In Lakhs

Particulars	2017-18		2016-17	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations	23,650.42	23,817.86	27,084.05	28,240.63
Add: Other Income	1,679.74	1,161.43	1,851.39	1,297.87
Total Income	25,330.16	24,979.29	28,935.44	29,538.50
Less: Total expenses	26,039.31	26,208.22	28,010.57	29,378.48
Profit/(Loss) before finance costs, Depreciation and other exceptional items	(709.15)	(1,228.93)	924.87	160.02
Less: Finance costs	310.42	311.44	284.76	299.44
Profit/(Loss) before depreciation	(1,019.57)	(1,540.37)	640.11	(139.42)
Less: Depreciation	1,058.68	1,083.83	1,093.95	1,179.59
Profit / (Loss) before exceptional items	(2,078.25)	(2,624.20)	(453.84)	(1,319.01)
Add: Exceptional item	-	-	-	895.13
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR	(2,078.25)	(2,624.20)	(453.84)	(423.88)
Tax Expense	(191.35)	(275.26)	129.94	13.96
PROFIT / (LOSS) AFTER TAX FOR THE YEAR	(1,886.90)	(2,348.94)	(583.78)	(437.84)
Add: Balance brought forward from the last year	12,790.81	17,590.68	12,364.28	17,438.69
Add / Less: Other Comprehensive Income / (Loss) for the year	29.28	29.28	(57.46)	(57.46)
Add: Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	2,823.63	2,823.63	1,479.06	1,479.06
Less: Adjustment on Sale of subsidiary	-	-	-	(426.08)
Add: Adjustment on account of Dividend Income Received from Subsidiary	-	-	-	5.60
Total amount available for appropriation	13,756.82	18,094.65	13,202.10	18,001.97
Appropriations:				
Dividends	(195.20)	(195.20)	(195.20)	(195.20)
Dividend distribution tax (net of tax credit available on distribution of dividend by subsidiary)	-	-	(0.50)	(0.50)
Transferred to Capital Redemption Reserve	-	-	(70.00)	(70.00)
Transfer to Special Reserve u/s. 45IC of the RBI Act, 1934	-	-	(145.59)	(145.59)
Transferred from Special Reserve u/s. 45IC of the RBI Act, 1934	841.33	841.33	-	-
Others	(1.96)	-	-	-
Balance in Retained Earnings	14,400.99	18,740.78	12,790.81	17,590.68

DIRECTORS' REPORT TO THE MEMBERS

To,
The Members,
Zodiac Clothing Company Limited.

The Board of Directors are pleased to present the Company's 34th Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended 31st March 2018.

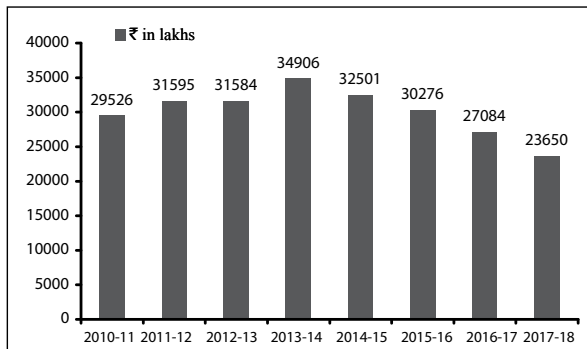
1. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

The Company's Financial Statements for the Financial Year under review have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 and the relevant presentation requirements of the Companies Act, 2013. The Company has adopted Ind AS from 1st April, 2017 and accordingly, the financial statements for the year ended 31st March, 2017 have been restated to conform to Ind AS. The reconciliation and descriptions of the effect of the transition from I GAAP to Ind AS have been provided in Note no. 50 to the accounts in the Standalone and Note no. 53 in the Consolidated Financial Statements.

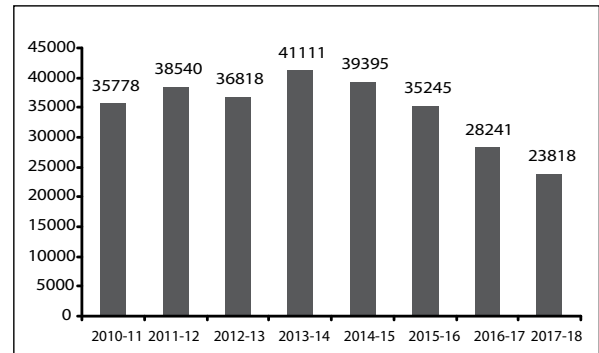
2. BUSINESS

Operational Revenue & Profits: During the financial year ended 31st March 2018, the operational revenue of the Company on a Standalone basis was ₹ 23,650.42 Lakhs vs. ₹ 27,084.05 Lakhs last year. Profit/(Loss) Before Tax was ₹ (2,078.25) Lakhs vs. ₹ (453.84) Lakhs in the previous year, while the net Profit/(Loss) after Tax for the Financial Year ended 31st March 2018 was ₹ (1,886.90) Lakhs vs. ₹ (583.78) Lakhs in the previous year.

On a Consolidated basis the Operational revenue of the Company decreased to ₹ 23,817.86 Lakhs from ₹ 28,240.63 Lakhs last year. The Consolidated Profit/(Loss) before Tax and before exceptional items fell to ₹ (2,624.20) Lakhs vs. ₹ (1,319.01) Lakhs in the previous year, the Net Profit/(Loss) after tax being ₹ (2,348.94) Lakhs vs. ₹ (437.84) Lakhs in the previous year.



OPERATIONAL REVENUE - STANDALONE



OPERATIONAL REVENUE – CONSOLIDATED

The operating results of the Company have been adversely affected, in a year that presented several challenges in each of the different segments of the business. While the GDP for the year remained virtually flat, there were sharp swings within the year, which created confusion and insecurity in the minds of industry as well as trade and consumers. The Index of Industrial Production showed clothing ended the year minus 11% with 11 straight months of negative growth, after a promising, albeit modest growth in April.

The demand situation in India was not appreciably better. It was weak and wobbly, with an inconsistent demand pattern in the early/ mid part of the year due to destocking/ lower intake and lower consumer demand due to the huge push upto June end by heavy discounting, to clear inventory, which made the consumers buy more than they would normally have bought, before the roll out of GST on 1st July, 2017

Consumer sentiment was lacklustre, across channels, with palpable improvement towards the end of the year. The Lack of a “Feel Good” factor across income groups, the “demographic dividend” being underemployed, not receiving salary increase/ performance related remuneration resulted in disposable income available for discretionary spending being impacted. This made some consumers “trade down” as also buy smaller multiples.

This scenario was further vitiated by the Ecom/ Omni Channel nibbling away at the consumer's residual liquidity for discretionary items, by very attractive offers on non clothing items. Further, inflation started to rear it's head again with higher oil prices, interest rate hikes and later a weaker rupee.

Competitors continued their strategy of discounting – in fact, somewhat increased the quantum of goods (from 35% to 50%) being sold below MRP. The discounts rose to 25-30% from 15% three years ago.

Independent retailers' distress was compounded with their having to grapple with the compliances under GST, and shifting of business to the formal sector, in addition to the frenetic activity linked to pre GST inventory.

The import of clothing into India grew at 29%. Bangladesh, and to a lesser extent, Sri Lanka garnered unfair advantage by zero duty entry into the Country under SAARC, undermining and causing considerable damage to both the Clothing and Textile Industries in India.

The introduction of GST, contrary to apprehensions, caused less disruption to Companies better prepared for the roll out, though gestation hiccups were felt across the board – the smaller, unprepared Companies were impacted more seriously. The destocking by wholesalers/distributors and retailers, across industries, of inventory prior to roll out of GST (so as to minimize the impact on unsold pre GST inventory, post 1st July, 2017, on which no set off was available) was an unprecedented phenomenon. This led to very attractive offers and discounts to both the trade and the end consumers across the spectrum on the one hand, and loss of intake for the better part of the first quarter from the trade (retailers, distributors and stockists) hit the top lines of all Companies very adversely. Due to the consumers having loaded themselves with the pre-GST discounted goods of all kinds, demand in the second/third quarter was also not what it otherwise would have been. The fag end of the financial year saw a return to growth, where the top line recovered most of the setbacks suffered in the early/ mid part of the year.

Undoubtedly, once it stabilizes, GST will be a game changer for the Country – already, some industries (like jewellery) have benefited by the migration of business to the organized sector, which will hopefully percolate to all sectors eventually. There is also a positive impact in the Tier II and III markets by virtue of penetration of organized retail there, aided by the mushrooming of suitable real estate for organized retail there.

The Company's stores ended the year with a high single digit growth on a like to like basis. Even on all store basis, the turnover was flat, despite having closed 20 unviable stores in F.Y. 2016-17 and a further 7 stores during the

F.Y. 2017-18 (6 new stores were opened during the F.Y. 2017-18). The web store continued to show robust high double digit growth. The other channels, especially the Independent retailers, showed negative growth for reasons discussed above.

A by-product of the introduction of GST was reduction of Duty Drawback (for reimbursing duties paid on inputs) which was slashed by nearly 67%. This reduction did not take into reckoning the embedded taxes, which has had a major impact on the competitiveness of the Country, particularly in the case of clothing, leather products, besides some other sectors as well. The delay in refunds including IGST (as also Duty Drawback, Return of the State Levies and disbursement under TUFS) on exports resulted in a very sharp increase in working capital employed, which hit the SME's the hardest. The SME's (major component of clothing industry) were also still struggling with the lingering effects of demonetisation.

The growth in import of clothing into the US/EU was virtually flat, whereas the GCC was negative. Consequently, competition was fierce, impacting both volumes, as well as unit value realizations. The countries with favourable treaties (zero/no duties by importing countries) were at an even greater advantage, given the demand-supply position, which resulted in a buyer's market.

Negative growth for export of clothing from India arising from reduction in reimbursement for duties paid, delays in disbursements, constraints in working capital because of large amounts receivable towards these, cut-throat competition particularly from FTA, zero duty / low duty and low wage countries was foreseeable. The silver lining to the cloud of a weaker rupee is a positive for export, if it remains weak, but stable. Going forward, both the Indian clothing industry and Government need to work in tandem towards achieving the agility that our competitor countries display.

The Company continues to invest in enhancing its competitiveness, as well as in Information Technology (I.T.) to service the needs of its customers better, besides continuing to consistently scout for new viable locations for its store additions.

2. RESULTS OF OPERATIONS

Financial Results

(₹ in Lakhs)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Income	25,330.16	28,935.44	24,979.29	29,538.50
PROFIT/(LOSS) BEFORE TAXATION	(2,078.25)	(453.84)	(2,624.20)	(423.88)
Provision for Taxation:				
Current tax	130.00	319.00	133.80	319.00
Deferred tax Charge/(Credit)	(384.47)	(308.97)	(472.18)	(424.95)
Tax in respect of earlier years	63.12	119.91	63.12	119.91
PROFIT/(LOSS) AFTER TAXATION	(1,886.90)	(583.78)	(2,348.94)	(437.84)
Other Comprehensive Income/(Loss)	1,326.40	(44.20)	1,401.27	(124.18)
Total Comprehensive Loss for the year	(560.50)	(627.98)	(947.67)	(562.02)

3. SUBSIDIARY COMPANIES

The Company had two (2) subsidiaries as on 31st March, 2018. There are no Associate Companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

During the year under review, the Company's wholly owned second level step down subsidiary

"Zodiac Clothing Company INC", has been dissolved on 15th June, 2017 and it therefore ceased to be the Company's subsidiary.

Zodiac Finsec and Holding's Limited, Company's wholly owned subsidiary, has been merged with the Company effective from 1st April, 2017 as per the order of the National Company Law Tribunal, Mumbai Bench dated 9th March, 2018.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached as Annexure 4 to this report.

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

4. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the requirements of Accounting Standards AS-21, the Consolidated Financial statements of the Company and its subsidiaries are annexed to this Report.

5. RATING

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A1 to A2+ for its short-term fund-based/non-fund based facilities of ₹ 8,000 Lakhs vide their letter dated 6th April, 2018.

6. CAPEX

The Company has incurred a Capex of ₹ 347.36 Lakhs during the year, primarily in state of the art production equipment, new stores and information systems to sharpen our competitiveness.

7. LIQUIDITY

The Debt Equity ratio as on 31st March, 2018 was 0.27 on a Standalone basis and 0.23 on a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves – on consolidated basis) were ^{Rs.} 1980.55 Lakhs in March 2018, as against ^{Rs.} 1857.80 Lakhs last year.

8. SHARE CAPITAL

During the year under review, there has been no change in the paid-up share capital of the Company of 1,95,19,974 Equity shares of ₹ 10/- each.

9. DIVIDEND

Your Directors have recommended a dividend of Re.1/- (previous year Re.1/-) per equity share of ₹ 10/- each on 1,95,19,974 equity shares from the Company's reserves. The dividend amount (when approved by the members) including dividend distribution tax would be ₹ 195.20 Lakhs (previous year ₹ 195.70 Lakhs).

10. CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements regarding Corporate Governance as required under Regulations 17 to 27 and Schedule V of SEBI LODR with the Stock Exchange(s). The report on Corporate Governance, Management Discussion and Analysis, as well as the Auditors Certificate on the compliance of Corporate Governance form part of the Annual Report.

11. CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and SEBI LODR, the Company has a Policy on Related Party Transactions which is also available on Company's website at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. The Policy ensures that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

The Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflict of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and prior approval and wherever applicable omnibus approvals are obtained for Related Party Transactions. A statement of the related party transactions entered to during the quarter is placed before the Audit Committee, specifying the nature and value of these transactions.

All Related Party Transactions entered during the year were in Ordinary Course of the Company's business and on Arm's Length basis. No Material Related

Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by the Company. Since all related party transactions entered into by the Company were in the ordinary course of the Company's business and were on an arm's length basis, the disclosure under form AOC-2 is not applicable. However, the Directors draw attention of the members to Note no. 43 to the Standalone financial statements which sets out relevant disclosures on transactions with related parties.

12. QUALITY

The focus on productivity gains and consistent quality continues to be the cornerstone of the company's philosophy. Quality, continuous innovation and pursuit of high value addition and of cost control continue to drive the company.

13. BRAND BUILDING

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

The design quality in the year was stronger than usual, which helped combat the aggressive terms of the competitors to some extent.

Upgradation of quality to win customer loyalty is a continuously ongoing exercise, the objective being to get the customers delight at the price value relationship, which is truly international quality and design at prices which are not exorbitant, even without any discounts.

14. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

(A) Conservation of Energy

The Company in line with its philosophy of energy conservation continues with the use of high yield low energy consuming LED light fittings in its shop floors, translucent roofing panels in the laundries resulting in nearly negating the requirement of artificial lighting during the day time, motion sensor activated lights in common areas resulting in low electricity consumption when there is no movement.

In continuing with the Companies policy to be sustainable and continuously upgrade and improve, the Company has during the year, got an exceptionally good rating in the HIGGS index, a globally certified measurement index for sustainability.

The Company has by using aggressive cost reduction measures and energy efficient equipment, reduced the electrical consumption by nearly 25% over the last 5 years, inspite of the demand on processing and value addition increasing in line with the trend in fashion.

(B) Pollution Control

The Company's zero liquid discharge plant for water treatment has resulted in the Company's dependency on outside water to almost nil. Also with improved processing techniques, the water consumption has reduced by more than 60% despite the higher volume of work, resulting in a good HIGGS score.

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

With the increase in the catchment area for rain water harvesting, the surplus water generated is used to recharge the existing ground water sources and for maintaining the beautiful garden and flowering plants around the factory premises thereby creating a very pleasant atmosphere

The Company's continuous efforts have been recognized by the Pollution Control Board and the Company is being referred as a model factory by the Pollution Control Board.

With its energy-efficient design, the ZODIAC corporate office continues to use around 60 percent less energy than a typical office of the same size.

(C) Technology, Absorption, Adaptations and Innovation:

The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology.

(D) Foreign Exchange Earnings and Outgo.

		(₹ in Lakhs)	
		2017-18	2016-17
Foreign exchange used and earned			
a	Foreign Exchange Earnings	11,539	13,056
b	Foreign Exchange Outgo	4,314	4,246

15. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is traditionally driven by a moral obligation and philanthropic spirit.

The Company has a heritage of being engaged in such activities. The Company is committed to sustainability and all business decisions take in to account its social and environmental impact.

As per the provisions of Section 135 of the Companies Act 2013, the Company has a CSR Committee, details of which are given in the Corporate Governance Report forming part of this report. The details of the Company's CSR policy has been posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

The Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014 including a brief outline of the Company's CSR Policy, total amount to be spent under CSR for the Financial Year, amount unspent and the reasons thereof are set out at Annexure 1 forming part of the report.

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year, Dr. Naushad Forbes was appointed as an Additional Independent Director of the Company w.e.f. 29th March, 2018 and he holds office upto the 34th AGM. Pursuant to the Notice received from a member proposing his appointment as a Director of the Company, it is proposed to appoint him as an Independent Director at the ensuing Annual General Meeting from the period 29th March 2018 to 28th March 2023 in terms of the provisions of Section 149 of the Companies Act 2013.

In accordance with the provisions of Section 152 of the Companies Act 2013 and the Articles of Association of the Company, Mr. A. Y. Noorani, Vice Chairman retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

The Notification dated 9th May 2018 issued by SEBI amending the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates the passing of a special resolution by the Company for continuation of Non-Executive Directors who have attained the age of 75 years. The said amendment will be effective from 1st April, 2019. Mr. M. Y. Noorani (89 years) is the Non-Executive Promoter Director and Chairman of the Company and is not liable to retire by rotation. Mr. S. R. Iyer (78 years), Mr. Y. P. Trivedi (89 years) and Mr. M. L. Apte

(86 years), Non-Executive Independent Directors were appointed as Independent Directors w.e.f. 12th August 2014 for a period of 5 years i.e. upto 11th August, 2019. The Board feels that their continuation as Chairman and Independent Directors of the Company will be in the interest of the Company and therefore recommends their continuation as Chairman and Independent Directors even though they have attained the age of 75 years and the special resolutions to that effect is included in the notice of the ensuing AGM. The Board recommends the same to the Members.

List of Key Managerial Personnel

Sr. No	Name of the person	Designation
1	Mr. S. Y. Noorani	Managing Director & President
2	Mr. B. Mahabala	V. P. Commercial & Chief Financial Officer (w.e.f. 14 th February 2018)
3	Mr. Aneel Saraff	Chief Financial Officer (till 14 th February 2018)
4	Mr. Kumar Iyer	G.M. Legal & Company Secretary

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under the Act.

The Company has a policy for performance evaluation of Independent Directors, Board, Committees and other Individual Directors which includes criteria for performance evaluation of the Non - Executive and Executive Directors.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of criteria such as Board Composition and structure, effectiveness of Board processes, information and functioning etc. The Committees were evaluated by the Nomination and Remuneration Committee ("NRC") after seeking inputs from the Committee Members on the basis of criteria such as composition of the Committees, effectiveness of the Committee meetings, etc.

The Board and the NRC reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Independent Directors.

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

17. NUMBER OF MEETINGS OF THE BOARD:

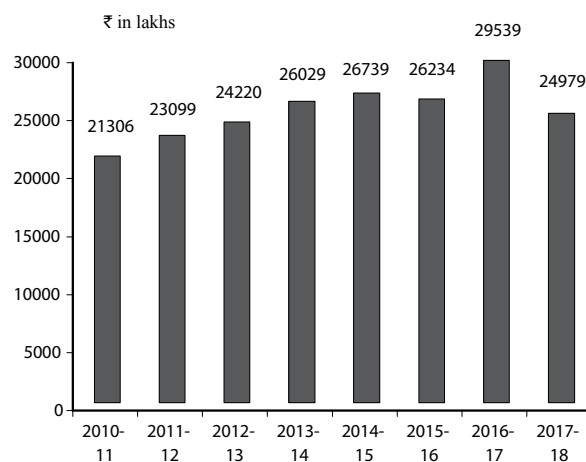
Five Meetings of the Board were held during the year, the details of which are provided in the Corporate Governance report, which forms part of this report.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:

- (i) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit and loss of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

NET WORTH – CONSOLIDATED – BAR CHART:



19. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments, affecting the financial position of the Company which have occurred between 31st March 2018 and the date of this report.

20. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Board Diversity provides for an appropriate mix of diversity, skills, experience and expertise required on the Board and assesses the extent to which the required skills are represented on the Board including the criteria for determining qualifications, positive attributes and independence of a Director.

The Company has a Remuneration Policy to evaluate the performance of the members of the Board, to ensure remuneration to Directors, KMP and Senior Management involving a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The policy ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Independent Directors have to comply with the requirements of the Companies Act 2013 and Regulation 16 (b) of SEBI LODR on the independence of the Directors. The Company has obtained certification of independence from the Independent Directors in accordance with Section 149(6) of the Companies Act, 2013.

The remuneration details of the Executive and Non-Executive Directors is disclosed in the Corporate Governance report which forms part of the Directors Report.

21. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The particulars of loans and investments have been disclosed in the financial statements. The Company has not given any guarantees.

22. HUMAN RESOURCE MANAGEMENT:

The Company recognizes the need for continuous growth and development of its employees to meet the challenges posed by the industry, besides fulfilling their own career path objectives. Consequently the role of Human Resources continues to remain vital and strategic to the Company. Employee recruitment, training, and development are a key focus area, with policies, processes and extensive use of technology to attract, retain, and build on skills of high calibre employees. Industrial relations have continued to be harmonious throughout the year

23. COMPLIANCE WITH THE CODE OF CONDUCT

The Code of Conduct adopted by the Company for its Board of Directors and Senior Management Personnel has been uploaded on the Company's website at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. The Declaration of the Compliance with the Code of Conduct has been received from all Board members and Senior Managerial Personnel. A certificate to this effect from Mr. S. Y. Noorani, Managing Director and President forms part of this report.

24. FIXED DEPOSITS

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

25. COMPANY'S WEBSITE

The Financial Statements, Annual Report, including Corporate Governance Report, Shareholding Pattern, etc., are displayed inter se with the other information

on the Company's website, viz. www.zodiaconline.com.

26. DONATIONS

During the Financial Year, the Company has, besides CSR, contributed ₹ 164.17 Lakhs to various deserving causes.

27. INSURANCE

All the properties/assets, including buildings, furniture/fixtures, etc. and insurable interests of the company are adequately insured. The international debtors who avail of credit are also insured, despite their flawless record, as a measure of abundant caution.

28. AUDITORS

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

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written confirmation from Price Waterhouse, Chartered Accountants, LLP that their appointment, is in conformity with the limits specified in the said Section.

As per the circular issued by the Ministry of Corporate Affairs dated 3rd January 2018, effective from 7th May, 2018 the provision for ratification of the appointment of the Statutory Auditors at every Annual General Meeting has been omitted. As such the item ratifying the appointment of M/s. Price Waterhouse, Chartered Accountants is not included in the Notice of the 34th Annual General Meeting.

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

29. COST AUDITOR:

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

30. SECRETARIAL AUDIT:

As per Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed

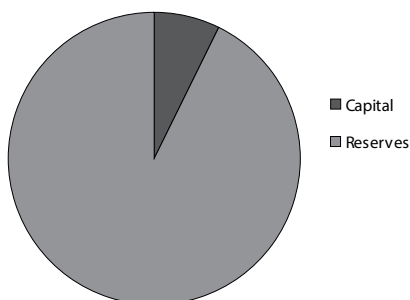
M/s Robert Pavrey & Associates, Company Secretaries in Practice (CP No- 2928) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is included as Annexure 3 and forms an integral part of this report.

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

31. AUDIT COMMITTEE:

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

32. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2017-18 CONSOLIDATED:



33. RISK MANAGEMENT

In line with the regulatory requirements, the Company has a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. The Risk Management Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

34. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s KPMG. The main thrust of internal audit is to test

and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust management information system, which is an integral part of the control mechanism.

The Audit Committee members, Statutory Auditors and the Business Heads are periodically apprised of the Internal Audit findings and corrective action taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

35. ANTI SEXUAL HARASSMENT POLICY

The Company has in place an Anti Sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 & the Rules made thereunder. Internal Complaints Committee (ICC) has been set up to redress Complaints received regarding sexual harassment. All employees, permanent, contractual, temporary and trainees are covered under the policy. During the year under review, there were no complaints received under the said Act.

36. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is attached herewith as Annexure 2 to this Report.

37. INVESTOR EDUCATION AND PROTECTION FUND

As per the provisions of Sections 124 and 125 of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends and the respective shares thereof for the Financial Year upto 2009-10 have been transferred to the IEPF established by the Central Government within the stipulated time.

38. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rules 5(1) of the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Non-executive directors*	Ratio to median remuneration
Mr. M. Y. Noorani	-
Mr. M. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Naushad Forbes (From 29 th March 2018)	-
Mr. Bernhard Steinruecke	-
Ms. Elizabeth Jane Hulse	-

*Note:

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

Executive Director	Ratio to median remuneration
Mr. S.Y. Noorani	36.24

- b. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year:

Directors, Chief Financial Officer and Company Secretary*	% Increase in remuneration in the financial year
Mr. M. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Mr. Naushad Forbes (From 29 th March 2018)	-
Mr. Bernhard Steinruecke	-
Ms. Elizabeth Jane Hulse	-
Mr. A.Y. Noorani	-
Mr. S.Y. Noorani	-
Mr. B. Mahabala (CFO from 14 th February 2018)**	-
Mr. Aneel Saraff** (CFO till 14 th February 2018)	-
Mr. Kumar Iyer (CS)	-

Note:

* The Chairman is not paid any remuneration nor sitting fees for attending Board and Committee Meetings. The Non-Executive Directors of the

Company, except Mr. A. Y. Noorani, are paid only Sitting Fees for attending the Board and Committee Meetings of the Company, details of which are given in the Corporate Governance Report. They are not entitled to any other remuneration.

** Consequent to Mr. Aneel Saraff ceasing to be the Chief Financial Officer (CFO) & Key Managerial Person (KMP) of the Company, the Board of Directors on the recommendation of the Nomination and Remuneration Committee and Audit Committee appointed Mr. B. Mahabala as the CFO & KMP of the Company w.e.f. 14th February 2018.

- c. The percentage increase in the median remuneration of employees in the financial year: 2.15% (as the median employee is a piece rated worker)
- d. The number of permanent employees on the rolls of Company: 2161 (as on 31st March 2018)
- e. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	31 st March, 2018	July, 1994 (IPO)	July, 1994 (IPO)*	% Change
Market Price (BSE)	207.7	110.00	24.45	749.49
Market Price (NSE)	206.8	110.00	24.45	745.81

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

- f. The Average percentile increase in the salaries of Employees (i.e. employees at Factory/ies and to the office staff) other than Senior managerial personnel in the last Financial Year was 5% to 6%. There has been no increase in the managerial remuneration.
- g. The key parameters for any variable component of remuneration availed by the Directors: During the Financial Year 2017 – 18 no performance linked bonus or any other variable component of remuneration has been paid to the Executive Director of the Company.
- h. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company

- i. Information of top 10 employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31st March, 2018 is given below

Sr. No	Name	Date of Birth	Designation	Remuneration* (Rs)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	No. of Equity Shares held	Relative of any Director/ Manager of the Company
1	Salman Yusuf Noorani	15-03-1963	Managing Director & President	60,39,600/-	Contractual	B.com/36 years	01-03-1994	-	554516	Son of Mr. M.Y. Noorani, Chairman and Brother of Mr. A.Y. Noorani, Vice-Chairman & Non Executive Director
2	Behroze Daruwala	04-09-1950	VP – Fabrics & Merchandising	45,97,919	Permanent	B.A./ 46 years	30-05-1972		28850	-
3	B Mahabala	07-11-1951	VP - Commercial& C.F.O	46,51,478	Permanent	M.com, MBA & Diploma in Cost & Management Accountancy/45 years	15-06-1984	Vulcan Engineers Limited	15075	-
4	Imraan Surve	11-10-1968	VP-Marketing Zod, LFS & Z3	46,87,522	Permanent	B.A. (Hons.) Economics/ 26 years	18-12-2001	Contract Advertising Pvt. Ltd.	5400	-
5	Awais Noorani	07-10-1975	VP – International Sales & Sourcing	45,96,158	Permanent	B.Com, MBA from IMD Switzerland/23 years	01-12-2002		75	-
6	Mildred G. Rodrigues	20-02-1964	VP – Design	38,92,280	Permanent	B.Sc. in Home Science and Diploma in Fashion Designing/ 29 years	18-11-1991	Ravissant	2450	-
7	Aneel Saraff	14-03-1964	CFO	35,18,175	Permanent	B. Com. andC.A./32 years	01-10-2001	Birla Tyres Limited	-	-
8	Anand Pisharody	19-10-1957	VP - Manufacturing	32,88,860	Permanent	B.A./ 40 years	02-05-1986	Indian Molasses Company Limited	17	-
9	Vishal Chadha	17-11-1964	GM – Sales MBO	30,31,604	Permanent	B.A./ 29 years	22-07-2004	Johnson & Johnson Private Limited	2989	-
10	Nafees Azam	07-04-1960	GM – Sales (Retail)	28,62,659	Permanent	B.Com./ 33 years	21-05-2004	Geep Industrial Syndicate Limited	-	-

Disclosure Requirements:

As per SEBI LODR and the Listing Agreements entered into with the Stock Exchanges, Corporate Governance Report with Auditors' Certificate thereon and Management Discussion and Analysis are attached, which forms part of this report.

39. ACKNOWLEDEMENTS

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

The Directors also express their sincere appreciation of the employees at all levels for having risen to meet the several challenges encountered and look forward to their valuable support and commitment in the times ahead.

For and on behalf of the Board of Directors

M.Y. NOORANI

Chairman

Place: Mumbai

Date : 30th May 2018

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The Company is committed to doing business with integrity and respect for the world around us. The Company's CSR policy is aimed at forming a dynamic relationship between the Company on the one hand and the society and the environment on the other. The Company has traditionally been driven by a moral obligation and philanthropic spirit and has a heritage of being engaged in such activities. The Company is committed towards sustainability and all business decisions takes into account its social and environmental impact.

For years now, the Company has been dedicated to provide quality products and to reduce energy use and increase efficiency. The projects undertaken/ programmes supported by the Company will be within the broad framework of Schedule VI of the Companies Act 2013. During the year, the Company has despite the Average Net profit for the purpose of computation of CSR being nil, continued its focus on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of ₹ 30,00,000/- (Rupees Thirty Lakhs only) to Prince Ali Khan Hospital, Mumbai registered as a Charitable Trust and part of the Aga Khan Health Services which promotes healthcare including preventive healthcare.

2. The composition of the CSR committee:

The Company has a CSR committee of directors comprising of

Mr. M. L. Apte, Chairman of the Committee, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani.

3. Average net profit of the Company for last three Financial Years for the purpose of computation of CSR: Nil**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil****5. Details of CSR spent during the Financial Year:**

- Total amount to be spent for the Financial Year: Nil
- Amount unspent: Nil
- Manner in which the amount spent during the financial year: Attached

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

Not Applicable.

M.L. Apte

Chairman, CSR Committee

M.Y. Noorani

Chairman

5(e) Manner in which amount spent during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount Outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads.	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through Implementing agency
1.	Contribution to Prince Ali Khan Hospital, a Charitable Trust	Health Care and Preventive Health Care	Local Area – Mumbai, Maharashtra	Nil	₹ 30,00,000/-	₹ 30,00,000/-	Direct

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018
[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: L17100MH1984PLC033143
- ii. Registration Date: 14th June 1984
- iii. Name of the Company: Zodiac Clothing Company Limited
- iv. Category/Sub-Category of the Company: Company Limited by Shares/ Indian Non-Government Company
- v. Address of the Registered office and contact details:
Nyloc House, 254, D-2,
Dr. Annie Besant Road, Worli,
Mumbai – 400 030.
Tel: +91 22 6667 7000
Fax: +91 22 6667 7279
Email id: contactus@zodiacmtc.com
Website: www.zodiaconline.com
- vi. Whether Listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any
Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032.
Email id: einward.ris@karvy.com
Website: www.karvy.com

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	Item (NIC) Code of the Product/Service	% to total turnover of the Company
1.	Men Shirt 100% Cotton	6205	86.42%

III Particulars of Holding, Subsidiary and Associate Companies:

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

Sr. No.	Name and Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Zodiac Clothing Co. S.A. (Switzerland) Promenade Noire 1, Neuchatel, Switzerland.		Subsidiary	100%	2(87)
2	Zodiac Clothing Co. (UAE) LLC Al-Quoze Industrial Area, P. O. Box No. 50545, Dubai, U.A.E.		Step Down Subsidiary	100%*	2(87)
3	Zodiac Clothing Company Inc. (upto 15 th June, 2017) C/o. 160, Greentree Drive, Suite 101, Dover, DE 19904		Step Down Subsidiary	100%	2(87)

*Note:-The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and M/s. Zodiac Clothing CO S.A (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s Zodiac Clothing Co S.A. which is the beneficial owner.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Share Holding

CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(A) PROMOTER AND PROMOTER GROUP									
(1) INDIAN									
(a) Individual / HUF	4450581	0	4450581	22.80	4711935	0	4711935	24.14	1.34
Sub-Total A (1):	4450581	0	4450581	22.80	4711935	0	4711935	24.14	1.34
(2) FOREIGN									
(a) Individuals (NRIs/Foreign Individuals)	1254396	0	1254396	6.43	973146	0	973146	4.99	-1.44
(b) Bodies Corporate	6309764	0	6309764	32.32	6309764	0	6309764	32.32	0.00
Sub-Total A(2) :	7564160	0	7564160	38.75	7282910	0	7282910	37.31	-1.44
Total A=A(1)+A(2)	12014741	0	12014741	61.55	11994845	0	11994845	61.45	-0.10
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Financial Institutions /Banks	112	0	112	0.00	112	0	112	0.00	0.00
(b) Foreign Institutional Investors	2062909	0	2062909	10.57	1991833	0	1991833	10.20	-0.37
Sub-Total B(1) :	2063021	0	2063021	10.57	1991945	0	1991945	10.20	-0.37
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	772296	3200	775496	3.97	612689	700	613389	3.14	-0.83
(b) Individuals									
(i) Individuals holding nominal share capital up to ₹ 2 lakh	1067563	90290	1157853	5.93	1407878	76030	1483908	7.60	1.67
(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	3183821	24840	3208661	16.44	3171201	0	3171201	16.25	-0.19
(c) Others									
CLEARING MEMBERS	1560	0	1560	0.01	4989	0	4989	0.03	0.02
NON RESIDENT INDIANS	108699	1350	110049	0.56	106539	1350	107889	0.55	-0.01
NRI NON REPATRIATION	12066	0	12066	0.06	6311	0	6311	0.03	-0.03
TRUSTS	102	0	102	0.00	102	0	102	0.00	0.00
IEPF	0	0	0	0.00	26522	0	26522	0.14	0.14
Employees	103453	450	103903	0.53	76489	450	76939	0.39	-0.14
Director or Director's Relatives	72022	0	72022	0.37	41434	0	41434	0.21	-0.16
Sub-Total B (2):	5321582	120130	5441712	27.88	5454154	78530	5532684	28.35	0.47
Total B=B(1)+B(2) :	7384603	120130	7504733	38.45	7446099	78530	7524629	38.55	0.10
Total (A+B) :	19399844	120130	19519974	100	0	0	19519974	100	0.00
(c) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	19399844	120130	19519974	100	0	0	19519974	100	0.00

ii. Shareholding of Promoters:

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Euro Global Holdings Pte. Ltd.	3154882	16.16	0.00	3154882	16.16	0.00	0.00
2	Asia Tangible Investments Pte Ltd.	3154882	16.16	0.00	3154882	16.16	0.00	0.00
3	Mohamed Yusuf Noorani	3653657	18.72	0.00	3915011	20.06	0.00	1.34
4	Kewal K Seth	281250	1.44	0.00	0.00	0.00	0.00	-1.44
5	Mohammed Y Noorani	232875	1.19	0.00	232875	1.19	0.00	0.00
6	Mohamed Anees Noorani	973071	4.99	0.00	773071	3.96	0.00	-1.03
7	Salman Yusuf Noorani	554516	2.84	0.00	554516	2.84	0.00	0.00
8	Mohamed Yusuf Noorani	8334	0.04	0.00	8334	0.04	0.00	0.00
9	Mohamed Yusuf Noorani	607	0.00	0.00	607	0.00	0.00	0.00
10	Zehra Salman Noorani	367	0.00	0.00	367	0.00	0.00	0.00
11	Awais Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
12	Musaed Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
13	Saniyya Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
14	Muna Anees Noorani	75	0.00	0.00	75	0.00	0.00	0.00
15	Adnan Salman Noorani	0	0.00	0.00	200000	1.03	0.00	1.03
	TOTAL :	12014741	61.55	0.00	11994845	61.45	0.00	-0.10

Note.1: Mr. Mohamed Yusuf Noorani holds 4156827 equity shares of the Company as on 31.03.2018 of these he holds: 18990 equity shares as Trustee for and on behalf of Yusuf Noorani Family Trust, 8334 equity shares as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust

Note.2: Mr. Anees Yusuf Noorani holds 773071 equity shares of the Company as on 31.03.2018 of these he holds: 18990 equity shares as Trustee for and on behalf of Anees Noorani Family Trust.

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

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	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
1	IN30115122100739	Mohamed Yusuf Noorani	01/04/2017	Opening Balance	3653657	18.72	3653657	18.72
			19/09/2017	Purchase	261354	1.34	3915011	20.06
			31/03/2018	Closing Balance			3915011	20.06
2	IN30018312065758	Kewal K Seth	01/04/2017	Opening Balance	281250	1.44	281250	1.44
			19/09/2017	Sold	281250	1.44	281250	1.44
			31/03/2018	Closing Balance		0.00	NIL	0.00
3	IN30133019880830	Mohammed Y Noorani	01/04/2017	Opening Balance	232875	1.20	232875	1.20
			31/03/2018	Closing Balance		0.00	232875	1.19
4	IN30001110146884	Mohamed Anees Noorani	01/04/2017	Opening Balance	973071	4.99	973071	4.99
			23/11/2017	Transfer	200000	2.77	200000	1.03
			31/03/2018	Closing Balance		0.00	773071	3.96
5	IN30001110152967	Salman Yusuf Noorani	01/04/2017	Opening Balance	554516	2.84	554516	2.84
			31/03/2018	Closing Balance		0.00	554516	2.84
6	IN30133019880848	Mohamed Yusuf Noorani	01/04/2017	Opening Balance	8334	0.04	8334	0.04
			31/03/2018	Closing Balance		0.00	8334	0.04

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	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
7	IN30115122152490	Mohamed Yusuf Noorani	01/04/2017	Opening Balance	607	0.00	607	0.00
			31/03/2018	Closing Balance		0.00	607	0.00
8	445001204450000497645	Zehra Salman Noorani	01/04/2017	Opening Balance	367	0.00	367	0.00
			31/03/2018	Closing Balance		0.00	367	0.00
9	IN30133020049954	Musaed Anees Noorani	01/04/2017	Opening Balance	75	0.00	75	0.00
			31/03/2018	Closing Balance		0.00	75	0.00
10	IN30154918042447	Awais Anees Noorani	01/04/2017	Opening Balance	75	0.00	75	0.00
			31/03/2018	Closing Balance		0.00	75	0.00
11	IN30001110152975	Muna Anees Noorani	01/04/2017	Opening Balance	75	0.00	75	0.00
			31/03/2018	Closing Balance		0.00	75	0.00
12	IN30088814527407	Saniyya AneesNoorani	01/04/2017	Opening Balance	75	0.00	75	0.00
			31/03/2018	Closing Balance		0.00	75	0.00
13	IN30133019238793	Euro Global Holdings Pte. Ltd.	01/04/2017	Opening Balance	3154882	16.16	3154882	16.16
			31/03/2018	Closing Balance		0.00	3154882	16.16
14	IN30112716464948	Asia Tangible Investments Pte Ltd.	01/04/2017	Opening Balance	3154882	16.26	3154882	16.16
			31/03/2018	Closing Balance		0.00	3154882	16.16
15	IN30088814580310	Adnan Salman Noorani	01/04/2017	Opening Balance	0	0.00	0	0.00
			23/11/2017	Transfer	200000	1.03	200000	1.03
				Closing Balance		0.00	200000	1.03

iv. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs:

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2017		Cumulative Shareholding during the Year 31-03-2018	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30047640314385	Akash Bhanshali	01/04/2017	At the Beginning of the year	1361700	6.98	1361700	6.98
			31/03/2018	At the end of the year		0.00	1361700	6.98
2	IN30014210712060	Pari Washington India Master Fund, Ltd.	01/04/2017	At the Beginning of the year	1295887	6.64	1295887	6.64
			12/01/2018	Sale	47853	0.24	1248034	6.64
			31/03/2018	At the end of the year		0.00	1248034	6.39
3	IN30016710059939	East Sail	01/04/2017	At the Beginning of the year	753522	3.86	753522	3.86
			12/01/2018	Sale	23223	0.12	730299	3.74
			31/03/2018	At the end of the year		0.00	730299	3.74
4	IN30154950621609	Vallabh Roopchand Bhanshali	01/04/2017	At the Beginning of the year	663300	3.40	663300	3.40
			31/03/2018	At the end of the year		0.00	663300	3.40
5	IN30036020018949	Nemish S Shah	01/04/2017	At the Beginning of the year	405124	2.08	405124	2.08
			31/03/2018	At the end of the year		0.00	405124	2.08
6	IN30154918652179	M3 Investment Private Limited	01/04/2017	At the Beginning of the year	399072	2.04	716208	2.04
			27/10/2017	Sale	131073	0.67	267999	1.37
			31/10/2017	Sale	1252	0.00	266747	1.37

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2017		Cumulative Shareholding during the Year 31-03-2018	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
			10/11/2017	Sale	3100	0.02	263647	1.35
			17/11/2017	Sale	7860	0.04	255787	1.31
			31/03/2018	At the end of the year		0.00	255787	3.67
7	IN30260310037599	NAROTAM.S. SEKHSARIA	01/04/2017	At the Beginning of the year	135000	0.69	135000	0.69
			31/03/2018	At the end of the year		0.00	135000	0.69
8	IN30014210363339	Husain Sultan Ali Nensey	01/04/2017	At the Beginning of the year	94008	0.48	94008	0.48
			31/03/2018	At the end of the year		0.00	94008	0.48
9	IN30068510503292	Pramit Jhaveri	01/04/2017	At the Beginning of the year	90000	0.46	90000	0.46
			31/03/2018	At the end of the year		0.00	90000	0.46
10	IN30048410048477	K Raheja Private Limited	01/04/2017	At the Beginning of the year	65610	0.34	65610	0.34
			31/03/2018	At the end of the year		0.00	65610	0.34

V. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	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
DIRECTORS								
1	IN30115122100739	01/04/2017	At the beginning of the year	MOHAMED YUSUF NOORANI	3653657	18.72	2418287	18.72
		19/09/2017	Purchase			1.34	3915011	20.06
		31/03/2016	At the end of the year			0.00	3915011	20.06
2	IN30133019880830	01/04/2017	At the beginning of the year	MOHAMMED Y NOORANI	232875	1.20	232875	1.20
		31/03/2018	At the end of the year			0.00	232875	1.20
3	IN30133019880848	01/04/2017	At the beginning of the year	MOHAMED YUSUF NOORANI	8334	0.04	8334	0.04
		31/03/2018	At the end of the year			0.00	8334	0.04
4	IN30115122152490	01/04/2017	At the beginning of the year	MOHAMED YUSUF NOORANI	607	0.00	607	0.00
		31/03/2018	At the end of the year			0.00	607	0.00
5	IN30001110146884	01/04/2017		MOHAMED ANEES NOORANI	973071	4.99	973071	4.99

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	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
		23/11/2017	Transfer		200000	1.03	200000	3.96
		31/03/2018	At the end of the year			0.00	773071	3.96
6	IN30012610557765	01/04/2017	At the beginning of the year	MADHAV LAXMAN APTE	10684	0.05	10684	0.05
		09/06/2017	Sale		1000	0.01	9684	0.04
		04/08/2017	Sale		2000	0.00	7684	0.04
		31/03/2018	At the end of the year			0.00	7684	0.04
8	IN30048412974040	01/04/2017	At the beginning of the year	YOGENDRA PREMKRISHNA TRIVEDI	19375	0.10	19375	0.10
		23/02/2018	Sale		19375	0.10	Nil	0.00
		31/03/2018	At the end of the year			0.00	Nil	0.00
9	IN30048412993026	01/04/2017	At the beginning of the year	YOGENDRA PREMKRISHNA TRIVEDI	0	0.00	Nil	0.00
		23/02/2018	Bought		19375	0.10	19375	0.10
		31/03/2018	At the end of the year			0.00	19375	0.10
10	IN30015911304147	01/04/2017	At the beginning of the year	YOGENDRA PREMKRISHNA TRIVEDI	4500	0.02	4500	0.02
		31/03/2018	At the end of the year			0.00	4500	0.02
11	IN30001110152967	01/04/2017	At the beginning of the year	SALMAN YUSUF NOORANI	554516	2.84	554516	2.84
		31/03/2018	At the end of the year			0.00	554516	2.84
12	492001204920000110327	01/04/2017	At the beginning of the year	SUBRAMANIAM RAMACHANDRAN IYER	3375	0.02	3375	0.02
		31/03/2018	At the end of the year			0.00	3375	0.02
13	IN30016710085767	01/04/2017	At the beginning of the year	BERNHARD STEINRUECKE	26550	0.14	26550	0.14
		31/03/2018	At the end of the year			0.00	26550	0.14
14	492001204920000107559	01/04/2017	At the beginning of the year	BERNHARD STEINRUECKE	3825	0.02	3825	0.02
		31/03/2018	At the end of the year			0.00	3825	0.02

Sr. No	Folio/Dp Id-Client ID	Date	Reason	Name of the Share Holder	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
KEY MANAGERIAL PERSONNEL								
1	IN30115112769320	01/04/2017	At the beginning of the year	MAHABALA BEALTHUR (CFO w.e.f 14 th February 2018)	15075	0.08	15075	0.08
		31/03/2018	At the end of the year			0.00	15075	0.08
2	1204920000100306	01/04/2017	At the beginning of the year	ANIL KUMAR SARAFF (CFO till 14 th February 2018)	Nil	Nil	Nil	Nil
		31/03/2018	At the end of the year		Nil	Nil	Nil	Nil
3	IN30088814370996	01/04/2017	At the beginning of the year	KUMAR IYER (CS)	Nil	Nil	Nil	Nil
		31/03/2018	At the end of the year		Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

(₹ in Lakhs)

Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year. (i.e. 01.04.2017)				
i) Principal Amount	5,535.29	385.00	-	5,920.29
ii) Interest accrued but not due on borrowings	13.33	2.11	-	15.44
Total (i+ii)	5,548.62	387.11	-	5,935.73
Change in Indebtedness during the financial year				
◆ Addition	13,893.30	110.00	-	14,003.30
◆ Reduction	(13,161.86)	(80.00)	-	(13,241.86)
Net Change	731.44	30.00	-	761.44
Indebtedness at the end of the financial year. (i.e.31.03.2018)				
i) Principal Amount	6,269.21	415.00	-	6,684.21
ii) Interest accrued but not due on borrowings	10.85	2.11	-	12.96
Total (i+ii)	6,280.06	417.11	-	6,697.17

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 (₹)
		Mr. Salman Yusuf Noorani	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60,00,000*	60,00,000*
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	39600	39600
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹)
		Mr. Salman Yusuf Noorani	
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit	-	-
5.	Others, Allowances	-	-
	Total (A)	60,39,600	60,39,600
	Ceiling as per the Act (@ 10% of profits calculated under Section 198 of the Companies Act, 2013)		Nil (as Company has incurred a loss during the year under review)

*Excluding Employers contribution to Provident Fund.

B. Remuneration to other directors: (Refer Corporate Governance Report for details)

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount (₹)
1.	Independent Directors				
	Mr. M. L. Apte	7,50,000	-	-	7,50,000
	Mr. Y. P. Trivedi	7,30,000	-	-	7,30,000
	Mr. S.R. Iyer	7,30,000	-	-	7,30,000
	Mr. Bernhard Steinruecke	2,20,000	-	-	2,20,000
	Mr. Naushad Forbes	Nil	-	-	Nil
	Ms. Elizabeth Jane Hulse	70,000			70,000
	Total (1)	25,00,000			25,00,000
2.	Other Non-Executive Directors				
	Mr. M. Y. Noorani	-	-	-	-
	Mr. A. Y. Noorani	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	25,00,000			25,00,000
	Total Managerial Remuneration	-	-	-	-
	Ceiling as per the Act (@ 1% of profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	Nil (as Company has incurred a loss during the year under review)

* The above paid Sitting Fees is exclusive of the Service tax/GST amounts paid thereon at the applicable rates.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Mahabala Bealthur Chief Financial Officer (from 14th February 2018)	Mr. Aneel Saraff, Chief Financial Officer (till 14th February 2018)	Mr. Kumar Iyer, Company Secretary	Total
1.	Gross salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	46,51,478	35,18,175	29,57,917	1,11,27,570
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others, Allowances	-	-	-	-
	Total	46,51,478	35,18,175	29,57,917	1,11,27,570

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
 FOR THE FINANCIAL YEAR ENDED MARCH 31 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
 The Members,
 Zodiac Clothing Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zodiac Clothing Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ("Act") and various rules ("Rules") made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from July 01, 2015; and
- (ii) The Listing Agreements entered into by the Company with the National Stock Exchange and the BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

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

- (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

requiring compliance thereof by the Company during the Audit Period.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- Competition Act, 2002
- Consumer Protection Act, 1986
- Environmental Protection Act, 1986
- The Hazardous Waste (Management & Handling) Rules, 1989.
- Boilers Act, 1923
- Legal Metrology Act, 2009
- Gas Cylinders Rules, 2004
- Standards of Weights & Measures (Enforcement) Act, 1985
- The Static & Mobile Pressure Vessels (Unfired) Rules, 1981
- Foreign Trade (Development & Regulation) Act, 1992
- Copyrights Act, 1957
- Trade Marks Act, 1999

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit period were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings of the Board or Committee thereof.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period following event occurred which had a bearing on the Company's affair in pursuance of the above referred laws, rules, regulations and guidelines:

Merger of Zodiac Finsec and Holdings Limited, wholly owned subsidiary company with the Company.

For ROBERT PAVREY & ASSOCIATES

Company Secretaries

ROBERT PAVREY

Proprietor

FCS 2928 CP. No. : 1848

Place : Mumbai

Date : May 22, 2018

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Sr. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate on last day of financial year	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend	% of shareholding
1	Zodiac Clothing Co. S.A. - Switzerland.	April to March	CHF	68.50	2,50,000	9,97,047	12,62,604	12,62,604	-	-	7,96,106	5410	7,90,696	-	100
2	Zodiac Clothing Co. (UAE) LLC - UAE.	April to March	AED	17.75	3,00,000	2,28,73,919	2,47,68,070	2,47,68,070	-	79,15,409	6,86,026	-	6,86,026	-	100
3	Zodiac Clothing Company Inc - USA.	April to 15 th June 2017	USD	-	-	-	-	-	-	-	(1,794)	-	(1,794)	-	-

* Zodiac Clothing Company Inc ceased to be a subsidiary w.e.f. 15th June, 2017.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017 - 2018

Corporate Governance is a process that aims to meet stakeholders' aspirations and expectations. It is much more than complying with the legal and regulatory requirements. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures etc. serve as the means for implementing the philosophy of corporate governance. The Company's policies on Corporate Governance and compliance thereof in respect of specific areas for the year ended 31st March 2018, as per the format prescribed by SEBI and as incorporated in Regulations 17 to 27 and clause (b) to (i) of Sub-regulation 46 and para C, D, and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), are set out below for the information of the members and investors of the Company.

I. Company's Philosophy on Code of Corporate Governance

At Zodiac, Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. Good Governance practices stem from the value system and philosophy of the organization. The Company's endeavor is to follow the spirit of good governance rather than mere compliance with the conditions specified by regulatory authorities. The Board is collectively responsible for pursuing this purpose. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has formulated, inter alia, various policy documents and introduced best practices of governance. For the Company, Corporate Governance is not a destination but a continuous journey that seeks to provide an enabling environment to harmonize the goals of maximizing stakeholders' value and maintaining a strong customer focus.

II. Board of Directors

Composition of the Board

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March 2018, the Board of the Company comprised of Nine Directors of which, the Chairman and Vice-Chairman are Non-Executive Directors, one is an Executive Director and six are Independent Directors out of which one is a Woman Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17 of LODR. The members of the Board are professionals who are senior, competent, richly experienced and highly respected persons in their respective fields.

The composition of the Board, Directorships/ Committee positions in other Companies as on 31st March, 2018, number of meetings held and attended during the year are as follows: –

Name of the Director	Designation	Category of Directorship	Board Meeting during the year		Attendance at last AGM	Directorships	Committee Memberships in other Public Companies	
			Held	Attended			Member	Chairperson
Mr. M. Y. Noorani	Chairman	Promoter & Non Executive	5	5	Yes	-	-	-
Mr. M. L. Apte	Non-Executive Director	Independent & Non Executive	5	5	Yes	6	7	1
Mr. Y. P. Trivedi	Non-Executive Director	Independent & Non Executive	5	5	Yes	3	1	2
Mr. S.R. Iyer	Non-Executive Director	Independent & Non Executive	5	5	Yes	-	-	1
Mr. Bernhard Steinruecke	Non-Executive Director	Independent & Non Executive	5	4	Yes	1	2	2
Dr. Naushad Darius Forbes*	Non-Executive Director	Independent & Non Executive	1	0	N.A.	3	3	-
Ms. Elizabeth Jane Hulse	Non-Executive Director	Independent & Non Executive	5	1	No	-	-	-
Mr.A.Y. Noorani	Vice- Chairman	Promoter & Non Executive	5	5	No	-	-	-
Mr. S.Y. Noorani	Managing Director & President	Promoter & Executive	5	5	Yes	-	-	-

*Dr. Naushad Forbes has been appointed as an Additional Independent Director on the Board w.e.f. 29th March 2018.

- (1) The Directorships, as mentioned above, do not include Directorship in Zodiac Clothing Company Limited, in Private Limited Companies and in Foreign Companies.
- (2) In accordance with Regulation 26 (1) of LODR, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies (excluding Zodiac Clothing Company Limited) have been considered.

Board Meetings

The Board Meetings are governed by a structured agenda. The agenda along with the detailed explanatory notes and supporting material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision-making. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

During the Financial Year a total of Five (5) Board Meetings were held i.e. on 30th May 2017, 11th September 2017, 11th December 2017, 14th February 2018 and 29th March 2018.

In compliance with the requirements of Schedule IV of the Companies Act, 2013 read with Regulation 25 of LODR, a separate meeting of the Independent Directors of the Company was held on 29th March, 2018 without the attendance of Non Independent Directors and members of the Management of the Company

Familiarisation Programme for Board Members

The Company has put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the Company operates and the business model of the Company. Further the Chairman/Vice Chairman/ Managing Director has a one to one discussion with the newly appointed Director to familiarize them with the Company's operations. The familiarization programme for Independent Directors has been posted on the Company's website at www.zodiaconline.com and the web link for the same is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

Code of Conduct for Board of Directors and Senior Management Personnel

The Company has adopted a Code of Conduct for Board of Directors and Senior Management Personnel ("the Code") as laid down by Regulation 26(3) of LODR. The duties of Independent Directors as laid down in Schedule IV of the Companies Act, 2013 are suitably incorporated in the Code as required under the Regulation 17 of LODR. The Code has been communicated to the Directors and the Senior Management Personnel. The Code has also been posted on the Company's website at www.zodiaconline.com. and the web link for the same is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>. All Board members and senior management personnel have confirmed compliance with the Code for the year ended 31st March, 2018. The Annual Report contains a declaration to this effect signed by the Managing Director and President.

Disclosure of relationships between Directors inter-se

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

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

III. Audit Committee

(a) Constitution of Audit Committee:

The members of the Audit Committee are Mr. S. R. Iyer, Mr. M. L. Apte and Mr. Y. P. Trivedi.

All the members of the Audit Committee are Non-Executive and Independent Directors. All the members possess sound knowledge of accounts, audit, financial management expertise, etc.

Mr. S. R. Iyer is the Chairman of the Audit Committee.

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

The terms of reference of the Audit Committee is in line with Regulation 18 of LODR and Section 177 of the Companies Act 2013. The Audit Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

(b) Roles and Powers of the Audit Committee:

The brief description of the terms of reference of the Committee are as follows:

Powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Roles:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements and the auditors report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Approval and Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. To evaluate the internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussing with internal auditors any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Such other functions as may be prescribed under the applicable laws and regulations.

The Audit Committee mandatorily reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Statement of deviations:
 - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(c) Meetings of Audit Committee:

The Meetings of Audit Committee are also attended by Managing Director, CFO, Statutory Auditors and Internal Auditors as special invitees.

During the Financial Year a total of Eight (8) Audit Committee Meetings were held i.e. on 30th May, 2017, 28th June 2017, 11th September, 2017, 22nd September, 2017, 11th December, 2017, 20th December, 2017, 14th February, 2018 and 29th March 2018.

The Attendance of each member of the Audit Committee is given below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. R. Iyer	Chairman	8	8
Mr. Y. P. Trivedi	Member	8	8
Mr. M. L. Apte	Member	8	8

IV. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are Mr. M. L. Apte, Mr. Y. P. Trivedi and Mr. S. R. Iyer.

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

Mr. M. L. Apte is the Chairman of the Nomination and Remuneration Committee.

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

The Nomination and Remuneration Committee is responsible to overview the process of evaluation of performance of the Board as a whole, Board Committees and the Directors individually.

The Committee's terms of reference include:

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

During the Financial Year a total of Three (3) Nomination and Remuneration Committee Meetings were held i.e. on 30th May, 2017, 14th February, 2018 and 29th March 2018.

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

Name	Designation	No. of meetings held	No. of meetings attended
Mr. M. L. Apte	Chairman	3	3
Mr. Y. P. Trivedi	Member	3	3
Mr. S. R. Iyer	Member	3	3

V. Performance evaluation criteria for Independent Directors:

Based on the Criteria for evaluating the Performance of the Independent Directors as laid down by the Nomination and Remuneration Committee of the Company, the Performance evaluation of the Independent Directors for the Financial Year has been made by the Nomination and Remuneration Committee at their meeting held on 29th March, 2018.

Remuneration Policy:

A. Remuneration to Whole-time Director:

The remuneration paid to the Whole-time Director is subject to the limits laid down under Section 197 and Schedule V to the Companies Act, 2013, and in accordance with the terms of appointment approved by the members of the Company. The remuneration of the Whole-time Director is determined by the Nomination & Remuneration Committee. Mr. S. Y. Noorani is entitled to a remuneration consisting of Salary, Company's contribution to Provident Fund, Performance linked Bonus, other perquisites including Company's Car with driver and allowances subject to the same not exceeding the limits as permissible under the Act, applicable from time to time.

The Whole-time Director is not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

B. Executive Director:

Details of Remuneration paid to Executive Director for the Financial Year ended 31st March 2018

Particulars	Mr. S. Y. Noorani, Managing Director & President
Term of Appointment	For a period of 3 years from 1 st March 2017 to 29 th February 2020
Salary*	₹ 60,39,600/-
Commission	-
Minimum Remuneration	In the event of absence or inadequacy of profit under the Act in any financial year, minimum remuneration shall be the same as remuneration, subject to the same not exceeding the limits prescribed under the Act.
Service Contract, Notice Period & Severance Fees	The Appointment is contractual and can be terminated by giving six months' notice or six months' salary in lieu thereof.

* Excluding Company's Contribution to Provident Fund

C. Non-Executive Directors:

The Non-Executive Directors, except Mr. A. Y. Noorani, are being paid only sitting fees for attending the meetings of the Board or Committees thereof within the limits prescribed under the Companies Act 2013. Mr. A. Y. Noorani, Vice Chairman and Non-Executive Director, and Mr. M. Y. Noorani, Chairman have voluntarily agreed to not take any sitting fees for attending any Board or Committee Meetings. Mr. A. Y. Noorani is entitled to a Commission of such amount not exceeding 5% (five per cent) of the Net Profits of the Company w.e.f. 1st April, 2017 as per the approval of the Members of the Company. The details of the sitting fees paid to the Non-Executive Directors for the Financial Year 2017-18 are as under:

Name of Director	Sitting Fees paid (in ₹)#	Shares held as on 31 st March 2018
Mr. M.Y. Noorani	Nil	4156827
Mr. A. Y. Noorani	Nil	773071
Mr. M. L. Apte	7,50,000	7684
Mr. Y. P. Trivedi	7,30,000	23875
Mr. S. R. Iyer	7,30,000	3375
Mr. Bernhard Steinruecke	220,000	30375
Dr. Naushad Darius Forbes*	Nil	18639
Ms. Elizabeth Jane Hulse	70,000	Nil

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

* Dr. Naushad Forbes has been appointed as an Additional Independent Director on the Board w.e.f. 29th March 2018.

VI. Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee to monitor and review investors' grievances, share transfers etc. The members of the Stakeholders' Relationship Committee are Mr. M. Y. Noorani, Mr. M. L. Apte, Mr. A. Y. Noorani and Mr. S. Y. Noorani.

Mr. M. Y. Noorani (Non-Executive Director) is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary is the Compliance Officer. A total of 7 shareholders' complaints were received during the year all of which were resolved to the satisfaction of the shareholders and reported to the Committee. There were no pending complaints as on 31st March 2018.

VII. Corporate Social Responsibility (CSR) Committee

The Company has a Corporate Social Responsibility Committee and the members of the said Committee are Mr. M. L. Apte, Mr. M. Y. Noorani, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. M. L. Apte is the Chairman of the Committee. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

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

VIII. Risk Management Committee

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

IX. Forex Committee

The Forex Committee comprising of Mr. M. Y. Noorani, Chairman, Mr. A. Y. Noorani, Mr. S. Y. Noorani and Mr. Bernhard Steinruecke, is responsible for overseeing and implementing the Forex Hedging Policy approved by the Board. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

X. Investment Committee

The Investment Committee comprises of Mr. M. Y. Noorani, Chairman, Mr. S. R. Iyer, Mr. A. Y. Noorani and Mr. S. Y. Noorani. Mr. Kumar Iyer, Company Secretary acts as the Secretary to the Committee.

XI. Subsidiary Companies

The following are the Company's Subsidiaries as on 31st March, 2018:

1. Zodiac Clothing Company S.A (Switzerland).
2. Zodiac Clothing Company (U.A.E.) LLC (Step Down Subsidiary).

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

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

The minutes of the Board Meeting of the Subsidiaries are periodically placed before the Board of Directors of the Company. The Management also brings to the attention of the Board periodically, the statement of significant transactions entered into by the subsidiaries, if any.

XII. Directors seeking appointment/ re-appointment

Re-appointment:

Mr. A.Y. Noorani, Vice-Chairman, retires by rotation at the ensuing 34th Annual General Meeting and is eligible for re-appointment

Appointment:

Dr. Naushad Forbes was appointed as an Additional Independent Director of the Company w.e.f. 29th March 2018 and holds office till the date of the 34th AGM of the Company.

The Company has received a Notice from a member proposing his appointment as a Director under Section 160 of the Companies Act, 2013. Accordingly, it is proposed to appoint Dr. Naushad Forbes as an Independent Director from the period 29th March 2018 to 28th March 2023 in terms of the provisions of Section 149 of the Companies Act 2013.

XIII. Disclosure

a. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this Regulation.

The Company has complied with all the mandatory requirements as stipulated in Schedule V of the LODR. The non-mandatory requirement as stipulated in Schedule V of LODR is being reviewed by the Board and adopted to the extent and in manner as stated under the appropriate headings in the Report on Corporate Governance.

b. Related Party Transactions

All transactions entered into with the related parties as defined under the Companies Act 2013 and Regulation 23 and Schedule V of LODR during the Financial Year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act 2013. There were no materially significant transactions with related parties during the Financial Year. Related Party Transactions have been disclosed under the note no 43 of notes forming part of the financial statements in accordance with Accounting Standard 18. A statement in summary form of transactions with related parties entered to in the ordinary course of business and on Arm's Length basis is periodically placed before the Audit Committee for review and approval.

As required under Regulation 23 of LODR, the Company has a policy on dealing with related party transactions. The policy is available on the website of the Company.

None of the transactions with related parties were in conflict with the interest of the Company. All transactions are in the normal course of business and have no potential conflict with the interests of the company at large and are carried out on an arm's length basis.

c. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years.

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital market during the last three years.

d. Code for Prohibition of Insider trading:

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board of Directors of the Company have formulated a formal 'Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information' for prevention of Insider trading for it's Directors and Designated Employees and their dependents and have also adopted the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders.

e. Whistle Blower Policy/Vigil Mechanism

Pursuant to section 177 (9) & 177 (10) of the Companies Act 2013 and Regulation 46 of LODR, the Company has a Whistle Blower Policy for Vigil Mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and has provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the employees of the Company have been denied access to the Audit Committee. The said policy is disclosed on the website of the company viz: <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

f. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the notes to the financial statements.

g. Web link where policy for determining 'material' subsidiaries is disclosed

The web link where the policy for determining 'material' subsidiaries is disclosed is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

h) Web link where policy on dealing with Related Party Transactions

The web link where the policy on dealing with Related Party Transactions is disclosed is <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>

XIV. Shareholder Information

General Body Meeting

a) Details of last three Annual General Meetings held:

Financial Year	Day & Date	Time	Venue
2014-2015	Wednesday August 12, 2015	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2015-2016	Thursday August 11, 2016	3:00 p. m.	Nehru Centre, Hall of Quest (Basement), Dr. Annie Besant Road, Worli, Mumbai - 400 018
2016-2017	Thursday August 10, 2017	3:00 p. m.	Nehru Centre, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018

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

31st Annual General Meeting held on 12th August 2015: At this meeting no Special Resolutions were passed.

No Extra- Ordinary General Meeting was held during the year 2014-15.

32nd Annual General Meeting held on 11th August 2016: At this meeting one Special Resolution was passed with requisite majority. The resolution related to Approval of remuneration paid / payable to Mr. S. Y. Noorani, Managing Director and President in case of no profits or inadequacy of profits.

No Extra- Ordinary General Meeting was held during the year 2015-16.

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

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

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

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

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

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

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

XV. Means of Communication:

a. Quarterly Results:

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

b. Newspapers in which results are normally published in:

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

ii. Lokmat (Marathi Newspaper - Mumbai Edition)

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

- d) Any presentation made to the Investors and analysts are also posted on the Company's website viz. www.zodiaconline.com
- e) During the year under review, no presentations were made to analysts.

XVI. General Shareholder Information

(a) Annual General Meeting:

Day & Date	Time	Venue
Thursday, 30 th August, 2018	3:00 p.m.	Nehru Center, Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai – 400 018

(b) Financial Calendar 2018 - 2019 (tentative) Schedule of the Board Meetings:

First Quarter ended 30 th June 2018	:	On or Before 14 th August, 2018
Second Quarter ended 30 th September 2018	:	On or Before 14 th November, 2018
Third Quarter ended 31 st December 2018	:	On or Before 14 th February 2019
Fourth Quarter ended 31 st March 2019	:	On or Before 30 th May, 2019

(c) Dates of Book Closure:

Friday, 24th August, 2018 to 30th August, 2018 (both days inclusive)

(d) Dividend payment date:

Dividend, if approved by the members will be paid on or before 25th September, 2018.

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

In terms of Schedule V of LODR, the details of the Unclaimed Shares lying in the Unclaimed Share Suspense Account are as follows:

Sr. No	Particulars	No. of Shareholders	No. of Equity Shares
i	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 1 st April, 2017	52	16086
ii	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Shares Suspense Account during the year	0	0
iii	Number of shareholders to whom the shares were transferred from the Unclaimed Shares Suspense Account during the year	0	0
iv	Shares credited to the IEPF suspense account in terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 published on 5 th September, 2016,	36	12837
v	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 31 st March, 2018	16	3249

(f) Listing on Stock Exchanges:

The Equity Shares of the Company continue to be listed at the following Stock Exchanges: -
BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd,

Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051.

Note:

Listing Fees have been paid to the aforesaid Stock Exchanges for the year 2018-2019.

(g) **Stock Code/ Symbol**

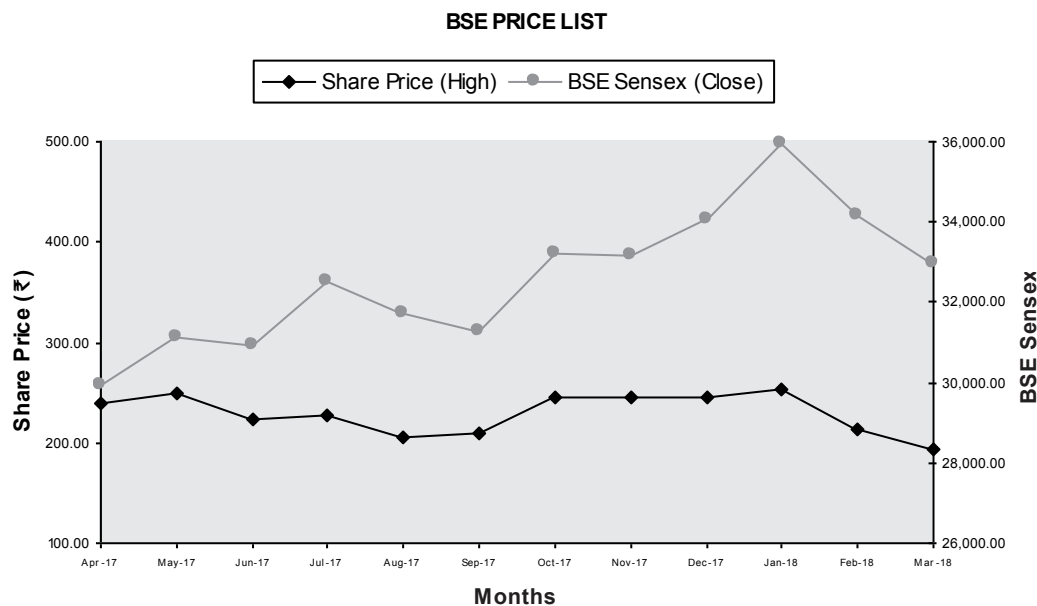
BSE Limited	521163
National Stock Exchange of India Limited	ZODIACLOTH
ISIN	INE206B01013

(h) **Market Price**

The monthly high & low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2017-2018 are as under:

Months	BSE Limited		NSE India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2017	239.90	183.30	239.90	178.00
May 2017	249.90	205.00	248.75	200.00
June 2017	223.45	201.05	234.00	195.80
July 2017	227.00	198.50	229.80	193.10
August 2017	205.00	178.05	206.75	176.35
September 2017	210.40	180.90	209.90	163.50
October 2017	245.00	187.05	250.80	186.00
November 2017	244.85	214.35	243.00	213.00
December 2017	245.00	205.00	244.40	205.00
January 2018	254.00	206.35	253.90	202.70
February 2018	213.95	175.10	211.80	170.00
March 2018	194.00	155.10	188.80	156.35

**Performance in comparison to broad based indices:
ZODIAC vs BSE SENSEX Registrar & Share Transfer Agents**



(i) **Registrar & Share Transfer Agents**

Karvy Computershare Private Limited.
Karvy Selenium Tower B,
Plot No.31-32 Gachibowli,
Financial District, Nanakramguda
Hyderabad 500 032
Tel No. 040-67162222
Fax: 040-23001153
Toll Free no.: 1800-345-4001

(j) **Share Transfer System**

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

Pursuant to SEBI Circular, except for transposition/transmission of securities, all securities of Listed Companies can be transferred only in dematerialised form w.e.f. 5th December, 2018

(k) **Distribution of shareholding as on 31st March 2018**

ZODIAC CLOTHING COMPANY LIMITED					
Distribution of Shareholding as on 31/03/2018					
Sr. no.	Category (Shares)	No. of Shareholders	Percentage (%)	No. of Shares	% To Equity
1	1 - 5000	3843	87.44	479577	2.46
2	5001 - 10000	214	4.87	169957	0.87
3	10001 - 20000	125	2.84	188120	0.96
4	20001 - 30000	55	1.25	138091	0.71
5	30001 - 40000	37	0.84	129881	0.67
6	40001 - 50000	25	0.57	116026	0.59
7	50001 - 100000	35	0.80	262817	1.34
8	100001 and above	61	1.39	18035505	92.40
	TOTAL:	4395	100.00	19519974	100.00

(l) **Shareholding Pattern as on 31st March 2018**

Sr. no.	Particulars	Total Number Of Shares	Percentage Of Holding
(I)	(II)	(III)	(IV)
(A)	PROMOTER HOLDING		
(1)	INDIAN	4711935	24.14
(2)	FOREIGN	7282910	37.31
	TOTAL (A)	11994845	61.45
(B)	PUBLIC SHAREHOLDING		
(1)	INSTITUTIONS	1991945	10.20
(2)	NON-INSTITUTIONS	5533184	28.35
	TOTAL (B)	7525129	38.55
	GRAND TOTAL (A+B) :	19519974	100.00

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

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

(n) **Liquidity**

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

(o) Plant Location

- (I) Bangalore: – 1. Near Bagalur Cross, Air Force Station,
P.O.Yelahanka, Bangalore - 560 063.
2. No.48, 7th Cross, Visweshwaraiah Industrial Area,
Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
3. No. 107 & 108, 4th 'C' Cross, 5th Block,
Koramangala Industrial Layout, Bangalore - 560 095
4. No. 9B, 2nd Phase, Bommasandra Industrial Area,
Hebbatgudi Village, Anekal Taluka Bangalore - 560 099
- (II) Gujarat: – 1. A-1, 181 / 1, GIDC, Umbergaon, Valsad, Gujarat: 396171.
2. C / 2 / 7, GIDC, Industrial Area, Umbergaon , Valsad, Gujarat- 396 171.
3. Plot no. 411, Phase III, GIDC, Umbergaon, Valsad,Gujarat- 396171.
- (III) Mumbai: – 1. A to Z Industrial Premises Co-op. Society Ltd., G.K.Marg, Lower Parel, Mumbai - 400 013

(p) Address for Correspondence:

For Shares held in Physical form:

M/s. Karvy Computershare Pvt. Ltd

Karvy Selenium Tower B,

Plot No.31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032

Tel No. 040-67162222; Fax: 040-23001153

Toll Free no.: 1800-345-4001

Email: shyam.kumar@karvy.com

Website: www.karvy.com

For Shares held in Demat Form:

Investor's concerned Depository Participant(s) and/ or Karvy Computershare Pvt. Ltd.

For General Correspondence write to:

Mr. Kumar Iyer

G.M. Legal & Company Secretary

Zodiac Clothing Company Limited

Nyloc House, 254, D-2, Dr. Annie Besant Road Worli, Mumbai 400 030

e-mail: cosecy@zodiacmtc.com

(q) Auditors' Certificate on Corporate Governance

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

Place: Mumbai

Date: 30th May 2018

M. Y. Noorani

Chairman

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

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

- (A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining Internal Controls for the Financial Reporting and that we have evaluated the effectiveness of the Internal Control system of the Company pertaining to Financial Reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (D) We have indicated to the Auditors and the Audit Committee:
- (1) significant changes in Internal Control over Financial Reporting during the year,
 - (2) significant changes in accounting policies during the year if any, and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over Financial Reporting.

S.Y. NOORANI
Managing Director & President
DIN: 00068423

B. MAHABALA
Chief Financial Officer (CFO)

Place : Mumbai
Date : 30th May, 2018

Annual Declaration by the Managing Director and President

I do hereby declare that pursuant to Schedule V (D) read with the Regulation 34(3) of the LODR, all Board members and senior management personnel of the Company have affirmed with the Code of Conduct and Ethics for the year ended 31st March 2018.

S.Y. NOORANI
Managing Director & President
DIN: 00068423

Place : Mumbai
Date : 30th May, 2018

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE
GOVERNANCE**

To the Members of Zodiac Clothing Company Limited

We have examined the compliance of conditions of Corporate Governance by Zodiac Clothing Company Limited, for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Price Waterhouse Chartered Accountants LLP

Mumbai
May 30, 2018

Anish P Amin
Membership No: 040451

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

2017-18 was an unusually difficult year for the Textiles & Clothing Industry in India. India's export of clothing declined over 4% (USD 16.65B versus USD 17.36B) over the previous year, declining for the first time in over a decade. The country's import of clothing continues to increase (USD 771 M versus USD 595 M i.e. 29%). The major supplies are from China (40%) and Bangladesh (25% - that too duty free!). The demonitisation impact continued because the resilience of SME's (80% - 90% of the Textile & Clothing Sector) is lower. The outstanding GST reform, as expected, experienced teething problems on issues chiefly of input credits/refunds, partly because the ability of the SME's to adapt to the process is lower. Export processes are, by and large, just as complex as in the past. The review of residual embedded taxes for all Textile Products, as recognised in the Economic survey 2017-18, as well as speedy refunds of GST/IGST are crucial. An RBI paper concedes that Exports register a degrowth due to the ballooning of working capital, especially in sectors like Textiles and Clothing, (with high working capital to sales ratios) which needs to be addressed forthwith.

International Markets have been rather slow for about a year: US imports of clothing increased 0.33%. Though Indian exports to the USA were plus 1.77% (the largest gainers - Vietnam +6% Mexico +4% and Cambodia +5%), Bangladesh was minus 3.15% and China minus 1.79%; EU's overall imports were virtually flat as well, but Bangladesh/ Sri Lanka / Pakistan's exports to the EU increased due to zero duty. The exports of Ready made Garments from Bangladesh to EU in F.Y. 2017-18 was USD 19.63 B i.e. 10.58% growth and 64.12% of the total exports of ready made garments by Bangladesh. The looming Global Trade War initiated by Trump, and State elections in India coupled with the confusion surrounding the forthcoming General elections, have created uncertainty and insecurity in the International and Domestic markets, respectively. The US has raised the issue of "Subsidising" of Textile & Clothing exports by India at the WTO - India is only making partial reimbursement of embedded Taxes, not subsidising as alleged. The African Growth and Opportunities Act (AGOA) is a major booster for clothing import into USA from Africa, with zero duty leading to a surge of companies from Bangladesh, China and even India making a beeline to set up production in countries like Ethiopia and Kenya, despite their constraints. The export of clothing from AGOA last year was USD 3B and

is expected to rise dramatically in future. The transit time for shipments from some AGOA countries to the US east coast is 10 days and similar from North African countries to the EU. Reduction of duty drawback /ROSL by 67% in view of GST Refunds (which did not cover embedded taxes fully) caused havoc (Tirupur is a glaring example of the distress in the clothing export sector). Besides, sharp rise in working capital due to teething problems in disbursements of refunds (which have shown progress in recent months and where further improvements are likely) made matters worse. The competitiveness of the country has been severely impacted, resulting in colossal loss of business grabbed by competitor countries.

India has regained its position as the fastest growing major economy globally, projected to grow at 7.3% in 2018-19. We have recently surpassed China as the top retail destination in the world. The four contributing factors were (1) increased spending over essentials by consumers, (2) digitization, mobile and internet penetration, (3) favourable foreign investment climate and (4) increase in cashless transactions. GST has, to an extent, increased the presence of organised retail in the interior of the country (notably Tier II and Tier III cities) spurred by the mushrooming of suitable retail spaces there. Increased Brand awareness and tech savvy millennials, besides the world's largest youth population, are making India more fashion conscious. Mass media and social media's growth is also propelling this. Fast fashion retailers are anchors in malls. India's retail market is expected to reach ₹ 1,02,50,500 Crores by 2026, growing 2.5 times at a CAGR of 10%. Fashion retail is expected to reach ₹ 7,48,398 Crores by 2026 mirroring India's overall retail growth. Menswear is the largest segment of clothing and is expected to reach ₹ 2,95,795 Crores by 2026, with a CAGR of 9%. Compare this to the expected anaemic growth in US/EU/Japan of 2 to 3%! The more farsighted players are consolidating their market position by continuing to look at expansion strategy, investments in technology and business processes to exploit the evolving/untapped potential.

B. INDUSTRY STRUCTURE & DEVELOPMENT

Besides the year being difficult for the Indian Textile & Clothing industry, the situation has been compounded because India's competitiveness in Labour Intensive Exports has been on a declining path for 10 years. The special apparel package 2016 is well thought out and benefited export, especially ROSL. However, fuller

benefit could have accrued by better implementation of the package. Demonetization and GST continue to present challenges for the Clothing industry because of dominant position of SME's in the industry, who are not geared to meet the challenges presented.

Internationally the two largest exporter countries of clothing, faced decline, with China minus 1.79% and Bangladesh minus 3.15%. The possible FTA with the EU could be a game changer for India's clothing exports. This requires a leap of faith by India, to harvest the opportunity, more so given the US's increasing protectionism and China's hegemonic ambitions.

E Commerce growth rate in India showed a small decline from 29% to 26%, with a total penetration of 3% of total retail in 2017. Forrester's has forecast 2018 as the year of offline retail, borne out by the advent of Walmart/ Flipkart combo and Amazon's entry into bricks and mortar retail as well. Digital printing (huge advantage for just in time/fast fashion) is expected to become a powerful tool. Fast fashion from the likes of Zara, H&M and deep discounting by online, has pushed franchisees and brick and mortar independents into distress. The quantum of overall discounting in the clothing Industry in India has risen to 25-30% versus 15% three years ago. Percentage of goods sold at MRP continues to decline sharply from 65% to 50%.

Clothing production increased modestly in April 2017, followed by 11 straight months of negative growth, ending the F.Y. minus 11% due to demand contraction, globally and domestically. India has to be the focus market, as global markets are wobbly (US flat despite the hype, EU no perceptible growth). Despite China ceding ground, export led growth cannot be counted upon. Silk is expected to sustain a CAGR of 7-8% through the 5 years to 2021. Though demand for silk products is growing in the EU & US, the Asia Pacific region continues to be the fastest growing, which trend is expected to continue till 2021. China dominates the silk market in the APAC region, being the largest producer of silk yarn and the textile products with abundant availability of Raw Silk.

C. OPPORTUNITIES AND THREATS:

On the international scene, China is still the largest clothing exporter in the world as it is considered a reliable supplier, with adequate raw material, infrastructure and logistics strengths. They have started the exercise of brand building and B2C in E-Commerce. They have launched "Urban Revivo" a fast fashion brand with its own retail across several international markets. China is also shopping for

zero/favorable tariff countries for setting up production facilities there (Bangladesh/ Sri Lanka/ Pakistan) for the EU, and AGOA countries like Ethiopia and Kenya primarily for the US. This is besides Myanmar, Vietnam, Cambodia & North Korea for low wages, sometimes backed with favourable tariffs for target markets.

Bangladesh, a low wage clothing exporter, is preparing for a possible wage hike and phasing out of zero duty by the EU, by setting up production in the AGOA countries like Ethiopia, which have even lower wages than Bangladesh, and duty free access to the US as well as the EU. Bangladesh has shot to second place, after China in Global clothing export, closely followed by Vietnam; the ground yielded by China has been usurped by Bangladesh from India, who should rightfully have been the largest beneficiary and in the second position. EU buyers expect a price from India which is 10% lower than what they pay Bangladesh (which is the zero import differential) despite India's wages being 3 times more than those in Bangladesh, and besides India having a far higher level of compliance with International laws / requirements as well as Social Accountability! Bangladesh is the world's largest importer of raw cotton (55% of which is from India). Their own production is a mere 5% of their requirement. Vietnam is the fastest growing clothing exporter presently, despite wages rising sharply there.

India is the world's largest cotton producer (25% of the world output) with China at 21% and US at 16% in 2017-18. We are also the only country in the world to have an end to end value chain from fibre to fashion, the only other country to have this blessing besides China. This strength must be exploited to capture optimal value addition i.e. by the export of clothing, rather than the export of raw cotton or yarn.

Like China, Bangladesh has brand building and B2C E-Commerce aspirations. Under the SAARC agreement they have duty free access for their clothing (from fabric imported from anywhere in the world) to India where they are growing very aggressively. This is unfair competition to the Clothing Industry in India, for the domestic market because Indian companies pay Import duty (recently hiked) as well as anti dumping duty on fabrics imported.

Sri Lanka has recently achieved zero duty access to EU for clothing under "GSP Plus". They are also eyeing a FTA with China. There is a huge shortage of skilled labour despite which they are rapidly growing their clothing export, including to India under SAARC.

Indonesia has relocated a large portion of its clothing industry to Central Java to encourage high tech facilities which boost productivity.

In the domestic market, E Commerce and Omni Channel (Walmart / Flipkart / Amazon with Reliance, Alibaba and Tencent having plans at an advanced stage to join the party), though not directly in our segment of clothing, are rapidly capturing share of wallet on non clothing /low cost clothing segment. Unemployment /inadequate employment of the educated “demographic dividend”, no appreciable acceleration of skill development yet, and the lack of a “Feel Good” factor are keeping demand constrained. Besides the lack of investment, low R&D budgets and social turbulence are crimping economic growth. Inadequacy of suitable quality retail space at viable rentals is still a constraint.

The consumer landscape in India is changing at a faster pace than forecast, due to changes in:

- a. Consumer income and demographic profile
- b. Disruptive technology and innovation
- c. Cultural Shift
- d. Social Media and brand endorsement

There is a significant shift to the premium and high end segment, with variations in type and positioning of brands across various locations and catchments, most of which accrue to International brands by default because of our culture of deference to “phoren”.

D. SEGMENT WISE / PRODUCT WISE PERFORMANCE

Our Segments are reviewed in terms of the relevant Accounting Standards, with focus on the differential risks and returns of these segments, bearing in mind the organization structure.

The Geographical Segment is identified and given below:

Year Ended 31st March 2018 - on a Consolidated Basis
(Unit: ₹ Million)

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	11,680.76	12,137.10	23,817.86
Carrying Cost of Segment Non Current Asset	15,424.76	170.21	15,594.67

E. OUTLOOK

The outlook on the Global front is clouded, with Trump’s whimsical moves, most importantly the growing protectionism which holds out the risk of a global trade war, the response to this by the US’s major trading partners, the US FED’s interest rate policy’s impact on cost of funds globally, China’s hegemonic ambitions, all have the effect of disturbing balance across markets. Hopefully, if India’s general elections due next year deliver a stable government, the economy and Industry could see bold reforms with elections out of the way, and also enable the Government to take the leap of faith necessary to conclude the India - EU FTA. The recent trend of a weakening rupee, if it continues, will sharpen competitiveness for export. But it will also stoke inflation and raise the cost of funds. Domestic demand, which is showing definite green shoots, if it sustains and blossoms, will be the biggest boost for the industry, given the tepid demand situation in the global market.

A normal to good monsoon would also help domestic demand and raise the level of the robustness of the macro economy. Long term players would need to continue to incur Capex, to both sharpen competitiveness, reduce costs, as well as expansion to capture the potential of evolving demand fructifying. Inditex’s strategy defines sustainable growth is absolutely essential to future growth, the cornerstone being people, creative talents, and an integrated model of physical & social accountability; they also plan large investments in technological refinements. Brexit wont affect their investment plans in the UK.

An emerging new segment is evolving, from premium to a – “bridge to” or “affordable” - luxury. Customization of product mix across different micro markets is gaining importance. Corporate dressing today is not restricted to strictly formal wear- smart casuals and semi formals have transformed corporate attire. Being blessed with an end to end Textile Value Chain, a holistic and integrated approach is called for to achieve Quantum growth, which will spur both investment & employment generation.

F. RISKS & CONCERNS

The risk of inflation has reared its head yet again due to the rising International oil prices, higher current account deficit, declining exports, rising imports and rupee weakening. While both a weak or a strong rupee have advantages and disadvantages, minimal volatility would be necessary to insulate the economy from shock. The cure for our import dependence is export.

Deep discounting by E Commerce (taking away share of wallet left for spending on clothing) needs to end. Policy anomaly and procedural hindrances in TUFs need to be addressed forthwith. Applicants are bearing the brunt for delays, attributable to their bankers' low prioritization of submitting applications, which the policy mandates should be applied for by the bankers.

GSP plus for Sri Lanka, zero duty for Bangladesh to the EU and zero duty for AGOA countries to the US are serious challenges. Myanmar, Cambodia, Ethiopia and Vietnam also have substantial tariff benefits to the EU.

For Sri Lanka, the EU has taken several initiatives towards support for design and implementation of a coherent strategy for export competitiveness, support for Trade Policy Development and regulatory reforms, and an enhancement of capability for WTO negotiations.

Chinese Companies are increasingly using North Korean factories across the border (since UN sanctions on North Korea exclude ban of clothing exports). They are also employing North Korean workers at their factories inside China, because North Korean wages are half the wages in China.

Anti dumping duties have been imposed on import of linen fabric from China and Customs duty on cotton fabrics have been raised to 25% from 10%; the paradox is that Bangladesh emerges as the biggest beneficiary of these moves, as a result of which Sri Lanka is also increasingly gaining market share in India. They import fabric duty free, convert it into clothing and get duty free access for this Clothing imported into India under SAARC. This is undermining and damaging both the Textile and the Clothing industry in India immeasurably.

Hopefully, despite today's political situation, the electorate will still provide a stable government to the country, as the economy should not suffer any shocks. Also the trend of a knee jerk reaction by the clothing industry of unsustainable discounting and soft terms to the trade (to partly recapture loss of volume due to weak consumer demand) has to end. Year round discounting, with 50% or more of goods being sold below MRP is not sustainable, and is unhealthy. The independent retailer has to be insulated from the damaging effects of the above, and nursed back to healthy growth as they play an important role in the retail network globally. All business cannot be captured only by E-Commerce and large discounters anywhere in the world.

G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems, which are supplemented by an exhaustive process of internal audit (conducted by KPMG), which is regularly subjected to in-depth involvement of the management and monitored by the Company's Audit Committee. Internal Audit covers the various functions, processes and other activities, including own retail operations of the Company. Transactions are authorised, recorded and reported accurately and subjected to audit as well. The system of internal controls also ensures that all assets are safeguarded, insured and protected against loss.

H. COMPANY'S FINANCIAL PERFORMANCE

(₹ in lakhs)

	2017 - 18	2016 - 17
Total Revenue from Operations (Net)	25,330.16	28,935.44
PROFIT/(LOSS) BEFORE TAXATION	(2,078.25)	(453.84)
Provision for Taxation:		
Current Tax	130.00	319.00
Deferred tax Charge/(Credit)	(384.47)	(308.97)
Tax in respect of earlier years	63.12	119.91
PROFIT/(LOSS) AFTER TAXATION	(1,886.90)	(583.78)
Other Comprehensive Income/(Loss)	1,326.40	(44.20)
Total Comprehensive Income for the year	(560.50)	(627.98)

Operational Revenue & Profits:

The decline in turnover, of both International and Branded businesses, coupled with gestation on new stores and extended gestation on some stores opened recently, reduction of duty drawback for duties paid on inputs by 67%, as well as high depreciation has resulted in the Company's operational performance being hit. The Company's recent large Capex (on which a loan was applied for under the TUFs scheme, benefits of which have not yet been received, also impacting profitability) is yet to bear fruit because of demand constraints.

The story could have been different, if the consumer demand in India and globally would have reverted to a healthy pattern.

During the Year:

The Company is in compliance with the Code of Conduct for Prevention of Insider Trading formulated in terms of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

Dividend – Your Directors have recommended a dividend of Re. 1/- (previous year Re.1) per Equity Share of ₹ 10/- each on 1,95,19,974 Equity Shares. The dividend amount (when approved by the shareholders) including dividend distribution tax would be ₹ 195.20 Lakhs.

During the year, 6 new Stores were opened (7 unviable stores closed – a net decrease of 1 store) with 121 stores at the end of the year.

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A1 to A2+ for its short-term fund-based/non-fund based facilities of ₹ 8,000 Lakhs vide their letter dated 6th April, 2018.

I HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS

The Company recognises the need of continuous growth and development of its employees to meet the challenges posed by a rapidly growing consumer facing organization, besides fulfilling their own career path objectives. Consequently the role of Human Resources continues to remain vital and strategic to the Company.

The Company's belief that its people are the primary source of its sustainable competitive advantage drives its consistent emphasis on HRD, which remains vital and strategic to the Company. Cordial employee relations, in keeping with tradition, are being pursued vigorously. Employees recruitment, training and development are key focus areas with policies, processes and extensive

use of technology to attract, retain and build on skills of high calibre employees. In keeping with the Company's philosophy of a healthy and safe work environment, regular independent third party audits, certification and training programmes are carried out. Industrial relations have continued to be harmonious throughout the year. This has been possible by creating a performance driven culture against the backdrop of care and concern for all employees.

The Board wishes to place on record its appreciation to all the employees of the Company for their innovative approach and revitalised efforts in these challenging times, which translate to greater efficiency, leading to continuing improvement in the different parameters of business.

J. CAUTIONARY STATEMENT

Statements in the report on Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could, however, differ materially from those express or implied. Important factors that could make a difference to the Company's operation include global demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic development within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations in India, trade agreements, especially with the EU and the US.

The Company assumes no responsibility in respect of forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.



Pure Silk Pochette



Pure Silk Vicenza Ties





Pure Silk Vicenza Ties



ZOD!
CLUBWEAR

ZODIAC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Zodiac Clothing Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. 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 of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain

audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2018, and its total comprehensive loss (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

9. We draw your attention to Note 49 to the standalone Ind AS financial statements regarding restatement of the comparative financial statements in accordance with Ind-AS 103 'Business Combinations', pursuant to the Scheme of amalgamation (the 'Scheme') resulting in the amalgamation of Zodiac Finsec and Holdings Limited ('ZFHL'), a wholly owned subsidiary, with the Company, with effect from April 1, 2017 (the 'appointed date'), pursuant to the Order of National Company Law Tribunal dated March 9, 2018. The adjustments pursuant to the Scheme is as stated in aforementioned note. Our opinion is not modified in respect of this matter.

Other Matters

10. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated May 30, 2017 and May 26, 2016 respectively. The adjustments to those financial

statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

11. As mentioned in paragraph 9 above, pursuant to the Scheme, a wholly owned subsidiary of the Company has been amalgamated with it and the financial information in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements. Accordingly, the comparative information in standalone Ind AS financial statements include the information related to the said subsidiary, which is based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), and audited by another firm of Chartered Accountants, who expressed an unmodified opinion vide their reports dated May 29, 2017 and May 26, 2016 respectively in respect of the said subsidiary. The adjustments to the financial statements of the subsidiary for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.
- Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements.
- ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Mumbai
May 30, 2018

Anish P Amin
Partner
Membership Number: 040451

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of Zodiac Clothing Company Limited on the standalone Ind AS financial statements for the year ended March 31, 2018

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

1. We have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of

Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls 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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 standalone Ind AS 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. 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, 2018, 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
May 30, 2018

Anish P Amin
Partner
Membership Number: 040451

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 12 of the Independent Auditors’ Report of even date to the members of Zodiac Clothing Company Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

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

(₹ In lacs)

Location	Type of Immovable Property	Gross Block	Net Block
Umbergaon	Leasehold land	2.54	2.14
Mumbai	Building	2395.05	2305.32
Mumbai	Investment property (Building)	736.89	709.28

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the

Companies Act, 2013 in respect of the loans and investments made. The Company has not provided any guarantees or security.

- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax (with effect from July 1, 2017) and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs, duty of excise, value added tax and goods and services tax (with effect from July 1, 2017) as at March 31, 2018 which have not been deposited on account of any dispute. The particulars of dues of income tax and sales tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ lacs)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	4.91	1998-99	High Court
Income tax Act, 1961	Income tax	11.71	2000-01, 2001-02 and 2010-11	Assistant Commissioner of Income Tax
Income tax Act, 1961	Income tax	316.26	2010-11, 2012-13 and 2015-16	Income tax Appellate tribunal
Income tax Act, 1961	Income tax	91.21	2011-12 and 2014-15	Commissioner of Income Tax (Appeals)

Name of the statute	Nature of dues	Amount (₹ lacs)	Period to which the amount relates	Forum where the dispute is pending
The Kerala General Sales Tax Act, 1963	Sales tax	4.05	2001-02 and 2002-03	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam
The West Bengal Sales Tax Act, 1994 and The Central Sales Tax Act, 1956	Sales tax	20.98	2002-03 and 2003-04	Assistant Commissioner of Commercial Taxes, Kolkata
The Bombay Sales Tax Act, 1959	Sales tax	11.38	2002-03	Joint Commissioner of Sales Tax Appeal, Mumbai

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the balance sheet date. Further, according to the records of the Company examined by us and the information and explanation given to us, the company does not have any loans or borrowings from any financial institution or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loan have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments), and accordingly, to this extent, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, of the Companies (Indian Accounting Standards) Rules, 2015.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him covered within the meaning of section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Mumbai
May 30th, 2018

Anish P Amin
Partner
Membership Number: 040451

ZODIAC CLOTHING COMPANY LIMITED
Standalone Balance Sheet as at 31st March, 2018
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
I	ASSETS				
1	Non-current assets				
	Property, plant and equipment	4	12,387.28	13,098.10	12,897.67
	Capital work - in - progress	4	197.82	229.43	506.15
	Investment properties	5	770.05	784.71	799.77
	Intangible assets	6	188.06	227.06	197.11
	Intangible Assets Under Development	6	33.67	30.02	37.72
	Investments in subsidiary	7	65.91	65.91	65.91
	Financial assets				
	- Investments	8	4,880.12	6,760.69	8,192.92
	- Loans	9	1,422.83	1,506.24	1,470.05
	- Others financial assets	10	1.00	3.64	3.64
	Deferred tax assets (net)	36	769.53	351.58	55.49
	Non - Current tax assets (net)		1,341.48	1,248.92	1,345.55
	Other non - current assets	11	506.43	510.20	581.47
2	Current assets				
	Inventories	12	7,800.59	7,064.96	7,726.88
	Financial assets				
	- Investments	13	711.43	467.08	280.58
	- Trade receivables	14	2,527.94	2,063.97	2,132.64
	- Cash and cash equivalents	15	397.22	240.52	138.51
	- Bank Balances other than cash and cash equivalents	16	16.27	23.59	26.10
	- Loans	17	147.12	47.42	72.75
	- Others financial assets	18	44.00	133.62	99.65
	Other current assets	19	2,432.51	1,242.87	1,183.94
	TOTAL ASSETS		36,641.26	36,100.53	37,814.50
II	EQUITY AND LIABILITIES				
1	Equity				
	Equity share capital	20	1,952.00	1,952.00	1,952.00
	Other equity	21	22,438.85	23,196.51	24,020.19
2	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	- Borrowings	22	705.49	892.72	724.96
	Current liabilities				
	Financial liabilities				
	- Borrowings	23	5,761.49	4,810.34	5,799.19
	- Trade payables	24	3,658.57	2,870.49	3,138.53
	- Other financial liabilities	25	806.61	847.83	715.52
	Provisions	26	250.81	271.82	284.23
	Other current liabilities	27	1,067.44	1,258.82	1,179.88
	TOTAL EQUITY AND LIABILITIES		36,641.26	36,100.53	37,814.50
	Significant Accounting Policies	2			

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

As per our attached report of even date

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

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

Anish P. Amin
Partner
Membership No. 040451

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2018

Mumbai
30th May, 2018

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Profit and Loss for the year ended 31st March, 2018
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended 31 st March, 2018	Year ended 31 st March, 2017
I	INCOME			
	Revenue from operations	28	23,650.42	27,084.05
	Other income	29	1,679.74	1,851.39
	Total Income		25,330.16	28,935.44
II	EXPENSES			
	Cost of materials consumed	30	9,774.36	10,473.09
	Excise duty		46.75	194.42
	Purchases of stock-in-trade		779.53	356.37
	Changes in inventories of finished goods, stock-in-trade and work-in progress	31	(654.64)	(21.39)
	Employee benefits expense	32	5,848.92	6,058.60
	Finance costs	33	310.42	284.76
	Depreciation and amortization expense	34	1,058.68	1,093.95
	Other expenses	35	10,244.39	10,949.48
	Total expenses		27,408.41	29,389.28
III	Loss before tax		(2,078.25)	(453.84)
IV	Tax expense	36		
	Current tax		130.00	319.00
	Deferred tax credit		(384.47)	(308.97)
	Tax in respect of earlier years		63.12	119.91
V	Loss for the year		(1,886.90)	(583.78)
VI	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	41	29.28	(57.46)
	- Equity Instruments through Other Comprehensive Income		1,391.71	(12.81)
	- Income tax relating to above items		(6.84)	-
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		(128.07)	38.95
	- Income tax relating to above items		40.32	(12.88)
VII	Total Comprehensive Loss for the year		(560.50)	(627.98)
VIII	Earnings per equity share of ₹ 10 each	40		
	Basic (₹)		(9.67)	(2.99)
	Diluted (₹)		(9.67)	(2.99)
	Significant Accounting Policies	2		

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

As per our attached report of even date

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

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

Anish P. Amin
Partner
Membership No. 040451

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2018

Mumbai
30th May, 2018

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Cash Flows for the year ended 31st March, 2018
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(2,078.25)	(453.84)
Adjustments for:		
Depreciation and amortization expenses	1,058.68	1,093.95
Finance cost	310.42	284.76
Unrealised exchange loss on foreign currency translation / transaction	15.24	31.59
Dividend income	(716.64)	(818.96)
Interest income	(125.81)	(80.93)
Net gain on sale/fair valuation of investments through profit and loss	(484.48)	(466.51)
Allowance for doubtful debts and deposits / Expected Credit Loss	(19.23)	(79.80)
Allowance for doubtful loans	12.60	-
Bad and doubtful debts written off	-	1.73
Remeasurements of net defined benefit plans	29.28	(57.46)
Unwinding of discount on security deposits	(1.45)	(5.52)
Net Loss on sale/discard of property, plant and equipment	46.77	129.35
	(1,952.87)	(421.64)
Operating profit before working capital changes		
Adjustments for:		
(Increase)/decrease in trade & other receivables	(1,551.90)	80.52
(Increase)/decrease in inventories	(735.63)	661.92
Increase/(decrease) in trade & other payables	604.25	(312.70)
Increase/(decrease) in provisions	(21.01)	(12.41)
	(3,657.16)	(4.31)
Less: Direct taxes paid (net of refunds)	(285.68)	(342.28)
Net cash flows used in operating activities after exceptional items	(3,942.84)	(346.59)
CASH FLOW FROM INVESTING ACTIVITIES:		
Inflows		
Sale proceeds of property, plant and equipment	6.39	1.72
Interest received	122.44	80.93
Sale proceeds of non-current investments	4,044.49	2,228.95
Dividend received	716.64	818.96
Proceeds from Investment in Term Deposits (Net)	5.71	-
	4,895.67	3,130.56
Outflows		
Purchase of property, plant and equipment/ intangible assets	(387.77)	(1,116.22)
Purchase of current investments (Net)	(182.55)	(162.93)
Purchase of non-current investments	(349.53)	(373.34)
Investment in Term Deposits (Net)	-	(0.34)
	(919.85)	(1,652.83)
Net cash generated from investing activities	3,975.82	1,477.73
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflows		
Proceeds from non-current borrowings	110.00	1,253.00
Proceeds from current borrowings (net)	809.99	-
	919.99	1,253.00
Outflows		
Repayment of non-current borrowings	(297.23)	(957.67)
Dividend paid	(195.20)	(195.20)
Dividend Distribution Tax paid	-	(0.50)
Repayment of current borrowings (net)	-	(835.86)
Interest paid	(303.84)	(292.90)
	(796.27)	(2,282.13)
Net cash generated from / (used in) from financing activities	123.72	(1,029.13)
NET INCREASE IN CASH AND BANK BALANCES	156.70	102.01
Add : Cash and cash equivalents at beginning of the year	240.52	138.51
Cash and cash equivalents at end of the year	397.22	240.52
Cash and Cash equivalent as per above comprises of the following	As at	As at
	31st March, 2018	31st March, 2017
Cash and Cash Equivalents (Refer Note 15)	397.22	240.52
Balances as per statement of Cash Flows	397.22	240.52

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
The accompanying notes (1 - 50) are an integral part of these standalone financial statements
As per our report of even date

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

Anish P. Amin
Partner
Membership No. 040451

Mumbai
30th May, 2018

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

B. MAHABALA
Chief Financial Officer

Mumbai
30th May, 2018

S. Y. NOORANI
Managing Director and President

KUMAR IYER
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

A. Equity Share Capital

	Notes	Amount
As at 1 st April, 2016		1,952.00
Changes in equity share capital	20	-
As at 31 st March, 2017		1,952.00
Changes in equity share capital	20	-
As at 31 st March, 2018		1,952.00

B. Other Equity

	Reserves and Surplus					Other Comprehensive Income (OCI)		Total		
	Securities Premium Reserve	Amalgamation Reserve	State Cash Subsidy	Capital Redemption Reserve	Special Reserve u/s. 451C of the RBI Act, 1934	General Reserves	Retained Earnings		FY OCI - Equity Instruments	Cash Flow Hedging Reserve
Balance as at 1st April, 2016	2,696.47	8.16	15.84	130.00	695.74	2,677.51	12,364.28	5,398.37	33.82	24,020.19
Loss for the year	-	-	-	-	-	-	(583.78)	-	-	(583.78)
Other Comprehensive Income for the year	-	-	-	-	-	-	(57.46)	(12.81)	26.07	(44.20)
Total Comprehensive Income for the year	-	-	-	-	-	-	(641.24)	(12.81)	26.07	(627.98)
Dividends	-	-	-	-	-	-	(195.20)	-	-	(195.20)
Dividend distribution tax (net of tax credit available on distribution of dividend by subsidiary)	-	-	-	-	-	-	(0.50)	-	-	(0.50)
Transferred to Capital Redemption Reserve	-	-	-	70.00	-	-	(70.00)	-	-	-
Transfer to Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	145.59	-	(145.59)	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	1,479.06	(1,479.06)	-	-
Balance as at 31st March, 2017	2,696.47	8.16	15.84	200.00	841.33	2,677.51	12,790.81	3,906.50	59.89	23,196.51
Loss for the year	-	-	-	-	-	-	(1,886.90)	-	-	(1,886.90)
Other Comprehensive Income for the year	-	-	-	-	-	-	29.28	1,384.87	(87.75)	1,326.40
Total Comprehensive Income for the year	-	-	-	-	-	-	(1,857.62)	1,384.87	(87.75)	(560.50)
Dividends	-	-	-	-	-	-	(195.20)	-	-	(195.20)
Transferred from Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	(841.33)	-	841.33	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	2,823.63	(2,823.63)	-	-
Others	-	-	-	-	-	-	(1.96)	-	-	(1.96)
Balance as at 31st March, 2018	2,696.47	8.16	15.84	200.00	-	2,677.51	14,400.99	2,467.74	(27.86)	22,438.85

The accompanying notes (1 - 50) are an integral part of these standalone financial statements As per our attached report of even date
For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors

Firm Registration Number: 012754N/N500016

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

Anish P. Amin
Partner
Membership No. 040451

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2018

Mumbai
30th May, 2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1 Background and Operations

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

2 Significant accounting policies

(a) Basis of preparation of Standalone Ind AS Financial Statements

(i) Compliance with Ind AS

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

The standalone financial statements up to year ended 31st March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

These standalone Ind AS financial statements are the first financial statements of the group under Ind AS. Refer note 50 for an explanation of how the transition from previous GAAP to Ind AS has effected the Company's financial position, financial performance and cash flows.

The accounting policies are applied consistently to all the periods presented in the standalone Ind AS financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

(ii) Historical cost convention

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

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

(iii) Current non-current classification

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

(iv) Rounding of amounts

All amounts disclosed in the standalone

Ind AS financial statements and notes have been rounded off to the nearest lakhs unless otherwise stated.

(b) Use of estimates and judgments

The estimates and judgments used in the preparation of the standalone Ind AS financial statements are continuously evaluated by the company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(c) Property, plant and equipment

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, Plant and Equipment is provided on a Straight Line Method, net of their residual values, over the estimated useful lives of assets. Leasehold land is amortised over the period of lease. Leasehold improvements are amortised over the period of lease or estimated useful lives of such assets, whichever is lower. Period of lease is either the primary lease period or where the Company as a lessee has the right of

renewal of lease, and it is intended to renew for further periods, then such extended period.

The company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act, except for the following class of assets, useful life for which is based on a technical evaluation and taking into consideration nature of Company's business and past experience of usage of such assets and which are different from those prescribed in Schedule II of the Act:

Description of asset		Useful life
Plant and equipment	-	21 years
Furniture and fixtures	-	16 years
Office equipments	-	21 years
Computer	-	6 years
Electrical Installation	-	21 years

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

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

(d) Investment properties

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

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

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Appendix B to Ind AS 40, Investment property - Transfers of investment property as part of the Companies (Indian

Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Company is currently evaluating the impact of the change on its financial statements.

(e) Intangible assets

Computer software

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

Amortisation method

The Company amortizes intangible assets with a future useful life using the straight-line method over following period:

Nature of intangible asset	Useful life
- Computer Software	6 years

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

Transition to Ind AS

On transition to Ind AS the company has elected to continue with the carrying value of all of intangible assets recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(f) Lease

As lessee

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

As lessor

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

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

(g) Cash and Cash Equivalents

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

(h) Inventories

Inventories of Raw Materials, Work-in-Progress, Stock-in-trade, Stores and spares and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-in-First-Out', 'Weighted Average cost' or 'Specific Identification', as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

(i) Investment in subsidiary

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

(j) Investments and other financial assets

(i) Classification

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

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

* those measured at amortised cost.

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

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

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

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

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

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

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

Equity instruments:

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

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

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated

with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Income recognition

Interest income

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

Dividends

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

(k) Borrowings

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

(l) Borrowing costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

(m) Provisions, contingent liabilities and contingent assets

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

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

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

A contingent asset is disclosed in respect of possible asset that may arise from past event and

whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events.

(n) Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes, goods and services tax and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the company's activities as described below.

Sale of goods - Wholesale

Sales are recognised when substantial risk and rewards of ownership are transferred to customer. In case of domestic sales, sales are recognised when goods are dispatched or delivery is handed over to transporter. In case of export sales, sales are recognised when goods are cleared by customs.

Sale of goods - Retail

Sales are recognised when substantial risk and rewards of ownership are transferred to retail customers, when goods are handed over to the customer against moneys received.

Sales return

The Company recognises provision for sales return, based on the historical trends.

Other operating revenue - Export incentives -

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made.

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Company is currently evaluating the impact of the change on its financial statements.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in

respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. An actuarial valuation is obtained at the end of reporting period. The present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

(iii) Post-employment obligations

Defined Benefits Plan Gratuity obligations

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

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

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

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

Defined Contribution Plans

The Company pays Provident Fund (PF) contributions, Employees State Insurance

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

Termination benefits

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

(p) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Company is currently evaluating the impact of the change on its financial statements.

(q) Derivative and hedging activities

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

The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions (cash flow hedges).

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

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

Cash flow hedges that qualify for hedge accounting –

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

When forward contracts and non-derivative financial liabilities in the form of Pre-shipment export credit in Foreign Currency (PCFC) are used to hedge forecast transactions, the Company designates them in entirety as the hedging instrument. Gains or losses relating to effective portion of fair value of forward contracts and PCFC are recognised in the cash flow hedging reserve within other equity.

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

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

(r) Income tax

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

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the standalone Ind AS financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related defer income tax assets is realised or the deferred income tax liability is settled.

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

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

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

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified amendments to Ind AS 12, Income taxes regarding recognition of deferred tax assets on unrealised losses as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Company is currently evaluating the impact of the change on its financial statements.

(s) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

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

(t) Segment Reporting:

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

(u) Impairment of non-financial assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there

are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(v) Government Grants

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

(w) Business Combinations

Amalgamation under common control are accounted using 'Pooling of Interest Method'.

(x) Dividend

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

3 Critical estimates and judgements

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

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

The areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation (Refer Note 41).
- Estimation of current tax expenses and Payable and Recognition of deferred tax assets for carried forward tax losses (Refer Note 36).
- Allowance for doubtful debts and deposits / Expected Credit Loss (Refer Note 9, 14 and 45).
- Fair value of Investment properties (Refer Note 5)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

4. Property, Plant and Equipment

	Land		Buildings	Leasehold Improvement	Plant & Machinery	Furniture & fixtures	Vehicles	Office equipment	Computer	Electrical Installation	Total
	Freehold	Leasehold									
Gross Carrying Amount											
Deemed Cost at 1 st April, 2016 (Refer Note iv)	420.90	2.54	3,226.12	2,172.65	3,146.21	2,472.92	59.87	569.38	178.80	648.28	12,897.67
Additions	-	-	31.86	331.53	669.26	187.96	-	26.02	24.24	71.49	1,342.36
Disposals	-	-	0.66	124.05	-	3.47	4.69	-	-	12.53	145.40
Balance as at 31st March, 2017	420.90	2.54	3,257.32	2,380.13	3,815.47	2,657.41	55.18	595.40	203.04	707.24	14,094.63
Additions	-	-	39.42	135.22	25.03	33.55	-	22.64	10.15	57.41	323.42
Disposals	-	-	-	71.39	-	-	-	-	-	2.27	73.66
Reclassified as Investment Property	-	-	0.40	-	-	-	-	-	-	-	0.40
Balance as at 31st March, 2018	420.90	2.54	3,296.34	2,443.96	3,840.50	2,690.96	55.18	618.04	213.19	762.38	14,343.99
Accumulated depreciation											
Balance as at 1 st April, 2016	-	-	-	-	-	-	-	-	-	-	-
Additions	-	0.20	78.81	332.90	211.68	222.32	20.98	37.89	62.83	43.25	1,010.86
Disposals	-	-	0.01	13.36	-	0.15	0.29	-	-	0.52	14.33
Balance as at 31st March, 2017	-	0.20	78.80	319.54	211.68	222.17	20.69	37.89	62.83	42.73	996.53
Additions	-	0.20	79.93	305.33	224.59	222.71	15.24	33.08	55.86	43.74	980.68
Disposals	-	0.20	-	20.28	-	-	-	-	-	0.22	20.50
Balance as at 31st March, 2018	-	0.40	158.73	604.59	436.27	444.88	35.93	70.97	118.69	86.25	1,956.71
Carrying Amount											
Balance as at 1 st April, 2016	420.90	2.54	3,226.12	2,172.65	3,146.21	2,472.92	59.87	569.38	178.80	648.28	12,897.67
Balance as at 31 st March, 2017	420.90	2.34	3,178.52	2,060.59	3,603.79	2,435.24	34.49	557.51	140.21	664.51	13,098.10
Balance as at 31 st March, 2018	420.90	2.14	3,137.61	1,839.37	3,404.23	2,246.08	19.25	547.07	94.50	676.13	12,387.28
Capital Work in Progress (Refer Note v)											
1 st April, 2016	-	-	-	-	-	-	-	-	-	-	506.15
31 st March, 2017	-	-	-	-	-	-	-	-	-	-	229.43
31 st March, 2018	-	-	-	-	-	-	-	-	-	-	197.82

Notes:

(i) Refer Note 38 for disclosure of contractual commitments for acquisition of property, plant and equipment.

(ii) Refer Note 37 for information on property, plant and equipment pledged as security by the company.

(iii) Buildings acquired pursuant to the scheme of amalgamation are pending registration in the name of the Company having carrying amounts ₹ 2,307.46 Lakhs (31st March, 2017 ₹ 2,350.18 Lakhs and 1st April, 2016 ₹ 2,395.05 Lakhs).

(iv) Property, Plant and Equipment acquired pursuant to scheme of amalgamation and included therein are as follows. (Refer Note 49)

Description of Assets	Deemed Cost as at 1st April, 2016
Buildings	2,395.05
Furniture & fixtures	0.82
Vehicles	0.05
Office equipment	0.37
Total	2,396.29

(v) Capital Work in Progress primarily includes plant and equipments under installation, leasehold improvements and furniture & fixtures related to retail shops.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

5. Investment Properties

	As at 31st March, 2018	As at 31st March, 2017	
Gross carrying amount			
Opening gross carrying amount / Deemed cost (Refer Note v)	799.77	799.77	
Reclassified from Property, plant and equipment	0.40	-	
Closing gross carrying amount	800.17	799.77	
Accumulated depreciation			
Opening accumulated depreciation	15.06	-	
Depreciation charge	15.06	15.06	
Closing accumulated depreciation	30.12	15.06	
Net carrying amount	770.05	784.71	
Note:			
(i) Amounts recognised in profit or loss for investment properties:			
Particulars	As at 31st March, 2018	As at 31st March, 2017	
Rental income derived from investment properties	343.79	344.99	
Direct operating expenses (including repairs and maintenance) of investment properties	3.86	4.71	
Income arising from investment properties before depreciation	339.93	340.28	
Depreciation	15.06	15.06	
Income arising from investment properties (Net)	324.87	325.22	
(ii) Premises given on operating lease:			
The Company has given certain investment properties on operating lease. These lease arrangements range for a period between 11 months and 5 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms.			
The total future minimum lease rentals receivable at the Balance Sheet date is as under:			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
For a period not later than one year	93.07	306.75	76.69
For a period later than one year and not later than five years	16.23	76.69	-
For a period later than five years	-	-	-
(iii) Fair value			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investment Properties	4,849.95	4,410.95	4,432.54
Significant Estimates:			
Estimation of fair value			
The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in active market for similar properties.			
This valuation is based on valuations performed by an accredited independent valuer's assumptions. The fair value measurement is categorised in level 3 fair value hierarchy.			
(iv) Investment Property (Building) acquired pursuant to the scheme of arrangements are pending registration in the name of the Company having carrying amounts ₹ 709.28 Lakhs (31st March, 2017 ₹ 723.28 Lakhs and 1st April, 2016 ₹ 736.89 Lakhs).			
(v) Assets acquired pursuant to scheme of amalgamation and included therein is as follows. (Refer Note 49)			
Description of Assets	Deemed Cost as at 1st April, 2016		
Investment Property - Building	736.89		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

6 Intangible

	Computer Software
Gross carrying amount	
Deemed cost as at 1st April, 2016	197.11
Additions	97.98
Disposals	-
Balance as at 31st March, 2017	295.09
Additions	23.94
Disposals	-
Balance as at 31st March, 2018	319.03
Accumulated amortisation	
Balance as at 1st April 2016	-
Additions	68.03
Disposals	-
Balance as at 31st March, 2017	68.03
Additions	62.94
Disposals	-
Balance as at 31st March, 2018	130.97
Net carrying amount	
Balance as at 1st April, 2016	197.11
Balance as at 31st March, 2017	227.06
Balance as at 31st March, 2018	188.06
Intangible Assets Under Development	
1st April, 2016	37.72
31st March, 2017	30.02
31st March, 2018	33.67

Note:

Intangible Assets Under Development constitutes software under development.

7 Investments in Subsidiary

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Unquoted Equity instruments at cost						
Zodiac Clothing Company S.A., Switzerland (Equity Shares of CHF 1,000/- each)	250	65.91	250	65.91	250	65.91
Total		65.91		65.91		65.91
Aggregate value of unquoted investments		65.91		65.91		65.91

8 Non-current Investments

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of shares/ bonds / units	Amount	No. of shares/ bonds / units	Amount	No. of shares/ bonds / units	Amount
A Investment in Equity Instruments						
Quoted						
At Fair value through Other Comprehensive Income						
Shoppers Stop Limited (Equity Shares of ₹ 5 each)	5,13,269	2,713.91	12,44,452	4,511.14	17,13,750	6,248.33
Aditya Birla Nuvo Limited (Equity Shares of ₹10 each)*	-	-	66	1.00	66	0.54
Aditya Birla Capital Limited (Equity Shares of ₹10 each) *	138	0.20	-	-	-	-
Grasim Industries Limited (Equity Shares of ₹10 each) *	99	1.04	-	-	-	-
Aditya Birla Fashion and Retail Limited (Equity Shares of ₹ 10 each)	343	0.52	343	0.53	343	0.49
Hindalco Industries Limited (Equity Shares of ₹1 each)	830	1.78	830	1.62	830	0.73
Coramandel International Limited (Equity Shares of ₹ 10 each)	108	0.57	108	0.34	108	0.21
Exide Industries Limited (Equity Shares of ₹10 each)	7	0.02	7	0.02	7	0.01
Indraprastha Medical Limited (Equity Shares of ₹10 each)	5,000	2.42	5,000	2.65	5,000	2.60
Karur Vysya Bank Limited (Equity Shares of ₹2 each)	29,758	30.01	25,195	28.26	5,039	21.99
Maan Aluminium Limited (Equity Shares of ₹10 each)	250	0.52	250	0.30	250	0.07
Spentex Industries Limited (Equity Shares of ₹ 10 each)	54	**	54	**	54	**
Total (A)		2,750.99		4,545.86		6,274.97

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

8 Non-current Investments

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount
B Investment in Preference shares						
Unquoted						
At amortised cost						
21.06% Cumulative Non Convertible Compulsorily Redeemable Preference Shares of ₹ 10/- each in I L & F S Transportation Networks Limited		-	12,50,000	250.00	12,50,000	250.00
Total (B)		-		250.00		250.00
C Investment in Bonds						
Unquoted						
At amortised cost						
11.80 % I L & F S Transportation Networks Limited (Bonds of ₹ 100 each)	30	305.62	-	-	-	-
Total (C)		305.62		-		-
D Investment in Venture capital funds						
Unquoted						
At Fair value through Profit and Loss @						
Faering Capital India Evolving Fund II (Units of ₹1000/- each)	37,500	347.10	37,500	331.32	22,500	213.58
Paragon Partners Growth Fund – I (Units of ₹ 100/- each)	1,58,685	288.81	3,60,000	364.46	1,40,000	130.37
Tata Capital Healthcare Fund (Units @ ₹ 1/- each, Paid up value per unit ₹ 0.93 each, March, 2017 ₹ 0.90 each, April, 2016 ₹ 0.89 each)	2,00,00,000	214.00	2,00,00,000	220.96	2,00,00,000	209.46
Tata Capital Growth Fund (Units @ ₹ 1/- each, Paid up value per unit ₹ 0.88 each, March, 2017 ₹ 0.87 each, April, 2016 ₹ 0.85 each)	2,00,00,000	252.00	2,00,00,000	220.00	2,00,00,000	260.00
Faering Capital India Evolving Fund (Units of ₹1000/- each)	63,729	721.60	72,870	828.09	88,876	854.54
Total (D)		1,823.51		1,964.83		1,667.95
Total (A+B+C+D)		4,880.12		6,760.69		8,192.92
Aggregate amount of quoted investments		2,750.99		4,545.86		6,274.97
Aggregate Market Value of the quoted investments		2,750.99		4,545.86		6,274.97
Aggregate amount of unquoted investments		2,129.13		2,214.83		1,917.95

Note:

* The Company had invested in equity shares of Aditya Birla Nuvo Limited (face value of ₹ 10 each). During the current year, Aditya Birla Nuvo Limited was merged with Grasim Industries Limited and pursuant to which, the Company received 15 equity shares (face value of ₹ 10 each) for every 10 equity shares of Aditya Birla Nuvo Limited. Further, during the year, Grasim Industries Limited had demerged its financial services business into Aditya Birla Capital Limited and pursuant to which, the Company received 7 equity shares (face value of ₹ 10 each) for every 5 equity shares held in Grasim Industries Limited.

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

@ Investment in venture capital funds have been fair valued at closing NAV.

Refer Note 44 for information about fair value measurement of investments and Note 38(ii)(b) for Investment Commitments related to Venture Capital funds.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

9 Non- current loans

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Security Deposits			
- Considered good	1,422.83	1,506.24	1,470.05
- Considered doubtful	78.26	99.04	42.27
- Less: Allowance for Doubtful Deposits / Expected Credit Loss	(78.26)	(99.04)	(42.27)
Total	1,422.83	1,506.24	1,470.05

Note: Security Deposits (for premises taken on lease) includes amount paid to:			
(i) Directors			
Mr. M. Y. Noorani	3.60	3.60	3.60
Mr. A. Y. Noorani	9.45	9.45	9.45
Mr. S. Y. Noorani	9.45	9.45	9.45
(ii) Firms in which some of the Directors of the Company are partners			
Metropolitan Trading Company	165.00	165.00	165.00
Munraz Enterprises	10.00	10.00	10.00
Mustang Manufacturing Company	2.50	2.50	2.50

Refer Note 45 for information about credit risk and market risk for loans.

10 Other non-current financial assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Term deposits with banks	1.00	1.00	1.00
Interest Accrued on investments	-	2.64	2.64
Total	1.00	3.64	3.64

11 Other non-current assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Capital advances	38.15	42.89	61.79
Prepaid expenses	274.58	310.27	389.89
Balances with government authorities (including deposits)	193.52	156.86	129.61
Other advances	0.18	0.18	0.18
Total	506.43	510.20	581.47

12 Inventories

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Raw Materials [Includes Raw Material - In Transit ₹ 57.75 Lakhs, (As at 31 st March, 2017 ₹ 35.68 Lakhs and As at 1 st April, 2016 ₹ 232.54 Lakhs)]	2,572.79	2,332.78	3,007.99
Work-in-progress	454.66	284.58	422.40
Finished goods	3,932.65	3,699.87	3,444.95
Stock-in-trade	797.58	672.76	768.47
Stores and Spares	42.91	74.97	83.07
Total	7,800.59	7,064.96	7,726.88

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to ₹ 122.16 Lakhs as at 31st March, 2018 (as at 31st March, 2017 ₹ 33.00 Lakhs and as at 1st April, 2016 ₹ 25.00 Lakhs). These writedowns were recognised as an expense and included in 'Raw material consumed', 'changes in inventories of finished goods, stock-in-trade and work-in-progress', and 'consumption of stores and spares' in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

13 Current investments

	No. of Units	As at 31 st March, 2018	No. of Units	As at 31 st March, 2017	No. of Units	As at 1 st April, 2016
A						
Investments in Mutual Funds						
Unquoted						
At Fair value through Profit and Loss						
IDFC Ultra Short Term Fund-Growth (Direct Plan) (Units of ₹ 10/- each)	7,48,869	185.70	9,52,134	220.45	8,06,148	171.85
HDFC floating rate Income Fund-Short term Plan- Wholesale Option Growth (Units of ₹ 10/- each)	12,94,556	393.32	8,72,165	246.63	4,16,886	108.60
HDFC Liquid Fund Growth (Units of ₹ 10/- each)	3,882	132.41	-	-	-	-
DHFL Pramerica Insta Cash Plus Fund-Direct Plan-Growth (Units of ₹ 100/- each)	-	-	-	-	66	0.13
Total		711.43		467.08		280.58
Aggregate amount of unquoted investments		711.43		467.08		280.58

Refer Note 44 for information about fair value measurement of investments.

14 Trade receivables

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Receivables from related parties (Refer Note 43)	359.54	346.19	171.35
Others			
- Considered good	2,168.40	1,717.78	1,961.29
- Considered Doubtful	426.40	424.85	561.42
- Less: Allowance for doubtful debts / Expected Credit Loss	(426.40)	(424.85)	(561.42)
Total	2,527.94	2,063.97	2,132.64
Note: Amounts Receivable from firms in which Directors are partners			
Mashal Enterprises	3.22	8.13	5.05

Refer Note 45 for information about credit risk and market risk of trade receivables.

15 Cash and cash equivalents

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Cash on hand	0.08	8.86	13.61
Balances with Banks			
- In current accounts	390.70	231.53	118.36
- In EEFC accounts	6.44	0.13	6.54
Total	397.22	240.52	138.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

16 Bank Balances other than cash and cash equivalents

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Term deposits with Banks	-	5.71	5.37
Unclaimed dividends - Earmarked balances with banks	16.27	17.88	20.73
Total	16.27	23.59	26.10

17 Current loans

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Security Deposits	99.56	-	-
Loans to employees			
- Considered good	47.56	47.42	72.75
- Considered doubtful	53.75	41.15	41.15
- Less: Allowance for doubtful loans	(53.75)	(41.15)	(41.15)
Total	147.12	47.42	72.75

Refer Note 45 for information about credit risk.

18 Other current financial assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Interest accrued	6.01	-	-
Others	37.99	133.62	99.65
Total	44.00	133.62	99.65

19 Other current assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Export Benefits receivables	678.88	642.74	428.20
Excess Contribution to gratuity fund (Refer Note 41)	256.84	304.37	419.49
Interest subsidy receivable	34.09	43.15	33.16
Advances to Suppliers	106.53	84.09	140.99
Prepaid expenses	167.81	139.64	135.10
GST receivable/refundable	1,000.13	-	-
Other advances	188.23	28.88	27.00
Total	2,432.51	1,242.87	1,183.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

20 Equity share capital

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Authorised			
3,40,00,000 [31 st March, 2017: 3,40,00,000 and 1 st April, 2016: 3,40,00,000] Equity Shares of ₹ 10 each	3,400.00	3,000.00	3,000.00
Issued, subscribed and fully paid up			
1,95,19,974 [31 st March, 2017: 1,95,19,974 and 1 st April, 2016: 1,95,19,974] Equity Shares of ₹ 10 each	1,952.00	1,952.00	1,952.00
	1,952.00	1,952.00	1,952.00

Increased pursuant to scheme of amalgamation of Zodiac Finsec and Holdings Limited with the Company w.e.f. 1st April, 2017 (Refer Note 49)

Notes:

a) Reconciliation of number of shares:

	As at 31 st March, 2018		As at 31 st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Equity Shares :				
Balance as at the beginning of the year	1,95,19,974	1,952.00	1,95,19,974	1,952.00
Balance as at the end of the year	1,95,19,974	1,952.00	1,95,19,974	1,952.00

b) Rights, preferences and restrictions attached to shares:

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

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

	As at 31 st March, 2018		As at 31 st March, 2017		As at 31 st March, 2016	
	%	No. of shares	%	No. of shares	%	No. of shares
Mohammed Yusuf Noorani **	21.29	41,56,220	19.96	38,95,473	19.96	38,95,473
Asia Tangible Investments Pte Ltd.	16.16	31,54,882	16.16	31,54,882	16.16	31,54,882
Euro Global Holdings Pte. Ltd.	16.16	31,54,882	16.16	31,54,882	16.16	31,54,882
Akash Bhanshali	6.98	13,61,700	6.98	13,61,700	6.98	13,61,700
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd.	6.39	12,48,034	6.64	12,95,887	5.98	11,68,087
** Includes shares held by Mr. Mohammed Yusuf Noorani						
a) as Trustee for and on behalf of Yusuf Noorani Family Trust ¹		18,990		18,990		18,990
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust		8,334		8,334		8,334

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

21 Other Equity

	Reserves and Surplus							Other Comprehensive Income (OCI)			Total
	Securities Premium Reserve	Amalgamation Reserve	State Cash Subsidy	"Capital Redemption Reserve"	Special Reserve u/s. 451C of the RBI Act, 1934	General Reserves	Retained Earnings	FVOCI - Equity Instruments	Cash Flow Hedging Reserve		
Balance as at 1st April, 2016	2,696.47	8.16	15.84	130.00	695.74	2,677.51	12,364.28	5,398.37	33.82	24,020.19	
Loss for the year	-	-	-	-	-	-	(583.78)	-	-	(583.78)	
Other Comprehensive Income for the year	-	-	-	-	-	-	(57.46)	(12.81)	26.07	(44.20)	
Total Comprehensive Income for the year	-	-	-	-	-	-	(641.24)	(12.81)	26.07	(627.98)	
Dividends	-	-	-	-	-	-	(195.20)	-	-	(195.20)	
Dividend distribution tax (net of tax credit available on distribution of dividend by subsidiary)	-	-	-	-	-	-	(0.50)	-	-	(0.50)	
Transferred to Capital Redemption Reserve	-	-	-	70.00	-	-	(70.00)	-	-	-	
Transfer to Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	145.59	-	(145.59)	-	-	-	
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	1,479.06	(1,479.06)	-	-	
Balance as at 31st March, 2017	2,696.47	8.16	15.84	200.00	841.33	2,677.51	12,790.81	3,906.50	59.89	23,196.51	
Loss for the year	-	-	-	-	-	-	(1,886.90)	-	-	(1,886.90)	
Other Comprehensive Income for the year	-	-	-	-	-	-	29.28	1,384.87	(87.75)	1,326.40	
Total Comprehensive Income for the year	-	-	-	-	-	-	(1,857.62)	1,384.87	(87.75)	(560.50)	
Dividends	-	-	-	-	-	-	(195.20)	-	-	(195.20)	
Transferred from Special Reserve u/s. 451C of the RBI Act, 1934 @	-	-	-	-	(841.33)	-	841.33	-	-	-	
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	2,823.63	(2,823.63)	-	-	
Others	-	-	-	-	-	-	(1.96)	-	-	(1.96)	
Balance as at 31st March, 2018	2,696.47	8.16	15.84	200.00	-	2,677.51	14,400.50	2,467.74	(27.86)	22,438.85	

Purpose of Significant Reserves:

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. These reserves are utilised in accordance with the provisions of the Act.

Capital Redemption Reserve

Represent reserve created during redemption of Preference Shares and it is a non-distributable reserve.

Special Reserve u/s. 451C of the RBI Act, 1934

Represents reserve created in terms of section 451C of the RBI Act where NBFC's are required to create a reserve fund and transfer therein a sum not less than twenty percent of its profit for the year. This fund can be utilised only for the purpose as specified by RBI and such utilisation should be reported to the RBI within 21 days of such withdrawal.

@ Pursuant to scheme of amalgamation of Zodiac Finsec and Holdings Limited(ZFHL), a NBFC, with the Company, the said reserve was merged and carried in the financial statements of the Company. ZFHL had ceased to be a NBFC as per order dated 12th June, 2017, pursuant to which the Company does not require to maintain the said reserve and hence the balance in the reserve has been transferred to retained earnings.

FVOCI - Equity Instruments

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

Cash Flow Hedging Reserve

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

22 Non-current borrowings

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Secured			
Term loan from banks	290.49	507.72	724.96
Unsecured			
Term Loan from directors [Refer Note 43]	415.00	385.00	-
Total	705.49	892.72	724.96

Refer Note 45 for liquidity risk**Notes:**

(a) Nature of Security and terms of repayment for Long Term secured borrowings from banks:

- (i) Secured by way of hypothecation of respective plant and equipment purchased out of the proceeds of the loan.
- (ii) The loan carries an interest rate ranging from 8.45% to 10.75% p.a (31st March, 2017: 8.80% to 10.75% p.a. and 1st April, 2016: 9.25% to 10.75% p.a.)
- (iii) The loan is repayable in 15 equal quarterly installments starting from the 18th month from their respective drawdown dates.
- (iv) Installments falling due within a year in respect of all the above Loans aggregating ₹ 217.23 Lakhs (March 31, 2017 : ₹ 217.23 Lakhs and April 1, 2016 : ₹ 89.67 Lakhs) have been grouped under “Current maturities of long-term debt”. (Refer Note 25)
- (v) The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.

(b) Details of terms of repayment for unsecured loans from directors:

The loan carries an interest rate of 8% p.a. The loan is repayable after a minimum period of 18 months from the date of receipt of the amount.

23 Current Borrowings

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Working Capital Loans:			
From banks			
Secured			
In Foreign Currency			
- Foreign Currency Non-Resident Bank Loan	1,547.91	1,540.19	1,547.81
- Buyers Credit	44.63	308.10	1,028.01
- Packing Credit	3,171.02	1,638.09	3,223.37
In Indian Rupees			
- Rupee Packing Credit	997.93	1,323.96	-
Total	5,761.49	4,810.34	5,799.19

Refer Note 45 for liquidity risk

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.

Nature of Security:

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

Net debt reconciliation	As at 31 st March, 2018	As at 31 st March, 2017
Cash and cash equivalents	397.22	240.52
Current Borrowings	(5,761.49)	(4,810.34)
Non Current Borrowings	(922.72)	(1,109.95)
Interest accrued but not due on borrowings	(12.96)	(15.44)
Net debt	(6,299.95)	(5,695.21)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

	Cash and Cash equivalents	Non current borrowings (Including current maturities of long term debt and interest accrued)	Current borrowings (Including interest accrued)	Total
Net Debt as at March 31, 2017	240.52	(1,112.89)	(4,822.84)	(5,695.21)
Cash flows	156.70	187.23	(951.15)	(607.22)
Interest expense on Borrowings	-	(94.92)	(194.29)	(289.21)
Interest paid on Borrowings	-	95.75	195.94	291.69
Net Debt as at March 31, 2018	397.22	(924.83)	(5,772.34)	(6,299.95)

24 Trade payables

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade payables [Refer Note below]			
Payable to related parties [Refer Note 43]	646.03	589.15	149.39
Others	3,012.54	2,281.34	2,989.14
Total	3,658.57	2,870.49	3,138.53

Refer Note 45 for information about liquidity risk and market risk of trade payables.

Note :

Dues To Micro And Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows.

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.88	15.04	18.49
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	17.42	17.34	14.84
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.08	2.50	3.43
Further interest remaining due and payable for earlier years	17.34	14.84	11.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

25 Other current financial liabilities

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Current maturities of long term debt (Refer Note 22)	217.23	217.23	89.67
Interest accrued but not due on borrowings	12.96	15.44	13.59
Unclaimed dividends [Refer Note below]	16.27	17.88	20.73
Mark to market of derivative financial instruments	37.55	29.33	21.84
Security deposits received	264.48	236.72	259.26
Capital Creditors	258.12	331.23	310.43
Total	806.61	847.83	715.52

Notes:

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

26 Provisions

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Provision for employee benefits (Refer Note 41)			
- Compensated absences	160.87	150.87	140.34
Other Provision			
- Sales Return (Refer Note below)	89.94	120.95	143.89
Total	250.81	271.82	284.23

Note:

Movement in provisions	Provision for Sales Return
Balance as at 1st April, 2016	143.89
Provision recognised during the year	120.95
Amount utilised / reclassified during the year	(143.89)
Balance as at 31st March, 2017	120.95
Provision recognised during the year	89.94
Amount utilised / reclassified during the year	(120.95)
Balance as at 31st March, 2018	89.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

27 Other Current liabilities

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Revenue received in advance	15.40	138.49	156.32
Statutory dues payable	152.36	222.32	233.12
Salary and Wages payable	894.51	872.07	785.27
Other payables	5.17	25.94	5.17
Total	1,067.44	1,258.82	1,179.88

28 Revenue from Operations

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Sale of Products	22,803.68	25,716.28
Other operating revenue		
Export Incentives	766.63	1,250.52
Process waste sale	80.11	116.36
Royalty received	-	0.89
Total	23,650.42	27,084.05

Note:

Goods and services tax (hereinafter referred to as “GST”) has been effective from 1st July 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30th June 2017 “Sale of products” included the amount of excise duty recovered on sales. With effect from 1st July 2017, Sale of Products excludes the amount of GST recovered. Accordingly, revenue from “Sale of products” and ‘Revenue from operations’ for the year ended 31st March 2018 are not comparable with those of the previous year.

29 Other income

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Interest income	125.81	80.93
Dividend Income	716.64	818.96
Rent income	349.79	350.99
Net gain on sale of investments through profit and loss	246.71	358.78
Net gain on fair valuation of investments through profit and loss	237.77	107.73
Net gain / (loss) on foreign currency transactions and translation	(45.80)	114.97
Miscellaneous income	48.82	19.03
Total	1,679.74	1,851.39

30 Cost of materials consumed

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Raw materials at the beginning of the year	2,332.78	3,007.99
Purchases	10,014.37	9,797.88
Less: Raw materials at the end of the year	2,572.79	2,332.78
Total	9,774.36	10,473.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

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

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Opening inventories		
Finished goods	3,699.87	3,444.95
Stock-in-trade	672.76	768.47
Work-in-progress	284.58	422.40
	4,657.21	4,635.82
Less: Transitional GST Input Credit availed	126.96	-
Closing inventories		
Finished goods	3,932.65	3,699.87
Stock-in-trade	797.58	672.76
Work-in-progress	454.66	284.58
	5,184.89	4,657.21
Total	(654.64)	(21.39)

32 Employee benefits expense

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Salaries and wages	5,173.26	5,366.64
Contribution to provident funds and other funds (Refer Note 41)	466.59	514.39
Defined Benefit Plan Expenses (Refer Note 41)	101.35	59.63
Workmen and Staff welfare expenses	107.72	117.94
Total	5,848.92	6,058.60

33 Finance costs

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Interest expense on:		
- Term Loans [Net of Interest Subsidy ₹ Nil (Previous Year ₹ 10.01 Lakhs) under TUF Scheme]	94.92	97.64
- Current Borrowings	194.29	166.74
- Others	21.21	20.38
Total	310.42	284.76

34 Depreciation and amortization expense

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Depreciation on property, plant and equipment	980.68	1,010.86
Depreciation on investment property	15.06	15.06
Amortization on intangible assets	62.94	68.03
Total	1,058.68	1,093.95

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

35 Other expenses

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Consumption of stores and spares	281.58	283.97
Power and fuel	249.46	258.93
Electricity Expenses	352.59	406.40
Job Work Charges	727.33	642.97
Insurance	104.83	104.47
Repairs to buildings	61.63	74.40
Repairs to machinery	83.06	109.50
Repairs and Maintenance Others	221.04	106.98
Rent (Refer Note 39)	3,435.98	3,913.24
Retail store maintenance expenses	558.41	671.08
Rates and Taxes	104.93	132.63
Advertisement and sales promotion	1,011.10	1,007.72
Commission to selling agents	826.60	868.89
Freight and forwarding	658.62	800.87
Legal and Professional Expenses	331.54	267.30
Payments to auditors (Refer Note below)	24.59	28.20
Travelling and Conveyance	381.29	398.70
Director Fees	25.87	31.96
Donations	164.17	40.17
Expenditure incurred for Corporate Social Responsibility (Refer Note below)	30.00	18.20
Allowance for doubtful debts and deposits / Expected Credit Loss	(19.23)	(79.80)
Allowance for doubtful loans	12.60	-
Bad and doubtful debts written off	-	1.73
Net Loss on sale/discard of property, plant and equipment	46.77	129.35
Bank Charges	146.78	183.65
Security Charges	110.99	133.10
Trade Mark Fees	123.37	170.64
Miscellaneous Expenses	188.49	244.23
Total	10,244.39	10,949.48
Payments to auditors include:		
For Audit	19.00	19.00
For Limited Review	4.50	4.50
For Other services	0.75	0.50
For reimbursement of expenses	0.34	0.26
Service Tax	-	3.94
Total	24.59	28.20

Details of Corporate Social Responsibility (CSR) Expenditure:

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Amount required to be spent as per Section 135 of the Act	-	18.10
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	30.00	18.20
Total	30.00	18.20

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

36 Income Taxes

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

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Current tax		
Expense for the year	130.00	319.00
Total current tax (A)	130.00	319.00
Deferred tax		
Deferred tax credit	(384.47)	(308.97)
Total deferred tax credit (B)	(384.47)	(308.97)
Total tax expense for the year (C) = (A + B)	(254.47)	10.03
Tax in respect of earlier years (D)	63.12	119.91
Total tax expense/(credit) (C + D)	(191.35)	129.94

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

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Loss before tax	(2078.25)	(453.84)
Enacted income tax rate in India	33.063%	33.063%
Tax expenses at enacted income tax rate	(687.13)	(150.05)
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	(43.04)	(84.33)
Income exempted from Income taxes	17.87	114.99
Additional deduction under Income Tax	32.45	19.93
Differential tax rate in respect of income from capital gains	(9.90)	(0.96)
Differential tax rate in respect of income from other sources	(109.55)	(130.31)
Deferred tax assets not recognised on business losses	672.28	357.60
Change in tax rates	(78.77)	-
Others	(48.68)	(116.84)
Total Tax Expenses	(254.47)	10.03

Consequent to reconciliation items shown above, the effective tax rate is 12.25% (2016-17: -2.21%).

Significant Estimates: In calculation of tax expense for the current year and earlier years, the Company has disallowed certain expenditure pertaining to exempt income which are lower than those considered in previous tax assessments, matter is pending before various tax authorities.

iii) The movement in deferred tax assets and liabilities during the year ended March 31, 2017 and March 31, 2018:

	As at 1st April, 2016	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2017	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2018
Deferred tax assets/(liabilities)							
Provision for employee benefits	46.38	3.50	-	49.88	(5.13)	-	44.75
Provision for doubtful debts and advances	216.42	(27.77)	-	188.65	(33.30)	-	155.35
Expenses allowed in the year of payment	-	0.50	-	0.50	(0.50)	-	-
Unabsorbed Depreciation	394.34	405.35	-	799.69	248.14	-	1,047.83
Depreciation	(631.07)	(40.69)	-	(671.76)	221.70	-	(450.06)
Others	29.42	(31.92)	(12.88)	(15.38)	(46.44)	33.48	(28.34)
Total	55.49	308.97	(12.88)	351.58	384.47	33.48	769.53

Significant Estimates: Based on the future projections, the Company has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the company has recognized deferred tax asset on aforesaid losses. However, deferred tax on brought forward unabsorbed business losses of ₹ 3,194.69 Lakhs previous year ₹ 1,161.36 Lakhs has not been considered for recognition of deferred tax asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

37 Assets pledged as securities

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
<u>Floating Charge</u>			
<u>Current Assets</u>			
Financial Assets			
- Investments	711.43	467.08	280.58
- Trade receivables *	2,168.40	1,717.78	1,961.29
- Cash and cash equivalents	397.22	240.52	138.51
- Bank Balances other than cash and cash equivalents	16.27	23.59	26.10
- Loans	147.12	47.42	72.75
- Others financial assets	44.00	133.62	99.65
	3,484.44	2,630.01	2,578.88
Non Financial Assets			
- Inventories	7,800.59	7,064.96	7,726.88
- Other current assets	2,432.51	1,242.87	1,183.94
	10,233.10	8,307.83	8,910.82
Total Current assets	13,717.54	10,937.84	11,489.70
<u>Fixed Charge</u>			
<u>Non Current Assets</u>			
Plant and Equipments	817.63	859.33	901.04
Total non-current assets	817.63	859.33	901.04
Total assets	14,535.17	11,797.17	12,390.74

* Trade Receivables represent receivables excluding inter company trade receivables.

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
i) Contingent Liabilities			
Claims against the company not acknowledged as debts in respect of:			
Income Tax matters	1,366.62	845.52	750.20
Sales Tax matters	174.83	223.18	190.55
Others matters	1.29	1.29	30.87

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

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
ii) Commitments			
a) Capital Commitments			
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
Property, plant and equipment	116.15	162.39	354.33
Less: Capital advances (Refer Note 11)	(38.15)	(42.89)	(61.79)
Net Capital commitments	78.00	119.50	292.54

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
b) Investment Commitments related to Venture Capital funds	1,481.07	1,375.69	1,748.34

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

39 Lease

Premises taken on operating lease:	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
The Company has significant operating leases for premises. These lease arrangements range for a period between 3 years and 12 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.			
With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:			
For a period not later than one year	461.29	203.25	212.50
For a period later than one year and not later than five years	716.26	10.86	32.39
For a period later than five years	-	-	-

Total operating lease expenses debited to Statement of Profit and Loss is ₹3,435.98 lakhs (Previous year ₹ 3,913.24 lakhs).

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

40 Earnings per share

		Year ended 31 st March, 2018	Year ended 31 st March, 2017
Basic & Diluted			
Loss for the year	(A)	(1,886.90)	(583.78)
Weighted average number of equity shares outstanding	(B)	1,95,19,974	1,95,19,974
Basic and Diluted Earnings Per Share (₹)	(A / B)	(9.67)	(2.99)
Nominal value per equity shares (in ₹)		10	10

41 Post retirement benefit plans

I. Defined Benefit Plan - Gratuity:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service, subject to a ceiling of ₹ 20 Lakhs (Previous Year ₹ 10 Lakhs). The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

As per Actuarial Valuation as on 31st March, 2018, 31st March, 2017 and 1st April, 2016 and recognised in the financial statements in respect of Employee Benefits Scheme:

A Amount recognised in the Balance Sheet

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Present value of plan liabilities	885.77	880.15	861.83
Fair value of plan assets	(1,142.61)	(1,184.52)	(1,281.32)
Surplus of funded plans	(256.84)	(304.37)	(419.49)
Unfunded plans	-	-	-
Net plan (assets) / liabilities	(256.84)	(304.37)	(419.49)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

B Movement in plan assets and liabilities

	Year ended 31 st March, 2018			Year ended 31 st March, 2017		
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	Net
As at 1st April	1,184.52	880.15	304.37	1,281.32	861.83	419.49
Current service cost	-	95.93	(95.93)	-	93.23	(93.23)
Past service cost	-	28.48	(28.48)	-	-	-
Interest cost	-	66.62	(66.62)	-	69.02	(69.02)
Interest income	89.68	-	89.68	102.62	-	102.62
Actuarial (gain)/loss arising from changes in financial assumptions	-	(22.92)	22.92	-	35.27	(35.27)
Actuarial (gain)/loss arising from experience adjustments	-	(13.46)	13.46	-	13.91	(13.91)
Return on plan assets excluding actual return of plan assets	(7.63)	-	(7.63)	(8.28)	-	(8.28)
Employer contributions	25.07	-	25.07	1.97	-	1.97
Benefit payments	(149.03)	(149.03)	-	(193.11)	(193.11)	-
As at 31st March	1,142.61	885.77	256.84	1,184.52	880.15	304.37

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

	As at 31 st March, 2018	As at 31 st March, 2017
Active members	2,161	2,289
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	10 years	11 years
The Company does not expect to contribute to funded plans in light of excess funds.		

C Statement of Profit and Loss

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Employee Benefits Expense:		
Current service cost	95.93	93.23
Finance cost/(income) net	(23.06)	(33.60)
Past Service Cost	28.48	-
Net impact on the Loss before tax	101.35	59.63
Remeasurements of the net defined benefits liability:		
Actuarial (gains)/losses arising from changes in financial assumptions	22.92	(35.26)
Experience (gains)/losses	13.46	(13.91)
Return on plan assets excluding actual return on plan assets	(7.63)	(8.28)
Others/Adjustments	0.53	-
Net impact on Other Comprehensive Income	29.28	(57.46)

D Assets

	Gratuity		
	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2016
Insurer managed Fund	1,142.61	1,184.52	1,281.32
Total	1142.61	1184.52	1281.32

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

E Assumptions

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

The significant actuarial assumptions were as follows:

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Financial Assumptions			
Discount rate	7.86%	7.57%	8.01%
Salary Escalation Rate*	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%

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

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table Mortality in Retirement : LIC Buy-out Annuity

F Sensitivity

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

	Change in assumption	As at 31 st March, 2018		As at 31 st March, 2017	
		Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability
Discount rate	1%	(71.36)	83.91	(76.59)	90.64
Salary Escalation Rate	1%	84.85	(73.60)	92.10	(79.00)
Attrition Rate	1%	20.16	(23.24)	19.72	(22.86)

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

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

	As at 31 st March, 2018	As at 31 st March, 2017
2018		111.62
2019	137.04	34.92
2020	42.05	56.61
2021	46.31	44.94
2022	53.50	57.86
2023	56.06	312.94
2024	323.27	
Thereafter	1598.36	1,677.67

H. Risk Exposure - Asset Volatility

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

II. Compensated absences

The leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 160.87 lakhs (31st March, 2017 – ₹ 150.87 lakhs, 1st April, 2016 - ₹ 140.34) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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III. Details of Defined Contribution Plan

The Company also has certain defined contribution plans. Contributions are made to provident and other funds in India for employees as per regulations. The contributions are made to registered provident fund, ESIC, etc. administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is ₹ 466.59 lakhs (Previous year ₹ 514.39 Lakhs) in the Statement of Profit and Loss for the year ended 31st March, 2018 under defined contribution plan.

- 42 In accordance with Accounting Standard Ind AS 108 'Operating Segment', segment information has been given in the consolidated financial statements of Zodiac Clothing Company Limited, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

43 Related Party Disclosures under IND AS 24

1. Relationships:		Ownership Interest			
		31 st March, 2018	31 st March, 2017	1 st April, 2016	
(a)	Subsidiary Companies (including sub subsidiaries): *				
	Zodiac Clothing Company S. A.	Switzerland	100	100	100
	Zodiac Clothing Co (U.A.E.) LLC	UAE	100	100	100
	Zodiac Clothing Company INC. (upto 15 th June, 2017) @	USA	-	100	100
	Zodiac Properties Ltd. U.A.E. (upto 26 th January, 2017) #	UAE	-	-	100

- (b) Key Management Personnel:

Mr. M. Y. Noorani	Chairman
Mr. A. Y. Noorani	Vice Chairman and Managing Director upto 28th February, 2017 and vice chairman thereafter
Mr. S. Y. Noorani	Managing Director (w.e.f. 28th February, 2017) and President
Mr. M. L. Apte	Non Executive Director
Mr. Y. P. Trivedi	Non Executive Director
Mr. S. R. Iyer	Non Executive Director
Mr. Bernhard Steunruecke	Non Executive Director
Mr. Saumitra Chaudri (upto 18th December, 2016)	Non Executive Director
Ms. Elizabeth Jane Hulse	Non Executive Director

- (c) Relatives of key management personnel with whom the transactions have taken place:

Mr. Awais A. Noorani	Son of Mr. A. Y. Noorani
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- (d) Enterprises in which key management personnel and / or their relatives are able to exercise significant influence and with whom transactions have taken place:

Zodiac Metropolitan Clothing Gmbh	Germany
Metropolitan Trading Company	India
Montage Corporation	India
Munraz Enterprises	India
Mustang Manufacturing Company	India
Mashal Enterprises	India
Onward LLC	UAE
Miraj Marketing Company LLP	India

- (e) Trust

Zodiac Clothing Co. Ltd. EMPL GGCA Scheme

* Zodiac Finsec and Holdings Limited, a wholly owned subsidiary of the Company got amalgamated with the Company. (Refer Note 49)

@ The sub subsidiary has been dissolved w.e.f. 15th June, 2017.

The investment in said sub subsidiary has been sold on 26th January, 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

43 Related Party Disclosures under IND AS 24 (Contd....)

2. Transactions carried out with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Related Parties									
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above		Referred in 1(e) above	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Revenue:	1,230.84	932.31	-	-	-	-	1,767.46	2,662.46	-	-
Sale of Products	-	-	-	-	-	-	-	-	-	-
Purchases:	-	25.97	-	-	-	-	-	-	-	-
Purchase of Goods and Materials	-	-	-	-	-	-	-	-	-	-
Expenses:	-	-	60.00	68.00	50.70	49.94	-	-	-	-
Employees benefit expenses *	-	-	32.11	26.65	-	-	-	-	-	-
Interest paid	-	-	44.57	48.63	-	-	255.81	287.74	-	-
Rent	-	-	-	-	-	-	472.32	363.19	-	-
Commission to selling agents	-	-	-	-	-	-	-	-	-	-
Director Fees (including service tax)	-	-	25.87	31.62	-	-	-	-	-	-
Trade Mark Fees	-	-	-	-	-	-	121.33	170.63	-	-
Reimbursement of Expenses from	2.49	2.06	-	-	-	-	8.14	5.14	-	-
Reimbursement of Expenses to	-	0.56	-	-	-	-	4.49	4.42	-	-
Purchase of Property Plant & Equipment	-	162.11	-	-	-	-	-	-	-	-
Paid to Trust - Employees Gratuity Fund contribution	-	-	-	-	-	-	-	-	25.07	1.97
Other Income:	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	6.00	6.00	-	-
Royalty Income	-	0.89	-	-	-	-	-	-	-	-
Dividend Income	662.60	788.18	-	-	-	-	-	-	-	-
Loan Received	-	-	110.00	1,253.00	-	-	-	-	-	-
Loan Repaid	-	-	80.00	868.00	-	-	-	-	-	-

* This aforesaid amount does not include amount in respect of gratuity and leave as the same is not determinable on individual basis and hence considered for disclosure on payment basis. In respect of remuneration of Key Management Personnel, there is no defined contribution plan.

3. Balances with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Related Parties									
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above		Referred in 1(e) above	
	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016	As at 1 st April, 2016
Outstandings:	-	-	-	-	385.00	-	-	-	-	-
Long Term Borrowings	46.43	182.86	2.01	415.00	34.25	3.58	523.69	372.04	143.80	-
Trade Payables	-	-	-	75.91	137.83	67.72	-	-	-	-
Other Current Liabilities	-	-	-	197.83	22.50	22.50	177.50	177.50	177.50	-
Loans (Security Deposit given)	-	-	-	22.50	-	-	359.54	329.59	171.35	-
Trade Receivables	-	16.60	-	-	-	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

43 Related Party Disclosures under IND AS 24 (Contd....)

4	Disclosure in respect of material transactions with related parties during the year (included in 2 above)	Year ended 31 st March, 2018	Year ended 31 st March, 2017
	Sale of Products:		
	- Zodiac Clothing Co (U.A.E.) LLC	1,230.84	932.31
	- Onward LLC	-	762.42
	- Zodiac Metropolitan Clothing Gmbh	1,702.11	1,837.63
	Purchase of Goods and Materials:		
	- Zodiac Clothing Co (U.A.E.) LLC	-	25.97
	Expenses:		
	Employees benefit expenses		
	- Mr. S. Y. Noorani	60.00	68.00
	- Mr. Awais A. Noorani	50.70	49.94
	Interest paid		
	- Mr. M. Y. Noorani	9.72	20.08
	- Mr. A. Y. Noorani	14.40	4.22
	- Mr. S. Y. Noorani	8.00	2.35
	Rent		
	- Metropolitan Trading Company	226.78	251.18
	Commission to selling agents		
	- Zodiac Metropolitan Clothing Gmbh	472.32	363.19
	Director Fees (including service tax)		
	- Mr. M. L. Apte	7.79	9.54
	- Mr. Y. P. Trivedi	7.59	9.31
	- Mr. S. R. Iyer	7.59	9.08
	Trade Mark Fees		
	- Metropolitan Trading Company	121.33	170.63
	Reimbursement of Expenses from		
	- Zodiac Clothing Co (U.A.E.) LLC	2.49	2.06
	- Mashal Enterprises	6.98	3.86
	- Zodiac Metropolitan Clothing GmbH	1.13	0.77
	Reimbursement of Expenses to		
	- Zodiac Clothing Co (U.A.E.) LLC	-	0.56
	- Munraz Enterprises	4.43	4.42
	Purchase of Property Plant & Equipment		
	- Zodiac Clothing Co (U.A.E.) LLC.	-	162.11
	Paid to Trust		
	- Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	25.07	1.97
	Other Income:		
	Rent		
	- Metropolitan Trading Company	6.00	6.00
	Royalty Income Received		
	- Zodiac Clothing Co (U.A.E.) LLC.	-	0.89
	Dividend Income Received		
	- Zodiac Clothing Company S.A.	662.60	788.18
	Loan Received		
	- Mr. M. Y. Noorani	110.00	973.00
	- Mr. A. Y. Noorani	-	180.00
	- Mr. S. Y. Noorani	-	100.00
	Loan Repaid		
	- Mr. M. Y. Noorani	80.00	868.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

5	Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above)	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
	Outstandings:			
	Long Term Loans			
	- Mr. M. Y. Noorani	135.00	105.00	-
	- Mr. A. Y. Noorani	180.00	180.00	-
	- Mr. S. Y. Noorani	100.00	100.00	-
	Trade Payables			
	- Zodiac Clothing Co (U.A.E.) LLC.	46.43	182.86	2.01
	- Zodiac Metroplitan Clothing Gmbh	369.40	216.20	111.19
	- Metropolitan Trading Company	127.41	133.49	28.36
	- Mr. M. Y. Noorani - Payable for Rent	11.72	5.62	1.02
	- Mr. A. Y. Noorani - Payable for Rent	31.21	15.19	0.98
	- Mr. S. Y. Noorani - Payable for Rent	32.97	13.44	1.59
	Salary and wages payable			
	- Mr. S. Y. Noorani - Remuneration	195.72	135.72	67.72
	Interest payable			
	- Mr. M. Y. Noorani - Payable for Interest	0.64	0.64	-
	- Mr. A. Y. Noorani - Payable for Interest	0.86	0.86	-
	- Mr. S. Y. Noorani - Payable for Interest	0.61	0.61	-
	Security Deposit			
	- Metropolitan Trading Company	165.00	165.00	165.00
	Trade Receivables			
	- Zodiac Metropolitan Clothing Gmbh	356.32	321.46	96.84
	- Onward LLC	-	-	69.46

44 Fair Value Measurement:

Financial Instrument by category and hierarchy.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, other bank balances, trade receivables, current loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The coupon rate on investment in preference shares and bonds is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The coupon rate on investment in preference shares and bonds is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The interest rate on borrowing is at the prevailing market rates. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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Financial Assets and Liabilities as at 31 st March, 2018	Non Current	Current	Total	Routed through Profit and Loss			Routed through OCI			Carried at amortised cost				Total Amount	
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2		Level 3
Financial Assets															
Investments															
- Equity instruments	2,750.99	-	2,750.99	-	-	-	-	2,750.99	-	-	-	-	-	-	2,750.99
- Preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	305.62	-	305.62	-	-	-	-	-	-	-	-	-	-	305.62	305.62
- Mutual funds	-	711.43	711.43	-	-	-	711.43	-	-	-	-	-	-	-	711.43
- Venture capital fund	1,823.51	-	1,823.51	-	-	1,823.51	1,823.51	-	-	-	-	-	-	-	1,823.51
	4,880.12	711.43	5,591.55	711.43	-	1,823.51	2,534.94	2,750.99	-	-	-	-	-	305.62	5,591.55
Other Assets															
- Loans to Employees	-	47.56	47.56	-	-	-	-	-	-	-	-	-	-	-	47.56
- Security Deposits	1,422.83	99.56	1,522.39	-	-	-	-	-	-	-	-	-	-	1,522.39	1,522.39
- Other Financial Assets	1.00	44.00	45.00	-	-	-	-	-	-	-	-	-	-	45.00	45.00
- Trade receivable	-	2,527.94	2,527.94	-	-	-	-	-	-	-	-	-	-	2,527.94	2,527.94
- Cash and Cash equivalents	-	397.22	397.22	-	-	-	-	-	-	-	-	-	-	397.22	397.22
- Bank Balances other than cash and cash equivalents	-	16.27	16.27	-	-	-	-	-	-	-	-	-	-	16.27	16.27
	1,423.83	3,132.55	4,556.38	-	-	-	-	-	-	-	-	-	-	4,556.38	4,556.38
Financial Liabilities															
- Borrowings	705.49	5,761.49	6,466.98	-	-	-	-	-	-	-	-	-	-	6,466.98	6,466.98
- Mark to market of derivative financial instruments	-	37.55	37.55	-	(1.04)	-	(1.04)	-	38.59	-	-	-	-	-	37.55
- Other Financial Liabilities	-	769.06	769.06	-	-	-	-	-	-	-	-	-	-	769.06	769.06
- Trade Payables	-	3,658.57	3,658.57	-	-	-	-	-	-	-	-	-	-	3,658.57	3,658.57
	705.49	10,226.67	10,932.16	-	(1.04)	-	(1.04)	-	38.59	-	-	-	-	10,894.61	10,932.16

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Fair value of financial assets and liabilities measured at amortised cost:						
	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Investment Others	305.62	231.87	250.00	250.00	250.00	250.00
Loans to Employees	47.56	47.56	47.42	47.42	72.75	72.75
Security Deposits	1,522.39	1,522.39	1,506.24	1,506.24	1,470.05	1,470.05
	1,875.57	1,801.82	1,803.66	1,803.66	1,792.80	1,792.80
Financial Liabilities						
Borrowings (including current maturities of long term debt)	6,684.21	6,646.48	5,920.29	5,885.29	6,613.82	6,613.82
	6,684.21	6,646.48	5,920.29	5,885.29	6,613.82	6,613.82

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for shares and mutual funds
- the fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of venture capital fund is on the basis of the valuation report/ net asset value ('NAV') provided by fund manager.

(iv) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31st March, 2018 and 31st March, 2017:

	Venture Capital Fund*
As at 1st April 2016	1,667.95
Acquisitions	370.00
Disposal	(160.06)
Gain recognised in profit or loss	86.94
As at 31st March, 2017	1,964.83
Acquisitions	-
Disposal	(233.00)
Gain recognised in profit or loss	91.68
As at 31st March, 2018	1,823.51

*Company has invested in following funds and these funds have been further invested into various companies.

1. Faering Capital India Evolving Fund
2. Paragon Partners Growth Fund-I
3. Faering Capital India Evolving Fund-II
4. Tata Capital Growth Fund
5. Tata Capital Healthcare Fund

Company has considered the fair value on the basis of the valuation report provided by venture capital fund.

Investment commitment in respect of venture capital funds are on "as needed" basis and will be at face value.

45 Financial Risk Management:

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Management.

(A) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, future committed transactions, foreign currency receivables, payables, borrowings etc.

The Company manages market risk through its finance department (headed by CFO), which evaluates and exercises independent control over the entire process of market risk management. The finance department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures like foreign exchange forward contracts, option contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

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Market Risk- Interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Total Borrowings	6,684.21	5,920.29	6,613.82
% of Borrowings out of above bearing variable rate of interest	71.25%	58.89%	87.68%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2017-2018	2016-2017
50 bp increase- decrease in profits *	23.81	17.43
50 bp decrease- Increase in profits *	(23.81)	(17.43)

* Sensitivity is calculated based on the assumption that amount outstanding as at reporting dates were utilised for the whole financial year.

Market Risk- Foreign currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchases in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods and services in the respective currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts, option contracts and pre-shipment credit in foreign currency to hedge exposure to foreign currency risk.

Derivative instruments and unhedged foreign currency exposure

(a) Derivative outstanding as at the reporting date

(Foreign Currency in Lakhs)

Foreign currency	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	6.43	25.83	17.10	31.75	12.33	41.44
Forward Contracts EURO	1.75	3.18	2.08	1.51	1.26	0.05
Forward Contracts GBP	10.86	-	12.26	-	7.27	-
Forward Contracts CHF	0.72	-	0.27	-	1.39	-
Option Contract USD	4.70	-	2.00	-	-	-

Derivative financial instruments such as foreign exchange forward and option contracts are used for hedging purposes and not as trading or speculative instruments.

Non-derivative financial liabilities in the form of Pre-shipment export credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Company designates these hedging instruments as cash flow hedges.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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(b) Particulars of unhedged foreign currency exposures as at the reporting date

(Foreign Currency in Lakhs)

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	USD	EURO	USD	EURO	USD	EURO
Trade payables	3.41	0.06	1.22	0.07	1.64	0.11

Foreign Currency Risk Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	2017-18		2016-17	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	11.11	(11.11)	3.95	(3.95)
EURO	0.24	(0.24)	0.25	(0.25)
Increase / (decrease) in profit or loss	11.35	(11.35)	4.20	(4.20)

Market Risk- Price Risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either at fair value through Other Comprehensive Income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the Company.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the BSE index on the Company's equity and other comprehensive income for the year arising from portfolio of investment in equity shares of listed companies. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Impact on Profit before tax		
	31 st March 2018	31 st March 2017	1 st April 2016
BSE Sensex 30- Increase 5%	137.55	227.29	313.75
BSE Sensex 30- Decrease 5%	(137.55)	(227.29)	(313.75)

Above referred sensitivity pertains to quoted equity investment (Refer note 8). Other Comprehensive Income for the year would increase/ (decrease) as a result of gains/losses on equity securities as at fair value through Other Comprehensive Income.

(B) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such informations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through out each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

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Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Trade receivables and security deposit:

To measure the expected credit losses, trade receivables relating to domestic and security deposits have been grouped based on the credit risk characteristics and the days past due.

The Company measures the expected credit loss of financial assets other than trade receivables of domestic business and security deposits from individual customers based on historical trend, industry practices and the business environment in which the Company operates. Loss rates are based on actual credit loss experience and past trends.

Financial Assets for which loss allowances is measured using the Expected credit Losses (ECL)

Provision for expected credit losses

The Company provides for expected credit loss on trade receivables for domestic business under simplified approach As at 31st March, 2018

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	237.47	83.35	38.10	21.76	12.87	349.47	743.02
Expected loss rate	3.84%	4.97%	91.21%	73.78%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	9.11	4.15	34.75	16.05	12.87	349.47	426.40
Carrying amount of trade receivables (net of impairment)	228.36	79.20	3.35	5.71	-	-	316.62

As at 31st March, 2017

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	349.78	46.46	35.00	12.32	20.10	359.10	822.76
Expected loss rate	3.20%	8.94%	55.12%	89.42%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	11.19	4.15	19.29	11.02	20.10	359.10	424.85
Carrying amount of trade receivables (net of impairment)	338.59	42.31	15.71	1.30	-	-	397.91

As at 1st April, 2016

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	767.61	60.96	62.20	31.40	4.97	460.46	1,387.60
Expected loss rate	2.14%	5.78%	73.12%	97.42%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.40	3.52	45.48	30.59	4.97	460.46	561.42
Carrying amount of trade receivables (net of impairment)	751.21	57.44	16.72	0.81	-	-	826.18

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening provision	424.85	561.42
Add:- Additional provision made	1.55	-
Less:- Provision write off/ reversed	-	(136.57)
Less:- Provision utilised against bad debts	-	-
Closing provisions	426.40	424.85

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
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The Company provides for expected credit loss on security deposits under simplified approach

As at 31st March, 2018

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,805.34	47.35	105.90	8.71	1,967.30
Expected loss rate	0.93%	23.86%	39.20%	100.00%	
Expected credit loss (Loss allowance provision)	16.74	11.30	41.51	8.71	78.26
Carrying amount of deposits (net of impairment)	1,788.60	36.05	64.39	-	1,889.04

As at 31st March, 2017

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,751.97	167.33	60.26	0.74	1,980.30
Expected loss rate	1.26%	28.50%	47.44%	100.00%	
Expected credit loss (Loss allowance provision)	22.02	47.69	28.59	0.74	99.04
Carrying amount of deposits (net of impairment)	1,729.95	119.64	31.67	-	1,881.26

As at 1st April, 2016

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,902.96	75.09	-	0.74	1,978.79
Expected loss rate	0.78%	35.58%	71.16%	100.00%	
Expected credit loss (Loss allowance provision)	14.81	26.72	-	0.74	42.27
Carrying amount of deposits (net of impairment)	1,888.15	48.37	-	-	1,936.52

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening provision	99.04	42.27
Add:- Additional provision made	-	56.77
Less:- Provision write off/ reversed	(20.78)	-
Less:- Provision utilised against bad debts	-	-
Closing provisions	78.26	99.04

No Significant changes in estimation techniques or assumptions were made during the year.

Significant estimates and judgements:

Impairment of financial assets The impairment provision for financial assets disclosed above are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company's Finance Department maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Floating Rate			
Expiring within one year (Current Borrowing facilities)	1,608.53	1,562.88	1,004.00
Expiring beyond one year (bank loans)	-	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
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(ii) Maturity patterns of borrowings

Particulars	As at 31 st March, 2018				As at 31 st March, 2017			Total
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	
Non current borrowings (Including current maturity of long term debt)	217.23	705.49	-	922.72	217.23	892.72	-	1,109.95
Current borrowings	5,761.49	-	-	5,761.49	4,810.34	-	-	4,810.34
Total	5,978.72	705.49	-	6,684.21	5,027.57	892.72	-	5,920.29

Particulars	As at 1 st April, 2016			
	0-1 years	1-5 years	beyond 5 years	Total
Non current borrowings (Including current maturity of long term debt)	89.67	724.96	-	814.63
Current borrowings	5,799.19	-	-	5,799.19
Total	5,888.86	724.96	-	6,613.82

Maturity patterns of other Financial Liabilities - other than borrowings

As at 31 st March, 2018	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	3,658.57	-	-	-	3,658.57
Other Current Financial liabilities	324.90	-	-	264.48	589.38
Total	3,983.47	-	-	264.48	4,247.95

As at 31 st March, 2017	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2,870.49	-	-	-	2,870.49
Other Current Financial liabilities	393.88	-	-	236.72	630.60
Total	3,264.37	-	-	236.72	3,501.09

As at 1 st April, 2016	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	3,138.53	-	-	-	3,138.53
Other Current Financial liabilities	366.59	-	-	259.26	625.85
Total	3,505.12	-	-	259.26	3,764.38

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge of Foreign exchange risk 31st March 2018:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	1,611.94	19.02	1:1	13.73	(13.73)
Foreign exchange forward contracts - SELL	(1,940.44)	(2.69)	1:1	(1.94)	1.94
Foreign currency options	306.32	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	980.34	22.26	1:1	16.07	(16.07)

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Cash flow hedge of Foreign exchange risk 31st March 2017

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	2,262.75	95.41	1:1	63.86	(63.86)
Foreign exchange forward contracts - SELL	(2,163.37)	(7.87)	1:1	(5.27)	5.27
Foreign currency options	129.70	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	297.98	1.94	1:1	1.30	(1.30)

Cash flow hedge of Foreign exchange risk 1st April 2016

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	1,702.97	29.38	1:1	19.66	(19.66)
Foreign exchange forward contracts - SELL	(2,749.15)	(2.85)	1:1	(1.91)	1.91
Foreign currency options	-	-	1:1	-	-
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	2,011.47	24.00	1:1	16.06	(16.06)

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge 31st March 2018

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	29.80		(97.35)	Revenue
Foreign exchange risk	(1.94)		7.87	Purchase
	27.86		(89.48)	

Cash flow hedge 31st March 2017

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	65.16	-	(53.38)	Revenue
Foreign exchange risk	(5.27)	-	2.85	Purchase
	59.89		(50.53)	

The foreign exchange forward contracts, PCFC and option contract are determined in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of hedging instrument match exactly with the terms of the hedged items, and so a qualitative assessment of effectiveness is performed.

Movements in cash flow hedging reserve and costs of hedging reserve

Derivative Instrument	Foreign exchange forward contracts - BUY	Foreign exchange forward contracts - SELL	Foreign exchange options	Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	Total
Cash flow hedging reserve					
As at 1 April 2016	29.38	(2.85)	-	24.00	50.53
Deferred tax relating to the above (net)	(9.71)	0.94	-	(7.94)	(16.71)
Balance – As at 1 April 2016	19.67	(1.91)	-	16.06	33.82
Add: Change in fair value of foreign exchange forward contract & PCFC	95.41	(7.87)	-	1.94	89.48
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	(29.38)	2.85	**	(24.00)	(50.53)
Deferred tax relating to the above (net)	(21.84)	1.66	**	7.30	(12.88)
Balance – As at 31 March 2017	63.86	(5.27)	**	1.30	59.89
Add: Change in fair value of foreign exchange forward contract & PCFC	(19.02)	2.69	-	(22.26)	(38.59)
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	(95.41)	7.87	**	(1.94)	(89.48)
Deferred tax relating to the above (net)	36.84	(3.35)	**	6.83	40.32
Balance – As at 31 March 2018	(13.73)	1.94	**	(16.07)	(27.86)

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

46 Capital Management

(a) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company's management monitors the return on capital as well as the level of dividends to shareholders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

(b) Dividend

Particulars	31 st March, 2018	31 st March, 2017
Equity shares		
Final dividend for the year ended 31 st March, 2017 of ₹ 1 (31 st March, 2016 – ₹ 1) per fully paid share	195.20	195.20
Dividends not recognised at the end of the reporting period (Events occurring after Balance Sheet date)		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (31 st March, 2017 – ₹ 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	195.20	195.20

47 Specified Bank Notes

Disclosure in respect of Specified Bank Note (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	35.77	7.66	43.43
(+) Permitted receipts	-		
(-) Permitted payments	-		
(-) Amount deposited in Banks	35.77		
Closing cash in hand as on 30.12.2016	-		

Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees. The disclosure requirement of Specified Bank Note is not applicable to the Company for the period ended 31st March, 2018.

The disclosures with respect to 'Permitted receipts', 'Permitted payments', 'Amounts deposited in Banks' and 'Closing cash in hand as on 30.12.2016' is understood to be applicable in case of SBNs only.

48 Employees Stock Option Scheme:

- Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 ('ESOP'), the Company had granted 864,000 (adjusted for bonus issue) options to its eligible employees in two Grants in earlier years.
- ESOP under both grants were vested prior to 1st April, 2016 being the transition date for adoption of Ind AS and consequently, applying the exemption available under Ind AS 101 - First-time Adoption of Indian Accounting Standards, the Company has not adopted Ind AS 102 - 'Share Based Payment'.
- During the Financial Year ended 31st March, 2017, no shares (including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options (including bonus entitlement thereon) have lapsed, no further disclosure has been made in this standalone financial statements.

49 Business Combinations

Pursuant to the scheme of amalgamation ('the Scheme') of wholly owned subsidiary Zodiac Finsec and Holdings Limited ('ZFHL') with the Company under section 230 to 232 of the Companies Act, 2013 sanctioned by the Hon'ble National Company Law Tribunal ('NCLT') on 9th March, 2018 and filed with Registrar of Companies, Mumbai on 11th April, 2018, being the effective date of the Scheme. Appointed date for the scheme as approved by the NCLT is 1st April, 2017, considering this, Business Combination has occurred prior to Balance Sheet date and thus applying Appendix C of Ind AS 103 - 'Business Combination', financial statements has been restated from earliest period presented.

The erstwhile ZHFL was engaged in the business of investment in shares and securities and renting of immovable properties.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

The amalgamation has been accounted for under the 'Pooling of Interest Method' as prescribed by Appendix C of Ind AS 103, the accounting treatment has been given as under:

- (i) The assets and liabilities of ZFHL are incorporated in the financial statements of the Company at the book values.
- (ii) All reserves of ZFHL are recorded in the financial statements of the Company in the same form.
- (iii) 200,000 Equity shares of ₹ 100 each fully paid up in ZFHL, held as investment in the Company stands cancelled.
- (iv) Inter-Company balances, loans and borrowings stood cancelled.

Further, in terms of the Scheme, the authorised share capital of the Company stood increased from ₹ 3,000.00 Lakhs consisting of 30,000,000 equity shares of ₹ 10 each to ₹ 3,400.00 Lakhs consisting of 34,000,000 equity shares of ₹ 10 each without any further act, instrument or deed.

As on 1st April, 2016, being transition date of adoption of Ind AS, following is the Net Assets of ZFHL merged with the Company:

Particulars	Amount
Total Assets	4,871.22
Less: Total Liabilities	(1,726.31)
Less: Reserves	(2,874.91)
Less: Inter company elimination (net)	1,448.48
Net Assets	1,718.48

50 First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. In accordance with, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1. Optional Exemptions availed

(a) Deemed Cost

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments, intangible assets and investment properties as deemed cost as at the transition date.

(b) Investments in subsidiaries:

The Company has opted paragraph D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost as at the transition date.

(c) Designation of previously recognised financial instruments

Paragraph D19B of Ind AS 101 gives an option to an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has opted to apply this exemption for its investment in equity Investments.

(d) Share - based payment transactions

ESOP under both grants were vested prior to 1st April, 2016 being the transition date for adoption of Ind AS and consequently, applying the exemption available under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards', the Company has opted for exemption in paragraph D2 and D3 of Ind AS 101.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

(e) **Business Combinations**

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

2. Applicable Mandatory Exceptions

(a) **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Investment in debt instruments carried at FVPL and
- Impairment of financial assets based on expected credit loss model.

(b) **Classification and measurement of financial assets**

As required under Ind AS 101 the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(c) **Hedge accounting**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1st April, 2016 are reflected as hedges in the Company's results under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

3. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

- (a) Reconciliation of Equity as at April 1, 2016 and March 31, 2017
- (b) Reconciliation of the Total Comprehensive Income for the year ended March 31, 2017
- (c) Impact to Statement of Cash Flows

I	Reconciliation of Equity	Note	As at 31 st March, 2017	As at 1 st April, 2016
	Total equity as per previous GAAP (Indian GAAP)		17,671.56	17,679.57
	Add: Amount included pursuant to scheme of arrangement \$\$		3,509.50	2,789.78
	Adjustments impact: Gain/ (Loss)			
	Fair valuation of Investments	C	175.44	63.95
	Fair valuation of derivatives	E	(5.37)	(0.37)
	Fair valuation of security deposits	D	(39.58)	(33.51)
	Expected Credit Loss on Financial Assets	G	(301.91)	(406.71)
	Fair valuation of Investments through OCI	C	3,906.50	5,398.37
	Reversal of Proposed Dividend (including Dividend Distribution Tax)	B	-	234.94
	Sales Return	A	(120.12)	(141.41)
	Tax effect of Ind AS adjustments	I	84.49	164.09
	Deferred tax asset created based on reasonable certainty	J	268.00	223.49
	Total IND AS adjustment		3,967.45	5,502.84
	Total equity under Ind AS		25,148.51	25,972.19

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

II	Reconciliation of Income Statement	Note	As at 31st March, 2017
	Net loss for the period as per Previous GAAP (Indian GAAP)		(135.44)
	Add: Amount included pursuant to scheme of arrangement \$\$		720.00
	Adjustments:		
	Fair valuation of Investments through Statement of Profit and Loss	C	111.49
	Fair valuation of Derivatives	E	43.95
	Fair valuation of Security Deposits	D	(6.07)
	Expected Credit Loss on Financial Assets	G	104.80
	Reversal of Gain on Sale of Investments now accounted through OCI	C	(1,479.06)
	Remeasurements of post-employment benefit obligations	F	57.46
	Sales Return	A	21.29
	Tax effect of Ind AS adjustments	I	(66.71)
	Deferred tax asset created based on reasonable certainty	J	44.51
	Total adjustment		(1,168.34)
	Net loss for the period as per Ind AS		(583.78)
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	- Fair Valuation of Investment in Equity Shares, net of tax		(12.81)
	- Remeasurements of net defined benefit plans, net of tax		(57.46)
	Items that will be reclassified to profit or loss		
	- Deferred gains/(losses) on cash flow hedges, net of tax		26.07
	Total comprehensive income/(loss) for the period as per Ind AS		(627.98)

III The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March 2017 as compared with the previous GAAP.

Notes to first time adoption

The following explains the material adjustments made while transition from previous accounting standards to IND AS,

A Other Liabilities

As required under Paragraph 17 of IND AS 18 - Revenue recognition, provision has been made for the estimated sales returns of ₹ 120.12 Lakhs as at March 31, 2017 (As at April 1, 2016 - ₹ 141.41 Lakhs) and consequently other equity as at transition date and loss for the year ended March 31, 2017 have been increased by the respective amounts.

B Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 234.94 Lakhs as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to other equity. Consequently, the total equity has been increased by an equivalent amount.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

C Fair Valuation of Investments

Under the previous GAAP, investments in equity instruments, venture capital funds and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under IND AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in other equity ₹ 175.44 Lakhs as at 31st March 2017 (₹ 63.95 Lakhs As at 1 April, 2016).

Fair value changes with respect to investments in equity instruments designated as FVOCI have been recognised in FVOCI - Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2017. This increased other reserves by ₹ 3,906.50 Lakhs as at 31st March 2017 (1st April 2016 - ₹ 5,398.37 Lakhs).

These fair value changes resulted in gain of ₹ 111.49 Lakhs from investments fair valued through profit & loss for the year ended 31st March, 2017 and ₹ 1,479.06 for investments routed through OCI.

Consequently, profit on sale of investment to the extent of fair value gain recognised has been reversed.

D Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under IND AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued the security deposits under IND AS. Difference between fair value of security deposits and the carrying value (transaction value) as per Previous GAAP has been recognised as prepaid rent under prepaid expenses. Consequently, the amount of security deposits has been decreased by ₹ 414.42 Lakhs as at 31st March, 2017 (₹ 500.36 Lakhs as at 1st April, 2016). The prepaid expenses increased by ₹ 374.84 Lakhs as at 31st March, 2017 (₹ 466.85 Lakhs as at 1st April, 2016). Other equity decreased by ₹ 33.51 Lakhs as at 1st April, 2016. The profit for the year and total equity as at 31st March, 2017 decreased by ₹ 6.07 (net) Lakhs due to amortisation of the prepaid expenses of ₹ 81.36 Lakhs is partially off-set by the notional interest income of ₹ 75.29 Lakhs recognised on these security deposits.

E Fair Valuation of Derivatives

Under the previous GAAP, derivatives were accounted based on the principals set out in the "Guidance Note on Accounting for Derivative Contracts". Under Ind AS 109, Forward Contracts are carried at fair value and the resultant gains and losses are recorded in the statement of Profit and Loss. Accordingly, the same has been fair valued resulting in decrease in other equity by ₹ 4.75 Lakhs as at 31st March, 2017 (increase in other equity by ₹ 0.47 Lakhs as at 01st April, 2016).

F Remeasurements of post employment benefit obligation

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the loss for the year ended March 31, 2017 decreased by ₹ 57.46 Lakhs. There is no impact on the other equity as at 31st March 2017.

G Trade receivables and Security Deposits

Under the previous GAAP, the Company had provided for doubtful debts and deposits based on the actual assessment of realisability of receivables. The Company has adopted for Expected Credit Loss

method for provision for doubtful debts and security deposits given. This resulted in decrease in other equity by ₹ 301.91 Lakhs as at 31st March 2017 (1st April 2016 - ₹ 406.71 Lakhs).

H Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes fair valuation of investment in equity shares, cash flow hedge and remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

I Deferred Tax

Deferred Tax on aforesaid IND AS adjustments which results in timing difference.

J Deferred Tax on Unabsorbed Depreciation

Based on the future projections, the Company has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the Company has recognized deferred tax asset on unabsorbed depreciation. Under the previous GAAP, recognition of deferred tax asset on unabsorbed depreciation and losses was based on virtual certainty of realisability of such assets which has been replaced by reasonable certainty under Ind AS.

\$\$ Includes amount related to erstwhile wholly owned subsidiary Zodiac Finsec and Holdings Limited after adjustments made pursuant to Scheme of amalgamation. (Refer Note 49)

4. The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP figures has been regrouped to align them with requirements of Ind AS.



Near Satguru's, Linking Road, Khar- Mumbai
120 ZODIAC



Forum Mall - Bangalore



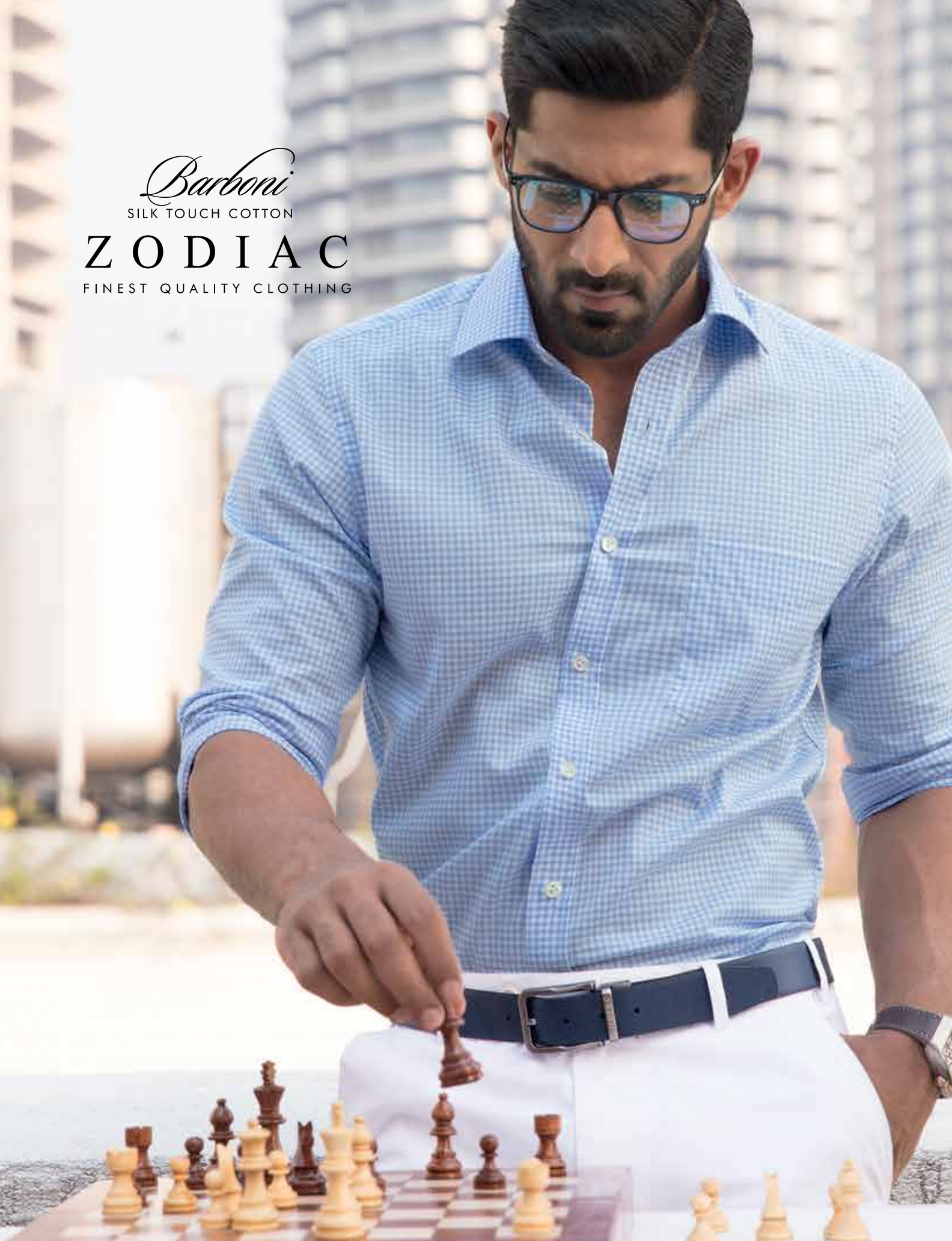
Phoenix Mall - Bareilly

Barboni

SILK TOUCH COTTON

ZODIAC

FINEST QUALITY CLOTHING



Rhodium plated and set with semi-precious stones



Accessories

ZODIAC

FINEST QUALITY CLOTHING

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of **Zodiac Clothing Company Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"); (refer Note 42 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and

appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 consolidated state of affairs of the Group as at March 31, 2018, and their consolidated total comprehensive loss (comprising of consolidated loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial statements of two subsidiaries, located outside India, whose financial statements reflect total assets of ₹ 604.32 lacs and net assets of ₹ 593.66 lacs as at March 31, 2018, total revenue of ₹ 3.5 lacs, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 24.02 lacs and net cash outflow amounting to ₹ 139.60 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
9. The financial statements of one subsidiary, located outside India, included in the consolidated Ind AS financial statements, which constitute total assets of ₹ 4,289.87 lacs and net assets of ₹ 4,204.78 lacs as at March 31, 2018, total revenue of ₹ 1,542.63 lacs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 130.23 lacs and net cash flows amounting to ₹ 131.38 lacs for the year then ended, have been prepared in accordance with accounting principles generally accepted in its country and has been audited by other auditor under generally accepted auditing standards applicable in that country. The Company's management has converted the financial

statements of such subsidiary located outside India from the accounting principles generally accepted in their respective country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters stated in paragraph 8 and 9 above with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

10. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated May 30, 2017 and May 26, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law maintained by the Holding Company, incorporated in India, including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow

Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, incorporated in India, including relevant records relating to the preparation of the consolidated Ind AS financial statements.

- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, incorporated in India, none of the directors of the Holding Company, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) With respect to the other matters to be included in the Auditors' 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 consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group.
- (ii) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, incorporated in India, during the year ended March 31, 2018.
- (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company, incorporated in India, for the year ended March 31, 2018.

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

Mumbai
May 30, 2018

Anish P Amin
Partner
Membership Number: 040451

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Zodiac Clothing Company Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018

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

- 1. In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Zodiac Clothing Company Limited (hereinafter referred to as "the Holding Company"), which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

- 2. The Board of Directors of the Holding company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of

the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds

and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding 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") issued by the ICAI and the Standards on Auditing specified 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to

the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Holding Company, which is a company incorporated in India, have, 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, 2018, based on the internal control over financial reporting criteria established by the Holding 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Mumbai
May 30th, 2018

Anish P Amin
Partner
Membership Number: 040451

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Balance Sheet as at 31st March, 2018

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

	Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
I	ASSETS				
1	Non-current assets				
	Property, plant and equipment	4	12,499.53	13,200.49	13,209.95
	Capital work - in - progress	4	255.75	229.43	506.15
	Investment properties	5	770.05	784.71	4,190.43
	Intangible assets	6	188.06	227.06	197.11
	Intangible Assets Under Development	6	33.67	30.02	37.72
	Financial assets				
	- Investments	7	4,880.12	6,760.69	8,192.92
	- Loans	8	1,422.83	1,506.24	1,487.71
	- Others financial assets	9	1.00	3.64	6.61
	Deferred tax assets (net)	36	317.08	-	-
	Non - Current tax assets (net)		1,341.48	1,249.50	1,346.94
	Other non - current assets	10	506.43	510.20	581.47
2	Current assets	11	7,924.84	7,142.46	7,923.98
	Inventories				
	Financial assets				
	- Investments	12	711.43	467.08	280.58
	- Trade receivables	13	2,925.11	2,261.86	2,811.55
	- Cash and cash equivalents	14	1,230.49	1,343.83	1,121.43
	- Bank Balances other than cash and cash equivalents	15	38.63	46.89	104.56
	- Loans	16	1,041.11	1,312.50	1,145.66
	- Others financial assets	17	2,464.54	2,596.51	113.29
	Other current assets	18	2,511.53	1,327.50	1,265.61
	TOTAL ASSETS		41,063.68	41,000.61	44,523.67
II	EQUITY AND LIABILITIES				
1	Equity				
	Equity share capital	19	1,952.00	1,952.00	1,952.00
	Other equity	20	26,807.15	27,950.02	29,128.22
2	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	- Borrowings	21	705.49	892.72	724.96
	Provisions	25	1.15	5.54	37.51
	Deferred tax liabilities (net)	36	-	188.58	600.65
	Current liabilities				
	Financial liabilities				
	- Borrowings	22	5,762.63	4,810.34	6,429.27
	- Trade payables	23	3,691.93	2,969.70	3,352.16
	- Other financial liabilities	24	809.54	699.11	739.28
	Provisions	25	257.96	273.17	375.67
	Other current liabilities	26	1,075.83	1,259.43	1,183.95
	TOTAL EQUITY AND LIABILITIES		41,063.68	41,000.61	44,523.67
	Significant Accounting Policies	2			

The accompanying notes (1 - 53) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Anish P. Amin

Partner

Membership No. 040451

Mumbai
30th May, 2018

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

B. MAHABALA

Chief Financial Officer

Mumbai
30th May, 2018

S. Y. NOORANI

Managing Director and President

KUMAR IYER

Company Secretary

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Profit and Loss for the year ended 31st March, 2018
(All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended 31 st March, 2018	Year ended 31 st March, 2017
I	INCOME			
	Revenue from operations	27	23,817.86	28,240.63
	Other income	28	1,161.43	1,297.87
	Total Income		24,979.29	29,538.50
II	EXPENSES			
	Cost of materials consumed	29	9,777.49	10,484.79
	Excise duty		46.75	194.04
	Purchases of stock-in-trade		870.88	1,227.28
	Changes in inventories of finished goods, stock-in-trade and work-in progress	30	(704.83)	61.63
	Employee benefits expense	31	5,872.68	6,141.23
	Finance costs	32	311.44	299.44
	Depreciation and amortization expense	33	1,083.83	1,179.59
	Other expenses	34	10,345.25	11,269.51
	Total expenses		27,603.49	30,857.51
III	Loss before exceptional Items and tax		(2,624.20)	(1,319.01)
IV	Exceptional Item	35	-	895.13
V	Loss before tax		(2,624.20)	(423.88)
VI	Tax expense	36		
	Current tax		133.80	319.00
	Deferred tax		(472.18)	(424.95)
	Tax in respect of earlier years		63.12	119.91
VII	Loss for the year		(2,348.94)	(437.84)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	41	29.28	(57.46)
	- Equity Instruments through Other Comprehensive Income		1,391.71	(12.81)
	- Income tax relating to above items		(6.84)	-
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		(128.07)	38.95
	- Foreign Currency Translation Reserve		74.87	(79.98)
	- Income tax relating to above items		40.32	(12.88)
IX	Total Comprehensive Loss for the year		(947.67)	(562.02)
X	Earnings per equity share of ₹10 each	40		
	Basic (₹)		(12.03)	(2.24)
	Diluted (₹)		(12.03)	(2.24)
	Significant Accounting Policies	2		

The accompanying notes (1 - 53) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Anish P. Amin

Partner

Membership No. 040451

Mumbai

30th May, 2018

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

S. Y. NOORANI

Managing Director and President

B. MAHABALA

Chief Financial Officer

Mumbai

30th May, 2018

KUMAR IYER

Company Secretary

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Cash Flows for the year ended 31st March, 2018
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before exceptional Items and tax as per statement of profit and loss	(2,624.20)	(1,319.01)
Adjustments for:		
Depreciation and amortization expenses	1,083.83	1,179.59
Finance cost	311.44	299.44
Unrealised exchange loss on foreign currency translation / transaction	15.24	31.59
Dividend income	(54.04)	(30.77)
Interest income	(126.91)	(80.93)
Net gain on sale/fair valuation of investments through profit and loss	(484.48)	(466.51)
Allowance for doubtful debts and deposits / Expected Credit Loss	(19.23)	(79.80)
Allowance for doubtful loans	12.60	-
Bad and doubtful debts written off	-	1.73
Remeasurements of net defined benefit plans	29.28	(57.46)
Unwinding of discount on security deposits	(1.45)	(5.52)
Net Loss on sale/discard of property, plant and equipment	46.77	129.35
	(1,811.15)	(398.30)
Operating profit before working capital changes		
Adjustments for:		
(Increase)/decrease in trade & other receivables	(1,283.48)	378.45
(Increase)/decrease in inventories	(782.38)	781.52
Increase/(decrease) in trade & other payables	529.32	5.17
Increase/(decrease) in provisions	(19.60)	(134.47)
	(3,367.29)	632.37
Less: Direct taxes paid (net of refunds)	(288.90)	(341.47)
Net cash flows used in operating activities after exceptional items	(3,656.19)	290.90
CASH FLOW FROM INVESTING ACTIVITIES:		
Inflows		
Sale proceeds of property, plant and equipment	6.39	20.22
Interest received	123.54	80.93
Sale proceeds of non-current investments	4,044.49	2,228.95
Dividend received	54.04	30.77
Proceeds from Sale of Investments in Subsidiary	42.52	845.01
Proceeds from Investment in Term Deposits (Net)	6.65	54.82
	4,277.63	3,260.70
Outflows		
Purchase of property, plant and equipment/ intangible assets	(326.54)	(1,119.04)
Purchase of current investments (Net)	(182.55)	(162.93)
Purchase of non-current investments	(349.53)	(373.34)
	(858.62)	(1,655.31)
Net cash generated from investing activities	3,419.01	1,605.39
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflows		
Proceeds from non-current borrowings	110.00	1,253.00
Proceeds from current borrowings (net)	811.13	-
	921.13	1,253.00
Outflows		
Repayment of non-current borrowings	(297.23)	(957.67)
Dividend paid	(195.20)	(195.20)
Dividend Distribution Tax paid	-	(0.50)
Repayment of current borrowings (net)	-	(1,465.94)
Interest paid	(304.86)	(307.58)
	(797.29)	(2,926.89)
Net cash generated from / (used in) from financing activities	123.84	(1,673.89)
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	(113.34)	222.40
Add : Cash and cash equivalents at beginning of the year	1,343.83	1,121.43
Cash and cash equivalents at end of the year	1,230.49	1,343.83
Cash and Cash equivalent as per above comprises of the following	As at	As at
	31st March, 2018	31st March, 2017
Add : Cash and Cash Equivalents (Refer Note 14)	1,230.49	1,343.83
Balances as per statement of Cash Flows	1,230.49	1,343.83

Notes:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. The accompanying notes (1 - 53) are an integral part of these consolidated financial statements
As per our report of even date

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

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

Anish P. Amin
Partner
Membership No. 040451

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2018

Mumbai
30th May, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(ALL AMOUNTS ARE IN RS. LAKHS, UNLESS OTHERWISE STATED)

A. Equity Share Capital

	Notes	Amount
As at 1 st April, 2016		1,952.00
Changes in equity share capital	20	-
As at 31 st March, 2017		1,952.00
Changes in equity share capital	20	-
As at 31 st March, 2018		1,952.00

B. Other Equity

	Reserves and Surplus						Other Comprehensive Income (OCI)				Total		
	Securities Premium Reserve	Amalgamation Reserves	State Cash Subsidy	Capital Redemption Reserve	Special Reserve u/s. 451C of the RBI Act, 1934	Statutory Reserve	General Reserves	Retained Earnings	FVOCI - Equity Instruments	Cash Flow Hedging Reserve		Foreign Currency Translation Reserve	
Balance as at 1st April, 2016	2,696.47	8.16	15.84	130.00	695.74	17.98	2,693.15	17,438.69	5,398.37	33.82	-	-	29,128.22
Loss for the year	-	-	-	-	-	-	-	(437.84)	-	-	-	-	(437.84)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(57.46)	(12.81)	26.07	(79.98)	-	(124.18)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(495.30)	(12.81)	26.07	(79.98)	-	(562.02)
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	-	-	(195.20)
Dividend distribution tax (net of tax credit available on distribution of dividend by subsidiary)	-	-	-	-	-	-	-	(0.50)	-	-	-	-	(0.50)
Transferred to Capital Redemption Reserve	-	-	-	70.00	-	-	-	(70.00)	-	-	-	-	-
Transfer to Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	145.59	-	-	(145.59)	-	-	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	-	1,479.06	(1,479.06)	-	-	-	-
Adjustment on Sale of subsidiary	-	-	-	-	-	-	-	(426.08)	-	-	-	-	(426.08)
Adjustment on account of Dividend Income Received from Subsidiary	-	-	-	-	-	-	-	5.60	-	-	-	-	5.60
Balance as at 31st March, 2017	2,696.47	8.16	15.84	200.00	841.33	17.98	2,693.15	17,590.68	3,906.50	59.89	(79.98)	-	27,950.02
Loss for the year	-	-	-	-	-	-	-	(2,348.94)	-	-	-	-	(2,348.94)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	29.28	1,384.87	(87.75)	74.87	-	1,401.27
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(2,319.66)	1,384.87	(87.75)	74.87	-	(947.67)
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	-	-	(195.20)
Transferred from Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	(841.33)	-	-	841.33	-	-	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	-	2,823.63	(2,823.63)	-	-	-	-
Balance as at 31st March, 2018	2,696.47	8.16	15.84	200.00	-	17.98	2,693.15	18,740.78	2,467.74	(27.86)	(5.11)	-	26,807.15

The accompanying notes (1 - 53) are an integral part of these consolidated financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

M. Y. NOORANI
Chairman

S. Y. NOORANI
Managing Director and President

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Anish P. Amin
Partner
Membership No. 040451

Mumbai
30th May, 2018

Mumbai
30th May, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1 Background and Operations

Zodiac Clothing Company Limited ('the Company') incorporated in India and its subsidiaries which together constitutes the Zodiac group ('the Group') mainly deals in garments and its retailing.

2 Significant accounting policies

(a) Basis of preparation of consolidated Ind AS Financial Statements

(i) Compliance with Ind AS

These consolidated Ind AS financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting standards) Rules, 2015], as amended and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31st March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated Ind AS financial statements are the first financial statements of the Group under Ind AS. Refer note 53 for an explanation of how the transition from previous GAAP to Ind AS has effected the Group's financial position, financial performance and cash flows.

The accounting policies are applied consistently to all the periods presented in the consolidated Ind AS financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

(ii) Historical cost convention

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

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

(iii) Current non-current classification

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

(iv) Rounding of amounts

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

(b) Principles of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Use of estimates and judgments

The estimates and judgments used in the preparation of the consolidated Ind AS financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(d) Property, plant and equipment

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

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation on Property, Plant and Equipment is provided on a Straight Line Method, net of their residual values, over the estimated useful lives of assets. Leasehold land is amortised over the period of lease. Leasehold improvements are amortised over the period of lease or estimated useful lives of such assets, whichever is lower. Period of lease is either the primary lease period or where the Company as a lessee has the right of renewal of lease, and it is intended to renew for further periods, then such extended period.

The Group depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act, except for the following class of assets, useful life for which is based on a technical evaluation and taking into consideration nature of Company's business and past experience of usage of such assets and which are different from those prescribed in Schedule II of the Act:

Description of asset	Useful life
Plant and equipment	- 21 years
Furniture and fixtures	- 16 years
Office equipments	- 21 years
Computer	- 6 years
Electrical Installation	- 21 years

In respect of Zodiac Clothing Company (U.A.E.) LLC., UAE, the useful lives are as follows:

Description of asset	Useful life
Factory Building	- 10 years
Plant and equipment	- 8 years
Furniture and fixtures	- 10 years
Office equipments	- 10 years
Vehicles	- 5 years

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

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

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is initially recognized at cost, including related

transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Appendix B to Ind AS 40, Investment property - Transfers of investment property as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Group is currently evaluating the impact of the change on its financial statements.

(f) Intangible assets

Computer software

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

Amortisation method

The Group amortizes intangible assets with a future useful life using the straight-line method over following period:

Nature of intangible asset	Useful life
- Computer Software	6 years

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

Transition to Ind AS

On transition to Ind AS the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(g) Lease

As lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As lessor

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

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

(h) Cash and Cash Equivalents

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

(i) Inventories

Inventories of Raw Materials, Work-in-Progress, Stock-in-trade, Stores and spares and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-in-First-Out', 'Weighted Average cost' or 'Specific Identification', as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

The inventories resulting from intra-group transactions have been stated at cost after deducting unrealised profit on such transactions.

(j) Investments and other financial assets

(i) Classification

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

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

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

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

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

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

- * **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.
- * **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest revenue which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other income/expense. Interest income from these financial assets is included in other income using the effective interest rate method.
- * **Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. Interest income from these financial assets is included in other income.

Equity instruments:

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

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when the Group's right to receive payments is established.

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

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Income recognition

Interest income

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

Dividends

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

(k) Borrowings

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

(l) Borrowing costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss.

(m) Provisions, contingent liabilities and contingent assets

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

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

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

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

(n) Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes, goods and services tax and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

Sale of goods - Wholesale

Sales are recognised when substantial risk and rewards of ownership are transferred to customer. In case of domestic sales, sales are recognised when goods are dispatched or delivery is handed over to transporter. In case of export sales, sales are recognised when goods are cleared by customs.

Sale of goods - Retail

Sales are recognised when substantial risk and rewards of ownership are transferred to retail customers, when goods are handed over to the customer against moneys received.

Sales return

The Group recognises provision for sales return, based on the historical trends.

Other operating revenue - Export incentives -

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made.

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Group is currently evaluating the impact of the change on its financial statements.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. An actuarial valuation is obtained at the end of reporting period. The present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

(iii) Post-employment obligations

Defined Benefits Plan

Gratuity obligations

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

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

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

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

Defined Contribution Plans

The Company pays Provident Fund (PF) contributions, Employees State Insurance Scheme (ESIC) etc., to publicly administered

funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Termination benefits

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

(p) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Group is currently evaluating the impact of the change on its financial statements.

(iii) Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), On Consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income and all resulting exchange differences are recognised in other comprehensive income.

(q) Derivative and hedging activities

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

The Group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions (cash flow hedges).

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

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

Cash flow hedges that qualify for hedge accounting –

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

When forward contracts and non-derivative financial liabilities in the form of Pre-shipment export credit

in Foreign Currency (PCFC) are used to hedge forecast transactions, the Group designates them in entirety as the hedging instrument. Gains or losses relating to effective portion of fair value of forward contracts and PCFC are recognised in the cash flow hedging reserve within other equity.

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

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

(r) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated Ind AS financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related defer income tax assets is realised or the deferred income tax liability is settled.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified amendments to Ind AS 12, Income taxes regarding recognition of deferred tax assets on unrealised losses as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are mandatory for the accounting period beginning on or after April 1, 2018. The Group is currently evaluating the impact of the change on its financial statements.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

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

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

(t) Segment Reporting:

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

(u) Impairment of non-financial assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if

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

(v) Government Grants

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

(w) Dividend

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

3 Critical estimates and judgements

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

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

The areas involving critical estimates or judgement are:

- Estimation of Defined benefit obligation (Refer Note 41).
- Estimation of current tax expenses and Payable and Recognition of deferred tax assets for carried forward tax losses (Refer Note 36).
- Allowance for doubtful debts and deposits / Expected Credit Loss (Refer Note 8, 13 and 47).
- Fair value of Investment properties (Refer Note 5)

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(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

4. Property, Plant and Equipment

	Land		Buildings	Leasehold Improvement	Plant & Equipments	Furniture & fixtures	Vehicles	Office equipment	Computer	Electrical Installation	Total
	Freehold	Leasehold									
Gross Carrying Amount											
Deemed Cost as at 1 st April, 2016	420.90	2.54	3,271.07	2,172.65	3,321.76	2,549.25	75.32	569.38	178.80	648.28	13,209.95
Additions	-	-	76.52	331.53	472.87	188.77	-	26.02	24.24	71.49	1,191.44
Disposals	-	-	4.12	124.05	-	18.51	4.69	-	-	12.53	163.90
Currency Alignment	-	-	(16.48)	-	11.05	(1.23)	(0.70)	-	-	-	(7.36)
Balance as at 31st March, 2017	420.90	2.54	3,326.99	2,380.13	3,805.68	2,718.28	69.93	595.40	203.04	707.24	14,230.13
Additions	-	-	39.42	135.22	57.68	35.48	-	22.64	10.15	57.41	358.00
Disposals	-	-	-	71.39	-	-	-	-	-	2.27	73.66
Reclassified as Investment Property	-	-	0.40	-	-	-	-	-	-	-	0.40
Currency Alignment	-	-	3.76	-	0.45	0.60	0.16	-	-	-	4.97
Balance as at 31st March, 2018	420.90	2.54	3,369.77	2,443.96	3,863.81	2,754.36	70.09	618.04	213.19	762.38	14,519.04
Accumulated depreciation											
Balance as at 1 st April, 2016	-	-	-	-	-	-	-	-	-	-	-
Additions	-	0.20	88.72	332.90	225.74	232.37	26.69	37.89	62.83	43.25	1,050.59
Disposals	-	-	0.01	13.36	-	0.15	0.29	-	-	0.52	14.33
Currency Alignment	-	-	(14.47)	-	8.84	(0.43)	(0.56)	-	-	-	(6.62)
Balance as at 31st March, 2017	-	0.20	74.24	319.54	234.58	231.79	25.84	37.89	62.83	42.73	1,029.64
Additions	-	0.20	91.45	305.33	224.60	231.54	20.03	33.08	55.86	43.74	1,005.83
Disposals	-	-	-	20.28	-	-	-	-	-	0.22	20.50
Reclassified as Investment Property	-	-	-	-	-	-	-	-	-	-	-
Currency Alignment	-	-	3.51	-	0.45	0.41	0.17	-	-	-	4.54
Balance as at 31st March, 2018	-	0.40	169.20	604.59	459.63	463.74	46.04	70.97	118.69	86.25	2,019.51
Carrying Amount											
Balance as at 1 st April, 2016	420.90	2.54	3,271.07	2,172.65	3,321.76	2,549.25	75.32	569.38	178.80	648.28	13,209.95
Balance as at 31 st March, 2017	420.90	2.34	3,252.75	2,060.59	3,571.10	2,486.49	44.09	557.51	140.21	664.51	13,200.49
Balance as at 31 st March, 2018	420.90	2.14	3,200.57	1,839.37	3,404.18	2,290.62	24.05	547.07	94.50	676.13	12,499.53
Capital Work in Progress (Refer Note iv)											
1 st April, 2016											506.15
31 st March, 2017											229.43
31 st March, 2018											255.75

Notes:

- (i) Refer Note 38 for disclosure of contractual commitments for acquisition of property, plant and equipment.
- (ii) Refer Note 37 for information on property, plant and equipment pledged as security by the Group.
- (iii) In case of Zodiac Clothing Company (U.A.E.) LLC, Factory building is constructed on leasehold land in name of U.A.E. national shareholder.
- (iv) Capital Work in Progress primarily includes factory building, plant and equipments under installation, leasehold improvements and furniture & fixtures related to retail shops.

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5. Investment Properties

	As at 31 st March, 2018	As at 31 st March, 2017	
Gross carrying amount			
Opening gross carrying amount / Deemed cost	799.77	4,190.43	
Additions	-	93.83	
Reclassified from Property, plant and equipment	0.40	-	
Deletion on account of sale of shares of subsidiary company	-	(3,484.49)	
Closing gross carrying amount	800.17	799.77	
Accumulated depreciation			
Opening accumulated depreciation	15.06	-	
Depreciation charge	15.06	60.97	
Deletion on account of sale of shares of subsidiary company	-	(45.91)	
Closing accumulated depreciation	30.12	15.06	
Net carrying amount	770.05	784.71	
Notes:			
(i) Amounts recognised in statement of profit or loss for investment properties:			
Particulars	As at 31st March, 2018	As at 31st March, 2017	
Rental income derived from investment properties	343.79	398.64	
Direct operating expenses (including repairs and maintenance) of investment properties	3.86	4.71	
Income arising from investment properties before depreciation	339.93	393.93	
Depreciation	15.06	60.97	
Income arising from investment properties (Net)	324.87	332.96	
(ii) Premises given on operating lease:			
The Group has given investment properties on operating lease. These lease arrangements range for a period between 11 months to 5 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms.			
The total future minimum lease rentals receivable at the Balance Sheet date is as under:			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
For a period not later than one year	93.07	306.75	76.69
For a period later than one year and not later than five years	16.23	76.69	-
For a period later than five years	-	-	-
(iii) Fair value			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investment Properties	4,849.95	4,410.95	7,886.01
Significant Estimates:			
Estimation of fair value			
The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in active market for similar properties.			
This valuation is based on valuations performed by an accredited independent valuer's assumptions. The fair value measurement is categorised in level 3 fair value hierarchy.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

6 Intangible assets

	Computer Software
Gross carrying amount	
Deemed cost as at 1st April, 2016	197.11
Additions	97.98
Disposals	-
Balance as at 31st March, 2017	295.09
Additions	23.94
Disposals	-
Balance as at 31st March, 2018	319.03
Accumulated amortisation	
Balance as at 1st April 2016	-
Additions	68.03
Disposals	-
Balance as at 31st March, 2017	68.03
Additions	62.94
Disposals	-
Balance as at 31st March, 2018	130.97
Net carrying amount	
Balance as at 1st April, 2016	197.11
Balance as at 31st March, 2017	227.06
Balance as at 31st March, 2018	188.06
Intangible Assets Under Development	
1 st April, 2016	37.72
31 st March, 2017	30.02
31 st March, 2018	33.67

Note:

Intangible Assets Under Development constitutes software under development.

7 Non-current Investments

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount
A						
<u>Investment in Equity Instruments</u>						
Quoted						
At Fair value through Other Comprehensive Income						
Shoppers Stop Limited (Equity Shares of ₹5 each)	5,13,269	2,713.91	1,244,452	4,511.14	1,713,750	6,248.33
Aditya Birla Nuvo Limited (Equity Shares of ₹10 each)*	-	-	66	1.00	66	0.54
Aditya Birla Capital Limited (Equity Shares of ₹10 each) *	138	0.52	-	0.53	-	0.49
Grasim Industries Limited (Equity Shares of ₹10 each) *	99	0.20	-	-	-	-
Aditya Birla Fashion and Retail Limited (Equity Shares of ₹10 each)	343	1.04	343	-	343	-
Hindalco Industries Limited (Equity Shares of ₹1 each)	830	1.78	830	1.62	830	0.73
Coramandel International Limited (Equity Shares of ₹10 each)	108	0.57	108	0.34	108	0.21
Exide Industries Limited (Equity Shares of ₹10 each)	7	0.02	7	0.02	7	0.01
Indraprastha Medical Limited (Equity Shares of ₹10 each)	5,000	2.42	5,000	2.65	5,000	2.60
Karur Vysya Bank Limited (Equity Shares of ₹2 each)	29,758	30.01	25,195	28.26	5,039	21.99
Maan Aluminium Limited (Equity Shares of ₹10 each)	250	0.52	250	0.30	250	0.07
Spentex Industries Limited (Equity Shares of ₹10 each)	54	**	54	**	54	**
Total (A)		2,750.99		4,545.86		6,274.97
B						
<u>Investment in Preference shares</u>						
Unquoted						
At amortised cost						
21.06% Cumulative Non Convertible Compulsorily Redeemable Preference Shares of ₹ 10/- each in I L & F S Transportation Networks Limited	-	-	1,250,000	250.00	1,250,000	250.00
Total (B)		-		250.00		250.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

7 Non-current Investments

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount	No. of shares / bonds / units	Amount
C	Investment in Bonds					
	Unquoted					
	At amortised cost					
	11.80 % I L & F S Transportation Networks Limited (Bonds of ₹ 100 each)	30 305.62	-	-	-	-
	Total (C)	305.62		-		-
D	Investment in Venture capital funds					
	Unquoted					
	At Fair value through Profit and Loss @					
	Faering Capital India Evolving Fund II (Units of ₹1000/- each)	37,500 347.10	37,500	331.32	22,500	213.58
	Paragon Partners Growth Fund – I (Units of ₹ 100/- each)	158,685 288.81	360,000	364.46	140,000	130.37
	Tata Capital Healthcare Fund (Units @ ₹1 /- each, Paid up value per unit ₹ 0.93 each, March, 2017 ₹ 0.90 each, April, 2016 ₹ 0.89 each)	20,000,000 214.00	20,000,000	220.96	20,000,000	209.46
	Tata Capital Growth Fund (Units @ ₹ 1 /- each, Paid up value per unit ₹ 0.88 each, March, 2017 ₹ 0.87 each, April, 2016 ₹ 0.85 each)	20,000,000 252.00	20,000,000	220.00	20,000,000	260.00
	Faering Capital India Evolving Fund (Units of ₹1000/- each)	63,729 721.60	72,870	828.09	88,876	854.54
	Total (D)	1,823.51		1,964.83		1,667.95
	Total (A+B+C+D)	4,880.12		6,760.69		8,192.92
	Aggregate amount of quoted investments	2,750.99		4,545.86		6,274.97
	Aggregate Market Value of the quoted investments	2,750.99		4,545.86		6,274.97
	Aggregate amount of unquoted investments	2,129.13		2,214.83		1,917.95

Note:

* The Group had invested in equity shares of Aditya Birla Nuvo Limited (face value of ₹ 10 each). During the current year, Aditya Birla Nuvo Limited was merged with Grasim Industries Limited and pursuant to which, the Company received 15 equity shares (face value of ₹ 10 each) for every 10 equity shares of Aditya Birla Nuvo Limited. Further, during the year, Grasim Industries Limited had demerged its financial services business into Aditya Birla Capital Limited and pursuant to which, the Group received 7 equity shares (face value of ₹ 10 each) for every 5 equity shares held in Grasim Industries Limited.

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

@ Investment in venture capital funds have been fair valued at closing NAV.

Refer Note 46 for information about fair value measurement of investments and Note 38(ii)(b) for Investment Commitments related to Venture Capital funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

8 Non- current loans

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Security Deposits			
- Considered good	1,422.83	1,506.24	1,470.05
- Considered doubtful	78.26	99.04	42.27
- Less: Allowance for Doubtful Deposits / Expected Credit Loss	(78.26)	(99.04)	(42.27)
Loans to others	-	-	17.66
Total	1,422.83	1,506.24	1,487.71

Refer Note 47 for information about credit risk for security deposits.

9 Other non-current financial assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Term deposits with banks	1.00	1.00	1.00
Interest Accrued on investments	-	2.64	2.64
Others	-	-	2.97
Total	1.00	3.64	6.61

10 Other non-current assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Capital advances	38.15	42.89	61.79
Prepaid expenses	274.58	310.27	389.91
Balances with government authorities (including deposits)	193.52	156.86	129.59
Other advances	0.18	0.18	0.18
Total	506.43	510.20	581.47

11 Inventories

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Raw Materials [Includes Raw Material - In Transit ₹ 153.25 Lakhs, (As at 31 st March, 2017 ₹ 52.02 Lakhs and As at 1 st April, 2016 ₹ 362.50 Lakhs)]	2,572.79	2,336.11	3,036.76
Work-in-progress	454.66	284.58	431.77
Finished goods	3,940.64	3,709.28	3,462.96
Stock-in-trade [Includes Raw Material - In Transit ₹ 95.50 Lakhs, (As at 31 st March, 2017 ₹ 16.33 Lakhs and As at 1 st April, 2016 ₹ 129.54 Lakhs)]	914.04	737.61	898.37
Stores and Spares	42.71	74.88	94.12
Total	7,924.84	7,142.46	7,923.98

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to ₹ 122.16 Lakhs as at 31st March, 2018 (as at 31st March, 2017 ₹ 33.00 Lakhs and as at 1st April, 2016 ₹ 25.00 Lakhs). These writedowns were recognised as an expense and included in 'Raw material consumed', 'changes in inventories of finished goods, stock-in-trade and work-in-progress', and 'consumption of stores and spares' in the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

12 Current investments

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No. of Units	Amount	No. of Units	Amount	No. of Units	Amount
A	Investments in Mutual Funds					
	Unquoted					
	At Fair value through Profit and Loss					
	IDFC Ultra Short Term Fund-Growth (Direct Plan) (Units of ₹10/- each)					
	748,869	185.70	952,134	220.45	806,148	171.85
	HDFC floating rate Income Fund-Short term Plan-Wholesale Option Growth (Units of ₹10/- each)					
	1,294,556	393.32	872,165	246.63	416,886	108.60
	HDFC Liquid Fund Growth (Units of ₹ 10/- each)					
	3,882	132.41	-	-	-	-
	DHFL Pramerica Insta Cash Plus Fund- Direct Plan-Growth (Units of ₹ 100/- each)					
	-	-	-	-	66	0.13
	Total		711.43		467.08	
	Aggregate amount of unquoted investments		711.43		467.08	
					280.58	

Refer Note 46 for information about fair value measurement of investments.

13 Trade receivables

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Receivables from related parties (Refer Note 45)	359.54	372.08	252.32
Others			
- Considered good	2,565.57	1,889.78	2,559.23
- Considered Doubtful	426.40	424.85	561.42
- Less: Allowance for doubtful debts / Expected Credit Loss	(426.40)	(424.85)	(561.42)
Total	2,925.11	2,261.86	2,811.55

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

14 Cash and cash equivalents

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Cash on hand	0.38	8.95	15.75
Balances with Banks			
- In current accounts	1,223.67	1,334.75	1,099.14
- In EEFC accounts	6.44	0.13	6.54
Total	1,230.49	1,343.83	1,121.43

15 Bank Balances other than cash and cash equivalents

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Margin money deposits	22.36	23.30	78.46
Term deposits with Banks	-	5.71	5.37
Unclaimed dividends - Earmarked balances with banks	16.27	17.88	20.73
Total	38.63	46.89	104.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

16 Current loans

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
(Unsecured considered good, unless otherwise stated)			
Security Deposits	112.16	19.55	23.09
Loans to related parties (Refer Note 45)	881.39	1,243.50	1,022.36
Loans to employees			
- Considered good	47.56	47.84	98.48
- Considered doubtful	53.75	41.15	41.15
- Less: Allowance for doubtful loans	(53.75)	(41.15)	(41.15)
Loans to Others	-	1.61	1.73
Total	1,041.11	1,312.50	1,145.66

Refer Note 47 for information about credit risk.

17 Other current financial assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Interest accrued	6.01	-	-
Receivable on account of sale of subsidiary	2,407.11	2,449.63	-
Others	51.42	146.88	113.29
Total	2,464.54	2,596.51	113.29

18 Other current assets

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Export Benefits receivables	678.88	642.74	428.20
Excess Contribution to gratuity fund (Refer Note 41)	256.84	304.37	419.49
Interest subsidy receivable	34.09	43.15	33.16
Advances to Suppliers	152.11	139.23	181.53
Prepaid expenses	176.14	148.21	153.80
GST receivable/refundable	1,000.13	-	-
Other advances	213.34	49.80	49.43
Total	2,511.53	1,327.50	1,265.61

19 Equity share capital

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Authorised	3,400.00	3,000.00	3,000.00
3,40,00,000 [31 st March, 2017: 3,40,00,000 and 1 st April, 2016: 3,40,00,000] Equity Shares of ₹10 each			
Issued, subscribed and fully paid up	1,952.00	1,952.00	1,952.00
1,95,19,974 [31 st March, 2017: 1,95,19,974 and 1 st April, 2016: 1,95,19,974] Equity Shares of ₹10 each			
	1,952.00	1,952.00	1,952.00

Increased pursuant to scheme of amalgamation of Zodiac Finsec and Holdings Limited with the Company w.e.f. 1st April, 2017 (Refer Note 52)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

Notes:						
a) Reconciliation of number of shares:						
			As at 31st March, 2018		As at 31st March, 2017	
			Number of shares	Amount	Number of shares	Amount
Equity Shares :						
Balance as at the beginning of the year			19,519,974	1,952 .00	19,519,974	1,952 .00
Balance as at the end of the year			19,519,974	1,952.00	19,519,974	1,952 .00
b) Rights, preferences and restrictions attached to shares:						
<p>Equity shares: The Group has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.</p>						
c) Details of shares held by each shareholder holding more than 5% shares in the Company:						
			As at 31st March, 2018		As at 31st March, 2017	
			%	No. of shares	%	No. of shares
			%	No. of shares	%	No. of shares
Mohammed Yusuf Noorani **			21.29	4,156,220	19.96	3,895,473
Asia Tangible Investments Pte Ltd.			16.16	3,154,882	16.16	3,154,882
Euro Global Holdings Pte. Ltd.			16.16	3,154,882	16.16	3,154,882
Akash Bhanshali			6.98	1,361,700	6.98	1,361,700
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd.			6.39	1,248,034	6.64	1,295,887
** Includes shares held by Mr. Mohammed Yusuf Noorani						
a) as Trustee for and on behalf of Yusuf Noorani Family Trust				18,990		18,990
b) as Trustee for and on behalf of Anees Yusuf Noorani Family Benefit Trust				8,334		8,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

20 Other Equity

	Reserves and Surplus						Other Comprehensive Income (OCI)					
	Securities Premium Reserve	Amalgamation Reserves	State Cash Subsidy	Capital Redemption Reserve	Special Reserve u/s. 451C of the RBI Act, 1934	Statutory Reserve	General Reserves	Retained Earnings	FVOCI - Equity Instruments	Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Total
Balance as at 1st April, 2016	2,696.47	8.16	15.84	130.00	695.74	17.98	2,693.15	17,438.69	5,398.37	33.82	-	29,128.22
Loss for the year	-	-	-	-	-	-	-	(437.84)	-	-	-	(437.84)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(57.46)	(12.81)	26.07	(79.98)	(124.18)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(495.30)	(12.81)	26.07	(79.98)	(562.02)
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	-	(195.20)
Dividend distribution tax (net of tax credit available on distribution of dividend by subsidiary)	-	-	-	-	-	-	-	(0.50)	-	-	-	(0.50)
Transferred to Capital Redemption Reserve	-	-	-	70.00	-	-	-	(70.00)	-	-	-	-
Transfer to Special Reserve u/s. 451C of the RBI Act, 1934	-	-	-	-	145.59	-	-	(145.59)	-	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	-	1,479.06	(1,479.06)	-	-	-
Adjustment on Sale of subsidiary	-	-	-	-	-	-	-	(426.08)	-	-	-	(426.08)
Adjustment on account of Dividend Income Received from Subsidiary	-	-	-	-	-	-	-	5.60	-	-	-	5.60
Balance as at 31st March, 2017	2,696.47	8.16	15.84	200.00	841.33	17.98	2,693.15	17,590.68	3,906.50	59.89	(79.98)	27,950.02
Loss for the year	-	-	-	-	-	-	-	(2,348.94)	-	-	-	(2,348.94)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	29.28	1,384.87	(87.75)	74.87	1,401.27
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(2,319.66)	1,384.87	(87.75)	74.87	(947.67)
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	-	(195.20)
Transferred from Special Reserve u/s. 451C of the RBI Act, 1934@	-	-	-	-	(841.33)	-	-	841.33	-	-	-	-
Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	-	-	-	-	-	2,823.63	(2,823.63)	-	-	-
Balance as at 31st March, 2018	2,696.47	8.16	15.84	200.00	-	17.98	2,693.15	18,740.78	2,467.74	(27.86)	(5.11)	26,807.15

Purpose of Significant Reserves:

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. These reserves are utilised in accordance with the provisions of the Act.

Capital Redemption Reserve

Represent reserve created during redemption of Preference Shares and it is a non-distributable reserve.

Special Reserve u/s. 451C of the RBI Act, 1934

Represents reserve created in terms of section 451C of the RBI Act where NBFC's are required to create a reserve fund and transfer therein a sum not less than twenty percent of its profit for the year. This fund can be utilised only for the purpose as specified by RBI and such utilisation should be reported to the RBI within 21 days of such withdrawal.

@ Pursuant to scheme of amalgamation of Zodiac Finsec and Holdings Limited(ZFHL), a NBFC, with the Company, the said reserve was merged and carried in the financial statements of the Group. ZFHL had ceased to be a NBFC as per order dated 12th June, 2017, pursuant to which the Group does not require to maintain the said reserve and hence the balance in the reserve has been transferred to retained earnings.

Statutory Reserve

Statutory Reserve is created by allocating 10% of the net profit of the subsidiary - Zodiac Clothing Company (U.A.E.) LLC as required by Article 103 of the UAE Commercial Companies Law No. 2 of 2015 concerning commercial companies in the UAE. The subsidiary discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

FVOCI - Equity Instruments

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

Cash Flow Hedging Reserve

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

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve with equity. The cumulative amount is reclassified to retained earnings when the net investment is disposed-off.

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(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

21 Non-current borrowings

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Secured			
Term loan from banks	290.49	507.72	724.96
Unsecured			
Term Loan from directors (Refer Note 45)	415.00	385.00	-
Total	705.49	892.72	724.96

Refer Note 46 for liquidity risk

Notes:

- (a) Details of terms of repayment and security provided for the secured term loan from banks:
- Secured by way of hypothecation of respective plant and equipment purchased out of the proceeds of the loan.
 - The loan carries an interest rate ranging from 8.45% to 10.75% p.a (31st March, 2017: 8.80% to 10.75% p.a. and 1st April, 2016: 9.25% to 10.75% p.a.)
 - The loan is repayable in 15 equal quarterly instalments starting from the 18th month from their respective drawdown dates.
 - Instalments falling due within a year in respect of all the above Loans aggregating ₹ 217.23 Lakhs (March 31, 2017 : ₹ 217.23 Lakhs and April 1, 2016: ₹ 89.67 Lakhs) have been grouped under “Current maturities of long-term debt”. (Refer Note 24)
 - The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.
- (b) Details of terms of repayment for unsecured loans from directors:
The loan carries an interest rate of 8% p.a. The loan is repayable after a minimum period of 18 months from the date of receipt of the amount.

22 Current Borrowings

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Working Capital Loans:			
From banks			
Secured			
In Foreign Currency			
- Foreign Currency Non-Resident Bank Loan	1547.91	1540.19	1547.81
- Buyers Credit	44.63	308.10	1,028.01
- Packing Credit	3,171.02	1,638.09	3,223.37
In Indian Rupees			
- Rupee Packing Credit	999.07	1,323.96	-
Secured - Total (A)	5,762.63	4,810.34	5,799.19
Unsecured			
Loans from related parties (Refer Note 45)	-	-	630.08
Unsecured - Total (B)	-	-	630.08
Total (A + B)	5,762.63	4,810.34	6,429.27

Refer Note 47 for liquidity risk

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 37.

Nature of Security:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

Net debt reconciliation	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents	1,230.49	1,343.83
Current Borrowings	(5,762.63)	(4,810.34)
Non Current Borrowings	(922.72)	(1,109.95)
Interest accrued but not due on borrowings	(12.96)	(15.44)
Net debt	(5,467.82)	(4,591.90)

	Cash and Cash equivalents	Non current borrowings (Including current maturities of long term debt and interest accrued)	Current borrowings (Including interest accrued)	Total
Net Debt as at March 31, 2017	1,343.83	(1,112.89)	(4,822.84)	(4,591.90)
Cash flows	(113.34)	187.23	(952.29)	(878.40)
Interest expense on Borrowings	-	(94.92)	(195.31)	(290.23)
Interest paid on Borrowings	-	95.75	196.96	292.71
Net Debt as at March 31, 2018	1,230.49	(924.83)	(5,773.48)	(5,467.82)

23 Trade payables

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade payables [Refer Note below]			
Payable to related parties [Refer Note 45]	599.60	481.38	272.20
Others	3,092.33	2,488.32	3,079.96
Total	3,691.93	2,969.70	3,352.16

Refer Note 47 for information about liquidity risk and market risk of trade payables.

24 Other current financial liabilities

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long-term debt (Refer Note 21)	217.23	217.23	89.67
Interest accrued but not due on borrowings	12.96	15.44	13.59
Unclaimed dividends [Refer Note below]	16.27	17.88	20.73
Mark to market of derivative financial instruments	37.55	29.33	21.84
Security deposits received	264.48	237.29	263.59
Capital Creditors	258.12	177.49	310.43
Other payables	2.93	4.45	19.43
Total	809.54	699.11	739.28

Notes:

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

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(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

25 Provisions

Non-current Provisions	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for employee benefits (Refer Note 41)			
- Others	1.15	5.54	37.51
Non-current total	1.15	5.54	37.51
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Provisions			
Provision for employee benefits (Refer Note 41)			
- Compensated absences	165.85	151.51	167.21
- Others	2.17	0.71	64.57
Other Provision			
- Sales Return (Refer Note below)	89.94	120.95	143.89
Total	257.96	273.17	375.67

Note:

Movement in provisions	Provision for Sales Return
Balance as at 1st April, 2016	143.89
Provision recognised during the year	120.95
Amount utilised / reclassified during the year	(143.89)
Balance as at 31st March, 2017	120.95
Provision recognised during the year	89.94
Amount utilised / reclassified during the year	(120.95)
Balance as at 31st March, 2018	89.94

26 Other Current liabilities

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Revenue received in advance	16.02	139.10	156.48
Statutory dues payable	157.69	222.32	236.97
Salary and Wages payable	894.51	872.07	785.33
Other payables	7.61	25.94	5.17
Total	1,075.83	1,259.43	1,183.95

27 Revenue from Operations

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Sale of Products	22,970.77	26,818.67
Other operating revenue		
Export Incentives	766.63	1,250.52
Process waste sale	80.46	117.79
Rental Income from Properties	-	53.65
Total	23,817.86	28,240.63

Note:

Goods and services tax (hereinafter referred to as “GST”) has been effective from 1st July 2017. Consequently, excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30th June 2017 “Sale of products” included the amount of excise duty recovered on sales. With effect from 1st July 2017, Sale of Products excludes the amount of GST recovered. Accordingly, revenue from “Sale of products” and ‘Revenue from operations’ for the year ended 31st March 2018 are not comparable with those of the previous year.”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28 Other income

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Interest income	126.91	80.93
Dividend Income	54.04	30.77
Rent income	349.79	350.99
Net gain on sale of investments through profit and loss	246.71	358.78
Net gain on fair valuation of investments through profit and loss	237.77	107.73
Net gain / (loss) on foreign currency transactions and translation	(45.80)	115.58
Miscellaneous income	192.01	253.09
Total	1,161.43	1,297.87

29 Cost of materials consumed

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Raw materials at the beginning of the year	2,336.11	3,036.76
Purchases	10,014.17	9,784.14
Less : Raw materials at the end of the year	2,572.79	2,336.11
Total	9,777.49	10,484.79

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

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Opening inventories		
Finished goods	3,709.28	3,462.96
Stock-in-trade	737.61	898.37
Work-in-progress	284.58	431.77
	4,731.47	4,793.10
Less: Transitional GST Input Credit availed	126.96	-
Closing inventories		
Finished goods	3,940.64	3,709.28
Stock-in-trade	914.04	737.61
Work-in-progress	454.66	284.58
	5,309.34	4,731.47
Total	(704.83)	61.63

31 Employee benefits expense

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Salaries and wages	5,190.13	5,431.45
Contribution to provident funds and other funds (Refer Note 41)	466.59	514.39
Defined Benefit Plan Expenses (Refer Note 41)	101.35	59.63
Workmen and Staff welfare expenses	114.61	135.76
Total	5,872.68	6,141.23

32 Finance costs

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Interest expense on:		
- Term Loans [Net of Interest Subsidy Rs. Nil (Previous Year ₹ 10.01 Lakhs) under TUF Scheme]	94.92	97.64
- Current Borrowings	195.31	181.42
- Others	21.21	20.38
Total	311.44	299.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

33 Depreciation and amortization expense

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Depreciation on property, plant and equipment	1,005.83	1,050.59
Depreciation on investment property	15.06	60.97
Amortization on intangible assets	62.94	68.03
Total	1,083.83	1,179.59

34 Other expenses

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Consumption of stores and spares	281.58	283.63
Power and fuel	249.46	263.93
Electricity Expenses	352.59	406.40
Job Work Charges	727.33	643.36
Insurance	105.21	110.23
Repairs to buildings	61.63	86.82
Repairs to machinery	83.06	117.69
Repairs and Maintenance Others	223.58	116.61
Rent (Refer Note 39)	3,435.98	3,971.79
Retail store maintenance expenses	558.41	671.08
Rates and Taxes	110.54	172.87
Advertisement and sales promotion	1,016.34	1,012.66
Commission to selling agents	826.60	874.14
Freight and forwarding	658.84	802.78
Legal and Professional Expenses	406.53	365.27
Travelling and Conveyance	397.80	459.86
Director Fees	33.12	40.60
Donations	164.23	40.24
Expenditure incurred for Corporate Social Responsibility	30.00	18.20
Allowance for doubtful debts and deposits / Expected Credit Loss	(19.23)	(79.80)
Allowance for doubtful loans	12.60	-
Bad and doubtful debts written off	-	1.73
Net Loss on sale/discard of property, plant and equipment	46.77	129.35
Bank Charges	149.50	188.46
Security Charges	110.99	133.10
Trade Mark Fees	123.37	170.64
Miscellaneous Expenses	198.42	267.87
Total	10,345.25	11,269.51

35 Exceptional Item

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Profit on Sale of Subsidiary (Refer Note 42)	-	895.13
Total	-	895.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

36 Income Taxes

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

	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Current tax		
Expense for the year	133.80	319.00
Total current tax (A)	133.80	319.00
Deferred tax		
Deferred tax credit	(472.18)	(424.95)
Total deferred tax credit (B)	(472.18)	(424.95)
Total tax expense for the year (C) = (A + B)	(338.38)	(105.95)
Tax in respect of earlier years (D)	63.12	119.91
Total tax expense/(credit) (C + D)	(275.26)	13.96

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

	As at 31 st March, 2018	As at 31 st March, 2017
Loss before tax	(2624.20)	(423.88)
Enacted income tax rate in India	33.063%	33.063%
Tax expenses at enacted income tax rate	(867.64)	(140.15)
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	(43.04)	(84.33)
Income exempted from Income taxes	17.87	114.99
Deduction under Income Tax	32.45	19.93
Differential tax rate in respect of income from capital gains	(9.90)	(0.96)
Differential tax rate in respect of income from other sources	(109.55)	(130.31)
Deferred tax assets not recognised on business losses	672.28	357.60
Foreign Entities with no tax	40.16	7.16
Differential Deferred tax rate on undistributed profits	(87.71)	(116.21)
Change in tax rates	95.30	-
Others	(78.60)	(133.67)
Total Tax Expenses	(338.38)	(105.95)

Consequent to reconciliation items shown above, the effective tax rate is 12.89% (2016-17: 25.16%)

Significant Estimates: In calculation of tax expense for the current year and earlier years, the Company has disallowed certain expenditure pertaining to exempt income which are lower than those considered in previous tax assessments, matter is pending before various tax authorities.

iii) The movement in deferred tax assets and liabilities during the year ended March 31, 2017 and March 31, 2018:

	As at 1 st April, 2016	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Compre- hensive Income	As at 31 st March, 2017	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Compre- hensive Income	As at 31 st March, 2018
Deferred tax assets/(liabilities)							
Provision for employee benefits	46.38	3.50	-	49.88	(5.13)	-	44.75
Provision for doubtful debts and advances	216.42	(27.77)	-	188.65	(33.30)	-	155.35
Expenses allowed in the year of payment	-	0.50	-	0.50	(0.50)	-	-
Unabsorbed Depreciation	394.34	405.35	-	799.69	248.14	-	1,047.83
Depreciation	(631.07)	(40.92)	-	(671.99)	221.70	-	(450.29)
Undistributed reserves of subsidiaries	(656.14)	116.21	-	(539.93)	87.71	-	(452.22)
Others	29.42	(31.92)	(12.88)	(15.38)	(46.44)	33.48	(28.34)
Total	(600.65)	424.95	(12.88)	(188.58)	472.18	33.48	317.08

Significant Estimates: Based on the future projections, the Group has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the Group has recognized deferred tax asset on aforesaid losses. However, deferred tax on brought forward unabsorbed business losses of ₹ 3,194.69 Lakhs previous year ₹ 1,161.36 Lakhs has not been considered for recognition of deferred tax asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

37 Assets pledged as securities

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Floating Charge			
Current Assets			
Financial Assets			
- Investments	711.43	467.08	280.58
- Trade receivables *	2,168.40	1,717.78	1,961.29
- Cash and cash equivalents	397.22	240.52	138.51
- Bank Balances other than cash and cash equivalents	16.27	23.59	26.10
- Loans	147.12	47.42	72.75
- Others financial assets	44.00	133.62	99.65
	3,484.44	2,630.01	2,578.88
Non Financial Assets			
- Inventories	7,800.59	7,064.96	7,726.88
- Other current assets	2,432.51	1,242.87	1,183.94
	10,233.10	8,307.83	8,910.82
Total Current assets	13,717.54	10,937.84	11,489.70
Fixed Charge			
Non Current Assets			
- Plant and Equipments	817.63	859.33	901.04
Total non-current assets	817.63	859.33	901.04
Total assets	14,535.17	11,797.17	12,390.74

* Trade Receivables represent receivables excluding inter company trade receivables.

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
i Contingent Liabilities			
Claims against the Group not acknowledged as debts in respect of:			
Income Tax matters	1,366.62	845.52	750.20
Sales Tax matters	174.83	223.18	190.55
Others matters	1.29	1.29	30.87

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

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
ii Commitments			
a Capital Commitments			
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
Property, plant and equipment	180.75	162.39	354.33
Less: Capital advances (Refer Note 10)	(38.15)	(42.89)	(61.79)
Net Capital commitments	142.60	119.50	292.54
b Investment Commitments related to Venture Capital funds			
Investment Commitments related to Venture Capital funds	1,481.07	1,375.69	1,748.34
Investment commitment, contribution is to be made on “as needed” basis pursuant to drawdown notices issued by the respective funds over commitment period.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

39 Lease

Premises taken on operating lease:

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
The Group has significant operating leases for premises. These lease arrangements range for a period between 3 years and 12 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.			
With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:			
For a period not later than one year	461.29	203.25	212.50
For a period later than one year and not later than five years	716.26	10.86	32.39
For a period later than five years	-	-	-

Total operating lease expenses(including lease rentals) debited to Statement of Profit and Loss is ₹ 3,435.98 lakhs (Previous year ₹ 3,971.79 lakhs).

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

40 Earnings per share

		Year ended 31 st March, 2018	Year ended 31 st March, 2017
Basic & Diluted			
Loss for the year	(A)	(2,348.94)	(437.84)
Weighted average number of equity shares outstanding	(B)	19,519,974	19,519,974
Basic and Diluted Earnings Per Share (Rs.)	(A / B)	(12.03)	(2.24)
Nominal value per equity shares (in Rs.)		10	10

41 Post retirement benefit plans

I. Defined Benefit Plan - Gratuity:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service, subject to a ceiling of ₹ 20 Lakhs (Previous Year ₹ 10 Lakhs). The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India.

As per Actuarial Valuation as on 31st March, 2018, 31st March, 2017 and 1st April, 2016 and recognised in the financial statements in respect of Employee Benefits Scheme:

A. Amount recognised in the Balance Sheet

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Present value of plan liabilities	885.77	880.15	861.83
Fair value of plan assets	(1142.61)	(1184.52)	(1281.32)
Surplus of funded plans	(256.84)	(304.37)	(419.49)
Unfunded plans	-	-	-
Net plan (assets) / liabilities	(256.84)	(304.37)	(419.49)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

B. Movement in plan assets and liabilities

	Year ended 31 st March, 2018			Year ended 31 st March, 2017		Net
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	
As at 1st April	1,184.52	880.14	304.37	1,281.32	861.83	419.49
Current service cost	-	95.93	(95.93)	-	93.23	(93.23)
Past service cost	-	28.48	(28.48)	-	-	-
Interest cost	-	66.62	(66.62)	-	69.02	(69.02)
Interest income	89.68	-	89.68	102.62	-	102.62
Actuarial (gain)/loss arising from changes in financial assumptions	-	(22.92)	22.92	-	35.27	(35.27)
Actuarial (gain)/loss arising from experience adjustments	-	(13.46)	13.46	-	13.91	(13.91)
Return on plan assets excluding actual return of plan assets	(7.63)	-	(7.63)	(8.28)	-	(8.28)
Employer contributions	25.07	-	25.07	1.97	-	1.97
Benefit payments	(149.03)	(149.03)	-	(193.11)	(193.11)	-
As at 31st March	1,142.61	885.77	256.84	1,184.52	880.14	304.37

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

	As at 31 st March, 2018	As at 31 st March, 2017
Active members	2,161	2,289
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	10 years	11 years
The Group does not expect to contribute to funded plans in light of excess funds.		

C. Statement of Profit and Loss

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Employee Benefits Expense:		
Current service cost	95.93	93.23
Finance cost/(income) net	(23.06)	(33.60)
Past Service Cost	28.48	-
Net impact on the Loss before tax	101.35	59.63
Remeasurements of the net defined benefits liability:		
Actuarial (gains)/losses arising from changes in financial assumptions	22.92	(35.27)
Experience (gains)/losses	13.46	(13.91)
Return on plan assets excluding actual return on plan assets	(7.63)	(8.28)
Others/Adjustments	0.53	-
Net Impact on Other Comprehensive Income before tax	29.28	(57.46)

D. Assets

	Gratuity		
	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Insurer managed Fund	1,142.61	1,184.52	1,281.32
Total	1142.61	1184.52	1281.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

E. Assumptions

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

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Financial Assumptions			
Discount rate	7.86%	7.57%	8.01%
Salary Escalation Rate*	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%

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

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table Mortality in Retirement : LIC Buy-out Annuity

F. Sensitivity

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

	As at 31 st March, 2018			As at 31 st March, 2017	
	Change in assumption	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability
Discount rate	1%	(71.36)	83.91	(76.59)	90.64
Salary Escalation Rate	1%	84.85	(73.60)	92.10	(79.00)
Attrition Rate	1%	20.16	(23.24)	19.72	(22.86)

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

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

	As at 31 st March, 2018	As at 31 st March, 2017
2018		111.62
2019	137.04	34.92
2020	42.05	56.61
2021	46.31	44.94
2022	53.50	57.86
2023	56.06	312.94
2024	323.27	
Thereafter	1598.36	1,677.67

H. Risk Exposure - Asset Volatility

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

II. Compensated absences

The leave obligations cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 165.85 lakhs (31st March, 2017 - ₹ 151.51 lakhs, 1st April, 2016 - ₹ 167.21) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

III. Details of Defined Contribution Plan

The Group also has certain defined contribution plans. Contributions are made to provident and other funds in India for employees as per regulations. The contributions are made to registered provident fund, ESIC, etc. administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is ₹ 466.59 lakhs (Previous year ₹ 514.39 Lakhs) in the Statement of Profit and Loss for the year ended 31st March, 2018 under defined contribution plan.

42 Interest in Other entities

The Consolidated Financial Statements present the Consolidated Accounts of Zodiac Clothing Company Limited with its following Subsidiary and sub-subsidiaries:

Name of the Subsidiary and sub-subsidiaries:	Country of Incorporation		Activities	Proportion of Ownership of Interest		
				As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
a) Zodiac Clothing Co. S.A.	Switzerland			100%	100%	100%
b) Zodiac Clothing Co. (UAE) LLC.	UAE	**		100%	100%	100%
c) Zodiac Clothing Company Inc.	USA	@		N.A.	100%	100%
d) Zodiac Properties Limited (ZPL)	RAK (UAE)	#		N.A.	N.A.	100%

** The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmood (51%) and M/s. Zodiac Clothing Co S.A. (49%). As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmood is holding 51% shares for and on behalf of M/s. Zodiac Clothing Co S.A. who is the beneficial owner.

@ Ceased to be subsidiary w.e.f. 15th June, 2017. The results of operations of Zodiac Clothing Company Inc. are included in the consolidated statement of profit and loss until that date.

Ceased to be subsidiary w.e.f. 26th January, 2017. The results of operations of ZPL are included in the consolidated statement of profit and loss until that date.

The business in both the subsidiaries disposed did not represent separate line of business or geographical area of operations for the Group.

43 For Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of the Entities	As at 1 st April, 2016	
	Net Assets i.e. total assets minus total liabilities	
	As a % of consolidated net assets	Amount
Parent:		
- Indian		
Zodiac Clothing Company Limited	83.57%	25,972.19
Subsidiary and sub-subsidiaries:		
- Foreign		
Zodiac Clothing Co. S.A.	2.78%	863.99
Zodiac Clothing Co. (UAE) LLC.	16.99%	5,280.63
Zodiac Clothing Company Inc.	-0.02%	(6.35)
Zodiac Properties Limited (ZPL)	-1.48%	(460.67)
Intercompany Elimination & Consolidation Adjustments		(569.57)
Total		31,080.22
Non Controlling Interest in subsidiaries		-
Grand Total		31,080.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

43 Continued....

Name of the Entities	2016-17							
	Net Assets i.e. total assets minus total liabilities		Share in profit (loss)		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
Parent:								
- Indian								
Zodiac Clothing Company Limited	84.10%	25,148.51	133.33%	(583.78)	35.59%	(44.20)	111.74%	(627.98)
Subsidiary and sub-subsidiaries:								
- Foreign								
Zodiac Clothing Co. S.A.	2.62%	782.02	-171.25%	749.82	-	-	-133.42%	749.82
Zodiac Clothing Co. (UAE) LLC.	14.94%	4468.11	-4.94%	21.64	-	-	-3.85%	21.64
Zodiac Clothing Company Inc.	-0.03%	(8.86)	0.63%	(2.74)	-	-	0.49%	(2.74)
Zodiac Properties Limited (ZPL)	0.00%	-	14.14%	(61.90)	-	-	11.01%	(61.90)
Intercompany Elimination & Consolidation Adjustments								
Total								
Non Controlling Interest in subsidiaries		(487.76)		(560.88)		(79.98)		(640.86)
Grand Total		29902.02		(437.84)		(124.18)		(562.02)
		29902.02		(437.84)		(124.18)		(562.02)

Name of the Entities	2017-18							
	Net Assets i.e. total assets minus total liabilities		Share in profit (loss)		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount	As a % of consolidated Profit	Amount
Parent:								
- Indian								
Zodiac Clothing Company Limited	81.57%	24,390.85	430.96%	(1,886.90)	94.66%	1,326.40	99.73%	(560.50)
Subsidiary and sub-subsidiaries:								
- Foreign								
Zodiac Clothing Co. S.A.	2.28%	682.98	-120.09%	525.82	-	-	-93.56%	525.82
Zodiac Clothing Co. (UAE) LLC.	13.57%	4,058.98	-27.74%	121.46	-	-	-21.61%	121.46
Zodiac Clothing Company Inc.	0.00%	-	0.26%	(1.16)	-	-	0.21%	(1.16)
Zodiac Properties Limited (ZPL)	0.00%	-	0.00%	-	-	-	0.00%	-
Intercompany Elimination & Consolidation Adjustments								
Total								
Non Controlling Interest in subsidiaries		(373.66)		(1,108.16)		74.87		(1,033.29)
Grand Total		28,759.15		(2,348.94)		1,401.27		(947.67)
		28,759.15		(2,348.94)		1,401.27		(947.67)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

44 Segment Information:

Business Segment

Identification of Segments:

The chief operational decision maker (Managing Director) monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

(i) The Group's business operations falls within a single primary business segment of 'Garment and its retailing'. Accordingly, the Group operation is a single segment in terms of its products.

(ii) Entity wide disclosure - Information in respect of geographical segment:

Particulars	India		Rest of the world		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Segment Revenue *	11,680.76	13,664.18	12,137.10	14,576.45	23,817.86	28,240.63
Carrying cost of segment Non Current assets**@	15,424.76	16,128.01	170.21	103.40	15,594.97	16,231.41

* Based on location of Customers

@ Excluding Financial Assets, and deferred tax asset.

Note:-

Considering the nature of business in which it operates, the group deals with various customers including multiple geographics. Consequently, none of the customer contribute materially to the revenue of the Company.

45 Related Party Disclosures under IND AS 24

1. Relationships:

(a) Key Management Personnel:

Mr. M. Y. Noorani	Chairman
Mr. A. Y. Noorani	Vice Chairman and Managing Director upto 28th February, 2017 and vice chairman thereafter
Mr. S. Y. Noorani	Managing Director (w.e.f. 28th February, 2017) and President
Mr. M. L. Apte	Non Executive Director
Mr. Y. P. Trivedi	Non Executive Director
Mr. S. R. Iyer	Non Executive Director
Mr. Bernhard Steunruecke	Non Executive Director
Mr. Saumitra Chaudri (upto 18th December, 2016)	Non Executive Director
Ms. Elizabeth Jane Hulse	Non Executive Director

(b) Relatives of key management personnel with whom the transactions have taken place:

Mr. Awais A. Noorani	Son of Mr. A. Y. Noorani
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(c) Enterprises in which key management personnel and / or their relatives are able to exercise significant influence and with whom transactions have taken place:

Zodiac Metropolitan Clothing Gmbh	Germany
Metropolitan Trading Company	India
Montage Corporation	India
Munraz Enterprises	India
Mustang Manufacturing Company	India
Mashal Enterprises	India
Onward LLC	UAE
Miraj Marketing Company LLP	India
Zodiac UAE LLC	UAE
Asia Tangible Investments Pte Ltd.	Singapore
Euro Global Holdings Pte. Ltd.	Singapore

(d) Trust

Zodiac Clothing Co. Ltd. EMPL GGCA Scheme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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45 Related Party Disclosures under IND AS 24 (Contd....)

2. Transactions carried out with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Related Parties							
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above	
	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Revenue:								
Sale of Products	-	-	-	-	1,767.46	2,669.12	-	-
Purchases:								
Purchase of Goods and Materials	-	-	-	-	-	801.86	-	-
Expenses:								
Employees benefit expenses *	60.00	68.00	50.70	49.94	-	-	-	-
Interest paid	32.11	41.20	-	-	-	-	-	-
Rent	44.57	48.63	-	-	255.81	287.74	-	-
Commission to selling agents	-	-	-	-	472.32	365.42	-	-
Director Fees (including service tax)	25.87	31.62	-	-	121.33	170.63	-	-
Trade Mark Fees	-	-	-	-	8.14	38.52	-	-
Reimbursement of Expenses from	-	-	-	-	4.49	7.44	-	-
Reimbursement of Expenses to	-	-	-	-	-	-	-	-
Paid to Trust - Employees Gratuity Fund contribution	-	-	-	-	-	-	25.07	1.97
Other Income:								
Rent	-	-	-	-	6.00	33.46	-	-
Loan Received	110.00	1,253.00	-	-	-	-	-	-
Loan Repaid	80.00	868.00	-	-	-	-	-	-

* This aforesaid amount does not include amount in respect of gratuity and leave as the same is not determinable on individual basis and hence considered for disclosure on payment basis.

In respect of remuneration of Key Management Personnel, there is no defined contribution plan.

3. Balances with related parties referred in 1 above, in ordinary course of business:

Nature of transactions	Related Parties							
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above		Referred in 1(d) above	
	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2018	As at 1 st April, 2016	
Outstandings:								
Long Term Borrowings	415.00	385.00	-	-	-	-	-	-
Short Term Borrowings	-	-	-	-	-	-	-	630.08
Trade Payables	75.91	37.60	2.61	523.69	443.78	269.59	-	-
Other Current Liabilities	197.83	137.83	67.72	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
Loans (Security Deposit given)	22.50	22.50	22.50	177.50	177.50	177.50	177.50	177.50
Loans to related parties	-	-	-	881.39	1,243.50	1,022.36	1,022.36	1,022.36
Trade Receivables	-	-	-	359.54	372.08	252.32	252.32	252.32

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4	Disclosure in respect of material transactions with related parties during the year (included in 2 above)	Year ended 31 st March, 2018	Year ended 31 st March, 2017
	Sale of Products:		
	- Onward LLC	-	769.09
	- Zodiac Metropolitan Clothing Gmbh	1,702.11	1,837.63
	Purchase of Goods and Materials:		
	- Onward LLC	-	801.86
	Expenses:		
	Employees benefit expenses		
	- Mr. S. Y. Noorani	60.00	68.00
	- Mr. Awais A. Noorani	50.70	49.94
	Interest paid		
	- Mr. M. Y. Noorani	9.72	20.08
	- Mr. A. Y. Noorani	14.40	4.22
	- Mr. S. Y. Noorani	8.00	2.35
	- Zodiac UAE LLC	-	14.55
	Rent		
	- Metropolitan Trading Company	226.78	251.18
	Commission to selling agents		
	- Zodiac Metropolitan Clothing Gmbh	472.32	365.42
	Director Fees (including service tax)		
	- Mr. M. L. Apte	7.79	9.54
	- Mr. Y. P. Trivedi	7.59	9.31
	- Mr. S. R. Iyer	7.59	9.08
	Trade Mark Fees		
	- Metropolitan Trading Company	121.33	170.63
	Reimbursement of Expenses from		
	- Mashal Enterprises	6.98	3.86
	- Zodiac Metropolitan Clothing GmbH	1.13	0.77
	- Onward LLC	-	22.12
	- Zodiac UAE LLC	-	11.26
	Reimbursement of Expenses to		
	- Munraz Enterprises	4.43	4.42
	Paid to Trust		
	- Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	25.07	1.97
	Other Income:		
	Rent		
	- Metropolitan Trading Company	6.00	6.00
	- Zodiac Metropolitan Clothing Gmbh	-	27.46
	Loan Received		
	- Mr. M. Y. Noorani	110.00	973.00
	- Mr. A. Y. Noorani	-	180.00
	- Mr. S. Y. Noorani	-	100.00
	Loan Repaid		
	- Mr. M. Y. Noorani	80.00	868.00

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5. Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above)	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Outstandings:			
Long Term Borrowings			
- Mr. M. Y. Noorani	180.00	180.00	-
- Mr. A. Y. Noorani	100.00	100.00	-
- Mr. S. Y. Noorani	105.00	105.00	-
Short Term Borrowings			
Asia Tangible Investments Pte. Ltd	-	-	217.94
Euro Global Holdings Pte. Ltd.	-	-	314.80
Zodiac UAE LLC	-	-	97.34
Trade Payables			
- Zodiac Metropolitan Clothing Gmbh	369.40	216.20	126.29
- Metropolitan Trading Company	127.41	133.49	28.36
- Onward LLC	-	71.73	110.70
Other Current Liabilities (Salary and wages payable)			
- Mr. S. Y. Noorani - Remuneration	195.72	135.72	67.72
Security Deposit			
- Metropolitan Trading Company	165.00	165.00	165.00
Loans to related parties			
- Onward LLC	460.47	871.40	890.28
- Zodiac Metropolitan Clothing Gmbh	418.79	357.97	128.73
Trade Receivables			
- Zodiac Metropolitan Clothing Gmbh	356.32	363.95	177.81
- Onward LLC	-	-	69.46

46 Fair Value Measurement:

Financial Instrument by category and hierarchy.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and cash equivalents, other bank balances, trade receivables, current loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk. The coupon rate on investment in preference shares and bonds is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The coupon rate on investment in preference shares and bonds is at the prevailing market rates. Accordingly, fair value of such instrument is not materially different from their carrying amounts.

The interest rate on borrowing is at the prevailing market rates. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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Financial Assets and Liabilities as at 31 st March, 2018	Non Current	Current	Total	Routed through Profit and Loss				Routed through OCI				Carried at amortised cost				Total Amount	
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets																	
Investments																	
- Equity instruments	2,750.99	-	2,750.99	-	-	-	-	2,750.99	-	-	-	-	-	-	-	-	2,750.99
- Preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	305.62	-	305.62	-	-	-	-	-	-	-	-	-	-	305.62	-	-	305.62
- Mutual funds	-	711.43	711.43	711.43	-	-	-	-	-	-	-	-	-	-	-	-	711.43
- Venture capital fund	1,823.51	-	1,823.51	-	-	1,823.51	1,823.51	-	-	-	-	-	-	-	-	-	1,823.51
Other Assets	4,880.12	711.43	5,591.55	711.43	-	1,823.51	2,534.94	2,750.99	-	-	-	-	-	305.62	-	-	5,591.55
- Current Loans	1,422.83	1,041.11	2,463.94	-	-	-	-	-	-	-	-	-	-	2,463.94	-	-	2,463.94
- Other Financial Assets	1.00	2,464.54	2,465.54	-	-	-	-	-	-	-	-	-	-	2,465.54	-	-	2,465.54
- Trade receivable	-	2,925.11	2,925.11	-	-	-	-	-	-	-	-	-	-	2,925.11	-	-	2,925.11
- Cash and Cash equivalents	-	1,230.49	1,230.49	-	-	-	-	-	-	-	-	-	-	1,230.49	-	-	1,230.49
- Bank Balances other than cash and cash equivalents	-	38.63	38.63	-	-	-	-	-	-	-	-	-	-	38.63	-	-	38.63
	1,423.83	7,699.88	9,123.71	-	-	-	-	-	-	-	-	-	-	9,123.71	-	-	9,123.71
Financial Liabilities																	
- Borrowings	705.49	5,762.63	6,468.12	-	-	-	-	-	-	-	-	-	-	6,468.12	-	-	6,468.12
- Mark to market of derivative financial instruments	-	37.55	37.55	(1.04)	-	-	(1.04)	-	38.59	-	-	-	-	-	-	-	37.55
- Other Financial Liabilities	-	771.99	771.99	-	-	-	-	-	-	-	-	-	-	771.99	-	-	771.99
- Trade Payables	-	3,691.93	3,691.93	-	-	-	-	-	-	-	-	-	-	3,691.93	-	-	3,691.93
	705.49	10,264.10	10,969.59	-	(1.04)	-	(1.04)	-	38.59	-	-	-	-	10,932.04	-	-	10,969.59

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Financial Assets and Liabilities as at 31 st March, 2017	Non Current	Current	Total	Routed through Profit and Loss				Routed through OCI				Carried at amortised cost				Total Amount	
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets																	
Investments	4,545.86	-	4,545.86	-	-	-	-	4,545.86	-	-	-	-	-	-	-	-	4,545.86
- Equity instruments																	
- Preference shares	250.00	-	250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	250.00
- Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	-	467.08	467.08	467.08	-	-	-	-	-	-	-	-	-	-	-	-	467.08
- Venture capital fund	1,964.83	-	1,964.83	-	-	1,964.83	1,964.83	-	-	-	-	-	-	-	-	-	1,964.83
Other Assets	6,760.69	467.08	7,227.77	467.08	-	1,964.83	2,431.91	4,545.86	-	-	-	-	-	-	-	250.00	7,227.77
- Current Loans	1,506.24	1,312.50	2,818.74	-	-	-	-	-	-	-	-	-	-	-	-	-	2,818.74
- Other Financial Assets	3.64	2,596.51	2,600.15	-	-	-	-	-	-	-	-	-	-	-	-	-	2,600.15
- Trade receivable	-	2,261.86	2,261.86	-	-	-	-	-	-	-	-	-	-	-	-	-	2,261.86
- Cash and Cash equivalents	-	1,343.83	1,343.83	-	-	-	-	-	-	-	-	-	-	-	-	-	1,343.83
- Bank Balances other than cash and cash equivalents	-	46.89	46.89	-	-	-	-	-	-	-	-	-	-	-	-	-	46.89
	1,509.88	7,561.59	9,071.47	-	-	-	-	-	-	-	-	-	-	-	-	9,071.47	9,071.47
Financial Liabilities																	
- Borrowings	892.72	4,810.34	5,703.06	-	-	-	-	-	-	-	-	-	-	-	-	-	5,703.06
- Mark to market of derivative financial instruments	-	29.33	29.33	-	(60.15)	-	(60.15)	-	89.48	-	-	-	-	-	-	-	29.33
- Other Financial Liabilities	-	669.78	669.78	-	-	-	-	-	-	-	-	-	-	-	-	-	669.78
- Trade Payables	892.72	8,479.15	9,371.87	-	(60.15)	-	(60.15)	-	89.48	-	-	-	-	-	-	-	9,342.54
	892.72	8,479.15	9,371.87	-	(60.15)	-	(60.15)	-	89.48	-	-	-	-	-	-	9,342.54	9,371.87

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(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

Financial Assets and Liabilities as at 1 st April, 2016	Non Current	Current	Total	Routed through Profit and Loss				Routed through OCI				Carried at amortised cost				Total Amount	
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets																	
Investments																	
- Equity instruments	6,274.97	-	6,274.97	-	-	-	-	6,274.97	-	-	-	-	-	-	-	-	6,274.97
- Preference shares	250.00	-	250.00	-	-	-	-	-	-	-	-	-	-	-	250.00	-	250.00
- Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	-	280.58	280.58	280.58	-	-	280.58	-	-	-	-	-	-	-	-	-	280.58
- Venture capital fund	1,667.95	-	1,667.95	-	1,667.95	-	1,667.95	-	-	-	-	-	-	-	-	-	1,667.95
	8,192.92	280.58	8,473.50	280.58	1,667.95	1,948.53	1,948.53	6,274.97	-	-	-	6,274.97	-	-	250.00	250.00	8,473.50
Other Assets																	
- Current Loans	1,487.71	1,145.66	2,633.37	-	-	-	-	-	-	-	-	-	-	-	2,633.37	-	2,633.37
- Other Financial Assets	6.61	113.29	119.90	-	-	-	-	-	-	-	-	-	-	-	119.90	-	119.90
- Trade receivable	-	2,811.55	2,811.55	-	-	-	-	-	-	-	-	-	-	-	2,811.55	-	2,811.55
- Cash and Cash equivalents	-	1,121.43	1,121.43	-	-	-	-	-	-	-	-	-	-	-	1,121.43	-	1,121.43
- Bank Balances other than cash and cash equivalents	-	104.56	104.56	-	-	-	-	-	-	-	-	-	-	-	104.56	-	104.56
	1,494.32	5,296.49	6,790.81	-	-	-	-	-	-	-	-	-	-	-	6,790.81	-	6,790.81
Financial Liabilities																	
- Borrowings	724.96	6,429.27	7,154.23	-	-	-	-	-	-	-	-	-	-	-	7,154.23	-	7,154.23
- Mark to market of derivative financial instruments	-	21.84	21.84	-	(28.69)	(28.69)	(28.69)	-	50.53	-	-	50.53	-	-	-	-	21.84
- Other Financial Liabilities	-	717.44	717.44	-	-	-	-	-	-	-	-	-	-	-	717.44	-	717.44
- Trade Payables	-	3,352.16	3,352.16	-	-	-	-	-	-	-	-	-	-	-	3,352.16	-	3,352.16
	724.96	10,520.71	11,245.67	-	(28.69)	(28.69)	(28.69)	-	50.53	-	-	50.53	-	-	11,223.83	-	11,245.67

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Fair value of financial assets and liabilities measured at amortised cost:

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Investment Others	305.62	231.87	250.00	250.00	250.00	250.00
Current Loans	2,463.94	2,463.94	2,818.74	2,818.74	2,633.37	2,633.37
	2,769.56	2,695.81	3,068.74	3,068.74	2,883.37	2,883.37
Financial Liabilities						
Borrowings (including current maturities of long term debt)	6,685.35	6,646.48	5,920.29	5,885.29	7,243.90	7,243.90
	6,685.35	6,646.48	5,920.29	5,885.29	7,243.90	7,243.90

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for shares and mutual funds
- the fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of venture capital fund is on the basis of the valuation report/ net asset value ('NAV') provided by fund manager.

(iv) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31st March, 2018 and 31st March, 2017:

	Venture Capital Fund*
As at 1st April 2016	1,667.95
Acquisitions	370.00
Disposal	(160.06)
Gain recognised in profit or loss	86.94
As at 31st March, 2017	1,964.83
Acquisitions	-
Disposal	(233.00)
Gain recognised in profit or loss	91.68
As at 31st March, 2018	1,823.51

*Company has invested in following funds and these funds have been further invested into various companies.

1. Faering Capital India Evolving Fund
2. Paragon Partners Growth Fund - I
3. Faering Capital India Evolving Fund II
4. Tata Capital Growth Fund
5. Tata Capital Healthcare Fund

Company has considered the fair value on the basis of the valuation report provided by venture capital fund.

Investment commitment in respect of venture capital funds are on "as needed" basis and will be at face value.

47 Financial Risk Management:

Financial risk management objectives and policies

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Management.

(A) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, future committed transactions, foreign currency receivables, payables, borrowings etc.

The Group manages market risk through its finance department (headed by CFO), which evaluates and exercises independent control over the entire process of market risk management. The finance department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures

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like foreign exchange forward contracts, option contracts, borrowing strategies and ensuring compliance with market risk limits and policies.

Market Risk- Interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Group interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to interest rate risk

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Total Borrowings	6,685.35	5,920.29	7,243.90
% of Borrowings out of above bearing variable rate of interest	71.25%	58.89%	88.75%

Interest rate sensitivity**A change of 50 bps in interest rates would have following Impact on profit before tax**

Particulars	2017-2018	2016-2017
50 bp increase- decrease in profits *	23.82	17.43
50 bp decrease- Increase in profits *	(23.82)	(17.43)

* Sensitivity is calculated based on the assumption that amount outstanding as at reporting dates were utilised for the whole financial year.

Market Risk- Foreign currency risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods and services in the respective currencies. The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts, option contracts and pre-shipment credit in foreign currency to hedge exposure to foreign currency risk.

Derivative instruments and unhedged foreign currency exposure**Derivative outstanding as at the reporting date**

(Foreign Currency in Lakhs)

Foreign currency	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	6.43	25.83	17.10	31.75	12.33	41.44
Forward Contracts EURO	1.75	3.18	2.08	1.51	1.26	0.05
Forward Contracts GBP	10.86	-	12.26	-	7.27	-
Forward Contracts CHF	0.72	-	0.27	-	1.39	-
Option Contract USD	4.70	-	2.00	-	-	-

Derivative financial instruments such as foreign exchange forward and option contracts are used for hedging purposes and not as trading or speculative instruments.

Non-derivative financial liabilities in the form of Pre-shipment export credit in Foreign Currency (PCFC) borrowings have also been designated as hedging instruments to hedge the highly probable forecast sales in foreign currency. The Company designates these hedging instruments as cash flow hedges.

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Particulars of unhedged foreign currency exposures as at the reporting date

(Foreign Currency in Lakhs)

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	USD	EURO	GBP	USD	EURO	GBP
Trade payables	3.41	0.06	-	1.22	0.07	-
Loans to related parties	-	0.78	0.60	-	0.61	0.54

(Foreign Currency in Lakhs)

Particulars	As at 01 st April, 2016		
	USD	EURO	GBP
Trade payables	1.64	0.11	
Loans to related parties	-	0.45	0.44

Foreign Currency Risk Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	2017-18		2016-17	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	11.11	(11.11)	3.95	(3.95)
EURO	3.39	(3.39)	2.36	(2.36)
GBP	2.77	(2.77)	2.18	(2.18)
Increase / (decrease) in profit or loss	17.27	(17.27)	8.50	(8.50)

Market Risk- Price Risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet at fair value through Other Comprehensive Income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the Group.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the BSE index on the Group's equity and other comprehensive income for the year arising from portfolio of investment in equity shares of listed companies. The analysis is based on the assumption that the index has increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

Particulars	Impact on Profit before tax		
	31 st March 2018	31 st March 2017	1 st April 2016
BSE Sensex 30- Increase 5%	137.55	227.29	313.75
BSE Sensex 30- Decrease 5%	(137.55)	(227.29)	(313.75)

Above referred sensitivity pertains to quoted equity investment (Refer note 8). Other Comprehensive Income for the year would increase/ (decrease) as a result of gains/losses on equity securities as at fair value through Other Comprehensive Income.

(B) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such informations.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through out each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

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- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Trade receivables and security deposit:

To measure the expected credit losses, trade receivables of India business and security deposits have been grouped based on the credit risk characteristics and the days past due.

The Group measures the expected credit loss of financial assets other than trade receivables of India business and security deposits from individual customers based on historical trend, industry practices and the business environment in which the Group operates. Loss rates are based on actual credit loss experience and past trends.

Financial Assets for which loss allowances is measured using the Expected credit Losses (ECL)

Provision for expected credit losses

The Group provides for expected credit loss on trade receivables for India business under simplified approach

As at 31st March, 2018

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	237.47	83.35	38.10	21.76	12.87	349.47	743.02
Expected loss rate	3.84%	4.97%	91.21%	73.78%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	9.11	4.15	34.75	16.05	12.87	349.47	426.40
Carrying amount of trade receivables (net of impairment)	228.36	79.20	3.35	5.71	-	-	316.62

As at 31st March, 2017

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	349.78	46.46	35.00	12.32	20.10	359.10	822.76
Expected loss rate	3.20%	8.94%	55.12%	89.42%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	11.19	4.15	19.29	11.02	20.10	359.10	424.85
Carrying amount of trade receivables (net of impairment)	338.59	42.31	15.71	1.30	-	-	397.91

As at 1st April, 2016

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360-450 days	Total
Gross carrying amount	767.61	60.96	62.20	31.40	4.97	460.46	1,387.60
Expected loss rate	2.14%	5.78%	73.12%	97.42%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.40	3.52	45.48	30.59	4.97	460.46	561.42
Carrying amount of trade receivables (net of impairment)	751.21	57.44	16.72	0.81	-	-	826.18

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening provision	424.85	561.42
Add:- Additional provision made	1.55	-
Less:- Provision write off/ reversed	-	(136.57)
Less:- Provision utilised against bad debts	-	-
Closing provisions	426.40	424.85

The Group provides for expected credit loss on security deposits under simplified approach

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As at 31st March, 2018

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,805.34	47.35	105.90	8.71	1,967.30
Expected loss rate	0.93%	23.86%	39.20%	100.00%	
Expected credit loss (Loss allowance provision)	16.74	11.30	41.51	8.71	78.26
Carrying amount of deposits (net of impairment)	1,788.60	36.05	64.39	-	1,889.04

As at 31st March, 2017

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,751.97	167.33	60.26	0.74	1,980.30
Expected loss rate	1.26%	28.50%	47.44%	100.00%	
Expected credit loss (Loss allowance provision)	22.02	47.69	28.59	0.74	99.04
Carrying amount of deposits (net of impairment)	1,729.95	119.64	31.67	-	1,881.26

As at 1st April, 2016

Ageing	Not Due	Due	1-2 years	Overdue	Total
Gross carrying amount	1,902.96	75.09	-	0.74	1,978.79
Expected loss rate	0.78%	35.58%	71.16%	100.00%	
Expected credit loss (Loss allowance provision)	14.81	26.72	-	0.74	42.27
Carrying amount of deposits (net of impairment)	1,888.15	48.37	-	-	1,936.52

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening provision	99.04	42.27
Add:- Additional provision made	-	56.77
Less:- Provision write off/ reversed	(20.78)	-
Less:- Provision utilised against bad debts	-	-
Closing provisions	78.26	99.04

No Significant changes in estimation techniques or assumptions were made during the year.

Significant estimates and judgements:

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(C) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Floating Rate			
Expiring within one year (Current Borrowing facilities)	1,607.39	1,562.88	1,004.00
Expiring beyond one year (bank loans)	-	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

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(ii) Maturity patterns of borrowings

Particulars	As at 31 st March, 2018				As at 31 st March, 2017			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Non current borrowings (Including current maturity of long term debt)	217.23	705.49	-	922.72	217.23	892.72	-	1,109.95
Current borrowings	5,762.63	-	-	5,762.63	4,810.34	-	-	4,810.34
Total	5,979.86	705.49	-	6,685.35	5,027.57	892.72	-	5,920.29

Particulars	As at 1 st April, 2016			
	0-1 years	1-5 years	beyond 5 years	Total
Non current borrowings (Including current maturity of long term debt)	89.67	724.96	-	814.63
Current borrowings	6,429.27	-	-	6,429.27
Total	6,518.94	724.96	-	7,243.90

Maturity patterns of other Financial Liabilities - other than borrowings

As at 31 st March, 2018	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	3,691.93	-	-	-	3,691.93
Other Current Financial Liabilities	327.83	-	-	264.48	592.31
Total	4019.76	-	-	264.48	4284.24

As at 31 st March, 2017	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2,969.70	-	-	-	2,969.70
Other Current Financial Liabilities	244.59	-	-	237.29	481.88
Total	3,214.29	-	-	237.29	3,451.58

As at 1 st April, 2016	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	3,352.16	-	-	-	3,352.16
Other Current Financial Liabilities	386.02	-	-	263.59	649.61
Total	3,738.18	-	-	263.59	4,001.77

48 Financial risk management (contd.)

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge of Foreign exchange risk as at 31st March, 2018:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	1,611.94	19.02	1:1	13.73	(13.73)
Foreign exchange forward contracts - SELL	-1,940.44	-2.69	1:1	-1.94	1.94
Foreign currency options	306.32	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	980.34	22.26	1:1	16.07	(16.07)

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Cash flow hedge of Foreign exchange risk as at 31st March, 2017:

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	2,262.75	95.41	1:1	63.86	(63.86)
Foreign exchange forward contracts - SELL	-2,163.37	-7.87	1:1	-5.27	5.27
Foreign currency options	129.70	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	297.98	1.94	1:1	1.30	(1.30)

Cash flow hedge of Foreign exchange risk as at 1st April, 2016

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts - BUY	1,702.97	29.38	1:1	19.66	(19.66)
Foreign exchange forward contracts - SELL	-2,749.15	-2.85	1:1	-1.91	1.91
Foreign currency options	-	-	1:1	-	-
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	2,011.47	24.00	1:1	16.06	(16.06)

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge 31st March 2018

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	29.80	-	-97.35	Revenue
Foreign exchange risk	-1.94	-	7.87	Purchase
	27.86	-	-89.48	

Cash flow hedge 31st March 2017

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk	65.16	-	-53.38	Revenue
Foreign exchange risk	-5.27	-	2.85	Purchase
	59.89	-	-50.53	

The foreign exchange forward contracts, PCFC and option contract are determined in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1.

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of hedging instrument match exactly with the terms of the hedged items, and so a qualitative assessment of effectiveness is performed.

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Movements in cash flow hedging reserve and costs of hedging reserve

Derivative Instrument	Foreign exchange forward contracts - BUY	Foreign exchange forward contracts - SELL	Foreign exchange options	Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	Total
Cash flow hedging reserve					
As at 1st April 2016	29.38	(2.85)	-	24.00	50.53
Deferred tax relating to the above (net)	(9.71)	0.94	-	(7.94)	(16.71)
Balance – As at 1st April 2016	19.67	(1.91)	-	16.06	33.82
Add: Change in fair value of foreign exchange forward contract & PCFC	95.41	(7.87)	-	1.94	89.48
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	(29.38)	2.85	**	(24.00)	(50.53)
Deferred tax relating to the above (net)	(21.84)	1.66	**	7.30	(12.88)
Balance – As at 31st March 2017	63.86	(5.27)	**	1.30	59.89
Add: Change in fair value of foreign exchange forward contract & PCFC	(19.02)	2.69	-	(22.26)	(38.59)
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	(95.41)	7.87	**	(1.94)	(89.48)
Deferred tax relating to the above (net)	36.84	(3.35)	**	6.83	40.32
Balance – As at 31st March 2018	(13.73)	1.94	**	(16.07)	(27.86)

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

49 Capital Management

(a) Risk Management

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Group's management monitors the return on capital as well as the level of dividends to shareholders.

(b) Dividend

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Equity shares		
Final dividend for the year ended 31 st March, 2017 of ₹ 1 (31 st March, 2016 – ₹ 1) per fully paid share	195.20	195.20
Dividends not recognised at the end of the reporting period (Events occurring after Balance Sheet date)		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1 per fully paid equity share (31 st March, 2017 – ₹ 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	195.20	195.20

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50 Specified Bank Notes

Disclosure in respect of Specified Bank Note (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 in respect of entities incorporated in India:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	35.77	7.66	43.43
(+) Permitted receipts	-		
(-) Permitted payments	-		
(-) Amount deposited in Banks	35.77		
Closing cash in hand as on 30.12.2016	-		

Specified Bank Notes is defined as Bank Notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees.

The disclosure requirement of Specified Bank Note is not applicable to the Company for the period ended 31st March, 2018.

The disclosures with respect to 'Permitted receipts', 'Permitted payments', 'Amounts deposited in Banks' and 'Closing cash in hand as on 30.12.2016' is understood to be applicable in case of SBNs only.

51 Employees Stock Option Scheme:

- (i) Under the Zodiac Clothing Company Limited Employees Stock Option Plan 2006 ('ESOP'), the Company had granted 864,000 (adjusted for bonus issue) options to its eligible employees in two Grants in earlier years.
- (ii) ESOP under both grants were vested prior to 1st April, 2016 being the transition date for adoption of Ind AS and consequently, applying the exemption available under Ind AS 101 - First-time Adoption of Indian Accounting Standards, the Company has not adopted Ind AS 102 - 'Share Based Payment'.
- (iii) During the Financial Year ended 31st March, 2017, no shares (including bonus entitlement thereon) have been issued under Grant II of Zodiac Employees Stock Option Plan, 2006. Further consequent to the expiry of the Zodiac Employees Stock Option Plan, 2006 on 19th January, 2017 all pending stock options (including bonus entitlement thereon) have lapsed, no further disclosure has been made in this standalone financial statements.

52 Business Combinations

Pursuant to the scheme of amalgamation ('the Scheme') of wholly owned subsidiary Zodiac Finsec and Holdings Limited ('ZFHL') with the Company under section 230 to 232 of the Companies Act, 2013 sanctioned by the Hon'ble National Company Law Tribunal ('NCLT') on 9th March, 2018 and filed with Registrar of Companies, Mumbai on 11th April, 2018, being the effective date of the Scheme.

Further, in terms of the Scheme, the authorised share capital of the Company stood increased from ₹ 3,000.00 Lakhs consisting of 30,000,000 equity shares of ₹ 10 each to ₹ 3,400 Lakhs consisting of 34,000,000 equity shares of ₹ 10 each without any further act, instrument or deed.

53 First-time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS

The Group has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the Group, be applied retrospectively and consistently for all financial years presented. In accordance with, in preparing these Ind AS financial statements, the Group has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

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Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1. Optional Exemptions availed

(a) **Deemed Cost**

The Group has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments, intangible assets and investment properties as deemed cost as at the transition date.

(b) **Designation of previously recognised financial instruments**

Paragraph D19B of Ind AS 101 gives an option to an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has opted to apply this exemption for its investment in equity Investments.

(c) **Share - based payment transactions**

ESOP under both grants were vested prior to 1st April, 2016 being the transition date for adoption of Ind AS and consequently, applying the exemption available under Ind AS 101 - 'First-time Adoption of Indian Accounting Standards', the Group has opted for exemption in paragraph D2 and D3 of Ind AS 101.

(d) **Business Combinations**

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

2. Applicable Mandatory Exceptions

(a) **Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Investment in debt instruments carried at FVPL and
- Impairment of financial assets based on expected credit loss model.

(b) **Classification and measurement of financial assets**

As required under Ind AS 101 the Group has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(c) **Hedge accounting**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016 are reflected as hedges in the Group's results under Ind AS.

The Group had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

3. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

- (a) Reconciliation of Equity as at April 1, 2016 and March 31, 2017
- (b) Reconciliation of the Total Comprehensive Income for the year ended March 31, 2017
- (c) Impact to Statement of Cash Flows

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I Reconciliation of Equity

	Note	As at 31 st March, 2017	As at 1 st April, 2016
Total equity as per previous GAAP (Indian GAAP)		26,474.21	26,233.52
Adjustments impact: Gain/ (Loss)			
Fair valuation of Investments	C	175.44	63.95
Fair valuation of derivatives	E	(5.37)	(0.37)
Fair valuation of security deposits	D	(39.58)	(33.51)
Expected Credit Loss on Financial Assets	G	(301.91)	(406.71)
Fair valuation of Investments through OCI	C	3,906.50	5,398.37
Reversal of Proposed Dividend (including Dividend Distribution Tax)	B	-	234.94
Sales Return	A	(120.12)	(141.41)
Tax effect of Ind AS adjustments	I	84.78	164.09
Deferred tax liability on undistributed profits of Subsidiary and sub-subsidiaries	K	(539.93)	(656.14)
Deferred tax asset created based on reasonable certainty	J	268.00	223.49
Total IND AS adjustment		3,427.81	4,846.70
Total equity under Ind AS		29,902.02	31,080.22

II Reconciliation of Income Statement

	Note	For the period ended 31 st March, 2017
Net loss for the period as per Previous GAAP (Indian GAAP)		614.23
Adjustments:		
Fair valuation of Investments through Statement of Profit and Loss	C	111.49
Fair valuation of Derivatives	E	43.95
Fair valuation of Security Deposits	D	(6.07)
Expected Credit Loss on Financial Assets	G	104.80
Reversal of Gain on Sale of Investments now accounted through OCI	C	(1,479.06)
Remeasurements of post-employment benefit obligations	F	57.46
Sales Return	A	21.29
Tax effect of Ind AS adjustments	I	(66.65)
Deferred tax liability on undistributed profits of Subsidiary and sub-subsidiaries	K	116.21
Deferred tax asset created based on reasonable certainty	J	44.51
Total adjustment		(1,052.07)
Net loss for the period as per Ind AS		(437.84)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Fair Valuation of Investment in Equity Shares, net of tax		(12.81)
- Remeasurements of net defined benefit plans, net of tax		(57.46)
Items that will be reclassified to profit or loss		
- Foreign Currency Translation Reserve on Consolidation		(79.98)
- Deferred gains/(losses) on cash flow hedges, net of tax		26.07
Total comprehensive income/(loss) for the period as per Ind AS		(562.02)

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III. The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March 2016 as compared with the previous GAAP.

Notes to first time adoption

The following explains the material adjustments made while transition from previous accounting standards to IND AS,

A Other Liabilities

As required under Paragraph 17 of IND AS 18 - Revenue recognition, provision has been made for the estimated sales returns of ₹ 120.12 Lakhs as at March 31, 2017 (As at April 1, 2016 - ₹ 141.41 Lakhs) and consequently other equity as at transition date and loss for the year ended March 31, 2017 have been increased by the respective amounts.

B Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 234.94 Lakhs as at 1st April, 2016 included under provisions has been reversed with corresponding adjustment to other equity. Consequently, the total equity has been increased by an equivalent amount.

C Fair Valuation of Investments

Under the previous GAAP, investments in equity instruments, venture capital funds and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under IND AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in other equity ₹ 175.44 Lakhs as at 31st March 2017 (₹ 63.95 Lakhs As at 1st April, 2016).

Fair value changes with respect to investments in equity instruments designated as FVOCI have been recognised in FVOCI - Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2017. This increased other reserves by ₹ 3,906.50 Lakhs as at 31st March 2017 (1st April 2016 - ₹ 5,398.37 Lakhs).

These fair value changes resulted in gain of ₹ 111.49 Lakhs from investments fair valued through profit & loss for the year ended 31st March, 2017 and ₹ 1,479.06 for investments routed through OCI.

Consequently, profit on sale of investment to the extent of fair value gain recognised has been reversed.

D Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under IND AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued the security deposits under IND AS. Difference between fair value of security deposits and the carrying value (transaction value) as per Previous GAAP has been recognised as prepaid rent under prepaid expenses. Consequently, the amount of security deposits has been decreased by ₹ 414.42 Lakhs as at 31st March, 2017 (₹ 500.36 Lakhs as at 1st April, 2016). The prepaid expenses increased by ₹ 374.84 Lakhs as at 31st March, 2017 (₹ 466.85 Lakhs as at 1st April, 2016). other equity decreased by ₹ 33.51 Lakhs as at 1st April, 2016. The profit for the year and total equity as at 31st March, 2017 decreased by ₹ 6.07 (net) Lakhs due to amortisation of the prepaid expenses of ₹ 81.36 Lakhs is partially off-set by the notional interest income of ₹ 75.29 Lakhs recognised on these security deposits.

E Fair Valuation of Derivatives

Under the previous GAAP, derivatives were accounted based on the principals set out in the "Guidance Note on Accounting for Derivative Contracts". Under Ind AS 109, Forward Contracts are carried at fair value and the resultant gains and losses are recorded in the statement of Profit and Loss. Accordingly, the same has been fair valued resulting in decrease in other equity by ₹ 4.75 Lakhs as at 31st March, 17 (increase in other equity by ₹ 0.47 Lakhs as at 01st April, 2016).

F Remeasurements of post employment benefit obligation

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the loss for the year ended March 31, 2017 decreased by ₹ 57.46 Lakhs There is no impact on the other equity as at 31st March 2017.

G Trade receivables and Security Deposits

Under the previous GAAP, the Group had provided for doubtful debts and deposits based on the actual assessment of realisability of receivables. The Group has adopted for Expected Credit Loss method for provision for doubtful debts and security deposits given. This resulted in decrease in other equity by ₹ 301.91 Lakhs as at 31st March 2017 (1st April 2016 - ₹ 406.71 Lacs).

H Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes fair valuation of investment in equity shares, cash flow hedge and remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

I Deferred Tax

Deferred Tax on aforesaid IND AS adjustments which results in timing difference.

J Deferred Tax on Unabsorbed Depreciation

Based on the future projections, the Group has estimated that the future taxable income will be sufficient to absorb carried forward unabsorbed depreciation, which management believes is probable, accordingly the company has recognized deferred tax asset on unabsorbed depreciation. Under the previous GAAP, recognition of deferred tax asset on unabsorbed depreciation was based on virtual certainty of realisability of such assets which has been replaced by reasonable certainty under Ind AS.

K Deferred tax liability on undistributed profits of subsidiaries

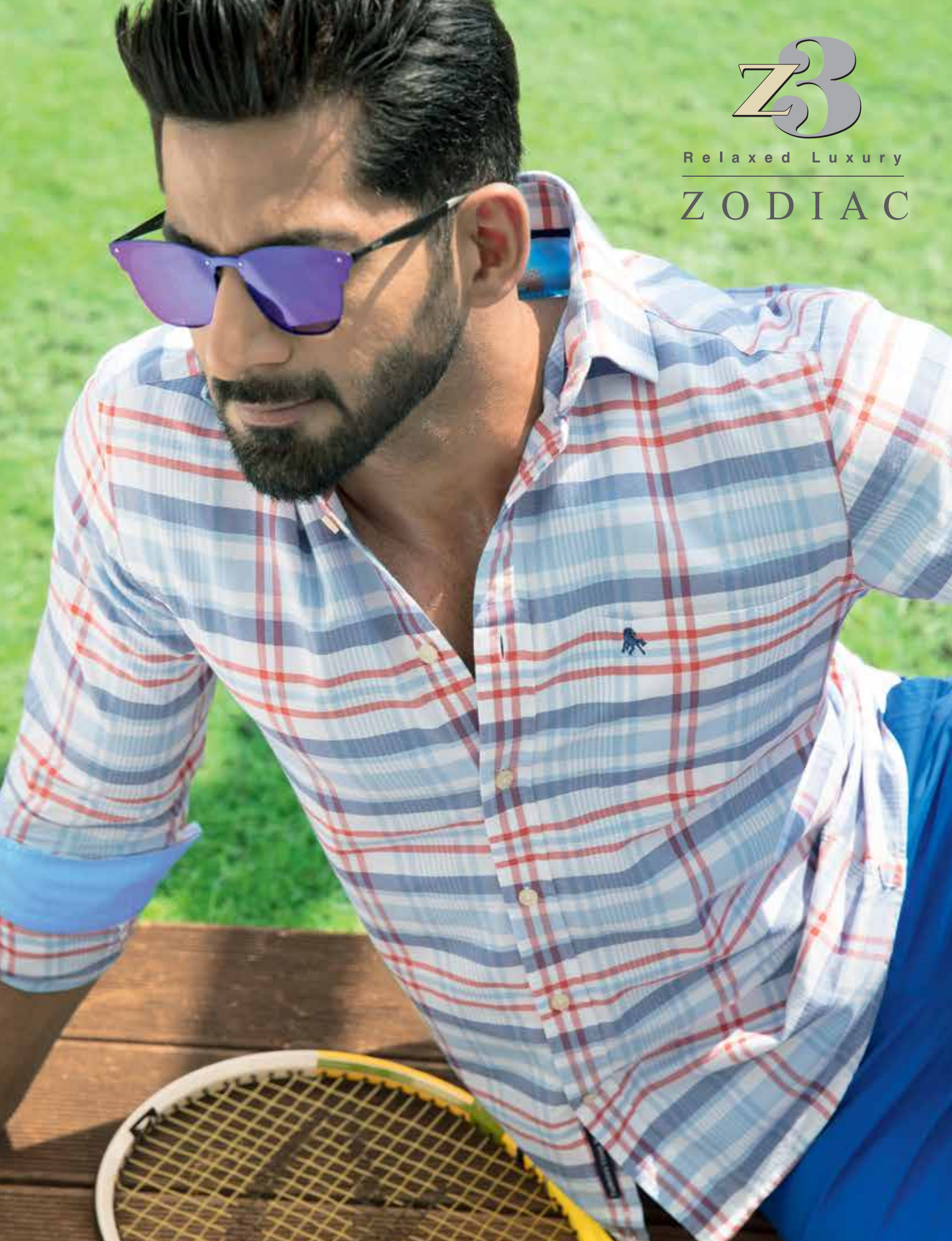
Under Ind AS, deferred tax liability has been accounted on undistributed profits of subsidiaries which will be distributed over the future years. Under the previous GAAP, there was no concept of accounting for deferred tax liability on undistributed profits.

4. The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP figures has been regrouped to align them with requirements of Ind AS.



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