

Biella

SUPER160's LIGHTWEIGHT PURE WOOL SUITS

ZODIAC

FINEST QUALITY CLOTHING



ZODIAC
Regale
Italian 200's

Regale

Limited Edition, Bespoke & Made-to-Measure

ZODIAC CLOTHING COMPANY LTD.
35th ANNUAL REPORT 2018-2019

Tailored Fit

ZODIAC

FINEST QUALITY CLOTHING

Silk Touch Giza 86 Cotton

Barboni

SILK TOUCH COTTON

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

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

BANKERS

Citi Bank 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 Bangladesh Limited (Incorporated
on 22nd November, 2018)

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. 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, 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, 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 Finance Limited and Director of, P N Writer and Company Private Limited, Writer Lifestyle Private Limited, Writer Safeguard Private Limited, Writer Business Services Private Limited,



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 a chairman of center 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 Finance 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

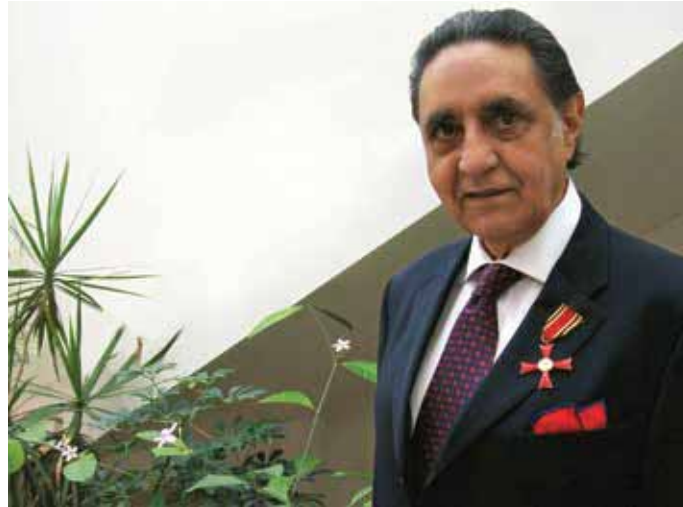
Mr. S. M. Datta is the former Chairman of Hindustan Lever Ltd. He is also the former President of Bombay Chamber of Commerce and Industry and is also the past President of Council of EU Chamber of Commerce. He is currently the Chairman of Castrol India Ltd., Philips India Ltd., IL & FS Investment Managers Ltd., Transport Corporation of India Ltd., Speciality Restaurants Ltd., Peerless Financial Products Distributors Limited and Director of Peerless Gen. Fin. & Inv. Co. Ltd, Atul Ltd., Bhoruka Power Corporation Ltd., Rabo India Finance Pvt. 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



We are in an era of continuous and rapid disruption and hype, besieged with rumours of doomsday scenarios and challenges. Distinguishing between genuine disruption and hype, and the timing thereof, whether imminent or in the distant future, is critical.

We are often asked why we were not growing as aggressively as others. The reason is we continue to hold our ground by consciously shunning riskier propositions like SOR, discounts and “deals”, which emanates from a mix of our experience, and from adhering to our risk appetite, as does our practice of conservatively choosing the kind of companies we work with internationally, which means often sacrificing tempting but risky business. We do make a few mistakes, which is par for the course in any business.

In the Indian market, E-Commerce and Omni-Channel (Walmart, Flipkart, and soon Reliance), though not directly in our segment of clothing, are capturing significant share of wallet on non clothing /low cost clothing segment. Deep discounting by E-Commerce (taking away share of wallet by spends on other than our segment) needs to end. In brick and mortar too, year round discounting, with 50% or more of goods being sold below MRP in clothing, that too at consistently higher discounts, is unsustainable and unhealthy. Clothing retailers, especially MBO's,

have to be insulated from the damaging effects of the above, and nursed back to healthy growth, as they play an important role in the overall retail network. E-Commerce and large discounters have not captured all business anywhere in the world, but smaller bricks and mortar retailers do get disrupted.

Unemployment /under employment of the educated “demographic dividend”, no appreciable acceleration of skill development, the lack of a “Feel Good Factor” continue to keep demand constrained. Further, the customer has changed and his expectations have changed - energizing the believers, and converting the sceptics, is the need of the hour.

Consumer sentiment was lacklustre, across channels, with possibly the exception of the e-commerce sector whose chief raison d'être continues to be predatory pricing/huge discounts. The Company, unlike competitors, did not prop up turnover by sales to E-commerce, as that would result in the brand being discounted. Our competitors are playing by different rules.

The world is witnessing increasingly harsh protectionist measures – in the past few years by means of higher tariffs, trade barriers, etc. This, compounded by the US-China trade dispute, uncertainty surrounding Brexit, a slowdown in China and Europe and US sanctions on

Russia, Iran and Venezuela, have contributed to the lowest global trade volumes in 9 years.

Bangladesh has a wage that is approximately half of India's (which also they do not comply with), as well as favourable trade agreements (especially zero duty with EU) - India's clothing industry is confronted with the possible death knell of a higher national minimum wage, while "the low hanging fruit" of the potential FTA with EU remains just that - low hanging! India's FTA negotiations with EU are practically stalled for now. Statements do come from both sides that the Agreement should be pursued and finalized soon. But there has not been any progress for quite some time. Meanwhile, Vietnam's FTA with the EU commences by end of this year and (the remaining components of) Mercosur - EU FTA is expected to be announced shortly. Meanwhile, in the EU, Bangladesh is eating the lunch of India's clothing industry.

It is important to continue being optimistic about the country, and to recognize that this economy will tide over present challenges - India stands tall today, having voted decisively for stability, amidst global political uncertainty. The Government needs to urgently reverse the past 2 years trend towards higher customs tariffs and over valuation of the rupee, and proactively pursue preferential trading arrangements, especially with the EU, as this will revive animal spirits and spur investment. Only then will the declining share of exports in GDP be reversed, and India's participation in global value chains enhanced.

Our presence across geographies gives us deep insights into changes in fashion which impact our products. Our primary aim is achieving customer ecstasy by delivering more shirt (besides other clothing and accessories) per rupee spent, - Zodiac being truly a "bridge to luxury" brand.

Our own web store business, our other (besides our own retail) direct to consumer channel, continued to show a strong double digit growth trajectory, giving us a deep understanding of consumers, to help create unique and consistently improving experiences.

During the year, 7 new Stores were opened (8 unviable stores were closed – a net decrease of 1 store) with 120 stores at the end of the year.

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/ ROSL (for partial reimbursement of taxes/duties paid), as well as high depreciation and mark to market under IND AS of some large ticket items, has resulted in the Company's operational performance being hit.

Long term players would need to continue to incur Capex, (to both sharpen competitiveness and create competitive differentiation), to reduce costs as well as to expand, to capture the potential of evolving demand fructifying and to pursue continuous learning. Need for speed and acquiring the agility of startups is required to adapt to change.

During the year, the Company has incorporated a wholly owned second level step down subsidiary named Zodiac Clothing Bangladesh Limited for setting up a production facility in Bangladesh, which we feel is necessary to sharpen the Company's competitiveness in all markets.

The Company has incurred a Capex of Rs484.22 Lakhs during the year, primarily in production equipment, new stores and information systems to sharpen our competitiveness.

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A2+ to A2 for its short-term fund-based/non-fund based facilities at Rs8,000 Lakhs.

During the year, the appointment of Dr. Naushad Forbes, as an Independent Director of the Company has been regularized for a period of 5 years upto 28th March, 2023, with an aim to refresh our Board with younger Independent Directors possessing skills and perspectives to help us steer our path in the current environment.

Mr. M. L. Apte, an Independent Director of the Company whose term of five years is ending on 11th August, 2019, has due to personal reasons, expressed his inability to continue as a Director on the Board of the Company, post the expiry of his current term. We would like to acknowledge the stellar contribution made by Mr. M. L. Apte, besides valuable guidance

and support rendered by him during his successful tenure as a Director of the Company.

The Board has for the FY 2018-19, recommended a dividend of RS1/- per equity share. The dividend amount (when approved by the members) including dividend distribution tax would be Rs212.94 Lakhs.

I would like to conclude with a vote of thanks to all our stakeholders. 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 - our transparency, values and uncompromising principles/ ethics are hopefully cherished by all our constituents.

As always, I look forward to your continued support in our future endeavors, to take the Company to greater glory.

M.Y. Noorani

Chairman

A close-up photograph of a man with a beard and short dark hair, wearing a light blue dress shirt and a dark tie with a small white pattern. He is looking directly at the camera with a serious expression. His hands are positioned to adjust a blue cufflink on his left wrist. He is also wearing a dark, textured watch on his right wrist. The background is dark and out of focus.

Banco

THE WALL STREET LOOK

ZODIAC

FINEST QUALITY CLOTHING

HIGHLIGHTS (STANDALONE AND CONSOLIDATED)

In Lakhs

Particulars	2018-19		2017-18	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operation	21,442.41	21,582.55	23,650.42	23,817.86
Other Income	1,177.51	663.03	1,679.74	1,161.43
Total Income	22,619.92	22,245.58	25,330.16	24,979.29
Less: Total expenses	22,618.43	22,939.48	26,039.31	26,208.22
Profit/(Loss) before finance cost, Depreciation and other exceptional item	1.49	(693.90)	(709.15)	(1,228.93)
Less: Finance cost	433.64	433.73	310.42	311.44
Profit/(Loss) before depreciation	(432.15)	(1,127.63)	(1,019.57)	(1,540.37)
Less: Depreciation	1,040.74	1,070.86	1,058.68	1,083.83
Profit / (Loss) before exceptional item	(1,472.89)	(2,198.49)	(2,078.25)	(2,624.20)
Add: Exceptional item	(305.62)	(305.62)	-	-
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR	(1,778.51)	(2,504.11)	(2,078.25)	(2,624.20)
Tax Expense	66.13	175.16	(191.35)	(275.26)
PROFIT / (LOSS) AFTER TAX FOR THE YEAR	(1,844.64)	(2,679.27)	(1,886.90)	(2,348.94)
Add: Balance brought forward from the last year	14,400.99	18,740.78	12,790.81	17,590.68
Add / Less: Other Comprehensive Income / (Loss) for the year	(94.99)	(94.99)	29.28	29.28
Add: Transfer from OCI to Retained Earnings on derecognition of Equity Instruments	-	-	2,823.63	2,823.63
Total amount available for appropriation	12,461.36	15,966.52	13,756.82	18,094.65
Appropriations:				
Dividends	(195.20)	(195.20)	(195.20)	(195.20)
Transferred from Special Reserve u/s. 45IC of the RBI Act, 1934	-	-	841.33	841.33
Others	-	-	(1.96)	-
Balance in Retained Earnings	12,266.16	15,771.32	14,400.99	18,740.78

DIRECTORS' REPORT TO THE MEMBERS

To,
The Members,
Zodiac Clothing Company Limited.

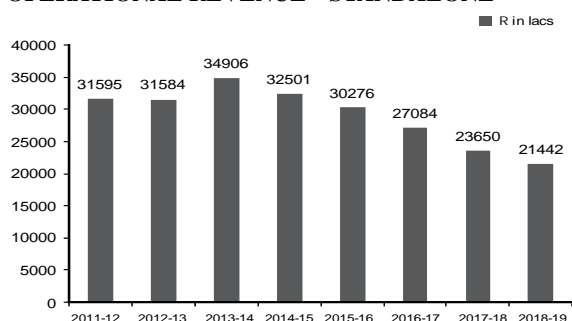
The Board of Directors are pleased to present the Company's 35th Annual Report and the Company's Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended 31st March 2019.

1. BUSINESS

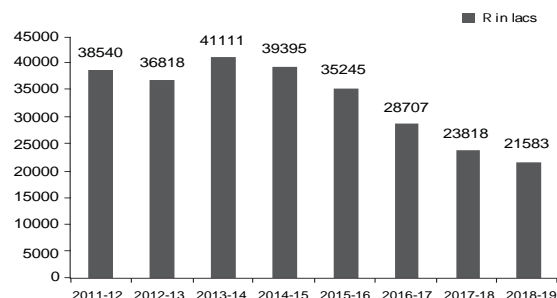
During the financial year ended 31st March 2019, the operational revenue of the Company on a Standalone basis was R 21,442.41 Lakhs vs. R 23,650.42 Lakhs in the previous year. Profit/(Loss) Before Tax and before exceptional items was R (1472.89) Lakhs vs. R (2078.25) Lakhs in the previous year, while the net Profit/(Loss) after Tax for the Financial Year ended 31st March 2019 was R (1844.64) Lakhs vs. R (1886.90) Lakhs in the previous year. The Total Comprehensive Loss for the year was R (2191.51) Lakhs vs. R (560.50) Lakhs in the previous year.

On a Consolidated basis the Operational revenue of the Company for the year decreased to Rs. 21,582.55 Lakhs from Rs. 23,817.86 Lakhs in the previous year. The Consolidated Profit/(Loss) before Tax and before exceptional items fell to Rs. (2198.49) Lakhs vs. Rs. (2624.20) Lakhs in the previous year, the Net Profit/(Loss) after tax being Rs. (2679.27) Lakhs vs. Rs. (2348.94) Lakhs in the previous year. The Consolidated Total Comprehensive Loss for the year was Rs. (2696.14) Lakhs vs. Rs. (947.67) Lakhs in the previous year.

OPERATIONAL REVENUE - STANDALONE



OPERATIONAL REVENUE – CONSOLIDATED



India's economy slowed down in the last fiscal due to declining growth in private consumption, slow increase in fixed investment and muted exports in certain sectors. The factors responsible for this slowdown include declining growth of private consumption, tepid increase in fixed investment income and drop in savings. The latter half of FY 19 was challenging for several sectors across the economy as liquidity tightened, risk averseness built up and consumption growth slowed with the NPA/NBFC fiascos instilling further insecurity in consumers' minds.

The operating results of the Company have been affected, in a year that presented several challenges in each of the different segments of the business, and significant mark to market provisions under the new accounting standards (INDAS). From April 2019, there is yet another Accounting Standard INDAS 116 pertaining to leases to be adopted, which will add to the complexities. The GDP growth slowed down markedly in the final quarter of 2018-19 to 5.8%, thus bringing down the full year growth estimate to 6.8%, the slowest in 5 years.

In line with declining real GDP growth, private consumption in Q4 of 2018-19 has also declined more sharply, as reflected in the drop of growth of two-wheeler sales, and multiple other sectors, particularly towards the end of the year. Monetary policy has attempted to provide a fillip to the growth impulse through cuts in repo rate and easing of bank liquidity, but there was no pass through to borrowers on this by the lenders. The room for this monetary easing has been created by low inflation in 2018-19, although it has started to inch up again. "The implied real GDP growth in Q4 of 2018-19 was lower; slowing of real growth rate of imports signal this slowdown in GDP growth", according to the FinMin Report.

On the international foreign exchange markets, contrary to market expectations, US President Trump has escalated the trade war with China by not only pushing through the import duties on a wide range of products, but also ordering officials to launch the process to impose custom duties on almost everything else that China exports to the US. On the domestic front, the real effective exchange rate has appreciated in Q4 of 2018-19 and could pose challenges to the revival of exports in the near future. According to the Reserve Bank of India's Balance of Payments data, the current account deficit (CAD) has contracted sharply during the last quarter of fiscal year 2018-19.

Consumer sentiment was lacklustre, across channels, with possibly the exception of the e-commerce sector whose chief raison d'être continues to be predatory pricing/huge discounts. The Lack of a "Feel Good" factor across income groups, the "demographic

dividend” being underemployed, not receiving both salary increase/ performance related remuneration and insecurity about the future resulted in disposable income available for discretionary spending being impacted. Labour force participation rate for females was down at a dismal 23% (one of the lowest in the world). The goal of catalysing sectors that have the highest potential to meet our employment objectives should be paramount.

Since companies are still figuring out how to provide a seamless retail experience, omnichannel retail is less of a buzzword than it was a few years ago, but multi-channel retail is very much alive and well. As traditional retailers and brands expand through online and social channels, online retailers are growing their physical presence in the current trend of “click and mortar.” Walmart recently purchased a 77% stake in Indian e-commerce company, Flipkart for \$16 Billion. This should ramp up Walmart’s global sourcing from India, at the same time giving Walmart access to India’s massive retail market and helping them take on Amazon, Flipkart and now Reliance who are also vying for growth in India.

Competitors continue aggressive discounting and soft terms to the trade. They continue to improve on the “deal” offered to the trade, as well as to the consumer.

Clothing imports into India continued the upward trend. From around US\$ 771 million in 2017-18 clothing imports are expected to have crossed US\$1 billion in 2018-19 (provisional). This alarming increase was mainly due to India’s Free Trade Agreements and zero duty access to highly competitive clothing exporters like Bangladesh. Bangladesh (USD 1.07B) overtook China as the largest exporter of clothing to India for the first time in 2018-19 with a share of over 18% in total imports against China’s 16%.

A definition on “refund” is pending before the GST council, which has resulted in several fold higher requirement of working capital than originally envisaged.

In the current environment, the Company had to work extremely hard. During the year under consideration, the Promoters of the Company have infused an amount of R 50 Crores by subscribing to Preferential Convertible Warrants and Equity Shares, so as to enable the Company to meet it’s unsecured working capital requirements, repayment of outstanding loans, capital expenditure and general corporate purposes. Consequent to the said infusion of capital the net worth of the Company has improved by R 2414.15 Lakhs. The Company shut down 8 unviable stores during the F.Y. 2018-19 and opened 7 new stores. The Company’s web store continues its strong and healthy double digit growth. Independent retailers continued to show negative growth for reasons discussed above.

The recent slowdown in global demand has also increased competition further in the markets, further impacted by the evolving trade wars and USA’s sanctions on countries like Russia, Iran and Venezuela.

The Index of Industrial Production (IIP) for clothing, which started the year on a negative growth, improved during the year, to end the year on a positive note. India’s exports made a smart recovery in March by growing in double digits to touch a high of USD 331 billion in 2018-19. However, India’s clothing exports are continuously declining since 2017, mainly due to stiff competition, economic slowdown, reduction in reimbursement for duties paid (which only partially compensated for the taxes incurred), 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.

The growth in import of clothing into the USA indicate that their imports from India had gone up during 2018 -19 implying that exports to the EU and UK have apparently declined in 2018-19, since total exports declined. The countries with favourable treaties (zero/no duties by importing countries) were at an even greater advantage.

The European Union is close to an agreement with the four surviving full members of the trading bloc Mercosur, which was till recently the world’s fourth largest of such blocs. Once free trade begins between these two blocs, they will form by far the largest free trade area in the world. It took the EU and Mercosur, 20 years to strike this agreement; and both sides have had to make compromises (Perhaps a learning for India!). Now, there is additional potential competition to contend with.

The EU has shown a willingness to compromise on agricultural issues, and India should take advantage of that - even if it means that powerful interest groups such as dairy, automobile manufacturers and pharmaceutical companies are not happy. The cost of not moving forward with the EU trade deal - and for that matter, of allowing the Regional Comprehensive Economic Partnership to move forward without India - will be an ever increasing isolation for India on the world trading stage. Labour intensive sectors’ crucial for employment generation, such as leather and textiles, will suffer the most. India cannot afford such isolation at this stage of it’s development.

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 it’s competitiveness, as well as in Information Technology (I.T.) to service the needs of it’s customers better, besides continuing to consistently scout for new viable locations for it’s store additions, which continues to be a focus area.

2. RESULTS OF OPERATIONS

Financial Results

(R in Lakhs)

	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Total Income	22,619.92	25,330.16	22,245.58	24,979.29
Profit/(Loss) Before Exceptional Items And Tax	(1,472.89)	(2,078.25)	(2,198.49)	(2,624.20)
Exceptional Item	(305.62)	-	(305.62)	-
Profit/(Loss) Before Tax	(1,778.51)	(2,078.25)	(2,504.11)	(2,624.20)
Provision for Taxation:				
Current tax	107.00	130.00	109.41	133.80
Deferred tax Charge/(Credit)	(275.41)	(384.47)	(168.79)	(472.18)
Tax in respect of earlier years	234.54	63.12	234.54	63.12
Profit/(loss) after taxation	(1,844.64)	(1,886.90)	(2,679.27)	(2,348.94)
Other Comprehensive Income	(346.87)	1326.40	(16.87)	1401.27
Total Comprehensive Income for the year	(2,191.51)	(560.50)	(2,696.14)	(947.67)

3. SUBSIDIARY COMPANIES

As on 31st March, 2019 the Company had three (3) subsidiaries. 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, the Company has incorporated a wholly owned second level step down subsidiary namely Zodiac Clothing Bangladesh Limited on 22nd November, 2018. The Company is presently in the process of identifying a suitable location for setting up the ready-made garment manufacturing unit.

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, a Report on the performance and financial position of all the 3 (three) wholly owned subsidiaries included in the Consolidated Financial Statement and their contribution to the overall performance of the Company, is provided in Form AOC - 1 and forms part of this Annual Report.

5. RATING

ICRA (an associate of Moody’s Investor Service) has revised the Company’s rating from A2+ to A2 for its short-term fund-based/non-fund based facilities of R 8,000 Lakhs.

6. CAPEX

The Company has incurred a Capital expenditure of R 484.22 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, 2019 was (0.22) on a Standalone basis and (0.20) on a Consolidated basis.

The cash and bank balances/cash equivalents along with liquid investments (free reserves – on consolidated basis) were R 2262.41 Lakhs in March 2019, as against R 1941.92 Lakhs last year.

8. SHARE CAPITAL

During the year under review, the paid up share capital of the Company increased from R 19,51,99,740/- to R 21,29,45,960/- pursuant to the issue of 17,74,622 Equity Shares of R 10/- each at a premium of R 159.05/- per Equity Share on Preferential Basis to the Promoters of the Company.

The Company has also issued 11,83,081 Convertible Warrants of R 10/- each at a premium of R 159.05/- per Convertible Warrant on a Preferential Basis to the Promoters of the Company with a right to convert each Warrant into one Equity Share of the Company of R 10/- each within a period of 18 months from the date of allotment i.e. 12th September, 2018.

9. DIVIDEND & RESERVE

The Board of Directors of your company are pleased to recommend a dividend of R 1/- (previous year R 1/-) per equity share of R 10/- each (@ 10%) on 2,12,94,596 equity shares for the year ended 31st March, 2019 from the Company’s reserves payable to those shareholders whose names appear in the Register of Members as on Book Closure/ Record Date. The dividend amount (when approved by the members) including dividend distribution tax would be R 212.95 Lakhs (previous year R 195.20 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 the 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 forms 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 an 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. 44 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 cost control continue to drive the Company.

13. BRAND BUILDING

The Company continues to invest in building the strength of its 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 having already achieved excellent bench marks in conservation of energy, has invested in steam optimization projects for its process requirements, which has resulted in a drop in the consumption and the efficiency is going up.

The other focus areas have been to monitor the energy consumption on the shop floor using energy meters to be able to analyze, understand and fine tune efficiencies, use of translucent roofing panels in laundries thereby negating the requirement of artificial lighting during the day time, use of motion sensor activated lights in common areas resulting in low electricity consumption when there is no movement in line with the Company's philosophy of energy conservation.

As a result of the Company's policy to continuously upgrade, sustain and improve, the Company continues to maintain 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 6 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.

It is the Company's continuous thrust in this area that has resulted in results which far exceed the industry norm. As a result of aggressively mapping the input parameters /processes & live balancing of the effluent treatment, the Company has been able to achieve a high level of efficiency whereby the quality of the RO reject is better than the standards set for permeate water. The company is further investing in mapping water consumption, department-wise in the shop floors & arriving at the best methods and practices for further conservation. The drive towards becoming better at every step continues unabated. The treatment plant and its efficiencies continue to be a bench mark and continues to inspire with the outstanding results .

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.

		(R in Lakhs)	
Foreign exchange used and earned		2018-19	2017-18
a.	Foreign Exchange Earnings	10,579	11,539
b.	Foreign Exchange Outgo	3,838	4,314

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

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

The present term of Mr. S. Y. Noorani as the Managing Director and President of the Company ends on 29th February, 2020. The Board of Directors on the recommendation of Nomination and Remuneration Committee has approved the re-appointment of Mr. S. Y. Noorani as the Managing Director and President of the Company for a further period of 3 years w.e.f. 1st March, 2020 subject to the approval of shareholders at the ensuing Annual General Meeting.

The present term of Mr. S. R. Iyer, Mr. Y. P. Trivedi, Mr. Bernhard Steinruecke and Mr. M. L. Apte, as Independent Director/s of the Company ends on 11th August, 2019. The Board of Directors, based on the performance evaluation and the recommendation of Nomination & Remuneration Committee, has recommended the re-appointment of Mr. S. R. Iyer, Mr. Y. P. Trivedi and Mr. Bernhard Steinruecke as the Independent Director/s of the Company for a second term of 5 (Five) years w.e.f. 12th August, 2019.

Mr. M. L. Apte, Independent Director of the Company has due to personal reasons expressed his inability to continue as a Director on the Board of the Company post the expiry of his current term i.e. 11th August, 2019. We would like to acknowledge the stellar contribution made by Mr. M. L. Apte, besides valuable guidance and support rendered by him during his tenure as a Director of the Company.

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
3	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:

Seven 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.

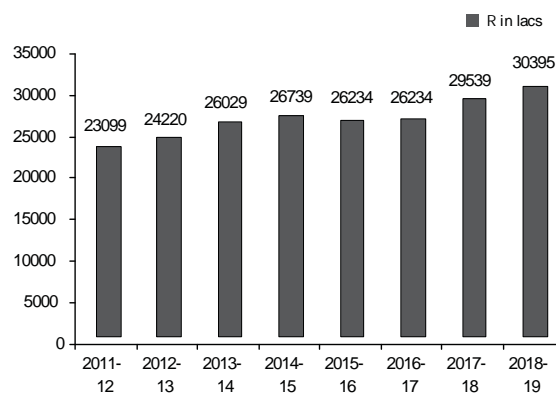
18. DIRECTORS’ RESPONSIBILITY STATEMENT:

Your Directors state that:

- (i) In the preparation of the annual accounts for the year ended 31st March, 2019, 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, 2019 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 THE 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 2019 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. The above policy has been posted on the website of the Company at the link <http://www.zodiaconline.com/zodiac/retail/information/investorrelations>.

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 Rs. 23,07,185/- (Rupees Twenty Three Lakhs Seven Thousand One Hundred and Eighty Five only) 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 the Statutory Auditors of the Company hold office up to the 38th Annual General Meeting.

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, LLP is not included in the Notice of the 35th 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

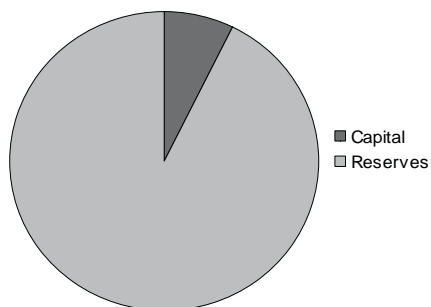
M/s. Robert Pavrey & Associates, Company Secretaries (CP No- 2928) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is included as Annexure 3 and forms an integral part of this report.

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 a part of this report.

32. DETAILS OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2018-19 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. CNK & Associates LLP. 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. SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meeting.

38. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The details pertaining to the establishment of Vigil Mechanism/ Whistle Blower Policy is included in the Corporate Governance Report, which forms part of this report.

39. 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 2010-11 have been transferred to the IEPF established by the Central Government within the stipulated time.

40. STATEMENT OF DEVIATIONS OR VARIATIONS

Pursuant to regulation 32 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, below is the Statement of Deviation or Variation for the year ended 31st March, 2019:-

a. Deviation in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for general meeting.

There is no deviation in the use of proceeds from the objects stated in the explanatory statement to the notice for the general meeting.

b. Category wise variation:

There is no variation as the application money raised through preferential allotment of Equity Shares and Convertible Warrants was R 45 Crores till 31st March, 2019 of which the Company has utilized R 37.33 Crores. The balance amount of R 7.67 Crores is pending utilization.

The aforesaid balance of R 7.67 Crores, has been temporarily invested in Liquid fund/s and shall be utilized as and when required by the Company for the objects stated in the explanatory statement to the notice for the 34th Annual General Meeting.

41. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 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 2018-19:

Non-executive directors*	Ratio to median remuneration
Mr. M. Y. Noorani	-
Mr. A. Y. Noorani	-
Mr. M. L. Apte	-
Mr. Y. P. Trivedi	-
Mr. S. R. Iyer	-
Dr. Naushad Forbes	-
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 and are not entitled to any other remuneration.

Executive Director	Ratio to median remuneration
Mr. S.Y. Noorani	31.66

- 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	-

Directors, Chief Financial Officer and Company Secretary*	% Increase in remuneration in the financial year
Dr. Naushad Forbes	-
Mr. Bernhard Steinruecke	-
Ms. Elizabeth Jane Hulse	-
Mr. A.Y. Noorani	-
Mr. S.Y. Noorani	-
Mr. B. Mahabala (CFO)	-
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 and are not entitled to any other remuneration.

- c. The percentage increase in the median remuneration of employees in the financial year: 14.46% (as the median employee is a piece rated worker).
- d. The number of permanent employees on the rolls of Company: 1971 (as on 31st March 2019).
- 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, 2019	July, 1994 (IPO)	July, 1994 (IPO)*	% Change
Market Price (BSE)	224.65	110.00	24.45	918.81
Market Price (NSE)	225.15	110.00	24.45	920.86

*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 2018 – 19 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 March 31, 2019 is given below:

Sr. No	Name	Date of Birth	Designation	Remuneration (R)	Nature of Employment	Qualification and Experience	Date of joining	Last Employment	Percentage 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/37 years	01-03-1994	-	5.38	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	47,14,834	Permanent	B.A./ 47 years	30-05-1972	-	0.13	-
3	Imraan Surve	11-10-1968	VP-Marketing Zod, LFS & Z3	46,78,514	Permanent	B.A. (Hons.) Economics/ 27 years	18-12-2001	Contract Advertising Pvt. Ltd.	0.02	-
4	B Mahabala	07-11-1951	V.P. Commercial & C.FO	46,66,478	Permanent	M.com, MBA & Diploma in Cost & Management Accountancy/46 years	15-06-1984	Vulcan Engineers Limited	0.02	-
5	Awais Noorani	07-10-1975	VP – International Sales & Sourcing	46,46,268	Permanent	B.Com, MBA from IMD Switzerland/24 years	01-12-2002	-	0.00	Son of Mr. A.Y. Noorani, Vice Chairman and Grandson of Mr. M.Y. Noorani, Chairman and nephew of Mr. S. Y. Noorani, Managing Director & President
6	Anand Pisharody	19-10-1957	VP - Manufacturing	34,01,694	Permanent	B.A./ 40 years	02-05-1986	Indian Molasses Company Limited	0.00	-
7	Vishal Chadha	17-11-1964	GM – Sales MBO	30,46,604	Permanent	B.A./ 30 years	22-07-2004	Johnson & Johnson Private Limited	0.01	-
8	Kumar Iyer	11-06-1964	GM Legal & Company Secretary	30,32,257	Permanent	M. Com, ACS/ 35 years	15-05-2014	Advani Hotels & Resorts (India) Limited	0.00	-
9	Nafees Azam	07-04-1960	GM – Sales (Retail)	29,13,659	Permanent	B.Com./ 34 years	21-05-2004	Geep Industrial Syndicate Limited	-	-
10	Subbraman Parameswaran	06/12/1970	DGM - Projects	26,30,062	Permanent	B.Sc and PGD in Marketing Management / 28 years	01-04-2001	West coast Industries Limited	0.09	-

Disclosure Requirements:

As per SEBI LODR, the Corporate Governance Report with the Auditors' Certificate thereon and Management Discussion and Analysis are attached and the same forms a part of this report.

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

42. ACKNOWLEDEMENTS

The Directors are grateful 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

M.Y. NOORANI

Chairman

DIN: 00041608

Place: Mumbai

Date : 30th May 2019

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 since inception. 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 is within the broad framework of Schedule VI of the Companies Act 2013. During the year, inspite of the Average Net profit for the purpose of computation of CSR being nil, the Company has continued its focus on promoting healthcare including preventive healthcare. The Company has accordingly made a contribution of Rs. 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:**

a. Total amount to be spent for the Financial Year: Nil

b. Amount unspent: Nil

c. 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

M.Y. Noorani

Chairman, CSR Committee

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 –	Nil	Rs30,00,000/-	Rs30,00,000/-	Direct

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019
[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 Fintech 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.	Mens Shirt 100% Cotton Manufacture of all types of textile garments and clothing accessories	14101	94.79

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 Bangladesh Limited Navana Obaid Eternia, 28-29, Kakrail (Level # 13), VIP Road, Dhaka-1000, Bangladesh	–	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 01/04/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% 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	4711935	0	4711935	24.14	5987160	0	5987160	28.11	3.97
Sub-Total A (1):	4711935	0	4711935	24.14	5987160	0	5987160	28.11	3.97
(2) FOREIGN									
(a) Individuals (NRIs/Foreign Individuals)	973146	0	973146	4.99	1564687	0	1564687	7.35	2.36
(b) Bodies Corporate	6309764	0	6309764	32.32	6309764	0	6309764	29.63	-2.69
Sub-Total A(2) :	7282910	0	7282910	37.31	7874451	0	7874451	36.98	-0.33
Total A=A(1)+A(2)	11994845	0	11994845	61.45	13861611	0	13861611	65.09	3.64
(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	1991833	0	1991833	10.20	1991833	0	1991833	9.35	-0.85
Sub-Total B(1) :	1991945	0	1991945	10.20	1991945	0	1991945	9.35	-0.85
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	612689	700	613389	3.14	504732	700	505432	2.37	-0.77
(b) Individuals									
(i) Individuals holding nominal share capital up to R 2 Lakhs	1407878	76030	1483908	7.60	1309611	68846	1378457	6.47	-1.13
(ii) Individuals holding nominal share capital in excess of R 2 Lakhs	3146361	24840	3171201	16.25	3285529	24840	3310369	15.55	-0.7
NBFC Registered with RBI	500	0	500	0.00	-	-	-	-	-
(c) Others									
CLEARING MEMBERS	4989	0	4989	0.03	46282	0	46282	0.22	0.19
NON RESIDENT INDIANS	106539	1350	107889	0.55	12326	1350	13676	0.06	-0.49
NRI NON REPATRIATION	6311	0	6311	0.03	5445	0	5445	0.03	0.00
TRUSTS	102	0	102	0.00	102	0	102	0.00	0.00
IEPF	26522	0	26522	0.14	29128	0	29128	0.14	0.00
Employees	76489	450	76939	0.39	72435	450	72885	0.34	-0.05
Director or Director's Relatives	41434	0	41434	0.21	79264	0	79264	0.37	0.16
Sub-Total B (2):	5429814	103370	5533184	28.35	5344854	96186	5441040	25.55	-2.79
Total B=B(1)+B(2):	7421759	103370	7525129	38.55	7336796	96189	7432985	34.91	-3.64
Total (A+B):	19416604	103370	19519974	100	21198407	96189	21294596	100	0.00
(c) Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
(1) Promoter and Promoter Group	0	0	0	0	0	0	0	0.00	0.00
(2) Public	0	0	0	0	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C):	19416604	103370	19519974	100	21198407	96189	21294596	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	14.82	0.00	-1.34
2	Asia Tangible Investments Pte Ltd.	3154882	16.16	0.00	3154882	14.82	0.00	-1.34
3	Mohamed Yusuf Noorani	3915011	20.06	0.00	4598695	21.60	21.60	1.54
4	Kewal K Seth	0	0.00	0.00	0	0	0.00	0.00
5	Mohammed Y Noorani	232875	1.19	0.00	232875	1.09	0.00	-0.1
6	Mohamed Anees Noorani	773071	3.96	0.00	1364612	6.41	0.00	2.45
7	Salman Yusuf Noorani	554516	2.84	0.00	1146057	5.38	0.00	2.54
8	Mohamed Yusuf Noorani	8334	0.04	0.00	8334	0.04	0.00	0.00
9	Mohamed Yusuf Noorani, Trust	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	200000	1.03	0.00	200000	1.03	0.00	0.00
	TOTAL:	11994845	61.45	0.00	13861611	65.09	0.00	3.64

Note.1: Mr. Mohamed Yusuf Noorani holds 4598695 equity shares of the Company as on 31.03.2019 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 1364612 equity shares of the Company as on 31.03.2019 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	01/04/2018	Opening Balance	3915011	20.06	3915011	20.06
			23/11/2018	Preferential Allotment	591540	2.78	4506551	21.16
			31/12/2018	Acquisition	92144	0.43	4598695	21.60
			31/03/2019	Closing Balance			4598695	21.60
2	IN30018312065758	Kewal K Seth	01/04/2018	Opening Balance	0	0.00	0	0.00
			31/03/2019	Closing Balance		0.00	0	0.00
3	IN30133019880830	Mohammed Y Noorani	01/04/2018	Opening Balance	232875	1.19	232875	1.19
			31/03/2019	Closing Balance		0.00	232875	1.09
4	IN30001110146884	Mohamed Anees Noorani	01/04/2018	Opening Balance	773071	3.96	773071	3.96
			23/11/2018	Preferential Allotment	591541	2.78	1364612	6.41
			31/03/2019	Closing Balance			1364612	6.41
5	IN30001110152967	Salman Yusuf Noorani	01/04/2018	Opening Balance	554516	2.84	554516	2.84
			23/11/2018	Preferential Allotment	591541	2.77	1146057	5.38
			31/03/2019	Closing Balance		0.00	1146057	5.38

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
6	IN30133019880848	Mohamed Yusuf Noorani	01/04/2018	Opening Balance	8334	0.04	8334	0.04
			31/03/2019	Closing Balance		0.00	8334	0.03
7	IN30115122152490	Mohamed Yusuf Noorani, Trust	01/04/2018	Opening Balance	607	0.00	607	0.00
			31/03/2019	Closing Balance		0.00	607	0.00
8	445001204450000497645	Zehra Salman Noorani	01/04/2018	Opening Balance	367	0.00	367	0.00
			31/03/2019	Closing Balance		0.00	367	0.00
9	IN30133020049954	Musaed Anees Noorani	01/04/2018	Opening Balance	75	0.00	75	0.00
			31/03/2019	Closing Balance		0.00	75	0.00
10	IN30154918042447	Awais Anees Noorani	01/04/2018	Opening Balance	75	0.00	75	0.00
			31/03/2019	Closing Balance		0.00	75	0.00
11	IN30001110152975	Muna Anees Noorani	01/04/2018	Opening Balance	75	0.00	75	0.00
			31/03/2019	Closing Balance		0.00	75	0.00
12	IN30088814527407	Saniyya Anees Noorani	01/04/2018	Opening Balance	75	0.00	75	0.00
			31/03/2019	Closing Balance		0.00	75	0.00
13	IN30133019238793	Euro Global Holdings	01/04/2018	Opening Balance	3154882	16.16	3154882	16.16
			31/03/2019	Closing Balance		0.00	3154882	14.82
	IN30112716464948	Asia Tangible Investments Pte Ltd.	01/04/2018	Opening Balance	3154882	16.16	3154882	16.16
			31/03/2019	Closing Balance		0.00	3154882	14.82
15	IN30088814580310	Adnan Salman Noorani	01/04/2018	Opening Balance	200000	1.02	200000	1.02
			31/03/2019	Closing Balance		0.00	200000	0.93

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 01-04-2018		Cumulative Shareholding during the Year 31-03-2019	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	IN30047640314385	Akash Bhansali	01/04/2018	At the Beginning of the year	1361700	6.98	1361700	6.98
			31/03/2019	At the end of the year			1361700	6.39
2	IN30014210712060	Pari Washington India Master Fund, Ltd.	01/04/2018	At the Beginning of the year	1248034	6.39	1248034	6.39
			11/05/2018	Purchase	194000	0.99	1442034	7.39
			18/05/2018	Purchase	194000	0.99	1636034	8.38
			25/05/2018	Purchase	194000	0.99	1830034	9.38
			04/01/2019	Purchase	148299	0.69	1978333	9.29
			31/03/2019	At the end of the year		0.00	1978333	9.29
3	IN30016710059939	East Sail	01/04/2018	At the Beginning of the year	730299	3.74	730299	3.74
			11/05/2018	Sale	194000	0.99	536299	2.75
			18/05/2018	Sale	194000	0.99	342299	1.75
			25/05/2018	Sale	194000	0.99	148299	0.76
			31/12/2018	Sale	148299	0.69	0	0.00
			31/03/2019	At the end of the year		0.00	0	0.00
4	IN30154950621609	Vallabh Roopchand Bhanshali	01/04/2018	At the Beginning of the year	663300	3.40	663300	3.40
			31/03/2019	At the end of the year		0.00	663300	3.11
5	IN30036020018949	Nemish S Shah Jointly with Rekha N Shah	01/04/2018	At the Beginning of the year	405124	2.08	405124	2.08
			31/03/2019	At the end of the year		0.00	405124	1.90

Sr. No	Folio/Dp Id-Client ID	Name of the Share Holder	Date	Reason	Shareholding at the beginning of the Year 01-04-2018		Cumulative Shareholding during the Year 31-03-2019	
					No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
6	IN30154918652179	M3 Investment	01/04/2018	At the Beginning of the year	255787	1.31	255787	1.31
			31/03/2019	At the end of the year		0.00	255787	1.20
7	IN30154916830939	Prasoon Bhatt Jointly with Parul Bhatt	01/04/2018	At the Beginning of the year	0	0.00	0	0.00
			01/03/2019	Purchase	80010	0.37	80010	0.37
			08/03/2019	Purchase	74970	0.35	154980	0.72
			15/03/2019	Purchase	70020	0.32	225000	1.05
			31/03/2019	At the end of the year		0.00	225000	1.05
8	IN30048410048477	K Raheja Private Limited	01/04/2018	At the Beginning of the year	65610	0.33	65610	0.33
			31/03/2019	At the end of the year		0.00	65610	0.31
9	IN30108022502222	Govindlal M Parikh	01/04/2018	At the Beginning of the year	52285	0.27	52285	0.27
			31/03/2019	At the end of the year		0.00	52285	0.25
10	14200130142000058826	Punamchand Ramnarayan Rathi	01/04/2018	At the Beginning of the year	50300	0.26	50300	0.26
			31/03/2019	At the end of the year			50300	0.24

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	01/04/2018	At the beginning of the year	MOHAMED YUSUF NOORANI	3915011	20.06	3915011	20.06
		23/11/2018	Preferential Allotment		591540	2.78	4506551	21.16
		31/12/2018	Purchase		92144	0.43	4598695	21.60
		31/03/2019	At the end of the year			0.00	4598695	21.60
2	IN30133019880830	01/04/2018	At the beginning of the year	MOHAMMED Y NOORANI	232875	1.19	232875	1.19
		31/03/2019	At the end of the year			0.00	232875	1.09
		23/11/2017	Transfer		200000	1.03	200000	3.96
3	IN30133019880848	01/04/2018	At the beginning of the year	MOHAMED YUSUF NOORANI	8334	0.04	8334	0.04
		31/03/2019	At the end of the year			0.00	8334	0.03
4	IN30115122152490	01/04/2018	At the beginning of the year	MOHAMED YUSUF NOORANI, TRUST	607	0.00	607	0.00
		31/03/2019	At the end of the year			0.00	607	0.00
5	IN30001110146884	01/04/2018	At the beginning of the year	MOHAMED ANEES NOORANI	773071	3.96	773071	3.96
		23/11/2018	Preferential Allotment		591541	2.78	1364612	6.41
		31/03/2019	At the end of the year			0.00	1364612	6.41

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
6	IN30012610557765	01/04/2018	At the beginning of the year	MADHAV LAXMAN APTE	7684	0.04	7684	0.04
		28/03/2019	Sale		3684	0.02	4000	0.02
		29/03/2019	Sale		1000	0.00	3000	0.01
		31/03/2019	At the end of the year			0.00	3000	0.00
7	IN30048412993026	01/04/2018	At the beginning of the year	YOGENDRA PREMKRISHNA	19375	0.10	19375	0.10
		31/03/2019	At the end of the year			0.00	19375	0.09
8	IN30015911304147	01/04/2018	At the beginning of the year	YOGENDRA PREMKRISHNA	4500	0.02	4500	0.02
		31/03/2019	At the end of the year			0.00	4500	0.02
9	IN30001110152967	01/04/2018	At the beginning of the year	SALMAN YUSUF NOORANI	554516	2.84	554516	2.84
		23/11/2018	Preferential Allotment		591541	2.78	1146057	5.38
		31/03/2019	At the end of the year			0.00	1146057	5.38
10	492001204920000110327	01/04/2018	At the beginning of the year	SUBRAMANIAM RAMACHANDRAN IYER	3375	0.02	3375	0.02
		31/03/2019	At the end of the year			0.00	3375	0.02
11	IN30016710085767	01/04/2018	At the beginning of the year	BERNHARD STEINRUECKE	26550	0.14	26550	0.14
		31/03/2019	At the end of the year			0.00	26550	0.12
12	492001204920000107559	01/04/2018	At the beginning of the year	BERNHARD STEINRUECKE	3825	0.02	3825	0.02
		31/03/2019	At the end of the year			0.00	3825	0.02
13	IN30074911047059	01/04/2018	At the beginning of the year	NAUSHAD FORBES	18639	0.09	18639	0.09
		27/02/2019	Acquisition		5000	0.02	23639	0.11
		01/03/2019	Acquisition		15000	0.07	38639	0.18
		31/03/2019	At the end of the year			0.00	38639	0.18
KEY MANAGERIAL PERSONNEL								
1	IN30115112769320	01/04/2018	At the beginning of the year	MAHABALA BEALTHUR	15075	0.08	15075	0.08
		31/03/2019	At the end of the year			0.00	15075	0.07
3	IN30088814370996	01/04/2018	At the beginning of the year	KUMAR IYER (CS)	Nil	Nil	Nil	Nil
		31/03/2019	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

(R 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. 01.04.2018)				
i) Principal Amount	6269.21	415.00	-	6684.21
ii) Interest accrued but not due on borrowings	10.85	2.11	-	12.96
Total (i+ii)	6280.06	417.11		6697.17
Change in Indebtedness during the financial year				
◆ Addition	12073.37	1792.90	-	13866.27
◆ Reduction	(12290.19)	(2210.01)	-	(14500.20)
Net Change	(216.82)	(417.11)		(633.93)
Indebtedness at the end of the financial year. (i.e.31.03.2019)				
i) Principal Amount	6037.95	-	-	6037.95
ii) Interest accrued but not due on borrowings	25.29	-	-	25.29
Total (i+ii)	6063.24	-	-	6063.24

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	-	-
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	7,10,000	-	-	7,10,000
	Mr. Y. P. Trivedi	7,90,000	-	-	7,90,000
	Mr. S.R. Iyer	7,90,000	-	-	7,90,000
	Mr. Bernhard Steinruecke	1,70,000	-	-	1,70,000
	Dr. Naushad Forbes	1,70,000	-	-	1,70,000
	Ms. Elizabeth Jane Hulse	50,000			50,000
	Total (1)	26,80,000			26,80,000
2.	Other Non-Executive Directors				
	Mr. M. Y. Noorani	-	-	-	-
	Mr. A. Y. Noorani	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	26,80,000			26,80,000
	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 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. Kumar Iyer, Company Secretary	Total
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	46,66,478	30,32,257	76,98,735
	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	46,66,478	30,32,257	76,98,735

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

Annexure 3

FOR THE FINANCIAL YEAR ENDED MARCH 31 2019

*[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, 2019 ("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, 2019 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 and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India;
- (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 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 with effect from 11 September, 2018;
- (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; and
- (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; 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 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified with effect from 11th September 2018;

- 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 and Transboundary Movement) Rules, 2008.
- 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, 2018
- 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.

Place : Mumbai
Date : May 21, 2019

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 the following events occurred which had a bearing on the Company's affair in pursuance of the above referred laws, rules, regulations and guidelines:

- (a) the Company has issued and allotted on September 12, 2018 17,74,622 Equity Shares and 11,83,081 Convertible Warrants at a price of R 169.05 on a Preferential basis to the Promoters of the Company; and
- (b) the Company has incorporated a subsidiary in Bangladesh named Zodiac Clothing Bangladesh Limited on November 22, 2018.

For ROBERT PAVREY & ASSOCIATES
Company Secretaries

ROBERT PAVREY
Proprietor
FCS 2928 CP. No. : 1848

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	R 69.43	2,50,000	9,92,967	12,57,324	12,57,324	-	-	9,39,341	3,421	9,35,920	-	100
2	Zodiac Clothing Co. (UAE) LLC - UAE.	April to March	AED	R 18.88	3,00,000	1,93,89,666	2,31,63,343	2,31,63,343	-	55,25,574	4,622	-	4,622	-	100
3	Zodiac Clothing Bangladesh Limited	22nd November, 2018 To 31 st March, 2019	Taka	R 1.20	10,00,000	(6,30,414)	6,75,934	6,75,934	-	-	(6,30,414)	-	(6,30,414)	-	100

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018 - 2019

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 2019, as per the format prescribed by SEBI and as incorporated in Regulations 17 to 27 along with 34(3) and clause (b) to (i) of Sub-regulation 46 and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") are set out below for the information of the members and investors of the Company.

I. Company's Philosophy on 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 the 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 2019, 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 2019, number of meetings held and attended during the year are as follows:

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at last AGM	Directorships	Directorships and Category of Directorships in other Listed Entities	Committee Membership in other Public Companies	
			Held	Attended				Member	Chairperson
Mr. M. Y. Noorani	Chairman	Promoter & Non Executive	7	7	No	-	None	-	-
Mr. M. L. Apte	Non-Executive Director	Independent Director	7	6	Yes	6	Bajaj Hindusthan Sugar Limited	7	1
							Standard Industries Limited		
							Raja Bahadur International Limited		
							Grasim Industries Ltd		
							Kulkarni Power Tools Ltd		
							Bombay Burmah Trading Corporation Limited		
Mr. Y. P. Trivedi	Non-Executive Director	Independent Director	7	7	Yes	3	Reliance Industries Limited	1	2
							The Supreme Industries Limited		
							Emami Limited		
Mr. S. R. Iyer	Non-Executive Director	Independent Director	7	7	Yes	-	None	-	-

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at last AGM	Directorships	Directorships and Category of Directorships in other Listed Entities	Committee Membership in other Public Companies	
			Held	Attended				Member	Chairperson
Mr. Bernhard Steinruecke	Non-Executive Director	Independent Director	7	3	No	1	BOSCH Limited	2	2
Dr. Naushad Darius Forbes*	Non-Executive Director	Independent Director	7	3	No	4	Bajaj Holdings & Investment Limited	3	-
							Bajaj Finance Limited		
							Bajaj Finserv Limited		
							Bajaj Auto Limited		
Ms. Elizabeth Jane Hulse	Non-Executive Director	Independent Director	7	1	No	-	None	-	-
Mr. A. Y. Noorani	Vice-Chairman	Promoter & Non Executive	7	5	Yes	-	None	-	-
Mr. S. Y. Noorani	Managing Director & President	Promoter & Executive	7	7	Yes	-	None	-	-

*The appointment of Dr. Naushad Forbes as an Independent Director has been regularized w.e.f. 30th August, 2018 at the 34th Annual General Meeting of the Company.

- (1) The Directorships, as mentioned above, do not include Directorship in Zodiac Clothing Company Limited, in Private Limited Companies, Unlisted Public 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. The necessary quorum has been present at all the meetings.

During the Financial Year a total of Seven (7) Board Meetings were held i.e. on 30th May 2018, 27th June 2018, 13th August 2018, 12th September 2018, 14th November, 2018, 13th February, 2019 and 27th March 2019.

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 27th March, 2019 without the attendance of Non Independent Directors and members of the Management of the Company.

Number of shares and convertible instruments held by Non- Executive Directors

The details of number of shares and convertible instruments held by Non- Executive Directors is provided below:

Name of the Non Executive Director	Number of Equity Shares Held as on 31 st March 2019	Number of Convertible Warrants Held
Mr. Mohammed Yusuf Noorani	48,40,511	3,94,361
Mr. Anees Yusuf Noorani	13,64,612	3,94,360
Mr. M. L. Apte	3000	-
Mr. S. R. Iyer	3375	-
Mr. Y. P. Trivedi	23,875	-
Mr. Bernhard Steinruecke	26,550	-
Dr. Naushad Forbes	38,639	-
Ms. Elizabeth Jane Hulse	-	-

List of Core skills/expertise/competencies identified by the Board of Directors as required in the context of our Business for it to function effectively and those actually available with the Board:-

Name of the Director	Designation of the Director	Skills / Expertise
Mr. M. Y. Noorani	Chairman, Non-Executive Director	Industrialist & a founding father of the Clothing industry in India and one of the pioneers of clothing exports from India. Clothing Manufacturer, Strategist & Business Management.
Mr. A.Y. Noorani	Vice Chairman, Non-Executive Director	Industrialist with expertise in developing Clothing business and its overall operations. Presently overseeing the Corporate affairs and Finance function of the Company.
Mr. S. Y. Noorani	Managing Director & President	Industrialist with expertise in setting up and up-gradation of manufacturing facilities. Presently overseeing the Company's operations, product design, manufacturing, sales and marketing.
Mr. M. L. Apte	Non-Executive Independent Director	Veteran with vast and varied knowledge of Textile Industry
Mr. Bernhard Steinruecke	Non-Executive Independent Director	An eminent Banker with a law background and well versed with International business, banking and finance.
Ms. Elizabeth Jane Hulse	Non-Executive Independent Director	A veteran in Textile Designing and a trained weaver, Fabric Sourcing and Purchasing Brand and Product Management and Buying.
Mr. S. R. Iyer	Non-Executive Independent Director	An eminent Banker with vast knowledge and rich experience in Finance and Banking.
Dr. Naushad Forbes	Non-Executive Independent Director	An eminent industrialist with a doctorate degree in engineering from Stanford University and expertise in steam engineering, energy efficiency, technology and international business.
Mr. Y. P. Trivedi	Non-Executive Independent Director	An eminent lawyer with expertise in direct ,indirect taxation and corporate laws.

Familiarisation Programme for Board Members

The Company has put in place a system on an on going basis 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, 2019. The Annual Report contains a declaration to this effect signed by the Managing Director & President.

Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided

None of the Independent Directors have resigned during the Financial Year 2018-19.

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.

Committees of Board:

The Company has constituted various Committees of Board of Directors to focus on critical functions of the Company and also for smooth and efficient business operations viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee, Forex Committee, and Investment Committee. The Committees meet at regular intervals for deciding various matters and providing directions and authorizations to the management for its implementation.

Details on role and composition of these Committees, including number of meeting held during the F.Y. 2018-19 and the related attendance are provided below:

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 are 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. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. 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, 2018, 27th June, 2018, 13th August, 2018, 26th September, 2018, 14th November, 2018, 28th December, 2018, 13th February, 2019 and 27th March, 2019.

The details of 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	7

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, Senior Management Personnel and other employees.
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.
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

During the Financial Year One (1) Nomination and Remuneration Committee Meeting was held i.e. on 27th March, 2019.

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	1	1
Mr. Y. P. Trivedi	Member	1	1
Mr. S. R. Iyer	Member	1	1

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 27th March, 2019.

As a result, in the opinion of the Board, all the Independent Directors of the Company fulfill the conditions specified in the LODR and are independent of the management.

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 2019

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*	R 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 2018-19 are as under:

Name of Director	Sitting Fees paid (in R)#	Shares held as on 31 st March 2019
Mr. M. Y. Noorani	Nil	48,39,904
Mr. A. Y. Noorani	Nil	13,64,612
Mr. M. L. Apte	7,10,000	3,000
Mr. Y. P. Trivedi	7,90,000	23,875
Mr. S. R. Iyer	7,90,000	3375
Mr. Bernhard Steinruecke	1,70,000	30,375
Dr. Naushad Darius Forbes	1,70,000	18,639
Ms. Elizabeth Jane Hulse	50,000	Nil

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

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. During the year, Only one shareholder complaint was received which was resolved to the satisfaction of the shareholder and reported to the Committee. There were no pending complaints as on 31st March 2019.

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 and 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, 2019:

1. Zodiac Clothing Company S.A (Switzerland);
2. Zodiac Clothing Company (U.A.E.) LLC, (Step Down Subsidiary);
3. Zodiac Clothing Bangladesh Limited (w.e.f. 22.11.2018) (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 of Retiring Director:

Mr. S.Y. Noorani, Director retires by rotation at the ensuing 35th Annual General Meeting and is eligible for re-appointment.

Re-Appointment of the following Independent Directors for a Second term:

Name of the Director	Designation	Tenure
Mr. Y. P. Trivedi	Non- Executive Independent Director	12-08-2019 to 11-08-2024
Mr. S. R. Iyer	Non- Executive Independent Director	12-08-2019 to 11-08-2024
Mr. Bernhard Steinruecke	Non- Executive Independent Director	12-08-2019 to 11-08-2024

The term of Mr. S. Y. Noorani as the Managing Director and President of the Company expires on 29th February 2020 and he is therefore proposed to be re-appointed as the Managing Director and President of the Company for a further term of 3 years starting from 01-03-2020 upto 28-02-2023.

Mr. M. L. Apte, Non- Executive Independent Director of the Company has due to personal reasons expressed his intention to not to renew his term as an Independent Director of the Company after the expiry of his current term which ends on 11th August 2019.

XIII. Other Disclosures:

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 44 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)(Amendment) Regulations, 2018, the Board of Directors of the Company have adopted a formal 'Code of conduct for Regulating, Monitoring and Reporting of Trading by Insiders' for prevention of Insider trading by the Directors and Designated Employees and their dependents and have also adopted the Procedure for Enquiry in case of Leak/Suspected Leak of Unpublished Price Sensitive Information Policy.

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 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 also provides 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>.

i. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the Financial Year	Number of complaints disposed of during the Financial Year	Number of complaints pending as on end of the Financial Year
Nil	Nil	Nil

j. The following non-mandatory requirements under Part E of Schedule II of the Listing Regulations to the extent Company has adopted are mentioned below:

Discretionary Requirements:

- The Company maintains a separate office for the Non-Executive Chairman.
- The position of the Chairman and Managing Director are separate.
- The Auditors' Opinion on the Financial Statements are Unmodified.
- The Internal Auditor reports directly to the Audit Committee of the Company.

XIV. Shareholder Information:**General Body Meeting****a) Details of last three Annual General Meetings held:**

Financial Year	Day & Date	Time	Venue
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
2017-2018	Thursday, August 30, 2018	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:

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

34th Annual General Meeting held on 30th August 2018: At this meeting the following Six Special Resolutions were passed:

1. Issue of Convertible Warrants on Preferential Basis.
2. Issue of Equity Shares on Preferential Basis.
3. Continuation of Directorship of Mr. M.Y. Noorani as Chairman
4. Continuation of Directorship of Mr. S. R. Iyer as Independent Director
5. Continuation of Directorship of Mr. Y. P. Trivedi as Independent Director
6. Continuation of Directorship of Mr. M. L. Apte as Independent Director

No Extra- Ordinary General Meeting was held during the year 2017-18.

- 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
Monday, 5 th August, 2019	3:00 p.m.	Nehru Center, Hall of Harmony, Dr. Annie Besant Road, Worli, Mumbai – 400 018

b) Financial Calendar 2019 - 2020 (tentative) Schedule of the Board Meetings:

- First Quarter ended 30th June 2019 : On or before 14th August, 2019
- Second Quarter ended 30th September 2019 : On or before 14th November, 2019
- Third Quarter ended 31st December 2019 : On or before 14th February 2020
- Fourth Quarter ended 31st March 2020 : On or before 30th May, 2020

c) Dates of Book Closure:

Saturday, 27th July, 2019 to Monday, 5th August, 2019 (both days inclusive)

d) Dividend payment date:

Dividend, if approved by the members, will be paid on or before 30th August, 2019.

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, 2018	16	3249
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

Sr. No	Particulars	No. of Shareholders	No. of Equity Shares
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	2	400
v	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Suspense Account as on 31 st March, 2019, whose voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	14	2849

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 2019-2020.

g) Stock Code/ Symbol

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

h) Market Price

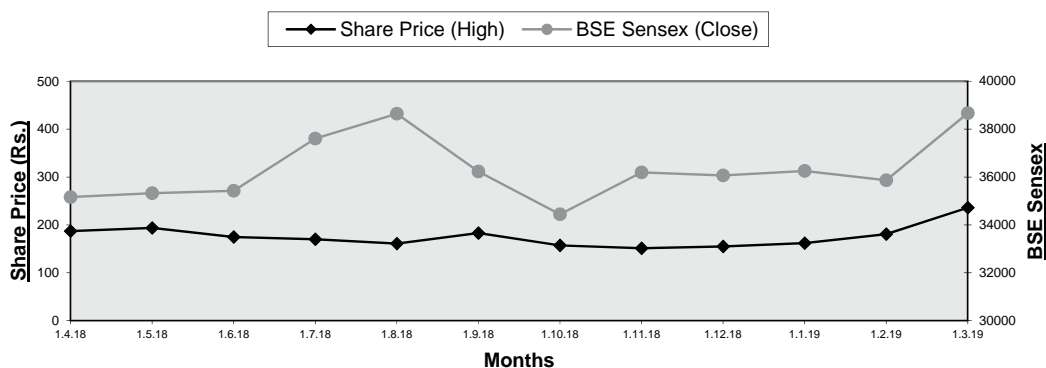
The monthly high & low quotations of the Company's shares traded on BSE Limited and National Stock Exchange of India Limited during the financial year 2018-2019 are as under:

Months	BSE Limited		NSE India Limited	
	High (R)	Low (R)	High (R)	Low (R)
April 2018	187.00	152.10	185.00	162.95
May 2018	193.75	156.00	188.65	153.80
June 2018	174.80	145.25	179.70	145.50
July 2018	169.95	142.00	162.70	140.30
August 2018	160.90	142.30	161.80	140.30
September 2018	182.90	137.25	182.80	131.30
October 2018	157.20	135.40	150.00	128.70
November 2018	151.15	135.30	150.90	135.00
December 2018	154.85	137.10	159.00	137.20
January 2019	161.90	134.60	162.90	134.00
February 2019	180.65	134.90	181.50	132.00
March 2019	236.00	178.05	235.95	180.00

Performance in comparison to broad based indices:

ZODIAC vs BSE SENSEX

BSE PRICE LIST



i) **Registrar & Share Transfer Agents**

Karvy Fintech Private Limited.
 Karvy Selenium Tower B,
 Plot No.31-32, Financial District,
 Nanakramguda, Serilingampally Mandal,
 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 lodgment 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. 1st April, 2019.

k) **Distribution of shareholding as on 31st March 2019**

ZODIAC CLOTHING COMPANY LIMITED					
Distribution of Shareholding as on 31/03/2019					
Sr. no.	Category (Shares)	No. of Shareholders	Percentage (%)	No. of Shares	% to Equity
1	1 - 5000	3663	87.49	4,53,383	2.13
2	5001 - 10000	212	5.06	1,66,059	0.78
3	10001 - 20000	106	2.53	1,53,208	0.72
4	20001 - 30000	54	1.29	1,36,238	0.64
5	30001 - 40000	33	0.79	1,15,440	0.54
6	40001 - 50000	28	0.67	1,30,113	0.61
7	50001 - 100000	26	0.62	1,95,250	0.92
8	100001 and above	65	1.55	1,99,44,905	93.66
	TOTAL:	4187	100	2,12,94,596	100

l) **Shareholding Pattern as on 31st March 2019**

SR. NO.	PARTICULARS	TOTAL NUMBER OF SHARES	PERCENTAGE OF HOLDING
(I)	(II)	(III)	(IV)
(A)	PROMOTER HOLDING		
(1)	INDIAN	59,87,160	28.11
(2)	FOREIGN	78,74,451	36.98
	TOTAL (A)	1,38,61,611	65.09
(B)	PUBLIC SHAREHOLDING		
(1)	INSTITUTIONS	19,91,945	9.35
(2)	NON-INSTITUTIONS	54,41,040	25.56
	TOTAL (B)	74,32,985	34.91
	GRAND TOTAL (A+B) :	2,12,94,596	100

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

The Company has on 12th September, 2018 issued Convertible Warrants on Preferential basis to Mr. Mohamad Yusuf Noorani (3,94,361, Warrants), Mr. Anees Yusuf Noorani (3,94,360 Warrants), Mr. Salman Yusuf Noorani (3,94,360 Warrants) Promoters of the Company with right to the warrant holders to apply for and get allotted one Equity Share of the face value of R 10 (Rupees Ten) each within a period of 18 (Eighteen) Months from the date of allotment of Convertible Warrants, at a price (including the warrant subscription price and the warrant exercise price) of R 169 .05/- (Rupees One Hundred And Sixty Nine and Five Paise only) including premium of R 159.05(Rupees One Hundred and Fifty Nine and Five Paise only) per convertible warrant aggregating to an amount of R 19,99,99,843.05 (Rupees Nineteen Crores Ninety Nine Lakhs Ninety Nine Thousand Eight Hundred and Forty Three and Five paise only).

Impact on Equity:

Upon the warrant holders exercising their right and on conversion of the 11,83,081 Convertible Warrants, the voting rights will change in accordance with the revised shareholding pattern. The Equity Shares on conversion will be allotted on Preferential basis to the Promoters i.e. allottees and shall be subject to a lock in period of 3 (Three) years from the date of grant of trading approval for such Equity Shares in accordance with regulation 78(1) of SEBI ICDR Regulations.

n) **The Details of Utilization of funds raised through Preferential Allotment as specified under Regulation 32 (7A) of LODR as on 31st March, 2019 is as below:**

Sr. no.	Particulars	Amount Received
1.	Amount received on issue of 17,74,622 equity shares of R 10 each @ premium of R 159.05 on 12 th September, 2018	R 29,99,99,849.10
2.	Amount received on issue of 11,83,081 convertible warrants of R 10 each @ premium of R 159.05 on 12 th September, 2018	R 14,99,99,960.76
3.	TOTAL AMOUNT RECEIVED	R 44,99,99,809.86
4.	Amount used towards working capital requirements	R 37,33,00,000.00
5.	Balance unused amount invested in liquid fund/s (rounded off)	R 7,67,00,000.00

o) **Credit Rating**

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A2+ to A2 for its short-term fund-based/non-fund based facilities of R 8,000 Lakhs.

p) **Liquidity**

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

q) 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: 396 171.
2. C / 2 / 7, GIDC, Industrial Area, Umbergaon, Valsad, Gujarat- 396 171.
3. Plot no. 411, Phase III, GIDC, Umbergaon, Valsad, Gujarat- 396 171.
- (III) Mumbai: – A to Z Industrial Premises Co-op. Society Ltd., G.K.Marg, Lower Parel, Mumbai - 400 013

r) Address for Correspondence:

For Shares held in Physical form:

M/s. Karvy Fintech Pvt. Ltd
Karvy Selenium Tower B,
Plot No.31-32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal 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 Fintech 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

s) Details of Total Fees for all services paid by Zodiac and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

Details relating to fees paid to the Statutory Auditors are given in Note 35 to the Standalone Financial Statements.

t) Certificate from Company Secretary in Practice on Debarment or Disqualification of Directors

As required under Schedule V, the Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such Statutory Authority is attached as Annexure A to this Report.

u) 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

M. Y. Noorani

Date: 30th May 2019

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 2019 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, if any 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, 2019

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 2019.

S.Y. NOORANI

Managing Director & President

DIN: 00068423

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, 2019 as stipulated in Regulations [17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 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 (as amended) (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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Vipin R. Bansal

Partner

Membership No: 117753

UDIN: 19117753AAAAABT9959

Place: Mumbai

Date: May 30, 2019

Certificate on Debarment or Disqualification of Directors

We have examined the books and records of Zodiac Clothing Company Limited, having its Registered office at Nyloc House, 254, D2, Dr. Annie Besant Road, Mumbai - 400030 ("Company"), and based on the documents placed before us and explanations given to us by the Company, its officers, agents and authorized representatives, we hereby report that during the Financial Year ended on March 31, 2019, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

For Robert Pavrey & Associates
Company Secretaries

Place: Mumbai

Date : May 24, 2019

Robert Pavrey
Proprietor
FCS 2928 C.P. No.: 1848

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

India's clothing industry started the year with a negative growth in Index of Industrial Production (IIP) of approximately 13% compared to the previous year. However the trend improved from June onwards consistently and closed the year with a positive growth of 10.8%.

The positive growth shown in production as per IIP data for clothing during 2018-19 is however not reflected in India's exports, which had a mixed trend. The first half of the year showed a negative growth in each month whereas the second half had a positive growth in each month. The total export of garments from India for the year showed a negative growth of 3.39% in dollar terms over the previous year (USD 16.15 billion v/s USD 16.72 billion in the previous year). In rupee terms, there was an increase of 4.72% because of the rupee depreciation.

However, import data available from the USA indicate that their imports from India had gone up during 2018 (they maintain data on calendar year basis). In 2017, US imports of garments from India amounted to \$3.68 billion, which grew to \$3.80 billion in 2018 - an increase of 3.26%. Exports to the EU and UK have therefore apparently declined in 2018-19.

India is the world's second-largest exporter of textiles, with a massive raw material and manufacturing base. The textile and clothing industry are significant contributors to the economy, both in terms of its domestic share and of exports. It contributing about 7 per cent to industry output, 2 per cent to the GDP and 15 per cent to the country's total exports earnings. The clothing industry is one of the largest sources of gender sensitive job creation in the country, with textile and clothing employing about 45 million people directly. The industry has become a vital contributor to India's economy and employment.

India's share in global export of clothing is approximately 3 per cent. It is heartening that from the total export of clothing, exports of cotton clothing are at 54%, while a full 46% comes from other fibres (of which MMF is 24% and other textile material is 20%; the balance 2% is accounted for by silk and wool clothing). It is an achievement that we have succeeded in diversifying from an even higher percentage of cotton, which was one of India's weaknesses.

The GDP growth slowed down markedly in the final quarter of 2018-19 to 5.8%, thus bringing down the full year growth estimate to 6.8%, the slowest in 5 years. This confirmed the sharp slow down signalled earlier by many high frequency indicators such as IIP, trade statistics, auto and consumer goods sales, purchasing managers indices, corporate earnings and so forth.

Clothing imports into India continued the upward trend. From around US\$ 771 million in 2017-18 clothing imports are expected to have crossed US\$1 billion in 2018-19 (provisional). This alarming increase was mainly due to India's Free Trade Agreements and zero duty access to highly competitive clothing exporters like Bangladesh. Also, a substantial drop in import duty was observed after implementation of the GST, which has encouraged cheaper imports.

Bangladesh (USD 1.07 Billion) overtook China as the largest exporter of clothing to India for the first time in 2018-19 with a share of over 18% in total imports against China's 16%.

The nation's external financial balance is under stress. Worryingly the single largest credit item, merchandise exports, has been stagnating since 2011-12 leading to a drop in its share of GDP to 12% in 2018-19 as compared to 17% seven years ago.

The financial sector has been highly stressed. NBFC and NPA crisis have created liquidity crisis and financial contagion, and markets are in shock. Household savings have also fallen.

Consumption has fallen - for 2 years, it was not so sharp as consumers resorted to borrowing and EMIs to support life style, and then, as that was not sustainable, the last 2 years witnessed a steep drop effect. Autos etc are now facing excess inventory issues and have been cutting down production. Passenger vehicle sales in India have been showing a negative trend and have fallen further by 20.5% in May 2019. With demand from the top 100 million most affluent customers beginning to falter (evident from plummeting sales of cars, bikes, air tickets, houses) the general consensus is that to sustain even a moderate 6 to 7% economic growth rate consumption has to kick start in a meaningful way from the next 300 million people in the socio - economic ladder.

The consumption basket has changed radically. The biggest growth is in handsets, which now is 30 billion rupee market. The entire supply is imported, so money does not come back into the economy . Handsets and Cars are now the biggest in size, being equal to each other in market share/ size of consumer spends.

The increase in domestic retail consumption is not benefiting the clothing industry in any significant measure yet, mainly due to the occupation cost of retail space. Urban rents have been a serious problem for retailers and with the exponential growth of on-line retailing, those who have invested heavily in creating the physical infrastructure and logistical support in the retail sector are facing a crisis situation.

2018-19 was a fairly better year for the industry, as it managed to recover from the impacts of demonetisation and GST. However, due to demand constraints, growth was impacted. However, the global economic environment of volatile energy prices and major trade wars, sanctions by the USA, is not conducive for early economic recovery in India. Further, with the rupee under stress, and the crude oil bill on the rise, India's current account deficit (CAD) is widening and will likely continue doing so in the near future.

Historically, India has had a current account deficit, mainly because the Indian growth story is largely scripted on the strength of domestic demand, which fuels both domestic production and import consumption. Over time, the composition of exports has remained unchanged, without any substantial shift toward high-tech exports. However, the composition of imports has shifted considerably from raw material to capital-intensive sectors, reflecting the needs of a consumption economy. This difference is at the heart of India's structural challenges that require to be addressed through policies and incentives.

The recent elections have resulted in delivering a stable government for another five years yet again, though there are pockets of instability in states like Jammu & Kashmir, West Bengal. The priority of the government is of creating liquidity in the financial markets to spur investments, growth and generate employment, which is vital.

B Industry Structure and Development

India's total exports made a smart recovery in March by growing in double digits to touch a new high of USD 331 billion in 2018-19, and almost all of India's value-added product segments showed impressive growth. This is creditable as it comes amidst a slowdown in global trade and a fragile world economy.

India is Asia's third largest retail market and the world's fourth largest after the US, China and Japan. It is one of the fastest growing major economies in the world, in turn leading to high growth in consumer and retail markets, thus presenting massive investment and business opportunities.

Business as usual risks the perpetuation of low growth, poor employment, financial fragility and vulnerability to volatile oil prices and external capital flows.

India is the largest producer of jute and cotton, and the second largest producer of silk. Due to the high abundance of raw materials coupled by cheap labour costs, the cost of manufacturing textile and clothing should be significantly lower than many other competing countries; unfortunately that is not the case.

Catalyzed by increasing penetration of the internet, online retailing has witnessed strong growth in the country. Consumers are now looking for ease of shopping, multiple options, better offers and easy return policies. The growth in online sales has enabled them to reach consumers residing across every corner of the nation.

While traditional "mom & pop" stores dominate the retail market, share of organised segment is rapidly growing.

Real investment growth in 2018-19, Q4 tumbled to 3.6%, manufacturing to 3.1% and agriculture to -0.01%. Private investment has been stagnant. Wage growth has been 3% per annum whilst inflation 7% per annum indicating a degrowth in real income. Employment has mostly been created at low end delivery services.

India currently has one of the world's largest young populations; around half of the total population is below 25 years of age. This age group represents one of the biggest consumer group for textiles and clothing and is expected to drive the spending over the next five years.

Demographic Dividend is available only once in a country's time trajectory, because this population transition occurs only once. Time is a luxury the country does not have. The greater the percentage of population working, the greater the boost to its income, savings and productivity with accompanying other benefits. Between 25-40% of the rapid growth that countries in East Asia enjoyed, has been attributed to their Demographic Dividend. India's percentage of not working (almost same in 1980, as was in 1960) at 75%, marked a period of low growth. This percentage declined to 60% from 70% in the decade from mid nineties and to a little above 50% in the subsequent decade (despite labour force participation rate for females down 23%, one of the lowest in the world). It's not co-incidental that the decade has been the decade of India's fastest economic growth.

Some projections suggest this percentage will flatten for the next 2 decades, before the percentage of those not working starts rising again. Such a trajectory would be different from the countries in East Asia (especially China) where percentage of those not working fell to 40% before reversing gear. India's flattening at around 50% may prevent a sustained growth rate of 8 - 10% that East Asian countries achieved.

Will India miss some of its potential demographic dividend- which can be fully exploited only if people in the working age are actually working and have the education and skills making them productive - something we are falling short of? Notwithstanding that, if our non working population remains in the low 50% for the next 2 decades, before starting to rise again, the opportunity is still available to correct the inadequacy on the education skill and employment fronts, besides health, to reap the residual available demographic dividend.

In order to pursue the goal of making India's development inclusive, the Central Government is focusing on a number of policies in providing best manufacturing and infrastructure to local artisans, technology and innovation, enhancing skills and strengths of the local industry. The government has been implementing various policy initiatives and programmes for development of textiles

and handicrafts, particularly for technology, infrastructure creation, skill development, including:

- Amended Technology Upgradation Funds Scheme (ATUFS)
- SAMARTH- scheme for capacity building in Textile Sector (Its broad objective is to skill the youth for gainful and sustainable employment in a demand driven, placement oriented manner, to incentivise and supplement the industry's efforts).

The Government needs to urgently reverse the past 2 years trends towards higher customs tariffs and over valuation of the rupee, and proactively pursue preferential trading arrangements, especially with the EU, as this will revive animal spirits and spur investment. Only then will the declining share of exports in GDP be reversed and India's participation in global value chains enhanced.

The key reform areas must include overhaul of labour laws and regulations to make them simpler and incentivise fresh employment in the organized sector.

Ease of doing business -- much has been done but a lot more needs to be done, especially with regards to exports and imports (trade facilitation). The ease of doing business elsewhere has driven India's largest companies to invest their capital in less challenging geographies. Servicing the vast, expanding Indian market from overseas was always an option as tariff barriers came down. This is what a host of foreign makers have done.

C. Opportunities and Threats

India's export of readymade garments continues to languish. In contrast, export from Vietnam grew 11.2% in 2018-19 as compared to the previous year and those from Bangladesh grew 13.7% in the nine months ending March, 2019. Cambodia doubled in 3 years to USD 12.2B. This is mainly because countries like Bangladesh, Cambodia, Vietnam have low production costs as compared to India, and exporters there also enjoy preferential duty access in key markets. India's clothing exports face higher trade barriers compared to those enjoyed by Bangladesh, Vietnam, Cambodia and Pakistan, in the key markets of America and the European Union (EU). The two largest market are the EU and the US which is about 60% of our exports, where we need to spur growth.

The average tariff on textile products faced by India is around 10.6 - 12% in the EU and 18% in the US, as compared to zero and 12% for Bangladesh. The US and the EU together account for 60% of the total global import.

In no industry is the gap (between India and China) as glaring and wider than in clothing, exacerbated by missed opportunities and policy/ implementation inadequacies. China's clothing exports (despite having

willfully yielded space in recent years and despite higher wage costs) are several multiples of those of India's (a meagre 3% of global clothing export). The US - China trade war is presenting opportunities for India to make amends for past mistakes (FTA with major markets especially EU/ by dismantling "export of our taxes" / refreshed labour laws and competitive wages) despite being late starters. In the USA market, the leather goods export industry has seen significant gains from importers considering switching a major part of their import from China to India. This is also visible, in a small way, in India's clothing exports to the USA having grown in value terms by nearly 11% (versus negative growth / flat imports from China, Mexico and all global country's imports of clothing growing at 5.76%). This means that import of clothing has grown by approximately 5% more than those of all the countries (other than China and Mexico), that too, in a year when our total global clothing exports have declined. The clothing export of competitor countries (Bangladesh 37 Billion, Vietnam 21.6 Billion and Cambodia, [with a population lower than that of Mumbai 12.2Billion], have shown the way) - India's exports have fallen from 17 Billion in 2016 to 15.72 Billion in 2019!

Some exporters are now trying to diversify their shipments, to Japan, Israel, South Africa, Hong Kong, and other new destinations.

Far East Asian markets, although they are smaller, (excluding China), offer a lot of potential viz. Singapore, South Korea, Indonesia, Taiwan as they have comparatively healthy consumption rate.

To remain competitive and grow, India needs to increase it's share of pie of man-made fibre (MMF) and other fibres based clothing still further, while continuing to increase exports of cotton.

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 2019 - on a Consolidated Basis (Unit: R Million)

Particulars	India	Rest of the World	Total
Segment Revenue (Net)	10,879.48	10,703.07	21,582.55
Carrying Cost of Segment Non Current Asset	14,872.03	209.05	15,081.08

E. OUTLOOK

With the government pursuing liquidity creation, growth, employment and consequently consumption, hopefully addressing the few remaining issues of GST for the industry, and also considering appropriate measures to compensate fully for the tax incidence on the industry, the situation should improve going forward, and our stable government would be able to accomplish this more easily.

Due to a change in buying habits, consumers are now shifting from need-based clothing to aspiration-based clothing. Contrary to previous years, where the Indian consumers purchased fashion items as and when required, buying clothes has become more than a basic need; it is now a reflection of aspiration, personality, and a status symbol. Though basic textiles continue to represent a part of the consumer's basket, the demand for aspirational clothing has increased significantly in recent years.

Although the Indian rupee (INR) has depreciated over the last year sharpening India's competitiveness somewhat, the risk of rupee strength continues to cause concern, even as inflation pressure is building. The INR is expected to remain volatile around current levels in the near term and depreciate over the course of the year on the strengthening US dollar, inflationary pressures, and lower investor sentiment.

Consumers in the top quintile, accounting for almost half of income and a third of consumption expenditure, have already been tapped and their appetite for a host of products and services has been somewhat satiated. According to estimates, the next customer group that can kick start a new consumption cycle is the middle demographics (I.e. the segment you get if you leave aside the top 20% and the bottom 40% of consumers by average household income in the country). Indian businesses have to work harder to draw up business models to cater to this large section of population. So far big firms have been content with tweaking their existing processes and brands to service these 300 million consumers. The need now is to think and act afresh, as Indian household spending is likely to quadruple from \$1.5 trillion to \$ 6 trillion by 2030, making it the world's third largest consumer market (WEF report).

Also, forecast of a weak monsoon, this year, with its late onset and drought in several parts of the country in states like Tamil Nadu and Maharashtra, is likely to affect demand.

F. Risks and Concerns

The share of clothing exports in the country's total textile exports has fallen sharply from 51% in FY 17 to 45% in FY 19. Industry experts attribute the fall to the ever tightening pressure on the exports markets by higher shipments from low-cost more favourable trade terms competitors like Bangladesh, Vietnam, Cambodia and Ethiopia (emerging).

The world is witnessing increasingly harsh protectionist measures – in the past few years by means of higher

tariffs , trade barriers, etc. This, compounded by the US-China trade dispute, uncertainty surrounding Brexit and a slowdown in China and Europe, has contributed to the lowest global trade volumes in 9 years.

India's FTA negotiations with EU are practically stalled for now. Statements do come from both sides that the Agreement should be pursued and finalised soon. But there has not been any progress for quite some time. The EU has problems in our duties on products like wines and automobiles and procedures on government procurements. India has problems on the movement of natural persons, which basically means visas for professionals. There are also other policy issues. But all these can be sorted out. India has been pursuing Make in India and global sourcing simultaneously. In the EU, Brexit is stuck and countries like France do not seem to be very happy with the Union. The economy of EU has not been growing much in recent years. Whether in this atmosphere the EU can make concessions that can help in finalising the FTA remains to be seen.

Bangladesh has a wage that is approximately half of India's, as well as favourable trade agreements (especially zero duty with EU) - India's clothing industry is confronted with the possible death knell of a higher national minimum wage, and “ the low hanging fruit” of the potential FTA with EU remains just that - low hanging!

Industry faces a non-level playing field in many markets due to tariff barriers; however industry needs to improve its productivity levels, economies of scale and organise itself better for large production at competitive prices.

The recent slowdown in global demand has also increased competition in the markets which has coincided with taxation changes in India and evolving global trade wars. Clothing exports have been declining since 2017, mainly due to stiff competition, economic slowdown and reduction in Duty Drawback and ROSL (which only partially compensated for the taxes incurred).

After keeping negotiations open for almost a year, it is the US' withdrawal of duty-free access to Indian exporters under the Generalised System of Preferences (GSP) that has acted as the trigger for India imposing tariffs on 28 items originating from the US, after India had resisted Washington's unilateral escalation of trade impediments. However, the offensive of Trump's ending the preferential trading arrangement is unlikely to have a significant impact.

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 M/s. CNK & Associates LLP), 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

(Rsin lakhs)

	2018 - 19	2017 - 18
Total Revenue from Operations (Net)	22,619.92	25,330.16
PROFIT/(LOSS) BEFORE TAXATION	(1472.89)	(2,078.25)
Provision for Taxation:		
Current Tax	107	130
Deferred tax Charge/(Credit)	(275.41)	(384.47)
Tax in respect of earlier years	234.54	63.12
PROFIT/(LOSS) AFTER TAXATION	(1,844.64)	(1,886.90)
Other Comprehensive Income / (Loss)	(346.87)	1,326.40
Total Comprehensive Income for the year	(2,191.51)	(560.50)

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, as well as high depreciation has resulted in the Company's operational performance being hit. The Company's recent 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, 2015, as amended from time to time.

Dividend – Your Directors have recommended a dividend of R 1/- (previous year R1/-) per Equity Share of R10/- each on 2,12,94,596 Equity Shares. The dividend amount (when approved by the shareholders) including dividend distribution tax would be R 212.95 Lakhs.

During the year, 7 new Stores were opened (8 unviable stores closed – a net decrease of 1 store) with 120 stores at the end of the year.

ICRA (an associate of Moody's Investor Service) has revised the Company's rating from A2+ to A2 for its short-term fund-based/non-fund based facilities of R 8,000 Lakhs.

I HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATIONS

The Company recognizes 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.



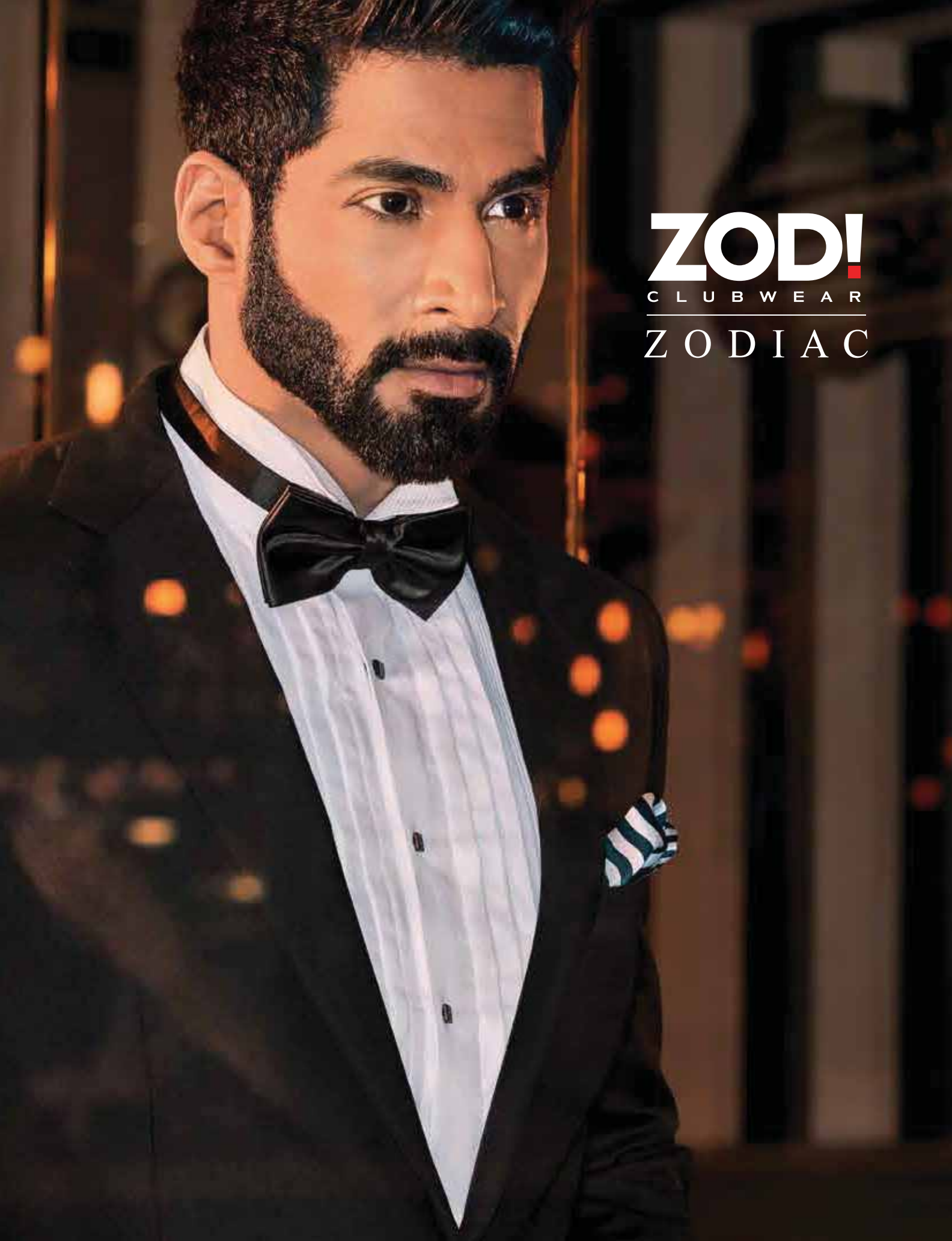
Pure Silk Pochette



Pure Silk Vicenza Ties



Pure Silk Vicenza Ties



ZODI!
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ZODIAC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Zodiac Clothing Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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, 2019, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the

Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of income tax related litigations (Refer Note 39 to the standalone financial statements)</p> <p>The Company has litigations in respect of certain Income tax matters. In this regard, the Company has recognised provisions and has disclosed contingent liabilities as at March 31, 2019.</p> <p>Significant management judgment is required to assess these matters and to determine the probability of outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management has obtained legal advice in respect of these cases.</p> <p>We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement and the related legal advice including those relating to interpretation of law.</p>	<p>1) Our procedures included the following:</p> <ul style="list-style-type: none"> ■ We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of these litigations; ■ We discussed with management the recent developments, the status of these matters and their assessment of the probability of outcome and the potential outflow of economic resources; ■ We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the standalone financial statements; ■ Together with the auditor's experts, we evaluated the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Company, where relevant, to establish the appropriateness of the provisions/ disclosures; ■ We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; ■ We assessed the adequacy of the disclosures made in financial statements. <p>Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of income tax related litigations.</p>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the chairman's statement, director's report, annexure to director's report, report on corporate governance and management discussion and analysis but does not include the standalone financial statements and our auditor's report thereon.
6. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that

a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

16. 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 Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 standalone 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2019, on its financial position in its standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019;
- 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, 2019; and
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Vipin R. Bansal

Place : Mumbai

Partner

Date : May 30, 2019

Membership Number: 117753

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 16(f) of the Independent Auditors’ Report of even date to the members of Zodiac Clothing Company Limited on the standalone financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Zodiac Clothing Company Limited (“the Company”) as of March 31, 2019, in conjunction with our audit of the standalone 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 with reference to financial statements 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 deemed to be prescribed 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference

to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Company’s internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company’s internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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

Vipin R. Bansal

Place: Mumbai

Partner

Date: May 30, 2019

Membership No.: 117753

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Zodiac Clothing Company Limited on the standalone financial statements as of and for the year ended March 31, 2019

- 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 three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, 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 financial statements, are held in the name of the Company, except for the following which were transferred to pursuant to scheme of arrangements, and are pending registration in the name of the Company :
- (R In lacs)
- | Location | Type of Immovable Property | Gross Block | Net Block |
|-----------|--------------------------------|-------------|-----------|
| Umbergaon | Leasehold Land | 2.54 | 1.94 |
| Mumbai | Building | 2,395.05 | 2,259.03 |
| Mumbai | Investment Property (Building) | 736.89 | 695.04 |
- 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 to the parties covered under Section 185 and 186 of the Companies Act 2013.
- 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 and goods and services 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 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 as at March 31, 2019 which have not been deposited on account of any dispute. The particulars of dues of income tax and sales tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (R 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	18.70	2000-01, 2001-02 and 2010-11	Income tax Appellate tribunal
Income tax Act, 1961	Income tax	268.73	2010-11, 2012-13 and 2015-16	Commissioner of Income Tax (Appeals)
The Kerala General Sales Tax Act, 1963	Sales tax	4.05	2001-02 and 2002-03	Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam
The Kerala Value Added Tax Rules 2005	Sales Tax	77.40	2010-11, 2011-12, 2012-13 and 2013-14	Deputy Commissioner Tevera Division, Ernakulam
The West Bengal Sales Tax Act, 1994	Sales tax	7.85	2002-03 and 2003-04	Assistant Commissioner of Commercial Taxes, Kolkata
The Central Sales Tax Act, 1956	Sales tax	17.10	2014-15	Deputy Commissioner of Commercial Taxes, Bengaluru

Name of the statute	Nature of dues	Amount (R lacs)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956	Sales tax	4.59	2015-16	Joint Commissioner of Commercial Taxes, Bengaluru
The Central Sales Tax Act, 1956	Sales tax	13.13	2002-03 and 2003-04	Joint Commissioner of Sales Tax, 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. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, 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 related party transactions have been disclosed in the 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 made a preferential allotment during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised.
- 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

Place: Mumbai
Date: May 30, 2019

Vipin R. Bansal
Partner
Membership No.: 117753

ZODIAC CLOTHING COMPANY LIMITED
Standalone Balance Sheet as at 31st March, 2019
(All amounts are in ` Lakhs, unless otherwise stated)

	Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
I	ASSETS			
1	Non-current assets			
	Property, plant and equipment	4	11,701.00	12,387.28
	Capital work - in - progress	4	202.55	197.82
	Investment properties	5	760.07	770.05
	Intangible assets	6	246.20	188.06
	Intangible Assets Under Development	6	-	33.67
	Investments in subsidiary	7	65.91	65.91
	Financial assets			
	- Investments	8	4,294.56	4,880.12
	- Loans	9	1,592.34	1,422.83
	- Others financial assets	10	1.00	1.00
	Deferred tax assets (net)	37	808.15	769.53
	Non - Current tax assets (net)		1,349.05	1,341.48
	Other non - current assets	11	613.16	506.43
2	Current assets			
	Inventories	12	8,684.30	7,800.59
	Financial assets			
	- Investments	13	1,084.35	711.43
	- Trade receivables	14	2,227.35	2,527.94
	- Cash and cash equivalents	15	417.04	397.22
	- Bank Balances other than cash and cash equivalents	16	45.06	16.27
	- Loans	17	104.09	147.12
	- Other financial assets	18	147.78	44.00
	Other current assets	19	2,323.51	2,432.51
	TOTAL ASSETS		36,667.47	36,641.26
II	EQUITY AND LIABILITIES			
1	Equity			
	Equity share capital	20	2,129.46	1,952.00
	Other equity	21	24,402.54	22,438.85
2	Liabilities			
	Non-current liabilities			
	Financial liabilities			
	- Borrowings	22	83.06	705.49
	Current liabilities			
	Financial liabilities			
	- Borrowings	23	5,747.46	5,761.49
	- Trade payables	24		
	- total outstanding dues of micro and small enterprises		71.77	20.32
	- total outstanding dues of creditors other than micro and small enterprises		2,106.87	3,638.25
	- Other financial liabilities	25	812.31	806.61
	Provisions	26	117.54	250.81
	Other current liabilities	27	1,196.46	1,067.44
	TOTAL EQUITY AND LIABILITIES		36,667.47	36,641.26
	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
DIN: 00041608

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

Vipin R. Bansal
Partner
Membership No. 117753

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2019

Mumbai
30th May, 2019

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Profit and Loss for the year ended 31st March, 2019
(All amounts are in ` Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended 31 st March, 2019	Year ended 31 st March, 2018
I	INCOME			
	Revenue from operations	28	21,442.41	23,650.42
	Other income	29	1,177.51	1,679.74
	Total Income		22,619.92	25,330.16
II	EXPENSES			
	Cost of materials consumed	30	7,664.71	9,774.36
	Excise duty		-	46.75
	Purchases of stock-in-trade		443.18	779.53
	Changes in inventories of finished goods, stock-in-trade and work-in progress	31	(779.55)	(654.64)
	Employee benefits expense	32	5,739.60	5,848.92
	Finance costs	33	433.64	310.42
	Depreciation and amortization expense	34	1,040.74	1,058.68
	Other expenses	35	9,550.49	10,244.39
	Total expenses		24,092.81	27,408.41
III	Loss before exceptional items and tax		(1,472.89)	(2,078.25)
IV	Exceptional Item	36	(305.62)	-
V	Loss before tax		(1,778.51)	(2,078.25)
VI	Tax expense	37		
	Current tax		107.00	130.00
	Deferred tax credit		(275.41)	(384.47)
	Tax in respect of earlier years		234.54	63.12
VII	Loss for the year		(1,844.64)	(1,886.90)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	42	(94.99)	29.28
	- Equity Instruments through Other Comprehensive Income		(302.12)	1,391.71
	- Income tax relating to above items		6.84	(6.84)
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		59.49	(128.07)
	- Income tax relating to above items		(16.09)	40.32
IX	Total Comprehensive Loss for the year		(2,191.51)	(560.50)
X	Earnings per equity share of R 10 each	41		
	Basic (R)		(8.99)	(9.67)
	Diluted (R)		(8.99)	(9.67)
	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
DIN: 00041608

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

Vipin R. Bansal
Partner
Membership No. 117753

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2019

Mumbai
30th May, 2019

ZODIAC CLOTHING COMPANY LIMITED
Standalone Statement of Cash Flows for the year ended 31st March, 2019

(All amounts are in ` Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before exceptional items and tax	(1,472.89)	(2,078.25)
Adjustments for:		
Depreciation and amortization expenses	1,040.74	1,058.68
Finance cost	433.64	310.42
Unrealised exchange loss on foreign currency translation / transaction	(35.70)	15.24
Dividend income	(656.00)	(716.64)
Interest income	(58.07)	(125.81)
Net gain on sale/fair valuation of investments through profit and loss	(79.62)	(484.48)
Allowance for doubtful debts, loans and deposits / Expected Credit Loss	(51.68)	(6.63)
Remeasurements of net defined benefit plans	(94.99)	29.28
Net Loss on sale/discard of property, plant and equipment	80.79	46.77
	(893.78)	(1,951.42)
Operating profit before working capital changes		
Adjustments for:		
(Increase)/decrease in trade and other receivables	105.09	(1,553.35)
(Increase)/decrease in inventories	(883.71)	(735.63)
Increase/(decrease) in trade and other payables	(1,060.58)	604.25
Increase/(decrease) in provisions	(133.27)	(21.01)
	(2,866.25)	(3,657.16)
Less: Direct taxes paid (net of refunds)	(132.57)	(285.68)
Net cash flows used in operating activities after exceptional items	(2,998.82)	(3,942.84)
CASH FLOW FROM INVESTING ACTIVITIES:		
Inflows		
Sale proceeds of property, plant and equipment	0.81	6.39
Interest received	63.84	122.44
Sale proceeds of non-current investments	430.00	4,044.49
Dividend received	656.00	716.64
Proceeds from Investment in Term Deposits (Net)	-	5.71
	1,150.65	4,895.67
Outflows		
Purchase of property, plant and equipment/ intangible assets/ investment property	(506.07)	(387.77)
Purchase of current investments (Net)	(303.57)	(182.55)
Purchase of non-current investments	(441.90)	(349.53)
Investment in Term Deposits (Net)	(30.00)	-
	(1,281.54)	(919.85)
Net cash (used in) / generated from investing activities	(130.89)	3,975.82
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflows		
Proceeds from issue of equity shares (including securities premium)	3,000.00	-
Proceeds against Share Warrants	1,500.00	-
Proceeds from non-current borrowings	-	110.00
Proceeds from current borrowings (net)	-	809.99
	4,500.00	919.99
Outflows		
Repayment of non-current borrowings	(632.23)	(297.23)
Repayment of current borrowings (net)	(107.61)	-
Dividend paid	(195.20)	(195.20)
Interest paid	(415.43)	(303.84)
	(1,350.47)	(796.27)
Net cash generated from financing activities	3,149.53	123.72
NET INCREASE IN CASH AND BANK BALANCES	19.82	156.70
Add : Cash and cash equivalence at beginning of the year	397.22	240.52
Cash and cash equivalence at end of the year	417.04	397.22
Cash and Cash equivalent as per above comprises of the following		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Cash and Cash Equivalents (Refer Note 15)	417.04	397.22

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

Vipin R. Bansal

Partner

Membership No. 117753

Mumbai

30th May, 2019

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

DIN: 00041608

B. MAHABALA

Chief Financial Officer

Mumbai

30th May, 2019

S. Y. NOORANI

Managing Director and President

DIN: 00068423

KUMAR IYER

Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

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

A. Equity Share Capital

	Notes	Amount
As at 1 st April, 2017		1,952.00
Changes in equity share capital	20	-
As at 31 st March, 2018		1,952.00
Changes in equity share capital	20	177.46
As at 31 st March, 2019		2,129.46

B. Other Equity

	Money received against Share Warrants	Reserves and Surplus						Other Comprehensive Income (OCI)			Total
		Securities Premium	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, 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	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 of gain on FVOCI Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	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
Loss for the year	-	-	-	-	-	-	-	(1,844.64)	-	-	(1,844.64)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(94.99)	(295.28)	43.40	(346.87)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(1,939.63)	(295.28)	43.40	(2,191.51)
Share Application Money received	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	-	2,822.54
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	(195.20)
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	27.86	27.86
Balance as at 31st March, 2019	1,500.00	5,519.01	8.16	15.84	200.00	-	2,677.51	12,266.16	2,172.46	43.40	24,402.54

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

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

DIN: 00041608

Vipin R. Bansal

Partner

Membership No. 117753

Mumbai
30th May, 2019

B. MAHABALA

Chief Financial Officer

Mumbai
30th May, 2019

S. Y. NOORANI

Managing Director and President

DIN: 00068423

KUMAR IYER

Company Secretary

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 Financial Statements

(i) Compliance with Ind AS

These standalone 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.

(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) New and amended standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018 :

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in Associates and Joint Ventures
- Ind AS 112, Disclosure of Interests in Other Entities

The Company has applied Ind AS 115 for the first time by using the modified retrospective method with the date of initial application of April 1, 2018. The details are disclosed in note 48. Most of the others did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) 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.

(v) 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.

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.

(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.

(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 expected 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 Statements'.

(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 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

Sale of goods - Wholesale

Sales are recognised when the control of the goods has been transferred to customer which is generally on delivery of goods and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, risk of obsolescence and loss have been transfer to customer and the Company has objective evidence that all criteria for the acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the

consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods - Retail

The Company operates a chain of retail stores. Revenue from the sale of goods is recognised when the Company sells a product to the customer.

Payment of transaction price is generally due immediately when the customer purchases the goods and takes delivery in store.

Sales return

Accumulated experience is used to estimate and provide for the sales return, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected sales return in relation to sales made until the end of the reporting period.

Other operating revenue - Export incentives -

Export incentives under various schemes of Government of India are accounted on accrual basis on the basis of exports made and when there is reasonable assurance that the Company will comply with the conditions and incentive will be received.

(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 structuring 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.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses).

(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 other comprehensive income 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.

(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. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. “

(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.

2A Recent Accounting Pronouncements: Standards issued but not yet effective:

The Ministry of Corporate Affairs (MCA), on 30 March 2019, notified amendments to Ind AS 116, Lease. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the accounting period beginning on or after April 1, 2019.

Other Amendments on the existing standard but not effective:

A number of other accounting standards have been modified on miscellaneous issues with effect from

April 1, 2019. Such changes include clarification/guidance on:

- a) Income tax consequences in case of dividends (Ind AS 12 - Income Taxes (amendments relating to income tax consequences of dividend));
- b) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities Appendix C - Ind AS 112 - Income Taxes (Amendments relating to uncertainty over income tax treatments));
- c) Accounting treatments for specific borrowings post capitalization of corresponding qualifying asset (Ind AS 23 - Borrowing Cost);
- d) Accounting for Prepayment features with negative compensation in case of debt instruments (Ind AS 109 - Prepayment Features with Negative Compensation);
- e) Accounting for plan amendment, curtailment or settlement occurring in- between the reporting periods in case of long term employee benefit plans (Ind AS 19 - Plan Amendment, Curtailment or settlement);

The above amendment will come into force from April, 2019. The Company does not expect the effect of these amendments on the financial statements to be material, based on preliminary evaluation.

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 42).
- Estimation of current tax expenses and Payable and Recognition of deferred tax assets for carried forward tax losses (Refer Note 37).
- Allowance for doubtful debts and deposits / Expected Credit Loss (Refer Note 9, 14 and 46).
- Fair value of Investment properties (Refer Note 5)
- Direct tax litigations (Refer Note 39)

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											
Balance at 1st April, 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
Additions	-	-	6.18	99.53	31.72	87.61	-	36.49	11.31	75.82	348.66
Disposals	-	-	-	117.58	-	-	-	3.56	-	2.74	123.88
Balance as at 31st March, 2019	420.90	2.54	3,302.52	2,425.91	3,872.22	2,778.57	55.18	650.97	224.50	835.46	14,568.77
Accumulated depreciation											
Balance at 1st April, 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	-	-	-	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
Additions	-	0.20	80.30	309.82	225.79	225.91	4.70	34.62	27.19	44.81	953.34
Disposals	-	-	-	41.37	-	-	-	0.50	-	0.41	42.28
Balance as at 31st March, 2019	-	0.60	239.03	873.04	662.06	670.79	40.63	105.09	145.88	130.65	2,867.77
Carrying Amount											
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
Balance as at 31 st March, 2019	420.90	1.94	3,063.49	1,552.87	3,210.16	2,107.78	14.55	545.88	78.62	704.81	11,701.00
Capital Work in Progress (Refer Note iv)											
31 st March, 2018											197.82
31 st March, 2019											202.55

Notes:

(i) Refer to Note 39 for disclosure of contractual commitments for acquisition of property, plant and equipment.

(ii) Refer Note 38 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 R 2,264.74 Lakhs (31st March, 2018) R 2,307.46 Lakhs.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

5. Investment Properties

	As at 31st March, 2019	As at 31st March, 2018
Gross carrying amount		
Opening gross carrying amount	800.17	799.77
Reclassified from Property, plant and equipment	-	0.40
Additions	5.85	-
Closing gross carrying amount	806.02	800.17
Accumulated depreciation		
Opening accumulated depreciation	30.12	15.06
Depreciation charge	15.83	15.06
Closing accumulated depreciation	45.95	30.12
Net carrying amount	760.07	770.05
Note:		
(i) Amounts recognised in statement of profit or loss for investment properties:		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Rental income derived from investment properties	360.33	343.79
Direct operating expenses (including repairs and maintenance) of investment properties	2.20	3.86
Income arising from investment properties before depreciation	358.13	339.93
Depreciation	15.83	15.06
Income arising from investment properties (Net)	342.30	324.87
(ii) Premises given on operating lease:		
The Company 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 in respect of non-cancellable leases at the Balance Sheet date is as under:		
Particulars	As at 31st March, 2019	As at 31st March, 2018
For a period not later than one year	348.68	93.07
For a period later than one year and not later than five years	137.09	16.23
For a period later than five years	-	-
(iii) Fair value		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment Properties	4,849.95	4,849.95
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 amalgamation are pending registration in the name of the Company having carrying amounts R 695.67 Lakhs (31st March, 2018 R 709.28 Lakhs).		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

6 Intangible

	Computer Software
Gross carrying amount	
Balance as at 1 st April, 2017	295.09
Additions	23.94
Disposals	-
Balance as at 31st March, 2018	319.03
Additions	129.71
Disposals	-
Balance as at 31st March, 2019	448.74
Accumulated amortisation	
Balance as at 1 st April, 2017	68.03
Additions	62.94
Disposals	-
Balance as at 31st March, 2018	130.97
Additions	71.57
Disposals	-
Balance as at 31st March, 2019	202.54
Net carrying amount	
Balance as at 31 st March, 2018	188.06
Balance as at 31 st March, 2019	246.20
Intangible Assets Under Development	
31 st March, 2018	33.67
31 st March, 2019	-

Note:

Intangible Assets Under Development constitutes software under development.

7 Investments in Subsidiary

	As at 31 st March, 2019		As at 31 st March, 2018	
	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
Total		65.91		65.91
Aggregate value of unquoted investments		65.91		65.91

8 Non-current Investments

	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
A Investment in Equity Instruments				
Quoted				
At Fair value through Other Comprehensive Income				
Shoppers Stop Limited (Equity Shares of R 5 each)	513,269	2,419.04	513,269	2,713.91
Aditya Birla Capital Limited (Equity Shares of R 10 each)	138	0.13	138	0.20
Grasim Industries Limited (Equity Shares of R 10 each)	99	0.85	99	1.04
Aditya Birla Fashion and Retail Limited (Equity Shares of R 10 each)	343	0.76	343	0.52
Hindalco Industries Limited (Equity Shares of R 1 each)	830	1.70	830	1.78
Coramandel International Limited (Equity Shares of R 10 each)	108	0.54	108	0.57
Exide Industries Limited (Equity Shares of R 10 each)	7	0.02	7	0.02
Indraprastha Medical Limited (Equity Shares of R 10 each)	5,000	1.92	5,000	2.42
Karur Vysya Bank Limited (Equity Shares of R 2 each)	32,733	23.44	29,758	30.01
Maan Aluminium Limited (Equity Shares of R 10 each)	500	0.47	250	0.52
Spentex Industries Limited (Equity Shares of R 10 each)*	54	*	54	*
Total (A)		2,448.87		2,750.99

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

8 Non-current Investments

	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
B Investment in Non Convertible Debentures (NCD)				
Unquoted				
At amortised cost				
11.80 % I L & F S Transportation Networks Limited (NCDs of R 100 each)	30	305.62	30	305.62
Less: Impairment Loss **		(305.62)		-
Total (B)		-		305.62
C Investment in Venture capital funds				
Unquoted				
At Fair value through Profit and Loss @				
Faering Capital India Evolving Fund II (Units of R 1000/- each)	68,070	584.86	37,500	347.10
Paragon Partners Growth Fund – I (Units of R 100/- each)	294,885	442.33	158,685	288.81
Tata Capital Healthcare Fund (Units @ R 1 /- each)	20,000,000	108.00	20,000,000	214.00
Tata Capital Growth Fund (Units @ R 1 /- each)	20,000,000	96.00	20,000,000	252.00
Faering Capital India Evolving Fund (Units of R 1000/- each)	57,124	614.50	63,729	721.60
Total (C)		1,845.69		1,823.51
Total (A+B+C)		4,294.56		4,880.12
Aggregate amount of quoted investments		2,448.87		2,750.99
Aggregate Market Value of the quoted investments		2,448.87		2,750.99
Aggregate amount of unquoted investments		1,845.69		2,129.13
Aggregate amount of impairment in the value of investment		305.62		-

Note:

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

** Refer Note 36

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

Refer Note 45 for information about fair value measurement of investments and Note 39(ii)(b) for Investment Commitments related to Venture Capital funds.

9 Non-current loans

	As at 31 st March, 2019	As at 31 st March, 2018
Security deposits	1,634.34	1,501.09
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(42.00)	(78.26)
Total	1,592.34	1,422.83

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at 31 st March, 2019	As at 31 st March, 2018
Note (a): Break-up of security details		
Loans considered good - Unsecured	1,634.34	1,501.09
Total	1,634.34	1,501.09
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(42.00)	(78.26)
Total Non-current loans	1,592.34	1,422.83
Note (b): Security Deposits (for premises taken on lease) includes amount paid to:		
(i) Directors *		
Mr. M. Y. Noorani	3.60	3.60
Mr. A. Y. Noorani	9.45	9.45
Mr. S. Y. Noorani	9.45	9.45
(i) Firms in which Directors of the Company are partners *		
Metropolitan Trading Company	165.00	165.00
Munraz Enterprises	10.00	10.00
Mustang Manufacturing Company	2.50	2.50

Refer Note 46 for information about credit risk for security deposits.

* Includes amount included in 'prepaid expenses' in Note No. 11 and Note No. 18 on account of fair valuation of security deposits

10 Other non-current financial assets

	As at 31 st March, 2019	As at 31 st March, 2018
Term deposits with banks	1.01	1.00
Less: Interest accrued (included in Note 18)	(0.01)	(0.01)
Total	1.00	1.00

11 Other non-current assets

	As at 31 st March, 2019	As at 31 st March, 2018
Capital advances	28.12	38.15
Prepaid expenses	371.74	274.58
Balances with government authorities (including deposits)	213.30	193.52
Other advances	-	0.18
Total	613.16	506.43

12 Inventories

	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials [Includes Raw Material - In Transit R 43.64 Lakhs, (As at 31 st March, 2018 R 57.75 Lakhs)]	2,638.58	2,572.79
Work-in-progress	347.47	454.66
Finished goods	4,838.61	3,932.65
Stock-in-trade	778.36	797.58
Stores and Spares	81.28	42.91
Total	8,684.30	7,800.59

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to R 178.60 Lakhs for the year ended March 31, 2019 (R 89.16 Lakhs for year ended March 31, 2018). These writedowns were recognised as an expense and included in 'Cost of 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 R LAKHS, UNLESS OTHERWISE STATED)

13 Current investments

	No. of Units	As at 31 st March, 2019	No. of Units	As at 31 st March, 2018
A				
<u>Investments in Mutual Funds</u>				
Unquoted				
At Fair value through Profit and Loss				
IDFC Ultra Short Term Fund-Growth (Direct Plan) (Units of R 10/- each)	-	-	748,869	185.70
HDFC floating rate Income Fund-Short term Plan- Wholesale Option Growth (Units of R 10/- each)	799,350	261.41	1,294,556	393.32
HDFC Liquid Fund Growth (Units of R 10/- each)	-	-	3,882	132.41
HDFC Ultra Short Term Fund (Units of R 10/- each)	559,877	56.27	-	-
HDFC Ultra Short Term Debt Fund Direct Plan Growth (Units of R 10/- each)	3,680,461	766.67	-	-
Total		1,084.35		711.43
Aggregate amount of unquoted investments		1,084.35		711.43

Refer Note 45 for information about fair value measurement of investments.

14 Trade receivables

	As at 31 st March, 2019	As at 31 st March, 2018
Receivables from related parties (Refer Note 44)	291.78	359.54
Others	2,334.17	2,594.80
Less: Allowance for doubtful debts / Expected Credit Loss	(398.60)	(426.40)
Total	2,227.35	2,527.94
Note (a): Break-up of security details		
Trade receivables considered good - unsecured	2,625.95	2,954.34
Total	2,625.95	2,954.34
Less: Allowance for doubtful debts / Expected Credit Loss	(398.60)	(426.40)
Total Trade Receivables	2,227.35	2,527.94
Note (b): Amounts Receivable from firms in which Directors are partners		
Mashal Enterprises	1.27	3.22

Refer Note 46 for information about credit risk and market risk of trade receivables.

15 Cash and cash equivalents

	As at 31 st March, 2019	As at 31 st March, 2018
Cash on hand	-	0.08
Balances with Banks		
- In current accounts	416.87	390.70
- In EEFC accounts	0.17	6.44
Total	417.04	397.22

There are no repatriation restrictions with regard to cash and cash equivalents as at 31st March, 2019 and previous year end.

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

16 Bank Balances other than cash and cash equivalents

	As at 31 st March, 2019	As at 31 st March, 2018
Term deposits with Banks	30.23	-
Less: Interest accrued (included in Note 18)	(0.23)	-
	30.00	-
Unclaimed dividends - Earmarked balances with banks	15.06	16.27
Total	45.06	16.27

17 Current loans

	As at 31 st March, 2019	As at 31 st March, 2018
Security Deposits	64.92	99.56
Loans to employees	48.98	101.31
Less: Allowance for doubtful loans	(9.81)	(53.75)
Total	104.09	147.12
Note: Break-up of security details		
Loans considered good - Unsecured	104.09	147.12
Loans - credit impaired	9.81	53.75
Total	113.90	200.87
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(9.81)	(53.75)
Total Current loans	104.09	147.12

Refer Note 46 for information about credit risk.

18 Other current financial assets

	As at 31 st March, 2019	As at 31 st March, 2018
Interest accrued	0.24	6.01
Mark to market of derivative financial instruments	86.09	-
Others	61.45	37.99
Total	147.78	44.00

19 Other current assets

	As at 31 st March, 2019	As at 31 st March, 2018
Export Benefits receivables	349.65	678.88
Excess Contribution to gratuity fund (Refer Note 42)	111.46	256.84
Interest subsidy receivable	28.21	34.09
Advances to Suppliers	88.70	106.53
Prepaid expenses	173.50	167.81
GST receivable/refundable	1,543.99	1,000.13
Right to recover returned goods (Refer Note 48)	28.00	-
Other advances	-	188.23
Total	2,323.51	2,432.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

20 Equity share capital

	As at 31 st March, 2019	As at 31 st March, 2018
Authorised		
3,40,00,000 [31 st March, 2018: 3,40,00,000] Equity Shares of R 10 each	3,400.00	3,400.00
Issued, subscribed and fully paid up		
2,12,94,596 [31 st March, 2018: 1,95,19,974] Equity Shares of R 10 each	2,129.46	1,952.00
	2,129.46	1,952.00

Notes:

a) Reconciliation of number of shares:

	As at 31 st March, 2019		As at 31 st March, 2018	
	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
Issued during the year	1,774,622	177.46	-	-
Balance as at the end of the year	21,294,596	2,129.46	19,519,974	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 R 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, 2019		As at 31 st March, 2018	
	%	No. of shares	%	No. of shares
Mohammed Yusuf Noorani ** #	22.73	4,839,904	21.29	4,156,220
Asia Tangible Investments Pte Limited	14.82	3,154,882	16.16	3,154,882
Euro Global Holdings Pte Limited	14.82	3,154,882	16.16	3,154,882
Akash Bhanshali	6.39	1,361,700	6.98	1,361,700
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Limited	9.29	1,978,333	6.39	1,248,034
Anees Yusuf Noorani #	6.41	1,364,612		
Salman Yusuf Noorani #	5.38	1,146,057		
** 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

The Company has allotted 17,74,622 equity shares of face value of R 10 each at a premium of R 159.05 per equity share on preferential basis to the following promoters of the Company on September 12, 2018 amounting to R 3,000 Lakhs.

	No. of shares
Mohammed Yusuf Noorani	591,540
Anees Yusuf Noorani	591,541
Salman Yusuf Noorani	591,541

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

21 Other Equity

	Money received against Share Warrants	Reserves and Surplus							Other Comprehensive Income (OCI)		
		Securities Premium	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	Total
Balance as at 1st April, 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 of gain on FVOCI Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	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
Loss for the year	-	-	-	-	-	-	-	(1,844.64)	-	-	(1,844.64)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(94.99)	(295.28)	43.40	(346.87)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	(1,939.63)	(295.28)	43.40	(2,191.51)
Share Application Money received	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	-	2,822.54
Dividends	-	-	-	-	-	-	-	(195.20)	-	-	(195.20)
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	27.86	27.86
Balance as at 31st March, 2019	1,500.00	5,519.01	8.16	15.84	200.00	-	2,677.51	12,266.16	2,172.46	43.40	24,402.54

Purpose of Significant Reserves:

Money received against Share Warrants

The Company has allotted 11,83,081 warrants to some of the promoters of the Company on September 12, 2018 convertible into equal number of equity shares of R 10 each within a period of 18 months from the date of issue of such warrants, at an exercise price of R 169.05 per warrant, against which the Company has received 75% of consideration amount based on the exercise price shown under 'Money received against Share Warrants'.

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares, which is 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

Represent 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(ZPHL), a NBFC with the Company, the said reserve was merged and carried in the financial statements of the Company. ZPHL 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 was transferred to retained earnings in the previous year. (Refer Note 49)

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 sold.

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 the other comprehensive income in the cash flow hedging 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 R LAKHS, UNLESS OTHERWISE STATED)

22 Non-current borrowings

	As at 31 st March, 2019	As at 31 st March, 2018
Secured		
Term loan from banks	293.17	507.72
Unsecured		
Loan from related parties (directors) (Refer Note 44)	-	417.11
Total Non-current borrowings (Gross)	293.17	924.83
Less: Current maturities of long term debt (included in Note 25)	(207.43)	(217.23)
Less: Interest accrued but not due on borrowings (included in Note 25)	(2.68)	(2.11)
Total Non-current borrowings (as per Balance Sheet)	83.06	705.49

Refer Note 46 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 10.25% to 10.75% p.a (31st March, 2018: 8.45% to 10.75% p.a.)
- (iii) The loan is repayable in 15 equal quarterly instalments starting from the 18th month from their respective drawdown dates.

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

- (i) Unsecured loan from Directors is repaid on 14th September, 2018.
- (ii) The loan carried an interest rate of 8% p.a. (31st March, 2018: 8% p.a.)

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 38.

23 Current Borrowings

	As at 31 st March, 2019	As at 31 st March, 2018
From banks (Working Capital Loans):		
Secured		
In Foreign Currency		
- Foreign Currency Non Resident Bank Loan	1,539.46	1,551.76
- Buyers Credit	-	44.63
- Packing Credit	-	3,176.00
In Indian Rupees		
- Rupee Packing Credit	4,230.61	999.95
Total Current borrowings (Gross)	5,770.07	5,772.34
Less: Interest accrued but not due on borrowings (included in Note 25)	(22.61)	(10.85)
Total Current borrowings (as per Balance Sheet)	5,747.46	5,761.49

Refer Note 46 for liquidity risk

The carrying amounts of financial and non financial assets as security for secured borrowings are disclosed in Note 38.

Nature of Security:

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

Net debt reconciliation	As at 31st March, 2019	As at 31st March, 2018
Cash and cash equivalents	417.04	397.22
Current Borrowings	(5,770.07)	(5,772.34)
Non Current Borrowings	(293.17)	(924.83)
Net debt	(5,646.20)	(6,299.95)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN R 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	(809.99)	(466.06)
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	(141.16)	(141.16)
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)
Cash flows	19.82	632.23	107.61	759.66
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	(93.58)	(93.58)
Interest expense on borrowings	-	(92.72)	(256.92)	(349.64)
Interest paid on borrowings	-	92.15	245.16	337.31
Net Debt as at March 31, 2019	417.04	(293.17)	(5,770.07)	(5,646.20)

24 Trade payables

	As at 31st March, 2019	As at 31st March, 2018
Trade payables [Refer Note below]		
- total outstanding dues of micro and small enterprises	71.77	20.32
- total outstanding dues of creditors other than micro and small enterprises		
- Payable to related parties [Refer Note 44]	333.20	646.03
- Others	1,773.67	2,992.22
Total	2,178.64	3,658.57

Refer Note 46 for information about liquidity risk and market risk of trade payables.

Notes:

The Company has certain dues to suppliers 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, 2019	As at 31st March, 2018
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	71.77	20.32
Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	2.29	0.08
Amount of interest accrued and remaining unpaid at the end of accounting year	19.71	17.42
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

25 Other current financial liabilities

	As at 31 st March, 2019	As at 31 st March, 2018
Current maturities of long term debt (Refer Note 22)	207.43	217.23
Interest accrued but not due on borrowings	25.29	12.96
Unclaimed dividends [Refer Note below]	15.06	16.27
Mark to market of derivative financial instruments	128.39	37.55
Security deposits received	238.84	264.48
Capital Creditors	197.30	258.12
Total	812.31	806.61

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, 2019	As at 31 st March, 2018
Provision for employee benefits (Refer Note 42)		
- Compensated absences	117.54	160.87
Other Provision		
- Sales Return (Refer Note below)	-	89.94
Total	117.54	250.81

Note:

Movement in provisions

	Provision for Sales Return
Balance as at 1st April, 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
Provision recognised during the year	-
Amount utilised / reclassified during the year (Refer Note 48)	(89.94)
Balance as at 31st March, 2019	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

27 Other Current liabilities

	As at 31 st March, 2019	As at 31 st March, 2018
Revenue received in advance	-	15.40
Statutory dues payable	148.10	152.36
Employee benefits payable	890.01	894.51
Refund liabilities (Refer Note 48)	128.23	-
Other payables	30.12	5.17
Total	1,196.46	1,067.44

28 Revenue from Operations

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Revenue from contracts with customers		
- Sale of Products	20,497.13	22,803.68
- Sale of Services	162.14	-
Other operating revenue		
- Export Incentives	770.49	766.63
- Process waste sale	12.65	80.11
Total	21,442.41	23,650.42

There are no unstatisfied performance obligations resulting from Revenue from Contracts with Customers as at March 31, 2019.

Reconciliation of revenue recognised with contract price:

	Year Ended 31 st March, 2019
Contract price	20,826.24
Adjustments for:	
Discounts, Rebates, Sales returns, etc.	(166.97)
Revenue from contract with customers	20,659.27

29 Other income

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Interest income	58.07	125.81
Dividend Income	656.00	716.64
Rent income	369.33	349.79
Net gain on sale of investments through profit and loss*	79.62	484.48
Net gain / (loss) on foreign currency transactions and translation	7.05	(45.80)
Miscellaneous income	7.44	48.82
Total	1,177.51	1,679.74

* Includes unrealised fair value gain / (loss) of R (196.79) Lakhs (R 237.77 Lakhs for year ended 31st March, 2018)

30 Cost of materials consumed

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Raw materials at the beginning of the year	2,572.79	2,332.78
Purchases	7,753.16	10,014.37
Less: Sale of Raw materials	(22.66)	-
Less: Raw materials at the end of the year	(2,638.58)	(2,572.79)
Raw materials consumed	7,664.71	9,774.36

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

31 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Opening 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
Less: Transitional GST Input Credit availed	-	126.96
Closing inventories		
Finished goods	4,838.61	3,932.65
Stock-in-trade	778.36	797.58
Work-in-progress	347.47	454.66
	5,964.44	5,184.89
Total	(779.55)	(654.64)

32 Employee benefits expense

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Salaries, wages, bonus etc.	5,151.85	5,173.26
Contribution to provident and other funds (Refer Note 42)	440.75	466.59
Defined Benefit Plan Expenses (Refer Note 42)	70.43	101.35
Workmen and Staff welfare expenses	76.57	107.72
Total	5,739.60	5,848.92

33 Finance costs

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Interest expense on:		
- Term Loans	92.72	94.92
- Current Borrowings	256.92	194.29
- Others	26.39	21.21
Exchange differences regarded as an adjustment to borrowing costs	57.61	-
Total	433.64	310.42

34 Depreciation and amortization expense

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Depreciation on property, plant and equipment	953.34	980.68
Depreciation on investment property	15.83	15.06
Amortization on intangible assets	71.57	62.94
Total	1,040.74	1,058.68

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

35 Other expenses

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Consumption of stores and spares	169.35	228.99
Power and fuel	272.25	249.46
Electricity Expenses	345.54	352.59
Job Work Charges	344.54	727.33
Insurance	91.90	104.83
Repairs to buildings	63.69	61.63
Repairs to machinery	25.30	83.06
Repairs and Maintenance Others	274.28	273.63
Rent (Refer Note 40)	3,378.82	3,435.98
Retail store maintenance expenses	611.98	558.41
Rates and Taxes	92.94	104.93
Advertisement and sales promotion	1,485.97	1,011.10
Commission to selling agents	642.45	826.60
Freight and forwarding	633.25	767.40
Legal and Professional Expenses	205.25	331.54
Payments to auditors (Refer Note below)	29.11	24.59
Travelling and Conveyance	349.24	381.29
Director Fees	27.16	25.87
Donations	23.07	164.17
Expenditure incurred for Corporate Social Responsibility (Refer Note below)	30.00	30.00
Allowance for doubtful debts, loans and deposits / Expected Credit Loss	(51.68)	(6.63)
Bad debts, loans and deposits written off	56.32	-
Less: Allowances there againsts	(56.32)	-
Net Loss on sale/discard of property, plant and equipment	80.79	46.77
Bank Charges	150.99	146.78
Security Charges	115.73	110.99
Trade Mark Fees	108.02	123.37
Miscellaneous Expenses	50.55	79.71
Total	9,550.49	10,244.39
Payments to auditors include:		
For Audit	19.00	19.00
For Limited Review	4.50	4.50
For Other services	4.00	0.75
For reimbursement of expenses	1.61	0.34
Total	29.11	24.59

Details of Corporate Social Responsibility (CSR) Expenditure:

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Amount required to be spent as per Section 135 of the Act	-	-
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	30.00	30.00
Total	30.00	30.00

36 Exceptional Item

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Impairment Loss on Non-current Investments (Refer Note Below)	305.62	-
Total	305.62	-

Note: During the year, there has been default of interest receivable on non-convertible debentures of IL & FS Transportation Networks Limited. The Company has accordingly considered it prudent to fully impair these investments and has recorded a loss of R 305.62 Lakhs, which has been disclosed as 'Exceptional item' in these standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

37 Income Taxes

i) Tax expense recognised in the Statement of Profit and Loss:

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Current tax		
Expense for the year	107.00	130.00
Total current tax (A)	107.00	130.00
Deferred tax		
Deferred tax credit	(275.41)	(384.47)
Total deferred tax credit (B)	(275.41)	(384.47)
Total tax expense for the year (C) = (A + B)	(168.41)	(254.47)
Tax in respect of earlier years (D)	234.54	63.12
Total tax expense/(credit) (C + D)	66.13	(191.35)

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 31st March, 2019	Year Ended 31st March, 2018
Loss before tax	(1778.51)	(2078.25)
Enacted income tax rate in India	27.820%	33.063%
Tax expenses at enacted income tax rate	(494.78)	(687.13)
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	(46.21)	(43.04)
Impairment Loss on Non-current Investments	(85.02)	-
Income exempted from Income taxes	5.33	17.87
Additional deduction under Income Tax	27.62	32.45
Differential tax rate in respect of income from capital gains	(14.75)	(9.90)
Differential tax rate in respect of income from other sources	(70.88)	(109.55)
Deferred tax assets not recognised on business losses	552.12	672.28
Change in tax rates	-	(78.77)
Others	(41.84)	(48.68)
Total Tax Expenses	(168.41)	(254.47)

Consequent to reconciliation items shown above, the effective tax rate is 9.48% (2017-18: 12.25%).

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, 2018 and March 31, 2019:

	As at 1st April, 2017	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2018	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2019
Deferred tax assets/(liabilities)							
Provision for employee benefits	49.88	(5.13)	-	44.75	(12.06)		32.69
Provision for doubtful debts and advances	188.65	(33.30)	-	155.35	(30.05)		125.30
Expenses allowed in the year of payment	0.50	(0.50)	-	-	-		-
Unabsorbed Depreciation	799.69	248.14	-	1,047.83	245.48		1,293.31
Depreciation	(671.76)	221.70	-	(450.06)	(164.14)		(614.20)
Others	(15.38)	(46.44)	33.48	(28.34)	8.64	(9.25)	(28.95)
Total	351.58	384.47	33.48	769.53	47.87	(9.25)	808.15

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 R 5,036.70 Lakhs (31st March, 2018: R 3,194.69 Lakhs) has not been considered for recognition of deferred tax asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

38 Assets pledged as securities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 st March, 2019	As at 31 st March, 2018
Floating Charge		
<u>Current Assets</u>		
Financial Assets		
- Investments	1,084.35	711.43
- Trade receivables *	1,935.57	2,168.40
- Cash and cash equivalents	417.04	397.22
- Bank Balances other than cash and cash equivalents	45.06	16.27
- Loans	104.09	147.12
- Others financial assets	147.78	44.00
	3,733.89	3,484.44
Non Financial Assets		
- Inventories	8,684.30	7,800.59
- Other current assets	2,323.51	2,432.51
	11,007.81	10,233.10
Total Current assets	14,741.70	13,717.54
<u>Fixed Charge</u>		
<u>Non Current Assets</u>		
- Plant and Equipments	775.92	817.63
Total non-current assets	775.92	817.63
Total assets	15,517.62	14,535.17

* Trade Receivables represent receivables excluding group entities trade receivables.

39 Contingent liabilities, Contingent assets and commitments (to the extent not provided for)

	As at 31 st March, 2019	As at 31 st March, 2018
i) Contingent Liabilities		
Claims against the company not acknowledged as debts in respect of:		
Income Tax matters	1,262.47	1,366.62
Sales Tax matters	271.64	174.83
Others matters	1.29	1.29

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.

Significant Estimates: The Company has litigations in respect of certain Income tax matters. The management does assessment of all outstanding matters and wherever required further contains legal advice including those relating to interpretation of law. Based on such assessment, it concludes whether a provision should be recognised or a disclosure should be made.

	As at 31 st March, 2019	As at 31 st March, 2018
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	112.74	116.15
Less: Capital advances (Refer Note 11)	(28.12)	(38.15)
Net Capital commitments	84.62	78.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

b) Investment Commitments related to Venture Capital funds

	As at 31 st March, 2019	As at 31 st March, 2018
Investment Commitments related to Venture Capital funds	923.24	1,365.14

Investment commitment: contribution is to be made on “as needed” basis pursuant to drawdown notices issued by the respective funds over commitment period.

40 Lease

Premises taken on operating lease:	As at 31 st March, 2019	As at 31 st March, 2018
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	149.60	127.72
For a period later than one year and not later than five years	152.11	104.91
For a period later than five years	-	-

Total operating lease expenses debited to Statement of Profit and Loss is R 3,378.82 lakhs (Year ended 31st March, 2018 R 3,435.98 lakhs).

Refer Note 5 for disclosure related to premises given on operating lease.

41 Earnings per share

		Year ended 31 st March, 2019	Year ended 31 st March, 2018
Basic & Diluted			
Loss for the year	(A)	(1,844.64)	(1,886.90)
Weighted average number of equity shares outstanding	(B)	20,497,232	19,519,974
Basic and Diluted Earnings Per Share (Rs.)	(A / B)	(8.99)	(9.67)
Nominal value per equity shares (in Rs.)		10	10

42 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 R 20 Lakhs (Previous Year R 20 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, 2019 and 31st March, 2018, amounts recognised in the financial statements in respect of Employee Benefits Scheme:

A Amount recognised in the Balance Sheet

	As at 31 st March, 2019	As at 31 st March, 2018
Present value of plan liabilities	1,004.79	885.77
Fair value of plan assets	(1,116.25)	(1,142.61)
Surplus of funded plans	(111.46)	(256.84)
Unfunded plans	-	-
Net plan (assets) / liabilities	(111.46)	(256.84)

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

B Movement in plan assets and liabilities

	Year ended 31 st March, 2019			Year ended 31 st March, 2018		
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	Net
As at 1st April	1,142.61	885.77	256.84	1,184.52	880.15	304.37
Current service cost	-	90.62	(90.62)	-	95.93	(95.93)
Past service cost	-	-	-	-	28.48	(28.48)
Interest cost	-	69.62	(69.62)	-	66.62	(66.62)
Interest income	89.81	-	89.81	89.68	-	89.68
Actuarial (gain)/loss arising from changes in demographic assumptions	-	71.99	(71.99)	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	-	(15.70)	15.70	-	(22.92)	22.92
Actuarial (gain)/loss arising from experience adjustments	-	28.37	(28.37)	-	(13.46)	13.46
Return on plan assets excluding actual return of plan assets	(10.33)	-	(10.33)	(7.63)	-	(7.63)
Employer contributions	20.04	-	20.04	25.07	-	25.07
Benefit payments	(125.88)	(125.88)	-	(149.03)	(149.03)	-
As at 31st March	1,116.25	1,004.79	111.46	1,142.61	885.77	256.84

The liabilities are split between different categories of plan participants as follows:

	As at 31 st March, 2019	As at 31 st March, 2018
Active members	1,970	2,161
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	8 years	10 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, 2019	Year ended 31 st March, 2018
Employee Benefits Expense:		
Current service cost	90.62	95.93
Finance cost/(income) net	(20.19)	(23.06)
Past Service Cost	0.00	28.48
Net impact on the Loss before tax	70.43	101.35
Remeasurements of the net defined benefits liability:		
Actuarial (gain)/losses arising from changes in demographic assumptions	(71.99)	-
Actuarial (gains)/losses arising from changes in financial assumptions	15.70	22.92
Experience (gains)/losses	(28.37)	13.46
Return on plan assets excluding actual return on plan assets	(10.33)	(7.63)
Others/Adjustments	-	0.53
Net impact on Other Comprehensive Income	(94.99)	29.28

D Assets

	Gratuity	
	As at 31 st March, 2019	As at 31 st March, 2018
Insurer managed Fund	1,116.25	1,142.61
Total	1,116.25	1,142.61

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN R 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, 2019	As at 31 st March, 2018
Financial Assumptions		
Discount rate	7.59%	7.86%
Salary Escalation Rate*	5.00%	5.00%
Attrition Rate	For service period 4 years and below 11.00% p.a. For service period of 5 years and above 1.00% p.a.	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, 2019		As at 31 st March, 2018	
		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%	(53.56)	61.12	(71.36)	83.91
Salary Escalation Rate	1%	61.80	(55.18)	84.85	(73.60)
Attrition Rate	1%	10.72	(12.22)	20.16	(23.24)

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, 2019	As at 31 st March, 2018
2019	-	137.04
2020	224.73	42.05
2021	78.71	46.31
2022	96.88	53.50
2023	93.50	56.06
2024	88.72	-
2024 - 2029	-	323.27
2025 - 2030	405.92	-
Thereafter	836.10	1,598.36

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 compensated absences obligations cover the Company's liability for leave which is actually valued at each year end by applying the assumptions referred in 'E' above.

The amount of the provision of R 117.54 lakhs (31st March, 2018 – R 160.87 lakhs) 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

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

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. which are 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 are R 440.75 lakhs (Previous year R 466.59 Lakhs) in the Statement of Profit and Loss.

- 43 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.

44 Related Party Disclosures under IND AS 24

1. Relationships:		Ownership Interest		
		31 st March, 2019	31 st March, 2018	
(a)	Subsidiary Companies (including step down subsidiaries):			
(i)	Zodiac Clothing Company S. A.	Switzerland	100	100
(ii)	Zodiac Clothing Co (U.A.E.) LLC * (Subsidiary of (i) above)	UAE	100	100
(iii)	Zodiac Clothing Bangladesh Limited (Subsidiary of (ii) above)	Bangladesh	100	-
(iv)	Zodiac Clothing Company INC. (upto 15th June, 2019) @ (Subsidiary of (ii) above)	USA	-	-
(b)	Key Management Personnel:			
	Mr. M. Y. Noorani	Chairman		
	Mr. A. Y. Noorani	Vice chairman		
	Mr. S. Y. Noorani	Managing Director 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 Steinruecke	Non Executive Director		
	Ms. Elizabeth Jane Hulse	Non Executive Director		
	Mr. Naushad Forbes	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		
(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		
	Forbes Marshal Private Limited	India		
(e)	Trust			
	Zodiac Clothing Co. Ltd. EMPL GGCA Scheme			

* 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. who is the beneficial owner.

@ The step down subsidiary has been dissolved w.e.f. 15th June, 2017.

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

44 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 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from contracts with customers								
Sale of Products & Services	918.26	1,230.84	-	-	-	-	2,111.45	1,767.46
Other Income								
Rent	-	-	-	-	-	-	9.00	6.00
Dividend Income	636.85	662.60	-	-	-	-	-	-
Purchases:								
Purchase of Goods and Materials	-	-	-	-	-	-	11.79	-
Employees benefit expenses *	-	-	60.00	60.00	-	50.70	-	-
Interest Expense	-	-	50.90	32.11	-	-	-	-
Other Expenses								
Rent Expense	-	-	43.20	44.57	-	-	247.17	255.81
Commission to selling agents	-	-	-	-	-	-	434.35	472.32
Director Fees	-	-	27.16	25.87	-	-	-	-
Trade Mark Fees	-	-	-	-	-	-	108.02	121.33
Purchase of Stores and spares	-	-	-	-	-	-	14.50	-
Repairs to machinery	-	-	-	-	-	-	0.40	-
Others								
Reimbursement of Expenses from	2.33	2.49	-	-	-	-	7.09	8.14
Reimbursement of Expenses to	-	-	-	-	-	-	5.43	4.49
Paid to Trust - Employees Gratuity Fund contribution								
Loan Received	-	-	1,742.00	110.00	-	-	-	-
Loan Repaid	-	-	2,157.00	80.00	-	-	-	-
							20.04	25.07

* 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.

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(d) above	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Outstandings:						
Long Term Borrowings	-	-	-	415.00	-	-
Trade Payables	-	46.43	3.58	75.91	329.62	523.69
Other Current Liabilities	-	-	178.19	197.83	-	-
Loans (Security Deposit given)	-	-	22.50	22.50	177.50	177.50
Trade Receivables	216.93	-	-	-	74.85	359.54

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

44 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, 2019	Year ended 31 st March, 2018
	Revenue from contracts with customers:		
	- Zodiac Clothing Co (U.A.E.) LLC	918.26	1,230.84
	- Zodiac Metropolitan Clothing Gmbh	2,052.65	1,702.11
	Other Income:		
	Rent		
	- Metropolitan Trading Company	9.00	6.00
	Dividend Income Received		
	- Zodiac Clothing Company S.A.	636.85	662.60
	Purchase of Goods and Materials:		
	- Zodiac Metropolitan Clothing Gmbh	11.79	-
	Expenses:		
	Employees benefit expenses		
	- Mr. S. Y. Noorani	60.00	60.00
	- Mr. Awais A. Noorani	50.09	50.70
	Interest Expense		
	- Mr. M. Y. Noorani	16.98	9.72
	- Mr. A. Y. Noorani	17.02	14.40
	- Mr. S. Y. Noorani	16.90	8.00
	Rent Expense		
	- Metropolitan Trading Company	218.58	226.78
	Commission to selling agents		
	- Zodiac Metropolitan Clothing Gmbh	434.35	472.32
	Director Fees		
	- Mr. M. L. Apte	7.10	7.79
	- Mr. Y. P. Trivedi	7.90	7.59
	- Mr. S. R. Iyer	7.90	7.59
	Trade Mark Fees		
	- Metropolitan Trading Company	108.02	121.33
	Purchase of Stores and spares		
	- Forbes Marshal Private Limited	14.50	-
	Repairs to machinery		
	- Forbes Marshal Private Limited	0.40	-
	Others		
	Reimbursement of Expenses from		
	- Zodiac Clothing Co (U.A.E.) LLC	2.33	2.49
	- Mashal Enterprises	7.09	6.98
	- Zodiac Metropolitan Clothing Gmbh	-	1.13
	Reimbursement of Expenses to		
	- Metropolitan Trading Company	1.00	-
	- Munraz Enterprises	4.43	4.43
	Paid to Trust - Employees Gratuity Fund contribution		
	- Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	20.04	25.07
	Loan Received		
	- Mr. M. Y. Noorani	574.00	110.00
	- Mr. A. Y. Noorani	559.00	-
	- Mr. S. Y. Noorani	609.00	-
	Loan Repaid		
	- Mr. M. Y. Noorani	709.00	80.00
	- Mr. A. Y. Noorani	739.00	-
	- Mr. S. Y. Noorani	709.00	-

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

44 Related Party Disclosures under IND AS 24 (Contd....)

5	Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above)	As at 31 st March, 2019	As at 31 st March, 2018
	Outstandings:		
	Long Term Loans		
	- Mr. M. Y. Noorani	-	135.00
	- Mr. A. Y. Noorani	-	180.00
	- Mr. S. Y. Noorani	-	100.00
	Trade Payables		
	- Zodiac Clothing Co (U.A.E.) LLC.	-	46.43
	- Zodiac Metropolitan Clothing Gmbh	312.30	369.40
	- Metropolitan Trading Company	14.26	127.41
	- Mr. M. Y. Noorani - Payable for Rent	0.57	11.72
	- Mr. A. Y. Noorani - Payable for Rent	1.38	31.21
	- Mr. S. Y. Noorani - Payable for Rent	1.64	32.97
	Employee benefits payable		
	- Mr. S. Y. Noorani - Remuneration	178.19	195.72
	Interest accrued but not due		
	- Mr. M. Y. Noorani - Payable for Interest	-	0.64
	- Mr. A. Y. Noorani - Payable for Interest	-	0.86
	- Mr. S. Y. Noorani - Payable for Interest	-	0.61
	Security Deposit		
	- Metropolitan Trading Company	165.00	165.00
	Trade Receivables		
	- Zodiac Clothing Co (U.A.E.) LLC.	216.93	-
	- Zodiac Metropolitan Clothing Gmbh	73.57	356.32

45 Fair Value Measurement:

(i) 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, trade receivables, other current financial assets, trade payables, 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 interest rate on term deposits and non convertible debentures 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.

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Financial Assets and Liabilities as at 31 st March, 2019	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			
Financial Assets														
Investments														
- Equity instruments	2,448.87	-	2,448.87	-	-	-	-	2,448.87	-	-	-	-	-	2,448.87
- Non convertible debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	-	1,084.35	1,084.35	1,084.35	-	-	1,084.35	-	-	-	-	-	-	1,084.35
- Venture capital fund	1,845.69	-	1,845.69	-	-	1,845.69	1,845.69	-	-	-	-	-	-	1,845.69
	4,294.56	1,084.35	5,378.91	1,084.35	-	1,845.69	2,930.04	2,448.87	-	-	-	-	-	5,378.91
Other Assets														
- Loans to Employees	-	39.17	39.17	-	-	-	-	-	-	-	-	-	39.17	39.17
- Security Deposits	1,592.34	64.92	1,657.26	-	-	-	-	-	-	-	-	-	1,657.26	1,657.26
- Mark to market of derivative financial instruments	-	86.09	86.09	-	26.60	-	26.60	-	59.49	-	-	-	-	86.09
- Other Financial Assets	1.00	61.69	62.69	-	-	-	-	-	-	-	-	-	62.69	62.69
- Trade receivable	-	2,227.35	2,227.35	-	-	-	-	-	-	-	-	-	2,227.35	2,227.35
- Cash and Cash equivalents	-	417.04	417.04	-	-	-	-	-	-	-	-	-	417.04	417.04
- Bank Balances other than cash and cash equivalents	-	45.06	45.06	-	-	-	-	-	-	-	-	-	45.06	45.06
	1,593.34	2,941.32	4,534.66	-	26.60	-	26.60	-	59.49	-	-	-	4,448.57	4,534.66
Financial Liabilities														
- Borrowings	83.06	5,747.46	5,830.52	-	-	-	-	-	-	-	-	-	5,830.52	5,830.52
- Mark to market of derivative financial instruments	-	128.39	128.39	-	128.39	-	128.39	-	-	-	-	-	-	128.39
- Other Financial Liabilities	-	683.92	683.92	-	-	-	-	-	-	-	-	-	683.92	683.92
- Trade Payables	-	2,178.64	2,178.64	-	-	-	-	-	-	-	-	-	2,178.64	2,178.64
	83.06	8,738.41	8,821.47	-	128.39	-	128.39	-	-	-	-	-	8,693.08	8,821.47

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

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			
Financial Assets														
Investments														
- Equity instruments	2,750.99	-	2,750.99	-	-	-	-	2,750.99	-	-	-	-	-	2,750.99
- Preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Non convertible debentures	305.62	-	305.62	-	-	-	-	-	-	-	-	305.62	-	305.62
- Mutual funds	-	711.43	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	2,534.94	2,750.99	-	-	-	305.62	-	5,591.55
Other Assets														
- Loans to Employees	-	47.56	47.56	-	-	-	-	-	-	-	-	47.56	-	47.56
- Security Deposits	1,422.83	99.56	1,522.39	-	-	-	-	-	-	-	-	1,522.39	-	1,522.39
- Mark to market of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- 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)	(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)	(1.04)	-	38.59	-	-	10,894.61	-	10,932.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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(ii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed:

	As at 31 st March, 2019				As at 31 st March, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
- Loans to Employees	-	-	35.94	35.94	-	-	43.63	43.63
- Security Deposits	-	-	2,135.62	2,135.62	-	-	1,967.30	1,967.30
Total	-	-	2,171.56	2,171.56	-	-	2,010.93	2,010.93

(iii) Fair value of financial assets and liabilities measured at amortised cost:

	As at 31 st March, 2019		As at 31 st March, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
- Loans to Employees	39.17	35.94	47.56	43.63
- Security Deposits	1,657.26	2,135.62	1,522.39	1,967.30
Total	1,696.43	2,171.56	1,569.95	2,010.93

(iv) 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.

(v) 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, 2019 and 31st March, 2018:

	Venture Capital Fund*
As at 1st April, 2017	1,964.83
Acquisitions	-
Disposal	(233.00)
Gain recognised in profit or loss	91.68
As at 31st March, 2018	1,823.51
Acquisitions	441.90
Disposal	(150.24)
Gain recognised in profit or loss	(269.48)
As at 31st March, 2019	1,845.69

*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. [Refer Note 39(ii)(b)]

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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46 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.

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, 2019	As at 31 st March, 2018
Total Borrowings	6,037.95	6,684.21
% of Borrowings out of above bearing variable rate of interest	95.19%	71.25%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2018-2019	2017-2018
50 bp increase- decrease in profits *	28.74	23.81
50 bp decrease- Increase in profits *	(28.74)	(23.81)

* 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, purchases and borrowings in various foreign 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 preshipment credit in foreign currency to hedge exposure to foreign currency risk.

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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, 2019		As at 31 st March, 2018	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	25.17	23.02	6.43	25.83
Forward Contracts EURO	3.78	-	1.75	3.18
Forward Contracts GBP	12.41	-	10.86	-
Forward Contracts CHF	-	-	0.72	-
Option Contract USD	6.03	-	4.70	-

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.

(b) Particulars of unhedged foreign currency exposures as at the reporting date

(Foreign Currency in Lakhs)

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	USD	EURO	USD	EURO
Trade payables	0.95	0.13	3.41	0.06

Particulars	As at 31 st March, 2019	
	CHF	CAD
Trade receivables	0.02	0.51

Foreign Currency Risk Sensitivity**A change of 5% in Foreign currency would have following Impact on profit before tax**

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	3.28	(3.28)	11.11	(11.11)
EURO	0.50	(0.50)	0.24	(0.24)
CHF	0.07	(0.07)	-	-
CAD	1.31	(1.31)	-	-
Increase / (decrease) in profit or loss	5.16	(5.16)	11.35	(11.35)

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 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

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 Other Comprehensive Income	
	31 st March 2019	31 st March 2018
BSE Sensex 30- Increase 10%	244.89	275.10
BSE Sensex 30- Decrease 10%	(244.89)	(275.10)

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.

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 statement of profit and 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 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, 2019

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	357.06	32.26	37.81	36.78	53.46	277.81	795.18
Expected loss rate	4.51%	20.46%	47.08%	72.92%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.11	6.60	17.80	26.82	53.46	277.81	398.60
Carrying amount of trade receivables (net of impairment)	340.95	25.66	20.01	9.96	-	-	396.58

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As at 31st March, 2018

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	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

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening provision	426.40	424.85
Add:- Additional provision made	-	1.55
Less:- Provision write off/ reversed	(27.80)	-
Less:- Provision utilised against bad debts	-	-
Closing provisions	398.60	426.40

The Company provides for expected credit loss on security deposits under simplified approach

As at 31st March, 2019

Ageing	Not Due	Due	Overdue		Total
			0-2 years	2 years and above	
Gross carrying amount	2,093.80	-	20.21	21.61	2,135.62
Expected loss rate	0.63%	20.28%	35.44%	100.00%	
Expected credit loss (Loss allowance provision)	13.25	-	7.14	21.61	42.00
Carrying amount of deposits (net of impairment)	2,080.55	-	13.07	-	2,093.62

As at 31st March, 2018

Ageing	Not Due	Due	Overdue		Total
			0-2 years	2 years and above	
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

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening provision	78.26	99.04
Add:- Additional provision made	20.06	-
Less:- Provision write off/ reversed	-	(20.78)
Less:- Provision utilised against bad debts	(56.32)	-
Closing provisions	42.00	78.26

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
(ALL AMOUNTS ARE IN R LAKHS, UNLESS OTHERWISE STATED)

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, 2019	As at 31 st March, 2018
Floating Rate		
Expiring within one year (Current Borrowing facilities)	3,452.54	3438.51
Expiring beyond one year (bank loans)	-	-

The bank loan facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the non-continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

(ii) Maturity patterns of borrowings

Particulars	As at 31 st March, 2019				As at 31 st March, 2018			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)	207.43	83.06	-	290.49	217.23	705.49	-	922.72
Current borrowings	5,747.46	-	-	5,747.46	5,761.49	-	-	5,761.49
Total	5,954.89	83.06	-	6,037.95	5,978.72	705.49	-	6,684.21

Maturity patterns of other Financial Liabilities - other than borrowings

As at 31 st March, 2019	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2178.64	-	-	-	2178.64
Other Current Financial Liabilities	366.04	-	-	238.84	604.88
Total	2544.68	-	-	238.84	2783.52

As at 31 st March, 2018	0 - 3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	3658.57	-	-	-	3658.57
Other Current Financial Liabilities	324.90	-	-	264.48	589.38
Total	3983.47	-	-	264.48	4247.95

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
(ALL AMOUNTS ARE IN R LAKHS, UNLESS OTHERWISE STATED)

46 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, 2019:

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	3,157.65	(58.93)	1:1	(42.54)	42.54
Foreign exchange forward contracts - SELL	(6.92)	0.01	1:1	0.01	(0.01)
Foreign currency options	417.00	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	-	-	1:1	-	-

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)

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge 31st March 2019

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	(42.54)	-	41.28	Revenue
Foreign exchange risk	0.01	-	(2.69)	Purchase
	(42.53)	-	38.59	

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)	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

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.

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					
Balance – As at 1st April 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)
Add: Change in fair value of foreign exchange forward contract & PCFC	58.93	(0.01)	-	-	58.92
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	19.02	(2.69)	**	22.26	38.59
Deferred tax relating to the above (net)	(21.68)	0.75	**	(6.19)	(27.12)
Balance – As at 31st March 2019	42.54	(0.01)	**	-	42.53

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

47 Capital Management:

(a) Risk Management

The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to the 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

The Company's management monitors the return on capital as well as the level of dividends to shareholders.

(b) Dividend

Particulars	31 st March, 2019	31 st March, 2018
Equity shares		
Final dividend for the year ended 31 st March, 2018 of Re. 1 (31 st March, 2017 – Re. 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 Re. 1 per fully paid equity share (31 st March, 2018 – Re. 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	212.95	195.20

48 Changes in Accounting Policies

Impact on the financial statements

The Company has adopted Ind AS-115 Revenue from Contracts with Customers from April 1, 2018 which resulted to changes in accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provisions in Ind AS -115, the Company has adopted the new rules with modified Retrospective approach. As a result of change in accounting policies, there are no material adjustments required to be made in retained earnings as at April 1, 2018.

A. Presentation of assets and liabilities related to contract with customer:

The Company has changed the presentation of certain amounts in the balance sheet to reflect the terminology of Ind AS 115.

Refund liabilities pertains to provision for sales return from customers of R 128.23 Lakhs as at March 31, 2019. Right to recover returned goods pertains to inventories to be recovered of R 28 Lakhs as at March 31, 2019 against provision for sales return from customers.

B. The disclosures for the comparative period in the notes to the financial statements follow the requirement of the previous standards. Further, the disclosure required by Ind AS 115 does not include comparative information.

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 was 1st April, 2017, considering this, Business Combination had occurred prior to Balance Sheet date and thus applying Appendix C of Ind AS 103 - 'Business Combination', financial statements were restated from 1st April, 2016.

The erstwhile ZHFL was engaged in the business of investment in shares and securities and renting of immovable properties.

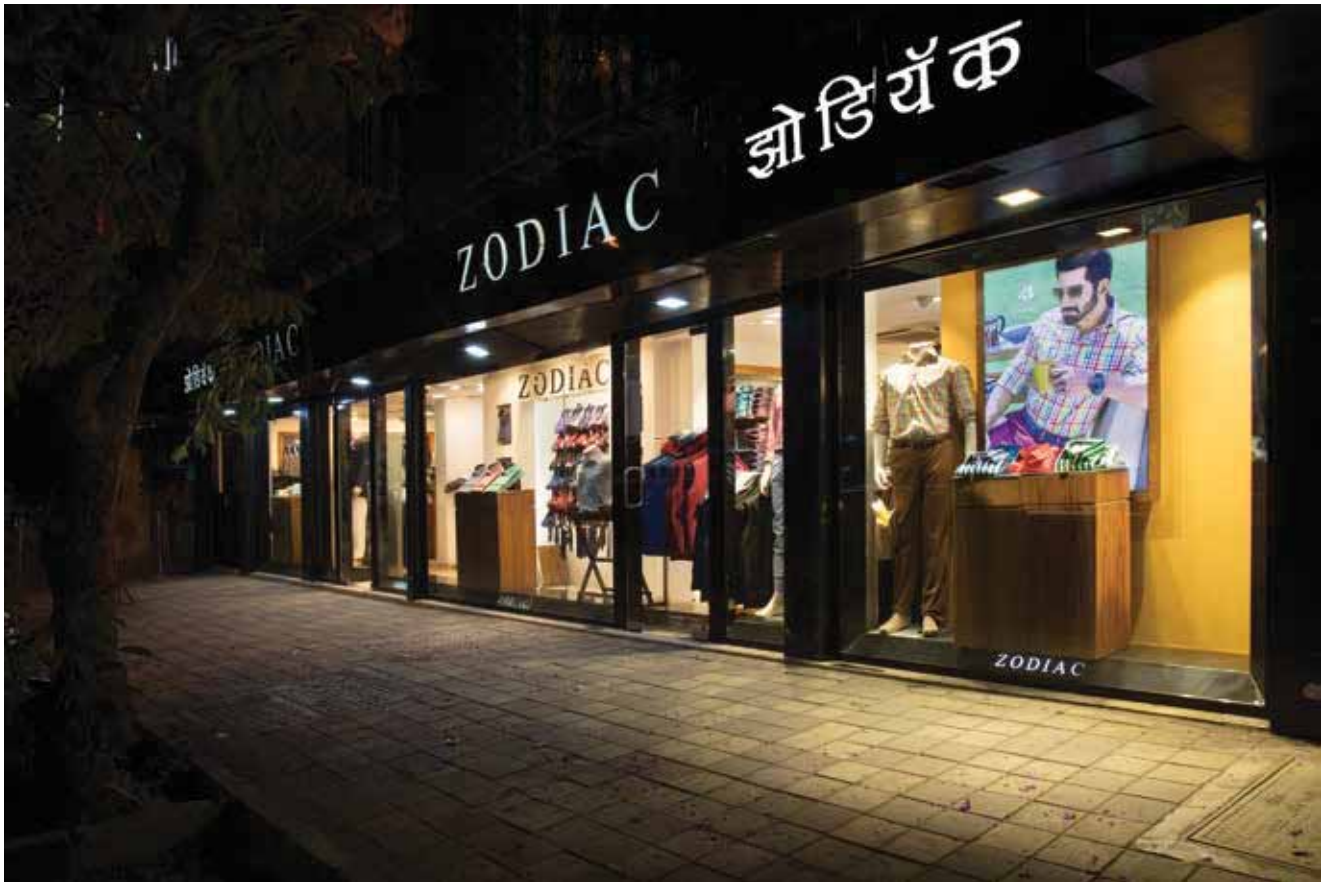
The amalgamation was accounted for under the 'Pooling of Interest Method' as prescribed by Appendix C of Ind AS 103, the accounting treatment was given as under:

- (i) The assets and liabilities of ZFHL were incorporated in the financial statement of the Company at the book values.
- (ii) All reserves of ZFHL were recorded in the financial statements of the Company in the same form.
- (iii) 200,000 Equity shares of R 100 each fully paid up in ZFHL, held as investment in the Company were cancelled.
- (iv) Inter-Company balances, loans and borrowings stood cancelled.

50 These Standalone Financial Statements were authorised for issue by the directors on May 30, 2019.



Near Satguru's, Linking Road, Khar, Mumbai



Linking Road, Santacruz, Mumbai



Andheri Link Road, Near Fun Republic, Mumbai



Bassano
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 Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Zodiac Clothing Company Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 42 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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, 2019, of consolidated total comprehensive income (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 16 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of contingent liabilities and provisions for Income tax related litigations (Refer Note 38 to the consolidated financial statements)</p> <p>The Holding Company has litigations in respect of certain Income tax matters which has been disclosed as contingent liabilities as at March 31, 2019.</p> <p>Significant management judgment is required to assess these matters and to determine the probability of outflow of economic resources and whether a provision should be recognised or a disclosure should be made. Where considered relevant, the management has obtained legal advice in respect of these cases.</p> <p>We focused on this area as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of judgement and the related legal advice including those relating to interpretation of law.</p>	<p>1) Our procedures included the following:</p> <ul style="list-style-type: none"> • We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of these litigations; • We discussed with management the recent developments, the status of these matters and their assessment of the probability of outcome and the potential outflow of economic resources; • We performed our assessment on the underlying calculations supporting the provisions recorded or other disclosures made in the consolidated financial statements; • Together with the auditor's experts, we evaluated the management's assessment of these matters and monitored changes in the disputes by reading external legal advice taken by the Holding Company, where relevant, to establish the appropriateness of the provisions/ disclosures; • We evaluated management's assessment of the matters that are not disclosed, as the probability of material outflow is considered to be remote by the management; • We assessed the adequacy of the disclosures made in financial statements. <p>Based on the above work performed, we did not identify any significant deviation to the assessment made by management in respect of contingent liabilities and provision relating to income tax related litigations.</p>

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the chairman's statement, director's report, annexure to director's report, report on corporate governance and management discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.
6. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of

preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies

used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated

financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

16. We did not audit the financial statements of one subsidiary, located outside India, whose financial statements reflect total assets of Rs681 lakhs and net assets of Rs671 lakhs as at March 31, 2019, total revenue of Rs Nil, total comprehensive loss (comprising of loss and other comprehensive income) of Rs(9) lakhs and net cash inflows amounting to Rs77 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, the financial statements are not material to the Group.
17. The financial statements of two subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of Rs4,350 lakhs and net assets of Rs3,995 lakhs as at March 31, 2019, total revenue of Rs1,058 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs241 lakhs and net cash outflows amounting to Rs187 lakhs for the year then ended; have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding

Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

18. 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 financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the 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, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on March 31, 2019 from being

appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019.
 - 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.
 - 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, 2019.

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

Place : Mumbai
Date : May 30, 2019

Vipin R. Bansal
Partner
Membership Number: 117753

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 18(f) of the Independent Auditors’ Report of even date to the members of Zodiac Clothing Company Limited on the consolidated financial statements for the year ended March 31, 2019

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 financial statements of the Group as of and for the year ended March 31, 2019, 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, is 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 deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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, 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, 2019, 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

Place : Mumbai
Date : May 30, 2019

Vipin R. Bansal
Partner
Membership Number: 117753

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Balance Sheet as at 31st March, 2019
 (All amounts are in ` Lakhs, unless otherwise stated)

	Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
I	ASSETS			
1	Non-current assets			
	Property, plant and equipment	4	11,829.73	12,499.53
	Capital work - in - progress	4	282.87	255.75
	Investment properties	5	760.07	770.05
	Intangible assets	6	246.20	188.06
	Intangible Assets Under Development	6	-	33.67
	Financial assets			
	- Investments	7	4,294.56	4,880.12
	- Loans	8	1,592.34	1,422.83
	- Others financial assets	9	1.00	1.00
	Deferred tax assets (net)	36	248.69	317.08
	Non - Current tax assets (net)		1,349.05	1,341.48
	Other non - current assets	10	613.16	506.43
2	Current assets			
	Inventories	11	8,724.00	7,924.84
	Financial assets			
	- Investments	12	1,084.35	711.43
	- Trade receivables	13	2,309.37	2,925.11
	- Cash and cash equivalents	14	1,178.06	1,230.49
	- Bank Balances other than cash and cash equivalents	15	757.40	38.63
	- Loans	16	1,157.78	1,041.11
	- Others financial assets	17	2,094.84	2,464.54
	Other current assets	18	2,371.74	2,511.53
	TOTAL ASSETS		40,895.21	41,063.68
II	EQUITY AND LIABILITIES			
1	Equity			
	Equity share capital	19	2,129.46	1,952.00
	Other equity	20	28,266.21	26,807.15
2	Liabilities			
	Non-current liabilities			
	Financial liabilities			
	- Borrowings	21	83.06	705.49
	Provisions	25	2.92	1.15
	Current liabilities			
	Financial liabilities			
	- Borrowings	22	6,076.69	5,762.63
	- Trade payables	23		
	- total outstanding dues of micro and small enterprises		71.77	20.32
	- total outstanding dues of creditors other than micro and small enterprises		2,131.24	3,671.61
	- Other financial liabilities	24	815.76	809.54
	Provisions	25	119.43	257.96
	Other current liabilities	26	1,198.67	1,075.83
	TOTAL EQUITY AND LIABILITIES		40,895.21	41,063.68
	Significant Accounting Policies	2		

The accompanying notes (1 - 51) 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
 DIN: 00041608

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

Vipin R. Bansal
 Partner
 Membership No. 117753

B. MAHABALA
 Chief Financial Officer

KUMAR IYER
 Company Secretary

Mumbai
 30th May, 2019

Mumbai
 30th May, 2019

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Profit and Loss for the year ended 31st March, 2019
 (All amounts are in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	Year ended 31 st March, 2019	Year ended 31 st March, 2018
I	INCOME			
	Revenue from operations	27	21,582.55	23,817.86
	Other income	28	663.03	1,161.43
	Total Income		22,245.58	24,979.29
II	EXPENSES			
	Cost of materials consumed	29	7,664.71	9,777.49
	Excise duty		-	46.75
	Purchases of stock-in-trade		460.14	870.88
	Changes in inventories of finished goods, stock-in-trade and work-in progress	30	(680.92)	(704.83)
	Employee benefits expense	31	5,763.31	5,872.68
	Finance costs	32	433.73	311.44
	Depreciation and amortization expense	33	1,070.86	1,083.83
	Other expenses	34	9,732.24	10,345.25
	Total expenses		24,444.07	27,603.49
III	Loss before exceptional Items and tax		(2,198.49)	(2,624.20)
IV	Exceptional Item	35	(305.62)	-
V	Loss before tax		(2,504.11)	(2,624.20)
VI	Tax expense	36		
	Current tax		109.41	133.80
	Deferred tax		(168.79)	(472.18)
	Tax in respect of earlier periods		234.54	63.12
VII	Loss for the year		(2,679.27)	(2,348.94)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of net defined benefit plans	41	(94.99)	29.28
	- Equity Instruments through Other Comprehensive Income		(302.12)	1,391.71
	- Income tax relating to above items		6.84	(6.84)
	(ii) Items that may be reclassified to profit or loss			
	- Deferred gains/(losses) on cash flow hedges		59.49	(128.07)
	- Exchange differences on translation of foreign operations		330.00	74.87
	- Income tax relating to above items		(16.09)	40.32
IX	Total Comprehensive Loss for the year		(2,696.14)	(947.67)
X	Earnings per equity share of ₹10 each	40		
	Basic (₹)		(13.07)	(12.03)
	Diluted (₹)		(13.07)	(12.03)
	Significant Accounting Policies	2		

The accompanying notes (1 - 51) 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
 DIN: 00041608

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

Vipin R. Bansal
 Partner
 Membership No. 117753

B. MAHABALA
 Chief Financial Officer

KUMAR IYER
 Company Secretary

Mumbai
 30th May, 2019

Mumbai
 30th May, 2019

ZODIAC CLOTHING COMPANY LIMITED
Consolidated Statement of Cash Flows for the year ended 31st March, 2019
(All amounts are in ` Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before exceptional Items and tax	(2,198.49)	(2,624.20)
Adjustments for:		
Depreciation and amortization expenses	1,070.86	1,083.83
Finance cost	433.73	311.44
Unrealised exchange loss on foreign currency translation / transaction	(35.70)	15.24
Dividend income	(19.15)	(54.04)
Interest income	(59.39)	(126.91)
Net gain on sale/fair valuation of investments through profit and loss	(79.62)	(484.48)
Allowance for doubtful debts and deposits / Expected Credit Loss	(51.68)	(6.63)
Bad and doubtful debts written off	3.51	-
Remeasurements of net defined benefit plans	(94.99)	29.28
Net Loss on sale/discard of property, plant and equipment	80.79	46.77
	(950.13)	(1,809.70)
Operating profit before working capital changes		
Adjustments for:		
(Increase)/decrease in trade and other receivables	747.64	(1,284.93)
(Increase)/decrease in inventories	(799.16)	(782.38)
Increase/(decrease) in trade and other payables	(1,173.66)	529.32
Increase/(decrease) in provisions	(136.76)	(19.60)
	(2,312.07)	(3,367.29)
Less: Direct taxes paid (net of refunds)	(134.98)	(288.90)
Net cash flows used in operating activities after exceptional items	(2,482.05)	(3,656.19)
CASH FLOW FROM INVESTING ACTIVITIES:		
Inflows		
Sale proceeds of property, plant and equipment	0.81	6.39
Interest received	63.84	123.54
Sale proceeds of non-current investments	430.00	4,044.49
Dividend received	19.15	54.04
Proceeds of Sale of Investments in Subsidiary	471.89	42.52
Proceeds from Investment in Term Deposits (Net)	-	6.65
	985.69	4,277.63
Outflows		
Purchase of property, plant and equipment/ intangible assets	(568.24)	(326.54)
Purchase of current investments (Net)	(303.57)	(182.55)
Purchase of non-current investments	(441.90)	(349.53)
Investment in Margin & Term Deposits (Net)	(719.98)	-
	(2,033.69)	(858.62)
Net cash (used in) / generated from investing activities	(1,048.00)	3,419.01
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflows		
Proceeds from issue of equity shares (including securities premium)	3,000.00	-
Proceeds against Share Warrants	1,500.00	-
Proceeds from non-current borrowings	-	110.00
Proceeds from current borrowings (net)	220.48	811.13
	4,720.48	921.13
Outflows		
Repayment of non-current borrowings	(632.23)	(297.23)
Dividend paid	(195.20)	(195.20)
Interest paid	(415.43)	(304.86)
	(1,242.86)	(797.29)
Net cash generated from financing activities	3,477.62	123.84
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	(52.43)	(113.34)
Add : Cash and cash equivalents at beginning of the year	1,230.49	1,343.83
Cash and cash equivalents at end of the year	1,178.06	1,230.49
Cash and Cash equivalents as per above comprises of the following	As at	As at
	31st March, 2019	31st March, 2018
Cash and Cash Equivalents (Refer Note 14)	1,178.06	1,230.49

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 - 51) 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

Vipin R. Bansal

Partner

Membership No. 117753

Mumbai

30th May, 2019

For and on behalf of the Board of Directors

M. Y. NOORANI

Chairman

DIN: 00041608

B. MAHABALA

Chief Financial Officer

Mumbai

30th May, 2019

S. Y. NOORANI

Managing Director and President

DIN: 00068423

KUMAR IYER

Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019
(ALL AMOUNTS ARE IN ₹ LAKHS, UNLESS OTHERWISE STATED)

A. Equity Share Capital

	Notes	Amount
As at 31st March, 2017		1,952.00
Changes in equity share capital	19	-
As at 31st March, 2018		1,952.00
Changes in equity share capital	19	177.46
As at 31st March, 2019		2,129.46

B. Other Equity

	Money received against Share Warrants	Reserves and Surplus						Other Comprehensive Income (OCI)				Total	
		Securities Premium	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 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 of gain on FVOCI Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	-	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
Loss for the year	-	-	-	-	-	-	-	-	(2,679.27)	-	-	-	(2,679.27)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	(94.99)	(295.28)	43.40	330.00	(16.87)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	(2,774.26)	(295.28)	43.40	330.00	(2,696.14)
Share Application Money received	1,500.00	-	-	-	-	-	-	-	-	-	-	-	1,500.00
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	-	-	-	2,822.54
Dividends	-	-	-	-	-	-	-	-	(195.20)	-	-	-	(195.20)
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	27.86	-	-	27.86
Balance as at 31st March, 2019	1,500.00	5,519.01	8.16	15.84	200.00	-	17.98	2,693.15	15,771.32	2,172.46	43.40	324.89	28,266.21

The accompanying notes (1 - 51) 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
DIN: 00041608

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

Vipin R. Bansal
Partner
Membership No. 117753

B. MAHABALA
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai
30th May, 2019

Mumbai
30th May, 2019

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 subsidiary and step down 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 Financial Statements

(i) Compliance with Ind AS

These consolidated 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.

(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) New and amended standards adopted by the Company

The group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018 :

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in Associates and Joint Ventures
- Ind AS 112, Disclosure of Interests in Other Entities

The Group has applied Ind AS 115 for the first time by using the modified retrospective method with the date of initial application of April 1, 2018. The details are disclosed in note 49. Most of the others did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) 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.

(v) Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

(b) Principles of consolidation

Subsidiaries

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 life 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.

(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.

(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.

As lessor

Lease income from operating leases where the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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

Sale of goods - Wholesale

Sales are recognised when the control of the goods has been transferred to customer which is generally on delivery of goods and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, risk of obsolescence and loss have been transfer to customer and the group has objective evidence that all criteria for the acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods - Retail

The group operates a chain of retail stores. Revenue from the sale of goods is recognised when the group entity sells a product to the customer. Payment of transaction price is generally due immediately when the customer purchases the goods and takes delivery in store.

Sales return

Accumulated experience is used to estimate and provide for the sales return, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other current liabilities) is recognised for expected sales return in relation to sales made until the end of the reporting period.

Other operating revenue - Export incentives -

Export incentives under various schemes of Government of India are accounted on accrual

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

basis on the basis of exports made and when there is reasonable assurance that the group entity will comply with the conditions and incentive will be received.

(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 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 group 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 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.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

(iii) Group Companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are 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), and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to statement of profit and loss, as a part of gain or loss on sale.

(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 other comprehensive income 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and their carrying amount in the consolidated 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 deferred 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.

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.

(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. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

(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.

2A Recent Accounting Pronouncements:

Standards issued but not yet effective:

The Ministry of Corporate Affairs (MCA), on 30 March 2019, notified amendments to Ind AS 116, Lease. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties

to a contract i.e., the lessee and the lessor. The group is currently assessing the potential impact of this amendment. These amendments are mandatory for the accounting period beginning on or after April 1, 2019.

Other Amendments on the existing standard but not effective:

A number of other accounting standards have been modified on miscellaneous issues with effect from April 1, 2019. Such changes include clarification/guidance on:

- a) Income tax consequences in case of dividends (Ind AS 12 - Income Taxes (amendments relating to income tax consequences of dividend));
- b) Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities Appendix C - Ind AS 112 - Income Taxes (Amendments relating to uncertainty over income tax treatments));
- c) Accounting treatments for specific borrowings post capitalization of corresponding qualifying asset (Ind AS 23 - Borrowing Cost);
- d) Accounting for Prepayment features with negative compensation in case of debt instruments (Ind AS 109 - Prepayment Features with Negative Compensation);
- e) Accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long term employee benefit plans (Ind AS 19 - Plan Amendment, Curtailment or settlement);

The above amendment will come into force from April, 2019. The group does not expect the effect of these amendments on the financial statements to be material, based on preliminary evaluation.

3 Critical estimates and judgements

The preparation of consolidated 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 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 47).
- Fair value of Investment properties (Refer Note 5)
- Direct tax litigations (Refer Note 38)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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											
Balance as at 1 st April, 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
Additions	-	-	45.96	99.53	31.72	87.61	-	36.49	11.31	75.82	388.44
Disposals	-	-	-	117.58	-	2.08	-	3.56	-	2.74	125.96
Currency Alignment	-	-	(39.77)	-	(5.36)	(7.37)	(1.98)	-	-	-	(54.48)
Balance as at 31st March, 2019	420.90	2.54	3,375.96	2,425.91	3,890.17	2,832.52	68.11	650.97	224.50	835.46	14,727.04
Accumulated depreciation											
Balance as at 1 st April, 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
Additions	-	0.20	91.82	309.82	225.80	239.71	9.49	34.62	27.19	44.81	983.46
Disposals	-	-	-	41.37	-	2.08	-	0.50	-	0.41	44.36
Currency Alignment	-	-	(44.18)	-	(5.36)	(10.13)	(1.63)	-	-	-	(61.30)
Balance as at 31st March, 2019	-	0.60	216.84	873.04	680.07	691.24	53.90	105.09	145.88	130.65	2,897.31
Carrying Amount											
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
Balance as at 31 st March, 2019	420.90	1.94	3,159.12	1,552.87	3,210.10	2,146.29	14.21	545.88	78.62	704.81	11,829.73
Capital Work in Progress (Refer Note iv)											
31 st March, 2018											255.75
31 st March, 2019											282.87

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 machinery under installation, leasehold improvements and furniture & fixtures related to retail shops.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5. Investment Properties

	As at 31 st March, 2019	As at 31 st March, 2018
Gross carrying amount		
Opening gross carrying amount / Deemed cost		
Reclassified from Property, plant and equipment	800.17	799.77
Additions	-	0.40
Closing gross carrying amount	5.85	-
	806.02	800.17
Accumulated depreciation		
Opening accumulated depreciation	30.12	15.06
Depreciation charge	15.83	15.06
Closing accumulated depreciation	45.95	30.12
Net carrying amount	760.07	770.05
Notes:		
(i) Amounts recognised in statement of profit or loss for investment properties:		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Rental income derived from investment properties	360.33	343.79
Direct operating expenses (including repairs and maintenance) of investment properties	2.20	3.86
Income arising from investment properties before depreciation	358.13	339.93
Depreciation	15.83	15.06
Income arising from investment properties (Net)	342.30	324.87
(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, 2019	As at 31st March, 2018
For a period not later than one year	348.68	93.07
For a period later than one year and not later than five years	137.09	16.23
For a period later than five years	-	-
(iii) Fair value		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment Properties	4,849.95	4,849.95
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	
Balance as at 1st April, 2017	295.09
Additions	23.94
Disposals	-
Balance as at 31st March, 2018	319.03
Additions	129.71
Disposals	-
Balance as at 31st March, 2019	448.74
Accumulated amortisation	
Balance as at 1st April, 2017	68.03
Additions	62.94
Disposals	-
Balance as at 31st March, 2018	130.97
Additions	71.57
Disposals	-
Balance as at 31st March, 2019	202.54
Net carrying amount	
Balance as at 31st March, 2018	188.06
Balance as at 31st March, 2019	246.20
Intangible Assets Under Development	
31 st March, 2018	33.67
31 st March, 2019	-

Note:

Intangible Assets Under Development constitutes software under development.

7 Non-current Investments

	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
A Investment in Equity Instruments				
Quoted				
At Fair value through Other Comprehensive Income				
Shoppers Stop Limited (Equity Shares of R 5 each)				
Aditya Birla Capital Limited (Equity Shares of R 10 each)	513,269	2,419.04	513,269	2,713.91
Grasim Industries Limited (Equity Shares of R 10 each)	138	0.13	138	0.20
Aditya Birla Fashion and Retail Limited (Equity Shares of R 10 each)	99	0.85	99	1.04
Hindalco Industries Limited (Equity Shares of R 1 each)	343	0.76	343	0.52
Coramandel International Limited (Equity Shares of R 10 each)	830	1.70	830	1.78
Exide Industries Limited (Equity Shares of R 10 each)	108	0.54	108	0.57
Indraprastha Medical Limited (Equity Shares of R 10 each)	7	0.02	7	0.02
Karur Vysya Bank Limited (Equity Shares of R 2 each)	5,000	1.92	5,000	2.42
Maan Alluminium Limited (Equity Shares of R 10 each)	32,733	23.44	29,758	30.01
Spentex Industries Limited (Equity Shares of R 10 each)	500	0.47	250	0.52
	54	*	54	*
Total (A)		2,448.87		2,750.99
B Investment in Non Convertible Debentures (NCD)				
Unquoted				
At amortised cost				
11.80 % I L & F S Transportation Networks Limited (Bonds of R 100 each)	30	305.62	30	305.62
Less: Impairment Loss**		(305.62)		-
Total (B)		-		305.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

7 Non-current Investments

	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares / NCD / units	Amount	No. of shares / NCD / units	Amount
C				
<u>Investment in Venture capital funds</u>				
Unquoted				
At Fair value through Profit and Loss @				
Faering Capital India Evolving Fund II (Units of R 1000/- each)	68,070	584.86	37,500	347.10
Paragon Partners Growth Fund – I (Units of R 100/- each)	294,885	442.33	158,685	288.81
Tata Capital Healthcare Fund (Units @ R 1 /- each)	20,000,000	108.00	20,000,000	214.00
Tata Capital Growth Fund (Units @ R 1 /- each)	20,000,000	96.00	20,000,000	252.00
Faering Capital India Evolving Fund (Units of R 1000/- each)	57,124	614.50	63,729	721.60
Total (C)		1,845.69		1,823.51
Total (A+B+C)		4,294.56		4,880.12
Aggregate amount of quoted investments		2,448.87		2,750.99
Aggregate Market Value of the quoted investments		2,448.87		2,750.99
Aggregate amount of unquoted investments		1,845.69		2,129.13
Aggregate amount of impairment in the value of investment		305.62		-

Note:

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

** Refer Note 35

@ 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.

8 Non-current loans

	As at 31 st March, 2019	As at 31 st March, 2018
Security Deposits	1,634.34	1,501.09
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(42.00)	(78.26)
Total	1,592.34	1,422.83
Note: Break-up of security details		
Loans considered good - Unsecured	1,634.34	1,501.09
Total	1,634.34	1,501.09
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(42.00)	(78.26)
Total Non-current loans	1,592.34	1,422.83

Refer Note 47 for information about credit risk for security deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

9 Other non-current financial assets

	As at 31 st March, 2019	As at 31 st March, 2018
Term deposits with banks	1.01	1.01
Less: Interest accrued (included in Note 17)	(0.01)	(0.01)
Total	1.00	1.00

10 Other non-current assets

	As at 31 st March, 2019	As at 31 st March, 2018
Capital advances	28.12	38.15
Prepaid expenses	371.74	274.58
Balances with government authorities (including deposits)	213.30	193.52
Other advances	-	0.18
Total	613.16	506.43

11 Inventories

	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials [Includes Raw Material - In Transit R 43.64 Lakhs, (As at 31 st March, 2018 R 153.25 Lakhs)]	2,638.58	2,572.79
Work-in-progress	347.47	454.66
Finished goods	4,838.61	3,940.64
Stock-in-trade [Includes Raw Material - In Transit R 21.37 Lakhs, (As at 31 st March, 2018 R 95.50 Lakhs)]	818.06	914.04
Stores and Spares	81.28	42.71
Total	8,724.00	7,924.84

Inventory writedowns are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-downs of inventories amounted to Rs. 178.60 Lakhs for the year ended March 31, 2019 (Rs89.16 Lakhs for year ended March 31, 2018). These writedowns were recognised as an expense and included in 'Cost of 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, 2019		As at 31 st March, 2018	
	No. of Units	Amount	No. of Units	Amount
<u>Investments in Mutual Funds</u>				
Unquoted				
At Fair value through Profit and Loss				
IDFC Ultra Short Term Fund-Growth (Direct Plan) (Units of R 10/- each)	-	-	748,869	185.70
HDFC floating rate Income Fund-Short term Plan- Wholesale Option Growth (Units of R 10/- each)	799,350	261.41	1,294,556	393.32
HDFC Liquid Fund Growth (Units of R 10/- each)	-	-	3,882	132.41
HDFC Ultra Short Term Fund (Units of R 10/- each)	559,877	56.27	-	-
HDFC Ultra Short Term Debt Fund Direct Plan Growth (Units of R 10/- each)	3,680,461	766.67	-	-
Total		1,084.35		711.43
Aggregate amount of unquoted investments		1,084.35		711.43

Refer Note 46 for information about fair value measurement of investments.

13 Trade receivables

	As at 31 st March, 2019	As at 31 st March, 2018
Receivables from related parties (Refer Note 45)	74.85	359.54
Others	2,633.12	2,991.97
Less: Allowance for doubtful debts / Expected Credit Loss	(398.60)	(426.40)
Total	2,309.37	2,925.11
Note: Break-up of security details		
Trade receivables considered good - unsecured	2,707.97	3,351.51
Total	2,707.97	3,351.51
Less: Allowance for doubtful debts / Expected Credit Loss	(398.60)	(426.40)
Total Trade Receivables	2,309.37	2,925.11

Refer Note 47 for information about credit risk and market risk of trade receivables.

14 Cash and cash equivalents

	As at 31 st March, 2019	As at 31 st March, 2018
Cash on hand	0.21	0.38
Balances with Banks		
- In current accounts	1,177.68	1,223.67
- In EEFC accounts	0.17	6.44
Total	1,178.06	1,230.49

There are no repatriation restrictions with regard to cash and cash equivalents as at 31st March, 2019 and previous year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

15 Bank Balances other than cash and cash equivalents

	As at 31 st March, 2019	As at 31 st March, 2018
Margin money deposits*	713.65	22.36
Term deposits with Banks	30.23	-
Less: Interest accrued (included in Note 17)	(1.54)	-
	742.34	22.36
Unclaimed dividends - Earmarked balances with banks	15.06	16.27
Total	757.40	38.63

* Deposit of Rs20.90 Lakhs (31st March, 2018 Rs22.36 Lakhs) given as security against Banker's letters of guarantees and Deposits of Rs691.44 Lakhs (31st March, 2018: Nil) against security for overdraft facility.

16 Current loans

	As at 31 st March, 2019	As at 31 st March, 2018
Security Deposits	78.29	112.16
Loans to related parties (Refer Note 45)	1,005.08	881.39
Due from related party	34.30	-
Loans to employees	49.92	101.31
Less: Allowance for doubtful loans	(9.81)	(53.75)
Total	1,157.78	1,041.11
Note: Break-up of security details		
Loans considered good - Unsecured	1,157.78	1,041.11
Loans - credit impaired	9.81	53.75
Total	1,167.59	1,094.86
Less: Allowance for Doubtful Deposits / Expected Credit Loss	(9.81)	(53.75)
Total Current loans	1,157.78	1,041.11

Refer Note 47 for information about credit risk.

17 Other current financial assets

	As at 31 st March, 2019	As at 31 st March, 2018
Interest accrued	1.55	6.01
Mark to market of derivative financial instruments	86.09	-
Receivable on account of sale of subsidiary	1,935.22	2,407.11
Others	71.98	51.42
Total	2,094.84	2,464.54

18 Other current assets

	As at 31 st March, 2019	As at 31 st March, 2018
Export Benefits receivables	349.65	678.88
Excess Contribution to gratuity fund (Refer Note 41)	111.46	256.84
Interest subsidy receivable	28.21	34.09
Advances to Suppliers	103.83	152.11
Prepaid expenses	181.56	176.14
GST receivable/refundable	1,543.99	1,000.13
Right to recover returned goods (Refer Note 49)	28.00	-
Other advances	25.04	213.34
Total	2,371.74	2,511.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

19 Equity share capital

	As at 31 st March, 2019	As at 31 st March, 2018
Authorised 3,40,00,000 [31 st March, 2018: 3,40,00,000] and Equity Shares of R 10 each	3,400.00	3,400.00
Issued, subscribed and fully paid up 2,12,94,596 [31 st March, 2018: 1,95,19,974] Equity Shares of R 10 each	2,129.46	1,952.00
	2,129.46	1,952.00

Notes: a) Reconciliation of number of shares:	As at 31 st March, 2019		As at 31 st March, 2018	
	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
Issued during the year	1,774,622	177.46	-	-
Balance as at the end of the year	21,294,596	2,129.46	19,519,974	1,952.00

b) Rights, preferences and restrictions attached to shares:

Equity shares: The Group has one class of equity shares having a par value of R 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.

c) Details of shares held by each shareholder holding more than 5% shares in the Company:	As at 31 st March, 2019		As at 31 st March, 2018	
	%	No. of shares	%	No. of shares
Mohammed Yusuf Noorani **#	22.73	4,839,904	21.29	4,156,220
Asia Tangible Investments Pte Ltd.	14.82	3,154,882	16.16	3,154,882
Euro Global Holdings Pte. Ltd.	14.82	3,154,882	16.16	3,154,882
Akash Bhanshali	6.39	1,361,700	6.98	1,361,700
Pari Washington Company Pvt. Ltd. A/C Pari Washington India Master Fund, Ltd.	9.29	1,978,333	6.39	1,248,034
Anees Yusuf Noorani #	6.41	1,364,612		
Salman Yusuf Noorani #	5.38	1,146,057		
** 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

The Company has allotted 17,74,622 equity shares of face value of R 10 each at a premium of R 159.05 per equity share on preferential basis to the following promoters of the Company on September 12, 2018 amounting to R 3,000 Lakhs.

	No. of shares
Mohammed Yusuf Noorani	591,540
Anees Yusuf Noorani	591,541
Salman Yusuf Noorani	591,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

20 Other Equity

	Money received against Share Warrants	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, 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	-	-	-	-	-	(841.33)	-	-	(195.20)	-	-	-	(195.20)
Transferred from Special Reserve u/s. 451C of the RBI Act, 1934 @	-	-	-	-	-	-	-	-	841.33	-	-	-	-
Transfer of gain on FVOCI Equity Instruments to Retained Earnings	-	-	-	-	-	-	-	-	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
Loss for the year	-	-	-	-	-	-	-	-	(2,679.27)	-	-	-	(2,679.27)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	(94.99)	(295.28)	43.40	330.00	(16.87)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	(2,774.26)	(295.28)	43.40	330.00	(2,696.14)
Money received against Share Warrants	1,500.00	-	-	-	-	-	-	-	-	-	-	-	1,500.00
Premium Received on Issue of Equity Shares	-	2,822.54	-	-	-	-	-	-	-	-	-	-	2,822.54
Dividends	-	-	-	-	-	-	-	-	(195.20)	-	-	-	(195.20)
Reclassification to Statement of Profit and Loss	-	-	-	-	-	-	-	-	-	-	27.86	-	27.86
Balance as at 31st March, 2019	1,500.00	5,519.01	8.16	15.84	200.00	-	17.98	2,693.15	15,771.32	2,172.46	43.40	324.89	28,266.21

Purpose of Significant Reserves:

Money received against Share Warrants

The Company has allotted 11,83,081 warrants to some of the promoters of the Company on September 12, 2018 convertible into equal number of equity shares of R 10 each within a period of 18 months from the date of issue of such warrants, at an exercise price of Rs. 169.05 per warrant, against which the Company has received 75% of consideration amount based on the exercise price shown under 'Money received against Share Warrants.'

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

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 (Refer Note 50).

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 sold.

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 profit and loss when the net investment is disposed-off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

21 Non-current borrowings

	As at 31 st March, 2019	As at 31 st March, 2018
Secured		
Term loan from banks	293.17	507.72
Unsecured		
Loan from related parties (directors) (Refer Note 45)	-	417.11
Total Non-current borrowings (Gross)	293.17	924.83
Less: Current maturities of long term debt (included in Note 24)	(207.43)	(217.23)
Less: Interest accrued but not due on borrowings (included in Note 24)	(2.68)	(2.11)
Total Non-current borrowings (as per Balance Sheet)	83.06	705.49

Refer Note 47 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 10.25% to 10.75% p.a (31st March, 2018: 8.45% to 10.75% p.a.)
 - (iii) The loan is repayable in 15 equal quarterly instalments starting from the 18th month from their respective drawdown dates.
- (b) Details of terms of repayment for unsecured loans from directors:
- (i) Unsecured loan from Directors is repaid on 14th September, 2018.
 - (ii) The loan carried an interest rate of 8% p.a. (31st March, 2018: 8% p.a.)

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

22 Current Borrowings

	As at 31 st March, 2019	As at 31 st March, 2018
From banks (Working Capital Loans):		
Secured		
In Foreign Currency		
- Foreign Currency Non Resident Bank Loan *	1,539.46	1,551.76
- Buyers Credit *	-	44.63
- Packing Credit *	-	3,176.00
- Bank Overdraft **	329.32	-
In Indian Rupees		
- Rupee Packing Credit *	4,230.61	1,001.09
Total Current borrowings (Gross)	6,099.39	5,773.48
Less: Interest accrued but not due on borrowings (included in Note 24)	(22.70)	(10.85)
Total Current borrowings (as per Balance Sheet)	6,076.69	5,762.63

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 except Bank overdraft are secured against hypothecation of all current assets of the Company.

** Bank overdraft is secured against fixed deposits (Refer note 15)

Net debt reconciliation	As at 31 st March, 2019	As at 31 st March, 2018
Cash and cash equivalents	1,178.06	1,230.49
Current Borrowings	(6,099.39)	(5,773.48)
Non Current Borrowings	(293.17)	(924.83)
Net debt	(5,214.50)	(5,467.82)

NOTES TO THE CONSOLIDATED 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	1,343.83	(1,112.89)	(4,822.84)	(4,591.90)
Cash flows	(113.34)	187.23	(809.99)	(736.10)
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	(142.30)	(142.30)
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)
Cash flows	(52.43)	632.23	(220.57)	359.23
Unrealised Exchange Gain / (Loss) on Borrowings	-	-	(93.58)	(93.58)
Interest expense on borrowings	-	(92.72)	(257.01)	(349.73)
Interest paid on borrowings	-	92.15	245.25	337.40
Net Debt as at March 31, 2019	1,178.06	(293.17)	(6,099.39)	(5,214.50)

23 Trade payables

	As at 31 st March, 2019	As at 31 st March, 2018
Trade payables [Refer Note below]		
- total outstanding dues of micro and small enterprises	71.77	20.32
- total outstanding dues of creditors other than micro and small enterprises		
- Payable to related parties [Refer Note 45]	333.20	599.60
- others	1,798.04	3,072.01
Total	2,203.01	3,691.93

Refer Note 47 for information about liquidity risk and market risk of trade payables.

Notes:

The Company has certain dues to suppliers under Micro, small and Medium enterprises Development Act, 2006 ("MSMED Act"). The disclosure pursuant to the said MSMED Act are as follows:

	As at 31 st March, 2019	As at 31 st March, 2018
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	71.77	20.32
Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	2.29	0.08
Amount of interest accrued and remaining unpaid at the end of accounting year	19.71	17.42
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

24 Other current financial liabilities

	As at 31 st March, 2019	As at 31 st March, 2018
Current maturities of long-term debt (Refer Note 21)	207.43	217.23
Interest accrued but not due on borrowings	25.38	12.96
Unclaimed dividends [Refer Note below]	15.06	16.27
Mark to market of derivative financial instruments	128.39	37.55
Security deposits received	238.84	264.48
Capital Creditors	197.30	258.12
Other payables	3.36	2.93
Total	815.76	809.54

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

25 Provisions

Non-current Provisions	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits (Refer Note 41)		
- Staff end of service gratuity	2.92	0.73
- Others	-	0.42
Non-current total	2.92	1.15
Current Provisions	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits (Refer Note 41)		
- Compensated absences	118.07	165.85
- Staff end of service gratuity	0.82	2.05
- Others	0.54	0.12
Other Provision		
- Sales Return (Refer Note below)	-	89.94
Total	119.43	257.96

Note:

Movement in provisions

	Provision for Sales Return
Balance as at 1st April, 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
Provision recognised during the year	-
Amount utilised / reclassified during the year	(89.94)
Balance as at 31st March, 2019	-

26 Other Current liabilities

	As at 31st March, 2019	As at 31st March, 2018
Revenue received in advance	-	16.02
Contract liabilities (Refer Note 49)	0.66	-
Statutory dues payable	148.80	157.69
Employee benefits payable	890.86	894.51
Refund liabilities (Refer Note 49)	128.23	-
Other payables	30.12	7.61
Total	1,198.67	1,075.83

27 Revenue from Operations

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Revenue from contracts with customers		
- Sale of Products	20,652.80	22,970.77
- Sale of Services	146.61	-
Other operating revenue		
- Export Incentives	770.49	766.63
- Process waste sale	12.65	80.46
Total	21,582.55	23,817.86

There are no unstatisfied performance obligations resulting from Revenue from Contracts with Customers as at March 31, 2019.

Reconciliation of revenue recognised with contract price:	Year Ended 31st March, 2019
Contract price	20,966.38
Adjustments for:	
Discounts, Rebates, Sales returns, etc.	(166.97)
Revenue from contract with customers	20,799.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

28 Other income

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Interest income	59.39	126.91
Dividend Income	19.15	54.04
Rent income	369.33	349.79
Net gain on sale of investments through profit and loss *	79.62	484.48
Net gain / (loss) on foreign currency transactions and translation	8.37	(45.80)
Miscellaneous income	127.17	192.01
Total	663.03	1,161.43

* Includes unrealised fair value gain / (loss) of R (196.79) Lakhs (R 237.77 Lakhs for year ended 31st March, 2018)

29 Cost of materials consumed

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Raw materials at the beginning of the year	2,572.79	2,336.11
Purchases	7,753.16	10,014.17
Less: Sale of Raw materials	(22.66)	-
Less : Raw materials at the end of the year	(2,638.58)	(2,572.79)
Raw materials consumed	7,664.71	9,777.49

30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Opening inventories		
Finished goods	3,940.64	3,709.28
Stock-in-trade	927.92	737.61
Work-in-progress	454.66	284.58
	5,323.22	4,731.47
Less: Transitional GST Input Credit availed	-	126.96
Closing inventories		
Finished goods	4,838.61	3,940.64
Stock-in-trade	818.06	914.04
Work-in-progress	347.47	454.66
	6,004.14	5,309.34
Total	(680.92)	(704.83)

31 Employee benefits expense

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Salaries, wages, bonus etc.	5,167.97	5,190.13
Contribution to provident and other funds (Refer Note 41)	440.75	466.59
Defined Benefit Plan Expenses (Refer Note 41)	70.43	101.35
Workmen and Staff welfare expenses	84.16	114.61
Total	5,763.31	5,872.68

32 Finance costs

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Interest expense on:		
- Term Loans	92.72	94.92
- Current Borrowings	257.01	195.31
- Others	26.39	21.21
Exchange differences regarded as an adjustment to borrowing costs	57.61	-
Total	433.73	311.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

33 Depreciation and amortization expense

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Depreciation on property, plant and equipment	983.46	1,005.83
Depreciation on investment property	15.83	15.06
Amortization on intangible assets	71.57	62.94
Total	1,070.86	1,083.83

34 Other expenses

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Consumption of stores and spares	169.35	228.99
Power and fuel	272.25	249.46
Electricity Expenses	345.54	352.59
Job Work Charges	344.54	727.33
Insurance	91.90	105.21
Repairs to buildings	63.69	61.63
Repairs to machinery	25.30	83.06
Repairs and Maintenance Others	274.50	276.17
Rent (Refer Note 39)	3,379.29	3,435.98
Retail store maintenance expenses	611.98	558.41
Rates and Taxes	100.66	110.54
Advertisement and sales promotion	1,488.28	1,016.34
Commission to selling agents	642.45	826.60
Freight and forwarding	633.25	767.62
Legal and Professional Expenses	298.90	413.78
Travelling and Conveyance	363.16	397.80
Director Fees	27.16	25.87
Donations	23.14	164.23
Expenditure incurred for Corporate Social Responsibility	30.00	30.00
Allowance for doubtful debts, loans and deposits / Expected Credit Loss	(51.68)	(6.63)
Bad debts, loans and deposits written off	59.83	-
Less: Allowances there against	(56.32)	-
Net Loss on sale/discard of property, plant and equipment	80.79	46.77
Bank Charges	154.38	149.50
Security Charges	115.73	110.99
Trade Mark Fees	108.02	123.37
Miscellaneous Expenses	136.15	89.64
Total	9,732.24	10,345.25

35 Exceptional Item

	Year Ended 31 st March, 2019	Year Ended 31 st March, 2018
Impairment Loss on Non-current Investments (Refer Note Below)	305.62	-
Total	305.62	-

Note: During the year, there has been default of interest receivable on non-convertible debentures of IL & FS Transportation Networks Limited. The Group has accordingly considered it prudent to fully impair these investments and has recorded a loss of R 305.62 Lakhs, which has been disclosed as 'Exceptional item' in these consolidated financial statements.

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, 2019	Year Ended 31 st March, 2018
Current tax		
Expense for the year	109.41	133.80
Total current tax (A)	109.41	133.80
Deferred tax		
Deferred tax credit	(168.79)	(472.18)
Total deferred tax credit (B)	(168.79)	(472.18)
Total tax expense for the year (C) = (A + B)	(59.38)	(338.38)
Tax in respect of earlier years (D)	234.54	63.12
Total tax expense/(credit) (C + D)	175.16	(275.26)

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, 2019	As at 31 st March, 2018
Loss before tax	(2504.11)	(2624.20)
Enacted income tax rate in India	27.820%	33.063%
Tax expenses at enacted income tax rate	(696.64)	(867.64)
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowance	(46.21)	(43.04)
Impairment Loss on Non-current Investments	(85.02)	-
Income exempted from Income taxes	5.33	17.87
Additional deduction under Income Tax	27.62	32.45
Additional Income under Income Tax (Dividend from subsidiaries)	(107.00)	(130.00)
Differential tax rate in respect of income from capital gains	(14.75)	(9.90)
Deferred tax assets not recognised on business losses	552.12	672.28
Foreign Entities with no tax	185.21	40.16
Differential Deferred tax rate on undistributed profits	107.01	(87.71)
Change in tax rates	-	95.30
Others	12.95	(58.15)
Total Tax Expenses	(59.38)	(338.38)

Consequent to reconciliation items shown above, the effective tax rate is 2.37% (2017-18: 12.89%)

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, 2018 and March 31, 2019:

	As at 1 st April, 2017	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Compre- hensive Income	As at 31 st March, 2018	Credit/ (charge) in statement of Profit and Loss	Credit/ (charge) in Other Compre- hensive Income	As at 31 st March, 2019
Deferred tax assets/(liabilities)							
Provision for employee benefits	49.88	(5.13)	-	44.75	(12.06)	-	32.69
Provision for doubtful debts and advances	188.65	(33.30)	-	155.35	(30.05)	-	125.30
Expenses allowed in the year of payment	0.50	(0.50)	-	-	-	-	-
Unabsorbed Depreciation	799.69	248.14	-	1,047.83	245.48	-	1,293.31
Depreciation	(671.99)	221.70	-	(450.29)	(164.14)	-	(614.43)
Undistributed reserves of subsidiaries	(539.93)	87.71	-	(452.22)	(107.01)	-	(559.23)
Others	(15.38)	(46.44)	33.48	(28.34)	8.64	(9.25)	(28.95)
Total	(188.58)	472.18	33.48	317.08	(59.14)	(9.25)	248.69

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 ₹ 5,030.70 Lakhs previous year ₹ 3,194.69 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, 2019	As at 31 st March, 2018
<u>Floating Charge</u>		
<u>Current Assets</u>		
Financial Assets		
- Investments	1,084.35	711.43
- Trade receivables *	1,935.57	2,168.40
- Cash and cash equivalents	417.04	397.22
- Bank Balances other than cash and cash equivalents	736.50	16.27
- Loans	104.09	147.12
- Others financial assets	147.78	44.00
	4,425.33	3,484.44
Non Financial Assets		
- Inventories	8,684.30	7,800.59
- Other current assets	2,323.51	2,432.51
	11,007.81	10,233.10
Total Current assets	15,433.14	13,717.54
<u>Fixed Charge</u>		
<u>Non Current Assets</u>		
- Plant and Equipments	775.92	817.63
Total non-current assets	775.92	817.63
Total assets	16,209.06	14,535.17

* Trade Receivables represent receivables excluding group entity trade receivables.

38 Contingent liabilities, Contingent assets and commitments (to the extent not provided for)

	As at 31 st March, 2019	As at 31 st March, 2018
i Contingent Liabilities		
Claims against the Group not acknowledged as debts in respect of:		
Income Tax matters	1,262.47	1,366.62
Sales Tax matters	271.64	174.83
Others matters	1.29	1.29

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.

Significant Estimates: The group has litigations in respect of certain Income tax matters. The management does assessment of all outstanding matters and wherever required further contains legal advice including those relating to interpretation of law. Based on such assessment, it concludes whether a provision should be recognised or a disclosure should be made.

	As at 31 st March, 2019	As at 31 st March, 2018
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	172.48	180.75
Less: Capital advances (Refer Note 10)	(28.12)	(38.15)
Net Capital commitments	144.36	142.60
b Investment Commitments related to Venture Capital funds		
Investment Commitments related to Venture Capital funds	923.24	1,365.14
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, 2019	As at 31 st March, 2018
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	149.60	127.72
For a period later than one year and not later than five years	152.11	104.91
For a period later than five years	-	-

Total operating lease expenses (including lease rentals) debited to Statement of Profit and Loss is R 3,379.29 lakhs (Year ended 31st March, 2018: R 3,435.98 lakhs).

Refer Note 5 for disclosure related to premises given on operating lease.

40 Earnings per share

		Year ended 31 st March, 2019	Year ended 31 st March, 2018
Basic & Diluted			
Loss for the year	(A)	(2,679.27)	(2,348.94)
Weighted average number of equity shares outstanding	(B)	2,04,97,232	19,519,974
Basic and Diluted Earnings Per Share (R)	(A / B)	(13.07)	(12.03)
Nominal value per equity shares (in R)		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 R 20 Lakhs (Previous Year R 20 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, 2019 and 31st March, 2018, amounts recognised in the financial statements in respect of Employee Benefits Scheme:

A. Amount recognised in the Balance Sheet

	As at 31 st March, 2019	As at 31 st March, 2018
Present value of plan liabilities	1004.79	885.77
Fair value of plan assets	(1116.25)	(1142.61)
Surplus of funded plans	(111.46)	(256.84)
Unfunded plan liabilities	-	-
Net plan (assets) / liabilities	(111.46)	(256.84)

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, 2019			Year ended 31 st March, 2018		Net
	Plan Assets	Plan Liabilities	Net	Plan Assets	Plan Liabilities	
As at 1st April	1,142.61	885.77	256.84	1,184.52	880.15	304.37
Current service cost	-	90.62	(90.62)	-	95.93	(95.93)
Past service cost	-	-	-	-	28.48	(28.48)
Interest cost	-	69.62	(69.62)	-	66.62	(66.62)
Interest income	89.81	-	89.81	89.68	-	89.68
Actuarial (gain)/loss arising from changes in financial assumptions	-	71.99	(71.99)	-	(22.92)	22.92
Actuarial (gain)/loss arising from experience adjustments	-	(15.70)	15.70	-	(13.46)	13.46
Actuarial (gain)/loss arising from experience adjustments	-	28.37	(28.37)	-	-	-
Return on plan assets excluding actual return of plan assets	(10.33)	-	(10.33)	(7.63)	-	(7.63)
Employer contributions	20.04	-	20.04	25.07	-	25.07
Benefit payments	(125.88)	(125.88)	-	(149.03)	(149.03)	-
As at 31st March	1,116.25	1,004.79	111.46	1,142.61	885.77	256.84

The liabilities are split between different categories of plan participants as follows:

	As at 31 st March, 2019	As at 31 st March, 2018
Active members	1,970	2,161
Deferred members	-	-
Retired Members	-	-
The weighted average duration of the defined benefit obligations	8 years	10 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, 2019	Year ended 31 st March, 2018
Employee Benefits Expense:		
Current service cost	90.62	95.93
Finance cost/(income) net	(20.19)	(23.06)
Past Service Cost	-	28.48
Net impact on the Loss before tax	70.43	101.35
Remeasurements of the net defined benefits liability:		
Actuarial (gain)/losses arising from changes in demographic assumptions	(71.99)	-
Actuarial (gains)/losses arising from changes in financial assumptions	15.70	22.92
Experience (gains)/losses	(28.37)	13.46
Return on plan assets excluding actual return on plan assets	(10.33)	(7.63)
Others/Adjustments	-	0.53
Net impact on Other Comprehensive Income	(94.99)	29.28

D. Assets

	Gratuity	
	As at 31 st March, 2019	As at 31 st March, 2018
Insurer managed Fund	1,116.25	1,142.61
Total	1,116.25	1,142.61

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:

Financial Assumptions	As at 31 st March, 2019	As at 31 st March, 2018
	Discount rate	7.59%
Salary Escalation Rate *	5.00%	5.00%
Attrition Rate	For service period 4 years and below 11.00% p.a. For service period of 5 years and above 1.00% p.a.	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, 2019		As at 31 st March, 2018	
		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%	(53.56)	61.12	(71.36)	83.91
Salary Escalation Rate	1%	61.80	(55.18)	84.85	(73.60)
Attrition Rate	1%	10.72	(12.22)	20.16	(23.24)

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, 2019	As at 31 st March, 2018
2019	-	137.04
2020	224.73	42.05
2021	78.71	46.31
2022	96.88	53.50
2023	93.50	56.06
2024	88.72	-
2024 - 2029	-	323.27
2025 - 2030	405.92	-
Thereafter	836.10	1,598.36

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 compensated absences obligations cover the Company's liability for leave which is actually valued at each year end by applying the assumptions referred in 'E' above.

The amount of the provision of Rs118.07 Lakhs (31st March, 2018 – Rs165.85 Lakhs) is presented as current, since the Group 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 Rs440.75 lakhs (Previous year Rs466.59 Lakhs) in the Statement of Profit and Loss.

42 Interest in Other entities

The Consolidated Financial Statements present the Consolidated Accounts of Zodiac Clothing Company Limited with its following Subsidiary and step down subsidiaries:

Name of the Subsidiary and sub-subsidiaries:	Country of Incorporation		Proportion of Ownership of Interest	
			As at 31 st March, 2019	As at 31 st March, 2018
a) Zodiac Clothing Co. S.A.	Switzerland		100%	100%
b) Zodiac Clothing Co. (UAE) LLC.	UAE	**	100%	100%
c) Zodiac Clothing Bangladesh Limited	Bangladesh	#	100%	N.A.
d) Zodiac Clothing Company Inc.	USA	@	N.A.	N.A.

** 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. who is the beneficial owner.

Step down subsidiary incorporated on 22nd November, 2018

@ 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.

The business in the subsidiary ceased did not represent separate line of business or geographical area of operations for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

43 For Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

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	84.81%	24,390.85	80.33%	(1,886.90)	94.66%	1,326.40	59.15%	(560.50)
Zodiac Clothing Company Limited								
Subsidiary and sub-subsidiaries:								
- Foreign								
Zodiac Clothing Co. S.A.	2.37%	682.98	(22.39%)	525.82	-	-	(55.49%)	525.82
Zodiac Clothing Co. (UAE) LLC.	14.11%	4,058.98	(5.17%)	121.46	-	-	(12.82%)	121.46
Zodiac Clothing Company Inc.	0.00%	-	0.05%	(1.16)	-	-	0.12%	(1.16)
Intercompany Elimination & Consolidation Adjustments								
Total		(373.66)		(1,108.16)		74.87		(1,033.29)
Non Controlling Interest in subsidiaries		28,759.15		(2,348.94)		1,401.27		(947.67)
Grand Total		28,759.15		(2,348.94)		1,401.27		(947.67)

Name of the Entities	2018-19							
	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	87.29%	26,532.00	68.85%	(1,844.64)	2056.14%	(346.87)	81.28%	(2,191.51)
- Indian								
Subsidiary and sub-subsidiaries:								
- Foreign								
Zodiac Clothing Co. S.A.	2.27%	689.45	(24.65%)	660.37	-	-	(24.49%)	660.37
Zodiac Clothing Co. (UAE) LLC.	12.01%	3,650.60	(0.39%)	10.39	-	-	(0.39%)	10.39
Zodiac Clothing Bangladesh Limited	(0.02%)	(7.55)	0.28%	(7.43)	-	-	0.28%	(7.43)
Intercompany Elimination & Consolidation Adjustments								
Total		(468.83)		(1,497.96)		330.00		(1,167.96)
Non Controlling Interest in subsidiaries		30,395.67		(2,679.27)		(16.87)		(2,696.14)
Grand Total		30,395.67		(2,679.27)		(16.87)		(2,696.14)

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 *	10,879.48	11,680.76	10,703.07	12,137.10	21,582.55	23,817.86
Carrying cost of segment Non Current assets**@	14,872.03	15,424.76	209.05	170.21	15,081.08	15,594.97

* Based on location of Customers

** Based on location of Assets

@ 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 geographies. 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
Mr. S. Y. Noorani	Managing Director 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 Steinruecke	Non Executive Director
Ms. Elizabeth Jane Hulse	Non Executive Director
Mr. Naushad Forbes	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
Mrs. Muna Mahmood Mohd. Mahmoud	Wife of Mr. A. Y. Noorani

(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
Forbes Marshal Private Limited	India

(d) Trust

Zodiac Clothing Co. Ltd. EMPL GGCA Scheme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2019	Year ended 31 st March, 2018	Year ended 31 st March, 2019	Year ended 31 st March, 2018	Year ended 31 st March, 2019	Year ended 31 st March, 2018	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Revenue from contracts with customers								
Sale of Products	-	-	-	-	2,111.45	1,767.46	-	-
Other Income								
Rent	-	-	-	-	9.00	6.00	-	-
Purchases								
Purchase of Goods and Materials Expenses	-	-	-	-	11.79	-	-	-
Employees benefit expenses *	60.00	60.00	50.09	50.70	-	-	-	-
Interest Expense	50.90	32.11	-	-	-	-	-	-
Other Expenses								
Rent	43.20	44.57	-	-	247.17	255.81	-	-
Commission to selling agents	-	-	-	-	434.35	472.32	-	-
Director Fees	27.16	25.87	-	-	108.02	121.33	-	-
Trade Mark Fees	-	-	-	-	14.50	-	-	-
Purchase of Stores and spares	-	-	-	-	0.40	-	-	-
Repairs to machinery	-	-	-	-	-	-	-	-
Others								
Reimbursement of Expenses from	-	-	34.30	-	7.09	8.14	-	-
Reimbursement of Expenses to	-	-	-	-	5.43	4.49	-	-
Paid to Trust - Employees Gratuity Fund contribution								
Loan Received	1,742.00	110.00	-	-	-	-	20.04	25.07
Loan Repaid	2,157.00	80.00	-	-	-	-	-	-

* 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.

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(c) above	
	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2019	As at 31 st March, 2018
Outstandings:				
Long Term Borrowings	-	415.00	-	-
Short Term Borrowings	-	-	-	-
Trade Payables	3.58	75.91	329.74	523.69
Other Current Liabilities	178.19	197.83	-	-
Loans (Security Deposit given)	22.50	22.50	177.50	177.50
Loans to related party	-	-	1,005.08	881.39
Due from related party	-	-	34.30	-
Trade Receivables	-	-	74.85	359.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

45 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, 2019	Year ended 31 st March, 2018
	Revenue from contracts with customers: - Zodiac Metropolitan Clothing Gmbh	2,052.65	1,702.11
	Other Income: Rent - Metropolitan Trading Company	9.00	6.00
	Purchase of Goods and Materials: - Zodiac Metropolitan Clothing Gmbh	11.79	-
	Expenses: Employees benefit expenses - Mr. S. Y. Noorani - Mr. Awais A. Noorani	60.00 50.09	60.00 50.70
	Interest expense - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	16.98 17.02 16.90	9.72 14.40 8.00
	Rent - Metropolitan Trading Company	218.58	226.78
	Commission to selling agents - Zodiac Metropolitan Clothing Gmbh	434.35	472.32
	Director Fees (including service tax) - Mr. M. L. Apte - Mr. Y. P. Trivedi - Mr. S. R. Iyer	7.10 7.90 7.90	7.79 7.59 7.59
	Trade Mark Fees - Metropolitan Trading Company	108.02	121.33
	Purchase of Stores and spares - Forbes Marshal Private Limited	14.50	-
	Repairs to machinery - Forbes Marshal Private Limited	0.40	-
	Others Reimbursement of Expenses from - Mashal Enterprises - Mrs. Muna Mahmood Mohd. Mahmoud - Zodiac Metropolitan Clothing GmbH	7.09 34.30 -	6.98 - 1.13
	Reimbursement of Expenses to - Metropolitan Trading Company - Munraz Enterprises	1.00 4.43	- 4.43
	Paid to Trust - Zodiac Clothing Co. Ltd. EMPL GGCA Scheme	20.04	25.07
	Loan Received - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	574.00 559.00 609.00	110.00 - -
	Loan Repaid - Mr. M. Y. Noorani - Mr. A. Y. Noorani - Mr. S. Y. Noorani	709.00 739.00 709.00	80.00 - -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

45 Related Party Disclosures under IND AS 24 (Contd....)

5.	Disclosure in respect of material Outstanding balances with related parties as at year end (included in 3 above)	As at 31 st March, 2019	As at 31 st March, 2018
	Outstandings:		
	Long Term Borrowings		
	- Mr. M. Y. Noorani	-	135.00
	- Mr. A. Y. Noorani	-	180.00
	- Mr. S. Y. Noorani	-	100.00
	Trade Payables		
	- Zodiac Metroplitan Clothing Gmbh	312.30	369.40
	- Metropolitan Trading Company	14.26	127.41
	Other Current Liabilities (Salary and wages payable)		
	- Mr. S. Y. Noorani - Remuneration	178.19	195.72
	Security Deposit		
	- Metropolitan Trading Company	165.00	165.00
	Loans to related parties		
	- Onward LLC	432.08	460.47
	- Zodiac Metropolitan Clothing Gmbh	570.28	418.79
	Due from related party		
	- Mrs. Muna Mahmood Mohd. Mahmoud	34.30	-
	Trade Receivables		
	- Zodiac Metropolitan Clothing Gmbh	73.57	356.32

46 Fair Value Measurement:

(i) 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, trade receivables, other current financial assets, trade payables 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 interest rate on term deposits and non convertible debentures 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, 2019	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		
Financial Assets											
Investments											
- Equity instruments	2,448.87	-	2,448.87	-	-	-	-	2,448.87	-	-	2,448.87
- Non convertible debentures	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	-	1,084.35	1,084.35	1,084.35	-	-	-	1,084.35	-	-	1,084.35
- Venture capital fund	1,845.69	-	1,845.69	-	1,845.69	-	-	1,845.69	-	-	1,845.69
	4,294.56	1,084.35	5,378.91	1,084.35	-	1,845.69	-	2,930.04	2,448.87	-	5,378.91
Other Assets											
- Loans to Employees	-	40.11	40.11	-	-	-	-	-	-	40.11	40.11
- Security Deposits	1,592.34	78.29	1,670.63	-	-	-	-	-	-	1,670.63	1,670.63
- Mark to market of derivative financial instruments	-	86.09	86.09	-	26.60	-	26.60	-	-	59.49	86.09
- Loans to related parties	-	1,005.08	1,005.08	-	-	-	-	-	-	1,005.08	1,005.08
- Due from related party	-	34.30	34.30	-	-	-	-	-	-	34.30	34.30
- Other Financial Assets	1.00	2,008.75	2,009.75	-	-	-	-	-	-	2,009.75	2,009.75
- Trade receivable	-	2,309.37	2,309.37	-	-	-	-	-	-	2,309.37	2,309.37
- Cash and Cash equivalents	-	1,178.06	1,178.06	-	-	-	-	-	-	1,178.06	1,178.06
- Bank Balances other than cash and cash equivalents	-	757.40	757.40	-	-	-	-	-	-	757.40	757.40
	1,593.34	7,497.45	9,090.79	-	26.60	-	26.60	-	59.49	9,004.70	9,090.79
Financial Liabilities											
- Borrowings	83.06	6,076.69	6,159.75	-	-	-	-	-	-	6,159.75	6,159.75
- Mark to market of derivative financial instruments	-	128.39	128.39	-	128.39	-	128.39	-	-	-	128.39
- Other Financial Liabilities	-	687.37	687.37	-	-	-	-	-	-	687.37	687.37
- Trade Payables	-	2,203.01	2,203.01	-	-	-	-	-	-	2,203.01	2,203.01
	83.06	9,095.46	9,178.52	-	128.39	-	128.39	-	-	9,050.13	9,178.52

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

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		
Financial Assets											
Investments											
- Equity instruments	2,750.99	-	2,750.99	-	-	-	-	2,750.99	-	-	2,750.99
- Non convertible debentures	305.62	-	305.62	-	-	-	-	-	305.62	-	305.62
- Mutual funds	-	711.43	711.43	711.43	-	-	-	711.43	-	-	711.43
- Venture capital fund	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	-	2,750.99	305.62	-	5,591.55
Other Assets											
- Loans to Employees	-	47.56	47.56	-	-	-	-	-	47.56	-	47.56
- Security Deposits	1,422.83	112.16	1,534.99	-	-	-	-	-	1,534.99	-	1,534.99
- Mark to market of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
- Loans to related parties	-	881.39	881.39	-	-	-	-	-	881.39	-	881.39
- 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											
- Mark to market of derivative financial instruments	705.49	5,762.63	6,468.12	-	-	-	-	-	6,468.12	-	6,468.12
- Other Financial Liabilities	-	37.55	37.55	-	96.47	-	-	(58.92)	-	-	37.55
- Trade Payables	-	771.99	771.99	-	-	-	-	-	771.99	-	771.99
	705.49	10,264.10	10,969.59	-	96.47	-	-	(58.92)	10,932.04	-	10,969.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(ii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed:

	As at 31 st March, 2019				As at 31 st March, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
- Loans to Employees	-	-	36.80	36.80	-	-	43.63	43.63
- Security Deposits	-	-	2,150.73	2,150.73	-	-	1,979.90	1,979.90
- Loans to related parties	-	-	922.09	922.09	-	-	808.61	808.61
- Due from related party	-	-	31.47	31.47	-	-	-	-
Total	-	-	3,141.09	3,141.09	-	-	2,832.14	2,832.14

(iii) Fair value of financial assets and liabilities measured at amortised cost:

	As at 31 st March, 2019		As at 31 st March, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
- Loans to Employees	40.11	36.80	47.56	43.63
- Security Deposits	1,670.63	2,150.73	1,534.99	1,979.90
- Loans to related parties	1,005.08	922.09	881.39	808.61
- Due from related party	34.30	31.47	-	-
Total	2,750.12	3,141.09	2,463.94	2,832.14

(iv) 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.

(v) 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, 2019 and 31st March, 2018:

	Venture Capital Fund*
As at 1st April, 2017	1,964.83
Acquisitions	-
Disposal	(233.00)
Gain recognised in profit or loss	91.68
As at 31st March, 2018	1,823.51
Acquisitions	441.90
Disposal	(150.24)
Gain recognised in profit or loss	(269.48)
As at 31st March, 2019	1,845.69

*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. [Refer Note 38(ii) (b)]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 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, 2019	As at 31 st March, 2018
Total Borrowings	6,367.18	6,685.35
% of Borrowings out of above bearing variable rate of interest	95.44%	71.25%

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2018-2019	2017-2018
50 bp increase- decrease in profits *	30.38	23.82
50 bp decrease- Increase in profits *	(30.38)	(23.82)

* 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. 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.

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

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, 2019		As at 31 st March, 2018	
	Sell Contract	Buy Contract	Sell Contract	Buy Contract
Forward Contracts USD	25.17	23.02	6.43	25.83
Forward Contracts EURO	3.78	-	1.75	3.18
Forward Contracts GBP	12.41	-	10.86	-
Forward Contracts CHF	-	-	0.72	-
Option Contract USD	6.03	-	4.70	-

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.

(b) Particulars of unhedged foreign currency exposures as at the reporting date

(Foreign Currency in Lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	USD	EURO	GBP	USD	EURO	GBP
Trade payables	0.95	0.13	-	3.41	0.06	-
Loans to related parties	-	-	-	-	0.78	0.60

(Foreign Currency in Lakhs)

Particulars	As at 31 st March, 2019	
	CHF	CAD
Trade Receivables	0.02	0.51

Foreign Currency Risk Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	3.28	(3.28)	11.11	(11.11)
EURO	0.50	(0.50)	3.39	(3.39)
GBP	-	-	2.77	(2.77)
CHF	0.07	(0.07)	-	-
CAD	1.31	(1.31)	-	-
Increase / (decrease) in profit or loss	5.16	(5.16)	17.27	(17.27)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Impact on Profit before tax	
	31 st March 2019	31 st March 2018
BSE Sensex 30- Increase 10%	244.89	275.10
BSE Sensex 30- Decrease 10%	(244.89)	(275.10)

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:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- 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 relating to domestic business in India business and security deposits in India 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 relating to domestic business in India 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.

The Group measures the expected credit loss of financial assets other than trade receivables relating to domestic business in India and security deposits in India 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, 2019

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	Total
Gross carrying amount	357.06	32.26	37.81	36.78	53.46	277.81	795.18
Expected loss rate	4.51%	20.46%	47.08%	73.78%	100.00%	100.00%	
Expected credit loss (Loss allowance provision)	16.11	6.60	17.80	26.82	53.46	277.81	398.60
Carrying amount of trade receivables (net of impairment)	340.95	25.66	20.01	9.96	-	-	396.58

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

As at 31st March, 2018

Ageing	Not Due	0 - 90 days	90 - 180 days	180-270 days	270-360 days	360 days and above	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

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening provision	426.40	424.85
Add:- Additional provision made	-	1.55
Less:- Provision write off/ reversed	(27.80)	-
Less:- Provision utilised against bad debts	-	-
Closing provisions	398.60	426.40

The Group provides for expected credit loss on security deposits under simplified approach

As at 31st March, 2019

Ageing	Not Due	Due	Overdue		Total
			0-2 years	2 years and above	
Gross carrying amount	2,093.80	-	20.21	21.61	2,135.62
Expected loss rate	0.63%	-	35.44%	100.00%	
Expected credit loss (Loss allowance provision)	13.25	-	7.14	21.61	42.00
Carrying amount of deposits (net of impairment)	2,080.55	-	13.07	-	2,093.62

As at 31st March, 2018

Ageing	Not Due	Due	Overdue		Total
			0-2 years	2 years and above	
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

The following table summarizes the changes in loss allowances measured using life time expected credit loss model

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening provision	78.26	99.04
Add:- Additional provision made	20.06	-
Less:- Provision write off/ reversed	-	(20.78)
Less:- Provision utilised against bad debts	(56.32)	-
Closing provisions	42.00	78.26

No Significant changes in estimation techniques or assumptions were made during the year.

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

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 Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 st March, 2019	As at 31 st March, 2018
Floating Rate		
Expiring within one year (Current Borrowing facilities)	3,452.63	3,437.37
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.

ii) Maturity patterns of borrowings

Particulars	As at 31 st March, 2019				As at 31 st March, 2018			
	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)	207.43	83.06	-	290.49	217.23	705.49	-	922.72
Current borrowings	6,076.69	-	-	6,076.69	5,762.63	-	-	5,762.63
Total	6,284.12	83.06	-	6,367.18	5,979.86	705.49	-	6,685.35

Maturity patterns of other Financial Liabilities - other than borrowings

As at 31 st March, 2019	0-3 months	3 - 6 months	6 - 12 months	beyond 12 months	Total
Trade Payable	2,203.01	-	-	-	2,203.01
Other Current Financial Liabilities	369.49	-	-	238.84	608.33
Total	2572.50	-	-	238.84	2811.34

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

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47 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, 2019:

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	3,157.65	(58.93)	1:1	(42.54)	42.54
Foreign exchange forward contracts - SELL	(6.92)	0.01	1:1	0.01	(0.01)
Foreign currency options	417.00	**	1:1	**	**
Pre-shipment export credit in Foreign Currency (PCFC) designated as hedging instruments	-	-	1:1	-	-

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)

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge 31st March 2019

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	(42.54)	-	41.28	Revenue
Foreign exchange risk	0.01	-	(2.69)	Purchase
	(42.53)	-	38.59	

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)	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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					
Balance – As at 1st April 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)
Add: Change in fair value of foreign exchange forward contract & PCFC	58.93	(0.01)	-	-	58.92
Add: Change in intrinsic value of foreign currency options	-	-	**	-	-
Less: Amount reclassified to profit or loss	19.02	(2.69)	**	22.26	38.59
Deferred tax relating to the above (net)	(21.68)	0.75	**	(6.19)	(27.12)
Balance – As at 31st March 2019	42.54	(0.01)	**	-	42.53

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

48 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, 2019	As at 31 st March, 2018
Equity shares		
Final dividend for the year ended 31 st March, 2018 of Re. 1 (31 st March, 2017 – R 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 R 1 per fully paid equity share (31 st March, 2018 – R 1). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	212.95	195.20

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

49 Changes in Accounting Policies

Impact on the financial statements

The Group has adopted Ind AS-115 Revenue from Contracts with Customers from April 1, 2018 which resulted to changes in accounting policies and adjustments to the amount recognized in the financial statements. In accordance with the transition provisions in Ind AS -115, the Group has adopted the new rules with modified Retrospective approach. As a result of change in accounting policies, there are no material adjustments required to be made in retained earnings as at April 1, 2018.

A. Presentation of assets and liabilities related to contract with customer:

The Company has changed the presentation of certain amounts in the balance sheet to reflect the terminology of Ind AS 115.

Refund liabilities pertains to provision for sales return from customers of Rs. 128.23 Lakhs as at March 31, 2019.

Right to recover returned goods pertains to inventories to be recovered of Rs. 28 Lakhs as at March 31, 2019 against provision for sales return from customers.

Contract liabilities pertains to advances received from customers of Rs. 0.66 Lakhs as at March 31, 2019.

B. The disclosures for the comparative period in the notes to the financial statements follow the requirement of the previous standards. Further, the disclosure required by Ind AS 115 does not include comparative information.

50 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.

51 These Consolidated Financial Statements were authorised for issue by the directors on May 30, 2019.



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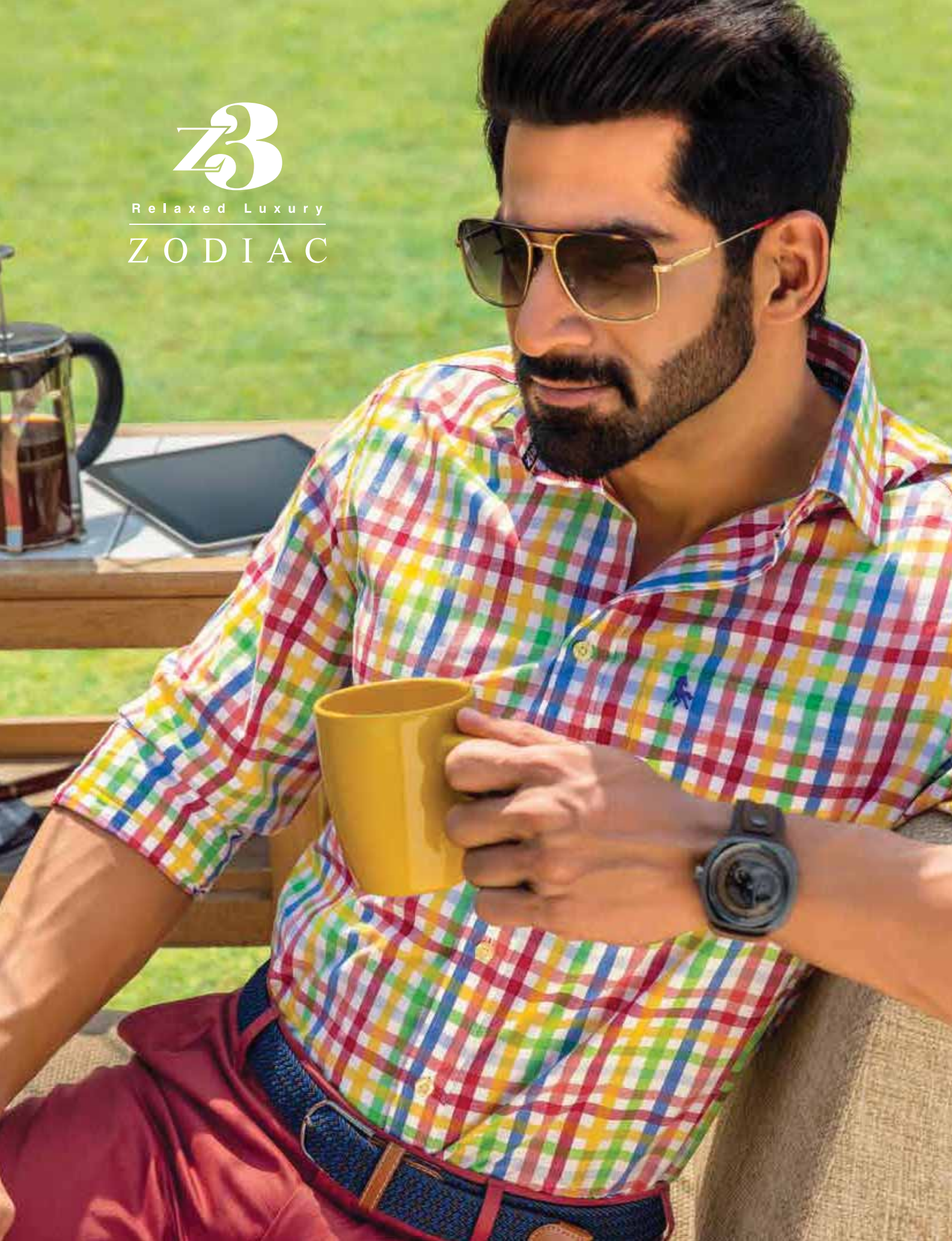
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