



ZODIAC

CLASSIC BUSINESS STATEMENTS

15TH ANNUAL REPORT 1998-99



The new international shade preferred by our European and American customers.
Choose from a wide range of Structured, Solids, Stripes, Eurochecks and American University Plaids.

THE
British Tan
COLLECTION
ZODIAC
FINEST QUALITY SHIRTMAKERS

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ZODIAC CLOTHING CO. LTD. INDIA. TEL.: (91-22) 4964001-8. FAX: (91-22) 4932846. TELEX: 11-73876

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

Mr.M. Y.Noorani Chairman

Dr.S.Abid Hussain

Mr.M.L.Apte

Mr.Gurcharan Das

Mr.S.M.Datta

Mr.Bernhard Steinrucke

Mr.Deepak Parekh (Alternate to Mr.Bernhard Steinrucke)

Mr.A. Y.Noorani Managing Director

Mr.S. Y.Noorani Jt.Managing Director



SECRETARY

Mr. Anoop Pillai

SOLICITORS

M/S. A.H.Parpia & Co.
Lentin Chambers, Mumbai - 400 023

**REGISTERED
OFFICE**

10/76, Off.Haines Road,
Worli, Mumbai - 400 018

**REGISTRAR & TRANSFER
AGENTS OFFICE**

Karvy Consultants Ltd.
7, Andheri Indl.Estate,
Off. Veera Desai Road,
Andheri (W), Mumbai - 53

AUDITORS

M/s.Rege & Thakkar,
Chartered Accountants,
5-B, Fairy Manor,
13, Rustom Sidhwa Marg,
Fort, Mumbai - 1

BANKERS

Dena Bank
Industrial Finance Branch,
Maker Towers 'E',
Cuffe Parade,
Mumbai - 5

FACTORIES

- Near Bagalur Cross,
Air Force Station, Yelahanka,
Bangalore-560063
- No.48, 7th Cross,
Near Kusum Alloys,
Visweshariah Indl.Area,
Mahadevapura Post,
Bangalore-560 048.
- A-1, 181/1, GIDC,
Umbergaon, Gujarat
- S-28, Post Sarigam,
Umbergaon, Bulsar, Gujarat

SUBSIDIARIES

- Mayfair Limited
- Multiplex Collapsible Tubes Ltd.
- Zodiac Clothing Company S.A.

DIRECTORS' BIOGRAPHIES



Mr. M.Y. Noorani
Chairman

Mr.M.Y. Noorani, is the founder of ZODIAC and one of the founding father of the clothing industry in India. With his dynamism, he has led the organisation to the heights that it enjoys and in its continuous quest for excellence. He is on the Managing Committee of several trade organizations, including the Indo-German Chamber of Commerce, Indo-Italian Chamber of Commerce, Council of E.U.Chamber of Commerce, Indo-Spanish Business Committee and a Director appointed by the Government of India on the Board of the Export Credit Guarantee Corporation, and is currently the President of Council of EU Chamber of Commerce.



Dr. S.Abid Hussain
Director

Dr.S.Abid Hussain is a retired I.A.S. Officer and the former Secretary, Govt. of India, Ministry of Commerce. He was also a member of the Planning Commission and the Ambassador of India to the United States of America. He is currently a director of U.T.I. Bank Ltd., Morgan Stanley (I) Investment AG, DCM Group, G.V.K. Industries Ltd.



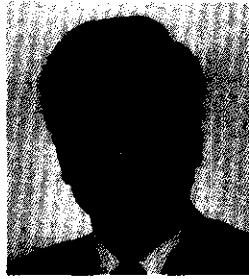
Mr. M.L.Apte
Director

Mr.M.L.Apte, former Sheriff of Bombay was 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 Chairman of the Apte Group of Companies and a Director of Lintas India Ltd., Thomas Cook (India) Ltd., IDI Ltd., Rhone-Poulenc (India) Ltd., Grasim Industries Ltd.



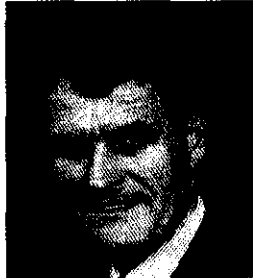
Mr. Gurcharan Das
Director

Mr.Gurcharan Das is the former Chairman and Managing Director of Procter and Gamble India Ltd. and Richardson Hindustan Ltd. A Graduate from Harvard University, he also periodically lectures there and is currently a Director of Deepak Nitrite Ltd., Birla Capital International Trustee Company, STP Ltd., Crest Communications Ltd., and the Chairman of the Advisory Board of Citibank India.



Mr. S.M.Datta
Director

Mr.S.M.Datta is the former Chairman of Hindustan Lever Ltd. and is currently Chairman of Philips India Ltd., Castrol India Ltd., IL & FS Venture Corporation Ltd. and Times Bank Ltd. He is currently a Director of Bharat Petroleum Corporation Ltd., Indian Petrochemicals Corporation Ltd., Ashok Leyland Ltd., E.I.D. Parry Ltd., Infosys Technologies Ltd., and Former President of ASSOCHAM, the Council of E.U. Chamber of Commerce in India and of the Bombay Chamber of Commerce and Industry. He is also Chairman of the Board of Governors of I.I.M. Bangalore, and a member of the Board of Governors of I.I.M. Calcutta.



Mr. Bernhard Steinrucke
Director

Mr.Bernhard Steinrucke is the Managing Director and speaker of the Board of ABC Bank GmbH, Berlin, Vice Chairman of DSK Leasing GmbH, Germany 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.



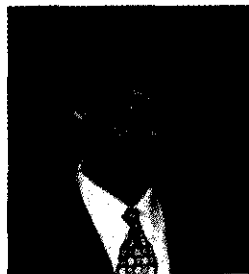
Mr. Deepak Parekh
Director

Mr.Deepak Parekh is the Chairman of H.D.F.C. Ltd., Infrastructure Leasing & Financial Services Ltd., Infrastructure Development and Finance Company Ltd., Glaxo India Ltd. and Burroughs Wellcome (India) Ltd., and a member of the Institute of Chartered Accountants, England and Wales. He has been a member of various Committees setup by the Govt. of India, especially in the field of Finance and Capital Markets. He is currently a Director of Otis Elevators Co. (India) Ltd., Castrol India Ltd., Mahindra & Mahindra Ltd. and Hindustan Lever Ltd., and is a member of the Asian Advisory Board of Banker Trusts, New York.



Mr. A.Y.Noorani
Managing Director

Mr.A.Y.Noorani joined the House of ZODIAC in 1969 and became Managing Director of the organisation in 1980. He has successfully builtup a dynamic team of dedicated professionals and developed its export business. He has completed the Advance Management Programme at Harvard University, Boston and is today running the organisation alongwith the Chairman. He is also a Director on the Advisory Board of Lufthansa (India) and the Textiles Committee appointed by the Government of India.



Mr. S.Y.Noorani
Joint Managing Director

Mr.S.Y.Noorani joined ZODIAC in 1982. He was initially responsible for settingup the Tube Division and after being trained in the clothing business, is now the Jt. Managing Director. He is responsible for running the Export Division and manufacturing plants of the company as well as activities connected with product development, sourcing of raw materials and upgradation of the various facilities of the company.

CHAIRMAN'S STATEMENT



According to the Apparel Export Promotion Council [AEPC] India's garment exports increased to US \$ 5.27 billion during 1998-99 from US \$ 4.91 billion during the previous year. Though there has been a small growth in the export of clothing during 1998-99, India's exports of clothing to its largest single market i.e. European Union have registered a decline in value during this period.

Despite the fiercely competitive scenario in the garment industry, your company has again outperformed the industry and will strive to continue to excel in future. The turnover of your company has increased by 11% and the net profit has increased by 35% from Rs.5.7 crore to Rs.7.7 crore. The Earning Per Share has also jumped from Rs.16.80 to Rs.22.60, the Book Value from Rs.74.76 to Rs.92.04, and the company continues to be a Zero-debt company.

In line with the performance of your company, the Directors have recommended a dividend of 50% for the year for your approval.

The wholly owned subsidiary company in Switzerland has yet again enabled the company in achieving its objectives, by helping the company become more market

driven, and enabled it to offer better service to its customers, and to make its offering more attractive both in terms of design content as well as pricing. During the financial year ended 30th December, 1998, the Switzerland subsidiary recorded a turnover of SFR 789,996 and their Board recommended a dividend of 20%. Here I must compliment my colleagues on the Board for having steered us in the direction of establishing this infrastructure in our market place.

The onset of the process of globalisation, coupled with the revolution in the area of information technology, and the changing demographics are only a prelude to the radical changes evolving across the global business scenario. Markets are becoming increasingly transparent, and the customers are demanding even better value - better quality at the most attractive prices.

The future is extremely challenging for clothing exporters of this country, making it imperative for them to constantly sharpen their competitiveness, to offer a product mix which is totally market driven, and a level of quality that matches the best internationally, in order to create a competitive advantage for the nation.

The clothing export scenario is likely to undergo radical

changes in future as import restrictions by the two major importing blocks in the world viz. EU & USA will be phased out totally by year 2004, in terms of the agreement signed at the WTO. As I mentioned to you in my previous communication, this means that India would be able to export unlimited quantities of clothing to these countries after that, but so could our major competitors like China, Indonesia, Bangladesh, Vietnam etc. Your company is doing its utmost to turn this into an opportunity, rather than allow it to become a threat.

The current year continues to be promising and we are doing our utmost to perform even better during the year.

On this note I would request the management team, while thanking them for their efforts, to strive even harder to achieve our objective of becoming a significant global player in our field of activity.

M.Y.NOORANI

Chairman



HIGHLIGHTS

Rs. in lacs

PARTICULARS	1998-99	1997-98
1. Net Sales/Income from Operations	6410	5798
2. Other Income	95	30
3. Total Expenditure	5648	5182
4. Interest	9	35
5. Gross Profit After Interest But Before Depreciation And Taxation (1+2-3-4)	848	611
6. Depreciation	33	31
7. Loss on Sale of Fixed Assets	16	—
8. Provision for Taxation	32	10
9. Net Profit (5-6-7-8)	767	570
10. Paidup Equity Share Capital	339	339
11. Reserves	2823	2245

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