



ZODIAC

CLASSIC BUSINESS STATEMENTS

16TH ANNUAL REPORT 1999-2000



The new international semi classic shirt.

THE *Silver*
Top Dyed
COLLECTION

ZODIAC
FINEST QUALITY SHIRTMAKERS

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ZODIAC CLOTHING COMPANY LTD. INDIA. TEL.: (91-22) 4964001-8. FAX: (91-22) 4932846.

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 Steinruecke

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

Mr.Y.P. Trivedi

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 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, E.U.Chamber of Commerce, special invitee of the Managing Committee of Bombay Chamber of Commerce and a Director appointed by the Government of India on the Board of the Export Credit Guarantee Corporation and is also the past 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 DCM Group, G.V.K. Industries Ltd., G.V.K. America, Wockhardt Ltd., Escorts Heart Institute and Research Centre, American Studies Research Centre, Financial Trustee of Morgan Stanley Asset Managements (I.) Ltd., and Chairman of HBC Flextech Ltd., Deccan Remedies Ltd., Pennar Refineries Ltd., Delhi ENT Hospital and Research Centre.



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., Rhone-Poulenc (India) Ltd., Grasim Industries Ltd., IDI Ltd., and Tata Asset Management Ltd.



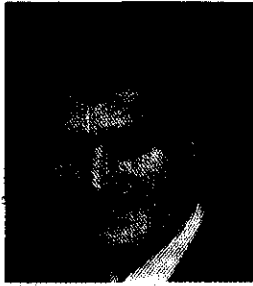
Mr. Gurcharan Das
Director

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, Crest Communications Ltd., and the Chairman of the Local Advisory Board of Citibank India and Inalsa Appliances Ltd.



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 Albright and Wilson Chemicals India Ltd. He is currently a Director of Indian Petrochemicals Corporation Ltd., E.I.D. Parry Ltd., Peerless Gen. Fin. and Inv. Co. Ltd., Woodlands Hospital and Medical Research Centre Ltd., Calcutta, and is the former President of Bombay Chamber of Commerce and Industry.



Mr. Bernhard Steinruecke
Director

Mr. Bernhard Steinruecke is 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.



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 Hindustan Lever Ltd, Otis Elevators Co. (India) Ltd., Castrol India Ltd. and Mahindra & Mahindra Ltd. and Exide Industries Ltd.



Mr. Y. P. Trivedi
Director

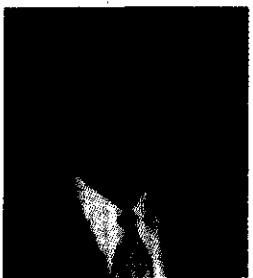
Mr. Y. P. Trivedi is the former President of Indian Merchants Chamber, the Chamber of Income Tax Consultants, Indo-African Chamber of Commerce. He is currently the Chairman of Telstar Travels Pvt. Ltd. and Trivedi Consultants Pvt. Ltd. and also a Director on the Board of Reliance Industries Ltd., Zandu Pharmaceuticals Ltd., Siltap Chemicals Ltd., Sai Service Station Ltd., Citric India Ltd., Keswani Synthetics Industries Ltd.. Mr. Trivedi has also served as Chairman/ Director of Central Bank of India, Central Bank Executors and Trustee Company Ltd..

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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 built up 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 along with the Chairman. He is the co-Chairman of International Trade Committee, Bombay Chamber of Commerce and Honorary Adviser of CIAE. 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 setting up 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



Last year, the garment industry achieved exports of garments worth USD 5.26 billion against the targeted USD 5.90 billion. The current year's target is a modest USD 6 billion. The above target is definitely achievable provided the garment industry concentrates more on sharpening its competitiveness and offers a product mix which is market driven, a quality level which is as good as the best internationally. In addition to the above, rapid changes are required in technology and management practices to be on par with world standards.

We at Zodiac are continuing our consistent endeavour to both, sharpen our competitiveness as well as to, at the same time, further refine the quality of our product. Infact, Quality is a way of life at Zodiac.

I, now draw your attention to the performance of the company which was affected this year due to adverse exchange rate effect, in view of which the turnover of the company was marginally lower at Rs. 63.16 crores as compared to Rs. 64.10 crores in the previous year. However, the profits registered and increase from Rs. 7.67 crores to Rs. 8.02 crores. The book value of your company's shares also increased from Rs. 92.04 in the previous year to Rs. 109.81 during the year under review. The EPS increased from Rs.22.62 in the previous

year to Rs. 23.64 for the year under review.

In view of the above the Board of Directors decided to maintain the dividend of 50% on the equity shares for the year under review, which you may kindly approve.

The fundamentals of your company continue to be strong as ever, and your company compares favourably with the best companies in this country in terms of productivity and profitability. Your company this year also continues to hold the distinction of being a Zero-debt company.

As I mentioned to you in my previous address, by January 2005, WTO provisions will come into force and there will be no quota restrictions on any of the 137 exporting countries. A free-for-all regime will emerge. The days of protectionism will then be over. While the Indian Clothing industry expects that the removal of quota restrictions will bring better days for them, competition specially from China and Bangladesh, the two biggest competitors of Indian exporters, will also hot up. Then, it will be a situation where Clothing manufacturers who are able to provide the best quality at the lowest price will only succeed. Nevertheless, we at Zodiac are confident of ourselves being poised to exploit this opportunity to the fullest.

The government has made certain decisions this year, which are not in the interest of exporters. For example the 80 HHC benefit is proposed to be removed in a phased manner. This is acting as disincentive for the exporters. While I never advocate 'help' from the government, in the form of incentives, as I believe the industry must be competitive and stand on its own feet, such disincentives must be avoided.

Although one appreciates that the government needs to fulfill its obligations under the WTO in this respect, enlightened governments of strong emerging economies have found acceptable methods of making workable tax benefits akin to Section 80 HHC, within the framework of WTO, which our government could emulate.

The clothing industry needs to also plan its future strategy by concentrating on the problems and challenges confronting the Indian industry vis-a-vis the year 2005. The focus should be on entering new global markets with existing products and introducing new products. Extensive efforts should be made to revamp and upgrade technology, to enable India to take advantage of the changing world scenario. Only then can we take this challenge head on.

Finally, I would like to inform you that the performance of your company for the first quarter of current year

2000-01 has been published pursuant to the stock exchange listing requirements, and am happy to inform you that the results are very encouraging.

As you may be aware the SEBI has notified your company's shares for compulsory dematerialisation with effect from 28th August, 2000. Hence I would request you to kindly get your shares dematerialised at the earliest for trading in the stock exchanges where our shares are listed.

I would like to inform you that Mr. Y.P. Trivedi has once again joined the Board of Directors, and the company will significantly gain from Mr. Trivedi's expertise in Finance and Banking.

I am also grateful to my colleagues on the Board for sharing their expertise and valuable knowledge whilst guiding the course of this company.

Lastly, I would like to thank our dedicated team at Zodiac for their support and cooperation, without which the company would not have been able to reach the present level.

M.Y.NOORANI
Chairman

HIGHLIGHTS

Rs. in lacs

PARTICULARS	1999-2000	1998-99
1. Net Sales/Income from Operations	6316	6410
2. Other Income	504	95
3. Total Expenditure	5915	5648
4. Interest	18	9
5. Gross Profit After Interest But Before Depreciation And Taxation (1+2-3-4)	887	848
6. Depreciation	35	33
7. Loss on Sale of Fixed Assets	—	16
8. Provision for Taxation	50	32
9. Net Profit (5-6-7-8)	802	767
10. Paid Up Equity Share Capital	339	339
11. Reserves	3419	2823

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