



Z O D I A C

CLASSIC BUSINESS STATEMENTS

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17TH ANNUAL REPORT 2000-2001



The Chino Checks semi-formal shirt, matched with Zodiac trousers.
Remember Harvard, Princeton, Yale...



American University Plaids

ZODIAC
FINEST QUALITY SHIRTMAKERS

E-mail: advf@zodaicmtc.com

C O N T E N T S

	Page
Board of Directors	4
Directors' Biographies	6
Chairman's Statement	8
Directors' Report	11
Auditor's Report	15
Annexure to Auditor's Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules Forming Part of the Accounts	20
Balance Sheet Abstract & Company's General Business Profile	31
Cash Flow Statement	32
Annexure to Directors' Report	35
Notice of Annual General Meeting	79

S U B S I D I A R I E S

Mayfair Limited	36
Multiplex Collapsible Tubes Limited	56
Zodiac Clothing Co. S.A.	73

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 Steinrucke

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

Mr.Y.P. Trivedi



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

SUBSIDIARIES

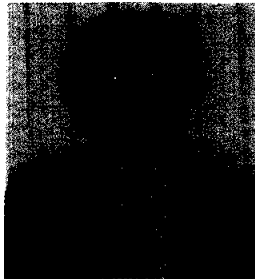
- Mayfair Limited
- Multiplex Collapsible Tubes Ltd.
- Zodiac Clothing Company S.A.

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 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., Wockhardt Ltd., MODICORP, Principal Trustee of Morgan Stanley Asset Managements (I.) Ltd.,and Chairman of Hyderabad Flextech Ltd. and Nagarujuna Oil Corporation 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., Grasim Industries Ltd. and Tata TD Waterhouse Asset Management Pvt. Ltd.



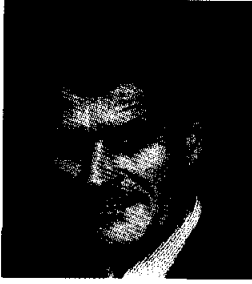
Mr.Gurcharan Das
Director

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., Cinevista Communications Ltd., Mastek Ltd., Brand Dotcom Ltd., Fortis Healthcare 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. and IL & FS Venture Corporation Ltd. He is currently a Director of Indian Petrochemicals Corporation Ltd., E.I.D. Parry (India) Ltd., Peerless Gen. Fin. and Inv. Co. Ltd., Dabur India 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., 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 Government of India, especially in the field of Finance and Capital Market. He is currently a Director of Hindustan Lever Ltd., Castrol India Ltd. and Mahindra & Mahindra Ltd., ICI India Ltd., The Indian Hotels Company Ltd. and Hindustan Oil Exploration Corporation Ltd..



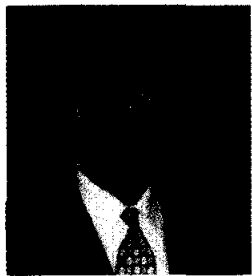
Mr. Y. P. Trivedi
Director

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., Birla Kennametal Ltd., Keswani Synthetics Ltd.. Mr. Trivedi has also served as Chairman/Director of Central Bank of India, Central Bank Executors and Trustee Company Ltd..



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 Chairman of Bi-National Indo Spanish Business Committee, Bombay Chamber of Commerce, Managing Committee member of Indo-German Chamber of Commerce and Honorary Adviser of CIAE. He is also a Director on the Advisory Board of Lufthansa (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 design, sourcing of raw materials and upgradation of the various facilities of the company. He is also a Managing Committee member of Indo-Italian Chamber of Commerce.

CHAIRMAN'S STATEMENT



Exports of readymade garments, which were 588 million pieces valued at US\$ 2242 million during January-April 2000 have decreased in quantitative terms to 444 million pieces valued at US\$ 1618 million, down by 24.56% in quantitative terms and 27.82% in value terms, during January-April 2001, according to the provisional figures released by AEPC. Going by this trend one is not sure whether the country will be able to achieve the Clothing export target of US\$ 6 billion this year.

The survival of clothing industry is dependent on the competitiveness of the industry and its ability to deliver world class products at competitive prices. The price-value relationship is of paramount importance because the end consumer is constantly demanding better quality at a lower price. Hence the clothing industry needs to focus on sharpening its competitiveness, and must offer a product mix which is totally market driven in order to create a competitive advantage for the nation. We at Zodiac have been striving to address these issues rigorously in order to achieve excellence, because of which we have been able to maintain our past performance despite the gloomy industry scenario. This is also evident in the results published for the first quarter of the current year, which I am sure has been noted.

I now draw your attention to the company's performance during the financial year 2000-01. The turnover of the company has increased from Rs. 63.16 crores in the previous year to Rs. 66.55 crores in the current year. The profit before tax also increased from Rs. 8.47 crores to Rs. 9 crores. However, the profit after tax decreased marginally from Rs. 8 crores in the previous year to Rs. 7.6 crores in the current year on account of higher tax provisions. The tax provision is higher due to phase out of the tax incentive under Section 80HHC on export profits.

Keeping in view the above performance the Board of Directors have recommended a dividend of 50% for the year for your approval.

As I mentioned to you in my previous address, the wholly owned subsidiary company in Switzerland has enabled the company to increase its exports. The company should be able to consolidate its position in the market further, by virtue of the subsidiary's activities.

I strongly feel that the right environment needs to be created for the clothing industry of this country to prepare themselves for the post-GATT scenario. I am particularly

concerned about the diversion of clothing business from India to Bangladesh which is a major reason for the drastic fall in the export of clothing from India during January-June '01. The European Union (EU), one of the major importing blocks of clothing items, has allowed Bangladesh to issue GSP certificate for clothing produced in Bangladesh from raw materials produced in SAARC countries, and they could enter the EU at zero rate of import duty. However, Indian clothing attracts a duty of 10.8% in the EU as compared to zero duty for Bangladesh, which has created unfair competition for India. In view of the above, immediate steps need to be taken by all concerned to either, seek extension of benefit of 100% GSP [zero rate of duty] for India on clothing produced from raw materials sourced from any SAARC country, or by persuading the EU to restrict the benefit of GSP to Bangladesh forthwith to clothing produced from raw materials of Bangladesh origin only.

I am also extremely concerned with the decision of the government to reduce the duty drawback rates at a time when the clothing industry was expecting a higher drawback because of increased duty burden imposed in the budget. This at a time when central excise duty was introduced on clothing for the first time in the budget this year, and when duty on raw materials like cotton

yarn has been increased by 50% in the budget.

Although excise duty on clothing would not be leviable on items manufactured for export, even units manufacturing exclusively for export will necessarily need to be monitored and this monitoring creates delays and procedural obstacles, which result in increase in cost as well as loss of time and efficiency, which would erode the competitiveness of India vis-a-vis our competitor nations, in this era of liberalisation and building competitive advantage for the nation.

I strongly feel an ongoing dialogue between the government and industry is necessary, to sharpen India's competitive advantage in the national interest, since clothing accounts for about 16% of overall exports of the country.

The current year is challenging and we are doing our utmost to outperform the industry.

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	2000-2001	1999-2000
1. Net Sales/Income from Operations	6655	6316
2. Other Income	187	504
3. Total Expenditure	5873	5915
4. Interest	59	18
5. Gross Profit After Interest But Before Depreciation And Taxation (1+2-3-4)	910	887
6. Depreciation	44	35
7. Provision for Taxation	103	50
8. Net Profit (5-6-7-8)	763	802
9. Paid Up Equity Share Capital	339	339
10. Reserves	3994	3419

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