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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.S.M.Datta

Mr.Gurcharan Das

Mr.Bernhard Steinrucke

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

Mr.Y.P. Trivedi

Mr.S.R. Iyer



Mr.A.Y.Noorani

Vice-Chairman & Managing Director

Mr.S.Y.Noorani

Managing Director & President

SECRETARY

Mr.Anoop Pillai

SOLICITORS

M/s. A.H.Parpia & Co.
M/s. Kanga & Co.

**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

IDBI Bank
Mittal Tower, C-Wing,
Nariman Point,
Mumbai 400 021

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

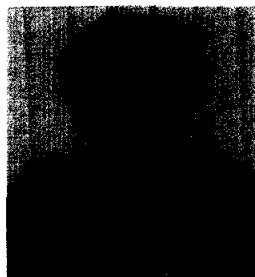
- Mayfair Limited
- Multiplex Collapsible Tubes Ltd.
- Zodiac Clothing Company S.A.

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. 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 organisations, including Indo German 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 of Life time achievement awards from the Clothing Association - TMAI and CIAE.



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 TTL Ltd., G.V.K. Industries Ltd., Havel's India Ltd., Modi Wellvest Pvt.Ltd., Wockhardt Ltd., MODICORP, Principal Trustee of Morgan Stanley Asset Managements (I.) Ltd.,and Chairman of Hyderabad Flextech Ltd. and Nagarajuna Oil Corporation Ltd..



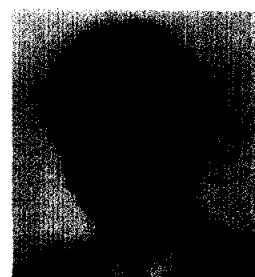
Mr.M.L.Apte
Director

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 Amalgamations Ltd. and a Director of Lintas India Ltd., Thomas Cook (India) Ltd., Grasim Industries Ltd., The Bombay Burmah Trading Corporation Ltd., New Phaltan Sugar Works Ltd., Standard Industries Ltd. and the Raja Bahadur Poona Mills 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 Berger Paints India Ltd., Birla Capital International Trustee Company, Crest Communications Ltd., Ankar Capital Pvt.Ltd., Mastek Ltd., Arcus Stores 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 Transport Corporation of India Ltd., Credit Analysis & Research Ltd., E.I.D. Parry (India) Ltd., Goodlass Nerolac Paints Ltd., BOC India Ltd., TIL Ltd. and M. Visvesvaraya Industrial Research & Development Centre.



Mr. Bernhard Steinrucke
Director

Mr. Bernhard Steinrucke 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 Smithkline Pharmaceuticals 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 set up 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., 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., Sai Service Station Ltd. and Trivedi Consultants Pvt. Ltd. and also a Director on the Board of Reliance Industries Ltd., Zandu Pharmaceuticals Ltd., Safari Industries Ltd., Siltap Chemicals Ltd., Bloomingdale Estate Pvt. Ltd., Birla Kennametal Ltd., and Claremont Trading Pvt. Ltd. Mr. Trivedi has also served as Chairman/Director of Central Bank of India, Central Bank Executors and Trustee Company Ltd..



Mr. S. R. Iyer
Director

Mr. S. R. Iyer is the Chairman & CEO of Credit Information Bureau (India) Ltd. a joint venture of the State Bank of India & HDFC Ltd. Mr. Iyer has vast knowledge & rich experience in the banking industry and has been associated as a director in almost all the subsidiaries and associates of State Bank of India at different points of time. Mr. Iyer retired as the Managing Director of the State Bank of India, and was also heading State Bank of Mysore as its Managing Director. He was also a director of National Stock Exchange of India Ltd. and GE Capital Business Process Management Services Pvt. Ltd.



Mr. A. Y. Noorani
Vice-Chairman & 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 a dynamic team of dedicated professionals and developed its export business. He has completed the Advanced Management Programme at Harvard University, Boston, and is today running the organisation alongwith 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 also a member of the the Executive Committee of Apparel Export Promotion Council.



Mr. S.Y. Noorani
Managing Director & President

Mr. S.Y. Noorani joined the House of Zodiac in 1982. After successfully establishing state of the art manufacturing facilities at Bangalore and Gujarat he was responsible for setting up the company's international marketing operations in Dusseldorf, London and New York. He leads a dynamic team of professionals in the running of the organisation ranging from the design team to the sales and marketing activities of Zodiac. He has recently successfully launched the brand ZOD! in the Indian market. Mr. S.Y. Noorani is also on the managing committee of Indo Italian Chamber of Commerce and a member of the Young Presidents Organisation (YPO).

CHAIRMAN'S STATEMENT



According to the data compiled by the Apparel Export Promotion Council, the export of clothing recorded a decline of 16.63% at US \$ 4.41 bn. for the fiscal year 2001-02 as compared to fiscal 2000-01.

As in the past, your company has been able to outperform the industry. Our turnover increased from Rs.6655 lakhs in the previous year to Rs.7205 lakhs registering an increase of 8% over the previous year. The profit after tax of the company was Rs.476 lakhs in the year under review, despite dividend and interest income declining by Rs.106 lakhs, loss on shares (both sold as well as those continued to be held) of Rs.55 lakhs, and quota premium of Rs.28 lakhs, adding up to a total of Rs.189 lakhs. Despite the horrendous event of September 11, 2001, and the consequent fallout on the global economy, the company's profitability was healthy.

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

The company has consistently been able outperform the

industry over a period of time because of its continuous efforts at sharpening its competitiveness and upgradation of its quality. Maintaining a high standard of fair business practices is the core value of the company, which is the cornerstone of its sustained fiscal performance. The global scenario for the clothing business continues in the direction which has been brought to your attention before, with the market becoming increasingly competitive, which in itself drives your company to continue to sharpen its competitiveness and to prepare for the phasing out of quantitative restraints on import of clothing by the two major importing blocks viz. E.U & USA.

India is at a disadvantageous position over its competitors, which needs to be resolved expeditiously. We refer to the discrimination created by the European Commission (E.C.) with the treatment meted out to India's export of clothing to the European Union, over the treatment to other members of SAARC countries, (excluding Sri Lanka) by the granting of 100% GSP benefit (Zero duty). Today, not only Bangladesh, but also a country like Pakistan has been favoured with this

benefit, which India has been deprived of [the benefit available to us is only 20 % GSP, therefore duty of 9.6% on our export versus zero duty for other SAARC members' exports, excluding Sri Lanka]. We are sure, the diversion of clothing exports from India to Bangladesh and other SAARC countries is not the intention of the E.C. The efforts which the Government of India is making under its bilateral negotiations should effectively address this problem. One would hope that the principal partners [EU & USA] will make more than prorata concession, in keeping with their greater economic strength.

The current year, seems promising resulting from the international fashion trend towards items that are India's

strength. The improvement in demand for our products, in some of the markets that we compete in, over the levels seen last year, is encouraging.

Let me conclude by thanking each one of you for the confidence and faith that you have reposed in the House of Zodiac. I would also take this opportunity to thank every member of the team without whose contribution, the achievements of the company would not have been possible. I look forward to your continued participation in the growth of the company.

M.Y.NOORANI
Chairman



HIGHLIGHTS

Rs. in lakhs

PARTICULARS	2001-2002	2000-2001
1. Net Sales/Income from Operations	7205	6655
2. Other Income	80	187
3. Total Expenditure	6579	5873
4. Interest	78	59
5. Gross Profit After Interest But Before Depreciation And Taxation (1+2-3-4)	628	910
6. Depreciation	51	44
7. Provision for Taxation	101	103
8. Net Profit (5-6-7-8)	476	763
9. Paid Up Equity Share Capital	339	339
10. Reserves	4202	3994

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors' have pleasure in presenting the 18th Annual Report with the audited accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	For the Year Ended 31st March, 2002 (Rs.in lakhs)	For the Year Ended 31st March, 2001 (Rs.in lakhs)
Turnover & other Income	7286	6842
Profit before Interest, depreciation & Tax	738	1005
Less : Interest	78	59
Less : Depreciation	51	44
Profit before tax for the year	609	902
Provision for Tax		
Current Tax	(89)	(103)
Deferred Tax	(12)	—
	(101)	(103)
Prior year adjustments	(32)	(36)
Profit after tax for the year	476	763

TURNOVER & PROFITS :-

Your Directors wish to inform you that during the financial year ended 31st March, 2002, the sales and operating income increased to Rs.7205 lakhs from Rs. 6655 lakhs in the previous year registering an increase of 8 % over the previous year. The net profit before tax stood at Rs. 609 lakhs as against Rs.902 lakhs in the previous year. The net profit after tax was Rs.476 lakhs in the year under review despite dividend and interest income declining by Rs.106 lakhs, loss on shares (both sold as well as those continued to be held) of Rs.55 lakhs and quota premium of Rs.28 lakhs adding up to a total of Rs.189 lakhs. Despite the horrendous event of September 11, 2001 and the consequent fallout on the global economy, the Company's profitability was healthy.

DIVIDEND :-

In line with the performance of the Company, your Directors have pleasure in recommending a dividend of 50% (Rs. 5/- per Equity Share) for the year ended March 31,2002 subject to approval by shareholders at the 18th Annual General Meeting.

SUBSIDIARY COMPANIES :-

The audited statement of Accounts of company's subsidiaries viz. Mayfair Ltd., Multiplex Collapsible Tubes Ltd. & Zodiac Clothing Company S.A., Switzerland, together with the Report of Directors and the Auditors as required under Section 212 of the Companies Act, 1956, are attached to this report.

CASH FLOW STATEMENT :-

In conformity with the provisions of Clause 32 of the listing agreement with Stock Exchanges, the cash flow statement for the year ended 31st March, 2002 is annexed hereto.

CONSOLIDATED ACCOUNTS :-

In accordance with the requirements of Accounting Standards AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the company and its subsidiaries is annexed to this Report.

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