

ZODIAC



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Superfine 140's Pure Wool Suits

Biella

Superfine 140's Pure Wool Suits

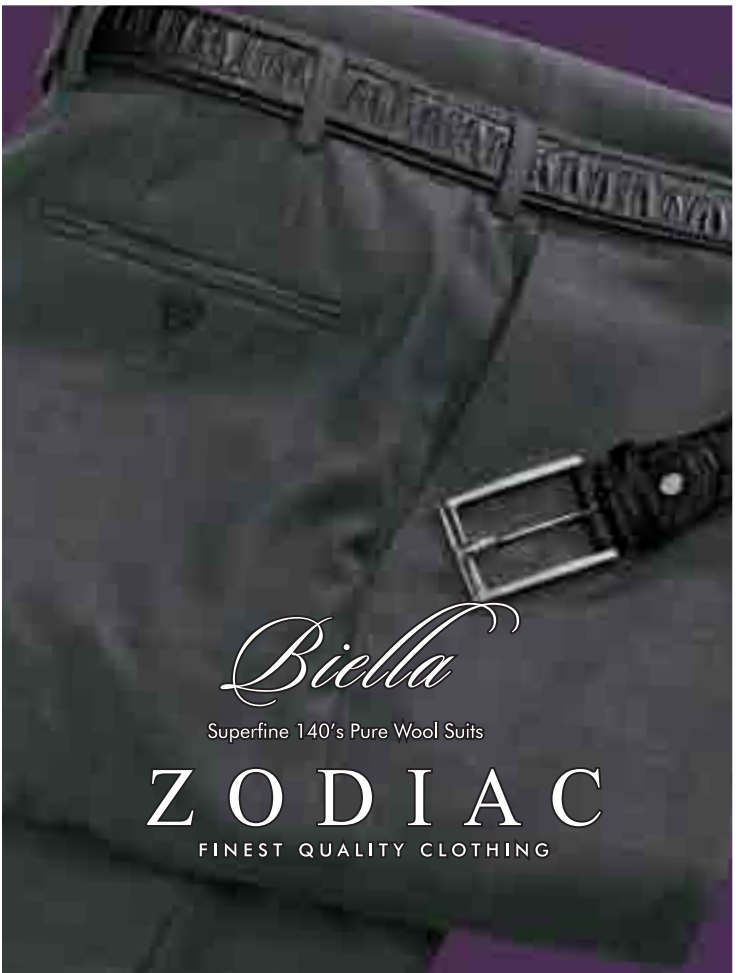
ZODIAC

FINEST QUALITY CLOTHING



Raffaello
Mercerized Two Ply Cotton

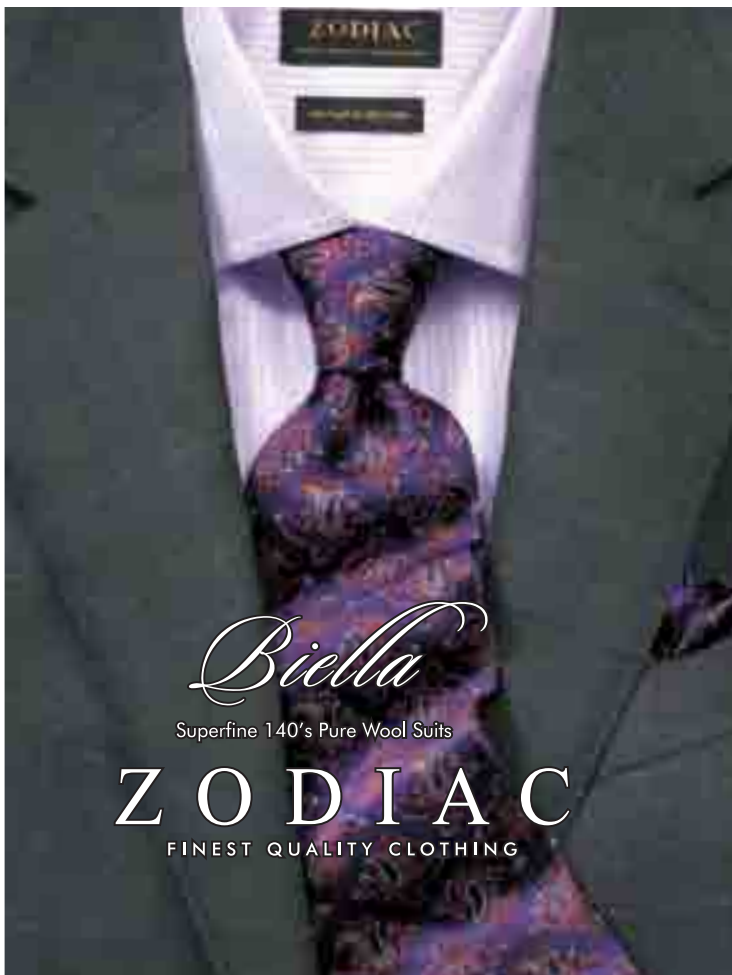
ZODIAC
FINEST QUALITY SHIRTMAKERS



Biella

Superfine 140's Pure Wool Suits

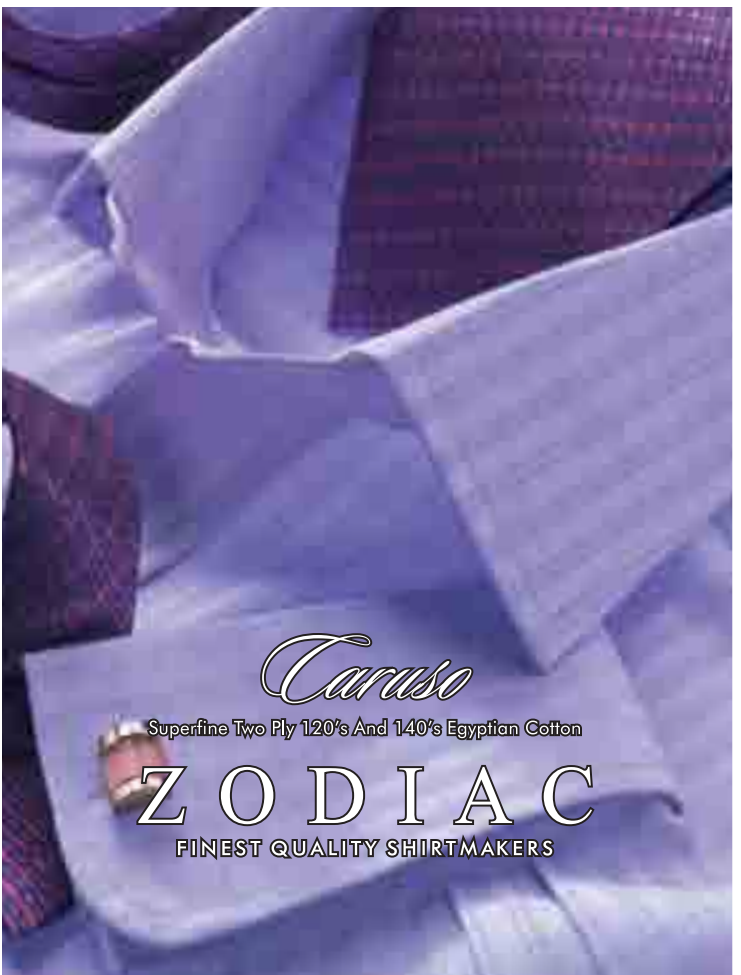
ZODIAC
FINEST QUALITY CLOTHING



Biella

Superfine 140's Pure Wool Suits

ZODIAC
FINEST QUALITY CLOTHING



Caruso

Superfine Two Ply 120's And 140's Egyptian Cotton

ZODIAC
FINEST QUALITY SHIRTMAKERS

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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

Dr. S. Abid Hussain

Mr. M. L. Apte

Mr. Bernhard Steinruecke

Mr. S. M. Datta

Dr. Heinrich D. Dieckmann

Mr. Deepak Parekh

(Alternate Director to
Dr. Heinrich D. Dieckmann)

Mr. S. R. Iyer

Mr. Y. P. Trivedi

Mr. A. Y. Noorani

Vice Chairman & Managing Director

Mr. S. Y. Noorani

Managing Director & President

REGISTERED OFFICE

Apte Properties
10/76, Off Dr. E. Moses Road,
Worli, Mumbai - 400 018.
Tel. : 022-66677000
Fax : 022-66677279

COMPANY SECRETARY

Mr. Omprakash Singh

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shivsagar Estate,
Worli, Mumbai - 400 018.

INTERNAL AUDITORS

M/s. Bhandarkar & Kale
Chartered Accountants
Lentin Chambers, Fort,
Mumbai.

FACTORIES

- Yelahanka,
Bangalore - 560 063.
- Whitefield Road,
Bangalore - 560 048.
- Bommasandra,
Bangalore - 560 099.
- Koramangala,
Bangalore - 560 095.
- A-1, 181/1, GIDC, Umbergaon,
Valsad, Gujrat - 396 171
- C/2/7, GIDC, Industrial Area, Umbergaon,
Valsad, Gujrat - 396 171
- Plot No. 411, Unit II, GIDC Umbergaon,
Valsad, Gujrat - 396171
- A to Z Industrial Area, Lower Parel,
Mumbai - 400 011

SOLICITORS

M/s. A.H. Parpia & Co.
203/204 Prabhat House, 2nd Floor,
92, S.V. Road, Khar (W), Mumbai - 400 052

M/s. Kanga & Co.
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai - 400 001.

**REGISTRAR & TRANSFER
AGENTS OFFICE**

Karvy Computershare Pvt. Ltd.
Karvy House,
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.

BANKERS

Citi Bank N.A.
Citi Bank Centre,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051.

State Bank of India
Commercial Branch, N.G.N. Vaidya Marg,
Mumbai - 400 023

The Royal Bank of Scotland N.V.
74, Sakhar Bhavan,
Nariman Point, Mumbai - 400 021.

HDFC Bank Limited
Trade World, A Wing,
Kamala Mills Compound,
Lower Parel, Mumbai - 400 013.

SUBSIDIARIES

- Multiplex Collapsible Tubes Limited
- Zodiac Clothing Co. S.A. (Switzerland)
- Zodiac Clothing Company (UAE) LLC
- Zodiac Clothing Company Inc.
- Zodiac Properties Limited

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. He is also Chairman of various Public Limited and Private Limited Group Companies. The Cross of Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.



Dr. S. Abid Hussain
Director

Dr. S. Abid Hussain (Padma Bhushan, 1988) is a retired I.A.S. officer and the former Secretary, Government of India, Ministry of Commerce and Ministry of Heavy Industry. He was also a member of the Planning Commission and the Ambassador of India to the United States of America, besides holding membership of numerous national and international bodies including several U.N. assignments in varied fields. He was the Special Rapporteur of the U.N. Commission of Human Rights, Geneva, Chairman of CSIR, Vice Chairman of the Rajiv Gandhi Foundation and Chancellor of the Central University, Hyderabad. Dr. S. Abid Hussain is currently a member of the International Panel on Democracy & Development of UNESCO and Professor Emeritus at the Indian Institute of Foreign Trade (IIFT) and the Foreign Service Institute of the Ministry of External Affairs. He is currently a director of G.V.K. Industries Limited, G.V.K. Taj Hotels & Resorts Limited, GVK Power & Infrastructure Limited, Wockhardt Limited, Shree Cement Limited and the Chairman of Nagarjuna Oil Corporation Limited. He is also Principal Trustee of Morgan Stanley Asset Management (India) Limited.



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 a Director of Apte Amalgamations Limited, Grasim Industries Limited, Tata Asset Management Limited, Bajaj Hindustan Limited, Standard Industries Limited, The Bombay Burmah Trading Corporation Limited, The Raja Bahadur International Limited and Kulkarni Power Tools Limited.



Mr. S. M. Datta
Director

Mr. S. M. Datta is the former Chairman of Hindustan Lever Limited. 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 Limited, Philips Electronics India Limited, Tata Trustee Co.Limited, IL & FS Investment Managers Limited, BOC India Limited, Transport Corporation of India Limited, Reach (Cargo Movers) Private Limited, Speciality Restaurants Ltd. and Director of Peerless Gen. Fin. and Inv. Co. Limited, Kansai Nerolac Paints Limited, Atul Limited, Bhoruka Power Corporation Limited, Peerless Hotels Limited, Ambit Holdings Pvt. Limited, Chandra's Chemical Enterprises (Private) Limited and Rabo India Finance Limited.



Mr. Bernhard Steinruecke
Director

Mr. Bernhard Steinruecke is the Director General of 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 FAG Bearings India Limited, Bosch Limited, HDFC ERGO General Insurance Company Limited and Apollo Munich Health Insurance Co. Ltd.



Dr. Heinrich D. Dieckmann
Director

Dr. Heinrich D. Dieckmann is a retired German diplomat whose entire career was focused mainly on international economic affairs. During his illustrious career he has served as the German Ambassador to India, German Ambassador to Japan, Director General for Economic Affairs and European Integration in the German Foreign Office, Head of the Economic Department of the German Mission to the United Nations in New York. He was the Foreign Office Representative in all negotiations with the Soviet Union and later on Russia, dealing with the economic aspects of German reunification, and one of the German Sherpas for the preparations of the G7 summits 1992, 1993 and 1994.

**Mr. Deepak Parekh**

Director

Mr. Deepak Parekh (Padma Bhushan, 2006) is a Fellow of the Institute of Chartered Accountants (England and Wales). He is the Chairman of H.D.F.C. Limited, Infrastructure Development & Finance Co. Limited, Glaxo Smithkline Pharmaceuticals Limited, Siemens Limited, Lafarge India Private Limited, HDFC Asset Management Co. Limited, HDFC ERGO General Insurance Co. Limited and HDFC Standard Life Insurance Co. Limited. He is a Director of Hindustan Unilever Limited, Castrol India Limited, Mahindra & Mahindra Limited, Hindustan Oil Exploration Company Limited, Exide Industries Limited, The Indian Hotels Co. Limited, Borax Morarji Limited, Bharat Bijlee Limited and Airport Authority of India. He has been a member of several Committees set up by the Government of India, especially in the field of Finance and Capital Markets, the recent one being the Investment Commission Committee. 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 Achievement Award – 2010.

**Mr. Y. P. Trivedi**

Director

Mr. Y. P. Trivedi, a member of the Rajya Sabha, is the former President of Indian Merchants Chamber, The Chamber of Income Tax Consultants, Indo-African Chamber of Commerce, a member of the Managing Committee of Indian Merchants' Chamber. He is currently the Chairman of Trivedi Consultants Private Limited and Sai Services Station Ltd. and also a Director of Reliance Industries Limited, Birla Power Solutions Limited, Metro Exporters Private Limited, Supreme Industries Limited, New Consolidated Construction Co. Limited, Seksaria Biswan Sugar Factory Ltd., Emami Ltd. Mr. Trivedi has also served as a Director of Central Bank of India, Dena Bank and Central Bank Executors and Trustee Company Limited.

**Mr. S. R. Iyer**

Director

Mr. S.R. Iyer retired as Managing Director of the State Bank of India. He is the former Chairman and Director of the Credit Information Bureau (India) Limited. He was also the Managing Director of State Bank of Mysore, Director of the National Stock Exchange of India Limited and GE Capital Business Process Management Services Private Limited. He has vast knowledge and rich experience in banking.

He is presently Director of IDMC Limited, KSK Energy Ventures Limited, KSK Power Venture Plc. Isle of Man, P.N. Writer and Company Private Limited, KSK Electricity Financing Pvt. Ltd., Writer Lifestyle P. Ltd., Writer Safeguard P. Ltd., Canfin Homes Ltd. and Kannada Prabha Publications Ltd.

**Mr. A. Y. Noorani**

Vice-Chairman & Managing Director

Mr. A.Y. Noorani joined the House of Zodiac in 1968 and after successfully developing its export business and scaling up its overall operations, became Managing Director of the organisation in 1980. He completed the Advance Management Programme at Harvard Business School, Boston, and is responsible for overseeing the management of the organisation, corporate affairs and finance. Mr. Noorani is 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 of Indian Oil Corporation Limited and Public Limited and Private Limited companies of the House of Zodiac.

**Mr. S. Y. Noorani**

Managing Director & President

Mr. S. Y. Noorani joined the House of ZODIAC in 1982. He was responsible for setting up the company's state-of-the-art manufacturing facilities and international marketing operations in London, Dusseldorf and New York. He leads a dynamic team of professionals in the running of the organization 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 is the Co-Chairman of Indo-Spanish Business Committee of Bombay Chamber of Commerce and has also served on the Managing Committees of Indo- Italian Chamber of Commerce as well as CMAI. He is a member of the regional council of CII (Western Region). He is also Director of various Public Limited and Private Limited companies of the House of Zodiac.



India's export of clothing during the year (April 2010 – February 2011) was Rs.39,324 crore vs. Rs.39,731 crore (minus 1%) during the corresponding period last year. In USD terms, exports grew by approximately 3% during April – February of the year under review from USD 8,380 million to USD 8,622 million. The impact of the rupee appreciation is glaringly visible in these numbers, where despite the higher realization in USD terms, the Rupees realized were negative.

The export of cotton clothing was minus approximately 3% in Rupee terms, and plus 0.85% in USD terms, whereas manmade fibre clothing grew both in Rupee terms (12%) as well as in USD terms (16%), mainly driven by the reduction of taxes on manmade fibres.

There was volatility across the months, with the major growth accruing during the last few months of the year - some growth is ascribable to China consciously yielding market share. This growth is encouraging, because it has been achieved despite the industry's constraints on raw cotton/cotton fabric prices, the subdued scenario in the US and the EU, the Rupee appreciating during the year and the duty drawback being reduced and capped in Rupee terms at lower caps than before (which is a disincentive to companies like ours who achieve higher unit value realization) and the Market Focus Scheme being withdrawn for the US/withdrawal of the scrip for manufacturers availing of TUFs. This not only impacts profits, but also inhibits growth and fresh investment in the industry.

Consumer demand turned positive early in the year, with the economy price segment being the biggest beneficiary- the premium end has also shown handsome gains. Projections from credible agencies indicate this trend will continue.

During the financial year 2010-11, the company reported consolidated gross revenues of Rs.37,032 lakhs, against Rs.33,310 lakhs in the previous year. On a standalone basis, the revenue was Rs.30,858 lakhs, against Rs.28,650 lakhs in the previous year. The consolidated net profit increased from Rs.2,619 lakhs in the previous year to Rs.3,319 lakhs for 2010-11, (26.73%) over the previous year. The standalone net profit was Rs.2,330 lakhs for the year, compared to Rs.2,105 lakhs in 2009-10.

The branded business as well as the company's own retail business have grown in healthy double digits. The

design-driven international business from India has been impacted adversely due to the hitherto unseen volatility during the year and the constraints referred to earlier. Despite this, the company's focus on profitability has stood it in good stead.

The Dubai subsidiary of the company has been able to perform much better than it did in the previous year, (Net Profit of Rs.671 lakhs this year vs. Rs.149 lakhs last year).

During the year, the company sold a part of its shares of Shoppers Stop Limited, at a small premium to the then market price and recovered almost its entire cost of original investment of Rs.1,020 lakhs in that company, while continuing to hold a substantial portion of shares originally acquired.

The incidence of tax (both State and Central) on inputs continues to be not fully reimbursed to the clothing export industry in India. Adding to the woes of the industry being only partially insulated from the incidence of Service Tax (where also actual disbursements continue to remain outstanding), the services covered under Service Tax are continuously being widened.

Our competitor countries notably Bangladesh and Vietnam (already the second largest clothing suppliers to the US after China) continue to get fullest co-operation from their Governments and grab market share in global trade in clothing. Cambodia is the new kid on the block, which is making its presence felt.

The evolving situation in China holds out tremendous potential for India. Stemming from their single child policy/ageing population, the availability of skilled workers willing to work in manufacture of clothing is diminishing with wages rising fast, or even soaring, in the south-eastern part of China, where the industry is concentrated. Workers there are shifting to more sophisticated products to move up the value chain. With this, the era of low cost production in China seems to be drawing to a close with a reversal of the trend of China's inefficient use of labour when it was cheap. Rising demand from within China for clothing (pursuant to the policy makers' steps to stimulate domestic consumption) seems to be diverting production towards the internal market in China.

India's clothing exports at USD 8.6 billion are a meagre fraction of China's USD 120 billion. If India could, initially, capture only 10% of China's market share of 30% of the global market (i.e. 3% of the global market