

ZODIAC

ZODIAC

FINEST QUALITY SHIRTMAKERS

Superfine Italian Fabric

Biella

SUPER 140's PURE WOOL SUITS

ZODIAC

FINEST QUALITY CLOTHING

www.zodiaconline.com



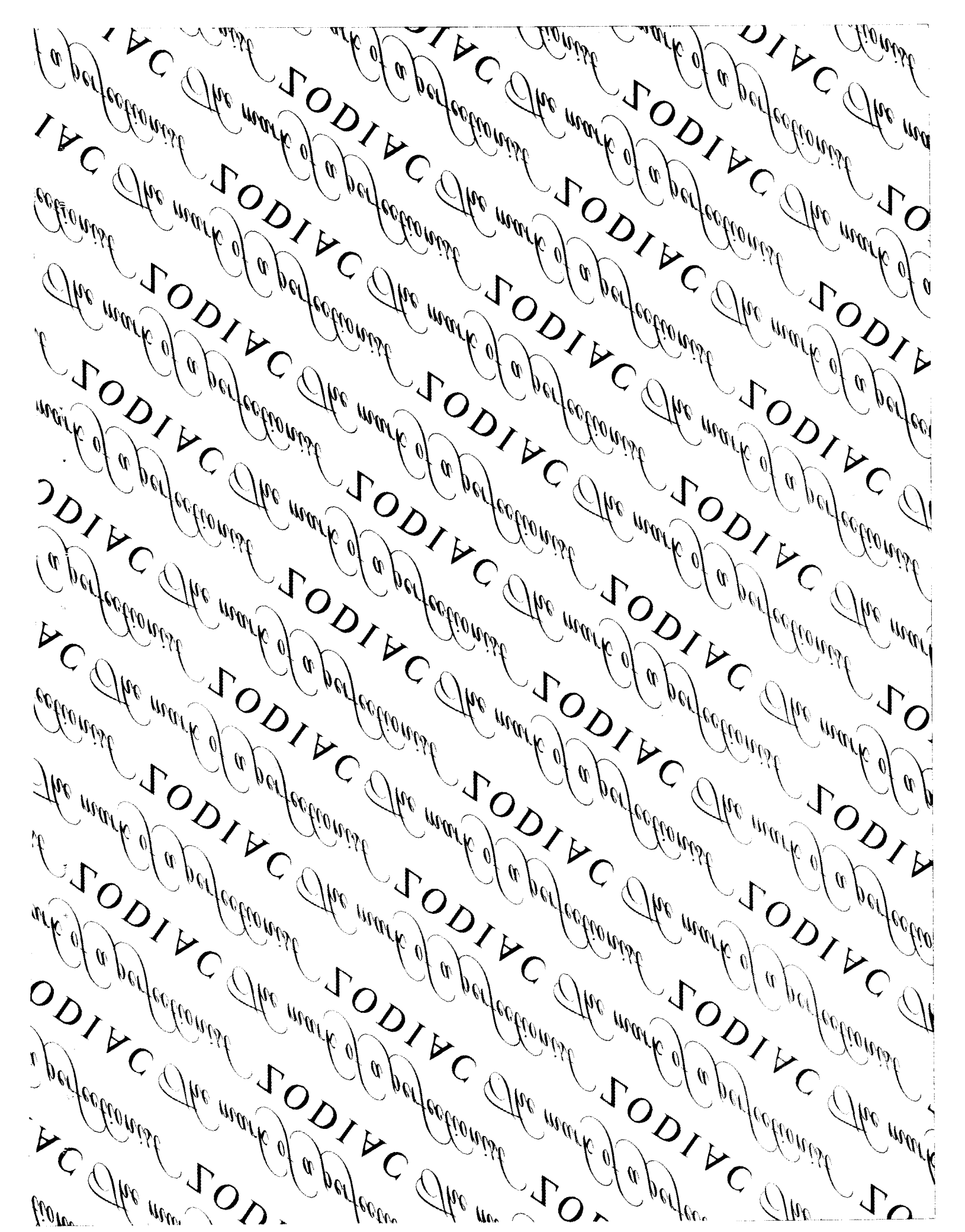
Da Vinci

ZODIAC

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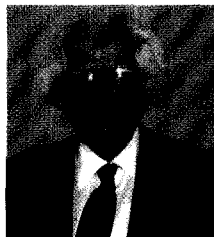
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DIRECTORS' BIOGRAPHIES



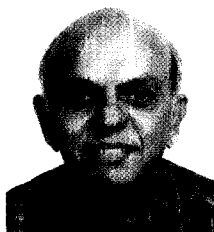
Mr. M. Y. Noorani
Chairman

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.



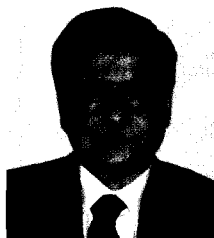
Dr. S. Abid Hussain
Director

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, Havel's India Limited, Shree Cement Limited, Gangavaram Port Limited and the Chairman of Hyderabad Flextech Limited and 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 the Chairman of Dr. Writer's Food Products Private Limited and 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 New Phaltan Sugar Works 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. Private Limited, IL & FS Investment Managers Limited, BOC India Limited, Peerless Hospitex Hospital & Research Centre Limited, Reach (Cargo Movers) Private Limited and Director of Peerless Gen. Fin. and Inv. Co. Limited, Kansai Nerolac Paints Limited, Transport Corporation of India Limited, Atul Limited, Bhoruka Power Corporation Limited, Peerless Hotels Limited, Ambit Holdings Pvt. Limited, Chandra's Chemical Enterprises (Private) Limited, Rabo India Finance Limited, Wockhardt Hospitals Limited and Deutsche Postbank Home 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 and HDFC ERGO General Insurance Company Limited.



Dr. Heinrich-Dietrich Dieckmann
Director

Dr. Heinrich-Dietrich 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.

REGISTERED OFFICE

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

COMPANY SECRETARY

Mr. Shivatosh Chakraborty

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

ABN AMRO Bank N.V.
74, Sakhar Bhavan,
Nariman Point, Mumbai - 400 021.

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

SUBSIDIARIES

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



The year ended 31st March, 2009 has been most challenging in view of the financial sector meltdown and the consequent slowdown of the economic sector globally, which had an impact, albeit to a lesser extent, on India as well. Clothing exports from India have grown a mere 4.6% in U.S. Dollar terms (India/USD 10 billion, global trade USD 373 billion).

Post September 2008, clothing exports from India have declined each month (excepting January 2009). The provisional figures for the September-March period are USD 5.52 billion v/s. USD 5.90 billion in the corresponding period last year, i.e. a decline of approximately 4.75%. The trend in April 2009 has continued to show a decline (minus 9.71%)

What is of grave concern is that India's share of global trade in clothing has been a mere 2.6%. In January-March 2009, India's export to the EU has stagnated, whereas Bangladesh, Sri Lanka and China have all grown in this market. In case of the US, export from India has declined by 9%, whereas Bangladesh, Indonesia and Vietnam show significant growth. Admittedly, all the competitor countries that have outperformed India have had tremendous and timely support from their respective Governments, which has distorted the situation somewhat for our country. The clothing industry needs to be encouraged by the Government to gain market share by leveraging its strengths, most of which I have familiarised you with over a period of time.

The Government did introduce 2 packages of Duty Concessions, and tax and interest rebates to combat recession, but it was too little, too late.

The Company's strategy has been vindicated, with regard to its de-risking, cost and innovation focused strategy. This has cushioned it from the effects of the worldwide recession, as well as the slowdown (not recession) in India during the second half of the financial year. The profit after tax for the year, albeit lower (standalone Rs. 1,513 lakhs v/s Rs. 2,016 lakhs for the previous year), when looked at in the perspective of the Profit & Loss

position of our competitors, both in India as well as globally, reiterates our position.

With the new Government in place, there are hopes that they will partner the industry in re-gaining, and possibly increasing, market share. One hopes that the new Government will:

- Review the rates of Duty Drawback to fully reimburse taxes (including Service Tax) incurred on inputs.
- Exempt Service Tax on those post-manufacturing expenses, which can only be attributable to exports, and which still face frequent considerable challenges in being refunded,
- Address other cost disabilities (such as exemption from State-level Octroi Duty, which has remained only on paper),
- Extend the tenure of the Market Focus Scheme
- Address the Cost of Funds issue by enhancement of the interest rate subvention to make funds available to the industry at international pricing.
- Devise a WTO-compatible tax benefit.
- Institute a Product Development Fund to encourage innovation
- Address infrastructural disabilities.
- Pursue fast track signing of bilateral/multilateral agreements with the EU (and possibly the US)

There are further investments being contemplated in weaving and processing of clothing, which will gain momentum once the Government policy on TUFs is refined. The clothing industry will not be found wanting, should it be provided with encouragement.

The steps I have outlined above should translate into a turnaround for India's international trade in clothing. Recapturing market share would require a CAGR of 9% plus through to 2015, which is palpable with these steps implemented.



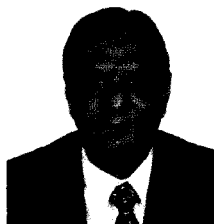
Mr. Deepak Parekh
Director

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, 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 Corporation Limited, Exide Industries Limited, The Indian Hotels Co. Limited, Satyam Computer Services Ltd., Borax Morarji Limited, Bharat Bijlee Limited and Lafarge India Private Limited. 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.



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, a member of the Managing Committee of Indian Merchants' Chamber. He is a member of Rajya Sabha. He is currently the Chairman of Trivedi Consultants Private Limited, Zandu Pharmaceuticals Works Limited and Sai Service Station Limited and also a Director of Reliance Industries Limited, Reliance Petroleum Limited, Birla Power Solutions Limited, Metro Exporters Private Limited, Supreme Industries Limited, Clare Mont Trading Private Limited, Colosseum Sports and Recreation International, Monica Travels Private Limited, Seksaria Biswan Sugar Factory Limited, New Consolidated Construction Co. Limited, Birla Cotsyn (India) Limited. 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, P.N. Writer & Co. Private Limited and KSK Electricity Financing Private Limited.



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, the CII-Gulf Council and the CII Committee on Textiles. 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.

HIGHLIGHTS: (STANDALONE)

Rs. in lakhs

PARTICULARS	2008-2009	2007-2008
Sales & other Income	28,605	24,838
Less: Total Expenditure	25,665	21,206
Profit before Interest, depreciation & other written off extra ordinary items	2,940	3,632
Less : Interest	119	149
Profit before depreciation	2,821	3,483
Less : Depreciation	415	360
Profit before write off of extra-ordinary items	2,406	3,123
Less : Extra ordinary and prior period expenses	14	12
PROFIT BEFORE TAX FOR THE YEAR	2,392	3,111
Provision for Tax (net)	879	1,095
PROFIT AFTER TAX FOR THE YEAR	1,513	2,016
Add: Balance brought forward from the last year	6,496	5,343
Total amount available for appropriation	8,009	7,359
Appropriations:		
Proposed dividend	545	545
Corporate dividend tax	93	93
General Reserve	225	225
Balance retained in Profit & Loss A/c	7,146	6,496

The company's design-driven international business remains handsomely profitable and keeps the company on its toes to consistently sharpen its competitiveness, besides continuing to keep the company at the cutting edge of fashion.

Branded business for the industry in India has been severely hit by the fall in consumer demand, which has been particularly sharp in the second half of the year. Most brands in the segment where the company operates have been almost continuously marked down since May 2008, despite which their turnovers have shown only small increases, even though the number of units sold by them has risen sharply due to discounting.

The company, without discounting, has ended the year with a respectable growth in turnover. While the consumer demand situation (in the second half of 2008-09) has certainly shown a blip, there seem to be several factors indicating a turnaround in the second half of FY 2009-10.

The company's focus is to build on attracting premium customers, maintaining the price-value relationship of its products, growing its customer base and loyalty through design driven and marketing-led innovations. The company's policy of not discounting its products, is a testimonial to the strength of the "Zodiac", "ZOD!" and "Z3" brands, which showed growth (despite the subdued sentiment upto September 2008 and the further decline in sentiment since mid-November, 2008).

Despite the rate of growth being depressed in the second half of the year, the company sustained its brand building effort without compromise because we felt that this investment would stand us in good stead when the economy emerges from the current situation during 2009-10.

The company's expenditure on personnel costs, marketing spends and store rentals grew in keeping with its strategy of continuing its conservatively aggressive strategy to build its branded business.

In April 2008, the company launched the Z3 casual wear shirts, a brand extension which has been a resounding success with its target audience. The company has also extended its product range, which now includes Zodiac suits and shoes, both of which have been well received, and which show potential.

"Zodiac", "ZOD!" and "Z3" continue to be the industry benchmark for cutting-edge fashion in terms of design and styling, as well as for quality.

21 new stores were opened during the year (22, if the Taj Mahal Hotel store which doubled in size when it re-opened in December 2008 is considered). The company's policy of ruthlessly closing down unprofitable stores continues, with 13 unviable stores being closed during 2008-09. The company's own stores have maintained like-to-like growth through to the end of March 2009, besides the generation of additional sales from new store openings. As of March 2009, the company had 69 stores. All these stores are company run, not franchised.

With the political uncertainty in the country having been eliminated and with the newly-constituted Government in place no longer having its hands tied behind its back, vis-à-vis reforms and stimulating the economy, the branded market in India holds great potential

commencing the second half of the current year. How quickly consumer demand revives and how soon quality rentals for stores fall to realistic levels on a sustained basis, will determine the pace of growth. The medium and long-term outlook continues to be optimistic, with the demographics substantiating that the target audience is growing exponentially and is poised for handsome growth, notwithstanding the short-term blip encountered in these challenging economic times.

During the fiscal year 2008-09, the company has reported consolidated gross revenues of Rs.34,085 lakhs, as against Rs.30,284 lakhs in the previous year, thus registering a growth of 12.55%. The consolidated net profit decreased from Rs.3,242 lakhs in the previous year to Rs.2,496 lakhs for the fiscal year 2008-09, a decrease of 23.02% over the previous year.

On a standalone basis, the company reported a gross revenues of Rs.28,605 lakhs for the year 2008-09, as compared to the previous year's of Rs.24,838 lakhs, i.e. an increase of 15.17%.

Keeping in view the overall performance of the company and the outlook for the future, as well as with a view to be in line with best practices with regard to dividend payout ratio, your Directors are pleased to recommend a dividend of Rs. 6.50 per equity share of the face value of Rs.10/- each on the Paid-up Capital of Rs.8,38,65,260, subject to the approval of the share holders.

During the year 2007-08, the company, in keeping with the approval by shareholders in the meeting of August 31, 2006, vested 87,300 options to the eligible Non-Promoter Directors/Employees for subscribing to an equivalent number of fully paid-up equity shares of the company, at a price of Rs.255.40 per share. The Vesting Options would be exercised over a period of 3 years from the date of vesting, based on specified criteria. Consequent upon that, 300 equity shares of Rs.10/- each were issued and allotted to eligible Non-Promoter Directors/Employees of the company and thus the Paid-up Share Capital of the company as on March 31, 2009 stands increased from Rs.8,38,62,260/- to Rs.8,38,65,260/-

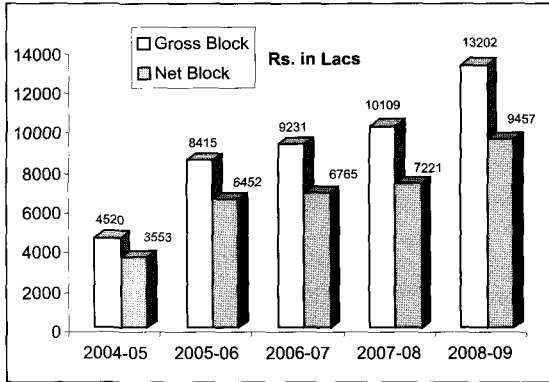
May I conclude with sincere thanks to our shareholders, our customers, the Government, Banks, Solicitors, Distributors, Suppliers and other Business Associates for their valued contribution in making it possible for the company to achieve the results it has, even in this turbulent year.

I would also like to thank employees at all levels of the organisation for their sincerity, dedication and effort. Finally, to our eminent independent directors, my grateful thanks for their help in steering the company not only in achieving growth and profitability in this challenging year, but also for the high standard of Corporate Governance that has been consistently pursued as a direct result of their contribution, and for their continuously guiding the company towards best practices across industries.

I do look forward to your continued participation in the evolution of the company during the promising future.

M.Y. Noorani
Chairman

FIXED ASSETS - CONSOLIDATED



3. SUBSIDIARY COMPANIES:

The audited Statement of Accounts of the company's subsidiaries, viz., Multiplex Collapsible Tubes Ltd., India; Zodiac Clothing Co. S.A. Switzerland; Zodiac Clothing Co. (UAE) LLC, Dubai and Zodiac Clothing Co. Inc. U.S.A., together with the Report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956, are attached to this Report.

4. 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 2009 is annexed hereto.

5. CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the requirements of Accounting Standards AS-21 notified under the Companies (Accounting Standard) Rules 2006, the Consolidated Accounts of the company and its subsidiaries is annexed to this Report.

6. RATING:

The company has been assigned a rating of **A1+** for Fund based bank limits of INR 385 million and Non-Fund based bank limits of INR 57.5 million for Short Term Facility Programme. This is the highest credit quality rating assigned by ICRA for the short term. The rated LOC carries lowest credit risk.

The rating is assigned by ICRA Ltd., an associate of Moody's Investors Service.

7. CAPEX

During the year, the Capex aggregated Rs.1,300 lakhs (as against Rs. 695 lakhs last year) on a standalone basis and Rs.2,778 lakhs (as against

Rs.719 lakhs last year) on a consolidated basis. This capex was incurred mainly on the new company-run Stores, balancing machinery and equipment and acquisition of the remaining portion of the corporate headquarters. Additionally, rental deposits increased to Rs.982 lakhs from Rs. 876 lakhs in the previous year. (after adjusting refunds of deposits for stores we closed down).

8. LIQUIDITY:

The Debt equity ratio as on 31st March 2009, was 0.16 on a consolidated basis. We maintained sufficient care to meet our strategic objectives from internal accruals, which have adequately covered the requirement of funds. The cash and bank balances (consolidated) were Rs.2,711 lakhs in March 09 as against Rs.1,034 lakhs last year.

9. INCREASE IN SHARE CAPITAL:

During the year, the paid-up share capital of the company has increased from Rs.8,38,62,260/- to Rs.8,38,65,260/- as a result of allotment of 300 shares of Rs.10.00 each under the ESOP Scheme.

10. APPROPRIATIONS:

Dividends - We recommend a dividend of Rs. 6.50 per equity share (65% on par value of Rs. 10.00 per share). The total dividend amount including dividend tax would be Rs. 638 lakhs, (previous year Rs.638 lakhs). Dividend (including dividend tax) as a percentage of profit after tax is 42.16%.

Transfer to Reserves - We propose to transfer Rs. 225 lakhs (14.87% of the net profit for the year) to the general reserve. An amount of Rs. 7,146 lakhs is proposed to be retained in the Profit & Loss Account.

11. CORPORATE GOVERNANCE:

The company has been proactive in adhering to the principles and practices of good Corporate Governance. As required under the revised Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed note on Corporate Governance is annexed to this Report. The company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate confirming compliance of the Corporate Governance requirements by the company is attached to the Report on Corporate Governance.

12. QUALITY:

The company's focus on quality and productivity has stood it in good stead in the challenging economic/ business conditions, which conditions have resulted in an increasingly competitive market.

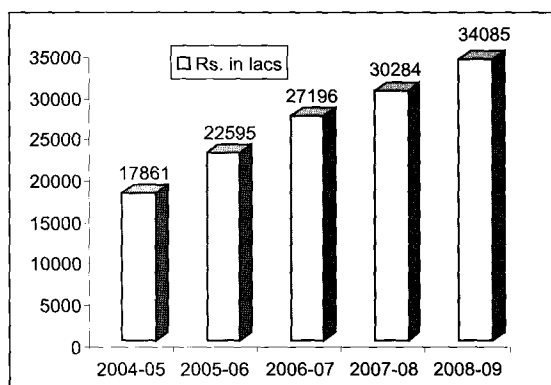
DIRECTORS' REPORT TO THE MEMBERS

We are happy to present the 25th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2009.

1. BUSINESS:

Turnover & Profits – During the financial year ended 31st March 2009, the income of the company on a standalone basis increased by 15.17% to Rs.28,605 lakhs. The profit before tax decreased by 23.11% to Rs.2,392 lakhs, while the net profit after tax for the financial year ended 31st March 2009 decreased to Rs.1,513 lakhs.

GROSS INCOME - CONSOLIDATED



2. RESULTS OF OPERATIONS

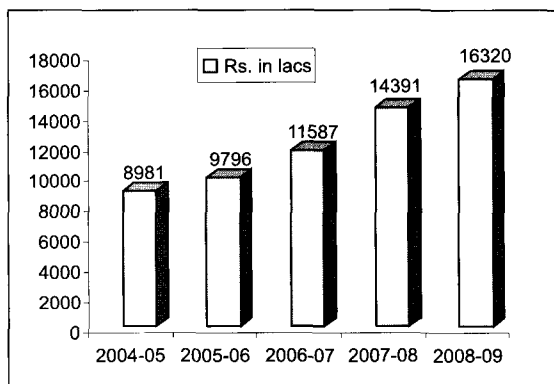
	(Rupees in Lakhs)			
	Standalone		Consolidated	
	2008-09	2007-08	2008-09	2007-08
Sales & other Income	28,605	24,838	34,085	30,284
PROFIT BEFORE TAXATION	2,392	3,111	3,452	4,408
Provision for Taxation				
Current Tax	827	1,132	902	1,213
Deferred Tax	14	(80)	14	(80)
Fringe Benefit Tax	37	40	37	40
PROFIT AFTER TAXATION	1,514	2,019	2,499	3,235
Short Provision for Taxation	1	3	3	7
Profit for the Year	1,513	2,016	2,496	3,242
Balance of Profit Brought forward	6,496	5,343	9,132	6,805
Profit Available for Appropriation	8,009	7,359	11,628	10,047

The design driven international business from India is performing well, both in terms of unit value realisation (by virtue of increased value addition/design content as well as a weaker Rupee) and the focus on cost has blunted, to a great extent, the impact of the challenging economic and business conditions globally.

The company's branded business continues to be the industry benchmark for its cutting-edge fashion in terms of design and styling, as well as for its quality. This business has also recorded higher revenue despite the severe slow down in India, consequent to the global economic crisis.

During the year, the company opened 21 new stores and renovated 2 stores (all stores are company-run, not franchised) in keeping with its strategy of investing in the growth potential of retail. Despite the blip experienced in the second half of the year, the company continues to pursue its strategy of striving for growth with strict financial discipline, cost control, global sourcing and judicious hedging of forex exposure.

NET WORTH – CONSOLIDATED



18. HUMAN RESOURCE MANAGEMENT:

Employee relations continued to be cordial during the year under review. This has been possible by creating a performance driven culture against the backdrop of care and concern for all employees. The Company continued its thrust on Human Resource Development, as we believe that our people are the primary source of sustainable competitive advantage. The Board wishes to place on record its appreciation to all the employees of the company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

19. ZODIAC EMPLOYEES' STOCK OPTION PLAN 2006:

At the Annual General Meeting held on August 31, 2006, the shareholders of the Company have approved the grant of 5,00,000 Stock Option to employees of the Company and its subsidiaries / Directors of the Company (other than Promoter Directors or their relatives). On December 27, 2006 the company granted 2,91,000 stock options (each option carried entitlement for One equity share of the face value of Rs. 10 /- each) to eligible Non Promoter Directors and employees at an exercise price of Rs. 255.40 per equity share, which was duly approved by the Compensation Committee / Board of Directors.

During the year under review, Company allotted 300 shares (to eligible Directors and Employees of the Company under Zodiac Clothing Company Limited – Employees Stock Option Plan - 2006) on receipt of valid applications along with the necessary application money. The allotment was done successfully on receipt of confirmation given by National Securities Depository Limited vide letter dated 26th June, 2008 for 300 shares. The Company has also received the trading permission from The Bombay Stock Exchange Limited and

National Stock Exchange of India Limited in respect of 300 shares allotted under ESOP vide letter dated July 03, 2008 (BSE) and July 08, 2008 (NSE).

The particulars with regard to the stock options as on March 31, 2009 as required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are enclosed as Annexure I to this Report.

The company has obtained a certificate from the auditors stating that ESOP has been implemented in accordance with SEBI (ESOS and ESPS) Guidelines, 1999 and the resolution of the Company passed in the Annual General Meeting held on August 31, 2006.

20. ISSUE OF WARRANTS TO PROMOTERS:

A total of 4,40,000 warrants were allotted on preferential basis on 15th January 2008, to certain Promoters of the Company, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000. These warrants are exercisable within a maximum period of 18 months from the date of allotment, into an equal number of fully paid-up equity shares of the Company. The warrants were issued subject to the condition that the allottees shall exercise the option of conversion of warrants into equity shares, provided it is within the limit of holding of promoters permissible under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, including any amendment thereof or re-enactment thereof for the time being in force. The warrants were allotted on 15th January 2008 on receipt of 10% of the allotment price. The balance 90% of the issue price is payable by the Promoters at the time of exercising their option of converting the warrants into equity shares.

The Funds so raised through the preferential issue of warrants have been utilized for capital expenditure, working capital and general corporate purposes including but not limited to investments, as set out in the Explanatory Statement to the Notice convening the Extra Ordinary General Meeting of the Company held on November 28, 2007. The Company has not utilized the funds for the purpose other than those for which the issue of warrants was contemplated.

21. COMPLIANCE WITH THE CODE OF CONDUCT:

The company has evolved and adopted a Code of Conduct for its Board of Directors and its managerial personnel in line with the best practices

This has made customers more demanding, both for quicker delivery time as well as for lower prices. The company's focus on productivity, constant innovation and stress on reduction of business risks, have helped it manage operations more effectively.

13. BRANDING:

The company's branded business ("Zodiac", "ZOD!" and "Z3" brands), showed growth despite the subdued sentiment upto September 2008 and the further decline in sentiment since mid-November, 2008. Despite the rate of growth being subdued in the second half of the year, the company sustained its brand building effort without compromise because we felt that this would stand us in good stead when the economy emerges from the current situation during 2009-10.

The company's expenditure on personnel costs, marketing spends and store rentals grew in keeping with its strategy of continuing its conservatively aggressive strategy to build its branded business.

The focus is to build on attracting premium customers, maintaining the price-value relationship of its products, growing its customer base and loyalty through design driven and marketing-led innovations. The company's policy of not discounting its products, is a testimonial to the strength of the "Zodiac", "ZOD!" and "Z3" brands.

14. INFORMATION UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988:

(A) Conservation of Energy

A very dynamic approach is undertaken when it comes to conservation of energy. This has resulted in notable reduction in consumption of fuel and power on a like to like basis.

The continuous focus on energy conservation has reflected favourably on the cost of energy for the company, in spite of the energy demands going up due to increase in utilization required for value added activities.

(B) Technology, Absorption, Adaptations & Innovation

Not applicable

(C) Foreign Exchange Earnings and Outgo

Total Foreign Exchange	
Earned	Rs. 14,913.00 lakhs
Total Foreign Exchange	
Outgo	Rs 5,014.00 lakhs

15. CORPORATE SOCIAL RESPONSIBILITY :

The company continues to lay emphasis on discharging its social responsibility. At the meeting of the Board of Directors held on 24th June 2009, the Board renewed the proviso for contribution by the company by way of Charitable Funds not related to the business of the company. This is within the limit approved by the shareholders.

16. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Dr. Heinrich Dietrich Dieckmann, Mr. Y.P. Trivedi and Mr. S.M. Datta, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

A brief resume of Dr. Heinrich Dieckmann, Mr. Y.P. Trivedi and Mr. S.M. Datta, Directors as required by Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Notice convening the Annual General Meeting of the Company.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

ANNEXURE 1 TO DIRECTORS' REPORT

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

		Zodiac Employees Stock Option Plan 2006
a.	Options granted till date	2,91,000 Options on 27th December 2006
b.	Pricing formula	Closing market price on the day prior to grant of option Rs.255.40 and exercise price Rs.255.40
c.	Option vested till dated	1,74,600
d.	Options exercised till date	23,900 options
e.	The total number of shares arising as a result of exercise of option	23,900 shares
f.	Option lapsed	13,550 options lapsed
g.	Variation of terms of option as at 31st March 2009	Nil
h.	Money realized by exercise of option	Rs.75,85,304/-
i.	Total number of option in force as on 31st March 2009	2,53,550
j.	Employees wise details of options granted to: (i) senior managerial person (ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year (iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:	(i) 2,31,500 Options (ii) Nil (iii) Nil
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS - 20) 'Earnings Per Share' Refer note no.22 of schedule 17B : notes of the Accounts	Rs.17.14
i.	Where the company has calculated the employees compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost of so computed and employee compensation cost that shall have been recognized if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company uses the intrinsic value based method of accounting for stock option. Had the company followed fair value of method for accounting the stock option, compensation expenses would have been higher by Rs.87.86 Lakhs (Previous Year Rs.79.89 lakhs) and consequently profit after tax would have been lower by Rs.57.60 lakhs (Previous Year Rs.52.73 lakhs) and Basic and Diluted Earning per share would have been lower by Rs.0.69(Previous Year Rs. 0.64) per share & Rs.0.65 (Previous Year Rs.0.62) per share respectively. These options are considered to be anti-dilative in nature and the effect of this ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earning Per Share issued by the Institute of Chartered Accounts of India.
m	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	Rs.255.40 Rs.255.40
n.	A description of the method and significant assumption used during the year to estimate the fair value of options, including the following weighted average information. (1) Risk free rate (2) Expected life of options (3) Expected volatility (4) Expected dividends (5) The price of the underline share in the market at the time of option grant prior to option grant.	Rs.255.40 7.59% to 7.67% 2.5 to 4.5 years 45.22% to 51.13% As the weighted average life of the option is more than 1 year and hence the estimation of the future dividend is unacceptable. Rs.255.40

For and on behalf of the Board

Mumbai
Dated: June 24, 2009

M.Y. NOORANI
Chairman

of good Corporate Governance.

The company amended its Code of Conduct on Insider Trading at its Board of Directors' meeting held on 31st January 2009 and the same has been uploaded on the company's website.

The declaration of compliance with the Code of Conduct has been received from all Board Members and the managerial personnel. A certificate to this effect from Mr. A.Y. Noorani, Vice Chairman and Managing Director, forms part of this Report.

22. MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of the company is given separately under the head Management Discussion and Analysis.

23. FIXED DEPOSIT:

We have not accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

24. ELECTRONIC FILING:

SEBI has stipulated electronic filing of the Annual Report including Corporate Governance Report, Shareholding Pattern etc., on the website of SEBI i.e. www.sebidifar.nic.in. The statements of your company can be accessed at this website. These statements are also displayed on the company's website viz. www.zodiaconline.com

25. LISTING FEES:

The equity shares of the Company are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Company has paid the listing fees to the above Stock Exchanges up to date. The Company's Equity Shares are traded in the dematerialized segment for all investors compulsorily and the Company has entered into agreements with Central Depository Services India Limited and National Securities Depository Limited for trading in electronic form.

26. AUDITORS:

The Auditors M/s. Deloitte Haskins and Sells, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and, being eligible, have offered themselves for re-appointment. The Audit Committee and Board of Directors recommend the re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company.

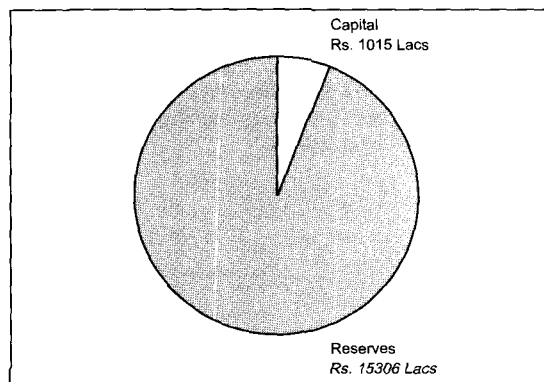
27. AUDIT COMMITTEE:

In accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee, which consists of three Non-Executive Independent Directors of the Company viz Mr. S. R. Iyer (Chairman of Audit Committee), Mr. Y.P. Trivedi and Mr. M. L. Apte (Members). The Audit Committee functions in terms of the role and powers delegated by the Board of Directors keeping in view the provisions of Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

28. PARTICULARS OF EMPLOYEES:

The Particulars of Employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders, excluding the statement of Particulars of Employees. Any shareholder interested in obtaining a copy, may write to the Company Secretary at the Registered Office of the Company.

SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2008-2009 - CONSOLIDATED



29. ACKNOWLEDGEMENTS:

The Board would like to place on record its sincere appreciation for the wholehearted support and contribution made by its customers, its shareholders, and all its employees across the country, as well as the various Government Departments, Bankers, Solicitors, Distributors, Suppliers and other business associates towards the conduct of efficient and effective operations of our company.

For and on behalf of the Board

Mumbai:
Dated: June 24, 2009

M. Y. NOORANI
Chairman

None of the above Directors is less than 21 years of age.

(b) Details of sitting fees, remuneration etc., paid to Non executive Directors for the year ended 31st March 2009

Name of the Director	Sitting fees paid for attending meetings of the Board and / or *Committee (all figures in Rupees)	Number of Stock Options exercised
Mr. M. Y. Noorani	Nil	Nil
Dr. S. Abid Hussain	40,000	Nil
Mr. M.L. Apte	2,20,000	Nil
Mr. S.M. Datta	1,40,000	Nil
Mr. Bernhard Steinruecke	80,000	Nil
Mr. Deepak Parekh	40,000	Nil
** Mr. Y.P. Trivedi	1,80,000	Nil
Mr. S.R. Iyer	2,40,000	Nil
Dr. Heinrich D. Dieckmann	Nil	Nil

* Audit Committee and Committee for Review of Limited Review Report.

** Mr. Y. P. Trivedi is a practicing Supreme Court Advocate, who specialises in income tax matters, and has been appearing on behalf of the company before the Income Tax authorities/Tribunals in a professional capacity, on a case-to-case basis. However during the financial year ending 31st March 2009, no professional fees were paid to him.

The Company does not have any pecuniary relationship or transactions with the non- Executive Directors save and except as disclosed above and further to the Note No. 18 (II) of the notes to accounts. The fee/compensation paid to non-executive and independent directors is fixed by the Board and previously approved by shareholders in general meeting.

Save and except as stated above, the Non-Executive Directors are not entitled to any remuneration for attending Board/ Committee meetings. As regards executive directors, as per terms of appointment, they are not entitled to any remuneration from the Company.

During the year under review the Company received an application from the following Employee of the Company exercising 30% of the options granted to her under the Zodiac Clothing Company Limited - Employees Stock Option Plan – 2006.

ALLOTMENT TO EMPLOYEES OF THE COMPANY

Sr. No	Name of the Allottees	No of options exercised	Amount received (Rs)*
1.	Ms.Tanaaz S. Barat	300	1,09,056

* Including Rs.108.12 per share received towards recovery of Fringe Benefit Tax (FBT).

In respect of the above shares, the Company has completed all the formalities towards Corporate Action with National Securities Depository Limited (NSDL) and the shares have been credited to the shareholder in Electronic format. The Company has also received the Trading permission from both the Stock Exchanges i.e. Bombay Stock Exchange Limited and The National Stock Exchange of India Limited in respect of the above 300 shares allotted under ESOP.

(c) Number of Board Meetings held and attended by Directors.

(i) The meetings of the Board of Directors are scheduled well in advance .The Board Members are presented in advance with the detailed agenda in respect of all Board Meetings. During the year under review 6 meetings of the Board of Directors were held on the following dates, and the maximum time gap between any two meetings did not exceed 4 months:

11th June 2008, 30th July 2008, 20th August 2008, 27th October 2008, 31st January 2009 and 24th March 2009.

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2009 and during the last Annual General Meeting is as under:

Corporate Governance is a process that aims to meet stakeholders' aspirations and expectations. Corporate Governance is much more than complying with the legal and regulatory requirements. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures etc. serve as the means for implementing the philosophy of corporate governance. The Company's policies on Corporate Governance and compliance thereof in respect of specific areas for the year ended March 31, 2009, as per the format prescribed by SEBI and as incorporated in the revised Clause 49 of the Listing agreement with the Stock Exchanges, are set out below for the information of the shareholders and investors of the Company.

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company's endeavor is to follow the spirit of good governance rather than mere compliance with the conditions specified by regulatory authorities. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has formulated, inter alia, various policy documents and introduced best practices of governance like Code of Conduct, Prohibition of insider trading policy and risk management policy. For the Company Corporate Governance is not a destination but a continuous journey that seeks to provide an enabling environment to harmonize the goals of maximizing stakeholders' value and maintaining a strong customer focus.

II. Board of Directors:

(a) Composition of the Board:

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March 2009 the Board of Directors of Zodiac Clothing Company Ltd. comprises of 11 Directors including an Alternate Director. The Chairman, Mr. M.Y. Noorani, is a Non – Executive Director, who is also one of the promoters of the company. Besides, there are two Executive Directors. viz. Mr. A.Y. Noorani, Vice Chairman & Managing Director and Mr. S. Y. Noorani, Managing Director & President, who are also promoters of the Company. Out of the 11 Directors, 9 are Non-Executive Directors (including 1 Alternate Director). Out of the above 9 Non-Executive Directors, 8 are independent Directors (including 1 Alternate Director). Thus more than 50% of the Board comprises of Non-executive Independent Directors. The members of the Board are professionals who are senior, competent, richly experienced and highly respected persons from their respective fields.

The composition of the Board and other relevant details relating to Directors as on 31st March 2009 are given below:

Name of the Director	Designation	Category of Directorship	**Directorship in other companies including private companies [other than Zodiac Clothing Company Limited]	**Committee membership [other than Zodiac Clothing Company Limited]
Mr. M.Y. Noorani	Chairman	Promoter & Non Executive	9	Nil
Dr. S. Abid Hussain	Director	Independent & Non Executive	9	6
Mr. M.L. Apte	Director	Independent & Non Executive	10	4
Mr. S.M. Datta	Director	Independent & Non Executive	18	6
Mr. Bernhard Steinruecke	Director	Independent & Non Executive	4	Nil
Mr. Deepak Parekh	Director (Alternate to Dr. Heinrich Dietrich. Dieckmann)	Independent & Non Executive	18 (Including Alternate Directorships)	7
Mr. Y.P. Trivedi	Director	Independent & Non Executive	14	9
Mr. S.R. Iyer	Director	Independent & Non Executive	5	4
Dr. Heinrich D. Dieckmann	Director	Independent & Non Executive	Nil	Nil
Mr. A.Y. Noorani	Vice Chairman & Managing Director	Promoter & Executive	14	1
Mr. S.Y. Noorani	Managing Director & President	Promoter & Executive	14	Nil

** Details of other directorships/committee memberships of all directors are given by way of a separate Annexure.

or related financial management expertise [viz. Mr. S. R. Iyer and Mr. Y. P. Trivedi]. Mr. S. Chakraborty has been nominated by the Board as a Secretary to the Audit Committee of the Company w.e.f. 29th November 2007. At the Annual General Meeting held on 20th August 2008, Mr. S.R. Iyer, Chairman of the Audit Committee was present to answer the queries of the shareholders.

(b) Role and Powers of Audit Committee:

The terms of reference of the Audit Committee includes:

Powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role:

1. To oversee of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. To approve payment to Statutory Auditors for any other services rendered by them.
4. To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. To review with the management, the quarterly financial statements before submission to the Board for approval.
6. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors, any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

Directors	No of Board Meetings Attended	Attendance at the last Annual General Meeting
Mr. M.Y. Noorani	6	Yes
Dr. S. Abid Hussain	2	Yes
Mr. M.L. Apte	5	No
Mr. S.M. Datta	6	Yes
Mr. Bernhard Steinruecke	4	Yes
Mr. Deepak Parekh	2	No
Mr. Y.P. Trivedi	4	No
Mr. S.R. Iyer	6	Yes
Dr. Heinrich D. Dieckmann	0	No
Mr. A.Y. Noorani	6	Yes
Mr. S.Y. Noorani	6	Yes

(d) Membership of Committees:

As per the disclosures made to the Company by Directors none of the directors of the company is a member in more than 10 committees nor have they acted as Chairmen of more than five committees across all companies in which they are Directors. This does not include membership in Committee of Private Limited Companies and also Compensation Committee and Share Allotment Committee. The Directors of the Company have been intimating the company about the committee positions they occupy in other companies and have also been notifying changes as and when they take place.

(e) Based on the reports received from the Functional Heads of the Company the Vice Chairman & Managing Director has been reporting to the Board periodically about the compliance position in respect of the laws applicable to the Company. The Board is also informed about non-compliances, if any, as well as steps taken by the company to rectify instances of non-compliance.

(f) Compliance with Code of Conduct:

The company had evolved and adopted a Code of Conduct for its Board of Directors and its managerial personnel based on the principles of good Corporate Governance and best management practices. The declaration of compliance with the Code of Conduct has been received from all Board Members and the managerial personnel. The code is available on website of the Company. A certificate to this effect from Mr. A.Y. Noorani, Vice Chairman & Managing Director, forms part of this report.

Declaration affirming compliance to Code of Conduct

I, A.Y. Noorani, Vice Chairman & Managing Director of the Company, hereby declare that the company has adopted a Code of Conduct for its Board Members and managerial personnel and they have affirmed compliance with the said Code of Conduct.

For Zodiac Clothing Company Limited

Place : Mumbai
Date : June 24, 2009

A. Y. Noorani
Vice Chairman & Managing Director

III. Audit Committee:

(a) Constitution of Audit Committee:

The Audit Committee was constituted on January 28, 2002. The Chairman of the Audit Committee is Mr. S.R. Iyer, who is an independent director. The other members of the Audit Committee are Mr. Y.P. Trivedi and Mr. M.L. Apte who are independent directors. The Committee presently consists of three Directors all being non-executive and independent. All the members of the Audit Committee are financially literate and two of the members have accounting

V. Subsidiary Companies:

The Company has four subsidiary companies namely:

- (1) Multiplex Collapsible Tubes Ltd.
- (2) Zodiac Clothing Company S.A. (Switzerland)
- (3) Zodiac Clothing Company (U.A.E.) LLC (step down Subsidiary)
- (4) Zodiac Clothing Company INC (step down Subsidiary)

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Zodiac Clothing Company Limited does not have a 'material non-listed Indian subsidiary' within the meaning of the above definition.

The Audit Committee reviews the financial statements of its unlisted subsidiaries, in particular the investments made by the unlisted subsidiary companies, if any.

The Minutes of the Board Meetings of the above unlisted subsidiary companies are periodically placed before the Board of Directors of Zodiac Clothing Company Limited. The management also brings to the attention of the Board of Directors of Zodiac Clothing Company Ltd. periodically, the statement of significant transactions entered into by the unlisted subsidiaries of the company, if any.

VI. Disclosures:

- (i) Disclosure on materially significant related party transactions:

None of the transactions with any of the related parties were in conflict with the interest of the Company. The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the revised Clause 49 of the listing agreement, are placed before the Audit Committee on quarterly basis. Attention of the members is drawn to the disclosures of transactions with related parties set out in the Notes on Accounts - Schedule 17(B) forming part of the Annual Report.

A total of 4,40,000 warrants were allotted on preferential basis on 15th January 2008, to certain Promoters of the Company, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000. These warrants are exercisable within a maximum period of 18 months from the date of allotment, into an equal number of fully paid-up equity shares of the Company.

- (ii) No penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital market during the last three years.
- (iii) The Board hereby confirms that no personnel have been denied access to the Audit Committee.

- (iv) Disclosure of Accounting Treatment

In the preparation of financial statements, no treatment materially different from that prescribed in the Accounting Standards issued by the Institute of Chartered Accountants of India as applicable has been followed.

- (v) Disclosure on Risk Management

The Company has laid down policies and procedures to inform Board members about the risk assessment and minimization procedures. The main objective of the Risk Management policy, as defined in manual, is to protect the property, earnings and personnel of the company against losses and legal liabilities that may be incurred due to various risks.

- vi) Proceeds from public issues, rights issues, preferential issues etc.:

In the financial year 2007-2008, the Company made a preferential allotment to certain promoters of the Company by way of issue of 4,40,000 warrants @ Rs.400/- per warrant in accordance with the provisions of Chapter XIII of Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000. The warrants shall be converted into equity shares on any time after the date of allotment of warrants i.e. 15th January 2008, but on or

13. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.”

The Audit Committee mandatorily reviews the following:

- i) Management discussion and analysis of financial condition and results of operation
- ii) Statement of significant related party transactions
- iii) Management letters / letters of internal control weaknesses issued by the statutory auditors
- iv) Internal audit reports relating to internal control weaknesses and
- v) The appointment, removal and terms of remuneration of the chief internal auditor.

(c) Meetings of Audit Committee:

During the year ended 31st March 2009, Six Audit Committee meetings were held on 11th June 2008, 30th July 2008, 27th October 2008, 5th November 2008, 31st January 2009 and 24th March 2009. The attendance of each Audit Committee member in the above meetings is given hereunder:

Name of the Audit Committee Member	No. of meetings held	No. of meetings attended
Mr. S.R. Iyer – Chairman	6	6
Mr. M.L. Apte – Member	6	6
Mr. Y.P. Trivedi – Member	6	5

Attendees:

The Audit Committee invites such of the executives and directors, as it considers appropriate to be present at its meetings. The Chairman, Managing Directors, the General Manager - Accounts, the Internal Auditor and the Statutory Auditors are normally invited to these meetings.

IV. Compensation Committee:

The company has constituted compensation committee on 31st October 2006. The scope of the activities of the compensation committee is formulation and implementation of Employee Stock Option Plan (ESOP) schemes in the Company.

At the Annual General Meeting held on August 31, 2006, the shareholders of the Company have approved the grant of Stock Option to employees of the Company and its subsidiaries / Directors of the Company (other than Promoter Directors or their relatives). The Board of Directors at its meeting held on October 31, 2006, approved constitution of the Compensation Committee with the following Board Members:-

Mr. Y. P. Trivedi	-	Member
Mr. M. L. Apte	-	Member
Mr. Bernhard Streinruecke	-	Member

At the first meeting of the Compensation Committee held on December 27, 2006, the Committee approved grant of 2,31,500 Stock options to employees of the Company and 34,000 Stock options were granted to eligible Directors of the Company at a price of Rs. 255.40 per option. Board of Directors approved the grant of 25,500 Stock options to members of Compensation Committee at a price of Rs. 255.40 per option on the said date. Accordingly, an aggregate of 2,91,000 options were granted during the year 2006 – 2007 at a price of Rs. 255.40 per share. No meeting of Compensation Committee was held during the year under review.

During the year under review, Company allotted 300 shares to an eligible Employee of the Company under Zodiac Clothing Company Limited – Employees Stock Option Plan- 2006, on receipt of valid application along with the necessary application money. The allotment was done successfully on receipt of confirmation given by National Securities Depository Limited vide letter dated June 26, 2008 for 300 shares. The Company has also received the trading permission from The Bombay Stock Exchange Limited and National Stock Exchange of India Limited in respect of 300 shares allotted under ESOP vide letter dated July 3, 2008 (BSE) and July 8, 2008 (NSE) for 300 shares.

Continuous learning is the cornerstone of the Company’s human resource policy. The Company’s human resource policy is structured to meet the aspirations of employees as well as of the organization. The company has a progressive HR policy of continuous development of employees by training and motivating them to attain greater efficiency and competency.

applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company. Transaction for dealing in the securities of the Company during the prescribed time requires prior approval from the Company. The company amended its Code of Conduct on Insider Trading at its Board of Directors' meeting held on 31st January 2009 and the same has been uploaded on the company's website.

Shares held by Directors as at 31st March 2009 are as under:

Sr. No	Name of the Director	No of shares held
1.	Mr. M.Y. Noorani	4,30,422
2.	Mr. A.Y. Noorani	1,42,620
3.	Mr. S.Y. Noorani	1,78,606
4.	Mr. S.R. Iyer	2,550
5.	Mr. S. M. Datta	6,550
6.	Mr. Y. P. Trivedi	4,550
7.	Mr. M. L. Apte	2,550
Total		7,67,848

VII. Shareholders:

(i) Appointment/Re-appointment of Directors

I. Appointment:

No new directors were appointed during the year ended 31st March 2009.

II. Re-appointment:

A. Directors retiring by rotation:

The directors who retire by rotation at the ensuing Annual General Meeting and who are eligible for reappointment are Mr. S.M. Datta, Mr. Y.P. Trivedi and Dr. Heinrich Dieckmann. A brief profile of the directors is given hereunder for kind perusal of the shareholders.

1) MR. S. M. DATTA:

a. The details of other directorships of Mr. S.M. Datta are as follows:

Sr.No	Name of the Company	Board Position Held
1.	Castrol India Ltd.	Chairman
2.	Philips Electronics India Ltd.	Chairman
3.	IL & FS Investment Managers Ltd.	Chairman
4.	BOC India Ltd.	Chairman
5.	Peerless Hospitex Hospital & Research Centre Ltd.	Chairman
6.	Tata Trustee Co. Pvt Ltd	Chairman
7.	Reach (Cargo Movers) Pvt Ltd	Chairman
8.	Peerless Gen.Fin & Inv. Co Ltd	Director
9.	Peerless Hotels Ltd.	Director
10.	Kansai Nerolac paints Ltd.	Director
11.	Transport Corp. of India Ltd.	Director
12.	Atul Limited	Director
13.	Bhoruka Power Corporation Limited	Director
14.	Deutsche Postbank Home Finance Ltd.	Director
15.	Rabo India Finance Limited.	Director
16.	Wockhardt Hospitals Ltd.	Director
17.	Ambit Holdings Pvt Ltd.	Director
18.	Chandras' Chemical Enterprises (Pvt) Ltd.	Director

before the expiry of 18 months from the date of allotment of such warrants i.e. between 15th January 2008 till 15th July 2009. The Funds so raised through the preferential issue have been utilized for capital expenditure, working capital and general corporate purposes including but not limited to investments. The warrants were issued subject to the condition that the allottees shall exercise the option of conversion of warrants into equity shares, provided it is within the limit of holding of promoters permissible under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, including any amendment thereof or re-enactment thereof for the time being in force.

The Company has not utilized the funds for the purpose other than those for which the issue of warrants was made.

The amount received from the Allottees of the warrants was Rs.17,600,000 being 10% amount at the time of allotment. Allotment of warrants was done on 15th January 2008. The amount received at the time of allotment has been utilized for working capital. Balance 90% of the issue price is payable by the promoters at the time of exercising their option of converting the warrants into equity shares.

vii) Remuneration of Directors:

The pecuniary relationship or transactions of the non-executive directors vis-à-vis the company further to note under point II[b] above have been disclosed in Note No. B 18(II) of the Schedule 17 to the Notes to Accounts. The Executive Directors of the company are not entitled for any remuneration in terms of their appointment.

Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are entitled to sitting fees for attending Board/ Committee meetings, as the case may be. However, the Chairman, a Non-executive Director, does not take sitting fees for attending Board meetings. In addition to the above the following may also be noted:

- a) Mr. Y. P. Trivedi, a Non-executive Director, is a leading Income Tax Practitioner and a noted Supreme Court lawyer. He is a member of the Rajya Sabha. The Professional fees paid to Mr. Y.P.Trivedi are based upon his expertise in income tax matters for which the company avails his services on case-to-case basis. However, during the financial year ending 31st March 2009, no professional fees were paid to him.
- b) Seven Non – Executive Independent Directors (out of the eight on the Board) have been offered 8,500 Stock Options each at a price of Rs.255.40 per share in terms of ‘Zodiac Employees Stock Option Plan – 2006’.

The Directors have the option to exercise their right of subscription for the shares in one or more tranches, within a period of 3 years upto 26th December 2010.

viii) Equity shares and Warrants convertible into Equity shares held by Non-executive directors as on 31st March 2009:

Name of the Non-executive Directors	Equity shares held	No. of warrants allotted, to be converted to Equity Shares
Mr. M.Y. Noorani	4,30,422	1,46,000
Mr. S.M. Datta	* 6,550	Nil
Mr. Y.P. Trivedi	* 4,550	Nil
Mr. S.R. Iyer	# 2,550	Nil
Mr. M. L. Apte	# 2,550	Nil

* includes 2550 equity shares each allotted to Mr. S. M. Datta and Mr. Y. P. Trivedi under Zodiac Clothing Company Limited – Employees Stock Option Plan – 2006.

Equity shares allotted under Zodiac Clothing Company Limited – Employees Stock Option Plan – 2006.

Save and except the above no other non-executive director holds shares in the company.

ix) Management

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(IV)(F) of the Listing Agreement.

There are no commercial or material financial transactions, with Senior management personnel, where there is a personal interest that may have a potential conflict with the interest of the company at large.

x) Prevention of Insider Trading:

The Company has framed its Insider Trading Regulations wherein rules for the preservation of price sensitive information, pre-clearance of trade, monitoring and implementation of the code of conduct are framed. This code is

3) DR. HEINRICH DIETRICH DIECKMANN:

Dr. Heinrich Dietrich 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, Head of the Economic Department for German Mission to the United Nations, German Ambassador to Japan, Director General for Economic Affairs and European Integration in the German Foreign Office, His expertise lies in his knowledge and experience of international economic affairs. He was the Foreign Office Representative in all negotiations with the Soviet Union and later on Russia, dealing with the economic aspects of German unification.

Dr. Heinrich Dieckmann holds no directorship and committee membership in other companies.

Dr. Heinrich Dieckmann does not hold any shares in the company.

III. Disclosure of relationships between Directors

Mr. M.Y. Noorani - Chairman of the Company is the father of Mr. A. Y. Noorani and Mr. S.Y. Noorani, Mr. A.Y. Noorani - Vice-Chairman & Managing Director is the son of Mr. M.Y. Noorani and brother of Mr. S.Y. Noorani, Mr. S.Y. Noorani - Managing Director & President, is the son of Mr. M. Y. Noorani and brother of Mr. A. Y. Noorani, except for the above-mentioned directors none of the other directors are related to each other in terms of relationships. Disclosure made as per the amended Clause 49 of the Listing Agreement.

(ii) Means of Communication:

The results of the company [quarterly as well as yearly] are published mostly in Business Standard and Lokmat. The financial results [quarterly /annual] are uploaded on the company's website viz. www.zodiaconline.com The company also uploads official news releases on its website for the information of its shareholders/investors. Even presentations if any, made to analyst / institutional investors have been uploaded on the website of the company from time to time as well as sent to stock exchanges to enable them to put it on their website. During the year under review no presentations were made to analyst.

The Company does not have the system of sending its shareholders individually its quarterly results. However, investors / shareholders desirous of getting the quarterly unaudited results are given copies thereof after consideration of results by the Board and publication in newspapers.

(iii) Shareholders/Investor Grievance Committee:

A Board committee under the Chairmanship of a non-executive director has been formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee has been designated as 'Shareholders/Investors Grievance Committee'. The Committee consists of Mr. M.Y. Noorani, non-executive director, acting, as Chairman and the other members of the Committee are Mr. A.Y. Noorani, Mr. S.Y. Noorani and Mr. M.L. Apte. Mr. S. Chakraborty, Company Secretary, has been nominated by the Board as the Compliance Officer of the Company with effect from 29th November 2007.

The Committee meets at frequent intervals to consider share transfer, Shareholders' complaints and other matters as delegated to it by the Board of Directors. All valid share transfers received during the year 2008-09 have been approved/ratified and attended to by the Committee in accordance with the delegation of authority conferred on the said Committee by the Board.

(iv) Shareholders' complaints:

Seventeen complaints were received from the shareholders during the financial year ended 31st March 2009, which were attended to by the company promptly. Most of the complaints were relating to non-receipt of dividend, non-transfer of shares, non-receipt of annual report etc. There are no complaints/ queries pending to be replied/attended to as at the end of the financial year 2008-2009.

b. The details of committee memberships of Mr. S.M. Datta are as follows:

SR.NO	NAME OF THE COMPANY	COMMITTEE POSITION HELD
1.	BOC India Ltd.	- Audit Committee Chairman
2.	Transport Corporation of India Ltd	- Audit Committee Member
3.	Peerless Gen Fin & Inv.Co. Ltd	- Audit Committee Member
4.	Rabo India Finance Ltd	- Audit Committee Member
5.	Castrol India Ltd	- Shareholders / Investors Grievances Committee Chairman
6.	IL & FS Investment Managers Ltd	- Shareholders / Investors Grievances Committee Member

2) MR. Y. P. TRIVEDI:

a. The details of other directorships of Mr. Y.P. Trivedi are as follows:

SR.NO	NAME OF THE COMPANY	BOARD POSITION HELD
1.	Zandu Pharmaceuticals Works Ltd.	Chairman
2.	Sai service Station Limited	Chairman
3.	Trivedi Consultants Pvt Ltd.	Chairman
4.	Reliance Industries Limited	Director
5.	Reliance Petroleum Ltd	Director
6.	Birla Power Solutions Ltd	Director
7.	Birla Cotsyn (India) Ltd	Director
8.	Metro Exporters Pvt Ltd	Director
9.	Supreme Industries Ltd.	Director
10.	Seksaria Biswan Sugar Factory Ltd	Director
11.	New Consolidated Constn. Co. Ltd	Director
12.	Clare Mont Trading Pvt Ltd.	Director
13.	Colosseum Sports & Recreation International	Director
14.	Monica Travels Pvt Ltd	Director

b. The details of committee memberships of Mr. Y.P.Trivedi are as follows:

SR.NO	NAME OF THE COMPANY	COMMITTEE POSITION HELD
1.	Reliance Industries Ltd.	Audit Committee Chairman
2.	Reliance Petroleum Ltd	Audit Committee Chairman
3.	Zandu Pharmaceutical Works Ltd.	Audit Committee Chairman
4.	Birla Power Solutions Ltd	Audit Committee Chairman
5.	Reliance Petroleum Ltd	Shareholders' / Investors' Grievance Committee Chairman
6.	Reliance Industries Ltd.	Shareholders' / Investors' Grievance Committee Member
7.	Sai service Station Ltd.	Audit Committee Member
8.	Seksaria Biswan Sugar Factory Ltd.	Audit Committee Member
9.	New Consolidated Construction Co. Ltd.	Audit Committee Member

The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

The National Stock Exchange of India Ltd, Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051.

Note:

Listing Fees have been paid to the aforesaid Stock Exchanges including fees for the year 2009 -2010.

f) **Stock Code/Symbol**

The Bombay Stock Exchange Limited : 521163
 The National Stock Exchange of India Limited : ZODIACLOTH
 ISIN No. : INE206B01013

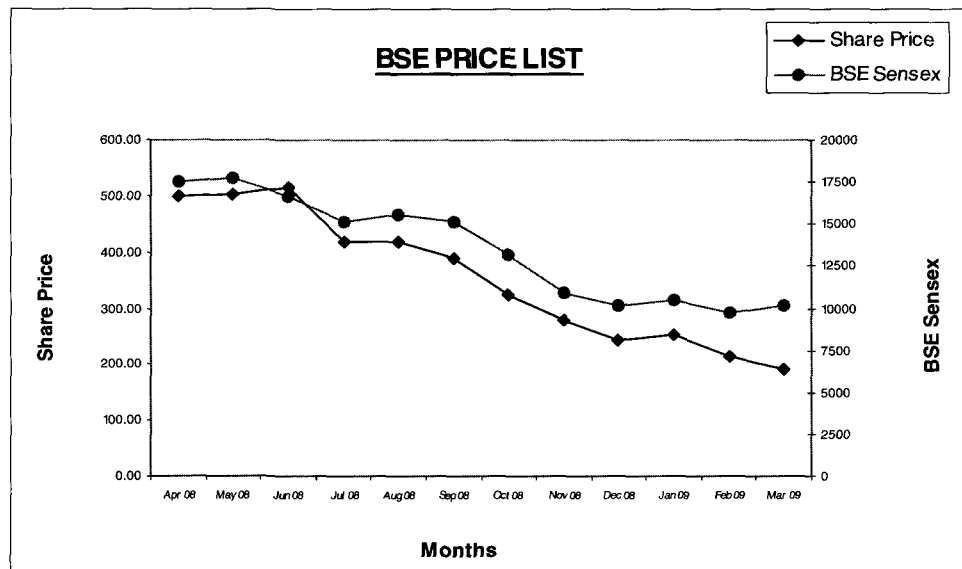
g) **Market Price:**

The monthly high & low quotations of the Company’s shares traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the financial year 2008 -2009 are as under:

	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April 2008	497.85	408.25	479.00	407.25
May 2008	503.80	406.45	499.00	411.60
June 2008	514.85	401.10	526.00	402.05
July 2008	420.00	380.00	417.00	353.10
August 2008	420.00	363.40	420.00	366.05
September 2008	388.80	301.45	396.85	291.20
October 2008	323.00	220.00	324.85	215.50
November 2008	278.70	205.60	278.00	210.10
December 2008	242.00	206.60	240.00	203.00
January 2009	254.00	194.00	258.00	190.75
February 2009	213.00	170.10	214.45	173.10
March 2009	177.00	148.35	183.60	145.00

Performance in comparison to broad based indices:

ZODIAC vs BSE SENSEX



VIII. Annual General Meetings:

Location, time and date where last three Annual General Meetings of the company were held are given below:

FINANCIAL YEAR	DAY & DATE	TIME	VENUE
2005-2006	Thursday, 31 st August 2006	3.00 p.m.	Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Haji Ali, Mumbai – 400 034
2006-2007	Tuesday, 25 th September 2007	3.00 p.m.	Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Haji Ali, Mumbai – 400 034
2007-2008	Wednesday, 20 th August 2008	3.00 p.m.	Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Haji Ali, Mumbai – 400 034

Special Resolutions passed in last 3 Annual General Meetings and in Extraordinary General Meeting:

22nd Annual General Meeting held on 31st August 2006: At this meeting three Special Resolutions were proposed, seconded and passed with more than three fourth majority on show of hands. These special resolutions related to consent of members for re-appointment of Mr. Awais Noorani as Vice President (Sourcing) with effect from 1st February 2007 under the provisions of Section 314 of the Companies Act, 1956, Alteration of Articles of Association and issue of Stock Options to employees / eligible Directors of the Company and employees of subsidiary companies.

23rd Annual General Meeting held on 25th September 2007: At this meeting no Special resolutions were proposed.

Extraordinary General Meeting held on November 28, 2007: At this meeting Three Special Resolutions were proposed, seconded and passed with three-fourth majority on show of hands. These resolutions related to 1) Increase in Authorized Share Capital and Alteration of Capital Clause of Articles of Association. 2) Approval for issue and allotment of Warrants by way of preferential allotment to certain Promoters of the Company. 3) Issue and Allotment of shares and / or securities of the Company by way of a preferential allotment or otherwise.

24th Annual General Meeting held on 20th August 2008 : At this meeting no Special resolutions were proposed.

Special Resolutions whether passed by postal ballot:

No special resolution was passed by postal ballot in the last Annual General Meeting and also no resolution requiring approval of shareholders by way of postal ballot are proposed to be passed in the ensuing Annual General Meeting.

In terms of SEBI notification and the amendment to the provisions of the Listing Agreement, the Company has been complying with the provisions of Clause 51 of the Listing Agreement pertaining to Electronic Data Information Filing & Retrieval (EDIFAR) System since January 2003. The audited financial results for the financial year ended 31st March 2009 will be uploaded on the EDIFAR web- site. The same will also be uploaded on the company's website viz. www.zodiaconline.com.

IX) General Shareholders' Information:

a) Annual General Meeting:

DAY & DATE	TIME	VENUE
Wednesday, August 26, 2009	3.30 p.m.	Nehru Centre Hall of Culture, Dr. Annie Besant Road, Worli, Mumbai 400 018.

b) Financial Calendar 2009–2010 (tentative) Schedule of the Board Meetings:

First Quarter ending 30 th June 2009	:	Before end of July 2009
Second Quarter ending 30 th September 2009	:	Before end of October 2009
Third Quarter ending 31 st December 2009	:	Before end of January 2010
Fourth Quarter ending 31 st March 2010	:	Before end of June 2010

c) Dates of Book Closure:

Wednesday 19th August 2009 to Wednesday 26th August 2009 (both days inclusive).

d) Dividend payment date:

Dividend when sanctioned by shareholders will be paid on or after 1st September 2009.

e) Listing on Stock Exchanges:

The Equity Shares of the Company continue to be listed at the following Stock Exchanges: –

Shareholding Pattern as on 31st March 2009.

Category Code	Category of shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A) Shareholding of Promoter and Promoter Group						
(1) Indian						
(a)	Individuals / Hindu Undivided Family	5	771486	771486	9.20	9.20
(b)	Central Government / State Government (s)	0	0	0	0	0
(c)	Bodies Corporate	4	1030104	1025604	12.28	12.28
(d)	Financial Institutions /Banks	0	0	0	0	0
(e)	Any other (specify)	0	0	0	0	0
	Sub- Total (A) (1)	9	1801590	1797090	21.48	21.48
(2) Foreign						
(a)	Individuals (Non - Resident Individuals / Foreign Individuals)	6	483588	482388	5.77	5.77
(b)	Bodies Corporate	2	2804340	2804340	33.44	33.44
(c)	Institutions	0	0	0	0	0
(d)	Any other (specify)	0	0	0	0	0
	Sub- Total (A) (2)	8	3287928	3286728	39.21	39.21
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	17	5089518	5083818	60.69	60.69
(B) Public shareholding						
(1) Institutions						
(a)	Mutual Funds / UTI	0	0	0	0	0
(b)	Financial Institutions / Banks	0	0	0	0	0
(c)	Central Government / State Government (s)	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0
(f)	Foreign Institutional Investors	6	1607387	1607387	19.17	19.17
(g)	Foreign Venture Capital Investors	0	0	0	0	0
(h)	Any other (specify)	0	0	0	0	0
	Sub- Total (B) (1)	6	1607387	1607387	19.17	19.17
(2) Non- Institutions						
(a)	Bodies Corporate	161	632468	629068	7.54	7.54
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to Rs.1 Lakh.	2837	662059	594141	7.89	7.89
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakhs.	9	188166	155086	2.24	2.24
(c)	Any Others					
	i. Non Resident Indians	54	206466	205866	2.46	2.46
	ii. Clearing Members	7	370	370	0.01	0.00
	iii. Trusts	3	92	92	0.0	0.00
	Sub- Total (B) (2)	3071	1689621	1584623	20.15	20.15
	Total Public Shareholding (B)= (B) (1) + (B) (2)	3077	3297008	3192010	39.31	39.31
	Total (A) + (B)	3094	8386526	8275828	100.00	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued						
		0	0	0	0	0
	GRAND TOTAL	0	0	0	0	0
	(A) + (B) + (C)	3094	8386526	8275828	100.00	100.00

h) Registrar & Share Transfer Agents:

Karvy Computershare Pvt. Ltd.

Hyderabad Office

Karvy House , 46, Avenue,

Street No.1, Banjara Hills,

Hyderabad - 500 034.

Mumbai Office

7, Andheri Industrial Estate,

Off. Veera Desai Road,

Andheri (West), Mumbai: 400 053.

i) Share Transfer System:

Shares held in the dematerialized form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the company, viz. Karvy Computer Share Pvt. Ltd., periodically receive from the Depository the beneficial holdings data, so as to enable them to update their records and to send all corporate communications, dividend warrants etc. Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository participants under advice to the shareholders within the aforesaid period.

j) Distribution of shareholding as on 31st March 2009

No of equity shares	No. of shareholders	% of No. shareholders	No. of shares held	%
1 – 5000	2820	91.14	280119	3.34
5001 – 10000	104	3.36	83007	0.99
10001 – 20000	70	2.26	111208	1.33
20001 – 30000	26	0.84	65277	0.78
30001 – 40000	11	0.36	37912	0.45
40001 – 50000	14	0.45	66149	0.79
50001 – 100000	17	0.55	117701	1.40
100001 & above	32	1.04	7625153	90.92
	3094	100.00	8386526	100.00

n) Plant Locations:

- (I) Bangalore:
1. Near Bagalur Cross, Air Force Station, P.O. Yelahanka, Bangalore - 560 063.
 2. No.48, 7th Cross, Near Kusum Alloys, Visweshwaraiah Industrial Area, Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
 3. No. 107, 5th Block, 4th 'C' Cross, Koramangala Industrial Layout, Bangalore - 560 095
 4. Bommasandra Industrial Area, Attibele Hobli, Anekal Taluka, Bangalore
- (II) Gujarat :
1. A-1, 181/1, GIDC, Umbergaon, Valsad, Gujarat: 396171
 2. C/2/7, GIDC, Industrial Area, Umbergaon - 396 171, Valsad
 3. Plot no. 411, Unit II, GIDC, Umbergaon, Gujarat: 396171
- (III) Mumbai :
1. A to Z Industrial Area, Lower Parel, Mumbai - 400 011

o) Address for Investor Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to:-

M/s. Karvy Computer Share Pvt. Ltd, at the addresses mentioned at (h) above.

For general correspondence write to:

Zodiac Clothing Company Limited

Apte Properties, 10/76, Off. Dr. E. Moses Road, Worli, Mumbai – 400 018 or mail to

Email: investordesk@zodiacmtc.com, cosecy@zodiacmtc.com

Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

NOTE:

In terms of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company have formulated a formal Code of Conduct for Prevention of Insider Trading' in the equity shares of the Company and the Corporate Disclosure Practices and the applicable provisions are being complied with.

In terms of Section 205C of the Companies Act, 1956 read with the Investors Education & Protection Fund (Awareness and Protection of Investor) Rules, 2001, the Company has credited to Investors Education & Protection Fund pertaining to unclaimed amount of dividend for the financial year ended 31st March 2001.

p) CEO / CFO certification

As required by Clause 49 of the Listing Agreement, the CEO / CFO certificate is provided elsewhere in the Annual Report.

q) Auditor's certificate on corporate governance

As required by Clause 49 of the Listing Agreement, the auditor's certificate is given as an annexure to the Directors' report.

r) Mandatory / Non-Mandatory requirements:

During the financial year 2008 - 09, the Company

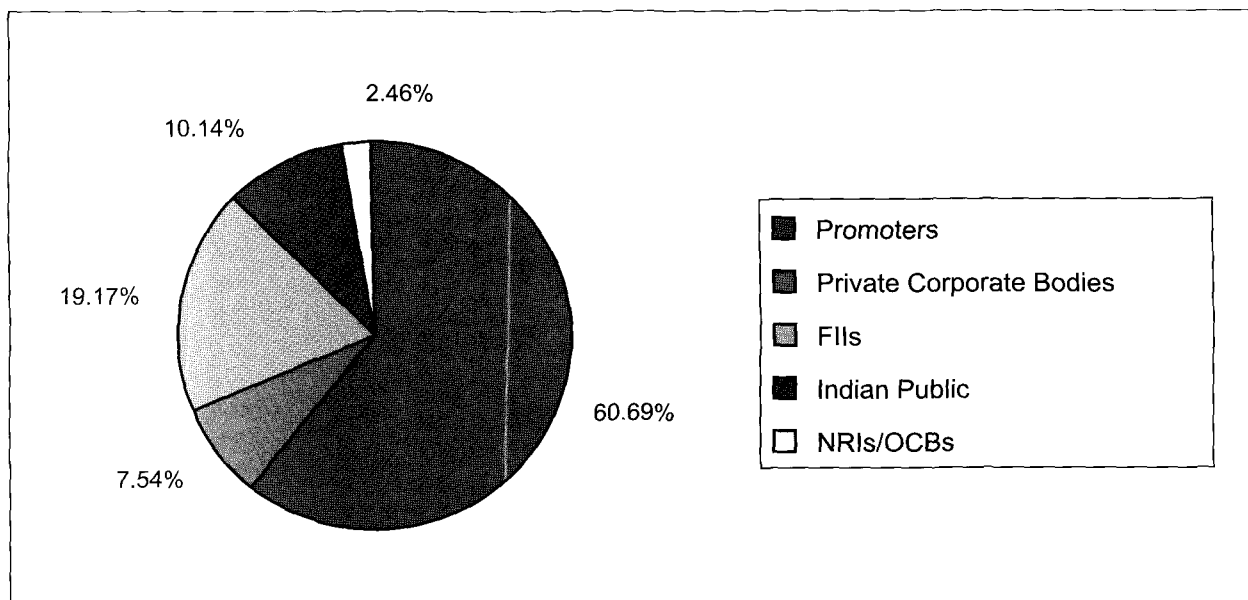
(a) has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.

(b) Will implement Non mandatory requirement as stated in Clause 49 of the Listing agreement at the appropriate time.

As per Regulation 3 of SEBI Takeover Code, 1992 as amended up-to date, Group Companies include Multiplex Collapsible Tubes Ltd., Zodiac Clothing Company S.A., Miraj Marketing Company Private Limited, Zodiac Private Limited., Zodiac Containers Private Limited, Algilani Holdings Private Limited, Elite Clothing Company Pvt. Ltd, Metropolitan Trading Company (India) Ltd. Euro Global Holdings Pte. Limited, Asia Tangible Investment Pte. Limited, Zodiac Metropolitan Clothing GmbH, Zodiac Clothing Company (U.A.E.) LLC, Onward LLC, Zodiac Clothing Company INC also the firms viz. Metropolitan Trading Company, , Mustang Manufacturing Company, Munraz Enterprises, Mashal Enterprises, Montage Corporation.

Shareholding pattern as on 31st March 2009

SHAREHOLDING PATTERN



k) Dematerialization of equity shares

The shares of the company are compulsorily traded in dematerialized form and are available for trading under both the Depository Systems – NSDL [National Securities Depository Limited] and CDSL [Central Depository Services (India) Limited]. Nearly 98.68% of total equity shares of the company are held in dematerialized form with NSDL & CDSL as on 31st March 2009.

l) Liquidity

Zodiac Clothing Co. Ltd. Equity Shares are actively traded on both The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

m) Outstanding GDRS/ADRS/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The company has not issued any GDRS / ADRS. During the year 2006-2007 the Company had issued 2,91,000 Stock Options to employees of the Company/subsidiary companies and to eligible directors of the Company which will result in to allotment of new equity shares on exercise of options exercised by the option grantees in terms of Zodiac Employees Stock Options Plan, 2006.If all the options are exercised, Paid-Up Equity Share Capital of the Company will increase by 2,91,000 equity shares of Rs.10/- each.

During the year 2008-2009, Company allotted 300 shares under Employees Stock Option Plan 2006 to the following Employee of the Company after receiving the full consideration on the shares.

Sr. No	Name of the Allottees – Employee	No of options exercised	Amount (Rs)
1.	Ms. Tanaaz S. Barat	300	1,09,056

* Including Rs.108.12 per share received towards recovery of Fringe Benefit Tax (FBT).

[4] BODIES CORPORATE OF WHICH MR. S.M.DATTA IS A CHAIRMAN/DIRECTOR

1.	Castrol India Ltd.		Chairman
2.	Philips Electronics India Ltd.		Chairman
3.	IL & FS Investment Managers Ltd.		Chairman
4.	BOC India Ltd.		Chairman
5.	Peerless Hospitex Hospital & Research Centre Ltd.		Chairman
6.	Tata Trustee Co. Pvt Ltd		Chairman
7.	Reach (Cargo Movers) Pvt Ltd		Chairman
8.	Peerless Gen.Fin & Inv. Co Ltd		Director
9.	Peerless Hotels Ltd.		Director
10.	Kansai Nerolac paints Ltd.		Director
11.	Transport Corp. of India Ltd.		Director
12.	Atul Limited		Director
13.	Bhoruka Power Corporation Limited		Director
14.	Deutsche Postbank Home Finance Ltd.		Director
15.	Rabo India Finance Limited.		Director
16.	Wockhardt Hospitals Ltd.		Director
17.	Ambit Holdings Pvt Ltd.		Director
18.	Chandras' Chemical Enterprises (Pvt) Ltd.		Director
<u>COMMITTEE MEMBERSHIPS</u>			
1.	BOC India Ltd.	- Audit Committee.	Chairman
2.	Transport Corporation of India Ltd	- Audit Committee	Member
3.	Peerless Gen Fin & Inv.Co. Ltd	- Audit Committee	Member
4.	Rabo India Finance Ltd	- Audit Committee	Member
5.	Castrol India Ltd	- Shareholders / Investors Grievances Committee	Chairman
6.	IL & FS Investment Managers Ltd	- Shareholders / Investors Grievances Committee	Member

[5] BODIES CORPORATE OF WHICH MR. BERNHARD STEINRUECKE IS A CHAIRMAN / DIRECTOR

1.	Indo-German Chamber of Commerce		Director General
2.	FAG Bearings (India) Ltd		Director
3.	Bosch Limited		Director
4.	HDFC ERGO General Insurance Company Limited		Director
<u>COMMITTEE MEMBERSHIPS:</u>			
NONE			

ANNEXURE TO CORPORATE GOVERNANCE

DETAILS OF OTHER DIRECTORSHIPS / COMMITTEE MEMBERSHIPS OF ALL DIRECTORS

[1] BODIES CORPORATE OF WHICH MR. M.Y.NOORANI IS A CHAIRMAN/DIRECTOR

1.	Multiplex Collapsible Tubes Ltd.	Chairman
2.	Metropolitan Trading Company [India] Ltd.	Chairman
3.	Zodiac Private Ltd.	Chairman
4.	Zodiac Containers Pvt. Ltd.	Chairman
5.	Algilani Holdings Private Ltd.	Chairman
6.	Miraj Marketing Co. Pvt. Ltd.	Chairman
7.	Elite Clothing Company Private Limited	Chairman
8.	Zodiac [UAE] LLC	Director
9.	Zodiac Clothing Co. (UAE) LLC	Director

[2] BODIES CORPORATE OF WHICH DR.S.ABID HUSSAIN IS A CHAIRMAN/ DIRECTOR

1.	Hyderabad Flextech Ltd.	Chairman	
2.	Nagarjuna Oil Corporation Ltd.	Chairman	
3.	GVK Industries Ltd.	Director	
4.	GVK Taj Hotels & Resorts Ltd.	Director	
5.	GVK Power & Infrastructure Ltd	Director	
6.	Wockhardt Ltd.	Director	
7.	Shree Cement Ltd	Director	
8.	Havel's India Ltd.	Director	
9.	Gangavaram Port Limited	Director	
<u>COMMITTEE MEMBERSHIPS</u>			
1.	GVK Industries Ltd	- Audit Committee	Member
2.	Havel's India Ltd	- Audit Committee	Member
3.	GVK Taj Hotels & Resorts Ltd.	- Audit Committee	Member
4.	Shree Cement Ltd	- Audit Committee	Member
5.	Wockhardt Ltd.	- Audit Committee	Member
6.	Shree Cement Ltd	- Shareholders / Investors Grievances Committee	Member

[3] BODIES CORPORATE OF WHICH MR.M.L.APTE IS A CHAIRMAN / DIRECTOR

1.	Dr. Writer's Food Products Pvt. Ltd.	Chairman	
2.	Apte Amalgamations Ltd.	Director	
3.	Bajaj Hindustan Ltd.	Director	
4.	Kulkarni Power Tools Ltd.	Director	
5.	The Bombay Burmah Trading Corpn. Ltd.	Director	
6.	New Phaltan Sugar Works Ltd.	Director	
7.	Standard Industries Ltd.	Director	
8.	The Raja Bahadur International Ltd.	Director	
9.	Grasim Industries Ltd.	Director	
10.	Tata Asset Management Ltd.	Director	
<u>COMMITTEE MEMBERSHIPS</u>			
1.	Grasim Industries Ltd.	- Audit Committee	Member
2.	The Bombay Burmah Trading Corpn. Ltd.	- Share Transfer/Investor Grievance Committee	Member
3.	The Bombay Burmah Trading Corpn. Ltd	-Audit Committee	Member
4.	Standard Industries Ltd.	- Audit Committee	Member

12.	Monica Travels Pvt. Ltd.		Director
13.	Seksaria Biswan Sugar Factory Limited		Director
14.	New Consolidated Construction Co. Ltd		Director
<u>COMMITTEE MEMBERSHIPS</u>			
1.	Reliance Industries Ltd.	- Audit Committee	Chairman
2.	Reliance Petroleum Ltd.	- Audit Committee	Chairman
3.	Birla Power Solution Ltd.	- Audit Committee	Chairman
4.	Zandu Pharmaceutical Works Ltd.	- Audit Committee	Chairman
5.	Reliance Petroleum Ltd.	- Shareholders' / Investors' Grievances Committee	Chairman
6.	Reliance Industries Ltd	- Shareholders' / Investors' Grievances Committee	Member
7.	Sai Service Station Ltd.	- Audit Committee	Member
8.	Seksaria Biswan Sugar Factory Limited	- Audit Committee	Member
9.	New Consolidated Construction Co. Ltd	- Audit Committee	Member

[8] BODIES CORPORATE OF WHICH MR. S.R.IYER IS A CHAIRMAN/ DIRECTOR

1.	IDMC Ltd.		Director
2.	KSK Energy Ventures Ltd		Director
3.	KSK Power Ventur Plc		Director
4.	P. N. Writer and Company Pvt. Ltd		Director
5.	KSK Electricity Financing Pvt. Ltd		Director
<u>COMMITTEE MEMBERSHIPS</u>			
1.	IDMC Ltd	- Audit Committee	Chairman
2.	KSK Energy Ventures Limited	- Audit Committee	Chairman
3.	KSK Power Ventur Plc	- Audit Committee	Chairman
4.	P. N. Writer and Company Pvt. Ltd	- Audit Committee	Chairman

[9] BODIES CORPORATE OF WHICH DR. HEINRICH- DIETRICH DIECKMANN IS A CHAIRMAN/ DIRECTOR

NONE			
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[10] BODIES CORPORATE OF WHICH MR. A.Y. NOORANI IS A CHAIRMAN/DIRECTOR

1.	Multiplex Collapsible Tubes Ltd.		Director
2.	Metropolitan Trading Company (India) Ltd.		Director
3.	Indian Oil Corporation Limited		Director
4.	Zodiac Private Ltd.		Director
5.	Zodiac Containers Pvt. Ltd.		Director
6.	Algilani Holdings Private Ltd.		Director
7.	Miraj Marketing Co. Private Ltd.		Director
8.	Elite Clothing Company Private Limited		Director
9.	Techno Crest Private Limited (formerly known as Amir Beach Resort Pvt. Ltd)		Director
10.	Zodiac (UAE) LLC		Director
11.	Zodiac Clothing Co. (U.A.E.) LLC		Director
12.	Asia Tangible Investments Pte. Ltd		Director
13.	Euro Global Holdings Pte. Ltd		Director
14.	Zodiac Clothing Co. INC		Director

[6] BODIES CORPORATE OF WHICH MR. DEEPAK PAREKH IS A CHAIRMAN/ DIRECTOR

1.	Housing Development Finance Corpn. Ltd.	Chairman	
2.	Infrastructure Development & Finance Co. Ltd.	Chairman	
3.	GlaxoSmithKline Pharmaceuticals Ltd.	Chairman	
4.	HDFC Asset Management Co. Ltd.	Chairman	
5.	HDFC ERGO General Insurance Co. Ltd.	Chairman	
6.	HDFC Standard Life Insurance Co. Ltd.	Chairman	
7.	Siemens Ltd.	Chairman	
8.	Lafarge India Private Limited	Chairman	
9.	Hindustan Unilever Ltd.	Director	
10.	Mahindra & Mahindra Ltd.	Director	
11.	Hindustan Oil Exploration Co. Ltd.	Director	
12.	Castrol India Limited	Director	
13.	The Indian Hotels Co. Ltd.	Director	
14.	Satyam Computer Services Ltd.	Director	
15.	Airport Authority of India	Director	
16.	Borax Morarji Ltd.	Alternate Director	
17.	Bharat Bijlee Ltd.	Alternate Director	
18.	Exide Industries Ltd.	Alternate Director	
<u>COMMITTEE MEMBERSHIPS</u>			
1.	GSK Pharmaceuticals Ltd	- Audit Committee	Chairman
2.	Mahindra & Mahindra Ltd	- Audit Committee	Chairman
3.	Castrol India Ltd.	- Audit Committee	Chairman
4.	Hindustan Unilever Ltd.	- Audit Committee	Chairman
5.	Siemens Ltd.	- Audit Committee	Member
6.	The Indian Hotels Co. Ltd.	- Audit Committee	Member
7.	GSK Pharmaceuticals Ltd.	- Investors Grievance Committee	Member

[7] BODIES CORPORATE OF WHICH MR. Y.P.TRIVEDI IS A CHAIRMAN/ DIRECTOR

1.	Sai Service Station Ltd.	Chairman
2.	Zandu Pharmaceuticals Works Ltd.	Chairman
3.	Trivedi Consultants Pvt. Ltd.	Chairman
4.	Reliance Industries Ltd.	Director
5.	Reliance Petroleum Ltd	Director
6.	Birla Power Solutions Ltd.	Director
7.	Birla Cotsyn (India) Ltd.	Director
8.	Supreme Industries Ltd.	Director
9.	Metro Exporters Pvt. Ltd.	Director
10.	Clare Mont Trading Pvt. Ltd.	Director
11.	Colosseum Sports & Recreation International (Formerly Known as Ripples Club)	Director

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

India has slipped to the 6th position in export of clothing (USD 10.13 billion in 2008-09) The clothing industry continues to be the country's second largest employment provider after agriculture (3.9 mn workers directly and 7 mn directly and indirectly).

Post-September 2008, clothing exports from India have declined each month (excepting January 2009). The provisional figures for the September-March period are USD 5.62 bn v/s. USD 5.90 bn in the corresponding period last year, i.e. a decline of approximately 4.75%. The trend in April 2009 has continued to show a decline (of 9.71%). While a fall in demand due to the economic distress globally and in particular in the EU and the U.S., which are India's major markets is understandable, India has lost market share to Vietnam, Sri Lanka, China, Indonesia and Bangladesh during January-March 2009. While India's performance in the EU has stagnated, Bangladesh, Sri Lanka and China have all grown, i.e. loss of market share for India. To the US, India's exports have declined by 9%, whereas Bangladesh, Indonesia and Vietnam have grown. India's share of world trade in clothing has fallen to 2.6%. To merely maintain this 2.6% share, the exports of clothing from India will need a CAGR of approximately 9% through to 2015. The depreciation of the rupee has yielded no gains for the industry, because most clothing companies had hedged their exposures before the depreciation, and also because the depreciation has led to customers asking for lower prices in Dollars, Sterling and Euro. Cost of funds to the industry has also eroded competitiveness.

To meet the challenge posed by the global economic crisis, the clothing industry in Bangladesh, Sri Lanka, China, Indonesia, Vietnam have received strong support from their respective Governments.

Given this backdrop, the company's exports in US Dollar terms have risen 23.96% and in Rupee terms 26.34%, resulting from its constant efforts at sharpening competitiveness, enhancement of its value added services and its de-risking strategy.

Branded business across the industry in India has been severely hit by the fall in consumer demand, which was particularly sharp in the second half of the year. Most brands in the segment where the company operates have been almost continuously marked down aggressively since May 2008, despite which their turnovers have shown only small increases, although the number of units sold by them has risen sharply due to discounting.

Zodiac Clothing Company Ltd., without discounting, has ended the year with a respectable growth in turnover in its branded business. While the consumer demand situation (in the second half of 2008-09) has certainly shown a blip, there seem to be several factors indicating a turnaround in the second half of FY 2009-10. The outlook for the medium and long term continues to be optimistic.

With the political uncertainty in the country having been eliminated and with the newly-constituted Government in place no longer having its hands tied behind its back, vis-a-vis reforms and stimulating the economy, the

branded market in India holds great potential commencing the second half of the current year.

The exchange rate of the rupee (despite the recent volatility) will provide a competitive edge for the international markets. The extent to which the Government augments the efforts of the industry will determine how much lost market share is recaptured.

B. INDUSTRY STRUCTURE AND DEVELOPMENT:

India is now the world's second largest producer of cotton. There are further investments being contemplated in weaving and processing of clothing, which will gain momentum once the Government policy on TUFs is refined.

The industry hopes that rates of Duty Drawback will be reviewed to fully reimburse taxes (including Service Tax) incurred on inputs. Exemption of Service Tax on those post-manufacturing expenses which can only be attributable to exports and which still face frequent considerable challenges in being refunded, addressing cost disabilities (such as exemption from State-level Octroi Duty which has remained only on paper), and addressing infrastructural disabilities are the need of the hour.

3. OPPORTUNITIES & THREATS:

Opportunities:

India is one of the very few countries that has the complete supply chain from fibre to clothing. This strength must be leveraged with its having become the world's second largest producer of cotton. To enhance the skills of the workforce, with a focus on quality and productivity, bolstered by innovation, are major opportunities for India. India has long standing customer relationships with major global companies which can be harvested, perhaps with some encouragement from the newly elected Government, to harness the forces of globalisation in terms of raising capital and global sourcing. Were the Government to partner the industry in gaining market share (enhancement of Duty Drawback to adequately reimburse taxes including State levies, extension of the tenure of the Market Focus Scheme, exemption from payment of Service Tax, addressing the cost of funds issue by enhancement of the interest rate subvention to make funds available to the industry at international pricing, devising a WTO compatible tax benefit, introduction of a product development fund to encourage innovation and fast track signing of bi-lateral/multi lateral agreements with the EU {and possibly the US} which is evolving), should yield rich rewards in achieving a sharp turnaround for India's international trade in clothing and regaining lost market share, which would require a CAGR of 9% plus through to 2015.

Within the market in India, the demographics substantiate that the target audience for branded clothing is growing handsomely and is poised for exponential growth in the medium/long term, notwithstanding the short term blip encountered in these challenging times.

The company has opportunity in terms of its design-driven international business, and much greater opportunity in

COMMITTEE MEMBERSHIPS

- | | | |
|-----------------------------------|--|----------|
| 1. Indian Oil Corporation Limited | - Shareholders' / Investors' Grievance Committee | Chairman |
|-----------------------------------|--|----------|

[11] BODIES CORPORATE OF WHICH MR. S.Y.NOORANI IS A CHAIRMAN/DIRECTOR

- | | |
|--|----------|
| 1. Multiplex Collapsible Tubes Ltd. | Director |
| 2. Metropolitan Trading Company (India) Ltd. | Director |
| 3. Zodiac Private Ltd. | Director |
| 4. Zodiac Containers Pvt. Ltd. | Director |
| 5. Algilani Holdings Private Ltd. | Director |
| 6. Miraj Marketing Co. Private Ltd. | Director |
| 7. Elite Clothing Company Private Limited | Director |
| 8. Zodiac (UAE) LLC | Director |
| 9. Zodiac Metropolitan Clothing GmbH | Director |
| 10. Onward Limited Liability Company | Director |
| 11. Euro Global Holdings Pte. Ltd. | Director |
| 12. Asia Tangible Investments Pte. Ltd. | Director |
| 13. Zodiac Clothing Co. (U.A.E) LLC | Director |
| 14. Zodiac Clothing Co. INC | Director |

CEO/CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT

We, A.Y. Noorani, Vice Chairman & Managing Director and Aneel Saraff, General Manager – Accounts to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2009 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and information:-
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and information, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:-
 - (i) Significant changes in internal control during the year,
 - (ii) Significant changes in accounting policies during the year if any, and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2009.

For Zodiac Clothing Company Limited For Zodiac Clothing Company Limited

Place: Mumbai
Date : 24.06.2009

A.Y. NOORANI
(Vice Chairman & Managing Director)

ANEEL SARAFF
(General Manager – Accounts)

entire amount invested in its acquisition by Zodiac SA, Switzerland, to them. In turn, Zodiac SA, Switzerland redeemed the last tranche of the company's investment in its Redeemable Preference Shares. Upon redemption, the company earned an exchange gain of Rs.17,52,568/- on the total amount redeemed.

- ICRA Ltd. assigned an "A1" rating for Fund-based bank limits of INR385 million and Non-Fund based bank limits of INR 57.5 million for Short Term Facility Programme. This is the highest credit quality rating assigned by ICRA for the short term. The rated LOC carries lowest credit risk.
- The company opened 21 new stores during the year, renovated 2 stores and closed down 13 unviable stores. The total number of company-run stores now stands at 69.
- Zodiac (UAE) LLC, our step-down subsidiary, incorporated a wholly-owned subsidiary, viz., Zodiac Clothing Company Inc. in the U.S.
- The company has, as a measure of abundant precaution in the current economic/financial situation internationally, insured its receivables from international customers, even though these customers have an unblemished track record with the company.

H. HUMAN RESOURCES DEVELOPMENT/ INDUSTRIAL RELATIONS:

The role of Human Resources continues to remain vital and strategic to the Company. Employee recruitment and management is a key focus, and processes and policies are in place to attract and retain employees of a high calibre. The Company recognises the need for continuous growth and development of its employees to meet their objectives for a career path to equip them to meet growing organisational challenges.

During the year, Personnel Costs have grown both because of the increased salaries of quality people given the demand for them, as well as because of an increase in our headcount (both at the front end as well as of the back end) due to the expansion plans of Company-run stores.

Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, welfare and development continue to receive top priority.

Under ESOP, the second vesting date of the Option was 27th December 2008, which entitled employees/Directors to exercise 30% of the Option to purchase shares in one or more tranches within a period of three years.

I. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the company's operation include global demand-supply conditions, finished goods prices, raw materials cost and availability, changes in government regulations and tax structure, economic developments within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations in India, trade agreements, especially with the EU & the U.S.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

COMPLIANCE CERTIFICATE

Auditors' Certificate to the Members of Zodiac Clothing Company Limited on Compliance of the Conditions of Corporate Governance for the Year Ended 31st March, 2009, Under Clause 49 of the Listing Agreements with relevant stock exchanges.

1. We have examined the compliance of the conditions of Corporate Governance by Zodiac Clothing Company Limited, for the year ended 31st March, 2009, as stipulated in clause 49 of the listing agreements of the said Company with relevant stock exchanges (hereinafter referred to as clause 49).
2. The compliance of the conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and compliance thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and

the representation made by the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

R. Laxminarayan

Place : Mumbai
Dated : June 24, 2009

Partner
Membership No: 33023

respect of its branded business, as well as its retail business, by leveraging of its strengths in the relevant areas.

Threats:

The volatility in the forex markets, both in terms of the Rupee/Dollar, as well as in terms of cross-currency rates to the US Dollar is proving a major challenge, and skills need to be developed to minimise risk. The possibility of a prolonged recession/economic malaise in the EU and the USA is something over which there is no control, nor is there any credible forecast of a timeframe for recovery. The cost disabilities of Indian companies referred to earlier are the major single threat.

How quickly consumer demand in India revives and how soon quality rentals fall to realistic levels on a sustained basis, will determine the pace of recovery of business and growth within India in the branded clothing industry.

D. SEGMENT WISE/PRODUCT WISE PERFORMANCE:

Segments have been identified in line with the Accounting Standard on Segment Reporting, taking into account the organization structure, as well as the differential risk and returns of these segments. The company operates mainly in the clothing and accessories segment and has no reportable business segment, which exceeds 10% of the total turnover, as required by Accounting Standard [AS 17] of ICAI.

The Geographical Segment is identified and given below:

Year Ended 31st March 2009

	[Rs.in lakhs]		
	India	Rest of the World	Total
Segment Revenue	1326295759	1491309287	2817605046
Carrying Cost of Segment Asset	1753161249	162651014	1915812263
Addition to Fixed Assets	130098114	-	130098114

E. RISKS AND CONCERNS:

Revenues and expenses can vary significantly from period to period, especially in view of the economic environment and pricing pressures, especially from customers in the U.S. and the EU. Besides, the subsidies available to the clothing industry in our competitor nations (China, Vietnam, Sri Lanka, Bangladesh, Indonesia, some of whom also have favourable bi-lateral/preferential treaties with the U.S. and the EU) are a continuing risk.

Labour costs which have risen substantially in the country need to be neutralized by enhancing productivity and quality. Vocational training of the demographic dividend (surge of new entrants to the work force) is the need of the hour.

The strength of the Rupee, medium to long term, is a reality we have to reckon with and despite which we have to compete successfully.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that

transactions are authorized, recorded and reported correctly. The company's internal control systems are supplemented by an extensive programme of internal audit conducted by an external auditor periodically and reviewed by the management together with the Audit Committee of the Board. The emphasis of internal control prevails across functions and processes, covering the entire gamut of activities including finance, supply chain, sales and distribution, marketing etc.

G. COMPANY'S FINANCIAL PERFORMANCE

	(Rupees in Lakhs)	
	2008-09	2007-08
Sales & other Income	28,605	24,838
Profit Before Taxation	2,392	3,111
Provision for Taxation		
Current Tax	824	1,129
Wealth Tax	3	3
Deferred Tax	14	(080)
Fringe Benefits Tax	37	40
Profit After Taxation	1,514	2,019
Short Provision for Taxation	1	3
Profit for the Year	1,513	2,016
Balance of Profit Brought forward	6,496	5,343
Profit Available for Appropriation	8,009	7,359
Appropriations		
Transfer to General Reserve	225 *	225
Proposed Final Dividend	545 *	545
Tax on Proposed Final Dividend	93 *	93
Balance Carried Forward	7,146 *	6,496
Total	8,009	7,359

* subject to approval of the Members.

Gross Revenue & Profits:

Your Directors wish to inform you that during the financial year ended 31st March 2009, the Gross Revenue of the company increased from Rs.24,838 lakhs in the previous year to Rs.28,605 lakhs. The profit before tax stood at Rs.2,392 lakhs as against Rs.3,111 lakhs in the previous year. The net profit after tax for financial year ended 31st March 2009 stood at Rs.1,513 lakhs as against Rs.2,016 lakhs in the previous financial year.

The interest cost is 0.44% of revenue which, when compared to most other companies among the listed entities, is significantly lower.

During the year:

- The company adopted a formal Forex Policy (effective 1st April, 2008).
- The company granted a loan of Rs.12 crores to Multiplex Collapsible Tubes Ltd., its fully-owned subsidiary company, for acquisition of the last portion of its Corporate Headquarters.
- The Board has recommended a dividend, subject to approval of the shareholders, of 65% for the year 2008-09.
- Its step-down subsidiary, Zodiac (UAE) LLC, completed payment (from internal accruals) of the

Vicenza

ZODIAC

FINEST QUALITY TIES

ZODIAC

FINEST QUALITY SHIRTMAKERS

Mixed Two Ply Cotton

Da Vinci

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FINEST QUALITY SHIRTMAKERS

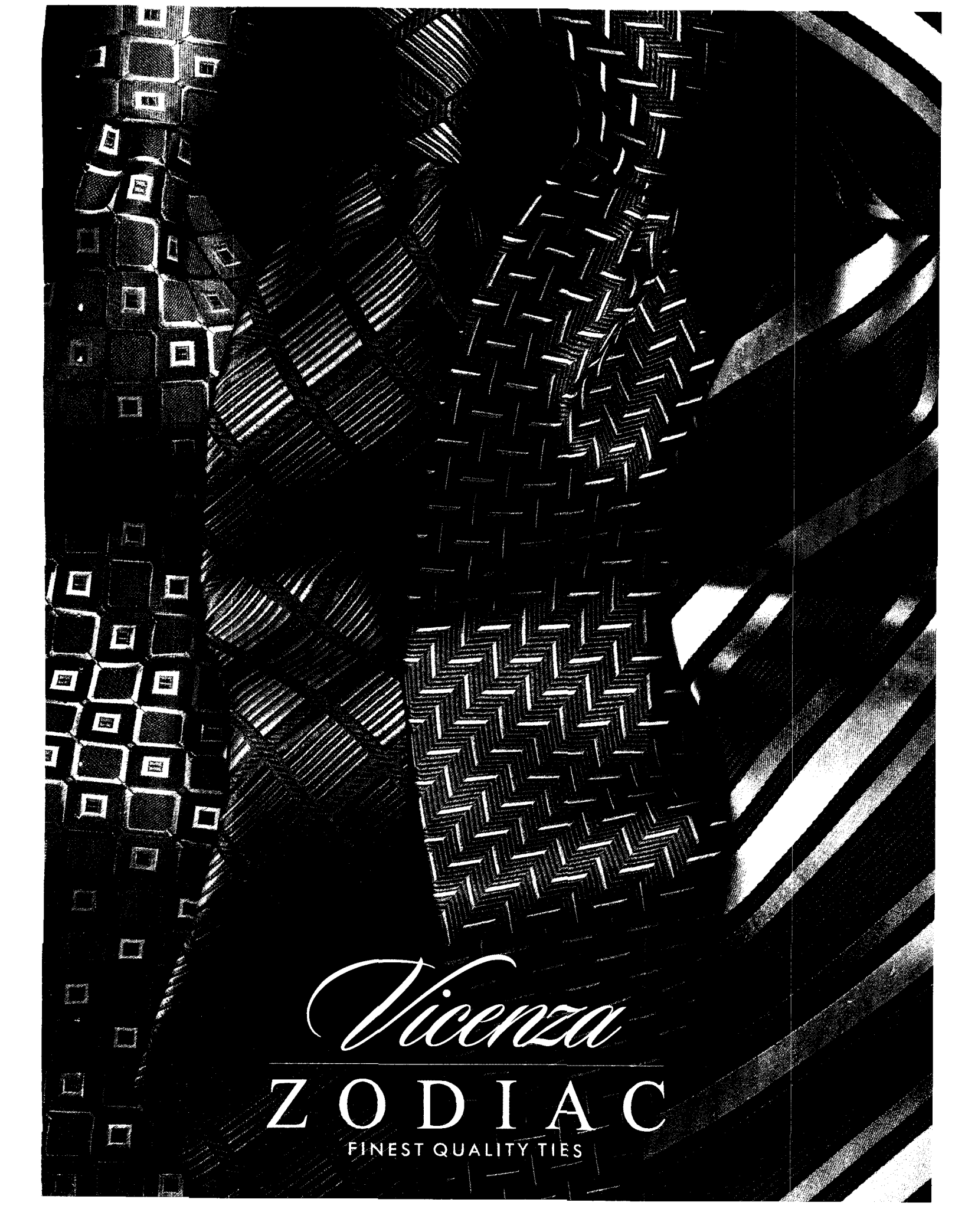
Mercerized Two Ply Cotton

Da Vinci

ZODIAC

FINEST QUALITY SHIRTMAKERS

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FINEST QUALITY TIES

ANNEXURE TO THE AUDITORS' REPORT

Annexure to the Auditors' Report referred to in paragraph 3 of our report of even date to the members of Zodiac Clothing Company Limited on the accounts for the year ended 31st March, 2009.

(i) The nature of the Company's activities during the year has been such that clauses (xiii) and (xiv) of paragraph 4 of the order are not applicable to the Company for the year.

(ii) In respect of its fixed assets:

(a) During the year, the Company has substantially completed the updation of the fixed assets register based on the available records, documents and information showing particulars, including quantitative details and situation of fixed assets.

(b) Most of the fixed assets were physically verified during the year by the management in accordance with a programme of physical verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. The Company is in the process of reconciling the discrepancies between the quantity of fixed assets as per fixed assets register and as verified physically. However, such unreconciled differences, as explained to us, are not likely to have a material impact on the financial statements.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us:

(a) The Company has granted an unsecured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 275,271,761/- (excluding interest) and the year-end balance of such a loan is Rs. 257,581,761/-

(b) In our opinion, the rate of interest and other terms and conditions of such loan are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of the above mentioned loan, no repayment of principal amount has fallen due during the year. The said company has been regular in the payment of interest to the company.

(d) With regard to the aforesaid loan, there are no overdue amounts.

(e) The Company has not taken any loans, secured or unsecured from a companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In view of what has been stated above, clause (iii)(f) regarding the rate of interest and other terms and conditions of such loans and clause (iii)(g) regarding payment of principal amount and interest being regular of Para 4 of the Order are not applicable to the company.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

(vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 that needed to be entered into the register, maintained under the said section have been so entered.

(b) According to the information and explanations given to us, in respect of transactions (excluding loans reported under paragraph (iv) above) amounting to Rs. 500,000 or more:

i) Some of the transactions are of special nature for which no comparable prices are available; and

ii) In respect of other transactions, in case of each party they have been made at prices, which are prima facie reasonable, having regard to the prevailing market prices at the relevant time.

(vii) The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, are not applicable to the Company.

(viii) In our opinion, the internal audit function carried out during the year by the company's internal audit department and by a firm of Chartered Accountants appointed by the management has been commensurate with the size of the Company and nature of its business.

AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

1. We have audited the attached Balance Sheet of Zodiac Clothing Company Limited as at 31st March, 2009, the Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

R. Laxminarayan
Partner

Mumbai:
Dated: June 24, 2009

Membership No: 33023

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I. SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS -			
(a) Capital	1	83,865,260	83,862,260
(b) Share Warrants (Refer Note No (B) 4 Of Schedule 17)		17,600,000	17,600,000
(c) Reserves and Surplus	2	<u>1,093,142,943</u>	<u>1,066,482,957</u>
		1,194,608,203	1,167,945,217
2. LOAN FUNDS :			
Secured Loans	3	246,061,311	231,490,252
3. DEFERRED TAX LIABILITY (Net)		<u>17,949,102</u>	<u>16,538,655</u>
TOTAL		<u>1,458,618,616</u>	<u>1,415,974,124</u>
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS -			
(a) Gross Block	4	710,536,647	586,909,847
(b) Less : Depreciation		<u>224,684,700</u>	<u>184,572,775</u>
(c) Net Block		485,851,947	402,337,072
(d) Capital Work-in-Progress		<u>33,962,342</u>	<u>22,694,147</u>
		519,814,289	425,031,219
2. INVESTMENTS -	5	128,737,974	299,007,788
3. CURRENT ASSETS, LOANS AND ADVANCES -			
(a) Inventories	6	468,247,402	472,006,063
(b) Sundry Debtors	7	219,258,855	180,435,855
(c) Cash and Bank Balances	8	104,795,488	27,353,847
(d) Loans and Advances	9	<u>474,958,255</u>	<u>383,679,273</u>
		1,267,260,000	1,063,475,038
LESS : CURRENT LIABILITIES AND PROVISIONS -			
(a) Liabilities	10	380,509,620	301,204,325
(b) Provisions	11	<u>76,684,027</u>	<u>70,335,596</u>
		457,193,647	371,539,921
NET CURRENT ASSETS		810,066,353	691,935,117
TOTAL		<u>1,458,618,616</u>	<u>1,415,974,124</u>

Significant Accounting Policies and
Notes to Accounts

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As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board
M. Y. NOORANI
Chairman

R. Laxminarayan
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

MUMBAI
Dated: June 24, 2009

S. CHAKRABORTY
Company Secretary

- (ix) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Accounting records under section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
- (x) In respect of statutory dues :
- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Service Tax, Investor Education and Protection Fund, Sales tax, Custom duty, Excise duty and Cess were outstanding as at 31st March, 2009 for period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax and Cess, which have not been deposited on account of any dispute except for an aggregate amount of Rs. **3,270,633/-** in respect of Income tax and Sales tax. Details of disputed dues are as under;

Name of the Statute	Nature of the Dues	Amount in Rupees	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	782,443	A.Y. 2001-02	Income Tax Appellate Tribunal, Mumbai
The Kerala General Sales Tax Act, 1963	Sales Tax	190,369	F.Y. 2001-02	Deputy Commissioner (Appeals) of Commercial Taxes - Ernakulam
The Kerala General Sales Tax Act, 1963	Sales Tax	199,530	F.Y. 2002-03	Deputy Commissioner (Appeals) of Commercial Taxes - Ernakulam
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	689,936	F.Y. 2002-03	Assistant Commissioner of Commercial Taxes, Kolkatta
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	95,105	F.Y. 2003-04	Assistant Commissioner of Commercial Taxes, Kolkatta
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	604,159	F.Y. 2002-03	Assistant Commissioner of Commercial Taxes, Kolkatta
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	709,091	F.Y. 2003-04	Assistant Commissioner of Commercial Taxes, Kolkatta
Total		3,270,633		

- (xi) The Company has no accumulated losses as at 31st March, 2009 and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not borrowed from any financial institution and has not issued any debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xviii) The Company has not borrowed any monies by way of issue of debentures. Hence, the requirement of reporting under clause (xix) of the order does not arise.
- (xix) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xx) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the company, except that there has been an instance of misappropriation of inventories involving an aggregate amount of Rs. 50.39 lakhs. Adequate adjustment (net of recovery) has been made in the accounts for the year.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Mumbai:
Dated: June 24, 2009

R. Laxminarayan
Partner
Membership No: 33023

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31st March, 2009	As at 31st March, 2008
	Rupees	Rupees
SCHEDULE NO. 1		
SHARE CAPITAL :		
AUTHORISED -		
20,000,000 Equity Shares of Rs.10/- each	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED AND SUBSCRIBED -		
8,386,526 (Previous Year 8,386,226) Equity Shares of Rs.10/- each fully paid up	83,865,260	83,862,260
Notes :		
1) Of the above,		
i) 1,156,313 Shares are allotted as fully paid-up pursuant to the scheme of amalgamation of Mayfair Limited with the Company, and		
ii) 4,181,313 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of share premium account		
iii) 23,900 Shares (Previous Year 23,600) are allotted as fully paid-up on exercise of Employee stock options under Zodiac Clothing Company Limited Employee Stock Option Plan 2006.		
2) Particulars of options on unissued share capital (Refer note no(B) 23 of Schedule 17)		
3) In terms of the approval of the shareholders of the company and as per the applicable statutory provisions including Securities and Exchange Board Of India (Disclosure and investor Protection) Guidelines 2000, the company, on 15th January, 2008 has issued and allotted 440,000 warrants on preferential basis to certain promoters in the Promoter Group entitling them to apply for one equity share per warrant of Rs 10/-each at a premium of Rs 390/- The warrant holders have a right to apply for equity shares within 18 months from the date of allotment of the warrants. 10% of the issue price received against the warrants are shown as Share Warrants in the Balance Sheet, pending exercise thereof.		
TOTAL	<u>83,865,260</u>	<u>83,862,260</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales		2,667,009,829	2,282,345,639
Other Income	12	193,489,435	201,496,138
Increase in Stocks	13	18,699,476	47,028,344
		<u>2,879,198,740</u>	<u>2,530,870,121</u>
EXPENDITURE			
Raw Materials Consumed (Includes Goods Lost by Fire Rs 877,854/-) (Previous Year Nil)		777,777,918	755,536,227
Purchase of Trading Materials		169,950,751	139,181,049
Operation and Other Expenses	14	1,206,867,415	894,740,801
Payments to and Provision for Employees	15	418,760,680	369,137,167
Finance Charges	16	23,699,161	24,027,685
Depreciation/Amortisation		41,497,226	35,979,850
Prior period expenses(net)		1,399,218	1,226,570
		<u>2,639,952,369</u>	<u>2,219,829,349</u>
PROFIT BEFORE TAXATION		239,246,371	311,040,772
Provision for Taxation			
Current Tax		82,400,000	112,900,000
Wealth Tax		300,000	300,000
Deferred Tax Charge/(credit)		1,410,447	(8,028,301)
Fringe Benefit Tax		3,763,370	3,950,000
		<u>87,873,817</u>	<u>109,121,699</u>
PROFIT AFTER TAXATION		151,372,554	201,919,073
Short Provision for Income Tax of earlier years		70,860	342,693
PROFIT FOR THE YEAR		151,301,694	201,576,380
Brought Forward from Previous Year		649,583,919	534,282,062
PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION		800,885,613	735,858,442
APPROPRIATIONS			
Dividend for the year 2007-2008		2,244	-
Proposed Dividend		54,512,419	54,510,469
Corporate Dividend Tax thereon		9,264,768	9,264,054
Transfer To General Reserve		22,500,000	22,500,000
		<u>86,279,431</u>	<u>86,274,523</u>
Surplus carried to Balance Sheet		<u>714,606,182</u>	<u>649,583,919</u>
		800,885,613	735,858,442
Basic Earnings per Share (Face value Rs 10/- per share)		18.04	24.09
Diluted Earnings per Share (Face value Rs 10/- per share)		17.14	23.83
(Refer Note No.(B) 22 of Schedule No 17)			
Significant Accounting Policies and Notes to Accounts	17		

As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board
M. Y. NOORANI
Chairman

R. Laxminarayan
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

MUMBAI
Dated: June 24, 2009

S. CHAKRABORTY
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE NO. 4

FIXED ASSETS

(Rupees)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at April 1, 2008	Additions	Deduction	As at Mar 31, 2009	As at April 1, 2008	For the year	Deduction	As at Mar 31, 2009	As at Mar 31, 2009	As at Mar 31, 2008
INTANGIBLE ASSETS - ACQUIRED										
Goodwill	15,699,501	-	-	15,699,501	15,690,065	1,887	-	15,691,952	7,549	9,436
Software	4,873,220	2,140,448	-	7,013,668	1,133,772	961,849	-	2,095,621	4,918,047	3,739,448
TANGIBLE ASSETS										
Free Hold Land	42,549,771	-	-	42,549,771	-	-	-	-	42,549,771	42,549,771
Lease Hold Land	1,805,590	-	-	1,805,590	329,876	19,748	-	349,624	1,455,966	1,475,714
Building	68,339,800	3,268,685	-	71,608,485	18,618,865	2,033,892	-	20,652,757	50,955,728	49,720,935
Lease hold Improvement	45,482,807	42,619,368	3,565,261	84,536,914	19,550,108	9,837,791	525,093	28,862,806	55,674,108	25,932,699
Furniture & Fixtures	97,203,683	36,791,636	-	133,995,319	22,187,176	7,489,600	-	29,676,776	104,318,543	75,016,507
Machinery	219,008,271	22,156,172	-	241,164,443	60,307,283	12,784,813	-	73,092,096	168,072,347	158,700,988
Vehicles	13,716,127	14,140,840	2,906,053	24,950,914	6,264,094	2,029,388	1,232,314	7,061,168	17,889,746	7,452,033
Computer	31,232,183	1,419,644	-	32,651,827	20,218,737	3,180,398	-	23,399,135	9,252,692	11,013,446
Office Equipment/ Electrical Installation	46,998,894	7,561,321	-	54,560,215	20,272,799	3,529,966	-	23,802,765	30,757,450	26,726,095
Total	586,909,847	130,098,114	6,471,314	710,536,647	184,572,775	41,869,332	1,757,407	224,684,700	485,851,947	
Previous Year	517,693,752	69,519,815	303,720	586,909,847	148,746,756	36,050,166	224,147	184,572,775		402,337,072
Capital Work in Progress									33,962,342	22,694,147
TOTAL									519,814,289	425,031,219

Nore:-

1. Depreciation for the year includes prior year depreciation of Rs.372,105/- (Previous Year Rs.70,316/-).
2. Machinery costing Rs.57,807,542/- are hypothecated against Term Loan sanctioned.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

	Rupees	As at 31st March, 2009 Rupees	Rupees	As at 31st March, 2008 Rupees
SCHEDULE NO. 2				
RESERVES AND SURPLUS :				
Amalgamation Reserve Account				
As per last Balance Sheet	773,231		683,419	
Add : Adjustment in respect of shares received on amalgamation	<u>43,202</u>		<u>89,812</u>	
		816,433		773,231
State Cash Subsidy				
As per last Balance Sheet		1,584,350		1,584,350
Capital Reserve				
As per last Balance Sheet		29,958		29,958
Share Premium Account				
As per last Balance Sheet	274,235,897		268,444,457	
Add : Received on issue of Shares on exercise of ESOP under (Zodiac Clothing Company Limited Employee Stock Option Plan 2006)	<u>73,620</u>		<u>5,791,440</u>	
		274,309,517		274,235,897
General Reserve Account				
As per last Balance Sheet	140,275,602		117,775,602	
Add : Transfer from Profit and Loss account	<u>22,500,000</u>		<u>22,500,000</u>	
		162,775,602		140,275,602
Hedging Reserve Account				
Unrecognised gain /(losses) on cash flow hedges - net (Refer Note No. (B) 20 of Schedule No 17)		(60,979,099)		-
Surplus in Profit & Loss Account		714,606,182		649,583,919
TOTAL		<u>1,093,142,943</u>		<u>1,066,482,957</u>

SCHEDULE NO. 3

SECURED LOANS :

Loans and Advances from Banks:

Working capital facilities *	227,086,451	199,843,275
Term Loan **	18,082,380	31,151,185
Interest accrued and due	892,480	495,792

[*Secured by hypothecation of Raw materials, Finished Goods & Semi-finished Goods, Packing Materials & other Accessories, Stores and Spares, Book Debts, other receivables and claims, both present and future. **Secured by hypothecation of Specified Machineries acquired by using the term loan proceeds]

TOTAL

246,061,311

231,490,252

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 6	As at 31st March, 2009	As at 31st March, 2008
	Rupees	Rupees
INVENTORIES :		
(At Cost or Net Realisable Value whichever is lower)		
Stores and Spare parts	5,658,971	2,513,389
Raw Materials	146,094,512	170,213,253
Packing Materials & Accessories	47,724,405	45,522,056
Finished Goods	223,395,934	205,444,194
Work-in-Progress	22,662,379	21,914,643
Materials in Transit	22,711,201	26,398,528
	<u>468,247,402</u>	<u>472,006,063</u>

SCHEDULE NO. 7

SUNDRY DEBTORS : (Unsecured)

(a) Debts outstanding for a period exceeding six months :-		
Considered Good	2,849,076	15,912,864
Considered Doubtful	14,477,490	12,436,739
	<u>17,326,566</u>	<u>28,349,603</u>
Less: Provision For Doubtful Debts	14,477,490	12,436,739
	<u>2,849,076</u>	<u>15,912,864</u>
(b) Other Debts :-		
Considered Good	216,409,779	164,522,991
	<u>219,258,855</u>	<u>180,435,855</u>

Debtors include :

Due from a Firm in which some of the Directors of the Company are Partners:

Mashal Enterprises	349,408	-
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SCHEDULE NO. 8

CASH AND BANK BALANCES :

Remittances in Transit	7,263,040	9,620,199
Bank Balances		
With Scheduled Banks :		
On Current Accounts	5,953,890	16,352,550
On Unpaid Dividend Accounts	1,081,322	977,292
On Fixed Deposit	90,497,236	403,806
	<u>104,795,488</u>	<u>27,353,847</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE NO. 5		As at 31st March, 2009		As at 31st March, 2008
	Rupees	Rupees	Rupees	Rupees
INVESTMENTS:				
(I) LONG TERM INVESTMENTS				
(Non-Trade, Fully Paid, at cost)				
(A) SHARES OF OTHER COMPANIES :				
(Quoted)				
1,006,875 Equity Shares of Rs.10/- each of Shoppers Stop Ltd.	102,013,750		102,013,750	
66 Equity Shares of Rs.10/- each of Aditya Birla Nuvo Ltd	84,609		84,609	
830 (Previous Year Nil) Equity Shares of Rs.10/- each of Hindalco Industries Ltd.	43,202		-	
54 Equity Shares of Rs.10/- each of Coramandel Fertilizer Ltd.	5,203		5,203	
7 Equity Shares of Rs.10/- each of Exide Industries Ltd	<u>210</u>		<u>210</u>	
		102,146,974		102,103,772
(B) MUTUAL FUNDS INVESTMENT - (Unquoted)				
Nil (Previous Year 100,000) Units of Rs.10 Each of Birla Sun Life Buy India Fund	-		1,000,000	
Nil (Previous Year 100,000) Units of Rs.10 Each of Birla Sun Life New Millennium Fund	<u>-</u>		<u>1,000,000</u>	
		-		2,000,000
(C) SHARES OF SUBSIDIARY COMPANIES (Unquoted)				
2,000,000 Equity Shares of Rs.10/- each of Multiplex Collapsible Tubes Limited	20,000,000		20,000,000	
250 Equity Shares of CHF 1,000/- each of Zodiac Clothing Company S.A., Switzerland.	6,591,000		6,591,000	
Nil (Previous Year 1,250) Preference Shares of CHF 1,000/- each of Zodiac Clothing Company S.A., Switzerland	<u>-</u>		<u>44,907,185</u>	
		26,591,000		71,498,185
SUB TOTAL (I)		128,737,974		175,601,957
(II) CURRENT INVESTMENTS				
(Non-Trade, Unquoted, Fully Paid, at Cost or fair value whichever is lower)				
Nil (Previous Year : 2,323,664) Units of Rs.10/- each of HDFC Cash management Fund - Savings Plus Plan Retail - Daily Dividend, Option Reinvestment	-		23,309,831	
Nil (Previous Year : 5,009,597) Units of Rs.10/- each of BSL Interval Income- Inslt-Monthly-Series 1 Dividend -Reinvestment	-		50,096,000	
Nil (Previous Year 4,750,413) Units of Rs.10/- each of Dynamic Bond Fund-Retail-Quarterly Dividend -Reinvestment	<u>-</u>		<u>50,000,000</u>	
SUB TOTAL (II)		-		123,405,831
TOTAL (I) + (II)		128,737,974		299,007,788
Notes				
1) Aggregate Value of Quoted Investments	Book Value	102,146,974		102,103,772
	Market Value	100,536,469		408,437,097
2) Aggregate Value of Unquoted Investments	Book Value	26,591,000		196,904,016

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE NO. 12	Current Year Rupees	Previous Year Rupees
OTHER INCOME :		
Export Benefits and Entitlements	88,071,834	89,308,501
Exchange Fluctuation Gain (Net)	-	27,877,614
Commission Income [T.D.S Rs.4,178/- (PreviousYear: Rs 10,357/-)]	40,552	100,539
Interest on ICDs, Fixed Deposits etc. (T.D.S. Rs.5,410,632/- (PreviousYear: Rs.3,717,761/-)	24,424,496	17,417,874
Dividends - Current Investments	3,002,622	1,705,512
Dividends - Long Term Investments	2,512,084	1,514,121
Profit on Sale of Fixed Assets	-	4,463,490
Profit on Sale of Current Investments	1,226,970	62,091
Rent [T.D.S Rs.231,028/- (PreviousYear: Rs.161,417/-)	1,078,960	877,741
Royalty Received [T.D.S Rs.1,971,409/- (PreviousYear: Nil)	17,316,504	13,428,635
Recovery of Freight & Insurance on sales	34,248,401	29,672,366
Sundry Receipts	9,838,966	3,816,783
Sundry credit balances written back	11,728,046	11,250,871
	<u>193,489,435</u>	<u>201,496,138</u>

SCHEDULE NO. 13

INCREASE IN STOCKS :

Opening Stock		
Finished Goods	205,444,194	156,823,943
Work-in-Progress	<u>21,914,643</u>	<u>23,506,550</u>
	227,358,837	180,330,493
Closing Stock		
Finished Goods*	223,395,934	205,444,194
Work-in-Progress	<u>22,662,379</u>	<u>21,914,643</u>
	246,058,313	227,358,837
	<u>18,699,476</u>	<u>47,028,344</u>

* Net of Goods Lost by theft Rs 3,918,774/-
(Previous year Nil) and by Fire Rs 2,767,731/- (Previous Year Nil)

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE NO. 9

	As at 31st March, 2009	As at 31st March, 2008
Rupees	Rupees	Rupees
LOANS AND ADVANCES :		
(Unsecured, Considered good unless otherwise specified)		
Loans and Advances to a Subsidiary	258,943,518	175,560,004
Advance Payment of Income-tax etc. (Net of provision for income tax Rs.86,463,370) Previous Year: Rs.113,200,000)	62,657,553	44,177,338
Deposit With Various Government and other Authorities	4,793,520	6,260,573
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good	148,563,664	157,681,358
Unsecured - considered doubtful	481,222	481,222
	<u>149,044,886</u>	<u>158,162,580</u>
Less : Provision for Doubtful Advances	<u>481,222</u>	<u>481,222</u>
	<u>148,563,664</u>	<u>157,681,358</u>
TOTAL	<u>474,958,255</u>	<u>383,679,273</u>

Loans and Advances include :

i) Due from Firms in which some of the Directors of the Company are Partners:

Metropolitan Trading Co.	17,025,164	16,929,129
Munraz Enterprises	1,500,000	1,500,000

ii) Due from a Company under the same management:

	Maximum Balance	Maximum Balance
Multiplex Collapsible Tubes Limited	275,884,586	190,631,943

SCHEDULE NO. 10

CURRENT LIABILITIES :

Advances and Deposits from Customers	5,003,002	5,366,564
Sundry Creditors:		
(i) Total outstanding dues of Micro enterprises and small Enterprises. (Refer Note No.(B) 3 of Schedule 17)	-	-
(ii) Total Outstanding dues of Creditors other than Micro enterprises and small Enterprises	155,822,350	168,413,107
Unclaimed Dividends *	996,015	891,335
Book Overdraft with Bank	7,485,936	-
Other Liabilities	211,202,317	126,533,319
	<u>380,509,620</u>	<u>301,204,325</u>

*There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund

SCHEDULE NO. 11

PROVISIONS :

Proposed Dividend	54,512,419	54,510,469
Corporate Dividend Tax	9,264,386	9,264,054
For Leave Liability	8,385,154	6,561,073
For Gratuity	4,522,068	-
	<u>76,684,027</u>	<u>70,335,596</u>

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

A) SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF ACCOUNTING

The Accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

b) REVENUE RECOGNITION

Sales are recognised when goods are supplied to customers and are recorded net of sales tax/ value added tax . Dividend income on investments is accounted when the right to receive the dividend is established.

Revenue in respect of Insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

c) EXPORT BENEFITS

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made/ to be made there against.

d) FIXED ASSETS

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs including incidental expenses. Upto March 31, 2007, exchange differences on translation of foreign currency loans obtained to purchase fixed assets from countries outside India are included in the cost of such assets.

e) DEPRECIATION/AMORTISATION

i) On Tangible Assets:

Depreciation has been calculated on straight-line basis in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of the said act.

Cost of Leasehold Land is amortised over the period of lease.

Cost of Leasehold improvements is amortised over the primary period of lease. However, in cases where the company as a lessee has the right of renewal of lease and it is intended to renew for further periods, then the cost of such leasehold improvements is amortised over such extended period, not exceeding 10 years.

ii) On Intangible Assets:

a) Goodwill

At the time of acquisition of the business, the difference between the cost of investments and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortised over a period of 10 years.

Goodwill on amalgamation in the nature of merger is amortised over a period of 5 years.

b) Computer software is amortised on straight line basis over a period of 6 years.

f) INVESTMENTS

Investments are classified into long-term investments and current investments. Investments, which are intended to be held for more than one year, are classified as long-term investments and investments, which are intended to be held for less than one year, are classified as current investments. Long-term investments are accounted at cost and a provision for diminution is made to recognize a decline other than temporary in the value of long term investments. Current investments are valued at cost or fair value whichever is lower.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE NO. 14

	Current Year Rupees	Previous Year Rupees
OPERATION AND OTHER EXPENSES :		
Consumption of Packing Materials & Accessories (Includes Goods)	210,324,703	198,380,123
Lost By Fire Rs 4,706,444/- (Previous Year Nil)		
Consumption of Stores and Spare parts	8,747,229	9,582,713
Consumables For Printing/Embroidery/Washing	29,775,831	17,133,167
Power, Fuel and Oil	22,062,206	19,218,475
Labour Charges	67,803,405	53,392,038
Repairs to Buildings	3,608,305	5,047,230
Repairs to Machinery	3,703,596	2,848,762
Repairs to Others	8,799,171	7,086,013
Retail Store maintenance expenses	17,878,158	10,665,515
Insurance	3,630,508	2,722,223
Rates and Taxes	7,503,050	5,779,508
Security Charges	6,164,656	5,153,767
Rent	170,245,532	120,535,690
Printing & Stationery	6,836,983	6,121,684
Bad and doubtful debts written off	2,385,688	1,366,935
Provision for doubtful debts	2,040,751	2,148,062
Travelling & Conveyance Expenses	29,046,797	31,386,859
Postage, Telegrams and Telephones	17,591,680	16,377,985
Advertisement and Sales Promotion Expenses	165,307,854	129,118,012
Miscellaneous Expenses	3,544,784	7,744,092
Electricity	24,483,695	17,974,923
Donation	8,387,926	10,423,130
Trade Mark Fees	14,769,600	13,491,284
Loss On Sale Of Fixed Assets	842,627	19,025
Commission, Discount and Rebates	118,028,796	106,690,594
Freight Outward	87,510,880	75,344,950
Legal and Professional Charges	17,276,882	12,447,392
Assets Discarded Written off	3,040,173	-
Directors' Sitting fees	940,000	1,080,000
Sundry Balances written off	609,398	4,343,206
Exchange Fluctuation Loss (Net) [after adjusting exchange gain on redemption of Preference Shares by a foreign Subsidiary Rs 4,861,478/- (Previous Year Nil)]	142,966,871	-
Auditors' Remuneration :- *		
(including service tax where applicable)		
Audit Fees	900,000	900,000
In other capacity for Certification	-	90,000
Reimbursement of expenses	16,980	5,080
Service Tax	92,700	122,364
*Excludes payment of Rs.5.28 lacs (Previous Year Rs.1.69 lacs (including service tax)) for Taxation matters to an affiliated firm covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.	1,009,680	1,117,444
TOTAL	1,206,867,415	894,740,801

SCHEDULE NO. 15

PAYMENTS TO AND PROVISION FOR EMPLOYEES :

Salaries, Wages and Bonus	362,033,136	325,470,441
Contribution to Provident and other funds	50,075,565	38,380,835
Labour and Staff Welfare Expenses	6,651,979	5,285,891
TOTAL	418,760,680	369,137,167

SCHEDULE NO. 16

FINANCE CHARGES :

Interest - on working capital facilities from banks	10,935,310	12,925,013
- on term loans from banks	919,731	1,238,098
- on others	-	703,429
Bank Charges	11,844,120	9,161,145
TOTAL	23,699,161	24,027,685

k) **TAXES ON INCOME**

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, notified under the Companies (Accounting Standard) Rules, 2006. Income Tax comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the revenue authorities, using applicable tax rates and laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

Provision for Fringe Benefit Tax is made in accordance with Chapter XII-H of the Income Tax Act,1961.

l) **BORROWING COST**

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

m) **LEASES**

a) Lease transactions entered into prior to April 1, 2001:
Lease rentals in respect of assets acquired under lease are charged to Profit & Loss Account.

b) Lease transactions entered into on or after April 1, 2001:
Assets acquired on leases where significant portions of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

n) **PROVISIONS AND CONTINGENCIES**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

B) NOTES FORMING PART OF THE ACCOUNTS:

1) **Contingent Liabilities:**

- a) Guarantee issued by the Bank and counter guaranteed by the Company: Rs. 6,421,567/- (Previous year: Rs. 6,571,567/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: Rs.11,164,129/- (Previous year: Rs. 12,781,421/-).
- c) Foreign bills/Letters of Credit discounted with Bank: Rs5,093,714./- (Previous year Rs. 19,575,062/-).
- d) Disputed demand not provided for in respect of:

	Current year Rupees	Previous Year Rupees
1) Income Tax (amount paid under protest Rs. 24,766,099/-) (Previous Year Rs 23,869,698/-)	31,896,473	33,756,299
2) Sales Tax (amount paid under protest Rs. 138,709/-) (Previous Year Rs138,709/-)	2,626,899	5,456,999
3) Excise Duty (excluding interest)	Nil	909,024
4) Apparel Export Promotion Council for non fulfillment of export obligation against duty free imports	2,980,050	34,76,994

Investments include investments in shares of a company registered outside India. They are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof.

Any profit or loss on sale of investments is determined on the basis of the average cost of acquisition.

g) **TRANSACTIONS IN FOREIGN CURRENCY**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are dealt with in the Profit and Loss Account.

Forward exchange contracts entered into to hedge the foreign currency risk and outstanding as on balance sheet date are translated at year end exchange rates. The premium or discount arising at the inception of such forward exchange contracts are amortised as income or expense over the life of the contract.

Gains /Losses on settlement of transactions arising on cancellation/renewal of forward exchange contracts are recognized as income or expense.

h) **HEDGE ACCOUNTING**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the profit and loss account for the period

i) **INVENTORIES**

a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, Weighted average cost or Specific identification method, as applicable and found appropriate.

b) Work -in - progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.

c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.

d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.

e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.

j) **EMPLOYEE BENEFITS**

a) The contribution to Provident Fund as required under the statute is made to the Government Provident Fund and is debited to profit and loss account.

b) Gratuity liability is a defined benefit obligation. The Company has taken Group gratuity- cum-life assurance (cash accumulation) Scheme carried out by Life Insurance Corporation of India (LIC) . Annual contributions are made on the basis of intimation received from LIC. The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognized in full in profit and loss account for the period in which they occur.

c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation determined at the year end.

A) Premises taken on Lease

- a) The Company has taken various offices/shops under operating lease or leave and licence agreements. These are non-cancelable during a lock in period which ranges between 11 months to 3 years under leave and licence agreements and are renewable by mutual consent on mutually agreeable terms.
- b) Lease Payments recognized in the statement of Profit & Loss Account under Rent in Schedule 14 is Rs. 170,245,532/- (Previous Year Rs. 120,535,690/-).
- c) The future minimum lease payments under non-cancellable operating lease :
- (i) not later than one year is Rs.28,750,406 (Previous Year Rs. 38,310,369/-);
- (ii) later than one year and not later than five years is Rs.9,629,860/- (Previous Year Rs. 24,742,320) and
- (iii) Later than five years Nil.

B) Premises Given On Lease

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 month to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the statement of Profit & Loss Account under Rent in Schedule 12 is Rs. 1,078,960/- (Previous Year Rs. 877,741/-)
- c) Premises given on licence basis:
- Gross Carrying amount Rs.8,793,810/- (Previous Year Rs. 6,967,650)
- Accumulated Depreciation Rs. 876,922 /-(Previous Year Rs. 568,182)
- Depreciation for the year Rs. 143,340/- (PreviousYear Rs. 113,574)

8) Particulars regarding Manufacturing Activities:

Capacities, Production, Turnover and Stocks

Class of Goods	Unit	Licenced Capacity	Installed Capacity	Opening Stock		Production*		Turnover		Closing Stock	
				Qty (Unit)	Value (Rs.)	Qty (Unit)	Qty (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)	
Garment & Accessories	Pcs	N. A.	6,182,000	727,606	170,647,751	4,325,715	4,441,230	2,363,039,513	612,091	185,140,618	
Previous Year	Pcs	N.A.	6,182,000	717,623	127,680,016	4,808,469	4,798,486	2,048,826,777	727,606	170,647,751	

* Includes 1,050,965 Pcs (PreviousYear 1,318,675 Pcs) manufactured by outside parties on behalf of the Company.

9) Particulars of Raw Material Consumption:

(Previous year's figures are in brackets)

Class of Goods	Unit	Quantity	Value (Rs.)
a) Yarn	Kgs	16,152 (23,403)	5,351,235 (7,634,030)
b) Fabric	Meter	6,053,628 (6,366,137)	772,426,683 (747,902,197)
TOTAL			777,777,918 (755,536,227)

- e) Claims against the Company not acknowledged as debts: Rs.8,204,270/- (Previous year Rs.1,066,310/-)
- f) Labour disputes not acknowledged as debts: Amount not ascertainable.

Note: In respect of items mentioned above, till the matters are finally decided, the financial effect cannot be ascertained.

- 2) Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs 7,821,806/- (Previous Year Rs 39,891,268/-)
- 3) The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Few suppliers have confirmed that they are not covered under the said Act. In the absence of confirmation from the suppliers, disclosures relating to amount unpaid as at year end together with interest paid /payable as required under the said Act have not been given.

4) **Issue of Warrants to Promoters**

During the year 2007-08, the Company made a preferential allotment to certain promoters of the Company by way of issue of 4,40,000 warrants @ Rs.400/- per warrant aggregating to Rs. 176,000,000/-, in accordance with the

provisions of Chapter XIII of Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000. The warrants shall be converted into equity shares at any time after the date of allotment of warrants i.e. 15th January 2008, but on or before the expiry of 18 months from the date of allotment of such warrants i.e. till 15th July 2009. As per terms of issue of warrant's the company has received Rs.17,600,000/- being 10% of the issue price from Allottees. Balance 90% of the issue price is payable by the Promoters at the time of exercising their option of converting the warrants into equity shares. The Funds so raised through the preferential issue has been utilized for capital expenditure, working capital and general corporate purposes.

The Company has not utilized the funds for the purpose other than those for which the issue of warrants was made.

Particulars of utilization of funds	Amount (Rs.)
1. Amount used for working capital	17,600,000

- 5) The amount of premium on forward exchange contracts to be recognised in the profit and loss account in the next financial year is Rs.1,010,247/- (Previous Year Rs. 427,159/-)

6) **Investments**

The Company has purchased and sold the following units of Mutual funds :

	Current Year		Previous Year	
	Units	Purchase Amount (Rs.)	Units	Purchase Amount (Rs.)
BSL-Liquid Fund-INSTL-Daily Dividend-Reinvestment	5,171,265	51,747,813	-	-
BSLInterval Income-INSTL-Monthly -Series1 - Dividend Reinvest	26,711	267,112	-	-
HDFC Cash Management Fund Saving Plus Plan Dividend	-	-	16,569,730	166,219,250
HDFC Cash Management Fund Saving Plan Growth	-	-	9,45,174	15,000,000
HDFC Liquid Fund Dividend Reinvestment	17,940,479	179,969,916	101,205	1,044,229
Birla Dynamic Bond Fund -QRTLY Dividend-Reinvestment	37,640	396,184	-	-

15) Remittance in Foreign Currencies on Account of Dividend:

(Previous year's figures are in brackets)

a)	No. of Non-Resident Shareholders	No. of Shares held by them	Net Amount of Dividend (Rs.)
a) Dividend for the year ended 31.03.2008	4 (4)	3,092,340 (3,092,340)	20,100,210 (3,092,340)

b) Except for the above Shareholders, the Company has not made any remittance in foreign currency on account of dividend during the year and does not have information as to the extent to which remittance in foreign currency on account of dividend have been made by or on behalf of non-resident shareholders.

c) The particulars of Non-resident Shareholders and the amount of dividend paid to them are as under:

(Previous year's figures are in brackets)

	No. of Non-Resident Shareholders including those under (a) above	No. of Shares held by them	Net Amount of Dividend (Rs.)
Dividend for the year ended 31.03.2008	59 (55)	3,468,378 (3,119,133)	22,544,457 (15,828,270)

16) Earnings in Foreign Currencies:

	Current Year Rupees	Previous Year Rupees
Exports of Goods on FOB basis	1,439,744,382	1,139,519,178
Royalty Income	17,316,504	13,428,635
Others (Freight & Insurance Receipt)	34,248,401	29,672,366

17) Deferred Tax:

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Deferred Tax Liability on account of:		
Depreciation	39,515,261	35,364,204
	<u>39,515,261</u>	<u>35,364,204</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	13,631,579	12,102,656
(ii) Provision for Retirement Benefit	2,850,114	2,230,109
(iii) Provision for Doubtful Debts & Advances	5,084,466	4,390,815
(iv) Disallowances Sec 40(a)	-	101,970
	<u>21,566,159</u>	<u>18,825,550</u>
Deferred Tax Liabilities (Net)	<u>17,949,102</u>	<u>16,538,655</u>

The Net Deferred tax charge of Rs.1,410,447/- (Previous year Deferred tax credit Rs. 8,028,301/-) for the year has been recognized in the Profit and Loss Account.

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

10) Particulars of Trading Activities:

(Previous year's figures are in brackets)

Class of Goods	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Qty (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)	Qty (Unit)	Value (Rs.)
Garments	Pcs	168,232 (133,077)	34,796,443 (29,143,927)	808,688 (646,834)	78,980,064 (81,711,947)	702,076 (611,679)	195,669,557 (167,087,862)	274,844 (168,232)	38,255,316 (34,796,443)
Accessories		Nil (Nil)	Nil (Nil)	N.A. (N.A.)	33,368,231 (27,158,301)	N.A. (N.A.)	35,450,947 (29,394,232)	Nil (Nil)	Nil (Nil)
Fabrics	Meter	Nil (Nil)	Nil (Nil)	599,244 (340,037)	57,602,456 (30,310,801)	599,244* (340,037)	69,845,297 (32,584,111)	Nil (Nil)	Nil (Nil)

(*) Net of sale of leftover fabrics 50,827 meters for Rs.3,004,515/- (Previous Year 151,781 meters for Rs. 4,452,657/-).

11) CIF Value of Imports:

	Current Year Rupees	Previous Year Rupees
(i) Raw Materials	331,268,089	279,803,968
(ii) Stores & Spares	1,815,011	1,678,940
(iii) Capital Goods	7,627,703	5,202,862

12) Value of Raw Materials Consumption:

	Current Year		Previous Year	
	Rupees	%	Rupees	%
Imported	281,231,297	36.16	214,993,692	28.46
Indigenous	496,546,621	63.84	540,542,535	71.54
Total	777,777,918	100	755,536,227	100

13) Value of Stores & Spares Consumption:

	Current Year		Previous Year	
	Rupees	%	Rupees	%
Imported	2,133,324	24.39	1,441,705	15.05
Indigenous	6,613,905	75.61	8,149,008	84.96
Total	8,747,229	100	9,582,713	100

14) Expenditure in Foreign Currencies:

	Current Year Rupees	Previous Year Rupees
Sales Promotion	43,035	409,569
Interest on Loans/Bank charges	9,412,536	7,574,903
Travelling Expenses	33,144,459	4,320,903
Rebate, Discount & Commission	76,248,259	53,606,621
Membership & subscription	141,204	122,092
Fair & Exhibition	1,133,420	2,748,761
Forward Contract Roll over charges	70,251,688	1,355,406
Books & Periodicals	7,868	-
Testing Charges	123,170	-
Repair & Maintenance	11,833	-
Legal & Professional Charges	73,013	57,242

II) The following transactions were carried out with the related parties in the ordinary course of business.

(Previous year's figures are in brackets)

	Subsidiaries Rupees	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Sale of Goods				
Mashal Enterprises	– (-)	– (-)	6,223,040 (5,134,604)	6,223,040 (5,134,604)
Zodiac Clothing Co (U.A.E.) LLC	104,200,510 (86,865,278)	– (-)	– (-)	104,200,510 (86,865,278)
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	89,887,486 (231,109,674)	89,887,486 (231,109,674)
Onward LLC	– (-)	– (-)	42,288,579 (15,080,369)	42,288,579 (15,080,369)
Interest Paid				
Zodiac Private Limited	– (-)	– (-)	– (703,429)	– (703,429)
Interest Income Received				
Multiplex Collapsible Tubes Ltd	22,415,068 (16,382,479)	– (-)	– (-)	22,415,068 (16,382,479)
Royalty Income Received				
Zodiac Clothing Co (U.A.E.) LLC	17,316,504 (13,428,635)	– (-)	– (-)	17,316,504 (13,428,635)
Trade Mark fees paid				
Metropolitan Trading Company	– (-)	– (-)	14,769,600 (13,491,283)	14,769,600 (13,491,283)
Service Charges Paid				
Metropolitan Trading Company	– (-)	– (-)	(-) (2,307,105)	(-) (2,307,105)
Zodiac Private Limited	– (-)	– (-)	1,528,396 (-)	1,528,396 (-)
Rent Accrued				
Metropolitan Trading Company	– (-)	– (-)	20,713,079 (20,280,867)	20,713,079 (20,280,867)
Mustang Manufacturing Company	– (-)	– (-)	207,600 (207,600)	207,600 (207,600)
Elite Clothing Company Pvt Ltd	– (-)	– (-)	– (675,000)	– (675,000)
Munraz Enterprises	– (-)	– (-)	3,88,800 (388,800)	3,88,800 (388,800)
Montage Corporation	– (-)	– (-)	44,700 (31,500)	44,700 (31,500)
Miraj Marketing Company Pvt Ltd.	– (-)	– (-)	315,000 (315,000)	315,000 (315,000)

18) Related Party Disclosures:

Related party disclosures as required by (AS-18) "Related Party Disclosures" are given below:

I) Relationships:

a) Subsidiary Companies:

Multiplex Collapsible Tubes Limited.

Zodiac Clothing Company S. A.

Zodiac Clothing Co (U.A.E.) LLC.

Zodiac Clothing Company Inc (Subsidiary w.e.f. 19th August, 2008 by virtue of control on Board of Directors)

b) Key Management Personnel:

Mr. M. Y. Noorani

Mr. A. Y. Noorani

Mr. S. Y. Noorani

c) Other Related Parties:

i. The enterprises where control of key management personnel and/or their relatives exist and with whom the transactions have taken place :

Zodiac Private Limited

Miraj Marketing Company Private Limited

Zodiac UAE LLC

Zodiac Metropolitan Clothing GmbH

Asia Tangible Investments Pte. Ltd.

Metropolitan Trading Company

Montage Corporation

Munraz Enterprises

Mariambai & Haji Noor Mohamad Noorani Foundation Trust

Mustang Manufacturing Company

Mashal Enterprises

Elite Clothing Co.Pvt Ltd

Euro Global Holdings Pte Ltd

Onward LLC

ii. Relatives of key management personnel with whom the transactions have taken place :

Mr. Awais A. Noorani

Mr. MUSAED A. Noorani

Mrs. Muna A. Noorani

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	Rupees	Rupees	Rupees	Rupees
Loans/Advances Repaid by				
Multiplex Collapsible Tubes Ltd	29,835,000	-	-	29,835,000
	(29,650,000)	(-)	(-)	(29,650,000)
Zodiac Private Limited	-	-	(-)	(-)
	(-)	(-)	(11,800,000)	(11,800,000)
Loans/Advances Given to				
Multiplex Collapsible Tubes Ltd	112,825,000	-	-	112,825,000
	(15,570,000)	(-)	(-)	(15,570,000)
Zodiac Private Limited	-	-	(-)	(-)
	(-)	(-)	(11,800,000)	(11,800,000)
Dividend Given				
Zodiac Private Limited	-	-	6,637,176	6,637,176
	(-)	(-)	(1,021,104)	(1,021,104)
Miraj Marketing Company Pvt.	-	-	58,500	58,500
	(-)	(-)	(9,000)	(9,000)
Metropolitan Trading Company	-	-	3,829,540	3,829,540
	(-)	(-)	(589,160)	(589,160)
Asia Tangible Investments Pte. Ltd.	-	-	9,114,105	9,114,105
	(-)	(-)	(1,402,170)	(1,402,170)
Euro Global Holdings Pte Ltd	-	-	9,114,105	9,114,105
	(-)	(-)	(1,402,170)	(1,402,170)
Mr. M.Y. Noorani	-	2,876,679	-	2,876,679
	(-)	(442,566)	(-)	(442,566)
Mr. A.Y. Noorani	-	70,330	-	70,330
	(-)	(10,820)	(-)	(10,820)
Mr. S.Y. Noorani	-	304,239	-	304,239
	(-)	(46,806)	(-)	(46,806)
Mr. Musaed A. Noorani	-	-	21,840	21,840
	(-)	(-)	(3,360)	(3,360)
Mrs. Muna A. Noorani	-	-	242,853	242,853
	(-)	(-)	(37,362)	(37,362)
Donation given				
Mariambai & Haji Noor	-	-	1,509,000	1,509,000
Mohamed Noorani Foundation Trust	(-)	(-)	(6,108,300)	(6,108,300)
Commission Paid				
Zodiac Metropolitan Clothing Gmbh	-	-	26,599,012	26,599,012
	(-)	(-)	(18,409,395)	(18,409,395)
Outstanding amount receivable				
Multiplex Collapsible Tubes Ltd.	258,943,518	-	-	258,943,518
- Loan and Advances	(175,560,004)	(-)	(-)	(175,560,004)
Munraz Enterprises	-	-	1,500,000	1,500,000
	(-)	(-)	(1,500,000)	(1,500,000)
Mashal Enterprises	-	-	349,408	349,408
	(-)	(-)	(-)	(-)

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	Rupees	Rupees	Rupees	Rupees
Mr. A.Y. Noorani	-	421,584	-	421,584
	(-)	(421,584)	(-)	(421,584)
Mr. S.Y. Noorani	-	421,584	-	421,584
	(-)	(421,584)	(-)	(421,584)
Mr. M.Y. Noorani	-	133,056	-	133,056
	(-)	(133,056)	(-)	(133,056)
Multiplex Collapsible Tubes Ltd	41,621,606	-	-	41,621,606
	(33,546,650)	(-)	(-)	(33,546,650)
Salary Paid				
Mr.Awais A.Noorani	-	-	3,810,562	3,810,562
	(-)	(-)	(3,569,058)	(3,569,058)
Expenses Recovered				
Mashal Enterprises	-	-	571,995	571,995
	(-)	(-)	(262,229)	(262,229)
Multiplex Collapsible Tubes Ltd	60,000	-	-	60,000
	(207,535)	(-)	(-)	(207,535)
Metropolitan Trading Company	-	-	251,995	251,995
	(-)	(-)	(381,322)	(381,322)
Zodiac Clothing Co (U.A.E.) LLC	1,028,886	-	-	1,028,886
	(1,312,257)	(-)	(-)	(1,312,257)
Other Income Received				
Zodiac Clothing Co (U.A.E.) LLC	3,551,800	-	-	3,551,800
	(3,324,965)	(-)	(-)	(3,324,965)
Zodiac Metropolitan Clothing Gmbh	-	-	4,227,641	4,227,641
	(-)	(-)	(11,386,999)	(11,386,999)
Onward LLC	-	-	380,424	380,424
	(-)	(-)	(407,140)	(407,140)
Expenses Reimbursed				
Metropolitan Trading Company	-	-	57,994	57,994
	(-)	(-)	(222,529)	(222,529)
Mashal Enterprises	-	-	33,000	33,000
	(-)	(-)	(279,916)	(279,916)
Munraz Enterprises	-	-	267,665	267,665
	(-)	(-)	(262,880)	(262,880)
Zodiac Metropolitan Clothing Gmbh	-	-	233,175	233,175
	(-)	(-)	(-)	(-)
Multiplex Collapsible Tubes Ltd.	757,435	-	-	757,435
	(311,105)	(-)	(-)	(311,105)
Preference shares Redeemed				
Zodiac Clothing Company S.A.	49,768,662	-	-	49,768,662
	(93,198,381)	(-)	(-)	(93,198,381)

Sr No	Currency	Buy/Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1.	USD	SELL	INR	12,064,537	25,121,382
2.	GBP	SELL	USD	345,000	190,567
3.	EURO	SELL	USD	475,567	1,088,000
4.	USD	BUY	INR	1,750,000	1,650,000

- (ii) Net loss on derivative instruments of Rs. 60,979,099/- recognised in Hedging Reserve as of March 31, 2009 is expected to be reclassified to the profit and loss account as and when the same will mature.
- (iii) Exchange Loss of Rs. 147,824,655/- on foreign exchange forward contracts have been recognized in the Profit and Loss Account for the year ended March 31, 2009.
- b) (i) No derivative instruments are acquired for speculation purposes.
- (ii) Foreign currency exposure that are not hedged by derivative instruments or otherwise are Rs.93,687,847/- (Previous Year Rs. 145,969,115/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	USD1,472,589	76,831,276	USD 3,305,211	133,776,660
Creditors for Goods and expenses	USD 294,189	15,348,715	USD 443,827	11,733,614
	EURO 20,312	1,399,515	EURO 7,270	458,841
	HKD 11,641	78,341	-	-

21) Prior Year Adjustments included in the Profit and Loss Account are as under:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
a) Income		
Miscellaneous income	-	66,995
Sub-total	-	66,995
b) Expenses		
Rent	2,400	448,381
Electricity	244,010	490,403
Security Charges	6,067	-
Salary & Wages	592,083	-
Esic contribution	-	185,497
Printing and Stationary	7,786	-
Freight	13,451	-
Professional Tax	-	598
Postage and Telephones	17,779	-
Conveyance	6,155	-
Repairs & Maintainance	114,947	52,865
Travelling Expenses	18,838	-
Sales Promotion	-	7,710
Depreciation	372,105	70,316
Misc Expenses	3,597	37,795
Sub-total	1,399,218	1,293,565
TOTAL	1,399,218	1,226,570

	Subsidiaries	Key Management Personnel	Other Related Parties	Total
	Rupees	Rupees	Rupees	Rupees
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	923,030 (7,985,916)	923,030 (7,985,916)
Onward LLC	- (-)	- (-)	29,168 (-)	29,168 (-)
Zodiac Clothing Co (U.A.E.) LLC	1,656,074 (3,112,187)	- (-)	- (-)	1,656,074 (3,112,187)
Metropolitan Trading Company	- (-)	- (-)	17,025,164 (16,929,190)	17,025,164 (16,929,190)
Outstanding amount payable				
Metropolitan Trading Company	- (-)	- (-)	- (1,223,543)	- (1,223,543)
Munraz Enterprises	- (-)	- (-)	21,046 (-)	21,046 (-)
Mashal Enterprises	- (-)	- (-)	- (330,291)	- (330,291)
Zodiac Pvt Ltd	- (-)	- (-)	60,153 (-)	60,153 (-)
Zodiac Metropolitan Clothing Gmbh	- (-)	- (-)	17,344,829 (4,581,014)	17,344,829 (4,581,014)

19) Segment Information:

Business Segment

The Company is exclusively engaged in the business of Clothing and clothing accessories. This in the context of Accounting Standard (AS 17) "Segment Reporting", notified under the Companies (Accounting Standard) Rules, 2006, constitutes one single primary segment.

Geographical Segment is identified as secondary segment and details are as given below:

Particulars	Current Year (Rs)			Previous Year (Rs)		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	1,326,295,759	1,491,309,287	2,817,605,046	1,240,244,824	1,210,497,793	2,450,742,617
Carrying Cost of Segment Asset	1,753,161,249	162,651,014	1,915,812,263	1,602,715,904	140,620,804	1,743,336,708
Addition to Fixed Asset	130,098,114	-	130,098,114	69,519,815	-	69,519,815

20) Derivative Financial Instruments

- a) The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is a bank. These contracts are for a period between one day and thirty eight months.
- (i) The following are outstanding Foreign Exchange Forward contracts, which have been designated as Cash Flow Hedges, as on March 31, 2009

- f) Method and significant assumptions used to estimate the Fair Value of the Options are as under:
The Fair value of Options has been calculated by an independent valuer. The valuation has been done using the Black - Scholes model based on the assumptions given by the management, which are as under:
- i. Expected Life of the Options:
These stock options will vest on expiry of one year in the following proportion from the date of grant and can be exercised during a period of three years from the date of vesting.
Year 2 from the date of Grant - 30% of the Options Granted;
Year 3 from the date of Grant - 30% of the Options Granted;
Year 4 from the date of Grant - 40% of the Options Granted
 - ii. Risk free interest rate:
This rate has been assumed at 7.67% for the first year, 7.62% for the second year and 7.59% for the third year.
 - iii. Share price:
It is the market price on the National Stock Exchange of India Limited (exchange on which highest volume for the Company's shares was recorded) with reference to the date of options granted .
 - iv. Volatility:
Volatility is calculated based on the period to represent a consistent trend in the price movement after adjusting abnormal events, if any at 45.22% for the first year, 50.51% for the second year and 51.13% for the third year.
 - v. Expected dividend yield:
Dividend per share / Market price of the share on the Grant Date is 2.49%.

24) Disclosure as per Clause 32 of the Listing Agreement:

Loans and advances in the nature of Loans given to Subsidiaries, Associates and others:

Name of the Company	Relationship	Amount outstanding as on 31.03.2009(Rs.)	Maximum amount outstanding during the year (Rs.)	Investment in shares of the Company (No. of Shares)
Multiplex Collapsible Tubes Ltd	Wholly owned Subsidiary	258,943,518	275,884,586	Nil

Note: Loans and Advances to employees and investment by such employees in the shares of the company, if any are excluded from the above disclosure.

25) (I) Disclosure in respect of gratuity liability

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
Change in obligations		
Present value of funded benefit obligations as at 1 st April, 2008	29,120,163	23,273,384
Current Service Cost	4,663,462	3,598,281
Interest Cost	2,481,918	1,861,871
Benefit Paid	(5,519,307)	(3,794,623)
Actuarial (gain)/loss on obligations	7,260,951	4,181,250
Present value of unfunded benefit obligations as at March 31, 2009	38,007,187	29,120,163

22) Earnings Per Share:

Particulars	As at 31.03.2009	As at 31.03.2008
(a) Face value per share (Rs.)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	8,386,468	8,365,953
(ii) For Diluted EPS	8,826,468	8,458,521
(c) Net Profit for the year attributable to equity shareholders (Rs.)	151,301,694	201,576,380
(d) Basic Earnings Per Share (Rs.) (c/b(i))	18.04	24.09
(e) Diluted Earnings Per Share (c/b(ii)) (Rs.) (c/b)	17.14	23.83

23) Employee Stock Option Scheme (ESOP)

- a) As approved by the Shareholders of the Company in their meeting held on 31.08.2006, during 2006-07, the Company had granted 291,000 options under ESOP 2006 duly approved by the Compensation Committee of the Board of the Company. Details of same are as under:

Grant Date	Eligibility	No. of Options granted	Exercise price	Vesting period	Method of Settlement
27.12.2006	Directors & Employees (including of subsidiaries)	291,000	Rs.255.40	2 nd year – 30% 3 rd year - 30% 4 th year - 40%	Equity

The options are granted at the exercise price, which is in accordance with SEBI guidelines in force at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs.10/- each.

- b) The particulars of number of options granted and lapsed under the aforementioned scheme are tabulated below:

	ESOP – 2006	
	Current Year	Previous Year
Opening Balance	253,850	283,500
Granted during the year	NIL	NIL
Exercised during the year	300	23,600
Cancelled / lapsed during the year	NIL	6,050
Forfeited during the year	NIL	NIL
Closing balance	253,550	253,850

- c) The Company has followed the intrinsic value-based method of accounting for stock options granted based on *Guidance Note on Accounting for Employees Share-based Payments*, notified under the Companies (Accounting Standard) Rules, 2006. As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.
- d) Fair value of Options calculated by external valuer using Black Scholes Model is Rs. 102.68, which is lower than the exercise price and hence these options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per share notified under the Companies (Accounting Standard) Rules, 2006
- e) Had the company followed fair value method for accounting the stock option, compensation expenses would have been higher by Rs 87.86 lakhs, (Previous Year Rs.79.89 lakhs) and consequently profit after tax would have been lower by Rs 57.60 lakhs (Previous Year Rs.52.73 lakhs) and Basic & Diluted Earning per share would have been lower by Rs.0.69 (Previous Year Rs 0.64) per share & Rs.65(Previous Year Rs 0.62) per share respectively

- iii. The details of experience adjustments on account of Plan Liability and Plan Assets required by Para 120 (n) (ii) of AS-15 is Rs 42.10 Lakhs and Rs 4.08 Lakhs respectively. However, details of experience adjustment for the prior years are not readily available in valuation reports and hence not furnished.
- iv. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: Rs 8,946,782-
- v. The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

(II) Disclosure in respect of leave encashment liability:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
Change in obligations		
Present value of unfunded benefit obligations as at 1 st April, 2008	6,561,073	3,978,848
Current Service Cost	1,157,219	734,683
Interest Cost	483,259	318,308
Benefit Paid	(3,355,098)	Nil
Actuarial (gain)/loss on obligations	3,538,699	1,529,234
Present value of unfunded benefit obligations as at March 31, 2009	8,385,154	6,561,073
Amount Recognised in Balance Sheet		
Present value of obligation	8,385,154	6,561,073
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	8,385,154	6,561,073
Expenses Recognized in Profit and Loss Account	Rs.	Rs.
Current Service Cost	1,157,219	734,683
Interest Cost	483,259	318,308
Expected Return on plan assets		
Net Actuarial (gain)/loss recognised in the current year	3,538,699	1,529,234
Expenses Recognised in the statement of Profit & Loss	5,179,178	2,582,226
Actuarial assumptions used		
Discount rate	7.75%	8%
Expected Return on plan assets	0%	0%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5%	5%
Attrition	1%	2%
Retirement	60 yrs	60 yrs

26. Previous year's figures have been regrouped and reclassified wherever necessary to conform to figures of the current year.

Reconciliation of present value of the fair value of the plan assets	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
Fair value of plan assets as at 1 st April, 2008	35,691,624	25,455,979
Expected Return on plan assets	2,654,558	2,036,478
Contributions	250,000	10,813,952
Benefits Paid	(5,519,307)	(3,794,623)
Actuarial gain/(loss) on plan assets	408,244	415,968
Fair value of plan assets as at March 31, 2009	33,485,119	34,927,754
Total Actuarial gain/(loss) recognized	(6,852,707)	(3,765,282)
Amount Recognised in Balance Sheet		
Present value of obligation	38,007,187	29,120,163
Fair value of plan assets	33,485,119	34,927,754
Liability/ (assets)	4,522,068	(5,807,591)
Liability/ (assets) recognised in the Balance Sheet	4,522,068	(5,807,591)
Expenses Recognised in Profit and Loss Account		
Current Service Cost	4,663,462	3,598,281
Interest Cost	2,481,918	1,861,871
Expected Return on plan assets	(2,654,558)	(2,036,478)
Net Actuarial (gain)/loss recognised in the current year	6,852,707	3,765,282
Past Service Cost	Nil	Nil
Expenses Recognised in the statement of Profit & Loss	11,343,529	7,188,955
Actuarial assumptions used		
Discount rate	7.75%	8.00%
Expected Return on plan assets	7.75%	8.00%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5.00%	5.00%
Attrition	1%	2%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	33,485,119	34,927,754

Notes:

- i. The Fair Value of Plan assets in the above computation includes the funds of the following Companies that merged with the company as per the details given below

Name of Company	Date of Merger	Amount in the Fund
Merino Knitting Industries Pvt Ltd	1 st April, 2000	714,947
Milliard Clothing Co Pvt Ltd	1 st April, 2000	113,852

However, the above balances have not yet been transferred by Life Insurance Corporation of India (LIC) in favour of the company.

- i. Premium is paid to LIC under Group Gratuity Scheme of LIC.
- ii. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2009**

	Rupees	Current Year Rupees	Previous Year Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Taxation and Extraordinary items		239,246,371	311,040,772
Adjustments for:			
Depreciation and amortization	41,869,331		36,050,168
Provision for Doubtful Debts	2,040,751		2,148,062
Assets Discarded Written off	3,040,173		-
Loss/(Profit) on Sale of Fixed assets(Net)	842,627		(4,444,465)
Profit on Sale of Investments	(1,226,970)		(62,091)
Exchange gain on redemption of Preference Shares	(4,861,478)		208,562
Expenses on issue of Shares	-		876,000
Dividend Income from Investments	(5,514,706)		(3,219,633)
Interest Paid on Loans	11,855,041		14,866,539
Interest received on Loans	(24,424,496)		(17,417,874)
		<u>23,620,273</u>	<u>29,005,268</u>
Operating Profit before working capital changes		262,866,644	340,046,040
Adjustments for:			
Increase in Sundry Debtors and other receivables	(30,279,006)		(7,894,451)
Decrease/ (Increase) in Inventories	3,758,662		(116,283,306)
Increase in Sundry Creditors and Provisions	24,568,316		37,757,412
		<u>(1,952,028)</u>	<u>(86,420,345)</u>
Cash from operations		260,914,616	253,625,695
Direct taxes paid (Net)		(105,014,445)	(119,117,747)
Net cash from operating activities		155,900,171	134,507,948
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Investments		(232,381,027)	(305,731,821)
Sale of Investments		359,013,826	185,332,415
Redemption of Preference shares		49,768,662	93,198,381
Dividend Received		5,514,706	3,219,633
Advances and Loans to Subsidiaries(Net)		(83,383,514)	14,029,549
Interest received on Loans		24,424,496	17,417,874
Purchase of fixed assets		(141,366,309)	(80,545,924)
Proceeds from sale of fixed assets		831,112	4,524,037
Net cash used in investing activities		(17,578,048)	(68,555,854)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		616,831,995	941,923,038
Repayment of short term loans		(589,192,132)	(1,004,081,165)
Proceeds of Term Loan		-	15,230,934
Repayment of Term Loan		(13,068,805)	(12,331,121)
Issue of Shares at premium on vesting of ESOPS		76,620	6,027,440
Issue of warrants to Promoters		-	17,600,000
Expenses on issue of Shares		-	(876,000)
Fixed deposit with Banks having maturity over 3 months		(65,178,649)	(27,566)
Interest Paid on Term Loans		(11,855,041)	(14,866,539)
Dividends paid (including Dividend Distribution Tax)		(63,777,149)	(9,783,854)
Net cash used in financing activities		(126,163,161)	(61,184,833)
Net increase in cash and cash equivalents(A+B+C)		12,158,962	4,767,261
Cash and cash equivalents as at the commencement of the year		25,972,749	21,205,488
Cash and cash equivalents as at the end of the year		38,131,711	25,972,749
Deposit with Original Maturity over 3 months		65,582,455	403,806
Restricted Cash (Unclaimed Dividend Accounts)		1,081,322	977,292
Cash and cash equivalents as at the end of the year as per Schedule 8		104,795,488	27,353,847

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006
2. Figures relating to previous year have been recast where necessary to conform the figures of the current year.

As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board
M. Y. NOORANI
Chairman

R. Laxminarayan
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

MUMBAI
Dated: June 24, 2008

S. CHAKRABORTY
Company Secretary

SCHEDULE 17 (Contd.)

27. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

CIN NO.

II. Capital raised during the year (Amount in Rs. thousands)

Public issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="6"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="9"/>
Sources of Funds		Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/>
	Paid - Up Capital		Unsecured Loans
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="5"/>		<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Share Warrants		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>		
	Secured Loans		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="1"/>		
	Deferred Tax Liability (Net)		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/>		
Application of Funds		Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/>
	Net Fixed Assets		Miscellaneous Expenditure
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="4"/>		<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Net Current Assets		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="6"/>		
	Accumulated Losses		
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

IV. Performance of Company (Amount in Rs. thousands)

Turnover (Net Revenue)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="2"/>
+ -	Profit Before Tax	+ -	Profit After Tax
<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="2"/>

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="4"/>	Earnings Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="4"/>	Dividend rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="5"/>
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V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="M"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="S"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="R"/> <input type="text" value="T"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="%"/> <input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="N"/>
Item Code No. (ITC Code)	<input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="M"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="S"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="R"/> <input type="text" value="T"/> <input type="text" value="P"/> <input type="text" value="O"/> <input type="text" value="L"/> <input type="text" value="Y"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="C"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="T"/> <input type="text" value="O"/> <input type="text" value="N"/>
Item Code No. (ITC Code)	<input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="X"/> <input type="text" value="T"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="M"/> <input type="text" value="A"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="L"/>

Signatures to Schedules 1 to 17
M. Y. NOORANI
Chairman

A. Y. NOORANI
Vice Chairman & Managing Director

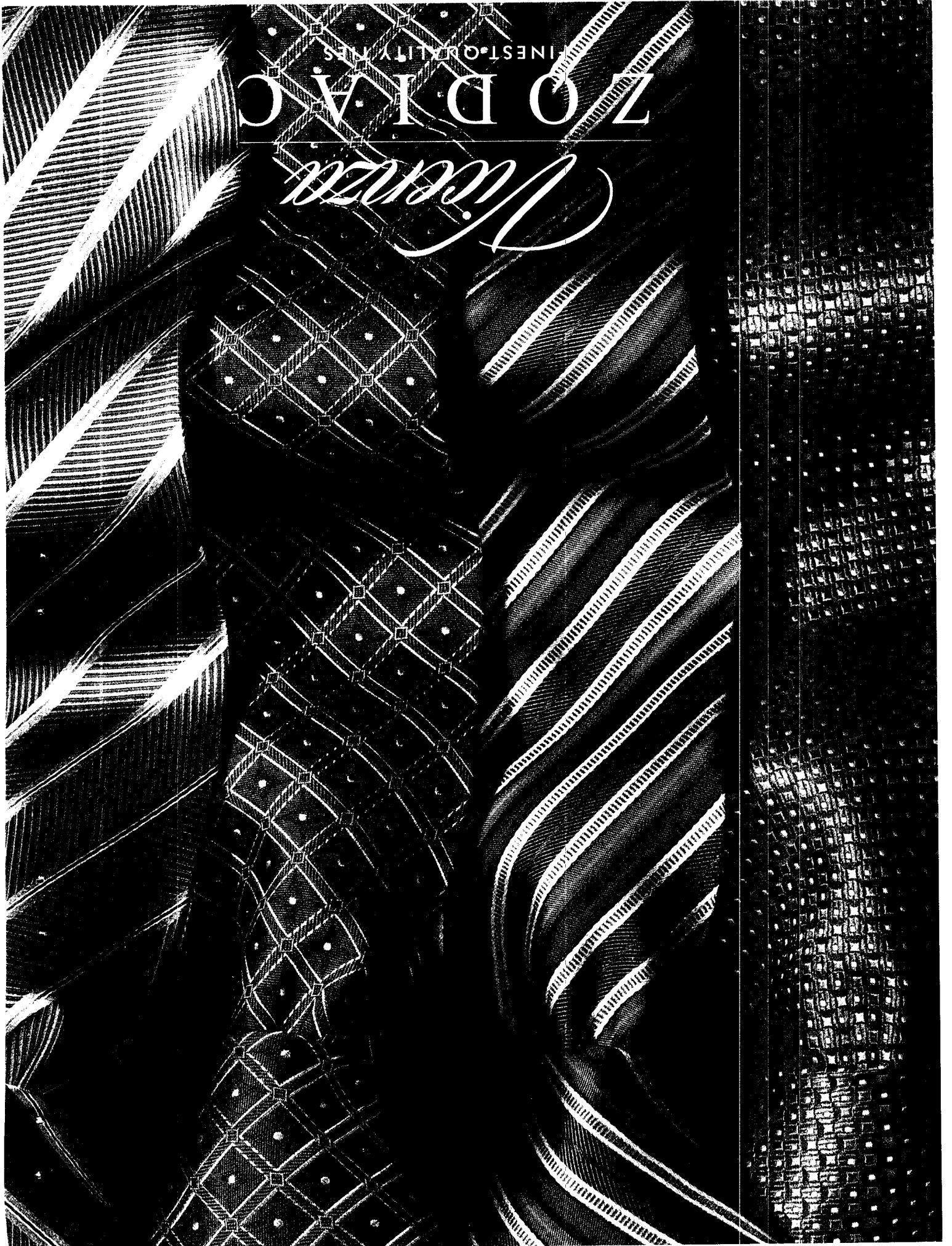
S. CHAKRABORTY
Company Secretary

MUMBAI
Dated: June 24, 2009

ZODIAC

FINEST QUALITY FIBRES

Leisure



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Multiplex Collapsible Tubes ltd.	Zodiac Clothing Co. S.A.	Zodiac Clothing Co (UAE) LLC	Zodiac Clothing Co Co INC
Financial year ending	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
Shares of the subsidiary held by the company on the above date				
(a) Number and Face value	2,000,000 Eq. Shares of Rs.10/- each fully paid up	250 Shares of SFR 1000/- each fully paid up	300 Shares of AED 1000/- each fully paid up	NIL
(b) Extent of holding	100%	100%	100%	NIL
Net aggregate amount of profit/(Loss) of the subsidiary for the above financial year so far as they concern members of the company :	-	-	-	-
(a) dealt within the accounts of the company for the year ended 31st March,2009	-	-	-	-
(b) not dealt within the accounts of the company for the year ended 31st March, 2009	Rs.25,456,361	CHF 6,460	AED 5,387,528	(USD3,168)
Net aggregate amount of profit for previous Financial years of the subsidiary, since it became subsidiary so far as they concern members of the company				
(a) dealt within the accounts of the company for the year ended 31 st March 2009	NIL	NIL	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31st March, 2009	Rs 47,609,943	CHF287,017	AED 2,4924,586	(USD3,168)

M.Y. NOORANI
Chairman

A.Y. NOORANI
Vice-Chairman & Managing Director

MUMBAI

Dated : June 24, 2009

S. Chakraborty
Company Secretary

MULTIPLEX COLLAPSIBLE TUBES LTD.

16TH ANNUAL REPORT 2008-2009

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

Mr. M. Y. Noorani

Chairman

Mr. A. Y. Noorani

Mr. S. Y. Noorani

COMPANY SECRETARY :

Mr. E.S.D. Rao

SOLICITORS :

M/s. A.H.Parpia & Co.,
Lentin Chambers,
Fort, Mumbai.

BANKERS :

Dena Bank,
Worli Branch
Dr. annie Besant Road
Worli, Mumbai - 400 018.

REGISTERED OFFICE :

Apte Properties
10/76, Off Dr. E. Moses Road,
Worli, Mumbai - 400 018

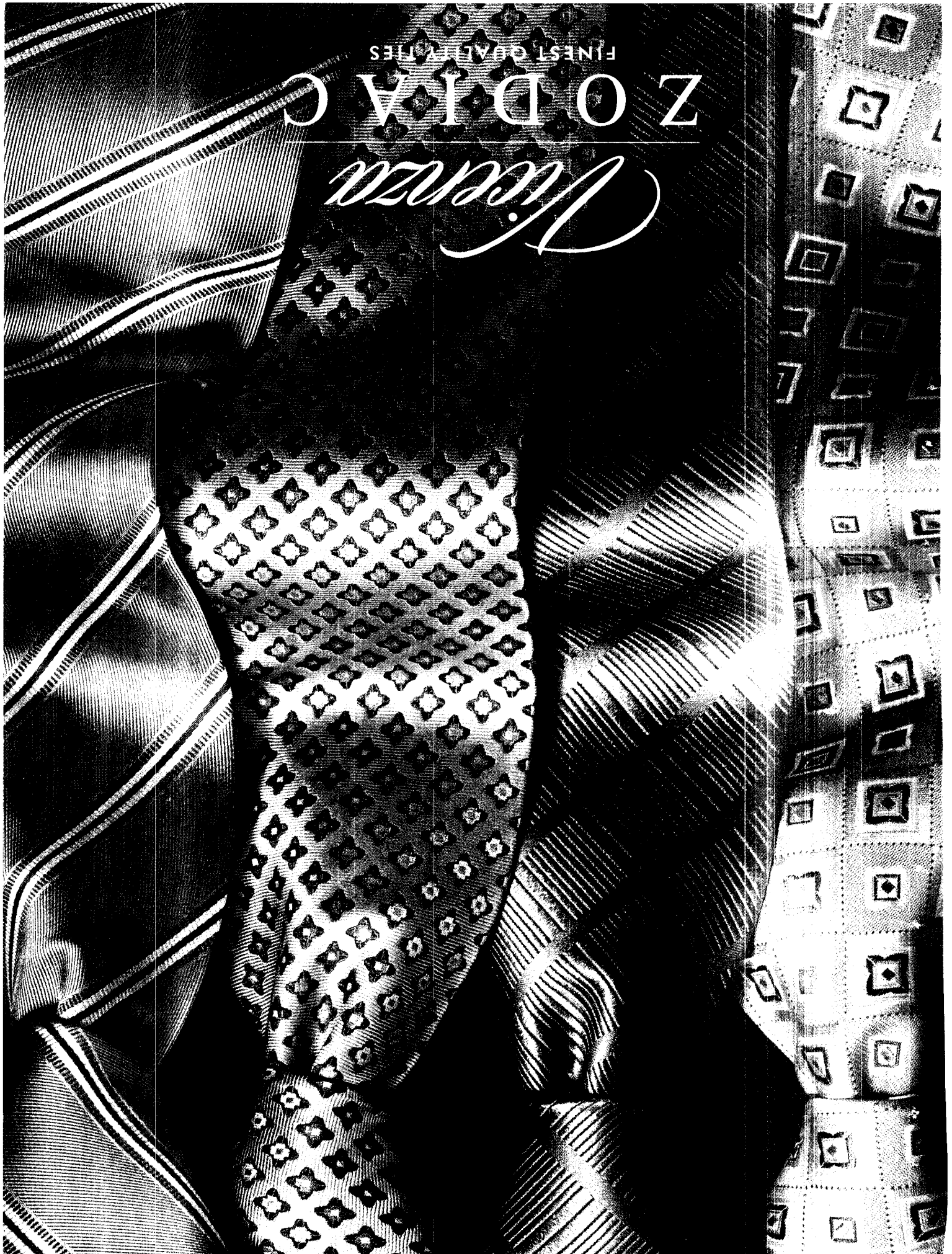
AUDITORS :

M/s.Rege & Thakkar,
Chartered Accountants

FINEST QUALITIES

ZODIA C

Licenza



During the financial year ended 31st March 2009, the Gross income of the company increased to Rs.624.64 lacs as compared to Rs.554.58 lacs in the previous year owing to renting of its premises to Zodiac Clothing Company Limited.

DIVIDEND

In order to conserve the resources, your directors do not recommend any dividend for the year ended 31st March 2009.

PROGRESS ON IMMOVABLE PROPERTY AQUIRED BY THE COMPANYYY

The Company acquired an immoveable property in Worli, Mumbai during the previous year. The acquisition was funded by the company's holding company viz. Zodiac Clothing Co. Ltd. However, a part of the said premises was remain to be acquired since one of the Vendors of the premises has backed out of their commitments to complete the transaction. The company has filed a suit against the Vendors in the Bombay High Court to oblige them to complete the transaction keeping in view the commitments made by them. In the meanwhile a part of the said premises have been rented out. The Company obtained a consent order passed by Hon'ble Bombay High Court and acquired the possession of the balance part by paying agreed consideration.

DIRECTORS

Mr. S.Y. Noorani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March,2009, the applicable Indian accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting

Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors have prepared the accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

FIXED DEPOSIT

Your company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

AUDITORS

The company's Auditors M/s.Rege & Thakker, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting of the company and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEEES

There are no employees drawing remuneration within the monetary ceiling prescribed under Section 217[2A] of the Companies Act, 1956, as amended upto date.

INFORMATION UNDER SECTION 217 (1)(e) OF COMPANIS ACT,1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

The information pursuant to Section 217 (1) (e) of the Companies Act,1956, read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 is given below:

A. CONSERVATION OF ENERGY:

The operations of the company are not energy intensive.

B. TECHNOLOGY ABSORPTION, ADAPTATIONS & INNOVATION:

Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earned (FOB Value)	Rs.	Nil
--	-----	-----

Total Foreign Exchange outgo	Rs.	Nil
------------------------------	-----	-----

The Board takes this opportunity to record their appreciation to the support given by various departments of the government during the year under review.

For and on behalf of the Board

Place : Mumbai
Date : June 23, 2009

M.Y. NOORANI
Chairman

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 16th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

<u>FINANCIAL RESULTS :</u>	(Rupees in Lakhs)	
	Financial year 2008-2009	Financial year 2007-2008
Turnover & Other Income	624.64	554.58
Profit / Loss before deferred Taxation & FBT	331.33	329.58
Income Tax, Deferred Tax & FBT	74.38	78.37
Profit / Loss after Taxation	256.95	251.21
(Short) / Excess provision of Income Tax of earlier year	(2.38)	10.78
Profit / loss for the year	254.57	261.99
Brought forward from previous year	272.44	62.85
Appropriation		
Transfer to Special Reserve U/s 451C of RBI Act	50.91	52.40
Carried forward to Balance sheet	476.10	272.44

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2009 of Multiplex Collapsible Tubes Limited.

- i. In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodically manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - (c) During the year, the Company has not disposed off substantial part of its fixed assets.
 - ii. In respect of inventories:
 - (a) The inventories of the Company comprise of shares of companies, which are kept in dematerialized form with the Depositories and have been verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories are not required since the Inventories comprise of shares, all of which are in dematerialized form.
 - (c) The Company is maintaining proper records of inventories of shares.
 - iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, according to information and explanations given to us:
 - (a) Company has taken unsecured loans from the Companies, listed in the register maintained under section 301 of the Companies Act, 1956 as below:
 - (i) Loans taken aggregating to Rs.1128.25 lacs and repaid Rs.298.35 lacs during the year from Holding Company.
 - (ii) Loans taken aggregating to Rs.13.585 lacs and repaid Rs.0.65 lacs during the year from the Enterprises where control of key management personnel and /or their relatives exists.
 - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services.
 - v. In respect of transaction entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - (b) According to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements (excluding the loans reported in the para (iii) above) in excess of Rs.5 lacs in respect of any party during the year, which have been made at prices which are reasonable having regard to the prevailing market price at relevant time.
- The Company has not granted any loan/s to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the Company
- (c) In respect of loans taken:
 - (i) Loans from Holding Company: the interest is outstanding and the Company has provided for the same in its books of accounts.
 - (ii) Loans from the Enterprises where control of key management personnel and /or their relatives exist: the Company has paid Interest due regularly. The principal amount of loan is payable on call.

TO THE MEMBERS OF MULTIPLEX COLLAPSIBLE TUBES LIMITED

1. We have audited the attached balance sheet of MULTIPLEX COLLAPSIBLE TUBES LIMITED, as at 31st March 2009 and also Profit and Loss account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance sheet and Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance sheet and Profit and Loss account and cash flow statement dealt with by this report comply with the accounting standards referred in section 211 (3C) of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Indian Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said account give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March 2009; and
 - (ii) In the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Rege & Thakkar
Chartered Accountants

Y. L. Rege
(Partner)

Place : Mumbai
Date : June 23, 2009

Membership No: 43330

BALANCE SHEET AS AT 31 ST MARCH, 2009

	Schedule No.	Rupees	As at 31st March, 2009 Rupees	Rupees	As at 31st March, 2008 Rupees
I. SOURCES OF FUNDS					
1. Shareholders' Funds :					
Capital	1	20,000,000		20,000,000	
Reserves and Surplus	2	<u>61,385,943</u>		<u>35,929,581</u>	
			81,385,943		55,929,581
2. Loan Funds :					
Unsecured Loans :	3		260,710,733		175,640,215
3. Deferred Tax Liability (net) :			26,723		22,661
(Refer Note no. 10 in Schedule '14')					
Total :			<u>342,123,399</u>		<u>231,592,457</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets :					
Gross Block	4	366,834,364		244,385,114	
Less : Depreciation		<u>16,428,404</u>		<u>11,342,133</u>	
Net Block			350,405,960		233,042,981
2. Current Assets, Loans and Advances :					
Inventories	5	425,815		458,736	
Cash and Bank Balances	6	6,447		135,455	
Loans and Advances	7	<u>14,797,188</u>		<u>21,113,416</u>	
		15,229,450		21,707,607	
Less : Current Liabilities and Provisions :					
Liabilities	8	<u>23,518,892</u>		<u>23,172,861</u>	
			(8,289,442)		(1,465,254)
3. Miscellaneous Expenditure :					
(to the extent not w.off or adjusted)			6,881		14,730
Total :			<u>342,123,399</u>		<u>231,592,457</u>
Significant Accounting Policies and Notes to the Accounts 14					

As per our attached report of even date

For Rege & Thakkar
Chartered Accountants

Y. L. Rege
Partner

MUMBAI
Dated : June 23, 2009

E.S.D. Rao
Company Secretary

For and on behalf of the Board

M.Y. NOORANI
Chairman

A.Y. NOORANI
Managing Director

- vi. According to the information and explanations given to us, the Company has not accepted any deposit from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any products of the Company.
- ix. In respect of statutory dues :
- (a) According to the records of the Company, undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.
- (c) According to the records of the Company and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess, which have not been deposited on account of any dispute. Details of disputed due is as under :-

Name of the statute	Nature of Dues	Amount in Rs.	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Assessment dues	83,210/- (Paid)	A.Y. 2003-04	Commissioner of Income Tax Appeals, Mumbai

- x. The Company has no accumulated losses as at 31st March 2009 and has not incurred any cash losses during the financial year covered by our audit.
- xi. As informed to us the Company has not taken any loan from financial institution or bank or debenture holders and hence this clause is not applicable to the company.

- xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. As informed to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, units of mutual funds and other investments and timely entries have been made therein. All shares, units of mutual funds and other investments have been held by the Company in its own name.
- xv. As informed to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. As informed to us, the Company was not applied for any term loan/s for the purpose for which loan/s obtained during the period covered by the report.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. The Company has not borrowed any monies through issue of debentures. Hence the reporting under clause (xix) of the Order is not applicable.
- xx. As informed to us, clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

Xxi. According to the information and explanation given to us, no material fraud on or by the Company was noticed or reported during the year.

For Rege & Thakkar
Chartered Accountants

Place : Mumbai
Date : June 23, 2009

Y. L. Rege
(Partner)
Membership No: 43330

SCHEDULES

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 1

	As at 31st March, 2009	As at 31st March, 2008
	Rupees	Rupees
SHARE CAPITAL :		
AUTHORISED		
20,00,000 Equity shares of Rs.10/-each	<u>20,000,000.00</u>	<u>20,000,000.00</u>
ISSUED AND SUBSCRIBED		
20,00,000 equity shares of Rs. 10/- each fully paid-up	<u>20,000,000.00</u>	<u>20,000,000.00</u>

SCHEDULE 2

RESERVE AND SURPLUS :

SPECIAL RESERVE U/S.45 IC OF THE RBI ACT, 1934

As per Last Balance Sheet	8,685,000	3,445,000
Add: Transferred from Profit & Loss A/c.	<u>5,091,000</u>	<u>5,240,000</u>
	13,776,000	8,685,000
Surplus in Profit And Loss Account	<u>47,609,943</u>	<u>27,244,581</u>
	<u>61,385,943</u>	<u>35,929,581</u>

SCHEDULE 3

UNSECURED LOANS:

Dues to Companies under the same Management

Zodiac Clothing Company Ltd.	257,581,761	174,591,761
Metropolitan Trading Co. (India) Ltd.	555,000	-
Miraj Marketing Pvt. Ltd.	738,500	-
Interest accrued and due -		
Zodiac Clothing Company Ltd.	1,808,040	1,048,454
Others	<u>27,432</u>	<u>1,048,454</u>
	<u>1,835,472</u>	<u>-</u>
	<u>260,710,733</u>	<u>175,640,215</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2009

	Schedule No.	Current Year Rupees	Current Year Rupees	Previous Year Rupees	Previous Year Rupees
INCOME					
Sales			–		89,720
Other Income	9	62,496,606		55,391,997	
Increase / (Decrease) in stock	10	(32,921)		(23,992)	
			62,463,685		55,457,725
EXPENDITURE					
Purchases		–		–	
Operation and other Expenses	11	1,653,357		1,163,149	
Payment to and Provision for Employees	12	72,060		195,595	
Finance Charges	13	22,513,061		17,060,220	
Depreciation		5,086,271		4,047,298	
Prior Period Expenses		5,539		33,492	
			29,330,288		22,499,754
Profit / (Loss) before Taxation			33,133,397		32,957,971
Current Taxation		7,434,500		7,840,000	
Fringe Benefit Tax		–		–	
Deferred Tax Liability / (Assets) (Ref. Note No. 10 in Schedule '14')		4,062	7,438,562	(2,802)	7,837,198
Profit/(Loss) after Taxation			25,694,835		25,120,773
Add/(Less) : Tax adjustments for earlier years (net)			(238,473)		1,078,633
Profit for the Year			25,456,362		26,199,406
Add : Brought forward from previous year			27,244,581		6,285,175
Profit/(Loss) for the year available for Appropriation			52,700,943		32,484,581
Special Reserve u/s. 451C of RBI Act, 1934			5,091,000		5,240,000
Surplus carried to the Balance Sheet			47,609,943		27,244,581
			52,700,943		32,484,581
Basic & Diluted Earning Per Share (in Rs.) (Refer Note No.:13 in Schedule '14')			12.73		13.10
Significant Accounting Policies and Notes to the Accounts	14				

As per our report of even date

For and on behalf of the Board

For Rege & Thakkar
Chartered Accountants

Y. L. Rege
Partner

M.Y. NOORANI
Chairman

MUMBAI
Dated : June 23, 2009

E.S.D. Rao
Company Secretary

A.Y. NOORANI
Managing Director

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2009

	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE 5				
INVENTORIES :				
(as taken, Valued & Certified by a Director)				
Stock of Securities				
(At lower of Cost or Fair Value)				
(Face value of the shares is Rs. 10/- unless otherwise stated.)				
	Nos	Amt in Rupees	Nos	Amt in Rupees
Quoted :				
Spentex Industries Ltd. (Formerly Indo Rama Tex. Ltd.)	54	238	54	988
Karur Vysya bank Ltd.	2,530	227,497	2,530	241,318
Man Industries Ltd. (Fv Rs.5)	4,000	52,980	4,000	52,980
Man Alluminium Ltd.	250	5,350	250	7,950
Indraprastha Medical Ltd.	5,000	139,750	5,000	155,500
		<u>425,815</u>		<u>458,736</u>
SCHEDULE 6				
CASH AND BANK BALANCES :				
Cash on Hand		-		1,512
Balance With Scheduled banks in				
Current accounts		6,447		133,943
		<u>6,447</u>		<u>135,455</u>
SCHEDULE 7				
LOANS AND ADVANCES :				
(Unsecured, considered good unless otherwise stated)				
(Advances recoverable in Cash or Kind or for value to be received)				
Loans		40,008		743,023
Amount paid toward capital		-		8,497,900
Dues recoverable from holding company (net)		446,283		80,211
Advance payment of Income Tax (Net of Provision for Income Tax Rs. 74,34,500 Previous Year Rs. 78,40,000)		14,056,822		11,529,770
Prepaid Expenses		13,665		17,102
	i.	<u>14,556,778</u>		<u>20,868,006</u>
Sundry Deposits	ii.	240,410		245,410
Total (i+ii)		<u>14,797,188</u>		<u>21,113,416</u>

SCHEDULE 4**FIXED ASSETS :**

(Amount in Rupees)

Discription	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2008	Additions/ (Deduction)	Adjustments	As at 31.03.2009	Upto 31.03.2008	For the year	Adjustments	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Building (Office)	1.63	242,844,274	122,449,250	-	365,293,524	11,199,810	4,997,335	-	16,197,145	349,096,379	231,644,464
Vehicles	9.50	100,000	-	-	100,000	9,500	9,500	-	19,000	81,000	90,500
Electrical Fittings	4.75	350,930	-	-	350,930	27,951	16,669	-	44,620	306,310	322,979
Air-Conditioner	4.75	393,942	-	-	393,942	32,654	18,712	-	51,366	342,576	361,288
Furniture & Fixtures	6.33	695,968	-	-	695,968	72,218	44,055	-	116,273	579,695	623,750
TOTAL RS.		244,385,114	122,449,250	-	366,834,364	11,342,133	5,086,271	-	16,428,404	350,405,960	233,042,981
PREVIOUS YEAR RS.		244,387,464	-	2,350	244,385,114	7,297,185	4,047,298	2,350	11,342,133	233,042,981	237,090,279

	Rupees	For the year ended 31st March, 2009 Rupees	Rupees	For the year ended 31st March, 2008 Rupees
SCHEDULE 11				
OPERATION AND OTHER EXPENSES				
Repair and Maintenance				
Rapairs to Building	876,295		560,093	
Repairs to others	<u>70,372</u>		<u>87,100</u>	
		946,667		647,193
Insurance Charges		5,680		13,253
Rates & Taxes		68,721		90,536
Security Charges		167,533		165,366
Postage and Telephone expenses		1,510		2,489
Miscellaneous Expenses		33,704		45,848
Electricity Charges		122,133		77,900
Donation		195,000		–
Legal & Professional Fees		69,949		77,044
Preliminary Expenses W.off		7,848		7,848
Sundry Balance W.off		12,552		13,200
Auditor's Remuneration (including of service tax where applicable)				
-Audit Fees		22,060		22,472
		<u>1,653,357</u>		<u>1,163,149</u>

SCHEDULE - 12

Payment to and Provision for Employees

Salary and Wages				
Salary	72,060		191,539	
Employee benefits	–	72,060	4,056	195,595
		<u>72,060</u>		<u>195,595</u>

SCHEDULE - 13

FINANCIAL CHARGES

Interest Paid to associated companies

Zodiac Clothing Company Ltd.	22,415,069		16,382,479	
Others	<u>96,035</u>	22,511,104	<u>676,557</u>	17,059,036
Bank Charges		1,957		1,184
		<u>22,513,061</u>		<u>17,060,220</u>

	Rupees	As at 31st March, 2009 Rupees	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 8				
CURRENT LIABILITIES				
Sundry Creditors				
(a) total outstanding dues of micro enterprises and small enterprises	—		—	
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	97,425		55,338	
		97,425		55,338
Other Liabilities				
Outstanding Liabilities for Expenses	80,280		7,502	
Statutory Dues Payable	542,262		311,096	
Security Deposit	22,798,925		22,798,925	
		23,421,467		23,117,523
		23,518,892		23,172,861

SCHEDULE 9

OTHER INCOME

Dividend – Current Investments	43,610	37,550
Consultancy Charges	47,000	—
Miscellaneous Income	25,122	—
Speculation Profit	—	9,448
Rent (Gross, TDS Rs.14250374, P.Y. Rs.13747076)	61,981,560	55,285,560
Interest on I-Tax Refund	399,314	59,439
	62,496,606	55,391,997

SCHEDULE - 10

INCREASE / (DECREASE) IN STOCK

Opening Stock – Shares	458,736	482,728
Less : Closing Stock – Shares	425,815	458,736
	(32,921)	(23,992)

attributed to the acquisition/construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

B) NOTES FORMING PART OF THE ACCOUNTS: -

1. Contingent Liabilities: -

(a) Disputed demand not provided for in respect of: -

	Current year Rupees	Previous Year Rupees
1. Income Tax (A.Y.2003-04) (paid)	83210	83210

(b) Estimated amount of expenditure towards building not provided for Rs.Nil [Previous year Rs.6.84 crores].

2. Operating Leases :-

(a) The Company has given its premises under operating lease or leave and licence basis. These are non cancelable during a lock in period which range between 9 month to 3 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.

(b) Lease rentals recognized in the statement of Profit & Loss Account under Rent in Schedule 9 is Rs.6,19,81,560/- (Previous Year 5,52,85,560/-)

(c) The future minimum Lease rentals under non-cancelable operating leases:

not later than one year is Rs. NIL
(Previous Year Rs.62,17,890/-)

Later than one year and not later than 5 years Rs. NIL (Previous Year Rs. NIL)

(d) Premises given on licence basis:-

Gross Carrying amount Rs.36,52,93,524/-
(Previous Year 24,28,44,274/-)

Accumulated Depreciation Rs.1,61,97,145/-
(Previous Year 1,11,99,810/-)

Depreciation for the year Rs.49,97,335/-
(Previous Year 39,58,362/-)

3. Sundry Creditors

There are no dues payable to any Micro, Small and Medium Enterprises. The disclosure is based on the information available with the Company regarding the status of suppliers under the "Micro, Small and Medium Enterprises Development Act, 2006.

SCHEDULE -14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

A) SIGNIFICANT ACCOUNTING POLICIES:

(a) BASIS OF ACCOUNTING

The Accounts are prepared on accrual basis under the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(b) REVENUE RECOGNITION

Sales are recognized when shares are sold and are recorded inclusive of service tax. Dividend income on long term investments and current investments are accounted on receipt basis.

Income from Lease

Lease transactions entered into on or after April 1, 2001:

Assets given on license basis, where the lessees do not retain significant portions of the risks and rewards incidental to the ownership, are classified as operating leases.

Lease rentals in respect of premises given on lease are recognized as income on accrual basis.

Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as and when they are earned / incurred.

(c) FIXED ASSETS

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs

including incidental expenses. Cost comprising of cost of acquisition and other attributable cost.

(d) DEPRECIATION/AMORTISATION

On Tangible Assets: Depreciation has been calculated on straight-line basis in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of the said act.

(e) INVENTORIES

Inventories of shares and securities are valued at cost or fair value whichever is lower.

(f) MISCELLANEOUS EXPENDITURE

Preliminary expenses are written off over a period of 10 years in equal annual installments.

(g) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India. Income Tax comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the revenue authorities, using applicable tax rates and laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising from timing differences are recognised to the extent that it is more likely that future taxable profits will be available against which the asset can be utilised.

(h) BORROWING COST

Interest and other costs in connection with the borrowing of the funds to the extent related/

Milano Apparel Pvt. Ltd.
 Miraj Marketing Pvt. Ltd.
 Mustang Manufacturing Co.
 Zodiac Containers Pvt. Ltd.
 Zodiac Private Ltd.
 Munraz Enterprises

(c) Key Management Personnel:

Mr. M.Y. Noorani
 Mr. A.Y. Noorani
 Mr. S.Y. Noorani

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

(ii) Transactions carried out with related parties referred in 1 above, in ordinary course of business.

(Previous year's figures are in brackets)

Nature of Transactions	Holding Company (in Rupees)	Key Management Personnel (in Rupees)	Other Related Parties (in Rupees)	Total (in Rupees)
Income				
Rent Income received from Zodiac Clothing Co. Ltd.	37,110,000	–	–	37,110,000
	(30,414,000)	–	–	(30,414,000)
Expenses				
Interest Paid to Zodiac Clothing Co. Ltd.	22,415,069	–	–	22,415,069
	(16,382,479)	–	–	(16,382,479)
Metropolitan Trading Co. (I) Ltd.	–	–	38,677	38,677
			(–)	(–)
Miraj Marketing Company Pvt. Ltd.	–	–	57,358	57,358
			(–)	(–)
Zodiac Private Ltd.	–	–	–	–
	–	–	(676,557)	(676,557)
Expenses recovered from				
Zodiac Clothing Co. Ltd.	757,435	–	–	757,435
	(311,105)	–	–	(311,105)
Munraz Enterprises	–	–	3,000	3,000
	–	–	(–)	(–)
Mustang Manf. Co.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Milano Apparels Pvt. Ltd.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Zodiac Private Ltd.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Algilani Holding Pvt. Ltd.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Zodiac Containers Private Ltd.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Miraj Marketing Pvt. Ltd.	–	–	12,000	12,000
	–	–	(12,000)	(12,000)
Metropolitan Trading Co. (I) Ltd.	–	–	3,000	3,000
	–	–	(3,000)	(3,000)
Elite Clothing Co. Pvt. Ltd.	–	–	6,000	6,000
	–	–	(6,000)	(6,000)
Montage Corporation	–	–	3,000	3,000
	–	–	(–)	(–)
Mashal Enterprises	–	–	6,000	6,000
	–	–	(36,000)	(36,000)

INFORMATION PURSUANT TO THE PROVISIONS OF THE PARAGRAPH 3 & 4 OF THE PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

4. PARTICULARS REGARDING TRADING ACTIVITIES

Class of Goods	Units	Opening Stock		Purchase		Add/(Ded) of Bonus, Scheme,etc Qty	Turnover		Closing Stock	
		Qty.	Value	Qty.	Value		Qty.	Value	Qty.	Value
Shares	Nos	11,834	458,736	-	-	-	-	-	11,834	425,815
	Nos	(14,584)	(482,428)	-	-	(2,250)	(5,000)	(89,720)	(14,584)	(458,736)

5. C I F Value of Imports :

(i) Capital Goods	NIL	NIL
(ii) Other Goods	NIL	NIL

6. Expenditure in Foreign Currency NIL NIL

7. Remittance in Foreign Currency NIL NIL

8. Earnings in Foreign Currency NIL NIL

9. Exports of goods FOB Value NIL NIL

10. Defered Tax

(a) Deferred Tax Assets / Liability	As at 31.03.09	As at 01.04.08	For the period
Deferred Tax Liability on account of Depreciation	26,723	29,808	(3,085)
	<u>26,723</u>	<u>29,808</u>	<u>(3,085)</u>
Deferred Tax Assets on account of :			
(i) Employees benefits disallowed u/s 43B of I.Tax Act	0	7,147	(7,147)
(ii) Unabsorbed Loss	0	0	0
	<u>0</u>	<u>7,147</u>	<u>(7,147)</u>
Deferred Tax Liability (Net)	<u>26,723</u>	<u>22,661</u>	<u>4,062</u>

(b) The deferred tax liability of Rs.4062/- (P.Y. Rs.2802/-) has been recognised in the Profit and Loss Account.

(c) The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

11. Related Party disclosures:

(i) Relationships :

(a) Holding Company

Zodiac Clothing Co. Ltd.

(b) The enterprises where control of key management personnel and/or their relative exist and with whom the transactions have taken place.

Algilani Holdings Pvt. Ltd.

Elite Clothing Co. Pvt. Ltd.

Mashal Enterprises

Montage Corporation

Metropolitan Trading Co. (India) Ltd.

SCHEDULE 15 (Continued)

**15. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT,1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31.03.2009**

I. REGISTRATION DETAILS

Registration No.	71999
State Code	11
Balance Sheet Date	31.03.2009

II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS SOURCES OF FUNDS

Paid Up Capital	20,000,000
Reserves & Surplus	61,385,943
Secured Loans	-
Unsecured Loans	260,710,733
Deferred Tax Liability	26,723
Total Liabilities	342,123,399

APPLICATION OF FUNDS

Net Fixed Assets	350,405,960
Investments	-
Deferred Tax Assets (Net)	-
Net Current Assets	(8,289,442)
Miscellaneous Expenditure	6,881
Accumulated Losses	-
Total Assets	342,123,399

IV. PERFORMANCE OF COMPANY

Turnover (include other income)	62,463,685
Total Expenditure	29,330,288
Profit/Loss Before Tax	33,133,397
Profit/Loss After Tax	25,456,361
Earning per Share	12.73
Dividend Rate	-

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.	
(ITC Code)	Product Description
	N.A.

Signature to Schedule 1 to 14

For and on behalf of the Board

M.Y. NOORANI
Chairman

MUMBAI
Dated : June 23, 2009

E.S.D. Rao
Company Secretary

A.Y. NOORANI
Director

Nature of Transactions	Holding Company (in Rupees)	Key Management Personnel (in Rupees)	Other Related Parties (in Rupees)	Total (in Rupees)
Expenses reimbursed to				
Zodiac Clothing Co. Ltd.	70,000	–	–	70,000
	(207,535)	–	–	(207,535)
Finance				
Loans & Advances taken from				
Zodiac Clothing Co. Ltd.	112,825,000	–	–	112,825,000
	(15,570,000)	–	–	(15,570,000)
Metropolitan Trading Co. (I) Ltd.	–	–	585,000	585,000
	–	–	(–)	(–)
Miraj Marketing Company Pvt. Ltd.	–	–	773,500	773,500
	–	–	(–)	(–)
Zodiac Private Ltd.	–	–	–	–
	–	–	(23,700,000)	(23,700,000)
Loans & Advances repaid to				
Zodiac Clothing Co. Ltd.	29,835,000	–	–	29,835,000
	(29,650,000)	–	–	(29,650,000)
Metropolitan Trading Co. (I) Ltd.	–	–	30,000	30,000
	–	–	(–)	(–)
Miraj Marketing Company Pvt. Ltd.	–	–	35,000	35,000
	–	–	(–)	(–)
Zodiac Private Ltd.	–	–	–	–
	–	–	(31,841,330)	(31,841,330)
Outstandings amount payable to				
Zodiac Clothing Co. Ltd.	258,943,518	–	–	258,943,518
	(175,560,004)	–	–	(175,560,004)
Metropolitan Trading Co. (I) Ltd.	–	–	566,802	566,802
	–	–	(–)	(–)
Miraj Marketing Company Pvt. Ltd.	–	–	754,130	754,130
	–	–	(–)	(–)

12. **Prior Year Adjustments included in the Profit and Loss Account are as under-**

Particulars	Current Year	Previous Year
(a) Income	–	–
(b) Expenses		
Miscellaneous Expenses	5539.33	33492.00
Total :	5539.33	33492.00

13. **Earning Per Share**

Particulars	As on 31.03.2009	As on 31.03.2008
a) Face Value Per Shares (Rs.)	10	10
b) No. of Shares	2,000,000	2,000,000
c) Net Profit for the year attributable to the Equity Shareholders (Rs.)	25,456,362	26,199,406
d) Basic and Diluted Earnings Per Share (Rs.)	12.73	13.10

14. Previous Year's figures have been regrouped wherever necessary.

The Statement of Significant Accounting Policies & the notes numbered 1 to 14 above form an integral part of the accounts for the year ended 31st March, 2009.

As per our attached report of even date

For and on behalf of the Board

For Rege & Thakkar
Chartered Accountants

Y. L. Rege
Partner

M.Y. NOORANI
Chairman

MUMBAI
Dated : June 23, 2009

E.S.D. Rao
Company Secretary

A.Y. NOORANI
Director

	Current Year 31.03.2009 Rupees	Previous Year 31.03.2008 Rupees
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	85,070,518	(22,201,401)
Interest on borrowing	(22,511,104)	(17,059,036)
NET CASH USED IN FROM FINANCIAL ACTIVITIES	<u>62,559,414</u>	<u>(39,260,437)</u>
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE (A+B+C)	(129,008)	(7,109,972)
CASH AND CASH EQUIVALENTS AS AT THE		
COMMENCEMENT OF THE YEAR		
	135,456	7,245,428
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	<u>6,448</u>	<u>135,455.73</u>

Notes :

1. Figures in brackets indicate cash outgo.
2. Previous year's figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

For and on behalf of the Board

M.Y. NOORANI
Chairman

MUMBAI
Dated : June 23, 2009

E.S.D. Rao
Company Secretary

A.Y. NOORANI
Director

AUDITOR'S REPORT

We have verified the above Cash Flow Statement of Multiplex Collapsible Tubes Ltd. derived from audited annual financial statements for the year ended 31st March, 2009 and found the same to be drawn in accordance therewith.

FOR REGE & THAKKAR
Chartered Accountants.

Mumbai
Date : June 23, 2009

Y. L. REGE
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year 31.03.2009 Rupees	Previous Year 31.03.2008 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	33,133,397	32,957,971
Adjustment for :		
Net Prior Year Adjustments	(238,473)	1,078,633
Depreciation	5,086,271	4,047,298
Priliminary expenses written off	7,848	7,848
Loss on sale of investments (Net)	-	-
Interest on borrowing	22,511,104	17,059,036
Profit on sale of fixed assets	-	-
Dividend on investment	(43,610)	(37,550)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	60,456,537	55,113,236
Adjustment for:		
Trade and Other receivables	8,843,280	(2,022,885)
Inventories	32,922	23,992
Trade Payable & Other Liabilities	346,031	(7,252,352)
Tax paid	(9,961,552)	(13,749,076)
NET CASH FLOW FROM OPERATING ACTIVITIES	59,717,218	32,112,915
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(122,449,250)	-
Sale of Fixed Assets	-	-
Purchase of investments	-	-
Sale of Investments	-	-
Dividend on investments	43,610	37,550
NET CASH USED IN INVESTING ACTIVITIES	(122,405,640)	37,550



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BY ZODIAC CLOTHING COMPANY LTD.

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BY ZODIAC CLOTHING COMPANY LTD.

BUSINESS REPORT

The Balance Sheet for the year ending 31st March, 2009 shows CHF 676,957 (1,915,240) on both the sides. The Profit and Loss statement shows a profit of CHF 6,460 (4,883) for the period from April 1, 2008 to March 31, 2009.

The Board proposes to reelect for one year Mr. Francis Sermet, Vice President of the Board, with individual signature and Mr. George Berthoud, as President of the Board, with individual signature, and reelect KPMG Fides Peat, Neuchatel, as auditors for a new term. This proposal is taken by circulation letter.

For and on behalf of the Board

Neuchatel

Date: June 3, 2009

George Berthoud

Director

Francis Sermet

Director

ZODIAC CLOTHING COMPANY S.A

13TH ANNUAL REPORT 2008- 2009

BOARD OF DIRECTORS

Mr. George Berthoud

Mr. Francis Sermet

REGISTERED OFFICE

Promenade Noire 1,
Neuchatel,
Switzerland.

AUDITORS

KPMG Fides Peat
Rue du Seyon 1
CH-2000, Neuchatel
Switzerland.

BANKERS

UBS AG
Neuchael
Switzerland.

BALANCE SHEET AS OF 31 MARCH 2009

	March 31, 2009 CHF	March 31, 2008 CHF
ASSETS		
CURRENT ASSETS		
Cash and banks	103,679	111,464
Accounts receivable from affiliated companies	451,549	409,644
Other current assets	60	23,606
Prepaid expenses	23,630	25,162
	578,918	569,876
FIXED ASSETS		
<i>Financial fixed assets:</i>		
– Investment	98,039	98,039
– Advance to affiliated company	–	1,234,825
<i>Intangible fixed assets:</i>		
– Share capital increase costs	–	12,500
	98,039	1,345,364
	676,957	1,915,240
 LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	–	14,339
Other current liabilities	59,490	48,354
Accrued expenses	17,650	9,190
	77,140	71,883
SHAREHOLDER'S EQUITY		
Share capital	250,000	1,500,000
General reserve	62,800	62,500
Available earnings:		
– Retained earnings brought forward	280,557	275,974
– Net profit for the year	6,460	4,883
	599,817	1,843,357
	676,957	1,915,240

REPORT OF THE STATUTORY AUDITORS

To the General Meeting of ZODIAC CLOTHING COMPANY SA, Neuchâtel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of ZODIAC CLOTHING COMPANY SA for the year ended 31st March 2009.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to

detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

KPMG SA

Alain Guillaume
Licensed Audit Expert
Auditor in Charge

Patrick Wegmann
Licensed Audit Expert

Neuchâtel
Date: 3 June, 2009

Enclosure:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

NOTES TO THE FINANCIAL STATEMENTS

1. Company affiliation and activity :

The company, which is registered in Neuchâtel (Switzerland), is a wholly owned subsidiary of Zodiac Clothing Company Ltd incorporated in Mumbai (India). The Company's activity is to provide management services to the group.

2. Share capital

The share capital of the company has been decreased on 6 November 2008 from CHF 1,500,000 to CHF 250,000 through the cancellation of 1,250 shares and the reimbursement of cash.

3. Significant investments

<i>Company, domicile purpose</i>	<i>percentage held directly and indirectly</i> <i>%</i>		<i>Share capital</i>
Zodiac Clothing Company (UAE) LLC, Dubai Manufacturing of ready wear garments and accessories	100	AED	300,000

The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and ZODIAC CLOTHING COMPANY SA (Switzerland) (49%). As per the mutual agreement between the shareholders Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of ZODIAC CLOTHING COMPANY SA (Switzerland) who is the beneficial owner.

4. Risk assessment process :

The Company's risk assessment was conducted during the year 2008 and finalized in early 2009.

This assessment was formally approved by the Board of Directors on 21 April 2009.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	March 31, 2009 CHF	March 31 2008 CHF
Retained earnings brought forward	280,557	275,974
Net profit for the year	6,460	4,883
Available earnings	<u>287,017</u>	<u>280,857</u>

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

Transfer to the general reserve	–	300
To be carried forward	<u>287,017</u>	<u>280,557</u>
	<u>287,017</u>	<u>280,857</u>

INCOME STATEMENT

	March 31, 2009 CHF	March 31, 2008 CHF
INCOME		
Management fees	350,000	280,000
Financial income	24,146	95,166
Exchange gain, net	561	–
	<u>374,707</u>	<u>375,166</u>
EXPENSES		
Personnel expenses	(310,270)	(303,652)
Administrative expenses	(44,315)	(42,518)
Financial expenses	(689)	(1,652)
Exchange loss, net	–	(1,464)
Depreciation	(12,500)	(12,500)
	<u>(367,774)</u>	<u>(361,786)</u>
Profit before taxes	6,933	13,380
Current taxes	(473)	(8497)
NET PROFIT FOR THE YEAR	<u>6,460</u>	<u>4,883</u>

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

5TH ANNUAL REPORT

DIRECTORS' REPORT

We have pleasure in presenting to you the 5th Annual Report together with the audited accounts of the company for the period 1st April 2008 to 31st March 2009.

Financial results

	For the year ended 31.03.2009 [AED]	For the year ended 31.03.2008 [AED]
Sales	51,189,064	58,069,350
Cost of sales	(38,538,437)	(40,605,771)
Gross Profit	12,650,627	17,463,579
Other income	281,768	67,836
Expenses	(8,243,791)	(7,871,618)
Profit from ordinary activities	4,688,604	9,659,797
Foreign currency exchange gain/(Loss)	279,513	(1,663,887)
Interest income	845,206	1,417,768
Finance cost	(425,795)	(626,650)
Net profit for the year	<u>5,387,528</u>	<u>8,787,028</u>

The company is a subsidiary of Zodiac Clothing Company S.A., Neuchatel, Switzerland.

The Board does not propose any dividend on the share capital of the company for the period under review in order to conserve the resources of the company.

The Board would like to place on record its sincere appreciation for the wholehearted support and contribution made by its customers, suppliers and employees, towards the conduct of efficient and effective operations of the company.

For Zodiac Clothing Company (U.A.E.) LLC

Place : Dubai
Date : 23 May, 2009

A.Y. Noorani
Director

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

5TH ANNUAL REPORT

BOARD OF DIRECTORS:

Mr. A.Y. Noorani

Mrs. Muna Mahmood

Mr. S. Y. Noorani

Mr. M.Y. Noorani

Mr. Udayan Bose

Mr. Abdullah Sharafi

AUDITORS:

KSI Shah & Associates

Chartered Accountants,

Dubai

BANKERS:

ABN Amro Bank,

Dubai – U.A.E

REGISTERED OFFICE:

Al-Quoze Industrial Area

Dubai, U.A.E.

BALANCE SHEET, AS AT 31ST MARCH 2009

	Notes	March 31, 2009 AED	March 31, 2008 AED
ASSETS			
Non-current assets			
Property, plant and equipment	3, 15	2,720,843	2,852,183
Intangible assets	4	2,594,819	3,036,774
		5,315,662	5,888,957
Current assets			
Inventories	5	4,557,744	3,487,648
Trade and other receivables	6, 15	9,873,600	14,021,208
Prepayments		1,440,409	1,506,908
Due from related parties	15	5,225,688	8,357,094
Cash and bank balances	7	11,372,656	6,572,656
Total assets		32,470,097	33,945,514
		37,785,759	39,834,471
EQUITY AND LIABILITIES			
Equity funds			
Share capital	8	300,000	300,000
Statutory reserve	9	150,000	150,000
Accumulated profits		24,924,586	19,537,058
Cumulative changes in fair values	17	(50,227)	48,157
Equity funds		25,324,359	20,035,215
Current account	10	–	4,561,197
Total Shareholders' funds		25,324,359	24,596,412
Non-current liability			
Staff end of service gratuity		762,841	674,351
Current liabilities			
Trade and other payables	11, 15	9,944,439	11,642,108
Due to related parties	15	212,429	1,410,762
Bank borrowings	12	1,541,691	1,510,838
		11,698,559	14,563,708
Total equity and liabilities		37,785,759	39,834,471

The accompanying notes form an integral part of these financial statements.

The report of the auditors is set forth on page 1 .

Approved by the directors on 23rd May 2009.

REPORT OF THE AUDITORS

To the Partners of ZODIAC CLOTHING COMPANY (U.A.E.) LLC

We have audited the accompanying financial statements of ZODIAC CLOTHING COMPANY (U.A.E.) LLC for the year ended 31 March 2009 set out on pages 2 to 14.

Respective responsibilities of the Partners and Auditors:

The preparation and fair presentation of these financial statements are the responsibility of the company's management. The responsibility includes designing, implementing and maintaining various internal controls and checks relevant to the preparation and fair presentation of these financial statements and to ensure that they are free from material misstatements, whether due to errors or frauds, selecting and applying appropriate accounting policies and accounting estimates and judgments that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with the ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls and checks relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls and checks. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and judgments made by the management, as well as evaluating the overall presentation of the financial statements.

Basis of opinion:

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion:

In our opinion the financial statements present fairly, in all material respects, the financial position of ZODIAC CLOTHING COMPANY (U.A.E.) LLC as of 31 March 2009 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters:

As required by U.A.E. Commercial Companies Law No. 8 of 1984, (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper books of account have been kept by the company, an inventory was duly carried out and the contents of the report of the director relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the U.A.E. Commercial Companies Law No. 8 of 1984 (as amended) or the articles of association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

Place : Dubai
Date : May 23, 2009

KSI Shah & Associates
Chartered Accountants

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	March 31, 2009 AED	March 31, 2008 AED
	Notes	
<u>Cash flows from operating activities</u>		
Net profit for the year	5,387,528	8,787,028
Adjustment for:		
Depreciation	445,519	467,079
Amortization	441,955	441,955
Interest income	(845,206)	(1,417,768)
Profit on sale of property, plant and equipment	(7,600)	(12,493)
Finance cost	425,795	626,650
Provision for gratuity	325,218	175,006
	6,173,209	9,067,457
Operating profit before working capital changes		
(Increase)/decrease in inventories	(1,070,096)	(1,037,716)
(Increase)/decrease in trade and other receivables	4,147,608	(4,332,321)
(Increase)/decrease in due from/due to related parties (net)	1,933,073	(1,799,403)
(Increase)/decrease in prepayments	66,499	(224,249)
Increase/(decrease) in trade and other payables	(1,697,669)	1,288,522
	9,552,624	2,962,290
Cash flow from /(used in) operations		
Finance charges paid	(425,795)	(626,650)
Gratuity paid	(236,727)	(135,641)
	8,890,102	2,199,999
Net cash flow from/(used in) operating activities		
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment	(453,944)	(219,009)
Proceeds from sale of property, plant and equipment	147,364	83,079
Payment for capital work in progress	–	(1,681,821)
(Increase)/decrease in margin and fixed accounts (net)	(5,133,143)	4,778,602
Interest received	845,206	1,417,768
	(4,594,517)	4,378,619
Net cash flow from/(used in) investing activities		
<u>Cash flow from financing activities</u>		
Funds introduced/ (withdrawn) by the partners (net)	(4,561,197)	(7,023,318)
Proceeds from/ (payment of) bank borrowings	30,853	(816,773)
Net unrealised gains/ (losses) on cash flow hedges	(98,384)	49,452
	(4,628,728)	(7,790,639)
Net cash (used in)/flow from financing activities		
Net (decrease)/increase in cash and cash equivalents	(333,143)	(1,212,021)
Cash and cash equivalents at beginning of year	2,546,520	3,758,541
Cash and cash equivalents at end of year	2,213,377	2,546,520

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	March 31, 2009 AED	March 31, 2008 AED
Sales		51,189,064	58,069,350
Cost of sales	13, 15	<u>(38,538,437)</u>	<u>(40,605,771)</u>
Gross profit		12,650,627	17,463,579
Other income		281,768	67,836
Expenses	14, 15	<u>(8,243,791)</u>	<u>(7,871,618)</u>
Profit from ordinary activities		4,688,604	9,659,797
Foreign currency exchange gain/(loss)	2i, 10	279,513	(1,663,887)
Interest income	15	845,206	1,417,768
Finance cost	15	<u>(425,795)</u>	<u>(626,650)</u>
Net profit for the year		<u>5,387,528</u>	<u>8,787,028</u>

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Share Capital	Statutory Reserve	Accumulated Profits	Cumulative changes in fair value	Total
	AED	AED	AED	AED	AED
As at 31 March 2007	300,000	150,000	10,750,030	(1,295)	11,198,735
Net profit for year	–	–	8,787,028	–	8,787,028
Cash flow hedges realized	–	–	–	1,295	1,295
Changes during the year in cash flow hedges (net)	–	–	–	48,157	48,157
As at 31 March 2008	300,000	150,000	19,537,058	48,157	20,035,215
Net profit for year	–	–	5,387,528	–	5,387,528
Changes during the year in cash flow hedges (net)	–	–	–	(98,384)	(98,384)
As at 31 March 2009	300,000	150,000	24,924,586	(50,227)	25,324,359

The accompanying notes form an integral part of these financial statements.

indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the income statement.

i) Foreign currency transactions:

Transactions in foreign currencies are converted into U.A.E. Dirhams at the approximate rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the income statement.

j) Derivative financial instruments:

The company uses forward foreign exchange contracts to hedge its risk associated primarily with foreign currency fluctuation relating to exports & other receivables, purchase of inventory from overseas suppliers. These are included in the balance sheet at fair value and any resultant gain or loss is recognised in the statement of changes in equity. The fair values of forward exchange contracts are included in "other receivables" in case of favourable contracts and "other payables" in case of unfavourable contracts.

k) Fair values:

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

l) Cash and cash equivalents:

Cash and cash equivalents for the purpose of the cash flow statement comprise cash, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

m) Dividend:

Dividend is paid out of accumulated profits, when declared.

n) Use of significant accounting judgements, estimates and assumptions:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future events could alter such estimates in the near term. The areas involving a higher degree of judgement or complexity are described below.

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Doubtful debt provisions

The company sells goods to a large number of businesses, mainly on credit terms. The company knows that certain debts due to the company will not be paid through the default of small number of customers. Estimates are used in determining the level of debts that company believes will not be paid. These estimates reflect such factors as the age of the debts, particular industry issues, past experience of payment experience. The company has also insured large part of their receivables with an internationally known credit risk insurance company w.e.f. 1st June 2008

Impairment of goodwill

The company determines whether goodwill is impaired on at least an annual basis. This requires an estimate of fair value less costs to sell the cash generating units to which goodwill is allocated. The carrying amount of goodwill at 31st March 2009 was AED 2,594,819/- which the company does not consider is impaired.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2009

1. Legal status and business activity

- a) **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** is a limited liability company registered in the Emirates of Dubai, having Industrial license no. 301266 in accordance with the provision of the U.A.E. Commercial Companies Law No. 8 of 1984, as amended.

The company also has a branch in Dubai International Financial Centre (DIFC) registered vide Commercial License no. CL0301 in accordance with the provision of the DIFC.

- b) The company is registered to carry out manufacturing of ready-made garments and retail and wholesale trade of ready-made garments.
- c) As per the arrangement, on 13 February 2005, Zodiac Garment Factory LLC was formed and took over all the asset and liabilities of Zodiac Garment Factory LLC - Dubai branch of Zodiac UAE LLC and its retail and wholesale business at an agreed value of AED 15.6 million. The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (51%) and M/s. Zodiac Clothing Company S.A. (Switzerland) (49%). As per the mutual agreement between the shareholders Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s. Zodiac Clothing Company S.A. (Switzerland) who is beneficial owner.

2. Significant accounting policies

The financial statements are prepared under the historical cost convention modified to include the measurement at fair values of derivative financial instruments, and in accordance with International Financial Reporting Standards. The significant accounting policies adopted are as follows:

- a) **Depreciation of property, plant and equipment:**

The cost of property, plant and equipment is depreciated by equal annual instalments over their estimated useful lives as under:

Factory building	10 years
Plant and machinery	8 years
Furniture and office equipment	10 years
Vehicles	5 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

- b) **Intangible assets:**

Intangible asset, represents goodwill for the excess of the purchase price over the fair value of tangible and identifiable intangible assets and liabilities of business acquired.

Goodwill paid will be amortised over a period of ten years on pro rata basis.

- c) **Inventories:**

Raw materials are stated at cost including direct expenses using weighted average method. Work in progress is valued at cost, by reference to the stage of completion.

Finished goods are valued at the lower of cost and net realisable value. Cost comprises of material cost, labour and attributable overheads. Net realisable value is based on estimated selling price less any estimated cost to completion and disposals.

- d) **Trade and other receivables:**

Provision is made for doubtful debts. Bad debts are written off as they arise.

- e) **Staff end of service benefits:**

Provision is made for end-of-service gratuity payable to the staff at the balance sheet date in accordance with the U. A. E. labour law and is disclosed as non current liabilities.

Provisions made for the estimated liability for annual leave and airfares are disclosed as current liabilities.

- f) **Trade and other payables:**

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

- g) **Sales:**

Sales represents net amount invoiced for goods delivered during the year.

- h) **Impairment:**

The carrying amounts of the assets, except for inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such

	2009 AED	2008 AED
6. Trade and other receivables		
Trade receivables (<i>refer note 15</i>) @	8,915,617	12,426,081
Provision for doubtful debts	(95,254)	(95,254)
	8,820,363	12,330,827
Advance to suppliers	104,350	116,000
Deposits	464,859	393,535
Other receivables	484,028	1,180,846
	9,873,600	14,021,208

@Amount received subsequently AED 1,998,890/-

7. Cash and bank balances		
Cash on hand	22,923	105,991
Bank balance in:		
Call and current accounts	2,190,454	2,440,529
Margin accounts	211,115	172,614
Fixed deposits*	8,948,164	3,853,522
	11,372,656	6,572,656

**Includes fixed deposit amounting to AED 3,299,520/- under lien against facilities availed (refer note 12,17).*

8. Share capital		
300 Shares of AED 1,000 each	300,00	300,00

9. Statutory reserve

Statutory reserve is created by allocating 10% of the net profit of the company as required by Article 255 of the UAE Commercial Companies Law No. 8 of 1984, as amended concerning Commercial Companies in the UAE. The Company discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

10. Current account

During the year, the current account balance of M/s. Zodiac Clothing Company S.A. (Switzerland) has been paid off.

11. Trade and other payables

Trade and other payables (<i>refer note 15</i>)	959,599	1,084,549
Provision for leave salaries and air passage	948,641	829,205
Other payables	5,147,448	7,306,414
Accruals*	2,888,751	2,421,940
	9,944,439	11,642,108

**Includes AED 2,051,212/- (previous year AED 1,754,276) amount payable to related parties on account of commission and management fees (refer note 15)*

Notes to the Financial Statements
for the year ended 31 March 2009

3. Property, plant and equipment

	<i>Capital work in progress @ AED</i>	<i>Factory building AED</i>	<i>Plan & machinery AED</i>	<i>Furniture office equipments AED</i>	<i>Vehicles AED</i>	<i>Interiors at DIFC Shop AED</i>	<i>Total AED</i>
Cost							
As at 31.03.2008	1,681,821	3,568,995	3,768,617	728,766	275,800	–	10,023,999
Additions	(1,681,821)	–	597,282	38,594	–	1,360,125	314,180
Disposals	–	–	–	–	(58,000)	–	(58,000)
As at 31.03.2009	<u>–</u>	<u>3,568,995</u>	<u>4,365,899</u>	<u>767,360</u>	<u>217,800</u>	<u>1,360,125</u>	<u>10,280,179</u>
Depreciation							
As at 31.03.2008	–	3,456,138	3,012,320	512,301	191,057	–	7,171,816
Charge for the year	–	48,690	256,964	48,478	23,568	67,820	445,520
On disposals	–	–	–	–	(58,000)	–	(58,000)
As at 31.03.2009	<u>–</u>	<u>3,504,828</u>	<u>3,269,284</u>	<u>560,779</u>	<u>156,625</u>	<u>67,820</u>	<u>7,559,336</u>
Net book value							
As at 31.03.209	<u>–</u>	<u>64,167</u>	<u>1,096,615</u>	<u>206,581</u>	<u>61,175</u>	<u>1,292,305</u>	<u>2,720,843</u>
As at 31.03.2008	<u>1,681,821</u>	<u>112,857</u>	<u>756,297</u>	<u>216,465</u>	<u>84,743</u>	<u>–</u>	<u>2,852,183</u>
<p>@ Represented work in progress for laundry division and new retail shop decoration at Dubai International Financial Centre and transferred to DIFC shop and laundry unit during the year.</p> <p>In the opinion of management, there was no impairment in respect of any fixed assets items. Hence carrying values of the assets at 31 March 2009 are the same as their net book values.</p>							

	2009 AED	2008 AED
4. Intangible assets		
Amount paid for acquiring business	<u>4,419,548</u>	<u>4,419,548</u>
Amortisation:		
Opening balance	1,382,774	940,819
For the year	441,955	441,955
Closing balance	<u>1,824,729</u>	<u>1,382,774</u>
Net book amount	<u>2,594,819</u>	<u>3,036,774</u>
5. Inventories		
Raw materials and accessories	2,568,786	1,572,892
Semi-finished goods	973,606	1,395,565
Finished goods and trading goods	710,937	519,191
	<u>4,253,329</u>	<u>3,487,648</u>
Goods in Transit	304,415	–
	<u>4,557,744</u>	<u>3,487,648</u>

	2009	2008
	AED	AED
Interest paid	114,462	307,105
Export claim	1,610	248,197

At the balance sheet date balances with related parties were as follows :

Included under current assets:

Trade receivables	3,767,136	5,817,776
Due from related parties	5,225,688	8,357,094

Included under current liabilities:

Due to related parties	212,429	1,410,762
Accruals (<i>refer note 11</i>)	2,051,212	1,754,276

The company also receives funds from and provides funds to related parties as and when required as working capital facilities at fixed rate interest charge.

16. Cash and cash equivalents

Cash on hand	22,923	105,991
Bank balance:		
Call and current accounts	2,190,454	2,440,529
	2,213,377	2,546,520

17. Derivative financial instruments

The company has fourteen foreign exchange contracts outstanding as at 31 March 2009 designated as hedges of expected future purchases. Under the terms of the foreign exchange contracts, the company will sell Great Britain Pound 1,728,000, Euros 746,000 and US Dollars 250,000 at an effective average rate of GBP/US \$ @ 1.43, Euro/US \$ @ 1.30, and US\$/AED @ 3.6145. The terms of the foreign exchange contracts have been negotiated to match the terms of the commitments. As at 31 March 2009, unrealized losses of AED 50,227/- (*previous year AED 48,157/-*) are included in equity in respect of these contracts.

18. Number of employees

The average numbers of employees during the year were 613 (*previous year 642*).

19. Financial instruments: Credit, interest rate, liquidity risk and exchange rate risk exposures

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances, trade and other receivables and due from related parties.

The company's bank balance in current, call, margin and fixed deposits accounts are placed with high credit quality financial institutions.

As at 31 March 2009, the company's maximum and significant exposure to credit risk from trade receivables other than related parties situated outside U.A.E. amounts to AED 2,594,226/- due from customers in Germany, USA, Denmark and Spain and within U.A.E amounts to AED 2,554,255/-.

There is no significant concentration of credit risk from trade receivables outside the industry in which the company operates.

Interest rate risk

Bank borrowings are at floating rates at levels, which are generally obtained in the U.A.E. Interest paid to related parties are at fixed rate of interest.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the partners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

	2009	2008
	AED	AED
12. Bank borrowings		
Bank overdrafts	1,541,691	1,510,838
<i>Banking facilities are secured against:</i>		
• <i>Pledge over inventories and movable assets.</i>		
• <i>Fixed deposits of AED 3,299,520/- under lien.</i>		
<i>In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business</i>		
13. Cost of sales		
Opening work in progress	1,395,565	712,407
Material consumed (<i>refer note 15</i>)	22,441,722	27,472,635
Wages and benefits	6,812,169	6,091,862
Other direct expenses	8,748,679	7,613,854
Depreciation (<i>refer note 14</i>)	305,654	390,898
Closing work in progress	(973,606)	(1,395,565)
(Accretion)/Decretion of finished goods	(191,746)	(280,320)
	38,538,437	40,605,771
14. Expenses		
Salaries and other benefits	801,426	753,490
Rent	29,375	74,512
Other administrative expenses (<i>refer note 15</i>)	6,831,170	6,525,480
Depreciation (<i>per below</i>)	139,865	76,181
Amortisation of goodwill	441,955	441,955
	8,243,791	7,871,618
Depreciation		
Total depreciation (<i>refer note 3</i>)	445,519	467,079
Less: taken to cost to sales (<i>refer note 13</i>)	(305,654)	(390,898)
	139,865	76,181
15. Related party transactions		
The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party as contained in the International Accounting Standard - 24. Related parties are the entities under common ownership and/or common management control and associates.		
The nature of significant related party transactions and the amounts involved are as under:		
Sale of shirts (<i>at market price</i>)	16,875,650	19,428,796
Purchase of raw material	8,011,605	7,226,423
Purchase of fixed assets/capital work in progress	28,393	934,316
Purchase of trading and other goods	4,818,800	2,302,483
Commission expenses	1,491,456	1,184,721
Royalty expenses	1,352,853	1,228,555
Other administrative expenses charged back (net)	942,365	1,142,804
Management fees	1,190,732	919,665
Interest income	688,981	972,490

ZODIAC CLOTHING COMPANY INC.

1st ANNUAL REPORT

BOARD OF DIRECTORS:

Mr. A.Y. Noorani

Mr. S. Y. Noorani

AUDITORS:

KSI Shah & Associates

Chartered Accountants,

Dubai

SECRETARY:

Ms. Rekha Nanda

BANKERS:

CITIBANK, NA

The following are the contractual maturities of the company's financial liabilities.

	Carrying amount AED	Total AED	Less than 12 Month AED	More than 12 month AED
Trade and others payables	9,944,439	9,944,439	9,944,439	-
Due to related parties	212,429	212,429	212,429	-
Bank borrowings	1,541,691	1,541,691	1,541,691	-
Staff end of services gratuity	762,841	762,841	-	762,841
Lease commitments -		456,370	334,488	121,882
	12,461,400	12,917,770	12,033,047	884,723

Exchange rate risk

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:

	2009 Equivalent AED	2008 Equivalent AED
Foreign currency financial assets:		
Great Britain Pounds	6,976,197	4,986,276
Euro	3,490,817	2,313,566
Swiss Francs	1,201,933	229,941
Hong Kong Dollars	2,854	869

Foreign currency financial liabilities:

Great Britain Pounds	1,385,252	133,802
Euro	5,558	1,391,738
Swiss Francs	1,444,418	4,561,197
Indian Rupees	-	17,690

As part of its exchange risk management, the company enters into forward foreign exchange contracts to hedge its exposure to exchange rate movements (refer *note 17*).

20. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables, due from related parties, and bank balances and financial liabilities, comprising of trade and other payables, bank borrowings and due to related parties approximate their carrying values. Derivatives consist of forward foreign exchange contracts outstanding on the balance sheet date whose fair values are not materially different from their carrying values.

21. Lease commitments

The company has entered into a lease contract with Dubai International Financial Centre for three years commencing from August 2007 to August 2010, with annual rent of AED 267,590/- for the first year and AED 334,488/- for remaining two years, payable in three annual installments. The lease commitments are as follows:

	2009 AED	2008 AED
Not later than one year	334,488	309,929
Later than one year and not later than three years	121,882	429,059

22. Contingent liabilities

Banker's letters of guarantees	2,009,430	1,924,020
Performance/Maintenance bond	15,000	9,000
Shipping guarantees	161,104	56,603

23. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ZODIAC CLOTHING COMPANY INC.

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY INC.**, which comprises the balance sheet as of 31 March 2009 and a summary of significant accounting policies and explanatory notes.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about

the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **ZODIAC CLOTHING COMPANY INC.** as of March 31, 2009 in accordance with International Financial Reporting Standards.

Place : Dubai KSI SHAH & ASSOCIATES
Date : June 24, 2009 Chartered Accountants

DIRECTORS' REPORT

We are happy to present the 1st Annual Report of the Company for the year ended 31st March 2009.

Zodiac Clothing Company Inc USA has been incorporated on 19th August 2008 in the State of Delaware as wholly owned subsidiary of Zodiac Clothing Company (UAE) LLC. The company is established to carry out trading in Men's Garments. During the

Financial Year 2008-09 no trading / business transaction has been taken place.

FOR ZODIAC CLOTHING COMPANY INC

Place : Dubai

A.Y. NOORANI

Date : June 23 , 2009

Director

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 2009

1. Legal status and business activity

- a) **ZODIAC CLOTHING COMPANY INC.** is a Corporation registered in the state of Delaware.
b) The company is established to carry out trading in men's garments.

2. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with International financial Reporting Standards. The significant accounting policies adopted are as follows:

a) **Foreign currency transactions:**

Transactions in foreign currencies are converted into US Dollar at the rate of exchange ruling on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the balance sheet date.

Resulting exchange gains/losses are taken to the income statement.

3. Share capital

Authorised 10,000 shares of US \$ 1/- each

2009
US\$
10,000

Subscribed, issued and paid up

Shares 10,000 @ US \$ 1/- *

* Shares subscribed on 24 April 2009

—

4. Accumulated profits

Opening balance

—

Professional fees for company formation

(3,168)

Closing balance

(3,168)

5. Related party transactions

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of a related party contained in the International Accounting Standard - 24. Related parties are the entities under common ownership and/or common management control, associate entities and entities of relatives and family trust.

The company also receives funds from and provides funds to related parties as and when required to meet working capital requirements.

At the balance sheet date, balances with related parties were as follows:

2009
US\$

Included in current liabilities:

Due to a related party

3,168

6. Cash flow statement

The directors are of the opinion that a cash flow statement would not furnish any material additional information, which is not disclosed in the financial statements.

7. Financial instruments: Credit, interest rate and exchange rate risk exposures

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of bank accounts and due from a related party.

There is no significant concentration of credit risk other than related parties balances

Interest rate risk

In absence of bank borrowings, there is no interest rate risk. Interests on fixed deposits are at fixed rates of interest.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars.

8. Financial instruments: Fair values

The fair values of the company's financial assets and financial liabilities approximate to their carrying values.

9. Comparative figures

This being the first period of company's operations there are no comparative figures.

BALANCE SHEET 31 MARCH 2009

	Notes	March 31, 2009 US \$
ASSETS		
Current assets		-
Cash and cash equivalents		-
Total assets		<u>-</u>
EQUITY AND LIABILITIES		
Share capital	3	-
Accumulated profits	4	(3,168)
Equity funds		<u>3,168</u>
Current liabilities		
Due to a related party	4	3,168
Total equity and liabilities		<u><u>-</u></u>

*The accompanying notes, form an integral part of these financial Statements
Approved by the director on 24th June 2009.*

For ZODIAC CLOTHING COMPANY INC.

DIRECTOR

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS				
(a) Capital	1	83,865,260	83,862,260	
(b) Share Warrants (Refer Note No (D) 13 Of Schedule 17)		17,600,000	17,600,000	
(c) Reserves and Surplus	2	<u>1,530,576,229</u>	<u>1,337,671,450</u>	
			1,632,041,489	1,439,133,710
2. LOAN FUNDS :				
Secured Loans	3	267,961,139	247,905,386	
Unsecured Loans		<u>1,320,932</u>	<u>-</u>	
			269,282,071	247,905,386
3. DEFERRED TAX LIABILITY (Net)			<u>17,975,825</u>	<u>16,561,316</u>
TOTAL			<u>1,919,299,385</u>	<u>1,703,600,412</u>
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS				
(a) Gross Block	4	1,286,224,737	969,979,195	
(b) Less : Depreciation		<u>374,441,905</u>	<u>288,879,337</u>	
(c) Net Block		911,782,832	681,099,858	
(d) Capital Work-in-Progress		<u>33,962,342</u>	<u>40,970,833</u>	
			945,745,174	722,070,691
2. INVESTMENTS	5		102,146,974	227,509,603
3. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	6	533,429,643	510,365,767	
(b) Sundry Debtors	7	342,922,498	311,488,239	
(c) Cash and Bank Balances	8	271,094,333	103,387,440	
(d) Loans and Advances	9	<u>340,952,818</u>	<u>356,149,504</u>	
		1,488,399,292	1,281,390,950	
LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Liabilities	10	522,148,405	445,296,546	
(b) Provisions	11	<u>94,850,532</u>	<u>82,089,016</u>	
		616,998,937	527,385,562	
NET CURRENT ASSETS			871,400,355	754,005,388
4. MISCELLANEOUS EXPENDITURE To the extent not written off or adjusted (Preliminary Expenses)			<u>6,882</u>	<u>14,730</u>
TOTAL			<u>1,919,299,385</u>	<u>1,703,600,412</u>

Significant Accounting Policies and
Notes to Accounts

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As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board
M.Y. NOORANI
Chairman

R. Laxminarayan
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

MUMBAI
Dated: June 24, 2009

S. CHAKRABORTY
Company Secretary

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ZODIAC CLOTHING COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ZODIAC CLOTHING COMPANY LIMITED AND ITS SUBSIDIARIES (ZODIAC GROUP).

1. We have audited the attached Consolidated Balance Sheet of Zodiac Group as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Zodiac Clothing Company Limited and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of all material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the subsidiaries whose financial statements reflect total assets of Rs. 9,127 lakhs as at 31st March, 2009 and total revenues of Rs. 7,281 lakhs and cash flows amounting to Rs.659 lakhs for the year then ended as considered in the Consolidated Accounts. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the management of Zodiac Clothing Company Limited in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Zodiac Group as at 31st March, 2009;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Mumbai,
Dated : June 24, 2009

R. Laxminarayan
Partner
Membership No: 33023

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE NO. 1		
SHARE CAPITAL :		
AUTHORISED -		
20,000,000 Equity Shares of Rs.10/- each	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED AND SUBSCRIBED -		
8,386,526 (Previous Year 8,386,226) Equity Shares of Rs.10/- each fully paid up	83,865,260	83,862,260

Notes:

- 1) Of the above,
 - i) 1,156,313 Shares are allotted as fully paid-up pursuant to the scheme of amalgamation of Mayfair Limited with the Company, and
 - ii) 4,181,313 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of share premium account
 - iii) 23,900 Shares (Previous Year 23,600) are allotted as fully paid-up on exercise of Employee stock options under Zodiac Clothing Company Limited Employee Stock Option Plan 2006
- 2) Particulars of options on unissued share capital (Refer note no(D) 10 of Schedule 17)
- 3) In terms of the approval of the shareholders of the company and as per the applicable statutory provisions including Securities and Exchange Board Of India (Disclosure and investor Protection) Guidelines 2000, the company, on 15th January, 2008 has issued and allotted 440,000 warrants on preferential basis to certain promoters in the Promoter Group entitling them to apply for one equity share per warrant of Rs 10/-each at a premium of Rs 390/- The warrant holders have a right to apply for equity shares within 18 months from the date of allotment of the warrants. 10% of the issue price received against the warrants are shown as Share Warrants in the Balance Sheet, pending exercise thereof.

TOTAL	<u>83,865,260</u>	<u>83,862,260</u>
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SCHEDULE NO. 2

RESERVES AND SURPLUS :

Amalgamation Reserve Account

As per last Balance Sheet	773,231	683,419
Add: Adjustment in respect of shares received on amalgamation	<u>43,202</u>	<u>89,812</u>
	816,433	773,231

State Cash Subsidy

As per last Balance Sheet	1,584,350	1,584,350
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Capital Reserve

As per last Balance Sheet	29,958	29,958
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Foreign Currency Translation Reserve

As per last Balance Sheet	(5,161,622)	(1,436,847)
Add: Exchange differences on conversion of non-integral foreign subsidiaries	<u>67,945,838</u>	<u>(3,724,775)</u>
	62,784,216	(5,161,622)

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Rupees	Current Year Rupees	Rupees	Previous Year Rupees
INCOME					
Sales (including sale of shares Nil (Previous Year Rs.89,720/-))			3,210,614,602		2,834,959,542
Other Income	12		197,883,511		193,481,167
Increase in Stocks	13		21,359,289		56,555,440
			<u>3,429,857,402</u>		<u>3,084,996,149</u>
EXPENDITURE					
Raw Materials Consumed			937,184,529		939,490,825
Purchase of Trading Materials			232,361,838		170,293,348
Operation and Other Expenses	14		1,280,721,843		985,280,099
Payments to and Provision for Employees	15		547,361,360		469,702,242
Finance Charges	16		27,766,163		28,269,509
Depreciation/Amortisation			57,814,614		49,957,727
Prior period expenses (net)			1,404,757		1,260,062
			<u>3,084,615,104</u>		<u>2,644,253,812</u>
PROFIT BEFORE TAXATION					
			345,242,298		440,742,337
Provision for Taxation					
Current Tax		89,854,436		121,036,046	
Wealth Tax		300,000		300,000	
Deferred Tax charge/(credit)		1,414,509		(8,031,103)	
Fringe Benefit Tax		3,763,370		3,950,000	
			<u>95,332,315</u>		<u>117,254,943</u>
PROFIT AFTER TAXATION					
			<u>249,909,983</u>		<u>323,487,394</u>
Short/(Excess) Provision for Income Tax of earlier year			309,334		(735,939)
PROFIT FOR THE YEAR					
			<u>249,600,649</u>		<u>324,223,333</u>
Brought Forward from Previous Year			913,161,432		680,463,074
PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION					
			<u>1,162,762,081</u>		<u>1,004,686,407</u>
APPROPRIATIONS					
Dividend for the year 2007-2008		2,244		-	
Proposed Dividend		54,512,419		54,510,469	
Corporate Dividend Tax thereon		9,264,768		9,264,054	
Transfer to General Reserve		22,500,000		22,510,452	
Transfer to Special Reserve u/s 45 IC of RBI Act		5,129,000		5,240,000	
			<u>91,408,431</u>		<u>91,524,975</u>
Surplus carried to Balance Sheet					
			<u>1,071,353,650</u>		<u>913,161,432</u>
			<u>1,162,762,081</u>		<u>1,004,686,407</u>
Basic Earnings per Share (Face value Rs 10/- per share)			29.76		38.76
Diluted Earnings per Share (Face value Rs 10/- per share)			28.28		38.33
(Refer Note No.(D) 9 of Schedule No 17)					
Significant Accounting Policies and Notes to Accounts					
	17				

As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board
M.Y. NOORANI
Chairman

R. Laxminarayan
Partner

A. Y. NOORANI
Vice Chairman & Managing Director

MUMBAI
Dated: June 24, 2009

S. CHAKRABORTY
Company Secretary

SCHEDULES NO. 4

FIXED ASSETS

Rupees

Particulars	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK			
	As at April 1, 2008	Additions	Deductions	Adjustment	Currency Alignment	As at March 31, 2009	As at April 1, 2008	For the year	Deductions	Adjustment	Currency Alignment	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
INTANGIBLE ASSETS- Acquired														
GOODWILL	63,727,613	-	-	-	14,764,826	78,492,439	30,716,947	5,594,894	-	-	5,305,860	41,617,701	36,874,738	33,010,666
Software	4,873,220	2,140,448	-	-	-	7,013,668	1,133,772	961,849	-	-	-	2,095,621	4,918,047	3,739,448
TANGIBLE ASSETS														
Freehold Land	42,549,771	-	-	-	-	42,549,771	-	-	-	-	-	-	42,549,771	42,549,771
Leaschold Land	1,805,590	-	-	-	-	1,805,590	329,876	19,748	-	-	-	349,624	1,455,966	1,475,714
Building	349,969,060	125,717,934	-	-	11,923,299	487,610,293	67,377,207	7,647,406	-	-	11,621,874	86,646,487	400,963,806	282,591,853
Lease hold Improvement	45,482,807	42,619,369	3,565,261	-	-	84,536,915	19,550,108	9,837,791	525,093	-	-	28,862,806	55,674,109	25,932,699
Furniture & Fixtures	105,819,297	37,280,049	-	-	2,494,592	145,593,938	27,826,671	8,147,151	-	-	1,786,776	37,760,598	107,833,340	77,992,626
Machinery	259,962,587	29,714,865	-	-	13,517,685	303,195,137	93,042,767	16,036,730	-	-	10,462,585	119,542,082	183,653,055	166,919,820
Vehicles	16,813,301	14,140,840	3,640,052	-	831,327	28,145,416	8,349,849	2,337,145	1,966,313	-	584,815	9,305,496	18,839,920	8,463,452
Computer	31,232,183	1,419,644	-	-	-	32,651,827	20,218,737	3,180,398	-	-	-	23,399,135	9,252,692	11,013,446
Office Equipmt./Electr. Installation	47,743,766	24,773,907	-	-	2,112,070	74,629,743	20,333,403	4,423,607	-	-	105,345	24,862,355	49,767,388	27,410,363
Total A	969,979,195	277,807,056	7,205,313	-	45,643,799	1,286,224,737	288,879,337	58,186,719	2,491,406	-	29,867,255	374,441,905	911,782,832	681,099,858
Previous Year	911,388,947	71,923,110	1,123,002	2,350	(12,207,510)	969,979,195	246,565,826	50,072,750	268,853	2,350	(7,488,036)	288,879,337		
Capital Work in Progress													33,962,342	40,970,833
												Total	945,745,174	722,070,691

Note : -

1. Depreciation for the year includes prior year depreciation of Rs.372,105/- (Previous Year written back Rs.70,316/-).
2. Machinery costing Rs.57,807,542/ are hypothecated against Term Loan sanctioned by bank.
3. In case of Zodiac Clothing Co. (UAE) LLC a subsidiary, Factory building is constructed on annually renewable leasehold land.

	As at 31st March, 2009		As at 31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 2 (Contd...)				
Statutory Reserve				
As per last Balance Sheet		1,798,014		1,798,014
Share Premium Account				
As per last Balance Sheet	274,235,897		268,444,457	
Add: Received on issue of Shares on exercise of ESOP under (Zodiac Clothing Company Limited Employee Stock Option Plan 2006)	73,620		5,791,440	
		274,309,517		274,235,897
General Reserve Account				
As per last Balance Sheet	142,565,190		120,054,738	
Add: Transfer from Profit and Loss account	22,500,000		22,510,452	
		165,065,190		142,565,190
Special Reserve(u/s 45 1c of the RBI ACT 1934)				
As per last Balance Sheet	8,685,000		3,445,000	
Add: Transfer from Profit and Loss account	5,129,000		5,240,000	
		13,814,000		8,685,000
Hedging Reserve Account				
Unrecognised gain /(losses) on cash flow hedges - net		(60,979,099)		-
Surplus in Profit & Loss Account -		1,071,353,650		913,161,432
TOTAL		1,530,576,229		1,337,671,450

SCHEDULE NO. 3

SECURED LOANS :

Loans and Advances from Banks:

Working capital facilities *	248,986,279	216,258,409
Term Loan **	18,082,380	31,151,185
Interest accrued and due	892,480	495,792

[* Secured by hypothecation of Raw materials, Finished Goods & Semi-finished Goods, Packing Materials & other Accessories, Stores and Spares, Book Debts, other receivables and claims, both present and future and fixed deposits

**Secured by hypothecation of Specified

Machineries acquired by using the term loan proceeds]

267,961,139

247,905,386

	As at 31st March, 2009	As at 31st March, 2008
Rupee	Rupees	Rupee
SCHEDULE NO. 9		
LOANS AND ADVANCES :		
(Unsecured, Considered good unless otherwise specified)		
Advance Payment of Income-tax etc. (Net of provision for income tax Rs 93,897,870 Previous Year: Rs 121,336,046)	76,714,375	55,709,703
Deposit With Various Government and other Authorities	5,033,930	6,505,983
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good	259,204,513	293,933,818
Unsecured - considered doubtful	481,222	481,222
	<u>259,685,735</u>	<u>294,415,040</u>
Less : Provision for Doubtful Advances	481,222	481,222
	<u>259,204,513</u>	<u>293,933,818</u>
TOTAL	<u>340,952,818</u>	<u>356,149,504</u>

SCHEDULE NO. 10

CURRENT LIABILITIES :

Advances and Deposits from Customers	27,801,927	28,328,497
Sundry Creditors	169,788,189	192,638,142
Unclaimed Dividends	996,015	891,335
Book Overdraft with Bank	7,490,440	3,445
Other Liabilities	316,071,834	223,435,127
TOTAL	<u>522,148,405</u>	<u>445,296,546</u>

SCHEDULE NO. 11

PROVISIONS :

Proposed Dividend	54,512,419	54,510,469
Corporate Dividend Tax	9,264,386	9,264,054
For Leave Liability	15,713,228	10,986,186
For Gratuity	15,360,499	7,328,307
TOTAL	<u>94,850,532</u>	<u>82,089,016</u>

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupee
SCHEDULE NO. 5		
INVESTMENTS -		
(A) LONG TERM INVESTMENTS(At Cost)		
In Equity Shares of Companies (Quoted)	102,146,974	102,103,772
In Units of Mutual Fund (Unquoted)	—	2,000,000
	<u>102,146,974</u>	<u>104,103,772</u>
(B) CURRENT INVESTMENTS (Unquoted) (At Cost or Fair value whichever is lower)		
In Units of Mutual Fund	—	123,405,831
	<u>102,146,974</u>	<u>227,509,603</u>

Notes:

1. Aggregate Value of Quoted Investments	Book Value	102,146,974	102,103,772
	Market Value	100,536,469	408,437,097
2. Aggregate Value of Unquoted Investments	Book Value	—	125,405,831

SCHEDULE NO. 6

INVENTORIES :

(At Cost or Net Realisable Value whichever is lower except stock of shares)

Stores and Spare parts	6,092,187	2,513,389
Raw Materials	165,737,995	180,511,544
Packing Materials & Accessories	64,578,233	52,316,697
Finished Goods	233,063,711	211,086,346
Work-in-Progress	36,495,373	37,080,527
Materials in Transit	27,036,330	26,398,528
Stock of Shares (At lower of cost and fair value)	425,814	458,736
consists of equity shares of companies (quoted)		
TOTAL	<u>533,429,643</u>	<u>510,365,767</u>

SCHEDULE NO. 7

SUNDRY DEBTORS : (Unsecured)

(a) Debts outstanding for a period exceeding six months:		
Considered Good	9,932,062	20,065,471
Considered Doubtful	15,830,859	13,471,883
	<u>25,762,921</u>	<u>33,537,354</u>
Less: Provision For Doubtful Debts	15,830,859	13,471,883
	<u>9,932,062</u>	<u>20,065,471</u>
(b) Other Debts:		
Considered Good	332,990,436	291,422,768
TOTAL	<u>342,922,498</u>	<u>311,488,239</u>

SCHEDULE NO. 8

CASH AND BANK BALANCES :

Cash on hand	325,690	1,153,337
Remittances in Transit	7,263,040	9,620,199
Bank Balances		
With Scheduled Banks :		
On Current Accounts	5,960,337	16,486,493
On Unpaid Dividend Accounts	1,081,322	977,292
On Fixed Deposit	90,497,236	403,806
With Other Banks :		
On Current Accounts	38,831,194	30,993,499
On Margin Accounts	2,999,522	1,875,831
On Fixed Deposit *	124,135,992	41,876,983
TOTAL	<u>271,094,333</u>	<u>103,387,440</u>

* includes Fixed deposit Amounting to Rs 46,879,580/- (Previous Year Rs25,322,206/-) under lien against Secured Loan of Subsidiary i.e. Zodiac Clothing Co (UAE) LLC

	Rupees	Rupees	Rupee	Rupee
SCHEDULE NO. 14				
OPERATION AND OTHER EXPENSES :				
Consumption of Packing Materials & Accessories (Includes Goods Lost By Fire Rs 4,706,444/-) (Previous Year Nil)		222,704,331		217,440,874
Consumption of Stores and Spare parts		9,501,526		10,784,476
Consumables For Printing/Embroidery/Washing		29,775,831		17,133,167
Power, Fuel and Oil		29,625,645		22,665,800
Labour Charges		76,796,079		69,549,639
Repairs to Buildings		4,484,600		5,625,430
Repairs to Machinery		3,907,154		2,995,379
Repairs to Others		27,375,523		14,603,645
Retail Store maintenance expenses		17,878,158		10,665,515
Insurance		4,298,844		3,544,654
Rates and Taxes		7,571,771		5,870,044
Security Charges		6,332,189		5,319,133
Rent		148,781,018		98,198,197
Printing & Stationery		7,389,000		6,688,443
Bad and doubtful debts written off		2,385,688		1,366,935
Provision for doubtful debts		2,040,751		2,498,841
Travelling & Conveyance Expenses		31,762,959		34,481,167
Postage, Telegrams and Telephones		21,604,088		20,150,496
Advertisement and Sales Promotion Expenses		165,767,514		129,157,090
Miscellaneous Expenses		4,130,238		9,758,508
Electricity		24,605,832		18,066,792
Donation		8,587,482		10,427,080
Trade Mark Fees		14,769,600		13,491,284
Preliminary expenses written off		7,848		7,848
Loss On Sale Of Fixed Assets		842,627		19,025
Commission, Discount and Rebates		145,681,437		137,964,147
Freight Outward		110,646,759		89,826,831
Legal and Professional Charges		25,948,577		19,334,744
Assets Discarded Written off		3,040,173		-
Directors' Sitting fees		1,377,488		1,441,651
Sundry Balances written off		790,716		4,413,534
Exchange Fluctuation Loss (Net)		118,682,203		-
Auditors' Remuneration		1,628,194		1,789,730
TOTAL		1,280,721,843		985,280,099
SCHEDULE NO. 15				
PAYMENTS TO AND PROVISION FOR EMPLOYEES :				
Salaries, Wages and Bonus		448,203,908		401,661,674
Contribution to Provident and Other Funds		60,474,541		39,557,401
Labour and Staff Welfare Expenses		38,682,911		28,483,167
TOTAL		547,361,360		469,702,242
SCHEDULE NO. 16				
FINANCE CHARGES :				
Interest				
– on working capital facilities from banks		11,084,426		13,187,707
– on term loans from banks		919,731		1,238,098
– others		231,057		1,379,985
Bank Charges		15,530,949		12,463,719
TOTAL		27,766,163		28,269,509

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year	Previous Year
	Rupees	Rupee
SCHEDULE NO. 12		
OTHER INCOME :		
Export Benefits and Entitlements	88,071,834	89,308,501
Exchange Fluctuation Gain (Net)	-	2,025,550
Commission Income	40,552	100,539
Interest on ICDs ,Fixed Deposits etc.	13,107,771	16,656,376
Dividends - Long Term Investments	2,512,084	1,514,121
Dividends - Current Investments	3,046,232	1,743,062
Profit on Sale of Fixed Assets	96,179	4,485,953
Profit on Sale of Current Investments	1,226,970	62,091
Rent	25,950,520	25,749,301
Recovery of Freight & Insurance on sales	40,557,987	36,151,265
Sundry Receipts	11,545,336	4,433,537
Sundry credit balances written back	11,728,046	11,250,871
TOTAL	<u>197,883,511</u>	<u>193,481,167</u>

SCHEDULE NO. 13

INCREASE IN STOCKS :

Opening Stock

Finished Goods	211,086,346	159,650,623
Work-in-Progress	37,080,527	31,936,818
Stock of Shares	<u>458,736</u>	<u>482,728</u>
	248,625,609	192,070,169

Closing Stock

Finished Goods*	233,063,711	211,086,346
Work-in-Progress	36,495,373	37,080,527
Stock of Shares	<u>425,814</u>	<u>458,736</u>

* Net of Goods Lost by theft Rs 3,918,774/- (Previous Year Nil)and by Fire Rs 2,767,731/- (Previous Year Nil)

TOTAL	<u>21,359,289</u>	<u>56,555,440</u>
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are prudent and reasonable. Future results could differ from these estimates.

b) REVENUE RECOGNITION

Sales are recognised when goods are supplied to customers and are recorded net of sales tax /value added tax . Dividend income on investments is accounted when the right to receive the dividend is established.

Revenue in respect of Insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

c) EXPORT BENEFITS

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made/ to be made there against.

d) FIXED ASSETS

Fixed Assets are recorded at Cost of acquisition. They are stated at historical costs including incidental expenses. Upto March 31, 2007, exchange differences on translation of foreign currency loans obtained to purchase fixed assets from countries outside India are included in the cost of such assets.

e) DEPRECIATION/AMORTISATION

i) On Tangible Assets:

Depreciation has been calculated on straight-line basis in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956 at the rates that are equal to or higher than those prescribed under Schedule XIV to the companies Act, 1956 based on the management's estimate of useful lives of the assets .The estimated useful lives that are different from those prescribed under schedule XIV in respect of one of the subsidiaries are as follows:

Factory Building	10 Years
Plant and Machinery	8 Years
Furniture and Office Equipment	10 Years
Vehicles	5 Years

Cost of Leasehold Land is amortised over the period of lease.

Cost of Leasehold improvements is amortised over the primary period of lease. However, in cases where the company as a lessee has the right of renewal and it is intended to renew for further periods, then the cost of such leasehold improvements is amortised over such extended period, not exceeding 10 years.

ii) On Intangible Assets:

a) Goodwill

At the time of acquisition of the business, the difference between the cost of investments and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortised over a period of 10 years.

Goodwill on amalgamation in the nature of merger is amortised over a period of 5 years.

b) Computer software is amortised on straight-line basis over a period of 6 years.

f) INVESTMENTS

Investments in subsidiaries have been accounted as per Accounting Standard (AS 21) "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006.

Investments are classified into long-term investments and current investments. Investments, which are intended to be held for more than one year are classified as long-term investments and investments which are intended to be held for less than one year, are classified as current investments. Long term Investments are accounted at cost and a provision for diminution is made to recognize a decline other than temporary in the value of a long-term investment. Current investments are valued at cost or fair value whichever is lower.

Any profit or loss on sale of investments is determined on the basis of the average cost of acquisition.

g) TRANSACTIONS IN FOREIGN CURRENCY

i) Foreign Subsidiaries (Non integral operation)

In case of foreign subsidiaries Income and Expenses are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the subsidiaries.

SCHEDULE NO. 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements relate to Zodiac Clothing Co. Ltd (“the company”) and its subsidiaries which together constitute the Zodiac group. The consolidated financial statements have been prepared on the following basis.

a) The accounts of the Indian Subsidiary have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.

b) Subsidiaries:

The Consolidated Financial Statements present the Consolidated Accounts of Zodiac Clothing Company Limited, with its following Subsidiaries:

Name of the Subsidiary	Country of incorporation	Percentage of shareholding
a) Multiplex Collapsible Tubes Ltd.	India	100%
b) Zodiac Clothing Co. S.A.	Switzerland	100%
c) Zodiac Clothing Co (UAE) LLC	UAE	100%*
d) Zodiac Clothing Company Inc	U.S.A	NIL**

Note:

* The shareholders of the company are Mrs Muna Mahmood Mohd. Mahmoud (51%) and M/s Zodiac Clothing Co S.A.(49%).As per the mutual agreement between the shareholders, Mrs. Muna Mahmood Mohd. Mahmoud is holding 51% shares for and on behalf of M/s Zodiac Clothing Co S.A. who is the beneficial owner.

** Subsidiary w.e.f 19th August 2008 by virtue of control of the Board of Directors.

(B) PRINCIPLES OF CONSOLIDATION

a) The Financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements” notified under the Companies (Accounting Standards) Rules, 2006.

b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of the subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company’s separate financial statements.

c) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries

is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

(C) SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The Accounts are prepared on the accrual basis under the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements

accordance with the applicable local labour laws.

l) TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) – Accounting for Taxes on Income, notified under the Companies (Accounting Standard) Rules, 2006. Income Tax comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the revenue authorities, using applicable tax rates and laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation.

Provision for Fringe Benefit Tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961

m) BORROWING COST

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

n) LEASES

a) Lease transactions entered into prior to April 1, 2001:

Lease rentals in respect of assets acquired under lease are charged to Profit & Loss Account.

b) Lease transactions entered into on or after April 1, 2001:

Assets acquired on leases, where significant portions of the risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

o) PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed

(D) NOTES FORMING PART OF THE ACCOUNTS:

1. Contingent Liabilities:

- a) Guarantee issued by the Bank and counter guaranteed by the Company: Rs 37,473,634./- (Previous year Rs. 28,193,198/-)
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: Rs11,164,129/- (previous year Rs. 12,781,421/-)
- c) Foreign bills/ Letters of Credit discounted with Bank Rs 5,093,714/- (Previous year Rs. 19,575,062/-)
- d) Disputed demand not provided for in respect of:

	Current year Rupees	Previous Year Rupees
1) Income Tax (amount paid under protest Rs. 24,766,099/-) (Previous Year Rs 23,952,908/-)	31,979,683	33,839,509
2) Sales Tax (amount paid under protest Rs. 138,709/-) (Previous Year Rs 138,709/-)	2,626,899	5,456,999
3) Excise Duty (excluding interest)	Nil	909,024
4) Apparel Export Promotion Council for non fulfillment of export obligation	2,980,050	3,476,994

ii) Other Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are dealt with in the Profit and Loss Account. Forward exchange contracts entered into to hedge the foreign currency risk and outstanding as on balance sheet date are translated at year end exchange rates. The premium or discount arising at the inception of such forward exchange contracts are amortised as income or expense over the life of the contract.

Gains /Losses on settlement of transactions arising on cancellation/renewal of forward exchange contracts are recognized as income or expense.

h) HEDGE ACCOUNTING

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the profit and loss account for the period

i) INVENTORIES

- a) Raw materials are valued at cost or net realisable value whichever is lower. The cost includes purchase price as well as incidental expenses. The cost formulae used are First In First Out, weighted average cost or Specific identification method, as applicable and found appropriate.
- b) Work - in - progress is valued at cost calculated on the basis of absorption costing or net realisable value whichever is lower.
- c) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of absorption costing.
- d) Packing materials and accessories are valued at First in First out cost or net realisable value whichever is lower.
- e) Stores and spare parts are valued at First in First out cost or net realisable value whichever is lower.
- f) Stock of shares is valued at the lower of cost computed on First in First out basis and fair value.

j) MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF)

Preliminary expenses are written off over a period of 10 years in equal annual installments.

k) EMPLOYEE BENEFITS

- a) The contribution to Provident Fund as required under the statute is made to the Government Provident Fund and is debited to profit and loss account
- b) Gratuity liability is a defined benefit obligation. The Company has taken Group gratuity- cum-life assurance (cash accumulation) Scheme carried out by Life Insurance Corporation of India (LIC) . Annual contributions are made on the basis of intimation received from LIC. The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognized in full in profit and loss account for the period in which they occur.
- c) Benefits in the form of vesting and non-vesting compensated absences are accounted as per actuarial valuation determined at the year end.
- d) In case of Foreign Subsidiaries, provision for retirement benefits is made on actual basis in

- (b) Other Related Parties:
- i. The enterprises where control of key management personnel and/or their relatives exist and with whom the transactions have taken place:
- Zodiac Private Limited
 Miraj Marketing Company Pvt Limited
 Zodiac UAE LLC
 Zodiac Clothing Co. INC
 Zodiac Metropolitan Clothing Gmbh
 Asia Tangible Investments Pte. Ltd.
 Metropolitan Trading Company
 Montage Corporation
 Munraz Enterprises
 Mariambai & Haji Noor Mohamad Noorani

Foundation Trust
 Mustang Manufacturing Company
 Mashal Enterprises
 Elite Clothing Co.Pvt Ltd
 Euro Global Holding PteLtd
 Milano Apparel Pvt Ltd
 OnwardLLC

- ii. Relatives of key management personnel with whom the transactions have taken place :

Mr. Awais A. Noorani
 Mr. Musaed A. Noorani
 Mrs. Muna A. Noorani

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

II) The following transactions were carried out with the related parties in the ordinary course of business.

(Previous year figures are in brackets)

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Sale of Goods			
Onward LLC	-	42,288,579	42,288,579
	(-)	(15,080,369))	(15,080,369))
Mashal Enterprises	-	6,223,041	6,223,041
	(-)	(5,134,604)	(5,134,604)
Zodiac Metropolitan Clothing Gmbh	-	303,451,374	303,451,374
	(-)	(444,311,371)	(444,311,371)
Purchases of Goods and Materials Accrued			
Zodiac Metropolitan Clothing Gmbh	-	-	-
	(-)	(1,214,680)	(1,214,680)
Onward LLC	-	61,406,367	61,406,367
	(-)	(19,959,769)	(19,959,769)
Interest Income			
Zodiac Metropolitan Clothing Gmbh	-	8,719,152	8,719,152
	(-)	(11,030,466)	(11,030,466)
Design Cost Paid (CWIP)			
Zodiac Metropolitan Clothing Gmbh	-	-	-
	(-)	(7,961,679)	(7,961,679)
Interest Paid			
Zodiac Private Limited	-	38,677	38,677
	(-)	(1,379,986)	(1,379,986)
Miraj Marketing Company Pvt Ltd	-	57,358	57,358
	(-)	(-)	(-)
Export Claim Paid			
Zodiac Metropolitan Clothing Gmbh	-	20,379	20,379
	(-)	(2,723,586)	(2,723,586)

- e) Claims against the Company not acknowledged as debts Rs 8,204,270/- (Previous year Rs.1,066,310/-)
- f) Labour disputes not acknowledged as debts: Amount not ascertainable.

Note: In respect of items mentioned above, till the matters are finally decided, the financial effect cannot be ascertained.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 7,821,806/- (Previous year Rs. 108,291,268/-)
3. The amount of premium on forward exchange contracts to be recognised in the profit and loss account in the next financial year is Rs 1,010,247/- (PreviousYear Rs. 427,158/-)

4. Operating Leases:

A) Premises Taken On Lease

- a) The Company has taken various offices/shops under operating lease or leave and license agreements. These are non cancelable during a lock in period which ranges between 11 months to 3 years under leave and license agreements and are renewable by mutual consent on mutually agreeable terms.
- b) Lease Payments recognized in the statement of Profit & Loss Account under Rent in Schedule 14 is Rs 148,781,018/- (Previous Year: Rs. 98,198,197/-).
- c) The future minimum lease payments under non-cancelable operating lease :
- (i) not later than one year is Rs. 33,502,812/- (Previous Year: Rs 41,711,372./-); and
- (ii) Later than one year and not later than five years is Rs 11,361,459/- (Previous Year: Rs 29,450,595/-).
- (iii) Later than five years Nil (Previous Year : Nil)

B) Premises Given On Lease

- a) The Company has given its premises under operating lease on leave and licence basis. These are cancelable lease and the period ranges between 11 month to 2 years under leave and licence agreements and renewable by mutual consent on mutually agreed terms.
- b) Lease rentals recognized in the statement of Profit & Loss Account under Rent in Schedule 12 is Rs 25,950,520/- (Previous Year Rs. 25,749,301/-)
- c) The future minimum Lease rentals under non-cancelable operating leases:

- (i) Not later than one year is Rs.Nil (Previous Year Rs. 24,871,560)
- (ii) Later than one year and not later than 5 year Nil (Previous Year Rs.Nil /-)
- (iii) Later than 5 years Nil

d) Premises given on licence basis:

Gross Carrying amount Rs373,938,084/- (Previous Year Rs. 249,811,924/-)

Accumulated Depreciation Rs16,891,510/- (Previous Year Rs. 11,767,992/-)

Depreciation for the year Rs.4,958,118/- (PreviousYear 4,071,936/-)

5. Deferred Tax:

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Deferred Tax Liability on account of:		
Depreciation	39,541,984	35,394,012
	<u>39,541,984</u>	<u>35,394,012</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	13,631,579	12,109,802
(ii) Provision for Retirement Benefit	2,850,114	2,230,109
(iii) Provision for Doubtful Debts & Advances	5,084,466	4,390,815
(iv) Disallowances Sec 40(a)	-	101,970
	<u>21,566,159</u>	<u>18,832,696</u>
Deferred Tax Liabilities (Net)	17,975,825	16,561,316

6. Related Party Disclosures:

Related party disclosures as required by (AS-18) "Related Party Disclosures" are given below:

I) Relationships:

(a) Key Management Personnel:

Mr. M. Y. Noorani

Mr. A. Y. Noorani

Mr. S. Y. Noorani

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Montage Corporation	– (-)	3,000 (-)	3,000 (-)
Zodiac Private Ltd	– (-)	12,000 (12,000)	12,000 (12,000)
Elite Clothing Co. Pvt. Ltd.	– (-)	6,000 (6000)	6,000 (6000)
Onward LLC	– (-)	5,293,043 (-)	5,293,043 (-)
Other Income Received			
Zodiac Metropolitan Clothing Gmbh	– (-)	13,793,561 (20,936,393)	13,793,561 (20,936,393)
Onward LLC	– (-)	380,424 (407,140)	380,424 (407,140)
Expenses Reimbursed			
Metropolitan Trading Company	– (-)	57,994 (222,529)	57,994 (222,529)
Mashal Enterprises	– (-)	33,000 (279,916)	33,000 (279,916)
Munraz Enterprises	– (-)	267,665 (262,880)	267,665 (262,880)
Zodiac Metropolitan Clothing Gmbh	– (-)	233,175 (215,908)	233,175 (215,908)
Onward LLC	– (-)	1,138,963 (3,093,877)	1,138,963 (3,093,877)
Loans Repaid by			
Zodiac Metropolitan Clothing Gmbh	– (-)	177,455,054 (230,820,878)	177,455,054 (230,820,878)
Loan Paid to			
Zodiac Metropolitan Clothing Gmbh	– (-)	115,986,748 (242,207,100)	115,986,748 (242,207,100)
Loans Taken From			
Zodiac Private Limited	– (-)	596,802 (35,500,000)	596,802 (35,500,000)
Miraj Marketing Pvt Ltd	– (-)	789,130 (-)	789,130 (-)
Loan Repaid to			
Miraj Marketing Pvt Ltd	– (-)	35,000 (-)	35,000 (-)
Zodiac Private Limited	– (-)	30,000 (43,841,330)	30,000 (43,841,330)
Interest Accrued			
Zodiac Private Limited	– (-)	– (676,557)	– (676,557)
Dividend Paid			
Zodiac Private Limited	– (-)	6,637,176 (1,021,104)	6,637,176 (1,021,104)
Miraj Marketing Company Pvt Ltd	– (-)	58,500 (9,000)	58,500 (9,000)
Metropolitan Trading Company	– (-)	3,829,540 (589,160)	3,829,540 (589,160)

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Trade Mark fees Accrued			
Metropolitan Trading Company	– (-)	14,769,600 (13,491,283)	14,769,600 (13,491,283)
Service Charges Accrued			
Zodiac Private Limited	– (-)	1,528,396 (-)	1,528,396 (-)
Metropolitan Trading Company	– (-)	– (2,307,105)	– (2,307,105)
Rent Accrued			
Metropolitan Trading Company	– (-)	20,713,079 (20,280,867)	20,713,079 (20,280,867)
Mustang Manufacturing Company	– (-)	207,600 (207,600)	207,600 (207,600)
Elite Clothing Company Pvt. Ltd	– (-)	– (675,000)	– (675,000)
Munraz Enterprises	– (-)	388,800 (388,800)	388,800 (388,800)
Montage Corporation	– (-)	44,700 (31,500)	44,700 (31,500)
Miraj Marketing Company Pvt Ltd.	– (-)	315,000 (315,000)	315,000 (315,000)
Mr. A.Y. Noorani	421,584 (421,584)	– (-)	421,584 (421,584)
Mr. S.Y. Noorani	421,584 (421,584)	– (-)	421,584 (421,584)
Mr. M.Y. Noorani	133,056 (133,056)	– (-)	133,056 (133,056)
Salary Accrued			
Mr. Awais A. Noorani	– (-)	3,680,962 (3,439,458)	3,680,962 (3,439,458)
Mr. A.Y. Noorani	5,689,879 (4,703,562)	– (-)	5,689,879 (4,703,562)
Mr. S.Y. Noorani	5,689,879 (4,703,562)	– (-)	5,689,879 (4,703,562)
Expenses Recovered			
Mashal Enterprises	– (-)	577,995 (262,229)	577,995 (262,229)
Munraz Enterprises	– (-)	3,000 (-)	3,000 (-)
Metropolitan Trading Company	– (-)	251,995 (381,322)	251,995 (381,322)
Miraj Marketing Co. Ltd.	– (-)	12,000 (12,000)	12,000 (12,000)
Milano Apparels Pvt. Ltd.	– (-)	3,000 (3,000)	3,000 (3,000)
Mustang Manufacturing Company	– (-)	3,000 (3,000)	3,000 (3,000)

7. Business Segment:

The Company is exclusively engaged in the business of Clothing and clothing accessories. This in the context of Accounting Standard (AS 17) "Segment Reporting", notified under the Companies (Accounting Standard) Rules, 2006 constitute one single primary segment.

Geographical Segment is identified as secondary segment and given below:

Particulars	Current year (Rupees)			Previous Year (Rupees)		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	1,352,873,689	2,023,907,143	3,376,780,831	1,261,900,753	1,730,827,483	2,992,728,236
Carrying Cost of Segment Asset	1,845,027,464	691,263,975	2,536,291,439	1,706,003,610	524,967,634	2,230,971,244
Addition to Fixed Asset	252,547,364	25,259,692	277,807,056	69,519,815	2,403,295	71,923,110

8. Prior Year Adjustments included in the Profit and Loss Account are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Income		
Miscellaneous income	-	66,995
Sub-total	-	66,995
b) Expenses		
Rent	2,400	448,381
Electricity	244,010	490,403
Security Charges	6,067	-
Salary & Wages	592,083	185,497
Printing & Stationery	7,786	-
Freight	13,451	-
Professional Tax	-	598
Postage and Telephones	17,779	-
Repairs and Maintainance	114,947	52,865
Conveyance	6,155	-
Travelling Expenses	18,838	-
Sales Promotion	-	7,711
Depreciation	372,105	70,316
Misc Expenses	9,136	71,286
Sub-total	1,404,757	1,327,057
TOTAL	1,404,757	1,260,062

9. Earnings Per Share:

Particulars	As at 31.03.2009	As at 31.03.2008
(a) Face value per share (Rs.)	10	10
(b) Weighted Average No. of Shares		
(i) For basic EPS	8,386,468	8,365,953
(ii) For Diluted EPS	8,826,468	8,458,521
(c) Net Profit for the year attributable to equity shareholders (Rs.)	249,600,649	324,223,333
(d) Basic Earnings Per Share (Rs.) (c/b(i))	29.76	38.76
(e) Diluted Earnings Per Share Rs (c/b(ii))	28.28	38.33

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Asia Tangible Investments Pte.Ltd	– (-)	9,114,105 (1,402,170)	9,114,105 (1,402,170)
Euro Global Holding Pte. Ltd.	– (-)	9,114,105 (1,402,170)	9,114,105 (1,402,170)
Mr. M. Y. Noorani	2,851,303 (442,556)	– (-)	2,851,303 (442,556)
Mr. A. Y. Noorani	70,330 (10,820)	– (-)	70,330 (10,820)
Mr. S. Y. Noorani	304,239 (46,806)	– (-)	304,239 (46,806)
Mr. Musaed A. Noorani	– (-)	21,840 (3,360)	21,840 (3,360)
Mrs. Muna A. Noorani	– (-)	242,853 (37,362)	242,853 (37,362)
Donation Paid			
Mariambai & Haji Noor Mohamed Noorani Foundation Trust	– (-)	1,509,000 (6,108,300)	1,509,000 (6,108,300)
Commission Accrued			
Zodiac Metropolitan Clothing Gmbh	– (-)	45,473,608 (31,409,917)	45,473,608 (31,409,917)
Outstanding amount receivable			
Metropolitan Trading Company	– (-)	17,025,225 (16,929,190)	17,025,225 (16,929,190)
Munraz Enterprises	– (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Mashal Enterprises	– (-)	349,408 (-)	349,408 (-)
Zodiac Metroplitan Clothing Gmbh	– (-)	104,542,468 (139,075,449)	104,542,468 (139,075,449)
Onward LLC	– (-)	29,168 (-)	29,168 (-)
Zodiac UAE LLC	– (-)	15,363,990 (12,446,641)	15,363,990 (12,446,641)
Outstanding amount payable			
Munraz Enterprises	– (-)	21,046 (-)	21,046 (-)
Metropolitan Trading Company	– (-)	– (1,223,543)	– (1,223,543)
Mashal Enterprises	– (-)	– (330,291)	– (330,291)
Zodiac Private Ltd	– (-)	626,955 (-)	626,955 (-)
Miraj Marketing Co Pvt Ltd	– (-)	754,130 (-)	754,130 (-)
Onward LLC	– (-)	1,884,644 (4,336,124)	1,884,644 (4,336,124)
Mr. A. Y. Noorani	1,344,567 (973,378)	– (-)	1,344,567 (973,378)
Mr. S. Y. Noorani	1,357,820 (973,378)	– (-)	1,357,820 (973,378)
Zodiac Metroplitan Clothing Gmbh	– (-)	17,344,829 (4,581,014)	17,344,829 (4,581,014)

- ii. Risk free interest rate:
This rate has been assumed at 7.67% for the first year, 7.62% for the second year and 7.59% for the third year.
- iii. Share price:
It is the market price on the National Stock Exchange of India Limited (exchange on which highest volume for the Company's shares was recorded) with reference to the date of options granted .
- iv. Volatility:
Volatility is calculated based on the period to represent a consistent trend in the price movement after adjusting abnormal events, if any at 45.22% for the first year, 50.51% for the second year and 51.13% for the third year.
- v. Expected dividend yield:
Dividend per share / Market price of the share on the Grant Date is 2.49%.

11. Derivative Financial Instruments

- a) The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts to manage its exposure in foreign exchange rates. The counter party is a bank. These contracts are for a period between one day and thirty eight months .

- (i) The following are outstanding Foreign Exchange Forward contracts, which have been designated as Cash Flow Hedges, as on March 31, 2009

Sr No	Currency	Buy/Sell	Cross Currency	Amount In foreign currency	
				Current Year	Previous Year
1.	USD	SELL	INR	12,064,537	25,121,382
2.	GBP	SELL	USD	2,073,000	1,993,567
3.	EURO	SELL	USD	1,221,567	2,132,000
4.	USD	BUY	INR	1,750,000	1,650,000
5.	USD	SELL	AED	250,000	3,325,000
6.	USD	SELL	CHF	-	195,000

- (ii) Net loss on derivative instruments of Rs. 60,979,099/- recognised in Hedging Reserve as of March 31, 2009, and is expected to be reclassified to the profit and loss account as and when the same will mature.
- (iii) Exchange Loss of Rs. 147,824,655/- on foreign exchange forward contracts have been recognized in the Profit and Loss Account for the year ended March 31, 2009.
- b) (i) No derivative instruments are acquired for speculation purposes.
- (ii) Foreign currency exposure that are not hedged by derivative instruments or otherwise are Rs.93,687,847/- (Previous Year Rs. 145,969,115/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	USD 1,472,589	76,831,276	USD 3,305,211	133,776,660
Creditors for Goods and expenses	USD 294,189	15,348,715	USD 443,827	11,733,614
	EURO 20,312	1,399,515	EURO 7,270	458,841
	HKD 11,641	78,341	-	-

10. Employee Stock Option Scheme (ESOP)

- a) As approved by the Shareholders of the Company in their meeting held on 31.08.2006, during 2006-07, the Company had granted 291,000 options under ESOP 2006 duly approved by the Compensation Committee of the Board of the Company. Details of same are as under:

Grant Date	Eligibility	No. of Options granted	Exercise price	Vesting period	Method of Settlement
27.12.2006	Directors & Employees (including of subsidiaries)	291,000	Rs.255.40	2 nd year – 30% 3 rd year - 30% 4 th year - 40%	Equity

The options are granted at the exercise price, which is in accordance with SEBI guidelines in force at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs.10/- each.

- b) The particulars of number of options granted and lapsed under the aforementioned scheme are tabulated below:

	ESOP – 2006	
	Current Year	Previous Year
Opening Balance	253,850	283,500
Granted during the year	NIL	NIL
Exercised during the year	300	23,600
Cancelled / lapsed during the year	NIL	6,050
Forfeited during the year	NIL	NIL
Closing balance	253,550	253,850

- c) The Company has followed the intrinsic value-based method of accounting for stock options granted based on Guidance Note on Accounting for Employees Share-based Payments, notified under the Companies (Accounting Standard) Rules, 2006. As the exercise price of the option granted is based on the market price as on the date of the Grant, the intrinsic value of the option is Nil.
- d) Fair value of Options calculated by external valuer using Black Scholes Model is Rs. 102.68, which is lower than the exercise price and hence these options are considered to be anti-dilutive in nature and the effect of this is ignored in calculating diluted earnings per share in accordance with Accounting Standard 20 viz. Earnings Per share notified under the Companies (Accounting Standard) Rules, 2006
- e) Had the company followed fair value method for accounting the stock option, compensation expenses would have been higher by Rs.87.86 lakhs, (Previous Year Rs.79.89 lakhs) and consequently profit after tax would have been lower by Rs 57.60 lakhs (Previous Year Rs.52.73 lakhs) and Basic & Diluted Earning per share would have been lower by Rs.0.69 (Previous Year Rs 0.64) per share& Rs 0.65 (Previous Year Rs 0.62) per share respectively.
- f) Method and significant assumptions used to estimate the Fair Value of the Options are as under:

The Fair value of Options has been calculated by an independent valuer. The valuation has been done using the Black - Scholes model based on the assumptions given by the management, which are as under:

- i. Expected Life of the Options:

These stock options will vest on expiry of one year in the following proportion from the date of grant and can be exercised during a period of three years from the date of vesting.

Year 2 from the date of Grant - 30% of the Options Granted;

Year 3 from the date of Grant - 30% of the Options Granted;

Year 4 from the date of Grant - 40% of the Options Granted

- iv. The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 is Rs 42.10 Lakhs and Rs 4.08 Lakhs respectively. However, details of experience adjustment for the prior years are not readily available in valuation reports and hence not furnished.
- v. Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date: Rs 8,946,782/-
- vi. The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risks of asset management and historical result of the return on plan asset.

(II) Disclosure in respect of leave encashment liability:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for leave encashment is given below:	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
Change in obligations		
Present value of unfunded benefit obligations as at 1 st April, 2008	6,561,073	3,978,848
Current Service Cost	1,157,219	734,683
Interest Cost	483,259	318,308
Benefit Paid	(3,355,098)	Nil
Actuarial (gain)/loss on obligations	3,538,699	1,529,234
Present value of unfunded benefit obligations as at March 31, 2009	8,385,154	6,561,073
Amount Recognised in Balance Sheet		
Present value of obligation	8,385,154	6,561,073
Fair value of plan assets	NIL	NIL
Liability/ (assets) recognized in the Balance Sheet	8,385,154	6,561,073
Expenses Recognized in Profit and Loss Account		
Current Service Cost	1,157,219	734,683
Interest Cost	483,259	318,308
Expected Return on plan assets	Nil	NIL
Net Actuarial (gain)/loss recognised in the current year	3,538,699	1,529,234
Expenses Recognised in the statement of Profit & Loss	5,179,178	2,582,226
Actuarial assumptions used		
Discount rate	7.75%	8%
Expected Return on plan assets	0%	0%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5%	5%
Attrition	1%	2%
Retirement	60 yrs	60 yrs

The above data has been disclosed on the basis of information and to the extent such information has been disclosed in the financial statements of the constituents.

13. Issue of Warrants to Promoters

During the year 2007-08, the Company made a preferential allotment to certain promoters of the Company by way of issue of 4,40,000 warrants @ Rs.400/- per warrant aggregating to Rs. 176,000,000/-, in accordance with the provisions of Chapter XIII of Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000. The warrants shall be converted into equity shares at any time after the date of allotment of warrants i.e. 15th January 2008, but on or before the expiry of 18 months from the date of allotment of such warrants i.e. till 15th, July 2009. As per terms of issue of warrant's the company has received Rs.17,600,000/- being 10% of the issue price from Allottees. Balance 90% of the issue price is payable by the Promoters at the time of exercising their option of converting the warrants into equity shares. The Funds so raised through the preferential issue has been utilized for capital expenditure, working capital and general corporate purposes .

14. Previous year's figures have been regrouped and reclassified wherever necessary to conform to figures of the current year.

12. (I) Disclosure in respect of gratuity liability

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
Change in obligations		
Present value of funded benefit obligations as at 1 st April, 2008	29,120,163	23,273,384
Current Service Cost	4,663,462	3,598,281
Interest Cost	2,481,918	1,861,871
Benefit Paid	(5,519,307)	(3,794,623)
Actuarial (gain)/loss on obligations	7,260,951	4,181,250
Present value of unfunded benefit obligations as at March 31, 2009	38,007,187	29,120,163
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1 st April, 2008	35,691,624	25,455,979
Expected Return on plan assets	2,654,558	2,036,478
Contributions	250,000	10,813,952
Benefits Paid	(5,519,307)	(3,794,623)
Actuarial gain/(loss) on plan assets	408,244	415,968
Fair value of plan assets as at March 31, 2009	33,485,119	34,927,754
Total Actuarial gain/ (loss) recognized	(6,852,707)	(3,765,282)
Amount Recognised in Balance Sheet		
Present value of obligation	38,007,187	29,120,163
Fair value of plan assets	33,485,119	34,927,754
Liability/ (assets)	4,522,068	(5,807,591)
Expenses Recognised in Profit and Loss Account		
Current Service Cost	4,663,462	3,598,281
Interest Cost	2,481,918	1,861,871
Expected Return on plan assets	(2,654,558)	(2,036,478)
Net Actuarial (gain)/loss recognised in the current year	6,852,707	3,765,282
Past Service Cost	Nil	Nil
Expenses Recognised in the statement of Profit & Loss	11,343,529	7,188,955
Actuarial assumptions used		
Discount rate	7.75%	8.00%
Expected Return on plan assets	7.75%	8.00%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5.00%	5.00%
Attrition	1%	2%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	33,485,119	34,927,754

Notes:

- i. The Fair Value of Plan assets in the above computation includes the funds of the following Companies that merged with the company as per the details given below

Name of Company	Date of Merger	Amount in the Fund
Merino Knitting Industries Pvt Ltd	1st April, 2000	714,947
Milliard Clothing Co Pvt Ltd	1st April, 2000	113,852

However, the above balances have not yet been transferred by Life Insurance Corporation of India (LIC) in favour of the company.

- ii. Premium is paid to LIC under Group Gratuity Scheme of LIC.
- iii. The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
C. Cash flows from financing activities				
Proceeds from short term loans		622,316,689		941,923,038
Repayment of short term loans		(589,192,132)		(1,014,924,392)
Proceeds of Term Loan		–		15,230,934
Repayment of Term Loan		(13,068,805)		(12,331,121)
Proceeds from Unsecured Loan		1,509,272		(8,178,953)
Repayment of Unsecured loans		(188,340)		–
Issue of warrants to Promoters		–		17,600,000
Issue of Shares at premium on vesting of ESOPS		76,620		6,027,440
Expenses on issue of Shares		–		(876,000)
Fixed deposit with Banks having maturity over 3 months		(89,544,096)		(1,868,096)
Interest paid on Loan		(12,235,213)		(15,805,790)
Dividends paid		(63,777,149)		(9,783,854)
Net cash used in financing activities		(144,103,154)		(82,986,794)
Net increase in cash and cash equivalents(A+B+C)		78,058,767		(72,581,061)
Cash and cash equivalents as at the commencement of the year		87,957,543		160,538,604
Cash and cash equivalents as at the end of the year		166,016,310		87,957,543
Deposit with Original Maturity over 3 months		103,996,701		14,452,605
Restricted Cash (Unclaimed Dividend Accounts)		1,081,322		977,292
Cash and cash equivalents as at the end of the year as per Schedule 8		271,094,333		103,387,440

Notes:

1. The above Cash Flow Statement has been prepared under the “Indirect Method” set out in Accounting Standard (AS-3) “Cash flow statements” Notified under the Companies (Accounting Standard) Rules, 2006.
2. Figures relating to previous year have been recast where necessary to conform the figures of the current year.

As per our attached report of even date
FOR DELOITTE HASKINS & SELLS
Chartered Accountants

R. Laxminarayan
Partner

MUMBAI
Dated: June 24, 2009

For and on behalf of the Board
M.Y. NOORANI
Chairman

A. Y. NOORANI
Vice Chairman & Managing Director

S. CHAKRABORTY
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR
THE YEAR ENDED 31ST MARCH, 2009**

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
A. Cash flows from operating activities				
Profit before Taxation and Extraordinary items		345,242,298		440,742,337
Adjustments for:				
Depreciation and amortization	58,186,719		50,028,045	
Preliminary and Amalgamation expenses w/off	7,848		7,848	
Provision for Doubtful Debts	2,040,751		2,498,841	
(Profit)/Loss on Sale of Fixed assets(Net)	746,448		(4,466,928)	
(Profit)/Loss on Sale of Investments(Net)	(1,226,970)		(62,091)	
Loss on redemption of shares	-		208,563	
Exchange gain on redemption of preference shares	(4,861,478)		-	
Assets discarded written off	3,040,173		-	
Expenses on issuance of Shares and Warrants	-		876,000	
Dividend Income from Investments	(5,558,316)		(3,257,183)	
Interest paid on Loan	12,235,213		15,805,790	
Interest earned On ICD etc	(13,107,771)		(16,656,376)	
		51,502,617		44,982,509
Operating Profit before working capital changes		396,744,915		485,724,846
Adjustments for:				
Decrease/(Increase) in Sundry Debtors and other receivables	2,726,348		(69,770,168)	
Increase in Inventories	(23,063,876)		(125,169,013)	
Increase in Sundry Creditors and Provisions	28,527,964		48,297,410	
		8,190,436		(146,641,771)
Cash from operations		404,935,351		339,083,075
Currency Aligment on conversion of accounts of non integral foreign subsidiaries		67,945,838		(3,724,775)
Direct taxes paid (Net)		(115,231,811)		(133,117,508)
Net cash from operating activities		357,649,378		202,240,792
B. Cash Flows from investing activities				
Purchases of Investments		(232,381,026)		(305,731,822)
Sale of Investments		363,875,304		185,123,853
Dividend Received		5,558,316		3,257,183
Interest Received		13,107,771		16,656,376
Purchase of fixed assets		(286,575,113)		(95,664,685)
Proceeds from sale of fixed assets		927,291		4,524,037
Net cash used in investing activities		(135,487,457)		(191,835,058)

ZODIAC
FINEST QUALITY SHIRTMAKERS

Mercurized Two Ply Cotton

Barolo

Z O D I A C

FINEST QUALITY SHIRTMAKERS

www.zodiaconline.com



ZODIAC

FINEST QUALITY ACCESSORIES

www.zodiacshoes.com

- a) As Beneficial Owners as at the end of business hours on August 18, 2009, as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., in respect of the shares held in electronic form and
- b) As members on the Register of Members of the Company as at August 25, 2009.
4. Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the Electronic Clearing Services (ECS) facility wherever possible for dividend payment to the shareholders. In view of this stipulation the company proposes to implement the ECS facility. Members are requested to provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to coordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the holders, as per the specimen signature recorded with the Company / Depository Participant.
5. Members are hereby informed that dividends which remain unpaid / uncashed over a period of 7 years, have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205 A and 205 C of the Companies Act, 1956. It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends that have been transferred to the credit of the Investor Education and Protection Fund of the Central Government under the provisions of Section 205 C of the Companies Act, 1956. In view of the above, the shareholders are advised to send their uncashed dividend warrants to the Registered Office of the company for revalidation/issue of demand drafts, and encash them before the due date for transfer to the Investor Education and Protection Fund.
6. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along-with relevant share certificates to the company's Registrar & Transfer Agents, M/s. Karvy Computershare Pvt. Ltd, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.
7. Members holding shares in physical segment are requested to notify change in their address/status, if any, immediately to the company's Registrar & Transfer Agents, M/s. Karvy Computershare Pvt. Ltd., at the address mentioned in Point No. 6.
8. Members who would like to ask any questions on the accounts are requested to send their questions at Registered Office of the company at least 10 days before the Annual General Meeting to enable the company to answer their queries satisfactorily.
9. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
10. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
11. Appointment / Re-appointment of Directors:

A. Profile of Directors retiring by rotation and offering for re-appointment:

At the ensuing Annual General Meeting Mr. S.M.Datta, Mr. Y.P.Trivedi and Dr. Heinrich Dieckmann retire by rotation and being eligible,

offer themselves for re-appointment. Pursuant to Clause 49 of Listing Agreement relating to Code of Corporate Governance, the particulars of the aforesaid Directors are given below:

1. Mr. S.M. DATTA:

Mr. S.M. Datta is the former Chairman of Hindustan Lever Ltd. 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 Ltd., Philips Electronics India Ltd., IL & FS Investment Managers Ltd., BOC India Ltd., Tata Trustee Co. Pvt Ltd., Reach (Cargo Movers) Pvt Ltd and Peerless Hospitex Hospital & Research Centre Ltd. He is currently a Director of Peerless Gen. Fin. and Inv. Co. Ltd., Peerless Hotels Ltd., Kansai Nerolac paints Ltd., Transport Corporation of India Ltd., Atul Ltd., Bhoruka Power Corporation Ltd., Deutsche Postbank Home Finance Ltd. Rabo India Finance Ltd. Wockhardt Hospitals Ltd., Ambit Holdings Pvt Ltd. and Chandras' Chemical Enterprises (Pvt) Ltd.

The details of other Committee memberships of Mr. S.M. Datta are given below for information of the shareholder:

Sr. No.	Name of the Company	Committee	Position held
1.	BOC India Ltd.	- Audit Committee.	Chairman
2.	Transport Corporation of India Ltd	- Audit Committee	Member
3.	Peerless Gen Fin & Inv. Co. Ltd	- Audit Committee	Member
4.	Rabo India Finance Ltd	- Audit Committee	Member
5.	Castrol India Ltd	- Shareholders / Investors Grievances Committee	Chairman
6.	IL & FS Investment Managers Ltd	- Shareholders / Investors Grievances Committee	Member

Equity shares held : Fully Paid Up: 6550 shares

2. Mr. Y.P.TRIVEDI:

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 a member of Rajya Sabha. He is currently the Chairman of Trivedi Consultants Pvt. Ltd. Zandu Pharmaceuticals Works Ltd. and Sai Service Station Ltd. and also a Director on the Board of Reliance Industries Ltd., Reliance Petroleum Ltd., Birla Power Solutions Ltd., Birla Cotsyn (India) Ltd., Metro Exporters Pvt Ltd., Supreme Industries Ltd., Seksaria Biswan Sugar Factory Ltd., New Consolidated Constn. Co. Ltd., Clare Mont Trading Pvt Ltd., Colosseum Sports & Recreation International and Monica Travels Pvt Ltd.

ZODIAC CLOTHING COMPANY LIMITED

Regd. Office: Apte Properties, 10/76, Off Dr. E. Moses Road, Worli, Mumbai - 400 018

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of Zodiac Clothing Company Limited will be held at Nehru Centre, Hall of culture, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Wednesday, August 26, 2009 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2009 and the Profit and Loss Account for the financial year ended March 31, 2009 together with the report of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. S.M.Datta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Y.P.Trivedi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Heinrich Dieckmann, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

7. To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act 1956, and subject to approval of the Central Government as may be required under the applicable provisions of the aforesaid Act, the consent of the company be and is hereby accorded to the re-appointment of Mr. Anees Yusuf Noorani as Vice Chairman & Managing Director of the company to exercise substantial powers of management as the Board of Directors may from time to time require him to exercise upon the following terms and conditions:-

- a. The aforesaid re-appointment shall be for a period of 5 years with effect from 1st March 2009.
- b. Mr. Anees Yusuf Noorani shall not draw any remuneration nor avail any perquisites from the company during the tenure of his appointment with the company.
- c. The aforesaid re-appointment shall be terminated by either side giving 3 months' notice to the other.

FURTHER RESOLVED THAT Mr. M.Y. Noorani, Chairman and/or Mr. S. Chakraborty, Company Secretary, be and are hereby jointly and /or severally authorized to sign applications, forms, documents, deeds, and such other papers as may be necessary for effectuating the said re-appointment, and to do all such acts, deeds and things as may be necessary for the above purposes."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act 1956, and subject to approval of the Central Government as may be required under the applicable provisions of the aforesaid Act, consent of the company be and is hereby accorded to the re-appointment of Mr. Salman Yusuf Noorani as the Managing Director & President of the company to exercise substantial powers of management as the Board of Directors may from time to time require him to exercise upon the following terms and conditions:-

- a. The aforesaid re-appointment shall be for a period of 5 years with effect from 1st March, 2009.
- b. Mr. Salman Yusuf Noorani shall not draw any remuneration nor avail any perquisites from the company during the tenure of his appointment with the company.
- c. The aforesaid re-appointment shall be terminated by either side giving 3 month's notice to the other.

FURTHER RESOLVED THAT Mr. M.Y. Noorani, Chairman and/or Mr.S. Chakraborty, Company Secretary, be and are hereby jointly and /or severally authorized to sign applications, forms, documents, deeds, and such other papers as may be necessary for effectuating the said re-appointment, and to do all such acts, deeds and things as may be necessary for the above purposes."

By order of the Board of Directors

S. CHAKRABORTY
Company Secretary

Regd. Office : Apte Properties
10/76, Off Dr. E. Moses Road,
Worli, Mumbai - 400 018

Date : June 24, 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. In order to be valid, proxies duly stamped, should be lodged with the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the company will remain closed from Wednesday August 19, 2009 to Wednesday, August 26, 2009 (both days inclusive).
3. The final dividend as may be declared shall be payable to members of the company whose names appear:

The details of other Directorships of Mr. S.Y. Noorani are as follows:

Multiplex Collapsible Tubes Limited	--	Director
Zodiac Private Limited	--	Director
Miraj Marketing Co. Pvt. Ltd	--	Director
Elite Clothing Company Private Limited	--	Director
Zodiac (UAE) Limited	--	Director
Zodiac Metropolitan Clothing GmbH	--	Director
Onward Limited Liability Company	--	Director
Euro Global Holdings Pte. Ltd.	--	Director
Asia Tangible Investments Pte. Ltd	--	Director
Zodiac Clothing Co. U.A.E. (LLC)	--	Director
Zodiac Clothing Co. INC	--	Director

COMMITTEE MEMBERSHIP

Zodiac Clothing Co. Ltd.	--	Shareholders / Investors Grievances Committee
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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Mr. A.Y. Noorani was re-appointed as 'Vice-Chairman & Managing Director' of the Company w.e.f. 1.3.2004 for a period of 5 years without any remuneration in the meeting of the Board of Directors held on 27.2.2004. The said appointment was approved by the members in the Annual General Meeting held on 30.09.2004 and also by Department of Company Affairs, New Delhi. The tenure of his appointment expired on February 28, 2009.

Keeping in view the splendid performance of Mr. A.Y. Noorani during the above period as Vice-Chairman & Managing Director, the Board of Directors in their meeting held on January 31, 2009 resolved to re-appoint Mr. A.Y. Noorani as Vice-Chairman & Managing Director of the company for a further period of 5 years with effect from March 1, 2009 subject to the approval of the shareholders and also of the Central Government upon the same terms and conditions more particularly described in the resolutions set out above. Mr. Anees Yusuf Noorani has indicated that he would not be drawing any remuneration if re-appointed. Members may kindly note that in view of Mr. Anees Yusuf Noorani becoming a Non-resident Indian w.e.f. 1st April 1998, one of the stipulations contained in Schedule XIII is not fulfilled in view of which an application has been made to the Central Government for their approval for the re-appointment of Mr. Anees Yusuf Noorani as Vice-Chairman & Managing Director for a further period of 5 years with effect from March 1, 2009 and the approval is awaited.

Mr. Anees Yusuf Noorani possesses vast experience and rich knowledge in the field of readymade garments, and has been efficiently running the company since its inception. Under his able guidance, the company has grown from strength to strength and has reached to the present position. It will be advantageous for the company to continue to avail of his services as Vice-Chairman & Managing Director. In terms of Board Resolution dated January 31, 2009 the approval of the members is sought for the re-appointment of Mr. Anees Yusuf Noorani.

This Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956, of the agreement to be entered between the Company and Mr. Anees Y. Noorani.

The Board recommends the resolution for your approval.

Mr. Anees Yusuf Noorani is interested/concerned in the above resolution since it pertains to his re-appointment. Mr. Mohd. Yusuf Noorani and Mr. Salman Yusuf Noorani are interested/concerned in the above resolution since they are related to Mr. Anees Yusuf Noorani. Save and except above, no other Directors of the company are in any way interested/concerned in the above resolution.

Copies of the documents referred above are available for inspection at the registered office of the company on any working day between 10 a.m. to 12.00 noon.

Item No: 8

Mr. S.Y. Noorani was re-appointed as 'Managing Director & President' of the Company w.e.f. 1.3.2004 for a period of 5 years without any remuneration in the meeting of the Board of Directors held on 27.2.2004. The said appointment was approved by the members in the Annual General Meeting held on 30.09.2004 and also by Department of Company Affairs, New Delhi. The tenure of his appointment expired on February 28, 2009.

Keeping in view the excellent performance of Mr. Salman Yusuf Noorani during the above tenure as Managing Director & President, the Board of Directors in their Meeting held on January 31, 2009 resolved to re-appoint Mr. Salman Yusuf Noorani as Managing Director & President of the Company for a further period of 5 years w.e.f. March 1, 2009 subject to the approval of the shareholders and also of the Central Government, upon the same terms and conditions more particularly described in the resolution set out above. Mr. Salman Yusuf Noorani has indicated that he would not be drawing any remuneration if re-appointed. Members may kindly note that Mr. Salman Yusuf Noorani has also become a Non-resident Indian w.e.f. 1st April, 1998, in view of which one of the stipulations contained in Schedule XIII to the Companies Act, 1956 is not fulfilled, and hence an application to the Central Government for its approval has been made for the said proposal of re-appointment of Mr. Salman Yusuf Noorani as Managing Director & President for a further period of 5 years with effect from March 1, 2009 and the approval is awaited.

Mr. Salman Yusuf Noorani is responsible inter alia for running the state-of-the-art manufacturing facilities of the company and its international marketing operations in London, Dusseldorf and New York. He is also responsible for running of the organization right from the design and manufacturing to the sales and marketing activities. It will be advantageous for the company to continue to avail of his services as the Managing Director & President. In terms of Board Resolution dated January 31, 2009 the approval of the members is sought for the re-appointment of Mr. Salman Yusuf Noorani.

This Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956, of the agreement to be entered between the Company and Mr. Salman Y. Noorani.

Copies of the documents referred above are available for inspection at the registered office of the company on any working day between 10 a.m. to 12.00 noon.

The Board recommends the resolution for your approval.

Mr. Salman Yusuf Noorani is interested/concerned in the above resolution since it pertains to his reappointment. Mr. Mohd. Yusuf Noorani and Mr. Anees Yusuf Noorani are interested/concerned in the above resolution since they are related to Mr. Salman Yusuf Noorani. Save and except above, no other Directors of the Company are in any way interested/concerned in the above resolution.

By order of the Board of Directors

S. CHAKRABORTY
Company Secretary

Regd. Office : Apte Properties
10/76, Off Dr. E. Moses Road,
Worli, Mumbai: 400 018

Date : June 24, 2009

The details of committee memberships of Mr. Y.P.Trivedi are as follows:

Sr. No.	Name of the Company	Committee	Position held
1.	Reliance Industries Ltd.	Audit Committee	Chairman
2.	Reliance Petroleum Ltd	Audit Committee	Chairman
3.	Zandu Pharmaceutical Works Ltd.	Audit Committee	Chairman
4.	Birla Power Solutions Ltd	Audit Committee	Chairman
5.	Sai service Station Ltd.	Audit Committee	Member
6.	Seksaria Biswan Sugar Factory Ltd.	Audit Committee	Member
7.	New Consolidated Construction Co. Ltd.	Audit Committee	Member
8.	Reliance Petroleum Ltd	Shareholders' / Investors' Grievance Committee	Chairman
9.	Reliance Industries Ltd.	Shareholders'/ Investors' Grievance Committee	Member

Equity shares held : Fully Paid Up: 4550 shares

3. Dr. HEINRICH DIECKMANN

Dr.Heinrich-Dietrich Dieckmann is a retired German diplomat and an economist whose entire career was focused mainly on international economic affairs. During his illustrious career he has served as the German Ambassador to India,Head of the Economic Department for German Mission to the United Nations,German Ambassador to Japan,Director General for Economic Affairs and European Integration in German Foreign office. He was the Foreign Office Representative in all negotiations with the Soviet Union and later on Russia,dealing with the economic aspects of German unification.

Dr. Heinrich Dieckmann holds no directorship and committee membership in other companies.

B. Profile of Managing Directors being re-appointed:

- 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 organization in 1980. He completed the Advance Management Programme at Harvard Business

School, Boston, and is responsible for overseeing the management of the organization, 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, the CII-Gulf Council and the CII Committee on Textiles. 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 Public Limited and Private Limited companies of the House of Zodiac. He is a director of Indian Oil Corporation Ltd.

The details of other Directorships of Mr. A.Y. Noorani are as follows:

Multiplex Collapsible Tubes Limited	Director
Indian Oil Corporation Limited	Director
Zodiac Private Limited	Director
Miraj Marketing Co. Pvt. Ltd	Director
Elite Clothing Company Private Limited	Director
Techno Crest Private Limited	Director
Zodiac (UAE) LLC	Director
Zodiac Clothing Co. (UAE) LLC	Director
Euro Global Holdings Pte. Ltd	Director
Asia Tangible Investments Pte. Ltd	Director
Zodiac Clothing Company INC	Director

COMMITTEE MEMBERSHIP

Zodiac Clothing Co. Ltd.	- Shareholders / Investors Grievances Committee	Member
Indian Oil Corporation Ltd.	- Shareholders / Investors Grievances Committee	Chairman

- 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.

ZODIAC CLOTHING COMPANY LIMITED

Regd. Office : Apte Properties, 10/76, Off Dr. E. Moses Road, Worli, Mumbai - 400 018

ATTENDANCE SLIP

Folio No. / Client ID No. _____

No. of Shares _____
(To be filled in by the Member)

I certify that I am a registered shareholder / proxy for the registered shareholder of the company. I hereby record my presence at the 25th Annual General Meeting of the Company on Wednesday, August 26, 2009 at 3.30 p.m.

SIGNATURE OF THE ATTENDING MEMBER / PROXY

Notes :

1. Please sign this attendance slip and hand it over at the verification Counter at the ENTRANCE OF THE MEETING HALL.
2. NO GIFTS / COMPANY PRODUCTS SHALL BE GIVEN AT THE MEETING.
3. THIS ATTENDANCE IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.

ZODIAC CLOTHING COMPANY LIMITED

Regd. Office : Apte Properties, 10/76, Off Dr. E. Moses Road, Worli, Mumbai - 400 018

PROXY

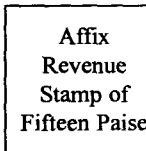
Folio No. / Client ID No. _____

No. of Shares _____
(To be filled in by the Member)

I/We _____ of _____ in the District
of _____ being a member / members of M/s. ZODIAC CLOTHING COMPANY LTD.
hereby appoint _____ of _____ failing him _____
of _____ as my / our proxy to attend and vote on my / our behalf at the
25th Annual General Meeting of the Company to be held on Wednesday, August 26, 2009 at Nehru Centre Hall of Culture,
Dr. Annie Besant Road, Worli, Mumbai - 400 018 at 3.30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2009

Signature(s) _____



Notes :

1. The Proxy need NOT be a member.
2. The Proxy Form signed across fifteen paise revenue stamp should reach the Company's Registered Office atleast 48 hours before the scheduled time of meeting.
3. This Form is to be used in favour / against the resolution. Unless otherwise instructed, the Proxy will vote as he thinks fit.

