

# ZODIAC CLOTHING COMPANY LIMITED

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

## NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26<sup>th</sup> 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 Tuesday, 10th August 2010 at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2010 and the Profit and Loss Account for the financial year ended March 31, 2010 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. M.Y.Noorani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. R. Iyer, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Bernhard Steinruecke, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s Deloitte Haskins and Sells, Chartered Accountants (Registration No. 117366W), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions of the Companies Act 1956, Article 203 of the Articles of Association of the company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ the Regulations”) and subject to such other necessary approvals, permissions and sanctions as may be required and subject to such terms and modifications as may be specified while according such approvals, the Board of Directors of the Company (“ the Board”, which term shall be deemed to include any Committee thereof) be and is hereby authorized to issue and allot shares not exceeding 43,14,788 Equity shares (hereinafter referred to as 'Bonus Shares') of Rs 10/- each credited as fully paid up, to the eligible members of the company holding equity shares of Rs.10 each whose names appear on the company's Register of Members on such date (“Record Date”) as the Board

may determine in the proportion of one new fully paid equity share of Rs.10 for every two equity shares of Rs. 10 held as on the record date by capitalizing a sum not exceeding Rs.4,31,47,880/- (Rupees four crore thirty one lakhs forty seven thousand eight hundred eighty only) out of the Company's capital reserve account and balance from Securities Premium Account as per the audited accounts of the Company for the financial year ended March 31, 2010 and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase in the paid up equity capital of the Company held by each such member and not as income.

RESOLVED FURTHER THAT pursuant to the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and consequent to the issue of bonus shares, the board be and is hereby authorized to make suitable adjustment in the price and number of shares to be issued against stock options, whether granted or to be granted, pursuant to the Employee Stock Option Scheme of the Company.

RESOLVED FURTHER THAT the Bonus Shares to be so allotted shall always be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid up Equity Shares of the Company as existing on the Record Date with a right to participate in full in the dividend to be declared for the financial year in which the Bonus Shares are allotted;

RESOLVED FURTHER THAT the Share Certificates for bonus shares be delivered to the shareholders who hold the existing equity shares in physical form and the respective beneficiary accounts be credited with the bonus shares, for such shareholders who hold the existing equity shares or opt to receive the bonus shares, in dematerialized form, within the prescribed period.

RESOLVED FURTHER THAT in making the allotment of the said Bonus Shares, the Directors shall not issue fractional certificates but the total number of the said Bonus Shares representing such fractions shall be allotted to a person or persons appointed by the Directors to act as a trustee or trustees for and on behalf of the members who would have been entitled to fractional certificates if such certificates would have been issued, and that the said person or persons shall hold the said shares so allotted to him/them in trust to sell the same and, after payment of all expenses of the sale, to distribute the net proceeds of such sale amongst the members in proportion to their respective fractional entitlements thereto”.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto

or as the Board of Directors in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons.

RESOLVED LASTLY THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary or desirable to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT in partial modification to the resolution passed by the shareholders at their meeting held on 26th August 2009 approving re-appointment of Mr. Anees Yusuf Noorani as Vice-Chairman and Managing Director of the company for a period of 5 years w.e.f.1st March 2009 without any remuneration nor any perquisites and pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions if any, of the Companies Act,1956 (including any statutory modifications, enactments or re-enactments thereof for the time being in force) and subject to the approval of the Central Government if any, approval be and is hereby accorded to the Board of Directors of the company for payment of commission upto such percentage of net profit calculated in the manner set out in Section 349 and 350 of the Companies Act 1956 for each financial year not exceeding 5% to Mr. Anees Yusuf Noorani, Vice-Chairman and Managing Director of the company as the Board of Directors may decide every year w.e.f.1.4.2010 and no other payments whether by way of salary or otherwise will be paid.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and / or compensation committee constituted by the Board be and are hereby authorized to take all actions and to do all such deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question difficulty or doubt that may arise in this regard.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT in partial modification to the resolution passed by the shareholders at their meeting held on 26th August 2009 approving re-appointment of Mr. Salman Yusuf Noorani as Managing Director and President of the company for a period of 5 years w.e.f.1st March 2009 without any remuneration nor any perquisites and pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions if any, of the Companies Act,1956 (including any statutory modifications, enactments or re-enactments thereof for the time being in force) and subject to the approval of the Central Government if any, approval be and is hereby accorded to the Board of Directors of the company for payment of commission upto such percentage of net profit calculated in the manner set out in Section 349 and 350 of the Companies Act, 1956 for each financial year not exceeding 5% to Mr. Salman Yusuf Noorani, Managing Director and President of the company as the Board of Directors may decide every year w.e.f. 1.4.2010 and no other payments whether by way of salary or otherwise will be paid.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and / or compensation committee constituted by the Board be and are hereby authorized to take all actions and to do all such deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question difficulty or doubt that may arise in this regard.”

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 : July 6, 2010

#### 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 20.7.2010 to 22.7.2010. ( both days inclusive).
3. The final dividend as may be declared shall be payable to members of the company whose names appear:
  - a) As Beneficial Owners as at the end of business hours on 19.7.2010, 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 19.7.2010.
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 / unencashed 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 to the 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. M.Y.Noorani, Mr. S.R.Iyer and Mr. B. Steinruecke 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. M. Y. Noorani**

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 of Lifetime Achievement Awards from IFA Lycra Images and also from Clothing Associations – CMAI and CIAE. The Cross of the Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.

The details of Directorships of Mr. M.Y. Noorani are as follows:

1.	Multiplex Collapsible Tubes Ltd.	– Chairman
2.	Miraj Marketing Co. Pvt. Ltd.	– Chairman
3.	Zodiac Pvt. Ltd.	– Chairman
4.	Elite Clothing Company P. Ltd	– Chairman
5.	Zodiac (U.A.E) LLC.	– Chairman
6.	Zodiac Clothing Co. (UAE) LLC	– Chairman
7.	Zodiac Properties Ltd.	– Director

**COMMITTEE MEMBERSHIP**

1. Zodiac Clothing Co. Ltd. Shareholders / Investors Grievances Committee  
Equity shares held : Fully Paid Up: 4,89,570 shares

**2) Mr. S. R. Iyer**

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 Ltd and GE Capital Business Process Management Services Private Limited. He has vast knowledge and rich experience in banking.

The details of other directorships / Committee memberships of Mr. S. R. Iyer are given below for information of the shareholder:-

- a. The details of other directorships of Mr. S.R.Iyer are as follows:

1	IDMC Limited	Director
2	KSK Energy Ventures Ltd	Director
3	KSK power venture Plc. Isle of Man	Director
4	P.N. Writer and Company Pvt. Ltd	Director
5	KSK Electricity Financing Pvt. Ltd	Director
6	Writer Lifestyle P.Ltd	Director

- b. The details of committee memberships of Mr. S.R.Iyer are as follows:

**COMMITTEE MEMBERSHIPS**

1	IDMC Limited	Audit Committee	Chairman
2	KSK Energy Ventures Ltd	Audit Committee	Chairman
3	KSK power venture Plc. Isle of Man	Audit Committee	Chairman
4	P.N. Writer and Company Pvt. Ltd	Audit Committee	Chairman
5	KSK Electricity Financing Pvt. Ltd	Audit Committee	Chairman
6	Writer Lifestyle P.Ltd	Audit Committee	Chairman

Equity shares held : Fully Paid Up: 2550 shares (Allotted under ESOP)

**3. Mr. B. Steinruecke**

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.

The details of other directorships / Committee memberships of Mr. B. Steinruecke are given below for information of the shareholder:-

a) The details of other directorships of Mr. B. Steinruecke are as follows:

1.	Indo German Chamber of commerce	Director General
2.	Fag Bearings ( India ) Limited	Director
3.	Bosch Limited	Director
4.	HDFC ERGO General Insurance Company Ltd	Director

b. The details of committee memberships of Mr. Bernhard Steinruecke : None

Equity shares held : Nil

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item No.7**

The present Issued, Subscribed and Paid-up capital of the Company is Rs.8,39,26,760 divided into 8392676 Equity Shares of the face value of Rs.10/- each fully paid-up. As on 31st March 2010, the Company had a balance of Rs27,58,18,727 in the Share Premium Account and it had other free reserves of Rs18,52,75,602 (excluding Surplus as per Profit & Loss Account of the Company as on the said date)

Since there has been a substantial build-up of Reserves, the Board of Directors has at its meeting held on 6th July, 2010 decided to recommend capitalisation of such free reserves by issue of fully paid-up Bonus Shares to the members of the Company in the proportion of one Equity Share for every two Equity Shares held by the members on such date as may hereafter be fixed by the Board of Directors (hereinafter referred to as the "Record Date"). It is accordingly proposed to capitalize an amount from the Share Premium Account and/or other free reserves of the Company.

The Bonus Shares so allotted shall rank pari passu in all respects with the existing fully paid-up Equity Shares of the Company and shall be entitled to full dividend to be declared for the Financial Year in which the Bonus Shares are allotted.

As per the Company's ESOP scheme, the Directors / Employees who have been granted options under ESOP, but vesting rights of conversion is not exercised, the said holder would be entitled to apply for and be allotted proportionately higher number of options exercisable on the same terms as are applicable to the original options, except that these options would be convertible without any further payment over and above the exercise price of original options.

Accordingly the price and number of shares to be issued against stock options whether granted or to be granted under Zodiac Employees Stock Option Plan shall be suitably adjusted.

The Board of Directors recommends passing of the Ordinary Resolution at Item No. 7 of the accompanying Notice.

Each of the Directors of the Company may be considered to be interested in the said Resolution to the extent that they and/or their respective relatives hold equity shares/options of the Company and are entitled to the Bonus Shares thereon.

##### **Item No. 8 & 9**

Shareholders at their meeting held on August 26, 2009 reappointed Mr. A.Y. Noorani as Vice-Chairman & Managing Director and Mr. S. Y. Noorani as Managing Director and President for a period of 5 years w.e.f. March 1, 2009 without any remuneration. Central Government vide their letters dated 23rd February 2010 and 5th March 2010 approved these appointments.

Since Mr. A.Y. Noorani and Mr. S.Y. Noorani were re-appointed without any remuneration and it is now felt that considering their contribution for the performance of the company they should be suitably compensated by way of commission on the net profit earned by the company to be computed as per provisions of Section 349 and 350 of the Companies Act, 1956. The Compensation Committee has approved and recommended the same to the Board of Directors.

Further their payment of commission shall be in terms of percentage specified under Section 309 of the Companies Act, i.e. upto 5% of Net profit for each of the Managerial Personnel with a maximum of 10% of Net profit of the company to be computed as per provisions of Section 349 and 350 of the Companies Act 1956.

Copies of the documents referred to above are available for inspection at the Registered Office of the company on any working day between 10 a.m. and 12.00 noon.

The Board of Directors recommends passing of the Special Resolution at Item No. 8 & 9 of the accompanying Notice.

Directors Mr. M.Y. Noorani, Mr. A.Y.Noorani and Mr. S.Y.Noorani may be considered to be interested in the said resolution to the extent that Mr. A.Y. Noorani and Mr. S.Y. Noorani shall be receiving commission from the company and they are brothers and Mr. M.Y. Noorani is the father of Mr. A.Y. Noorani and Mr. S.Y. Noorani. None of the other directors of the Company are in any way concerned or interested in the resolutions.

By order of the Board of Directors

S. Chakraborty  
Company Secretary

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Worli, Mumbai: 400 018

Date : July 6, 2010