



The image features a repeating, diagonal pattern of the word "ZODIAC". The text is written in a flowing, cursive script font, tilted at approximately a 45-degree angle from the bottom-left to the top-right. The color of the text is a very light gray, creating a subtle watermark-like effect. The background is plain white, and the overall aesthetic is elegant and modern.



Positano Linen Jackets

Half lined jackets in pure linen.

ZODIAC
FINEST QUALITY SHIRTMAKERS

ZODIAC

FINEST QUALITY SHIRTMAKERS

Two Ply 140's Egyptian Cotton

Caruso

Superfine lightweight structured shirts, in 2 ply 120's and 140's Egyptian cotton.

ZODIAC

FINEST QUALITY SHIRTMAKERS

www.zodiaconline.com

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

Mr. M. Y. Noorani

Chairman

Dr. S. Abid Hussain

Mr. M. L. Apte

Mr. Bernhard Steinruecke

Mr. S. M. Datta

Dr. Heinrich-Dietrich Dieckmann

Mr. Deepak Parekh

(Alternate to
Dr. Heinrich Dieckmann)

Mr. S. R. Iyer

Mr. Y. P. Trivedi

Mr. A. Y. Noorani

Vice Chairman & Managing Director

Mr. S. Y. Noorani

Managing Director & President

REGISTERED OFFICE

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

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.

COMPANY SECRETARY

Mr. Shrivatosh Chakraborty

STATUTORY AUDITORS

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

**REGISTRAR & TRANSFER
AGENTS OFFICE**

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

INTERNAL AUDITORS

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

BANKERS

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

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

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

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, Gujarat - 396 171
- C/2/7, GIDC, Industrial Area, Umbergaon,
Valsad, Gujarat - 396 171
- Plot No. 411, Unit II, GIDC Umbergaon,
Valsad, Gujarat - 396171
- A to Z Industrial Area, Lower Parel,
Mumbai - 400 011

SUBSIDIARIES

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

DIRECTORS' BIOGRAPHIES



Mr. M. Y. Noorani

Chairman

Mr. M.Y. Noorani, is the founder of ZODIAC and the founding father of the Clothing industry in India. He was the founder of the Clothing Manufacturers Association of India as well as its President for three consecutive terms. He has served on the managing committee of several trade organizations, including Indo German Chamber of Commerce, Bombay Chamber of Commerce, Indo Italian Chamber of Commerce as well as E.U. Chamber of Commerce, where he was the President for two terms. He has led Zodiac in its continuous quest for excellence and has also been the recipient for Lifetime achievement awards from IFA Lycra Images and also from the Clothing Associations – CMAI and CIAE. He is also Chairman of various Public Limited and Private Limited Group Companies. The Cross of Order of Merit was conferred on him by the President of the Federal Republic of Germany in December 2009.



Dr. S. Abid Hussain

Director

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



Mr. S. M. Datta

Director

Mr. S. M. Datta is the former Chairman of Hindustan Lever Limited. He is also the former President of Bombay Chamber of Commerce and Industry and is also the past President of Council of EU Chamber of Commerce. He is currently the Chairman of Castrol India Limited, Philips Electronics India Limited, Tata Trustee Co. Limited, IL & FS Investment Managers Limited, BOC India Limited, Transport Corp of India Ltd and Reach (Cargo Movers) Private Limited and Director of Peerless Hospitex Hospital & Research Centre Limited, Peerless Gen. Fin. and Inv. Co. Limited, Kansai Nerolac Paints Limited, Atul Limited, Bhoruka Power Corporation Limited, Peerless Hotels Limited, Ambit Holdings Pvt. Limited, Chandra's Chemical Enterprises (Private) Limited, Rabo India Finance 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, 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.

**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 HDFC 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, Borax Morarji Limited, Bharat Bijlee Limited, Airport Authority of India 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. He is the first International recipient of the Institute of Chartered Accountants in England and Wales' Outstanding Achievement Award - 2010.

**Mr. Y. P. Trivedi**

Director

Mr. Y. P. Trivedi, a member of the Rajya Sabha, is the former President of Indian Merchants Chamber, The Chamber of Income Tax Consultants, Indo-African Chamber of Commerce, a member of the Managing Committee of Indian Merchants' Chamber. He is currently the Chairman of Trivedi Consultants Private Limited, Zandu Pharmaceuticals Works Limited and Sai Service Station Limited and also a Director of Reliance Industries Limited, Birla Power Solution Limited, Metro Exporters Private Limited, Supreme Industries 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 Isle of man, P.N. Writer and Co. Private Limited and KSK Electricity Financing India Private Limited and Writer Lifestyle P. Ltd.

**Mr. A. Y. Noorani**

Vice-Chairman & Managing Director

Mr. A.Y. Noorani joined the House of Zodiac in 1968 and after successfully developing its export business and scaling up its overall operations, became Managing Director of the organisation in 1980. He completed the Advance Management Programme at Harvard Business School, Boston, and is responsible for overseeing the management of the organisation, corporate affairs and finance. Mr. Noorani is Past President of the Indo-German Chamber of Commerce and is presently on the Managing Committee of the Chamber and a member of the Indo-German Consultative Group. He was a member of the Managing Committee of the Apparel Export Promotion Council, the Bombay Chamber of Commerce & Industry, the Clothing Manufacturers' Association of India, member of the Board of Governors of the National Institute of Fashion Technology and member of the Steering Group on Investment and Growth in the Textile Industry. He is also Director of Indian Oil Corporation Limited and Public Limited and Private Limited companies of the House of Zodiac.

**Mr. S. Y. Noorani**

Managing Director & President

Mr. S. Y. Noorani joined the House of ZODIAC in 1982. He was responsible for setting up the company's state-of-the-art manufacturing facilities and international marketing operations in London, Dusseldorf and New York. He leads a dynamic team of professionals in the running of the organization ranging from design and manufacturing to sales and marketing which has successfully launched the brand ZOD! and Z3 in the Indian market. Mr. S. Y. Noorani is the Co-Chairman of Indo-Spanish Business Committee of Bombay Chamber of Commerce and has also served on the Managing Committees of Indo- Italian Chamber of Commerce as well as CMAI. He is a member of the regional council of CII (Western Region). He is also Director of various Public Limited and Private Limited companies of the House of Zodiac.



India's export of clothing declined from USD 10.933 billion in FY 2008-09 to USD 10.644 billion in FY 2009-10. In USD terms there was a decline in 9 of the 12 months. Even in INR terms, it declined in each of 6 months of the year (from October 2009 to March 2010). What has been even more significant is that this was on an already low base - in the second half of the previous year i.e. October 08 – March 09, the post-Lehman period, there was a decline each month in Rupee terms and a decline in 5 of the 6 months in USD terms.

During the fiscal year 2009-10, the company reported consolidated gross revenues of Rs.33385 lakhs, against Rs. 34085 lakhs in the previous year. On a standalone basis, the company reported a turnover of Rs. 28,725 lakhs for the year 2009-10, as compared to the previous year's turnover of Rs. 28,605 lakhs. The consolidated net profit increased from Rs. 2,496 lakhs in the previous year to Rs. 2619 lakhs for the fiscal year 2009-10, an increase of 4.92% over the previous year.

During the year ended 31st March 2010, the company's different business segments, viz., the design driven international business, its branded business and the company's own retail have performed reasonably well considering the turmoil in the international markets and the subdued consumer sentiment both internationally and in India. The standalone net profit of Rs.2,105 lakhs is impressive even when compared to 2007-08's (a great year) profit of Rs. 2,016 lakhs. What is noteworthy is that despite revenues being virtually flat, the company's focus on profitability has yielded results, which are visible, both in the PBT and PAT rising sharply.

With our competitor countries getting fullest support and co-operation from their respective governments, they are able to grab market share from India. This is partly because India's clothing exporters are still not being fully reimbursed on incidence of taxes (both State and Central) on inputs. The issue of the industry being insulated from service tax on goods intended for export, also remains only partially addressed. Even on service

tax that has been paid and is eligible for refunds, the actual disbursements of refund is largely outstanding.

The TUFS scheme, which seeks to address the needs of the industry somewhat, has also been found wanting. Reimbursement of subvention under this scheme from July 2009, i.e. nearly one year, is still outstanding. The industry's request that the banks be directed to charge net interest to the industry under TUFS has also fallen on deaf ears.

The clothing industry, unlike the spinning and weaving industries, is not able to pass on the increase in costs to their customers. This is because of competitive pressures, where India's competitor countries are fiercely competing for a share in markets where demand has been affected adversely due to the global economic slow down. Although recession is "officially over", in most of the markets, the economic growth as well as retail sales have not shown any significant upturn in most markets.

In the present scenario, where cotton yarn, and consequently fabric prices have risen significantly, the competitiveness of India's exports has eroded considerably, not only of clothing, but also of yarn, fabrics and made-ups.

The clothing industry is capable of fulfilling an important objective of the government, i.e. being the second largest generator of employment after agriculture, the industry is an important tool for achieving inclusive growth, as well as being able to provide gender sensitive employment. The vitally important role of this sector needs to be acknowledged and needs addressing – immediate action could be either reining in cotton markets by intervention, or adequately reimbursing taxes paid on inputs by the clothing industry by increasing duty drawback appropriately.

There are reports in the press of the strong likelihood of a Bilateral/Free Trade Agreement between the EU and India before the end of 2010. This should prove to be a major source of strength for India's clothing industry, if

the industry's products are eligible for tariff elimination under the agreement. While the insistence of the EU to include some extraneous elements in the agreement is holding up its finalisation, negotiators from both sides seem to be confident that the negotiations will be concluded expeditiously and the agreement signed during the October 2010 Summit or by December 2010 in any case. Talks on a similar agreement with Japan are also progressing well.

The above measures should yield rich rewards in achieving a sharp turnaround for India's international trade in clothing and regaining lost market share.

The company's branded business continues to hold great promise – with signs of revival of consumer demand and the strength of the Zodiac/ZOD!/z3 brands, with their product quality and fashion content being of the best global standards and with the company's infrastructure of company run stores being strengthened, besides its strong linkages with national chains and independent retailers, one looks forward to harvesting the opportunities that seem to be evolving. Despite the sporadic pattern of sales during the different months of the year, the Company firmly believes that the return to sustained growth is palpable and consequently continues to vigorously pursue its target of profitable growth (increasing the retail presence being a vital ingredient of this target), with financial discipline, cost control, global sourcing and conservative hedging of its forex exposure.

The company's competitors' brands weakened considerably due to these being aggressively discounted. By comparison, the Zodiac and z3 brands, strengthened considerably vis-à-vis the competition, to a large extent because none of the three brands, i.e. Zodiac, ZOD! and z3 were discounted. This, while resulting in a subdued top line, contributed to the brands' strength as well as the strong bottom line. The product extension of suits and shoes to the Zodiac brand has received an encouraging initial response from the consumers.

During the year, the company opened 8 new stores, and renovated 3 stores, (all stores are company-run, not franchised) in keeping with its strategy of investing in the growth potential of retail. 4 unviable stores were closed during the year.

Keeping in view the overall profitability 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. 7.00 per equity share of the face value of Rs.10/- each on the Paid-up Capital of Rs.8,39,26,760, subject to the approval of the shareholders. The Board of Directors, in their meeting held on 6th July, 2010, have recommended a Bonus issue in the ratio of one share for every two shares held on the record date, subject to the shareholders' approval in the ensuing AGM.

A 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) was approved by the shareholders at its AGM held

on 31st August, 2006. During the year under review, the Company allotted 6150 shares on receipt of valid applications along with the necessary application money. Thus, the Paid-up Share Capital of the company as on March 31, 2010 stands increased from Rs.8,38,65,260/- to Rs.8,39,26,760/-.

During the year, ICRA (an associate of Moody's Investor Service) has reaffirmed the Company's rating of A1 + for its short term fund based/non fund based facilities of Rs.51.5 crore, (enhanced from Rs. 45.25 crore). The company has also been assigned an A1 + rating for its issue of commercial paper for Rs.20 crores. A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1 + to reflect their relatively stronger credit quality.

Zodiac Clothing Company (UAE) LLC, our step-down subsidiary incorporated a wholly-owned subsidiary, viz. Zodiac Properties Limited, in the UAE, as a SVP to acquire a property for the U.K. operations of the company. During the year, the Board constituted a Forex Sub-Committee, chaired by Mr. S.M. Datta, for guiding the Forex policy and its implementation during the period of extreme volatility. Mr. Rajwade of M/s. A. Rajwade & Associates is the Advisor to the Committee.

The Government notified its intent to acquire a part of the company's land and building at its factory located on National Highway 7, Bangalore. We appealed against this acquisition, as it would have meant the dismembering and closing down of the plant. With grateful thanks we acknowledge the empathy and sensitivity of the Government for having modified their intended acquisition plan, whereby the company's factory building would not be affected.

In conclusion, I would like to heartily thank all our stakeholders – our shareholders, customers, the Government, banks, solicitors, distributors, suppliers and other business associates – all of whom have supported and helped the company in achieving the results it has in these challenging times.

I also gratefully acknowledge the valuable guidance, advice and co-operation received from our eminent Board of Directors, which has played a significant role in steering the company's progress and profitability over the years and helping achieve the highest standards of Corporate Governance.

I would also like to express my deep sense of appreciation to our employees at all levels and thank them for their excellent performance, strong work ethic, teamwork, solidarity and commitment to the Company at all times, which has contributed to our consistent profitability in this challenging environment.

I take this opportunity to thank you for the trust and confidence you have reposed in our organisation during these volatile times, and assure you that we remain as committed as ever to the company's goals.

M.Y. Noorani
Chairman

HIGHLIGHTS: (STANDALONE)

Rs. in lakhs

PARTICULARS	2009-2010	2008-2009
Sales & other Income	28725	28605
Less: Total Expenditure	24863	25665
Profit before Interest, depreciation & other written off extra ordinary items	3862	2940
Less : Interest	119	119
Profit before depreciation	3743	2821
Less : Depreciation	460	415
Profit before write off of extra-ordinary items	3283	2406
Less : Extra ordinary and prior period expenses	3	14
PROFIT BEFORE TAX FOR THE YEAR	3280	2392
Provision for Tax (net)	1175	879
PROFIT AFTER TAX FOR THE YEAR	2105	1513
Add: Balance brought forward from the last year	7146	6496
Total amount available for appropriation	9251	8009
Appropriations:		
Proposed dividend	587	545
Corporate dividend tax	100	93
General Reserve	225	225
Balance retained in Profit & Loss A/c	8339	7146

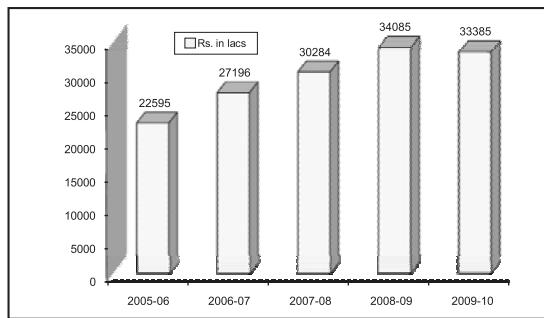
DIRECTORS' REPORT TO THE MEMBERS

We are happy to present the 26th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

1. BUSINESS:

Turnover & Profits – During the financial year ended 31st March 2010, the income of the company on a standalone basis was virtually flat at Rs.28,725 lakhs vs. Rs. 28,605 lakhs in the previous year. The profit before tax increased by 37.12% to Rs. 3,280 lakhs vs. Rs.2,392 lakhs in the previous year, while the net profit after tax for the financial year ended 31st March 2010 increased by 39% to Rs.2,105 lakhs, vs. Rs.1,514 lakhs in the previous year. The net profit of Rs.2,105 lakhs is impressive even when compared to 2007-08's (a great year) profit of Rs. 2,016 lakhs.

GROSS INCOME – CONSOLIDATED



The different business segments, i.e. the design driven international business from India as well as the branded business and the company's own retail, have performed reasonably well, considering the turmoil in the international markets and the subdued consumer sentiment, both internationally and in India. What is noteworthy is the company's focus on profitability has yielded results, which are visible, both in the PBT and PAT rising sharply.

Although the top line across the business segments was flat, this in itself was an achievement despite the situation described above, and by the fact that the company did not discount its products in any of the segments. The revenue pattern during the year has been sporadic, with periods showing revival of growth in consumer demand across markets, and other periods where demand reverted to the pattern seen during the lows between November 2009 and March 2010.

During the year, the company opened 8 new stores and renovated 3 stores (all stores are company-run, not franchised) in keeping with its strategy of investing in the growth potential of retail. 4 unviable stores were closed during the year. Despite the sporadic nature of sales during the year, the company firmly believes that the return to sustained growth is palpable, and consequently continues to vigorously pursue its target of profitable growth (increasing the retail presence being a vital ingredient of this target) with financial discipline, cost control, global sourcing and conservative hedging of its forex exposure.

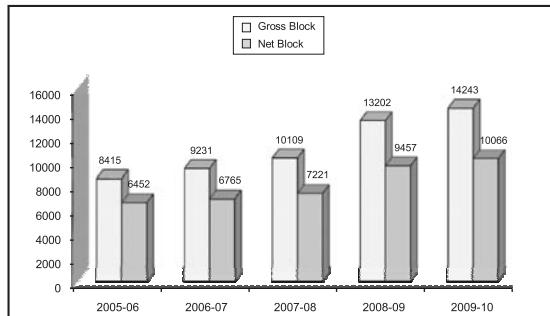
2. RESULTS OF OPERATIONS

FINANCIAL RESULTS:

	(Rupees in Lakhs)			
	Standalone		Consolidated	
	2009-10	2008-09	2009-10	2008-09
Sales & other Income	28725	28605	33385	34085
PROFIT BEFORE TAXATION	3280	2392	3887	3452
Provision for Taxation				
Current Tax	1144	827	1243	902
Deferred Tax	7	14	7	14
Fringe Benefit Tax	–	37	–	37
PROFIT AFTER TAXATION	2129	1514	2637	2499
Short Provision for Taxation	24	1	18	3
Profit for the Year	2105	1513	2619	2496
Balance of Profit Brought forward	7146	6496	10713	9132
Profit Available for Appropriation	9251	8009	13332	11628

FIXED ASSETS – CONSOLIDATED

(Rs. in lakhs)



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, Zodiac Clothing Co. Inc., U.S.A. and Zodiac Properties Limited, Dubai, 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 2010 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 are annexed to this Report.

6. RATING:

During the year, ICRA (an associate of Moody's Investor Service) has reaffirmed the Company's rating of A1 + for its short term fund based/non fund based facilities, which have been enhanced from Rs. 45.25 crore to Rs.51.5 crore. The company has also been assigned an A1 + rating for its issue of commercial paper for Rs.20 crore.

A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1 + to reflect their relatively stronger credit quality.

7. CAPEX

Capex was incurred predominantly on the new company run Stores (Rs.467 lakhs), balancing machinery and equipment (Rs.240 lakhs), refurbishing of the Corporate Headquarters, as well as energy conservation (Rs.398 lakhs) and pollution control equipment (Rs.148 lakhs), besides rental deposits (Rs.925 lakhs).

During the year, the Capex aggregated Rs. 1,254 lakhs (as against Rs. 1,414 lakhs last year) on a standalone basis and Rs.1,371 lakhs (as against Rs. 2,708 lakhs last year) on a consolidated basis.

8. LIQUIDITY:

The Debt equity ratio as on 31st March 2010, was 0.17 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. 2922 lakhs in March 2010 as against Rs. 2,711 lakhs last year.

9. INCREASE IN SHARE CAPITAL:

During the year, the paid-up share capital of the company has increased from Rs.8,38,65,260/- to Rs.8,39,26,760/- as a result of allotment of 6150 shares of Rs.10.00 each under the ESOP Scheme.

10. APPROPRIATIONS:

Dividends - We recommend a dividend of Rs. 7.00 per equity share (70% on par value of Rs. 10.00 per share). The total dividend amount (if approved by the shareholders) including dividend distribution tax would be Rs. 687 lakhs, (previous year Rs. 638 lakhs). Dividend (including dividend distribution tax) as a percentage of profit after tax is 32.64%.

Transfer to Reserves – We propose to transfer Rs.2,25,00,000 (10.69% of the net profit for the year) to the general reserve. An amount of Rs. 8339 lakhs is proposed to be retained in the Profit & Loss Account.

11. BONUS SHARES

The Board of Directors, in their meeting held on 6th July 2010, have recommended a Bonus issue in the ratio of one share for every two shares held, on the record date, subject to the shareholders' approval in the ensuing AGM.

12. CORPORATE GOVERNANCE:

The process of sharpening of and consistent improvement in the already high standards of Corporate Governance continues. 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.

13. QUALITY:

Quality, productivity, value addition and innovation continued to be sharp focus areas. The subdued market conditions have resulted in customers seeking excellence in these areas, fulfillment of which have been rewarded with stable and profitable business during these turbulent times. De-risking of the business at various stages has contributed to more efficient operations.

14. BRANDING:

In the prevailing business environment the company's competitors' brands weakened considerably due to their being aggressively discounted. By comparison, the Zodiac and z3 brands, strengthened considerably vis-à-vis the competition, to a large extent because none of the three brands, i.e. Zodiac, ZOD! and z3 were discounted. This, while resulting in a subdued top line, contributed to the brands' enhanced strength as well as the strong bottom line. The product extension of suits and shoes to the Zodiac brand has received most encouraging response from the consumers.

15. 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

- Installed specially designed, energy efficient lighting in the production facilities (with special reflectors, ensuring blanket lighting) with substantial reduction of consumption of energy.
- Using state of the art machines which help to reduce power consumption dramatically and, at the same time, are efficient and eco-friendly.

(B) Pollution Control

- All boilers in the factory used for steam generation are 96% efficient and are of the latest technology available in the market. This is very eco-friendly as the exhaust parameters are controlled to the maximum.
- Effluents from the processes are treated in the effluent treatment plants and further treated in the post treatment section with ultraviolet filters and reverse osmosis technology, enabling recycling.

- Sewage water is treated in separate sewage treatment plants and the treated water is used for gardening purposes.

(C) Technology, Absorption, Adaptations & Innovation

Not applicable

(D) Foreign Exchange Earnings and Outgo

Total Foreign Exchange Earned	Rs. 14,848 lakhs
Total Foreign Exchange Outgo	Rs 4,463 lakhs

16. 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.

17. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mr. M.Y. Noorani, Mr. S.R.Iyer and Mr. Bernhard Steinruecke, 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 Mr. M.Y. Noorani, Mr. S.R.Iyer and Mr. Bernhard Steinruecke, 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.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

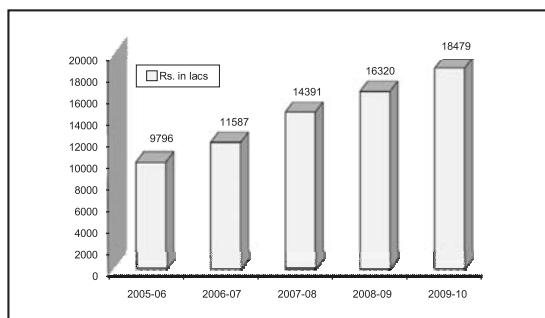
Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2010 on a 'going concern' basis.

NET WORTH – CONSOLIDATED



19. HUMAN RESOURCE MANAGEMENT:

The company's belief that its people are the primary source of its sustainable competitive advantage, drives its consistent emphasis on HRD. The performance driven culture is bearing fruit. Employee relations, in keeping with tradition, continued to be cordial during the year. 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 efficiency of the business during the year.

20. 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, the Company allotted 6150 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 13.2.2010 for 4050 shares and vide letter dated 13.4.2010 for 1700 shares and by Central Depository Services Ltd. vide letter dated 4.5.2010 for 400 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 4050 shares allotted under ESOP vide letter dated 19.2.2010 (BSE) and 22.2.2010 (NSE). The particulars with regard to the stock options as on March 31, 2010 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 1 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.

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 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.sebiedifar.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.

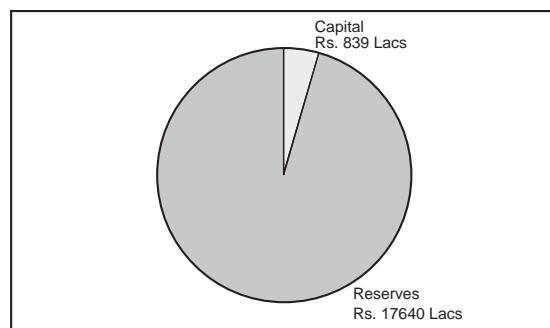
27. AUDIT COMMITTEE:

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.

29. SOURCE OF SHAREHOLDERS' FUNDS EMPLOYED FOR THE YEAR 2009-2010 – CONSOLIDATED



30. 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 globally, 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: July 6, 2010

M.Y. NOORANI
Chairman

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	2,91,000
d.	Options exercised till date	30050 options
e.	The total number of shares arising as a result of exercise of option	30050 shares
f.	Option lapsed	24050 options lapsed
g.	Variation of terms of option as at 31st March 2007	Nil
h.	Money realized by exercise of option	Rs.91,56,014/-
i.	Total number of option in force as on 31st March 2010	2,36,900
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.24B of schedule 17B : notes of the Accounts	Rs.24.72
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. Nil (Previous Year Rs.87.86 lakhs) and consequently profit after tax would have been lower by Rs.Nil (Previous Year Rs.57.60 lakhs) and Basic and Diluted Earning per share would have been lower by Rs. Nil (Previous year Rs. 0.69) per share and Rs. Nil (Previous year Rs. 0.65) per share respectively. 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.
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: July 6, 2010

M. Y. NOORANI
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-2010

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, 2010, 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 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, interalia, 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 2010 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 2010 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	7	Nil
Dr. S. Abid Hussain	Director	Independent & Non Executive	9	6
Mr. M.L. Apte	Director	Independent & Non Executive	9	4
Mr. S.M. Datta	Director	Independent & Non Executive	17	6
Mr. Bernhard Steinruecke	Director	Independent & Non Executive	4	Nil
Mr. Deepak Parekh	Director (Alternate to Dr. Heinrich Dietrich. Dieckmann)	Independent & Non Executive (Including Alternate Directorships)	17	7
Mr. Y.P. Trivedi	Director	Independent & Non Executive	13	6
Mr. S.R. Iyer	Director	Independent & Non Executive	6	6
Dr. Heinrich D. Dieckmann	Director	Independent & Non Executive	Nil	Nil
Mr. A.Y. Noorani	Vice Chairman & Managing Director	Promoter & Executive	12	1
Mr. S.Y. Noorani	Managing Director & President	Promoter & Executive	12	Nil

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

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 2010

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	1,00,000	Nil
Mr. M.L. Apte	2,20,000	Nil
Mr. S.M. Datta	1,20,000	2550
Mr. Bernhard Steinruecke	60000	Nil
Mr. Deepak Parekh	Nil	Nil
* Mr. Y.P. Trivedi	1,60,000	Nil
Mr. S.R. Iyer	2,20,000	Nil
Dr. Heinrich D. Dieckmann	20000	Nil

* Mr. Y. P. Trivedi is a practicing Supreme Court Advocate, who specialises in income tax matters. He is a member of Rajya sabha 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 2010, 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 Note No. 18 (ii) of schdule 17B 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 applications from the following Directors / Employees of the Company exercising options granted to them under the Zodiac Clothing Company Limited - Employees Stock Option Plan – 2006.

ALLOTMENT TO DIRECTORS OF THE COMPANY

Sr No	Name of the Allottee	No of options exercised	Amount received (Rs)
1.	Mr. S.M.Datta	2550	6,51,270

ALLOTMENT TO EMPLOYEES OF THE COMPANY

Sr No	Names of the Allottees	No of options exercised	Amount received (Rs)
1.	Mr. Kumar Subramanian	3200	8,17,280
2.	Mr. Haresh Lalwani	400	1,02,160

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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited in respect of the above 6150 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: 24th June 2009, 29th July 2009, 26th August 2009, 31st October 2009, 27th January 2010 and 23rd March 2010.
- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2010 and during the last Annual General Meeting is as under:

DIRECTORS	No of Board Meetings Attended	Attendance at the last Annual General Meeting
MR. M.Y. NOORANI	6	Yes
DR. S. ABID HUSSAIN	5	No
MR. M.L. APTE	6	Yes
MR. S.M. DATTA	4	Yes
MR. BERNHARD STEINRUECKE	3	Yes
MR. DEEPAK PAREKH	—	No
MR. Y.P. TRIVEDI	4	No
MR. S.R. IYER	6	Yes
DR. HEINRICH D. DIECKMANN	1	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 : May 26, 2010

A. Y. Noorani
Vice Chairman & Managing Director

III. Audit Committee:

(a) Constitution of Audit Committee:

The company has a duly constituted Audit Committee. 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 or related

financial management expertise [viz. Mr. S. R. Iyer and Mr. Y. P. Trivedi]. Mr. S. Chakraborty the Company Secretary has been nominated by the Board as the Secretary to the Audit Committee. At the Annual General Meeting held on 26th August 2009, Mr. S.R. Iyer, Chairman of the Audit Committee was present to answer the queries of the shareholders.

(b) Powers and Role of Audit Committee as per the terms of reference of the Audit Committee are as follows:

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 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 Auditors 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, debenture holders, 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.

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 2010, Five Audit Committee meetings were held on 24th June 2009, 29th July 2009, 31st October 2009, 27th January 2010 and 10th February 2010. 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	5	5
Mr. M.L. Apte – Member	5	5
Mr. Y.P. Trivedi – Member	5	4

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 a compensation committee on 31st October 2006. The scope of the activities of the compensation committee includes the formulation and implementation of Employee Stock Option Plans (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 on 27.1.2010, 4050 shares and on 23.3.2010, 2100 shares to Director / Employees 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 on receipt of confirmation from National Securities Depository Limited vide letter dated February 13, 2010 for 4050 shares and vide letter dated April 13, 2010 for 1700 shares and Central Depository Services (India) Ltd. vide their letter dated 4.5.2010 for 400 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 the above 6150 shares allotted under ESOP.

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.

V. Forex Committee:

The Forex committee was constituted on June 24, 2009 with following members of the board.

Mr. M.Y.Nooran
Mr. A.Y.Nooran
Mr. S.Y.Nooran
Mr. S.M.Datta

VI. Subsidiary Companies:

The Company has five 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)
- (5) Zodiac Properties Limited (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.

VII. 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 of Accounts No. 18 II of Schedule 17 B forming part of the Annual Report.

(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. A total of 4,40,000 Warrants were allotted on preferential basis on 15th January 2008 to certain promoters of the company which were exercisable within a period of 18 months from the date of allotment into an equal number of paid up equity shares subject to the condition that the promoters holding on conversion is within the prescribed limit under SEBI (Substantial Acquisition & Takeover), Regulation (SAST) 1997. Those promoters could not opt for conversion as this would have made their holding cross the limit prescribed under SAST Act 1997. The amount of Rs.17,600,000/- paid by those promoters therefore stood forfeited on 15th July, 2009 i.e. on the expiry of 18 months. The Forfeited Amount has been credited to Capital Reserve Account.

The funds raised through the preferential issue of warrants have been utilized for working capital requirements.

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 No. 18 II of schedule 17 B 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 2010 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 from respective dates of vesting upto 26th December 2010, 2011 and 2012.

viii) Equity shares held by Non-executive directors as on 31st March 2010:

Name of the Non-executive Directors	Equity shares held
Mr. M.Y. Noorani	4,89,570
Mr. S.M. Datta	* 9,100
Mr. Y.P. Trivedi	* 4,550
Mr. S.R. Iyer	# 2,550
Mr. M. L.Apte	# 2,550

* includes 5100 equity shares allotted to Mr. S. M. Datta and 2550 equity shares allotted to 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 material financial and commercial 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 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.

Shares held by Directors as at 31st March 2010 are as under:

SR. NO	NAME OF THE DIRECTOR	NO OF SHARES HELD
1.	MR. M.Y.NOORANI	4,89,570
2.	MR. A.Y.NOORANI	1,40,240
3.	MR. S.Y.NOORANI	1,78,606
4.	MR. S.R. IYER	2,550
5.	MR. S. M. DATTA	9,100
6.	MR. Y. P. TRIVEDI	4,550
7.	MR. M. L. APTE	2,550
TOTAL		8,27,166

VIII. Shareholders:

i) **Appointment/Re-appointment of Directors**

I. Appointment:

Consequent upon return of Dr. Dieckmann to the state of Maharashtra, Mr. Deepak Parekh ceased to be Alternate Director w.e.f. January 26, 2010. However Dr. Dieckmann left Mumbai on January 28, 2010 and expressed his inability to attend future Board Meetings in Mumbai in view of which Mr. Deepak Parekh was appointed as an alternate director to Dr. Dieckmann w.e.f. January 28, 2010. Save and except this, no new directors were appointed during the year ended 31st March 2010. A brief profile of the director is given hereunder for kind perusal of the shareholders.

MR. DEEPAK PAREKH

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. Ltd., Infrastructure Development Finance Co. Ltd., Glaxo Smithkline Pharmaceuticals Ltd., Siemens Ltd., HDFC Asset Management Co.Ltd., HDFC ERGO General Insurance Co. Ltd. and HDFC Standard Life Insurance Co. Ltd. He is a Director of Hindustan Lever Ltd., Castrol India Ltd., Mahindra & Mahindra Ltd., Hindustan Oil Exploration Corporation Ltd., Exide Industries Ltd., The Indian Hotels Co. Ltd., and Lafarge India Pvt. Ltd. He has been a member of several Committees setup 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 Year1996' 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.

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. M.Y.Noorani, Mr. Bernhard Steinruecke and Mr. S.R.Iyer. A brief profile of the directors is given hereunder for kind perusal of the shareholders.

1) Mr. M.Y. Noorani:

a. The details of other directorships of Mr. M.Y. Noorani are as follows:

SR.NO.	NAME OF THE COMPANY	BOARD POSITION HELD
1.	Multiplex Collapsible Tubes Limited	Chairman
2.	Zodiac Private Limited	Chairman
3.	Miraj Marketing Company Pvt. Ltd.	Chairman
4.	Elite Clothing Company Pvt. Ltd.	Chairman
5.	Zodiac (UAE) LLC	Chairman
6.	Zodiac Clothing Co. (UAE) LLC	Chairman
7.	Zodiac Properties Limited	Director

b. The details of committee memberships of Mr. M.Y. Noorani are as follows:

SR.NO.	NAME OF THE COMPANY	COMMITTEE POSITION HELD
1.	Zodiac Clothing Company Ltd.	Shareholders / Investors Grievance Committee Chairman

2) Mr. Bernhard Steinruecke:

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

SR.NO.	NAME OF THE COMPANY	BOARD POSITION HELD
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

3) Mr. S. R. Iyer:

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 Pvt. 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 Pvt. Ltd.	Audit Committee	Chairman

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 2009–10 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:**

Forty complaints were received from the shareholders during the financial year ended 31st March 2010, 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 2009-2010.

IX. a. 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
2006-2007	Tuesday, 25th September 2007	3.00 p.m.	Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Haji Ali, Mumbai - 400 034
2007-2008	Wednesday, 20th August 2008	3.00 p.m.	Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Haji Ali, Mumbai - 400 034
2008-2009	Wednesday 26th August 2009	3.00 p.m.	Nehru Centre Hall of Culture, Dr.Annie Besant Road, Worli, Mumbai 400 018.

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

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

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 passed.

25th Annual General Meeting held on 26th August 2009 : At this meeting no special resolutions were passed.

Special Resolutions whether passed by postal ballot:

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

X) General Shareholders' Information:

a) Annual General Meeting:

DAY & DATE	TIME	VENUE
Tuesday 10 August 2010	10.30 a.m.	Nehru Centre- Hall of culture, Dr. Annie Besant Road, Worli Mumbai 400 018.

Financial Calendar 2010–2011 (tentative) Schedule of the Board Meetings:

First Quarter ending 30th June 2010	:	Before 15th August 2010
Second Quarter ending 30th September 2010	:	Before 15th November 2010
Third Quarter ending 31st December 2010	:	Before 15th February 2011
Fourth Quarter ending 31st March 2011	:	Before end of May 2011

c) Dates of Book Closure:

Tuesday 20th July, 2010 to Thursday 22nd July, 2010. (both days inclusive)

d) Dividend payment date:

Dividend when sanctioned by shareholders will be paid on or after 16th August 2010.

e) Listing on Stock Exchanges:

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

The Bombay Stock Exchange Limited, Piroze 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 2010 -2011.

f) Stock Code/Symbol

The Bombay Stock Exchange Limited : 521163

The National Stock Exchange of India Limited : ZODIACLOTH

ISIN No. : INE206B01013

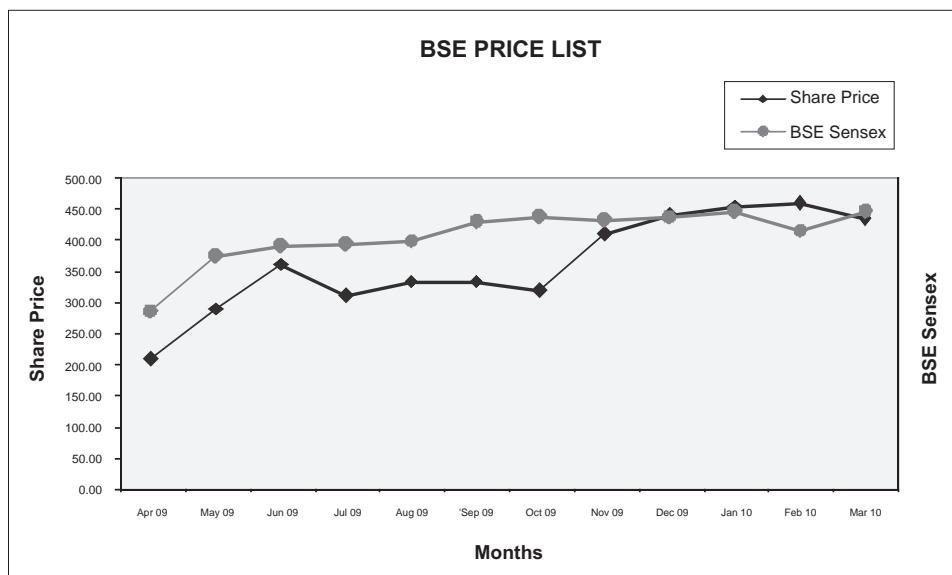
g) Market Price:

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 2009 -2010 are as under:

	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April 2009	208.00	175.05	208.35	172.55
May 2009	290.00	181.10	287.00	171.60
June 2009	361.50	252.10	362.00	252.10
July 2009	310.00	261.40	307.90	262.10
August 2009	334.40	276.60	319.00	278.00
September 2009	318.90	275.55	334.00	282.30
October 2009	318.90	268.00	329.50	269.05
November 2009	410.00	250.20	403.55	259.00
December 2009	440.00	359.30	438.65	369.50
January 2010	455.00	388.00	455.00	391.20
February 2010	458.80	389.00	469.60	381.00
March 2010	434.95	380.35	429.45	385.50

Performance in comparison to broad based indices:

ZODIAC V/S BSE SENSEX



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 2010.

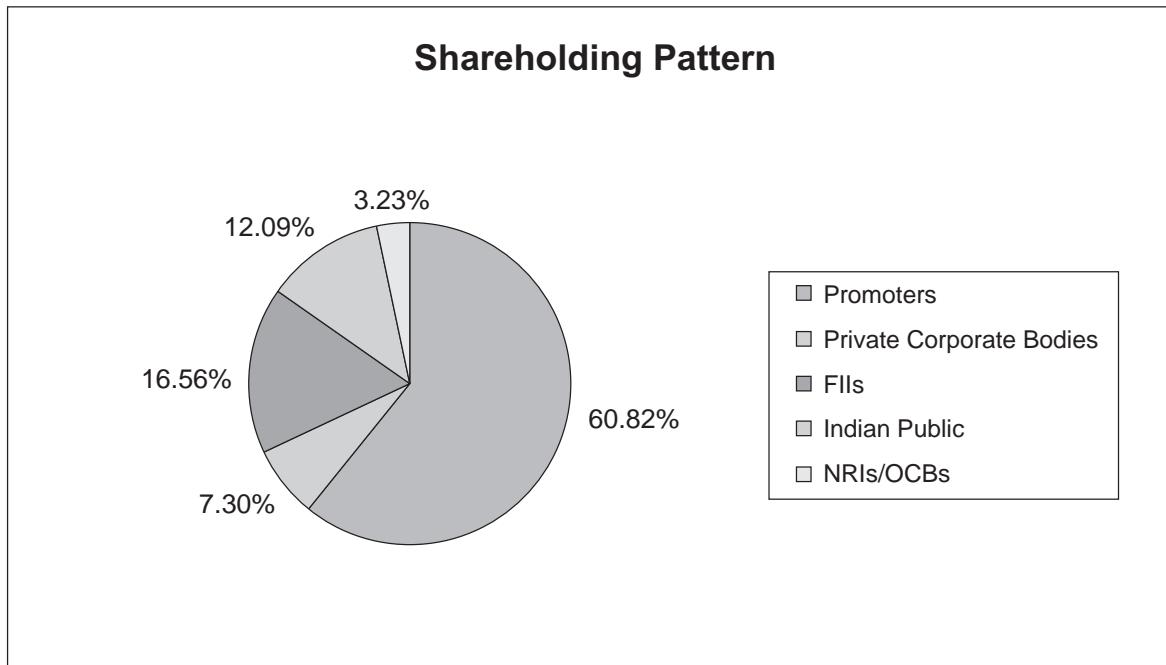
No of equity shares	No. of shareholders	% of No. shareholders	No. of shares held	%
1 – 5000	3302	91.72	414358	4.94
5001 – 10000	125	3.47	99561	1.19
10001 – 20000	72	2.00	110836	1.32
20001 – 30000	25	0.69	62465	0.74
30001 – 40000	12	0.33	42611	0.51
40001 – 50000	12	0.33	55574	0.66
50001 – 100000	22	0.61	152366	1.82
100001 & above	30	0.83	7454905	88.83
	3600	100.00	8392676	100.00

Shareholding Pattern as on 31st March 2010.

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	4	826124	826124	9.84	9.84	
(b) Central Government / State Government (s)	0	0	0	0	0	
(c) Bodies Corporate	3	1030104	1025604	12.27	12.27	
(d) Financial Institutions /Banks	0	0	0	0	0	
(e) Any other (specify)	0	0	0	0	0	
Sub- Total (A) (1)	7	1856228	1851728	22.12	22.12	
(2) Foreign						
(a) Individuals (Non - Resident Individuals / Foreign Individuals)	5	443846	442646	5.29	5.29	
(b) Bodies Corporate	2	2804340	2804340	33.41	33.41	
(c) Institutions	0	0	0	0	0	
(d) Any other (specify)	0	0	0	0	0	
Sub- Total (A) (2)	7	3248186	3246986	38.70	38.70	
Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)						
(B) Public shareholding		14	5104414	5098714	60.82	60.82
(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	1390180	1390180	16.56	16.56	
(g) Foreign Venture Capital Investors	0	0	0	0	0	
(h) Any other (specify)	0	0	0	0	0	
Sub- Total (B) (1)	6	1390180	1390180	16.56	16.56	
(2) Non- Institutions						
(a) Bodies Corporate	199	612525	609125	7.30	7.30	
(b) Individuals -						
i. Individual shareholders holding nominal share capital up to Rs.1 Lakh.	3297	797845	730527	9.51	9.51	
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakhs.	10	215867	182787	2.57	2.57	
(c) Any Others						
i. Non Resident Indians	59	270837	270237	3.23	3.23	
ii. Clearing Members	12	916	916	0.01	0.01	
iii. Trusts	3	92	92	0.00	0.00	
Sub- Total (B) (2)	3580	1898082	1793684	22.62	22.62	
Total Public Shareholding (B)= (B) (1) + (B) (2)						
Total (A) + (B)	3600	8392676	8282578	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)	3600	8392676	8282578	100.00	100.00	

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., Elite Clothing Company Pvt. 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, Zodiac Properties Limited also the firms viz. Metropolitan Trading Company, Mustang Manufacturing Company, Munraz Enterprises, Mashal Enterprises, Montage Corporation.

Shareholding pattern as on 31st March 2010:



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 98.69% of total equity shares of the company are held in dematerialized form with NSDL & CDSL as on 31st March 2010.

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 2009-2010, Company allotted 6150 shares under Employees Stock Option Plan 2006 to the following Director /Employees of the Company after receiving the full consideration on the shares.

Sr. No	Name of the Allottees – Director / Employee	No of options exercised	Amount (Rs)
1.	Mr. S.M. Datta	2550	6,51,270
2.	Mr. Kumar Subramanian	3200	8,17,280
3.	Mr. Haresh Lalwani	400	1,02,160

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, Umbergon, 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 2002.

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) Auditors' certificate on corporate governance

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

r) Mandatory / Non-Mandatory requirements:

During the financial year 2009 - 10, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement. The company will implement Non mandatory requirement as stated in Clause 49 of the Listing agreement at the appropriate time.

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

SR.NO	NAME OF THE COMPANY	BOARD POSITION HELD
1.	Multiplex Collapsible Tubes Limited	Chairman
2.	Zodiac Private Limited	Chairman
3.	Miraj Marketing Company Pvt. Ltd.	Chairman
4.	Elite Clothing Company Pvt. Ltd.	Chairman
5.	Zodiac (UAE) LLC	Chairman
6.	Zodiac Clothing Co. (UAE) LLC	Chairman
7.	Zodiac Properties Limited	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.	Shree cement Ltd.	Director
4.	GVK Industries Ltd.	Director
5.	GVK Power & Infrastrucure Ltd.	Director
6.	GVK Taj Hotels & Resorts Ltd.	Director
7.	Wockhardt Limited	Director
8.	Havel's India Ltd.	Director
9.	Gangavaram Port Limited	Director
COMMITTEE MEMBERSHIPS		
1.	GVK Industries Limited	Audit Committee
2.	GVK Taj Hotels & Resorts Ltd.	Audit Committee
3.	Shree cement Ltd.	Audit Committee
4.	Havel's India Ltd.	Audit Committee
5.	Wockhardt Limited	Audit Committee
6.	Shree cement Ltd.	Shareholders /Investors Grievance committee
		Member

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

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

[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 Investments Managers Ltd.	Chairman
4. BOC India Ltd.	Chairman
5. Tata Trustee Co. Ltd.	Chairman
6. Transport Corpn.of India Ltd.	Chairman
7. Peerless Gen. Fin & Inv. Co. Ltd.	Director
8. Peerless Hospitex Hospital & Research Centre Ltd.	Director
9. Peerless Hotels Ltd.	Director
10. Kansai Nerolac Paints Ltd.	Director
11. Atul Ltd.	Director
12. Bhoruka Power Coprn. Ltd.	Director
13. Deutsche Postbank Home Finance Ltd.	Director
14. Rabo India Finance Ltd.	Director
15. Reach (Cargo movers) Pvt. Ltd.	Chairman
16. Ambit Holdings Pvt. Ltd.	Director
17. Chandras' Chemical Enterprises Pvt. Ltd.	Director

COMMITTEE MEMBERSHIPS

1. Castrol India Ltd.	Shareholders/Investors Grievances Committee	Chairman
2. IL & FS Investments Managers Ltd.	Shareholders/Investors Grievances Committee	Member
3. BOC India Ltd.	Audit Committee	Chairman
4. Transport Corpn.of India Ltd.	Audit Committee	Member
5. Robo India Finance Ltd.	Audit Committee	Member
6. Peerless Gen Fin & Inv Co. Ltd.	Audit 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 Ltd.	Director
4. HDFC Ergo General Insurance Co. Ltd.	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. Hindustan Uniliver Ltd.	Director
9. Mahindra & Mahindra Ltd.	Director
10. Hindustan Oil Exploration Co. Ltd.	Director
11. Castrol India Ltd.	Director
12. The Indian Hotels Co. Ltd.	Director
13. Airport Authority of India	Director
14. Borax Morarji Ltd.	Alternate Director
15. Bharat Bijilee Ltd.	Alternate Director
16. Exide Industries Ltd.	Alternate Director
17. Lafarge India Pvt. Ltd.	Chairman

COMMITTEE MEMBERSHIPS

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. The Indian Hotels Co. Ltd.	Audit Committee	Member
6. Siemens Ltd.	Audit Committee	Member
7. GSK Pharmaceuticals Ltd.	Investor Grievances 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. Birla Power Solution Ltd.	Director
6. Birla Cotsyn (India) Ltd.	Director
7. Emami Ltd.	Director
8. Supreme Industries Ltd.	Director
9. Seksaria Biswan Sugar Factory Ltd.	Director

10. New Consolidated Constn. Co. Ltd.	Director
11. Colosseum Sports & Recreation International (Formerly Known as Ripples Club)	Director
12. Metro Exporters Pvt. Ltd.	Director
13. Monica Travels Pvt. Ltd.	Director

COMMITTEE MEMBERSHIPS

1. Reliance Industries Ltd.	Audit Committee	Chairman
2. Birla Power Solutions Ltd.	Audit Committee	Chairman
3. Reliance Industries Ltd.	Shareholder/ Grievance committee	Member
4. Sai Service Station Ltd.	Audit Committee	Member
5. Seksaria Biswan Sugar Factory Ltd.	Audit Committee	Member
6. New Consolidated Constn. Co. Ltd.	Audit Committee	Member

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

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 Linancing Pvt. Ltd.	Director
6. Writer Lifestyle Pvt. Ltd.	Director

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 Linancing Pvt. Ltd.	Audit Committee	Chairman
6. Writer Lifestyle Pvt. Ltd.	Audit Committee	Chairman

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

NONE

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

1. Multiplex Collapsible Tubes Ltd.	Director
2. Indian Oil Corporation Ltd.	Director
3. Zodiac Private Limited	Director
4. Miraj Marketing Co. Pvt. Ltd.	Director
5. Elite Clothing Company Private Limited	Director
6. Techno Crest Private Limited	Director
7. Zodiac (UAE) LLC	Director
8. Zodiac Clothing Co. (UAE) LLC	Director

9. Euro Global Holdings Pte. Ltd.	Director
10. Aisa Tangible Investments Pte. Ltd.	Director
11. Zodiac Clothing Company INC	Director
12. Zodiac Properties Limited	Director

COMMITTEE MEMBERSHIPS

1. Indian Oil Corporation Ltd.	Shareholders /Investor Grievances Committee	Chairman
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[11] BODIES CORPORATE OF WHICH MR. S.Y.NOORANI IS A CHAIRMAN / DIRECTOR

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

- We have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 of Zodiac Clothing Co. Ltd., and that to the best of our knowledge and information:-
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.
- 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.
- We have indicated to the Auditors and the Audit Committee:-
 - Significant changes in internal control during the year,
 - 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
 - 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 2010.

For Zodiac Clothing Company Limited For Zodiac Clothing Company Limited

Place : Mumbai
Date : May 26, 2010

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

ANEEL SARAFF
(General Manager – Accounts)

MANAGEMENT DISCUSSION AND ANALYSIS

A. OVERVIEW:

India's exports of clothing have declined from USD 10.933 billion in FY 2008-09 to USD 10.644 billion in FY 2009-10. In USD terms the exports declined in each of 9 of the 12 months. Even in INR terms, it declined in each of 6 months of the year. What has been even more significant is that this was on an already low base. In the second half of the previous year i.e. October 08 – March 09, the post-Lehman period, there was a decline each month in Rupee terms and a decline in 5 of the 6 months in USD terms. Needless to say, clothing exports have consistently been falling short of target for the last 3 years.

In the present scenario, where cotton yarn, and consequently fabric prices have risen significantly, the competitiveness of India's exports has eroded considerably, not only of clothing, but also of yarn, fabrics and made-ups.

The clothing industry, unlike the spinning and weaving industries, is not able to pass on the increase in costs to their customers. This is because of competitive pressures, where India's competitor countries are fiercely competing for a share in markets where demand has been affected adversely due to the global economic slow down. Although recession is "officially over", in most of the markets, the economic growth as well as retail sales have not shown any significant upturn in most markets.

With our competitor countries getting fullest co-operation from their respective governments, they are able to grab market share from India. This is partly because India's clothing exporters are still not being fully reimbursed on incidence of taxes (both State and Central) on inputs. The issue of the industry being insulated from service tax on goods intended for export, also remains only partially addressed. Even where service tax has been paid and is eligible for refund, the actual disbursements of refund is largely outstanding.

With the clothing industry being capable of fulfilling the important objectives of the government, i.e. being the second largest generator of employment after agriculture, the industry is an important tool for achieving inclusive growth as well as being able to provide gender sensitive employment. The vitally important role of this sector needs to be acknowledged and needs addressing – immediate action could be either reining in cotton markets by intervention or adequately reimbursing taxes paid on inputs by increasing duty drawback appropriately.

The volatility of the forex rates (Rs.52 to Rs.45 per USD during April '09 to March '10) has not made matters

any easier. Besides, the industry's cost of funds is much higher than that of its competitors.

The TUFS scheme, which seeks to address the needs of the industry somewhat, has also been found wanting. Reimbursement of subvention under this scheme from July 2009, i.e. nearly one year, is still outstanding. The industry's request that the banks be directed to charge net interest to the industry under TUFS has also fallen on deaf ears.

India has slipped to 6th Position in the export of clothing during FY 2008-09 and would perhaps have fallen even lower during 2009-10, judging by reports in the press, of Bangladesh having overtaken India in export of clothing.

The company's design driven International business has ended flat, with average unit value realization as well as profitability having improved, which is creditable in the prevailing situation.

The branded business in India, which had been severely impacted by the fall in consumer demand during FY2008-09 continued to witness demand constraint until June 09. From July 09 onwards, the industry has witnessed two phenomena – i.e.

- (a) The economy segment - the bottom of the pyramid, has been growing modestly, almost consistently, since July, and,
- (b) The premium segment, in which the growth has been sporadic/erratic with some months showing handsome gains and other months continuing to show lack of the feel good factor. The target consumer for this segment has the money, but due to the lack of the feel good factor, prioritising of expenses on big ticket items, as well as discounting by brands in this segment that were in distress, have all resulted in a flat to modest growth for brands that had not been discounted. The brands that were discounted have shown a slightly higher increase in their turnover, but have incurred losses again in FY 2009-10.

ZCCL, without discounting, has ended the year with a modest increase in turnover and a more than pro rata increase in branded margins.

B. INDUSTRY STRUCTURE AND DEVELOPMENT:

India, which is the second largest producer of cotton presently, offers an opportunity for robust growth, given the right policies. The index of industrial production is

indicative of this potential. It is an established trend that when demand is adversely affected, textiles and clothing are the first to feel the decline. When consumer demand revives, textiles and clothing are among the last to reap the benefits of the rise in demand. Given the low base due to the decline in consumer demand both in India as well as for exports from India, one can look forward to healthy growth as the country's as well as the global economies recover.

There are reports in the press of the strong likelihood of a Bilateral/Free Trade Agreement between the EU and India before the end of 2010. This should prove to be a major source of strength for India's clothing industry, were the industry's products be eligible for tariff elimination under the agreement. While the insistence of the EU to include some extraneous elements in the agreement is holding up its finalisation, negotiators from both sides seem to be confident that the negotiations will be concluded expeditiously and the agreement signed during the October 2010 Summit or by December 2010 in any case. Talks on a similar agreement with Japan are also progressing well.

C. OPPORTUNITIES & THREATS:

Opportunities:

With India continuing to be one of the very few countries that has a complete textile chain from fibre to clothing, harvesting the potential this offers is something that needs to be focused upon by the industry and the government acting in tandem.

While the industry sharpens quality, productivity, innovation, the skills of its work force and leverages long standing relationships the industry enjoys with major global players, the government would be closer to fulfilling its agenda of inclusive growth, generating gender sensitive employment and speeding up the processes of globalisation of the industry, were it to partner the industry by addressing their problems in gaining market share (enhancement of Duty Drawback to adequately reimburse taxes including State levies, further extension of the tenure of the Market Focus Scheme, total exemption from payment of service tax and clearing backlog of pending service tax refunds, 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, besides introduction of the concept of a R&D Fund, and fast track signing of bilateral/multilateral 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. There is an opportunity with Eastern Europe's Clothing Industry rapidly losing market share.

The US market seems to have achieved a turn around which is an opportunity India must use (given the pressure on the Chinese to allow the Yuan to appreciate to its realistic level) to achieve a quantum leap in its trade in clothing with the US, both by regaining lost market share as well as by capturing further market share.

Should these conditions be in place, as outlined, the company could benefit considerably.

The branded business continues to hold great promise – with signs of revival of consumer demand and the strength of the Zodiac/ZODI/z3 brands, with the product quality and fashion content being of the best global standards and with the company's infrastructure of company run stores being strengthened, besides its strong linkages with national chains and independent retailers, one looks forward to harvesting the opportunities that seem to be evolving.

Threats:

With India's exports of clothing having declined and its market share having been eroded, as explained earlier, the situation needs to be addressed on a war footing. The bargaining power of international customers of the clothing industry has strengthened considerably by virtue of the activities of India's competitor nations, with timely help of their (competitors') respective governments. The appreciation of the Rupee vis-à-vis the USD as well as against the Euro/Sterling and other currencies poses a major challenge. Though the Euro crisis has resulted in the rupee weakening from its highs of the last few months, this crisis has also brought about serious volatility in the forex markets and the fear of contraction of demand in the EU as a result of deficit reduction measures there. The other cost disabilities of the industry have also been referred to in some detail.

The possibility of a prolonged contraction in demand due to the economic malaise in the EU denies the possibility of any credible forecasting of a recovery, although some strong countries like Germany, and to a lesser extent France, are showing an unmistakable turnaround. However, their respective governments need to stimulate demand within their countries.

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. The Geographical Segment is as below:

Year Ended 31st March 2010			
(Rs. in Lakhs)			
	India	Rest of the World	Total
Segment Revenue	13382	14802	28244
Carrying Cost of Segment Asset	19752	1499	21251
Addition to Fixed Assets	687	—	687

E. OUTLOOK

Despite the sporadic pattern of sales during the different months of the year, the Company firmly believes that the return to sustained growth is palpable and consequently continues to vigorously pursue its target of profitable growth (increasing the retail presence being a vital ingredient of this target), with financial discipline, cost control and global sourcing.

The design driven international business, though profitable, can show further growth as well were the cost disabilities addressed, especially with China under pressure to de-peg the Yuan from the Dollar and Vietnam needing to follow suit.

F. 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.

Vocational training of the surge of new entrants to the work force is vital – both to reduce the impact of higher wage costs and enhancement of productivity, for which skills need to be sharpened as well as for providing skills to the “demographic dividend”, who can contribute to surge in demand only if they are able to be productively employed and thereby contribute to increasing the size of the market, were they to have sufficient amount available for discretionary spending. Industrialisation and globalisation would then really propel both the employment generation as well as the spending power.

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.

G. 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.

H. COMPANY'S FINANCIAL PERFORMANCE

	(Rupees in Lakhs)	
	2009-10	2008-09
Sales & other Income	28,725	28,605
Profit Before Taxation	3,280	2,392
Provision for Taxation		
Current Tax	1,140	824
Wealth Tax	4	3
Deferred Tax	7	14
Fringe Benefits Tax	—	37
Profit After Taxation	2,129	1,514
Short Provision for Taxation	24	1
Profit for the Year	2,105	1,513
Balance of Profit Brought forward	7,146	6,496
Profit Available for Appropriation	9,251	8,009
Appropriations		
Transfer to General Reserve	225*	225
Proposed Final Dividend	587*	545
Tax on Proposed Final Dividend	100*	93
Balance Carried Forward	8,339*	7146
Total	9251	8009

* subject to approval of the Members.

Turnover & Profits:

Your Directors wish to inform you that during the financial year ended 31st March 2010, the turnover of the company was flat from Rs.26,670 lakhs in the previous year to Rs.26,665, lakhs. The net profit before

tax stood at Rs.3280 lakhs as against Rs.2,392 lakhs in the previous year. The net profit after tax for financial year ended 31st March, 2010, stood at Rs.2,105 lakhs as against Rs.1,513 lakhs in the previous financial year.

The interest cost is 0.45% of revenue which, when compared to most other companies among the listed entities, is significantly lower.

During the year:

- The company amended its insider trading code in compliance with SEBI amendment in its (Provision for Insider Trading) Regulations 1992.
- The Board has recommended a dividend (subject to approval of shareholders) of 70% for the year 2009-10.
- The company's paid up capital has been increased to Rs.839,26,760/- on allotment of 6150 shares to eligible Directors and Employees towards the Company's ESOP Scheme 2006.
- During the year, ICRA (an associate of Moody's Investor Service) has reaffirmed the Company's rating of A1 + for its short term fund based/non fund based facilities, which have been enhanced from Rs.45.25 crore to Rs.51.5 crore. The company has also been assigned an A1 + rating for its issue of commercial paper for Rs.20 crore.

A1 is the highest credit quality rating assigned by ICRA to short term debt instruments, which carry the lowest credit risk in the short term. Within this category, certain instruments are assigned the rating of A1 + to reflect their relatively stronger credit quality.

- Zodiac Clothing Company (UAE) LLC, our step-down subsidiary incorporated a wholly- owned subsidiary, viz. Zodiac Properties Limited, at Dubai, an SVP to acquire a property for the U.K. operations of the company.
- The company opened 8 new stores during the year, renovated 3 stores and closed down 4 unviable stores. The number of Company run stores now stands at 72.
- During the year, the Board constituted a Forex Sub- Committee, chaired by Mr. S.M. Datta, for guiding the Forex policy and its implementation during the period of extreme volatility. The Forex Sub- Committee comprises the following members:

Mr. M.Y. Noorani

Mr. A.Y. Noorani

Mr. S.Y. Noorani

Mr. S.M. Datta

Mr. Rajwade of M/s. A. Rajwade & Associates as the Advisor to the Committee.

- The Government notified its intent to acquire a part of the company's land and building of its factory located on National Highway 7, Bangalore. We appealed against this acquisition, as it would have meant the dismembering and closing down of the plant. With grateful thanks we acknowledge the empathy and sensitivity of the Government for having modified their intended acquisition plan whereby the company's factory building would not be affected.

Bonus Shares

The Board of directors have recommended a bonus issue in the ratio of one share for every two shares held, subject to the shareholders' approval.

I. 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 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 third vesting date of the Option was 27th December 2009, which entitled employees/Directors to exercise balance of the Option to purchase shares in one or more tranches within a period of three years.

J. 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 connection and other factors such as litigation and industrial relations in India, trade agreements, especially between the EU & the U.S. and India.

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, 2010, 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, 2010, 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
(Registration No.117366W)

MUMBAI,
May 26, 2010

R. Laxminarayan
Partner
Membership No: 33023



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AUDITORS' REPORT

TO THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED

1. We have audited the attached Balance Sheet of Zodiac Clothing Company Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give 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:
 - (i) 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;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
5. (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Mumbai, Partner
Dated: 26th May, 2010 Membership No: 33023

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's activities clauses (xiii), and (xiv) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (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 inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (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 were 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 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 had granted an unsecured loan aggregating Rs. 257,581,761/- to a company in an earlier year. At the year-end, the outstanding balance of such loan aggregated Rs. 221,317,656 /- and the maximum amount involved during the year was Rs. 257,581,761/- (excluding interest).
 - (b) The rate of interest and other terms and conditions of such loan are in our opinion, *prima facie* not prejudicial to the interest of the Company.
 - (c) The receipts of principal amounts and interest have been regular/as per stipulations.
 - (d) With regard to the aforesaid loan, there are no overdue amounts.
- (e) The Company has not taken any loans, secured or unsecured from 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 with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register, maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit 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.
- (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) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed 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 material statutory dues applicable to it with the appropriate authorities.
- (b) There were 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 and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, and Cess, which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of the Dues	Forum where dispute is pending	Amount in Rupees	Period to which the Amount relates
Income Tax Act, 1961	Income-tax	Income Tax Appellate Tribunal, Mumbai	782,443	A.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes – Ernakulam	190,369	F.Y. 2001-02
The Kerala General Sales Tax Act, 1963	Sales Tax	Deputy Commissioner (Appeals) of Commercial Taxes – Ernakulam	199,530	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	689,936	F.Y. 2002-03
The West Bengal Sales Tax Act, 1994	Sales Tax and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	95,105	F.Y. 2003-04
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	604,159	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Assistant Commissioner of Commercial Taxes, Kolkata	709,091	F.Y. 2003-04
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	379,398	F.Y. 2002-03
The Bombay Sales Tax Act, 1959	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	141,015	F.Y. 2002-03
The Central Sales Tax Act, 1956	Sales Tax, Interest and Penalty	Joint Commissioner of Sales Tax Appeal (II), Mumbai	61,726	F.Y. 2002-03
Total			3,852,772	

(xi) The Company has no accumulated losses as at 31st March, 2010 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) In our opinion and 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) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xvii) According to the information and explanations given to us, 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.

(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) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Mumbai,
Dated: May 26, 2010
Membership No: 33023

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2009 Rupees
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS -				
(a) Capital	1	83,926,760	83,865,260	
(b) Share Warrants (Refer Note No (B) 4 Of Schedule 17)		-	17,600,000	
(c) Reserves and Surplus	2	<u>1,314,552,893</u>	<u>1,093,142,943</u>	
		1,398,479,653		1,194,608,203
2. LOAN FUNDS :				
Secured Loans	3	320,702,584		246,061,311
3. DEFERRED TAX LIABILITY (Net)		<u>18,677,870</u>		<u>17,949,102</u>
TOTAL		<u>1,737,860,107</u>		<u>1,458,618,616</u>
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS -	4			
(a) Gross Block		774,888,405	710,536,647	
(b) Less : Depreciation		<u>269,486,122</u>	<u>224,684,700</u>	
(c) Net Block		505,402,283	485,851,947	
(d) Capital Work-in-Progress		<u>90,686,989</u>	<u>33,962,342</u>	
		596,089,272		519,814,289
2. INVESTMENTS -	5		128,737,974	128,737,974
3. CURRENT ASSETS, LOANS AND ADVANCES -				
(a) Inventories	6	499,598,429	468,247,402	
(b) Sundry Debtors	7	221,445,770	219,258,855	
(c) Cash and Bank Balances	8	207,082,628	104,795,488	
(d) Loans and Advances	9	<u>472,161,570</u>	<u>474,958,255</u>	
		1,400,288,397		1,267,260,000
LESS : CURRENT LIABILITIES AND PROVISIONS -				
(a) Liabilities	10	308,844,738	380,509,620	
(b) Provisions	11	<u>78,410,798</u>	<u>76,684,027</u>	
		387,255,536	457,193,647	
NET CURRENT ASSETS		<u>1,013,032,861</u>		<u>810,066,353</u>
TOTAL		<u>1,737,860,107</u>		<u>1,458,618,616</u>
Significant Accounting Policies and Notes to Accounts	17			

In terms of our report attached
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: May 26th, 2010

S. CHAKRABORTY
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales		2,666,457,005	2,667,009,829
Other Income	12	206,064,277	193,489,435
Increase in Stocks	13	31,550,533	18,699,476
		2,904,071,815	2,879,198,740
EXPENDITURE			
Raw Materials Consumed (Includes Goods Lost by Fire Rs.Nil (Previous Year Rs 877,854/-)		743,067,384	777,777,918
Purchase of Trading Materials		229,700,751	169,950,751
Operation and Other Expenses	14	1,108,128,020	1,206,867,415
Payments to and Provision for Employees	15	424,914,008	418,760,680
Finance Charges	16	23,943,582	23,699,161
Depreciation/Amortisation		46,024,238	41,497,226
Prior period expenses(net)		341,172	1,399,218
		2,576,119,155	2,639,952,369
PROFIT BEFORE TAXATION			
Provision for Taxation		327,952,660	239,246,371
Current Tax	114,000,000	82,400,000	
Wealth Tax	360,000	300,000	
Deferred Tax Charge (credit)	728,768	1,410,447	
Fringe Benefit Tax	—	3,763,370	
		115,088,768	87,873,817
PROFIT AFTER TAXATION			
Short Provision for Income Tax of earlier years		212,863,892	151,372,554
PROFIT FOR THE YEAR		2,374,843	70,860
Brought Forward from Previous Year		210,489,049	151,301,694
		714,606,182	649,583,919
PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION			
APPROPRIATIONS			
Dividend for the previous year	465	2,244	
Proposed Dividend	58,748,732	54,512,419	
Corporate Dividend Tax thereon	9,984,427	9,264,768	
Transfer To General Reserve	22,500,000	22,500,000	
		91,233,624	86,279,431
Surplus carried to Balance Sheet		833,861,607	714,606,182
		925,095,231	800,885,613
Basic Earnings per Share (Face value Rs 10/- per share)		25.10	18.04
Diluted Earnings per Share (Face value Rs 10/- per share)		24.72	17.14
(Refer Note No.(B) 22 of Schedule No 17)			
Significant Accounting Policies and Notes to Accounts	17		

In terms of our report attached
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: May 26th, 2010

S. CHAKRABORTY
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	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>
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ISSUED AND SUBSCRIBED -

8,392,676 (Previous Year 8,386,526)		
Equity Shares of Rs.10/- each fully paid up	83,926,760	83,865,260

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;
 - ii) 4,181,313 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of share premium account; and
 - iii) 30,050 Shares (Previous Year 23,900) 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)

TOTAL	<u>83,926,760</u>	<u>83,865,260</u>
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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE NO. 2		
RESERVES AND SURPLUS :		
Amalgamation Reserve Account		
As per last Balance Sheet	816,433	773,231
Add: Adjustment in respect of shares received on amalgamation	—	43,202
	<u>816,433</u>	<u>816,433</u>
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
Add: Share warrants forfeited during the year (Refer Note (B) 4 of Schedule 17)	<u>17,600,000</u>	<u>—</u>
	<u>17,629,958</u>	<u>29,958</u>
Share Premium Account		
As per last Balance Sheet	274,309,517	274,235,897
Add: Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	<u>1,509,210</u>	<u>73,620</u>
	<u>275,818,727</u>	<u>274,309,517</u>
General Reserve Account		
As per last Balance Sheet	162,775,602	140,275,602
Add: Transfer from Profit and Loss account	<u>22,500,000</u>	<u>22,500,000</u>
	<u>185,275,602</u>	<u>162,775,602</u>
Hedging Reserve Account		
Unrecognised gain/(losses) on cash flow hedges - net (Refer Note No. (B) 20 of Schedule No 17)	(433,784)	(60,979,099)
Surplus in Profit & Loss Account	<u>833,861,607</u>	<u>714,606,182</u>
TOTAL	<u>1,314,552,893</u>	<u>1,093,142,943</u>

SCHEME NO. 3

SECURED LOANS:

Loans and Advances from Banks:

Working capital facilities *	304,736,821	227,086,451
Term Loan **	15,880,239	18,082,380
Interest accrued and due on above	85,524	892,480

[*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	<u>320,702,584</u>	<u>246,061,311</u>
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SCHEMES TO BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULES 4

FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			As at Mar 31, 2010	As at Mar 31, 2009	As at Mar 31, 2010	As at Mar 31, 2009
	As at April 1, 2009	Additions Deductions/ Adjustments	As at Mar 31, 2010	As at April 1, 2009	For the year	Deductions/ Adjustments				
INTANGIBLE ASSETS - ACQUIRED										
Goodwill	15,699,501	—	—	15,699,501	15,691,952	1,887	—	15,693,839	—	5,662
Software	7,013,668	231,706	—	7,245,374	2,095,621	1,215,004	—	3,310,625	3,934,749	4,918,047
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	349,624	19,748	—	369,372	1,436,218	1,455,966
Building	71,608,485	292,600	—	71,901,085	20,652,757	2,056,027	—	22,708,784	49,192,301	50,955,728
Lease hold Improvement	84,536,914	15,793,403	4,177,049	96,153,268	28,862,806	11,953,771	1,273,878	39,542,699	56,610,569	55,674,108
Furniture & Fixtures	133,995,319	17,480,526	—	151,475,845	29,676,776	8,540,799	—	38,217,575	113,258,270	104,318,543
Machinery	241,164,443	19,906,278	—	261,070,721	73,092,096	13,863,171	—	86,955,267	174,115,454	168,072,347
Vehicles	24,950,914	8,910,589	—	33,861,503	7,061,168	2,506,503	—	9,567,671	24,293,832	17,889,746
Computer	32,651,827	1,653,492	—	34,305,319	23,399,135	3,044,688	—	26,443,823	7,861,496	9,252,692
Office Equipment/Electrical Installation	54,560,215	4,385,565	125,352	58,820,428	23,802,765	2,885,680	11,978	26,676,467	32,143,961	30,757,450
TOTAL	710,536,647	68,654,159	4,302,401	774,888,405	224,684,700	46,087,278	1,285,856	269,486,122	505,402,283	
Previous Year	586,909,847	130,098,114	6,471,314	710,536,047	184,572,775	41,869,332	1,757,407	224,684,700		485,851,947
Capital Work in Progress									90,686,989	33,962,342
Total									596,089,272	519,814,289

Note:

1. Depreciation for the year includes prior year depreciation of Rs.63,040/- (Previous Year Rs.372,105/-).
2. Machinery costing Rs.72,003,595/- (Previous Year Rs.57,807,542/-) are hypothecated against Term Loan sanctioned.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE NO. 5		
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 Equity Shares of Rs.1/- each of Hindalco Industries Ltd.	43,202	43,202
54 Equity Shares of Rs.2/- each of Coramandel Fertilizer Ltd.	5,203	5,203
7 Equity Shares of Rs.10/- each of Exide Industries Ltd.	210	210
	102,146,974	102,146,974
(B) 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
	26,591,000	26,591,000
TOTAL		
	128,737,974	128,737,974

Notes

1) Aggregate Value of Quoted Investments	Book Value	102,146,974	102,146,974
	Market Value	401,216,884	100,536,469
2) Aggregate Value of Unquoted Investments	Book Value	26,591,000	26,591,000

SCHEDULE NO. 6

INVENTORIES :

(At Cost or Net Realisable Value whichever is lower)

Stores and Spare parts	5,987,521	5,658,971
Raw Materials	155,966,799	146,094,512
Packing Materials & Accessories	42,315,156	47,724,405
Finished Goods	253,360,652	223,395,934
Work-in-Progress	24,248,194	22,662,379
Materials in Transit	17,720,107	22,711,201
TOTAL	499,598,429	468,247,402

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE NO. 7		
SUNDRY DEBTORS : (Unsecured)		
(a) Debts outstanding for a period exceeding six months:		
Considered Good	5,992,920	2,849,076
Considered Doubtful	15,933,028	14,477,490
	<hr/>	<hr/>
Less: Provision For Doubtful Debts	21,925,948	17,326,566
	<hr/>	<hr/>
	15,933,028	14,477,490
	<hr/>	<hr/>
	5,992,920	2,849,076
(b) Other Debts:		
Considered Good	215,452,850	216,409,779
	<hr/>	<hr/>
	221,445,770	219,258,855
	<hr/>	<hr/>

Debtors include:

i) Due from a Firm in which some of the Directors of the Company are Partners:		
Mashal Enterprises	—	349,408

SCHEDULE NO. 8

CASH AND BANK BALANCES:

Cash on hand	1,391,582	858,799
Remittances in Transit	6,704,444	6,404,241
Bank Balances		
With Scheduled Banks:		
On Current Accounts	35,371,250	5,953,890
On Unpaid Dividend Accounts	986,118	1,081,322
On Fixed Deposit	<hr/>	<hr/>
	162,629,234	90,497,236
TOTAL	207,082,628	104,795,488
	<hr/>	<hr/>

SCHEDULE NO. 9

LOANS AND ADVANCES :

(Unsecured, Considered good unless otherwise specified)		
Loans and Advances to a Subsidiary	221,317,656	258,943,518
Advance Payment of Income-tax etc.	64,036,071	62,657,553
(Net of provision for income tax Rs.114,360,000)		
Previous Year: Rs.86,463,370)		
Deposit With Various Government and other Authorities	10,951,146	4,793,520
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good	175,856,697	148,563,664
Unsecured - considered doubtful	<hr/>	<hr/>
	1,629,013	481,222
	<hr/>	<hr/>
	177,485,710	149,044,886
Less : Provision for Doubtful Advances	<hr/>	<hr/>
	1,629,013	481,222
	<hr/>	<hr/>
	175,856,697	148,563,664
TOTAL	472,161,570	474,958,255
	<hr/>	<hr/>

Loans and Advances include:

i) Due from Firms in which some of the Directors of the Company are Partners:		
Metropolitan Trading Co.	16,929,120	17,025,164
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	257,581,761	221,317,656
	<hr/>	<hr/>
	221,317,656	275,884,586
	<hr/>	<hr/>
	258,943,518	258,943,518

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE NO. 10		
CURRENT LIABILITIES:		
Advances and Deposits from Customers	7,262,963	5,003,002
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	160,800,196	155,822,350
Dues to Subsidiaries	2,265,215	—
Unclaimed Dividend*	901,411	996,015
Book Overdraft with Bank	—	7,485,936
Other Liabilities	137,409,470	211,202,317
Interest Accrued but not due on loans	205,483	—
TOTAL	308,844,738	380,509,620

* 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	58,748,732	54,512,419
Corporate Dividend Tax	9,984,348	9,264,386
For Leave Liability	9,677,718	8,385,154
For Gratuity	—	4,522,068
TOTAL	78,410,798	76,684,027

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rupees	Previous Year Rupees
SCHEDULE NO. 12		
OTHER INCOME :		
Export Benefits and Entitlements	85,724,998	88,071,834
Exchange Fluctuation Gain (Net)	1,418,787	—
Commission Income [T.D.S Rs.11368/- (Previous Year: Rs 4,178/-)]	130,811	40,552
Interest on ICDs ,Fixed Deposits etc. (T.D.S. Rs.5,520,589 (Previous Year: Rs.5,410,632/-)	37,561,375	24,424,496
Dividends - Current Investments	178	3,002,622
Dividends - Long Term Investments	1,994	2,512,084
Profit on Sale of Current Investments	—	1,226,970
Rent [T.D.S Rs.184,888 (Previous Year: Rs.231,028/-)	1,067,150	1,078,960
Royalty Received [T.D.S Rs.1,670,167 (Previous Year: 1,971,409/-)	16,809,759	17,316,504
Recovery of Freight & Insurance on sales	46,541,791	34,248,401
Sundry Receipts	6,224,674	9,838,966
Excess provision for expenses written back	6,706,742	5,296,343
Sundry Credit Balances Written Back	3,876,018	6,431,703
TOTAL	206,064,277	193,489,435

SCHEDULE NO. 13

INCREASE IN STOCKS :

Opening 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
Closing Stock			
Finished Goods*	253,360,652	223,395,934	
Work-in-Progress	<u>24,248,194</u>	<u>22,662,379</u>	
	277,608,846		246,058,313
TOTAL	31,550,533		18,699,476

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE NO. 14	Current Year Rupees	Previous Year Rupees
OPERATION AND OTHER EXPENSES:		
Consumption of Packing Materials & Accessories (Includes Goods Lost By Fire Rs Nil) (Previous Year Rs.4,706,444/)	220,502,193	210,324,703
Consumption of Stores and Spare parts	7,540,721	8,747,229
Consumables For Printing/Embroidery/Washing	39,162,716	29,775,831
Power, Fuel and Oil	20,279,299	22,062,206
Labour Charges	80,677,374	67,803,405
Repairs to Buildings	1,861,763	3,608,305
Repairs to Machinery	5,056,807	3,703,596
Repairs to Others	8,207,885	8,799,171
Retail Store maintenance expenses	21,650,790	17,878,158
Insurance	6,139,142	3,630,508
Rates and Taxes	7,666,832	7,503,050
Security Charges	5,909,586	6,164,656
Rent	193,544,934	170,245,532
Printing & Stationery	6,171,025	6,836,983
Bad and doubtful debts written off	309,924	2,385,688
Provision for doubtful debts	1,455,538	2,040,751
Provision for doubtful Advances	1,147,791	—
Travelling & Conveyance Expenses	28,812,031	29,046,797
Postage, Telegrams and Telephones	15,804,890	17,591,680
Advertisement and Sales Promotion Expenses	156,966,203	165,307,854
Miscellaneous Expenses	4,172,962	3,544,784
Electricity	24,083,680	24,483,695
Donation	12,716,730	8,387,926
Trade Mark Fees	14,627,971	14,769,600
Loss On Sale Of Fixed Assets	—	842,627
Commission, Discount and Rebates	103,786,788	118,028,796
Freight Outward	98,696,281	87,510,880
Legal and Professional Charges	15,715,296	17,276,882
Assets Discarded Written off	3,016,543	3,040,173
Directors' Sitting fees	900,000	940,000
Sundry Balances written off	309,137	609,398
Exchange Fluctuation Loss (Net) [after adjusting exchange gain on redemption of Preference Shares by a foreign Subsidiary	—	142,966,871
Rs Nil (Previous Year Rs.4,861,478/-)]	—	142,966,871
Auditors' Remuneration :- *	—	—
(including service tax where applicable)	—	—
Audit Fees	900,000	900,000
In other capacity for Certification	200,000	—
Reimbursement of expenses	21,888	16,980
Service Tax	113,300	92,700
*Excludes payment of Rs.3.31 lacs (Previous Year Rs.5.28 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.	1,235,188	1,009,680
TOTAL	1,108,128,020	1,206,867,415

SCHEMES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE NO. 15	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
PAYMENTS TO AND PROVISION FOR EMPLOYEES :				
Salaries, Wages and Bonus		371,525,430		362,033,136
Contribution to Provident and other funds		46,033,789		50,075,565
Labour and Staff Welfare Expenses		7,354,789		6,651,979
TOTAL		<u>424,914,008</u>		<u>418,760,680</u>

SCHEDULE NO. 16

FINANCE CHARGES :

Interest – on working capital facilities from banks"	10,874,661	10,935,310
– on term loans from banks	777,085	919,731
– on others	232,996	–
Bank Charges	12,058,840	11,844,120
TOTAL	<u>23,943,582</u>	<u>23,699,161</u>

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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.

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.

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 offered 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 carried out as at the year end.

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.

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

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 straight line 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.6,621,567/- (Previous year: Rs.6,421,567/-).
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: Rs.13,073,806/- (Previous year: Rs.11,164,129/-).
- c) Foreign bills/Letters of Credit discounted with Bank: Rs26,689,108/- (Previous year Rs.5,093,714/-)
- d) Disputed demand not provided for in respect of:

		Current year	Previous Year
		Rupees	Rupees
1)	Income Tax (amount paid under protest Rs.26,078,952/-) (Previous Year Rs 24,766,099/-)	27,484,073	31,896,473
2)	Sales Tax (amount paid under protest Rs.6,416,870/-) (Previous Year Rs 138,709/-)	10,441,872	2,626,899
3)	Apparel Export Promotion Council for non fulfillment of export obligation against duty free imports	2,980,050	2,980,050
e)	Claims against the Company not acknowledged as debts: Rs.1,066,310/- (Previous year Rs.8,204,270/-)		
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 20,608,069/- (Previous Year Rs 7,821,806/-)
- 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

A total of 4,40,000 Warrants were allotted on preferential basis on 15th January 2008 to certain promoters of the company which were exercisable within a period of 18 months from the date of allotment into an equal number of paid up equity shares subject to the condition that the promoters holding on

conversion is within the prescribed limit under SEBI (Substantial Acquisition & Takeover), Regulation (SAST) 1997. Those promoters could not opt for conversion as this would have made their holding cross the limit prescribed under SAST Act 1997, The amount of Rs 17,600,000/- paid by those promoters therefore stood forfeited on 15th July, 2009 i.e. on the expiry of 18 months. The forfeited amount has been credited to Capital Reserve Account.

The funds raised through the Preferential issue of warrants have been utilized for working capital requirements.

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.1,665,087/- (Previous Year Rs.1,010,247/-)

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 Treasury Advantage Plan	84,733	850,000	–	–
HDFC Liquid Fund Dividend Reinvestment	–	–	17,940,479	179,969,916
Birla Dynamic Bond Fund –QRTLY Dividend-Reinvestment	–	–	37,640	396,184

7) Operating Leases:

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.193,544,934/- (Previous Year Rs.170,245,532/-).
- c) The future minimum lease payments under non-cancellable operating lease :
 - (i) not later than one year is Rs.41,648,201 (Previous Year Rs.28,750,406/-);
 - (ii) later than one year and not later than five years is Rs.6,702,612/- (Previous Year Rs.9,629,860/-) 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.1,067,150/- (Previous Year Rs.1,078,960/-)

c) Premises given on licence basis:

Gross Carrying amount Rs.6,967,650/- (Previous Year Rs 8,793,810/-)

Accumulated Depreciation Rs.795,330/- (Previous Year Rs 876,922/-)

Depreciation for the year Rs.113,574/- (Previous Year Rs 143,340/-)

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)
Garment & Accessories	Pcs	N. A.	6,182,000	612,091	185,140,618	4,277,474	4,239,316	2,304,387,689	650,249	203,346,050
Previous Year	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

* Includes 821,408 Pcs (Previous Year 1,050,965 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.)
		Quantity	Value (Rs.)	
a) Yarn	Kgs	19,544	6,396,728	(16,152) (5,351,235)
b) Fabric	Meter	6,012,664	736,670,657	(6,053,628) (772,426,683)
TOTAL		743,067,385		(777,777,918)

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	274,844 (168232)	38,255,316 (34,796,443)	945,388 (808,688)	82,344,472 (78,980,064)	843,871 (702,076)	188,651,229 (195,669,557)	376,361 (274,844)	50,014,602 (38,255,316)
Accessories		Nil (Nil)	Nil (Nil)	N.A. (N.A.)	32,521,188 (33,368,231)	N.A. (N.A.)	34,801,947 (35,450,947)	Nil (Nil)	Nil (Nil)
Fabrics	Meter	Nil (Nil)	Nil (Nil)	1,139,537 (599,244)	114,835,091 (57,602,456)	1,139,537* (599,244)	135,282,355 (69,845,297)	Nil (Nil)	Nil (Nil)

(*) Net of sale of leftover fabrics 76,148 meters for Rs.3,333,785/- (Previous Year 50,827 meters for Rs.3,004,515/-).

11) **CIF Value of Imports:**

	Current Year Rupees	Previous Year Rupees
(i) Raw Materials (includes accessories)	319,960,950	331,268,089
(ii) Stores & Spares	239,862	1,815,011
(iii) Capital Goods	2,485,013	7,627,703
(iv) Traded Goods	46,642,228	37,737,069

12) Value of Raw Materials Consumption:

	Current Year		Previous Year	
	Rupees	%	Rupees	%
Imported	270,771,866	36.44	281,231,297	36.16
Indigenous	472,295,518	63.56	496,546,621	63.84
Total	743,067,384	100	777,777,918	100

13) Value of Stores & Spares Consumption:

	Current Year		Previous Year	
	Rupees	%	Rupees	%
Imported	801,266	10.63%	2,133,324	24.39
Indigenous	6,739,455	89.37%	6,613,905	75.61
Total	7,540,721	100	8,747,229	100

14) Expenditure in Foreign Currencies:

	Current Year	Previous Year
	Rupees	Rupees
Sales Promotion	77,616	43,035
Interest on Loans/Bank charges	7,694,851	9,412,536
Travelling Expenses	3,579,080	3,314,459
Rebate, Discount & Commission	61,861,493	76,248,259
Membership & subscription	171,079	141,204
Fair & Exhibition	—	1,133,420
Forward Contract Roll over charges	3,035,140	70,251,688
Books & Periodicals	—	7,868
Testing Charges	16,876	123,170
Repair & Maintenance	276,895	11,833
Legal & Professional Charges	265,462	73,013

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.)
Dividend for the year ended 31.03.2009	3 (4)	2,805,540 (3,092,340)	18,236,010 (20,100,210)

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 31.03.2009	71 (59)	3,497,462 (3,468,378)	22,733,504 (22,544,457)

16) Earnings in Foreign Currencies:

	Current Year Rupees	Previous Year Rupees
Exports of Goods on FOB basis	1,421,419,192	1,439,744,382
Royalty Income	16,809,759	17,316,504
Others (Freight & Insurance Receipt)	46,539,993	34,248,401

17) Deferred Tax:

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Deferred Tax Liability on account of:		
Depreciation	40,573,759	39,515,261
	<hr/> 40,573,759	<hr/> 39,515,261
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	12,637,095	13,631,579
(ii) Provision for Retirement Benefit	3,289,456	2,850,114
(iii) Provision for Doubtful Debts & Advances	5,969,338	5,084,466
(iv) Disallowances Sec 40(a)	–	–
	<hr/> 21,895,889	<hr/> 21,566,159
Deferred Tax Liabilities (Net)	18,677,870	17,949,102

The Net Deferred tax charge of Rs.728,768/- (Previous year Rs.1,410,447/-) 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.

18) Related Party Disclosures:

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

I) Relationships:

a) Subsidiary Companies (including sub-subsidiaries):

Multiplex Collapsible Tubes Limited.

Zodiac Clothing Company S. A.

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

Zodiac Clothing Company INC

Zodiac Properties Ltd. (Subsidiary w.e.f 22nd November, 2009)

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 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.

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	— (-)	— (-)	6,526,311 (6,223,040)	6,526,311 (6,223,040)
Zodiac Clothing Co. (U.A.E.) LLC	161,602,493 (104,200,510)	— (-)	— (-)	161,602,493 (104,200,510)
Zodiac Metropolitan Clothing Gmbh	— (-)	— (-)	155,151,676 (89,887,486)	155,151,676 (89,887,486)
Onward LLC	— (-)	— (-)	42,878,336 (42,288,579)	42,878,336 (42,288,579)
Zodiac Clothing Co. INC	9,750,203 (-)	— (-)	— (-)	9,750,203 (-)
Interest Income Received				
Multiplex Collapsible Tubes Ltd.	24,557,833 (22,415,068)	— (-)	— (-)	24,557,833 (22,415,068)
Royalty Income Received				
Zodiac Clothing Co. (U.A.E.) LLC	16,809,759 (17,316,504)	— (-)	— (-)	16,809,759 (17,316,504)

	Key Subsidiaries Rupees	Other Management Personnel Rupees	Related Parties Rupees	Total Rupees
Trade Mark fees paid				
Metropolitan Trading Company	– (-)	– (-)	14,627,971 (14,769,600)	14,627,971 (14,769,600)
Service Charges Paid				
Zodiac Private Limited	– (-)	– (-)	– (1,528,396)	– (1,528,396)
Rent Accrued				
Metropolitan Trading Company	– (-)	– (-)	20,364,444 (20,713,079)	20,364,444 (20,713,079)
Mustang Manufacturing Company	– (-)	– (-)	207,600 (207,600)	207,600 (207,600)
Munraz Enterprises	– (-)	– (-)	3,88,800 (388,800)	3,88,800 (388,800)
Montage Corporation	– (-)	– (-)	57,696 (44,700)	57,696 (44,700)
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)
Multiplex Collapsible Tubes Ltd.	51,941,870 (41,621,606)	– (-)	– (-)	51,941,870 (41,621,606)
Salary Paid				
Mr.Awais A.Noorani	– (-)	– (-)	4,496,117 (3,810,562)	4,496,117 (3,810,562)
Expenses Recovered				
Mashal Enterprises	– (-)	– (-)	504,817 (571,995)	504,817 (571,995)
Multiplex Collapsible Tubes Ltd.	6,099,100 (60,000)	– (-)	– (-)	6,099,100 (60,000)
Metropolitan Trading Company	– (-)	– (-)	205,427 (251,995)	205,427 (251,995)
Zodiac Clothing Co. (U.A.E.) LLC	696,896 (1,028,886)	– (-)	– (-)	696,896 (1,028,886)
Zodiac Private Limited	– (-)	– (-)	17,500 (-)	17,500 (-)
Other Income Received				
Zodiac Clothing Co. (U.A.E.) LLC	4,264,771 (3,551,800)	– (-)	– (-)	4,264,771 (3,551,800)
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	6,423,687 (4,227,641)	6,423,687 (4,227,641)

	Key Subsidiaries Rupees	Other Management Personnel Rupees	Related Parties Rupees	Total Rupees
Onward LLC	– (-)	– (-)	57,380 (380,424)	57,380 (380,424)
Zodiac Clothing Co. INC	965,288 (-)	– (-)	– (-)	965,288 (-)
Expenses Reimbursed				
Metropolitan Trading Company	– (-)	– (-)	84,119 (57,994)	84,119 (57,994)
Mashal Enterprises	– (-)	– (-)	93,269 (33,000)	93,269 (33,000)
Munraz Enterprises	– (-)	– (-)	252,664 (267,665)	252,664 (267,665)
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	363,413 (233,175)	363,413 (233,175)
Multiplex Collapsible Tubes Ltd.	1,104,065 (757,435)	– (-)	– (-)	1,104,065 (757,435)
Zodiac Clothing Co. INC	1,083,865 (-)	– (-)	– (-)	1,083,865 (-)
Preference shares Redeemed				
Zodiac Clothing Company S.A.	– (49,768,662)	– (-)	– (-)	– (49,768,662)
Loans/Advances Repaid by				
Multiplex Collapsible Tubes Ltd.	36,264,105 (29,835,000)	– (-)	– (-)	36,264,105 (29,835,000)
Loans/Advances Given to				
Multiplex Collapsible Tubes Ltd.	– (112,825,000)	– (-)	– (-)	– (112,825,000)
Dividend Given				
Zodiac Private Limited	– (-)	– (-)	6,637,176 (6,637,176)	6,637,176 (6,637,176)
Miraj Marketing Company Pvt. Ltd.	– (-)	– (-)	58,500 (58,500)	58,500 (58,500)
Metropolitan Trading Company	– (-)	– (-)	3,829,540 (3,829,540)	3,829,540 (3,829,540)
Asia Tangible Investments Pte. Ltd.	– (-)	– (-)	9,114,105 (9,114,105)	9,114,105 (9,114,105)
Euro Global Holdings Pte Ltd.	– (-)	– (-)	9,114,105 (9,114,105)	9,114,105 (9,114,105)
Mr. M.Y. Noorani	– (-)	2,876,679 (2,876,679)	– (-)	2,876,679 (2,876,679)
Mr. A.Y. Noorani	– (-)	70,330 (70,330)	– (-)	70,330 (70,330)
Mr. S.Y. Noorani	– (-)	304,239 (304,239)	– (-)	304,239 (304,239)

	Key Subsidiaries Rupees	Other Management Personnel Rupees	Related Parties Rupees	Total Rupees
Mr. Musaed A. Noorani	– (-)	– (-)	21,840 (21,840)	21,840 (21,840)
Mrs. Muna A. Noorani	– (-)	– (-)	242,853 (242,853)	242,853 (242,853)
Donation given				
Mariambai & Haji Noor Mohamed Noorani Foundation Trust	– (-)	– (-)	3,225,000 (1,509,000)	3,225,000 (1,509,000)
Commission Paid				
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	24,293,857 (26,599,012)	24,293,857 (26,599,012)
Outstanding amount receivable				
Multiplex Collapsible Tubes Ltd.- Loans and Advances	221,317,656 (258,943,518)	– (-)	– (-)	221,317,656 (258,943,518)
Munraz Enterprises	– (-)	– (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Mashal Enterprises	– (-)	– (-)	– (349,408)	– (349,408)
Zodiac Metroplitan Clothing Gmbh	– (-)	– (-)	3,560,292 (923,030)	3,560,292 (923,030)
Onward LLC	– –	– –	1,004,824 (29,168)	1,004,824 (29,168)
Zodiac Clothing Co. (U.A.E.) LLC	18,748,372 (1,656,074)	– (-)	– (-)	18,748,372 (1,656,074)
Metropolitan Trading Company	– (-)	– (-)	16,929,120 (17,025,164)	16,929,120 (17,025,164)
Outstanding amount payable				
Multiplex Collapsible Tubes Ltd.- Loans and Advances	1,181,350 (-)	– (-)	– (-)	1,181,350 (-)
Munraz Enterprises	– (-)	– (-)	– (21,046)	– (21,046)
Zodiac Pvt. Ltd.	– (-)	– (-)	– (60,153)	– (60,153)
Zodiac Clothing Co. INC	1,083,865 (-)	– (-)	– (-)	1,083,865 (-)
Zodiac Metropolitan Clothing Gmbh	– (-)	– (-)	11,141,154 (17,344,829)	11,141,154 (17,344,829)

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	1,338,185,445	1,486,189,529	2,824,374,974	1,326,295,759	1,491,309,287	2,817,605,046
Carrying Cost of Segment Asset	1,975,155,255	149,960,387	2,125,115,642	1,753,161,249	162,651,014	1,915,812,263
Addition to Fixed Asset	68,654,159	—	68,654,159	130,098,114	—	130,098,114

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, 2010

Sr No	Currency	Buy/Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1.	USD	SELL	INR	10,879,000	12,064,537
2.	GBP	SELL	USD	193,000	345,000
3.	GBP	SELL	INR	165,000	—
4.	EURO	SELL	INR	270,000	—
5.	EURO	SELL	USD	100,000	475,567
6.	CHF	SELL	INR	90,000	—
7.	JPY	BUY	INR	169,865,294	—
8.	USD	BUY	INR	—	1,750,000

(ii) Net loss on derivative instruments of Rs.433,784/- (Previous Year Rs.60,979,099/-) recognised in Hedging Reserve as of March 31, 2010, is expected to be reclassified to the profit and loss account as and when the same will mature.

(iii) Exchange (Gain)/Loss of Rs. (1,418,787/-)-(Previous Year Rs.147,824,655/-) on foreign exchange forward contracts have been recognized in the Profit and Loss Account for the year ended March 31, 2010.

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.180,803,685/- (Previous Year Rs.93,657,847/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	USD 3,326,747	150,169,506	USD1,472,589	76,831,276
	GBP 140,572	9,563,482	—	—
	CHF 90,043	3,804,316	—	—
	EUR 46,140	2,794,247	—	—
Creditors for Goods and expenses	USD 316,409	14,282,697	USD 294,189	15,348,715
	EURO 1,807	109,438	EURO 20,312	1,399,515
	GBP 1,176	79,999	—	—
	—	—	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)
Expenses		
Rent	30,350	2,400
Electricity	—	244,010
Salary & Wages	3,000	592,083
Freight	152,350	13,451
Repairs & Maintainance	801	114,947
Depreciation	63,040	372,105
Commission & Discount	84,094	—
Misc Expenses	7,537	60,222
TOTAL	341,172	1,399,218

22) Earnings Per Share:

Particulars	As at 31.03.2010	As at 31.03.2009
(a) Face value per share (Rs.)	10	10
(b) Weighted Average No of Shares		
(i) For basic EPS	8,387,282	8,386,468
(ii) For Diluted EPS	8,515,063	8,826,468
(c) Net Profit for the year attributable to equity shareholders (Rs.)	210,489,049	151,301,694
(d) Basic Earnings Per Share (Rs.) (c/b(i))	25.10	18.04
(d) Diluted Earnings Per Share (c/b(ii)) (Rs.) (c/b)	24.72	17.14

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	2nd year – 30% 3rd year - 30% 4th 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	253,550	253,850
Granted during the year	NIL	NIL
Exercised during the year	6,150	300
Cancelled/lapsed during the year	10,500	NIL
Forfeited during the year	NIL	NIL
Closing balance	236,900	253,550

- 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 Nil (Previous Year Rs.87.86 lakhs) and consequently profit after tax would have been lower by Rs Nil (Previous Year Rs.57.60 lakhs) and Basic & Diluted Earning per share would have been lower by Rs.Nil (Previous Year Rs 0.69) per share& Rs Nil(Previous Year Rs 0.65) 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

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 31.03.2010 (Rs.)	Maximum amount outstanding during the year (Rs.)	Investment in shares of the Company (No. of Shares)
Multiplex Collapsible Tubes Ltd.	Wholly owned Subsidiary	221,317,656	257,581,761	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, 2010 Rs.	As at March 31, 2009 Rs.
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2009	38,007,187	29,120,163
Current Service Cost	5,999,702	4,663,462
Interest Cost	3,268,080	2,481,918
Benefit Paid	(3,676,223)	(5,519,307)
Actuarial (gain)/loss on obligations	205,542	7,260,951
Present value of unfunded benefit obligations as at March 31, 2010	43,804,287	38,007,187
Reconciliation of present value of the fair value of the plan assets	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Fair value of plan assets as at 1st April, 2009	33,485,119	35,691,624
Expected Return on plan assets	4,345,985	2,654,558
Contributions	24,430,219	250,000
Benefits Paid	(3,676,223)	(5,519,307)
Actuarial gain/(loss) on plan assets	(216,807)	408,244
Fair value of plan assets as at March 31, 2010	58,368,293	33,485,119
Total Actuarial gain/(loss) recognized	(422,349)	(6,852,707)
Amount Recognised in Balance Sheet		
Present value of obligation	43,804,287	38,007,187
Fair value of plan assets	58,368,293	33,485,119
Liability/(assets)	(14,564,006)	4,522,068
Liability/(assets) recognised in the Balance Sheet	(14,564,006)	4,522,068
Expenses Recognised in Profit and Loss Account		
Current Service Cost	5,999,702	4,663,462
Interest Cost	3,268,080	2,481,918
Expected Return on plan assets	(4,345,985)	(2,654,558)
Net Actuarial (gain)/loss recognised in the current year	422,349	6,852,707
Past Service Cost	Nil	Nil
Expenses Recognised in the statement of Profit & Loss	5,344,146	11,343,529
Actuarial assumptions used		
Discount rate	8.00%	7.75%
Expected Return on plan assets	8.00%	7.75%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5.00%	5.00%
Attrition	1%	1%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	58,368,293	33,485,119

Notes:

- 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 (31st Mar'10)	Amount in the Fund (31st Mar'09)
Merino Knitting Industries Pvt. Ltd.	1st April, 2000	775,718	714,947
Milliard Clothing Co. Pvt. Ltd.	1st April, 2000	123,529	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.

iv. The details of experience adjustments on account of Plan Liability and Plan Assets required by Para 120 (n) (ii) of AS-15 is Rs 1,755,002/- (Previous Year Rs.4,209,940/-) and Rs 216,807/- (Previous Year (Rs. 408,244/-)) 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 10,566,908/- (Previous Year 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, 2010 Rs.	As at March 31, 2009 Rs.
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2009	8,385,154	6,561,073
Current Service Cost	1,478,163	1,157,219
Interest Cost	652,162	483,259
Benefit Paid	(4,189,199)	(3,355,098)
Actuarial (gain)/loss on obligations	2,058,873	3,538,699
Present value of unfunded benefit obligations as at March 31, 2010	9,677,718	8,385,154
Amount Recognised in Balance Sheet		
Present value of obligation	9,677,718	8,385,154
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	9,677,718	8,385,154
Expenses Recognized in Profit and Loss Account	Rs.	Rs.
Current Service Cost	1,478,163	1,157,219
Interest Cost	652,162	483,259
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain)/loss recognised in the current year	2,058,873	3,538,699
Expenses Recognised in the statement of Profit & Loss	4,189,199	5,179,178
Actuarial assumptions used		
Discount rate	8.00%	7.75%
Expected Return on plan assets	0%	0%
Mortality	LIC (1994-96)Ultimate	LIC (1994-96)Ultimate
Future Salary increase	5%	5%
Attrition	1%	1%
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.

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

Bonus issue

Rights Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid - Up Capital

Reserves & Surplus

Share Warrants

Unsecured Loans

Secured Loans

Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

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

Turnover (Net Revenue)

Total Expenditure

Profit Before Tax

+ -

+ -

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

Basic Earnings Per Share in Rs.

Diluted - Earnings Per Share in Rs.

Dividend rate %

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

Signatures to Schedules 1 to 17

M. Y. NOORANI

Chairman

A. Y. NOORANI

Vice Chairman & Managing Director

S. CHAKRABORTY

Company Secretary

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rupees	Current Year Rupees	Previous Year Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Taxation and Extraordinary items		327,952,660	239,246,371
Adjustments for:			
Depreciation and amortization	46,087,278	41,869,331	
Provision for Doubtful Debts	1,455,538	2,040,751	
Provision for Doubtful Advances	1,147,791	—	
Assets Discarded Written off	3,016,543	3,040,173	
Loss/(Profit) on Sale of Fixed assets(Net)	—	842,627	
Profit on Sale of Investments	—	(1,226,970)	
Exchange Gain on redemption of Preference Shares	—	(4,861,478)	
Dividend Income from Investments	(2,172)	(5,514,706)	
Interest Paid on Loans	11,884,741	11,855,041	
Interest received on Loans	(37,561,375)	(24,424,496)	
	<u>26,028,344</u>	<u>23,620,273</u>	
Operating Profit before working capital changes		353,981,004	262,866,644
Adjustments for:			
Increase in Sundry Debtors and other receivables	(38,145,697)	(30,279,006)	
Decrease/(Increase) in Inventories	(31,351,027)	3,758,662	
Increase in Sundry Creditors and Provisions	(14,349,070)	24,568,316	
	<u>(83,845,794)</u>	<u>(1,952,028)</u>	
Cash from operations	270,135,210	260,914,616	
Direct taxes paid (Net)	(118,113,361)	(105,014,445)	
Net cash from operating activities	<u>152,021,849</u>	<u>155,900,171</u>	
B. Cash Flows from investing activities			
Purchases of Investments	(850,178)	(232,381,027)	
Sale of Investments	850,178	359,013,826	
Redemption of Preference shares	—	49,768,662	
Dividend Received	2,172	5,514,706	
Advances and Loans to Subsidiaries(Net)	37,625,862	(83,383,514)	
Interest received on Loans	37,561,375	24,424,496	
Purchase of fixed assets	(125,378,806)	(141,366,309)	
Proceeds from sale of fixed assets	—	831,112	
Net cash used in investing activities	<u>(50,189,397)</u>	<u>(17,578,048)</u>	
C. Cash flows from financing activities			
Proceeds from short term loans	1,788,179,254	616,831,995	
Repayment of short term loans	(1,711,335,840)	(589,192,132)	
Proceeds of Term Loan	8,700,000	—	
Repayment of Term Loan	(10,902,142)	(13,068,805)	
Issue of Shares at premium on vesting of ESOPS	1,570,710	76,620	
Fixed deposit with Banks having maturity over 3 months	(5,495,142)	(65,178,649)	
Interest Paid on Term Loans	(11,884,741)	(11,855,041)	
Dividends paid (including Dividend Distribution Tax)	(63,777,349)	(63,777,149)	
Net cash used in financing activities	<u>(4,945,250)</u>	<u>(126,163,161)</u>	
Net increase in cash and cash equivalents(A+B+C)	<u>96,887,202</u>	<u>12,158,962</u>	
Cash and cash equivalents as at the commencement of the year	38,131,711	25,972,749	
Cash and cash equivalents as at the end of the year	135,018,913	38,131,711	
Deposit with Original Maturity Less than 3 months	71,077,597	65,582,455	
Restricted Cash (Unclaimed Dividend Accounts)	986,118	1,081,322	
Cash and cash equivalents as at the end of the year as per Schedule 8	<u>207,082,628</u>	<u>104,795,488</u>	

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: May 26, 2010

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

A. Y. NOORANI
Vice Chairman & Managing Director

S. CHAKRABORTY
Company Secretary

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	Zodiac Properties Ltd
Financial year ending	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
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	10000 Shares of USD 1/- each fully paid up	10 Shares of AED 1,000/- each fully paid up
(b) Extent of holding	100%	100%	100%	100%	100%
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, 2010	—	—	—	—	—
(b) not dealt within the accounts of the company for the year ended 31st March, 2010	Rs.34,424,178	CHF 7,734	AED 1,464,424	USD24,300	(GBP 11,414)
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 2010	NIL	NIL	NIL	NIL	NIL
(b) not dealt within the accounts of the company for the year ended 31st March, 2010	Rs 75,149,121	CHF294,751	AED 26,389,011	USD21,132	(GBP 11,414)

M.Y. NOORANI
Chairman

A.Y. NOORANI
Vice-Chairman & Managing Director

MUMBAI
Dated : May 26, 2010

S. Chakraborty
Company Secretary



Navy Solid
Super 160's wool

Charcoal Solid
Super 140's wool

Navy pinstripe
Super 160's wool

Biella

Light Weight Pure Wool Suits.



Charcoal Pinstripe
Super 130's wool

Navy Solid
Super 160's wool

MULTIPLEX COLLAPSIBLE TUBES LTD.

17TH ANNUAL REPORT 2009-2010

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

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 17th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS :

(Rupees in Lakhs)

	Financial year 2009-2010	Financial year 2008-2009
Turnover & Other Income	754.30	624.64
Profit / Loss before deferred Taxation & FBT	435.36	331.33
Income Tax, Deferred Tax & FBT	97.05	74.38
Profit / Loss after Taxation	338.31	256.95
(Short) / Excess provision of Income Tax of earlier year	5.93	(2.38)
Profit / loss for the year	344.24	254.57
Brought forward from previous year	476.10	272.44
Appropriation		
Transfer to Special Reserve U/s 451C of RBI Act	68.85	50.91
Carried forward to Balance sheet	751.49	476.10

TURNOVER & PROFITS:

During the financial year ended 31st March 2010, the Gross income of the company increased to Rs.754.30 lacs as compared to Rs.624.64 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 2010.

DIRECTORS:

Mr. M.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, 2010, 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 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 2010 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 EMPLOYEES:

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 COMPANIES 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

M.Y. NOORANI

Chairman

Place : Mumbai

Date : May 20, 2010

AUDITORS' REPORT

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 2010 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 2010 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 2010; 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
Firm No. 113263W

Place : Mumbai
Date : May 20, 2010
Y. L. Rege
(Partner)
Membership No: 43330

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 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/or 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. Nil and repaid Rs.362.64 lacs during the year from Holding Company.
 - ii) Loans taken aggregating to Rs.1.30 lacs and repaid Rs.3.88 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.

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 :

- 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.
- 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, 2010 for a period of more than six months from the date of becoming payable.
- 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	to which where dispute is pending
Income Tax Act, 1961	Assessment dues	83,210/- (Paid)	A.Y. 2003-04	Commissioner of Income Tax Appeals, Mumbai
Income Tax Act, 1961	Assessment dues	47,06,990/- (Amount paid under protest 2,353,851/-)	A.Y. 2007-08	Commissioner of Income Tax Appeals, Mumbai

x. The Company has no accumulated losses as at 31st March 2010 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 has 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
Firm No. 113263W

Y. L. Rege
Place : Mumbai
(Partner)
Date : May 20, 2010
Membership No.: 43330

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.		As at 31st March, 2010		As at 31st March, 2009
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS					
1 Shareholders' Funds :					
Capital	1	20,000,000		20,000,000	
Reserves and Surplus	2	95,810,121		61,385,943	
			115,810,121		81,385,943
2 Loan Funds :					
Unsecured Loans :	3		222,352,656		260,264,450
3 Deferred Tax Liability (net) :			23,617		26,723
(Refer Note no. 10 in Schedule '14')					
	Total :		338,186,394		341,677,116
II. APPLICATION OF FUNDS					
1 Fixed Assets :	4				
Gross Block		372,864,364		366,834,364	
Less : Depreciation		22,505,516		16,428,404	
Net Block		350,358,848		350,405,960	
2 Current Assets, Loans and Advances :					
Inventories	5	528,850		425,814	
Cash and Bank Balances	6	44,992		6,447	
Loans and Advances	7	14,239,778		14,350,905	
		14,813,620		14,783,166	
Less : Current Liabilities and Provisions :					
Liabilities	8	26,986,074		23,518,892	
			(12,172,454)		(8,735,726)
3 Miscellaneous Expenditure :					
(to the extent not w.off or adjusted)			—		6,882
	Total :		338,186,394		341,677,116
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

MUMBAI,
Dated : May 20, 2010

E S D Rao
(Company Secretary)

M. Y. NOORANI
(Chairman)

A. Y. NOORANI
(Managing Director)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2010

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales		—	—
Other Income	9	75,327,180	62,496,606
Increase/(Decrease) in stock	10	<u>103,035</u>	<u>(32,921)</u>
		75,430,215	62,463,685
EXPENDITURE			
Purchases		—	—
Operation and other Expenses	11	1,025,446	1,665,357
Payment to and Provision for Employees	12	60,060	60,060
Finance Charges	13	24,685,728	22,513,061
Depreciation		6,077,112	5,086,271
Prior Period Expenses		<u>45,990</u>	<u>5,539</u>
		31,894,336	29,330,288
Profit/(Loss) before Taxation		<u>43,535,879</u>	<u>33,133,397</u>
Current Taxation		9,708,400	7,434,500
Deferred Tax Liability/(Assets)		<u>(3,107)</u>	<u>4,062</u>
(Ref. Note No.10 in Schedule '14)		<u>9,705,293</u>	<u>7,438,562</u>
Profit/(Loss) after Taxation		<u>33,830,586</u>	<u>25,694,835</u>
Add/(Less) : Tax adjustments for earlier years (net)		<u>593,592</u>	<u>(238,473)</u>
Profit for the Year		<u>34,424,178</u>	<u>25,456,362</u>
Add : Brought forward from previous year		<u>47,609,943</u>	<u>27,244,581</u>
Profit/(Loss) for the year available for Appropriation		<u>82,034,121</u>	<u>52,700,943</u>
Special Reserve u/s.45-IC of RBI Act,1934		6,885,000	5,091,000
Surplus carried to the Balance Sheet		<u>75,149,121</u>	<u>47,609,943</u>
		<u>82,034,121</u>	<u>52,700,943</u>
Basic & Diluted Earning Per Share (in Rs.)		17.21	12.73
(Refer Note No.:13 in Schedule '14')			
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

MUMBAI,
Dated : May 20, 2010

E S D Rao
(Company Secretary)

M. Y. NOORANI
(Chairman)

A. Y. NOORANI
(Managing Director)

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE - 1		
SHARE CAPITAL:		
i. Authorised		
20,00,000 Equity shares of Rs.10/-each	20,000,000	20,000,000
ii. Issued subscribed and paid up.		
20,00,000 equity shares of Rs.10/- each fully paid-up	20,000,000	20,000,000

SCHEDULE - 2

RESERVE AND SURPLUS:

i. Special Reserve u/s.45-IC of the RBI Act, 1934	13,776,000	8,685,000
As per Last Balance Sheet	13,776,000	8,685,000
Add: Transferred from Profit & Loss A/c.	<u>6,885,000</u>	<u>5,091,000</u>
	20,661,000	13,776,000
ii. Surplus in Profit and Loss Account	<u>75,149,121</u>	<u>47,609,943</u>
	95,810,121	61,385,943

SCHEDULE - 3

UNSECURED LOANS:

Dues to Companies under the same Management

Zodiac Clothing Company Ltd.	221,317,656	258,943,518
Zodiac Private Ltd.	215,000	566,802
Miraj Marketing Pvt. Ltd.	820,000	754,130
	222,352,656	260,264,450

SCHEDULE 4
FIXED ASSETS :

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2009	Additions/ (Deduction)	Adjust- ments	As at 31.03.2010	As at 01.04.2009	For the year	Adjust- ments	Upto 31.03.2010	As at 31.03.2010
Building (Office)	365,233,524	6,030,000	—	371,323,524	16,197,145	5,988,175	—	22,185,320	349,138,204
Vehicles	100,000	—	—	100,000	19,000	9,500	—	28,500	71,500
Electrical Fittings	350,930	—	—	350,930	44,621	16,669	—	61,290	289,640
Air-Conditioner	303,942	—	—	393,942	51,365	18,714	—	70,079	323,863
Furniture & Fixtures	695,968	—	—	695,968	116,273	44,054	—	160,327	535,641
TOTAL	366,834,364	6,030,000	—	372,864,364	16,428,404	6,077,112	—	22,505,516	350,358,848
PREVIOUS YEAR	244,385,114	122,449,250	—	366,834,364	11,342,133	5,086,271	—	16,428,404	350,405,960

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010

	As at 31st March, 2010		As at 31st March, 2009
	Rupees	Rupees	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.	54	602	54	238
(Formerly Indo Rama Tex.Ltd)				
Karur Vysya bank Ltd.	2,530	241,318	2,530	227,496
Man Industries Ltd. (Fv Rs.5)	4,000	52,980	4,000	52,980
Man Aluminium Ltd.	250	7,950	250	5,350
Indraprastha Medical Ltd.	5,000	226,000	5,000	139,750
		<hr/> 528,850		<hr/> 425,814

SCHEDULE - 6

CASH AND BANK BALANCES :

Cash on Hand	—	—
Balance With Scheduled banks in		
Current accounts	44,992	6,447
	<hr/> 44,992	<hr/> 6,447

SCHEDULE - 7

LOANS AND ADVANCES :

(Unsecured, considered good unless otherwise stated)

(Advances recoverable in Cash or Kind or
for value to be received)

Loans	44,490	40,008
Dues recoverable from holding company (net)	1,181,350	—
Advance I-Tax (including TDS and FBT)	12,740,102	14,056,822
Prepaid Expenses	33,426	13,665
i.	13,999,368	14,110,495
Sundry Deposits	ii. 240,410	240,410
Total (i+ii)	<hr/> 14,239,778	<hr/> 14,350,905

		As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees		Rupees	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	112,927	97,425			
	<hr/>	<hr/>			
	112,927	97,425			
Other Liabilities					
Outstanding Liabilities for Expenses	77,017	80,280			
Statutory Dues Payable	577,365	542,262			
Security Deposit	26,218,765	22,798,925			
	<hr/>	<hr/>			
	26,873,147	23,421,467			
	<hr/>	<hr/>			
	26,986,074	23,518,892			
	<hr/>	<hr/>			

		As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees		Rupees	Rupees
SCHEDULE - 9					
OTHER INCOME :					
Dividend - Current Investments	43,860	43,610			
Consultancy Charges	—	47,000			
Miscellaneous Income	—	25,122			
Rent	74,761,065	61,981,560			
Interest on I-Tax Refund	520,008	399,314			
Excess Prov of Prof fees written back	2,247	—			
	<hr/>	<hr/>			
	75,327,180	62,496,606			
	<hr/>	<hr/>			

		As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees		Rupees	Rupees
SCHEDULE - 10					
INCREASE/(DECREASE) IN STOCK :					
Opening Stock - Shares	425,815	458,736			
Less : Closing Stock - Shares	528,850	425,815			
	<hr/>	<hr/>			
	103,035	(32,921)			
	<hr/>	<hr/>			

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE - 11		
OPERATION AND OTHER EXPENSES :		
Repair and Maintenance		
Repairs to Building	135,694	837,785
Repairs to others	84,495	20,797
	<hr/>	<hr/>
	220,189	858,582
Insurance Charges	1,758	5,680
Rates & Taxes	54,046	68,721
Security Charges	131,198	167,533
Postage and Telephone expenses	1,238	1,510
Miscellaneous Expenses	189,006	121,789
Electricity Charges	328,170	122,133
Donation	-	195,000
Legal & Professional Fees	70,899	81,949
Preliminary Expenses W.off	6,882	7,848
Sundry Balance W.off	-	12,552
Auditor's Remuneration		
– Audit Fees	20,000	20,000
– Service Tax	2,060	2,060
	<hr/>	<hr/>
	1,025,446	1,665,357
	<hr/>	<hr/>

SCHEDULE - 12
PAYMENT TO AND PROVISION FOR EMPLOYEES

Salary	60,060	60,060
	<hr/>	<hr/>
	60,060	60,060
	<hr/>	<hr/>

SCHEDULE - 13

FINANCIAL CHARGES :

Interest Paid to associated companies			
Zodiac Clothing Company Ltd.	24,557,833	22,415,069	
Others	123,744	24,681,577	96,035
	<hr/>	<hr/>	<hr/>
Bank Charges	4,151	24,685,728	22,513,061
	<hr/>	<hr/>	<hr/>

SCHEDULE -14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.

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/

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: -

Disputed demand not provided for in respect of:-

	Current year Rupees	Previous year Rupees
1) Income Tax (A.Y.2003-04) (amount paid under protest Rs.83,210, PY. Rs. Nil)	83210	83210
2) Income Tax (A.Y.2007-08) (amount paid under protest Rs.23,53,857, PY. Rs. Nil)	47,06,990	-

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.7,47,61,065/- (Previous Year Rs. 6,19,81,560/-)

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

not later than one year is Rs.2,86,02,300/- (Previous Year Rs.NIL/-)

Later than one year and not later than 5 years Rs.71,50,575 (Previous Year Rs.NIL)

d) Premises given on licence basis:-

Gross Carrying amount Rs.37,13,23,523/- (Previous Year Rs. 36,52,93,524/-)

Accumulated Depreciation
Rs. 2,21,85,320/-

(Previous Year Rs. 1,61,97,145/-)

Depreciation for the year Rs.59,88,175/- (Previous Year Rs. 49,97,335/-)

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".

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		Turnover		Closing Stock	
		Qty.	Value	Qty.	Value	Qty	Qty.	Value	Qty.	Value	
Shares	Nos	11,834	425,814	—	—	—	—	—	11,834	528,850	
	Nos	(11,834)	(425,814)	—	—	—	—	—	(11,834)	(425,814)	

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) Deferred Tax

	As at 31.03.10	As at 01.04.09	For the period
a) Deferred Tax Assets/(Liability)	31.03.10	01.04.09	
Deferred Tax Liability on account of Depreciation	23,616	26,723	(3,107)
	23,616	26,723	(3,107)

Deferred Tax Assets / (Liability)

on account of :

i) Employees benefits disallowed u/s 43B of I.Tax Act	—	—	—
ii) Unabsorbed Loss	—	—	—
	—	—	—
Deferred Tax Asset (Net)	23,616	26,723	(3,107)

b) The deferred tax asset of Rs.3,107/- (P.Y.Rs.4,062/-) 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.

Elite Clothing Co. Pvt. Ltd.

Mashal Enterprises

Montage Corporation

Milano Apparel Pvt. Ltd.
 Miraj Marketing Pvt. Ltd.
 Mustang Manufacturing Co.
 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 from Zodiac Clothing Co.Ltd	47,091,450 (37,110,000)	— —	— —	47,091,450 (37,110,000)
Expenses				
Interest paid to Zodiac Clothing Co.Ltd	24,557,833 (22,415,069)	— —	— —	24,557,833 (22,415,069)
Miraj Marketing Company Pvt. Ltd.	—	—	85,082 (57,358)	85,082 (57,358)
Zodiac Private Ltd.	—	—	38,662 (38,677)	38,662 (38,677)
Expenses recovered from				
Zodiac Clothing Co. Ltd	920,597 (757,435)	— —	— —	920,597 (757,435)
Munraz Enterprises	—	—	3,000 (3,000)	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.	—	—	15,000 (9,000)	15,000 (9,000)
Miraj Marketing Pvt. Ltd.	—	—	12,000 (12,000)	12,000 (12,000)
Elite Clothing Co. Pvt. Ltd.	—	—	6,000 (6,000)	6,000 (6,000)
Montage Corporation	—	—	3,000 (3,000)	3,000 (3,000)
Mashal Enterprises	—	—	6,000 (6,000)	6,000 (6,000)

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.	6,099,100 (70,000)	— —	— —	6,099,100 (70,000)
Finance				
Loans & Advances taken from				
Zodiac Clothing Co. Ltd.	— (112,825,000)	— —	— —	— (112,825,000)
Miraj Marketing Company Pvt. Ltd.	— —	— —	130,000 (773,500)	130,000 (773,500)
Zodiac Private Ltd.	— —	— —	555,000 (585,000)	555,000 (585,000)
Loans & Advances repaid to				
Zodiac Clothing Co.Ltd	36,264,105 (29,835,000)	— —	— —	36,264,105 (29,835,000)
Miraj Marketing Company Pvt. Ltd.	— —	— —	48,500 (35,000)	48,500 (35,000)
Zodiac Private Ltd.	— —	— —	340,000 (30,000)	340,000 (30,000)
Outstandings amount payable to				
Zodiac Clothing Co.Ltd	220,136,306 (258,943,518)	— —	— —	220,136,306 (258,943,518)
Miraj Marketing Company Pvt. Ltd.	— —	— —	820,000 (754,130)	820,000 (754,130)
Zodiac Private Ltd.	— —	— —	215,000 (566,802)	215,000 (566,802)

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

Particulars	Current Year	Previous Year
a) Income	—	—
b) Expenses		
Legal & Professional Fees	41,800	—
Electricity charges	3,721	—
Miscellaneous Expenses	469	2,636
Insurance charges	—	2,903
Total :	45,990	5,539

13. Earning Per Share

Particulars	As on 31.03.2010	As on 31.03.2009
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.)	34,424,178	25,456,362
d) Basic and Diluted Earnings Per Share (Rs.)	17.21	12.73

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, 2010.

As per our attached report of even date

For and on behalf of the Board

For Rege & Thakkar
Chartered Accountants

(Y. L. Rege)
Partner

Mumbai
Date : 20/05/2010

E.S.D. Rao
Company Secretary

M.Y. NOORANI
Chairman

A.Y. NOORANI
Director

SCHEDULE-14 (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 31.03.2010**

I. REGISTRATION DETAILS

Registration No.	71999
State Code	11
Balance Sheet Date	31.03.2010

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	95,810,121
Secured Loans	—
Unsecured Loans	222,352,656
Deferred Tax Liability	23,617

Total Liabilities **338,186,394**

APPLICATION OF FUNDS

Net Fixed Assets	350,358,848
Investments	—
Deferred Tax Assets (Net)	—
Net Current Assets	(12,172,454)
Miscellaneous Expenditure	—
Accumulated Losses	—

Total Assets **338,186,394**

IV. PERFORMANCE OF COMPANY

Turnover (include other income)	75,430,215
Total Expenditure	31,894,336
Profit/Loss Before Tax	43,535,879
Profit/Loss After Tax	34,424,178
Earning per Share	17.21
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 : May 20, 2010

E S D Rao
Company Secretary

A. Y. NOORANI
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	43,535,879	33,133,397
Adjustment for :		
Net Prior Year Adjustments	593,592	(238,473)
Depreciation	6,077,112	5,086,271
Priliminary expenses written off	6,882	7,848
Interest on borrowing	24,681,577	22,511,104
Dividend on investments	(43,860)	(43,610)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	74,851,182	60,456,537
Adjustment for:		
Trade and Other receivables	(1,205,593)	8,843,280
Inventories	(103,036)	32,922
Trade Payable & Other Liabilities	3,467,182	346,031
Tax paid	(83,91,681)	(9,961,552)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>68,618,054</u>	<u>59,717,218</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,030,000)	(122,449,250)
Dividend on investments	43,860	43,610
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,986,140)</u>	<u>(122,405,640)</u>

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(37,911,793)	85,070,518
Interest on borrowing	(24,681,577)	(22,511,104)
NET CASH USED IN FROM FINANCIAL ACTIVITIES	<u>(62,593,370)</u>	<u>62,559,414</u>
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE (A+B+C)	38,544	(129,008)
CASH AND CASH EQUIVALENTS AS AT THE		
COMMENCEMENT OF THE YEAR	6,448	135,456
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	<u>44,992</u>	<u>6,448</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 : May 20, 2010

E S D Rao
Company Secretary

A. Y. NOORANI
Director

AUDITORS' 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, 2010 and found the same to be drawn in accordance therewith.

FOR REGE & THAKKAR
Chartered Accountants

Mumbai
Date : May 20, 2010

Y. L. REGE
Partner



ZODIAC

FINEST QUALITY SHIRTMAKERS

Merino Two Ply Cotton

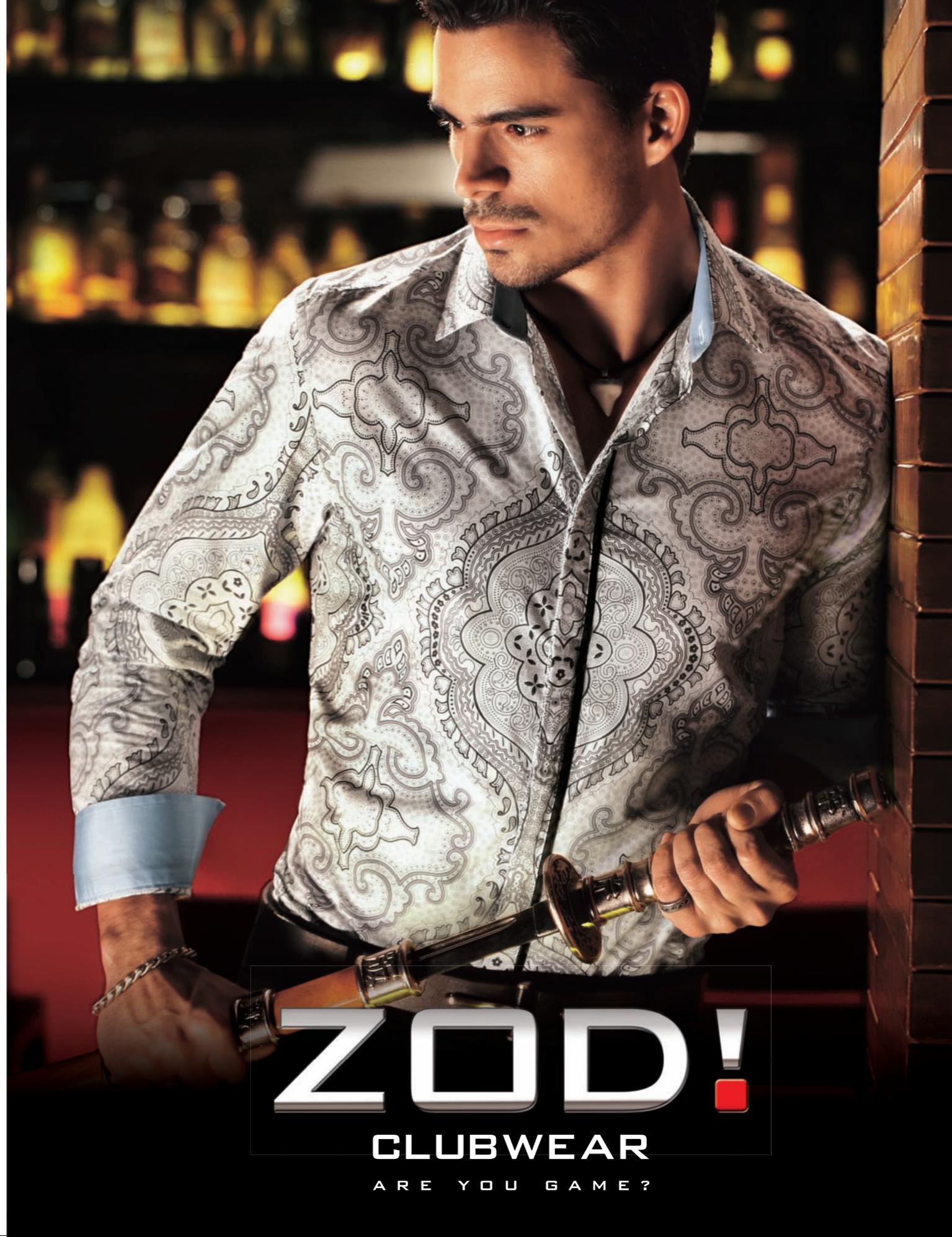
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14TH ANNUAL REPORT 2009- 2010

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
Neuchatel
Switzerland.

BUSINESS REPORT

The Balance Sheet for the year ending 31st March, 2010 shows CHF 622,711 (676,957) on both the sides. The Profit and Loss statement shows a profit of CHF 7,734 (6,460) for the period from April 1, 2009 to March 31, 2010.

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: May 12, 2010

George Berthoud

Director

Francis Sermet

Director

**REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION TO THE
GENERAL MEETING OF SHAREHOLDERS 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 2010.

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, 12 May, 2010

Enclosure:

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

BALANCE SHEET AS OF 31 MARCH 2010

	March 31, 2010 CHF	March 31, 2009 CHF
ASSETS		
CURRENT ASSETS		
Cash and banks	38,281	103,679
Accounts receivable from affiliated companies	462,559	451,549
Other current assets	83	60
Prepaid expenses	23,749	23,630
	<hr/> 524,672	<hr/> 578,918
FIXED ASSETS		
<i>Financial fixed assets:</i>		
– Investment	98,039	98,039
	<hr/> 622,711	<hr/> 676,957
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Other current liabilities	–	59,490
Accrued expenses	15,160	17,650
	<hr/> 15,160	<hr/> 77,140
SHAREHOLDER'S EQUITY		
Share capital	250,000	250,000
General reserve	62,800	62,800
Available earnings:		
– Retained earnings brought forward	287,017	280,557
– Net profit for the year	7,734	6,460
	<hr/> 607,551	<hr/> 599,817
	<hr/> 622,711	<hr/> 676,957

INCOME STATEMENT

	March 31, 2010 CHF	March 31, 2009 CHF
INCOME		
Management fees	340,000	350,000
Financial income	11,111	24,146
Exchange gain, net	—	561
	<hr/> 351,111	<hr/> 374,707
EXPENSES		
Personnel expenses	(307,846)	(310,270)
Administrative expenses	(34,553)	(44,315)
Financial expenses	(520)	(689)
Exchange loss, net	(353)	—
Depreciation	—	(12,500)
	<hr/> (343,272)	<hr/> (367,774)
Profit before taxes	7,839	6,933
Current taxes	(105)	(473)
NET PROFIT FOR THE YEAR	<hr/> 7,734	<hr/> 6,460

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. Significant investments

<i>Company, domicile purpose</i>	<i>percentage held directly and indirectly</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.

3. Risk assessment

The Company's risk assessment was conducted and formally approved by the Board of Directors on 21 April 2009.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	March 31, 2010 CHF	March 31 2009 CHF
Retained earnings brought forward	287,017	280,557
Net profit for the year	7,734	6,460
Available earnings	294,751	287,017

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

To be carried forward	294,751	287,017
	294,751	287,017

ZODIAC CLOTHING COMPANY U.A.E. LLC

6TH 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 - U.A.E.

BANKERS

The Royal Bank of Scotland,

Dubai – U.A.E

REGISTERED OFFICE:

Al-Quoze Industrial Area

Dubai, U.A.E.

ZODIAC CLOTHING COMPANY U.A.E. LLC

DIRECTORS' REPORT

We have pleasure in presenting to you the 6th Annual Report together with the audited accounts of the company for the period 1st April 2009 to 31st March 2010.

Financial results

	For the year ended 31.03.2010 [AED]	For the year ended 31.03.2009 [AED]
Sales	48,513,848	51,189,064
Cost of sales	(39,242,398)	(38,538,437)
Gross Profit	9,271,450	12,650,627
Other income	134,638	281,768
Expenses	(8,073,000)	(8,243,791)
Profit from ordinary activities	1,333,088	4,688,604
Foreign currency exchange gain/(Loss)	(120,306)	279,513
Interest income	583,714	845,206
Finance cost	(332,072)	(425,795)
Net profit for the year	<u>1,464,424</u>	<u>5,387,528</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 (UAE) LLC

Place : Dubai
Date : May 11, 2010

A.Y. Noorani
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

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

Report on the Financial Statements

We have audited the accompanying financial statements of ZODIAC CLOTHING COMPANY (U.A.E.) LLC, which comprises the balance sheet as of 31 March 2010, and the income statement, changes in equity and statement of cash flows for the year then ended, 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 with 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 auditors' 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 (U.A.E.) LLC as of 31 March 2010 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards

Other matters

As per report 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. 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 11, 2010

KSI Shah & Associates
Chartered Accountants

BALANCE SHEET, AS AT 31ST MARCH 2010

	Notes	March 31, 2010	March 31, 2009
		AED	AED
ASSETS			
Non-current assets			
Property, plant and equipment	3, 15	2,751,411	2,720,843
Intangible assets	4	2,152,864	2,594,819
Investments in subsidiaries	5, 2d	46,720	–
Due from a subsidiary	15	2,815,225	–
		7,766,220	5,315,662
Current assets			
Inventories	6	4,536,176	4,557,744
Trade and other receivables	7, 15	12,669,674	9,873,600
Prepayments		1,354,683	1,440,409
Due from related parties	15	7,958,114	5,225,688
Cash and bank balances	8	5,077,796	11,372,656
		31,596,443	32,470,097
Total assets		39,362,663	37,785,759
EQUITY AND LIABILITIES			
Equity funds			
Share capital	9	300,000	300,000
Statutory reserve	10	150,000	150,000
Accumulated profits		26,389,010	24,924,586
Cumulative changes in fair values	17	866,138	(50,227)
Total Shareholders' funds		27,705,148	25,324,359
Non-current liability			
Staff end of service gratuity		868,954	762,841
Current liabilities			
Trade and other payables	11, 15	9,073,948	9,944,439
Due to related parties	15	1,714,613	212,429
Bank borrowings	12	–	1,541,691
		10,788,561	11,698,559
Total equity and liabilities		39,362,663	37,785,759

The accompanying notes 1 to 23 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on page 1.

Approved by the shareholders on – 11th May, 2010.

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	March 31, 2010 AED	March 31, 2009 AED
Sales		48,513,848	51,189,064
Cost of sales	13, 15	(39,242,398)	(38,538,437)
Gross profit		9,271,450	12,650,627
Other income		134,638	281,768
Expenses	14, 15	(8,073,000)	(8,243,791)
Profit from ordinary activities		1,333,088	4,688,604
Foreign currency exchange gain/(loss)	2j	(120,306)	279,513
Interest income	15	583,714	845,206
Finance cost	15	(332,072)	(425,795)
Net profit for the year		1,464,424	5,387,528

The accompanying notes 1 to 23 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share Capital AED	Statutory Reserve AED	Accumulated Profits AED	Cumulative changes in fair value AED	Total AED
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
Net profit for year	–	–	1,464,424	–	1,464,424
Changes during the year in cash flow hedges (net)	–	–	–	916,365	916,365
As at 31 March 2010	300,000	150,000	26,389,010	866,138	27,705,148

The accompanying notes 1 to 23 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	March 31, 2010 AED	March 31, 2009 AED
Cash flows from operating activities			
Net profit for the year		1,464,424	5,387,528
Adjustment for:			
Depreciation		429,290	445,519
Amortization of goodwill		441,955	441,955
Interest income		(583,714)	(845,206)
Profit on sale of property, plant and equipment		–	(7,600)
Finance cost		332,072	425,795
Provision for staff end of service gratuity		247,188	325,218
Operating profit before working capital changes		2,331,215	6,173,209
Changes in inventories		21,568	(1,070,096)
Changes in trade and other receivables		(1,879,709)	4,049,224
Changes in due from/due to related parties (net)		(1,230,242)	1,933,073
Changes in prepayments		85,726	66,499
Changes in trade and other payables		(870,491)	(1,697,669)
Cash flow from/(used in) operations		(1,541,933)	9,454,240
Finance charges paid		(332,072)	(425,795)
Gratuity paid		(141,075)	(236,727)
Net cash flow from/(used in) operating activities		(2,015,080)	8,791,718
Cash flow from investing activities			
Purchase of property, plant and equipment		(77,512)	(453,944)
Proceeds from sale of property, plant and equipment		–	147,364
Investments in subsidiaries		(2,861,945)	–
Payment for capital work in progress		(382,346)	–
Changes in margin and fixed deposit accounts		4,788,155	(5,133,143)
Interest received		583,714	845,206
Net cash flow from/(used in) investing activities		2,050,066	(4,594,517)
Cash flow from financing activities			
Funds introduced/(withdrawn) by the shareholders (net)		–	(4,561,197)
Proceeds from/(payment of) bank borrowings		(1,541,691)	30,853
Net cash (used in)/flow from financing activities		(1,541,691)	(4,530,344)
Net (decrease)/increase in cash and cash equivalents		(1,506,705)	(333,143)
Cash and cash equivalents at beginning of year		2,213,377	2,546,520
Cash and cash equivalents at end of year	16	706,672	2,213,377

The accompanying notes 1 to 23 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

1. Legal status and business activity

a) ZODIAC CLOTHING COMPANY (U.A.E.)
LLC is a limited liability company registered in the Emirate 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 retail shop 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) 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.

d) These financial statements do not include the financial statements of its subsidiary companies. The consolidated financial statements for the group will be prepared by the ultimate holding company Zodiac Clothing Company Limited, India.

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) Investment in subsidiaries:

Subsidiary companies are those companies in which the company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies.

Investment in subsidiaries is stated at cost.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

d) 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.

e) Trade and other receivables:

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

f) Staff end of service gratuity:

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

g) Trade and other payables:

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

h) Sales:

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

i) 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 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.

j) 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.

k) 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. 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.

l) Fair values:

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

m) Cash and cash equivalents:

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank balances 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.

n) Dividend:

Dividend is paid out of accumulated profits, when declared.

o) 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 judgment 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. The company has also insured large part of their receivables with an internationally known credit risk insurance company.

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 31 March 2010 was AED 2,152,864/- which the company does not consider is impaired.

**Notes to the Financial Statements
for the year ended 31 March 2010**

3. Property, plant and equipment

	<i>Capital work in progress</i> @ AED	<i>Factory building</i> AED	<i>Plant & machinery</i> AED	<i>Furniture office equipment</i> AED	<i>Vehicles</i> AED	<i>Interiors at DIFC Shop</i> AED	<i>Total</i> AED
Cost							
As at 01.04.2009	–	3,568,995	4,365,899	767,360	217,800	1,360,125	10,280,179
Additions	382,346	11,500	49,709	16,303	–	–	459,858
As at 31.03.2010	<u>382,346</u>	<u>3,580,495</u>	<u>4,415,608</u>	<u>783,663</u>	<u>217,800</u>	<u>1,360,125</u>	<u>10,740,037</u>
Depreciation							
As at 01.04.2009	–	3,504,828	3,269,284	560,779	156,625	67,820	7,559,336
Charge for the year	–	14,950	213,196	42,531	22,600	136,013	429,290
As at 31.03.2010	<u>–</u>	<u>3,519,778</u>	<u>3,482,480</u>	<u>603,310</u>	<u>179,225</u>	<u>203,833</u>	<u>7,988,626</u>
Net book value							
As at 31.03.2010	<u>382,346</u>	<u>60,717</u>	<u>933,128</u>	<u>180,353</u>	<u>38,575</u>	<u>1,156,292</u>	<u>2,751,411</u>
As at 31.03.2009	<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>
@ Represents work in progress for embroidery division.							
In the opinion of management, there was no impairment in respect of any of the property, plant and equipments items. Hence carrying values of the property, plant and equipment at 31 March 2010 are the same as their net book values.							

		2010	2009
		AED	AED
4. Intangible assets			
Amount paid for acquiring business		<u>4,419,548</u>	<u>4,419,548</u>
Amortisation:			
Opening balance		1,824,729	1,382,774
For the year		<u>441,955</u>	<u>441,955</u>
Closing balance		<u>2,266,684</u>	<u>1,824,729</u>
Net book amount		<u>2,152,864</u>	<u>2,594,819</u>
5. Investment in subsidiaries			
Zodiac Clothing Company Inc. U.S.A. (100% shareholding)		36,720	–
Zodiac Properties Limited, R.A.K. U.A.E (100% shareholding)		<u>10,000</u>	<u>–</u>
		<u>46,720</u>	<u>–</u>

	2010	2009
	AED	AED
6. Inventories		
Raw materials and accessories	2,061,397	2,568,786
Semi-finished inventories	1,108,293	973,606
Finished and trading inventories	509,910	710,937
	<hr/>	<hr/>
	3,679,600	4,253,329
Goods in transit	856,576	304,415
	<hr/>	<hr/>
	4,536,176	4,557,744
7. Trade and other receivables		
Trade receivables (refer note 15) @	10,551,718	8,915,617
Provision for doubtful debts	(249,208)	(95,254)
	<hr/>	<hr/>
	10,302,510	8,820,363
Advance to suppliers	51,668	104,350
Deposits	563,420	464,859
Other receivables *	1,752,076	484,028
	<hr/>	<hr/>
	12,669,674	9,873,600
<i>@ Amount received subsequently AED 1,998,890/-.</i>		
<i>* Includes AED 866,138 towards changes in fair value of outstanding forex contracts (refer note 17).</i>		
8. Cash and bank balances		
Cash on hand	34,239	22,923
Bank balance in:		
Current accounts	672,433	2,190,454
Margin accounts	65,011	211,115
Fixed deposits*	4,306,113	8,948,164
	<hr/>	<hr/>
	5,077,796	11,372,656
<i>* Includes fixed deposit amounting to AED 2,007,930/- (previous year AED 3,299,520/-) under lien against facilities availed (refer note 12, 17, 22).</i>		
9. Share capital		
300 Shares of AED 1,000 each	<hr/>	<hr/>
	300,000	300,000
10. 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.

	2010	2009
	AED	AED
11. Trade and other payables		
Trade and other payables (refer note 15)	488,794	959,599
Provision for leave salaries and air passage	1,054,519	948,641
Other payables	4,210,786	5,147,448
Accruals *	3,319,849	2,888,751
	9,073,948	9,944,439

* Includes AED 2,588,343/- (previous year AED 2,051,212/-) amount payable to related parties on account of commission and management fees (refer note 15).

12. Bank borrowings

Bank overdrafts	—	1,541,691
<hr/>		

Banking and other facilities are secured against:

- Pledge over inventories and movable assets.
- Fixed deposits of AED 2,007,930/- under lien.

In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

13. Cost of sales

Opening work in progress	973,606	1,395,565
Material consumed (refer note 15)	23,369,915	22,441,722
Wages and benefits	6,830,518	6,812,169
Other direct expenses	8,747,479	8,748,679
Depreciation (refer note 14)	228,146	305,654
Closing work in progress	(1,108,293)	(973,606)
(Accretion)/Decretion of finished goods	201,027	(191,746)
	39,242,398	38,538,437

14. Expenses

Salaries and other benefits	831,211	801,426
Rent	289,015	316,166
Other administrative expenses (refer note 15)	6,309,675	6,544,379
Depreciation (per below)	201,144	139,865
Amortisation of goodwill	441,955	441,955
	8,073,000	8,243,791
Depreciation		
Total depreciation (refer note 3)	429,290	445,519
Less: taken to cost to sales (refer note 13)	(228,146)	(305,654)
	201,144	139,865

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:

	2010 AED	2009 AED
Sale of shirts (at market price)	11,247,829	16,875,650
Purchase of raw material	11,485,941	8,011,605
Purchase of fixed assets/capital work in progress	9,422	28,393
Purchase of trading, other goods, and goods in transit	4,593,062	4,818,800
Commission expenses	1,521,833	1,491,456
Royalty expenses	1,271,977	1,352,853
Other administrative expenses charged back (net)	1,048,789	942,365
Management fees	1,181,505	1,190,732
Interest income	515,684	688,981
Interest paid	38,016	114,462
Export claim	3.970	1,610

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

Included under non current assets:

Investments in subsidiaries	46,720	—
Due from a subsidiary	2,815,225	—

Included under current assets:

Trade receivables	4,090,609	3,767,136
Due from related parties	7,958,114	5,225,688

Included under current liabilities:

Due to related parties	1,714,613	212,429
Accruals (refer note 11)	2,588,343	2,051,212

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

16. Cash and cash equivalents

Cash on hand	34,239	22,923
Bank balance:		
Current accounts	672,433	2,190,454
	<hr/>	<hr/>
	706,672	2,213,377
	<hr/>	<hr/>

17. Derivative financial instruments

The company has fourteen foreign exchange contracts outstanding as at 31 March 2010 designated as hedges of expected future purchases. The terms of the foreign exchange contracts have been negotiated to match the terms of the commitments. As at 31 March 2010, unrealized gains losses of AED 866,138/- (previous year unrealised losses of AED 50,227) are included in equity in respect of these contracts.

18. Number of employees

The average numbers of employees during the year were 510 (previous year 613).

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 2010, 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 2,340,833/- due from customers in Germany, USA, Denmark and Spain and within U.A.E amounts to AED 2,328,071/-.

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 shareholders and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

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

	Carrying amount AED	Less than12 Month		More than 12 month AED
		Total AED	AED	
		AED	AED	
Trade and others payables	9,073,948	9,073,948	9,073,948	—
Due to related parties	1,714,613	1,714,613	1,714,613	—
Staff end of services gratuity	868,954	868,954	—	868,954
Lease commitments	—	111,496	111,496	—
	<u>11,657,515</u>	<u>11,769,011</u>	<u>10,900,057</u>	<u>868,954</u>

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:

	2010 Equivalent AED	2009 Equivalent AED
Foreign currency financial assets:		
Great Britain Pounds	10,852,119	6,976,197
Euro	3,514,785	3,490,817
Swiss Francs	598,126	1,201,933
Hong Kong Dollars	—	2,854
Foreign currency financial liabilities:		
Great Britain Pounds	13,095	1,385,252
Euro	10,508	5,558
Swiss Francs	1,597,170	1,444,418
Hong Kong Dollars	66,165	—

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:

	2010 AED	2009 AED
Not later than one year	111,496	334,488
Later than one year and not later than three years	—	121,882

22. Contingent liabilities

Banker's letters of guarantees	2,019,930	2,009,430
Performance/Maintenance bond	15,000	15,000
Shipping guarantees	3,000	161,104

23. Comparative figures

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

ZODIAC CLOTHING COMPANY INC. USA

2nd 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

REGISTERED OFFICE:

C/o. 160, Greentree Drive

Suite 101

Dover, DE 19904

DIRECTORS' REPORT

We are happy to present the 2nd Annual Report of the Company for the year ended 31st March 2010.

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 Garment. During the Financial

Year 2009-10 company started its operations as per its object clause.

FOR ZODIAC CLOTHING COMPANY INC

Place : Dubai

A.Y. NOORANI

Date : May 11, 2010

Director

**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 2010, the income statement, statement of changes in equity, statement of cash flows, 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 with 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 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Place : Dubai KSI SHAH & ASSOCIATES
Date : May 11, 2010 Chartered Accountants

BALANCE SHEET 31 MARCH 2010

	Notes	2010 US \$	2009 US \$
ASSETS			
Current assets			
Other receivables		2,420	—
Due from a related party	3	24,011	—
Cash and cash equivalents	4	14,700	—
		41,131	—
Total assets		41,131	—
EQUITY AND LIABILITIES			
Share capital	5	10,000	—
Accumulated profits/(losses)		21,132	(3,168)
Equity funds		31,132	(3,168)
Shareholder current account		2,299	3,168
Total shareholder's funds		33,431	—
Current liabilities			
Accruals		6,000	—
Provision for corporate tax		1,700	—
		7,700	—
Total equity and liabilities		41,131	—

The accompanying notes 1 to 8 form an integral part of these financial statements.

The Independent Auditors' Report is set forth page 1

Approved by the shareholder on 11th May, 2010.

For ZODIAC CLOTHING COMPANY INC.

DIRECTOR

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 US \$	2009 US \$
Sales		293,478	—
Cost of sales		(255,969)	—
Gross profit		37,509	—
Other administrative expenses		(8,209)	(3,168)
Net profit/(loss) before tax		29,300	(3,168)
Provision for corporate tax		5,000	—
Net profit/(loss) for the year		24,300	(3,168)

The accompanying notes 1 to 8 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share Capital US \$	Accumulated Profits US \$	Total US \$
Net loss for the period	—	(3,168)	(3,168)
As at 31 March 2009	—	(3,168)	(3,168)
Introduced during the year	10,000	—	10,000
Net profit for year	—	24,300	24,300
As at 31 March 2010	10,000	21,132	31,132

The accompanying notes 1 to 8 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 US \$	2009 US \$
<u>Cash flows from operating activities</u>			
Operating profit before working capital changes		24,300	(3,168)
Changes in other receivables		(2,420)	—
Changes in due from/due to related parties (net)		(24,011)	—
Changes in trade and other payables		7,700	—
Net cash flow from/(used in) operating activities		5,569	(3,168)
<u>Cash flow from financing activities</u>			
Share capital introduced		10,000	—
Changes in shareholder current account		(869)	3,168
Net cash (used in)/flow from financing activities		9,131	3,168
Net (decrease)/increase in cash and cash equivalents		14,700	—
Cash and cash equivalents at beginning of year		—	—
Cash and cash equivalents at end of year	4	14,700	—

The accompanying notes 1 to 8 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

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.
- c) These financial statements have been prepared in the United States Dollars, which is the company's functional and presentation currency and values are rounded off to nearest unit.

2. Significant 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) Other receivables:

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

b) Trade and other payables:

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

c) Sales:

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

d) Income tax:

Taxation is provided in accordance with the relevant fiscal regulation of the country in which the company operates.

e) 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.

f) 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.

g) Dividend:

Dividend is paid out of accumulated profits, when declared.

3. 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 nature of significant related party transactions and the amounts involved are as under:

	2010	2009
	US \$	US \$
Purchase of readymade garments	205,416	—

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:

	2010	2009
	US \$	US \$
Included in current assets:		
Due from a related party	24,011	

4. Cash and cash equivalents

Bank balance:

Current account	14,700	—
	<u> </u>	<u> </u>

5. Share capital

Authorized 10,000 shares of US \$ 1/- each	10,000	10,000
	<u> </u>	<u> </u>

Subscribed, issued and paid up Shares 10,000 @ US \$ 1/- *	10,000	—
	<u> </u>	<u> </u>

* Shares subscribed on 24 April 2009.

6. 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 account, other receivables and due from a related party.

The company's bank balance in current account is placed with high credit quality financial institutions.

There is no significant concentration of credit risk other than related party balance.

Interest rate risk

In absence of bank borrowings, there is no interest rate risk.

Exchange rate risk

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

7. Financial instruments: Fair values

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

8. Comparative figures

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

ZODIAC PROPERTIES LIMITED

1st ANNUAL REPORT

BOARD OF DIRECTORS:

Mr. M.Y. Noorani

Mr. A.Y. Noorani

Mr. S. Y. Noorani

Mr. P.R. Shah

AUDITORS:

KSI Shah & Associates

Chartered Accountants,

Dubai

BANKERS:

HSBC Private Bank (UK) Limited

REGISTERED AGENTS OFFICE:

1003, Khalid Al Attar Tower

P.O. Box 71241

Dubai, U.A.E.

DIRECTORS' REPORT

We are happy to present the 1st Annual Report of the Company for the year ended 31st March 2010.

Zodiac Properties Limited has been incorporated on 22nd November 2009 at Ras Al Khaimah Free Trade Zone under the perception and the seal of the Ras Al Khaimah Free Trade Zone Authority as an International

Company. The company is established to carry out real estate business out side UAE.

For Zodiac Properties Limited

Place : Dubai

Date : May 11, 2010

A.Y. Noorani

Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ZODIAC PROPERTIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZODIAC PROPERTIES LIMITED**, which comprises the balance sheet as of 31 March 2010 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 PROPERTIES LIMITED** as of 31 March 2010 in accordance with International Financial Reporting Standards.

Place : Dubai

Date : May 11, 2010

Chartered Accountants

BALANCE SHEET 31 MARCH, 2010

	Notes	2010 GBP
ASSETS		
Current assets		
Advance for investment property	3	194,955
Cash and cash equivalents	4	300,985
		495,940
Total assets		495,940
EQUITY AND LIABILITIES		
Share capital	5	1,808
Accumulated losses	6	(11,414)
		(9,606)
Shareholder's current account		502,021
Total shareholder's funds		492,415
Current liabilities		
Accruals		3,525
Total equity and liabilities		495,940

The accompanying notes 1 to 11 form an integral part of these financial statements.

The Independent Auditors Report is set forth on page 1

Approved by the shareholder on 11th May, 2010.

For ZODIAC PROPERTIES LIMITED

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 2010

1. Legal status and business activity

- a) **ZODIAC PROPERTIES LIMITED** an International Company registered with Ras Al Khaimah Free Trade Zone, on 22nd November 2009 vide registration number 2206.
- b) The company is established to carry out investments in shares and properties.
- c) These financial statements have been prepared in the Great Britain Pounds, which is the company's functional and presentation currency and values are rounded off to nearest unit.

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) Investment property

Investment property held for the purpose of generating rental income or capital appreciation or both, are classified as investment property and are stated at cost.

If an investment property becomes owner occupied, it is reclassified as fixed asset and is accounted at cost.

b) Other receivables:

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

c) Other payables:

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

d) Foreign currency transactions:

Transactions in foreign currencies are converted into Great Britain Pound at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into Great Britain Pound at the rate of exchange ruling at the balance sheet date. Resulting exchange gains/losses are taken to the income statement.

e) 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.

3. Investment property

This amount represents 10% advance paid for purchase of property at 11 Montagu Mews North, London W1 for a total consideration of GBP 1,900,000/- (refer note 11).

2010
GBP

4. Cash and cash equivalents

Bank balance

In current account with HSBC Bank (UK) Limited

300,985

5. Share capital

Authorized 10 shares of AED 1,000/- each

(converted 1GBP @ AED 5.53)

1,808

Subscribed, issued and paid up

Shares 10 @ AED 1,000/- each

(converted 1GBP @ AED 5.53) *

1,808

6. Accumulated losses

Professional fees for company formation	(1,830)
Consultancy fees	(9,525)
Bank charges	(59)
Closing balance	(11,414)

7. 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.

8. 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. The company's bank balance in current account is placed with high credit quality financial institutions.

Interest rate risk

In absence of bank borrowings, there is no interest rate risk.

Exchange rate risk

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

9. Financial instruments: Fair values

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

10. Capital and purchase commitments

The company has entered into contracts to purchase property costing GBP 1,900,000/. The outstanding capital commitment amount at the balance sheet date is GBP 1,710,000/- (not provided for).

11. Comparative figures

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

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ZODIAC CLOTHING COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of Zodiac Clothing Company Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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. 8,892 lakhs as at 31st March, 2010, total revenues of Rs. 7323 lakhs and net cash inflows amounting to Rs. 540 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements 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 these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the 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 Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

R. Laxminarayan
MUMBAI,
May 26, 2010
Partner
Membership No: 33023

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2009 Rupees
I. SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS -				
(a) Capital	1	83,926,760	83,865,260	
(b) Share Warrants (Refer Note No (D) 13 Of Schedule 17)		—	17,600,000	
(c) Reserves and Surplus	2	<u>1,763,980,756</u>	<u>1,530,576,229</u>	
		1,847,907,516		1,632,041,489
2. LOAN FUNDS :				
Secured Loans	3	320,702,584	267,961,139	
Unsecured Loans - From Others		<u>1,035,000</u>	<u>1,320,932</u>	
		321,737,584		269,282,071
3. DEFERRED TAX LIABILITY (Net)		18,701,487		17,975,825
		<u>2,188,346,587</u>		<u>1,919,299,385</u>
	TOTAL			
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS -	4			
(a) Gross Block		1,328,970,486	1,286,224,737	
(b) Less : Depreciation		<u>417,755,586</u>	<u>374,441,905</u>	
(c) Net Block		911,214,900	911,782,832	
(d) Capital Work-in-Progress		<u>95,375,813</u>	<u>33,962,342</u>	
		1,006,590,713		945,745,174
2. INVESTMENTS-	5		102,146,974	102,146,974
3. CURRENT ASSETS, LOANS AND ADVANCES -				
(a) Inventories	6	555,339,498	533,429,643	
(b) Sundry Debtors	7	329,040,145	342,922,498	
(c) Cash and Bank Balances	8	292,158,678	271,094,333	
(d) Loans and Advances	9	<u>420,945,961</u>	<u>340,952,818</u>	
		<u>1,597,484,282</u>		<u>1,488,399,292</u>
LESS : CURRENT LIABILITIES AND PROVISIONS -				
(a) Liabilities	10	421,713,794	522,148,405	
(b) Provisions	11	<u>96,161,588</u>	<u>94,850,532</u>	
		<u>517,875,382</u>		<u>616,998,937</u>
NET CURRENT ASSETS		1,079,608,900		871,400,355
4. MISCELLANEOUS EXPENDITURE -				
To the extent not written off or adjusted (Preliminary Expenses)			—	6,882
	TOTAL		<u>2,188,346,587</u>	<u>1,919,299,385</u>

Significant Accounting Policies And
Notes to Accounts

17

In terms of our report attached
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: May 26, 2010

S. CHAKRABORTY
Company Secretary

ZODIAC CLOTHING COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales		3,140,057,493	3,210,614,602
Other Income	12	198,444,141	197,883,511
Increase in Stocks	13	<u>27,668,111</u>	<u>21,359,289</u>
		<u>3,366,169,745</u>	<u>3,429,857,402</u>
EXPENDITURE			
Raw Materials Consumed		857,785,193	937,184,529
Purchase of Trading Materials		281,862,311	232,361,838
Operation and Other Expenses	14	1,187,120,505	1,280,721,843
Payments to and Provision for Employees	15	558,938,788	547,361,360
Finance Charges	16	27,947,863	27,766,163
Depreciation/Amortisation		63,430,123	57,814,614
Prior period expenses (net)		<u>387,162</u>	<u>1,404,757</u>
		<u>2,977,471,945</u>	<u>3,084,615,104</u>
PROFIT BEFORE TAXATION			
Provision for Taxation		388,697,800	345,242,298
Current Tax	123,951,850	89,854,436	
Wealth Tax	360,000	300,000	
Deferred Tax charge/(credit)	725,661	1,414,509	
Fringe Benefit Tax	—	<u>3,763,370</u>	
		<u>125,037,511</u>	<u>95,332,315</u>
PROFIT AFTER TAXATION			
Short/(Excess) Provision for Income Tax of earlier year		<u>263,660,289</u>	<u>249,909,983</u>
		<u>1,781,252</u>	<u>309,334</u>
PROFIT FOR THE YEAR			
Brought Forward from Previous Year		<u>261,879,037</u>	<u>249,600,649</u>
		<u>1,071,353,650</u>	<u>913,161,432</u>
PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION			
		<u>1,333,232,687</u>	<u>1,162,762,081</u>
APPROPRIATIONS			
Dividend for the previous year	465	2,244	
Proposed Dividend	58,748,732	54,512,419	
Corporate Dividend Tax thereon	9,984,427	9,264,768	
Transfer to General Reserve	22,500,000	22,500,000	
Transfer to Special Reserve u/s 45 1C of RBI Act	<u>6,885,000</u>	<u>5,129,000</u>	
		<u>98,118,624</u>	<u>91,408,431</u>
Surplus carried to Balance Sheet		<u>1,235,114,063</u>	<u>1,071,353,650</u>
		<u>1,333,232,687</u>	<u>1,162,762,081</u>
Basic Earnings per Share (Face value Rs 10/- per share)		31.22	29.76
Diluted Earnings per Share (Face value Rs 10/- per share)		30.75	28.28
(Refer Note No.(D) 9 of Schedule No 17)			
Significant Accounting Policies and Notes to Accounts	17		

In terms of our report attached
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: May 26, 2010

S. CHAKRABORTY
Company Secretary

ZODIAC CLOTHING COMPANY LIMITED
SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010 Rupees	As at 31st March, 2009 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 -		
8,392,676 (Previous Year 8,386,526)		
Equity Shares of Rs.10/- each fully paid up	83,926,760	83,865,260
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;		
ii) 4,181,313 Shares are allotted as fully paid-up by way of bonus shares by capitalisation of share premium account; and		
iii) 30,050 Shares (Previous Year 23,900) 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)		
TOTAL	<u>83,926,760</u>	<u>83,865,260</u>

SCHEDULE NO. 2

RESERVES AND SURPLUS :

Amalgamation Reserve Account -

As per last Balance Sheet	816,433	773,231
Add: Adjustment in respect of shares received on amalgamation	—	43,202
	816,433	816,433

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
Add: Share warrants forfeited during the year (Refer Note (D) 13 of Schedule 17)	<u>17,600,000</u>	—
	17,629,958	29,958

Foreign Currency Translation Reserve -

As per last Balance Sheet	62,784,216	(5,161,622)
Add: Exchange differences on conversion of non-integral foreign subsidiaries	<u>(49,979,121)</u>	<u>67,945,838</u>
	12,805,095	62,784,216

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

As at 31st March, 2010	As at 31st March, 2009
Rupees	Rupees

SCHEDULE NO. 2 (Contd...)

Statutory Reserve -

As per last Balance Sheet	1,798,014	1,798,014
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Share Premium Account -

As per last Balance Sheet	274,309,517	274,235,897
Add: Received on issue of Shares on exercise of ESOP under Zodiac Clothing Company Limited Employee Stock Option Plan 2006	<u>1,509,210</u>	<u>73,620</u>
	275,818,727	274,309,517

General Reserve Account -

As per last Balance Sheet	165,065,190	142,565,190
Add: Transfer from Profit and Loss account	<u>22,500,000</u>	<u>22,500,000</u>
	187,565,190	165,065,190

Special Reserve (u/s 45 1c of the RBI ACT 1934) -

As per last Balance Sheet	13,814,000	8,685,000
Add: Transfer from Profit and Loss account, net of prior period adjustment Rs. 38,000/- (Previous Year NIL)	<u>6,847,000</u>	<u>5,129,000</u>
	20,661,000	13,814,000

Hedging Reserve Account

Unrecognised gain/(losses) on cash flow hedges - net	10,187,926	(60,979,099)
--	------------	--------------

Surplus in Profit & Loss Account -	1,235,114,063	1,071,353,650
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TOTAL	<u>1,763,980,756</u>	<u>1,530,576,229</u>
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SCHEDULE NO. 3

SECURED LOANS :

Loans and Advances from Banks: -

Working capital facilities *	304,736,821	248,986,279
Term Loan **	15,880,239	18,082,380
Interest accrued and due on above	85,524	892,480

[* 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]

TOTAL	<u>320,702,584</u>	<u>267,961,139</u>
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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULES NO. 4

FIXED ASSETS

Rupees

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
	As at April 1, 2009	Additions	Deductions	Currency Alignment	As at March 31, 2010	For the year	Deductions	Currency Alignment	
INTANGIBLE ASSETS- Acquired									
GOODWILL	78,492,439	–	–	8,594,697	69,897,742	41,617,701	5,748,615	–	3,875,451
Software	7,013,668	231,706	–	–	7,245,374	2,095,621	1,215,004	–	–
TANGIBLE ASSETS									
Freehold Land	42,549,771	–	–	–	42,549,771	–	–	–	–
Leasehold Land	1,805,590	–	–	1,805,590	349,624	19,748	–	–	369,372
Building	487,610,293	6,472,134	–	6,949,131	487,133,296	86,646,487	8,238,596	–	6,826,897
Lease hold Improvement	84,536,915	15,793,403	4,177,049	–	96,153,269	28,862,806	11,953,771	1,273,878	–
Furniture & Fixtures	145,593,938	17,692,513	–	1,504,344	161,782,107	37,760,598	9,137,883	–	1,122,006
Machinery	303,195,137	20,552,643	–	8,527,132	315,220,648	19,542,082	16,635,352	–	6,515,471
Vehicles	28,145,416	8,910,589	–	423,556	36,632,449	9,305,496	2,899,870	–	321,305
Computer	32,651,827	1,653,492	–	–	34,305,319	23,399,135	3,044,688	–	–
Office Equip./Electr. Installation	74,629,743	4,385,565	125,352	2,645,035	76,244,921	24,862,555	4,689,634	11,978	232,494
Total	1,286,224,737	75,692,045	4,302,401	28,643,895	1,328,970,486	374,441,905	63,493,161	1,285,856	29,867,255
Previous Year	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	374,441,905
Capital Work in Progress									95,375,813
									33,962,342
									945,45,174
								Total	1,006,590,713

Note :

1. Depreciation for the year includes prior year depreciation of Rs.63,040/- (Previous Year Rs.372,105/-)
2. Machinery costing Rs.72,003,595/- (Previous Year Rs.57,807,542/-) are hypothecated against Term Loan sanctioned
3. In case of Zodiac Clothing Co. (UAE) LLC a subsidiary, Factory building is constructed on annually renewable leasehold land.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
	Rupees	Rupees
SCHEDULE NO. 5		
INVESTMENTS -		
(A) LONG TERM INVESTMENTS (At Cost)		
In Equity Shares of Companies (Quoted)	102,146,974	102,146,974
In Units of Mutual Fund (Unquoted)	-	-
TOTAL	102,146,974	102,146,974
Notes 1) Aggregate Value of Quoted Investments	Book Value	Market Value
	102,146,974	102,146,974
	401,216,884	100,536,469
SCHEDULE NO. 6		
INVENTORIES :		
(At Cost or Net Realisable Value whichever is lower except stock of shares)		
Stores and Spare parts	10,279,099	6,092,187
Raw Materials	166,022,322	165,737,995
Packing Materials & Accessories	57,452,091	64,578,233
Finished Goods	255,107,534	233,063,711
Work-in-Progress	37,839,524	36,495,373
Materials in Transit	28,110,078	27,036,330
Stock of Shares (At lower of cost and fair value) consist of equity shares of companies (quoted)	528,850	425,814
TOTAL	555,339,498	533,429,643
SCHEDULE NO. 7		
SUNDRY DEBTORS : (Unsecured)		
(a) Debts outstanding for a period exceeding six months :-		
Considered Good	9,275,658	9,932,062
Considered Doubtful	19,288,256	15,830,859
Less: Provision For Doubtful Debts	28,563,914	25,762,921
	19,288,256	15,830,859
	9,275,658	9,932,062
(b) Other Debts :-		
Considered Good	319,764,487	332,990,436
TOTAL	329,040,145	342,922,498
SCHEDULE NO. 8		
CASH AND BANK BALANCES :		
Cash on hand	1,811,465	1,184,489
Remittances in Transit	6,704,444	6,404,241
Bank Balances		
With Scheduled Banks :		
On Current Accounts	35,416,242	5,960,337
On Unpaid Dividend Accounts	986,118	1,081,322
On Fixed Deposit	162,629,234	90,497,236
With Other Banks :		
On Current Accounts	31,006,770	38,831,194
On Margin Accounts	797,249	2,999,522
On Fixed Deposit *	52,807,156	124,135,992
TOTAL	292,158,678	271,094,333

* Includes Fixed deposit Amounting to Rs.24,623,848/- (Previous Year Rs.46,879,580/-) under lien against Secured Loan obtained by the Subsidiary i.e. Zodiac Clothing Co. (UAE) LLC.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

As at 31st March, 2010	As at 31st March, 2009
Rupees	Rupees

SCHEDULE NO. 9

LOANS AND ADVANCES :

(Unsecured, Considered good unless otherwise specified)

Advance Payment of Income-tax etc.	76,776,174	76,714,375
 (Net of provision for Income Tax Rs.124,311,850		
Previous Year: Rs.93,897,870)		
 Deposit With Various Government and other Authorities		
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good	332,974,700	259,204,513
Unsecured - considered doubtful	1,629,013	481,222
	334,603,713	259,685,735
Less : Provision for Doubtful Advances	<u>1,629,013</u>	<u>481,222</u>
	<u>332,974,700</u>	<u>259,204,513</u>
TOTAL	<u>420,945,961</u>	<u>340,952,818</u>

SCHEDULE NO. 10

CURRENT LIABILITIES :

Advances and Deposits from Customers	7,262,963	27,801,927
Sundry Creditors	167,335,395	169,788,189
Unclaimed Dividends	901,411	996,015
Book Overdraft with Bank	–	7,490,440
Other Liabilities	246,008,542	316,071,834
Interest Accrued but not due on loans	205,483	–
TOTAL	<u>421,713,794</u>	<u>522,148,405</u>

SCHEDULE NO. 11

PROVISIONS :

Taxation	76,738	–
Proposed Dividend	58,748,732	54,512,419
Corporate Dividend Tax	9,984,348	9,264,386
For Leave Liability	16,695,526	15,713,228
For Gratuity	10,656,244	15,360,499
TOTAL	<u>96,161,588</u>	<u>94,850,532</u>

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rupees	Previous Year Rupees
SCHEDULE NO. 12		
OTHER INCOME :		
Export Benefits and Entitlements	85,724,998	88,071,834
Commission Income	130,811	40,552
Interest on ICDs, Fixed Deposits etc.	20,598,100	13,107,771
Dividends – Long Term Investments	45,854	2,512,084
Dividends – Current Investments	178	3,046,232
Profit on Sale of Fixed Assets	–	96,179
Profit on Sale of Current Investments	–	1,226,970
Rent	28,736,765	25,950,520
Recovery of Freight & Insurance on sales	45,480,544	40,557,987
Sundry Receipts	7,141,884	11,545,336
Excess provision for expenses written back	6,708,989	5,296,343
Sundry credit balances written back	3,876,018	6,431,703
TOTAL	198,444,141	197,883,511

SCHEDULE NO. 13

INCREASE IN STOCKS :

Opening Stock			
Finished Goods	233,063,711	211,086,346	
Work-in-Progress	36,495,373	37,080,527	
Stock of Shares	425,814	458,736	
	<hr/>	<hr/>	<hr/>
	269,984,898	248,625,609	
Closing Stock			
Finished Goods*	259,284,635	233,063,711	
Work-in-Progress	37,839,524	36,495,373	
Stock of Shares	528,850	425,814	
	<hr/>	<hr/>	<hr/>
	297,653,009	269,984,898	
* Net of Goods Lost by theft Rs.Nil (Previous Year 3,918,774/-) and by Fire Rs. Nil (Previous Year Rs.2,767,731/-)			
TOTAL	27,668,111	21,359,289	

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rupees	Previous Year Rupees
SCHEDULE NO. 14		
OPERATION AND OTHER EXPENSES :		
Consumption of Packing Materials & Accessories (Includes Goods Lost By Fire Rs. Nil) (Previous Year Rs.4,706,444/)	235,793,183	222,704,331
Consumption of Stores and Spare parts	8,193,717	9,501,526
Consumables For Printing/Embroidery/Washing	39,162,716	29,775,831
Power, Fuel and Oil	26,562,243	29,625,645
Labour Charges	84,906,980	76,796,079
Repairs to Buildings	1,997,457	4,484,600
Repairs to Machinery	5,180,166	3,907,154
Repairs to Others	14,031,956	27,375,523
Retail Store maintenance expenses	21,650,790	17,878,158
Insurance	7,677,525	4,298,844
Rates and Taxes	7,720,878	7,571,771
Security Charges	6,040,784	6,332,189
Rent	160,286,850	148,781,018
Printing & Stationery	6,580,332	7,389,000
Bad and doubtful debts written off	309,924	2,385,688
Provision for doubtful debts	3,457,397	2,040,751
Provision for doubtful advances	1,147,791	—
Travelling &Conveyance Expenses	31,624,312	31,762,959
Postage, Telegrams and Telephones	18,967,241	21,604,088
Advertisement and Sales Promotion Expenses	159,687,022	165,767,514
Miscellaneous Expenses	7,609,709	4,130,238
Electricity	24,411,850	24,605,832
Donation	12,721,411	8,587,482
Trade Mark Fees	14,627,971	14,769,600
Preliminary expenses written off	6,882	7,848
Loss On Sale Of Fixed Assets	—	842,627
Commission, Discount and Rebates	134,942,214	145,681,437
Freight Outward	112,058,965	110,646,759
Legal and Professional Charges	22,781,978	25,948,577
Assets Discarded Written off	3,016,543	3,040,173
Directors' Sitting fees	1,366,291	1,377,488
Sundry Balances written off	722,554	790,716
Exchange Fluctuation Loss (Net)	9,800,598	118,682,203
Auditors' Remuneration	2,074,275	1,628,194
TOTAL	1,187,120,505	1,280,721,843
SCHEDULE NO. 15		
PAYMENTS TO AND PROVISION FOR EMPLOYEES :		
Salaries, Wages and Bonus	465,979,590	448,203,908
Contribution to Provident and Other Funds	54,797,461	60,474,541
Labour and Staff Welfare Expenses	38,161,737	38,682,911
TOTAL	558,938,788	547,361,360
SCHEDULE NO. 16		
FINANCE CHARGES :		
Interest		
– on working capital facilities from banks"	10,938,012	11,084,426
– on term loans from banks	777,085	919,731
– others	356,740	231,057
Bank Charges	15,876,026	15,530,949
TOTAL	27,947,863	27,766,163

SCHEDULE NO. 17**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010****(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	100%
e) Zodiac Properties Ltd.	R.A.K. (UAE)	100%**

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. 22nd November '2009.

(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 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.

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 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.

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 provides 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) 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 offered 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 carried out as at the year end.
- d) In case of a Foreign Subsidiary, provision for retirement benefits is made on actual basis in accordance with the applicable local labour laws.

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 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.

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 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.

m) LEASES

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 straight line 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

(D) NOTES FORMING PART OF THE ACCOUNTS:**1. Contingent Liabilities: -**

- a) Guarantee issued by the Bank and counter guaranteed by the Company: Rs 31,613,314/- (Previous year Rs.37,473,634/-)
- b) Foreign letters of Credits opened by Bank and counter guaranteed by the Company: Rs.13,073,806/- (previous year Rs.11,164,129/-)
- c) Foreign bills/Letters of Credit discounted with Bank Rs.26,689,108/- (Previous year Rs.5,093,714/-)
- d) Disputed demand not provided for in respect of: -

		Current year Rupees	Previous Year Rupees
1)	Income Tax (amount paid under protest Rs28,516,019/-.) (Previous Year Rs.24,766,099/-)	32,274,273	31,979,683
2)	Sales Tax (amount paid under protest Rs.6,416,870/-) (Previous Year Rs.138,709/-)	10,441,872	2,626,899
3)	Apparel Export Promotion Council for non fulfillment of export obligation	2,980,050	2,980,050
e)	Claims against the Company not acknowledged as debts Rs 1,066,310/- (Previous year Rs.8,204,270/-)		
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 136,944,157/- (Previous year Rs.7,821,806/-)
- 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 1,665,087/- (Previous Year Rs.1,010,247/-)

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 9 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.160,286,850/- (Previous Year: Rs.148,781,018/-).
- c) The future minimum lease payments under non-cancelable operating lease :
 - (i) not later than one year is Rs.43,015,510/- (Previous Year: Rs 33,502,812/-); and
 - (ii) Later than one year and not later than five years is Rs.6,702,612/- (Previous Year: Rs 11,361,459/-).
 - (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 28,736,765/- (Previous Year Rs.25,950,520/-)
- c) The future minimum Lease rentals under non-cancelable operating leases:
 - (i) Not later than one year is Rs.28,602,300/- (Previous Year Rs.Nil)
 - (ii) Later than one year and not later than 5 year Rs.7,150,575/- (Previous Year Rs.Nil/-)
 - (iii) Later than 5 years Nil
- d) Premises given on licence basis:-
Gross Carrying amount Rs.37,829,173/- (Previous Year Rs.373,938,084/-)
Accumulated Depreciation Rs.22,980,650/- (Previous Year Rs.16,891,510/-)
Depreciation for the year Rs.6,101,749/- (Previous Year 4,958,118/-)

5. **Deferred Tax:**

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Deferred Tax Liability on account of:		
Depreciation		
	40,597,376	39,541,984
	<u>40,597,376</u>	<u>39,541,984</u>
Deferred Tax Assets on account of:		
(i) Employee benefits disallowed u/s 43B	12,637,095	13,631,579
(ii) Provision for Retirement Benefit	3,289,456	2,850,114
(iii) Provision for Doubtful Debts & Advances	5,969,338	5,084,466
(iv) Disallowances Sec 40(a)	—	—
	<u>21,895,889</u>	<u>21,566,159</u>
Deferred Tax Liabilities (Net)	18,701,487	17,975,825

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

(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 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 Pte Ltd.
 Milano Apparel Pvt. 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.

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	– (-)	42,878,336 (42,288,579)	42,878,336 (42,288,579)
Mashal Enterprises	– (-)	6,526,311 (6,223,041)	6,526,311 (6,223,041)
Zodiac Metropolitan Clothing Gmbh	– (-)	301,406,865 (303,451,374)	301,406,865 (303,451,374)
Purchases of Goods and Materials Accrued			
Zodiac Metropolitan Clothing Gmbh	– (-)	589,690 (-)	589,690 (-)
Onward LLC	– (-)	53,135,836 (61,406,367)	53,135,836 (61,406,367)
Interest Income			
Zodiac Metropolitan Clothing Gmbh	– (-)	6,705,423 (8,719,152)	6,705,423 (8,719,152)
Interest Paid			
Zodiac Private Limited	– (-)	38,662 (38,677)	38,662 (38,677)
Miraj Marketing Company Pvt. Ltd.	– (-)	85,082 (57,358)	85,082 (57,358)
Export Claim Paid			
Zodiac Metropolitan Clothing Gmbh	– (-)	51,627 (20,379)	51,627 (20,379)
Trade Mark fees Accrued			
Metropolitan Trading Company	– (-)	14,627,971 (14,769,600)	14,627,971 (14,769,600)
Service Charges Accrued			
Zodiac Private Limited	– (-)	– (1,528,396)	– (1,528,396)

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Rent Accrued			
Metropolitan Trading Company	– (-)	20,364,444 (20,713,079)	20,364,444 (20,713,079)
Mustang Manufacturing Company	– (-)	207,600 (207,600)	207,600 (207,600)
Munraz Enterprises	– (-)	388,800 (388,800)	388,800 (388,800)
Montage Corporation	– (-)	57,696 (44,700)	57,696 (44,700)
Miraj Marketing Company Pvt. Ltd.	– (-)	315000 (315,000)	315000 (315,000)
Mr.A.Y.Noорani	421,584 (421,584)	– (-)	421,584 (421,584)
Mr.S.Y.Noорani	421,584 (421,584)	– (-)	421,584 (421,584)
Mr.M.Y.Noорani	133,056 (133,056)	– (-)	133,056 (133,056)
Salary Accrued			
Mr.Awais A.Noорani	– (-)	4,496,117 (3,810,562)	4,496,117 (3,810,562)
Mr. A.Y.Noорani	6,064,475 (5,689,879)	– (-)	6,064,475 (5,689,879)
Mr. S.Y. Noорani	6,064,475 (5,689,879)	– (-)	6,064,475 (5,689,879)
Expenses Recovered			
Mashal Enterprises	– (-)	510,817 (577,995)	510,817 (577,995)
Munraz Enterprises	– (-)	3,000 (3,000)	3,000 (3,000)
Metropolitan Trading Company	– (-)	205,427 (251,995)	205,427 (251,995)
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)
Montage Corporation	– (-)	3,000 (3,000)	3,000 (3,000)
Zodiac Private Ltd.	– (-)	32,500 (12,000)	32,500 (12,000)
Elite Clothing Co. Pvt. Ltd.	– (-)	6,000 (6000)	6,000 (6000)
Onward LLC	– (-)	3,713,587 (5,293,043)	3,713,587 (5,293,043)

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Other Income Received			
Zodiac Metropolitan Clothing Gmbh	– (-)	10,300,560 (13,793,561)	10,300,560 (13,793,561)
Onward LLC	– (-)	57,380 (380,424)	57,380 (380,424)
Expenses Reimbursed			
Metropolitan Trading Company	– (-)	84,119 (57,994)	84,119 (57,994)
Mashal Enterprises	– (-)	93,269 (33,000)	93,269 (33,000)
Munraz Enterprises	– (-)	252,664 (267,665)	252,664 (267,665)
Zodiac Metropolitan Clothing Gmbh	– (-)	363,413 (233,175)	363,413 (233,175)
Onward LLC	– (-)	1,774,645 (1,138,963)	1,774,645 (1,138,963)
Loans Repaid by			
Zodiac Metropolitan Clothing Gmbh	– (-)	118,575,731 (177,455,054)	118,575,731 (177,455,054)
Loan Paid to			
Zodiac Metropolitan Clothing Gmbh	– (-)	148,562,562 (115,986,748)	148,562,562 (115,986,748)
Loans Taken From			
Zodiac Private Limited	– (-)	555,000 (596,802)	555,000 (596,802)
Miraj Marketing Pvt. Ltd.	– (-)	130,000 (789,130)	130,000 (789,130)
Loan Repaid to			
Miraj Marketing Pvt. Ltd.	– (-)	48,500 (35,000)	48,500 (35,000)
Zodiac Private Limited	– (-)	340,000 (30,000)	340,000 (30,000)
Dividend Paid			
Zodiac Private Limited	– (-)	6,637,176 (6,637,176)	6,637,176 (6,637,176)
Miraj Marketing Company Pvt. Ltd.	– (-)	58,500 (58,500)	58,500 (58,500)
Metropolitan Trading Company	– (-)	3,829,540 (3,829,540)	3,829,540 (3,829,540)
Asia Tangible Investments Pte. Ltd	– (-)	9,114,105 (9,114,105)	9,114,105 (9,114,105)
Euro Global Holding Pte. Ltd.	– (-)	9,114,105 (9,114,105)	9,114,105 (9,114,105)

	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Mr. M. Y. Noorani	2,876,679 (2,876,679)	– (-)	2,876,679 (2,876,679)
Mr. A. Y. Noorani	70,330 (70,330)	– (-)	70,330 (70,330)
Mr. S. Y. Noorani	304,239 (304,239)	– (-)	304,239 (304,239)
Mr. Musaed A. Noorani	– (-)	21,840 (21,840)	21,840 (21,840)
Mrs. Muna A. Noorani	– (-)	242,853 (242,853)	242,853 (242,853)
Donation Paid			
Mariambai & Haji Noor Mohamed Noorani Foundation Trust	– (-)	3,225,000 (1,509,000)	3,225,000 (1,509,000)
Commission Accrued			
Zodiac Metropolitan Clothing Gmbh	– (-)	44,082,211 (45,473,608)	44,082,211 (45,473,608)
Outstanding amount receivable			
Metropolitan Trading Company	– (-)	16,929,120 (17,025,225)	16,929,120 (17,025,225)
Munraz Enterpries	– (-)	1,500,000 (1,500,000)	1,500,000 (1,500,000)
Mashal Enterprises	– (-)	– (349,408)	– (349,408)
Zodiac Metroplitan Clothing Gmbh	– (-)	125,824,659 (104,542,468)	125,824,659 (104,542,468)
Onward LLC	– (-)	1,004,824 (29,168)	1,004,824 (29,168)
Zodiac UAE LLC	– (-)	13,234,172 (15,363,990)	13,234,172 (15,363,990)
Outstanding amount payable			
Munraz Enterprises	– (-)	– (21,046)	– (21,046)
Zodiac Private Ltd.	– (-)	215,000 (626,955)	215,000 (626,955)
Miraj Marketing Co. Pvt. Ltd.	– (-)	820,000 (754,130)	820,000 (754,130)
Onward LLC	– (-)	2,323,777 (1,884,644)	2,323,777 (1,884,644)
Mr. A. Y. Noorani	– (1,344,567)	– (-)	– (1,344,567)
Mr. S. Y. Noorani	– (1,357,820)	– (-)	– (1,357,820)
Zodiac Metroplitan Clothing Gmbh	– (-)	11,141,154 (17,344,829)	11,141,154 (17,344,829)

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	1,376,960,076	1,940,897,426	3,317,857,502	1,352,873,689	2,023,907,143	3,376,780,831
Carrying Cost of Segment Asset	2,171,502,545	534,719,424	2,706,221,969	1,845,027,464	691,263,975	2,536,291,439
Addition to Fixed Asset	74,684,159	1,007,886	75,692,045	252,547,364	25,259,692	277,807,056

8. Prior Year Adjustments included in the Profit and Loss Account are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a) Expenses		
Electricity	—	244,010
Salary & Wages	—	592,083
Freight	152,350	13,451
Repairs and Maintenance	—	114,947
Depreciation	63,040	372,105
Commission & Discount	84,093	—
Misc Expenses	87,679	68,161
TOTAL	387,162	1,404,757

9. Earnings Per Share:

Particulars	As at 31.03.2010	As at 31.03.2009
(a) Face value per share (Rs.)	10	10
(b) Weighted Average No. of Shares		
(i) For basic EPS	8,387,282	8,386,468
(ii) For Diluted EPS	8,515,063	8,826,468
(c) Net Profit for the year attributable to equity shareholders (Rs.)	261,879,037	249,600,649
(d) Basic Earnings Per Share (Rs.) (c/b(i))	31.22	29.76
(d) Diluted Earnings Per Share Rs. (c/b(ii))	30.75	28.28

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	2nd year – 30% 3rd year – 30% 4th 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	253,550	253,850
Granted during the year	NIL	NIL
Exercised during the year	6,150	300
Cancelled / lapsed during the year	10,500	NIL
Forfeited during the year	NIL	NIL
Closing balance	236,900	253,550

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.Nil (Previous Year Rs.87.86 lakhs) and consequently profit after tax would have been lower by Rs Nil (Previous Year Rs.57.60 lakhs) and Basic & Diluted Earning per share would have been lower by Rs.Nil (Previous Year Rs 0.69) per share& Rs Nil (Previous Year Rs 0.65) 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

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, 2010

Sr. No.	Currency	Buy/Sell	Cross Currency	Amount in foreign currency	
				Current Year	Previous Year
1	USD	SELL	INR	10,879,000	12,064,537
2	GBP	SELL	USD	193,000	2,073,000
3	GBP	SELL	INR	165,000	–
4	EURO	BUY	USD	1,00,000	–
5	EURO	SELL	INR	270,000	–
6	USD	SELL	AED	–	250,000
7	EURO	SELL	CHF	63000	–
8	EURO	SELL	USD	1,202,000	1,221,567
9	GBP	SELL	USD	3,021,000	–
10	CHF	SELL	INR	90,000	–
11	JPY	BUY	INR	169,865,294	–
12	USD	BUY	INR	–	1,750,000

(ii) Net (Gain)/Loss on derivative instruments of Rs (10,187,926/-) (Previous Year Rs.60,979,099/-) recognised in Hedging Reserve as of March 31, 2010, is expected to be reclassified to the profit and loss account as and when the same will mature.

(iii) Exchange Loss of Rs.9,800,598/- (Previous Year Rs.147,824,655/-) on foreign exchange forward contracts have been recognized in the Profit and Loss Account for the year ended March 31, 2010.

(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.202,052,857/- (Previous Year Rs.93,687,847/-) as given below:

Particulars	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Packing Credit Loan	USD 3,326,747	150,169,506	USD 1,472,589	76,831,276
	GBP 140,572	9,563,482	–	–
	CHF 90,043	3,804,316	–	–
	EUR 46,140	2,794,247	–	–
Creditors for Goods and expenses	USD 316,409	14,282,697	USD 294,189	15,348,715
	EURO 3,933	246,073	EURO 20,312	1,399,515
	GBP 3,541	250,279	–	–
	HKD 28,328	174,304	HKD 11,641	78,341
	CHF 462,559	20,767,953	–	–

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, 2010	As at March 31, 2009
	Rs.	Rs.
Change in obligations		
Present value of funded benefit obligations as at 1st April, 2009	38,007,187	29,120,163
Current Service Cost	5,999,702	4,663,462
Interest Cost	3,268,080	2,481,918
Benefit Paid	(3,676,223)	(5,519,307)
Actuarial (gain)/loss on obligations	205,542	7,260,951
Present value of unfunded benefit obligations as at March 31, 2010	43,804,287	38,007,187
Reconciliation of present value of the fair value of the plan assets		
Fair value of plan assets as at 1st April, 2009	33,485,119	35,691,624
Expected Return on plan assets	4,345,985	2,654,558
Contributions	24,430,219	250,000
Benefits Paid	(3,676,223)	(5,519,307)
Actuarial gain/(loss) on plan assets	(216,807)	408,244
Fair value of plan assets as at March 31, 2010	58,368,293	33,485,119
Total Actuarial gain/(loss) recognized	(422,349)	(6,852,707)
Amount Recognised in Balance Sheet		
Present value of obligation	43,804,287	38,007,187
Fair value of plan assets	58,368,293	33,485,119
Liability/(assets)	(14,564,006)	4,522,068
Liability/(assets) recognised in the Balance Sheet	(14,564,006)	4,522,068
Expenses Recognised in Profit and Loss Account		
Current Service Cost	5,999,702	4,663,462
Interest Cost	3,268,080	2,481,918
Expected Return on plan assets	(4,345,985)	(2,654,558)
Net Actuarial (gain)/loss recognised in the current year	422,349	6,852,707
Past Service Cost	Nil	Nil
Expenses Recognised in the statement of Profit & Loss	5,344,146	11,343,529
Actuarial assumptions used		
Discount rate	8.00%	7.75%
Expected Return on plan assets	8.00%	7.75%
Mortality	LIC(1994-96)Ultimate	LIC(1994-96)Ultimate
Future Salary increase	5.00%	5.00%
Attrition	1%	1%
Retirement	60 yrs	60 yrs
Category of Assets		
Insurer Managed Funds	58,368,293	33,485,119

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 (31st Mar'10)	Amount in the Fund (31st Mar'09)
Merino Knitting Industries Pvt. Ltd.	1st April, 2000	775,718	714,947
Milliard Clothing Co. Pvt. Ltd.	1st April, 2000	123,529	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.
- iv. The details of experience adjustments on account of Plan Liability and Plan Assets required by Para 120 (n) (ii) of AS-15 is Rs.1,755,002/- (Previous Year Rs.4,209,940/-) and Rs.216,807/- (Previous Year (Rs.408,244/-)) 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.10,566,908/- (Previous Year 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, 2010	As at March 31, 2009
	Rs.	Rs.
Change in obligations		
Present value of unfunded benefit obligations as at 1st April, 2009	8,385,154	6,561,073
Current Service Cost	1,478,163	1,157,219
Interest Cost	652,162	483,259
Benefit Paid	(4,189,199)	(3,355,098)
Actuarial (gain)/loss on obligations	2,058,873	3,538,699
Present value of unfunded benefit obligations as at March 31, 2010	9,677,718	8,385,154
Amount Recognised in Balance Sheet		
Present value of obligation	9,677,718	8,385,154
Fair value of plan assets	NIL	NIL
Liability/(assets) recognized in the Balance Sheet	9,677,718	8,385,154
Expenses Recognized in Profit and Loss Account		
Current Service Cost	1,478,163	1,157,219
Interest Cost	652,162	483,259
Expected Return on plan assets	Nil	Nil
Net Actuarial (gain)/loss recognised in the current year	2,058,873	3,538,699
Expenses Recognised in the statement of Profit & Loss	4,189,199	5,179,178
Actuarial assumptions used		
Discount rate	8.00%	7.75%
Expected Return on plan assets	0%	0%
Mortality	LIC(1994-96)Ultimate	LIC(1994-96)Ultimate
Future Salary increase	5%	5%
Attrition	1%	1%
Retirement	60 yrs.	60 yrs.

13. 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 which were exercisable within a period of 18 months from the date of allotment into an equal number of paid up equity shares subject to the condition that the promoters holding on conversion is within the prescribed limit under SEBI (Substantial Acquisition & Takeover), Regulation (SAST) 1997. Those promoters could not opt for conversion as this would have made their holding cross the limit prescribed under SAST Act 1997, The amount of Rs.17,600,000/- paid by those promoters therefore stood forfeited on 15th July, 2009 i.e. on the expiry of 18 months. The Forfeited Amount has been credited to Capital Reserve Account.

The funds raised through the Preferential issue of warrants have been utilized for working capital requirements.

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

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR
THE YEAR ENDED 31ST MARCH, 2010**

	Current Year Rupees	Previous Year Rupees
A. Cash flows from operating activities		
Profit before Taxation and Extraordinary items	388,697,800	345,242,298
Adjustments for:		
Depreciation and amortization	63,493,163	58,186,719
Preliminary and Amalgamation expenses w/off	6,882	7,848
Provision for Doubtful Debts	3,457,397	2,040,751
Provision for Doubtful Advance	1,147,791	–
(Profit)/Loss on Sale of Fixed assets(Net)	–	746,448
(Profit)/Loss on Sale of Investments(Net)	–	(1,226,970)
Exchange gain on redemption of preference shares	–	(4,861,478)
Assets discarded written off	3,016,543	3,040,173
Dividend Income from Investments	(46,032)	(5,558,316)
Interest paid on Loan	12,071,836	12,235,213
Interest earned On ICD etc	(20,598,100)	(13,107,771)
	62,549,480	51,502,617
Operating Profit before working capital changes	451,247,280	396,744,915
Adjustments for:		
Decrease/(Increase) in Sundry Debtors and other receivables	(70,558,972)	2,726,348
Increase in Inventories	(21,909,856)	(23,063,876)
Increase in Sundry Creditors and Provisions	(32,912,806)	28,527,964
	(125,381,634)	8,190,436
Cash from operations	325,865,646	404,935,351
Currency Alignment on conversion of accounts of non integral foreign subsidiaries	(50,017,121)	67,945,838
Direct taxes paid (Net)	(126,154,901)	(115,231,811)
Net cash from operating activities	149,693,624	357,649,378
B. Cash Flows from investing activities		
Purchases of Investments	(850,178)	(232,381,026)
Sale of Investments	850,178	363,875,304
Dividend Received	46,032	5,558,316
Interest Received	20,598,100	13,107,771
Purchase of fixed assets	(127,355,244)	(286,575,113)
Proceeds from sale of fixed assets	–	927,291
Net cash used in investing activities	(106,711,112)	(135,487,457)

	Current Year Rupees	Previous Year Rupees
C. Cash flows from financing activities		
Proceeds from short term loans	1,788,179,254	622,316,689
Repayment of short term loans	(1,733,235,668)	(589,192,132)
Proceeds of Term Loan	8,700,000	—
Repayment of Term Loan	(10,902,142)	(13,068,805)
Proceeds from Unsecured Loan	825,181	1,509,272
Repayment of Unsecured loans	(1,111,113)	(188,340)
Issue of Shares at premium on vesting of ESOPS	1,570,710	76,620
Fixed deposit with Banks having maturity over 3 months	(21,713,440)	(89,544,096)
Interest paid on Loan	(12,071,836)	(12,235,213)
Dividends paid	(63,777,349)	(63,777,149)
Net cash used in financing activities	(109,523)	(144,103,154)
Net increase in cash and cash equivalents (A+B+C)	42,872,989	78,058,767
Cash and cash equivalents as at the commencement of the year	166,016,310	87,957,543
Cash and cash equivalents as at the end of the year	208,889,299	166,016,310
Deposit with Original Maturity over 3 months	82,283,261	103,996,701
Restricted Cash (Unclaimed Dividend Accounts)	986,118	1,081,322
Cash and cash equivalents as at the end of the year as per Schedule 8	292,158,678	271,094,333

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: May 26, 2010

S. CHAKRABORTY
Company Secretary

Pochettes
in pure silk



ZODIAC
FINEST QUALITY CLOTHING



Cufflinks Rhodium plated and set with semi-precious stones.