

ZODIAC CLOTHING COMPANY LIMITED

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

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that the Extra-ordinary General Meeting of Zodiac Clothing Company Limited will be held on Saturday, the 17th September, 2011, at 11 a.m. at Hall of Quest, Nehru Planetarium (Basement), Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business:

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to applicable provisions of the Companies Act 1956, Article 203 of the Articles of Association of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulations") and subject to such other necessary approvals, permissions and sanctions as may be required and subject to such terms and modifications as may be specified while according such approvals, the Board of Directors of the Company ("the Board", which term shall be deemed to include any Committee thereof) be and is hereby authorized to issue and allot Shares not exceeding 6410532 Equity Shares (hereinafter referred to as 'Bonus Shares') of Rs.10/- each credited as fully paid up, to the eligible members of the Company holding Equity Shares of Rs.10/- each whose names appear on the Company's Register of Members on such date ("Record Date") as the Board may determine in the proportion of one new fully paid Equity Share of Rs.10/- for every two Equity Shares of Rs.10/- each held as on the record date by capitalizing a sum not exceeding Rs. 6,41,05,320/- (Rupees Six Crores Forty One Lakhs Five Thousand Three Hundred Twenty only) out of the Company's Share Premium Account of the Company as per the audited accounts of the Company for the financial year ended March 31, 2011 and that the new Bonus Shares so issued and allotted shall be treated for all purposes as an increase in the paid up equity capital of the Company held by each such member and not as income."

"RESOLVED FURTHER THAT pursuant to the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and consequent to the issue of Bonus Shares, the Board be and is hereby authorized to make appropriate adjustments with respect to the 'Employee Stock Option Plan 2006' of the Company, including but not limited to adjustments with respect to the number of additional options to be granted and the number of shares to be issued against the stock options, whether already granted or to be granted in the future, pursuant to the Company's "Employee Stock Option Plan 2006".

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

"RESOLVED FURTHER THAT the Share Certificates for Bonus Shares be delivered to the

shareholders who hold the existing equity Shares in physical form and the respective beneficiary accounts be credited with the Bonus Shares, for such shareholders who hold the existing equity Shares or opt to receive the Bonus Shares, in dematerialized form, within the prescribed period."

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

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or as the Board of Directors in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

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

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

"RESOLVED THAT pursuant to the provisions of Companies Act, 1956 and subject to such other statutory, contractual and regulatory approvals, permissions and consents as may be required, the Authorised Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000 (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 10/- (Rupees Ten) each by creating additional 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each."

"RESOLVED FURTHER THAT Mr. A. Y. Noorani, Vice Chairman and Managing Director and Mr. Omprakash Singh, Company Secretary of the Company be and are hereby severally, unconditionally and irrevocably authorised by the Company to carry out all such acts and execute all necessary deeds, forms and instruments, for and on behalf of the Company, as may be necessary to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 16 of the Companies Act, 1956 and other

Certified True Copy
For Zodiac Clothing Co. Ltd.

(Omprakash Singh)
Company Secretary

applicable provisions of the Companies Act, 1956, the existing Clause V of Memorandum of Association of the Company, relating to Authorized Share Capital of the Company, be and is hereby altered by deleting the same and instead thereof, substituting the following as new Clause V.

The Authorized Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each, with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being and with the power to increase, consolidate, divide, sub-divide, cancel and reduce the Share Capital of the Company and to convert shares into stocks and reconvert that and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges in such manner as may for the time being be provided in the Articles of Association of the Company."

"RESOLVED FURTHER THAT Mr. A. Y. Noorani, Vice Chairman and Managing Director and Mr. Omprakash Singh, Company Secretary of the Company be and are hereby severally, unconditionally and irrevocably authorised by the Company to carry out all such acts and execute all necessary deeds, forms and instruments, for and on behalf of the Company including but not limited to filing the requisite forms with the Registrar of Companies, as may be necessary to give effect to the foregoing resolution."

4. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Section 31 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company, relating to the Authorized Share Capital of the Company, be and is hereby altered by deleting the same and instead thereof, substituting the following as new Article 4:

The Authorized Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each, with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being and with the power to increase, consolidate, divide, sub-divide, cancel and reduce the Share Capital of the Company and to convert shares into stocks and reconvert that and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges in such manner as may for the time being be provided in the Articles of Association of the Company."

"RESOLVED FURTHER THAT Mr. A. Y. Noorani, Vice Chairman and Managing Director and Mr. Omprakash Singh, Company Secretary of the Company be and are hereby severally, unconditionally and irrevocably authorised by the Company to carry out all such acts and execute all necessary deeds, forms and instruments, for and on behalf of the Company including but not limited to filing the requisite forms

with the Registrar of Companies, as may be necessary to give effect to the foregoing resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be and are hereby altered by inserting the following new articles i.e. 93 (6) and 93 (7) after the existing Articles 93 (5) and new Articles i.e. 94A and 162A after existing Article 94 and Article 162 respectively and substituting the existing Article 164 with the new Article 164:

i. by inserting the following new articles 93 (6) and 93 (7) after the existing Article 93 (5) :

93 (6): Notwithstanding anything to the contrary contained in these Articles, any reference made to a resolution by the members of the Company at any general meeting shall also be deemed to include a resolution passed by postal ballot in accordance with the provisions contained in Article 93, whether or not the subject matter of such resolution is a matter for which resolution by postal ballot is compulsory under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 or any other law for the time being in force.

93 (7): Notices and other documents of General Meeting of the Company shall be given to every member of the Company by e-mail, provided that every member should be given an advanced opportunity to register their e-mail address and changes therein from time to time with the Company or its Registrar and Share Transfer Agents. In case any member has not registered his e-mail address with the Company, the service of notice and documents shall be in accordance with the provisions of section 53 of the Companies Act, 1956.

ii. by inserting the following new article 94 A after the existing Article 94:

94A: Participation in General Meeting(s) of the Members through electronic Mode

(1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the provisions of applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations made there under or the Listing Agreement with Stock Exchange, from time to time, allow the members of the Company to participate in the General Meeting(s) of the members through any type of electronic mode like video conferencing etc. and the members so participating shall be deemed to be present in such General Meeting(s) for the purpose of the quorum, voting, recording and all other relevant provisions in this regard.

(2) For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being

in force and the rules, regulations, circulars, notifications, guidelines etc. issued / to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

iii. by inserting the following new article 162 A after the existing Article 162 :

162A : Participation in Meeting(s) of Directors through electronic mode

(1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority and provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations, etc. made there under or the Listing Agreement with Stock Exchanges, from time to time, the Director(s) may participate in the meeting(s) of the Board or any Committee of the Directors through any type of electronic mode like video conferencing shall be deemed to be present in the meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.

(2) For conducting aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force, and the rules, regulations, circulars, notifications, guidelines etc. issued / to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard.

iv. by substituting the existing Article 164 with the following new Article 164 :

Subject to the provisions of Section 287 and other applicable provisions (if any) of the Act, the quorum for a meeting of the Board of Directors shall be one third of the total strength of the Board of Directors (excluding Directors, if any, whose places may be vacant at the time, and any fraction contained that one-third being rounded off as one) or two Directors, present in person or attending through any type of electronic mode like video conferencing, whichever is higher, provided that where at any time the number of interested Directors exceeds, that is to say, the number of Directors who are not interested and are present at the meeting, not being less than two shall be quorum during such meeting. A meeting of the Directors for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretion by or under the Act or the Articles of the company, for the time being vested in or exercisable by the Board of Directors generally."

By order of the Board

For Zodiac Clothing Company Limited

Place : Mumbai

Date : August 10, 2011

OMPRAKASH SINGH
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY DULY COMPLETED IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement u/s 173(2) of the Companies Act, 1956 is annexed herewith.
3. Members are requested to affix their signature at the space provided on the Attendance Slip annexed to the Proxy Form and hand over the slip at the entrance to the place of the Meeting.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
5. The Articles of Association, Memorandum of Association is open for inspection for the members at the Company's registered office between 11.00 a.m. and 1.00 p.m. on any working day from 19th September, 2011 onwards up to date of the Extraordinary General Meeting and at the Meeting.
6. Members are requested to :
 - (a) Register their e-mail address with the Company's Registrar and Share Transfer Agents, M/s. Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. Tel No.040-44655000. Fax No.040-23420814. E-mail: einward.ris@karvy.com & cosecy@zodiacmtc.com;
 - (b) Notify any change in their residential address immediately to the Company's Registrar and Share Transfer Agents;
 - (c) Advice the Company's Registrar and Share Transfer Agents for consolidation of their shares into a single folio wherever different folios have been allotted to them.
 - (d) Quote their Folio Number/Client ID and DP ID in all their correspondence.
7. Non-resident Indian Shareholders are requested to inform about the following to the Company or its Share Transfer Agents or the concerned Depository Participant, as the case may be, immediately:
 - a. Change in their residential status on return to India for permanent settlement;
 - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
8. In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs (MCA) (vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), all members who are holding shares of the Company in physical mode, are required to register their e-mail Ids, so as to enable the Company to send all notices/reports/documents/intimations and other correspondences etc. through e-mails, in the electronic

mode instead of receiving physical copies of the same. For registering your e-mail IDs, form is enclosed for updation. Members holding shares in demat mode, who have not registered their e-mail IDs with Depository Participant are requested to register/update their e-mail IDs with their Depository Participant immediately.

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

Item No.1

The present Issued, Subscribed and Paid-up capital of the Company is Rs. 12,82,10,640/- divided into 12821064 Equity Shares of the face value of Rs.10/- each fully paid-up. As on 31st March 2011, the Company had a balance of Rs. 288,675,185/- in the Share Premium Account and it had other free reserves of Rs. 208,775,602/- (excluding Surplus as per Profit & Loss Account of the Company as on the said date)

Since there has been a substantial built-up of Reserves, the Board of Directors, at its meeting held on 10th August, 2011, decided to recommend capitalization of the companies Share Premium Account by issue of fully paid-up Bonus Shares to the members of the Company in the proportion of one Equity Share for every two Equity Shares held by the members on such date as may hereafter be fixed by the Board of Directors (hereinafter referred to as the "Record Date"). It is accordingly proposed to capitalize an amount from the Share Premium Account of the Company.

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

As per the Company's ESOP scheme, the Directors / Employees who have been granted options under ESOP, but vesting rights of conversion is not exercised, the said holder would be entitled to apply for and be allotted proportionately higher number of options exercisable on the same terms as are applicable to the original options, except that these options would be convertible without any further payment over and above the exercise price of original options. As a result of this, the aggregate number of options under Company's "Employees Stock Option Plan 2006" would stand increased.

The Board of Directors recommends the passing of the Ordinary Resolution for Item No. 1 of the accompanying Notice.

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

Item nos. 2, 3 & 4.

The present Authorised Share Capital of the Company stands at Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided in to 2,00,00,000 (Two Crore) Equity Shares of the Face value of Rs. 10/- (Rupees Ten) each. It is proposed to increase the Authorised Share Capital from Rs. 20,00,00,000/- (Rupees Twenty Crores Only) to Rs. 30,00,00,000/- (Rupees Thirty Crores only) by creation of additional 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten each) aggregating to Rs. 10,00,00,000/- (Rupees Ten Crores only).

The Authorised Share Capital is proposed to be increased in view of the infusion of funds in to the Company by means of the Preferential Allotment of Equity participation

and Allotment of Shares under Company's ESOP Scheme. The existing Authorised Share Capital of the Company is inadequate to incorporate the increased Capital.

Consequent upon increase in Authorised Share Capital, Capital Clause of Memorandum and Articles of Association of the Company will require alteration so as to reflect the increase of Authorised Share Capital.

The Consent of the members is being obtained in accordance with the provisions of Section 13, 16, 31 and 94 of the Companies Act, 1956.

A Copy of the Memorandum and Articles of Association of the Company is available for inspection during Business Hours (between 11.00 a.m. to 1.00 p. m.) on any working day at the Registered Office of the Company up to date of the Extraordinary General Meeting and at the Meeting.

The Board recommends the resolutions for approval of shareholders.

None of the Directors is concerned or interested in these Resolutions.

Item No.5

To have the provisions in the Articles of Association of the Company with the applicable provisions of the Companies (Passing of Resolution by Postal Ballot) Rules 2001 to cover the Resolution passed by postal ballot, it is proposed to insert new Article 93(6) after the existing Article 93(5) of the Articles of Association of the Company.

Ministry of Corporate Affairs, Government of India, as part of its Green Initiative in the Corporate Governance, came up with a series of circulars, thereby allowing use of electronic modes in convening and conducting the Board and Shareholders Meetings of the Companies.

With a view to implement the green initiative in the Company and in order to ensure maximum participation of shareholders and Board of Directors in the General and Board Meetings respectively, the Board of Directors of the Company has decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board and General Meetings of the Company.

The new Articles in the Articles of Association will facilitate holding Board and General Meetings vide electronic mode and will ultimately result in effective and larger participation of Directors and shareholders in the affairs of the Company and strengthening Corporate Governance norms in the Company.

Considering the benefits attached with the use of electronic mode and to ensure the maximum participation of the Board of Directors and Shareholders in their respective meetings, the Board recommends the alteration of Articles of Association as stated in the Special Resolution at Item No. 5.

The Board recommends the resolution for approval of shareholders.

None of the Directors of the company is deemed to be concerned or interested in the resolution proposed at Item No. 5 of the accompanying Notice.

By order of the Board

For Zodiac Clothing Company Limited

Place : Mumbai

Date : August 10, 2011

OMPRAKASH SINGH
Company Secretary