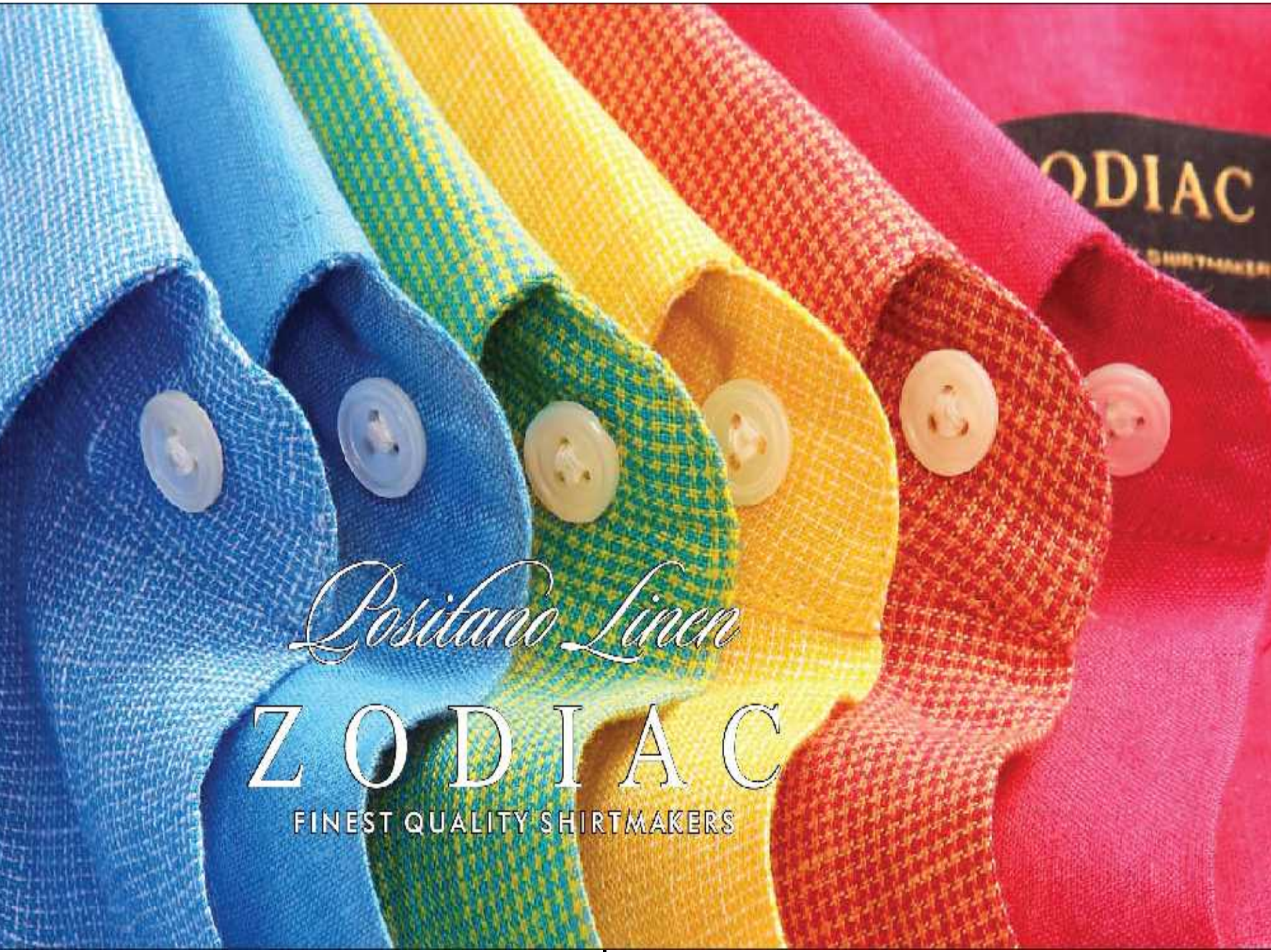

Positano Linen
ZODIAC
FINEST QUALITY SHIRTMAKERS

Background

- Promoted by Mr. M Y Noorani, the House of Zodiac commenced operations in 1954 with neckties. It diversified into manufacturing of men's shirts in the 1960's. Was listed in 1994 as Zodiac Clothing Co. Ltd*.
- Today, ZCCL* is vertically integrated from design to retail, is highly de-risked and powered by 3 outstanding men's clothing brands at the premium end of the segment: Zodiac, ZOD! & Z3
- ZCCL has 3 businesses:

  (a) Branded Business: Across India and the Middle East

  (b) Own Retail: Currently 114 company managed stores which are growing aggressively & profitably. This includes our web-store.

  (c) Design driven International business for leading brands & retailers in the US, EU, the UK, with a small presence in Latin America and the Middle East.
- Extensive branded business product portfolio: Super fine, light weight suits, jackets & trousers in pure wool & 100% linen; Jodhpuris in pure wool; premium shirts in long staple, Egyptian cotton; woven silk ties & men's fine accessories like cufflinks, belts, wallets, pochettes, handkerchiefs, socks & leather shoes.
- ZCCL has been consistently profitable with an un-interrupted dividend record in line with best practices on pay out ratio across industries ever since listing.

Financial Summary (Consolidated)

	FY2014	Q4 '14
Revenues	**Rs 41656 Lac**	**Rs. 10460 Lac**
EBIDTA	Rs. 3926 Lac	Rs. 1309 Lac
Net Income	Rs. 2200 Lac	Rs. 692 Lac
EPS	Rs. 11.35	Rs. 3.57*

* Not annualized

Market Statistics

Share Price (May 27th, 2014) : Rs 421

Market Capitalization : Rs 81632 Lac

Enterprise Value : Rs 82640 Lac

Snapshot of Drivers of Growth

Portfolio of strong brands
Design driven value added products
Marketing led strategy & a strong distribution network
Brand extensions and Product extensions

Branded Business

Across India and the Middle East

Own Retail Business

114 company managed Stores. Being grown aggressively & profitably

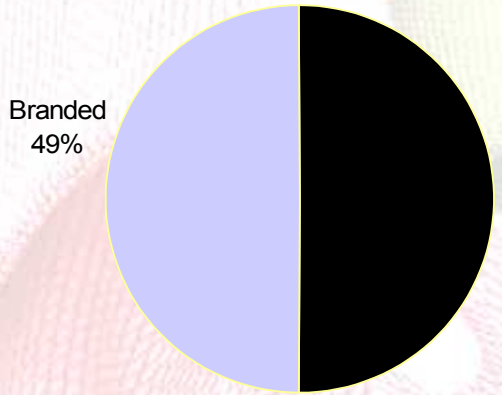
Design Driven International Business

With leading global brands and retailers

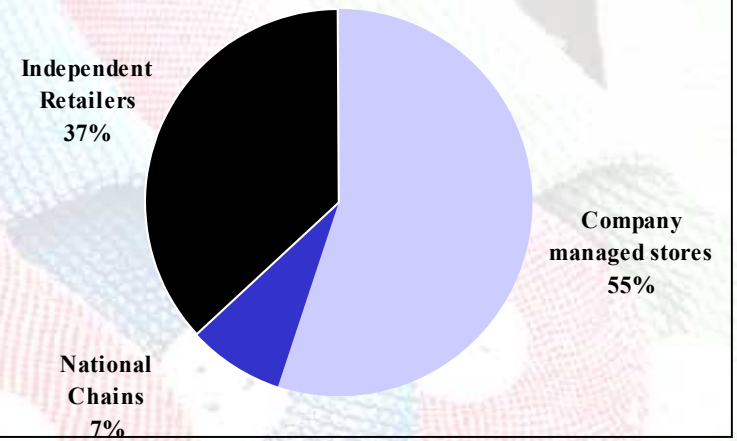
- Vertically integrated (from design to retail) & committed to manufacturing excellence, with simultaneous focus on quality and productivity.
- Best practices of Corporate Governance & prudent financial policies
- Focus on profitability with proven track record of consistently achieving strong cash flows.
- Highly de-risked business model – stood the test of time and economic cycles repeatedly.

Sales Break up

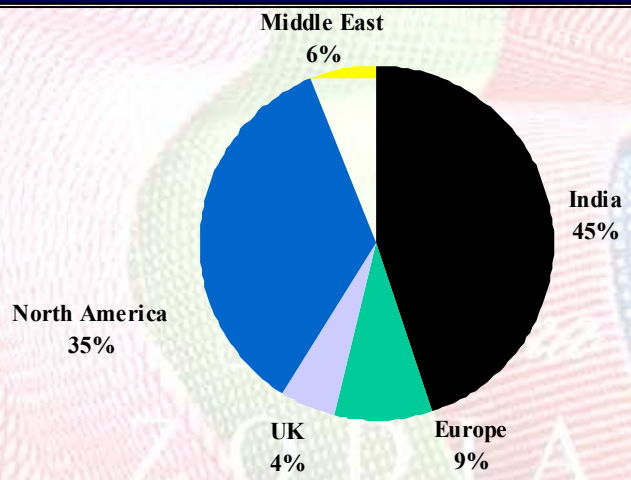
Branded / International Sales Split FY 13-14



Channelwise Branded Sales Split



Geographical Sales Split



Emphasis on aggressive growth of Branded Business & Own Retail in India

ZCCL: Design Driven Philosophy

- Our Mumbai office has an Italian inspired, state of the art Design Studio, with a team of over 15 trained designers constantly networking with our international offices and attending trade shows overseas
- We have our own offices in 3 fashion capitals of the world - London, Duesseldorf, and New York headed and run by local industry professionals with considerable experience in design
- ZCCL designs its own collections in line with international fashion trends across the different segments of men's clothing, offering the consumer for its branded products cutting edge fashion and its International customers possibility to outsource design.

ZCCL: Manufacturing Excellence

- Our state of the art and modern automated manufacturing plants are located in Karnataka & Gujarat (India) and Dubai (UAE).
- Capacity to produce over 7 mn shirts per annum. We successfully manufacture extremely high work content/ value added products.
- ZCCL currently employs approx 4,000 people across the company

Location	Product	Capacity (in mn pcs)
Bangalore (Karnataka)	Shirts	4.3
Bangalore (Karnataka)	Trousers	0.5
Dist.Valsad (Gujarat)	Shirts	0.7
Dist.Valsad (Gujarat)	Socks	1.0
Dubai (UAE)	Shirts	2.0

ZCCL: Marketing Led Strategies: ZODIAC

- **ZODIAC – a premium, classic, men's wear brand, of the longest standing in India**
  - The brand is positioned for the classic yet contemporary male's wardrobe
  - ZODIAC's product range has fine wool & pure linen suits & trousers, pure wool Jodhpuris, shirts crafted from the finest cotton with woven silk ties to match. All accessorised with silk pochettes, sterling silver & rhodium finished cufflinks set with semi precious stones and fine leather belts.
  - The brand is retailed across more than 1300 counters in India

Our Signature:

The Trinity Button.

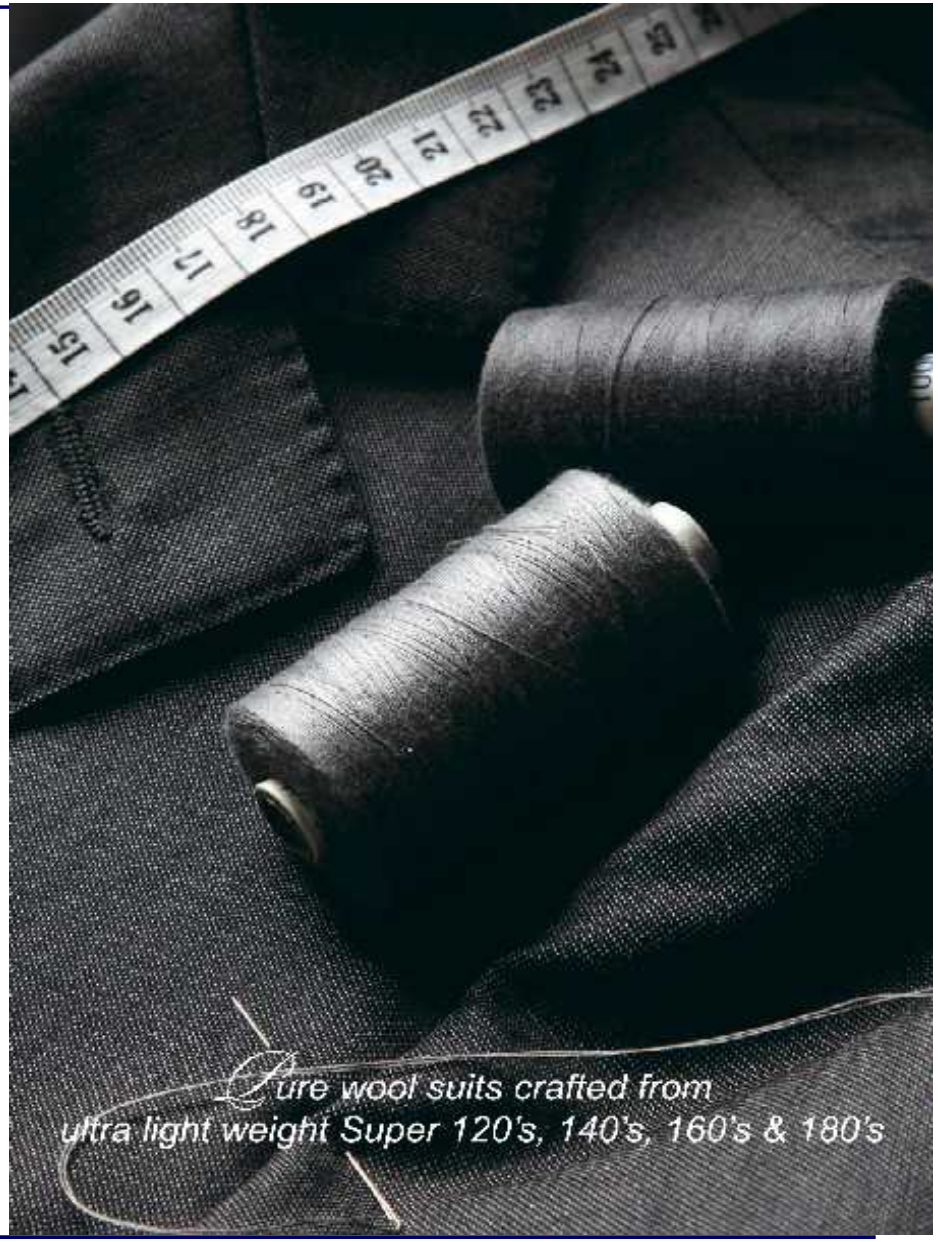
Patented, Mother of Pearl three hole buttons.
The hallmark of finest quality.

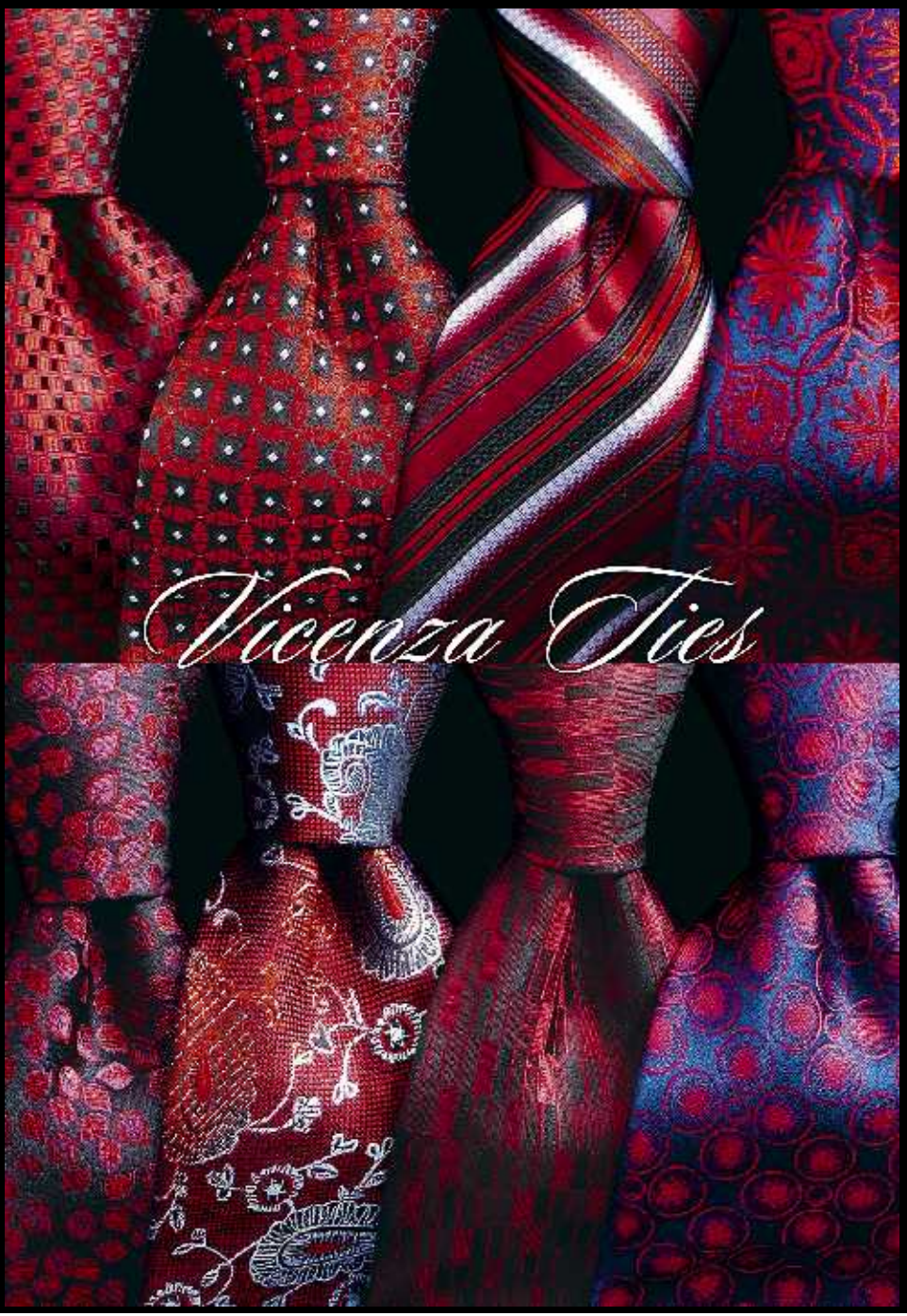
The House of Zodiac has consistently focused on providing luxury, quality and value to discerning Indian customers.

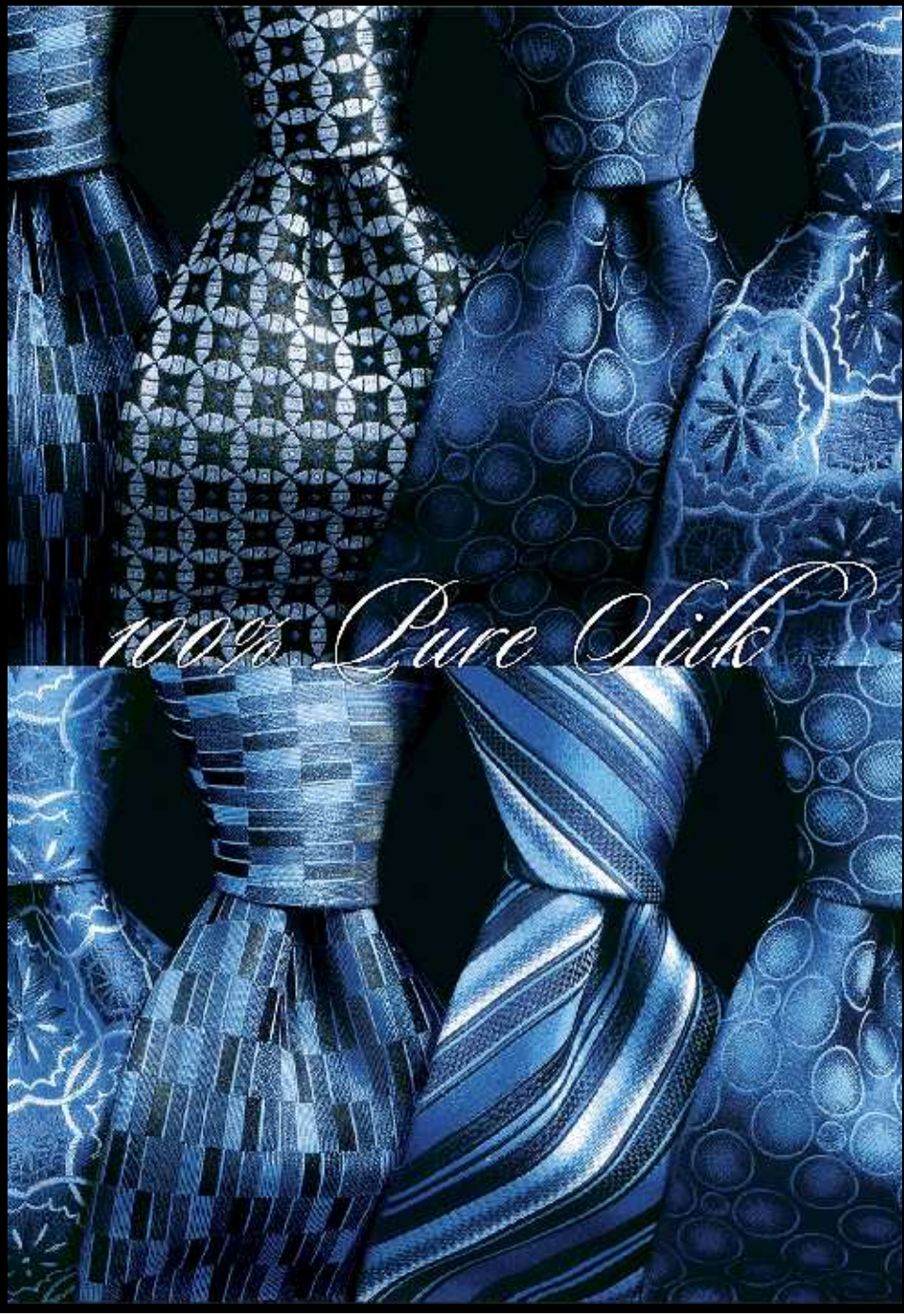
Driven by a passion for excellence,Zodiac is the undisputed leader in design innovation, delivering classic style and an up to date elegance in all its products.

Each Zodiac product, no matter how small or great, is crafted with meticulous attention to detail, and is a testament to the very essence of Zodiac.

Biella
SUPERFINE 140's PURE WOOL SUITS
ZODIAC
FINEST QUALITY CLOTHING


Pure wool suits crafted from
ultra light weight Super 120's, 140's, 160's & 180's


Vicenza Ties


100% Pure Silk

Macerata
ZODIAC
FINEST QUALITY SHIRTMAKERS

ZCCL: Marketing Led Strategies…
ZOD! Club Wear

- **ZOD! – a trendy, fashionable casual wear brand launched in 2002.**
  - Positioned as Club Wear and enjoys the first – mover advantage. We actually created this category in India.
  - ZOD! is targeted at socially active, young males who want to dress trendily when they step out in the evening.
  - Offers a range of trendy shirts, skinny ties and leather jackets. The ZOD! Line high on design content and in tune with fashion trends internationally.
  - Available across India, the brand is retailed thru more than 800 outlets from Jammu to Trivandrum and from Bhuj to Shillong
  - ZOD! captures the young male's attention and brings him into a Zodiac Store. Eventually this consumer will graduate to formal shirts or smart casual wear when (depending on his work requirement)hence will move to Zodiac or Z3

ZCCL: Marketing Led Strategies…
Z3 – Relaxed Luxury

- **Z3 our recently launched casual wear brand**
  - Launched in April 2008 just before the world wide down turn & really got a fillip in 2010 post the economic revival in India
  - We are now enjoying a wide base of users especially those that do not wear a crisp, formal shirt & a tie to work (Software, Media & Advertising executives and self-employed businessmen)
  - All Z3 shirts, chinos & boxer shorts are made from 2 ply cotton & given our "Trademark Vintage Wash" for an incredibly super-soft hand feel – which is the USP of Z3
    - The casual, relaxed look is achieved by a lightly puckered collar and plackets coupled with removable collar bones
  - Currently Z3 is available at almost 800 counters nationally and growing fast
  - Ranked # 6 nationally by Business Standard in a list of Most Successful Brand Launches of 2008

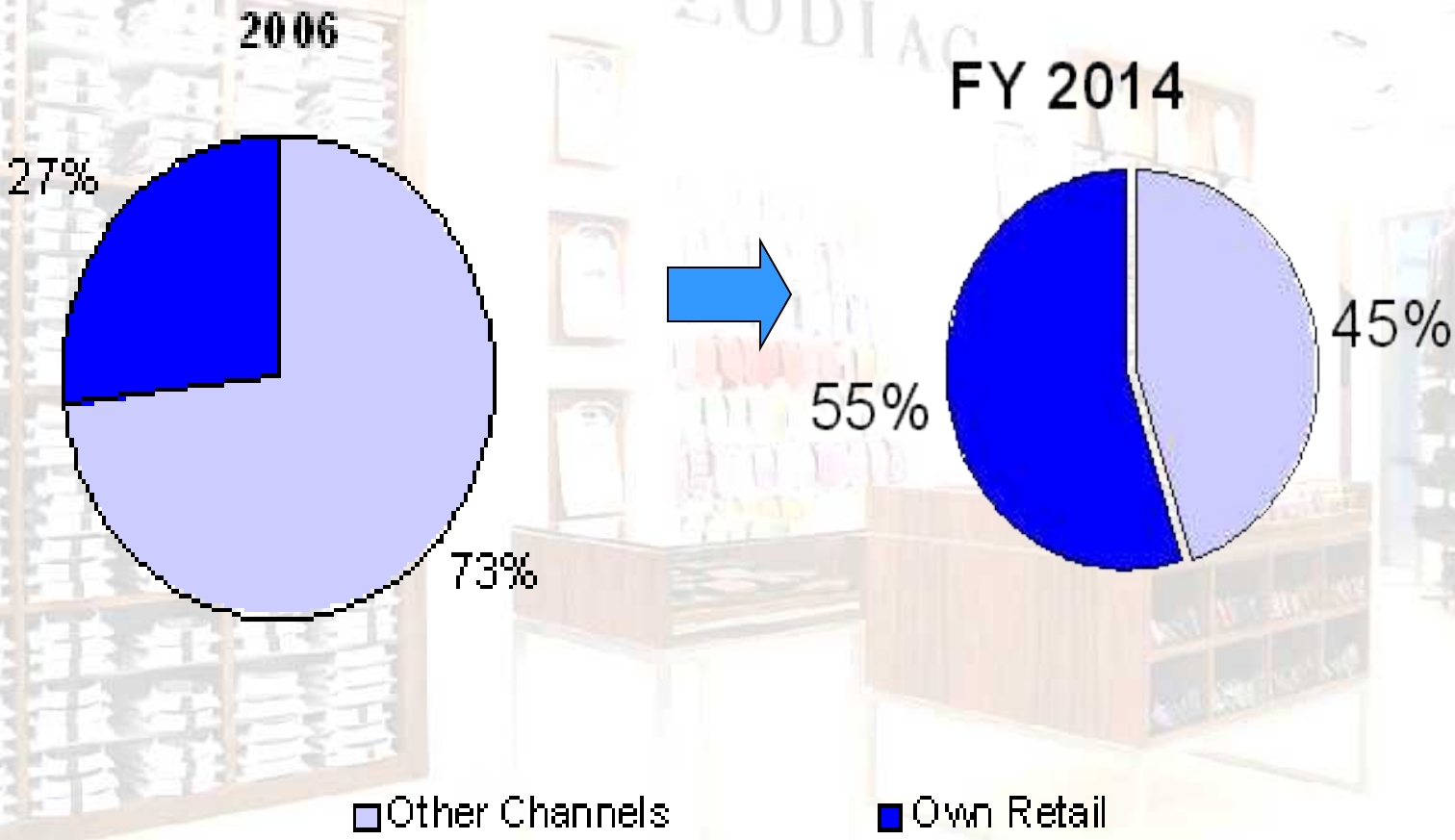
Z3
Z3
Z3
Z3
Z3

ZCCL: Retail Focus

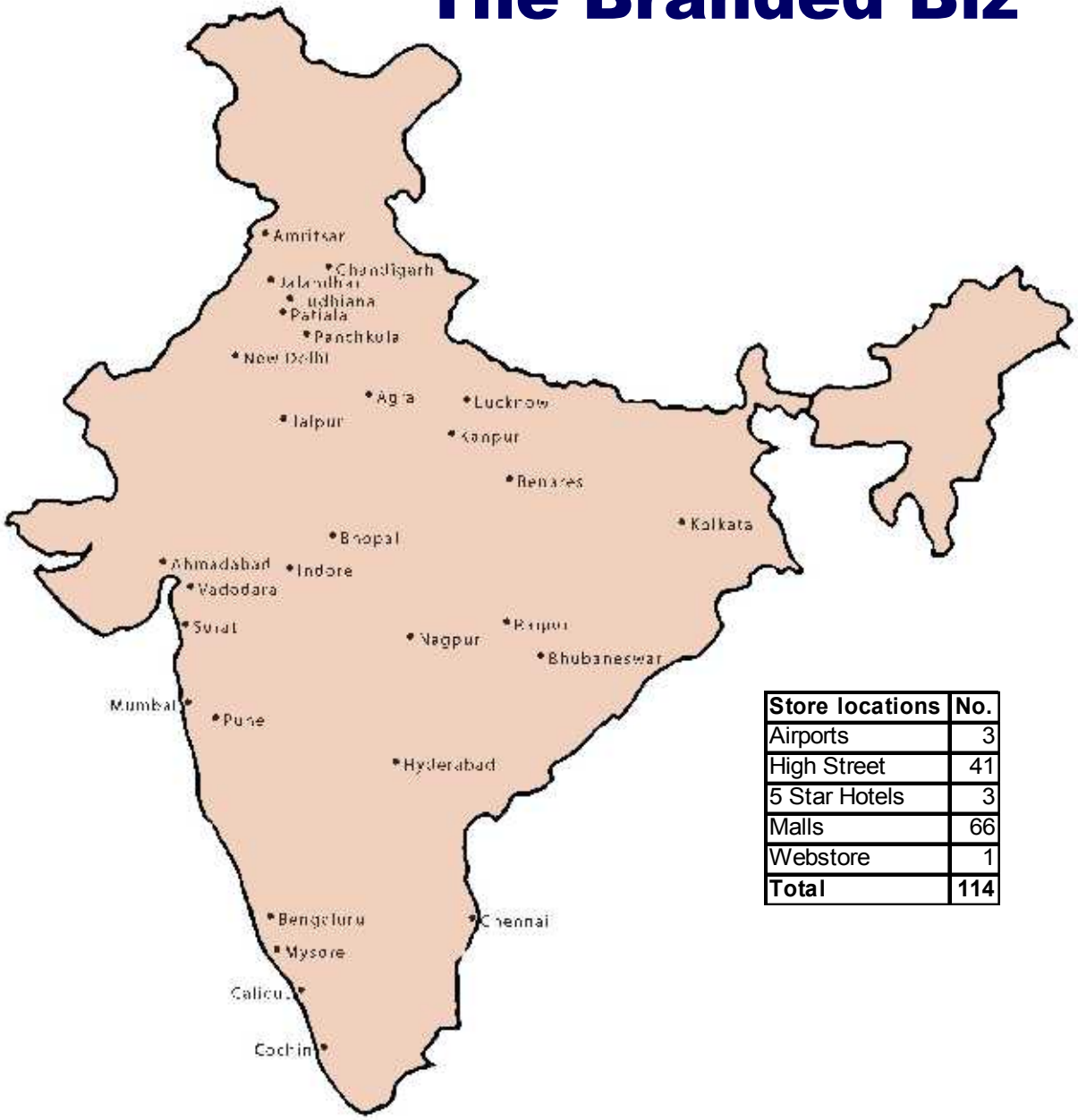
- ZCCL opened it's first store at the Taj Mahal Hotel in 1973 and this was the beginning of a retail store strategy to open stores at premium locations across India
- Aggressive scaling up of stores at the right locations ensure a large footfall of premium customers despite volatility in demand
- Our stores built to European design, offer a truly international shopping experience.
- Today, we have 114 stores across:
  - **High street locations**: To name a few .. Khan Market, South Ext & CP in New Delhi, Linking Road in Mumbai, KNK Road, Nungambakkam in Chennai, Chowranghee in Kolkatta & Sector 17 in Chandigarh…
  - **Premium Hotels**: The Taj Mahal, Oberoi Trident & The Grand Hyatt in Mumbai
  - **Premium Malls**: **Mumbai:**In Orbit Malad & Vashi, Infinity, Phoenix & CR2 **Delhi:** DLF, Select City Walk & Unitech **Hyderabad:**GVK & In Orbit **Chennai:** Citi Centre, Ampa Mall, Express Mall **Bangalore:** Forum **Kolkata:** City Centre & South City among others
  - **Departure Terminals:**
    - **Mumbai Airport (International & Domestic)**
    - **T3 at Delhi Airport**

ZCCL: Retail Focus

Growing Contribution of Own Retail to Branded Business



The Branded Biz



Store locations	No.
Airports	3
High Street	41
5 Star Hotels	3
Malls	66
Webstore	1
Total	**114**

S. No	North	Store Count
1	Delhi NCR	23
2	Chandigarh	3
3	Dehradun	1
4	Jalandhar	1
5	Ludhiana	2
6	Amritsar	1
7	Patiala	1
8	Varanasi	1
9	Lucknow	2
S. No	**East**	**Store Count**
1	Kolkata	6
2	Siliguri	1
3	Ranchi	1
4	Bhubaneshwar	1
5	Patna	1
S. No	**West**	**Store Count**
1	Mumbai	23
2	Surat	2
3	Baroda	3
4	Ahmedabad	1
5	Jaipur	1
6	Pune	4
7	Nashik	1
8	Nagpur	2
9	Indore	2
10	Bhopal	3
11	Raipur	1
12	Hyderabad	5
S. No	**South**	**Store Count**
1	Bangalore	8
2	Chennai	5
3	Coimbatore	1
4	Kochi	5
5	Calicut	1
1	Webstore	1
	Total	**114**

Amonara - Pune

Express Mall - Chennai

ZCCL: De- Risking

- The drive to de-risk the business has been consistent.
- Over 75% of ZCCL's production is pre-sold
  - International Orders backed by LC or insured
  - Branded business orders for MBO & LFS backed with advance cheques
- Multi-segment: Branded, Own Retail and Design Driven International business.
- Multi-product: Premium Suits, Shirts, Trousers, Ties, Cufflinks, Shoes, Belts Socks & Hankies
- Multi-brand: Zodiac, ZOD! & Z3. Each catering to a separate segment of men's clothing
- Multi-market exposure has insulated to a large extent the effect of global crises – our markets are
  - India
  - North America: The USA and Canada
  - The European Union, the UK and other West European countries
  - Latin America & The Middle East
- Multi-channel: Independent retailers, national chains and own stores + leading international brands & retailers
- Multi-location manufacturing facilities including a facility in the UAE
- Conservative approach to financial leverage
- Insurance of international receivables with a renowned international insurer
- Forex policy designed by respected Industry expert & controlled by Sub Committee of the Board which is chaired by an independent director

Financial Snapshot (Consolidated)

Income Statement

(Rs in lacs)	Year ended March 31			
	2011	2012	2013	2014
Revenue	35,711	377,53	35,998	41,056
% growth	*9.16%*	*5.7%*	*-4.65%*	*14.00%*
EBITDA	4,120	3,123	3,130	3,926
% margin	*12.05*	*12.05*	*9.14*	*9.56*
Net Income	3,318	1,774	1,401	2,200
% margin	*9.71*	*4.70*	*4.01*	*5.36*

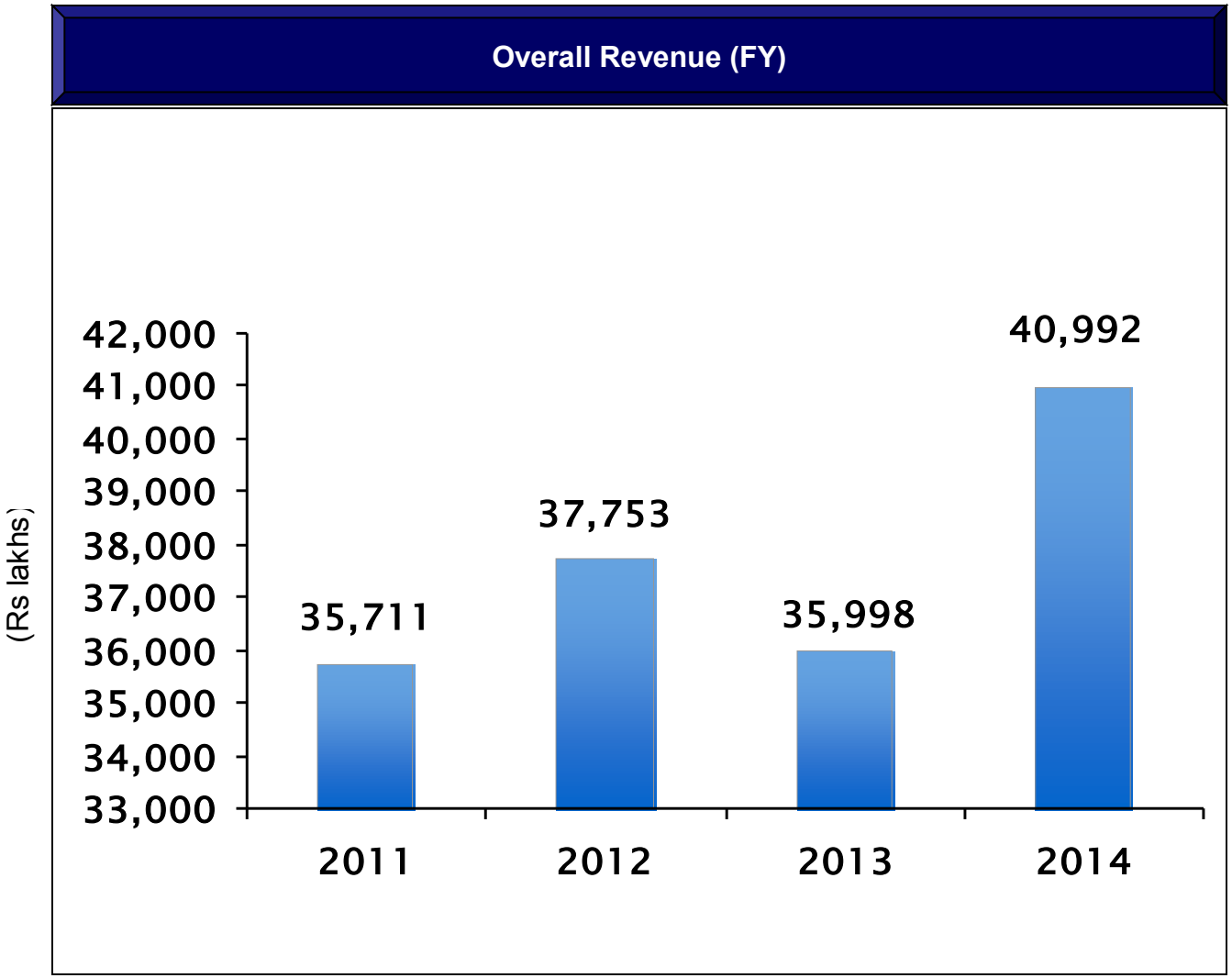
Balance Sheet

(Rs in lacs)	Year ended March 31			
	2011	2012	2013	2014
Total Debt	4.310	5,508	5,460	4,827
Shareholder's Equity (2)	21,307	23,098	24,220	26,029
Cash & Equivalent	2,960	2,809	3,162	3,820
Investments (1)	1,149	1,241	1,409	3,940
Inventory	7,333	7,546	7,530	7,734
Debtors	3,494	3,291	3,910	4,176
CAPEX	3,305	2,050	1,387	1,469
EPS	13.55	9.23	7.26	11.35
Inventory (no of days sales)	78	73	80	73
Debtors (no of days sales)	37	32	42	39
ROCE	12.89%	8.33%	5.52%	7.13%
RONW	15.57%	6.93%	5.78%	8.45%
Debt Equity	0.21	0.24	0.23	0.19

(1) Include 10 lakh shares of Shoppers Stop Ltd at a holding cost of Rs 868 lakhs

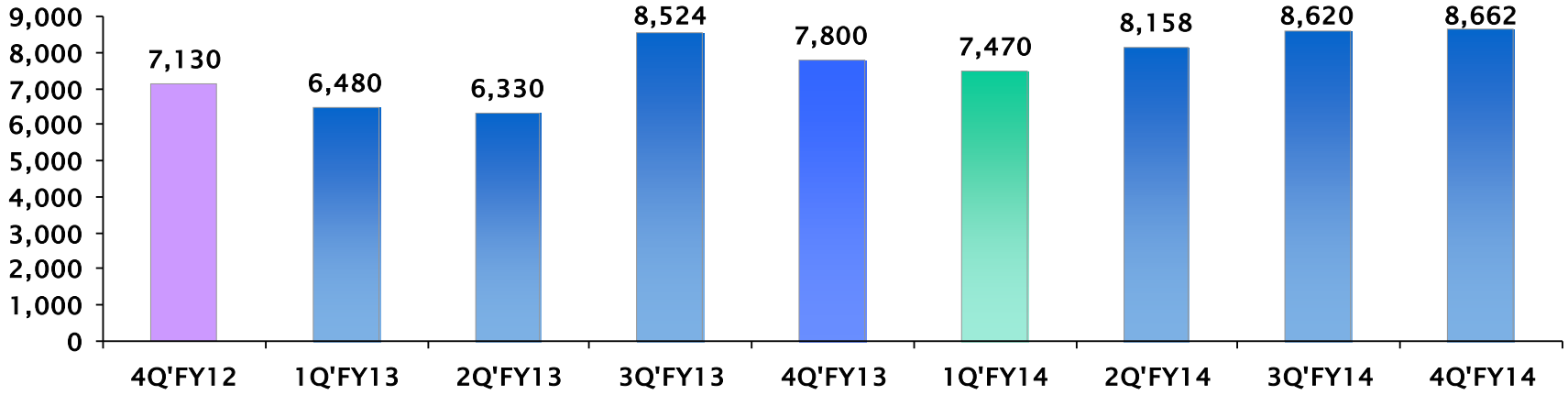
(2) Includes bonus shares issued In the ratio of 1:1 in October 2005 and 1:2 in Aug'10 and again in Sept'11.

Performance over the last 3 years
(Consolidated)

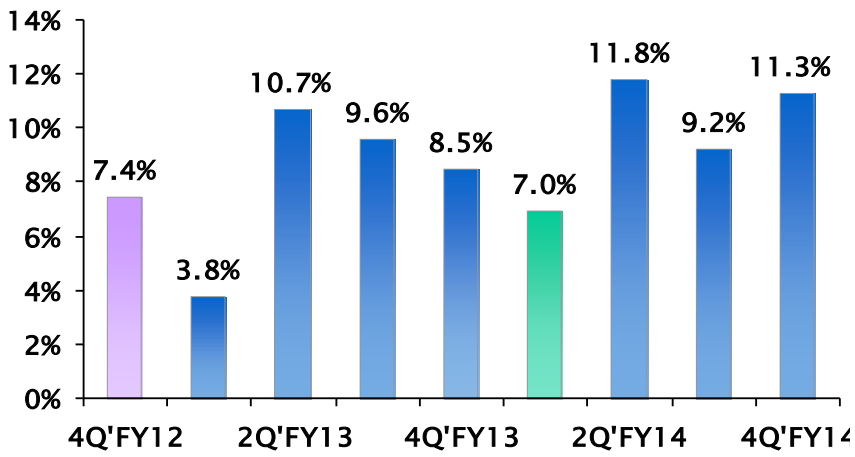


Standalone Performance

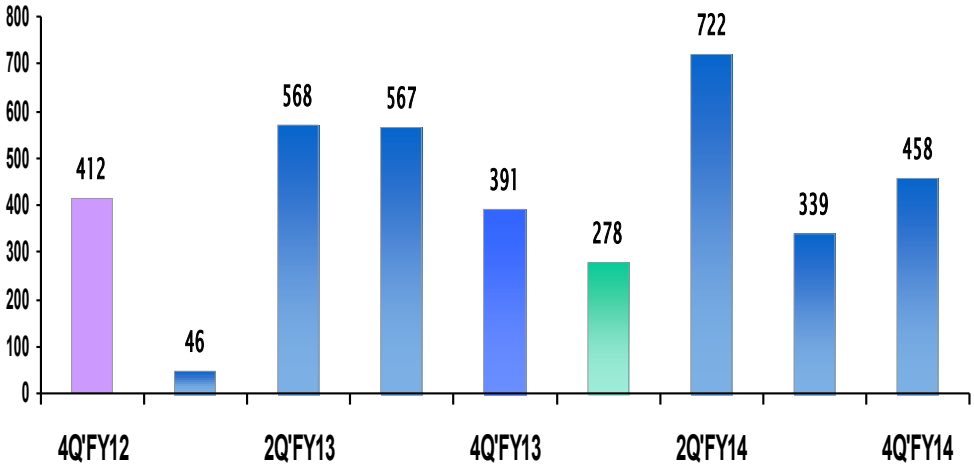
Standalone sales (in Rs. lacs)



EBITDA margin (%)

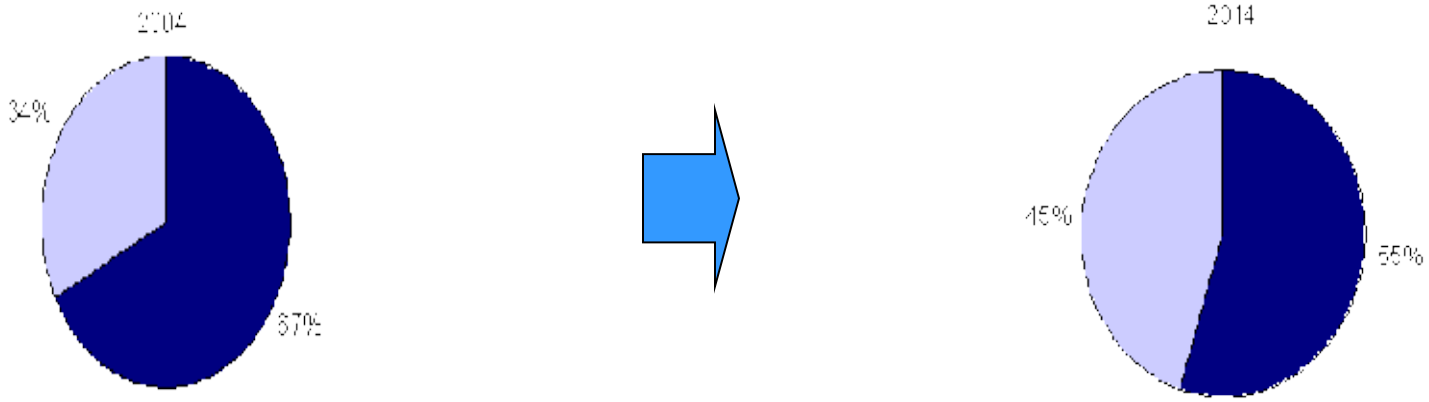


Net Profit (in Rs. lacs)

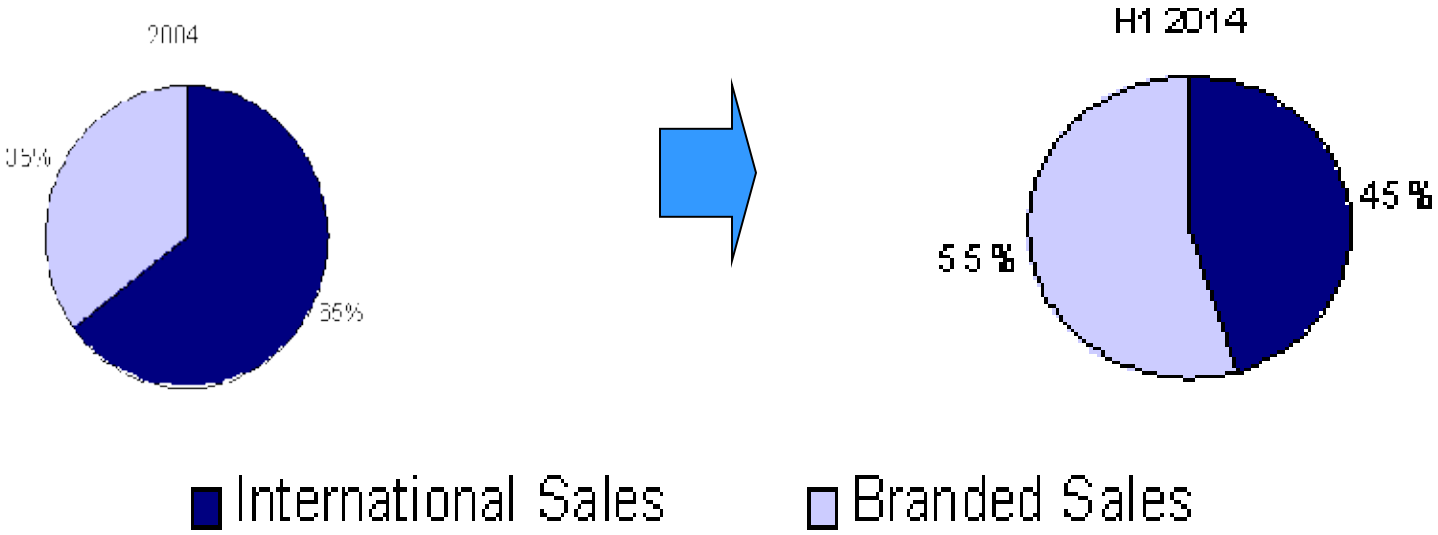


Performance over the last 9 years

Growing Contribution of Branded Business (Consolidated)



Growing Contribution of Branded Business in ZCCL (Standalone)



ZCCL: Enhancing Shareholder Value

- Corporate Governance
  - A distinguished Board of Directors that brings rich and varied experience.
  - Approx 75% of the Board are independent directors since ZCCL was listed
  - Audit committee headed by & includes finance veterans ensuring strict financial discipline and controls.
- Prudent financial policies and fiscal discipline have contributed to strong cash flows:
  - CAPEX Funding of approx Rs 6.45 cr (H1 '14) funded thru internal accruals
  - Low Debt/Equity Ratio of 0.30% (Standalone) and 0.24% (Consolidated)
  - Uninterrupted dividend payout since listing, payout ratio in line with best practices across industries
- Inventory marked to market each financial quarter
- ZCCL was the first woven garments company in the world to get the SA 8000 certification. We continuously conduct social audits for customers across manufacturing plants.

Barolo
ZODIAC
FINEST QUALITY SHIRTMAKERS

100% Pure Silk

Experienced Promoters

Mr. M. Y. Noorani - Chairman & Founder

- Founder of ZODIAC, Clothing Manufacturers Association of India (and its President for 3 terms)
- One of the founding fathers of the clothing industry in India, has served on the managing committee of Indo German Chamber of Commerce, Bombay Chamber of Commerce, Indo Italian Chamber of Commerce & E.U. Chamber of Commerce.
- Recipient of the Lifetime Achievement Awards from CMAI, CIAE & IFA Lycra
- Obsession with quality as a "way of life" at Zodiac.

Mr. A. Y. Noorani - Vice Chairman & Managing Director

- Joined ZODIAC in 1968 and has since started the shirt export business and also scaled up the entire operations of the company apart from taking it public
- Today oversees the management of the entire organization
- Independent Director on the Board of Indian Oil Corporation

Mr. S. Y. Noorani - Managing Director & President

- Began his career with ZODIAC in 1982 and has set up the state of the art manufacturing facilities and the international offices.
- He leads a team of dynamic professionals and runs the branded and export business of the company

Distinguished Board of Directors

- **Mr. M. L. Apte** - Former Sheriff of Bombay, former Chairman of the Textiles Committee, currently Director of Lintas India, Thomas Cook (India) and Grasim Industries
- **Mr. S. M. Datta** - Former Chairman of Hindustan Lever, currently Chairman of Philips India, Castrol India and IL&FS Investment Managers
- **Mr. Bernhard Steinrucke** - Director General of Indo German Chamber of Commerce, former Jt CEO, India of Deutsche Bank AG, was Managing Partner on the Board of ABC Bank GmbH, Berlin
- **Dr. Heinrich-Dietrich Dieckmann** - A retired German diplomat, served as the German ambassador to Japan/India, former Head of Economic Department for German Mission to the UN
- **Mr. Deepak Parekh** – Padma Bhushan - Chairman of HDFC, IDFC, Siemens Ltd., GlaxoSmithKline Pharmaceuticals Ltd., HDFC Asset Management Co. Ltd., HDFC Standard Life Insurance Co. Ltd.
- **Mr. Y. P. Trivedi** – MP - Rajya Sabha. Former President of Indian Merchants Chamber, The Chamber of Income Tax Consultants, currently Member of the Board of Directors of Reliance Industries
- **Mr. S. R. Iyer** –Former MD of State Bank of India, former Member of the Board of Directors of National Stock Exchange of India, GE Capital Business Process Mgt Services Pvt. Ltd., Former Chairman and Director of CIBIL.

ZCCL Business FY 2014

- **ZCCL's design-driven International Business**
  - Order books were erratic but show a healthy position overall
- **Our "No Discounting" policy is firmly entrenched**
  - We do not show growth at the cost of eroding bottom line
- **Focus On The Bottom Line**
  - Rs. 2200 lac in FY '14 v/s Rs.1402 lac in FY '13
- **On The Retail Front:**
  - 114 company managed stores running at the end of FY 14
  - 8 new stores were opened & 3 stores were closed to move to a better location
    - The new Mumbai T3 terminal is a notable location
  - Our focus is on building this business profitably and hence we ruthlessly close stores that do not reach break even criterion
  - While we are aggressive on opening stores, the locations & rentals have caution built into every decision

ZCCL: Branded Business FY 2014

- **FY 2014: Started with a bang and ended with a whimper:**
  - Own store sales up by 10% , which, looking at the overall economic and results of other industries, is notable
    - In H1 FY15 we are scheduled to open 15 new stores, however as seen in the past this depends on the malls opening
  - Our competition may shown more impressive growth figures, which have, to a large extent, been achieved with their policy of discounting/easy terms, which our company strictly desists from
  - MBOs grew at 18% despite the overall gloom in consumer sentiment especially in H2 FY 14
  - LFS grew at 17% vindicating ZCCL's strategy in a highly competitive and subdued retail environment

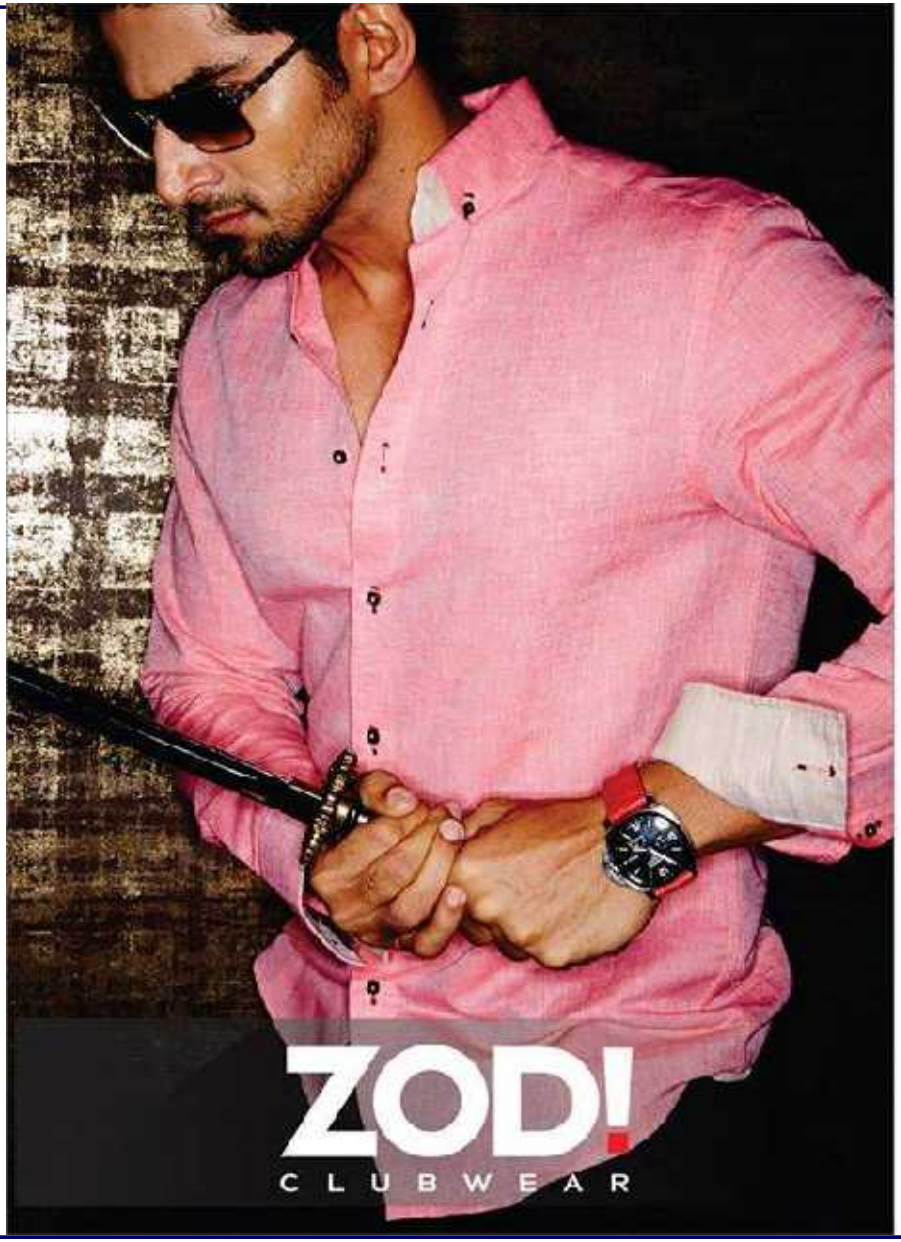
The Branded Business: FY 2015

- **SS 2014: Linen theme across all three ZCCL's brands:** By virtue of running a focused Linen program for over a decade, Linen has become generic to Zodiac
  - ZODIAC: Over the past decade ZODIAC has become synonymous with pure Linen. In SS 2014 we brought a colorful range of shirts, trousers, pochettes, jackets & suits in 100% Linen for the contemporary Indian male
  - Z3 Relaxed Luxury: 100% Linen shirts differentiated by giving them a "Vintage Wash" for that relaxed, casual look
  - ZOD! Club Wear: In SS 14 we introduced trendy, styled Linens for the young Indian male
- ZCCL was the only clothing company to advertise across Newspapers, Magazines, TV (IPL), Cinema & Digital Marketing
- Our strategy has always been to bring a differentiated product every season and to use that to motivate the consumer to spend on our brands, rather than run promotion/discount like our competition

Positano Linen
Suits & Jackets
ZODIAC
FINEST QUALITY SHIRTMAKERS

ZODIAC
QUALITY SHIRTMAKERS

Z3 Vintage Linens


ZOD!
CLUBWEAR

Thank you