
ZODIAC
Positano Linen
ZODIAC
FINEST QUALITY SHIRTMAKERS

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.

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 109 company managed stores which are growing aggressively & profitably. We also have 1 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)

	FY2013	Q1 '14
Revenues	**Rs 359,98 Lac**	**Rs. 92,01 Lac**
EBIDTA	Rs. 31,30 Lac	Rs. 8.99 Lac
Net Income	Rs. 14,02 Lac	Rs. 4.71 Lac
EPS	Rs. 7.26	Rs. 0.96*

* Not annualized

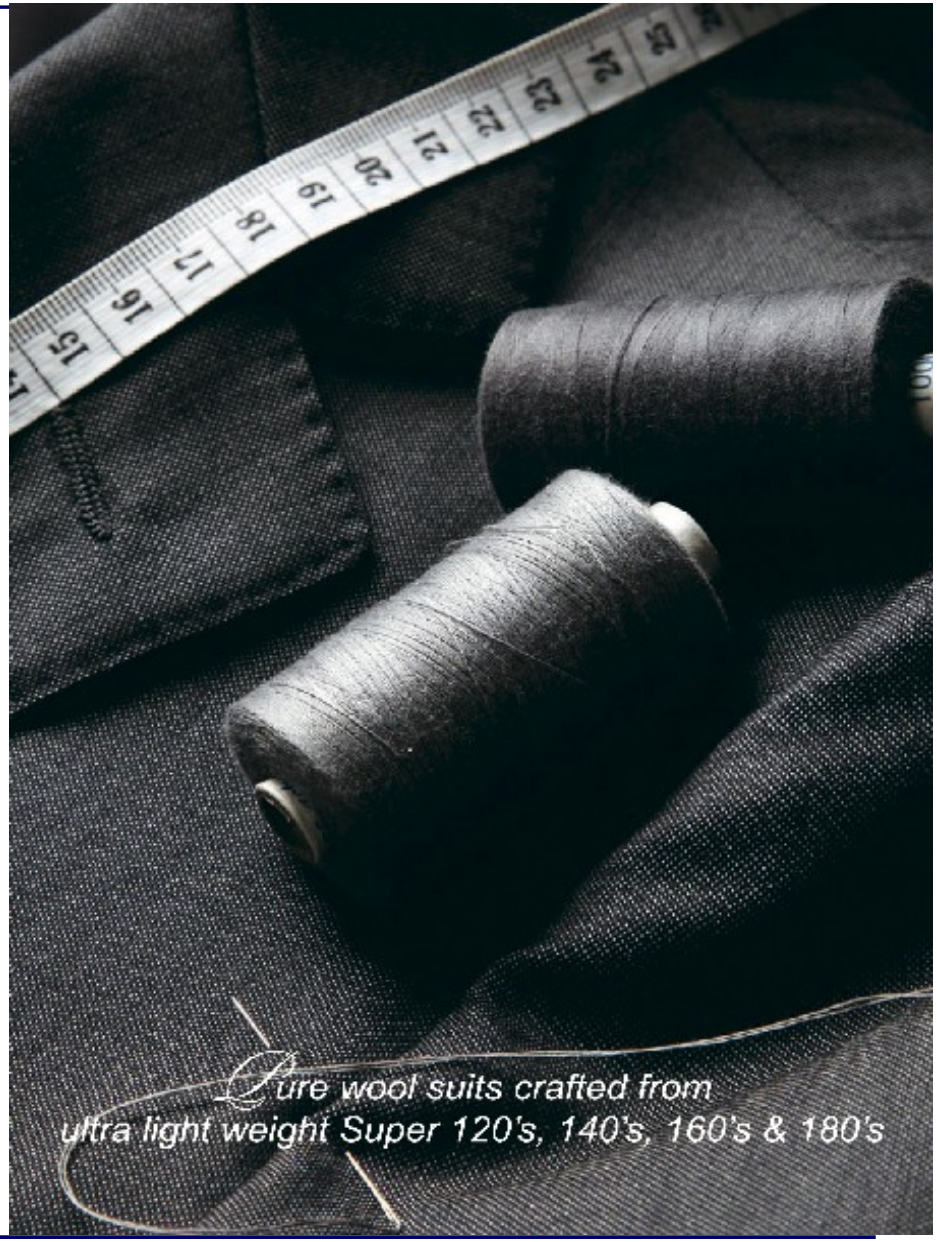
Market Statistics

Share Price (Aug 27th, 2013) : Rs 167.00

Market Capitalization : Rs 323,81 Lac

Enterprise Value : Rs 347,18 Lac


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

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

109 company managed Stores. Being grown aggressively & profitably

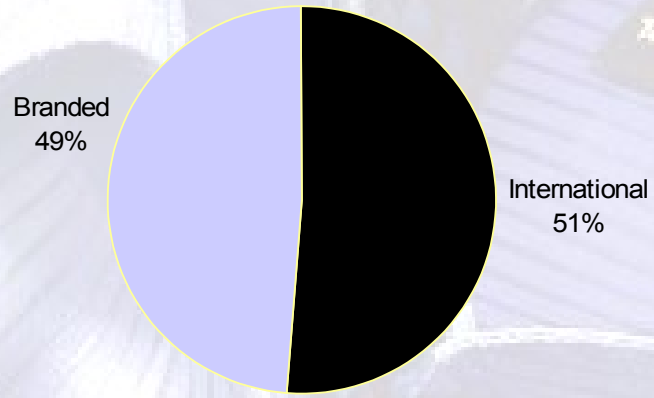
Design Driven International Business

With leading global brands and retailers

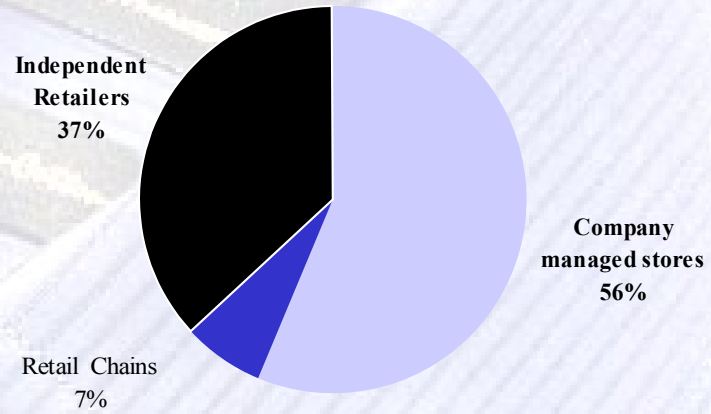
- Vertically integrated (from design to retail) & committed to manufacturing excellence, with simultaneous focus on quality and productivity.
- Best practices of Corporate Governance & prudent financial policies
- Focus on profitability with proven track record of consistently achieving strong cash flows.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

Sales Break up

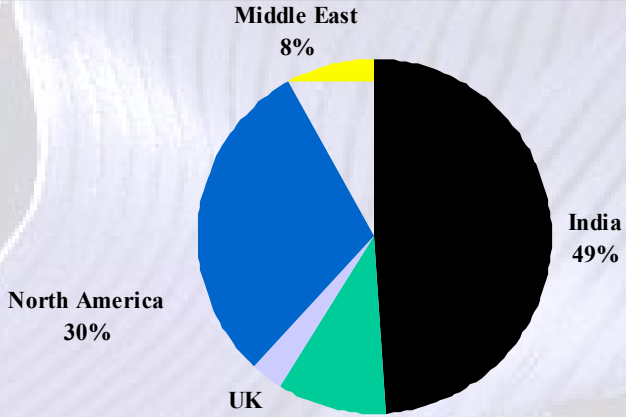
Branded / International Sales Split Q1 13-14



Channelwise Branded Sales Split



Geographical Sales Split



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

ZCCL: Design Driven Philosophy

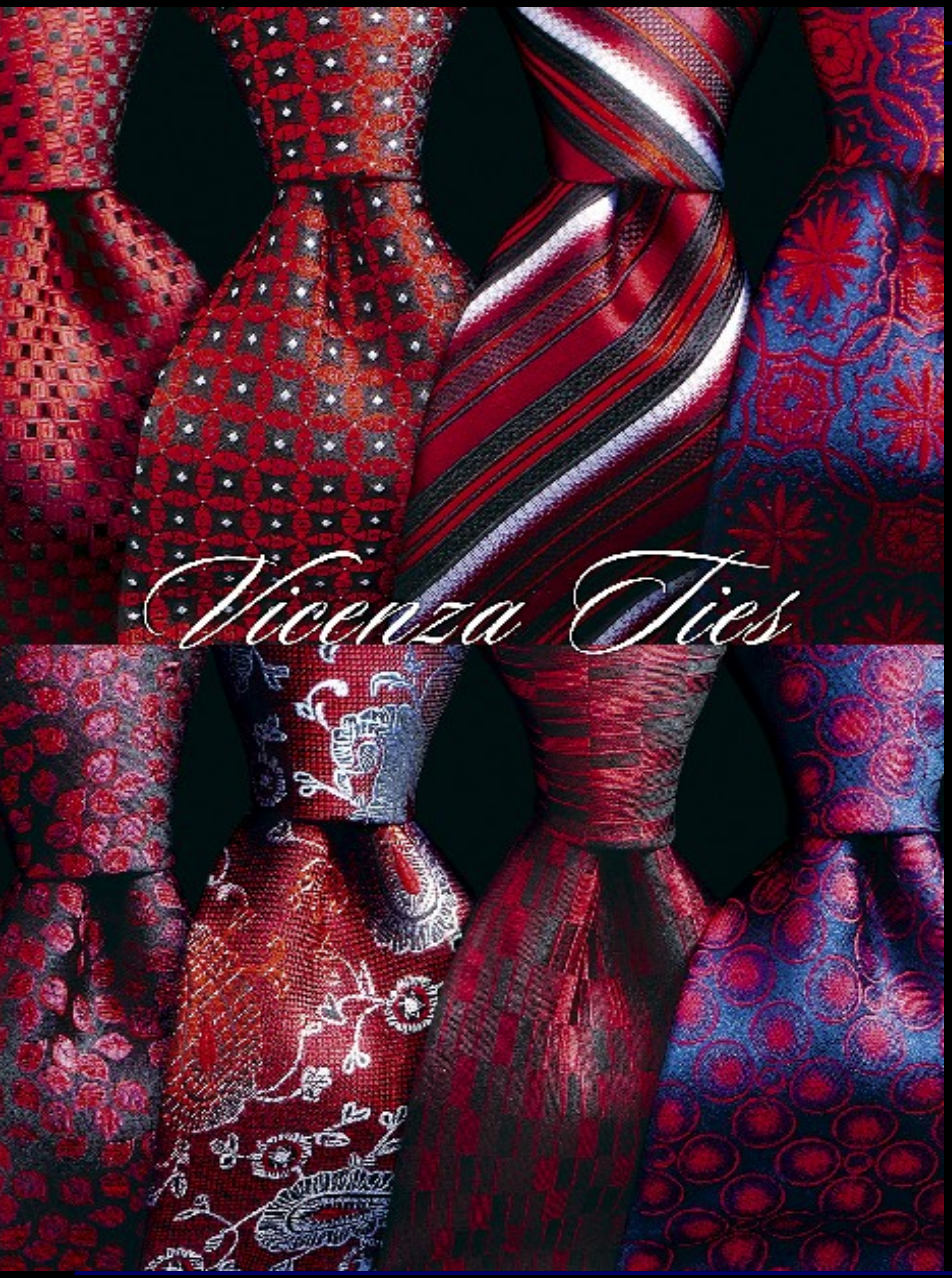
- Our Mumbai office has an Italian inspired, state of the art Design Studio, with a team of over 15 trained designers constantly networking with our international offices and attending trade shows overseas
- We have our own offices in 3 fashion capitals of the world - London, Duesseldorf, and New York 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.

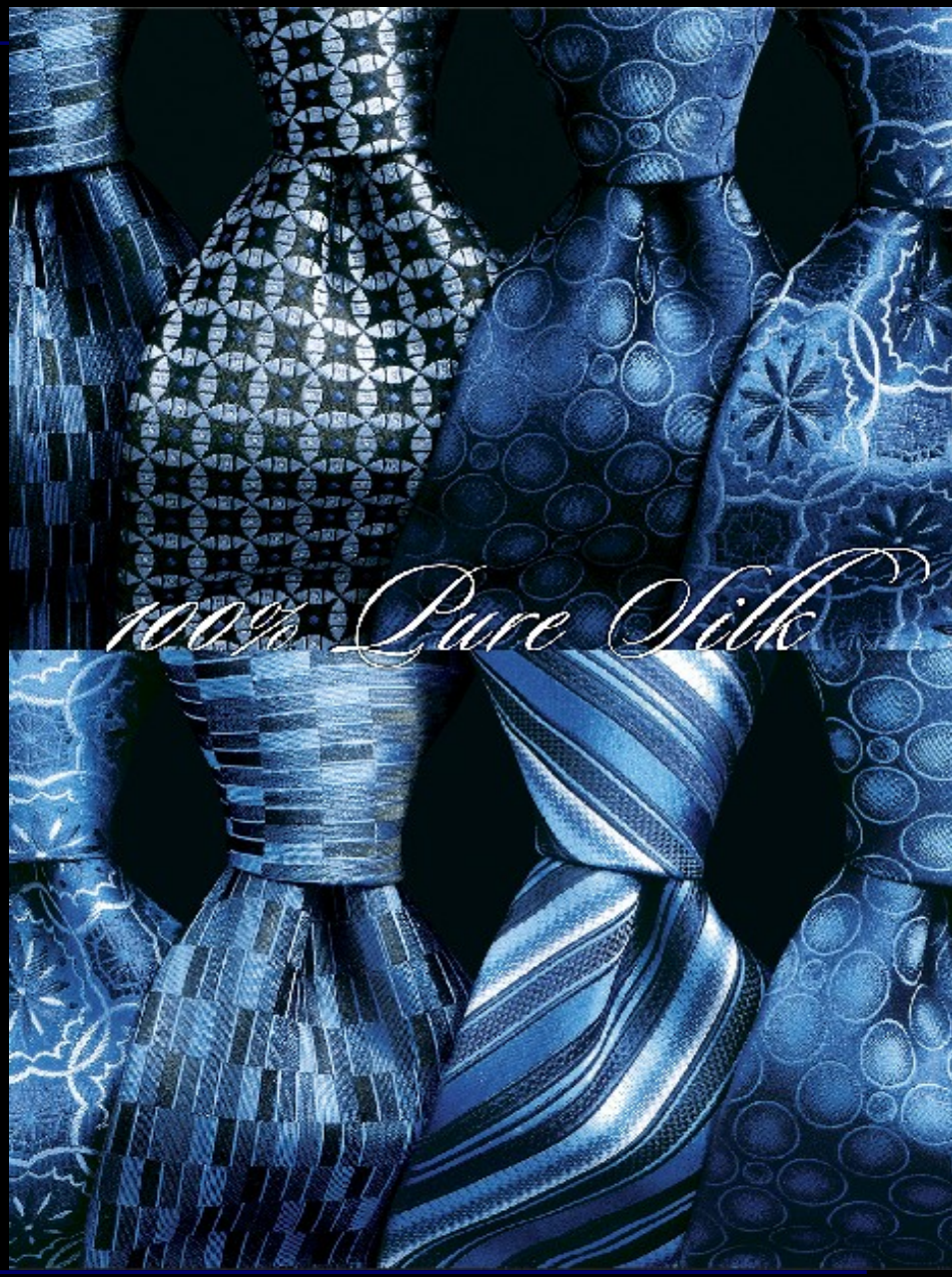

ZODIAC
Mensuren
ZODIAC
FINEST QUALITY SHIRTMAKERS

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


Vicenza Ties


100% Pure Silk

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


ZODIAC
Two Ply Cotton
Tissue
ZODIAC
FINEST QUALITY SHIRTMAKERS

- **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


ZOD!
CLUBWEAR

- **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

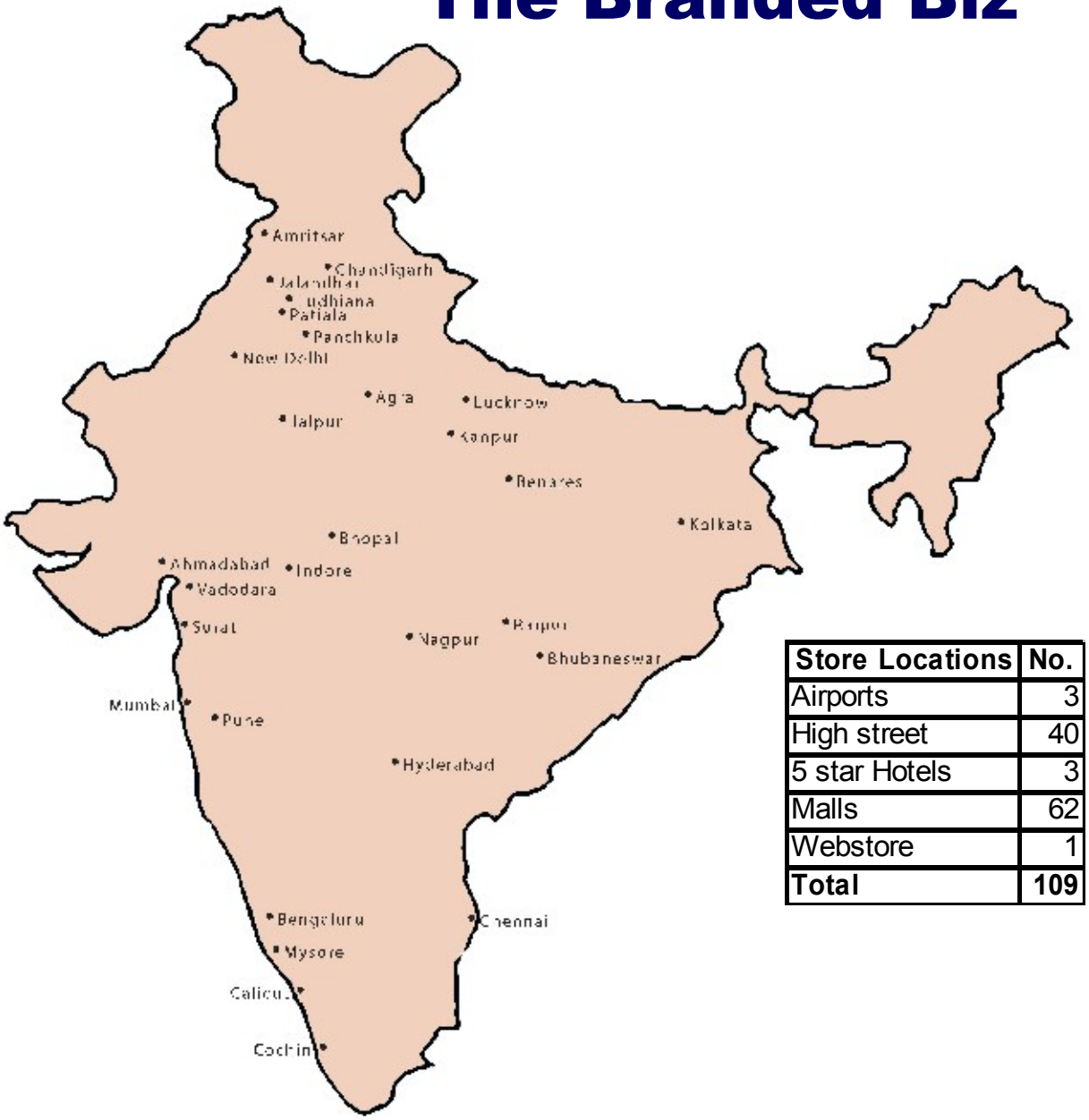

RELAXED LOOK
SUPERSOFT FEEL


Relaxed Luxury

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 109 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 many others
  - **Departure Terminals: Mumbai Airport (International & Domestic) & T3 at Delhi Airport**

The Branded Biz

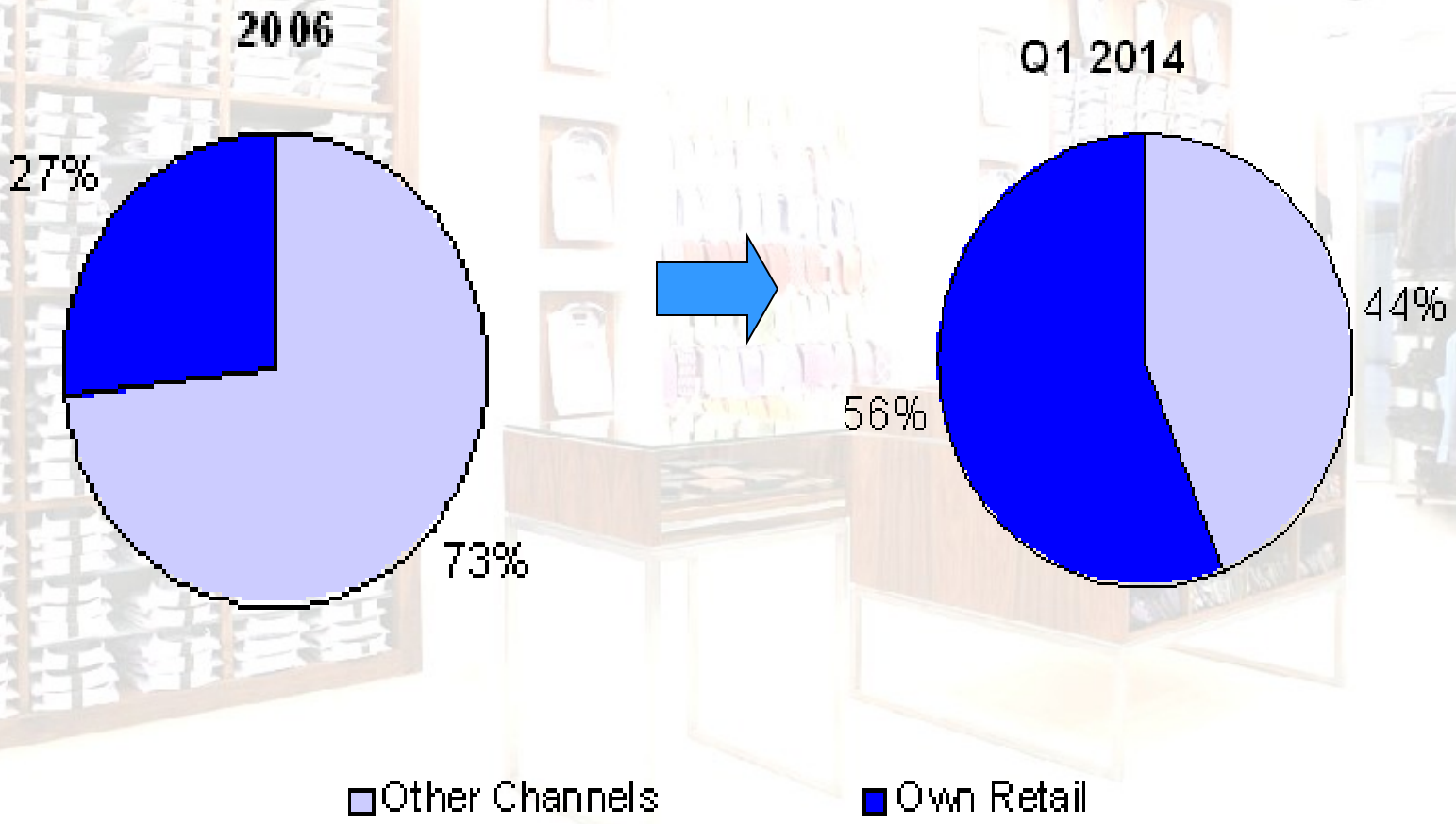


Store Locations	No.
Airports	3
High street	40
5 star Hotels	3
Malls	62
Webstore	1
Total	**109**

ZRS Count - Citywise		
S.No	**North**	**Store Count**
1	Delhi NCR	22
2	Chandigarh	3
3	Dehradun	1
4	Jalandhar	1
5	Ludhiana	1
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	24
2	Surat	1
3	Baroda	2
4	Ahmedabad	1
5	Jaipur	1
6	Pune	4
7	Nashik	1
8	Nagpur	2
9	Indore	2
10	Bhopal	2
11	Raipur	1
12	Hyderabad	5
S.No	**South**	**Store Count**
1	Bangalore	8
2	Chennai	5
3	Coimbatore	1
4	Kochi	4
5	Calicut	1
1	Webstore	1
	Total	**109**

ZCCL: Retail Focus

Growing Contribution of Own Retail to Branded Business





Amonara - Pune



Express Mall - Chennai



Infiniti Andheri - Mumbai

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

Significant Events: Apr. – Aug. 2013

- **Fabric prices:**
  - The depreciation of the Indian Rupee has impacted the cost of fabrics being imported for manufacturing
  - Moreover the cost of fabric itself has gone up

- **Input Costs:**
  - The cost of furnace oil, electricity & other raw materials have gone to historic highs
  - Our Task Forces formed to drive down costs have started delivering results on several fronts

- **The Rupee depreciated sharply to circa USD1.00 : From Rs 54.28 going to about Rs 68.71**
  - The impact of the volatility of the Indian rupee has been blunted due to ZCCL's conservative FOREX policy

Significant Events: Apr. – Aug. 2013

- **Indian Economy & Consumer Demand Has Been Erratic & Volatile Throughout SS 2013**
  - Inflation continues unabated and negative sentiment driven by news on corruption, political instability, likely downgrade of India by rating agencies, poor corporate results and other gloomy economic reports like lower GDP, Industrial Production etc has impacted impulse purchasing
  - RBI has taken definite steps to curb liquidity due to the volatility of the Indian rupee. As a result interest rates have hardened which are a cause of concern to industry
  - The money markets, sensex & sales across various sectors has nose-dived with automobiles leading the pack
  - While April 2013 showed some positive trends by mid – May 2013 both independent retailers & chain stores were seeing consumer off take slackening
  - Clearance sales in SS 13 were announced one month earlier than SS12 by almost all clothing brands & retail chains
  - Moreover a late Puja/Dassera & Diwali in 2013 will mean that festive billing and spike in sales will happen mainly in Oct. 13 (Q3)

ZCCL's Business

- **ZCCL's design-driven International Business**
  - Order books were erratic but show a healthy position overall

- **On The Retail Front:**
  - ZCCL has 109 company managed stores as of Aug 2013
  - 4 new stores opened between April - Aug 2013
  - Our focus is on building this business profitably and hence we ruthlessly close stores that are not yielding bottom line results
  - While we are aggressive on opening stores, the locations & rentals have caution built into every decision

- **Focus On The Branded Biz: Increasing Brand Value**
  - Our conservatively aggressive policy on building our brand salience saw us being one of the few clothing company's to advertise our brands in Summer 2013 while our competition ploughed their money into discounting to the trade & consumers

The Branded Business

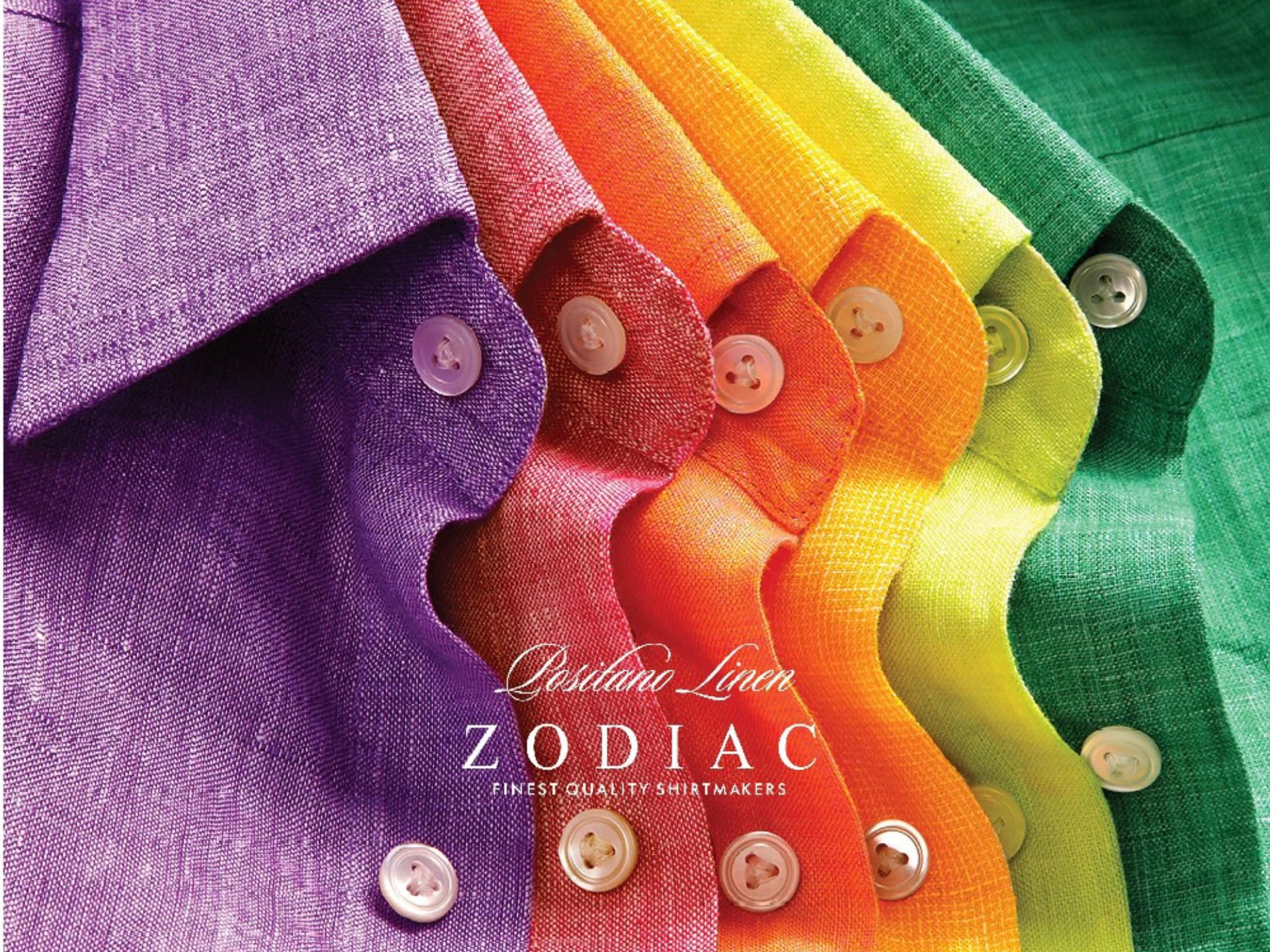
- **Our "No Discounting" policy is firmly entrenched**
  - We do not show growth at the cost of eroding brand value

- **The Apr. – June 13 period Y/Y**
  - Own store sales up (LTL) by 10% & All Stores by approx 14%, which, looking at the overall economic and results of other industries, is notable.
  - Our competition has 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 12% despite the overall gloom in consumer sentiment
  - LFS grew at 70% primarily due to top management focus on this channel

The Branded Business

- **During Apr. – Aug. 2013 ZCCL brought Linen across it's 3 brands in 3 unique looks**
  - ZODIAC: Over the past decade ZODIAC has been the only premium Indian brand that does a focused Linen program. In SS13 we brought a colorful range of shirts, trousers, pochettes, jackets & suits in 100% Linen for the contemporary Indian male
  - Z3 Relaxed Luxury: We introduced 100% Linen shirts for the 1st time, differentiated by giving them a 'Washed Vintage Look" for that relaxed, casual look
  - ZOD!: In SS 13 we introduced trendy, styled Linens for the young Indian male
- Our strategy is to bring the consumer something different and new to motivate him to spend on our brands, rather than run a promotion/discount like our competition


Positano Linen
Suits & Jackets
ZODIAC
FINEST QUALITY SHIRTMAKERS


Positano Linen
ZODIAC
FINEST QUALITY SHIRTMAKERS



Z3 Vintage Linens



ZOD! Trendy Linen

Financial Snapshot (Consolidated)

Income Statement

(Rs in lacs)	Year ended March 31			3 months ended June 30		
	2011	2012	2013	2012	2013	Q1-O-Q1 growth
Revenue	35,711	377,53	35,998	8,129	9,201	*13.18%*
% growth	*9.16%*	*5.7%*	*-4.65%*			
EBITDA	4,120	3,123	3,130	4,01	8,99	
% margin	*12.05*	*12.05*	*9.14*	*4.30 %*	*10.39%*	
Net Income	3,318	1,774	1,401	1,02	4,71	
% margin	*9.71*	*4.70*	*4.01*	*1,32%*	*5.44%*	

Balance Sheet

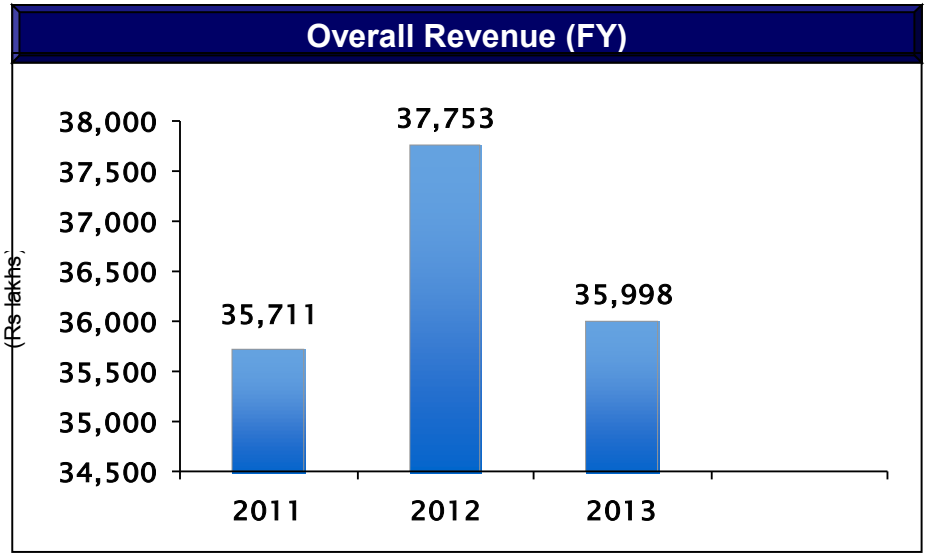
(Rs in lacs)	Year ended March 31		
	2011	2012	2013
Total Debt	4.310	5,508	5,460
Shareholder's Equity (2)	21,307	23,098	24,220
Cash & Equivalent	2,960	2,809	3,162
Investments (1)	1,149	1,241	3,131
Inventory	7,333	7,546	7,530
Debtors	3,494	3,291	3,910
CAPEX	3,305	2,050	1,387
Inventory (no of days sales)	78	73	80
Debtors (no of days sales)	37	32	42
ROCE	12.89%	8.33%	5.52%
RONW	15.57%	6.93%	5.78%
Debt Equity	0.21	0.24	0.23

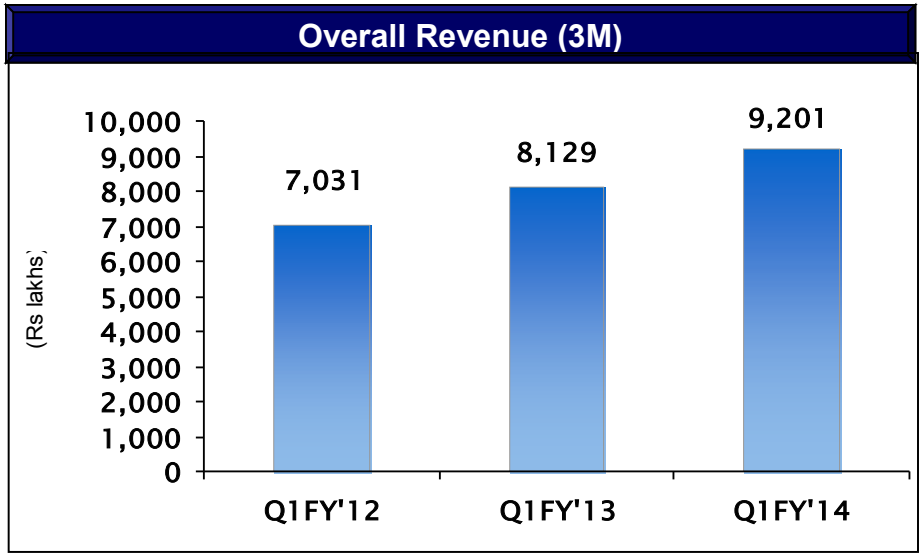
- Cost optimization
- Focus on operational efficiency
- Stringent risk management processes

(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.

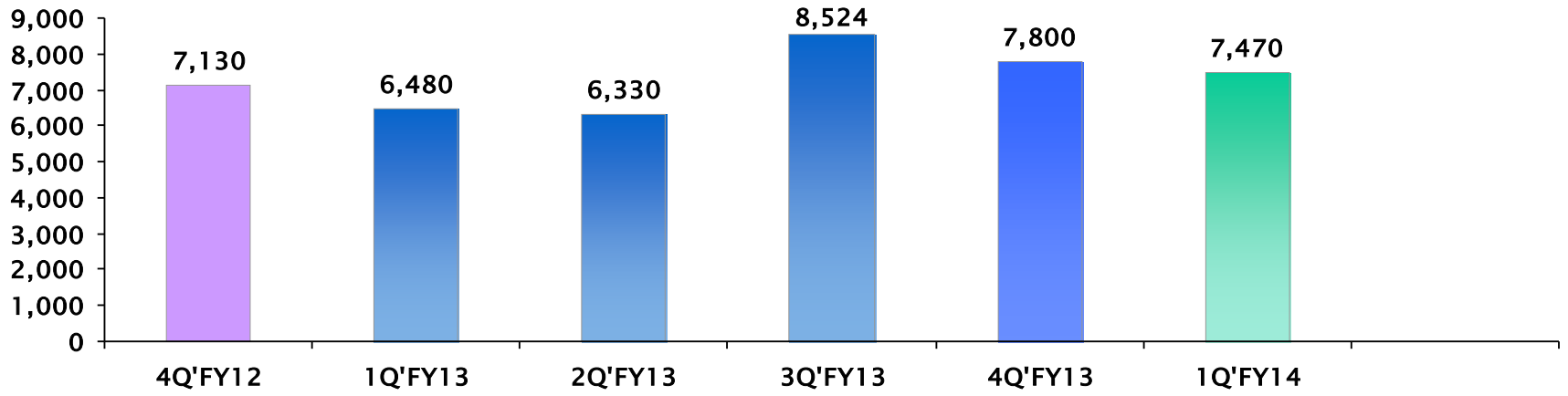
Performance over the last 3 years
(Consolidated)



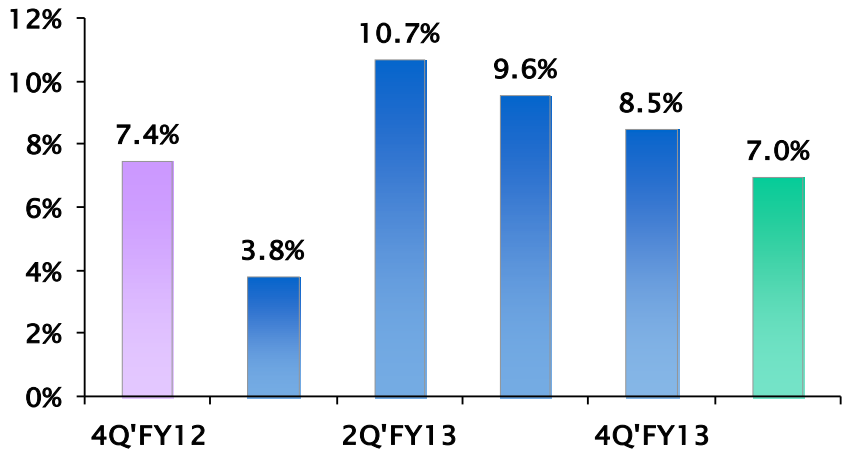


Standalone Performance

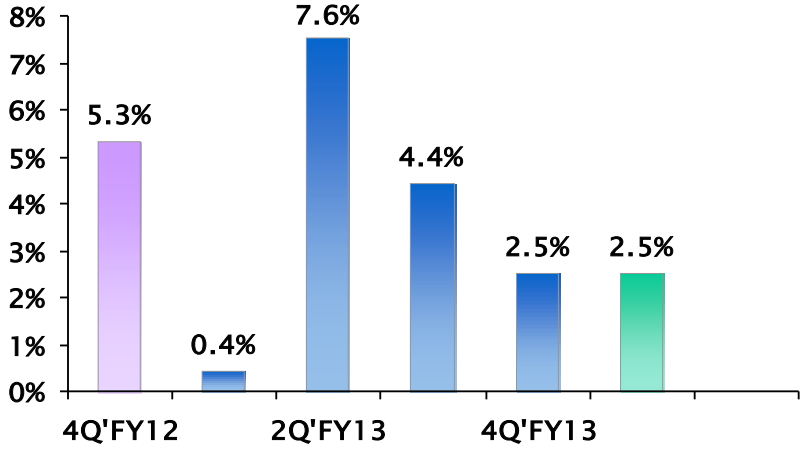
Standalone sales (in Rs. lacs)

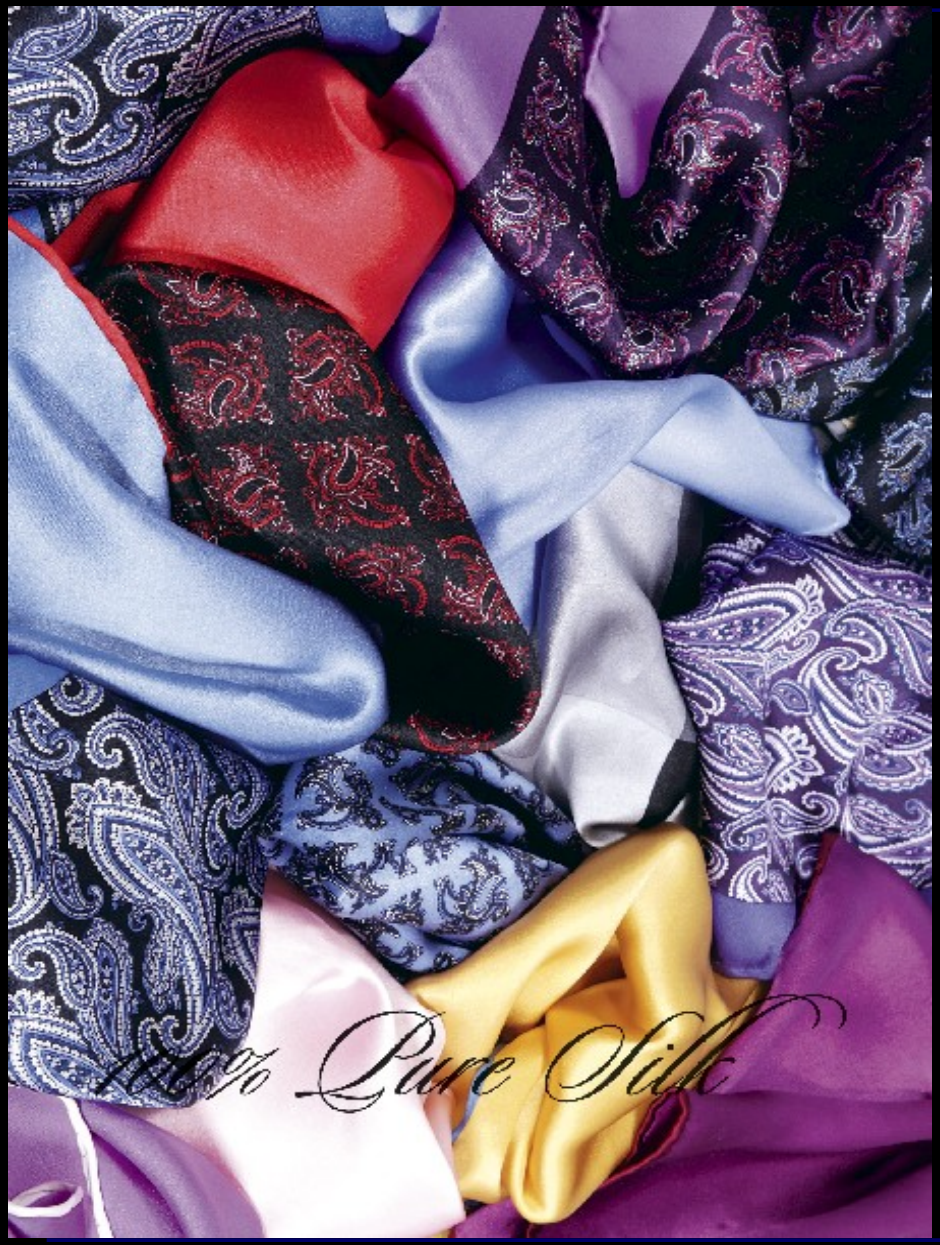


EBITDA margin (%)



Net Profit margin (%)

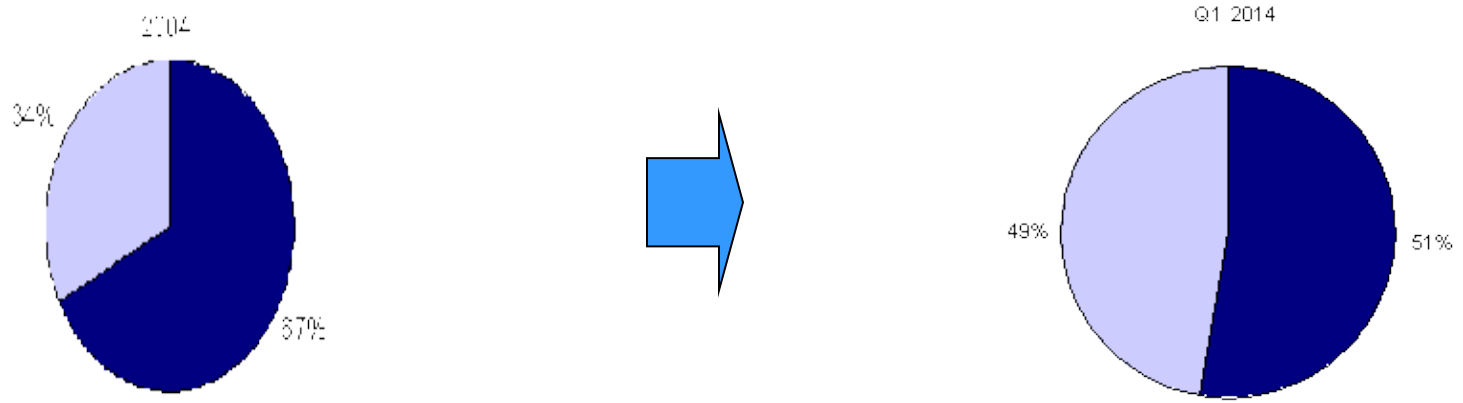



100% Pure Silk

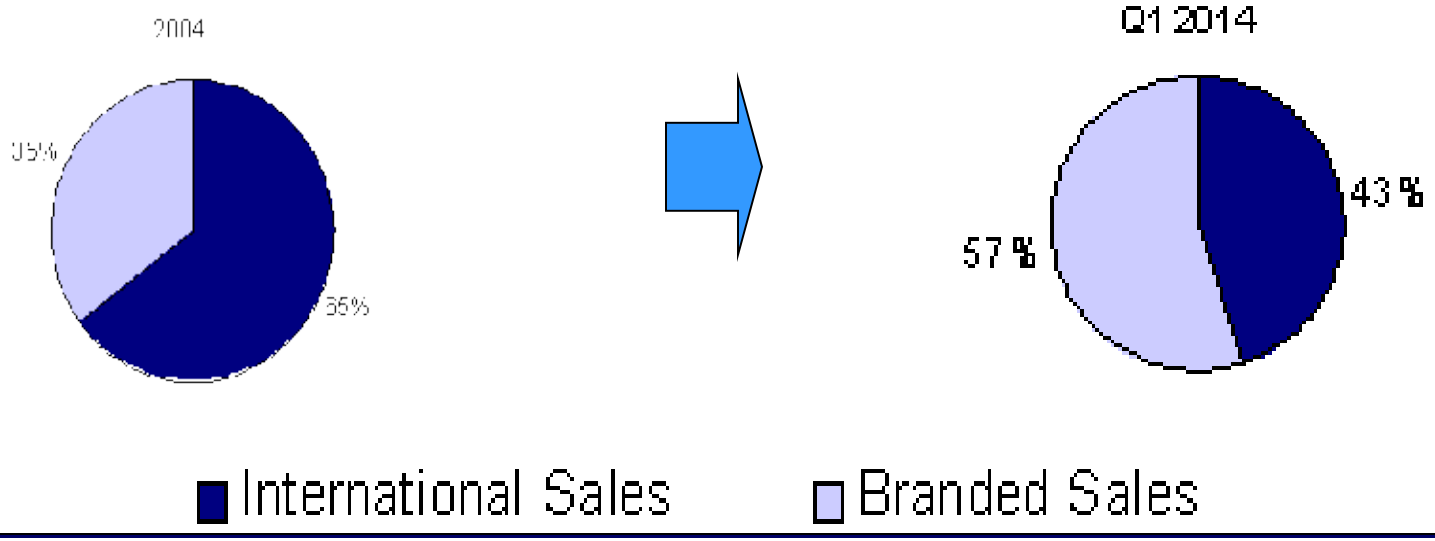


Performance over the last 9 years

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 3.57 cr (Q1 ‘14) funded thru internal accruals
  - Low Debt/Equity Ratio of 0.28% (Standalone)
  - 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.

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.

Thank you