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The logo for ZODIAC features the word "ZODIAC" in a stylized, serif font. Above the letter "O" is a circular emblem containing a zodiac symbol, possibly representing the sign of Cancer.

(*Under Licence From M/s. Metropolitan Trading Co.)
ZODIAC CLOTHING COMPANY LTD.
Apte Properties, 10/76, Off Dr. E. Moses Road,
Worli, Mumbai -18. Tel.: 6667 7000 Fax: 6667 7279

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE MEMBERS OF ZODIAC CLOTHING COMPANY LIMITED IN THEIR 26TH ANNUAL GENERAL MEETING HELD ON TUESDAY, AUGUST 10, 2010 AT NEHRU CENTRE HALL OF CULTURE, DR. ANNIE BESANT ROAD, WORLI, MUMBAI - 400 018 AT 10.30 A.M.

TO CONSIDER CAPITALIZATION OF FREE RESERVES BY ISSUE OF FULLY PAID BONUS SHARES TO THE MEMBERS OF THE COMPANY.

“RESOLVED THAT pursuant to applicable provisions of the Companies Act 1956, Article 203 of the Articles of Association of the company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ the Regulations”) and subject to such other necessary approvals, permissions and sanctions as may be required and subject to such terms and modifications as may be specified while according such approvals, the Board of Directors of the Company (“ the Board”, which term shall be deemed to include any Committee thereof) be and is hereby authorized to issue and allot shares not exceeding 43,14,788 Equity shares (hereinafter referred to as 'Bonus Shares') of Rs 10/- each credited as fully paid up, to the eligible members of the company holding equity shares of Rs.10 each whose names appear on the company's Register of Members on such date (“Record Date”) as the Board may determine in the proportion of one new fully paid equity share of Rs.10 for every two equity shares of Rs. 10 held as on the record date by capitalizing a sum not exceeding Rs.4,31,47,880/- (Rupees Four Crore thirty one lakhs forty seven thousand eight hundred eighty only) out of the Company's capital reserve account and balance from Securities Premium Account as per the audited accounts of the Company for the financial year ended March 31, 2010 and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase in the paid up equity capital of the Company held by each such member and not as income.



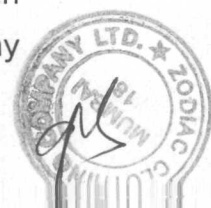
RESOLVED FURTHER THAT pursuant to the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and consequent to the issue of bonus shares, the board be and is hereby authorized to make suitable adjustment in the number of shares to be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

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

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

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

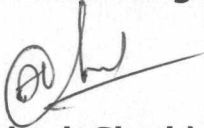
RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, expedient, usual or proper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



question or doubt that may arise in relation thereto or as the Board of Directors in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons;

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

For **Zodiac Clothing Company Limited**



(Omprakash Singh)
Company Secretary

Place: Mumbai
Date: June 22, 2011



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

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

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

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

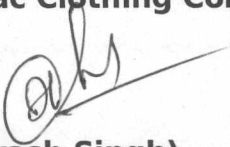
As per the Company's ESOP scheme, the Directors / Employees who have been granted options under ESOP, but vesting rights of conversion is not exercised, the said holder would be entitled to apply for and be allotted proportionately higher number of options exercisable on the same terms as are applicable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

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

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

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

For **Zodiac Clothing Company Limited**



**(Omprakash Singh)
Company Secretary**

Place: Mumbai
Date: June 22, 2011

