24 ANNUAL REPORT 2009-10 | Alok Industries Limited

lean manufacturing & simplified processes

controlled production cost

precise quality control

careful strategies

conservation of natural resources

community development

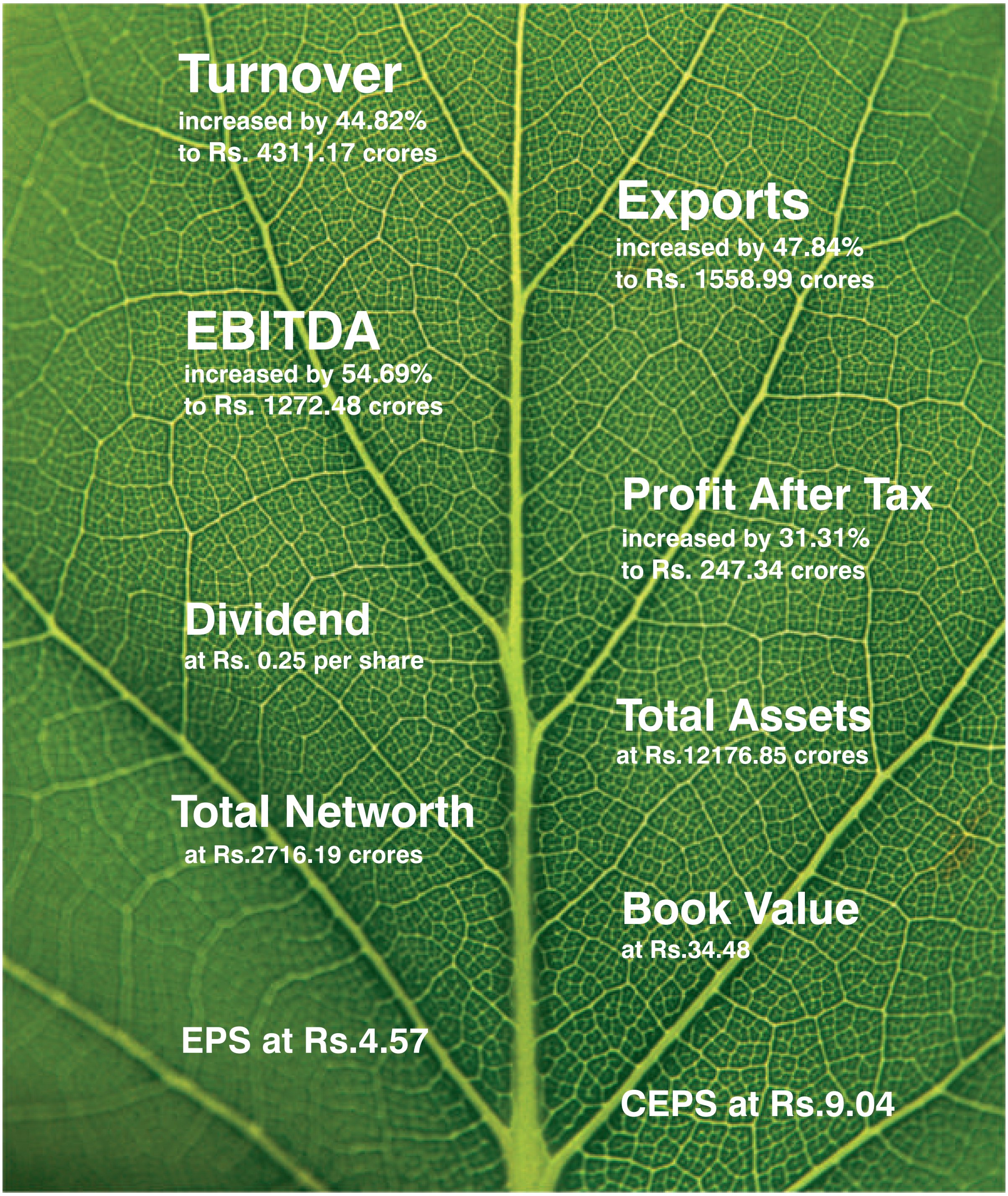
# doing more with less

ALOK
INDUSTRIES LIMITED
™ INTEGRATED TEXTILE SOLUTIONS

24 ANNUAL REPORT 2009-10

# CONTENTS

# KEY HIGHLIGHTS OF 2009-10



**Turnover**
increased by 44.82%
to Rs. 4311.17 crores

**Exports**
increased by 47.84%
to Rs. 1558.99 crores

**EBITDA**
increased by 54.69%
to Rs. 1272.48 crores

**Profit After Tax**
increased by 31.31%
to Rs. 247.34 crores

**Dividend**
at Rs. 0.25 per share

**Total Assets**
at Rs.12176.85 crores

**Total Networth**
at Rs.2716.19 crores

**Book Value**
at Rs.34.48

**EPS at Rs.4.57**

**CEPS at Rs.9.04**

## PROFILE

Alok Industries Limited is one of India's largest vertically integrated textile companies. Alok is headquartered in Mumbai, with its manufacturing units in Navi Mumbai, Vapi and Silvassa. The Company is an 'end-to-end' provider of Integrated Textile Solutions, with five core divisions: Cotton Yarn, Apparel Fabric, Home Textiles, Garments and Polyester Yarn.

The following chart aptly brings out Alok's presence across the textile value chain.

*Integrated Textile Solutions™*


With over two decades of experience, Alok is today a vendor of choice for quality textile products at internationally competitive prices and dependable delivery schedules. The Company has constantly adopted new technologies and widened its product range. Carefully planned expansion programme has made Alok a leading player in each of the product segments in which it operates.

Alok's large and varied customer base comprises of domestic and overseas retailers, garment exporters in India and converter countries who are vendors to major international labels, some of the world's largest retailers as also some of India's largest manufacturers of apparel and home textiles.

The Company exports about 35% of its products to over 70 countries, with major markets being US, Europe, Latin America, Asia and Africa.

# Vision Statement

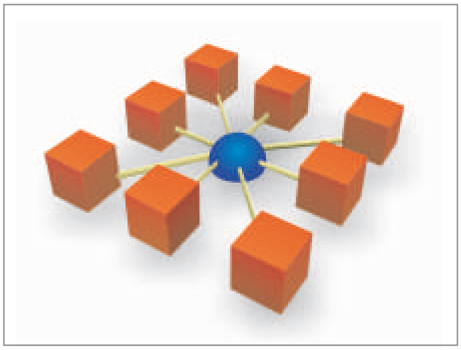
To be the world's best integrated textile solutions enterprise with leadership position across products and markets, exceeding customer and stakeholder expectation

# Our Mission

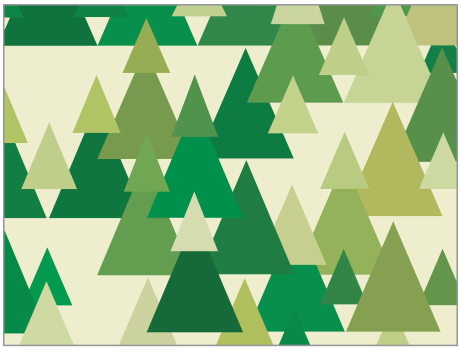
We will:

- Be a knowledge leader and an innovator in our businesses
- Maximise people development initiatives
- Optimise use of all resources
- Become a process driven organisation
- Exceed compliances and global quality standards
- Actively explore potential markets and products
- Offer innovative, customised and value added services to our customers
- Be an ethical, transparent and responsible global organisation

# doing more with less

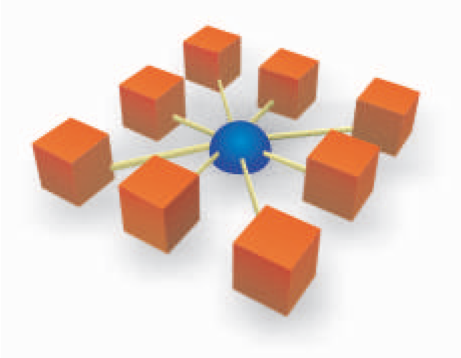







How different would Our Worlds be if we could all get 'More'… by putting in 'Less'?
It would mean Increased Profitability, Higher Sustainability,
Cleaner and Greener Environment, Great Satisfaction, Faster Growth and Happier & Healthier Lives.

Doing more with less
elaborately represents a 360 degree growth of a company
achieved by stringent and appropriate strategy and practices.
It is about " focusing on the important things
which are 20% of actions
to produce 80% of results.
Thus the idea is not to "do more", but to "accomplish more" with less,
which is what ALOK INDUSTRIES LIMITED
strives to achieve.



# RAPID GROWTH

## IN PRODUCTIVITY

### with lean manufacturing

& simplified processes

The key to success is
to ensure that all existing resources perform
to their maximum capability to attain maximum output.

Alok has readily adopted new and innovative technology,
which has led to greater productivity with considerably reduced turn - around time.
Our team has ensured that the existing machinery perform better
through advanced technical training to people and usage of quality products.

A combination of state-of-the-art high capacity production machinery,
production control,IT enabled operations,
waste management and stringent quality control
has ensured augmentation of quantity and quality of production.

Increased output along with superior quality has ensured that
Alok remains a preferred supplier for all its partners across businesses.

# HIGHER
## REVENUES
### with controlled production cost

The measure of a successful business is its ability to augment and create maximum economic value.

Alok, having developed the ability to counter challenges, worked towards creating multi level strategies to combat and mitigate the effects on the company.

Alok grasped the opportunity in these market conditions and used it to its advantage.

From production to procurement and order to cash, every aspect of the business achieved more than that was expected through meticulous financial planning and guided implementation.

As a result of careful strategising and excellent implementation, Alok is now poised to sustain this growth and take it significantly higher.

# INCREASED
## CUSTOMER
### SATISFACTION
**with precise quality control**
**& service levels**

At the end, a satisfied customer is
the greatest testimony to a successful business.

A diversified portfolio consisting of
home textiles, apparel fabrics, garments, cotton & polyester yarn
has given Alok a varied customer base
– from importers, brands to large corporate houses
and international manufacturers and retailers.

Alok's understanding of the specific needs of customers has ensured
that they receive maximum value
from its products and related services.

Whether new relationships or existing partnerships,
Alok's approach to provide more than just textiles has resulted in
greater acceptance amongst a larger customer base across geographies.


H&A
H&A
H&A

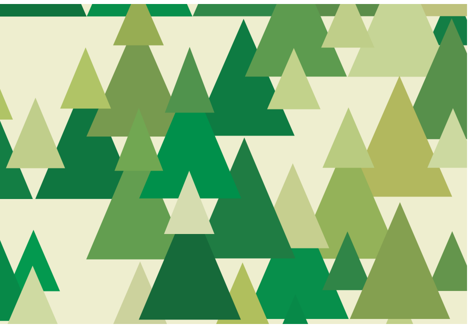
# INCREASED
## VALUE OF
### STAKEHOLDER
with careful strategies

Alok ensured that stakeholders had many positives to look forward to.

Business sustenance, augmentation and expansion plans were designed and implemented to ensure that every engaged party would benefit through the affirmative action taken by Alok.

This has resulted not only in greater organizational depth, but also in a steep upward movement in reliability and respect amongst various associated groups.

Alok's strength as an organisation has come from its dedicated management team that has created value beyond economic profitability for all stakeholders.



# INITIATIVE
## TOWARDS GREENING
### with conservation of natural resources
& waste reduction

The greatest responsibility for any business today is to ensure that it provides the ecology in the same measure as it takes from it.

Over the years , Alok continues to return to the environment through its policy of 'greening'. Measures such as Effluent Treatment plants, Solid Waste Management, Organic waste management, Usage of Green Fuel, Replantation etc., have been adopted to ensure maximum conservation of the environment.

The company ensures that precious natural resources are not wasted and has significantly reduced its carbon footprints.

A green environment focus drives Alok to encourage the cultivation of eco-friendly organic cotton and use of organic and Fair Trade cotton in its products. This initiative has helped organic cotton growers in reducing input costs and fetching better per unit realization over a period.

# SUSTAINABLE

## GROWTH

### through effective planning

and community development

Alok's sense of profitability extends beyond its stakeholders to the community at large. Corporate Social Responsibility has been an integral part of Alok's growth story. Every stage of business cycle is monitored to abide by the philosophy of 'Sustainability'. Conservation of natural resources, reduction of waste and recycling of water are accorded top priority.

The company trains and employs local populace, with tribal women being trained and employed at Alok's plants which provide them an alternate and more gainful source of employment.

Alok supports the improvement of technical institutions in rural areas in its approach to nurture a good education system. Alok is building a CBSE/ ICSE Primary and Secondary school in Silvassa with an objective of imparting quality education to residents.

Alok's pivotal role in setting up the Advanced Academy for Development of Textile Technologists (AADTT) bears testimony to its commitment towards creating quality human resources for the Textile Industry.


PFAFF

# BOARD OF DIRECTORS

Ashok B. Jiwrajka
Executive Chairman

Dilip B. Jiwrajka
Managing Director

Surendra B. Jiwrajka
Jt. Managing Director

Rakesh Kapoor
Nominee Director
of IFCI Limited

Tim Ingram
Director

A. B. Dasgupta
Nominee Director of
IDBI Bank Limited

C. K. Bubna
Executive Director

Ashok G. Rajani
Director

David Rasquinha
Nominee Director of
Exim Bank

Thankom T. Mathew
Nominee Director of
LIC of India

K.R. Modi
Director

K. D. Hodavdekar
Nominee Director of
IDBI Bank Limited

**Seated :** Niraj D. Jiwrajka
**Standing** L to R : Alok A. Jiwrajka, Varun S. Jiwrajka

## TEAM H.O. - SR. MANAGEMENT

**Front Row** L to R: Alok Mehrotra, Anil Nair, Suraj Alva, Sunil O. Khandelwal, Preeti Rane, Mesmer Michaeli, Shaji Varghese
**Back Row** L to R : Kalpesh Shah, Hector D Souza, R. Rajaram, Ashish Mehrishi, Alok Narayan Bahadur, Deepak Mehta, M.V. Nagori, Rohit Seru, Romi Agarwal, Sanjay Deora and K.H. Gopal.

### TEAM H.O. - MIDDLE MANAGEMENT

**Front Row** L to R : Jitendra Kumar, Sunil Krishnan, Girish Mahajan, Yogesh Kalia, Ashok Kumar, Rakesh Rastogi, Prassana Kumar
**Back Row** L to R : Rajnish Kharkar, Vipul Doshi, Sarweshwar Mantri, Ramesh Jain, Husain Tayebkhan, Narinder Thapa, Prem Kumar, Shankar Singh Rawat, Thirupathi Talla, Harish Menon, Sukumar Roy, Jayesh Mehta, Ajay Narayanan, Virendra Rathi, Hitesh Shah

### TEAM H & A

L to R: Ashmeer Sayyed, Nitin Jayawant, Aarjun Mehra, Reshabh Raizada and Pinesh Mehta

### DESIGN TEAM H.O.

L to R: Nelson Jaffery, Madhuri Dalvi Natekar, Saumya Mishra, Payal Sheth and Adnan Nulwala

## TEAM POLYESTER,WEAVING,KNITTING - SILVASSA

**Front Row** L to R: Sanjiv Sachdev, Ganesh Gupta, Sudhir N. Singh, Surendra Jiwrajka, Tulsi Karnani, RB Mahapatra, Rambilas Bidada
**Back Row** L to R: Paresh Kulakshetra, Rajiv Sharma, Akhilesh Shukla, Suhas Shirolkar, Sashi Bhushan Sharma, Kamla Tiwari, R.B. Maid, K.V.S Nair

## TEAM HEMMING - SILVASSA

L to R: Rohidas Baviskar, Sunil Mishra, Debasis Shasany, Tapan Acharya, Bharat Sukwal, Mala Mukerjee, Rajat Acharya, Amir Patel, Rajesh Bhagat

## TEAM PROCESSING - VAPI

**Seated** L to R: P.K. Srivastava, Bhuvanesh Gupta, S.S. Aich, S.C. Goyal, S. Giridhar, H.H. Vaswani.
**Standing** L to R: S.P. Bubna, Digvijay Singh, Prakash Jain, Gurpal Singh, Ashish Vaidya, Premendra Gopal Mishra.

## TEAM PROCESSING- PAWANE

L to R Rajesh Khandelwal, Anil Patel, Kuriakose Polly, Umang Garg, Joydev Dasgupta, Raju Kapadia.

## TEAM SPINNING - SILVASSA

**Front Row** L to R: S. Banarjee, S. P. Yadav, S. K. Mukerjee, ( CEO ) , N. K. Gupta, S. V. Murthy
**Middle Row** L to R: J. Shivakumar, S. Deshmukh, T. N. Singh, S. K. Agrawal, M.S.Kathuria, M. S. Parkhi, Shankargouda
**Back Row** L to R: R. Khalate, N Mishra, K. K. Datta, M Joshi, A. M. Ranjan

## TEAM TERRY TOWEL - VAPI

**Seated** L to R: Umapati Lal, Shambhu Rathore, Prakash Jain, Raju Tiwari, Mr. Rahul Guleri
**Standing** L to R: Parag Anwekar, Chirag Modhia, Vikash Sharma, Leela Ram Dhankar, Anurag Singh, Manish Sharma

## TEAM ALOK APPARELS PVT. LTD.

**Front Row** L to R: Saudamini Dandekar, Gunsham Lakhiani, Anju Khatri
**Back Row** L to R: Ashutosh Tomar, Vivek Agarwal, Rajendra Shah, Piyush Dave

Amar Sheth
CEO

## TEAM MILETA

**Front Row** L to R : Anna Turkova, Oatakar Patracek, Katerina Moravcova, Kamath Gopinath, Dinesh Mall, Zdenek Sedlak
**Back Row** L to R : Oldrich Cermack, Josef Vydra, David Trnka, Jana Kloutvorova, David Bauer, Stanislav Rydval

## TEAMS STORE TWENTY ONE

**UNITED KINGDOM**
L to R: Stephan Hewson, Anupam Jhunjhunwala, Cath Norgate, Mark Wastmoreland, Jacqui Harris, Doug, Sinclair, Dean Cunningham, Vivek Kapoor, Nicola Jamieson, Louise Bramwich

**MUMBAI**
L to R: Rahul Patki, Neelam Surve, Dipti Rathod, Disha Nagpal, Vincent Paul

## TEAMS STORE TWENTY ONE

**DELHI**
**Seated** L to R: Arpita Saha, Jasmeet Saluja
**Standing** L to R: Munishh Bagga, Yogesh Adhikari, Imran Khan, Atul Singh, Indru Vaswani, Narendra Negi, Hassim Khan Shreya Bakshi, Sher Singh

**CHINA**
Front Row L to R : Leary, Joey, Yuki, Heidi, Saeah
Middle Row L to R : Cathy, Vickie, Mandy, Banny
Back Row L to R: Jason, Phonix, Prashant Khadji, Sachin Surve, Frank, Gloria

**BANGLADESH**
L to R: Md. Riaz Chokder, Mazharul Ismal, Ashish Uppal, Sakthi Saravanan Duarairaj, Gauranga Chandra Mandal, Ahsan Ebne Zakaria, Golam Mohmuddin, Abdulla Chowdhury, Md. Jahangir Hossain,lutfar Rahman, Md. Shamim Ebrahim, Joyoto Nayan Sarker

# GENERAL INFORMATION

### Bankers
Allahabad Bank
Andhra Bank
Axis Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
EXIM Bank
Federal Bank Limited
Indian Bank
IDBI Bank Ltd.
ING Vysya Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
The Jammu & Kashmir Bank Ltd.
The Karur Vysya Bank Ltd.
UCO Bank
United Bank of India
Vijaya Bank

### Statutory Auditors
Gandhi & Parekh
Chartered Accountants

### Internal Auditors
Shah Gupta & Co.
Chartered Accountants
Devdhar Joglekar & Srinivasan
Chartered Accountants
N.T. Jain & Co.,
Chartered Accountants
Bhandarkar & Co.
Chartered Accountants
T.R. Chadha & Co.
Chartered Accountants

### Legal Advisors & Solicitors
Kanga & Co.

### Chief Financial Officer
Sunil O. Khandelwal

### President (Corporate Affairs) & Company Secretary
Mr. K. H. Gopal

### Demat ISIN Number in NSDL & CSDL
Equity Shares - INE 270A01011
Non Convertible Debentures – INE 270A08156

### Website Address
www.alokind.com

### E-mail Address
Info@alokind.com

### Registered Office
17/5/1, 521/1
Village, Rakholi / Sayli, Silvassa - 396230
Union Territory of Dadra and Nagar Haveli

### Corporate Office
Peninsula Towers, 'A' Wing,
Peninsula Corporate Park,
G. K. Marg, Lower Parel,
Mumbai 400 013

### Marketing Offices

### Domestic

### Delhi Office
F/29,Okhla Industrial Area
Phase I
New Delhi – 110 020

### Bangalore Office
Ground Floor, Rajee,
8-3/1, Langford Road,
Langord Town,
Bangalore – 560 025

### Chennai Office
Office No. D, First Floor,
Doshi Towers No.156,
Poonamallee High Road,
Kilpauk, Chennai – 600 010

### Overseas

### Sri Lanka Office
No.26, Vajira Road (on duplication Road),
Hallmark Building, Colmbo - 04
Sri Lanka

## U.S.A. Office

1) 7 West, 34th Street,
   Suite # 300 New York,
   New York - 10001

2) 123 OAK, Lann Avenue,
   DALLAS, TX75207

## Czech Republic

Husova 2153, 508 14 Horice v Podkrkonoší,
Czech Republic

## British Virgin Islands

Pasea Estate,
Road Town, Tortola,
British Virgin Islands

## Listing & Code

Bombay Stock Exchange Limited (521070)

National Stock Exchange of India Limited (ALOKTEXT EQ)

## Share Transfer Agent,

Link Intime India Private Limited
C-13 Pannalal Silk Mill Compound,
L.B.S. Marg Bhandup (West),
Mumbai - 400 078

## Works

## Spinning

412, Sayli, Silvassa,
Union Territory of Dadra & Nagar Haveli.

## Weaving

a) 17/5/1 & 521/1, Rakholi / Sayli, Silvassa,
   Union Territory of Dadra & Nagar Haveli.

b) 209/1 & 209/4, Dadra,
   Union Territory of Dadra and Nagar Haveli.

c) Babla Compound, Kalyan Road,
   Bhiwandi – Dist. Thane

## Knitting

412, Sayli, Silvassa,
Union Territory of Dadra & Nagar Haveli.

## Processing

a) 254, 261, 268, Balitha,
   Taluka Pardi, Dist: Valsad
   Gujarat

b) C-16/2, Pawane,
   TTC Industrial Area, MIDC, Navi Mumbai,
   District: Thane

## Garments

a) 374/2/2, Sayli, Sivassa,
   Union Territory of Dadra & Nagar Haveli

b) 17/5/1 Rakholi, Sivassa,
   Union Territory of Dadra & Nagar Haveli

c) 273/1/1, Hingraj Industrial Estate,
   Atiawad, Daman.

## Hemming

103/2, Rakholi, Silvassa,
Union Territory of Dadra & Nagar Haveli

## Home Textiles

## Bed Linen

a) 374/2/2, Sayli, Sivassa,
   Union Territory of Dadra & Nagar Haveli

b) 149/150, Morai Taluka,
   Pardi, Dist Valsad,
   Gujarat

## Terry Towel

263/P1 and 251/2P1 Balitha,
Taluka Pardi, Dist. Valsad,
Gujarat

## Polyester (POY & Texturised Yarn)

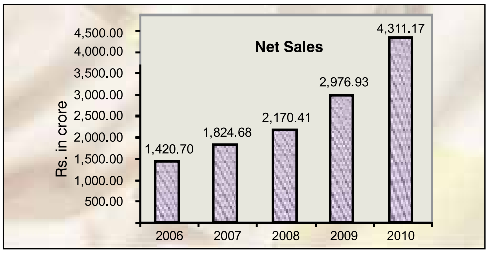
521/1, Sayli, Silvassa,
Union Territory of Dadra & Nagar Haveli

# FINANCIAL HIGHLIGHTS

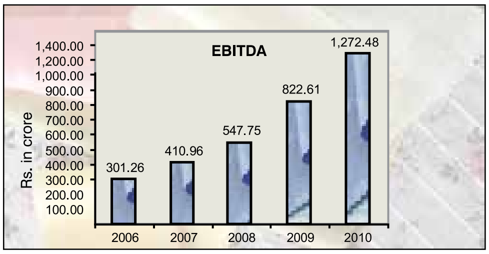
(Rs.. Crore)

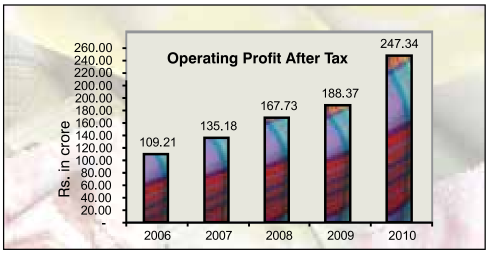
| PARTICULARS | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|---|---|---|---|---|---|
| **Operating profits** | | | | | |
| Net Sales | **4,311.17** | 2,976.93 | 2,170.41 | 1,824.68 | 1,420.70 |
| Operating Profit | **1,272.48** | 822.61 | 547.75 | 410.96 | 301.26 |
| Depreciation | **362.61** | 233.50 | 161.96 | 123.04 | 80.48 |
| PBIT (Operating) | **909.87** | 589.11 | 385.79 | 287.92 | 220.78 |
| Interest | **535.08** | 304.12 | 131.83 | 89.04 | 66.78 |
| PBT (Operating) | **374.80** | 284.99 | 253.96 | 198.88 | 154.00 |
| PAT (Operating) | **247.34** | 188.37 | 167.73 | 135.18 | 109.21 |
| Cash Profit (Operating) | **711.89** | 513.98 | 393.14 | 302.50 | 220.70 |
| Dividend | **22.97** | 17.28 | 26.28 | 28.75 | 30.20 |
| Net Cash Accruals | **688.93** | 496.70 | 366.86 | 273.75 | 190.50 |
| **Financial Position** | | | | | |
| Gross Fixed Assets | **8,215.61** | 6,692.71 | 4,368.05 | 2,954.20 | 2,121.89 |
| Net Fixed Assets | **7,145.11** | 5,983.86 | 3,891.30 | 2,583.80 | 1,874.24 |
| Current Assets | **4,801.88** | 2,685.93 | 3,377.52 | 1,992.66 | 1,403.87 |
| Investments | **229.69** | 478.58 | 618.96 | 219.49 | 39.70 |
| Foreign Currency Translation Monetary A/c | **0.17** | 11.20 | - | - | - |
| **Total Assets** | **12,176.85** | 9,159.58 | 7,887.79 | 4,795.95 | 3,317.81 |
| Equity Share Capital | **787.79** | 196.97 | 187.17 | 170.37 | 157.47 |
| Reserves & Surplus | **1,928.40** | 1,410.39 | 1,134.01 | 854.07 | 650.06 |
| Share Application Money | **-** | 137.50 | - | - | - |
| Share Warrants | **-** | 10.20 | 110.16 | - | - |
| **Tangible Net Worth -(1)** | **2,716.19** | 1,755.06 | 1,431.34 | 1,024.44 | 807.53 |
| **Deferred Tax Liability - (2)** | **406.98** | 307.97 | 210.48 | 141.82 | 100.10 |
| **Total Long Term Borrowings** | | | | | |
| Preference Share Capital | - | - | - | - | 68.00 |
| Secured Loans | **6,056.69** | 4,948.43 | 3,706.66 | 2,049.13 | 1,392.13 |
| Unsecured Loans - FCCB | **107.21** | 121.01 | 94.87 | 202.87 | 220.63 |
| Unsecured Loans | **272.81** | 51.09 | 103.28 | 6.48 | 61.32 |
| | **6,436.71** | 5,120.53 | 3,904.81 | 2,258.48 | 1,742.08 |
| **Total Short Term Borrowings** | | | | | |
| Secured Loans | **1,186.19** | 608.64 | 550.00 | 215.00 | 85.00 |
| Unsecured Loans | **43.00** | 168.02 | 745.01 | 294.36 | 62.34 |
| Working Capital Borrowings | **843.78** | 699.16 | 567.49 | 568.92 | 323.08 |
| | **2,072.97** | 1,475.83 | 1,862.50 | 1,078.28 | 470.42 |
| **Total Borrowings -( 3 )** | **8,509.68** | 6,596.35 | 5,767.31 | 3,336.76 | 2,212.50 |
| **Total Current Liabilities** | | | | | |
| **Current Liabilities & Provisions -( 4 )** | **544.00** | 500.19 | 478.66 | 292.93 | 197.68 |
| **Total Liabilities (1 to 4 )** | **12,176.85** | 9,159.58 | 7,887.79 | 4,795.95 | 3,317.81 |
| EPS (Regular) | **4.57** | 9.64 | 11.40 | 9.70 | 6.68 |
| CEPS (Regular) | **9.04** | 24.04 | 20.53 | 16.99 | 12.61 |
| Book Value | **34.48** | 89.10 | 76.47 | 60.13 | 51.28 |

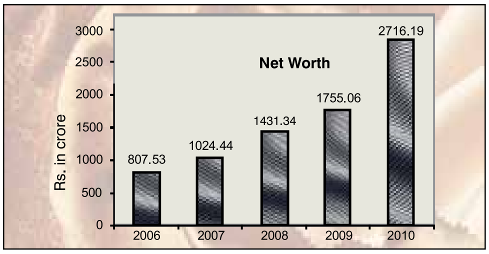
| PARTICULARS | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|---|---|---|---|---|---|
| **Profitability Ratios** | | | | | |
| EBIDTA Margin (%) | **29.52%** | 27.63% | 25.24% | 22.52% | 21.21% |
| Profit Before Tax Margin (%) | **8.69%** | 9.57% | 11.70% | 10.90% | 10.84% |
| Profit After Tax Margin (%) | **5.74%** | 6.33% | 7.73% | 7.41% | 7.69% |
| Return on Net worth (%) | **7.92%** | 9.13% | 10.22% | 11.52% | 11.08% |
| Return on Capital Employed (%) | **9.52%** | 8.20% | 6.96% | 8.41% | 8.33% |
| | | | | | |
| **Gearing Ratios** | | | | | |
| Net Debt (Long Term) - Equity including Deferred Tax Liability | 1.62 | 2.31 | 1.36 | 1.26 | 1.33 |
| Net Total Debt - Equity including Deferred Tax Liability | 2.28 | 3.03 | 2.49 | 2.19 | 1.85 |
| Current Ratio | 1.83 | 1.36 | 1.44 | 1.45 | 2.10 |
| Liquid Ratio | 1.27 | 0.88 | 1.15 | 1.11 | 1.57 |
| | | | | | |
| **Coverage Ratios** | | | | | |
| PBDIT/Interest | 2.38 | 2.70 | 4.15 | 4.62 | 4.51 |
| Net Fixed Assets/Secured Loans (1st Charge holders) | 1.47 | 1.40 | 1.75 | 1.46 | 1.56 |
| Working Capital Turnover Ratio | 0.51 | 0.24 | 0.48 | 0.34 | 0.52 |
| Debtors Turnover - Days | 93 | 108 | 102 | 109 | 91 |
| Inventory Turnover - Days | 125 | 116 | 116 | 93 | 92 |

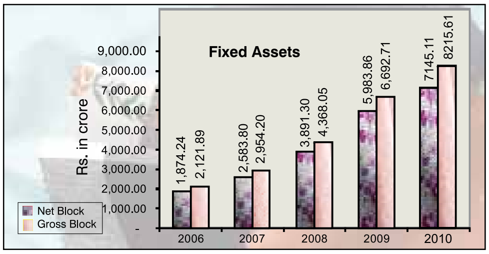






## CHAIRMAN'S MESSAGE

Dear Shareholder:

I am glad to notice that the world's economies are well on the course of recovery after two years of recession. Global growth in 2009 has been an estimated 4% - far better than the half percent de-growth witnessed in 2008. The indicators are also looking positive, certainly so in a number of countries. The US economy appears to have come out of recession with three straight quarters of GDP growth. China reported 8.7% growth for 2009 and is projected to grow at around 10% for 2010.

Some economies, however, are still facing recessionary pressures. Greece needed IMF and EU funding to prop up its economy; Spain and Portugal are also countries whose budgets and deficits can cause concern. On the other hand, Middle East and North Africa seem to have shrugged off the recessionary pressures and are back on a growth path; they are expected to do well in the short and medium term.

South Asia and South East Asia economies look to be 'growth regions' for the near future. Large domestic demand and relatively prudent fiscal policies have cushioned these economies from many of the shocks that were faced by their Western counterparts. The speed of recovery, therefore, has been much faster and expected to continue.

Relatively speaking, India's economy performed far better. From 6.7% GDP growth in 2008-09, India grew at 7.4% in 2009-10 and is projected to grow at around 8.5% during the current financial year. There are two elements to this growth story that are especially encouraging to your Company. First, the growth is being fuelled mainly through domestic demand. And second, the major growth contributor has been the 'bricks and mortar' manufacturing and industrial sectors; consumer and consumer durables have grown by 14.5% and 37%, respectively.

There is a sense of optimism in the air; the growth story looks encouraging and inclusive across all segments of the Indian economy.

2009-10 was also a 'growth story' year for your Company. The details are given in the Management Discussion & Analysis, but let me share with you some of the key numbers.

- Net total sales grew by 44.82% over last year, to reach Rs. 4,311.17 crore. This translates to a three-year compounded annual growth rate (CAGR) of nearly 41%. All divisions across the Company recorded healthy growth.
- Export income increased by 47.84% over 2008-09 to Rs. 1,558.99 crore, and now constitute 36.16% of your Company's total sales.
- Operating earnings before depreciation, interest and taxation (operating EBIDTA) for 2009-10 was Rs. 1,272.48 crore – an increase of 54.69% over the previous year (Rs. 822.61 crore).
- Operating profit before taxes (operating PBT) for the year ended 31 March 2010 was Rs. 374.79 crore, 31.51% higher compared to Rs. 284.99 crore in the previous year.
- Operating profit after taxes (operating PAT) for the year stood at Rs. 247.34 crore (2008-09: Rs. 188.37 crore) – an increase of 31.31% over the previous year.

Year 2009-10 has been one of consolidation and growth for your Company. As much as topline has grown and profits increased, your Company has been focusing on operating efficiencies, quality initiatives and market penetration in order to jumpstart to the next growth and profitability level. You would be aware that over the past two years, your Company has been steadily growing its manufacturing capacities in various segments. I am delighted to inform you that these capacity expansions have now been completed and commissioned. With these capacities having come on-stream, your Company is better equipped in terms of global scale and size of operations to compete with the best in the world. I am also pleased to inform you that your Company continues its product development initiatives in order to enhance operating margins. During 2010-11, your Company expects to achieve significant penetration into the technical textiles segment. Your Company is quietly confident of scaling new milestones of revenue and profitability growth in the near future.

Your Company also appreciates that revenue and profit growth cannot take place without the right quality of people. To that effect, your Company has undertaken a series of measures that ensure that the most appropriate people are recruited into the organisation. Your Company fosters a culture of training, people development and meritocracy to ensure that the maximum efficiencies are derived from its human capital; at the same time, employees have the satisfaction of working in a organisation that encourages skill development and learning and monitors career growth.

Increasing manufacturing capacities to global scales and creating a highly efficient workforce is one part of the story; a constant endeavour to exceed consumer expectations is predicated by a constant endeavour to increase quality of output. Your Company's reputation for quality is well-deserved and acknowledged by the external world: not only by customers but by certification agencies as well. During 2009-10, your Company obtained the Integrated Management System (IMS) certification, which includes ISO 9001:2000 (for quality), ISO 14001:2004 (for environment friendly work practices) and OHSAS 18001:2007 (for health and safety). Your Company is the only textile company to have obtained IMS with all these certifications. In addition, your Company has also been awarded the EU Flower, KRAV and SWAN certifications for eco-friendly products – a testimony to your Company's initiatives in contributing to sustainable growth.

Textile and apparel exports form a significant part of India's export basket; your Company's export performance in 2009-10 has been noteworthy and has been recognised by external agencies. I am delighted to inform you that, during the year under review, the Cotton Textile Exports Council of India (TEXPROCIL) has awarded your Company under three categories: (a) the Gold Trophy for 'Highest Exports of Bleached / Dyed / Yarn Dyed / Printed Fabrics in Fabrics Category'; (b) the Gold Trophy for 'Highest Exports of Bed Linen / Bed Sheets /Quilts in Made-ups Category'; and (c) the Silver Trophy for 'Highest Global Exports Category'. Moreover, your Company has also won the 'Outstanding Exporter of the Year – Textiles', at the International Trade Awards 2008-09, presented by DHL CNBC TV18 – the second consecutive year that your Company has won this award.

The textile industry in India is now ready to move to the next growth phase. Domestic demand is robust, thanks to a growing middle class, smaller families with greater disposable income and an increased desire to spend on consumer goods, clothing, entertainment and consumables. Indian textile and apparel exports are also forecasted to grow. The industry has developed the scale and size to compete with global majors; Indian suppliers are now considered to be suppliers of large volumes of high quality textiles and not just 'low cost vendors'. Meanwhile, with the Chinese renminbi appreciating against the US Dollar and other currencies, Indian exports are poised to become even more competitive. Your Company is well positioned to take advantage of these conditions.

As you are aware, your Company had entered the realty sector about four years ago. With the return to overall economic growth, this sector is also showing signs of an uptick; I feel that this is the appropriate time to unlock the value inherent in your Company's realty investments.

The retail industry in India is growing rapidly; according to research reports, India has one of the fastest growing retail markets in the world, and is expected to grow from US$ 353 billion in 2010 to US$ 543 billion by 2014. Your Company's foray into the retail segment is also showing signs of encouraging growth – both in terms of geographical spread and reach, as well as in terms of product offerings, sales and profitability. Your Company's overseas retail operations are being re-branded as 'Store Twenty One'; simultaneously, product offerings are being increased and operating efficiencies are being optimised. The results of these efforts have been encouraging and I expect that 2010-11 will see the UK retail business return to profits. On the domestic front, your Company, through its subsidiaries, has rolled out 226 H&A stores across India via a 'cash and carry' franchise model. These stores have started showing positive results; I am confident that over the next few years, they will be a substantial growth and value contributor to your Company.

Your Company has, during the year, made two equity offerings. The first one, the Rights Issue commenced in March 2009 but was completed during the first quarter of 2009-10. The issue was oversubscribed 1.15 times. A second equity offering was made in March 2010 to Qualified Institutional Buyers. You will be able to read more details about these in the Management Discussion & Analysis. These funds have strengthened your Company's financials, reduced gearing and created greater shareholder wealth. Consequent upon these measures, and recognising your Company's financial performance, CARE, a premier rating agency, has upgraded your Company's loan ratings from CARE A to CARE A+ a sign of the increased confidence and trust that is reposed upon your Company by all lenders.

Your Company has received immense support and encouragement from its business partners, financial institutions and customers – not just this year, but continuously over a period of time. I would like to take this opportunity to thank all of them for their faith, advice and guidance. All those who work together and tirelessly at Alok to create stakeholder value, a big thank you. And to you for your continuing loyalty and support as an Alok shareholder – my personal gratitude.

Yours sincerely,

**Ashok B. Jiwrajka**
Executive Chairman

**NOTICE** is hereby given that the **24th Annual General Meeting** of the members of **ALOK INDUSTRIES LIMITED** will be held on Friday, the 17th day of September 2010 at 12.00 noon at the Registered Office of the Company at 17/5/1, 521/1, Village Rakholi/ Sayli, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli, to transact the following businesses.

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.

2. To declare dividend on Equity Shares for the year ended 31st March, 2010.

3. To appoint a Director in place of Shri. Ashok G. Rajani, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri. K. R. Modi who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint M/s. Gandhi & Parekh, Chartered Accountants and M/s. Deloitte Haskins & Sells, Chartered Accountants, as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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

   "RESOLVED that M/s. Gandhi & Parekh, Chartered Accountants and M/s. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, at such remuneration to each of them, plus service tax as applicable and reimbursement of out of pocket expenses in connection with the audit as the Board of Directors fix in this behalf."

## SPECIAL BUSINESS:

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

   "RESOLVED THAT in supersession of the resolution passed by the members of the Company under section 293(1)(d) of the Companies Act, 1956, by way of Postal Ballot on 6th March, 2010, thereby limiting the borrowing powers of the Board of Directors of the Company upto Rs.9,000 crores (Rupees Nine Thousand Crores only), the consent of the Company be and is hereby accorded pursuant to Clause (d) of sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interests of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of Rs.11,000 crores (Rupees Eleven Thousand Crores only)."

7. **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 Clause (a) of sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Directors of the Company for mortgaging and/or charging all or any of the present and/or future movable and/or immovable properties and assets and the whole or substantially the whole of the undertaking(s) of the Company, on such terms and conditions and in such form and manner, as the Directors may determine for the purpose of securing unto various lenders who have granted and/or who may hereafter grant to the Company, financial facilities in the nature of short term/long term loans, bridge loans, short term/long term secured Non-Convertible Debentures or other forms of secured financial facilities for an aggregate nominal value not exceeding Rs.11,000 crores (Rupees Eleven Thousand Crores only) for the purpose of securing the said financial facilities granted/ to be granted to the Company, together with interest, further interest, liquidated damages, costs, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities."

"RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to finalise with the respective lenders the security documents and such other agreements for creating or evidencing the creation of mortgage and/ or charge as aforesaid and to do all such other acts, deeds and things and resolve any matter as may be necessary for giving effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, the consent of the Company be and is hereby accorded to Shri Surya Prakash Bubna, a relative of Shri, Chandrakumar Bubna, to hold an office or place of profit as Asst. Vice President (Production) of the Company at an increased remuneration upto Rs.2,00,000/- per month including other allowances, perquisites, benefits and amenities as applicable to others in the same grade in the Company as per its policy, with effect from the date of approval of the Central Government in this regard."

By Order of the Board

**K. H. Gopal**
President (Corporate Affairs) &
Company Secretary

**Registered Office:**

17/5/1, 521/1,
Village Rakholi / Sayli,
Silvassa – 396 230,
Union Territory of Dadra & Nagar Haveli

Date: August 12, 2010

**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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is enclosed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 10$^{th}$ day of September 2010 to Friday, the 17$^{th}$ day of September 2010 (both days inclusive).
4. If the dividend on shares, as recommended by the Board of Directors, is declared at the Meeting, payment thereof will be made:
   (i) to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrars and Share Transfer Agent (R&TA) M/s. Link Intime India Private Limited (Formerly known as Intime Sprectrum Registry Limited) as on 10$^{th}$ September 2010; and
   (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as on 10$^{th}$ September 2010 in case of shares held in demat form.
5. Members are requested to notify immediately any change of their address:
   (a) To their Depository Participants (DPs) in respect of their electronic share accounts, and
   (b) To the Company at its Registered Office address or Corporate office address or Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, India, Tel: +91 22 2596 3838, Fax: +91 22 2594 6969, in respect of their physical shares, if any, quoting their folio nos.
6. Members are advised to submit their Electronic Clearing Service (ECS) mandates to the Company's R&TA at their aforesaid address to facilitate remittance by means of ECS.
7. Members are requested to bring their copy of the Annual Report to the Meeting and produce the Attendance Slip at the entrance where the Annual General Meeting will be held.
8. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31$^{st}$ March 2002 to the Investor Education and Protection Fund (IEPF).

Members who have not encashed their dividend warrants pertaining to the year 2002–2003 have already been informed through a separate individual written notice to approach the Company's R&TA on or before 18th September 2010, to check up and send their claims, if any, before the amounts become due for transfer to IEPF.

Pursuant to the provisions of Section 205A of the Companies Act, 1956 dividends for the financial year ended 31st March 2003 and thereafter, which remain unpaid or unclaimed for a period of 7 years from respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the IEPF on the dates given in table below:

| Financial year ended | Date Declaration | Last date for claiming unpaid dividend | Due date for Transfer to IEPF |
|---|---|---|---|
| 31.03.2003 | 30.09.2003 | 29.09.2010 | 29.10.2010 |
| 31.03.2004 | 30.09.2004 | 29.09.2011 | 29.10.2011 |
| 31.03.2005 | 29.09.2005 | 28.09.2012 | 28.10.2012 |
| 31.03.2006 | 29.09.2006 | 28.09.2013 | 28.10.2013 |
| 31.03.2007 | 25.09.2007 | 24.09.2014 | 24.10.2014 |
| 31.03.2008 | 29.09.2008 | 28.09.2015 | 28.10.2015 |
| 31.03.2009 | 25.09.2009 | 24.09.2016 | 24.10.2016 |

Members who have so far not encashed their dividend warrants pertaining to the aforesaid years are advised to submit their claim to the Company's R&TA at the address mentioned above immediately quoting their folio number/ DP ID & Client ID. It may be noted that once unclaimed divided is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

9. Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's R&TA at the aforesaid address.

10. **Re-appointment of Directors**:

    At the forthcoming Annual General Meeting, Shri Ashok G. Rajani and Shri K. R. Modi, retire by rotation and being eligible offer themselves for re-appointment. The information/details pertaining to the above two Directors that is to be provided in terms of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges are furnished in the statement of Corporate Governance published elsewhere in this Annual Report.

11. Equity Shares of the Company are listed on the following Stock Exchanges:

| | |
|---|---|
| **Bombay Stock Exchange Limited**<br>Floor 25, P. J. Towers,<br>Dalal Street, Fort,<br>Mumbai - 400 001. | **National Stock Exchange of India Limited,**<br>Exchange Plaza, 5th Floor, Plot No.C/1,<br>"G" Block, Bandra-Kurla Complex,<br>Bandra (East), Mumbai - 400 051. |

The Listing fees in all the above stated Exchanges have been paid upto 31st March 2011.

12. Members desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

By Order of the Board

**K. H. Gopal**
President (Corporate Affairs) &
Company Secretary

**Registered Office:**

17/5/1, 521/1,
Village Rakholi / Sayli,
Silvassa – 396 230,
Union Territory of Dadra & Nagar Haveli

Date: August 12, 2010

# ANNEXURE TO THE NOTICE

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No.6

Pursuant to section 192A (2) of the Companies Act, 1956 read with Companies (Passing of Resolutions by the Postal Ballot) Rules, 2001 the result of which was declared on 6th March, 2010, the members had accorded their consent pursuant to Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of your Company for borrowing monies upto a limit of Rs.9000 crores. In view of the increasing activities and operations and considering the expansion programs of your Company, it is thought fit to increase the limit to Rs.11,000 crores.

The Resolution at item no.6 is therefore, placed for the approval of the Members pursuant to Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of your Company is, in any way, concerned or interested in this resolution.

### Item No.7

As stated in the explanatory statement at Item No.6 of this notice, your Company's activities and operations are increasing, thereby necessitating borrowings as stated in the resolution at Item No.6. Your Directors consider that it would be expedient to have the approval of the shareholders for creating mortgage/charge in favour of various lenders in the event of your Company availing financial facilities of a secured nature.

The Resolution at item no.7 is therefore, placed for approval of the members pursuant to Section 293(1)(a) of the Companies Act, 1956.

None of the Directors of your Company is, in any way, concerned or interested in this resolution.

### Item No.8

The members may note that Shri Surya Prakash Bubna, a relative of Shri Chandrakumar Bubna, an Executive Director of the Company, was appointed as Asst. Vice President (Production) with effect from 1st April, 2004 at a consolidated remuneration of Rs.19,500/- per month. It is proposed to absorb him in the Company with remuneration upto Rs.2,00,000/- per month including other allowances, perquisites, benefits and amenities as applicable to others in the same grade in the Company, considering his qualifications, responsibilities and position. Under Section 314 of the Companies Act, 1956, remuneration payable to a relative of any director (holding any office or place of profit) requires approval of the members in a General Meeting and approval of the Central Government in case the remuneration exceeds the respective limits stipulated under law.

Hence your Directors recommend the resolutions at item no.8 for approval of the members.

Shri Chandrakumar Bubna, Executive Director of the Company is deemd to be interested in the resolution as he is brother of Shri Surya Prakash Bubna. No other director is in any way concerned or interested in this resolution.

By Order of the Board

**K. H. Gopal**
President (Corporate Affairs) &
Company Secretary

**Registered Office:**

17/5/1, 521/1,
Village Rakholi / Sayli,
Silvassa – 396 230,
Union Territory of Dadra & Nagar Haveli

Date: August 12, 2010

## Dear Shareholders:

We have pleasure in presenting the 24 Annual Report of your Company together with the Audited Accounts for the financial year ended 31 March 2010. The summarized financial results (stand-alone and consolidated) are given below in Table 1.

### Table 1: Financial Highlights: Stand-Alone and Consolidated

(Rs. Crore)

| PARTICULARS | Stand alone | | Consolidated | |
|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Sales / Job charges (net of excise) | 4,311.17 | 2,976.93 | 4,424.34 | 3,090.78 |
| Other Income | 64.02 | 20.81 | 66.63 | 45.96 |
| **Total Income** | **4,375.19** | **2,997.74** | **4490.97** | **3,136.74** |
| Total Expenditure | 3,102.71 | 2,175.13 | 3,259.18 | 2,322.29 |
| **Profit Before Interest, Depreciation & Taxes** | **1,272.48** | **822.61** | **1,231.79** | **814.45** |
| Interest | 535.08 | 304.12 | 578.90 | 341.03 |
| Depreciation | 362.61 | 233.50 | 366.92 | 240.15 |
| **Profit / (Loss) Before Tax** | **374.79** | **284.99** | **285.97** | **233.27** |
| Provision For Taxation | | | | |
| - Current | (63.56) | (32.98) | (65.94) | (34.38) |
| - MAT Credit Entitlement | 34.26 | 28.65 | 34.26 | 28.65 |
| - Deferred | (99.01) | (89.80) | (96.96) | (88.48) |
| - Fringe Benefit Tax | - | (1.75) | 0.02 | (1.79) |
| - Excess / (Short) Provision Of Income Tax in respect of earlier years | 0.86 | (0.74) | 0.46 | (0.74) |
| **Net Profit / (Loss) After Tax** | **247.34** | **188.37** | **157.81** | **136.53** |
| Add: Share of Profit of Associates | - | - | (20.74) | (68.05) |
| (Add)/Less: Minority Interest | - | - | 0.64 | 5.57 |
| **Profit After Tax after Minority Interest** | **247.34** | **188.37** | **137.71** | **74.05** |
| Add: Balance brought forward | 276.63 | 296.20 | 149.78 | 287.15 |
| **Balance Available for Appropriation** | **523.97** | **484.57** | **287.49** | **361.20** |
| Add / (Less): Dividend for Earlier Years | - | (0.17) | 0.15 | (0.17) |
| Dividend : Equity | 19.69 | 14.77 | 19.69 | 14.77 |
| Tax on Dividend | 3.27 | 2.51 | 3.27 | 2.51 |
| Transfer to Debenture Redemption Reserve | 300.10 | 190.83 | 296.63 | 194.30 |
| Transfer to General Reserve | 20.00 | - | 20.23 | - |
| **Balance Carried To Balance Sheet** | **180.91** | **276.63** | **(52.48)** | **149.78** |

***Notes:***

*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures*

### Performance

During the financial year, your Company recorded sales of Rs. 4,311.17 crore (increase of 44.82%) and profit before tax of Rs. 374.79 crore (increase of 31.51 %) over the previous year. Your Company's exports (including incentives) increased 47.84% — from Rs. 1,054.50 crore in 2008-09 to Rs. 1,558.99 crore during the year under review.

All the divisions of your company recorded growth . The sales performance of all the divisions of your Company, their share in the overall business and their growth over last year are reflected in Table 2 below.

**Table 2: Division-wise Sales Performance: 2009-10 vs. 2008-09**

(Rs. Crore)

| PARTICULARS | Total Sales for the year ended 31 March 2010 | % to Total Sales | Total Sales for the year ended 31 March 2009 | % to Total Sales | % Changes |
|---|---|---|---|---|---|
| Cotton Yarn | 327.10 | 7.59% | 111.10 | 3.73% | 194.42% |
| Apparel Fabric | 1,942.73 | 45.06% | 1,609.56 | 54.06% | 20.70% |
| Home Textiles | 707.26 | 16.41% | 498.54 | 16.75% | 41.87% |
| Garments | 141.00 | 3.27% | 138.58 | 4.66% | 1.75% |
| Polyester Yarn | 1,193.08 | 27.67% | 619.15 | 20.80% | 92.70% |
| **Total** | **4,311.17** | **100.00%** | **2,976.93** | **100.00%** | **44.82%** |

Details of your Company's performance for the year under review are given in the 'Management Discussion and Analysis', which forms part of this Directors' Report.

## Dividend

Your Directors have recommended a dividend of Rs.0.25 per equity share of Rs.10/- each (previous year Rs.0.75 per share) for the financial year ended 31 March 2010 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be Rs. 19.69 crores (excluding tax of Rs.3.27 crores) as against Rs. 14.77 crore paid last year (excluding tax of Rs. 2.51 crore). Based on the above dividend payout (including dividend tax), the dividend payout ratio works out to 9.28% of Profit After Tax (PAT) as against 9.17% for 2008-09.

## Capital

During the year under review, your Company allotted fresh equity shares as detailed below:

(Rs. Crore)

| Sr. No. | Details of Issue | No. of shares held | Amount of Issue | Equity Capital Amount | Premium Amount |
|---|---|---|---|---|---|
| 1 | Equity as at 1 April 2009 | 196,974,969 | | 196.97 | 596.96 |
| 2 | Issue of Shares on rights basis | 408,723,061 | 449.59 | 408.72 | 40.87 |
| 3 | Issue of Shares on QIP basis | 182,100,248 | 424.66 | 182.10 | 242.56 |
| | **Equity as at March 31 2010** | **787,798,278** | | **787.79** | **880.39** |

Your Company, on 31 March 2009, announced a Rights Issue of 408,723,061 equity shares with a face value of Rs. 10/- each for cash at a price of Re. 11/- including premium of Re. 1/- aggregating to Rs. 449.59 crores to the existing shareholders of the Company on Right Issue basis in the ratio of 83 rights equity shares for every 40 equity shares held on the record date, i.e. 25 March 2009. The issue closed on 22 April 2009 and was oversubscribed 1.15 times. The allotment of Rights shares was made on 5th May 2009.

During the year, your Compnay also came out with a Qualified Institutional Placement (QIP) issue, wherein it allotted 182,100,248 equity shares of the face value of Rs. 10/- for cash at a premium of Rs.13.32 per share aggregating to Rs. 424.66 crore to Qualified Institutional Buyers. The issue was opened for subscription on 22 March 2010 and closed on 23 March 2010. The allotment of QIP shares was made on 30 March 2010. The proceeds of the QIP issue have been utilized towards long term working capital margin and normal capex requirements.

Consequent to the Rights Issue and the QIP, the Company's equity share capital as on 31 March 2010 stands at Rs. 787.79 crore (including 22,316 Rights Equity Shares, partly paid-up to the extent of Rs.5 per Equity Share), compared to Rs. 196.97 crore as on 31 March 2009.

## Utilization of Rights Issue and QIP Proceeds

### Rights Issue

(Rs. crores)

| Particulars | 29 July 2010 | 30 June 2009 |
|---|---|---|
| Money Received | 449.59 | 397.59 |
| Utilized for Long Term Working Capital, General Corporate Purposes and Right Issue expenses | 449.59 | 397.59 |

### QIP Issue

(Rs. Crores)

| Particulars | 29 July 2010 |
|---|---|
| Money Received | 424.66 |
| Utilized for Long Term Working Capital Margin, Normal capex requirements and Issue expenses | 424.66 |

### FCCBs

The 475 outstanding FCCBs of USD 50000 each aggregating to Rs. 107.21 crore as on 31 March 2010 have been redeemed on due date i.e. May 26, 2010.

### Reserves

The balance available for appropriation as at 31 March 2010 amounted to Rs. 523.97 crores. After providing for dividend and dividend tax of Rs. 22.96 crore, your Company proposes to transfer Rs. 300.10 crore to Debenture Redemption Reserve and Rs. 20 crore to General Reserve. After providing for these, the balance of the Profit & Loss Account would stand at Rs. 180.91 crore.

During the year, a warrant holder holding warrants aggregating to Rs. 10.20 crores, representing 10,000,000 warrants of the face value of Rs. 10 each, had decided not to exercise the option of conversion. The company there fore forfeited the amount and transferred the same to Capital Reserve.

Consequent to the Rights issue and QIP issue, the Share Premium Account has increased during the year by Rs. 283.43 crore.

At the end of the financial year, the total reserves of the Company, stood at Rs. 1,928.40 crore. The corresponding figure at the end of the previous year was Rs. 1,410.39 crore.

### Loans

During the year under review, your Company has raised incremental debt, both secured and unsecured, by way of rupee loans, foreign currency loans and non-convertible debentures aggregating to Rs.1913.33 crore for meeting capital expenditure and working capital requirements.

### Capital Expenditure

During the year under review, your company incurred a capital expenditure of Rs. 1522.90 crore across various divisions. A major portion of these were towards Phase III and Phase IV expansions, which have been fully completed, setting up of second Continuous Polymerization (CP) Plant at Saily (Silvassa), expansion of Texturising and regular capex. Details of your Company's capacities across various divisions are provided under the head 'Capacity Expansion' in the Management Discussion and Analysis annexed to this Report.

## Subsidiary Companies and Consolidated Financial Statements

At the end of the financial year under review, your Company had the following subsidiaries:

**Subsidiaries of Alok Industries Ltd.**

1. Alok Industries International Ltd. ; (incorporated in the British Virgin Islands)
2. Alok International Inc. (incorporated in the state of Dallas,USA)
3. Alok Inc. (incorporated in the state of New York,USA)
4. Alok Infrastructure Limited
5. Alok H&A Limited
6. Alok Retail (India) Limited (Formerly known as Alok Homes & Apparel Private Limited)
7. Alok Apparels Private Limited
8. Alok Land Holdings Private Limited

**Step-down subsidiaries of Alok Industries Limited**

| Parent Company | Subsidiary | %Holding |
|---|---|---|
| Alok Industries International Ltd | Mileta, a.s.(incorporated in the Czech Republic) | 93.20% holding |
| | Alok European Retail, s.r.o. | 75% holding |
| Alok Infrastructure Limited | Alok Realtors Private Limited | 100% holding |
| | Alok HB Hotels Private Limited | 100% holding |
| | Alok HB Properties Limited | 100% holding |
| | Springdale Information and Technologies Private Limited | 100% holding |
| | Kesham Developers & Infotech Private Limited | 100% holding |
| Alok Land Holdings Private Limited | Alok Aurangabad Infratex Private Limited | 100% holding |
| | Alok New City Infratex Private Limited | 100% holding |

The Central Government has granted an exemption to your Company pursuant to Section 212(8) of the Companies Act, 1956 from attaching a copy of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies and hence the same have not been attached herein. These documents will be made available upon a written request by any member of the Company and / or any of its subsidiaries. Further, in line with the Listing Agreement and in accordance with the Accounting standards 21 (AS – 21) Consolidated Financial Statements, prepared by the Company include financial information of its subsidiaries. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the shareholder seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its registered / corporate office and that of the concerned subsidiary companies.

## Shift in Registered Office

The Registered office of your Company has been shifted from 'B-43, Mittal Tower, Nariman Point, Mumbai 400 021' to '17/5/1, 521/1, Village Rakholi / Saily, Silvassa - 396230, Union Territory of Dadra and Nagar Haveli effective from 25 June, 2010 pursuant to an Order passed by the Company Law Board.

## Business and Operations

The textile operations of your company are doing well and the long term prospects look promising, both for domestic and export markets. The consolidation of sourcing by global majors and shift in focus towards India to de-risk sourcing risk is the major driver for export growth. The growth in domestic demand is due to increase in per capita income as an outcome of GDP growth. With increased capacities across the value chain, your company is capitalizing on these opportunities as evidenced by increased operations and sales. Your company has also expanded its marketing initiatives across geographies which has resulted in a healthy order book apart from de-risking its business model. Your company is now consolidating its operations and focusing on more value added products like yarn dyed shirting and technical & work wear fabrics. The prospects for the polyester business also look quite encouraging.

The domestic cash and carry initiative of the company are carried out through a wholly owned subsidiary 'Alok H&A Ltd' under the store brand "H&A' which have started showing encouraging results. The company presently has 226 stores across India and expects to reach a total of 400 stores by end of March 2011. The stores are operated on franchisee basis thereby facilitating 'non-cash' heavy expansion. The stores are targeted towards mass market with focus on Tier II and Tier III cities and the store area is also being increased to accommodate all product categories.

The overseas retail initiatives are carried out through Grabal Alok (UK) Ltd., which operates 212 stores across England, Scotland and Wales. The stores operate as value format stores offering a wide range of products under men, women, children, home and accessories categories. Originally branded as 'qs' stores, they are now gradually being given a new brand identity 'Store Twenty One'. A series of other measures such as shifting of sourcing to Asian countries, improving quality of merchandise, cost reduction initiatives have started showing positive results. The number of stores are being increased to further penetrate and capitalize on the new brand identity.

More details about your Company's business structure and initiatives are contained in the Management Discussion & Analysis.

## Awards and Recognition

During the year under review, your Company has been given the following awards and recognitions by the Cotton Textile Exports Council of India (TEXPROCIL) in three categories:

Alok won the following awards from Texprocil:

- Gold Trophy for Highest Exports of Bleached / Dyed / Yarn Dyed / Printed Fabrics in Fabrics Category
- Gold Trophy for Highest Exports of Bed Linen / Bed Sheets / Quilts in Made-ups Category
- Silver Trophy for Highest Global Exports Category

## Corporate Social Responsibility

Alok's Corporate Social Responsibility (CSR) philosophy is focused on growing the business while ensuring that the concerns of the environment in which it operates are adequately and sustainably addressed. This encompasses the natural environment, as well as the people and communities that live in the areas where the Company operates its businesses.

Details of your Company's Corporate Social Responsibility (CSR) initiatives are given in a separate section, 'Sustainability', which forms part of the accompanying Management Discussion and Analysis and Annual Report.

## Corporate Governance

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Statutory Auditors of your Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is also annexed to the report on Corporate Governance.

## Fixed Deposits

Your Company does not have any fixed deposits under section 58A and 58AA of The Companies Act, 1956 read with Companies (Acceptance of Deposits) Rule, 1975.

## Insurance

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured.

## Directors

Mr. Ashok G. Rajani and Mr. K. R. Modi will retire from office by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Brief resumes of these Directors, in line with the stipulations of Clause 49 of the Listing Agreement, are provided elsewhere in this Annual Report.

During the year, Nomination of Mr. K. J. Punnathara, nominee of Life Insurance Corporation of India, was withdrawn w.e.f. 29 October 2009 and in his place Mrs. Thankom T. Mathew was appointed as LIC's nominee. Nomination of Mrs. Hiroo S. Advani, nominee of Export Import Bank of India, was withdrawn w.e.f. 29 October 2009 and in her place Mr. David Rasquinha was appointed as EXIM Bank's nominee. The Board wishes to place on record their appreciation for the contributions of Mr. K. J. Punnathara and Mrs. Hiroo S. Advani during their tenure as Directors of your Company.

## Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the 'Directors' Responsibility Statement' and confirm that:

- in the preparation of the annual accounts for the financial year ended 31 March 2010, the applicable Accounting Standards have been followed and there has been no material departure;
- appropriate accounting policies have been selected and applied consistently and such judgement and estimates have been made that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March 2010 and of the profit of your Company for the year on that date;
- 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 your Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts for the financial year ended 31 March 2010 on a 'going concern' basis.

## Auditors and Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

In view of the increase in overseas operations and requirement to follow IFRS Standards effective 2012, the company recommends the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as joint auditors with the present auditor M/s. Gandhi & Parekh, Chartered Accountants. M/s Deloitte Haskins & Sells, Chartered Accountants have indicated their willingness to accept this appointment.

The retiring Auditors M/s. Gandhi & Parekh, Chartered Accountants of your Company, are eligible for re-appointment and have indicated their willingness to accept re-appointment and be joint auditors with M/s Deloitte Haskins & Sells, Chartered Accountants. In terms of Section 224A of the Companies Act, 1956, the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants and re-appointment M/s. Gandhi & Parekh Chartered Accountants needs to be approved by the members and their remuneration has to be fixed.

## Cost Auditor

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956 and subject to the approval of the Central Government, M/s B. J. D. Nanabhoy & Co., Cost Accountants, Mumbai have been appointed as Cost Auditors to conduct cost audit relating to the products manufactured by your Company.

## Human Resources

The information required on particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this Report. 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 of your Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the said statement may write to your Company Secretary at the Corporate Office of your Company.

More details on the Human Resources function of your Company and its various activities are given in the 'Human Resources' section of the attached Management Discussion & Analysis.

Your Directors appreciate the significant contribution made by the employees to the operations of your Company during the year

## Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as Annexure 'A' to this report.

## Acknowledgements

Your Directors wish to place on record their appreciation of the dedication and commitment of your Company's employees to the growth of your Company. Your Directors wish to thank the Central and State Governments, Financial Institutions, Banks, Government authorities, customers, vendors and shareholders for their continued cooperation and support.

For and on behalf of the Board

Place: Mumbai
Date: 29 July 2010

**Dilip B. Jiwrajka**
**Managing Director**

# ANNEXTURE "A" TO THE DIRECTORS REPORT

Information as required under section Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010

## (A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The company continued its programme of optimizing energy consumption and energy conservation continued to be accorded high prominence as in previous years. Besides regular audit schedules and company-wide suggestions for energy saving, the following measures were undertaken during the year under review:

- Reduction of lighting energy by using voltage regulator in lighting circuits
- VAM of power plant power saving in screw chiller
- Reduction of chemical consumption by using canal water
- Rain water harvesting measures
- Optimum Suction pressure used in OHTC Dust collector system in Spinning
- Installation of inverters for pneumatic fans to optimize suction
- Improvement of power factor to reduce max demand level
- F.O. Emulsion fuel firing system introduced with the existing steam boiler installation resulting in savings of F.O.
- Optimization of the feed pressure of soft water and reduction of the pumps
- Thermal energy (Boiler) & water saving by recovery of condensate
- Insulation and maintenance of heating devices like pipe & valve etc.
- Heat recovery from Waste Dye liquor
- Panel insulation of Air conditioned machine panels
- Oxygen trimming in Thermopacs

(b) Additional Proposals being implemented for further conservation of energy:

- More systematic installation of energy efficient equipments like Inverters, control sensors / meters, along with energy efficient motors, tube light fixtures with electronic ballast to achieve the energy saving.
- Installation of EMS Energy Monitor System so that greater accuracy of energy consumption reports can be obtained
- RCR system being upgraded to maintain hot water temperature at 65 degree C thereby resulting in savings of fuel
- All streetlights to be powered by solar energy system
- Additional wet scrubber unit installation for present coal fired boiler for upgraded capacity utilization.
- Heat recovery from hot exhaust air of Stenter and CRP hot water
- Optimization of boiler blow down by installing auto blow down system
- Installation of Air pre-heater of Thermopac
- Installation of residual automatic moisture control system in vertical dyeing range to reduce steam consumption and ensure better product quality
- Water recovery from Blanket cooling of machines and from PSF and Softener
- Optimization of soft water supply pressure to minimize wastage of water
- Installation of cooling tower and screw chillers

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production.

The measures stated in points (a) and (b) above would further improve the thermal, electrical and mechanical efficiency of the Plants. The year 2009-10 saw significant reduction in energy cost over 2009 on a per unit basis.

## FORM "A"

Form for disclosure of particulars with respect to conservation of energy.

| | | | 2009-10 | 2008-09 |
|---|---|---|---|---|
| A) | Power and Fuel Consumption | | 2009-10 | 2008-09 |
| 1) | **Electricity Purchased** | | | |
| | Units | | 7,976,494 | 219,680,408 |
| | Total amount (Rs. in crore) | | 3.83 | 74.38 |
| | Average Rate/Unit (Rs.) | | 4.80 | 3.39 |
| 2) | **Own Generation through Diesel Generator Set** | | | |
| | Units | | 181,036,389 | 121,853,573 |
| | Total amount (Rs. in crore) | | 87.82 | 52.40 |
| | Average Rate/Unit (Rs.) | | 4.85 | 4.30 |
| 3) | **Own Generation through Co-generation** | | | |
| | Units | | 358,953,458 | 19,685,900 |
| | Total amount (Rs.in crore) | | 133.22 | 7.20 |
| | Average Rate/Unit (Rs.) | | 3.71 | 3.66 |
| 4) | **Own Generation through Gas Turbine** | | | |
| | Units | | 35,361,583 | - |
| | Total amount (Rs.in crore) | | 10.67 | - |
| | Average Rate/Unit (Rs.) | | 3.02 | - |
| 5) | a) | **Furnace Oil consumed for boiler** | | |
| | | Total amount (Rs. in crore) | - | 16.37 |
| | b) | Furnace Oil consumed for steam | | |
| | | Total amount (Rs. in crore) | 25.59 | 57.81 |
| | c) | Natural Gas consumed | | |
| | | Total amount (Rs. in crore) | 51.31 | 2.66 |
| | d) | Coal consumed | | |
| | | Total amount (Rs. in crore) | 2.70 | 1.08 |
| | e) | Diesel consumed | | |
| | | Total amount (Rs. in crore) | 2.01 | - |
| | f) | Electricity Duty Paid | | |
| | | Total amount (Rs. in crore) | 2.13 | - |
| B) | Consumption per unit of Production | | | |
| | a) | Yarn (Kgs.) | 106,958,798 | 73,092,632 |
| | | Units Consumed (per kg.) | 1.10 | 1.45 |
| | b) | Fabric- Knits (Kgs.) | 6,852,318 | 7,829,482 |
| | | Units Consumed (per kg.) | 0.57 | 0.81 |
| | c) | Fabric Woven (Mtrs.)* | 192,387,042 | 207,657,103 |
| | | Units Consumed (per Mtr.) | 0.56 | 0.63 |
| | d) | Processing- Woven (Mtrs.) | 73,010,221 | 102,946,237 |
| | | Units Consumed (per kg.) | 0.23 | 1.91 |
| | e) | Processing- Knits (Kgs.) | 5,542,259 | 5,502,949 |
| | | Units Consumed (per kg.) | 4.28 | 1.91 |
| | f) | Garments (Pieces) | 3,938,429 | 4,953,788 |
| | | Units Consumed (per Pieces.) | 0.08 | 0.18 |
| | g) | SL Madeups (Kgs) | 7,736,043 | 6,500,341 |
| | | Units Consumed (per kg.) | 0.44 | 0.46 |
| | h) | Poy (Kgs) | 28,978,059 | 49,042,925 |
| | | Units Consumed (per kg.) | 2.21 | 1.31 |
| | i) | Spinning (Kgs) | 10,989,082 | 24,594,724 |
| | | Units Consumed (per kg.) | 16.98 | 4.39 |
| | j) | Handkerchief (Pieces) * | 6,587,418 | 6,962,509 |
| | | Unit Consumed (Pieces) | 0.04 | 0.03 |
| | k) | Chips (Kgs) | 41,958,053 | - |
| | | Unit Consumed (Per Kg) | 0.66 | - |
| | *** Includes part of the activities carried outside.** | | | |

## FORM "B"

| | | 2009-10 | 2008-09 |
|---|---|---|---|
| **B)** | **Technology Absorption** | **2009-10** | **2008-09** |
| | | NIL | NIL |
| **C)** | **Foreign Exchange Earnings and Outgo** | **2009-10** | **2008-09** |
| i) | **Total Earnings of Foreign Exchange** | | |
| | FOB Value of Exports | 1,437.25 | 972.48 |
| | Interest received on Fixed Deposits | 5.81 | 2.51 |
| ii) | **Total Outgo in Foreign Exchange** | | |
| | Advertisement Expenses | 0.07 | 0.01 |
| | Foreign Travel | 0.27 | 9.55 |
| | Legal and Professional Expenses | 11.33 | 4.40 |
| | Interest on foreign Currency Term Loans | 35.23 | 46.86 |
| | Internet Expenses | 0.12 | 0.14 |
| | Fees Rates & Taxes | 0.23 | 1.47 |
| | Claim For damaged Goods | 3.10 | 3.98 |
| | Donation | - | 0.01 |
| | Freight Insurance | 0.83 | 0.36 |
| | Inspection Fees | 0.28 | 0.50 |
| | Repairs & Maintenance | 0.92 | 0.27 |
| | Upfront Fees | - | 0.17 |
| | Office & Factory Salaries / Wages / Stipend | 0.83 | 0.71 |
| | Testing and Laboratory Expenses | 0.28 | 0.14 |
| | Commission | 6.53 | 6.30 |
| | Insurance Charges | 7.28 | - |
| | Sales Promotion Expenses | 18.28 | - |
| | Agency & Clearance Charges | 0.19 | - |
| | Membership & Subscription | 0.03 | - |
| | Travelling Expenses | 0.12 | - |
| | Foreign Bank Charges | 1.64 | - |
| | Designing & Printing | 0.06 | - |
| | Books & Periodicals | 0.07 | - |
| | Office Expenses | 0.26 | - |
| | Office Rent | 0.04 | - |
| | Vechile Expenses | 0.02 | - |
| | Telephone,Fax & Mobile | 0.03 | - |
| | Financial Service Charges | 0.03 | - |
| | Bank Charges & Commission | 1.43 | - |
| | Arrangement Fees | 0.12 | - |
| | Motor Car Expenses | 0.01 | - |
| | **Total** | **89.63** | **74.87** |

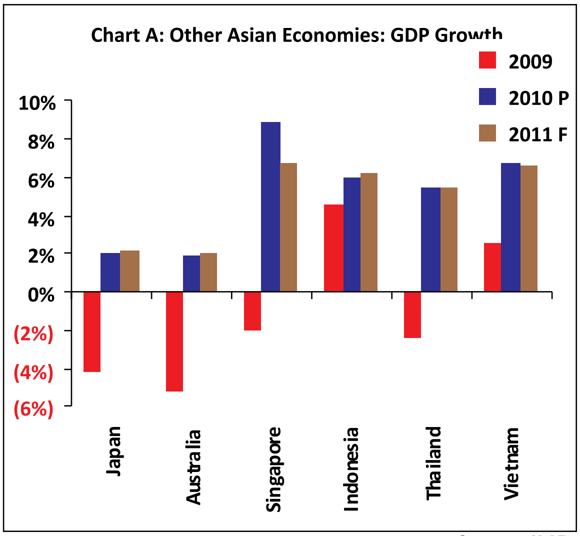
## Economic Overview

The world recovered faster than anticipated from the shocks of 2008 and 2009, in no small measure due to unprecedented amounts of money being infused by various governments and central banks into the global economic system. From a de-growth of 0.5% in 2009, world output in 2010 is expected to grow to an impressive 4.25%[1]. The progress, however, has not been uniform and across the board. The US economy is now showing signs of recovery, with three straight quarters of de-seasonalised growth. On the other hand, Europe, and especially the Euro zone, however, remains an area of concern. Greece will need financial assistance totalling € 750 billion; Portugal and Spain also remain vulnerable. Any fiscal or budgetary shocks to these economies may strain the Euro. Asian economies have, by and large, weathered the recessionary shocks better, thanks to more robust domestic markets and prudent fiscal policies. These economies are off to a 'fast start' and are expected to be the drive global economic growth in the near future.

## Asia

The Asian economies have fared better than their Western counterparts. With the exception of Japan, nearly all emerging Asian countries, especially in South Asia and South East Asia, are showing signs of economic recovery in 2009; the growth indicators for 2010 and 2011 are also quite positive (Chart A).

In Asia, India and China have been economic growth drivers, not just at the regional level but at the global level (Chart B). China's economy grew by a remarkable 8.7% during 2009, when the rest of the world was struggling in the midst of one of the worst global economic slowdowns. By Q4 2009, China was back to double-digit growth. Q1 2010 saw accelerated growth across all key sectors. Industrial production picked up substantially, growing at 14.5% versus 5.3% during Q1 2009 and 9.5% for 2009 as a whole. Services grew at 10.2%, versus 7.4% in Q1 2010 and 8.9% for 2009.

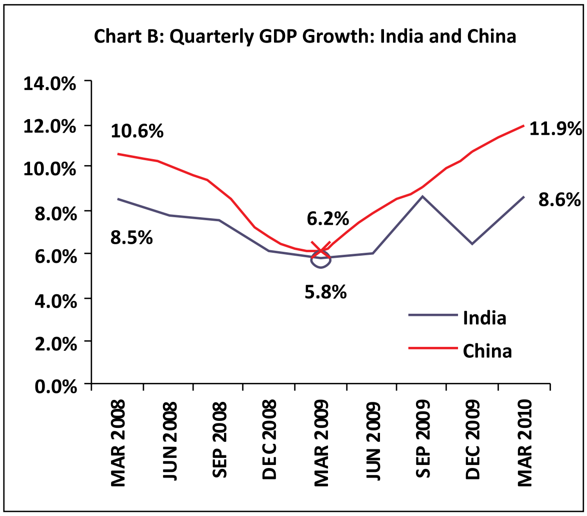



*Source: IMF*

## India

As per the statistics released by Government of India on 31 May 2010, India's Q4 2009-10 GDP growth was 8.6%; consequently, for 2009-10 as a whole, India's GDP growth has been estimated at 7.4%. Among the major economies, this is the fastest growth rate, with the exception of China. What is more encouraging about the growth is that a substantial part of this has been contributed by the manufacturing sector. Driven by continued domestic consumption demand and a sharp increase in the level of exports, average IIP growth for 2009-10 was at 10.3%, a substantial improvement compared to 2.8% growth witnessed in 2008-09. The April 2010 Index of Industrial Production (IIP) continues the trend, reflecting year-on-year growth of 17.6%, - the seventh month in succession that the IIP has grown at a double digit rate.

Inflation, however, remains an area of concern. The Wholesale Price Index (WPI) inflation in March 2010 touched 9.9%, the highest in the last 17 months. Consumer Price Index (CPI) inflation is even higher – at around 14.8%. To stabilise inflationary pressures and to reduce money supply, the Reserve Bank of India (RBI) has hiked its repo and reverse repo rates, and also revised the cash reserve ratio (CRR) upwards to 6%.



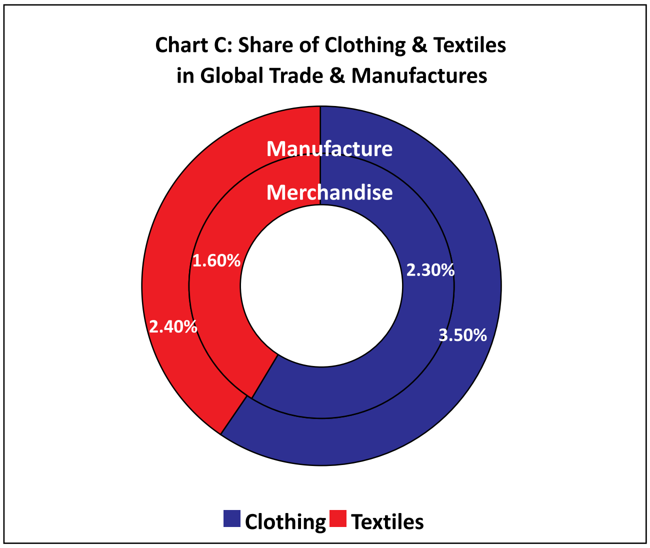

*Source: www.tradingeconomics.com*

1 Source: IMF, World Economic Outlook, Apr 2010

## Textiles and Clothing & Fibres

### World Trade

Textiles and clothing together account for 3.9% of the world's merchandise trade and 5.9% of the global manufactures (Chart C). The world's merchandise value of textiles and clothing is estimated at US$ 612 billion, of which textiles contribute US$ 250 billion and clothing US$ 362 billion.[2]



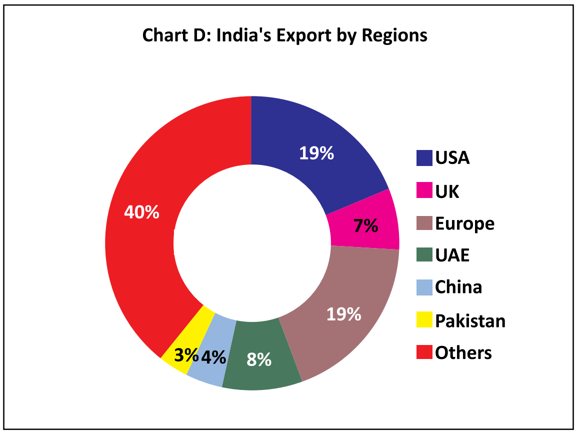
Source: WTO

There are lingering effects of the slowdown, especially in the Western economies; however, global textile and apparel markets are starting to recover. During the slowdown, the high-end luxury segment in the U.S. and Europe was especially affected; consumers switched from high cost 'brand value' textile and apparel to ones that are of high quality but at reasonable prices. This created loss in production and job losses, especially in US and Europe: US fabric production has dropped from US$ 44.5 billion in 2007 to US$ 30.8 billion in 2009. Asian producers, however, have benefited. Over a period of time, Asian manufacturers have gained a reputation of being able to supply large volumes of quality textiles and apparel at extremely competitive prices. This is borne out by numbers: in textiles, exports from Asia to Africa increased by 20%, while those from Asia to the Middle East rose by 18%[3].

As per the latest data available (that of 2008), the world's biggest textile exporter in 2008 was the EU27, followed by China, USA, Hong Kong, South Korea, India, Turkey, Taiwan, Japan and Pakistan. The EU27 was also the biggest textile importer, followed by the USA. China ranked third, followed by Hong Kong, Japan, Vietnam, Turkey, Russia, Mexico and the United Arab Emirates (UAE). In clothing, China was the world's leading exporter, followed by the EU27, Hong Kong, Turkey, Bangladesh, India, Vietnam, Indonesia, Mexico and the USA. In 2008, 47% of the world's total clothing imports went to EU countries; the USA took 22%, Japan 7% and Russia 6%.[4]

### The Indian Textile Industry

India's textile industry has a pervasive effect on its economic life. As the second largest employer (after agriculture), the industry provides direct employment to about 35 million people; it also contributes to about 14% of industrial production, 4% to the GDP and 12% to India's exports basket. The industry size is estimated at about US$ 63.40 billion (2008 figures), of which US$ 41 billion is driven by domestic demand, and the balance US$ 22.40 billion is exports. Exports declined marginally in 2008-09 to US$ 20.94 billion, due to the global slowdown in demand, but with economic recovery being witnessed in Western economies, especially the US, this figure is expected to rise (see Chart D for India's region-wise export distribution). Of the exports, 42% is comprised of readymade garments, while apparel and cotton textiles together make up about 72% of total exports[5].



Source: Ministry of Textiles

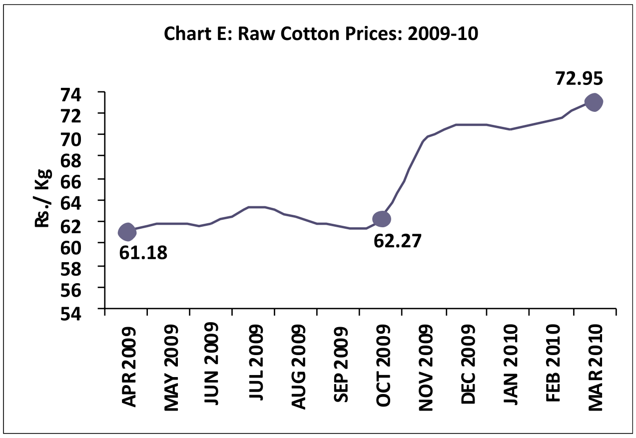
The Indian textile industry uses a large and diverse range of fibres and yarn; however, cotton is its major input material. Cotton comprises of approximately 56% of the total fibres and yarn that is consumed by the Indian textile industry. Therefore, cotton availability and prices are a major determinant of production efficiency and profitability of textile units.

Acreage under cotton cultivation in India had been continuously increasing over the last four years; however the October 2008 – September 2009 cotton season saw a reduction of acreage under cotton by 1% (9.37 million hectares vs. 9.44 million hectares in 2007-08).

2 Source: WTO Statistics Handbook, 2009
3 Source: www.plunkettresearch.com
4 Source: 'Trends in World Textile and Clothing Trade, 2009-10'
5 Source: Annual Report 2009-10, Ministry of Textiles

During the economic slowdown, textile mills, especially the smaller units, had cut down on production. As a result, domestic cotton consumption, which had reached 3.98 million tons in 2007-08, had reduced by around 6% to 3.76 million tons. This position, however, has now changed, with demand picking up. Cotton prices have been consistently rising, as can be seen from Chart E[6].

As stated earlier, textile and apparel production in India is significantly predicated on domestic demand. With a growing population, smaller (and, therefore, more numerous) households and an economy that is back on a high growth path, demand fluctuations that are normally seen in Western countries is not so apparent in India. In fact, the domestic market is expected to grow from US$ 41 billion in 2009 to US$ 65 billion in 2014; exports are expected to grow from US$ 22 billion to US$ 50 billion during the same period. This, however, also comes with caveat. Considering that the asset turnover ratio of the industry as a whole is at about 1.25: 1, the need to double production in order to meet demand will also entail investments to the tune of Rs. 140,000 crore (US$ 32 billion) by 2012.[7]




## Financial Performance

Alok Industries Ltd. ('Alok' or 'the Company') closed 2009-10 with a 45% growth in sales (48% growth in export sales), over 55% growth in operating Earnings before Interest, Depreciation and Taxes (operating EBIDTA) and more than 31% increase in PAT. At the end of the year, the Company's order book stood at Rs. 1,164 crore, which translates to over three months' total sales of 2009-10. Table 1 summarises Alok's financial performance for the past three years.

### Table 1: Key Financial Indicators: Stand-alone – for the past three years

(Rs. Crore)

| PARTICULARS | Year ended 31 March | | | % Change 2010 Vs. 2009 | 3Year Cagr |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | | |
| Net Total Sales | 4,311.17 | 2,976.92 | 2,170.41 | 44.82% | 40.94% |
| Export Sales | 1,558.99 | 1,054.51 | 1,036.88 | 47.84% | 22.62% |
| EBIDTA | 1,272.48 | 822.61 | 591.38 | 54.69% | 46.69% |
| Depreciation | 362.61 | 233.50 | 161.96 | 55.29% | 49.63% |
| Interest | 535.08 | 304.12 | 131.83 | 75.94% | 101.47% |
| PBT | 374.79 | 284.99 | 297.59 | 31.51% | 12.22% |
| PAT | 247.34 | 188.37 | 198.66 | 31.31% | 11.58% |

Note: Previous years' figures have been re-grouped where necessary

6 Source: Ministry of Textiles
7 Source: Technopak Study

## Stand-alone Financials

The detailed stand-alone financials of the Company for the year ended 31 March 2010, compared to the previous year, are given in Table 2 below.

### Table 2: Alok Industries Ltd.: Stand-alone Financial Performance

| PARTICULARS | Year ended 31 March | | | | % Change |
|---|---|---|---|---|---|
| | 2010 | | 2009 | | |
| | Rs. Crore | % to Sales | Rs. Crore | % to Sales | |
| Net Sales | 4,311.17 | | **2,976.93** | | 44.82% |
| Other Income | 64.02 | | 20.81 | | 207.64% |
| **Total Income** | **4,375.19** | | **2,997.74** | | 45.95% |
| Material Cost | 2,004.99 | 46.51% | 1,460.17 | 49.05% | 37.31% |
| People Cost | 153.73 | 3.57% | 110.25 | 3.70% | 39.44% |
| Other Expenses | 943.99 | 21.90% | 604.71 | 20.31% | 56.10% |
| **Total Expenditure** | **3,102.71** | **71.97%** | **2,175.13** | **73.07%** | **42.64%** |
| **EBIDTA** | **1,272.48** | **29.52%** | **822.61** | **27.63%** | 54.69% |
| Depreciation | 362.61 | 8.41% | 233.50 | 7.84% | 55.29% |
| Interest & Finance Cost | 535.08 | 12.41% | 304.12 | 10.22% | 75.94% |
| **PBT** | **374.79** | **8.69%** | **284.99** | **9.57%** | 31.51% |
| Less: Provision For Taxes | **127.45** | 2.96% | **96.62** | 3.25% | 31.91% |
| Current Tax | 63.56 | | 32.98 | | |
| Deferred Tax | 99.01 | | 89.80 | | |
| Fringe Benefit Tax | - | | 1.75 | | |
| MAT Credit Entitlement | (34.26) | | (28.65) | | |
| Prior Period Adjustment of Tax | (0.86) | | 0.74 | | |
| **PAT** | **247.34** | **5.74%** | **188.37** | **6.33%** | 31.31% |

Note: Previous year's figures have been re-grouped where necessary

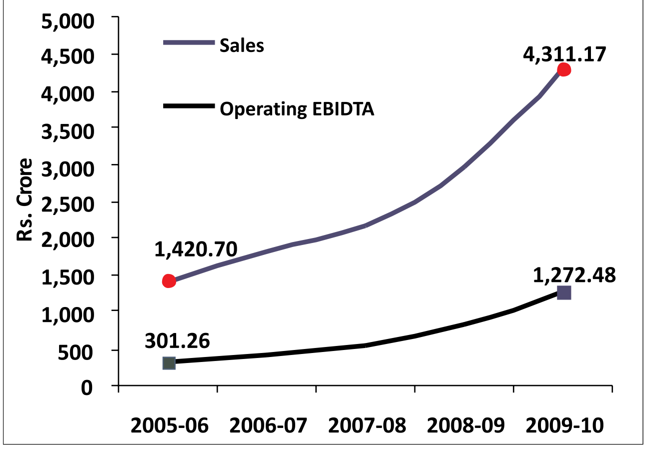
## Profitability Analysis

- ***Net Sales*** for the year under review increased by 44.82% over last year, to reach Rs. 4,311.17 crore. All divisions of the Company grew sales compared to last year: led by Cotton Yarn (194.42%). Polyester Yarn grew 92.66%; Home Textiles has grown by 41.87%.

- ***Other Income*** was at Rs. 64.02 crore for the year ended 31 March 2010, compared to Rs. 20.81 crore during the previous year, which is mainly on account of Exchange Difference income of Rs. 58.03 crore realised during the year.

- ***Material Cost*** at Rs. 2,004.99 crore for the year, represents 46.51% of sales – which was lower than 49.05% of sales during 2008-09. In spite of sales having increased by 44.82%, material cost for the year, in absolute terms, has increased by 37.31% (Rs. 1,460.17 crore in 2008-09). Over the past few years, the Company has consistently reduced the costs of input materials as a percentage to sales. This has been achieved through a three-pronged approach: (a) buying efficiencies, especially with regard to cotton buying; (b) the economies of scale and backward integration; and (c) a shift towards value added products.

Chart F: Alok Profitability: Sales and EBIDTA

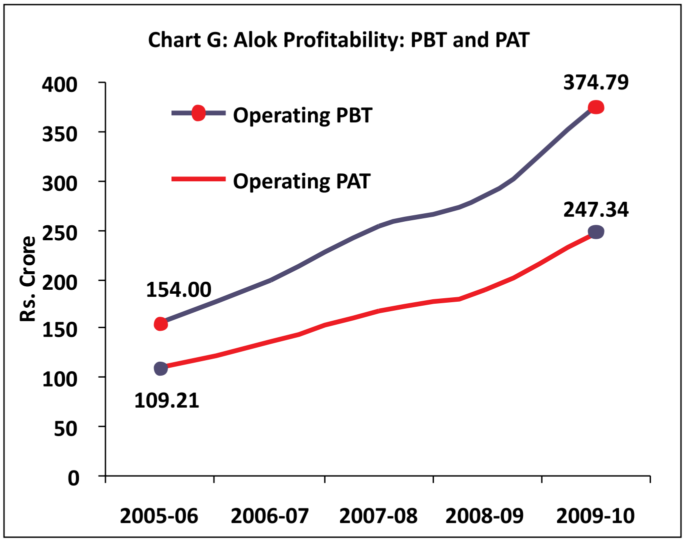


- ***People Cost***. An increasing scale of operations has also meant that Alok has had to induct people across the board. The Company's total headcount as on 31 March 2009 was 15,172; this has now increased to 20,169 as on 31 March 2010. As a consequence, people costs have risen 39.44% over the previous year to reach Rs. 153.73 crore for the year under review (Rs. 110.25 crore in 2008-09). People cost as a percentage to sales, however, has dropped from 3.70% in 2008-09 to 3.57% in 2009-10. It is expected that, as the benefits of the capacity expansions come on stream, this percentage will further reduce.

- ***Other Expenses*** for the year was at Rs. 943.99 crore, representing an increase of 56.10% over the previous year (Rs. 604.71 crore). Other Expenses constitute Factory Overheads and Selling & Administrative Overheads. Factory Overheads have moved in line with the increase in sales volume; however; on the Administrative Overheads side, Legal and Professional Charges and Bank Charges were the major contributors to the increase.

- ***Earning before Depreciation, Interest and Taxation*** (EBIDTA) for 2009-10 stood at Rs. 1,272.48 crore; this represents an increase of 54.69% over the previous year (Rs. 822.61 crore). As percentage to sales, EBIDTA for 2009-10 is at 29.52%, compared to 27.63% in 2008-09.

- ***Depreciation*** During the year under review, all expansion projects under Phase III and Phase IV have been completed. As a result, the Gross Block of Assets of the Company has risen from Rs. 6,692.71 crore as on 31 March 2009 to Rs. 8,215.61 crore. Consequent upon this increase in asset base, Alok's depreciation has also increased: from Rs. 233.50 crore in 2008-09 to Rs. 362.61 crore in 2009-10. Depreciation charges translate to 8.41% of sales (7.84% of sales in 2008-09).




- ***Interest and Finance Cost*** for 2009-10 stood at Rs. 535.08 crore (i.e. 12.41% of sales), compared to Rs. 304.12 crore (10.22% of sales) during 2008-09. The increase in interest costs has mainly been on account of interest charges on project assets, earlier capitalised and now being accounted for in the Profit & Loss Account. It is expected that interest costs as a percentage to sales over the near future as sales increase; also benefits of the change in the capital structure of the Company and consequent improvement in ratings are expected to reduce future interest outflows (see sections on: '**Change in the Capital Structure of the Company**' and '**Ratings**').

- ***Profit before Taxes*** (PBT). Alok's PBT for the year ended 31 March 2010 was Rs. 374.79 crore, compared to Rs. 284.99 crore in the previous year. PBT as a percentage to sales is at 8.69% (9.57% of sales in 2008-09).

- ***Profit after Taxes*** (PAT) for the year stood at Rs. 247.34 crore (2008-09: Rs. 188.37 crore).

The five year key numbers of the Company are depicted graphically in Charts F and G.

## Key Ratios

The key ratios for Alok as a stand-alone entity are given Table 3 below.

**Table 3: Key Ratios: Stand-alone – Alok Industries Ltd.**

| PARTICULARS | As on | |
|---|---|---|
| | 31 March 2010 | 31 March 2009 |
| **Profitability Ratios** | | |
| EBIDTA / Net Sales (%) | 29.52% | 27.63% |
| PBT / Net Sales (%) | 8.69% | 9.57% |
| PAT / Net Sales (%) | 5.74% | 6.33% |
| Return on Net Worth (%) | 7.92% | 9.13% |
| Return on Capital Employed (%) | 9.52% | 8.20% |
| **Balance Sheet Ratios** | | |
| Long Term Debt / Equity | 1.62 | 2.31 |
| Total Debt / Equity | 2.28 | 3.03 |
| Current Ratio | 1.83 | 1.36 |
| **Coverage Ratios** | | |
| EBIDTA / Interest | 2.38 | 2.70 |
| Net Fixed Assets / Secured Loans | 1.47 | 1.40 |
| Debtors Turnover – Days | 93 | 108 |
| Inventories Turnover – Days | 125 | 116 |

Notes:
1 Debt calculated net of cash and bank balances
2 Equity includes Deferred Taxes
3 Previous year's ratios have been recomputed based on re-grouped figures

- ***EBIDTA margin*** for the year increased to 29.52% (compared to 27.63% in 2008-09). The major contributor to this increase was a reduction in material costs (from 49.05% of sales to 46.51% of sales). People costs of the also Company reduced marginally; however, Other Expenses increased to 21.90% of sales, compared to 20.31% in 2008-09.
- ***PBT margin*** reduced from 9.57% to 8.69%, mainly due to an increase in interest costs. ***PAT margin*** for 2009-10 is at 5.74% vs. 6.33% in 2008-09.
- ***Return on Net Worth (RONW)***. Alok's Net Worth (including Deferred Tax Liability) has increased from Rs. 2,063.03 crore as on 31 March 2009 to Rs. 3,123.17 crore as on 31 March 2010. This has been mainly on account of capital infusion into the Company by way of a Rights Issue and a subsequent Qualified Institutional Placement. Consequently, in spite of increased profits, the RONW has reduced from 9.13% to 7.92%. Going forward, with increased volumes and profitability, RONW is expected to improve.
- ***Return on Capital Employed (ROCE).***The Company's capital employed has increased from Rs. 7,183.56 crore as on 31 March 2009 to Rs. 9,559.88 crore as on 31 March 2010. ROCE, however, has improved to 9.52% in 2009-10 (8.20% in 2008-09).
- ***Debt Equity (D/E) Ratio.*** Alok's total debt (net of cash and bank balances) as on 31 March 2010 stands at Rs. 7,119.39 crore. With the increase in the Tangible Net Worth, the Company's Debt Equity Ratio has reduced substantially – from 3.03 to 2.28. Similarly, ***Long Term Debt Equity Ratio*** has also reduced from last year's level of 2.31 to 1.62 this year. Acknowledging this fact, the Company's long term rating has been enhanced from CARE A to CARE A+ (see section on: '**Ratings**').
- ***Current Ratio*** for 2009-10 stands at 1.83, compared to 1.36 in 2008-09.
- ***EBDITA to Interest Ratio*** (the interest coverage ratio) at 2.38 indicates adequate capability to service interest obligations.
- ***Net Fixed Assets to Secured Loans*** has increased from 1.40 in 2008-09 to 1.47 in 2009-10, indicating higher cover for secured loans.

- ***Turnover Ratios.*** Debtor Turnover at 93 days and Inventory Turnover at 125 days together stands at 218 days for the current; compared to 108 days' debtors and 116 days' turnover, totalling 214 days.

## Financial Condition and Liquidity

### Table 4: Summarised Cash Flow: Alok Industries Ltd.

(Rs. Crore)

| PARTICULARS | As on 31 March | |
|---|---|---|
| | 2010 | 2009 |
| **Net Cash Provided / (Used) By :** | | |
| Operating Activities | **184.56** | 173.94 |
| Investing Activities | **(1,749.28)** | (2,031.35) |
| Financial Activities | **2,117.75** | 591.53 |
| **Net Cash Surplus** | **553.03** | (1,265.88) |
| Cash & Cash Equivalents at the: | | |
| **Beginning of the Year** | **277.57** | 1,543.45 |
| **End of the Year** | **830.60** | 277.57 |
| **Add: Margin Money Deposits** | **559.69** | 67.38 |
| **Cash & Bank Balances at the End of the Year** | **1,390.29** | 344.95 |

During 2009-10, Alok generated Rs. 184.56 crore from its operating activities. Investment activities incurred a net outflow of Rs. 1,749.28 crore. Financial activities, showed a surplus of Rs. 2,117.75 crore on account of increases in share application money from the Rights Issue and the Qualified Institutional Placement made during the year. Year-end balance of cash and cash equivalents stood at Rs. 1,390.29 crore, compared to Rs. 344.95 crore as on 31 March 2009. Table 4 gives the details.

## Change in the Capital Structure of the Company

As mentioned in the previous Management Discussion & Analysis, Alok had come out with a Rights Issue of 408,723,061 shares of face value of Rs. 10.00, each with a premium of Re. 1.00, which were offered in the ratio of 83 shares for every 40 shares, held, aggregating to Rs. 449.59 crore. The Issue opened on 31 March 2009 and closed on 22 April 2009 and was oversubscribed 1.15 times. The allotment of shares and sending out of refund orders were completed by 5 May 2009.

During the year, Alok also came out with a Qualified Institutional Placement (QIP), wherein it allotted 182,100,248 equity shares of the face value of Rs. 10/- for cash at a premium of Rs.13.32 per share aggregating to Rs. 424.66 crore to Qualified Institutional Buyers. The issue was opened for subscription on 22 March 2010 and closed on 23 Mar 2010. The proceeds of the proposed QIP issue has been utilised towards long term working capital margin, normal capex requirements and issue expanses.

Consequent to the Rights Issue and the QIP, the Company's equity share capital as on 31 March 2010 stands at Rs. 787.79 crore (including 22,316 Rights Equity Shares, partly paid-up to the extent of Rs.5 per Equity Share), compared to Rs. 196.97 crore as on 31 March 2009; this has resulted in an improvement of debt equity ratio of the Company.

## Ratings

Alok's bank facilities have been rated by CARE, a premium Indian rating agency. Based on the Company's performance, CARE has improved Alok's rating from 'CARE A' to 'CARE A+' for its long term facilities. The rating implies that Alok offers 'adequate safety for timely servicing of debt obligations'. Moreover, the Rating Committee of CARE has also re-affirmed a 'PR-1' rating for the Company's short-term facilities. Facilities with this rating "would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk".

## Investments

As on 31 March 2010, the Company had investments of Rs. 229.69 crore, compared to Rs. 478.58 crore as on 31 March 2009 (Table 5).

## Table 5: Summarised Statement of Investments by Alok Industries Ltd.

(Rs. Crore)

| PARTICULARS | Equity | Pref. | Share Appln. | 31 Mar 2010 | 31 Mar 2009 | % Holding |
|---|---|---|---|---|---|---|
| A. **By Alok into Group & Associate Companies** | | | | | | |
| Alok Industries International Ltd. | 0.22 | 79.15 | | 79.37 | 368.12 | 100% |
| Alok Infrastructure Ltd. | 0.05 | | | 0.05 | 0.05 | 100% |
| Alok Land Holdings Pvt. Ltd. | 0.50 | | | 0.50 | 0.50 | 100% |
| Alok Inc. | 0.04 | | | 0.04 | 0.04 | 100% |
| Alok International Inc., | 0.00 | | | 0.00 | 0.00 | 100% |
| Alok Retail (India) Ltd. | 0.05 | | | 0.05 | 0.05 | 100% |
| Alok H&A Ltd. | 36.05 | | | 36.05 | 0.00 | 100% |
| Alok Apparel Pvt. Ltd. | 1.00 | | 9.00 | 10.00 | 10.00 | 100% |
| Aurangabad Textiles & Apparel Park Ltd. | 15.50 | | | 15.50 | 15.50 | 49% |
| New City Of Bombay Mfg. Mills Ltd. | 71.50 | | | 71.50 | 71.50 | 49% |
| Grabal Alok Impex Ltd. | 3.99 | | | 3.99 | 3.99 | 8.7% |
| **Sub – Total (A)** | **128.90** | **79.15** | **9.00** | **217.05** | **469.75** | |
| B. **By Alok for Other Investment Purposes** | | | | | | |
| In Equity Shares | | | | 0.73 | 0.58 | |
| In Bonds, Debentures, etc | | | | 2.00 | 0.00 | |
| In Mutual Funds | | | | 9.91 | 8.24 | |
| **Sub – Total (B)** | | | | **12.64** | **8.83** | |
| **Total** | | | | **229.69** | **478.58** | |

## Textiles

### Overview

Alok's textile operations comprise of five divisions that span the entire textile value chain: Cotton Yarn, Apparel Fabric, Home Textiles, Garments and Polyester Yarn. During 2009-10, the sales of these five divisions aggregated Rs. 4,311.17 crore. Domestic sales comprised of Rs. 2,752.18 crore (63.84%). Share of exports sales grew from 35.42% of total sales in 2008-09 to 36.16% of total sales in 2009-10 (see Chart H).

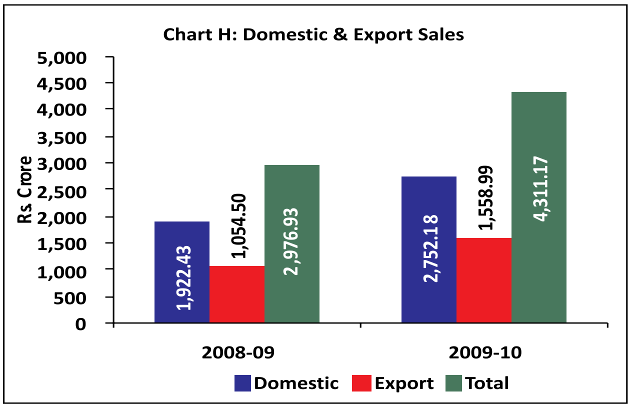
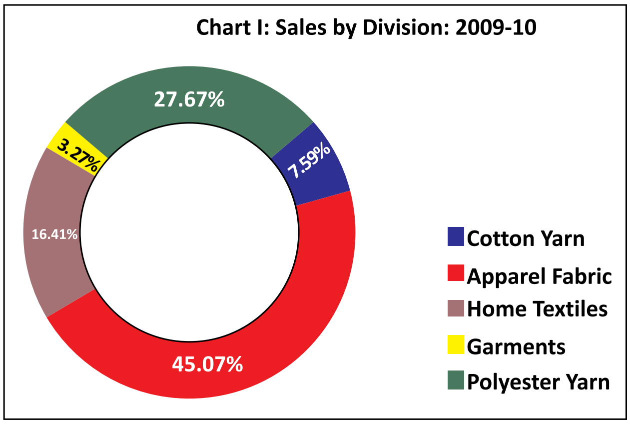



Chart I plots the division-wise share of business during 2009-10. The Apparel Fabric division of Alok generates the maximum share of business, which represents 45.07% of total sales in 2009-10. Polyester Yarn sales for the year have grown by 92.70% - from Rs. 619.15 crore in 2008-09 to Rs. 1,193.08 crore in 2009-10. Consequently, its share of business has also improved substantially – from 20.80% in 2008-09 to 27.67% in 2009-10. Home Textiles, at Rs. 707.26 crore, comprises 16.41% of sales. The Garments division share of business is at 3.27%; sales in 2009-10 at Rs. 141.00 crore is approximately at the same level as the previous year (Rs. 138.58 crore in 2008-09). The Cotton Yarn division showed improved sales in 2009-10: from Rs. 111.10 crore in 2008-09 to Rs. 327.10 crore in 2009-10; as a result, its share of business has also increased from 3.73% in the previous year to 7.59% in 2009-10.



## Exports

Alok's export performance during 2009-10 increased by 47.84% over the previous year to reach Rs. 1,558.99 crore. Export sales for the year, comprised of 36.16% of total sales. Home Textiles generates the maximum exports – 44.27% of Alok's total exports for 2009-10 were delivered by this division; the division's exports in value terms grew from Rs. 495.04 crore in 2008-09 to Rs. 690.13 crore in 2009-10. Apparel Fabric exports have stayed steady during 2009-10 at Rs. 259.65 crore (Rs. 258.14 crore in 2008-09); a similar situation is seen in the Garments division, which recorded export sales of Rs. 131.14 crore in 2009-10 (Rs. 126.22 crore in 2008-09). Polyester Yarn exports doubled in 2009-10 – from Rs. 125.49 crore in 2008-09 to Rs. 252.76 crore in 2009-10. Cotton exports stood at Rs. 225.31 crore in 2009-10.

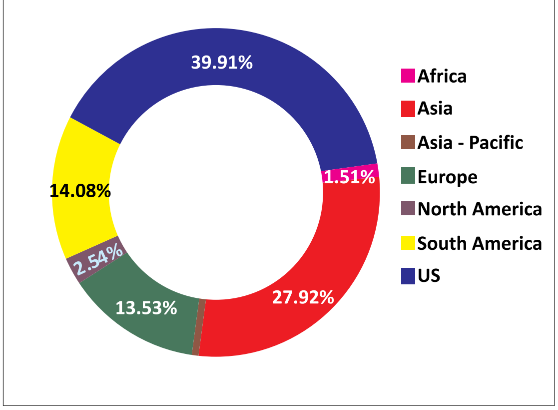


Chart J: Exports by Geographies: 2009-10

Alok's exports are geographically well distributed, with exports being made to over 70 countries. 39.91% of Alok's exports are to the USA. Asian countries (27.92%), South America (14.08%) and Europe (13.53%) are the other export markets for Alok. Over the recent past, Africa has shown promising growth prospects and is a potential growth market for Alok's exports (Chart J).

## Divisional Performance

The division-wise sales of the Company for the year ended 31 March 2010 is given in Table 6.

**Table 6: Division-wise Sales**

| DIVISIONS | For the Year ended 31 March 2010 | | | | For the Year ended 31 March 2009 | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | % to Total Sales | Domestic | Export | Total | % to Total Sales | |
| | Rs. Crore | | | | Rs. Crore | | | | |
| **Cotton Yarn** | 101.79 | 225.31 | **327.10** | 7.59% | 61.49 | 49.61 | 111.10 | 3.73% | 194.42% |
| **Apparel Fabrics** | | | | | | | | | |
| Woven | 1,634.72 | 165.75 | **1,800.47** | 41.76% | 1,275.32 | 186.26 | 1,461.58 | 49.10% | 23.19% |
| Knit | 48.36 | 93.90 | **142.26** | 3.30% | 76.10 | 71.88 | 147.98 | 4.97% | (3.87%) |
| **Total Apparel Fabrics** | **1,683.08** | **259.65** | **1,942.73** | **45.07%** | **1,351.42** | **258.14** | **1,609.56** | **54.06%** | **20.70%** |
| **Home Textile**s | 17.13 | 690.13 | **707.26** | 16.41% | 3.50 | 495.04 | 498.54 | 16.75% | 41.87% |
| **Garments** | 9.86 | 131.14 | **141.00** | 3.27% | 12.36 | 126.22 | 138.58 | 4.66% | 1.75% |
| Polyester Yarn | 940.32 | 252.76 | **1193.08** | 27.67% | 493.66 | 125.49 | 619.15 | 20.80% | 92.70% |
| **Total** | **2,752.18** | **1,558.99** | **4,311.17** | **100.00%** | 1,922.43 | 1,054.50 | 2,976.93 | 100.00% | 44.82% |

Notes:

1. The Retail Operations of Alok has undergone a structural change to a 'cash and carry' model. Consequently, w.e.f.16 Dec 2009, retail operations has been transferred from Alok Retail (India) Ltd. to Alok H&A Ltd.
2. Previous period figures have been re-grouped wherever necessary to being them in conformity with the current period's figures

## Cotton Yarn

### Table 7: Sales : Cotton Yarn

| | For the Year ended 31 March 2010 | | | | For the Year ended 31 March 2009 | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | % to Total Sales | Domestic | Export | Total | % to Total Sales | |
| | Rs. Crore | | | | Rs. Crore | | | | |
| **Cotton Yarn** | **101.79** | **225.31** | **327.10** | **7.59%** | 61.49 | 49.61 | 111.10 | 3.73% | 194.42% |

In its Cotton Yarn division, Alok has 3,792 open end rotors and 300,096 ring frame spindles, capable of producing 13,520 tonnes per annum (TPA) and 44,980 TPA, respectively. It is India's largest spinning capacities in a single location. The yarn output is mainly meant for Alok's in-house consumption; some portion of it is exported. In addition, this division also participates in cotton trading operations, mainly for the export market.

Yarn prices have in the recent past appreciated more sharply than cotton prices. Having in house spinning capacities has not only mitigated the risk of depending on outside supplier, it has also enhanced margins through the value chain. Alok is therefore looking at expanding capacities by 112,000 spindles. The first of capacity addition, i.e. 44,000 spindles in the existing buildings are nearing completion. Work has commenced for the setting up of the balance 68,000 spindles and 3,460 open end rotors; it is expected that these will be completed by Q4 2010-11.

2009-10 saw a firming of cotton prices across the globe due to short supply. India, however, had a cotton surplus situation due to two factors: (a) increase in per hectare yield; and (b) low domestic consumption of cotton by the industry. Despite the surplus, Indian cotton prices did rise, but not at the same rate as that of international prices. This had two benefits; the first, in terms of relatively lower cotton costs for Indian manufacturers; and secondly, it created profitable export opportunities for the surplus cotton. This scenario is likely to continue in the near future.

During the year, the division recorded sales of Rs. 327.10 crore – a 194.42% increase over the 2008-09 sales of Rs. 111.10 crore.

## Apparel Fabric

**Table 8: Sales: Apparel Fabric**

| | For the Year ended 31 March 2010 | | | | For the Year ended 31 March 2009 | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | % to Total Sales | Domestic | Export | Total | % to Total Sales | |
| | Rs. Crore | | | | Rs. Crore | | | | |
| **Apparel Fabric** | | | | | | | | | |
| Woven | 1,634.72 | 165.75 | **1,800.47** | 41.76% | 1,275.32 | 186.26 | 1,461.58 | 49.10% | 23.20% |
| Knit | 48.36 | 93.90 | **142.26** | 3.30% | 76.10 | 71.88 | 147.98 | 4.97% | (3.87%) |
| **Total Apparel Fabric** | **1,683.08** | **259.65** | **1,942.73** | **45.07%** | 1,351.42 | 258.14 | 1,609.56 | 54.07% | 20.70% |

Alok produces a wide range of fabrics in both wovens and knits. As on 31 March 2010, the division had 808 apparel weaving looms with a capacity of 93 million metres per annum, three continuous processing lines and one batch line with a cumulative capacity of 105 million metres per annum. On the knits segment, Alok has knitting capacity of 18,200 TPA with an equal amount of processing capacity and can produce 5,000 TPA of dyed yarn.

In 2009-10, Alok's Apparel Fabrics division grew sales volume by 20.70% to reach Rs. 1,942.73 crore. Woven sales grew 23.20% over the previous year (Rs. 1,800.47 crore in 2009-10 vis-à-vis Rs. 1,461.58 crore in 2008-09); knits showed a marginal decrease – from Rs. 147.98 crore in 2008-09 to Rs. 142.26 crore in 2009-10. With the capacity increases having come on stream during 2009-10, Alok expects that sales of this division will grow in the near future.

To grow this division further and with greater profitability, Alok is focusing on three segments of the apparel fabric market: (a) fashion wear; (b) yarn dyed fabrics; and (c) work-wear and technical textiles.

Alok produces a wide range of fashion wear fabrics in both knits and wovens. Fabric types include twills, voiles, cambrics, poplins, Lycra poplins gabardines, jacquard, satins, matte, canvases, butta dobby, lawn, yarn dyed and many more. Selling is mainly through five routes: (i) to international buyers and to converters who, after conversion of the fabric into garments, sell to international brands; (ii) sales to domestic garment manufacturers, who in turn sell to domestic or international brands; and (iii) sales to domestic retail chains and brands; (iv) sales through a distribution network to the domestic market; and (v) institutional sales.

Within fashion-wear, the Company is focusing on yarn dyed fabrics, which are used for fashionable shirting and high end women's wear and command premium prices in the market. Alok has a capacity to produce 5,000 TPA of dyed yarn, which is being further expanded. In the near future, the company plans to make yarn dyed fabric a major growth driver of its apparel fabric sales.

Technical textiles are speciality fabrics, such as fire retardant fabric, water repellent and soil release fabric, high visibility fabric, etc. They require special functionality and are used in industrial, aerospace, military, marine, medical, construction, transportation and high technology applications. Due to their specialised nature, they offer higher margins than conventional textiles.

Technical textiles in India are still at an early stage of development and are still mainly dominated by unorganized players; however, there is growth potential for this business. The current market size is approximately Rs. 40,000 crore; demand is expected to grow at 11% year-on-year to reach about Rs. 66,000 crore by 2012-13. Unlike the conventional textile industry in India which is highly export intensive, the technical textile industry is an import intensive industry. Many products like baby diapers, adult diapers, PP spun-bound fabric for disposables, wipes, protective clothing, hoses, webbings for seat belts, etc. are imported to a very large extent[8].

Workwear and technical textiles has been an area of focus in Alok for the last couple of years. The number of Indian players in the technical textile segment is limited; hence, with an 'early mover' advantage, Alok expects that this business will significantly increase in the near future. The Company is already supplying protective wear to defence forces; it also supplies workwear and technical textiles to oil refineries, hospitals and large hotel chains. Moreover, Alok has also launched a workwear and industrial wear brand – 'Uniform 21' – which it plans to sell both in India and overseas. The Company has been taking help from internationally reputed technocrats in this field to develop its product range; it is also developing proprietary brands for its specialised workwear.

**8 Source: Ministry of Textiles, Study on Technical Textiles**

## Mileta


A subsidiary of Alok, Mileta a.s. is one of the largest integrated textile enterprises in Europe. Located in the Czech Republic, its product range includes shirting fabrics, table linen and bed linen. Most of its products are exported – mainly to countries in Europe, North Africa, the Americas, the Middle East, the Far East and the Asia Pacific regions.

Mileta's brands – Mileta, Erba, Cottonova, Lord Nelson and Wall Street – have high recall. Alok has launched some of these brands – Erba (for handkerchiefs) and Lord Nelson (for premium shirting) – in the Indian market. Cottonova bed linen is now also being manufactured in Alok's plants and being exported.

The production stages now include yarn dyeing, weaving and finishing, which and are based on the newest technologies; the plant has recently been modernised by installing 40 new Picanol airjet looms.

2009-10 has been a 'turnaround' year for Mileta. Production efficiencies have been ramped up, headcount has been optimised and mid-line costs have been reduced. As a result, in spite of the slowdown in the European markets, Mileta generated profit after taxes in Q4 of 2009-10; for the full year, it generated operating income before depreciation of CZK 8.01 million (Rs. 2.06 crores) on sales of CZK 462.46 million (Rs. 120.19 crores). With its strong product line and increasing market spread, the prospects for growing sales and profitability for the coming years remain high.

## Home Textiles

### Table 9: Sales: Home Textiles

| | For the Year ended 31 March 2010 | | | % to Total Sales | For the Year ended 31 March 2009 | | | % to Total Sales | Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | | Domestic | Export | Total | | |
| **Home Textiles** | **17.13** | **690.13** | **707.26** | **16.41%** | 3.50 | 495.04 | 498.54 | 16.75% | 41.87 |

Alok's Home Textiles division commands 16.41% of the total share of Alok's sales. It is also the largest export revenue generator for the Company, contributing 44.27% of the total exports. For the year ended 31 March 2010, Home Textiles generated Rs. 707.26 crore in sales – a growth of 41.87% over the previous year (Rs. 498.54 crore).

As with other divisions, Alok has expanded Home Textiles capacity significantly. Currently, the Company has 710 wider width looms (capable of producing 68 million metres of fabric per annum); in addition, it has three continuous processing lines, with a capacity of 82.5 million metres per annum. On the made-ups side, Alok has 948 machines that can produce 13.75 million pieces every year. During the year, the Terry Towel plant was also commissioned – this has 48 looms, capable of producing 6,700 TPA and an equivalent amount of terry towel processing capacity.

The Home Textiles segment is witnessing tremendous growth – both in the overseas as well as the domestic markets. Alok's produces a wide range of sheets sets, duvets, comforters, blankets, quilts, bed in a bag and curtains in solids, dobbies, jacquards, printed and embroidered of various thread counts and widths.

The addition of the terry towel plant will become a revenue multiplier for the division. The plant can supply zero twist, cotton modal, sheared towels or yarn dyed sheared towels. With this plant, Alok is now geared to cater to the entire spectrum of bed and bath linen.

The return of economic stability to a large number of Western economies has meant that home textile buying is steadily increasing. Also, in order to optimise procurement and supply chain costs, global buyers are now concentrating on sourcing their needs from a few, well-reputed textile manufacturers, from where they feel that quality supplies at desired volumes can be assured. Alok has, over a period of time, developed the scale, size, quality and reputation and is now a preferred vendor to a number of international buyers. The Company's order book for Home Textiles is in a healthy position and the division expects that that sales volumes and profitability will continue to increase in the near future/ To cater to this increasing demand, Alok is also contemplating increasing capacities in wider width processing and terry towels.

## Garments

**Table 10: Sales: Garments**

| | For the Year ended 31 March 2010 | | | | For the Year ended 31 March 2009 | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | % to Total Sales | Domestic | Export | Total | % to Total Sales | |
| | Rs. Crore | | | | Rs. Crore | | | | |
| **Garments** | **9.86** | **131.14** | **141.00** | **3.27%** | 12.36 | 126.22 | 138.58 | 4.66% | 1.75% |

During 2009-10, Alok's Garments division increased production capacity to 22 Million pieces per annum from 15 million pieces per annum as on 31 March 2009.

Sales for year were at Rs. 141.00 crore, an increase of 1.75% over the previous year (Rs. 138.58 crore). Exports contributed to the majority share of sales for this division.

Garment sales, especially for exports, show encouraging growth potential. Alok is therefore looking at increasing capacities through outsourcing, either directly or through its subsidiaries. These outsourcing opportunities exist both in India and overseas, especially Bangladesh, where quality garments can be produced at competitive prices. The workwear segment also offers opportunities for this division to grow profitably.

## Alok Apparels Pvt. Ltd.

Alok's 100% subsidiary, Alok Apparels Pvt. Ltd., manufactures woven and knit fashion garments at Silvassa. In 2009-10, the unit achieved sales of Rs. 14.52 crore, compared to its previous year's sales of Rs. 7.27crore. The business of this company is expected to grow both through own manufacturing as well as outsourcing.

## Joint Venture with National Textile Corporation

Alok had entered into a Joint Venture Agreement with National Textile Corporation (NTC) for the development and revival of New City Mills at Mumbai and Aurangabad Textile Mills at Aurangabad. Progress on this has been satisfactory – the units at Aurangabad and Mumbai with 135 garmenting machines and 125 garmenting machines have been set up; a design studio at New City Mills has also been established.

## Polyester Yarn

**Table 11: Sales: Polyester Yarn**

| | For the Year ended 31 March 2010 | | | | For the Year ended 31 March 2009 | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic | Export | Total | % to Total Sales | Domestic | Export | Total | % to Total Sales | |
| | Rs. Crore | | | | Rs. Crore | | | | |
| **Polyester Yarn** | **940.32** | **252.76** | **1,193.08** | **27.67%** | 493.66 | 125.49 | 619.15 | 20.80% | 92.70% |

During 2008-09, Alok's Continuous Polymerisation (CP) plant went into full operation, which has increased POY capacity to 200,000 TPA. A major of this POY is used for in-house consumption, converting it into texturised yarn; for which the Company has 92 machines, with a capacity of 114,000TPA.

With the addition of the CP plant, the year under review has seen a quantum jump in the division's sales – from Rs. 619.15 crore in 2008-09 to Rs. 1,193.08 crore in 2009-10 – a year-on-year growth of 92.70%. Growth rates have been more or less even across both the domestic and the export segments, which have grown by 90.48% and 101.42%, respectively.

Demand for polyester fibre is expected to grow. During 2009, polyester textile yarn production at a global level grew by 6.7% to 18.2 million tonnes, led largely by Asian economies[9]. While China continues to have the maximum share of production and is planning capacity expansions, the country's consumption of polyester yarn is also rising sharply. Hence, the opportunities for growth are substantial – not only for internal consumption, but for domestic and overseas demand, mainly to Europe, Middle East and Latin America. To tap these growing markets, Alok is in the process of installing a second CP plant, with 200,000 TPA capacity, which has the capacity to produce a variety of advanced products, such as dope dyed yarn, industrial yarn, etc. The Company's expansion of 72,000 TPA of Fully Drawn Yarn (FDY) is nearing completion; the new CP plant is also expected to be commissioned in 2010-11.

## Capacity Expansion

All projects under Phase III and IV have been completed; the completion certificates for the same have been circulated to the bankers and financial institutions. Table 12 details the final status of projects as on 31 March 2010.

9 Source: Saurer Fibre Report, 2010

**Table 12: Expansion Projects: Status as on 31 March 2010**

| Divisions | Units | Machines | Units | Production Capacity |
|---|---|---|---|---|
| **Spinning** | | | | |
| Open End | Rotors | 2,160 | Tons | 13,520 |
| Ring Frame | Spindles | 300,096 | Tons | 44,980 |
| **Home Textiles** | | | | |
| Weaving | Looms | 710 | Mln. Mtrs | 68.00 |
| Processing | Continuous Lines | 3 | Mln. Mtrs | 82.50 |
| Made-ups | Machines | 948 | Mln. Pcs | 13.75 |
| Terry Towel | Looms | 48 | Tons | 6,700 |
| Terry Towel Processing | Lot | Lot | Tons | 6,700 |
| **Apparel Fabrics** | | | | |
| Apparel Weaving | Looms | 808 | Mln. Mtrs | 93.00 |
| Apparel Processing | Continuous Lines | 3 | Mln. Mtrs | 105.00 |
| | Batch Lines | 1 | | |
| Knitting | Machines | Lot | Tons | 18,200 |
| Knit Processing | Lot | Lot | Tons | 18,200 |
| Yarn Dyeing | Lot | Lot | Tons | 5,000 |
| **Garments** | Machines | 1,647 | Mln. Pcs | 22.00 |
| **Polyester Yarn** | | | | |
| POY | Lines | Lot | Tons | 200,000 |
| Texturised Yarn | Machines | 92 | Tons | 114,000 |

## Domestic Retail H&A



The Retail Operations of Alok Industries Ltd. had been transferred to Alok Retail (India) Ltd. w.e.f. 1 December 2008; subsequently, w.e.f.16 December 2009, the business has been transferred to Alok H&A Ltd. where a 'cash and carry' model has been adopted.

Alok H&A Ltd. currently has 226 stores across India; the company expects to reach a total of 400 shops by the end of March 2011. The stores are operated on a 'franchisee basis'; where capital costs are limited. Apart from the standard format stores, which are usually 800 square feet to 1,000 square feet in size, the company is also looking at larger format stores upto 2,500 square feet to accommodate all our categories – men's, ladies, children's clothes, home furnishings and accessories.

For the year ended 31 March 2010, Alok H&A Ltd. had sales of Rs. 37.49 crore, with a PAT of Rs.0.58 crore.

## Overseas Retail

### Store Twenty One: UK



The Group's retail operations in the UK are being managed under Grabal Alok (UK) Ltd. (GAUKL), which runs 212 stores across England, Scotland and Wales. The stores offer a complete range of quality products for men, women, children, home furnishings, home wear and accessories at affordable price points. Originally branded as 'qs' stores, these are now gradually being given a new brand identity: 'Store Twenty One'. The repositioning and rebranding initiative looks at transforming the stores from a place where people bought 'value conscious' clothes to a place where people would indulge in 'smart buying'.

For the financial year ended 31 Mar 2010, GAUKL reported sales of £ 98.76 million (Rs. 749.43 crore), compared to sales of £ 91.30 million (Rs. 665.24 crore) during 2008-09, a growth 8.17% in GBP terms. At a PBT level, the company has substantially improved its performances, reduced losses from £ 21.74 million (Rs. 158.41 crore) in 2008-09, to a loss (£ 6.40 million (Rs. 48.53 crore) in the current year.

This improvement in performance has been brought about due to a series of initiatives that GAUKL has undertaken during the year.

- A number of stores have been refurbished, with a new 'look and feel' about them; some of these stores are also being moved to better locations.
- Sourcing offices have been set up in China, India and Bangladesh in order to procure 'low cost, high value' clothing and apparel products from these countries.
- Cost reduction measures have been undertaken for payroll, rents and HO expenses.
- Costs of warehousing and distribution have been reduced; fleet operations have been optimised and picking operations improved significantly.
- The introduction of two shifts and night delivery to stores has meant that stocks are sold faster and appropriate 'high turnover' stocks are available at the stores; the re-order process has also been revamped in order to react faster to customer needs.

In 2010-11, the company wishes to expand its footprint to about 240 stores; simultaneously, the rebranding exercise aims at converting 80% of the store network to the 'Store Twenty One' format by the end of the year. These are expected to boost topline growth, especially given the fact that the refurbished and rebranded stores have shown as much as 50% improvement in their sales figures. Cost and operating efficiency optimisation measures are also expected to continue through the year.

With the UK economy coming back on the path of recovery, consumer spending is expected to grow; GAUKL is now positioning itself to take advantage of this growth and improve sales and bottomline during the next year.

### Operations & Investments: Realty

Alok's realty operations and investments are controlled through two wholly owned subsidiaries – Alok Infrastructure Ltd. and Alok Land Holdings Pvt. Ltd. As on date, the ventures are involved in three major realty projects. The details of the projects are given in the subsequent paragraphs.

## Tower 'B' Peninsula Business Park, Lower Parel

- 641,589 sq ft of ultra modern office premises with 600 car parks
- Project developed by Peninsula Lands Ltd
- Civil work carried on by Shapoorji Pallonjee
- First level starts at a height of 80 feet from the ground, thereby offering a fabulous view of the Arabian Sea and Mahalaxmi Race Course.
- High end security systems, advanced fire detection and fire fighting systems

### Table 13: Tower 'B' Peninsula Business Park, Lower Parel

| PROJECT SIZE | Project Location | Project Cost Rs. Crore | Start Date | Estimated end – Date |
|---|---|---|---|---|
| 641,589 sq. ft. | Lower Parel | 1,275.00 | October 2008 | December 2010 |

| | | Debt | Equity From: Group Co. | Equity From: JV Partner | Internal Accruals | Any other | Total |
|---|---|---|---|---|---|---|---|
| Means of Finance | Rs. Crore | 750.00 | 325.00 | - | - | 200.00 | 1,275.00 |
| Spend Till Date | Rs. Crore | 400.00 | 316.31 | - | - | 48.43 | 764.75 |
| Project Progress as on 31 Mar 2010 | | Tower 'B':<br>▪ Nineteenth Floor is under construction | | | | | |

## Ashford Royale Residential Complex, Nahur

- Ashford Investment & Trading Company Pvt. Ltd and Alok Infrastructure Ltd. jointly propose (50:50) to develop an residential complex on a 7 acre plot (CEAT factory) at Nahur
- Architects – Talati & Panthaki
- Proposed saleable area of 1.02 million square feet
- Being converted in to modern residential complex with large landscaped gardens and water bodies, club house and gymnasium

### Table 14: Ashford Royale Residential Complex, Nahur

| Project Size | Project Location | Project Cost Rs. Crore | Start Date | Estimated end – Date |
|---|---|---|---|---|
| 1.02 Mln. Sq. Ft. | Nahur | 450.00 | December 2009 | December 2012 |

| | | Debt | Equity From: Group Co. | Equity From: JV Partner | Internal Accruals | Any other | Total |
|---|---|---|---|---|---|---|---|
| Means of Finance | Rs. Crore | 250.00 | 100.00 | 100.00 | | - | 450.00 |
| Spend till Date | Rs. Crore | - | 67.98 | 67.98 | | - | 135.96 |
| Project Progress as on 31 Mar 2010 | | ▪ Change of Use to 'Residential': approval received<br>▪ Project IOD received: project expected to be launched in Aug 2010 | | | | | |

## Ashford Centre, Lower Parel

- 60,000 square feet of prime office space in Lower Parel
- Project developed by Ashford Group with Talati & Panthaki as architects and Billimoria as prime civil contractor
- The company possesses 8 floors of a ten-storey building; each floor has an area of 7,500 square feet; the company also possesses 40 car parks.
- The building is in close proximity to Lower Parel and Currey Road stations, 5 star hotels (ITC and Four Seasons) and other major complexes

**Table 15: Ashford Centre**

| Project Size | Project Location | Project Cost Rs. Crore | Start Date | Estimated end – Date |
|---|---|---|---|---|
| 60,000 Sq. Ft. | Lower Parel | 124.50 | March 2008 | Completed |

| | | Debt | Equity From: Group Co. | Equity From: JV Partner | Internal Accruals | Any other | Total |
|---|---|---|---|---|---|---|---|
| Means Of Finance | Rs. Crore | 124.50 | | - | - | - | 124.50 |
| Spend Till Date | Rs. Crore | 124.50 | - | - | - | - | 124.50 |
| Project Progress as on 31 Mar 2010 | | ▪ Possession received | | | | | |

Alok entered into the realty foray about four years ago. With the Indian economy starting to look up, opportunities have arisen for generating an income stream from these investments, either by way of cash flow from divestments or by way of lease income. Alok has started this process and is looking at bringing back its investments from its realty subsidiaries over a period of next two years. The proceeds, after settlement of project debts, can be utilised towards reducing the overall debt portfolio of the parent company.

## Quality Certifications & Awards

At Alok, producing consistent world-class quality products is not just a business pre-requisite – it is a way of life. The Company recognises that in an era of changing demands and global competition, creating customer delight will mean producing world class fabrics – not just occasionally but every time without fail. To ensure this, quality procedures are paramount in Alok's manufacturing process. And this obsession with quality is recognised by internationally accepted certifications for the Company's work processes and quality initiatives.

During 2009-10, Alok has been certified for ISO 9001:2008 (for quality), ISO 14001:2004 (for environment friendly work practices) and OHSAS 18001:2007 (for health and safety) as Integrated Management System (IMS). The IMS is for Silvassa, Vapi, Navi Mumbai and the Corporate Office. Alok is the only textile company to have obtained the three international certificates i.e. QMS, EMS and OHSAS.

**Table 16: Alok's Major Quality Certifications**

| Certification | Division / Plant / Location Covered |
|---|---|
| ISO 9001:2008<br>ISO 14001:2004<br>OHSAS 18001:2007 (Integrated Management System) | □ Corporate Office<br>□ Process House, Pawane<br>□ Process House Vapi (Normal & Wider Width)<br>□ Weaving, Silvassa<br>□ POY, Silvassa<br>□ Texturising, Silvassa |
| SA 8000:2008 | □ Corporate Office<br>□ Process House, Pawane<br>□ Process House Vapi (Normal & Wider Width)<br>□ Weaving, Silvassa<br>□ Made Ups and Garments, Silvassa<br>□ Made Ups, Vapi |
| EU Ecolabel Certificate, Denmark | □ Made Ups & Fabrics |
| SWAN, Denmark | □ Made ups<br>□ Spinning, Silvassa<br>□ Knitting, Silvassa<br>□ Weaving, Silvassa<br>□ POY, Silvassa<br>□ Texturising, Silvassa |

As part of its sustainability initiatives, the Company is deeply committed to the manufacture of organic cotton products. This has been recognised through three certificates that Alok got during the year under review: the EU Flower (an eco-certificate from the European Union); the KRAV certification for organic products; and the SWAN – a Danish eco-labelling certificate. Alok is the first Indian textile company to have been awarded these three certificates for its eco-friendly products

SA 8000 is a globally recognised voluntary standard that is used by employers to measure their own performance and responsibly manage their supply chains. It is grounded on the principles of core International Labour Organisation (ILO) conventions, UN conventions, and an ISO-style management system. In 2009-10, Alok added its made-ups division, Vapi and made-ups and garment division, Silvassa to three other divisions that had already been awarded the SA 8000:2008 certification.

| | |
|---|---|
| GOTS: Global Organic Textile Standards | □ Made-ups and Garment<br>□ Made-ups, Vapi<br>□ Terry Towel, Vapi<br>□ Hemming, Silvassa<br>□ Process House, Pawane<br>□ Process House (Normal & Wider Width), Vapi |
| Fair Trade | □ Spinning, Silvassa<br>□ Knitting, Silvassa<br>□ Weaving, Silvassa<br>□ Process House (Normal & Wider Width), Vapi<br>□ Process House, Pawane<br>□ Made-ups and Garment, Silvassa<br>□ Terry Towel, Vapi<br>□ Process House, Pawane<br>□ Made Ups, Vapi<br>□ Hemming, Silvassa |
| OEKO Tex Standard – Product Class I | □ Made –ups<br>□ Wovens & Knitted Fabrics<br>□ Texturised Yarn<br>□ Cotton and blended yarn<br>□ Terry Towels |
| OEKO Tex Standard – Product Class II | □ Made-ups<br>□ Wovens & Knitted Fabrics<br>□ Cotton dyed yarn |

In addition to the certifications detailed above and in Table 16, Alok also holds the following certifications:

- OE 100 standards of the Organic Exchange
- Swan certification for Made-ups
- ECO CERT for trading and export of cotton
- Supima – for cotton textile products

The Company has also applied for Global Re-cycled Standard (GRS) certification for entire supply chain (Spinning to finished product). As part of efficiency optimisation, lean management practices have been commenced at Alok's Vapi plants; the process is going to be rolled out over to other plants during 2010-11.

In addition to the certifications, Alok's performance, especially in exports have been recognised. In 2009-10, the Cotton Textile Exports Council of India (TEXPROCIL) has awarded Alok in three categories:

- The Gold Trophy for 'Highest Exports of Bleached / Dyed / Yarn Dyed / Printed Fabrics in Fabrics Category'
- The Gold Trophy for 'Highest Exports of Bed Linen / Bed Sheets /Quilts in Made-ups Category'
- The Silver Trophy for 'Highest Global Exports Category'

Alok has also won the 'Outstanding Exporter of the Year – Textiles, at the at the International Trade Awards 2008-09, presented by DHL CNBC TV18. This is the second consecutive year that Alok has won this award.

## Human Resources

Alok's Human Resources (HR) philosophy revolves around fairness in employment practices, a culture of meritocracy and training and developing its people so that they reach their full potential through the most appropriate career path. To do so, the Company has put in place the following people practice initiatives.

- ***Aligning HR strategy to the Company's goals***. The Company is laying down clearly defined HR systems and processes, bringing transparency in its policies and implementing an elaborate HR strategy that takes care of people needs of the Company, keeping in mind its strategic direction and growth plans
- ***Performance Planning***. Performance metrics are being designed on a Company-wide basis, which take into account four factors; (a) critical success factors for the Company; (b) business goals and results; (c) competency adequacies;

and (d) continuous improvement projects that an individual undertakes. Based on the above, a detailed and exhaustive performance planning exercise is undertaken, both through self-appraisal as well as through 'one level up' reviews. The performance planning exercise not only looks at past performance but also at goal setting exercise and corrective actions that need to be taken for performance and career improvement.

- ***Talent Management***. 'High growth potential' employees within Alok are being formally identified to be coached and mentored through special programmes designed to offer them challenges and growth opportunities. High growth potential employees will also be recognised in both monetary and non-monetary ways, including ESOPs.
- ***Leadership Development***. As the Company grows in scale and reach, there is need to develop a second and even third tier of managers who can take and execute tactical (as opposed to merely operational) decisions. This initiative is being undertaken through a formal leadership development programme that encompasses coaching, mentoring and counselling.

Alok's total headcount (including contract employees) as on 31 March 2010 stood at 20,169. On the labour front, the Company had a peaceful year, with no incidents of stoppages of work on account of labour issues or accidents.

## Corporate Social Responsibility

### Philosophy

Alok believes that, as a responsible corporate citizen, it has duties and obligations to the wider stakeholder environment in which it operates. To that effect, its Corporate Social Responsibility (CSR) philosophy ensures that while business objectives are met and shareholder value is enhanced, the Company equally focuses on engaging with the wider community and sustainably addressing environmental concerns in its sphere of operations.

### CSR Initiatives

Alok's CSR activities encompass the following areas.

### Organic and Fair Trade Cotton

Alok has been at the forefront of promoting the use of organic cotton in its products. 'Organic cotton' is cotton grown without the use of harmful pesticides and chemical fertilisers, which deplete natural resources and make the land fallow after repeated use. The Company has tied up with a reputed Small Farmers' Organisation (SFO) in this regard. Through this initiative, farmers in the Vidharbha region of Maharashtra and the Adilabad region of Andhra Pradesh are being educated on how to grow cotton, using natural fertiliser and natural pesticides. Farmers under this programme will completely switch over to growing cotton organically within four years. Meanwhile, the Company not only helps farmers to make the transition, with inputs and active assistance from the SFO, but also commits to purchasing agreed upon quantities of lint at fair and sustainable prices, which are to the extent of between 8,000 and 10,000 tonnes of fibre per annum. This allows the farmer to move over to growing organic cotton without suffering economic hardship due to lower yield per acre during the transition phase.

Moreover, Alok has been also involved at an international level in the organic cotton movement. Organic cotton grown in Burkina Faso is being converted to yarn and fabric by the Company; garment converters then convert the yarn into garments for shipping to high end European and American brands in Europe and the USA. These garments usually command a premium price in the market; a portion of this premium also percolates down to the farmers, thus improving their economic well-being.

### Training and Employment of Tribal Women

The locations where Alok has its operations has a large tribal population, most of them economically disadvantaged. To create wealth and improve the standards of living of this community and simultaneously empower women, the Company has been training local tribal women for its weaving, made-ups and garmenting plants; about two thousand tribal women have been trained and have been productively employed.

### Ecology Conservation and Pollution Control

In Alok, ecology conservation measures take on myriad facets.

Water conservation and recycling is a major feature of the Company's commitment to sustain and renew scarce natural resources. Alok's manufacturing practices have been aligned in a way that environment and sustainability concerns are adequately addressed. In the dyeing process, where chemical effluents can despoil the quality of the water, Alok uses eco-friendly dyes. It also makes certain that the post-dyeing effluent water is suitably treated before being released back into the environment as 'near potable' water. To do so, the Company operates one of Asia's largest Effluent Treatment Plants (ETP), which recycles effluent laden water through primary, secondary and tertiary treatment mechanisms to ensure that solid wastes are minimised before the water is released. To reduce the depletion of groundwater usage, Alok has installed Reverse Osmosis (RO) units at its plants; these recover fresh water from the treated water; simultaneously, steam condensate recovery ensures that groundwater depletion is further reduced. Further, Alok has initiated rainwater harvesting initiatives at all its plants to ensure that the groundwater used in production is replenished.

In addition, for its polyester division, the Company has installed polyester recycling plant that uses waste polyester products to produce fibre for spinning and wadding. Moreover, Alok has also put into place a programme for recycling plastic, where all plastic waste is sent out for recycling and then brought back into the plant as packing material, bags and wrapping rolls.

At Alok, air pollution is minimised through Selective Catalytic Reduction (SCR) systems in the exhaust of DG sets, which reduce oxides of nitrogen. In order to use cleaner fuel sources, the Company has switched over from furnace oil to natural gas at Vapi; the Silvassa plants are expected to follow suit shortly, once gas supplies are ensured. Even where fuel oil is being used, Alok has switched over to a 'cleaner' low sulphur fuel oil. Flue gas heat from the Company's captive power plant is used for steam generation, thereby reducing heat wastage.

All plants of the Company have dedicated green zones – both within the plant premises and in the adjoining areas. Over a period of time, Alok has planted over 11,000 trees in and around its plants in order to create a sustainable 'green cover'; this initiative will continue in the future as well.

### Education

During the year under review, Alok's CSR initiatives in education have been noteworthy. Alok has jointly with DyStar India Private Limited, a leading dyestuff, auxiliaries and service provider to the textile industry, set up an 'Advanced Academy for Development of Textile Technologists (AADTT). The Academy is the first-of-its-kind in the country and an unparalleled knowledge based training platform to facilitate skill development in the textile industry. AADTT will provide the platform for identification, training, placement and career development of textile professionals to raise standards of textile manufacturing in India.

Candidates are hand picked from premier partnering institutes, trained for a period of one year and offered back to the textile industry. During the period they are at the Academy, candidates are being paid 'market level' stipends and trained through a well designed curriculum combining theory, specific application expertise and practice relevant and adapted to modern industrial needs. Renowned and experienced industrial experts will be working with the team as faculties. The Academy is located at Rabale and practical training for the selected candidates is being given at Alok's plants in Vapi and Silvassa.

The Company is at an advanced stage of setting up a primary and secondary school under the CBSE / ICSE curriculum at Silvassa, which should cater to approximately one thousand children. The school building is ready for occupation; the formalities of appointing the teaching and support staff are underway.

In addition to the AADTT and the school at Silvassa, Alok, in a 'private-public-partnership' model is also working with local governments in Vapi and Silvassa to upgrade government Industrial Training Institutes (ITI) into centres of excellence.

The Company has been also participating in free mid-day meal distribution schemes with schools where economically disadvantaged children are educated.

Alok encourages initiatives that set up or renovate educational infrastructure. Renovations of rural primary and secondary schools, setting up of new education centres, training laboratories and the like are some of the initiatives in which Alok is actively involved. The Company is also setting up 'Anganwadis' for the education and welfare of pre-primary school rural children.

### Infrastructural Development

Alok is involved with the local communities in improving infrastructure in and around the plants. The Company helps in building, repairing and maintaining health centres and community halls; it is also involved construction of tar roads in the adjoining villages at Vapi and renovation of bus shelters and police stations.

### Information Technology

### Enterprise Resource Planning (ERP)

Alok's data and IT processing backbone is the SAP ERP platform, on which it runs six modules: Sales & Distribution, Production & Planning, Materials Management, Quality Management, Plant Maintenance and Finance & Costing. During the year, the Company undertook a number of initiatives on the ERP side, both to increase its scope and its efficiency parameters.

The Company is in the process of migrating to a more current version of SAP, i.e. SAP ECC 6. To optimise the SAP platform, the Company has migrated from Oracle 9i to the newer Oracle 10g. The database migration for SAP ECC 6 has been completed and optimised.

To allow wider usage of SAP, 450 additional licenses were procured for new users across various plants and offices. At the same time, two new higher-configuration servers have been added to SAP landscape, thus improving the performance and response time.

The other significant initiative in SAP that Alok has undertaken during year is starting the implementation and optimisation of the Advanced Planning Optimiser (APO) module. The APO module allows seamless end to end IT and transaction management across the planning process (i.e. supply chain planning, demand planning and production planning). The APO implementation at Alok is a pioneering case: there is no implementation reference of an APO module in an integrated textile company. Alok is working with globally reputed consultants in this exercise. The detailed evaluation has been completed and the project has reached the 'blue print' stage. It is expected that the module will be implemented and stabilised in 2010-11. As part of this initiative, the Company is also evaluating certain specialised customisations, including a switch over to a Variant Configuration for the Material Master in order to optimise material master growth.

Three other major initiatives are planned for roll out during 2010-11, the preliminary work for which was done in 2009-10, with the help of renowned external consultants. These are:

- Business Planning and Consolidation (BPC): for MIS consolidation, Accounts consolidation and IFRS reporting (which is mandatory from 2010-11).
- The New GL initiative – which gives financial data by profit centre and cost centre.
- The Human Capital Management (HCM) module implementation in SAP.

Alok's SAP implementation has been recognised by SAP as a reference case for textile industries. To quote their report:

> ***"The company has extracted significant potential from the SAP software, which in turn has contributed to better management of order-to-cash and procure-to-pay cycles. As a result, Alok Industries is one of the best reference sites for SAP ERP in the Indian textile industry, proving that a standard ERP package that is implemented, used, and managed well can address the industry's inherent operational complexities."***

### Communications and Connectivity

Alok has a robust and extensive communication network that encompasses voice, data and video across all its locations. The communications network is through Multi-protocol Label Switching Virtual Private Network (MPLS VPN); measures have been adopted during the year to ensure maximum uptime. In spite of the bandwidth being enhanced and the communications network being reached out to a wider area, costs have been optimised by over 25%, thanks to strong vendor negotiations. During the year, on the communications side, the Company implemented and stabilised the Lotus Notes and Blackberry enterprise servers.

## Data Security & Disaster Recovery

To ensure data security and allow speedy data recovery in case of a disaster, Alok has adopted the following measures:

- The Disaster Recovery (DR) server for SAP data has been relocated to Vapi with dedicated bandwidth; the data transfer mechanism has also been optimised. DR processes have been tested in a live environment; there has been no data loss; measures are being put in place to improve 'speed of response'; also, measures to prevent controllable disasters (power, temperature, humidity, etc) are being put into place.
- To prevent hardware damage and failure due to power failures, changes in atmospheric conditions, etc, Alok has installed a pilot system that sends out alerts when atmospheric deviation (temperature, humidity, etc) or power fluctuation takes place in the IT area. Also, state of the art UPS systems and fire detection and prevention systems have been put in place. A full scale DR and Business Continuity mechanism is now being evaluated and is expected to be in place by 2010-11.
- To secure the data from malware, virus or such similar attacks, Alok has installed a state-of-the art anti-virus application.
- To ensure that data is backed up regularly and is available for restoration in case of a disaster, Alok has implemented a best-in-class 'Tivoli' back-up solution for SAP for its Data Centre.
- To optimise data performance, Alok has adopted an 'Open Text' solution that archives historical data. A pilot run is currently being done; the full roll out is expected to be implemented this year.

## Risk Management

Risk Management Methodology

Alok has a formal Risk Management (RM) framework, which has been refined over a period of time as the operations have diversified and grown in scope and complexity. During the current year, Alok has been working with globally reputed external consultants in order to redefine its RM framework in line with its vision, mission and business strategy.

**Table 17: Alok's Risk Intelligence Map**

| Area of Risk | What they Comprise |
|---|---|
| Governance | ▪ Corporate Governance<br>▪ Ethics |
| Strategy & Planning | ▪ Corporate Social Responsibility<br>▪ Planning<br>▪ Strategy |
| Corporate Infrastructure | ▪ Corporate Assets<br>▪ Finance<br>▪ Human Resources<br>▪ Information Technology<br>▪ Legal<br>▪ Product Development<br>▪ Sales, Marketing and Communications<br>▪ Supply Chain |
| Compliance | ▪ Compliance |
| Reporting | ▪ Reporting |

The Company's RM framework is based on a 'risk intelligence' map, taking into account key focus areas of risk identification and mitigation (Table 17). The areas of risk are further 'drilled down' to its component parts, risks and mitigation measures identified; responsibilities are then allocated to risk champions, who monitor risk mitigation measures and calculate residual risk. The methodology links mission, objectives and risk management, using the Committee of Sponsoring Organisations (COSO) framework and implements the following steps:

- Understand Mission, Vision, Corporate Objectives
- Understand organisation structure and key management team
- Work with key business line leaders to understand business line objectives, divisional objectives and business plans
- Understand link between corporate objectives and business unit objectives
- Identify pain points in achieving business objectives as key business risks
- Review currently identify risks and identify gaps and linkages between business risks and process risks

## Risks & Risk Mitigation

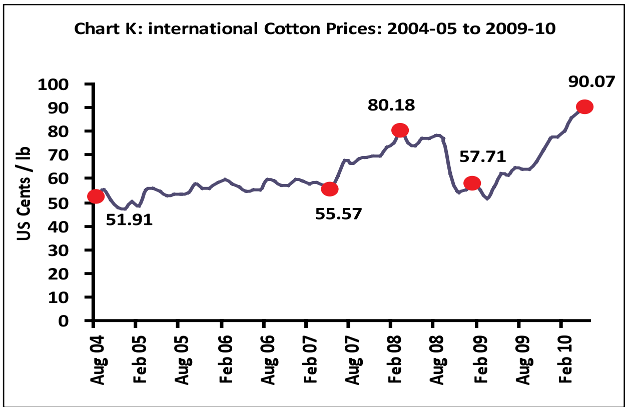
The Company's risk mitigation measures for major operational and process risks are detailed below.

### Materials and Input Costs

### Cotton

Cotton is one of the major raw material inputs for Alok; fluctuations in the prices of cotton, therefore, impact the Company's bottomline.

According to the Cotton Corporation of India, world cotton production for 2009-10 was estimated at 22.08 million tonnes, whereas consumption was 24.38 million tonnes, thus depleting buffer stock, which are now at 10.47 million tonnes. As a consequence, global prices of cotton have been firming up (see Chart K).[10] India's cotton output during the 2010-11 season, subject to normal monsoons, is expected to increase by 6% and reach 25 million bales[11]. In India, cotton prices are expected to remain stable at current levels.




Alok mitigates the risk of cotton price fluctuations in two ways. First, it buys cotton in bulk quantities during the buying season, when quality, availability and costs are favourable. Second, given that the price rise of cotton is a global phenomenon, it is able to pass on the increase to the customer.

**PTA and MEG** Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are the core inputs that go into the manufacture of POY and polyester yarn. Being petrochemical products, prices of PTA and MEG fluctuate in line with fluctuations in crude oil prices.

Presently, international crude oil prices are soft and it is estimated that they would move within a narrow price band, as would PTA and MEG. Polyester being a cheaper input for textiles compared to cotton, the demand for polyester has been growing rapidly over the past few years and the trend is expected to continue. Under the scenario, Alok is confident that it will be able to pass on the incremental cost of raw material input to the end customer.

### Fuel

Power and fuel are major manufacturing costs while producing textiles. Any increase in these costs has a negative impact on Alok's bottomline. Over the past year, tariff prices for power have been increasing. The Company's dual fuel captive power plant uses helps to mitigate some of the power cost risk. In order to reduce the impact of rising fuel costs, Alok has been actively exploring opportunities to switch over to a cheaper fuel source. The Company's plants at Vapi have already running on natural gas; it is expected that the same initiative will be completed in 2010-11 for Silvassa. Once the switchover is completed and stabilised, there will be substantial savings in fuel costs; availability of fuel will also be less of a risk.

### Markets

Alok's sales are subject to market demands. The Company has a mix of domestic and export sales; Alok's exports are to over 70 countries. The status and risk of major economies where Alok sells its products are given below.

### USA

The US economy has started to climb back from recession. Latest US economic data indicate three straight quarters of de-seasonalised growth. As the economy recovers further, consumer and household spending is also expected to increase. 39.91% of Alok's total exports are to the USA; however, the Company has been actively exploring other lucrative export markets, especially in Asia, Middle East and South and Central America; which together have a 43.31% share of Alok's exports. Africa, which has also recovered well from the recession, also offers Alok growth opportunities in the export market.

**10 Source: Cotton Corporation of India**
**11 Source: US Department of Agriculture report: quoted in www.commodityonline.com**

## Europe

The European economies, with the exception of France and Germany, have been relatively slow to recover from the economic slowdown on 2008 and 2009. The current crisis in Greece and the potential for economic slowdown in Portugal and Spain are also areas of concern. This pace of recovery is both a risk and an opportunity for Alok. Textile is a basic consumption need and consumers will purchase basic 'value for money' clothes and apparel, even in the middle of the slowdown. Also, because the cost of production in relatively high, a number of textile units in Europe have either reduced or ceased operations. These factors, in turn, helps Asian manufacturers like Alok to penetrate European markets. Having said this, the slowness of the recovery, especially in Central and Southern Europe remains an area of concern.

## India

India's growth recovery has been the second-fastest among major economies; according to economic forecasts, this rate of growth is expected to accelerate. Clothing demand tends to move in tandem with GDP growth; hence, the domestic demand prospects for textiles and apparel look positive. There is worry about inflationary pressures; however, the scope for growth in the Indian market remains substantial.

## Financial Risk

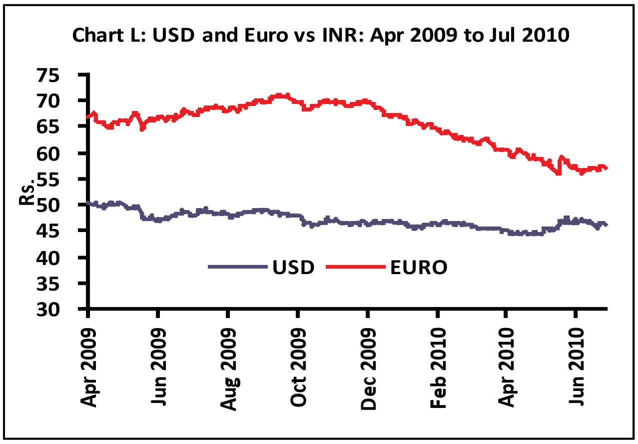
As on 31 March 2010, Alok has a Net Worth of Rs. 3,123.17 crore; its total loan book (net of cash and bank balances) stands at Rs. 7,119.39 crore. Some of these funds have been borrowed under the Technology Upgradation Funding Scheme (TUFS) at concessional rates of interest and long maturities; some are foreign currency borrowings. These borrowings have been used to fund the phase-wise capacity expansions that the Company has undertaken in the recent past; some of the funds have also been deployed in Alok's other investments. As a result, the gearing of the Company has increased.

To address this concern, Alok has already brought in equity funds from capital market operations – first through its Rights Issue (which opened in March 2009) and through a Qualified Institutional Placement in March 2010. The infusion of these funds has substantially improved the Debt Equity and the gearing ratios. Consequently, the rating of the Company has been increased to CARE A+. Also, the capacity expansions that Alok has undertaken have been completed and commissioned in 2009-10. As production from these expansion comes on-stream, Alok expects an improvement in its cash flow, profitability and internal accruals which will further mitigate financial risks.

## Currency Risk

In 2009-10, Alok had Rs. 1,558.99 crore worth of export sales, which represents 36.16% of its total sales. These sales are mainly denominated either in US Dollars or in Euro. Also, some part of the Company's loan portfolio is foreign currency denominated. Therefore, fluctuation in currency markets impact Alok's profitability, either by way of topline or by way of interest costs. Over the past few months, the Rupee has been strengthening against both the Euro and the US Dollar (Chart L). Such fluctuations may impact exporters.

Alok has a well-established in-house treasury function, which regularly monitors currency fluctuations and takes corrective action where needed.




## Internal Controls and their Adequacy

Alok has a system of internal controls that is commensurate with its size and business operations. The internal control function is carried out all plants, divisions and the corporate headquarters to ensure that the Company's assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are reliably authorised, accurately recorded and reported quickly.

To do so, Alok has appointed Chartered Accountants to carry out concurrent internal audit at all its locations. The scope of its internal audit programme is laid down by the Audit Committee of the Board of Directors. The Audit Committee is briefed every quarter of the findings by the internal auditors, along with the remedial actions that have been recommended or have been taken by the management.

## Future Outlook

Global economies are returning to growth and increasing consumer demand. The US has reported growth for three successive quarters. Growth in Asian economies is starting to reach pre-recession levels. India's growth is being driven by its manufacturing output; with a normal monsoon in 2010-11, India is expected to be back on a high growth trajectory. With a large population, smaller and more nuclear households, increasing disposable income and the Indian's increasing propensity to spend, demand for basic and consumer goods is expected to multiply in the near future.

## Textiles

According to the Ministry of Textiles, cloth production grew by 8.3% during 2009-10. The latest IIP data available shows that cotton textiles registered a growth of 5.5% in 2009-10; textile products, including wearing apparel, reflected 8.5% growth. Moreover, the technical textile segment is growing rapidly. The current market size in India of approximately Rs. 40,000 crore is expected to increase to about Rs. 66,000 crore by 2012-13. All of these indicate a growing demand for Indian textiles and apparel, both in the domestic and in the exports market.

During April 2009 to January 2010, India recorded textile exports of US$ 18.6 billion, compared to US$ 17.7 billion during the same period of the previous year. Indian textile and apparel exports are expected to increase in the near future due to two major reasons: (a) global buyers preferring to de-risk the country exposure in their buying patterns; and (b) the appreciation of the Chinese yuan.

In the recent past, global brands have been sourcing as much as 40% of their purchases from China. With the appreciation of the yuan, Indian exporters will be able to compete on a level playing field; also, buyers are now wary of an over dependence on one country for their purchasing. India, which commands about 4% of the global textile and apparel exports trade, offers a good sourcing alternative. Within India, global textile and apparel buyers are also reducing the number of suppliers from whom they source materials, preferring to consolidate their purchases with a few suppliers; thus reducing supply chain costs and quality variations. Textile players who have capacities to deliver large volumes of high quality textiles and apparel, are, therefore, expected to benefit.

For Alok, these factors represent growth opportunities. With global scale of operations, a well-deserved reputation for quality and price competitiveness brought about by its integration and presence across the textile value chain, Alok can and does offer world class quality products at extremely competitive prices, adhering to tight delivery schedules – and, moreover, flexible enough to adapt to the customer's quickly changing needs.

Alok has, over the past few years, built scale of manufacturing operations, diversified its product portfolio and increased the spread and depth of its markets. With the major expansions having been completed in 2009-10, Alok is now in a consolidation phase, ready to reap the benefits of scale, product range, operating efficiencies and geographical reach that it has assiduously built up over the recent past.

## Retail

The Q3 2010 Business Monitor International (BMI) India Retail Report forecasts that total retail sales in India will grow US$ 353 billion in 2010 to US$ 543 billion by 2014, driven by strong economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organised retail infrastructure. Retail growth is now expected to percolate to Tier 2 and Tier 3 cities; with average GDP growth till 2014 pegged at around 7.8%, per capita spending is expected to increase from US$793 in 2010 to US$ 1,160 in 2014. The growth in the overall retail market will be driven largely by the explosion in the organised retail market. Domestic retailers are expected to continue to invest in increasing store networks and improving in-store offerings; it is also expected to be boosted by the arrival of expansion-orientated multinationals.[12]

Alok's domestic retail foray is through its subsidiary, Alok H&A Ltd., which now manages 226 stores through a 'cash and carry' model. Expansion of the store network being through franchisees has lowered the capital outlay for store expansion. The stores offer apparel, accessories and home furnishings for a segment of customers who appreciate quality offerings at sensible prices. Alok plans to rapidly roll out its network over the next few years and sees significant growth and profitability opportunities in an expanding domestic retail market. Once the network reaches a critical size, Alok plans to roll out a major branding exercise for its H&A outlets.

Overseas, Alok's 'Store Twenty One' initiative through Grabal Alok (UK) Ltd. has started to bear results. Rebranding and repositioning the stores and increasing merchandise on offer have meant that some of the stores have reported as much as a 50% increase in their turnover. During 2009-10, the measures that have been adopted to reduce operational costs, as well as increase turnover have started to bear fruit; this is expected to continue into 2010-11 and beyond. After the brand makeover, Store twenty one is now being perceived as a 'smart place to buy' and sales and profitability are expected to increase; Alok is also planning to expand the store network. With the UK economy now coming back into growth, Alok is optimistic about the future growth and profitability of its overseas retail operations.

Overall, Alok believes that its retail business offers will be a profitable revenue earner in the near future.

### Cautionary Statement

***The management of Alok Industries Ltd. has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The management has based these forward looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially.***

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Alok Industries Limited ('Alok', or 'the Company') Corporate Governance is reflected through best-in-class business practices and adoption of high level of ethical standards whilst doing business. While growth and profitability is always important; the Board believes that other business enablers are equally critical to achieve stakeholder satisfaction. It, therefore, commits adequate funds and management time to best-in-class board practices and consistently high levels of ethical governance. Alok encourages management independence and provides individual flexibility but within an established framework of policies, standards and processes. These policies and processes are fully compliant those mandated under clause 49 of the SEBI guidelines; they also substantially mitigate risk and enhance governance systems.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Alok's compliance with clause 49.

## BOARD OF DIRECTORS

### Composition Of The Board

As on 31 March 2010, Alok's Board comprised of twelve Directors. The Board has four Executive Directors, of which the Executive Chairman, Managing Director and Joint Managing Director are also promoter Directors. In addition, the Board has eight non-executive Directors, consisting of five independent Directors who are nominees of various financial institutions, two independent Directors and one non-executive director representing Caledonia Investments Plc. The composition of the Board satisfies the conditions that SEBI has laid down in this regard.

## NUMBER OF BOARD MEETINGS

In 2009-10, the Board of the Company met four times on 29 April 2009, 29 July 2009, 29 October 2009, 29 January 2010. The maximum gap between any two Board meetings was less than four months.

Table 1 details the composition and the attendance record of the Board of Directors.

## DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

**Table 1: Composition of the Board of Directors**

| Name of the Directors | Category | Attendance Particulars | | | No. of other Directorships and Committee membership / Chairmanships in other Indian public companies | | |
|---|---|---|---|---|---|---|---|
| | | Number of Board Meetings | | Last AGM | Other Directorships | Committee | |
| | | Held | Attended | | | Memberships | Chairmanships |
| Mr. Ashok B. Jiwrajka (Executive Chairman) | Promoter, Executive | 4 | 4 | Yes | 13 | 1 | 1 |
| Mr. Dilip B. Jiwrajka (Managing Director) | Promoter, Executive | 4 | 3 | Yes | 14 | 4 | - |
| Mr. Surendra B. Jiwrajka (Joint Managing Director) | Promoter, Executive | 4 | 2 | Yes | 14 | 2 | - |
| Mr. C.K. Bubna | Executive | 4 | 1 | No | 1 | - | - |
| Mr. Ashok G. Rajani | Independent | 4 | 4 | Yes | - | - | - |
| Mr. K.R. Modi | Independent | 4 | 4 | Yes | 1 | 4 | - |
| Mr. K. D. Hodavdekar (Nominee of IDBI Bank Limited) | Independent | 4 | 4 | Yes | - | - | - |
| Mr. Rakesh Kapoor (Nominee of IFCI Ltd.) | Independent | 4 | 3 | Yes | 2 | - | - |
| Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India) | Independent | 4 | 2 | Yes | - | - | - |
| Mrs. Thankom T Mathew (Nominee of Life Insurance Corporation of India) | Independent | 4 | 1 | N.A. | - | - | - |

| Name of the Directors | Category | Attendance Particulars | | | No. of other Directorships and Committee membership / Chairmanships in other Indian public companies | | |
|---|---|---|---|---|---|---|---|
| | | Number of Board Meetings | | Last AGM | Other Directorships | Committee | |
| | | Held | Attended | | | Memberships | Chairmanships |
| Ms. Hiroo S. Advani (Nominee of Export Import Bank of India) | Independent | 4 | 2 | No | 1 | - | - |
| Mr. David Rasquinha (Nominee of Export Import Bank of India) | Independent | 4 | 2 | N A | 3 | - | - |
| Mr. Timothy Ingram | Non-Executive | 4 | 4 | No | - | - | - |
| Mr. A. B. Dasgupta (Nominee of IDBI Bank Limited) | Independent | 4 | 4 | Yes | - | - | - |

Notes:

1. Nomination of Mr. K. J. Punnathara was withdrawn by Life Insurance Corporation of India w.e.f. 29 October 2009 and in his place Mrs. Thankom T. Mathew was appointed.
2. Nomination of Ms. Hiroo S. Advani was withdrawn by Export Import Bank of India w.e.f. 29 October 2009 and in her place Mr. David Rasquinha was appointed.

None of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

## DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by Clause 49, the Independent Directors on Alok's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years
- Are not partners or executives or were not partners or an executives during the preceding three years of the:
  a) Statutory audit firm or the internal audit firm that is associated with the company
  b) Legal firm(s) and consulting firm(s) that have a material association with the company
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares

Transactions with related parties are disclosed in Note 3 of 'Notes forming part of the Accounts' annexed to the financial statements of the year. There has been no materially relevant pecuniary transaction or relationship between Alok and its non-executive and/or independent Directors during the year 2009-10.

**Note**:
Mr. K.R. Modi is a senior partner of M/s. Kanga & Co., Solicitors and Advocates, who have a professional relationship with the Company. The quantum of professional fees received by M/s. Kanga & Co. from Alok Industries Ltd. constitutes less than 2% of the total revenues of the legal firm. The Board of Directors of Alok Industries Ltd. is of the view that the association of the legal firm with the Company is not material. The professional fees of Rs. 389,525/- paid to the legal firm during the year ended 31 March 2010 are not considered material enough to impinge upon the independence of Mr. K .R. Modi.

## INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board of Directors is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the Company to rectify instances of non-compliances.

## CODE OF CONDUCT

The Board of Alok Industries Ltd., at its meeting on 28 October 2005, has adopted and laid down a code of conduct for all Board members and Senior Management of the company. The code of conduct is available on the website of the company, www.alokind.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same (the certification is enclosed at the end of this report).

## COMMITTEES OF THE BOARD

## AUDIT COMMITTEE

As on 31 March 2010, Alok's Audit Committee consisted of Mr. Rakesh Kapoor (Chairman of the Committee), Mr. Ashok G. Rajani, Mr. K.R. Modi, Mr. Dilip B. Jiwrajka and Mr. K. D. Hodavdekar. All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 25 September 2009.

The Committee met four times during the course of the year: on 29 April 2009, 29 July 2009, 29 October 2009, 29 January 2010. Table 2 gives attendance record.

**Table 2: Attendance record of Audit Committee members for 2009-10**

| Name of Members | Status | Category | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Rakesh Kapoor | Chairman | Independent | 4 | 3 |
| Mr. Ashok G. Rajani | Member | Independent | 4 | 4 |
| Mr. K.R. Modi | Member | Independent | 4 | 4 |
| Mr. K.J. Punnathara | Member | Independent | 4 | 2 |
| Mr. Dilip B. Jiwrajka | Member | Promoter, Executive | 4 | 3 |
| Mr. K. D. Hodavdekar | Member | Independent | 4 | 1 |

Notes:

1. Nomination of Mr. K. J. Punnathara was withdrawn by Life Insurance Corporation of India w.e.f. 29 October 2009 and in his place Mr. K. D. Hodavdekar has been introduced as a member of the Audit Committee.

The Chief Financial Officer (CFO) and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the secretary to the Committee

The functions of the Audit Committee of the company include the following:

1. Oversight of 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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
4. Reviewing, 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. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing 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 thereon.
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. Reviewing the company's risk management policies.
12. 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.
13. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

    The Audit Committee is empowered, pursuant to its terms of reference, to:

    a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
    b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

    The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

    - Management discussion and analysis of financial condition and results of operations.
    - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
    - Management letters / letters of internal control weaknesses issued by the statutory auditors
    - Internal audit reports relating to internal control weaknesses.
    - The appointment, removal and terms of remuneration of the chief internal auditor.

- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/ notice.

In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

## SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends. The Committee comprises of Mr. Ashok. G. Rajani, who is the Chairman of the Committee, Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka and Mr. Ashok B. Jiwrajka. The Committee met 12 times during the year. Table 3 gives the details of attendance.

**Table 3: Attendance record of Shareholders'/Investors' Grievances Committee for 2009-10**

| Name of Members | Status | Category | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Ashok G. Rajani | Chairman | Independent | 12 | 12 |
| Mr. Dilip B. Jiwrajka | Member | Promoter, Executive | 12 | 12 |
| Mr. Surendra B. Jiwrajka | Member | Promoter, Executive | 12 | 12 |
| Mr. Ashok B. Jiwrajka | Member | Promoter, Executive | 12 | 12 |

## REMUNERATION COMMITTEE

Alok's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations of the Managing Director, Executive Directors and senior employees. This is done after reviewing their performance based on pre-determined evaluation parameters and the Company policy of rewarding achievements and performance.

Payment of remuneration to the Executive Chairman, Managing Director, Joint Managing Director and Executive Director is governed by the respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions. The remuneration structure comprises of Salary, Commission linked to profits, perquisites and allowances and retrial benefits (superannuation and gratuity). The details of such remuneration have been disclosed in Table 4 below.

Commission to non-executive Directors are also detailed in Table 4 herein.

## EXECUTIVE COMMITTEE

The Board of Directors have delegated the authority to supervise and monitor the day-to-day activities of the company to an Executive Committee. The committee comprises of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka. The Committee met 66 times during the year.

## RIGHTS ISSUE COMMITTEE

The Board of Directors have constituted Rights Issue Committee on October 27, 2008 for finalization of the terms and all other consequential conditions pertaining to the Rights Issue. The committee comprises of Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka, Mr. K. R. Modi, Mr. K. D. Hodavdekar and Mr. Tim Ingram. The Committee met 15 times during the year.

## REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended 31 March 2010 is set forth in Table 4 below.

**Table 4: Remuneration paid or payable to Directors for the year ended 31 March 2010**

| Name of the Director | Sitting Fees [2] | Salary and Perquisites | Provident & Superannuation Funds | Commission [3] | Total |
|---|---|---|---|---|---|
| | In Rs. | | | | |
| Mr. Ashok B. Jiwrajka | - | 18,000,000 | - | 12,500,000 | 30,500,000 |
| Mr. Dilip B. Jiwrajka | - | 18,000,000 | - | 12,500,000 | 30,500,000 |
| Mr. Surendra B. Jiwrajka | - | 18,000,000 | - | 12,500,000 | 30,500,000 |
| Mr. C.K. Bubna | - | 18,000,000 | - | 12,500,000 | 30,500,000 |
| Mr. Ashok G. Rajani | 80,000 | - | - | - | 80,000 |
| Mr. K.R. Modi | 80,000 | - | - | - | 80,000 |
| Mr. K. D. Hodavdekar (Nominee of IDBI Bank Limited) [4] | 80,000 | - | - | - | 80,000 |
| Mr. Rakesh Kapoor (Nominee of IFCI Ltd.) [4] | 60,000 | - | - | - | 60000 |
| Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India) [4] | 40,000 | - | - | - | 40,000 |
| Mrs. Thankom T. Mathew (Nominee of Life Insurance Corporation of India) [4] | 20,000 | - | - | - | 20,000 |
| Ms. Hiroo S. Advani (Nominee of Export Import Bank of India) [4] | 40,000 | - | - | - | 40,000 |
| Mr. David Rasquinha (Nominee of Export Import Bank of India) [4] | 40,000 | - | - | - | 40,000 |
| Mr. Timothy Ingram | 80,000 | - | - | - | 80,000 |
| Mr. A. B. Dasgupta (Nominee of IDBI Bank Limited) [4] | 80,000 | - | - | - | 80,000 |

**Notes:**

1. **None of the Directors are related to each other, except Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, who are brothers.**
2. **Sitting fees include payment for Board-level committee meetings.**
3. **Commission proposed and payable after approval of accounts by shareholders in the AGM.**
4. **Sitting fees of nominee Directors Mr. K.J. Punnathara, Mr. Rakesh Kapoor and Mr. A. B. Dasgupta have been / are paid in their names. In the case of the other nominee Directors, the sitting fees are paid to the financial institution they represent.**

## SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

As on 31 March 2010, Mr. Ashok G. Rajani, independent Director holds 31,500 equity shares of the Company and Mr. K. R. Modi, independent Director holds 4,612 equity shares of the Company. No other non-executive Director holds any equity shares in Alok Industries Ltd.

As on 31 March 2010, none of the non-executive directors held any convertible instruments of the Company.

## SUBSIDIARY COMPANIES

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.

As on 31 March 2010, Alok had no material non-listed Indian subsidiary.

## MANAGEMENT

### MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed chapter on Management Discussion and Analysis.

### DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

### DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

Alok has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

### CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its Directors, management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer.

### CEO/ CFO CERTIFICATION

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

## SHAREHOLDERS

### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. Ashok B. Rajani and Mr. K. R. Modi retire by rotation at the end of this year's Annual General Meeting, and being eligible, offer themselves for re-appointment. Their details are mentioned below.

| **Mr. Ashok G. Rajani, 60 years**<br>He is a B.Com Graduate. He is the Founder Chairman of the M/s Midas Touch Group and Midas Touch Apparel Private Limited, an Indian garment exporting company. He is experienced in the field of garment manufacturing and exports and is associated with various garment and textile organizations. He was the Chairman of the Export Promotion Committee of the Apparel Export Promotion Council and is a member on its Executive Committee. He was the President of The Clothing Manufacturers Association of India and has also been on the Board of Governors of the National Institute of Fashion Technology. He is an independent director on our Board. | |
|---|---|
| Other Directorships | Nil |
| Other Committee Memberships | Nil |
| Number of shares held in the Company | 35,100 |

| **Mr. K. R. Modi, 67 years**<br>He is an Advocate and Solicitor by profession with over 40 years experience. His academic qualifications include a Bachelor Degree in Arts and Law. He is a Senior Partner with M/s. Kanga & Company, a firm of Advocates & Solicitors in Mumbai and is an independent director on our Board. | |
|---|---|
| Other Directorships | Rolta India Limited |
| Other Committee Memberships | Members of Audit Committee, Shareholders and Investors Grievance Committee, Remuneration Committee and Management Committee of Rolta India Limited |
| Number of shares held in the Company | 4,612 |

### COMMUNICATION TO SHAREHOLDERS

Alok Industries Ltd. puts forth key information about the Company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website www.alokind.com regularly for the benefit of the public at large.

During the year, the quarterly results of the company's performance have been published in leading newspapers such as 'Business Standard, 'The Economic Times' in English, 'Maharashtra Times' and 'Sakal' in Marathi and are also posted on its website. Hence, they are not separately sent to the shareholders. The Company, however, furnishes the quarterly results on receipt of a request from any shareholder.

## INVESTOR GRIEVANCES & SHAREHOLDER REDRESSAL

The Company has appointed a Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, which is fully equipped to carry out share transfer activities and redress investor complaints. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer for redressal of all shareholders' grievances.

## DETAILS OF NON-COMPLIANCE BY THE COMPANY

Alok has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

## GENERAL BODY MEETINGS

The date, time and venue of the last three annual general meetings are given below.

**Table 5: Details of last three Annual General Meetings**

| Financial year | Date | Time | Venue | Special Resolutions Passed |
|---|---|---|---|---|
| 2006-07 | 25 September 2007 | 11.00 A.M. | Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025 | Increase of remuneration of a relative of Whole-time Directors of the Company |
| 2007-08 | 29 September 2008 | 11.00 A.M. | Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025 | 1. Re-appointment of three Whole-time Directors of the Company.<br>2. Increase of remuneration of three relatives of Whole-time Directors of the Company. |
| 2008-09 | 25 September 2009 | 11.00 A.M. | Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025 | Re-appointment of a Whole Time Director of the Company. |

## POSTAL BALLOTS

No special resolutions passed at the above Annual General Meetings were required to be put through postal ballot. No resolution is proposed to be passed at the forthcoming Annual General Meeting through postal ballot.

A Postal Ballot was conducted on three occasions pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of the Shareholders of the Company for the various ordinary and special resolutions. The details of resolutions passed through postal ballot during 2009-10 are given below.

**Purpose of the Resolutions**

(i) Issue of Equity Shares (including Qualified Institutions Placement under ICDR Regulations) and/or other instruments pursuant to section 81 (1A) of the Companies Act, 1956.

(ii) Increase in Authorised Share Capital of the Company from Rs.650 crores to Rs.900 crores.

(iii) Amendment of Clause V of the Memorandum of Association of the Company consequent to increase in Authorised Share Capital.

(iv) Amendment of Article 3 of the Articles of Association of the Company consequent to increase in Authorised Share Capital.

(v) Authorizing the Board of Directors of the Company to Borrow in excess of paid-up capital and free reserves of the Company pursuant to section 293 (1) (d) of the Companies Act, 1956.

(vi) Authorizing the Board of Directors of the Company to create charge/mortgage on the movable /immovable assets of the Company pursuant to section 293 (1)(a) of the Companies Act, 1956.

(vii) Shifting of the registered office of the Company from Mumbai to Silvassa and consequent change in the Clause II of the Memorandum of Association.

Type of Resolutions: Resolution Nos. 1 to 4 and 7 were Special Resolutions and Resolution Nos. 5 and 6 were Ordinary Resolutions.

The procedure of the Postal Ballot adopted was as follows:

1. A Postal Ballot Notice dated 29 January 2010 was sent to all the Shareholders along with Postal Ballot Form and the Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 seeking their assent / dissent to the proposed Resolutions.
2. The Board of Directors appointed Mr. Virendra Bhatt, Company Secretary in Practice, as the Scrutiniser for conducting the Postal Ballot exercise.
3. Upon receipt of the duly filled in Postal Ballot Forms and completion of the scrutiny thereof, the Scrutiniser submitted his report to the Chairman.
4. The Chairman thereafter announced the results of the Postal Ballot on 6 March 2010.

A summary of the results is given below in Table 6

**Table 6: Details of results of the Postal Ballot: announced on 6 March 2010**

| Particulars | | No. of Postal Ballot Forms | No. of Shares / Percentage of Shares | Percentage of total Paid up Equity Capital |
|---|---|---|---|---|
| Resolution No. 1 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 408 | 249,078,751 / 95.079% | 31.617% |
| | Dissent | 36 | 12,889,293 / 4.921% | 1.636% |
| | Neutral | 6 | 2,095 / 0.000% | 0.000% |
| Resolution No. 2 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 423 | 261,901,560 / 99.975% | 33.244% |
| | Dissent | 15 | 65,744 /0.025 % | 0.008% |
| | Neutral | 12 | 2,835 / 0.000% | 0.000% |
| Resolution No. 3 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 412 | 261,900,390 / 99.975% | 33.244% |
| | Dissent | 22 | 65,955 / 0.025% | 0.008% |
| | Neutral | 16 | 3,794/ 0.000% | 0.000% |
| Resolution No. 4 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 415 | 261,901,190 / 99.975% | 33.244% |
| | Dissent | 20 | 65,709 / 0.025% | 0.008% |
| | Neutral | 15 | 3,240/ 0.000% | 0.000% |
| Resolution No. 5 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 384 | 251,389,591 /95.961% | 31.910% |
| | Dissent | 54 | 10,578,459 / 4.039% | 1.342% |
| | Neutral | 13 | 2,089/ 0.000% | 0.000% |
| Resolution No. 6 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 377 | 251,392,296 /95.962% | 31.910% |
| | Dissent | 53 | 10,574,308 / 4.038% | 1.342% |
| | Neutral | 20 | 3,535/ 0.000% | 0.000% |
| Resolution No. 7 | Valid Postal Ballot Forms Received | 450 | 261,970,139 / 100% | 33.253% |
| | Assent | 379 | 261,874,863 /99.964% | 33.241% |
| | Dissent | 56 | 92,216/ 0.036% | 0.011% |
| | Neutral | 15 | 3,060/ 0.000% | 0.000% |

The above seven Resolutions were, accordingly, declared by the Chairman as passed with the requisite majority.

## COMPLIANCE

### MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Clause 49.

### NON- MANDATORY REQUIREMENTS

The details of compliance of the non-mandatory requirements are listed below.

### NON EXECUTIVE CHAIRMAN'S OFFICE

The Chairman of the Company is the Executive Chairman; hence, this provision is not applicable.

### REMUNERATION COMMITTEE

Details of the composition and function of the Remuneration Committee are given in the section 'Committees of the Board'.

### SHAREHOLDER RIGHTS - FURNISHING OF HALF-YEARLY RESULTS

Details of the shareholders' rights in this regard are given in the section 'Communication to Shareholders'.

### AUDIT QUALIFICATIONS

During the current financial year, there are no audit qualifications in the financial statements. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

### WHISTLE-BLOWER POLICY

Alok encourages an open door policy, where employees have access to the Head of Business / Head of Function. In terms of the Company's Code of Conduct, any instance of non-adherence to the Code or any observed unethical behaviour is to be brought to the attention of the immediate reporting authority; the immediate reporting authority has to bring it to the notice of the Code of Conduct's Compliance Officer. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary is the Compliance Officer for Alok's Code of Conduct.

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance, as mandated in Clause 49. The certificate is annexed to this report.

## ANNUAL GENERAL MEETING

**Date:** 17 September 2010

**Time:** 12.00 noon

**Venue:** 17/5/1, 521/1, Village Rakholi / Saily,
Silvassa - 396 230, Union Territory of Dadra & Nagar Haveli.

## FINANCIAL CALENDAR

1 April to 31 March.

For the year ended 31 March 2010, results were announced on:

| | |
|---|---|
| **First quarter: Provisional** | 29 July 2009 |
| **Second quarter: Provisional** | 29 October 2009 |
| **Third quarter: Provisional** | 29 January 2010 |
| **Fourth quarter and annual: Provisional** | 30 April 2010 |
| **Annual: Audited** | 29 July 2010 |

For the year ending 31 March 2011, results will be announced by:

| | |
|---|---|
| First quarter: Provisional | July 2010 |
| Second quarter: Provisional | October 2010 |
| Third quarter: Provisional | January 2011 |
| Fourth quarter and annual: Provisional | April 2011 |
| Annual: Audited | July 2011 |

## BOOK CLOSURE

The books will be closed from Friday, the 10th day of September 2010 to Friday, 17th day of September 2010 (both days inclusive) as annual closure for the Annual General Meeting and declaration of equity dividend for the financial year ended 31st March 2010 as recommended by the Board of Directors at its meeting held on 29 July 2010.

## DIVIDEND DATE

Equity Shares: The Board has recommended equity dividend of 2.50% i.e. Rs.0.25 per share for the financial year ended 31st March 2010, subject to approval of the members at the Annual General Meeting.

## LISTING

### Equity

Equity shares of Alok Industries Limited are listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

## STOCK CODES

**BSE:** **521070**

**NSE:** **ALOKTEXTEQ**

**ISIN No.** **INE270A01011**

All listing and custodial fees to the Stock Exchanges and depositories have been paid to the respective institutions.

**Debentures**

1,000 – 8% Redeemable Non-convertible Debentures (NCDs) of Rs.10,00,000/- each aggregating to Rs.100 crores issued and allotted on 30th October 2009 on private placement basis are listed with Bombay Stock Exchange Limited in the list of securities of "F GROUP – DEBT INSTRUMENTS" effective from 13 January 2010.

## STOCK CODES

**BSE:** **ALOK30OCT09**

**ISIN NO.** **INE270A08156.**

## STOCK DATA

Table 7 below gives the monthly high and low prices and volumes of Alok Industries Limited's equity shares at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE) for the year 2009-10.

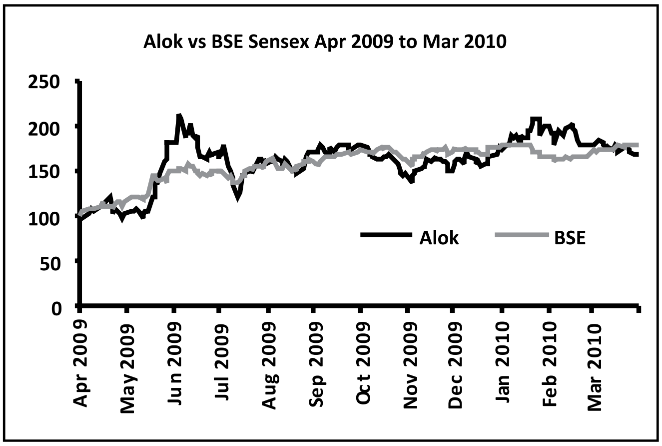
**Table 7: High and Low Prices, and Trading Volumes at the BSE and NSE**

| Month | BSE (In Rs. per share) | | | NSE (In Rs. Per share) | | |
|---|---|---|---|---|---|---|
| | High | Low | Volume | High | Low | Volume |
| APR 2009 | 16.48 | 12.55 | 61,223,083 | 16.50 | 12.55 | 151,608,784 |
| MAY 2009 | 25.20 | 12.81 | 181,873,392 | 25.35 | 12.75 | 377,366,824 |
| JUN 2009 | 29.50 | 20.10 | 194,411,293 | 29.45 | 20.40 | 462,587,442 |
| JUL 2009 | 24.40 | 15.80 | 93,933,920 | 24.40 | 15.65 | 234,641,192 |
| AUG 2009 | 23.35 | 19.10 | 98,041,738 | 23.35 | 19.10 | 231,122,145 |
| SEP 2009 | 24.45 | 22.00 | 91,216,314 | 25.00 | 22.00 | 186,871,200 |
| OCT 2009 | 24.15 | 18.85 | 40,786,488 | 24.10 | 18.85 | 81,153,995 |
| NOV 2009 | 22.30 | 18.00 | 28,503,572 | 22.30 | 18.05 | 59,048,122 |
| DEC 2009 | 23.70 | 20.15 | 45,024,797 | 23.70 | 20.05 | 94,039,185 |
| JAN 2010 | 27.90 | 23.00 | 99,509,263 | 28.00 | 23.00 | 200,376,266 |
| FEB 2010 | 27.55 | 23.00 | 44,523,952 | 27.20 | 22.95 | 91,148,255 |
| MAR 2010 | 24.80 | 21.95 | 43,759,866 | 25.00 | 22.00 | 89,131,988 |

## STOCK PERFORMANCE

Chart 'A' plots the movement of Alok's shares compared to the BSE Sensex.

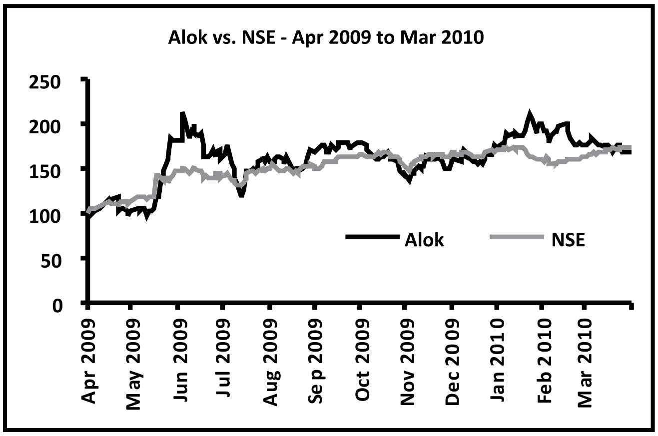
**Chart A: Share prices of Alok Industries Limited versus BSE Sensex for the year ended 31 March 2010**




Note: Alok's share prices and the BSE Sensex have been indexed to 100 as on 1 April 2009

Chart 'B' plots the movement of Alok's shares compared to the NIFTY.

**Chart B: Share prices of Alok Industries Limited versus NSE NIFTY for the year ended 31 March 2010**




Note: Alok's share prices and the NSE NIFTY have been indexed to 100 as on 1 April 2009

## SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Alok executes share transfers through its share transfer agents, whose details are given below.

**Link Intime India Private Limited**
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West), Mumbai 400078
Tel: +91-22-2596 3838; Fax: +91-22-2594 6969

In compliance with the SEBI circular dated 27th December, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, Alok has established direct connections with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its share transfer agent.

Shares received in physical form are processed and the share certificates are returned within 10 to 15 days from the date of receipt, subject to the documents being complete and valid in all respects. The Company has, as per SEBI guidelines, offered the facility for dematerialised trading.

The Company's equity shares are under compulsory dematerialised trading. Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and the Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

As on 31 March 2010, dematerialised shares accounted for 99.75% per cent of total equity.

There are no legal proceedings against Alok on any share transfer matter. Table 8 gives details about the nature of complaints and their status as on 31 March 2010.

### Table 8: Number and nature of complaints for the year 2009-10

| Particulars | Complaints | | | | |
|---|---|---|---|---|---|
| | Non-Receipt of Certificates | Change of address | Non-receipt of dividend | Others (Non-Receipt of Annual Reports/ Non Receipt of Demat credit, etc. | Total |
| Received during the year | 06 | 10 | 408 | 119 | 543 |
| Attended during the year | 06 | 10 | 408 | 119 | 543 |
| Pending as on 31 March 2010 | 00 | 00 | 00 | 00 | 00 |

## SHAREHOLDING PATTERN

Tables 9 and 10 give the pattern of shareholding by ownership and share class respectively.

**Table 9: Pattern of shareholding by ownership as on 31 March 2010**

| Category | | | As on 31 March, 2010 | |
|---|---|---|---|---|
| | | | Total No. of shares | Percentage |
| **A.** | | **Promoters' Holding** | | |
| 1 | | Promoters | | |
| | | Indian Promoters | 222681171 | 28.27 |
| | | Foreign Promoters | 695180 | 0.08 |
| 2 | | Persons Acting in Concert | 0 | 0.00 |
| | | **Total** | **223376351** | **28.35** |
| **B.** | | **Non-Promoters' Holding** | | |
| 3 | | Institutional Investors | 64695584 | 8.21 |
| | a. | Mutual Funds and UTI | 219670417 | 27.88 |
| | b. | Banks, Financial Institutions, Insurance Companies | 83449387 | 10.59 |
| | c. | FIIs | **367815388** | **46.68** |
| | | **Total** | | |
| 4 | | Others | 65143783 | 8.27 |
| | a. | Private Corporate Bodies | 116760213 | 14.82 |
| | b. | Indian Public | 4515827 | 0.57 |
| | c. | NRIs / OCBs | 1934480 | 0.25 |
| | d. | Clearing Members | 6199316 | 0.79 |
| | d. | Directors & Relatives (not in control of the Company) | 0 | 0.00 |
| | e. | Trusts | 23700 | 0.00 |
| | f. | HUF | 2029220 | 0.26 |
| | | **Total** | **196606539** | **24.96** |
| | | **Grand Total** | **787798278** | **100.00** |

**Table 10: Pattern of shareholding by share class as on 31 March 2010**

| Shareholding Class | No of shareholders | No of shares held | Shareholding % |
|---|---|---|---|
| Upto 2,500 | 63001 | 7227356 | 52.00 |
| 2,501 to 5,000 | 24341 | 10199755 | 20.09 |
| 5,001 to 10,000 | 15994 | 13834977 | 13.20 |
| 10,001 to 20,000 | 8081 | 12959194 | 6.67 |
| 20,001 to 30,000 | 2812 | 7340089 | 2.32 |
| 30,001 to 40,000 | 1558 | 5618571 | 1.29 |
| 40,001 to 50,000 | 1475 | 7095846 | 1.21 |
| 50,001 to 10,0000 | 1970 | 14910937 | 1.63 |
| 100,001 and above | 1925 | 708611553 | 1.59 |
| **Total** | **121157** | **787798278** | **100.00** |

## DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS AND OUTSTANDING WARRANTS AND THEIR IMPLICATIONS ON EQUITY

### FINANCIAL YEAR 2007-08

On varying dates, the Company issued and allotted 15,869,202 Equity Shares of Rs. 10.00 each on conversion of FCCBs at a premium of Rs. 61.5875 per share. Consequently, the total paid-up equity capital of the Company became 186,241,176 Equity Shares of Rs. 10.00 each.

On 26 February 2008, the Company issued and allotted 933,793 Equity Shares of Rs. 10.00 each at a premium of Rs. 92.00 per share to the promoter group on a preferential allotment basis. After the issue, the total paid-up equity capital of the Company became 187,174,969 Equity Shares of Rs. 10.00 each.

### FINANCIAL YEAR 2008-09

On 28 April 2008, the Company issued and allotted 9,800,000 Equity Shares of Rs. 10.00 each at a premium of Rs. 92.00 per share on conversion of Warrants into equity shares to the promoter group on a preferential allotment basis. After the issue, the total paid-up equity capital of the Company became 196,974,969 Equity Shares of Rs. 10.00 each.

### FINANCIAL YEAR 2009-10

On 5 May, 2009, the Company issued and allotted 244,719,930 Equity Shares of Rs. 10.00 each at a premium of Re. 1.00 per share to the existing shareholders of the Company on rights basis and also issued and allotted 164,003,131 partly paid up equity shares (paid upto the extent of Rs.6.00 per share i.e. Face Value Rs.5.00 and Premium - Re.1.00) to the existing equity shareholders of the company on rights basis in the ratio of 83 rights equity shares for every 40 equity shares held on the Record Date i.e. 25 March, 2009. After the issue, the total paid-up equity capital of the Company became 605,698,030 Equity Shares of Rs. 10.00 each. Out of the 164,003,131 partly paid shares issued on 5 May, 2009, 22,316 equity shares are paid to the extent of Rs.5/- per share as on 31 March 2010.

On 30 March, 2010, the Company issued and allotted 182,100,248 Equity Shares of Rs. 10.00 each at a premium of Rs. 13.32 per share to Qualified Institutional Buyers in terms of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. After the issue, the total paid-up equity capital of the Company became 787,798,278 Equity Shares of Rs. 10.00 each.

Table 11 gives the details.

**Table 11: Details of public funding obtained during the last three years and its implication on paid up Equity Share Capital**

| Financial Year | Amt. Raised through Public Funding | Effect on Paid up equity Share Capital |
|---|---|---|
| 2007-08 | i. 15,869,202 Equity Shares of Rs. 10.00 each, at a premium of Rs.61.5875 per share on conversion of Foreign Currency Convertible Bonds (FCCBs)<br>ii. 933,793 Equity Shares of Rs. 10.00 each, at a premium of Rs. 92.00 per share to the promoter group on a preferential allotment basis | After the conversion of FCCBs and preferential allotment, the total paid-up capital of the Company increased from 170,371,974 Equity Shares of Rs. 10.00 each to 187,174,969 Equity Shares of Rs. 10.00 each |
| 2008-09 | 9,800,000 Equity Shares of Rs. 10.00 each, at a premium of Rs.92.00 per share to the promoter group on conversion of warrants into equity shares. | After the conversion of Warrants into equity shares, the total paid-up capital of the Company increased from 187,174,969 Equity Shares of Rs. 10.00 each to 196,974,969 Equity Shares of Rs. 10.00 each |
| 2009-10 | i. 408,723,061 (*) Equity Shares of Rs. 10.00 each at a premium of Re. 1.00 per share to the existing shares of the Company on Rights basis.<br>ii. 182,100,248 Equity Shares of Rs. 10.00 each at a premium of Rs. 13.32 per share to Qualified Institutional Buyers (QIBs). | After the Rights issue of equity shares and Qualified Institutional Placement Issue, the total paid-up equity capital of the Company became 787,798,278 Equity Shares of Rs. 10.00 each |

(*) 22,316 equity shares are paid to the extent of Rs.5/- per share as on 31 March 2010.

As on 31 March 2010, there are 475 FCCBs outstanding (each of US$ 50,000), aggregating to US$ 23.75 million. The conversion price for FCCBs is Rs. 71.5875 (Rs. 10.00 face value and premium of Rs. 61.5875).

## PLANT LOCATIONS

| | |
|---|---|
| **Spinning** | ▪ 412, Saily, Silvassa, Union Territory of Dadra & Nagar Haveli |
| **Weaving** | ▪ Babla Compound, Kalyan Road, Dist. Bhiwandi, Thane<br>▪ 17/5/1 and 521/1, Rakholi / Saily, Silvassa, Union Territory of Dadra & Nagar Haveli<br>▪ 209/1 and 209/4, Silvassa, Dadra, Union Territory of Dadra & Nagar Haveli |
| **Knitting** | ▪ 412, Saily, Silvassa, Union Territory of Dadra & Nagar Haveli |
| **Processing** | ▪ C-16/2, Pawane, TTC Industrial Area, MIDC, Navi Mumbai, Dist. Thane<br>▪ 261/ 268, Balitha, Taluka Pardi, Dist. Valsad, Gujarat<br>▪ 254, Balitha, Taluka Pardi, Dist. Valsad, Gujarat |
| **Garments** | ▪ 374/2/2, Saily, Silvassa, Union Territory of Dadra & Nagar Haveli<br>▪ 17/5/1, Rakholi, Silvassa, Union Territory of Dadra & Nagar Haveli<br>▪ 273/1/1, Hingraj Industrial Estate, Atiawad, Daman |
| **Bed Linen** | ▪ 374/2/2, Saily, Silvassa, Union Territory of Dadra & Nagar Haveli<br>▪ 149/150, Morai, Taluka Pardi, Dist. Valsad, Gujarat |
| **POY/ Texturising** | ▪ 521/1, Saily, Silvassa, Union Territory of Dadra & Nagar Haveli |
| **Hemming** | ▪ 103/2, Rakholi, Silvassa, Union Territory of Dadra & Nagar Haveli |
| **Terry Towel Unit** | ▪ 263/P1 and 251/2P1, Balitha, Taluka Pardi, Dist. Valsad, Gujarat |

## INVESTOR CORRESPONDENCE ADDRESS

| For shares held in physical form | For shares held in dematerialised form | |
|---|---|---|
| **Link Intime India Private Limited**<br>C-13, Pannalal Silk Mills Compound<br>L.B.S. Marg<br>Bhandup (West),<br>Mumbai 400078<br>Tel: +91-22-2596 3838<br>Fax: +91-22-2594 6969<br>E-mail: mumbai@linkintime.co.in<br>Website: www.linkintime.co.in | **National Securities Depository Limited**<br>Trade World, 4th Floor<br>Kamala Mills Compound<br>Senapati Bapat Marg, Lower Parel<br>Mumbai 400013<br>Tel.: +91-22-2499 4200<br>Fax: +91-22-2497 2993<br>E-mail: info@nsdl.co.in<br>Website: www.nsdl.co.in | **Central Depository Services (India) Limited**<br>Phiroze Jeejeebhoy Towers<br>17th Floor,<br>Dalal Street<br>Mumbai 400 023<br>Tel.: +91-22-2272 3333<br>Fax: +91-22-2272 3199<br>E-mail: investor@cdslindia.com<br>Website: www.cdslindia.com |

## COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

**K.H. Gopal**
**President (Corporate Affairs) & Company Secretary**
**Alok Industries Limited**
**Peninsula Towers 'A', Peninsula Corporate Park**
**GK Marg, Lower Parel**
**Mumbai 400013**
**E-mail: gopal@alokind.com**
**Website: www.alokind.com**

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Notes to the Notice details the due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF. Investors are requested to claim their unclaimed dividends before these due dates.

Pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules, 2001, a sum of Rs.432,196.00, being the unclaimed dividend for the year 2000-01, has been credited to the IEPF.

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members
**Alok Industries Limited**

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into, by the Company, with stock exchange(s) in India for the financial year ended on March 31, 2010.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Gandhi & Parekh**
Chartered Accountants
Firm Registration No. 120318W

**Devang B. Parekh**
Partner
Membership No: 105789

Place : Mumbai
Date : 29 July 2010

# COMPANY SECRETARIAL COMPLIANCE CERTIFICATE

To,

The Board of Directors,
**ALOK INDUSTRIES LIMITED**

I have examined the registers, records, books and papers of **ALOK INDUSTRIES LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial year ended on 31st March, 2010 (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, I am of opinion that in respect of the aforesaid financial year.

1. The Company has kept and maintained all the statutory registers as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and the returns with the Authorities prescribed under the Act and rules made thereunder.

3. The Board of Directors duly met Four times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.

4. The Annual General Meeting for the Financial Year ended on 31st March, 2009 was held on 25th September 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes book maintained for the purpose.

5. The Company has paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration of dividend.

6. The Company has appointed Link Intime India Private Limited as Share Transfer Agent who have duly informed us that the Company has delivered all the certificates on allotment of securities and on lodgement thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.

7. The Company has passed the following Resolutions during the financial year through the Postal Ballot conducted under section 192A of the Companies Act,1956.

   Ordinary Resolutions

   (i) Authorizing the Board of Directors of the Company to borrow in excess of paid-up capital and free reserves of the Company pursuant to Section 293 (1)(d) of the Companies Act,1956.

   (ii) Authorizing the Board of Directors of the Company to create charge/mortgage on the movable/immovable assets of the Company pursuant to Section 293 (1)(a) of the Companies Act,1956.

   Special Resolutions

   (iii) Issue of Equity Shares (including Qualified Institutional Placement under ICDR Regulations) and/or other instruments pursuant to section 81(1A) of the Companies Act, 1956.

   (iv) Increase in Authorised Share Capital of the Company from Rs. 650 crores to Rs. 900 crores

   (v) Amendment of clause V of the Memorandum of Association of the Company consequent to increase in Authorised Share Capital.

   (vi) Amendment of Article 3 of the Memorandum of Association of the Company consequent to increase in Authorised Share Capital.

   (vii) Shifting of the registered office of the Company from Mumbai to Silvassa and consequent change in Clause II of the Memorandum of Association.

   All the procedures with regard to scrutiny and presentation of the postal ballot report has been complied as per Section 192A of the Companies Act, 1956.

8. The Company has issued 40,87,23,061 total number of Equity Shares of Rs. 10/- each on Right basis in the ratio of 83:40 as under:
   (a) 24,47,19,930 fully paid-up Equity Shares of 10/- each at a premium of Re.1/- per share.
   (b) 16,40,03,131 partly paid-up Equity Shares of Rs. 5/- each (Face Value Rs. 10/- each) at a premium of Re.1/- per share.
9. The Company has issued 182,100,248 Equity Shares of 10/- each at a premium of Rs. 13.32/- per share to Qualified Institutional Buyers on Qualified Institutional Placement (QIP) basis.
10. The Board of Directors of the company is duly constituted. There was no appointment of additional director, director to fill in casual vacancy, alternate director, but there was appointment of two Nominee Directors as well as resignation of other two Nominee Directors during the Financial Year.
11. The Company has altered its Memorandum of Association and Articles of Association in respect of Authorized Capital of the Company during the financial year.
12. The Company had constituted the Audit Committee required as per Section 292A of the Companies Act, 1956.
13. The Company has passed the resolution regarding shifting of registered office from Mumbai to Silvassa through Postal Ballot and the Company had obtained the Company Law Board order on 25th June, 2010 for shifting the registered office of the Company from Mumbai to Silvassa and accordingly changed the Clause No. II of Memorandum of Association form State of Maharashtra to State of Gujarat.

**Virendra Bhatt**
Company Secretary
ACS – 1157 /CP –124

Place: Mumbai
Date: 29 July 2010

# CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Dilip B. Jiwrajka, Managing Director and Sunil O. Khandelwal, Chief Financial Officer, of Alok Industries Limited, hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief:

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) 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.

(b) There are, to the best of our knowledge and belief, no transactions entered into by Alok Industries Limited during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting in Alok Industries Limited and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

  (i) Significant changes in internal control over financial reporting during the year;

  (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

  (iii) 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.

(e) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct).

(f) We further declare that all Board members and senior management have affirmed compliance with the code of conduct for the year ended 31st March, 2010.

| | | |
|---|---|---|
| Place: Mumbai<br>Date : 29 July 2010 | **Dilip. B. Jiwrajka**<br>Managing Director<br>Alok Industries Limited | **Sunil O. Khandelwal**<br>Chief Financial Officer<br>Alok Industries Limited |

# AUDITORS' REPORT

**To The Members**

**Alok Industries Limited**

1] We have audited the attached Balance Sheet of Alok Industries Limited ("the Company"), as at 31 March 2010, the Profit and Loss Account 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 amounts 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 the Companies (Auditor's Report) (Amendment) order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(v) On the basis of written representations received from the directors, as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

(vi) We draw attention to note no: 18 of part 'B' of Schedule '19' regarding investment in subsidiary company, aggregating to Rs.79.37 crore, considered good for the reasons stated in the note.

(vii) ***During the year, the Company changed its Accounting Policy pertaining to adjusting issue expenses incurred in connection with share, debenture and foreign currency convertible bonds. The earlier policy of adjusting it against the Securities Premium Account has been changed this year to writing it off in to the Profit & Loss Account, resulting in the profits before tax for the year being lower by Rs. 40.43 crores.***

(viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and ***subject to the effect of the matters stated in para (vii) above,*** 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 31 March 2010;

(b) in the case of the Profit and Loss Account, of the profit for the year ended 31 March 2010; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Gandhi & Parekh**
Chartered Accountants
Firm Registration No. 120318W

**Devang B. Parekh**
Partner
**Membership No. 105789**

Place : Mumbai.
Date : 29 July 2010.

**Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Industries Limited ("the Company") on the financial statements for the year ended 31 March 2010,**

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, considering the nature of fixed assets, physical verification of major portion of fixed assets as at 31 March 2010 was conducted by the management during the year, which is reasonable having regard to the size of the company and nature of its business. On the basis of explanations received and documents produced to us for our verification, in our opinion, the net variance found on physical verification were not significant and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute 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.

(ii) (d) As explained to us, inventories (except stocks lying with third parties and in transit, confirmation/ subsequent receipt have been obtained in respect of such inventory) have been physically verified during the year by the management.

(b) The procedure explained to us, which are followed by the management for physical verification of inventories is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has neither granted nor taken loans secured or unsecured/ Deposits to/from parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) of the Order are not applicable to the Company.

(iv) 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, fixed assets and with regard to the sale of goods and services. Further on the basis of our examination, and according to the information & explanation given to us we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid Internal Control System.

(v) In our opinion and according to the information and explanation given to us, there are no contracts entered in the register maintained as referred to in section 301 of the Act. Therefore, the provisions of clause 4(v) of the Order are not applicable to the Company.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and according to the information and explanation given to us no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of the Company's textile products to which the said rules are made applicable, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are complete and accurate.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education 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. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty, cess were outstanding, as at 31 March 2010 for a period of more than six months from the date they became payable.

(b) According to the information & explanation given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess that have not been deposited on account of any disputes.

(x) The Company neither has accumulated losses at the end of the year, nor incurred cash losses during the current year and the immediately preceding financial year.

(xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanation 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.

(xiii) In our opinion, according to the information & explanation given to us, the company is not a Chit Fund or a Nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanation given to us, the Company has given corporate guarantee for loan taken by its subsidiary company, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.

(xvi) On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company has, prima-facie, applied the term loans for the purposes for which they were obtained, other than amounts temporarily invested pending utilisation of the funds for the intended use.

(xvii) According to the information & explanation given to us and on overall examination of the Balance Sheet of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of Long Term & Short Term usages of the funds, we are of the opinion that, prima-facie, no funds raised on short-term basis have been utilized for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the order are not applicable to the Company.

(xix) Security / charges have been created in respect of debentures issued, as detailed in Note No. 1 to Schedule '3' of the Balance Sheet.

(xx) We have verified the end use of money raised by the right issue (refer Note No. 5 of part 'B' Schedule '19') & Qualified Institutional Placements (refer Note No. 6 of part 'B' Schedule '19') from the Letter of Offer filed with Securities Exchange Board of India and as disclosed in Notes to Account.

(xxi) To the best of our knowledge and belief and according to the information & explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that cause the financial statements to be materially misstated.

**For Gandhi & Parekh**
Chartered Accountants
Firm Registration No. 120318W

**Devang B. Parekh**
Partner
**Membership No. 105789**

Place : Mumbai.
Date : 29 July 2010.

# BALANCE SHEET AS AT 31 MARCH 2010

(Rs. Crore)

| PARTICULARS | SCHEDULE NO. | AS AT 31.03.2010 | | AS AT 31.03.2009 |
|---|---|---|---|---|
| **I SOURCES OF FUNDS** | | | | |
| **(I) Shareholder's Funds** | | | | |
| (a) Capital | 1 | **787.79** | | 196.97 |
| (b) Share Application Money | | **-** | | 137.50 |
| (c) Share Warrants | | **-** | | 10.20 |
| (d) Reserves and Surplus | 2 | **1,928.40** | | 1,410.39 |
| | | | **2,716.19** | 1,755.06 |
| **(2) Loan Funds** | | | | |
| (a) Secured Loans | 3 | **8,086.66** | | 6,256.24 |
| (b) Unsecured Loans | 4 | **423.02** | | 340.11 |
| | | | **8,509.68** | 6,596.35 |
| **(3) Deferred Tax Liability (net)** | | | **406.98** | 307.97 |
| **(Refer Note No. 11 of part B of Schedule 19)** | | | | |
| **Total** | | | **11,632.85** | 8,659.38 |
| **II APPLICATION OF FUNDS** | | | | |
| **(1) Fixed Assets** | | | | |
| (a) Gross Block | 5 | **7,276.36** | | 4,534.44 |
| (b) Less : Depreciation | | **1,070.50** | | 708.85 |
| (c) Net Block | | **6,205.86** | | 3,825.59 |
| (d) Capital Work-in-Progress | 6 | **939.25** | | 2,158.27 |
| | | | **7,145.11** | 5,983.86 |
| **(2) Investments** | 7 | | **229.69** | 478.58 |
| **(3) Foreign Currency Translation Monetary Account** | | | **0.17** | 11.20 |
| **(4) Current Assets, Loans and Advances** | | | | |
| (a) Inventories | 8 | **1,474.41** | | 943.84 |
| (b) Sundry Debtors | 9 | **1,101.23** | | 884.19 |
| (c) Cash and Bank Balances | 10 | **1,390.29** | | 344.95 |
| (d) Loans and Advances | 11 | **835.95** | | 512.95 |
| | | **4,801.88** | | 2,685.93 |
| **Less : Current Liabilities and Provisions** | | | | |
| (a) Current Liabilities | 12 | **488.93** | | 471.40 |
| (b) Provisions | 13 | **55.07** | | 28.79 |
| | | **544.00** | | 500.19 |
| **Net Current Assets** | | | **4,257.88** | 2,185.74 |
| **Total** | | | **11,632.85** | 8,659.38 |
| **Significant Accounting Policies and Notes to Accounts** | 19 | | | |

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

(Rs. Crore)

| PARTICULARS | SCHEDULE NO. | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **INCOME** | | | |
| Sales (inclusive of excise duty) | 14 | **4,371.42** | 2,999.73 |
| Less : Excise duty | | **71.64** | 34.77 |
| | | **4,299.78** | 2,964.96 |
| Job work charges Collected (Tax deducted at source Rs. 0.25 crore [Previous year Rs. 0.07 crore]) | | **11.39** | 11.97 |
| | | **4,311.17** | 2,976.92 |
| Other Income | 15 | **64.02** | 20.82 |
| Increase in Stocks of Finished Goods and Process Stock | 16 | **333.82** | 385.67 |
| | | **4,709.01** | 3,383.41 |
| **EXPENDITURE** | | | |
| Purchase of Traded Goods | | **398.46** | 105.26 |
| Manufacturing and Other Expenses | 17 | **3,038.07** | 2,455.54 |
| Interest (net) | 18 | **535.08** | 304.12 |
| Depreciation/Amortisation | | **362.61** | 233.50 |
| **PROFIT BEFORE TAX** | | **374.79** | 284.99 |
| Provision for Tax – Current tax | | **(63.56)** | (32.98) |
| - MAT credit entitlement | | **34.26** | 28.65 |
| - Deferred Tax | | **(99.01)** | (89.80) |
| - Fringe Benefit tax | | **-** | (1.75) |
| Excess / (Short) provision for Income Tax in respect of earlier years | | **0.86** | (0.74) |
| **NET PROFIT FOR THE YEAR** | | **247.34** | 188.37 |
| Add : Balance brought forward from previous year | | **276.63** | 296.20 |
| **AMOUNT AVAILABLE FOR APPROPRIATION** | | **523.97** | 484.57 |
| **APPROPRIATIONS** | | | |
| Add / (Less) : Excess / (Short) provision of Dividend [including tax on dividend Rs. 0.00 crore (previous year Rs. 0.02 crore) of earlier year] (Refer Note No. 17 of part B of Schedule 19) | | **-** | 0.17 |
| Less: Transfer to General Reserve | | **(20.00)** | - |
| Transfer to Debenture Redemption Reserve | | **(300.10)** | (190.83) |
| - Proposed Dividend on Equity Shares | | **(19.69)** | (14.77) |
| Corporate Dividend Tax thereon | | **(3.27)** | (2.51) |
| **BALANCE CARRIED TO BALANCE SHEET** | | **180.91** | 276.63 |
| **EARNINGS PER SHARE (Refer Note No.12 of Part B of Schedule 19)** | | | |
| Basic | | **4.57** | 8.85 |
| Diluted | | **4.57** | 7.74 |
| **Significant Accounting Policies and Notes to Accounts** | 19 | | |

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Rs. Crore)

| | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| A] | **Cash Flow from Operating Activities** | | |
| | Net Profit Before Tax | **374.79** | 284.99 |
| | **Adjustments for** | | |
| | Depreciation / Amortisation | **362.61** | 233.50 |
| | Excess of Cost over Fair value of current Investments | **-** | 0.68 |
| | Loss of assets due to fire | **37.91** | - |
| | Dividend Income | **(1.02)** | (0.17) |
| | Interest Paid (net) | **535.08** | 304.12 |
| | Profit on sale of fixed assets (net) | **(1.60)** | (1.74) |
| | (Profit) / Loss on sale of Current Investments (net) | **(0.66)** | 2.24 |
| | Operating Profit before working capital changes | **1307.10** | 823.61 |
| | | | |
| | **Adjustments for** | | |
| | Increase in Inventories | **(530.57)** | (256.26) |
| | Increase in Trade Receivable | **(217.04)** | (276.48) |
| | Increase in Loans and Advances | **(328.82)** | (80.71) |
| | Increase in Current Liabilities | **1.11** | 0.89 |
| | Cash Generated from Operations | **231.79** | 211.05 |
| | Income Taxes Paid | **(47.23)** | (37.11) |
| | Net Cash generated from operating activities | **184.56** | 173.94 |
| | | | |
| B] | **Cash Flow from Investing Activities** | | |
| | Purchase of fixed assets | **(1,524.56)** | (2,310.29) |
| | Sale of fixed assets | **2.33** | 8.62 |
| | Purchase of Investments | **(567.85)** | (219.69) |
| | Sale of Investments | **817.40** | 157.64 |
| | Margin Money Deposits matured/(placed) | **(48.32)** | 62.91 |
| | Fixed Deposits pledged with Bank | **(444.00)** | - |
| | Dividends Received | **1.02** | 0.17 |
| | Interest received | **13.45** | 66.42 |
| | Share Application Money (given) / received back | **-** | 199.52 |
| | Inter Corporate Deposits (Granted) / Refunded - Net | **1.25** | 3.35 |
| | Net Cash used in Investment activity | **(1749.28)** | (2031.35) |
| | | | |
| C] | **Cash Flow from Financing Activities** | | |
| | Proceeds from issue of Equity Share Capital (including premium) (Net) | **736.74** | - |
| | Share Application Money received | **-** | 137.50 |
| | Proceeds from borrowings (net) | **1,924.35** | 817.85 |
| | Dividend Paid (Including Tax thereon) | **(17.28)** | (26.11) |
| | Interest Paid | **(526.06)** | (337.71) |
| | Net cash generated from Financing Activities | **2,117.75** | 591.53 |
| | Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | **553.03** | (1,265.88) |
| | **Cash and Cash equivalents** | | |
| | at the beginning of the period | **277.57** | 1,543.45 |
| | at the end of the period | **830.60** | 277.57 |
| | Net Increase in Cash and Cash equivalents | **553.03** | (1,265.88) |

## Cash and Cash equivalents

1 Components of Cash and Cash Equivalents include Cash, Bank Balances in Current, Cash Credit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments / conversion.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the year and is considered as part of investing activity.

4 Proceeds from issue of equity share capital represents issue of equity shares on Right Basis and to Qualified institutional Buyers. (Refer Note (a) of schedule 1)

(Rs. Crore)

5

| Cash and Cash equivalents includes: | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** |
|---|---|---|
| | | |
| Cash and Bank Balances | 1,390.29 | 344.95 |
| Less: Margin Money Deposits * | 115.69 | 67.38 |
| Less: Fixed Deposits Pledged * | 444.00 | - |
| Total Cash and Cash equivalents | 830.60 | 277.57 |

* Margin money and Fixed Deposit being restricted for its use have been excluded from cash and cash equivalent and grouped under the investment activity, including for the previous year.

6 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '1'** | | | |
| **CAPITAL** | | | |
| **Authorised:** | | | |
| 90,00,00,000(Previous Year 65,00,00,000) Equity shares of Rs.10/- each | | **900.00** | 650.00 |
| **Total** | | **900.00** | 650.00 |
| **Issued and Subscribed :** | | | |
| **Equity Share Capital** | | | |
| 78,77,98,278 (Previous Year 19,69,74,969) Equity shares of Rs.10/- each fully paid up | 787.80 | | 196.97 |
| Less : Calls in Arrears (22,316 shares of Rs. 10/- each Rs. 5/- paid up) | (0.01) | **787.79** | - |
| **Total** | | **787.79** | 196.97 |

**NOTES:**

**a)** During the year 59,08,23,309 (previous year 98,00,000) equity shares are issued as under:

i] Nil (Previous Year 98,00,000) Equity shares of Rs. 10/- each are issued on conversion of Nil (Previous Year 98,00,000) warrants to promoter group at a premium of Rs.Nil (Previous Year Rs. 90.16 crore).

ii] 40,87,23,061 (Previous Year Nil) Equity Shares of Rs.10/- are issued at a premium aggregating to Rs. 40.87 crore on Rights basis in the ratio of 83 Rights Equity Shares for every 40 Equity Shares held.

iii] 18,21,00,248 (Previous Year Nil) Equity Shares of Rs.10/- are issued at a premium aggregating to Rs. 242.56 crore in Qualified Institutional Placements (QIP).

**b)** Of the above shares :

i] 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.

ii] 62,550 equity shares being forfeited shares were reissued during 2001.

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '2'** | | | |
| **RESERVES AND SURPLUS** | | | |
| **Capital Reserve** | | | |
| Balance as per last Balance Sheet | | **0.03** | 0.03 |
| Add : Share warrants forfeited | | **10.20** | - |
| | | **10.23** | 0.03 |
| **Capital Redemption Reserve** | | | |
| Balance as per last Balance Sheet | | **2.20** | 2.20 |
| **Securities premium account** | | | |
| Balance as per last Balance Sheet | 596.96 | | 506.80 |
| Add : Received during the year | 283.43 | | 90.16 |
| | | **880.39** | 596.96 |
| **General Reserve** | | | |
| Balance as per last Balance Sheet | 229.99 | | 215.04 |
| Add: Transferred from Profit and Loss Account | 20.00 | | - |
| Add: Transfer from Foreign Currency Monetary Item Revaluation Reserve | - | | 14.95 |
| | | **249.99** | 229.99 |
| **Debenture Redemption Reserve** | | | |
| Balance as per last Balance Sheet | 304.58 | | 113.75 |
| Add: Transferred from Profit and Loss Account | 300.10 | | 190.83 |
| | | **604.68** | 304.58 |
| **Surplus in Profit and Loss Account** | | **180.91** | 276.63 |
| **Total** | | **1,928.40** | 1,410.39 |

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '3'** | | | |
| **SECURED LOANS** | | | |
| **a. Debentures** | | | |
| 11.00% Redeemable Non Convertible Debentures | **300.00** | | - |
| 10.25% Redeemable Non Convertible Debentures | **-** | | 100.00 |
| 13.00% Redeemable Non convertible Debentures | **-** | | 315.00 |
| 7.30% Redeemable Non convertible Debentures | **500.00** | | - |
| 8.00% Redeemable Non convertible Debentures | **100.00** | | - |
| | | **900.00** | 415.00 |
| **b. Term Loans** | | | |
| (1) From Financial Institutions | | | |
| - Rupee Loans | **106.19** | | 158.00 |
| - Foreign Currency Loans | **184.25** | | 228.53 |
| | **290.44** | | 386.53 |
| (2) From Banks | | | |
| - Rupee Loans | **5,395.13** | | 4,224.32 |
| - Foreign Currency Loans | **653.00** | | 527.27 |
| | **6,048.13** | | 4,751.59 |
| | | **6,338.57** | 5,138.12 |
| **c. From Banks on Cash Credit Accounts, Working capital demand loans etc** | | **843.78** | 699.16 |
| [Including Rs. 352.44 crore demand loan in foreign currency (Previous year Rs. 146.74 crore)] | | | |
| **d. Loans under Hire Purchase/ Lease Arrangement** | | **4.31** | 3.96 |
| **Total** | | **8,086.66** | 6,256.24 |

**NOTES:**

**1. Debentures are secured by:**

a) Debentures redeemed during the year

| Particulars | Nos | Date of redemption |
|---|---|---|
| 10.25% Redeemable Non convertible Debentures of Rs. 1,00,000/- each | 10000 | 9-Apr-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 10000000 | 31-Jul-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 15000000 | 7-Aug-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 6500000 | 31-Aug-09 |
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 25-Mar-10 |

b) Debentures outstanding at the year end are redeemable as follows

| Particulars | Nos | Date of redemption |
|---|---|---|
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 12-Apr-10 |
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 28-Apr-10 |
| 11.00% Redeemable Non convertible Debentures of Rs. 100/- each | 10000000 | 28-May-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 27-Jul-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 29-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 10-Aug-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 15-Jul-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 23-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 14-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 15-Sep-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 24-Aug-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 7-Sep-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 23-Sep-10 |
| 8.00% Redeemable Non convertible Debentures of Rs. 1,000/- each | 1000000 | 30-Oct-10 |

c) All the debentures in a) and b) above are / were secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat

**2 Term loans are secured as under :**

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs. 139.38 crore (previous year Rs. 175.15 crore) and Rs. 2770.24 crore (previous year Rs. 2833.53 crore) respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's bankers towards working capital requirements and (iii) the personal guarantees of three promoter directors.

b) Term loan from banks to the extent of Rs. 259.78 crore (previous year Rs. 176.78 crore) is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.

c) Term loans from the Banks and Financial Institutions to the extent of Rs. 204.19 crore (previous year Rs. 408.91 crore) and Rs. 38.22 crore (previous year Rs. 84.01 crore) respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company's term lenders and towards working capital requirements (ii) the personal guarantee of three Promoter Directors of the Company.

d) Term loans from the Banks to the extent of Rs. 13.20 crore (previous year Rs. 18.88 crore) are secured by (i) subservient charge on all assets of the Company excluding Land and Building (ii) Pledge of company's investment in a subsidiary viz. Alok Industries International Limited (ii) the personal guarantee of three Promoter Directors of the Company.

e) Term loan from the Bank to the extent of Rs. 2800.72 crore (previous year Rs. 1313.48 crore), are secured by subservient charge on all present and future moveable fixed assets, stocks and receivables of the Company subject to prior charge in favour of the company's term lenders and working capital bankers.

f) term loan from Financial Institution of Rs. 112.85 crore (previous year Rs. 127.38 crore) is secured by (i) subservient charge on all the present and future moveable fixed assets of the company except land and building

3 Working Capital limits from banks are secured by (i) hypothecation of Company's inventories, book debts etc. (ii) second charge created / to be created on the fixed assets of the Company (iii) immovable properties belonging to the Company / Guarantors and (iv) the personal guarantees of three promoter directors of the Company.

4 Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '4'** | | | |
| **UNSECURED LOANS** | | | |
| (a) Term Loans and Advances | | | |
| From Banks and Financial Institutions | | | |
| - Rupee Loans | **193.00** | | 218.03 |
| - Foreign currency loans | **122.81** | | 1.07 |
| | | **315.81** | 219.10 |
| | | | |
| (b) 475 (Previous year 475) 1% Foreign Currency Convertible Bonds (FCCBs) | | **107.21** | 121.01 |
| (See Note no. 8 of part B of Schedule 19) | | | |
| **Total** | | **423.02** | 340.11 |

**NOTES:**

Term Loan from banks to the extent of Rs. 40.00 crore (Previous year Rs. 114.99 crore) are secured by Personal Guarantee of three Promoter Directors.

## SCHEDULE '5'
## FIXED ASSETS

(Rs. Crore)

| | | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SR. NO. | DESCRIPTION OF ASSETS | AS AT 01.04.09 | ADDITIONS | DEDUCTIONS | AS AT 31.03.10 | AS AT 01.04.09 | FOR THE YEAR | DEDUCTIONS/ ADJUSTMENT | AS AT 31.03.10 | AS AT 31.03.10 | AS AT 31.03. 09 |
| | **OWN ASSETS:** | | | | | | | | | | |
| 1. | Freehold Land | 58.13 | 17.25 | - | **75.38** | - | - | - | **-** | **75.38** | 58.13 |
| 2. | Leasehold Land | 0.56 | - | - | **0.56** | 0.12 | 0.01 | - | **0.13*** | **0.43** | 0.44 |
| 3. | Factory Building | 1,037.28 | 590.98 | - | **1,628.26** | 75.24 | 39.22 | - | **114.46** | **1,513.80** | 962.04 |
| 4. | Office Premises | 26.54 | 0.00 | - | **26.54** | 1.84 | 0.43 | - | **2.27** | **24.27** | 24.70 |
| 5. | Plant and Machinery | 3,212.57 | 2,082.30 | 0.73 | **5,294.14** | 584.60 | 302.97 | 0.38** | **887.19** | **4,406.95** | 2,627.97 |
| 6. | Computer and Peripherals | 21.99 | 3.23 | 0.13 | **25.09** | 10.22 | 3.50 | 0.10 | **13.62** | **11.47** | 11.77 |
| 7. | Office Equipments | 7.76 | 0.90 | - | **8.66** | 1.76 | 0.53 | 0.00 | **2.29** | **6.37** | 6.00 |
| 8. | Furniture and Fittings | 45.80 | 25.09 | 0.48 | **70.41** | 9.97 | 3.77 | 0.32 | **13.42** | **56.99** | 35.83 |
| 9. | Vehicles | 5.20 | 1.31 | 0.35 | **6.16** | 2.30 | 0.52 | 0.16 | **2.66** | **3.50** | 2.90 |
| 10. | Tools and Equipment | 36.12 | 13.09 | - | **49.21** | 3.66 | 2.84 | 0.00 | **6.50** | **42.71** | 32.46 |
| | **Sub-Total** | 4,451.95 | **2,734.15** | **1.69** | **7,184.41** | 689.71 | **353.79** | **0.96** | **1,042.54** | **6,141.87** | 3,762.24 |
| | **LEASED ASSETS:** | | | | | | | | | | |
| 1. | Plant and Machinery | 22.38 | - | - | **22.38** | 7.89 | 1.65 | - | **9.54** | **12.84** | 14.49 |
| 2. | Computer and Peripherals | 0.22 | - | - | **0.22** | 0.20 | 0.01 | - | **0.21** | **0.01** | 0.03 |
| 3. | Vehicles | - | 2.16 | - | **2.16** | - | 0.03 | | **0.03** | **2.13** | - |
| | **Sub Total** | 22.60 | 2.16 | - | **24.76** | 8.09 | 1.69 | - | **9.78** | **14.98** | 14.51 |
| | **INTANGIBLE ASSETS** | | | | | | | | | | |
| 1. | Computer Software | 4.85 | 7.30 | - | **12.15** | 1.42 | 1.63 | - | **3.05** | **9.10** | 3.43 |
| 2. | Trademarks / Brands | 55.04 | - | - | **55.04** | 9.63 | 5.50 | - | **15.13** | **39.91** | 45.41 |
| | **Sub Total** | 59.89 | 7.30 | - | **67.19** | 11.05 | 7.13 | - | **18.18** | **49.01** | 48.84 |
| | **Total** | 4,534.44 | 2,743.61 | 1.69 | **7,276.36** | 708.85 | 362.61 | 0.96 | **1,070.50** | **6,205.86** | 3,825.59 |
| | **Total Previous Year** | 3,371.73 | 1,170.97 | 8.28 | **4,534.44** | 476.75 | 233.50 | 1.40 | **708.85** | **3,825.59** | |

Notes

1. Plant and Machinery acquired on lease includes Rs. 8.12 crore (Previous year Rs. 8.12 crore) incurred by company for installation etc.
2. Plant & Machinery includes gain of Rs.75.00 Crore (Previous year loss of Rs.166.46 crore) in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 55.04 crore (Previous year Rs. 55.04 crore) (Gross) [Written down value Rs. 39.91 crore (Previous year Rs. 45.41 crore)] which are registered in the name of subsidiary company in trust on behalf of the Company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

   * Amount written off in respect of Leasehold Land for the period of Lease which has expired.

   ** Includes Rs. Nil (Previous year Rs. 0.11 crore) depreciation on Exchange Rate Difference capitalised for the financial year 07-08 and debited to General Reserve

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '6'** | | |
| **CAPITAL WORK IN PROGRESS** | | |
| Capital Expenditure On Projects | **850.14** | 1,795.02 |
| Advance For Capital Expenditure | **89.11** | 363.25 |
| **Total** | **939.25** | 2,158.27 |

Capital expenditure incurred on Projects includes :

i] Rs. 39.11 crore (Previous year Rs. 75.50 crore) on account of pre-operative expenses (Refer Note No. 10 of part B of schedule 19)

ii] Rs. 811.04 crore (Previous year Rs. 1719.52 crore) on account of cost of construction material and plant and machinery under erection.

(Rs. Crore)

| | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '7'** | | | |
| **INVESTMENTS** | | | |
| **A) LONG TERM INVESTMENTS** | | | |
| **(At cost / carrying amount unless otherwise stated) - fully paid** | | | |
| **In Equity shares** | | | |
| **In Subsidiary Companies - Unquoted (Trade)** | | | |
| Alok Inc.<br>[50 Equity Shares of USD 200 each] | **0.04** | | 0.04 |
| Alok Industries International Limited<br>[50,000 Equity Shares of USD 1 each]<br>(Pledged against finance availed) | **0.22** | | 0.22 |
| Alok International Inc. (Rs. 43,225/-)<br>[1,000 Equity Shares of USD 1/- each] | **0.00** | | 0.00 |
| Alok Apparel Private Limited<br>[10,00,000 Equity Shares of Rs.10/- each] | **1.00** | | 1.00 |
| Alok Retail (India) Limited<br>(Formerly known as Alok Homes & Apparel Private Limited)<br>[50,000 Equity Shares of Rs.10/- each] | **0.05** | | 0.05 |
| Alok Land Holdings Private Limited<br>[5,00,000 Equity Shares of Rs.10/- each] | **0.50** | | 0.50 |
| Alok Infrastructure Limited<br>[50,000 Equity Shares of Rs.10/- each] | **0.05** | | 0.05 |
| Alok H & A Limited<br>[3,60,50,000 (Previos year Nil) Equity Shares of Rs.10/- each] | **36.05** | | - |
| | | **37.91** | 1.87 |
| **In Joint Venture** | | | |
| Aurangabad Textiles & Apparel Parks Limited *<br>[10,19,200 Equity Shares of Rs.10/- each] | **15.50** | | 15.50 |
| New City Of Bombay Mfg. Mills Limited *<br>[44,93,300 Equity Shares of Rs.10/- each] | **71.50** | | 71.50 |
| * Share Certificate not yet received | | **87.00** | 87.00 |
| **Others - Unquoted (Trade)** | | | |
| Triumphant Victory Holdings Limited<br>(1 Equity share of USD 1 each) (Rs. 45.14 (Previous Year Nil)) | **0.00** | | - |
| Shirt Company (India) Limited<br>[33,333 Equity Shares of Rs.10/- each] | **0.50** | | 0.50 |
| Dombivali Nagri Sahakari Bank Limited<br>[10,000 Equity Shares of Rs. 50/- each] | **0.05** | | 0.05 |
| Kalyan Janata Sahakari Bank Limited<br>[10,000 Equity Shares of Rs. 25/- each] | **0.03** | | 0.03 |
| | | **0.58** | 0.58 |

(Rs. Crore)

| | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **Others - Quoted (Trade)** | | | |
| Grabal Alok Impex Limited [19,00,000 Equity Shares of Rs.10/- each ] | | **3.99** | 3.99 |
| (Pledged against finance availed) | | | |
| **In Preference Shares** | | | |
| **In Subsidiary Company - Unquoted (Trade)** | | | |
| Alok Industries International Limited [1%, 19,562,484 (Previous year 90,927,170) cumulative redeemable preference shares of USD 1 each] redeemable after 10 years from the date of allotments with a put and call option at the end of each year. | **79.15** | | 367.90 |
| (Nil (Previous Year 50,74,240) shares Pledged against finance availed) | | | |
| | | **79.15** | 367.90 |
| **B) CURRENT INVESTMENTS (At lower of cost or fair value)-fully paid** | | | |
| **In equity shares Quoted** | | | |
| United Bank of India | | **0.15** | - |
| (22,130 Equity Shares of Rs. 10/- each) | | | |
| **In Mutual Funds - Unquoted** | | | |
| SBI Magnum Insta Cash Fund-Daily Dividend Option | **-** | | 0.00 |
| [Nil (Previous Year 1372.31) units of Rs. 10/- each Rs. Nil (Previous year Rs. 22,986.09/-)] | | | |
| Principal PNB Long Term Equity Fund 3 Year Plan - Series II | **0.56** | | 0.56 |
| [12,50,000 units of Rs.10/- each] | | | |
| Axis Infrastructure Fund 1 | **6.85** | | 5.70 |
| [68.453 (Previous year 56,933.33) units of Rs. 1000/- each] | | | |
| Mirea Asset Gilt Fund Investment Plant - Institutional Growth | **-** | | 0.98 |
| [Nil (Previous year 9,86,679.822 ) units of Rs. 10/- each] | | | |
| Birla Sun Life Saving Fund - Inst-Monthly Dividend - Reinvestment | **-** | | 1.00 |
| [Nil (Previous year 9,89,594.575) units of Rs. 10/- each] | | | |
| SBI Short Horizon Fund Ultra Short Term Institutional - Growth | **2.50** | | - |
| [23,51,259.334 (Previous year Nil.) units of Rs. 10/- each] | | | |
| | | **9.91** | 8.24 |
| **Bonds** | | | |
| Laxmi Vilas Bank Tier II Bonds | | **2.00** | - |
| (20 Bonds of Rs. 10,00,000 each) | | **12.06** | 8.24 |
| | | **220.69** | 469.58 |
| **C) Share Application Money (to Subsidiary Company)** | | | |
| Alok Apparel Private Limited | **9.00** | | 9.00 |
| | | **9.00** | 9.00 |
| **Total** | | **229.69** | 478.58 |
| 1) Quoted Investment : Aggregate cost / carrying value | | **4.14** | 3.99 |
| : Aggregate market value | | **9.64** | 8.73 |
| 2) Unquoted Investment : Aggregate cost / carrying value | | **216.54** | 378.59 |

| Investments bought and sold during the year | Nos. | Face Value | Purchase Cost Rs. Crore |
|---|---|---|---|
| **Bonds** | | | |
| NABARD | 5,300.00 | 20,000.00 | 4.97 |
| Birla Sun Life Saving Fund - Inst-Growth | 1,194,029.851 | 10.00 | 2.00 |
| Baroda Pioneer Treasury Advantage Fund | 3,000,000.00 | 10.00 | 3.00 |
| SBI - Shf - Ulta Short Fund - Institutional Plan - Growth | 21,691,597.54 | 10.00 | 25.00 |
| ICICI Prudential Mf Flexible Income Plan - Daily Dividend | 1,891,521.26 | 10.00 | 2.00 |
| Reliance Liquid Fund Treasury Plan Inst | 926,243.25 | 10.00 | 2.00 |
| Canara Robeco LIQUID Fund Institutional Growth | 1,236,888.98 | 10.00 | 2.00 |
| LIC MF Income Plus Fund - Growth Plan | 1,693,322.38 | 10.00 | 2.00 |
| Templeton India Ultra Short Bond Fund Inst | 1,768,018.32 | 10.00 | 2.00 |
| Fidelity Ultra Short Term Debt Fund Inst. | 1,810,298.79 | 10.00 | 2.00 |
| Uti Treasury Advantage Fund | 16,871.37 | 1,000.00 | 2.00 |
| Dbs Chola Freedom Income Stp Inst | 1,969,433.38 | 10.00 | 2.00 |
| Aig India Treasury Fund Institutional Growth | 1,743,405.57 | 10.00 | 2.00 |
| Kotak Flexi Debt Scheme Institutional - Growth | 1,844,593.04 | 10.00 | 2.00 |
| Religare Ultra Short Term Gund - Institutional - Growth | 1,647,446.46 | 10.00 | 2.00 |
| Fortis Money Plus Instutional Growth | 1,505,377.96 | 10.00 | 2.00 |
| Bharti Axa Treasury Advantage Fund | 18,700.46 | 1,000.00 | 2.00 |
| Idfc Money Managers Fund | 1,415,588.46 | 10.00 | 2.00 |
| Hdfc Cash Management Fund - Treasury Advantage Flan - Wholesale - Growth | 1,033,613.10 | 10.00 | 2.00 |
| Dws Cash Opportunities Fund - 15 Days Plan Growth | 1,692,720.46 | 10.00 | 2.00 |
| Baroda Pioneer Liquid Fund Instutional Growth | 1,968,058.41 | 10.00 | 2.00 |
| Licmf Liquid Fund - Growth Plan | 15,153,627.48 | 10.00 | 25.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 7,474,586.41 | 10.00 | 15.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 4,980,997.49 | 10.00 | 10.00 |
| Axis Liquid Fund - Daily Dividend | 100,000.00 | 1,000.00 | 10.00 |
| Axis Liquid Fund - Growth | 150,000.00 | 1,000.00 | 15.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 14,853,911.78 | 10.00 | 30.00 |
| SBI - SHF - Ulta Short Fund | 25,376,872.21 | 10.00 | 30.00 |
| HDFC Cash Management Fund-Treasury Advantage Plan | 15,087,498.40 | 10.00 | 30.00 |
| Kotak Floater Long Term - Growth | 20,844,189.68 | 10.00 | 30.00 |
| UTI Liquid Cash Plan Institutional - Growth Option | 200,988.03 | 1,000.00 | 30.00 |
| UTI Treasury Advantage Fund - institutional Plan | 246,244.23 | 1,000.00 | 30.00 |
| Reliance Liquid Fund - Treasury Plan - Growth | 15,793,796.20 | 10.00 | 35.00 |
| Reliance Money Manager Fund | 283,170.14 | 1,000.00 | 35.00 |
| ICICI PRUDENTIAL Liquid Plan Super Institutional Growth | 2,334,718.44 | 100.00 | 30.00 |
| ICICI PRUDENTIAL Flexible Income Premium Growth | 1,778,482.78 | 100.00 | 30.00 |
| Shinsei Liquid Fund - Institutional Plan - Growth Option | 198,629.65 | 1,000.00 | 20.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 19,789,048.74 | 10.00 | 40.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 2,469,196.77 | 10.00 | 5.00 |
| SBI-SHF-ULTRA SHORT TERM FUND | 4,215,862.25 | 10.00 | 5.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 14,780,873.55 | 10.00 | 30.00 |
| Sbi Magnum Insta Cash Fund - Cash Option | 17,232,817.51 | 10.00 | 35.00 |
| Licmf Liquid Fund - Growth Plan | 11,978,056.20 | 10.00 | 20.00 |
| Licmf Liquid Fund - Growth Plan | 2,994,514.05 | 10.00 | 5.00 |
| DSP Black Rock Institutional Plan – Growth | 38,241.18 | 1,000.00 | 5.00 |
| DSP BlackRock Short term Fund Growth | 3,199,776.75 | 10.00 | 5.00 |
| Sbi Magnum Insta Cash Fund - Cash Option | 24,549,516.37 | 10.00 | 50.00 |
| Dsp Black Rock Liquidity Fund - Institutional Plan -Growth | 19,065.10 | 1,000.00 | 2.50 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 4,899,775.10 | 10.00 | 10.00 |
| Sbi - Magnum Insta Cash Fund - Cash Option | 34,374,602.43 | 10.00 | 70.25 |
| Licmf Liquid Fund - Growth Plan | 11,860,215.50 | 10.00 | 20.00 |
| Licmf Liquid Fund - Growth Plan | 2,965,053.88 | 10.00 | 5.00 |
| Dsp Black Rock Short Term Fund-Growth | 3,170,798.22 | 10.00 | 5.00 |

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '8'** | | | |
| **INVENTORIES [At Cost or Net Realisable value whichever is lower]** | | | |
| Stores, Spares, Packing Materials and others | | **38.28** | 25.33 |
| Stock-in-trade : | | | |
| Raw Materials | **309.99** | | 126.19 |
| Process Stock | **826.48** | | 552.20 |
| Finished Goods / Traded Goods | **299.66** | | 240.12 |
| | | **1,436.13** | 918.51 |
| **Total** | | **1,474.41** | 943.84 |

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '9'** | | |
| **SUNDRY DEBTORS (Unsecured)** | | |
| Debts Outstanding for a period exceeding six months | **40.73** | 16.58 |
| Other Debts | **1,065.06** | 871.51 |
| Gross | **1,105.79** | 888.09 |
| Less : Provision | **4.56** | 3.90 |
| **Total** | **1,101.23** | 884.19 |
| Considered Good | **1,101.23** | 884.19 |
| Considered Doubtful | **4.56** | 3.90 |
| **Total** | **1,105.79** | 888.09 |

NOTE : Sundry Debtors includes Rs. 38.23 crore (Previous year Rs. 19.38 crore) towards contractual obligations on account of Export Incentives Receivables.

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '10'** | | |
| **CASH AND BANK BALANCES** | | |
| Cash on hand | **0.57** | 0.35 |
| Bank Balances : | | |
| a) With Scheduled Banks : | | |
| - In Cash Credit Accounts | **2.34** | 1.86 |
| - In Current Accounts | **699.37** | 78.42 |
| - In Deposit Accounts [including interest accrued thereon Rs. 0.96 crore (Previous Year Rs. 0.88 crore)] | **536.50** | 95.02 |
| - In Margin Money Deposits | **115.69** | 67.38 |
| b) With Others | | |
| - In Current Account | **1.51** | 76.44 |
| - In Deposit Accounts [Maximum amount outstanding at any time during the period Rs. 374.74 crore (Previous year Rs. 60.20 crore)] | **34.31** | 25.48 |
| **Total** | **1,390.29** | 344.95 |

**Cash and Bank Balance includes**

1) Includes Rs. 79.19 cores (previous year Rs. 92.63 crore) kept in bank deposits, pending utilisation towards project.
2) Includes Rs. 73.34 crore (previous year Rs. 26.57 Crore) towards 100% LC margin against import of Plant & Machinery
3) Includes Rs. 444.00 crore (previous year Rs. Nil) pledged with bank against put option (Refer note No. 19 of part 'B' of Schedule 19)

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '11'** | | |
| **LOANS AND ADVANCES** | | |
| [Unsecured, considered good] | | |
| Advances recoverable in cash or in kind or for value to be received | **740.31** | 449.59 |
| Loans - Inter Corporate Deposits | **7.40** | 8.65 |
| Deposits | **5.03** | 4.88 |
| Balances with Central Excise Collectorate | **0.17** | 0.13 |
| Advance Tax (Net of provision for tax) | **14.90** | 15.82 |
| MAT Credit Entitlement (Refer Note No. 16 of part B of schedule 19) | **68.14** | 33.88 |
| **TOTAL** | **835.95** | 512.95 |

**Loans and Advances includes :**

a) Rs. 109.3 crore (previous year Rs. 93.72 crore) towards Modvat credit balances to be utilised in the subsequent years.

b) Rs. 108.77 crore (previous year Rs. 141.58 crore) towards interest / capital subsidy receivable under the TUF scheme of Government of India.

c) Rs. 3.00 crore (previous year Rs. 1.98 crore) being deposits towards office/residential premises taken on rental basis.

d) Rs. 0.43 crore (previous Year Rs. 0.22 crore) due from officers of the Company [maximum amount outstanding during the year Rs. 0.49 crore (Previous year Rs. 0.33 crore)]

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '12'** | | | |
| **CURRENT LIABILITIES:** | | | |
| Sundry Creditors [including Acceptances Rs. 154.66 crore (Previous year Rs. 104.13 crore)] | | | |
| Total Outstanding dues to : | | | |
| - Micro Enterprises and Small Enterprises * | **0.12** | | 0.29 |
| - Creditors other than Micro Enterprises and Small Enterprises | **379.79** | | 367.02 |
| | | **379.91** | 367.32 |
| Unclaimed Dividend | | **0.80** | 0.44 |
| Interest accrued but not due on loans | | **80.50** | 58.03 |
| Advance from customers | | **27.72** | 45.62 |
| | | **488.93** | 471.40 |

**Notes:** Sundry Creditors includes Rs. 1.38 crore (previous year Rs. 0.63 crore) being overdrawn bank balances as per books consequent to issue of cheques at the year end though the banks have positive balances as on that date.

* As per information available with the Company

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '13'** | | |
| **PROVISIONS** | | |
| Provision for Gratuity and compensated absences | **15.81** | 9.76 |
| Proposed Dividend | **19.69** | 14.77 |
| Provision for Tax on Dividend | **3.27** | 2.51 |
| Provision for Taxation (Net of advance tax) | **16.30** | 1.75 |
| **TOTAL** | **55.07** | 28.79 |

ALOK INDUSTRIES LIMITED

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '14'** | | | |
| **SALES** | | | |
| Sales – Local | **2,812.43** | | 1,945.22 |
| Sales – Export | **1,466.97** | | 988.77 |
| | | **4,279.40** | 2,933.99 |
| Export Incentive | | **92.02** | 65.74 |
| **TOTAL** | | **4,371.42** | 2,999.73 |

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '15'** | | | |
| **OTHER INCOME** | | | |
| Dividend Income : | | | |
| On long term investment | **1.02** | | 0.15 |
| On Current investment | 0.00 | | 0.02 |
| | | **1.02** | 0.17 |
| Miscellaneous Income | | **0.38** | 17.43 |
| Profit on sale of current investments (Net) | | **0.66** | - |
| Profit on sale of assets (Net) | | **1.60** | 1.74 |
| Exchange rate difference (Net) | | **58.03** | - |
| Provision for doubtful debts written back | | **2.27** | 1.39 |
| Sundry credit balances written back | | **0.06** | 0.08 |
| **TOTAL** | | **64.02** | 20.82 |

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '16'** | | | |
| **INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK** | | | |
| **CLOSING STOCK AS ON 31 MARCH 2010** | | | |
| Finished Goods / Traded Goods | **299.66** | | 240.12 |
| Process Stock | **826.48** | | 552.20 |
| | | **1,126.14** | 792.32 |
| **LESS : OPENING STOCK AS ON 1 APRIL 2009** | | | |
| Finished Goods / Traded Goods | **240.12** | | 175.43 |
| Process Stock | **552.20** | | 231.22 |
| | | **792.32** | 406.65 |
| **TOTAL** | | **333.82** | 385.67 |

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '17'** | | | |
| **MANUFACTURING AND OTHER EXPENSES** | | | |
| **Raw Material Consumed** | | **1,940.35** | 1,740.58 |
| **Payment to and Provisions for Employees:** | | | |
| Salaries, Wages and Bonus | **143.65** | | 102.56 |
| Contribution to Provident Fund and Other Funds | **6.31** | | 4.20 |
| Employees Welfare Expenses | **3.77** | | 3.49 |
| | | **153.73** | 110.25 |
| **Operational and Other Expenses** | | | |
| Stores and Spares Consumed | | **67.55** | 49.17 |
| Packing Materials Consumed | | **65.42** | 42.09 |
| Power and Fuel | | **319.28** | 211.89 |
| Processing Charges | | **35.41** | 27.90 |
| Labour Charges | | **47.40** | 28.00 |
| Excise Duty | | **4.75** | 3.49 |
| Donation | | **2.15** | 1.15 |
| Freight, Coolie and Cartage | | **81.55** | 46.23 |
| Legal and Professional Fees | | **7.98** | 14.76 |
| Share Issue Expenses | | **44.93** | |
| Rent | | **10.49** | 15.73 |
| Rates and Taxes | | **3.59** | 4.49 |
| Repairs and Maintenance | | | |
| Plant and Machinery | **10.66** | | 5.53 |
| Factory Building | **0.65** | | 0.94 |
| Others | **3.12** | | 3.03 |
| | | **14.43** | 9.50 |
| Commission on Sales | | **16.51** | 16.02 |
| Exchange Rate difference (Net) | | **-** | 4.55 |
| Provision for Doubtful Debts | | **2.93** | 1.63 |
| Loss of assets due to fire (Refer note no. 21 of part B of schedule 19) | | **37.91** | |
| Directors Remuneration | | **7.20** | 7.20 |
| Directors Fees and Commission | | **5.06** | 5.09 |
| Auditors Remuneration | | | |
| Audit Fees | **0.47** | | 0.26 |
| Tax Audit Fees | **-** | | 0.02 |
| Certification Fees | **0.03** | | 0.01 |
| | | **0.50** | 0.29 |
| Insurance | | **9.67** | 5.88 |
| Loss on Sale of Investment (net) | | **-** | 2.24 |
| Excess of cost over fair value of current investments | | **-** | 0.68 |
| Miscellaneous Expenses | | **159.28** | 106.73 |
| (Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill discounting charges etc.) | | | |
| **TOTAL** | | **3,038.07** | 2,455.54 |

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '18'** | | | |
| **INTEREST (NET)** | | | |
| Interest Paid: | | | |
| On Debentures | **75.64** | | 65.04 |
| On Fixed Loan | **360.12** | | 181.07 |
| [Net of Interest Subsidy Rs. 138.01 crore (previous year Rs. 142.46 crore)] | | | |
| On Cash Credit Accounts, etc. | **112.78** | | 124.43 |
| | | **548.54** | 370.54 |
| Less : Interest Received on Loans, Deposits etc. (Tax Deducted at Source Rs. 2.01 crore [Previous Year Rs. 19.49 crore ]) | | **13.45** | 66.42 |
| Less : Interest on calls in arrear | | **0.01** | - |
| **TOTAL** | | **535.08** | 304.12 |

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### Schedule '19'

### A) SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards and the provisions of the Companies Act, 1956.

### 2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

### 3. Revenue Recognition

a) Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of trade discount, returns and sales tax collected.

b) Revenue in respect of insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

### 4. Fixed Assets

a) **Own Assets:**

Fixed Assets are stated at cost of acquisition or construction including directly attributable cost. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

b) **Assets taken on lease**:

1) **Finance Lease:**

Assets taken on lease after 1 April 2001 are accounted for as fixed assets in accordance with Accounting Standard on "Leases" AS-19. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

2) **Operating Lease:**

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

### 5. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

### 6. Capital Work- in-Progress

Projects under commissioning are carried forward at cost as capital work in progress and represent payments made to contractors including advances and directly attributable cost.

### 7. Depreciation / Amortisation

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plant is classified based on technical assessment and depreciation is provided accordingly

b) Cost of leasehold land is amortised over the period of lease.

c) Trade marks are amortised over a period of ten years from the date of capitalization

d) Computer software is amortised for a period of five years from the date of capitalization.

### 8. Foreign Currency Transactions

a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

b) Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and hitherto, the resultant exchange differences were recognized in profit and loss account. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 issued on 31 March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner:

  i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2011. (Refer Note 22 below).

iii. All other exchange differences are dealt with in the profit and loss account.

iv. Non-monetary items denominated in foreign currency are carried at historical cost.

c) Exchange difference relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or 31 March 2011 whichever is earlier

### 9. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
2. Process stock and Finished Goods: At weighted average cost or net realisable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

### 10. Employee Benefits (Refer Note No. 13 of Part B of Schedule 19)

a) Defined Contribution Plan

Company's contribution paid/ payable for the year to defined contribution retirement benefit scheme is charged to Profit and Loss account.

b) Defined Benefit Plan and other long term benefit plan

Company's liabilities towards defined benefit scheme and other long term benefit plans are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortized on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, the present value is available refunds and reduction in future contribution to the scheme.

c) Short Term Employee Benefits

Short term employee benefits expected to be paid in exchange for the services rendered by the employee are recognised undiscounted during the period the employee renders the services, these benefits include incentive, bonus.

### 11. Accounting of CENVAT credit

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

### 12. Government Grants

Grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.

### 13. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

### 14. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax (FBT). Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 (AS-22) on "Accounting for taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income-tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI (Refer note no. 16 of Part B of Schedule 19 ).

### 15. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

### 16. Impairment of Fixed Assets

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 (AS-28) ''Impairment of Assets''. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### 17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### 18. Issue Expenses

During the year the company has change its policy to adjust expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds against Securities Premium Account and recognised them in Profit & Loss Account.

### 19. Accounting for Derivatives

The company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading or speculation purposes.

Interest Rate Swaps, Currency Option and Currency Swaps, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies".

## B) NOTES TO ACCOUNTS

### 1 Contingent Liabilities in respect of :

(Rs. Crore)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| A | Customs duty on shortfall in export obligation in accordance with EXIM Policy<br>(The company is hopeful of meeting the export obligation within the stipulated period) | Amount Unascertained | Amount Unascertained |
| B | Pending Litigation | **0.09** | 0.04 |
| C | Guarantees given by banks on behalf of the Company | **43.96** | 47.94 |
| D | Corporate Guarantees given to bank for loans taken by Subsidiary Companies | **212.79** | 214.25 |
| E | Bills discounted | **71.74** | 86.45 |

### 2 Capital Commitments

(Rs. Crore)

| | | |
|---|---|---|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) | **238.10** | **87.46** |

## 3 Related Party Disclosure

### 1. Name of related parties and nature of relationship

As per Accounting Standard 18 (AS-18) “Related Party Disclosures”, Company’s related parties disclosed as below:

#### I Associates

| | |
|---|---|
| Alok Denims (India) Private Limited | Green Park Enterprises |
| Alok Finance Private Limited | Jiwrajka Associates Private Limited |
| Alok Knit Exports Limited | Jiwrajka Investment Private Limited |
| Alok Textile Traders | Niraj Realtors & Shares Private Limited |
| Ashok B. Jiwrajka (HUF) | Nirvan Exports |
| Ashok Realtors Private Limited | Nirvan Holdings Private Limited |
| Buds Clothing Co. | Pramatex Enterprises |
| D. Surendra & Co. | Pramita Creation Private Limited |
| Dilip B. Jiwrajka (HUF) | Surendra B. Jiwrajka (HUF) |
| Grabal Alok Impex Limited | Alspun Infrastructure Ltd. |
| Grabal Alok International Limited | Ashford Infotech Private Limited |
| Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.) | Nirvan Builders Private Limited<br>Triumphant Victory Holdings Limited. |
| Gogri Properties Private Limited | |

#### II Subsidiaries

| | |
|---|---|
| Alok Inc. | Alok Infrastructure Limited |
| Alok Industries International Ltd. | Alok Apparels Private Limited |
| Alok Retail (India) Limited (Formerly known as Alok Homes & Apparel Private Limited) | Alok New City Infratex Private Limited |
| Alok Land Holdings Private Limited | Alok Realtors Private Limited |
| Alok Aurangabad Infratex Private Limited | Alok HB Hotels Private Limited |
| Alok H&A Limited | Alok HB Properties Private Limited |
| Alok International, Inc. | Springdale Information and Technologies Private Limited |
| Alok European Retail, s.r.o. | Kesham Developers & Infotech Private Limited |
| Mileta, a.s. | |

#### III Joint Venture

Aurangabad Textiles & Apparel Parks Limited

New City Of Bombay Mfg. Mills Limited

#### IV Key Management Personnel

| | |
|---|---|
| Ashok B. Jiwrajka | Directors |
| Chandrakumar Bubna | Directors |
| Dilip B. Jiwrajka | Directors |
| Surendra B. Jiwrajka | Directors |

#### V Relatives of Key Management Personnel

Alok A. Jiwrajka

2. Nature of transaction with Associates, Joint Venture, Subsidiaries, Key Management Personnel & Relatives of Key Management Personnel.

(Rs. Crore)

| | Transaction | Associates | Subsidiaries | Joint Venture Company | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|---|---|---|
| a) | Share Application Money | | | | | | |
| | Balance as at 1 April | 65.20 | - | - | 27.30 | - | 92.50 |
| | | (-) | (-) | (-) | (-) | (-) | (-) |
| | Received during the period | 45.26 | - | - | - | 0.84 | 46.10 |
| | | (65.20) | (-) | (-) | (27.30) | (-) | (92.50) |
| | Shares Allotted during the period | 110.46 | - | - | 27.30 | 0.84 | 138.60 |
| | | (-) | (-) | (-) | (-) | (-) | (-) |
| | Balance as at 31 March | - | - | - | - | - | - |
| | | (65.20) | (-) | (-) | (27.30) | (-) | (92.50) |
| b) | Loans and Advances | | | | | | |
| | Balance as at 1 April | - | 31.07 | - | - | - | 31.07 |
| | | (-) | (3.02) | (-) | (-) | (-) | (3.02) |
| | Granted during the year | - | 8.59 | - | - | - | 8.59 |
| | | (-) | (28.11) | (-) | (-) | (-) | (28.11) |
| | Received during the year | - | 7.04 | - | - | - | 7.04 |
| | | (-) | (0.06) | (-) | (-) | (-) | (0.06) |
| | Balance as at 31 March | - | 32.62 | - | - | - | 32.62 |
| | | (-) | (31.07) | (-) | (-) | (-) | (31.07) |
| c) | Investments | | | | | | |
| | Balance as at 1 April | 3.99 | 369.77 | 87.00 | - | - | 460.76 |
| | | (3.99) | (23.71) | (-) | (-) | (-) | (27.70) |
| | Invested/(Redeemed) during period (Net) | - | (252.70) | - | - | - | (252.70) |
| | | (-) | (346.11) | (87.00) | (-) | (-) | (433.11) |
| | Balance as at 31 March | 3.99 | 117.07 | 87.00 | - | - | 208.06 |
| | | (3.99) | (369.77) | (87.00) | (-) | (-) | (460.76) |
| d) | Share Application Money | | | | | | |
| | Balance as at 1 April | - | 9.00 | - | - | - | 9.00 |
| | | (-) | (530.54) | (-) | (-) | (-) | (530.54) |
| | Given/(Received back) during the period | - | - | - | - | - | - |
| | | (-) | (175.68) | (-) | (-) | (-) | (175.68) |
| | Shares allotted during the year | - | - | - | - | - | - |
| | | (-) | (345.85) | (-) | (-) | (-) | (345.85) |
| | Balance as at 31 March | - | 9.00 | - | - | - | 9.00 |
| | | (-) | (9.00) | (-) | (-) | (-) | (9.00) |
| e) | Sundry Debtors | | | | | | |
| | Balance as at 31 March | 2.08 | 45.22 | - | - | - | 47.30 |
| | | (40.87) | (28.72) | (-) | (-) | (-) | (69.59) |
| f) | Sundry Creditors | | | | | | |
| | Balance as at 31 March | 1.00 | (4.73) | - | - | - | (5.73) |
| | | (3.83) | (15.76) | (-) | (-) | (-) | (19.59) |
| g) | Turnover | | | | | | |
| | Sales of Goods | 134.69 | 71.80 | - | - | - | 206.50 |
| | | (108.90) | (49.07) | (-) | (-) | (-) | (157.97) |

| | Transaction | Associates | Subsidiaries | Joint Venture Company | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|---|---|---|
| h) | Expenditure | | | | | | |
| | Purchase of goods / Job charges | 4.29 | 0.26 | - | - | - | 4.55 |
| | | (11.55) | (1.29) | (-) | (-) | (-) | (12.84) |
| | Purchase of Fixed Assets | - | 213.77 | - | 0.86 | - | 214.63 |
| | | (-) | (174.69) | (-) | (-) | (-) | (174.69) |
| | Rent | - | - | - | - | - | - |
| | | (-) | (0.41) | (-) | (-) | (-) | (0.41) |
| | Remuneration | - | - | - | 12.20 | 0.18 | 12.38 |
| | | (-) | (-) | (-) | (12.20) | (0.28) | (12.48) |
| | Marketing Service Charges | - | 6.13 | - | - | - | 6.13 |
| | | (-) | (6.72) | (-) | (-) | (-) | (6.72) |
| | Interest | - | - | - | - | - | - |
| | | (0.37) | (-) | (2.29) | (-) | (-) | (2.66) |
| i) | Dividend Paid | 0.43 | - | - | | | 0.43 |
| | | (0.69) | (-) | (-) | (-) | (-) | (0.69) |
| j) | Income | | | | | | |
| | Dividend | 0.15 | - | 0.86 | - | - | 1.01 |
| | | (0.15) | (-) | (-) | (-) | (-) | (0.15) |
| | Sale of Fixed Assets and Stores & Spares | 0.02 | - | - | - | - | 0.02 |
| | | (-) | (8.14) | (-) | (-) | (-) | (8.14) |
| | Rent | - | 0.02 | - | - | - | 0.02 |
| | | (-) | (0.44) | (-) | (-) | (-) | (0.44) |
| | Interest | 4.40 | - | - | - | - | 4.40 |
| | | (-) | (-) | (-) | (-) | (-) | (-) |

Note: 1) Related party relationship is as identified by the company and relied upon by the Auditors.

2) Previous year figures are given in brackets.

**3.** Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under:

(Rs. Crore)

| | Transaction | Current Year | | Previous Year |
|---|---|---|---|---|
| a) | Share Application Money | | | |
| | Received/Adjusted during the year | | | |
| | Associates | | | |
| | Niraj Realtors & Shares Private Limited | **17.67** | | 26.40 |
| | Jiwrajka Associates Private Limited | **10.16** | | 15.20 |
| | Alok Finance Private Limited | **5.64** | | **-** |
| | Grabal Alok Impex Limited | **5.23** | | **-** |
| | | | **38.71** | 41.60 |
| b) | Loans and advances | | | |
| | Received/Adjusted during the year (net)- | | | |
| | Subsidiary- | | | |
| | Alok Retail (India) Limited | **7.19** | | - |
| | | | **7.19** | |
| | Granted during the year (Net) - | | | |
| | Subsidiary- | | | |
| | Alok Retail (India) Limited | **-** | | 7.19 |
| | Alok Apparels Private Limited | **8.49** | | - |
| | | | **8.49** | 7.19 |

| | Transaction | Current Year | | Previous Year |
|---|---|---|---|---|
| c) | Investment | | | |
| | Invested/(Redeemed) During the year (Net)- | | | |
| | Subsidiary- | | | |
| | Alok Industries International Limited | **(288.75)** | | 345.85 |
| | Alok H&A Ltd | **36.05** | | - |
| | | | **(252.70)** | 345.85 |
| | Joint Venture- | | | |
| | Aurangabad Textiles & Apparel Parks Limited | | **-** | 71.50 |
| | | | | |
| d) | Share Application Money | | | |
| | (Recevied back)/Given During the year (Net)- | | | |
| | Subsidiary- | | | |
| | Alok Infrastructure Private Limited | **-** | | (191.60) |
| | Share Alloted During the year | | | |
| | Alok Industries International Limited | **-** | **-** | 345.85 |
| | | | | 154.25 |
| e) | Turnover | | | |
| | Associates- | | | |
| | Grabal Alok Impex Limited | **52.88** | | 28.32 |
| | Grabal Alok (UK) Ltd. | **81.81** | | 80.58 |
| | Subsidiary- | | | |
| | Alok Retail (India) Limited | **8.35** | | |
| | Alok International Inc. | **45.08** | | 22.67 |
| | Mileta, a.s. | **14.93** | | 21.58 |
| | | | **203.05** | 142.92 |
| f) | Expenditure | | | |
| | Purchase of Goods: | | | |
| | Subsidiary- | | | |
| | Alok Apparels Pvt. Ltd. | | **0.22** | 1.05 |
| | Alok Retail (India) Limited | | **-** | 0.24 |
| | Associates- | | | |
| | Grabal Alok Impex Limited | | **4.29** | 11.55 |
| | Purchase of Fixed Assets (Under Construction): | | | |
| | Subsidiary- | | | |
| | Alok Infrastructure Limited | | **213.77** | 174.69 |
| | Remuneration: | | | |
| | Key Management Personnel- | | | |
| | Ashok B. Jiwrajka | **3.05** | | 3.05 |
| | Chandrakumar Bubna | **3.05** | | 3.05 |
| | Dilip B. Jiwrajka | **3.05** | | 3.05 |
| | Surendra B. Jiwrajka | **3.05** | | 3.05 |
| | | | **12.20** | 12.20 |
| | Marketing Service Charges | | | |
| | Subsidiary - | | | |
| | Alok International Inc. | **6.13** | | 4.75 |
| | Alok Inc. | **-** | | 1.97 |
| | | | **6.13** | 6.72 |
| | Rent | | | |
| | Subsidiary - | | | |
| | Alok Apparel Private Limited | | **-** | 0.41 |
| | Interest | | | |
| | Associates- | | | |
| | Grabal Alok Impex Limited | | | 0.37 |
| g) | Dividend Paid | | | |
| | Associates- | | | |
| | Grabal Alok Impex Limited | | **0.43** | 0.69 |

| | Transaction | Current Year | Previous Year |
|---|---|---|---|
| h) | Income | | |
| | Dividend: | | |
| | Associates- | | |
| | Grabal Alok Impex Limited | **0.15** | 0.15 |
| | Rent received: | | |
| | Subsidiary- | | |
| | Alok Retail (India) Limited | **0.01** | 0.42 |
| | Alok Infrastructure Limited | **0.01** | 0.01 |
| | Interest received | **0.02** | 0.43 |
| | Associates- | | |
| | Grabal Alok Impex Limited | **4.40** | - |
| | Sales of fixed asset and stores and spares | | |
| | Subsidiary | | |
| | Alok Retail (India) Limited | **-** | 8.14 |
| | Associates- | | |
| | Grabal Alok Impex Limited | **0.02** | - |

**b) Details in accordance with clause 32 of the listing agreement with the stock exchanges.**

i) Loans and Advances to associates, firms or companies in which directors are interested – Rs. Nil (Previous year Rs. Nil) is not considered as it is repayable on demand and interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

| Name of the Company | No. of equity shares | Face Value (Rupees) |
|---|---|---|
| Grabal Alok Impex Limited | 17,559,382 | 175,593,820 |

**c. Joint Venture**

In compliance with the Accounting Standard 27 on 'Financial Reporting of interest in Joint Ventures' as notified by the (Companies Accounting Standards) Rules, 2006, the Company has interests in the following jointly controlled entities, which are incorporated in India.

(Rs. Crore)

| Name of the Companies | % of share holding | Amount of interest based on audited Accounts for the year ended 31 March 2010 | | | | |
|---|---|---|---|---|---|---|
| | | Assets | Liabilities | Income | Expense | Contingent Liability |
| New City of Bombay Mfg. Mills Limited | 49.00% | 20.40 | 0.88 | 64.22 | 61.98 | - |
| Aurangabad Textile and Apparel Parks Limited | 49.00% | 7.23 | 0.16 | 20.90 | 19.96 | - |

**4 Managerial Remuneration**

(Rs. Crore)

| Particulars | 31 March 2010 | 31 March 2009 |
|---|---|---|
| Salaries | **7.20** | 7.20 |
| Perquisites | **-** | - |
| Commission | **5.00** | 5.00 |
| Total | **12.20** | 12.20 |

**Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956.**

(Rs. Crore)

| | 31 March 2010 | 31 March 2009 |
|---|---|---|
| Profit Before Tax as per Profit & Loss A/c | **374.79** | 284.99 |
| Add: 1) Directors Remuneration (including commission) | **12.20** | 12.20 |
| 2) Sitting Fees | **0.06** | 0.09 |
| 3) Loss on sale of current investments | **-** | 2.24 |
| 4) Loss on sale /lost of Fixed Assets | **37.91** | - |
| 5) Provision for Doubtful Debts and Advances | **2.93** | - |
| | **427.89** | 299.52 |

| | | |
|---|---|---|
| Less: 1) Profit on sale of current investments | **0.66** | - |
| 2) Provision for Doubtful Debts and Advances written back | **2.27** | 1.39 |
| 3) Profit on Sale of Fixed Assets | **1.59** | 1.79 |
| Net Profit under Section 349 of the Companies Act, 1956 | **423.37** | 296.34 |
| Eligible Salaries, Perquisites and Commission @10% of above | **42.34** | 29.63 |
| Actual Commission (As restricted by Board of Directors) | **5.00** | 5.00 |

## 5 Right Issue

During the year, the Company has issued and allotted 408,723,061 equity shares of Rs.10 /- for cash to its existing shareholders on Right Basis at a premium of Re. 1/- each aggregating to Rs. 449.59 Crore.

The proceeds of the Right Issue were utilised for

| Sr. No. | Particulars | Rs. Crore |
|---|---|---|
| 1 | Right issue expenses | 19.29 |
| 2 | Long Term Working Capital Margin requirement | 385.00 |
| 3 | General Corporate Purpose | 45.30 |

## 6 Qualified Institutional Placements

1. During the year, the Company has issued & allotted 182,100,248 equity shares of Rs. 10 each at a premium of Rs. 13.32 per equity share to Qualified Institutional Buyers in terms of Chapter VIII of Security and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulation 2009.
2. The Company intends to use the proceeds of issue, after deducting the Issue expenses, for Long term working capital margin and Capex requirements.

7 During the year, the warrant holder aggregating to Rs. 10.20 Crore representing 1,00,00,000 warrants of the face value of Rs. 10 each, had decided not to exercise the option of conversion and the company has forfeited such warrants & transferred the amount to Capital Reserve.

8 475 FCCBs (previous year 475 FCCBs) are carried forward from earlier year and pending conversion/ redemption as at the yearend aggregating Rs.107.21 crore (Previous Year Rs. 121.01 Crore) are disclosed under "Unsecured Loans" (Schedule 4). The total proceeds on this account have been fully utilised during the earlier years. The Company has on 26 May 2010 redeemed these 475 FCCBs

9 The Company has acquired plant and machinery and computers on lease aggregating to Rs.16.64 crore (Previous year Rs.14.48 crore) on hire purchase in nature of finance lease. The company capitalised the said assets at their fair value as the lease are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

(Rs. Crore)

| Due | Total minimum lease payments outstanding | | Future interest on outstanding | | Present value of minimum lease payments | |
|---|---|---|---|---|---|---|
| | **2009-10** | **2008-09** | **2009-10** | **2008-09** | **2009-10** | **2008-09** |
| Within one year | **1.58** | 2.36 | **0.26** | 0.19 | **1.32** | 2.17 |
| Later than one year and not later than 5 years | **3.04** | 2.35 | **0.29** | 0.03 | **2.75** | 2.32 |
| Later than 5 years | **-** | - | **-** | - | **-** | - |

10 The Company during the year mainly capitalised Weaving Normal & Wider Width (Phase-III), Spinning unit (Phase IV), PET Chips Plant, and POY Plant at Saily, Dadra and Nagar Haveli and Terry Towel unit at Vapi.

Pre-operative expenses included in Capital work in progress (Schedule 6) represent the direct expenses incurred for projects undertaken by the company which are yet to be commissioned. Such pre-operative expenses mainly pertain to plants/building under erection/construction at units located at Vapi and Silvassa to be capitalised on completion of the project at that location. The details of pre-operative expenses are as under :

(Rs. Crore)

| Details of Pre Operative Expenses | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|---|---|---|
| Opening balance | **75.50** | 20.69 |
| **Add: Expenditure Incurred during the year** | | |
| Payment to and provisions for employees | **-** | 13.99 |
| Stores and spares consumed | **0.80** | - |
| Power and fuel | **26.29** | 36.21 |
| Others | **43.35** | 24.81 |
| **Total** | **145.94** | 95.70 |
| Less : Allocated to Fixed Assets. | **(106.83)** | (20.20) |
| | **39.11** | 75.50 |

## 11 Deferred Taxation

Deferred Tax asset and liability arising on account of timing differences are as under:

(Rs. Crore)

| | | 31 March 2010 | 31 March 2009 |
|---|---|---|---|
| **I)** | **Deferred Tax Liability (DTL)** | | |
| i) | Depreciation | **422.00** | 311.34 |
| | | **422.00** | 311.34 |
| **II)** | **Deferred Tax Asset (DTA)** | | |
| i) | Other items | **2.80** | 2.04 |
| ii) | FCCB issue Expenses | **12.22** | 1.33 |
| | | **15.02** | 3.37 |
| **(I-II)** | **Total Deferred Tax Liability (Net)** | **406.98** | 307.97 |

## 12 Earnings per share (EPS)

(Rs. Crore)

| | | 31 March 2010 | 31 March 2009 |
|---|---|---|---|
| a. | Nominal value of equity shares per share ( In Rupees) | **10** | 10 |
| b. | **Basic EPS** | | |
| | Net Profit Available for Equity Shareholders | **246.48** | 189.11 |
| | Weighted average number of Equity Shares Basic (Nos.) | **539,602,404** | 213,775,775 |
| | Basic Earnings per share (Rupees) | **4. 57** | 8.85 |
| c. | **Dilutive EPS** | | |
| | Net Profit Available for Equity Shareholders | **246.48** | 189.11 |
| | Add: Depreciation | **-** | 0.18 |
| | Net profit available for Equity Shareholders – (Dilutive) | **246.48** | 189.29 |
| | Weighted average number of Equity Shares Basic (Nos.) | **539,602,404** | 213,775,775 |
| | Add : Effect of potential equity shares on right issue (Nos) | **-** | - |
| | Add : Effect of potential equity shares on conversion of | | |
| | a. Share Application Money Utilised (Nos) | **-** | 11,519,303 |
| | b. Share warrants (Nos.) | **-** | 1,724,932 |
| | c. FCCBs (Nos) | **-** | 17,265,961 |
| | Weighted average number of Equity Shares Dilutive (Nos.) | **539,602,404** | 244,285,971 |
| | Diluted Earnings per share (Rupees) | **4.57** | 7.74 |

**Note :** Basic and diluted EPS for the previous year has been recomputed taking into account the effect of right issue of equity shares.

## 13 Employee benefit plans:

i) Defined contribution plans:

Amounts recognized as expenses towards contributions to provident fund, superannuation and other similar funds by the Company are Rs.11.92 Crore (Previous Year Rs. 9.54 crore) for the year ended 31 March 2010.

ii) Defined benefit plans:

a) **Gratuity Plan:** The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

b) **Compensated absences:** Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan for the year ended 31 March 2010 as required under AS 15 (Revised)

(Rs. Crore)

| **Particulars** | **Gratuity (funded) as on 31 March 2010** | **Gratuity (funded) as on 31 March 2009** |
|---|---|---|
| **Change in Defined Benefit Obligation** | | |
| **Opening Defined Benefit Obligation** | **6.67** | 3.63 |
| Current Service Cost | **2.46** | 1.31 |
| Interest Cost | **0.52** | 0.38 |
| Actuarial (Gain)/loss | **0.30** | (0.85) |
| Past Service Cost | **0.83** | - |
| Benefits Paid | **(0.26)** | (0.27) |
| **Closing Defined Benefit Obligation** | **10.52** | 4.20 |
| **Change in Fair Value of assets** | | |
| **Opening in Fair value of assets** | **2.24** | 1.60 |
| Expected Return on Plan Assets | **0.18** | 0.18 |
| Actuarial gain | **0.07** | 0.01 |
| Contribution by Employer | **0.53** | 0.72 |
| Benefits Paid | **(0.26)** | (0.27) |
| **Closing Fair Value of Plan Assets** | **2.76** | 2.24 |
| **Net Liability** | **7.76** | 1.96 |

**Expense to be recognized in statement of Profit and Loss Account**

**(Rs. Crore)**

| | **For the year ended 31 March 2010** | **For the year ended 31 March 2009** |
|---|---|---|
| Current Service Cost | **2.46** | 1.31 |
| Interest on Defined Benefit Obligation | **0.52** | 0.38 |
| Expected Return on Plan Assets | **(0.18)** | (0.18) |
| Net Actuarial Gain | **0.24** | 0.86 |
| Past Service Cost | **0.83** | - |
| **Total Included in Employment Expenses** | **3.87** | 2.37 |
| **Actual Return on Plan Assets** | **0.25** | 0.19 |
| **Category of Assets as on 31 March 2010**<br>Insurer Managed Fund | **2.76** | 2.24 |

The assumptions used in accounting for the gratuity are set out below:

| | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|---|---|---|
| Discount rate | **8.00%** | 7.75% |
| Rate of increase in compensation levels of covered employees | **8.00%** | 7.50% |
| Expected Rate of return on plan assets | **8.00%** | 8.00% |

The Payment of Gratuity (Amendment) Bill 2010 amending the Maximum gratuity payable under The Payment of Gratuity Act 1972 from Rs.3.50 Lakhs to Rs.10 Lakhs has been passed by both houses of Parliament in May 2010 and will come into effect from a date to be notified by the Central Government. Since the said Bill has been substantively enacted, the Company has given effect to the same in valuing its actuarial liability for gratuity as at 31 March 2010. Due to this change in the maximum limit under the Act, the profit after tax for the current year is lower by Rs.0.83 crore.

## 14 Segment Reporting

### a) Primary Segment: Geographical Segment

The company, considering its high level of international operations and present internal financial reporting based on geographical location of customer, has identified geographical segment as primary segment.

The geographic segment consists of:

a) Domestic (Sales to Customers located in India)

b) International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The company believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the company's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made

(Rs. Crore)

| Particulars | Domestic | International | Total |
|---|---|---|---|
| Operating Revenue (including job work charges) | 2,752.19 | 1,558.98 | 4,311.17 |
| | (1,922.43) | (1,054.50) | (2,976.93) |
| Profit before Interest & tax (segment results unallocable) | | | 909.87 |
| | | | (589.11) |
| Less: Interest and finance Charges (Net) | | | 535.08 |
| | | | (304.12) |
| Less: Tax | | | 127.44 |
| | | | (96.62) |
| Profit after Tax | | | 247.35 |
| | | | (188.37) |

### b) Secondary Segment: Business Segment

The company is operating into a single business i.e. Textile and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting"

15 In the opinion of the Board, carrying value of all Current assets, loans and advances and other receivables is not less than their realizable value in the ordinary course of business.

16 Provision for Income Tax of Rs. 63.56 crore (previous year Rs. 32.98 crore) has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961, in view of deductions available to the company. Considering the future profitability and taxable positions in the subsequent years, the company has recognized 'MAT credit entitlement' amounting to Rs. 34.26 crore (Previous year Rs. 28.65 crore), aggregating to Rs. 68.14 crore (previous year Rs. 33.88 crore), as an asset by crediting the Profit and Loss Account for an equivalent amount and disclosed under 'Loans and Advances' (Schedule 11) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

**17** Excess provision for dividend of earlier year of Rs. Nil (Previous Year Rs. 0.17 cores) [including dividend tax Rs. Nil (Previous year Rs. 0.02 crore)] represent the difference between the amount provided and paid considering the legal opinion obtained by the company and the amount finally paid on the shares allotted as on outcome of conversion of FCCBs

**18** The company has invested in a subsidiary company viz; Alok Industries International Limited aggregating to Rs 79.37 Crore (Previous year Rs. 368.12 Crore) (including share application money) as at year end, which is a strategic long-term investment.

a) The subsidiary company has made investment in Alok European Retail, s.r.o. (AER), a 100% subsidiary, of Rs. 0.06 crore and granted an advance aggregating Rs. 0.74 crore. As per the audited financial statements as at 31 March 2010, the AER has incurred losses. The subsidiary company, for the time being, does not intend to continue with the business plans of investing further in this subsidiary and out of abundant caution, has made provision towards diminution in the value of investment of Rs. 0.06 crore and for doubtful advances Rs. 0.74 crore which would be adjusted, if any, based on future operational results of the subsidiary company. Accordingly, the investment in and advances to such subsidiary stand fully provided for.

b) The subsidiary company has made investment in its subsidiary viz; Mileta, a.s. aggregating Rs. 44.76 crore [Previous year Rs. 39.80 crore] and given interest free loan aggregating Rs. 25.00 crore [Previous year Rs. 58.24 crore] which is outstanding as at the yearend. Mileta has embarked upon a business growth plan for streamlining it's opeartion and is expected to generate cash surplus from 2010-11. On that basis and the obective assessment of expected cash flow, investment in Mileta and the loan amount as at the year end is considered good and recoverable.

c) The subsidiary company has investment in an associate viz; Grabal Alok (UK) Limited aggregating to Rs. 314.22 crore (Previous year Rs. 354.66 crore) and given interest free loan of Rs. 7.40 crore (Previous year Rs. Nil) and interest bearing loan of Rs. 16.72 crore (Previous year Rs. Nil) which is a strategic long-term investment. The subsidiary company has also invested Rs. 54.04 crore [Previous year Rs. 38.06 crore] in another associate viz; Grabal Alok International Limited and given interest free loan of Rs. Nil [Previous year Rs. 16.73 crore], which has entirely invested such amounts in Grabal Alok (UK) Limited. Grabal Alok (UK) Ltd. has embarked upon a plan for revamping it's retailing operations in Europe through an optimized sourcing strategy and opening of additional stores. On that basis and the obective assessment of expected cash flow, in the opinion of the Company, the aforesaid investments and the loan amounts outstanding as at 31 March 2010 are considered good and recoverable.

d) Rs. 33.43 crore (Previous Year Rs. 37.71 crore), being subscription money paid to PowerCor LLC towards 5% Group B Membership interest, which was made with a view to participate in the probable gains from commercializing of certain niche technology – plans, the said company is yet to commence its operations and has exclusive rights to market, commercialise and sell specific software used in development and implementation of certain products. It is Pre-mature to Re-assess the Potential of this venture, pending full clarity on the starts of their business plans, the subsidiary has made provision for Diminution in value of its investment to the extent of 25%.

e) Rs.5.91 crore (Previous Year Rs.6.67 crore) in 22 (Privious year 22) senior units of the equity capital of Aisle 5 LLC (Aisle), which is in the business of development, marketing and licensing of trade brands. Subsequent to the year end, an involuntary petition for liquidation under chapter 7 was filed against Aisle 5 LLC in the US Bankruptcy Court. Based on such liquidation petition, the Subsidiary Company has considered and made provision for diminution.

On the above basis and objective assessment of the expected cash flow of the subsidiary Company, in opinion of the company the investment in subsidiary company viz Alok Industries International Limited in considered good.

**19.** During the year, the Company invested in a newly formed company, Triumphant Victory Holding Limited ("TVHL") in the British Virgin Islands, as a strategic long term investment. TVHL has availed of a short term loan facility from Axis Bank-DIFC-Dubai Branch for investment in Alok Industries International Limited by way of Compulsory Convertible Debentures with put option on the Company at the end of due date. The said put option is backed by a lien on fixed deposit of Rs. 444.00 crore of the Company held by Axis Bank, New Delhi.

**20.**

a) The Company, during the year based on the Announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" along with the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Polices" has accounted for derivative forward contracts at fair values.

On that basis, changes in the fair value of the derivative instruments as at 31 March 2010 aggregating to Rs. 23.95 Crore (previous year Rs. 16.85 Crore) have been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of counter parties.

b) Derivative contracts entered into by the company and outstanding as on 31 March 2010

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the company and outstanding as on 31 March 2010 amount to Rs. 1,267.46 Crore (previous year Rs. 169.36 Crore). Category wise break-up is given below.

(Rs. Crore)

| Sr. No. | Particulars | 31 March 2010 | 31 March 2009 |
|---|---|---|---|
| 1 | Interest Rate Currency / Swaps | **1077.87** | 157.52 |
| 2 | Currency Options | **189.59** | 11.84 |
| | **Total** | **1267.46** | 169.36 |

c) All derivative and financial instruments acquired by the company are for hedging purpose only.

d) The yearend foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below :

a. **Amount receivable in foreign currency on account of the following**

(in Crore)

| Particulars | Rupees | Amount in foreign currency | Foreign Currency |
|---|---|---|---|
| Debtors | 246.36 | 5.46 | USD |
| | 1.09 | 0.02 | GBP |
| | 17.05 | 0.28 | EUR |
| | | | |
| Cash & Bank Balance | 35.81 | 0.79 | USD |

| Particulars | Rupees | Amount in foreign currency | Foreign Currency |
|---|---|---|---|
| Secured Loans | 248.25 | 5.50 | USD |
| | 72.99 | 113.98 | JPY |
| Interest accrued but not due on loans | 25.89 | 0.57 | USD |
| Unsecured Loan | 107.21 | 2.38 | USD |
| Sundry creditors | 0.27 | 0* | EUR |
| | 0.31 | 0** | GBP |
| | 17.71 | 0.39 | USD |
| * 45020.61, ** 44928.62 | | | |

**21.** During the year the company has received Rs. 42.75 crore towards full & final settlement of insurance claim for material damage of Rs. 190.66 crore filed with the Insurer for fire occurred to its Texturising unit in previous years, and has recognised loss of Rs. 37.91 crore in the Profit & Loss Account.

**22.** In line with the notification dated 31 March 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 – 'Effect of changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.

i) In effect of the above the company hasAdded to fixed assets/ capital work-in-progress Rs.75.00 crore (Previous year Rs. 166.46 crore) being exchange difference on long term monetary items relatable to acquisition of fixed assets.

ii) Charged to Profit & Loss Account Rs. 0.17 crore (Previous year Rs. 6.55 crore).

iii) Carried forward Rs. 0.17 crore (previous year Rs. 11.20 crore) in the 'Foreign Currency Monetary Item Translation Difference Account' being the amount remaining to be amortised as at 31 March 2010.

## 23. Additional Information required under Schedule VI, Part II of the Companies Act,1956.

i) Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc.

| Particulars | Unit | Period/ Year ended | Installed Capacity per annum + | Opening Stock | | Production Quantity @ | Purchase | | Turnover | | Closing Stock | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Quantity | Amount (Rs. Crore) | | Quantity # | Amount (Rs. Crore) | Quantity # | Amount (Rs. Crore) | Quantity | Amount (Rs. Crore) |
| Woven Fabric Manufactured | Lacs Mtrs | March.10 | 1518 Looms & 19 Stenters | 254.40 | 191.57 | 1,923.87 | - | - | 2,048.20 | 1,789.28 | 130.07 | 96.09 |
| | | March.09 | 1318 Looms & 18 Stenters | 156.34 | 120.08 | 1,780.99 | - | - | 1,682.94 | 1,451.00 | 254.40 | 191.57 |
| Knitted Fabric | M.T. | March.10 | 174 Machines | 374.54 | 7.73 | 6,852.32 | - | - | 6,802.29 | 142.26 | 424.56 | 9.91 |
| | | March.09 | 160 Machines | 652.63 | 8.92 | 6,414.79 | - | - | 6,692.88 | 148.00 | 374.54 | 7.73 |
| Cotton Yarn - Manufacture | M.T | March.10 | 300096 Spindles and 2160 Rotors | 763.39 | 6.15 | 10,989.08 | - | - | 10,258.90 | 71.56 | 1,493.57 | 15.65 |
| | | March.09 | 150912 Spindles | 594.94 | 3.77 | 8,516.77 | - | - | 8,348.32 | 59.12 | 763.39 | 6.15 |
| Chips | M.T | March.10 | 1 Machines | 706.11 | 2.49 | 41,958.05 | - | - | 42,143.04 | 238.14 | 521.12 | 3.15 |
| | | March.09 | - | - | - | 1,588.74 | - | - | 882.63 | 3.98 | 706.11 | 2.49 |
| Texturised Yarn | M.T. | March.10 | 27816 Spindles | 946.74 | 6.88 | 106,958.80 | - | - | 104,183.48 | 824.52 | 3,722.06 | 32.34 |
| | | March.09 | 20904 Spindles | 1,145.47 | 9.35 | 70,819.08 | - | - | 71,017.81 | 579.93 | 946.74 | 6.88 |
| Poy | M.T. | March.10 | 5328 Spindles | 664.18 | 4.19 | 28,978.06 | - | - | 27,903.26 | 201.86 | 1,738.98 | 12.92 |
| | | March.09 | 2448 Spindles | 616.66 | 2.95 | 9,789.78 | - | - | 9,742.25 | 68.50 | 664.18 | 4.19 |
| Handkerchief | Pcs | March.10 | 64 Machines | 1,258,423 | 1.04 | 6,587,418 | - | - | 6,662,039 | 10.31 | 1,183,802 | 1.53 |
| | | March.09 | 64 Machines | 181,380 | 0.12 | 6,962,509 | - | - | 5,885,466 | 6.18 | 1,258,423 | 1.04 |
| Garments | Pcs | March.10 | 1647 Machines | 401,060 | 3.30 | 3,938,429 | - | - | 3,699,164 | 60.69 | 640,325 | 3.90 |
| | | March.09 | 1647 Machines | 374,966 | 2.65 | 4,739,215 | - | - | 4,713,121 | 58.61 | 401,060 | 3.30 |
| Made-ups | Sets | March.10 | 948 Machines | 120,496 | 6.92 | 5,010,290 | - | - | 4,947,533 | 417.03 | 183,253 | 6.34 |
| | | March.09 | 914 Machines | 114,562 | 8.99 | 4,078,894 | - | - | 4,072,960 | 337.74 | 120,496 | 6.92 |
| | Pcs. | March.10 | - | 177,963 | 4.20 | 3,776,641 | - | - | 3,736,850 | 230.54 | 217,754 | 3.58 |
| | | March.09 | - | 268,664 | 9.33 | 2,365,247 | - | - | 2,455,948 | 138.89 | 177,963 | 4.20 |
| | Pairs | March.10 | - | 226,474 | 1.72 | 2,126,975 | - | - | 2,192,053 | 30.65 | 161,396 | 8.81 |
| | | March.09 | - | 52,499 | 0.92 | 625,002 | - | - | 451,027 | 21.95 | 226,474 | 1.72 |
| Terry Towel | M.T. | March.10 | 48 Looms & 1 Stenters | 0.45 | 0.01 | 1,907.53 | - | - | 1,703.61 | 29.02 | 204.37 | 11.11 |
| | | March.09 | - | - | - | 14.91 | - | - | 14.46 | 0.03 | 0.45 | 0.01 |
| | Lacs Mtrs | March.10 | - | - | - | 0.16 | - | - | 0.02 | 0.02 | 0.14 | 0.08 |
| | | March.09 | - | - | - | - | - | - | - | - | - | - |
| Raw Cotton – Traded | M.T. | March.10 | - | 689.79 | 3.92 | | 47,091.16 | 327.72 | 34,835.91 | 251.45 | 12,945.04 | 94.24 |
| | | March.09 | - | 1,296.85 | 7.54 | - | 6,135.32 | 36.69 | 6,742.38 | 48.90 | 689.79 | 3.92 |
| Cotton Yarn - Traded | M.T. | March.10 | - | - | - | | 88.00 | 3.43 | 88.00 | 4.09 | - | - |
| | | March.09 | - | 23.55 | 0.81 | - | 67.03 | 2.51 | 90.58 | 3.07 | - | - |
| Accessories - Traded | | March.10 | - | - | - | - | - | 67.31 | - | 70.00 | - | - |
| | | March.09 | - | - | - | - | - | 66.06 | - | 73.81 | - | - |
| Total | | March.10 | | | 240.12 | - | - | 398.46 | | 4,371.42 | - | 299.66 |
| | | March.09 | - | - | 175.43 | - | - | 105.26 | - | 2,999.73 | - | 240.12 |

* Includes 710 Nos. (Previous year 610 Nos) Double width Looms

# After Adjusting inter division consumption, excesses, shortages,

@ Production includes items produced on job work basis by outside parties.

\+ As certified by the management

(Rs. Crore)

| Production excludes | | Unit | 31 March 2010 | 31 March 2009 |
|---|---|---|---|---|
| **1.** | **Job work for Outsiders** | | | |
| a) | Woven Fabric | Lacs Mtrs. | **56.39** | 35.59 |
| b) | Knitted Fabric | M.T. | **199.02** | - |
| c) | Woven Fabric for Processing | Lacs Mtrs. | **114.19** | 105.72 |
| d) | knitted Fabric for Processing | M.T. | **203.89** | 267.69 |
| | | | | |
| **2.** | **Production consumed internally** | | | |
| a) | Woven Fabric for Made-ups | Lacs Mtrs. | **478.96** | 308.98 |
| b) | Knitted Fabric for Garments | M.T. | **661.80** | 908.67 |
| c) | Woven Fabric for Garments | Lacs Mtrs. | **10.43** | 14.36 |
| d) | Yarn for Knitted Fabrics | M.T. | **1,184.82** | 2,433.29 |
| e) | Yarn for Woven Fabrics | M.T. | **29,056.61** | 16,013.16 |
| f) | Woven Fabrics for Processing | Lacs Mtrs. | **1,045.56** | 778.38 |
| g) | Knitted Fabrics for Processing | M.T. | **6,448.35** | 5,622.16 |

(Rs. Crore)

| PARTICULARS | | Units | 31 March 2010 | | 31 March 2009 | |
|---|---|---|---|---|---|---|
| | | | **Quantity** | **Value** | **Quantity** | **Value** |
| **(ii)** | **Raw Material Consumed** | | | | | |
| 1) | Manufacture of woven fabrics | | | | | |
| | - Yarn | Kgs | **9,051,938** | **167.06** | 18,772,920 | 346.74 |
| | - Fabric | Mtrs | **50,326,185** | **424.22** | 53,852,920 | 427.36 |
| 2) | Manufacture of knitted fabrics | | | | | |
| | - Yarn | Kgs | **1,206,826** | **23.03** | 5,906,713 | 111.96 |
| | - Fabric | Kgs | **314,889** | **4.44** | 5,047 | 0.10 |
| 3) | Manufacture of Yarn | | | | | |
| | - Poy | Kgs | **9,101,648** | **53.35** | 31,757,798 | 252.08 |
| 4) | Processing | | | | | |
| | - Dyes & Chemicals | - | **-** | **151.23** | - | 134.53 |
| 5) | Manufacture of Garments | | | | | |
| | -Woven Fabrics | Mtrs | **4,962** | **0.04** | 5,063 | 0.03 |
| | -Knitted Fabrics | Kgs | **23,626** | **0.88** | 10,316.64 | 0.24 |
| 6) | Manufacture of Poy | | | | | |
| | -Polyester Chips | Kgs | **1,419,157** | **12.57** | 47,507,930 | 282.26 |
| 7) | Manufacture of Cotton Yarn | | | | | |
| | -Raw Cotton | Kgs | **40,460,595** | **276.87** | 25,174,049 | 165.50 |
| 8) | Manufacture of Chips | | | | | |
| | -Chemicals | Kgs | **202,296,447** | **790.09** | 5,153,370 | 19.57 |
| 9) | Manufacture of Terry Towel | | | | | |
| | -Yarn | Kgs | **2,962,266** | **36.57** | 23,802 | 0.22 |
| | | | | **1,940.35** | | 1,740.58 |

24 (i) **CIF Value of Imports**

(Rs. in Crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| - Capital Goods purchased | **317.56** | 584.87 |
| - Stores & Spares purchased | **77.25** | 34.14 |
| - Raw Material purchased | 505.43 | 151.42 |
| | **900.24** | 770.43 |

(i) **Expenditure in Foreign Currency**

(Rs. Crore)

| Nature of Expenses | 2009-10 | 2008-09 |
|---|---|---|
| - Advertisement Expenses | **0.07** | 0.01 |
| - Foreign Travel / Business Promotion | **0.27** | 9.55 |
| - Legal & Professional Fees | **11.33** | 4.40 |
| - Interest on Foreign currency term loans | **35.23** | 46.86 |
| - Internet Expenses | **0.12** | 0.14 |
| - Testing & Laboratory Expenses | **0.28** | 0.14 |
| - Commission | **6.53** | 6.30 |
| - Fees Rates & Taxes | **0.23** | 1.47 |
| - Claim For Damaged Goods | **3.10** | 3.98 |
| - Donation | **-** | 0.01 |
| - Freight & Insurance | **0.83** | 0.36 |
| - Inspection Fees | **0.28** | 0.50 |
| - Insurance Charges | **7.28** | 0.00 |
| - Repairs & Maintenance | **0.92** | 0.27 |
| - Upfront Fees | **-** | 0.17 |
| - Office & Factory Salaries / Wages / Stipend | **0.83** | 0.71 |
| - Sales Paramotion Expenses | **18.28** | - |
| - Agency & Clearance Charges | **0.19** | - |
| - Membership & Subscription | **0.03** | - |
| - Travelling Expenses | **0.12** | - |
| - Foreign Bank Charges | **1.64** | - |
| - Designing & Printing | **0.06** | - |
| - Books & Periodicals | **0.07** | - |
| - Office Expenses | **0.26** | - |
| - Office Rent | **0.04** | - |
| - Vehicle Expenses | **0.02** | - |
| - Telephone, Fax & Mobile | **0.03** | - |
| - Financial Service Charges | **0.03** | - |
| - Bank Charges & Commission | **1.43** | - |
| - Arrangement Fees | **0.12** | - |
| - Motor Car Expenses | **0.01** | - |
| Total | **89.62** | 74.87 |

(i) **Value of raw materials, stores and spares consumed during the year.**

(Rs. Crore)

| | 2009-10 | | | | 2008-09 | | | |
|---|---|---|---|---|---|---|---|---|
| | Imported | | Indigenous | | Imported | | Indigenous | |
| | Value | % of Total Consumption | Value | % of Total Consumption | Value | % of Total Consumption | Value | % of Total Consumption |
| Raw Materials | **505.43** | **25.21 %** | **1499.56** | **74.79 %** | 151.42 | 8.77% | 1574.77 | 91.23% |
| Stores and Spares | **77.25** | **58.10 %** | **55.72** | **41.90 %** | 34.14 | 69.43% | 15.03 | 30.57% |

(ii) **Earning in Foreign Currency**

(Rs. Crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| - FOB Value of Exports | **1437.06** | 972.48 |
| - Interest received on Fixed Deposits | **7.45** | 2.51 |

(iii) **Dividend Remitted in Foreign Exchange**

| Year of Dividend | 2009-10 | 2008-09 |
|---|---|---|
| Equity share | | |
| No. of shareholders | - | 1 |
| No. of shares held by them | - | 2,08,469 |
| Dividend remitted during the year (Rs. Crore) | - | 0.00* |
| Year to which dividend relates | - | 2007-08 |

(* Rs. 33, 584/-)

25 The amounts in balance Sheet, Profit and Loss account and cash flow statement are rounded off to the nearest lakh and denominated in crore of rupees.

26. The figures of the previous year have been reclassified / regrouped wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 19

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

# Balance Sheet Abstract And Company's General Business Profile

**Information required to be given in pursuance of part IV of Schedule VI of the Companies Act, 1956**

| | | | | | |
|---|---|---|---|---|---|
| I | **Registration Details** | | | | |
| | Registration No. | L17110 DN1986 PLC 00334 | | | |
| | State Code | 11 | | | |
| | Balance Sheet Date | | 31<br>Day | 3<br>Month | 2010<br>period |
| | | | | | (Amount in Rs. Thousands) |
| II | **Capital raised during the period** | | | | |
| | Public issue | | | | NIL |
| | Rights issue | | | | 4,087,231 |
| | Bonus issue | | | | NIL |
| | QIP Issue | | | | 1,821,002 |
| III | **Position of mobilisation and deployment of funds** | | | | |
| | Total Liabilities | | | | 121,768,508 |
| | Total Assets | | | | 121,768,508 |
| | **Sources of Funds** | | | | |
| | Paid up Capital | | | | 7,877,871 |
| | Reserves & Surplus | | | | 19,283,966 |
| | Share Application Money | | | | - |
| | Share Warrants | | | | - |
| | Secured Loan | | | | 80,866,623 |
| | Unsecured Loan | | | | 4,230,203 |
| | Deferred Tax Liability | | | | 4,069,827 |
| | **Application of Funds** | | | | |
| | Net Fixed Assets | | | | 71,451,133 |
| | Net Current Assets | | | | 42,578,723 |
| | Investments | | | | 2,296,886 |
| | Foreign Currency Translation Monetory Account | | | | 1,748 |
| IV | **Performance of the Company** | | | | |
| | Turnover | | | | 43,111,717 |
| | Total Expenditure | | | | 43,342,176 |
| | Profit before Tax | | | | 3,747,889 |
| | Profit after Tax | | | | 2,473,446 |
| | Earning Per Share | | | | |
| | - Basic | | | | 4.57 |
| | -Diluted | | | | 4.57 |
| | Dividend Rate | | | | 2.50% |
| V | **Generic names of Principal Products/Services of the Company** | | | | |
| | (as per monetary terms) | | | | |
| | Item Code No.(ITC Code) | 5208 | | | |
| | Product description | Woven Fabrics of cotton, containing 85% or more by weight of cotton weighing not more than 200 g/m2 | | | |
| | Item Code No.(ITC Code) | 5406 | | | |
| | Product description | Man made filament yarn (other than sewing thread) put up for retail sale. | | | |
| | Item Code No.(ITC Code) | 6001 | | | |
| | Product description | Pile fabric, including 'long pile' fabrics and terry fabrics, knitted or crocheted. | | | |
| | Item Code No.(ITC Code) | 6002 | | | |
| | Product description | Other knitted or crocheted fabric. | | | |

## STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(3) and 212(5) OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. Crore)

| Sr No | Name of the Subsidiary Company | Financial Year to which accounts relate | Holding Company's interest as at close of financial year of subsidiary company | | Net aggregate amount of subsidiary company's profits after deducting its losses or vice versa, so far as it concerns members of the Holding Compnay which are not dealt within the Company's account | | Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, dealt within the Company's account | | Holding Company's interest as at 31 March 2010 incorporating changes since close of financial year of subsidiary company |
|---|---|---|---|---|---|---|---|---|---|
| | | | i) Shareholding | ii) Extent of holding %age | For the current financial year (Rs. Crore) | For the previous financial year (Rs. Crore) | For the current financial year (Rs. Crore) | For the previous financial year (Rs. Crore) | |
| | **Overseas** | | | | | | | | |
| 1 | Alok Inc | 2009-10 | 50 Equity Shares of USD 200 each | 100 | 0.04 (loss) | 0.12 (profit) | Nil | Nil | N.A. |
| 2 | Alok Industries International Limited | 2009-10 | 50000 Equity shares of USD 1 each | 100 | 58.88 (loss) | 14.73 (profit) | Nil | Nil | N.A. |
| 3 | Alok International Inc | 2009-10 | 1000 Equity Shares of USD 1 each | 100 | 0.51 (profit) | 0.59 (profit) | Nil | Nil | N.A. |
| 4 | Alok European Retail, s.r.o. | 2009-10 | 200 Equity Share of 1000 CZK Each | 100 | 0.01 (profit) | 0.58 (loss) | Nil | Nil | N.A. |
| 5 | Mileta a.s | 2009-10 | 1180152 Equity Share of CZK 196 Each | 93.21 | 9.42(loss) | 33.55 (loss) | Nil | Nil | N.A. |
| | **Domestic** | | | | | | | | |
| 1 | Alok Infrastructure Limited | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 1.79 (Profit) | 1.43 (Profit) | Nil | Nil | N.A. |
| 2 | Alok Apparels Private Limited | 2009-10 | 1000000 Equity Shares of Rs. 10 each | 100 | 4.82 (loss) | 2.87 (loss) | Nil | Nil | N.A. |
| 3 | Alok Retail (India) Limited | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 8.71 (loss) | 4.12 (loss) | Nil | Nil | N.A. |
| 4 | Alok Realtors Private Limited | 2009-10 | 1750000 Equity Shares of Rs. 10 each | 100 | 0.02 (loss) | 0.27 (loss) | Nil | Nil | N.A. |
| 5 | Alok Landholdings Private Limited | 2009-10 | 500000 Equity Shares of Rs. 10 each | 100 | 0.01 (loss) | 0.02 (loss) | Nil | Nil | N.A. |
| 6 | Alok New City Infratex Pvt Ltd | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 0.01 (loss) | 0.00 (loss) | Nil | Nil | N.A. |
| 7 | Alok Aurangabad Infratex Pvt Ltd | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 0.01 (loss) | 0.00 (loss) | Nil | Nil | N.A. |
| 8 | Alok HB Hotels Private Limited | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 0.01 (loss) | 0.00 (loss) | Nil | Nil | N.A. |
| 9 | Alok HB Properties Private Limited | 2009-10 | 50000 Equity Shares of Rs. 10 each | 100 | 0.01 (loss) | 0.00 (loss) | Nil | Nil | N.A. |
| 10 | Kesham Developers & Infotech Pvt.Ltd | 2009-10 | 2580000 Equity Shares of Rs. 10 each | 100 | 0.48 (Profit) | NA | Nil | Nil | N.A. |
| 11 | Springdale Information & Technology Pvt. Ltd. | 2009-10 | 600000 Equity Shares of Rs. 10 each | 100 | 0.00 (profit) | NA | Nil | Nil | N.A. |
| 12 | Alok H&A Limited | 2009-10 | 36050000 Equity Shares of Rs.10 each | 100 | 0.58 (profit) | NA | Nil | Nil | N.A. |

## FINANCIAL INFORMATIN RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. Crore)

| S. No. | Name of the subsidiary | Capital | Reserve | Total Assets | Total Liabilities | Investment* | | | | Turnover | Proft before Tax | Provision for tax | Profit after tax | Proposed Dividend |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Government Securities | Shares, Debentures, Bond & Others | Units of Mutual Fund | Associate | | | | | |
| 1 | Alok Industries International Limited@ | 79.37 | (33.02) | 497.76 | 497.76 | - | 407.65 | - | | - | (58.88) | - | (58.88) | - |
| 2 | Alok Inc.@ | 0.04 | 0.15 | 0.37 | 0.37 | - | - | - | - | - | (0.04) | - | (0.04) | - |
| 3 | Alok Infrastructure Limited | 0.05 | 5.26 | 483.30 | 483.30 | - | - | - | 84.07 | 205.82 | 3.12 | 1.33 | 1.79 | - |
| 4 | Alok Apparels Private Limited | 1.00 | (8.19) | 40.44 | 40.44 | - | - | - | - | 14.52 | (7.26) | (2.44) | (4.82) | - |
| 5 | Alok Retail (India) Limited | 0.05 | (12.83) | (12.78) | (12.78) | - | - | - | - | 45.47 | (8.86) | (0.15) | (8.71) | - |
| 6 | Alok Realtors Private Limited | 1.75 | (0.33) | 771.55 | 771.55 | - | - | - | - | - | (0.02) | - | (0.02) | - |
| 7 | Alok Land holdings Private Limited | 0.50 | (0.22) | 227.85 | 227.85 | - | - | - | 202.84 | - | (0.01) | - | (0.01) | - |
| 8 | Alok New City Infratex Private Limited | 0.05 | (0.01) | 0.04 | 0.04 | - | - | - | - | - | (0.01) | - | (0.01) | - |
| 9 | Alok Aurangabad Infratex Private Limited | 0.05 | (0.01) | 0.04 | 0.04 | - | - | - | - | - | (0.01) | - | (0.01) | - |
| 10 | Alok HB Hotels Private Limited | 0.05 | (0.01) | 0.04 | 0.04 | - | - | - | - | - | (0.01) | - | (0.01) | - |
| 11 | Alok HB Properties Private Limited | 0.05 | (0.01) | 0.04 | 0.04 | - | - | - | - | - | (0.01) | - | (0.01) | - |
| 12 | Mileta, a.s.# | 55.14 | 2.76 | 93.17 | 93.17 | - | 0.51 | - | - | 120.19 | (9.31) | 0.12 | (9.42) | - |
| 13 | Alok International Inc.@ | 0.00 | 1.10 | 1.44 | 1.44 | - | - | - | - | 51.28 | 0.77 | 0.26 | 0.51 | - |
| 14 | Alok European Retail, s.r.o.# | 0.05 | (0.57) | (0.52) | (0.52) | - | - | - | - | - | 0.01 | - | 0.01 | - |
| 15 | Kesham Developers & Infotech Pvt.Ltd | 2.58 | 1.63 | 17.21 | 17.21 | - | - | - | - | - | 0.88 | 0.40 | 0.48 | - |
| 16 | Springdale Information & Technology Pvt. Ltd. | 0.60 | 0.24 | 1.29 | 1.29 | - | - | - | - | - | 0.00 | 0.00 | 0.00 | - |
| 17 | Alok H&A Limited | 36.05 | 0.58 | 36.63 | 36.63 | 0.01 | - | - | - | 37.49 | 0.92 | 0.34 | 0.58 | - |

@ Balance sheet items are transalated at closing exchange rate of INR 45.14/USD and Profit/(Loss) items are transalated at average closing rate of INR 47.41611/USD

# Balance sheet items are transalated at closing exchange rate of INR 2.3836/CZK and Profit/(Loss) items are transalated at average closing rate of INR 2.5989/CZK

* Excluding investment in Subsidiaries

**Note**

The Ministry of Corporate Affairs, Governament of India vide its order No. 47/122/2010-CL-III dated 25 March 2010 issued under section 212 (8) of the companies Act, 1956, has exempted the company from attaching the documents of company's subsidiaries, required to be attached under section 212 (1) of the companies Act, 1956, for the financial year ended on 31March 2010. However annual accounts of the Subsidiary Companies and the related detailed information will be made available to tge investors of the company and subsidiaries of the Company, seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office of the company and the concerned Subsidiary of the company.

To,
The Board of Directors
**Alok Industries Limited**

1. We have audited the attached Consolidated Balance Sheet of **Alok Industries Limited** ("the Company"), its Subsidiaries (the Company and its subsidiary collectively referred to as the "Group"), Joint Venture and Associates, as at **31 March 2010**, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Venture". as notified by the Company (Accounting Standards) Rules 2006.

4. We did not audit the financial statement reflecting total assets (net) of Rs 2157.37 Crore, total revenues (net) of Rs. 447.55 Crore and net cash outflows of Rs. 43.59 Crore of subsidiaries, share of loss (net) of Rs 20.70 Crore in Associates and further includes total assets (net) of Rs.75.53 Crore total revenues of Rs. 173.91 Crore and net cash outflow of Rs. 46.73 Crore of Joint Venture as referred to in Note No. 1, 2 and 3 respectively of Part B of schedule 19, which have not been audited by us. These have been audited by other auditors whose reports have been furnished to us, and our opinion so far as it relates to the amounts included in respect of these entities, is based solely on reports of those respective auditors.

5. ***During the year, the Company changed its Accounting Policy pertaining to adjusting issue expenses incurred in connection with share, debenture and foreign currency convertible bonds. The earlier policy of adjusting it against the Securities Premium Account has been changed this year to writing it off in to the Profit & Loss Account, resulting in the profits before tax for the year being lower by Rs. 40.43 crore.***

6. Based on our audit, and on consideration of report of other auditors on separate financial statements / management certification and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 4 above ***and subject to the effect of the matters stated in para 5 above,*** give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2010;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Gandhi & Parekh**
Chartered Accountants
Firms Registration No. 120318W

**Devang B. Parekh**
Partner
Membership No. 105789

Place : Mumbai
Date : 29 July 2010.

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2010

(Rs. Crore)

| PARTICULARS | SCHEDULE NO. | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|---|
| **I SOURCES OF FUNDS** | | | | |
| **(I) Shareholder's Funds** | | | | |
| (a) Capital | 1 | **787.79** | | 196.97 |
| (b) Share Application Money | | **227.57** | | 329.06 |
| (c) Share Warrants | | **-** | | 10.20 |
| (d) Reserves and Surplus | 2 | **1,769.62** | | 1,394.40 |
| | | | **2,784.98** | 1,930.63 |
| **(2) Minority Interest** | | | **3.62** | 5.57 |
| **(3) Loan Funds** | | | | |
| (a) Secured Loans | 3 | **8,798.15** | | 6,539.93 |
| (b) Unsecured Loans | 4 | **874.42** | | 416.54 |
| | | | **9,672.57** | 6,956.47 |
| **(4) Deferred Tax Liability (net)** (Refer Note No. 13 of part B of Schedule 19) | | | **407.15** | 308.12 |
| **Total** | | | **12,868.32** | 9,200.79 |
| **II APPLICATION OF FUNDS** | | | | |
| **(1) Fixed Assets** | | | | |
| (a) Gross Block | 5 | **7,583.59** | | 4,705.10 |
| (b) Less : Depreciation/Amortisation | | **1,157.20** | | 797.46 |
| (c) Net Block | | **6,426.39** | | 3,907.64 |
| (d) Capital Work-in-Progress | 6 | **1,691.42** | | 2,377.00 |
| | | | **8,117.81** | 6,284.64 |
| **(2) Investments** | 7 | | **416.86** | 463.94 |
| **(3) Goodwill on Consolidation of Joint Venture** | | | **49.22** | 49.22 |
| **(4) Foreign Currency Translation Monetary Account** | | | **0.17** | 11.20 |
| **(5) Deferred Tax Assets** (Refer Note No. 13 of part B of Schedule 19) | | | **4.19** | 1.72 |
| **(6) Current Assets, Loans and Advances** | | | | |
| (a) Inventories | 8 | **1,567.82** | | 1,068.69 |
| (b) Sundry Debtors | 9 | **1,126.46** | | 913.77 |
| (c) Cash and Bank Balances | 10 | **1,410.67** | | 427.43 |
| (d) Loans and Advances | 11 | **910.51** | | 665.32 |
| | | **5,015.46** | | 3,075.21 |
| **Less : Current Liabilities and Provisions** | | | | |
| (a) Current Liabilities | 12 | **729.90** | | 653.33 |
| (b) Provisions | 13 | **57.97** | | 31.81 |
| | | **787.87** | | 685.14 |
| **Net Current Assets** | | | **4,227.59** | 2,390.07 |
| **(7) Profit & Loss Account** | | | **52.48** | - |
| **Total** | | | **12,868.32** | 9,200.79 |
| **Significant Accounting Policies and Notes to Accounts** | 19 | | | |

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

(Rs. Crore)

| PARTICULARS | SCHEDULE NO. | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **INCOME** | | | |
| Sales (inclusive of excise duty) | 14 | **4,484.36** | 3,113.59 |
| Less : Excise duty | | **71.64** | 34.77 |
| | | **4,412.72** | 3,078.82 |
| Job Work Charges Collected | | **11.62** | 11.96 |
| (Tax deducted at source Rs. 0.26 crore [Previous year Rs. 0.03 crore]) | | | |
| | | **4,424.34** | 3,090.78 |
| Other Income | 15 | **66.63** | 45.96 |
| Increase in Stocks of Finished Goods and Process Stock | 16 | **305.73** | 426.93 |
| | | **4,796.70** | 3,563.67 |
| **EXPENDITURE** | | | |
| Purchase of Traded Goods | | **521.86** | 121.68 |
| Manufacturing and Other Expenses | 17 | **3,043.05** | 2,627.53 |
| Interest (net) | 18 | **578.90** | 341.03 |
| Depreciation/Amortisation | | **366.92** | 240.15 |
| **PROFIT BEFORE TAX** | | **285.97** | 233.27 |
| Provision for Tax – Current tax | | **(65.94)** | (34.38) |
| - MAT credit entitlement | | **34.26** | 28.65 |
| - Deferred Tax | | **(96.96)** | (88.48) |
| - Fringe Benefit tax | | **0.02** | (1.79) |
| Excess / (Short) provision for Income Tax in respect of earlier years | | **0.46** | (0.74) |
| **PROFIT FOR THE YEAR BEFORE MINORITY INTEREST** | | **157.81** | 136.53 |
| Add: Share of (Loss) / Profit from Associates | | **(20.74)** | (68.05) |
| Minority Interest | | **0.64** | 6.84 |
| Dilution in share of Minority Interest | | **-** | (1.27) |
| **PROFIT AFTER TAX** | | **137.71** | 74.05 |
| Add: Balance brought forward from previous year | | **149.78** | 287.15 |
| **AMOUNT AVAILABLE FOR APPROPRIATION** | | **287.49** | 361.20 |
| **APPROPRIATIONS** | | | |
| Add : (short)/Excess provision for Dividend of earlier year [including tax on dividend Rs. 0.15 (previous year Rs. 0.03 crore)] [Refer Note no. 19 of Part B of Schedule 19] | | **(0.15)** | 0.17 |
| Add: Transfer from Debenture Redemption Reserve | | **3.47** | - |
| Less: Transfer to General Reserve | | **(20.23)** | - |
| Transfer to Debenture Redemption Reserve | | **(300.10)** | (194.30) |
| Proposed Dividend | | | |
| - on Equity Shares | | **(19.69)** | (14.77) |
| Corporate Dividend Tax thereon | | **(3.27)** | (2.51) |
| **BALANCE CARRIED TO BALANCE SHEET** | | **(52.48)** | 149.78 |
| **EARNINGS PER SHARE (Refer Note No.14 of Part B of Schedule 19)** | | | |
| Basic | | **2.54** | 3.50 |
| Diluted | | **2.54** | 3.03 |
| **Significant Accounting Policies and Notes to Accounts** | 19 | | |

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

(Rs. Crore)

| PARTICULARS | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|
| **A] Cash Flow from Operating Activities** | | |
| Net Profit Before Tax | **285.97** | 233.27 |
| **Adjustments for** | | |
| Depreciation / Amortisation | **366.92** | 240.15 |
| Diminution in the value of investment | **14.99** | - |
| Excess of Cost over Fair value of current Investments | **-** | 0.68 |
| Loss of assets due to fire | **37.91** | - |
| Dividend Income | **(0.79)** | (0.17) |
| Interest Paid (net) | **578.90** | 341.03 |
| Profit on sale of fixed assets (net) | **(2.97)** | (2.33) |
| (Profit)/loss on sale of current investments (net) | **(0.66)** | 3.25 |
| Operating Profit before working capital changes | **1,280.27** | 815.88 |
| **Adjustments for** | | |
| Increase in Inventories | **(499.14)** | (297.43) |
| Increase in Trade Receivables | **(212.69)** | (275.53) |
| Decrease/(Increase) in Loans and Advances | **(247.28)** | 20.78 |
| Increase in Current Liabilities | **61.24** | 79.24 |
| Cash Generated from Operations | **382.40** | 342.94 |
| Income Taxes Paid | **(55.68)** | (43.54) |
| Net Cash Flow from operating activities | **326.72** | 299.40 |
| **B] Cash Flow from Investing Activities** | | |
| Purchase of Fixed Assets | **(2,099.79)** | (2,557.32) |
| Sale / adjustments of fixed assets | **9.00** | 27.25 |
| Purchase of Investments | **(964.62)** | (312.66) |
| Sale of Investments | **819.38** | 142.71 |
| Margin Money Deposits Matured/(placed) | **(48.04)** | 63.03 |
| Dividends Received | **0.79** | 0.17 |
| Interest Received | **19.86** | 77.33 |
| Share Application money paid / (received) | **(2.03)** | (21.31) |
| Inter Corporate Deposits (granted) / refunded - net | **1.62** | 0.04 |
| Net cash used in Investing Activities | **(2,263.82)** | (2,580.76) |
| **C] Cash Flow from Financing Activities** | | |
| Proceeds from issue of Equity Share Capital (including premium) (Net) | **736.74** | - |
| Share Application money received (Net) | **36.01** | 329.06 |
| Proceeds from borrowings (Net) | **2,727.12** | 1,111.31 |
| Dividend Paid (Including Tax thereon) | **(17.43)** | (26.11) |
| Interest Paid | **(576.31)** | (385.52) |
| Net cash generated from Financing Activities | **2,906.13** | 1,028.74 |
| **D] Effect of changes in exchange rates** | **(33.83)** | 37.94 |
| Net Increase/(Decrease) in Cash and Cash equivalents ( A+B+C+D) | **935.20** | (1,214.68) |
| **Cash and Cash equivalents** | | |
| at the beginning of the year | **359.78** | 1,574.46 |
| at the end of the year | **1,294.98** | 359.78 |
| Net Increase in Cash and Cash equivalents | **935.20** | (1,214.68) |

## Cash and Cash equivalents

1 Components of Cash and Cash Equivalents include Cash, Bank Balances in Current, Cash Credit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the period and is considered as part of investing activity.

(Rs. Crore)

4

| Cash and Cash equivalents includes: | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** |
|---|---|---|
| Cash and Bank Balances | **1,410.67** | 427.43 |
| Less: Margin Money Deposits * | **(115.69)** | (67.66) |
| Less: Fixed Deposits Pledged * | **(444.00)** | - |
| Total Cash and Cash equivalents | **1,294.98** | 359.78 |

* Margin money and Fixed Deposit being restricted for its use have been excluded from cash and cash equivalent and grouped under the investment activity, including for the previous year.

5 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '1'** | | | |
| **CAPITAL** | | | |
| **Authorised:** | | | |
| 90,00,00,000(Previous Year 65,00,00,000) Equity shares of Rs.10/- each | | **900.00** | 650.00 |
| **Total** | | **900.00** | 650.00 |
| **Issued and Subscribed :** | | | |
| **Equity Share Capital** | | | |
| 78,77,98,278 (Previous Year 19,69,74,969) Equity shares of Rs.10/- each fully paid up | **787.80** | | 196.97 |
| Less : Calls in Arrear (22,316 shares of Rs. 10/- each Rs. 5/- paid up) | **(0.01)** | **787.79** | - |
| **Total** | | **787.79** | 196.97 |

**NOTES:**

**1)** During the year 59,08,23,309 (previous year 98,00,000) equity shares are issued as under:

i] Nil (Previous Year 98,00,000) Equity shares of Rs. 10/- each are issued on conversion of Nil (Previous Year 98,00,000) warrants to promoter group at a premium of Rs.Nil (Previous Year Rs. 90.16 Crore).

ii] 40,87,23,061 (Previous Year Nil) Equity Shares of Rs.10/- are issued at a premium aggregating to Rs. 40.87 crore on Rights basis in the ratio of 83 Rights Equity Shares for every 40 Equity Shares held.

iii] 18,21,00,248 (Previous Year Nil) Equity Shares of Rs.10/- are issued at a premium aggregating to Rs. 242.56 crore in Qualified Institutional Placements (QIP).

**2)** Of the above shares :

i] 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.

ii] 62,550 equity shares being forfeited shares were reissued during 2001.

(Rs. Crore)

| SCHEDULE '2' | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **RESERVES AND SURPLUS** | | | |
| **Capital Reserve** | | | |
| Balance as per last Balance Sheet | | **0.03** | 0.03 |
| Add : Share warrants forfeited | | **10.20** | - |
| | | **10.23** | 0.03 |
| **Capital Reserve (on consolidation)** | | | |
| Balance as per last Balance Sheet | **12.48** | | 12.31 |
| Add : (Reduction) / Addition on account of additional investments | **(1.82)** | | 0.17 |
| | | **10.66** | 12.48 |
| **Capital Redemption Reserve** | | | |
| Balance as per last Balance Sheet | | **2.20** | 2.20 |
| **Securities premium account** | | | |
| Balance as per last Balance Sheet | **596.96** | | 506.80 |
| Add : Received during the year | **283.43** | | 90.16 |
| | | **880.39** | 596.96 |
| **General Reserve** | | | |
| Balance as per last Balance Sheet | **229.99** | | 215.04 |
| Add: Transferred from Profit and Loss Account | **20.33** | | - |
| Add: Transfer from Foreign Currency Monetary Item Revaluation Reserve (Refer Note No. 22 of Part B of Schedule 19) | **-** | | 14.95 |
| | | **250.22** | 229.99 |
| **Debenture Redemption Reserve** | | | |
| Balance as per last Balance Sheet | **308.05** | | 113.75 |
| Add: Transferred from Profit and Loss Account | **296.63** | | 194.30 |
| | | **604.68** | 308.05 |
| **Foreign Currency Translation Reserve** | | **11.24** | 94.91 |
| **Surplus in Profit and Loss Account** | | **-** | 149.78 |
| **Total** | | **1,769.62** | 1,394.40 |

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '3'** | | | |
| **SECURED LOANS** | | | |
| **a. Debentures** | | | |
| 6% Redeemable Non Convertible Debentures | **-** | | 200.00 |
| 7.30% Redeemable Non convertible Debentures | **500.00** | | - |
| 8.00% Redeemable Non convertible Debentures | **100.00** | | - |
| 10.25% Redeemable Non Convertible Debentures | **-** | | 100.00 |
| 11.00% Redeemable Non Convertible Debentures | **300.00** | | |
| 13.00% Redeemable Non Convertible Debentures | **-** | | 315.00 |
| | | **900.00** | 615.00 |
| **b. Term Loans** | | | |
| (1) From Financial Institutions | | | |
| - Rupee Loans | **581.19** | | 158.00 |
| - Foreign Currency Loans | **184.25** | | 228.53 |
| | **765.44** | | 386.53 |
| (2) From Banks | | | |
| - Rupee Loans | **5,619.42** | | 4,247.80 |
| - Foreign Currency Loans | **660.68** | | 538.83 |
| | **6,280.10** | | 4,786.63 |
| (3) From Others | | | |
| - Rupee Loans | **-** | | 43.00 |
| | | **7,045.54** | 5,216.16 |
| **c. From Banks on Cash Credit Accounts, Working capital demand loans etc** | | **848.11** | 704.72 |
| [Including Rs. 352.44 crore demand loan in foreign currency (Previous year Rs. 146.74 crore)] | | | |
| **d. Loans under Hire Purchase/ Lease Arrangements** | | **4.50** | 4.05 |
| **Total** | | **8,798.15** | 6,539.93 |

**NOTES:**

**1 Debentures are secured by:**

a) **Debentures redeemed during the year**

| Particulars | Nos. | Date of redemption |
|---|---|---|
| 10.25% Redeemable Non convertible Debentures of Rs. 1,00,000/- each | 10000 | 09-Apr-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 10000000 | 31-Jul-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 15000000 | 07-Aug-09 |
| 13.00% Redeemable Non convertible Debentures of Rs. 100/- each | 6500000 | 31-Aug-09 |
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 25-Mar-10 |
| 6% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 2000 | 31-Mar-10 |

b) **Debentures outstanding at the year end are redeemable as follows**

| Particulars | Nos. | Date of redemption |
|---|---|---|
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 12-Apr-10 |
| 11.00% Redeemable Non convertible Debentures of Rs. 10,00,000/- each | 1000 | 28-Apr-10 |
| 11.00% Redeemable Non convertible Debentures of Rs. 100/- each | 10000000 | 28-May-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 27-Jul-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 29-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 10-Aug-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 15-Jul-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 23-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 14-Jun-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 15-Sep-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 24-Aug-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 7-Sep-10 |
| 7.30% Redeemable Non convertible Debentures of Rs. 100/- each | 5000000 | 23-Sep-10 |
| 8.00% Redeemable Non convertible Debentures of Rs. 1000/- each | 1000000 | 30-Oct-10 |

c) All the debentures in a) & b) above are / were secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat

**2 Term loans are secured as under :**

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs. 139.38 crore (previous year Rs. 175.14 crore) and Rs. 2770.24 crore (previous year Rs. 2845.10 crore) respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's bankers towards working capital requirements and (iii) the personal guarantees of three promoter directors.

b) Term loan from the bank to the extent of Rs. 24.28 crore (Previous Year Rs.23.48 crore) is secured by (i) a first charge created/ to be created on the entire present and future movable fixed assets of the company (ii) mortgage of immovable properties located at Falandi-Silvassa (iii) the personal guarantee of Promoter Directors.

c) Term loan from banks and Financial Institution to the extent of Rs. 267.46 crore (previous year Rs. 176.78 crore) is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of promoter directors.

d) Loan from Financial Institution of Rs. 475.00 Crore (Previous year Rs. Nil ) is secured by (i) First and exclusive charge over the mortgage property to secure loan amount. (ii) a charge by way of mortgage deed created on commercial offices situated at 1-8th floor, Ashford Centre, Matulya Mill Comp., Ganpat Rao Kadam Marg, Lower Parel, Mumbai.

e) Term loans from the Banks and Financial Institutions to the extent of Rs. 404.19 crore (previous year Rs. 408.91 crore) and Rs. 38.22 crore (previous year Rs. 84.01 crore) respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company's term lenders and towards working capital requirements (ii) the personal guarantee of Promoter Directors.

f) Term loans from the Banks to the extent of Rs. 13.20 crore (previous year Rs. 18.88 crore) are secured by (i) subservient charge on all assets of the Company excluding Land and Building (ii) Pledge of company's investment in a subsidiary viz. Alok Industries International Limited (ii) the personal guarantee of Promoter Directors.

g) Term loan from the Bank to the extent of Rs.2800.72 crore (previous year Rs. 1313.48 crore ) , are secured by subservient charge on all present and future moveable fixed assets, stocks and receivables of the Company subject to prior charge in favour of the company's term lenders and working capital bankers.

h) Term Loan from others to the extent of Rs. Nil crore (Previous Year Rs. 43.00 crore) is secured by, a pari passu first charge on all present & future current assets, movable properties, right under project agreements, lease rental contracts at Mumbai & Silvassa.

i) Term loan from Financial Institution of Rs.112.85 crore (previous year Rs. 127.38 crore) is secured by (i) subservient charge on all the present and future moveable fixed assets of the company except land and building

3 Working Capital limits from banks are secured by (i) hypothecation of Company's inventories, book debts etc. (ii) second charge created / to be created on the fixed assets of the Company (iii) immovable properties belonging to the Company / Guarantors and (iv) the personal guarantees of three promoter directors of the Company.

4 Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '4'** | | | |
| **UNSECURED LOANS** | | | |
| (a) Term Loans and Advances | | | |
| From Banks and Financial Institutions | | | |
| - Rupee Loans | **193.00** | | 218.03 |
| - Foreign currency loans | **122.81** | | 77.50 |
| | | **315.81** | 295.53 |
| (b) 475 (Previous year 475) 1% Foreign Currency Convertible Bonds (FCCBs) (Refer note no. 10 of part B of Schedule 19) | | **107.21** | 121.01 |
| (c) From Others (Refer not 2 below) | | **451.40** | - |
| **Total** | | **874.42** | 416.54 |

**NOTES:**

1. Term loan from banks to the extent of Rs. 40.00 crore (Previous year Rs. 115.00) are secured by Personal Guarantee of Promoter Directors.
2. Loan from others includes 100,000 compulsory convertible Debentures of USD 1,000 each issued to Triumphant Victory Holdings Ltd (TVHL) for an amount of Rs 451.40 crore (USD 100,000,000) to be converted into preference shares.

## SCHEDULE '5'
## FIXED ASSETS

(Rs. Crore)

| SR. NO. | DESCRIPTION OF ASSETS | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 01.04.09 | ADDITION ON ACQUISITION OF SUBSIDIARY | ADDITIONS | DEDUCTIONS/ ADJUSTMENTS | AS AT 31.03.10 | AS AT 01.04.09 | ACCUMULATED DEPRECIATION ON ACQUISITION OF SUBSIDIARY | FOR THE YEAR # | DEDUCTIONS / ADJUSTMENTS | AS AT 31.03.10 | AS AT 31.03.10 | AS AT 31.03.09 |
| | **OWN ASSETS :** | | | | | | | | | | | | |
| 1 | Freehold Land | 82.29 | - | 29.44 | 0.05 | **111.68** | - | - | - | - | **-** | **111.68** | 82.29 |
| 2 | Leasehold Land | 0.56 | - | - | - | **0.56** | 0.12 | - | 0.01 | - | **0.13*** | **0.43** | 0.44 |
| 3 | Factory Building | 1,085.87 | - | 583.33 | 0.01 | **1,669.19** | 101.74 | - | 41.26 | 1.40 | **141.60** | **1,527.59** | 984.13 |
| 4 | Office Premises | 26.54 | - | 0.06 | - | **26.60** | 1.84 | - | 0.43 | - | **2.27** | **24.33** | 24.70 |
| 5 | Plant and Machinery | 3,295.64 | - | 2,106.83 | 8.93 | **5,393.54** | 642.47 | - | 308.71 | 10.16 | **941.13 @** | **4,452.41** | 2,653.16 |
| 6 | Computer and Peripherals | 22.67 | - | 4.01 | 0.13 | **26.55** | 10.37 | - | 3.65 | 0.10 | **13.92** | **12.63** | 12.30 |
| 7 | Office Equipment | 8.02 | - | 1.64 | - | **9.66** | 1.77 | - | 0.56 | - | **2.33** | **7.33** | 6.25 |
| 8 | Furniture and Fittings | 55.83 | - | 31.91 | 0.23 | **87.51** | 10.53 | - | 4.77 | 0.18 | **15.12** | **72.39** | 45.30 |
| 9 | Vehicles | 5.20 | - | 1.31 | 0.35 | **6.16** | 2.30 | - | 0.52 | 0.16 | **2.66** | **3.50** | 2.90 |
| 10 | Tools and Equipment | 36.11 | - | 13.09 | - | **49.20** | 3.66 | - | 2.84 | - | **6.50** | **42.70** | 32.45 |
| | **Sub - Total** | 4,618.73 | - | 2,771.62 | 9.70 | **7,380.65** | 774.81 | - | 362.75 | 11.90 | **1,125.66** | **6,254.98** | 3,843.92 |
| | **LEASED ASSETS :** | | | | | | | | | | | | |
| 1 | Plant and Machinery | 22.38 | - | - | - | **22.38** | 7.89 | - | 1.65 | - | **9.54** | **12.84** | 14.49 |
| 2 | Computer and Peripherals | 0.22 | - | - | - | **0.22** | 0.21 | - | - | - | **0.21** | **0.01** | 0.01 |
| 3 | Vehicles | 0.18 | - | 2.33 | - | **2.51** | 0.02 | - | 0.05 | - | **0.07** | **2.44** | 0.16 |
| | **Sub - Total** | 22.78 | - | 2.33 | - | **25.11** | 8.12 | - | 1.70 | - | **9.82#** | **15.29** | 14.66 |
| | **INTANGIBLE ASSETS** | | | | | | | | | | | **-** | - |
| 1 | Goodwill on consolidation | - | | 106.31 | - | **106.31** | - | - | - | - | **-** | **106.31** | - |
| 2 | Computer Software | 8.55 | - | 7.93 | - | **16.48** | 4.90 | - | 1.81 | 0.17 | **6.54** | **9.94** | 3.65 |
| 3 | Trademarks / Brands | 55.04 | - | (-) | - | **55.04** | 9.63 | - | 5.55 | - | **15.18** | **39.86** | 45.41 |
| | **Sub - Total** | 63.59 | - | 114.24 | - | **177.83** | 14.53 | - | 7.36 | 0.17 | **21.72** | **156.11** | 49.06 |
| | **Total** | 4,705.10 | - | 2,888.19 | 9.70 | **7,583.59** | 797.46 | - | 371.80 | 12.07 | **1,157.20#** | **6,426.39** | 3,907.64 |
| | **TOTAL PREVIOUS YEAR** | 3,507.77 | 0.18 | 1,265.82 | 234.24 | **3,507.77** | 370.40 | 105.77 | 166.31 | 79.31 | **563.17 #** | **2,944.60** | 1,975.32 |

**Notes :**

1. Plant and Machinery acquired on lease includes Rs.8.12 crores (Previous year Rs. 8.12 crores) incurred by company for installation etc.
2. Plant & Machinery includes gain of Rs. 75.00 crores (Previous year loss of Rs. 166.46 crore) in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 55.04 Crores (Previous year Rs. 55.04) WDV Rs. 39.86 Crores (Previous year Rs. 45.41) which are not registered in the name of the company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

# Depreciation for the period includes Rs. 4.89 crores (Previous Year Rs. 0.34 crores) being deprecition related to pre acquistion period of increse in stake of subsidiary company.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

@ Includes Rs. Nil (Previous year Rs. 0.11 crores) depreciation on Exchange Rate Differnce capitalised for the financial year 07-08 and debited to General Reserve

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '6'** | | |
| **CAPITAL WORK IN PROGRESS** | | |
| Capital Expenditure On Projects | **948.44** | 1,823.04 |
| Advance For Capital Expenditure | **742.98** | 553.96 |
| **Total** | **1,691.42** | 2,377.00 |

Capital expenditure incurred on Projects includes :

1) Rs. 39.11 crore (Previous year Rs. 75.50 crore) on account of pre-operative expenses (Refer Note No. 12 of part B of schedule 19)
2) Rs. 910.05 crore (Previous year Rs. 1,747.54 crore) on account of cost of construction material and plant and machinery under erection.

(Rs. Crore)

| | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '7'** | | | |
| **INVESTMENTS** | | | |
| **A) LONG TERM INVESTMENTS (At cost / carrying amount unless otherwise stated) - fully paid** | | | |
| **In Equity shares** | | | |
| **Others - Unquoted (Trade)** | | | |
| Shirt Company (India) Limited [33,333 (Previous year 33,333) Equity Shares of Rs.10/- each] | **0.50** | | 0.50 |
| Dombivali Nagrik Sahakari Bank Limited. [10,000 Equity Shares of Rs. 50/- each] | **0.05** | | 0.05 |
| Kalyan Janata Sahakari Bank Limited [10,000 Equity Shares of Rs. 25/- each] | **0.03** | | 0.03 |
| Trimphunt Victory Holdings Limited (1 Equity Share of USD 1 each) | **0.00** | | - |
| Alspun InfrastructureLimited [25,000 Equity shares of Rs.10 each] (Including goodwill on acquistion of stake of Associates Rs. 0.04 crore) | **0.08** | | 0.08 |
| Less: Share in post acquisition accumulated loss | **(0.06)** | | (0.06) |
| | **0.02** | | 0.02 |
| Grabal Alok (UK) Limited 237,197,008 (Previous Year 237,197,008) Ordinary Shares of GBP 0.001 each | **314.22** | | 354.67 |
| (Including goodwill on acquistion of stake of Associates Rs. 232.57 crore) | | | |
| Less: Share in post acquisition accumulated loss | **(88.76)** | | (67.92) |
| | **225.46** | | 286.75 |
| Nirvan Builders Private Limited[ 16,600,Equity Shares of Rs.10 each] | **0.02** | | - |
| Less: Share in post acquisition accumulated loss | **(0.00)** | | - |
| | **0.02** | | - |
| Ashford Infotech [50,000 Equity Share of Rs.10 each] * | **0.05** | | 0.08 |
| Add: Share in post acquisition accumulated Profit | **0.06** | | (0.08) |
| | **0.11** | | - |
| | | **226.19** | 287.34 |
| **Others - Quoted (Trade)** | | | |
| Grabal Alok Impex Ltd. [19,00,000 Equity Shares of Rs.10/- each] (Pledged against finance availed) | | **3.99** | 3.99 |

| | | | | |
|---|---|---|---|---|
| | **In Preference Shares** | | | |
| | **In Associates Company** | | | |
| | 11,970,552 (Previous Year 7,470,552) Preference shares in Grabal Alok International Limited of USD 1/- each. | | **54.04** | 38.06 |
| **B)** | **SHORT TERM INVESTMENTS (At lower of cost or fair vale)** | | | |
| | **In equity shares Quoted** | | | |
| | United Bank of India IPO | | **0.15** | - |
| | (22,130 Equity Shares of Rs. 10/- each) | | | |
| | **In Bonds - Unquoted** | | | |
| | Laxmi Vilas Bank Tier II Bonds | | **2.00** | - |
| | (20 Bonds of Rs. 10,00,000 each) | | | |
| | **In Mutual Funds - Unquoted** | | | |
| | AXIS Infrastructure Fund | **6.85** | | 5.69 |
| | [68,453 (Previous year 56,933.33) units of Rs. 1000/- each] | | | |
| | Birla Sun Life Saving Fund | **-** | | 1.00 |
| | [Nil (Previous year 9,81,758.919) units of Rs. 10/- each] | | | |
| | SBI Short Horizon Fund Ultra Sh Term | **2.50** | | - |
| | (23,51,259.334 units of Rs.10/- each) | | | |
| | SBI Magnum Insta Cash Fund | **-** | | 0.00 |
| | [Nil (Previous Year 1,372.31 ) units of Rs. 10/- each | | | |
| | Principal PNB Long Term Equity Fund 3 Year Plan - Series II | **0.56** | | 0.56 |
| | (12,50,000 (Previous year 12,50,000) units of Rs.10/- each) | | | |
| | LIC Income Plus Fund- Daily Dividend Plan, Reinvestment | **11.06** | | - |
| | (3,06,54,802.764 (Previous year Nil.) units of Rs.10 each) | | | |
| | Mirea Asset Gilt Fund Investment Plan - Institutional Growth | **-** | | 0.98 |
| | [Nil (Previous year 9,86,679.822 ) units of Rs. 10/- each] | | | |
| | | | **20.97** | 8.24 |
| **C)** | **SHARE APPLICATION MONEY** | | | |
| | **Associate companies** | | | |
| | Alspun Infrastructure Limited | **16.00** | | 14.12 |
| | Ashford Infotech Private Ltd | **67.94** | | 67.79 |
| | | | **83.94** | 81.91 |
| **D)** | **OTHERS** | | | |
| | PowerCor | | | |
| | Subscription towards 5% Group B Membership interest | **33.43** | | 37.73 |
| | Less: Provision | **(8.36)** | | - |
| | | | **25.07** | 37.73 |
| | Aisle 5 LLC | | | |
| | 22 senior units of the equity capital | **5.91** | | 6.67 |
| | Less: Provision | **(5.91)** | | - |
| | | | **-** | 6.67 |
| | Other Investment | | **0.51** | - |
| | **Total** | | **416.86** | 463.94 |
| | Note | | | |
| 1) | Quoted Investment : Aggregate cost / carrying value | | **4.14** | 3.99 |
| | : Aggregate market value | | **9.64** | 8.73 |
| 2) | Unquoted Investment : Aggregate cost / carrying value | | **303.20** | 333.65 |

* Share of loss restricted to the original cost of investment as per equity method of accounting for associates under AS-23 ' Accounting for Investments in Associates in Consolidated Financial Statements'

| Investments bought and sold during the year<br>Particulars | Nos. | Face Value<br>Rs. per Unit/<br>Share /Bond | Purchase Cost<br>Rs. in crore |
|---|---|---|---|
| **Bonds** | | | |
| NABARD | 5,300.00 | 20,000.00 | 4.97 |
| **Mutual Fund Units** | | | |
| Birla Sun Life Saving Fund - Inst-Growth | 1,194,029.851 | 10.00 | 2.00 |
| Baroda Pioneer Treasury Advantage Fund | 3,000,000.00 | 10.00 | 3.00 |
| SBI - Shf - Ulta Short Term Fund - Institutional Plan - Growth | 21,691,597.54 | 10.00 | 25.00 |
| ICICI Prudential MF Flexible Income Plan - Daily Dividend | 1,891,521.26 | 10.00 | 2.00 |
| Reliance Liquid Fund Treasury Plan Inst | 926,243.25 | 10.00 | 2.00 |
| Canara Robeco Liquid Fund Institutional Growth | 1,236,888.98 | 10.00 | 2.00 |
| LIC MF Income Plus Fund - Growth Plan | 1,693,322.38 | 10.00 | 2.00 |
| Templeton India Ultra Short Bond Fund Inst | 1,768,018.32 | 10.00 | 2.00 |
| Fidelity Ultra Short Term Debt Fund Inst. | 1,810,298.79 | 10.00 | 2.00 |
| UTI Treasury Advantage Fund | 16,871.37 | 1,000.00 | 2.00 |
| DBS Chola Freedom Income Stp Inst | 1,969,433.38 | 10.00 | 2.00 |
| AIG India Treasury Fund Institutional Growth | 1,743,405.57 | 10.00 | 2.00 |
| Kotak Flexi Debt Scheme Institutional - Growth | 1,844,593.04 | 10.00 | 2.00 |
| Religare Ultra Short Term Gund - Institutional - Growth | 1,647,446.46 | 10.00 | 2.00 |
| Fortis Money Plus Instutional Growth | 1,505,377.96 | 10.00 | 2.00 |
| Bharti Axa Treasury Advantage Fund | 18,700.46 | 1,000.00 | 2.00 |
| IDFC Money Managers Fund | 1,415,588.46 | 10.00 | 2.00 |
| HDFC Cash Management Fund -<br>Treasury Advantage Flan - Wholesale - Growth | 1,033,613.10 | 10.00 | 2.00 |
| DWS Cash Opportunities Fund - 15 Days Plan Growth | 1,692,720.46 | 10.00 | 2.00 |
| Baroda Pioneer Liquid Fund Instutional Growth | 1,968,058.41 | 10.00 | 2.00 |
| LICMFLiquid Fund - Growth Plan | 15,153,627.48 | 10.00 | 25.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 7,474,586.41 | 10.00 | 15.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 4,980,997.49 | 10.00 | 10.00 |
| Axis Liquid Fund - Daily Dividend | 100,000.00 | 1,000.00 | 10.00 |
| Axis Liquid Fund - Growth | 150,000.00 | 1,000.00 | 15.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 14,853,911.78 | 10.00 | 30.00 |
| SBI - Shf - Ulta Short Term Fund | 25,376,872.21 | 10.00 | 30.00 |
| HDFC Cash Management Fund-Savings | | 10.00 | 30.00 |
| HDFC Cash Management Fund-Treasury Advantage Plan | 15,087,498.40 | 10.00 | 30.00 |
| Kotak Floater Long Term - Growth | 20,844,189.68 | 10.00 | 30.00 |
| UTI Liquid Cash Plan Institutional - Growth Option | 200,988.03 | 1,000.00 | 30.00 |
| UTI Treasury Advantage Fund - institutional Plan | 246,244.23 | 1,000.00 | 30.00 |
| Reliance Liquid Fund - Treasury Plan - Growth | 15,793,796.20 | 10.00 | 35.00 |
| Reliance Money Manager Fund | 283,170.14 | 1,000.00 | 35.00 |
| ICICI Prudential Liquid Plan Super Institutional Growth | 2,334,718.44 | 100.00 | 30.00 |
| ICICI Prudential Flexible Income Premium Growth | 1,778,482.78 | 100.00 | 30.00 |
| Shinsei Liquid Fund - Institutional Plan - Growth Option | 198,629.65 | 1,000.00 | 20.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 19,789,048.74 | 10.00 | 40.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 2,469,196.77 | 10.00 | 5.00 |
| SBI - Shf - Ulta Short Term Fund | 4,215,862.25 | 10.00 | 5.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 14,780,873.55 | 10.00 | 30.00 |
| SBI Magnum Insta Cash Fund - Cash Option | 17,232,817.51 | 10.00 | 35.00 |
| LICMFLiquid Fund - Growth Plan | 11,978,056.20 | 10.00 | 20.00 |
| LICMFLiquid Fund - Growth Plan | 2,994,514.05 | 10.00 | 5.00 |
| DSP Black Rock Institutional Plan – Growth | 38,241.18 | 1,000.00 | 5.00 |
| DSP BlackRock Short term Fund Growth | 3,199,776.75 | 10.00 | 5.00 |
| SBI Magnum Insta Cash Fund - Cash Option | 24,549,516.37 | 10.00 | 50.00 |
| DSP Black Rock Liquidity Fund - Institutional Plan -Growth | 19,065.10 | 1,000.00 | 2.50 |
| SBI - Magnum Insta Cash Fund - Cash Option | 4,899,775.10 | 10.00 | 10.00 |
| SBI - Magnum Insta Cash Fund - Cash Option | 34,374,602.43 | 10.00 | 70.25 |
| LICMFLiquid Fund - Growth Plan | 11,860,215.50 | 10.00 | 20.00 |
| LICMFLiquid Fund - Growth Plan | 2,965,053.88 | 10.00 | 5.00 |
| DSP Black Rock Short Term Fund-Growth | 3,170,798.22 | 10.00 | 5.00 |

(Rs. Crore)

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '8'** | | | |
| **INVENTORIES [At Cost or Net Realisable value whichever is lower]** | | | |
| Stores, Spares, Packing Materials and others | | **38.37** | 25.38 |
| Accessories | | **0.31** | 0.24 |
| Stock-in-trade : | | | |
| Raw Materials | **318.21** | | 137.87 |
| Process Stock | **856.24** | | 608.40 |
| Finished Goods / Traded Goods | **354.68** | | 296.80 |
| | | **1,529.13** | 1,043.07 |
| Stock-in-transits | | **0.01** | - |
| **Total** | | **1,567.82** | 1,068.69 |

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '9'** | | |
| **SUNDRY DEBTORS (Unsecured)** | | |
| Debts Outstanding for a period exceeding six months | **40.96** | 16.58 |
| Other Debts | **1,091.85** | 901.09 |
| Gross | **1,132.81** | 917.67 |
| Less : Provision | **6.35** | 3.90 |
| **Total** | **1,126.46** | 913.77 |
| Considered Good | **1,126.46** | 913.77 |
| Considered Doubtful | **6.35** | 3.90 |
| **Total** | **1,132.81** | 917.67 |

Note : Sundry Debtors includes Rs. 38.43 Crore (Previous year Rs. 19.38 Crore) towards contractual obligations on account of Export Incentives Receivables.

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '10'** | | |
| **CASH AND BANK BALANCES** | | |
| Cash on hand | **1.99** | 0.79 |
| Bank Balances : | | |
| a) With Scheduled Banks : | | |
| - In Cash Credit Accounts | **2.34** | 1.87 |
| - In Current Accounts | **705.88** | 104.38 |
| - In Deposit Accounts [including interest accrued thereon Rs. 0.96 crore (Previous Year Rs. 0.88 crore)] | **541.62** | 130.38 |
| - In Margin Money Deposits | **116.07** | 67.66 |
| b) With Others | | |
| - In Current Account | **8.46** | 78.57 |
| - In Deposit Accounts | **34.31** | 43.78 |
| [Maximum amount outstanding at any time during the year Rs. 374.74 crore (Previous year Rs. 181.25 crore)] | | |
| **Total** | **1,410.67** | 427.43 |

Cash and Bank Balance includes

1) Includes Rs. 79.19 cores (previous year Rs. 92.63 crore) kept in bank deposits, pending utilisation towards project.
2) Includes Rs. 73.34 crore (previous year Rs. 26.57 Crore) towards 100% LC margin against import of Plant & Machinery
3) Includes Rs. 444.00 crore (previous year Rs. Nil) pledged with bank against put option (Refer note No. 21 of part 'B' of Schedule 19)

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '11'** | | |
| **LOANS AND ADVANCES** | | |
| [Unsecured, considered good] | | |
| Advances recoverable in cash or in kind or for value to be received | **789.81** | 582.19 |
| Loans - Inter Corporate Deposits | **10.34** | 11.96 |
| Deposits | **13.11** | 10.77 |
| Balances with Central Excise Collectorate | **0.17** | 0.13 |
| MAT Credit Entitlement (Refer Note No. 18 of part B of schedule 19) | **68.14** | 33.88 |
| Advance Tax (Net of provision for tax) | **28.88** | 25.71 |
| Interest accrued but not due | **0.06** | 0.69 |
| **Total** | **910.51** | 665.32 |

Loans and Advances includes :

1) Rs. 109.30 crore (previous year Rs. 93.72 crore) towards Modvat credit balances to be utilised in the subsequent years.
2) Rs. 110.37 crore (previous year Rs. 143.59 crore) towards interest / capital subsidy receivable under the TUF scheme of Government of India.
3) Rs. 9.70 crore (previous year Rs. 2.05 crore) being deposits towards office/residential premises taken on rental basis.
4) Rs. 0.42 crore (previous Year Rs. 0.22 crore) due from officers of the Company [maximum amount outstanding during the year Rs. 0.49 crore (Previous year Rs. 0.33 crore)].

| PARTICULARS | | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '12'** | | | |
| **CURRENT LIABILITIES:** | | | |
| Sundry Creditors [including Acceptances Rs. 154.66 crore (Previous year Rs. 104.13 crore)] | | | |
| Total Outstanding dues to : | | | |
| - Micro Enterprises and Small Enterprises * | **0.12** | | 0.29 |
| - Creditors other than Micro Enterprises and Small Enterprises | **612.74** | | 514.96 |
| | | **612.86** | 515.25 |
| Unclaimed Dividend | | **0.80** | 0.44 |
| Interest accrued but not due on loans | | **80.50** | 58.03 |
| Advance from customers | | **35.74** | 79.61 |
| | | **729.90** | 653.33 |

Notes: Sundry Creditors includes Rs. 14.56 Crore (previous year Rs.0.63 Crore) being overdrawn bank balances as per books consequent to issue of cheques at the period end though the banks have positive balances as on that date.

* As per information available with the Company

(Rs. Crore)

| PARTICULARS | AS AT 31.03.2010 | AS AT 31.03.2009 |
|---|---|---|
| **SCHEDULE '13'** | | |
| **PROVISIONS** | | |
| Provision for Gratuity and compensated absences | **16.33** | 9.90 |
| Proposed Dividend | **19.69** | 14.77 |
| Provision for Tax on Dividend | **3.27** | 2.51 |
| Provision for Taxation (Net of advance tax) | **17.96** | 4.58 |
| Provision for FBT | **-** | 0.05 |
| Other Provisions | **0.72** | - |
| **TOTAL** | **57.97** | 31.81 |

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '14'** | | | |
| **SALES** | | | |
| Sales – Local | **2,896.64** | | 2,075.49 |
| Sales – Export | **1,495.26** | | 971.83 |
| | | **4,391.90** | 3,047.32 |
| Export Incentive | | **92.46** | 66.27 |
| **Total** | | **4,484.36** | 3,113.59 |

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '15'** | | | |
| **OTHER INCOME** | | | |
| Dividend Income : | | | |
| On long term investment | **0.79** | | 0.15 |
| On Current investment | **0.00** | | 0.02 |
| | | **0.79** | 0.17 |
| Miscellaneous Income | | **0.60** | 24.15 |
| Profit on sale of Current Investments (Net) | | **0.66** | - |
| Profit on sale of Fixed Assets (Net) | | **2.97** | 2.33 |
| Exchange Rate difference (Net) | | **58.84** | 16.63 |
| Provision for Doubtful Debts and advances written back | | **2.27** | 1.39 |
| Interest from Bank (FDR) | | **-** | 1.14 |
| Interest on others | | **0.40** | 0.05 |
| Scrap Sales | | **-** | 0.01 |
| Sundry Credit Balances written back | | **0.10** | 0.09 |
| **TOTAL** | | **66.63** | 45.96 |

# SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '16'** | | | |
| **INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK** | | | |
| **CLOSING STOCK AS ON 31 MARCH 2010** | | | |
| Finished Goods / Traded Goods | **354.68** | | 296.80 |
| Process Stock | **856.24** | | 608.40 |
| Stock in transit | **0.01** | | - |
| | | **1,210.93** | 905.20 |
| **LESS : OPENING STOCK AS ON 1 APRIL 2009** | | | |
| Finished Goods / Traded Goods | **296.80** | | 215.30 |
| Process Stock | **608.40** | | 262.93 |
| Stock in transit | **-** | | 0.04 |
| | | **905.20** | 478.27 |
| **TOTAL** | | **305.73** | 426.93 |

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '17'** | | | |
| **MANUFACTURING AND OTHER EXPENSES** | | | |
| **Raw Material Consumed** | | **1,867.49** | 1,850.46 |
| **Payment to and Provisions for Employees:** | | | |
| Salaries, Wages and Bonus | **163.77** | | 140.03 |
| Contribution to Provident Fund and Other Funds | **6.63** | | 4.44 |
| Employees Welfare Expenses | **4.28** | | 3.88 |
| | | **174.68** | 148.35 |
| **Operational and Other Expenses** | | | |
| Stores and Spares Consumed | | **67.71** | 49.28 |
| Packing Materials Consumed | | **65.58** | 42.09 |
| Power and Fuel | | **320.68** | 212.25 |
| Processing Charges | | **36.25** | 28.74 |
| Labour Charges | | **47.63** | 28.02 |
| Excise Duty | | **4.75** | 3.49 |
| Donation | | **2.15** | 1.16 |
| Exchange Rate Difference | | **0.16** | 4.70 |
| Freight, Coolie and Cartage | | **82.89** | 47.19 |
| Legal and Professional Fees | | **9.27** | 15.87 |
| Share Issue Expenses | | **44.93** | - |
| Rent | | **21.30** | 19.01 |
| Rates and Taxes | | **11.92** | 5.89 |
| Repairs and Maintenance | | | |
| Plant and Machinery | **10.67** | | 5.55 |
| Factory Building | **1.34** | | 0.96 |
| Others | **3.56** | | 3.40 |
| | | **15.57** | 9.91 |

(Rs. Crore)

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| Commission on Sales | | **19.63** | 17.14 |
| Provision for Doubtful Debts and Advances | | **5.05** | 1.63 |
| Bad Debts and other advances written off | | **0.35** | - |
| Travelling Expenses | | **-** | 0.73 |
| Directors Remuneration | | **7.20** | 7.20 |
| Directors Fees and Commission | | **5.06** | 5.09 |
| Auditors Remuneration | | | |
| Audit Fees | **0.87** | | 0.52 |
| Tax Audit Fees | **0.00** | | 0.02 |
| Certification Fees | **0.03** | | 0.01 |
| | | **0.90** | 0.54 |
| Insurance | | **10.03** | 5.95 |
| Loss on Sale of Investment (net) | | **-** | 3.25 |
| Loss of assets due to fire (Refer note no 23 of part B of schedule 19) | | **37.91** | |
| Excess of Cost over Fair value of current Investments | | **-** | 0.68 |
| Loss on Derivative Transaction | | **1.80** | - |
| Diminution in the value of investment | | **14.99** | 0.43 |
| Miscellaneous Expenses | | **167.18** | 118.47 |
| (Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.) | | | |
| **TOTAL** | | **3,043.05** | 2,627.53 |

| PARTICULARS | | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|---|
| **SCHEDULE '18'** | | | |
| **INTEREST (NET)** | | | |
| Interest Paid: | | | |
| On Debentures | **87.64** | | 71.19 |
| On Fixed Loan | **377.28** | | 209.56 |
| [Net of Interest Subsidy Rs. 139.33 crore (Previous year Rs. 142.46 crore)] | | | |
| Other Interest | **11.95** | | 1.76 |
| On Cash Credit Accounts, etc. | **113.15** | | 124.58 |
| Premium of Redemption of Debentures | **8.76** | | 11.27 |
| | | **598.78** | 418.36 |
| Less : Interest Received on Loans, Deposits etc. (Tax Deducted at (Tax Deducted at Source Rs. 5.15 crore [Previous Year Rs. 19.49 crore ] | | **19.86** | 77.33 |
| Less : Interest on calls in arrear | | **0.01** | - |
| **TOTAL** | | **578.91** | 341.03 |

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### Schedule '19'

### (a) SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The consolidated financial statements of Alok Industries Limited, its subsidiaries and associates are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

### 2. Principles of Consolidation

The consolidated financial statements relate to Alok Industries Limited, its subsidiaries and associates ("the Group"). The consolidated financial statements (drawn up to the same reporting date as of the Company, except in the case of Grabal Alok (UK) Limited where the financial statements have been drawn up to March 27, 2010) have been prepared on the following basis.

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses as per Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Company (Accounting Standards) Rules 2006.

b) The Financial Statements of the Joint Venture entities have been considered on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses, by using "proportionate consolidation" method, the investment in Joint Venture entities over a holding company's portion of equity is recognized as a capital reserve/ goodwill, as per Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture" as notified by the Company (Accounting Standards) Rules 2006.

c) The consolidated financial statements include the share of profit / loss of associate companies in which the investor has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under the "Equity Method" as per which the share of profit of the associate Company has been added to the cost of investment, and its share of pre-acquisition profits/losses is reflected as Capital Reserve/Goodwill in the carrying value of Investment in accordance with Accounting Standard 23 on Accounting for Investment in Associates in Consolidated Financial Statement as notified by Company (Accounting Standards) Rules 2006.

d) The excess of cost to the Company of its investment in subsidiary companies over its share of equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

e) Minority Interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

f) Consolidated Financial Statement have been prepared using uniform accounting policies for like transaction & other events in similar circumstances, however in case of depreciation it was not practicable to use uniform accounting policy in the case of a subsidiary Company 'Mileta, a.s.' having gross block of assets Rs.127.00 crore (Previous year Rs.112.37 crore) i.e. 1.70 % (Previous year 2.39%)of group fixed assets and depreciation on the same for the year is Rs.7.24 crore (Previous year Rs.6.00 crore) i.e.1.95 % (Previous year 2.50%) of total depreciation has been calculated on written down value method.

g) Consolidated Financial Statement have been prepared using uniform accounting policies for like transaction & other events in similar circumstances, however in case of Inventory valuation it was not practicable to use uniform accounting policy in the case of a subsidiary Company 'Alok H&A Limited' having a value of stock of Rs.8.77 crore (Previous year Rs.Nil) i.e. 0.59% (Previous year Nil) & Joint venture & Companies having value of stock Rs. 0.16 crore (Previous year Rs.0.01 crore) i.e. 0.01 % (Previous year 0.001%) of group Inventory of total inventory has been calculated on weighted average cost method.

h) As per Accounting Standard Interpretation (ASI) 15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and / or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

### 3. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialize.

### 4. Revenue Recognition

a) Revenue on sale of products is recognized when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of trade discount, returns and sales tax collected.

b) Revenue from construction contracts is recognised by adopting "Percentage Completion Method". It is stated on the basis of physical measurement of work actually completed at the balance sheet date, taking into account contract price and revision thereto.

c) Revenue in respect of insurance / other claims, interest etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

### 5. Fixed Assets

#### a) Own Assets:

Fixed Assets are stated at cost of acquisition or construction including directly attributable costs. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

#### b) Assets taken on lease:

#### 1) Finance Lease:

Assets taken on lease after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard (AS) 19 on "Leases". Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

#### 2) Operating Lease:

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

### 6. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

### 7. Capital Work-in-Progress

Projects under commissioning are carried forward at cost as capital work in progress and represent payments made to contractors including advances and directly attributable costs.

### 8. Depreciation / Amortization

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plant is classified based on technical assessment and depreciation is provided accordingly.

b) Cost of leasehold land is amortized over the period of lease.

c) Trademarks are amortized over the period of ten years from the date of capitalization.

d) Computer Software is amortized over the period of five years from the date of capitalization.

### 9. Foreign Currency Transactions

a) Income or Expenses in foreign currencies are converted at the exchange rate prevailing on the date of the transaction. Non-monetary foreign currency items are carried at cost. Foreign currency monetary assets and liabilities other than net investment in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date. Exchange difference arising on monetary items that, in substance, form part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

b) Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and hitherto, the resultant exchange differences were recognized in profit and loss account. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 issued on 31 March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March, 2011. (Refer Note 24 of Part B of Schedule 19).

iii. All other exchange differences are dealt with in the profit and loss account.

iv. Non-monetary items denominated in foreign currency are carried at historical cost.

c) Exchange difference relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in ‘Foreign Currency Monetary Item Translation Difference Account’ and amortised over the balance term of the long term monetary item or 31 March, 2011 whichever is earlier

### 10. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
2. Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts.
3. Process stock and Finished Goods: At weighted average cost or net realizable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

### 11. Employee Benefits (Refer Note No. 15 of Part B of Schedule 19)

#### a) Defined Contribution Plan

Company’s contribution paid / payable for the year to define contribution retirement benefit scheme is charged to Profit and Loss account.

#### b) Defined Benefit Plan and other long term benefit plan

Company’s liabilities towards defined benefit scheme are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurance of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortized on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation is recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognized past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, the present value is available refunds and reduction in future contribution to the scheme.

#### c) Short Term Employee Benefits

Short term employee benefits expected to be paid in exchange for the services rendered by the employee are recognised undiscounted during the period the employee renders the services, these benefits include incentive, bonus.

### 12. Accounting of CENVAT credit

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

### 13. Government Grants

Grants, in the nature of interest / capital subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognized in the Profit and Loss Account in the year of accrual / receipt.

### 14. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

15. **Income taxes**

Tax expense comprises of current tax, deferred tax and fringe benefit tax (FBT). Current tax and deferred tax are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income-tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI (Refer note no. 18 of Part B of Schedule 19).

16. **Intangible Assets**

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

17. **Impairment of Fixed Assets**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) 28 ''Impairment of Assets''. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

18. **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

19. **Issue Expenses**

During the year the company has change its policy to adjust expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds against Securities Premium Account and recognised them in Profit & Loss Account.

20. **Accounting for Derivatives**

The Company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the Company and is not intended for trading or speculation purposes.

Interest Rate Swaps, Currency Option and Currency Swaps, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1(AS 1) "Disclosure of Accounting Policies".

## B) NOTES TO ACCOUNTS

### 1. The subsidiary / fellow subsidiary companies considered in the consolidated financial statements are:

| Sr. No. | Name of the subsidiaries and fellow subsidiaries | Country of Incorporation | Ownership Interest 31 March 2010 | Ownership Interest 31 March 2009 |
|---|---|---|---|---|
| A | Alok Infrastructure Limited+ | **India** | **100%** | 100% |
| B | Alok Land Holdings Private Limited | **India** | **100%** | 100% |
| C | Alok Realtors Private Limited | **India** | **100%** | 100% |
| D | Alok Retail (India) Limited | **India** | **100%** | 100% |
| E | Alok Apparels Private Limited | **India** | **100%** | 100% |
| F | Alok New City Infratex Private Limited | **India** | **100%** | 100% |
| G | Alok Aurangabad Infratex Private Limited | **India** | **100%** | 100% |

| Sr. No. | Name of the subsidiaries and fellow subsidiaries | Country of Incorporation | Ownership Interest 31 March 2010 | Ownership Interest 31 March 2009 |
|---|---|---|---|---|
| H | Alok HB Hotels Private Limited | **India** | **100%** | 100% |
| I | Alok HB Properties Private Limited | **India** | **100%** | 100% |
| J | Alok Industries International Limited | **British Virgin Island** | **100%** | 100% |
| K | Alok Inc. | **USA** | **100%** | 100% |
| L | Alok International Inc. | **USA** | **100%** | 100% |
| M | Mileta, a. s. (w. e. f. 17 March 2010) | **Czech Republic** | **93.20 %** | 79.62% |
| N | Alok European Retail, s.r.o. | **Czech Republic** | **100%** | 100% |
| O | Alok H&A Limited (w.e.f. 16th December 2009) | **India** | **100%** | NA |
| P | Springdale Information and Technologies Private Limited (w.e.f. 19th November 2009) | **India** | **100%** | 100% |
| Q | Kesham Developers & Infotech Private Limited (w.e.f. 19th November 2009) | **India** | **100%** | 100% |

+ The status of the Company has been changed from “Private Limited” to “Public Limited”w.e.f.13th October, 2008

## 2. Joint Venture companies considered in the consolidated financial statements are:

| Sr. No. | Name of the associates | Country of Incorporation | Ownership Interest 31 March 2010 | Ownership Interest 31 March 2009 |
|---|---|---|---|---|
| A | Aurangabad Textile and Apparel Parks Limited | **India** | **49.00 %** | 49.00% |
| B | New City of Bombay Mfg. Mills Limited | **India** | **49.00%** | 49.00% |

The Following amounts are included in the Consolidated Financial Statements in respect of Jointly Controlled Entities based on “proportionate consolidation” method. As per Accounting Standard 27 on “Financial Reporting of Interest in Joint Venture”

(Rs. Crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| **ASSTES** | | |
| Fixed Assets | **2.18** | 0.18 |
| Inventories | **0.16** | 0.01 |
| Sundry Debtors | **19.39** | 6.55 |
| Cash and Bank Balances | **3.96** | 26.86 |
| Loans and Advances | **4.17** | 5.46 |
| **LIABILITIES** | | |
| Current Liabilities | **0.66** | 0.11 |
| Provision | **3.26** | 0.87 |
| **INCOME** | | |
| Sales | **82.95** | 4.60 |
| Other Income | **2.16** | 0.71 |
| **EXPENSES** | | |
| Manufacturing and Other Expenses | **1.27** | 4.59 |
| Depreciation | **0.03** | 0.00 |
| Provision for Tax | **0.85** | 0.41 |

3. **The associate companies considered in the consolidated financial statements are:**

| Sr. No. | Name of the associates | Country of Incorporation | Ownership Interest 31 March 2010 | Ownership Interest 31 March 2009 |
|---|---|---|---|---|
| A | Grabal Alok (UK) Limited (Formerly known as Hamsard 2353 Ltd.) | **United Kingdom** | **41.72%** | 41.72% |
| B | Ashford Infotech Private Limited | **India** | **50.00%** | 50.00% |
| C | Alspun Infrastructure Limited | **India** | **50.00%** | 50.00% |
| D | Nirvan Builders Pvt.Ltd. (w.e.f. 13th August 2009) | **India** | **33.20%** | N.A |

4. **Contingent Liabilities in respect of:**

(Rs. Crore)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| A | Customs duty on shortfall in export obligation in accordance with EXIM Policy (The Company is hopeful of meeting the export obligation within the stipulated period) | **Amount Unascertained** | Amount Unascertained |
| B | Guarantees given by banks on behalf of the Company | **44.33** | 48.34 |
| C | Bills discounted | **71.74** | 86.45 |
| D | Arrears of fixed cumulative dividend on Preference shares (Not subject to deduction of Income-tax) | **-** | 3.63 |
| E | Pending Litigation | **0.09** | 0.04 |

5. **Capital Commitments**

(Rs. Crore)

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances) | **728.58** | 1204.02 |

6. **Related Part Disclosure**

1. **Names of related parties and nature of relationship**

As per Accounting Standard (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

**I Associates**

Alok Denims (India) Private Limited.
Alok Finance Private Limited
Alok Knit Exports Limited
Alok Textile Traders
Alspun Infrastructure Limited
Ashok B. Jiwrajka (HUF)
Ashok Realtors Private Limited.
Ashford Infotech Private Limited
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Limited
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.)
Green Park Enterprises
Gogri Properties Private Limited
Honey Comb Knit Fabrics
Jiwrajka Associates Private Limited
Jiwrajka Investment Private Limited
Niraj Realtors & Shares Private Limited
Nirvan Exports
Nirvan Holdings Private Limited
Pramatex Enterprises
Pramita Creation Private Limited
Surendra B. Jiwrajka (HUF)
Trumphant Victory Holdings Limited.
Grabal Alok International Limited

| | | | |
|---|---|---|---|
| II | **Joint Venture** | | |
| | Aurangabad Textiles & Apparel Parks Limited | | |
| | New City Of Bombay Mfg. Mills Limited | | |
| III | **Key Management Personnel** | Ashok B. Jiwrajka<br>Chandra Kumar Bubna<br>Dilip B. Jiwrajka<br>Surendra B. Jiwrajka | Director |
| | | Amar Seth | CEO |
| IV | **Relatives of Key Management Personnel** | Alok A. Jiwrajka<br>Prita D. Jiwrajka<br>Varun S. Jiwrajka<br>Niraj D. Jiwrajka<br>S. P. Bubna | |

2. Nature of transaction with Associates, Joint Venture, Key Management Personnel & Relatives of Key Management Personnel

(Rs. Crore)

| Transaction | Associates | Joint Venture Companies | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|---|
| **a) Share Application Money** | | | | | |
| Balance as at 1 April | 256.76 | - | 27.30 | - | 284.06 |
| | (-) | (-) | (-) | (-) | (-) |
| Received During the year | 81.27 | - | - | 0.84 | 82.11 |
| | (256.76) | (-) | (27.30) | (-) | (284.06) |
| Shares Issued during the year | 110.46 | - | 27.30 | 0.84 | 138.60 |
| | (-) | (-) | (-) | (-) | (-) |
| Balance as at 31 March | 227.57 | - | - | - | 227.57 |
| | (256.76) | (-) | (27.30) | (-) | (284.06) |
| **b) Unsecured Loan** | | | | | |
| Balance as at 1 April | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Accepted during the year (Net) | 451.40 | - | - | - | 451.40 |
| | (-) | (-) | (-) | (-) | (-) |
| Balance as at 31 March | 451.40 | - | - | - | 451.40 |
| | (-) | (-) | (-) | (-) | (-) |
| **c) Loans and Advances** | | | | | |
| Balance as at 1 April | 16.73 | - | - | - | 16.73 |
| | (29.84) | (-) | (-) | (-) | (29.84) |
| Granted during the year (Net) | 29.59 | - | - | - | 29.59 |
| | (16.73) | (-) | (-) | (-) | (16.73) |
| Received / Adjusted / Converted during the year | 16.73 | - | - | - | 16.73 |
| | (29.84) | (-) | (-) | (-) | (29.84) |
| Balance as at 31 March | 29.59 | - | - | - | 29.59 |
| | (16.73) | (-) | (-) | (-) | (16.73) |
| **d) Investments** | | | | | |
| Balance as at 1 April | 396.84 | | - | - | 396.84 |
| | (223.93) | (-) | (-) | (-) | (223.93) |
| Invested during year | 15.99 | - | - | - | 15.99 |
| | (172.91) | (87.00) | (-) | (-) | (259.91) |

| Transaction | Associates | Joint Venture Companies | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|---|
| Translation difference during the year | (40.44) | - | - | - | (40.44) |
| | (-) | (-) | (-) | (-) | (-) |
| Balance as at 31 March | 372.39 | - | - | - | 372.39 |
| | (396.84) | (87.00) | (-) | (-) | (483.84) |
| **e) Share Application Money** | | | | | |
| Balance as at 1 April | 81.91 | - | - | - | 81.91 |
| | (60.60) | (-) | (-) | (-) | (60.60) |
| Given during the year | 2.03 | - | - | - | 2.03 |
| | (21.31) | (-) | (-) | (-) | (21.31) |
| Balance as at 31 March | 83.93 | - | - | - | 83.93 |
| | (81.91) | (-) | (-) | (-) | (81.91) |
| **f) Sundry Debtors** | | | | | |
| Balance as at 31 March | 3.10 | - | - | - | 3.10 |
| | (41.03) | (-) | (-) | (-) | (41.03) |
| **g) Sundry Creditors** | | | | | |
| Balance as at 31 March | 3.44 | - | - | - | 3.44 |
| | (3.95) | (-) | (-) | (-) | (3.95) |
| **h) Turnover** | | | | | |
| Sales of Goods | 137.66 | - | - | - | 137.66 |
| | (118.28) | (-) | (-) | (-) | (118.28) |
| **i) Expenditure** | | | | | |
| Purchase of goods | 4.62 | - | - | - | 4.62 |
| | (11.67) | (-) | (-) | (-) | (11.67) |
| Purchase of Fixed Assets | - | - | 0.86 | - | 0.86 |
| | (-) | (-) | (-) | (-) | (-) |
| Remuneration | - | - | 12.32 | 0.36 | 12.68 |
| | (-) | (-) | (12.48) | (0.06) | (12.54) |
| Interest paid | - | - | - | - | - |
| | (0.37) | (-) | (-) | (-) | (0.37) |
| | | | | | |
| Upfront Fees | 4.51 | - | - | - | 4.51 |
| | (-) | (-) | (-) | (-) | (-) |
| **j) Dividend Paid** | 0.43 | - | - | - | 0.43 |
| | (0.69) | (-) | (-) | (-) | (0.69) |
| **k) Income** | | | | | |
| Dividend | 0.15 | - | - | - | 0.15 |
| | (0.15) | (-) | (-) | (-) | (0.15) |
| Rent | - | - | - | 0.03 | 0.03 |
| | (-) | (-) | (-) | (-) | (-) |
| Sale of Fixed Assets | 0.02 | - | - | - | 0.02 |
| | (-) | (-) | (-) | (-) | (-) |
| Interest | 4.40 | - | - | - | 4.40 |
| | (-) | (-) | (-) | (-) | (-) |

Note:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
- Previous year figures are given in brackets.

3. Out of the above items, transactions in excess of 10% of the total Related Party transactions are as under:

(Rs. Crore)

| Transactions | Current Year Amount | | Previous Year Amount |
|---|---|---|---|
| **a) Share Application Money** | | | |
| Received during the year | | | |
| Associates | | | |
| Grabal Alok Impex Limited | **5.23** | | - |
| Alok Finance Private Ltd. | **5.64** | | 40.74 |
| Jiwrajka Associate Private Ltd. | **10.16** | | 51.59 |
| Jiwrajka Investment Private Ltd. | **-** | | 48.65 |
| Niraj Realtors & Shares Private Ltd. | **53.68** | | 59.16 |
| Nirvan Holdings Private Ltd. | **-** | | 44.92 |
| | | **74.71** | 245.06 |
| **b) Unsecured Loan** | | | |
| Accepted During the year | | | |
| Associates | | | |
| Triumphant Victory Holdings Limited | | **451.40** | - |
| **c) Loans and advances** | | | |
| Granted during the year (Net) | | | |
| Associates | | | |
| Grabal Alok International Limited | **-** | | 16.73 |
| Grabal Alok (UK) limited | **24.13** | | - |
| Triumphant Victory Holdings Limited | **5.46** | | - |
| | | **29.59** | 16.73 |
| Received / Adjusted during the year- | | | |
| Associates | | | |
| Grabal Alok International Limited | | **16.73** | 29.84 |
| **d) Investments** | | | |
| Invested during the year | | | |
| Associates | | | |
| Alspun Infrastructure Limited | **-** | | 0.05 |
| Grabal Alok (UK) Limited | **-** | | 134.80 |
| Grabal Alok International Limited | **15.97** | | 38.06 |
| | | **15.97** | 172.91 |
| Joint Ventures | | | |
| Aurangabad Textile and Apparel Parks Limited | **-** | | 71.50 |
| New City of Bay Mfg. Mills Limited | **-** | **-** | 15.50 |
| | | | 87.00 |
| **e) Share Application Money** | | | |
| Associates | | | |
| Alspun Infrastructure Limited | **1.88** | | 3.52 |
| Ashford Infotech Private limited | **-** | | 17.79 |
| | | **1.88** | 21.31 |
| **f) Turnover** | | | |
| Associates | | | |
| Grabal Alok Impex Limited | **52.88** | | 37.32 |
| Grabal Alok (UK) Limited | **84.78** | | 80.96 |
| | | **137.66** | 118.28 |

| Transactions | | Current Year Amount | Previous Year Amount |
|---|---|---|---|
| g) **Expenditure** | | | |
| **Purchase of Goods:** | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **4.62** | 11.67 |
| **Interest:** | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **-** | 0.37 |
| **Remuneration:** | | | |
| Key Management Personnel | | | |
| Ashok B. Jiwrajka | **3.05** | | 3.05 |
| Chandra Kumar Bubna | **3.05** | | 3.05 |
| Dilip B. Jiwrajka | **3.05** | | 3.05 |
| Surendra B. Jiwrajka | **3.05** | **12.20** | 3.05 |
| | | | 12.20 |
| Relatives of Key Management Personnel- | | | |
| Alok A. Jiwrajka | | **0.18** | 0.06 |
| **Dividend Paid:** | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **0.43** | 0.69 |
| **Upfront Fees:** | | | |
| Associates | | | |
| Triumphant Victory Holdings Limited | | **4.51** | - |
| h) **Income** | | | |
| Dividend: | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **0.15** | 0.15 |
| Sale of Fixed Assets | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **0.02** | - |
| Interest Received | | | |
| Associates | | | |
| Grabal Alok Impex Limited | | **4.40** | - |

## 4. Details in accordance with clause 32 of the listing agreement with the stock exchanges.

a. Loans & Advance to associates, firms or companies in which directors are interested – Rs. Nil (Previous year Rs. Nil) is not considered as it is repayable on demand and interest is charged at market rates (excludes deposit for rented premises and share application money).

b. Investment by Loanee in the shares of the Company.

| Name of the Company | No. of equity shares | Face Value (Rupees) |
|---|---|---|
| Grabal Alok Impex Limited | 17,559,382 | 175,593,820 |

## 7. Right Issue

During the year, the Company has issued and allotted 408,723,061 equity shares of Rs.10 /- for cash to its existing shareholders on Right Basis at a premium of Re. 1/- each aggregating to Rs. 449.59 crore.

The proceeds of the Right Issue were utilised for

| Sr. No. | Particulars | Rs. Crore |
|---|---|---|
| 1 | Right issue expenses | 19.29 |
| 2 | Long Term Working Capital Margin requirement | 385.00 |
| 3 | General Corporate Purpose | 45.30 |

**8. Qualified Institutional Placements**

1. During the year, the Company has issued & allotted 182,100,248 equity shares of Rs. 10 each at a premium of Rs. 13.32 per equity share to Qualified Institutional Buyers in terms of Chapter VIII of Security and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulation 2009.
2. The Company intends to use the proceeds of issue, after deducting the Issue expenses, for Long term working capital margin and Capex requirements.

**9.** During the year, the warrant holder aggregating to Rs. 10.20 crore representing 1,00,00,000 warrants of the face value of Rs. 10 each, had decided not to exercise the option of conversion and the company has forfeited such warrants & transferred the amount to Capital Reserve.

**10.** 475 FCCBs (previous year 475 FCCBs) are carried forward from earlier year and pending conversion/ redemption as at the year end aggregating Rs.107.21 crore (Previous Year Rs. 121.01 crore) are disclosed under “Unsecured Loans” (Schedule 4). The total proceeds on this account have been fully utilised during the earlier years. The Company has on 26 May 2010 redeemed these 475 FCCBs

**11.** The Company has acquired plant and machinery, computers and vehicles on lease aggregating to Rs. 17.95 crore (Previous year Rs. 14.66 crore) on hire purchase in nature of finance lease. The Company capitalized the said assets at their fair value as the leases are in the nature of finance leases as defined in AS 19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

(Rs. Crore)

| Due | Total minimum lease payments outstanding | | Future interest on outstandings | | Present value of minimum lease payments | |
|---|---|---|---|---|---|---|
| | **2009-10** | **2008-09** | **2009-10** | **2008-09** | **2009-10** | **2008-09** |
| Within one year | **1.68** | 2.42 | **0.26** | 0.20 | **1.42** | 2.22 |
| Later than one year and not later than 5 years | **3.04** | 2.39 | **0.29** | 0.03 | **2.75** | 2.36 |
| Later than 5 years | **-** | - | **-** | - | **-** | - |

**12.** The Company during the year mainly capitalised Weaving Normal & Wider Width (Phase-III), Spinning unit (Phase IV), PET Chips Plant, and POY Plant at Saily, Dadra and Nagar Haveli and Terry Towel unit at Vapi.

Pre-operative expenses included in Capital work in progress (Schedule 6) represent the direct expenses incurred for projects undertaken by the company which are yet to be commissioned. Such pre-operative expenses mainly pertain to plants/building under erection/construction at units located at Vapi and Silvassa to be capitalised on completion of the project at that location. The details of pre-operative expenses are as under:

(Rs. Crore)

| Details of Pre Operative Expenses | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|---|---|---|
| Opening balance | **75.50** | 20.69 |
| **Add: Expenditure Incurred during the year** | | |
| Payment to and provisions for employees | **-** | 13.99 |
| Stores and spares consumed | **0.80** | - |
| Power and fuel | **26.29** | 36.21 |
| Others | **43.35** | 24.81 |
| **Total** | **145.94** | 95.70 |
| Less : Allocated to Fixed Assets. | **(106.83)** | (20.20) |
| | **39.11** | 75.50 |

## 13. Deferred Taxation

Deferred Tax Assets and Liabilities arising on account of timing differences are as under:

(Rs. Crore)

| Sr. No. | Particulars | 31 March 2010 | 31 March 2009 |
|---|---|---|---|
| I) | **Deferred Tax Liability (DTL)** | | |
| i) | Depreciation | **422.18** | 311.49 |
| ii) | Other Items | **(15.03)** | (3.37) |
| | | **407.15** | 308.12 |
| II) | **Deferred Tax Asset (DTA)** | | |
| i) | Other items | **2.54** | 0.01 |
| ii) | Business / Depreciation loss as per I. T. Act, 1961 | **1.65** | 1.71 |
| iii) | FCCB issue Expenses | **-** | 0.00 |
| | | **4.19** | 1.72 |
| | | | |
| (I-II) | **Total Deferred Tax Liability (Net)** | **402.96** | 306.40 |

## 14. Earnings per share (EPS)

(Rs. Crore)

| | | 31 March 2010 | 31 March 2009 |
|---|---|---|---|
| a. | Nominal value of equity shares per share ( In Rupees) | **10** | 10 |
| b. | **Basic EPS** | | |
| | Net Profit Available for Equity Shareholders | **137.25** | 74.79 |
| | Weighted average number of Equity Shares Dilutive (Nos.) | **539,602,404** | 213,775,775 |
| | Basic Earnings per share (Rupees) | **2.54** | 3.50 |
| c. | **Dilutive EPS** | | |
| | Net Profit Available for Equity Shareholders | **137.25** | 74.79 |
| | Add: Depreciation | **-** | 0.18 |
| | Net profit available for Equity Shareholders – (Dilutive) | **137.25** | 74.98 |
| | Weighted average number of Equity Shares Basic (Nos.) | **539,602,404** | 213,775,775 |
| | Add : Effect of potential equity shares on conversion of | | |
| | a. Share Application Money Utilised (Nos) | **-** | 15,345,330 |
| | b. Share warrants (Nos.) | **-** | 1,724,932 |
| | c. FCCBs (Nos) | **-** | 17,265,961 |
| | Weighted average number of Equity Shares Dilutive (Nos.) | **539,602,404** | 248,111,998 |
| | Diluted Earnings per share (Rupees) | **2.54** | 3.03 |

**Note :** Basic and diluted earning per share for the previous year has been recomputed taking into account the effect of the right issue of equity share

## 15. Employee benefit plans:

i. **Defined contribution plans:**

Amounts recognized as expenses towards contributions to provident fund, superannuation and other similar funds by the Company are Rs.12.56 crore (Previous Year Rs. 9.54 crore)for the year ended 31 March 2010.

ii. **Defined benefit plans:**

(a) Gratuity Plan: The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

(b) Compensated absences: Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan for the year ended 31 March 2010 as required under AS 15 (Revised)

(Rs. Crore)

| Particulars | Gratuity (funded) as on 31 March 2010 | Gratuity (funded) as on 31 March 2009 |
|---|---|---|
| **Change in Defined Benefit Obligation** | | |
| **Opening Defined Benefit Obligation** | **6.70** | 3.64 |
| Current Service Cost | **2.66** | 1.33 |
| Interest Cost | **0.52** | 0.38 |
| Actuarial loss | **0.32** | (0.80) |
| Past Service cost – Vested Benefit | **0.83** | - |
| Benefits Paid | **(0.26)** | (0.27) |
| **Closing Defined Benefit Obligation** | **10.77** | 4.28 |
| **Change in Fair Value of assets** | | |
| **Opening Fair value of assets** | **2.23** | 1.60 |
| Expected Return on Plan Assets | **0.18** | 0.18 |
| Actuarial Gain | **0.07** | 0.00 |
| Contribution by Employer | **0.63** | 0.72 |
| Benefits Paid | **(0.26)** | (0.27) |
| **Closing Fair Value of Plan Assets** | **2.85** | 2.23 |
| **Net Liability** | **7.92** | 2.04 |

Expense to be recognized in statement of Profit and Loss Account

| Particulars | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|---|---|---|
| Current Service Cost | **2.66** | 1.33 |
| Interest on Defined Benefit Obligation | **0.52** | 0.38 |
| Expected Return on Plan Assets | **(0.18)** | (0.18) |
| Net Actuarial loss | **0.26** | 0.92 |
| Past Service cost – vested benefit recognised during the year | **0.83** | - |
| **Total Included in Employment Expenses** | **4.09** | 2.45 |
| **Actual Return on Plan Assets** | **0.25** | 0.20 |
| **Category of Assets**<br>Insurer Managed Fund | **2.76** | 2.24 |

The assumptions used in accounting for the gratuity are set out below:

| Particulars | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|---|---|---|
| Discount rate | **8.00%** | 7.75% |
| Rate of increase in compensation levels of covered employees | **8.00%** | 7.75% |
| Expected Rate of return on plan assets | **8.00%** | 8.00% |

The Payment of Gratuity (Amendment) Bill 2010 amending the Maximum gratuity payable under The Payment of Gratuity Act 1972 from Rs.3.50 Lakhs to Rs.10 Lakhs has been passed by both houses of Parliament in May 2010 and will come into effect from a date to be notified by the Central Government. Since the said Bill has been substantively enacted, the Company has given effect to the same in valuing its actuarial liability for gratuity as at 31 March 2010. Due to this change in the maximum limit under the Act, the profit after tax for the current year is lower by Rs. 0.83 crore.

## 16. Segment Reporting

### a) Primary Segment: Geographical Segment

The group, during the year, considering its higher level of international operations and present internal financial reporting based on geographical location of customer, has identified geographical segment as primary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the group for comparative purpose in brackets.

The geographic segment consist of:

a) Domestic (Sales to Customers located in India)

b) International (Sales to Customers located outside India).

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment.

The group believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the group's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(Rs. Crore)

| Particulars | India | Rest of World | Total |
|---|---|---|---|
| Operating Revenue | 2,836.61 | 1,587.73 | 4,424.34 |
| (including job work charges) | (2,052.68) | (1,038.10) | (3,090.78) |
| Profit before minority Interest & share of profit of associates | | | 157.81 |
| | | | (136.53) |
| Minority Interest | | | 0.64 |
| | | | (5.57) |
| Share of loss of associates | | | 20.74 |
| | | | (68.05) |
| Profit after Tax | | | 137.71 |
| | | | (74.05) |

### b) Secondary Segment: Business Segment

The Group during the year was having single segment as reportable segment as per AS 17 "Segment Reporting". Hence there is no Secondary segment to be reported.

17. In the opinion of the Board, the carrying value of all Current Assets, Loans and Advances and other receivables is not less than their realizable value in the ordinary course of business.

18. The provision for Income Tax includes Rs. 63.56 crore (previous year Rs. 34.38 crore) has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income-tax Act, 1961, in view of deductions available to the Company. Considering the future profitability and taxable positions in the subsequent years, the Company has recognized 'MAT credit entitlement' amounting to Rs. 34.26 crore (previous year Rs. 28.65 crore), as an asset by crediting the Profit and Loss Account for an equivalent amount and disclosed under 'Loans and Advances' (Schedule 11) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by the Institute of Chartered Accountants of India.

19. (Short)/Excess provision for dividend of earlier year of Rs. Nil (Previous Year Rs. 0.17 cores) [including dividend tax Rs Nil (Previous year Rs. 0.02 crore)] represent the difference between the amount provided and paid considering the legal opinion obtained by the Company and the amount finally paid on the shares allotted as on outcome of conversion of FCCBs.

20. The company has invested in a subsidiary company viz; Alok Industries International Limited (AIIL). In turn AIIL hasn made investment / given advances to its subsidiary companies viz. Alok European Retail s.r.o. (AER) and Mileta, a.s. AIIL, for the time being does not intend to continue with the business plans of investing in AER.

Mileta, a.s. has embarked upon a business growth plan for streamlining it's opeartion and is expected to generate cash surplus from 2010-11. On that basis and the obective assessment of expected cash flow, investment in Mileta and the loan amount as at the year end is considered good and recoverable.

AIIL has made investment in an associate viz; Grabal Alok (UK) Limited aggregating to Rs. 314.22 crore (Previous year Rs. 354.66 crore) and given interest free loan of Rs. 7.40 crore (Previous year Rs. Nil) and interest bearing loan of Rs. 16.72 crore (Previous year Rs. Nil) which is a strategic long-term investment. AIIL has also invested Rs. 54.04 crore [Previous year Rs. 38.06 crore] in another associate viz; Grabal Alok International Limited and given interest free loan of Rs. Nil [Previous year Rs. 16.73 crore], which has entirely invested such amounts in Grabal Alok (UK) Limited. Grabal Alok (UK) Ltd. has embarked upon a plan for revamping it's retailing operations in Europe through an optimized sourcing strategy and opening of additional stores. On that basis and the obective assessment of expected cash flow, in the opinion of the Company, the aforesaid investments and the loan amounts outstanding as at 31 March 2010 are considered good and recoverable.

Further AIIL has paid Rs. 33.43 crore (Previous Year Rs. 37.73 crore), being subscription money PowerCor LLC towards 5% Group B Membership interest, which was made with a view to participate in the probable gains from commercializing of certain niche technology – plans, the said company is yet to commence its operations and has exclusive rights to market, commercialise and sell specific software used in development and implementation of certain products. It is premature to re-assess the potential of this venture, pending full clarity on the status of their business plans, AIIL has made the provision for diminution in value of investment to the extend of 25% Rs. 8.35 crore.

AIIL has invested Rs. 5.91 crore (Previous Year Rs. 6.67 crore) in 22 (Previous year 22) senior units of the equity capital of Aisle 5 LLC (Aisle5), which is in the business of development, marketing and licensing of trade brands. Subsequent to the year end, an involuntary petition for liquidation under Chapter 7 was filed against Aisle 5 LLC in the US Bankruptcy Court. Based on such liquidation petition, AIIL has considered and made provision for diminution.

On the above basis and objective assessment of the expected cash flow of the Subsidiary Company, in opinion of the Company the investment in subsidiary company viz Alok Industries International Limited is considered good.

21. During the year, the Company invested in a newly formed company, Triumphant Victory Holding Limited ("TVHL") in the British Virgin Islands, as a strategic long term investment. TVHL has availed of a short term loan facility from Axis Bank-DIFC-Dubai Branch for investment in Alok Industries International Limited by way of Compulsory Convertible Debentures with put option on the Company at the end of due date. The said put option is backed by a lien on fixed deposit of Rs. 444.00 crore of the Company held by Axis Bank, New Delhi.

22.

a) The Company, during the year based on the Announcement of the Institute of Chartered Accountants of India "Accounting for Derivatives along with the principles of prudence as enunciated in Accounting Standard (AS) 1 "Disclosure of Accounting Policies" has accounted for derivative forward contracts at fair values.

On that basis, changes in the fair value of the derivative instruments as at 31 March 2010 aggregating to Rs. 23.95 crore (previous year Rs. 16.85 crore) have been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of counter parties.

b) Derivative contracts entered into by the Company and outstanding as on 31 March 2010

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31 March 2010 amount to Rs.1,267.46 crore (previous year Rs. 169.36 crore) Category wise break-up is given below.

(Rs. Crore)

| Sr. No. | Particulars | As at 31 March 2010 | As at 31 March 2009 |
|---|---|---|---|
| 1 | Interest Rate Currency/Swaps | **1,077.87** | 157.52 |
| 2 | Currency Options | **189.59** | 11.84 |
| | **Total** | **1,267.46** | 169.36 |

c) All derivative and financial instruments acquired by the Company are for hedging purpose only.

d) The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

i) Amount receivable in foreign currency on account of the following

(In Crore)

| Particulars | Rupees | Amount in foreign currency | Foreign Currency |
|---|---|---|---|
| Debtors | 255.94 | 5.67 | USD |
| | 1.66 | 0.03 | GBP |
| | 17.05 | 0.28 | EUR |
| | 26.45 | 11.10 | CZK |
| Cash & Bank Balances | 42.77 | 0.94 | USD |
| | 0.00* | 0.00** | EUR |
| | 7.00 | 2.94 | CZK |
| * RS. 10,603 , ** EUR 154 | | | |

ii) Amount payable in foreign currency on account of the following

(In Crore)

| Particulars | Rupees | Amount in foreign currency | Foreign Currency |
|---|---|---|---|
| Secured Loans | 248.25 | 5.50 | USD |
| | 72.99 | 113.98 | JPY |
| | 10.24 | 4.30 | CZK |
| Interest accrued but not due on loans | 25.89 | 0.57 | USD |
| Unsecured Loan | 558.61 | 12.38 | USD |
| Sundry creditors | 0.27 | 0* | EUR |
| | 0.31 | 0** | GBP |
| | 37.47 | 0.83 | USD |
| | 49.11 | 20.60 | CZK |
| * EUR 45,020.61, ** GBP 44,928.62 | | | |

23. During the year the company has received Rs. 42.75 crore towards full & final settlement of insurance claim for material damage of Rs. 190.66 crore filed with the Insurer for fire occurred to its Texturising unit in previous years, and has recognised loss of Rs. 37.91 crore in the Profit & Loss Account.

24. In line with the notification dated 31 March 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 – 'Effect of changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.

    i) In effect of the above the company hasAdded to fixed assets/ capital work-in-progress Rs. 75.00 crore (Previous year Rs. 166.46 crore) being exchange difference on long term monetary items relatable to acquisition of fixed assets.

    ii) Charged to Profit & Loss Account Rs. 0.17 crore (Previous year Rs. 6.55 crore).

    Iii) Carried forward Rs. 0.17 crore (previous year Rs. 11.20 crore) in the 'Foreign Currency Monetary Item Translation Difference Account' being the amount remaining to be amortised as at 31 March 2010.

25. The amounts in balance Sheet, Profit and Loss account are rounded off to the nearest lakhs and denominated in crore of rupees.

26. The figures of the previous year have been reclassified / regrouped wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 19

**As per our attached report of even date**

**For Gandhi & Parekh**
Chartered Accountants

**Devang B. Parekh**
Partner

Mumbai: 29 July 2010.

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman

**Dilip B. Jiwrajka** Managing Director

**Surendra B. Jiwrajka** Jt. Managing Director

**Sunil O. Khandelwal** Chief Financial Officer

**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Mumbai: 29 July 2010.

NOTES

NOTES

# NOTES

# PROXY FORM

# ALOK INDUSTRIES LIMITED

Registered Office : 17/5/1, 521/1, Village, Rakholi / Sayli, Silvassa - 396230
Union Territory of Dadra and Nagar Haveli

| | |
|---|---|
| REGD FOLIO | |
| DP. ID | |
| DP ID CLIENT ID | |
| PROXY NO. | |
| NO. OF SHARES | |

I/We.....................................................................................................................of.........................................................in the district of..........................................................................................being a member/members of Alok Industries Limited, hereby appoint.............................................of ...................................................... or failing him .............................................of .................................... in the district of........................................................................ as my/our Proxy to vote for me/us and on my/our behalf at the **24th Annual General Meeting** of the Company to be held on Friday, the 17th day of September 2010 at 12.00 noon and at at the **Registered Office of the Company at 17/5/1, 521/1, Village Rakholi/ Sayli, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli,** any adjournment thereof.

Signed on this ___________day of 2010

AFFIX
15 PS.
REVENUE
STAMP

Signature(s) of Member(s)

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registerd Office of the Company not less than 48 hours before the time for holdiig the aforesaid meeting. Teh proxy need not be a member of the Company.

# ATTENDANCE SLIP

# ALOK INDUSTRIES LIMITED

Registered Office : 17/5/1, 521/1, Village, Rakholi / Sayli, Silvassa - 396230
Union Territory of Dadra and Nagar Haveli

Folio No. /DP. ID : ______________________________

Client ID No. : ______________________________

Name & Address : ______________________________

I hereby record my presence at the **24th Annual General Meeting** of the Company being held on Friday, the **17th day of September 2010 at 12.00 noon and at at the Registered Office of the Company at 17/5/1, 521/1, Village Rakholi/ Sayli, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli.**

Signature(s) of Member(s)
Proxy attending the meeting

Please complete this Attendance Slip and bring the slip to the Meeting.

ALOK
INDUSTRIES LIMITED
TM INTEGRATED TEXTILE SOLUTIONS

**Registered Office** - 17/5/1, 521/1, Rakholi / Sayli, Silvassa,-396230 Union Territory of Dadra and Nagar Haveli.

**Corporate Office** - Peninsula Tower 'A', Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
Tel - 91 22 2499 6200/6500 Fax - 91 22 2493 6078 Email - info@alokind.com
**Visit us at www.alokind.com**

www.westernpress.in