

22<sup>nd</sup> ANNUAL REPORT 07-08



# CONTENTS

Key Highlights (Operating)	1	CEO & CFO Certification	89
Corporate Objective	2	Auditors' Report of Alok Industries Ltd.	90
Quest for Excellence	3	International Accountants Report	93
<b>Alok Industries Limited</b>		Balance Sheet	94
Board of Directors	24	Profit and Loss Account	95
Executive Directors	25	Cash Flow Statement	96
Generation Next	25	Schedules	98
Core Teams of Alok	26	Balance sheet Abstract and Company's General Business Profile	124
Chairmans' message	30	Statement pursuant to section 212 of the Company's Act. 1956 relating to subsidiary companies	125
General Information	34	<b>Alok Industries Limited (Consolidated)</b>	
Notice and annexure to notice	36	Auditors Report on Consolidated	127
Financial Highlights and Key ratios	40	Consolidated Balance Sheet	128
Directors Report	42	Consolidated Profit and Loss Account	129
Management Discussion & Analysis Report	49	Consolidated Cash Flow Statement	130
Corporate Governance	74	Consolidated Schedules	132
Shareholders Information	81		
Auditors Report on Corporate Governance	87		
Company's Secretarial compliance certificate	88		

# KEY HIGHLIGHTS OF 2007-08

Turnover increased by 18.95% to  
Rs. 2170.41 crores

Exports increased by 61.58% to  
Rs. 1036.89 crores

EBITDA\* increased by 33.29% to  
Rs. 547.75 crores

Profit After Tax\* increased by 24.08% to  
Rs. 167.73 crore

Dividend recommended at  
Rs. 1.20 per share

Total Assets Rs. 7887.79 crores

Total Networth Rs.1431.34 crores

Book Value at Rs. 70.59

EPS at Rs. 11.40

CEPS at Rs. 20.53

\*Excluding forex gain of Rs. 43.63 crores (net of tax Rs.30.93 crores)

# CORPORATE OBJECTIVE

To ensure total customer satisfaction

To be a global textile enterprise

To attain leadership in all facets of operation and meet global standards of cost, quality and pricing

To constantly provide opportunities and create values for all the employees and society at large

To maximize profit and shareholders wealth

# QUEST FOR EXCELLENCE

## Alok is committed to:

Achieving the highest international standards in all aspects of its diverse businesses

Offer innovative, customised and value added solutions to all its customers

Benchmarking against and implementing best in class management practices and technologies in order to grow and diversify its businesses and sharpen its competitive strengths

Being an equal opportunities employer, developing the skills of its human capital and enhancing their productivity

Being fair to all who are participants in its businesses

Growing stakeholders' benefits, while simultaneously protecting and enhancing the welfare of the environment in which it operates



# ORGANIC COTTON

"With an impressive state of the art spinning, raw cotton fiber at Alok is our major input.

As a responsible corporate citizen adhering to the triple bottom line approach, we are seriously committed to 'greening' of the textile business and promote fair trade practices. This requires for an increased use of organic and Fair Trade cotton – a practice that benefits the entire textile chain: the marginal cotton growers of the country, Alok as a manufacturer of quality textiles and the retailers.

The cotton growers get fair price of their produce, Alok gets consistent supplies of raw material, vendor loyalty and customer delight and retailers get premium and niche cotton products at competitive prices. Since growing organic cotton sans the use of hazardous agro-chemicals and fertilizer inputs and nurtures the life of the land, we are making a humble effort to leave a safer world for those who will inhabit it in future."

Making business eco-friendly and contributing towards cleaner environment are not just socially desirable objectives – they make immensely sound business sense, too. Today textile manufacturers and retailers across the world recognize the need for sustainability and fair prices for the products they buy – and are willing to pay a premium for the efforts that it takes.

We have tied up with renowned Organic and Fair Trade cotton projects in Maharashtra, Madhya Pradesh and Andhra Pradesh in India and also in West Africa for the supply of Organic and Fair Trade cotton and we would continue to explore more such opportunities in future."



**Jitender Kumar**  
Asst. Vice President  
(Cotton Procurement)





SLNGD0338

PICANOL

GamMax



# COTTON YARN



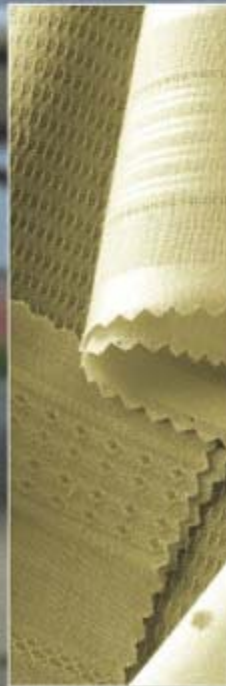
Anil Nair  
Vice President  
(Cotton Yarn)

"We are an end-to-end textile solutions company — and in that, cotton yarn is an intrinsic part of the value chain. The in-house availability of all kinds of world-class yarns for woven and knitted fabrics provides Alok a considerable competitive edge in all its product categories.

Alok spins a fine combed, carded and flat cotton and cotton blended yarns for a wide range of applications. Our greige and dyed yarns meet the highest international quality standards and are considered amongst the best in India.

Our expansion of spinning capacities will be completed by the end of current financial year, which would increase our capacities from 20,500 tpa to 58,500 tpa. This would make Alok amongst the largest producers of cotton yarn in India, equipped with the best possible technology and capable of producing finest quality of yarn at the most competitive prices. And the customer is and will be the winner."





# APPAREL FABRICS

"Alok is one of the largest producers of Apparel fabrics in the country with leadership position in both woven and knitted fabrics. Apparel fabrics are the core strengths of the company and occupy a lion's share in the overall business of the company. Since inception, company is into this business and understands the criticality of quality, delivery and cost in this trade. It has expanded its products/customer base and developed requisite skills to meet customer's expectations over the years. We strive continuously to improve our service standards and to this end we are strengthening our designing and product development capabilities.

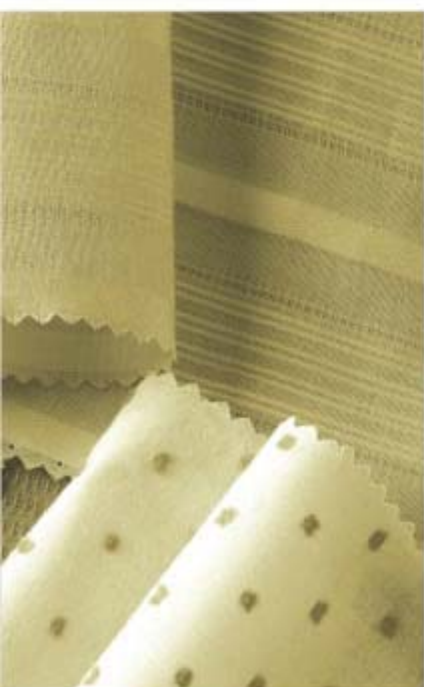
Today, we are among the most preferred suppliers to some of the world's best known garment brands, retailers and designers, providing them unique solutions for fashion, formal and high performance fabrics in the fashion wear, basic clothing and work-wear segments.

We are proud of our wide product range which virtually meets all the requirements of our demanding customers. Besides, basic printed and dyed fabrics, our range includes world-class premium yarn dyed shirting and bottom weight fabrics with different specialised finishes. We have adapted the latest international processing and finishing technologies like Nano finish; Protex Inherent and Flacavon for fire retardant fabrics; infra-red finish for camouflage fabrics used by defense forces; 3X Dry water-resistant fabrics; anti-bacterial, insect-repellent fabrics; soil release and repel fabrics; aroma finish fabrics to name just a few.

We are now focused on achieving global economies of scale and higher value-addition. To this end, capacities for knitted and woven fabrics are being expanded further , benefitting both Alok and the end-user."



**Rohit Seru**  
President - Apparel Fabrics





# HOME TEXTILES



S. Giridhar  
Head (Home Textiles)

Alok entered into bed linen segment in 2003 and today we are delighted to say that we are one of the largest integrated sheet set manufacturers and exporters from India. Right from beginning, this division has been a major driver for the exports of the company

Our philosophy of providing wide range of product spectrum ranging from 180 TC (Thread Count) to 1000 TC in Dobbies, Jacquards, Yarn dyed continues to fascinate and attract buyers from all over the world . We bestow of having all the top brands in Home Textiles in our forte. We have continuously introducing new finishes and products like organic bed sheets, wrinkle free and other Nano finish bed sheets. We are strengthening our product development and designing capabilities to further enhance our product range to meet the requirement of discerning designer labels.

Our efforts have been well rewarded by our buyers in terms of the repeat orders and higher volumes as well as by the industry councils : such as Texprocil (Ministry of Textiles , Government of India) who has awarded us with the Silver trophy for highest export of Bed Sheets for the second consecutive year.

We are complementing our bed linens with bath linens as our terry towel plant getting commissioned in the third quarter of the current financial year. This will add to our range and make us a complete home textiles solutions provider for our customers."





# GARMENTS



Romi Agarwal  
*Head (Garments)*

"The garment segment adds further value to the woven and knitted fabrics that we manufacture and also meets our ultimate objectives of providing complete solutions to our customers. We would like this segment to grow faster and thus capture the maximum value addition in the company.

In a short span of time, we have increased our product range and cater to the requirements of renowned retailers, brands, designers, importers, corporates, institutions and governments. Our garment factories are certified by leading retailers, brands and importers for adherence to social and environment compliance norms.

We have specialised and dedicated production facilities for knitwear, shirts, trousers and work wear. We are soon going to enter the world of high fashion. With well-defined growth plans, we aim to become one of the largest manufacturer and exporter of garments from India.

To do so, we are expanding our in-house capacity from 11 million to 22 million garments; we will produce a diverse range of knitted and woven garments from basic to fashion and from formal day wear to high performance work wear, something good for everyone."







# POLYESTER YARN

"Alok started its operations with polyester texturised yarn in 1989 by installing modest capacities and is today amongst the largest Texturised yarn manufacturers in the country with a capacity of about 70000 tons per annum. The unit is also backwardly integrated with captive POY unit of 54000 tpa manufactured out of polyester granules.

In August 2007, in a major mishap, Alok's texturised yarn unit of 70 machines was totally destroyed in a fire. The unit was revamped within 90 days in November 2007 to commence partial operations and by March 2008, the company installed 63 machines. The capacity of this division is being further enhanced by addition of 41 machines to reach capacity of 114,000 tons of textured yarn p.a. by March 2009 which would further consolidate our position in the industry.

We are presently also implementing a continuous polymerisation plant with an installed capacity of 182,500 tonnes per annum of POY. This would enable Alok to have full control over the backward production chain, gaining tremendous competitive advantage and high efficiency.

We have also started manufacturing a wider range of technically superior, high performance polyester yarns for a more diverse range of applications, which has resulted in further widening of our market reach and enhancing value addition.

Alok is a leader in the domestic market and also has significant presence in the international market. The Company has been awarded a Gold trophy for highest exports to Latin American countries a testimony to its growing presence in the international market. We will continue to strive for better performance and value added products."



**Ashish Mehrishi**  
*Vice President  
 (Polyester Yarn)*





# DOMESTIC RETAIL

*Spending wisely never felt so good*



**Umang Garg**  
Vice President - Retail

"Retail foray for Alok is the logical culmination of the textile value chain that starts from cotton procurement and ends with the apparel / home textiles being sold at an Alok outlet to the end-user. We have, therefore, entered the consumer market with our own retail chain of stores named as 'H&A' (Homes & Apparels). These stores are targeted at the rapidly growing mass market across India.

H&A stores are positioned as complete family stores for apparel, home textiles and accessories offering the pleasure of buying high quality textile products at affordable prices. A clear testimony to high consumer satisfaction and the correctness of our assumptions is reflected in the fact that 80% of the customers make repeat visits to our stores.

Our initial rollout has given us valuable insights in the Indian textile consumers' buying behaviour, retailing logistics, product mix and the overall complexities of the retailing business. We are now ready to go into an accelerated expansion mode. To begin with, the present 32 stores would be increased to over 250 by March 2009. Our long term vision includes H&A stores located across India, giving the customer a wide quality apparel and home textile products at affordable price points at a store nearby."

We at Alok believe that this is a major opportunity for growth and to have a focused approach, proposes to hive off to a separate 100% subsidiary Alok Retail (India) Limited.





# INTERNATIONAL OPERATIONS -TEXTILE



Otakar Petracek  
*Managing Director  
Mileta a.s.*

Alok's international textile operations took off with the acquisition of Mileta in the Czech Republic — a European major in yarn dyed shirting, handkerchiefs and table linen, which specialises in high-value premium products.

The acquisition has created considerable synergies and value addition for both Alok and Mileta. As part of Alok, Mileta is now a provider of technical expertise, especially in yarn dyed fabrics. Well-known apparel brands such as Mileta, Erba, Cottonova and Lord Nelson are now in the Alok portfolio and are in the process of being progressively launched in India. Mileta also provides Alok greater penetration into the European market.

For Mileta, Alok's large scale, state of the art integrated manufacturing capacities provides low cost manufacturing base. The modernisation programme at Mileta initiated by Alok during the year would improve its efficiencies and competitiveness in the European Market.

Together, we expect to grow considerably in the coming years."





# INTERNATIONAL OPERATIONS -RETAIL

## STORE TWENTY ONE



**Findlay Caldwell**  
Vice Chairman  
Grabal Alok (UK) Ltd.

Alok has entered international retailing — by taking a strategic stake in a UK based retail company Grabal Alok (UK) Ltd. (formerly known as Hamsard 2353 Ltd.) having 218 retail stores across England, Scotland and Wales. These stores offer value for money ranges of garments for women, men and children and home ware and related accessories.

Alok is presently implementing several strategies to improve the performance of Grabal (UK), which includes: re branding the stores as “Store Twenty One” (from’qs’), repositioning the stores as “value proposition” from “discount stores”, improving the product profile and improving overall efficiencies. The network of 218 stores is also being expanded to over 300 , including shop-in-shops in UK’s leading department stores and new stand alone stores.

We have a good team now in place and the benefits of the new initiatives have started yielding results. We would not only grow in UK but would also like to take “Store Twenty One” to other parts of Europe and even to India. Going forward, we believe that this investment will generate substantial value for the stake- holders of Alok.







# REALTY



**Rambilas Bidada**  
*Vice President*  
*Alok Infrastructure*

Alok's realty business is driven through its wholly owned subsidiary, Alok Infrastructure, which has contracted to develop about 1700,000 square feet of premium office space in Mumbai. This division aims at Alok generating revenue through rentals and capital appreciation.

The company also has around 400 acres of land at Silvassa which can be utilised for developing SEZ, integrated township and other commercial purposes.

We would continue to explore opportunities in this sector to maximise the gain for the stake-holders.



# BOARD OF DIRECTORS



Ashok B. Jiwrajka  
Executive Chairman



Dilip B. Jiwrajka  
Managing Director



Surendra B. Jiwrajka  
Jt. Managing Director



C. K. Bubna  
Executive Director



K. J. Punnathara  
Nominee Director of  
Life Insurance  
Corporation of India



K. C. Jani  
Nominee Director of  
Industrial Development Bank  
of India Limited



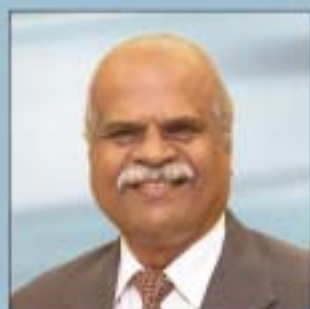
Rakesh Kapoor  
Nominee Director  
of IFCI Limited



Ashok G. Rajani  
Director



K.R. Modi  
Director



R. J. Kamath  
Nominee Director of  
Industrial Development  
Bank of India Limited

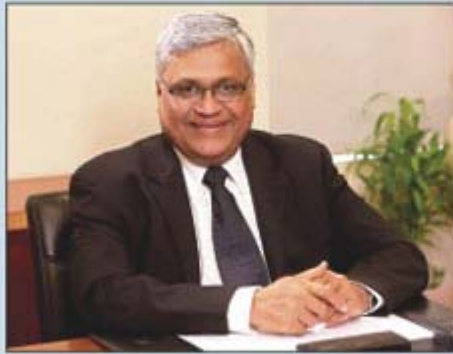


Tim Ingram  
Director

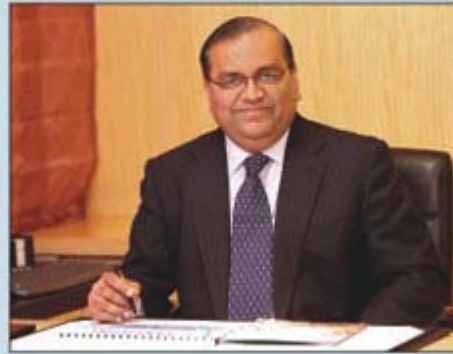


Hiroo S. Advani  
Nominee Director  
Export Import Bank of India

## Executive Directors



Ashok B. Jiwrajka



Dilip B. Jiwrajka



Surendra B. Jiwrajka



C. K. Bubna

## Generation Next



Niraj D. Jiwrajka, Alok A. Jiwrajka and Varun S. Jiwrajka



Prita D. Jiwrajka

# CORE TEAMS OF ALOK



Team Head Office

L to R: Front Row: Anil Nair, Sumit Malhotra, R. Rajaram, Sunil O. Khandelwal, Ashish Mehrishi, Alok Bahadur, Rohit Seru, K.H.Gopal  
Back Row: Mismar Michael, Shaji Varghese, Suraj Alva, Pinesh Mehta, Alok Mehrotra, Kalpesh Shah., Madhusudan Nagori



Team Head Office

L to R: Front Row: Hari Menon, Bikas Nandi, Yogesh Kalia, Preeti Rane, Girish Mahajan, Premkumar K.M., Jitender Kumar.  
Back Row: Amit Sinha, Ashish Khandelwal, V.M. Rathi, Prakash Thombre, Narinder Thapa, Ramesh Jain, Thirupathi V. Talla, Hitesh Shah.



Team Silvassa: Spinning, Weaving, Knitting, Garmenting, Made-ups, POY & Texturising

L to R: Front Row: Rambilas Bidada, KVS Nair, Tulsii Karnani, R.B. Mahapatra, Sapan Mukherjee, S.S. Shirolkar, Siddharth Banadopadhyay  
Back Row: Sanjiv Sachdeva, Paresh Kulshtreshtha, Shashi Sharma, R.B.Maid, Kamal Tiwari, Romi Agarwal, Sandip Mahajan



Team Vapi: Continuous Processing Plant

L to R: A.K.Pal, P.K.Das, Rajiv. Kapur, S.C. Goyal, Bhuvanesh Gupta

# CORE TEAMS OF ALOK



L to R: Front Row: Kuriakose Polly, Sanjeev Singh, Back Row: P.D. Mokashi, S.M.Jagtap



L to R: A.P.Anand, R.G. Nair, Prakash Ghadge



Garment Team

L to R: *Sitting: Aarti Borkar, Rajesh Shroff, Bijal Vora, Suraj Alva, Rakesh Verma, Arun Mohata, Dipak Parad, Sofia Pujari, Standing: Gitanjali Kalwar, Shruti Adukia, Rajeshri Ambre, D. Sharanappa, Bhavesh Somani, Kushal Buch, D. Siddharth, Arvind Gaur, Monti Bhatia, Sanjay Shirke, Subhash Rai, Jayashree Kotian, Kranti Mahajan, Sheetal Goja*



Team Mileta, Czech Republic

Otakar Petracek, Gopinath Kamath, Dinesh Mall



Team UK  
Store Twenty One

Top to Bottom: R. Narayan, Findlay M Caldwell, Cath Norgate, Anupam Jhunjunwala, Karen Martin, Jan Laight

## CHAIRMANS' MESSAGE

Dear Shareholder:

2007-08 was the third straight year when India's GDP

grew by 9% or more, an unprecedented feat in our country's economic history. India grew across all sectors and what was encouraging is that a large part of this growth was fuelled by consumer demand.

Economic forecasts peg India's GDP growth at around 8% for 2008-09. This will still make India one of the fastest growing economies in the world. With predictions of a good monsoon and bumper harvests in 2008-09, coupled with Government of India's measures to dampen inflation

and the first signs of a moderation in global crude oil prices, India's GDP growth may even cross the forecasted mark. And, like in previous years, a considerable part of this growth is expected to be fuelled by consumer spending — of which textile products form an important contributor.

The Indian textile industry is also growing. There is burgeoning domestic demand for textile products — driven by a rapidly increasing middle class with higher disposable incomes, increased retail penetration and growth in housing, healthcare and hospitality units that need furnishing and speciality



Ashok B. Jiwrajka, Executive Chairman

*“ Your Company's financial performance for the year ended 31 March 2008 reflected its trademark consistency in growth and profitability.”*



fabrics. Production capacities are shifting from the US and Europe to Asian nations, especially India, as international customers perceive Asian manufacturing hubs not just as 'low cost' alternatives but as vendors capable of supplying quality products and design capabilities on time and in large quantities. With the Rupee now depreciating against the US Dollar and the price gap between Indian and Chinese products narrowing, Indian textile exports will become even more competitive.

Your Company's financial performance for the year ended 31 March 2008 reflected its trademark consistency in growth and profitability. Let me share with you some key figures.

- Income from operations grew by 18.95% to Rs. 2,170.41 crore, a compounded annual growth rate (CAGR) of 23.60% over the last three years. The growth in your Company's sales has been across all divisions.
- Export income grew by 61.58% to Rs. 1,036.89 crore. This is noteworthy for two reasons. First, this export volume was achieved in the face of the Indian rupee remaining strong vis-à-vis the US Dollar for most of 2007-08. Second, and more importantly for your Company, this was the first year when annual exports sales of your Company crossed Rs, 1,000 crore. Exports are now 47.77% of your Company's total sales, from a level of 35.17% a year ago. I expect this trend to continue.
- Operating earnings before interest, taxation, depreciation and amortisation (operating EBITDA) grew by 33.28%, from Rs. 410.96 crore to Rs. 547.75 crore. Including exceptional items, EBITDA was at Rs. 591.37 crore, a year-on-year increase of 33.07%.
- Operating profit before taxes (operating PBT), at Rs. 253.96 crore, reflected an increase of 27.70% over

2006-07 (Rs. 198.88 crore). Including extraordinary income PBT for the year ended 31 March 2008, at Rs. 297.59 crore, was up by 28.10% over last year.

- Operating profit after tax (operating PAT) increased from Rs. 135.02 crore in 2006-07 to Rs. 167.73 crore in 2007-08, an increase of 24.23%. Including net extraordinary income, PAT grew by 20.62% over last year to reach Rs. 198.66 crore.
- The book value per share for your Company as on 31 March 2008 stood at Rs. 70.59, compared to Rs. 60.13 a year earlier.
- Earnings per share (EPS) grew 17.53% over 2006-07 to touch Rs. 11.40.

You can read the details of this in the accompanying Management Discussion & Analysis.

Your Company's operations can now be identified in three segments: Textiles, Retail and Realty. Let me share with you some details about each of them.

Alok has been an integrated textile solutions provider for a number of years. Your Company is now firmly established as a vendor of choice for a number of demanding international retailers, private labels and large domestic garment manufacturers. Your Company is, therefore, focusing strengthening and deepening customer relationships in the domestic and the international market and on capacity expansions that would allow it to cater to the increasing demand.

During the year, an unforeseen fire destroyed your Company's texturising plant at Saily, Silvassa. The unit was resurrected and commenced partial production about 90 days from the date of the fire: an eloquent testimony to the resilience and the efficiency that your Company possesses.

Last year, your Company acquired a 60% share in Mileta a.s., a premium textile company, situated in the

Czech Republic; the stake is now being enhanced to about 80%. Mileta brings to your Company brands such as Mileta, Erba, Cottonova, Lord Nelson and Wall Street, some of which the Company has launched in the Indian markets through its retail outlets. It also offers opportunities to your Company in technology and knowledge transfer, especially for yarn-dyed products, where Mileta has considerable expertise.

Your Company has several advantages: large integrated production capacities that cater to high volume international orders, design capabilities and product development skills that exceeds customer expectations and a rigorous focus on quality and 'on time' execution. Your Company has expanded its production capacities even further during the year and is well on its way to becoming a global sized integrated textile player. The enhanced capacities, sophisticated design capabilities and constant focus on quality and time parameters enable your Company to competitively bid for and win prestigious international orders, where volume, quality and time to delivery are inflexible; the exports growth of your Company over the past few years before this, culminating Alok crossing the Rs. 1,000-crore export landmark this year, bear witness to this fact.

Let me now brief you about your Company's foray into the retail sector.

In 2006-07, your Company entered domestic retail with the 'H&A' chain of stores. As on 31 March 2008, there were twenty such stores. Your Company is now looking at expanding its retail operations to a pan-India level, targeting over 250 stores by the end of 2008-09. These stores would offer a full range of apparel, home textile products and accessories. To focus on this part of the business, your Company proposes to bring the domestic retail operations

under the umbrella of a separate wholly owned subsidiary.

Your Company has also entered into the international retail market. In the UK, Grabal Alok (UK) Ltd., in which your Company, through its subsidiary, holds a 43% stake, operates 218 retail stores across England, Scotland and Wales. These stores, now being renamed as 'Store Twenty One, are being repositioned as value proposition retail stores for the fashion conscious 'young at heart' consumer. Store Twenty One will allow your Company to enter the lucrative Western European retail apparel market. I see this as an opportunity to enhance shareholder value in the medium term, as well as gain learnings of retail operations from a sophisticated chain of retail stores and perhaps, at a later point in time, bring the 'Store Twenty One' into India.

In the US market, your Company has tied up with AISLE 5 LLC to supply home textile products through supermarket chains, under exclusive labels such as 'Cotton + Clay', aworld, etc. This is an exciting opportunity to reach your Company's products to one of the world's largest home textile markets through a hitherto untapped distribution channel. During the year, a beginning has been made in this direction and your Company is optimistic about the growth prospects of this venture.

Realty is the third business segment. Your Company has entered the realty business through its wholly owned subsidiaries, which currently are implementing projects with a cumulative value of about Rs. 2,000 crore. Your Company expects that these initiatives would unlock considerable shareholder value from the sale / lease of the realty projects.

Also, your Company has signed an agreement with National Textile Corporation to form a joint venture that would develop and revive two textile mills — one

each at Mumbai and Aurangabad. The surplus land available would also be used for textile-related activities.

Your Company is also deeply committed towards ensuring a safe and sustainable environment. Alok believes that socially responsible behaviour is imperative in the way a corporate entity does business. Your Company has launched initiatives in the areas of community development and organic cotton.

In its community development initiatives, your Company has set up an Early Learning Centre that helps to educate under-privileged children near its facilities at Silvassa. Alok also helps in refurbishing and supporting poor schools in and around the areas where it operates. Your Company believes imparting quality technical education builds a knowledge and skill bank that is not only beneficial for itself but to the community as a whole. To that effect, Alok has been chosen to collaborate with the government and the local administration in upgrading the government Industrial Training Institute at Silvassa into a centre of excellence.

In the field of healthcare, your Company is proposing to partner the government to manage a primary health centre-cum-hospice in Dadra & Nagar Haveli, which delivers healthcare services to an estimated one million patients annually.

Your Company is committed to making and organic cotton a viable and sustainable agricultural and economic alternative. In this regard, your Company works with farmers and clothiers to create a market for certified organically grown and sustainable cotton. Alok has also contracted with farmers in Madhya Pradesh to cultivate organic and sustainable cotton, duly certified by SKAL and ECO CERT, with a minimum guaranteed price to the farmers for their crop. Your Company is also working on a model that

would offer a fair price and a safety net to cotton farmers in Vidharbha, widen markets for organically grown cotton and create a more environment friendly cotton industry.

I am certain that your Company's various business and social initiatives will result in growth — not only economic and financial growth that translates to better topline and bottomline, but also in terms of respect towards and awareness of a socially responsible corporation. This growth, however, could not have taken place and cannot go forward without the help of various partners. I would like to express my sincere thanks to all our business partners, bankers, financial institutions and customers for the continuing faith that they have reposed on us. To the entire team at Alok, my compliments for the efforts that they have put in. And, to our shareholders, a big 'thank you' for the faith and confidence that you have reposed on us. We are committed to grow your Company on your behalf.

Yours sincerely,

**Ashok B. Jiwrajka**  
*Executive Chairman*

## GENERAL INFORMATION

### Bankers

Andhra Bank  
Axis Bank  
Bank of Baroda  
Bank of India  
Calyon Bank  
Canara Bank  
Dena Bank  
Industrial Development Bank of India Limited  
ING Vysya Bank Limited  
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 Saurashtra  
State Bank of Travancore  
Syndicate Bank  
The Federal Bank Limited  
The Jammu & Kashmir Bank Limited  
The Karur Vysya Bank Limited

### Statutory Auditors

Gandhi & Parekh  
Chartered Accountants

### International Accountants

Deloitte Haskins & Sells  
Member – Deloitte Touche and Tohmatsu (DTT)

### Internal Auditors

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

### Legal Advisors & Solicitors

Kanga & Co.

### Chief Financial Officer

Sunil O. Khandelwal

### President (Corporate Affairs) & Secretary

K. H. Gopal

### Demat ISIN Number in NSDL & CSDL

Equity Shares - INE 270A01011

### Website

www.alokind.com

### E-mail id

Info@alokind.com

### Registered Office

B/43, Mittal Tower,  
Nariman Point, Mumbai – 400 021

### Corporate Office

Peninsula Tower , 'A' wing, Peninsula Corporate Park,  
G. K. Marg, Lower Parel,  
Mumbai 400 013

### Marketing Offices

#### Domestic

##### Bangalore Office

Ground floor, Rajee,  
8-3/1, Lang Fort Road,  
Lang Fort Town,  
Bangalore – 560 025

##### Chennai Office

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

##### Delhi Office

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

#### Overseas

##### Sri Lanka Office

31/2, De Fonseka Place,  
Colombo, Sri Lanka

##### U.S.A. Office

- 1) 7 West, 34th Street,  
Suite # 607, New York,  
New York - 10001
- 2) 123 OAK, Lann Avenue, DALLAS, TX75207

##### Czech Republic

BOBKOVA, 747/30-Cerny Most, Praha,190 00  
Czech Republic

##### United Kingdom

Dureck House, Drayton Road, Shirley, Solihull,  
England-B 90 NG UK

### Listing & Code

Bombay Stock Exchange Limited (521070)  
National Stock Exchange of India Limited (ALOKTEXT EQ)

### Share Transfer Agent,

M/s. Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078

### Works

#### Spinning

412 Sayli, Silvassa  
U.T. of Dadra & Nagar Haveli.

#### Weaving

- a) 17/5/1 & 521/1, Rakholi/Saily, Silvassa,  
Union Territory of Dadra & Nagar Haveli.
- b) 209/1 & 209/4,  
Village Dadra, Union Territory of Dadra and Nagar Haveli.
- c) Babla Compound, Kalyan Road,  
Bhiwandi – Dist. Thane

#### Knitting

17/5/1, 521/1, Saily, Silvassa  
Union Territory of Dadra & Nagar Haveli

#### Processing

- a) 254, 261, 268, Balitha,  
Taluka Pardi, Dist: Valsad  
State: Gujarat
- b) C-16/2, Pawane,  
TTC Industrial Area, MIDC, Navi Mumbai  
District: Thane

#### Garments

- a) 374/2/2, Saily, Silvassa  
Union Territory of Dadra & Nagar Haveli
- b) C- 271/2, TTC Industrial Estate,  
Turbhe, Navi Mumbai, District: Thane

#### Made-Ups

- a) 268, Balitha, Taluka Pardi, Dist. Valsad, Gujarat
- b) 374/2/2, Silvassa Khanvel Road, Saily,  
Union Territory of Dadra & Nagar Haveli.

#### POY

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

#### Texturising (Yarn)

17/5/1 & 521/1, Rakholi / Saily, Silvassa  
Union Territory of Dadra & Nagar Haveli

#### Hemming

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

## NOTICE

**NOTICE** is hereby given that the **Twenty Second Annual General Meeting** of the members of **ALOK INDUSTRIES LIMITED** will be held on Monday, the 29<sup>th</sup> day of September, 2008 at 11.00 A.M. at **TEXTILES COMMITTEE AUDITORIUM, P. BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI-400 025** to transact the following businesses.

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2008, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Timothy Ingram who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### Special Business:

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

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka as Whole-time Directors designated as Executive Chairman, Managing Director and Joint Managing Director of the company respectively for a period of five years with effect from 10<sup>th</sup> March, 2008 on the terms and conditions including salary, perquisites, allowances and commission as are set out in the Agreements entered into between the Company and Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, placed before the meeting, which agreements are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement as may be varied by the general meeting, but so as not to exceed the limits, if any, specified in schedule XIII to the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT where in any financial year closing on and after 31st March, 2008, the Company has no profits or its profits are inadequate, the Company do pay to Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force).”

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

“RESOLVED THAT subject to the approval of the Central Government and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms. Prita D. Jiwrajka, a relative of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, Whole-time Directors of the Company, to hold an office of profit of the Company at an aggregate enhanced consolidated remuneration of Rs.75000/- per month with effect from the date of receipt of approval of the Central Government to the above effect.”

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

“RESOLVED THAT subject to the approval of the Central Government and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Varun S. Jiwrajka, a relative of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate enhanced consolidated remuneration of Rs.75000/- per month with effect from the date of receipt of approval of the Central Government to the above effect.”

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

“RESOLVED THAT subject to the approval of the Central Government and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Niraj D. Jiwrajka, a relative of Shri

Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate enhanced consolidated remuneration of Rs.75000/- per month with effect from the date of receipt of approval of the Central Government to the above effect.”

**REGISTERED OFFICE:**

B-43, MITTAL TOWER,  
NARIMAN POINT,  
MUMBAI - 400 021.

By Order of the Board  
**K. H. Gopal**  
President (Corporate Affairs) &  
Secretary

Place: Mumbai

Dated: September 02, 2008

**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 Monday, the 22<sup>nd</sup> day of September 2008 to Monday, the 29<sup>th</sup> day of September 2008 (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 M/s. Intime Spectrum Registry Limited (R&TA) as on 22<sup>nd</sup> day of September, 2008; 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 22<sup>nd</sup> September, 2008 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 R& TA having their address at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai-400 078; Tel.No.: 25963838 ; Fax No.25946969, 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<sup>st</sup> March 2000 to the Investor Education and Protection Fund (IEPF).

Members who have not encashed their dividend warrants pertaining to the year 2000–2001 are being informed through a separate individual written notice to approach the Company's R&TA on or before 24.09.2008, 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 31<sup>st</sup> March 2001 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
31.03.2001	25.09.2001	24.09.2008	24.10.2008
31.03.2002	27.09.2002	26.09.2009	26.10.2009
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

Members who have so far not encashed their dividend warrants pertaining to the aforesaid years are advised to submit their claim to the 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 dividend 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, Mr. Timothy Ingram and Mr. Ashok B. Jiwrajka 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**

Floor 25, P. J. Towers,  
Dalal Street, Fort, Mumbai - 400 001.

**National Stock Exchange of India Limited,**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, "G" Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051.

The Listing fees in all the above stated Exchanges have been paid upto 31<sup>st</sup> March 2009.

- 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.

**REGISTERED OFFICE:**

B-43, MITTAL TOWER,  
NARIMAN POINT,  
MUMBAI - 400 021.

By Order of the Board  
**K. H. Gopal**  
President (Corporate Affairs) &  
Secretary

Place: Mumbai

Dated: September 02, 2008

**ANNEXURE TO THE NOTICE**

**Explanatory Statement Pursuant To Section 173(2) Of The Companies Act, 1956**

**ITEM NO. 6**

The members, at the Annual General Meeting held on 30<sup>th</sup> September, 2003, had renewed the appointment of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka, Shri Surendra B. Jiwrajka as Whole-time Directors designated as Executive Chairman, Managing Director and Joint Managing Director respectively for a further period of 5 years with effect from 10<sup>th</sup> March, 2003 on the terms and conditions contained in the Agreements all dated 10<sup>th</sup> March, 2003 entered into between the Company and the respective Whole-time directors. The members at their meeting held on 25<sup>th</sup> September 2007 enhanced the remuneration and perquisites payable to the above whole-time directors with effect from 01<sup>st</sup> August 2007. As the original agreements expired on 10<sup>th</sup> March 2008, the Company and the aforesaid Whole-time Directors have executed fresh agreements all dated 10<sup>th</sup> March 2008 appointing them for a further period of 5 years with effect from 10<sup>th</sup> March 2008 on the terms and conditions contained in the said agreements. Their remuneration and perquisites remain unchanged, as approved by the members at their meeting held on 25<sup>th</sup> September 2007.

The above re-appointments may be approved by the members in General Meeting and the Directors commend this resolution for acceptance by the members.

The Agreements entered between the Company and each of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka are available for inspection by the members of the Company at the Corporate Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days of the Company, except Saturdays, upto the date of the meeting.

Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka are interested in this resolution. Save and except



the above, none of the other Directors of the Company are, in any way concerned or interested in the resolution.

**ITEM NOS. 7, 8 and 9**

The members may note that Ms. Prita D. Jiwrajka, Mr. Varun S. Jiwrajka and Mr. Niraj D. Jiwrajka, relatives of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, promoter directors of the Company, were appointed as Management Trainees with effect from 01.05.2008 at a consolidated remuneration of Rs.19000/- per month each. It is proposed to absorb them in the Company with remuneration of Rs.75000/- per month each considering their qualifications, responsibilities and position. Under Section 314 of the Companies Act, 1956, remuneration payable to a relative of any director (office 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 nos.7, 8 and 9 for approval of the members.

Apart from Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, none of the other directors of the Company is, in any way concerned or interested in this resolution.

**REGISTERED OFFICE:**

B-43, MITTAL TOWER,  
NARIMAN POINT,  
MUMBAI - 400 021.

By Order of the Board  
**K. H. Gopal**  
President (Corporate Affairs) &  
Secretary

Place: Mumbai

Dated: September 02, 2008

## FINANCIAL HIGHLIGHTS

	(Rs. In Crores)				
Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
<b>Operating profits</b>					
Net Sales	2,170.41	1,824.68	1,420.70	1,224.50	1,068.85
Operating Profit (EBITDA)*	547.75	410.96	301.26	244.75	198.40
Depreciation/Amortisation	161.96	123.04	80.48	57.56	38.28
Misc. Exp. W/off	-	-	-	-	1.15
PBIT (operating)*	385.80	287.92	220.78	187.19	158.97
Interest	131.83	89.04	66.78	63.68	66.40
PBT (operating)*	253.96	198.88	154.00	123.51	92.57
PAT (operating)*	167.73	135.18	109.21	89.25	71.08
Cash Profit (operating)	329.69	258.22	189.69	146.81	110.51
Dividend	26.28	28.75	30.20	27.92	11.65
Net Cash Accruals (Operating)	303.41	229.47	159.49	118.89	98.86
<b>Financial Position</b>					
Gross Fixed Assets	4,368.05	2,954.20	2,121.89	1,047.57	690.84
Net Fixed Assets	3,891.30	2,583.80	1,874.24	879.27	579.53
Current Assets	3,377.53	1,992.66	1,403.87	1,359.21	845.10
Investments	618.96	219.49	39.70	7.85	4.07
<b>Total Assets</b>	<b>7,887.79</b>	<b>4,795.95</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,428.70</b>
Equity Share Capital	187.17	170.37	157.47	134.02	88.23
Reserves & Surplus	1,134.01	854.07	650.06	460.73	218.00
Share Application Money	-	-	-	-	18.10
Share Warrants	110.16	-	-	3.32	3.32
<b>Tangible Net worth - (1)</b>	<b>1,431.34</b>	<b>1,024.44</b>	<b>807.53</b>	<b>598.07</b>	<b>327.65</b>
<b>Deferred tax liability - (2)</b>	<b>210.48</b>	<b>141.82</b>	<b>100.10</b>	<b>75.10</b>	<b>50.52</b>
<b>Long Term Borrowings</b>					
Preference Share Capital	-	-	68.00	84.33	83.67
Secured Loans	3,706.66	2,049.13	1,392.13	823.89	371.48
Unsecured Loans - FCCB	94.87	202.87	220.63	-	-
Unsecured Loans	103.28	6.48	61.32	17.63	19.97
	3,904.81	2,258.48	1,742.08	925.85	475.12
<b>Short Term Borrowings</b>					
Secured Loans	550.00	215.00	85.00	102.08	75.00
Unsecured Loans	745.01	294.36	62.34	61.77	50.77
Working Capital Borrowings	567.49	568.92	323.08	313.54	301.20
	1,862.50	1,078.28	470.42	477.39	426.97
<b>Total Borrowings - (3)</b>	<b>5,767.31</b>	<b>3,336.76</b>	<b>2,212.50</b>	<b>1,403.24</b>	<b>902.0</b>
<b>Current Liabilities &amp; Provisions - (4)</b>	<b>478.66</b>	<b>292.93</b>	<b>197.68</b>	<b>169.92</b>	<b>148.44</b>
<b>Total Liabilities - (1 to 4)</b>	<b>7,887.79</b>	<b>4,795.95</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,428.70</b>
EPS (Regular)	11.40	9.70	6.68	7.25	7.90
CEPS (Regular)	20.53	16.99	12.61	12.68	12.53
Book Value	70.59	60.13	51.28	44.38	34.70

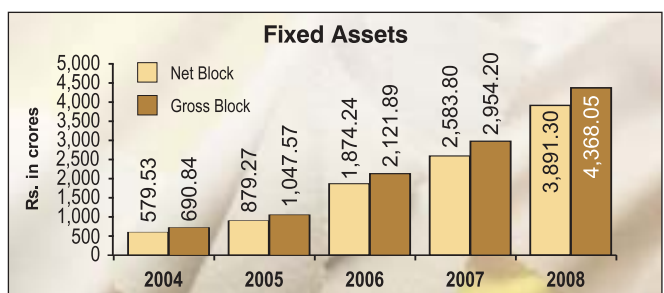
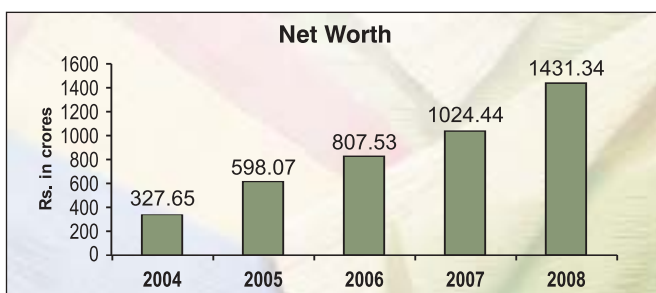
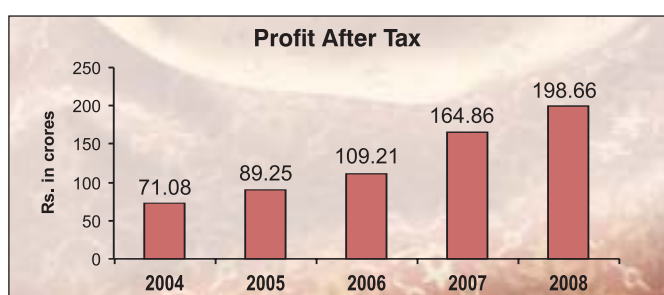
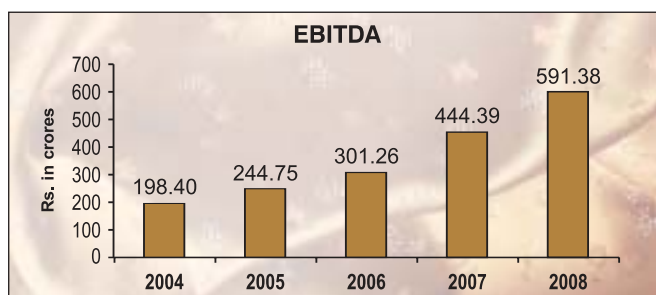
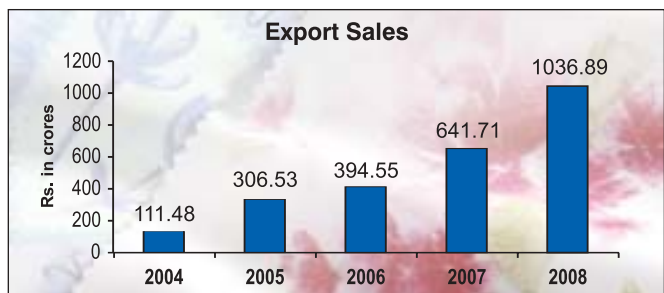
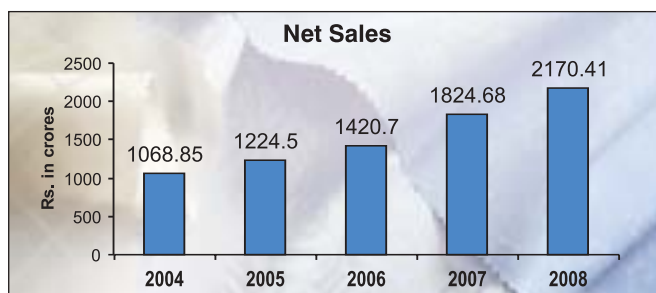
\* Excludes forex gain of Rs.43.63 crores(net of tax Rs.30.93crores)  
(Previous year Rs.33.43 crores- net of tax Rs.29.68 crores)

## KEY RATIOS

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
<b>Profitability Ratios</b>					
EBITDA (%)*	25.24%	22.52%	21.21%	19.99%	18.56%
Profit Before Tax Margin (%)*	11.70%	10.90%	10.84%	10.09%	8.66%
Profit After Tax Margin (%)*	7.73%	7.41%	7.69%	7.29%	6.65%
Return on Net worth (%)*	11.72%	13.11%	12.45%	13.32%	21.16%
Return on Capital Employed (%) *	6.96%	8.41%	8.33%	11.71%	18.63%
<b>Balance Sheet Ratios</b>					
Net Debt (Long Term) - Equity**	1.56	1.44	1.50	0.72	0.97
Net Total Debt - Equity**	2.86	2.49	2.08	1.52	2.27
Current Ratio	1.44	1.45	2.10	2.10	1.47
Liquid Ratio	1.15	1.11	1.57	1.54	1.11
<b>Coverage Ratios</b>					
PBDIT / Interest	4.15	4.62	4.51	3.84	2.99
Net Fixed Assets/Secured Loans	1.61	1.46	1.56	1.44	1.56
Working Capital Turnover Ratio	0.48	0.34	0.52	0.58	0.25
Debtors Turnover - Days	102	109	91	120	148
Inventory Turnover - Days	116	93	92	108	70

\* Excludes forex gain of Rs. 43.63 crores -net of tax Rs. 30.93 crores  
(Previous year Rs. 33.43 crores-net of tax Rs. 29.68 crores]

\*\* Debt net of Cash and Bank balances



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders:

We have pleasure in presenting the 22nd Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March, 2008. The summarised financial results (standalone and consolidated) are given below in Table 1.

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

(Rs. in crores)

Particulars	Stand alone		Consolidated	
	2007-08	2006-07	2007-08	2006-07
Sales / Job charges (net of excise)	2,170.41	1,824.68	2,282.01	1,824.68
Other Income (Operating)	24.31	3.87	25.45	3.89
<b>Total Income</b>	<b>2,194.72</b>	<b>1,828.55</b>	<b>2,307.46</b>	<b>1,828.57</b>
Total Expenditure	1,646.97	1,417.59	1,765.30	1,417.64
<b>Operating Profit Before Interest &amp; Depreciation</b>	<b>547.75</b>	<b>410.96</b>	<b>542.16</b>	<b>410.93</b>
Interest	131.83	89.04	133.13	89.04
Depreciation/ Amortisation	161.96	123.04	166.19	123.04
<b>Operating Profit Before Tax*</b>	<b>253.96</b>	<b>198.88</b>	<b>242.84</b>	<b>198.85</b>
Less : Provision for Taxation — Current	(28.73)	(22.19)	(29.82)	(22.19)
— MAT Credit Entitlement	4.12	1.11	4.12	1.11
— Deferred	(60.37)	(41.72)	(59.74)	(41.72)
— Fringe Benefit Tax	(1.25)	(0.90)	(1.26)	(0.90)
— Tax in respect of earlier years	—	(0.16)	—	(0.16)
<b>Net Profit / (Loss) from Ordinary Activities After Tax *</b>	<b>167.73</b>	<b>135.02</b>	<b>156.14</b>	<b>134.99</b>
Extraordinary Items (Net of Tax) 1	30.93	29.68	30.93	29.68
<b>Profit After Tax</b>	<b>198.66</b>	<b>164.70</b>	<b>187.07</b>	<b>164.67</b>
Add : Share of Profit from Associates	—	—	0.03	—
: Minority Interest	—	—	2.55	—
<b>Profit After Tax After Minority Interest</b>	<b>198.66</b>	<b>164.70</b>	<b>189.65</b>	<b>164.67</b>
Add : Balance Brought Forward	216.18	129.84	216.14	129.84
<b>Balance available for Appropriation</b>	<b>414.84</b>	<b>294.54</b>	<b>405.79</b>	<b>294.50</b>
<b>Appropriations:</b>				
Excess Provision of Dividend Earlier Years	(0.19)	(0.39)	(0.19)	(0.39)
Dividend-Equity	22.46	23.85	22.46	23.85
Dividend- Preference	0.74	—	0.74	—
Tax on Dividend	3.82	4.16	3.82	4.16
Transfer to Debenture Redemption Reserve	73.55	—	73.55	—
Transfer to General Reserve	19.00	50.00	19.00	50.00
Balance Carried to Balance Sheet	296.20	216.18	287.15	216.14
	<b>414.84</b>	<b>294.54</b>	<b>405.79</b>	<b>294.50</b>

**Notes:**

- \*1. Excludes Extraordinary income (gross) for 2007-08 of Rs. 43.63 crores (net of tax of Rs. 30.93 crores) (Extraordinary income (gross)Rs. 33.43 crores-net of tax Rs.29.68 crore in 2006-07)
2. 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. 2,170.41 crore and profit before tax (from ordinary activities) of Rs.253.96 crore, an increase of 18.95% and 27.70% respectively over the previous year. Including extraordinary items, your Company's profit before tax grew 28.10% to Rs. 297.59 crore. Your Company's exports (including incentives) increased 62.11%, from Rs. 641.71 crore in 2006-07 to Rs. 1,036.89 crore during the year under review, the first time that your Company has crossed Rs.1,000 crore in exports during a financial year.

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: 2007-08 vs. 2006-07**

(Rs. in Crores)

Particulars	Total Sales for the year ended 31 March 2008	% to Total Sales	Total Sales for the year ended 31 March 2007	% to Total Sales	Growth 2008 v 2007
Cotton & Cotton Yarn	294.05	13.55%	84.14	4.61%	249.48%
Apparel Fabric	894.79	41.23%	896.82	49.15%	(0.22)%
Home Textiles	389.02	17.92%	334.59	18.34%	16.27%
Garments	99.56	4.59%	29.03	1.59%	242.95%
POY & Texturising	492.99	22.71%	480.10	26.31%	2.68%
<b>Total Sales</b>	<b>2,170.41</b>	<b>100.00%</b>	<b>1,824.68</b>	<b>100.00%</b>	<b>18.95%</b>

*Note: Retail sales of Rs. 6.65 crore (2006-07: Rs. 2.12 crore) has been allocated to the respective business segments: apparel fabric, home textiles and garments*

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 feel that prudent business practice demands that, at a stage where your Company is growing rapidly, the financial reserves of your company should be built up. At the same time, shareholder rewards by way of dividend are also important and necessary. Keeping these factors in mind, your Directors have recommended a dividend of Rs. 1.20 per equity share of Rs. 10/- each (previous year Rs.1.40) for the financial year ended 31 March 2008 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be Rs. 22.46 crore (excluding tax of Rs 3.82 crore) as against Rs. 23.85 crore paid last year (excluding tax of Rs. 4.16 crore).

#### Capital

During the year under review, your Company allotted following equity shares:

(Rs. in Crores)

Sr. No.	Details of Issue	Amount of Issue	No. of Shares Issued	Equity Capital Amount	Premium Amount
1	<b>Equity as at 01.04.2007</b> Conversion of 459 FCCBs of USD 50000 each, converted into equity @ Rs. 71.5875 per share	113.60	<b>170371974</b> 15869202	<b>170.37</b> 15.87	<b>400.47</b> 97.74
2	Preferential allotment to Promoter Directors @ Rs.102/- per share	9.52	933793	0.93	8.59
	<b>Total as at 31.03.2008</b>		<b>187174969</b>	<b>187.17</b>	<b>506.80</b>

With the aforesaid additions to equity, as on 31 March 2008, the paid up equity capital of your Company stands at Rs. 187.17 crore comprising of 187,174,969 equity shares of Rs. 10/-each.

#### Reserves

Your Company proposes to transfer Rs. 19.00 crore to general reserves and Rs. 73.55 crore to debenture redemption reserve out of the balance available for appropriation; therefore, after the proposed dividend payout and transfer to general reserves and debenture redemption reserve, the balance of the Profit & Loss Account would stand at Rs. 296.20 crore. At the end of the financial year, the total reserves of the Company stood at Rs. 1,134.01crore; the corresponding figure at the end of the previous year was Rs. 854.07 crore. The total increase in Reserves & Surplus was Rs.279.94 crore, mainly on account of profit for the year (net of dividend provision ) of Rs. 172.38 crore and increase in share premium by Rs. 106.33 crore.

#### Loans

During the year under review, your Company has raised incremental debt, both secured and unsecured by way of rupee loans, foreign currency terms loans and non-convertible debentures aggregating to Rs. 2,430.55 crore. This is to fund the capital expenditure programme of the company , investments and working capital requirement .

## Capital Expenditure

Your Company's expansion drive under Phases I and II, aggregating Rs. 1,175 crore have been commissioned. The terry towel project, which forms a part of this phase, is expected to be commissioned in the third quarter of 2008-09. Phase III and Phase IV of the expansion of your Company's capacities, aggregating to Rs. 1,100 crore and Rs. 1,180 crore, respectively are also on track. Moreover, as additional projects, your Company envisages the expansion of its capacities in Partially Oriented Yarn (POY) and texturing. Details of your Company's expansion plans have been dealt with under the head 'Capacity Expansion' in the Management Discussion and Analysis accompanying 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 Inc.; (incorporated in the state of New York, USA)
3. Alok Infrastructure Pvt. Ltd.
4. Alok Clothing Company Pvt. Ltd.
5. Alok Retail (India) Ltd.
6. Alok Apparels Pvt. Ltd.
7. Alok Land Holdings Pvt. Ltd.

### Step-down subsidiaries of Alok Industries Ltd.

Parent Company	Subsidiary	% Holding
Alok Industries International Ltd.	Mileta a.s. incorporated in the Czech Republic	79.80% holding
Alok Infrastructure Pvt. Ltd.	Alok Realtors Pvt. Ltd.	100% holding
Alok Land Holdings Pvt. Ltd.	Alok Aurangabad Infracore Pvt. Ltd.	100% holding
	Alok New City Infracore Pvt. Ltd.	100% holding

Ministry of Corporate Affairs, Government of India, vide Approval No. 47/301/2008-CL-III dated 30<sup>th</sup> May 2008 has granted approval that the requirement to attach various documents, i.e. Balance Sheet, Profit & Loss Account, Directors' Report and Auditor's Report of the subsidiaries whose accounts have been consolidated for the year ended 31 March 2008 need not be attached with the Annual Report of the Company. These documents will be made available upon request by any member of your Company and/or any of its subsidiaries, who wish to obtain the same. The accounts of the subsidiary companies will also be kept for inspection by any investor at the Corporate Office of the Company and that of the respective subsidiary companies. As directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Details of Subsidiary Companies' forming part of the Annual Report. Further, pursuant to Accounting Standards AS-21 and AS-23, Consolidated Financial Statements presented by your Company include financial results of its subsidiaries.

## Business and Operations

Your Company's businesses and operations are now in three broad areas: Textiles, Retail and Realty. Your Company believes that sustained focus in each of these areas would unlock significant shareholder value over a period of time.

The textiles business, which remains a part of the parent Company, will capitalise on growing international and domestic demand for Indian textile products, both for apparel and for home textiles. Your Company has also initiated measures that allow it to expand capacities by setting up subsidiaries and joint ventures, especially in the high potential area of garmenting.

To capitalise on opportunities in the growing retail segment, your Company has set up Alok Retail (India) Ltd., a wholly owned subsidiary, that would manage the domestic retail initiatives through its 'H&A' stores, twenty of which were in operation as on 31 March 2008. Your Company proposes to expand this business to a pan-India level within the current financial year.

Simultaneously, among its international retail initiatives, your Company has invested in Grabal Alok (UK) Ltd (previously known as Hamsard 2353 Ltd), a UK based retailing company having 218 stores across England, Scotland and Wales, offering value for money and quality fashion for women, men, girls, boys and babies. After the acquisition, the stores are being refurbished and repositioned as Store Twenty One to move up the value chain from a discount retailer to a value retailer.

Your Company, through its wholly owned subsidiary, Alok Industries International Limited (AII), signed an exclusive license agreement with Aisle 5, LLC with its portfolio of brands like aworld, Cotton + Clay etc. for distribution of home textile products to the US supermarket chains. This opens an exciting opportunity for a very large and hitherto untapped distribution channel in one of the largest home textile markets in the world.

The Indian realty space offers exciting business opportunities, both for capital appreciation as well as for securing a stream of revenue. To leverage these opportunities, your Company has set up two wholly owned subsidiaries for its realty foray — Alok Infrastructure Pvt Ltd and Alok Land Holdings Pvt Ltd. These subsidiaries are currently involved in three projects, which have a total project cost of approximately Rs. 2,000 crore, which would be funded by a mixture of debt, equity and internal accruals.

In addition, your Company has entered into an Agreement with the National Textile Corporation (NTC) to form a joint venture (JV) with 51% share of NTC and 49% of your Company. The JV would undertake the development of New City Mills at Mumbai and Aurangabad Textile Mills at Aurangabad, totalling 33.7 acres of land, where garment units would be set up; the surplus land would be developed for textile related activities.

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:



### Corporate Social Responsibility

As a philosophy, your Company believes that corporate initiatives that harmonise the environment, economics and socially responsible behaviour is not only desirable, but makes sound economic sense. Your Company understands the importance of building and sustaining prosperity without depleting and despoiling nature. Your Company believes in 'growing smart', through investing in process innovations that lead to increased efficiency in the use of materials. Your Company has committed resources in aligning new, clean technology with production in order produce textiles without damaging or diminishing the natural environment. Your Company has a strong bias for active measures that help in the protection of the environment and goes beyond the levels demanded by regulation.

Details of your Company's Corporate Social Responsibility (CSR) initiatives are given in a separate section — 'Corporate Social Responsibility' — in the accompanying Management Discussion and Analysis.

### 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. Timothy Ingram and Mr. Ashok B. Jiwrajka 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.

### 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:

- i) in the preparation of the annual accounts for the financial year ended 31 March 2008, the applicable Accounting Standards have been followed and there has been no material departure;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 2008 and of the profit of your Company for the year on that date;
- iii) 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;
- iv) the Directors have prepared the annual accounts for the financial year ended 31 March 2008 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.

The statutory auditors of the company M/s. Gandhi & Parekh, retire at the conclusion of the ensuing Annual General Meeting of the company and being eligible offer themselves for re-appointment.

### **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.

### **International Accountants**

Deloitte Haskins & Sells, Member – Deloitte, Touche & Tohmatsu International (DTTI) appointed as International Accountants of your Company have submitted the report to the Board of Directors for the year under review and the same forms a part of this report for the information of members. They have also recast the Indian accounts as per the International Accounting Standards (IAS).

### **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. However, 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

Dated: September 02, 2008

**Ashok B. Jiwrajka**  
Executive Chairman



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

**Additional Information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:**

### (A) CONSERVATION OF ENERGY

#### (a) Energy conservation measures taken:

Your Company continues to take measures to conserve energy through optimal consumption and reduced wastage. Regular energy audits are conducted to review the benchmarks and standards established. Employees are encouraged to give suggestions that will result in energy saving. Concurrent measures are adopted such as :

- Provided HOC driers in place of Refrigerant / Electrically heated driers,
- Provided compressor ZA 6M for reduction in Pressure and thereby power consumption,
- Provided Condensate Recovery system in Boiler,
- Monitoring of High energy consuming equipment closely for better control,
- Installation of Power factor Controller / capacitors to conserve Energy,
- Inspection and immediate rectification of air leakages in Weaving, Knitting & Preparatory,
- Regular monitoring of and checking of electrical load on all the motors and repair the defective ones,
- Automation system for street lights to optimum usage,
- Maximizing use of Daylight,
- CFM measurement of looms for optimum air usage,
- Electronic ballast in the tube light fixtures with electronic ballast instead of conventional ballast,
- In Humidification plant energy efficiency motors are installed for setting 5 % saving in comparison to convectional ordinary motors,
- All the spinning machines are incorporated with AC Drives to set precise speed as per requirement of yarn count. resulting in considerable savings in electrical consumption,
- Mechanical operated turbo type roof ventilators for natural ventilation installed on roof, for entire process house and utility areas to remove hot air/moisturized air working on atmospheric wind velocity without consumption of electrical power.

#### (b) Additional investment and proposals being implemented for reduction of consumption of energy:

Your company has planned several measures, which are at various stages of implementation. Some of them are:

- Additional 50 MW Captive power plant is under implementation for reliable captive supply and reducing cost,
- To provide Waste Heat Recovery Steam Generation Boiler from CPP,
- To provide Vapour Absorption Chilling System from Continuous Process Plant,
- To provide separate cleaning air system in Weaving area for reducing Air pressure & thereby saving Power,
- To install Conserved Make on line load manager system for better energy management so that we can monitor analyze power consumption at all the load point,
- To install Harmonics filter for with Automatic Thyristor control capacitor panel instead of conventional APFC panel to reduce harmonics/ electrical system losses in the system and power factor correction resulting in saving,
- Conducting periodic energy audits.

#### Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures initiated / being initiated for energy conservation have resulted in improving the energy efficiency at all plants and savings in consumption of power and the cost of production. Your company will continue to implement measures for optimization of energy conservation and efficiency.

**FORM "A"**

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

<b>A) Power and Fuel Consumption</b>		
<b>1) Electricity Purchased</b>	<b>2007-08</b>	<b>2006-07</b>
Units	220,372,895	131,935,051
Total amount (Rs. in crores)	68.16	39.32
Average Rate/Unit (Rs.)	3.09	2.98
<b>2) a) Own Generation through Diesel Generator Set</b>	<b>2007-08</b>	<b>2006-07</b>
Units	16,075,720	1,761,699
Total amount (Rs. in crores)	7.10	1.75
Average Rate/Unit (Rs.)	4.42	9.94
<b>3) a) Own Generation through Co-generation</b>	<b>2007-08</b>	<b>2006-07</b>
Units	34,016,793	26,558,023
Total amount (Rs.in Crores)	17.89	9.57
Average Rate/Unit (Rs.)	5.26	3.60
<b>4) a) Own Generation through Gas Turbine</b>	<b>2007-08</b>	<b>2006-07</b>
Units	3,927,981	-
Total amount (Rs.in Crores)	3.11	-
Average Rate/Unit (Rs.)	7.92	-
b) Furnace Oil consumed per boiler		
Total amount (Rs. in crores)	55.79	39.10
c) Natural Gas consumed		
Total amount (Rs. in crores)	18.46	-
<b>B) Consumption per unit of production</b>	<b>2007-08</b>	<b>2006-07</b>
a) Yarn (Kgs.)	45,965,044	61,096,295
Units Consumed (per kg.)	1.20	1.07
b) Fabric- Knits (Kgs.)	3,135,935	5,149,414
Units Consumed (per kg.)	1.46	0.58
c) Fabric Woven (Mtrs.)*	114,720,262	23,750,797
Units Consumed (per Mtr.)	0.64	2.40
d) Processing- Woven (Mtrs.)	99,101,189	17,668,034
Units Consumed (per kg.)	1.72	1.79
e) Processing- Knits (Kgs.)	4,020,866	1,519,857
Units Consumed (per kg.)	1.72	1.79
f) Garments (Pieces)	4,96,854	2,204,245
Units Consumed (per Pieces.)	0.14	0.17
g) SL Madeups (Kgs)	5,151,416	-
Units Consumed (per kg.)	0.68	-
h) Poy (Kgs)	46,758,275	-
Units Consumed (per kg.)	0.85	-
i) Spinning (Kgs)	6,541,798	-
Units Consumed (per kg.)	1.94	-
* Includes part of the activities carried outside.		
<b>Form B</b>		
<b>B) Technology Absorption</b>	<b>2007-08</b>	<b>2006-07</b>
<b>C) Foreign Exchange Earnings and Outgo</b>	<b>2007-08</b>	<b>2006-07</b>
i) Total Earnings of Foreign Exchange	969.00	608.17
ii) Total Outgo in Foreign Exchange		
Foreign Travel	1.32	5.80
Purchase of capital Goods	358.38	278.77
Purchase of Spares	9.06	4.12
Purchase of Raw Material	75.12	33.99
Interest on foreign Currency Term Loans and Exchange Difference	29.60	14.80
Dividend Remitted in Foreign Currency	3.03	4.01
Internet Expenses	0.26	0.33
Legal and professional Expenses	4.15	0.73
Testing and Laboratory Expenses	0.25	0.15
Commission	4.23	1.00
Advertisement Expenses	0.24	0.15
	<b>485.64</b>	<b>343.85</b>

## Economic Overview

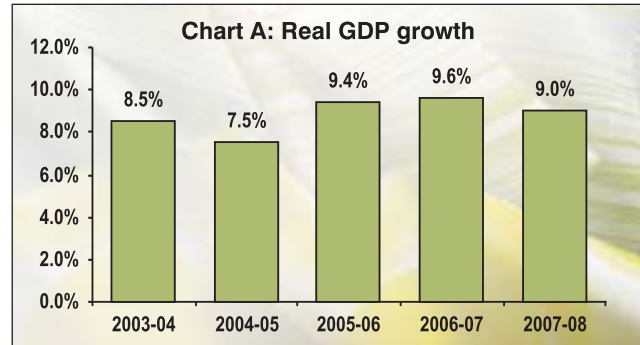
2007-08 was a year characterised by the sustained performance of the Asian economies. Asia has outperformed global expectations, in spite of the constraints brought about by high oil prices. China reported 11.9% growth for calendar 2007 and 10.6% growth for the first quarter of calendar 2008. India grew at 9% for 2007-08. The more mature Asian economies have also grown rapidly. The growth numbers of India and China, Singapore (6.7%), Hong Kong (7.1%), Malaysia (7.1%) and Thailand (6.1%) clearly point to Asian demand being the driver for global growth. The US and Euro Zone economies, on the other hand, lagged behind, due to the sub-prime crisis creating a depressed home market and lower retail consumption, coupled with inflation and sharply increasing oil prices.

This was the third straight year when India witnessed 9% or above growth (Chart A). The positive aspect of India's growth is the extent to which it has been driven by widespread domestic consumer demand, which accounts for over 65% of GDP.

India is still estimated to grow its GDP by around 8% for 2008-09, which will make it among the fastest growing economies in the world for the fourth straight year. The economy, however, is feeling some pressure, mainly on account of double digit inflation (at about 12.4% at the end of August 2008) and high oil prices. Government of India (GoI)

has made inflation control a priority issue. The other impeding factor — that of high global oil prices — also seems to be moderating, after reaching a peak of US\$ 137 per barrel. If oil prices moderate further, growth prospects of the Indian economy seem even more positive.

Despite the Indian Rupee appreciating against the US Dollar more or less throughout 2007-08, Indian exports increased by nearly 23% to reach US\$ 155 billion. According to the RBI, India's foreign exchange reserves as on end-March 2008 were at US\$ 309 billion.



## Textile Industry Overview

### The World Market

The global textile trade (including clothing) is estimated to be around US\$ 530 billion, with a 4.5% share of the world's merchandise<sup>1</sup>. World

#### THE WORLD TEXTILE MARKET

- Global textile trade at US\$ 530 bln
- Europe and the US remain dominant markets in terms of demand
- Production capacities are shifting from the US and Europe to Asia
- Asia offers benefits of cost at the same quality levels
- Asian textile manufacturers are no longer regarded as just 'low cost' manufacturers; they are globally respected for their quality
- Over the next few years, more textile manufacturing operations are expected to shift to Asia, especially to China and India

demand for apparels and textiles is expected to reach US\$ 700 billion by 2012<sup>2</sup>, with the US and Europe continuing to be the dominant markets for textiles and apparel, though a substantial portion of the incremental demand will be driven by the Asian countries.

Textile capacities in the developed economies have shrunk during the last few years, mainly due to high production and labour costs. On the other hand, Asian countries like India, China, Bangladesh, Vietnam and Cambodia have the advantages of relatively abundant raw material supplies and low wage costs. Moreover, a number of Asian manufacturers are now offering not only quality products at the right time and price, but also value added design solutions to demanding international customers. Europe is still a significant player; however, it has seen its share decrease from 50% of the world market share to about 30% over the last few years; this share is expected to reduce even further. Asian textile manufacturers in general and Indian textile manufacturers in particular are likely to capture more of the global market share in the coming years, given their increasing technological capabilities, capacities to service large volume orders and competitive pricing. Thus, over a period of time, the textile manufacturing is going to be dominated by the Asian countries.

### India

India is the second largest producer of textiles and garments in the world and also the second largest producer of cotton. The textiles sector is India's second largest employer, giving direct employment to over 35 million people and providing for indirect employment to an additional 56 million people. It contributes towards 15% of India's exports and 4% of India's GDP. The industry also accounts for 14% of total industrial production.

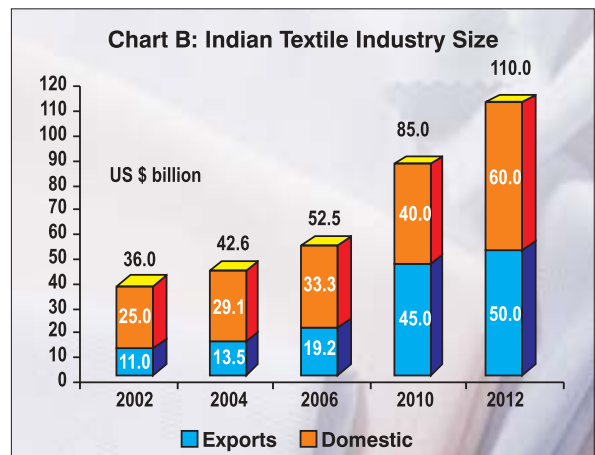
The Indian textiles industry is estimated at US\$ 52 billion. Indian apparel and textiles are exported to over a hundred countries and have reached US\$ 19 billion in 2006-07.

<sup>1</sup> Source: WTO, World Merchandise Trade Statistics, 2006

<sup>2</sup> Source: CRISIL

## THE INDIAN TEXTILE INDUSTRY

- Second largest producer of textiles and garments in the world – industry size US\$ 52 bln
- Directly employs 35 million people
- Contributes to 4% of Indian GDP
- US\$ 19 bln of Indian textiles are exported to over a hundred countries
- Expected to have strong domestic demand growth
- Government is actively encouraging investments in the textile sector through TUFs



The domestic textile market, which had US\$ 33 billion of sales in 2006-07, is expected to grow at a CAGR of 10%, while exports are expected to grow at 19% CAGR. By 2012, the industry is expected to be at US\$ 110 billion, of which US\$ 50 billion would be in exports and US\$ 60 billion would be domestic sales<sup>2</sup>. Chart B plots the progression.

On the export front, international retailers and private label brands are increasingly looking at India as a viable and quality supply source. India's design and fashion abilities will add to its quest in becoming a destination of choice for textiles. Speciality fabrics is also an area where there is potential for export growth.

Indian exports during 2007-08 were adversely impacted by a strong rupee. To mitigate this, GoI has increased the amount of duty drawback on exports of textiles and apparels by 3% (with retrospective effect from 1 April 2007), while also lowering the rate on exports credits.

The domestic textiles market is expected to show strong growth over the coming years, on account of the following demand drivers<sup>2</sup>.

- *Increased retail penetration.* The share of organised retailing is expected to increase from 3.5% to 8% by 2010 and textiles forms 40% of the retail market.
- *Higher annual disposable income levels.* The average household with annual income greater than Rs. 80,000 is expected to reach 48% by 2010. Coupled with the fact that the urban population is due to grow to 287 million by 2015 and that retailing growth focus is now shifting to Tier 2 and Tier 3 cities, the demand for textile products is also expected to grow substantially.
- *Changing demographic profile.* An increase in the proportion of working women, more nuclear families and a growth in the number of earning people are all favourable indicators for increasing domestic textile demand.
- *Increasing housing units and rapid growth of the healthcare and hospitality sectors* are expected to fuel demand for home textiles and furnishing items in India.

There is, however, a need for investment if demand projections are to be reached. The industry will need to more than double its current production base to achieve its vision targets. That translates to an investment of Rs. 194,000 crore from 2007 to 2012<sup>2</sup>. It is estimated that projects totalling approximately Rs. 48,000 crore have been executed or are in progress since 2007<sup>3</sup>. GoI, on its part, has encouraged investments by extending the Technology Upgradation Funds Scheme (TUFs) to 2012 and it is expected that the industry will take full advantage of this extension.

### Company Performance: Highlights

2007-08 was another year of growth and profitability for Alok Industries Limited ('Alok' or 'the Company'). The Company has grown its topline, increased its pre-tax operating profits and post-tax profits, with exports crossing the 'Rs. 1,000 crore milestone' to reach Rs. 1,036.89 crore.

Over the past few years, Alok has established itself as provider of integrated solutions across the textile value chain. The Company has now made its initial foray into the retail and realty business segments.

The stand-alone financial performance of Alok Industries Ltd. for the year ended 31 March 2008 is highlighted below.

<sup>3</sup> Source: Annual Report, 2007-08- Ministry of Textiles

### Financial Highlights for Alok Industries Ltd. for the year ended 31 March 2008

- Net Sales grew 18.95% over last year to reach Rs. 2,170.41 crore.
- Export Sales grew 61.58% over the last year's figure (Rs. 641.71 crore) to reach Rs. 1,036.89 crore. For the first time, the Company's annual exports exceeded Rs. 1,000 crore.
- Operating Earnings before Interest, Depreciation, Taxes and Amortisation (Operating EBIDTA), at Rs. 547.75 crore, was higher by 33.28% than the previous year's figures of Rs. 410.96 crore. Taking gross extraordinary income into account, EBIDTA stood at Rs. 591.38 crore, a 33.07% increase over the previous year.
- Operating Profit before Tax (Operating PBT) for the year ended 31 March 2008 was Rs. 253.96 crore, reflecting an improvement of 27.70% over 2006-07 (Rs. 198.88 crore). PBT including non-operating income improved by 28.10% over last year to touch Rs. 297.59 crore
- Operating Profit after Taxes (Operating PAT) grew 24.23% compared to the last year to reach Rs. 167.73 crore (2006-07: Rs. 135.02 crore). After factoring extraordinary income (net of tax), PAT for the year was at Rs. 198.66 crore — an increase of 20.62% over the previous year's figure (Rs. 164.70 crore).
- Earning per Share (EPS) was Rs.11.40 during the year (the previous year's EPS was Rs. 9.70).
- Return on Net Worth (RONW) for the year was 11.72%.
- Book Value per Share was Rs. 70.59 as on 31 March 2008 (Rs. 60.13 as on 31 March 2007)

Note: Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's figures

### Financial Performance: Stand-alone

Table 2 gives the financial performance of the stand-alone entity for the year ended 31 March 2008.

**Table 1: Key Financial Indicators for the past three years**

(Rs. in Crores)

PARTICULARS	2007-08	2006-07	2005-06	2008 V 2007	3 YR CAGR
Net Sales	2,170.41	1,824.68	1,026.15	18.95%	23.60%
Exports	1,036.89	641.71	394.55	61.58%	62.11%
Operating EBITDA <sup>1</sup>	547.75	410.96	301.26	33.28%	34.84%
EBITDA	591.38	444.39	301.26	33.07%	40.11%
Operating PBT <sup>1</sup>	253.96	198.88	154.00	27.70%	28.42%
PBT	297.59	232.31	154.00	28.10%	39.01%
Operating PAT <sup>1</sup>	167.73	135.02	109.21	24.23%	23.93%
PAT	198.66	164.70	109.21	20.62%	34.87%
Gross Fixed Assets	4,368.05	2,954.20	2,121.89	48.04%	43.56%
Tangible Net Worth	1,431.34	1,024.44	807.53	39.08%	32.83%
Earnings per Share (EPS)	11.40	9.70	6.68	17.53%	30.64%
Book Value per Share	70.59	60.13	51.28	17.40%	17.33%

<sup>1</sup> Excludes extraordinary income from foreign exchange transactions (Rs. 43.63 crore as on 31 Mar 2008; Rs. 33.43 crore as on 31 Mar 2007)

**Table 2: Stand-alone Financial Performance of Alok Industries Ltd. for the year ended 31 March 2008**

PARTICULARS	2007-08		2006-07	
	Rs. Crore	% to Sales	Rs. Crore	% to Sales
NET SALES / INCOME FROM OPERATIONS	2,170.41		1,824.68	
OTHER INCOME	24.31		3.87	
	<u>2,194.72</u>		<u>1,828.55</u>	
MATERIAL COSTS	1,121.71	51.68%	1,043.87	57.21%
PEOPLE COSTS	78.01	3.59%	47.97	2.63%
OTHER OPERATING EXPENDITURE	447.25	20.61%	325.75	17.85%
TOTAL EXPENDITURE	<u>1,646.97</u>		<u>1,417.59</u>	
OPERATING PROFIT BEFORE INTEREST & DEPRECIATION	547.75	25.24%	410.96	22.52%
INTEREST & FINANCE COSTS	131.83	6.07%	89.04	4.88%
DEPRECIATION / AMORTISATION	161.96	7.46%	123.04	6.74%
OPERATING PROFIT BEFORE TAX	<u>253.96</u>	<u>11.70%</u>	<u>198.88</u>	<u>10.90%</u>
LESS: PROVISION FOR TAXES				
CURRENT TAX	28.73		22.19	
DEFERRED TAX	60.37		41.72	
FRINGE BENEFIT TAX	1.25		0.90	
MAT CREDIT ENTITLEMENT	(4.12)		(1.11)	
PRIOR PERIOD ADJUSTMENT OF TAX	—		0.16	
OPERATING PROFIT AFTER TAX	<u>167.73</u>	<u>7.73%</u>	<u>135.02</u>	<u>7.40%</u>
EXTRAORDINARY INCOME (NET OF TAX)	30.93		29.68	
PROFIT AFTER TAX	<u>198.66</u>		<u>164.70</u>	

\*Note: Extraordinary income Pre-Tax for 2007-08 was Rs. 43.63 crore (Rs. 33.43 crore in 2006-07)

#### Profitability Analysis

- Net sales grew from Rs. 1,824.68 crore to Rs. 2,170.41 crore, a rise of 18.95% over the previous year. All divisions of the Company registered growth in topline compared to the last year; the apparel fabric division topline remained steady.
- Other income, excluding extraordinary income, increased from Rs. 3.87 crore in 2006-07 to Rs. 24.31 crore in 2007-08, mainly on account of Rs. 10.44 crore received as part settlement of insurance claims.
- Extraordinary income (net of taxes) increased 4.21% , from Rs. 29.68 crore in 2006-07 to Rs. 30.93 crore in 2007-08. Gross of taxes, the corresponding figures were Rs. 43.63 crore (2007-08) and Rs. 33.43 crore (2006-07). Extraordinary income was on account of foreign exchange gain.
- Net material consumption increased to Rs. 1,121.71 crore (Rs. 1,043.87 crore in 2006-07). In 2007-08, material consumption as a percentage to sales was at 51.68% (57.21% in 2006-07). This improvement has been due to the benefits of the Company's backward integration initiatives, as also a more value added product mix.
- Alok's people costs have grown by 62.62% from Rs. 47.97 crore in 2006-07 to Rs. 78.01 crore in 2007-08, on account of normal salary and wages increments and addition to the Company's headcount necessitated by its expanding operations. People costs as a percentage to sales for 2007-08 stood at 3.59% (2.63% in 2006-07).
- Other operating expenditure increased 37.30% during 2007-08 to touch Rs. 447.25 crore (2006-07: Rs. 325.75 crore). This represents 20.61% of sales, compared to 17.85% of sales during the previous year.

- Operating earnings before interest & depreciation, (Operating EBIDTA) in 2007-08 grew 33.28% over last year to reach Rs. 547.75 crore. Taking gross extraordinary income into account, Alok's EBIDTA in 2007-08 grew 33.07% to Rs. 591.38 crore.
- Due to the Company's expansion initiatives, its gross fixed assets (including capital work-in-progress) has grown from Rs. 2,954.20 crore as on 31 March 2007 to Rs. 4,368.05 crore as on 31 March 2008. Consequently, depreciation for the year has grown from Rs. 123.04 crore in 2006-07 to Rs. 161.96 crore in 2007-08, an increase of 31.63%.
- During 2007-08, Alok charged Rs. 131.83 crore as interest and finance charges (after capitalising interest for projects under implementation), compared to Rs. 89.04 crore in 2006-07. The Company's borrowings have increased from Rs. 3,336.76 crore in 2006-07 to Rs. 5,767.31 crore in 2007-08 on account of expansions and investment in subsidiaries, and hence this increase in interest costs. Interest and finance charges as a percentage to sales stood at 6.07% (4.88% in 2006-07).
- Operating profit before taxes (Operating PBT) was Rs. 253.96 crore, an increase of 27.70% over 2006-07 (Rs. 198.88 crore). Including gross extraordinary income, PBT was Rs. 297.59 crore, an increase of 28.10% over last year (Rs. 232.31 crore).
- The Company's tax impact for the year (after adjusting for tax against extraordinary gains) stood at Rs. 86.23 crore — 35.03% more than the amount provided during 2006-07 (Rs. 63.86 crore). This is in line with the increased profits that the Company has generated during 2007-08. Tax as a percentage to sales was 7.73% in 2007-08, compared to 7.40% in 2006-07.
- Operating profit after taxes (Operating PAT) increased from Rs. 135.02 crore in 2006-07 to Rs. 167.73 crore in 2007-08, which is annual increase of 24.23%. Operating PAT was 7.73% of sales in 2007-08 (7.40% of sales in 2006-07). After taking net extraordinary income into consideration, PAT grew by 20.62% over last year to reach Rs. 198.66 crore in 2007-08 (Rs. 164.70 crore in 2006-07).

### Profitability Ratios

**Table 3: Key Profitability Ratios: Stand-alone Alok Industries Ltd. as on 31 March 2008**

PARTICULARS	AS ON 31 MARCH	
	2008	2007
OPERATING EBIDTA / NET SALES (%) <sup>1</sup>	25.24%	22.52%
EBIDTA / TOTAL INCOME (%)	26.42%	23.87%
OPERATING PROFIT BEFORE TAX / NET SALES (%) <sup>1</sup>	11.70%	10.90%
PROFIT BEFORE TAX / TOTAL INCOME (%)	13.30%	12.48%
OPERATING PROFIT AFTER TAX MARGIN (%) <sup>1</sup>	7.73%	7.41%
PROFIT AFTER TAX / TOTAL INCOME	8.88%	8.85%
RETURN ON NET WORTH [RONW] (%) <sup>1</sup>	11.72%	13.11%

<sup>1</sup> Excludes extraordinary income from foreign exchange transactions (Rs. 43.63 crore for the year ended 31 Mar 2008; Rs. 33.43 crore for the year ended 31 March 2007)

- Operating EBIDTA margin increased from 22.52% to 25.24%, due to focus on value added products and benefits of backward integration in terms of reduction in raw material cost.
- Due to higher other income, EBIDTA as a percentage to total income increased from 23.87% during the previous year to 26.42% in 2007-08.
- Operating PBT margin increased from 10.90% to 11.70% and operating PAT margin increased from 7.41% to 7.73%
- The Tangible Net Worth of the Company as on 31 March 2008 has increased by 42.34% to Rs. 1,431.35 crore. Return on net worth (RONW) on this increased figure stood at 11.72% as on 31 March 2008, compared to 13.11% in 2006-07.

### Balance Sheet Ratios

**Table 4: Key Balance Sheet Ratios: Stand-alone Alok Industries Ltd. as on 31 March 2008**

PARTICULARS	AS ON 31 MARCH	
	2008	2007
NET LONG TERM DEBT / EQUITY <sup>1</sup>	1.56	1.44
TOTAL NET DEBT / EQUITY <sup>1</sup>	2.86	2.49
CURRENT RATIO	1.44	1.45

<sup>1</sup> Debt calculated net of cash and bank balances

- The debt equity (D/E) ratio of the Company (net of cash and bank balances) has increased from 2.49 to 2.86. This is mainly on account of increase in borrowings to fund the ongoing expansion plans of the Company and investment in subsidiaries. Once these projects come on-stream, the D/E ratio is expected to improve.
- Current ratio at 1.44 has remained in line with the previous year's value of 1.45.
- Quick ratio increased from 1.11 in 2006-07 to 1.15 in 2007-08.

### Coverage Ratios

**Table 5: Key Coverage Ratios: Stand-alone Alok Industries Ltd. as on 31 March 2008**

PARTICULARS	AS ON 31 MARCH	
	2008	2007
OPERATING EBDITA/ INTEREST	4.15	4.62
NET FIXED ASSETS/ SECURED LOANS	1.61	1.46
DEBTORS TO TURNOVER – DAYS	102	109
INVENTORY TO TURNOVER – DAYS	116	93

- The EBDITA to Interest ratio (the interest coverage ratio) at 4.15 indicates adequate capability to service interest obligations.
- Net fixed assets to secured loans at 1.61 represent adequate cover.
- The debtors - turnover ratio has decreased from 109 days to 102 days. This is an indication of Alok's focus on debtor management throughout the year.
- The inventory-turnover ratio stands at 116 days (93 days as on 31 March 2007), mainly on account of higher inventory of raw cotton.

### Financial Condition and Liquidity

During the year Alok generated cash from operations of Rs. 251.07 crore. The Company incurred net outflow of Rs. 1,661.54 crore on investing activities, of which Rs. 1,413.85 crore was on account of fixed assets acquisition and Rs. 399.47 crore was deployed in investments, mainly in subsidiaries. The net inflow from financial activities amounted to Rs. 2,397.26 crore. The net cash surplus as a result for the year was Rs. 986.60 crore. The year-end balance of cash and cash equivalents stood at Rs. 1,543.45 crore, compared to Rs. 556.65 crore as on 31 March 2007. Table 6 gives the details.

**Table 6: Summarised Cash Flow of Alok Industries Ltd. as on 31 March 2008**

(Rs. in Crores)

PARTICULARS	2007-08	2006-07
Net Cash Provided / (Used) by :		
Operating Activities	251.07	155.80
Investing Activities	(1,661.54)	(1,012.68)
Financial Activities	2,397.26	1,047.50
Net Cash Surplus	986.60	190.62
Cash & Cash Equivalents at the:		
Beginning of the Year	556.65	366.03
End of the Year	1,543.45	556.65

### Investments

As on 31 March 2008, the Company had investments of Rs. 618.96. crore, compared to Rs. 219.49 crore a year ago. The details of investments are given in Table 7.



**Table 7: Summarised Statement of Investments by Alok Industries Ltd. as on 31 March 2008**

(Rs. in Crores)

Sr. No.	Particulars	Equity	Preference	Share Application	Total		% Holding 2008
					As on 31 March 2008	As on 31 March 2007	
<b>A.</b>	<b>In Subsidiaries</b>						
	Alok Industries International Ltd.	0.22	22.05	322.02	344.29	103.85	100%
	Alok Infrastructure Pvt. Ltd.	0.05	-	191.60	191.65	57.83	100%
	Alok Land Holdings Pvt. Ltd.	0.25	-	7.92	8.17	-	100%
	Alok Inc.	0.04	-	-	0.04	0.04	100%
	Alok Clothing Pvt. Ltd.	0.05	-	-	0.05	-	100%
	Alok Retail (India) Ltd.	0.05	-	-	0.05	-	100%
	Alok Apparel Private Ltd.	1.00	-	9.00	10.00	-	100%
	<b>Sub Total</b>	<b>1.66</b>	<b>22.05</b>	<b>530.54</b>	<b>554.25</b>	<b>161.72</b>	
<b>B.</b>	<b>In Associates</b>						
	Grabal Alok Impex Ltd.	3.99	-	-	3.99	3.99	8.78%
	Aurangabad Textiles & Apparel Park Ltd.	-	-	6.50	6.50	-	49%
	New City Of Bombay Mfg. Mills Ltd.	-	-	30.25	30.25	-	49%
	<b>Sub Total</b>	<b>3.99</b>	<b>-</b>	<b>36.75</b>	<b>40.74</b>	<b>3.99</b>	
<b>C.</b>	<b>Other Investments at Cost</b>						
	In Equity Shares				3.58	8.55	
	In Bonds / Debentures				17.17	12.22	
	In Mutual Funds				3.22	33.01	
	<b>Sub Total</b>				<b>23.97</b>	<b>53.78</b>	
	<b>Total (A + B + C)</b>				<b>618.96</b>	<b>219.49</b>	

### Compliance with Accounting Standards

#### • AS - 11

The Institute of Chartered Accountants of India (ICAI) through its Accounting Standard 11 (AS-11) has mandated that, "at each balance sheet date, foreign currency monetary items should be reported using the closing rate." Alok has complied with the AS-11 conditions while preparing its books of accounts. Consequently, the Company has recorded a net loss of Rs. 22.60 crore in its Profit & Loss Account for 2007-08.

#### • AS - 15

ICAI's Accounting Standard 15 (AS-15) gives the guidelines and method for items to be considered for charging as unclaimed employee benefits (medical, leave travel assistance and other encashable leave) which has become mandatory from 2007-08. Consequently, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended 31 March 2008 is lower by Rs.0.62 crore. Also, the difference of Rs.1.57 crore between the liability in respect of compensated absences existing on the date of adoption and the liability that would have been recognised at the same date under the previous accounting policy, net of deferred tax of Rs.1.04 crore has been adjusted against the opening balance in the general reserves.

- The Company during the year based on the Announcement of the Institute of Chartered Accountants of India on Accounting for Derivatives along with the Principles of Prudents as enunciated in Accounting Standard (AS-1), Disclosure of Accounting policies has accounted for derivative forward contract at fair values. Consequently, the profit for the year ended March 31, 2008 is lower by Rs. 9.95 crores.

## Consolidated Financial Performance : Consolidated

Table 8 details the financial performance of Alok as a consolidated entity for the year ended 31st March 2008.

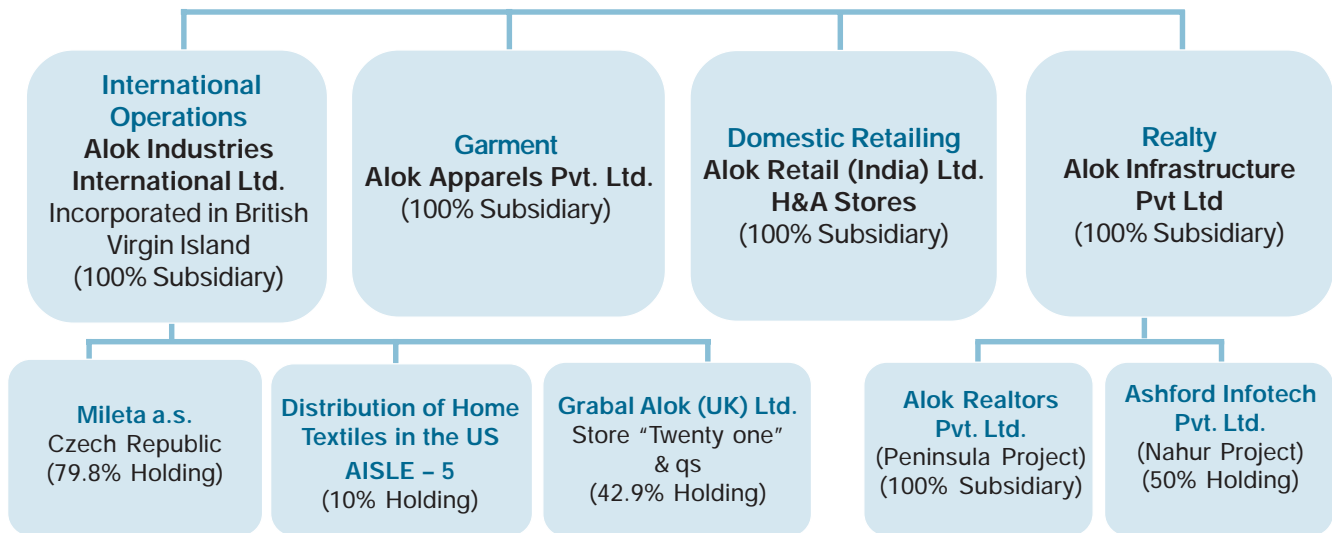
**Table 8 : Consolidated Financial Performance of Alok Industries Ltd. for the year ended 31st March, 2008**

PARTICULARS	2007-08		2006-07	
	Rs. Crore	% to Sales	Rs. Crore	% to Sales
NET SALES / INCOME FROM OPERATIONS	2,282.01		1,824.68	
OTHER INCOME	25.45		3.76	
TOTAL INCOME	2307.46		1828.44	
MATERIAL COSTS	1,206.33	52.86%	1,043.88	57.21%
PEOPLE COSTS	110.11	4.82%	48.22	2.64%
OTHER OPERATING EXPENDITURE	448.86	19.67%	325.55	17.84%
TOTAL EXPANDITURE	1765.30		1417.65	
OPERATING PROFIT BEFORE INTEREST& DEPRECIATION	542.16	23.76%	410.79	22.51%
INTEREST & FINANCE COSTS	133.13	5.83%	89.04	4.88%
DEPRECIATION	166.19	7.28%	123.04	6.74%
OPERATING PROFIT BEFORE TAX	242.84	10.64%	198.71	10.89%
LESS: PROVISION FOR TAXES				
- CURRENT TAX	29.82		22.19	
- DEFERRED TAX	59.74		41.72	
- FRINGE BENEFIT TAX	1.26		0.90	
- MAT CREDIT ENTITLEMENT	(4.12)		(1.11)	
- PRIOR PERIOD ADJUSTMENT OF TAX	—		0.16	
OPERATING PROFIT AFTER TAX	156.14	6.84%	134.85	7.39%
EXTRAORDINARY INCOME (NET OF TAX)	30.93		29.81	
ADD: Share of Profit from associate	0.03			
Minority Interest	2.55			
PROFIT AFTER TAX	189.65		164.66	

**Note:** Excludes Extraordinary income (gross) for 2007-08 of Rs. 43.63 crores (net of tax of Rs. 30.93 crores) (Extraordinary income (gross)Rs. 33.43 crores-net of tax Rs.29.68 crore in 2006-07)

- Net sales increased from Rs. 1,824.68 crore to Rs.2282.01 crore — a growth of 25.06%.
- Operating earnings before interest & depreciation (Operating EBITDA) in 2007-08 grew 31.98% — from Rs. 410.79 in 2006-07 to Rs. 542.16 crore in 2007-08.
- Operating profit before taxes (Operating PBT), at Rs. 242.84 crore in 2007-08, was higher by 22.21% over last year Rs. 198.71 crore. Profit before taxes (PBT), including gross extraordinary income, was Rs. 286.47 for 2007-08; higher by 23.40% over the 2006-07 figure of Rs. 232.14 crore.
- Operating profit after taxes (Operating PAT) for 2007-08 stood at Rs.156.14 crore — 15.79% higher than the last year's operating PAT of Rs. 134.85 crore. Profit after Taxes (PAT), after taking net extraordinary income into consideration, was Rs. 189.65 crore in 2007-08; the corresponding figure for 2006-07 was Rs. 164.66 crore — a growth of 15.18%.

## Alok Structure



## ALOK: BUSINESS OVERVIEW

### TEXTILES

**ALOK INDUSTRIES LIMITED**  
*Integrated Textile Solutions™*  
Spinning  
Apparel Fabrics  
Home Textiles  
Garments  
POY & Texturising

**ALOK APPARELS PVT LTD**  
Wholly Owned Subsidiary of  
Alok Industries Ltd  
Garments

**MILETA a.s.**  
**CZECH REPUBLIC**  
79.8% held by  
Alok Industries International Ltd  
Manufacturing of Yarn Dyed  
Shirtings & Handkerchiefs

### RETAIL

**IN INDIA**  
**ALOK RETAIL (INDIA) LTD**  
Wholly Owned Subsidiary of  
Alok Industries Ltd  
H&A: Retail Garment, Apparel & Home  
Furnishing Stores in India

**IN UK**  
**GRABAL ALOK (UK) LTD**  
42.9% held by  
Alok Industries International Ltd  
Store Twenty One: Retail stores for Garment,  
Apparel & Home Textiles

**IN USA**  
Distribution of Home Textile products in the  
USA through a tie up with a brand  
management and distribution company:  
Aisle 5

### REALTY

**ALOK INFRASTRUCTURE  
PVT LTD**  
Wholly owned subsidiary of Alok  
Industries Ltd  
Development of Commercial and  
Residential realty Projects

## Operations: Textiles

### Overview

Alok has five major divisions — Cotton Spinning, Apparel Fabric, Home Textiles, Garments and POY & Texturising. Apart from these divisions, the Company also has retail operations.

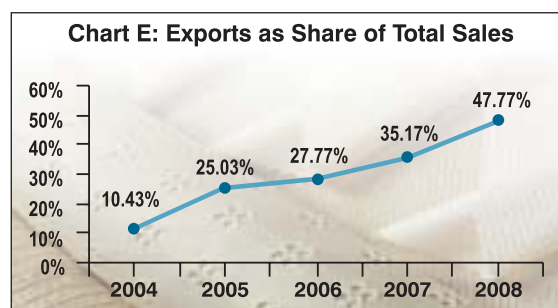
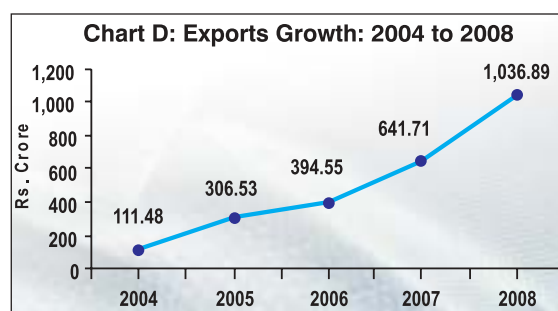
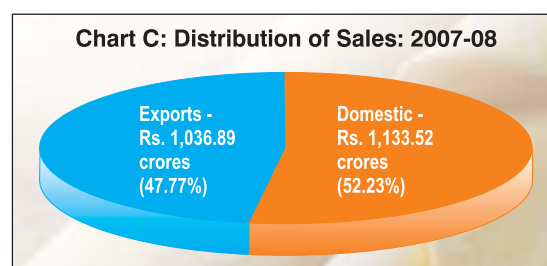
Alok's presence in the entire textile value chain (cotton procurement, yarn spinning, knitting, weaving and texturising and preparing finished home textiles) has enabled the Company to offer premium products at extremely competitive prices and thus gain market share.

During the year, the Company had sales of Rs. 2,170.41 crore, of which domestic sales contributed Rs. 1,133.52 crore and exports were Rs. 1,036.89 crore. Exports comprised of 47.77% of the Company's sales (Chart C), compared to 35.17% during 2006-07.

### Exports

Alok has always recognised that if it is to become a significant global player, it must be able to produce textiles that are sought after all over the world. Developing the exports market has been a key area of focus for the Company, especially after the quota system had been abolished. In 2003-04, the Company's exports crossed Rs. 100 crore for the first time and, in a span of five years, Alok's exports have reached Rs. 1,036.89 crore in 2007-08.

Today, exports contributes about 48% of the Company's total share of business up from about 10% in 2003-04. The entire range of Alok's products is now sold to over 56 countries. Through its constant focus on quality, design and adherence to tight delivery schedules, the Company today supplies to most of the global market leaders, to whom it has become a 'supplier of choice'. Table 9 traces Alok's exports journey over the past six years.



**Table 9: Export Sales: 2003-04 to 2007-08**

Particulars	Unit	2004	2005	2006	2007	2008
Total Sales	Rs. Crores	1,068.85	1,224.50	1,420.70	1,824.68	2,170.41
Exports	Rs. Crores	111.48	306.53	394.55	641.71	1,036.89
Share of Total Sales	%	10.43%	25.03%	27.77%	35.17%	47.77%
Share of Exports to USA	%	40%	57%	60%	50%	34%
Countries Exported	Nos.	24	52	52	48	56

Although the USA remains an important exports market for Alok, as indeed it is for every textile exporting entity, the Company recognises that an over-dependence on one market poses considerable risk. Thus, over the past few years, Alok has been exploring business opportunities in Europe, South-East Asia, Africa and South America.

### Divisional Performance

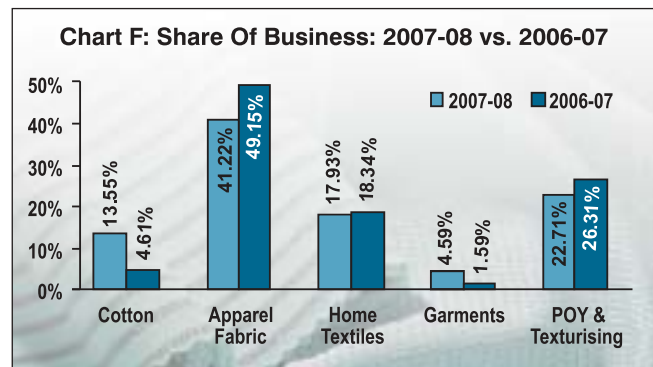
Table 10 details the overall performance of all divisions for Alok for the year ended 31 March 2008.

**Table 10 : Overall Divisional Performance for the year ended 31st March, 2008**

(Rs. in Crores)

Particulars	Twelve Months ended 31 March, 2008				Twelve Months ended 31 March, 2007				Change
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Cotton & Cotton Spinning	13.11	280.94	294.05	13.55%	0.00	84.14	84.14	4.61%	249.48%
<b>Apparel Fabric</b>									
Woven	646.08	108.59	754.67	34.77%	744.53	58.80	803.33	44.03%	(6.06%)
Knitting	62.46	63.24	125.70	5.79%	53.58	25.43	79.01	4.33%	59.09
Job Work	14.42	0.00	14.42	0.66%	14.48	0.00	14.48	0.79%	(0.14%)
Apparel Fabric	<b>722.96</b>	<b>171.83</b>	<b>894.79</b>	<b>41.22%</b>	<b>812.59</b>	<b>84.23</b>	<b>896.82</b>	<b>49.15%</b>	<b>(0.23%)</b>
Home Textile	—	389.02	389.02	17.93%	1.62	332.97	334.59	18.34%	16.27%
Garments	10.10	89.46	99.56	4.59%	2.05	26.98	29.03	1.59%	242.96%
POY & Texturising	387.36	105.63	492.99	22.71%	366.71	113.39	480.10	26.31%	2.68%
<b>Total</b>	<b>1,133.53</b>	<b>1,036.88</b>	<b>2,170.41</b>	<b>100.00%</b>	<b>1,182.97</b>	<b>641.71</b>	<b>1,824.68</b>	<b>100.00%</b>	<b>18.95%</b>

During the year, the Apparel Fabric division had the highest share of business (41.22% of total sales), followed by POY & Texturising (22.71%) and Home Textiles (17.93%). The cotton and cotton yarn division was at 13.55% of sales and lastly garment at 4.59% (Chart F).



**Cotton & Yarn**



**Table 11 : Cotton Spinning : Divisional Performance for the year ended 31 March, 2008**

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08				Twelve Months Ended 31.03.07				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Cotton & Cotton Yarn	13.11	280.94	294.05	13.55%	0.00	84.14	84.14	4.61%	249.48%

Alok, as on 31st March 2008, had 936 open end rotors and 150,912 spindles in its spinning division, with a combined capacity of 17,750 tonnes per annum (TPA). Of the currently installed spindles, 50,000 are utilised to manufacture polyester blended cotton, while a further 50,000 spindles have the capability to produce totally 'compact' yarn, i.e. cotton yarn produced with no residual 'hair' in the yarn. As part of the value addition exercise, Alok has also added 'doubling' capacity in its spinning operations — which converts single yarn to double yarn through 11 'two for one twister' (TFO) machines. In order to cater to niche, value-added segments, the Company has also added facilities for lycra-blended cotton. During the year, the Company has stabilised the output of its cotton spinning units and the yarn that is produced compares well to international specifications. Alok plans to add 50,000 spindles by the end of the second quarter of 2008-09 and a further 50,000 spindles by end of Q3 2008-09. The balance 1,00,000 spindles are likely to be commenced by March 2009.

During 2007-08 sales achieved Rs. 294.05 crore, compared to Rs. 84.14 crore in 2006-07. Most of the division's revenue in 2007-08 came from exports.

Cotton prices have firmed up considerably during the recent months. With US cotton acreage being substituted to grow corn for ethanol, global cotton production is expected to decline and prices are expected to remain firm in the near term.

This division will primarily cater to Alok's in-house consumption needs for cotton yarn; the balance would be exported to premium fabric manufacturers.

### Apparel Fabric

**Table 12: Apparel Fabric: Divisional Performance for the year ended 31 March 2008**

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08				Twelve Months Ended 31.03.07				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Woven	646.08	108.59	754.67	34.77%	744.53	58.80	803.33	44.03%	(6.06%)
Knitting	62.46	63.24	125.70	5.79%	53.58	25.43	79.01	4.33%	59.09%
Job Work	14.42	0.00	14.42	0.66%	14.48	0.00	14.48	0.79%	(0.41%)
<b>Apparel Fabric</b>	<b>722.96</b>	<b>171.83</b>	<b>894.79</b>	<b>41.22%</b>	<b>812.59</b>	<b>84.23</b>	<b>896.82</b>	<b>49.15%</b>	<b>(0.23%)</b>



### Wovens

Alok has 639 apparel width weaving looms, which can produce 45.20 million metres of apparel width fabrics per annum. Alok's textile processing units at Navi Mumbai and Vapi have 82.50 million metres of apparel-width weaving processing capacity through 2 continuous lines and 1 batch line. The product range includes all types of weaves — from coarse to superfine including plain, twill, drill, jacquard, satin and dobby, as well as value-added yarn dyed fabrics and trouser fabrics.

During the year, sales of woven apparel fabrics showed a marginal decline of 6.06% to reach Rs. 754.67 crore. However, export sales of woven fabrics increased (from Rs. 58.80 crore in 2006-07 to Rs. 108.59 crore in 2007-08) through the addition of new international customers. The increased export of apparel fabric to overseas customers is an encouraging sign and the Company proposes to further grow this segment in the near future.

The Company has moved up the value chain, making 'finer counts' yarn dyed fabric that is used for top-end shirting. Moreover, bottom weight production (for the manufacture of trousers) has also increased, with finishes such as peach finish, wrinkle-free finish and stain and oil-free finishes.

Alok has started manufacturing organic cotton products, which are now in demand by large department stores in the USA & Europe

Alok has increased focus on manufacturing speciality fabrics that are targeted towards institutional customers like the armed forces, aviation companies, fire departments, hospitals, the hospitality sector and the infrastructure industry.

Among these are: High visibility fabrics , Fire retardant fabrics, Water repellent and soil release, Infra-red resistant fabrics, Water resistant fabrics, Anti – bacterial fabrics, Insect repellent fabrics, Aroma finish fabrics etc.

### Knitting



The Company has 158 knitting machines, capable of producing 16,800 TPA. The Company also has knit processing capacity of equivalent tonnage. During the year, knitted apparel fabrics increased by 59.09% over last year's figures to reach Rs. 125.70 crore. The growth has been on account of both volume growth and better realisation. This division's share of business also increased from 4.33% to 5.79%. Exports growth has been encouraging, going up from Rs. 25.43 crore during the previous year to Rs. 63.24 crore in 2007-08.

Alok has increased its range in knits to encompass high value-add yarn dyed knits and fleece, which are used for sweatshirts.

### Mileta

As mentioned in last year's Management Discussion & Analysis, Alok acquired 60% of the equity of Mileta, a 'top of the line' integrated textile entity situated in the Czech Republic in April 2007. The company manufactures handkerchiefs, shirting fabrics, table linen and bed linen, which it sells to various countries in Europe, the Americas, Africa and Asia.

Through the acquisition of Mileta, Alok has also acquired brands such as Mileta, Erba, Cottonova, Lord Nelson and Wall Street, some of which the Company has launched in the Indian markets through its retail outlets.

For the year ended 31 March 2008, Mileta had revenues of Czech Kronor (CKR) 611 million (Rs. 152.25 crore) .



Alok's acquisition of Mileta has benefited the Company by way of technology inputs from the Czech entity, especially in value added yarn dyed fabrics. Given that this is a focus area for Alok, the synergies are expected to grow even more. Subsequently during the year FY 2008-09 Alok has acquired an additional 19.80% to take its stake to 79.80%.

### Home Textiles

**Table 13 : Home Textiles : Divisional Performance for the year ended 31 March, 2008**

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08				Twelve Months Ended 31.03.07				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Home Textiles	—	389.02	389.02	17.93%	1.62	332.97	334.59	18.34%	16.27%

Alok has the following capacities in the manufacture of wider width home textile fabrics.

- 598 wider width looms with a capacity to produce 45.20 million metres per annum.
- 2 continuous lines for woven processing, capable of producing 60.00 million metres per annum.
- 907 machines that can produce up to 8.52 million pieces of made-ups.

2007-08 witnessed a 16.27% growth in sales in home textiles — from Rs. 334.59 crore to Rs. 389.02 crore. The entire sales of home textiles products are to overseas markets, where Alok's products are sold to some of the most discerning customers, including large retail chains and private labels. The Company exported



to new markets in South America, notably Brazil. Looking to future high-growth areas, the Company is also exploring possibilities of expanding its European market, especially in the area of high value added luxury bed linen products.

During the year, Alok developed new products in terms of high end luxury bed linen and home textile products from organic cotton, which are supplied to upmarket retail overseas chains and private labels. The company also plans to start supplying to some of the domestic retailers in this segment.

With sustained demand for Alok's home textiles in the overseas markets, the Company has focused on excellence in execution, targeting 100% on-time delivery for all major supplies. Alok's terry towels facility, which is likely to start from the third quarter of 2008-09, would also add to topline.



## Garments

Table 14 : Garments : Divisional Performance for the year ended 31 March, 2008

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08				Twelve Months Ended 31.03.07				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Garments	10.10	89.46	99.56	4.59%	2.05	26.98	29.03	1.59%	242.96%



Alok has 1,636 machines capable of producing 11.86 million pieces of garments during the year. In 2007-08, the company added 723 machines, with capacity for 3.86 million garment pieces. In 2007-08, Alok's garments division's sales (including outsourced sales) was Rs. 99.56 crore . The division added significant international garment retailers from Turkey, Italy, Switzerland and the USA among its customers.

### Alok Apparels Pvt Ltd.

During the year, Alok formed Alok Apparels Pvt Ltd as its wholly subsidiary to enhance overall garment capacity. It would produce garments for the domestic and export market in line with production efficiencies and quality control parameters of Alok.

Alok Apparels has set up a garmenting unit at Silvassa and achieved sales of Rs. 0.76 crores during 2007-08.

## POY & Texturising

Table 15 : POY & Texturising : Divisional Performance for the year ended 31 March, 2008

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08				Twelve Months Ended 31.03.07				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
POY & Texturising	387.36	105.63	492.99	22.71%	366.71	113.39	480.10	26.31%	2.68%



As on 31st March 2008, the Company has 63 texturising machines (17796 spindles) capable of producing 68,700 TPA of texturised yarn per annum. The Company plans to add additional 41 new machines for the production of Draw Texturised Yarn (DTY), which are expected to be on stream by end 2008-09 taking the total capacity of texturised yarn to 114000 tpa. The division also produces about 54000 tpa of Partially Oriented Yarn (POY), which is used for producing texturised yarn. The POY capacity is targeted to increase to 182500 tpa once the Continuous Polymerisation (CP) plant comes into operation by the third quarter of the current financial year. After these expansions are stabilised, the Company would utilise the POY capacity for captive consumption to the extent of 114000 tpa and balance would be sold in the market.

As on 1 April 2007, Alok's texturising plant at Saily, Silvassa had 70 machines with an annual manufacturing capacity of 72,600 tpa. On 16 Aug 2007, a major fire broke out at the plant. The total texturising unit was destroyed; however, the weaving, knitting and POY units in the premises were not affected. Damages to the Company's were estimated at about Rs. 227 crore, including loss of profit. Immediate measures were undertaken to restore texturising capacity at the earliest. Simultaneously, the Company also started proceedings for recovery of claim damages and loss of profits from the underwriters.

On 24 November 2007, Alok's revamped texturising plant commenced partial production — around 90 days from the date when the fire had totally destroyed the texturising plant. The underwriters have admitted the claim and have paid an interim claim amount of Rs. 110 (including for loss of profits) The balance claim is expected to be settled by the third quarter of 2008-09.

This division recorded sale of Rs. 492.99 crore in 2007-08. With operations getting fully restored, the division expects that its performance will improve substantially during 2008-09.

Today, Alok is one of India's largest exporters of DTY. It is also the largest exporter to Latin American countries, in addition to which it sells to various European countries.

#### Operations: Retail

Table 16 : Retail : Divisional Performance for the year ended 31 March, 2008

(Rs. in Crores)

Particulars	Twelve Months Ended 31.03.08			Twelve Months Ended 31.03.07			Growth
	Local	Export	Total	Local	Export	Total	
Retail	6.65	-	6.65	2.12	-	2.12	213.68

#### Domestic Retail : H&A

Alok started its domestic retail foray in 2006-07, with stores under the brand name 'homes & apparels', which have now been renamed 'H&A'. As on 31 March 2008, twenty stores in Mumbai, Bangalore, Silvassa, Pawane and Vapi had been established.

During the year the retail operations generated sales of Rs.6.65 crores-up from Rs. 2.12 crore in 2006-07. The retail sales has been allocated to the respective business segments: Apparel Fabrics, Home Textiles and Garments

To leverage growth opportunities, the retail operations are proposed to be brought under a separate entity.

During the first quarter of 2008-09, substantial progress has been made in redefining and repositioning the H&A stores. Let us briefly examine these developments.



- **Increasing the geographical spread** to major cities across India, with a target of establishing over 250 H&A stores by the end of 2008-09.
- **Standardising the look and feel of shops.** All outlets have now been standardised in layout, look and feel, with an increased number of items on display.
- **Diversifying the product portfolio.** H&A is evolving into a price conscious fashion outlet, with a wide range of home furnishing products and apparels for the Indian middle class consumer. Among the offerings are party wear and lounge wear, sleepwear and innerwear for men, a full sweater range and jewellerys and accessories. It also proposes to introduce children's wear and a full range of denims.

- **Sourcing and supply chain.** To ensure that 'in demand' products are always available at the stores, arrangements have been made for material to be sourced from Alok's production; items will also be purchased from Indian and international third party vendors, wherever needed.

**Overseas Retail: Store Twenty One (U.K)**



Grabal Alok (UK) Ltd. (previously known as Hamsard 2353 Ltd.) is a UK based retailing company having 218 stores across England, Scotland and Wales, employing about 2,500 people. As on date, the Alok Group holds 87.3% stake in Grabal Alok (UK) Limited.

The stores offer value for money and quality fashion for women, men, girls, boys and babies. They also sell accessories like artificial jewellery, shoes and leather bags. After acquiring the company, a turnaround strategy has been put in place, with the objective of right-sizing the trading space, optimising and improving upon locations and improving the overall look, feel and shopping experience. A re-branding exercise is also being rolled out, re-naming the outlets from 'qs' to 'Store Twenty One'. Simultaneously, improvements in the product line and supply chain efficiencies are being brought into place in order to provide the right product at the right price to the most appropriate customer. The stores are now being re-positioned to move from being a discount retailer (which it was earlier) to a value retailer and opportunities for setting up 'shop-in-shop' in large format stores are also being tied up. Grabal Alok (UK) Ltd., through its retail store operations, is currently generating revenues of GBP 107.37 million (Rs. 854.67 crore). During 2008-09, the company plans to add a further 76 stores in optimum locations across the UK.

**Licence Agreement with Aisle 5: USA**

Alok, through its wholly owned subsidiary, Alok Industries International Limited (AAIL), signed an exclusive license agreement AISLE 5, LLC for its portfolio of brands like aworld, Cotton + Clay etc. for distribution of home textile products to the US supermarket chains.

Under a multi-year license, AAIL has the rights to manufacture and distribute bathing, sleeping, dining and home décor textile products through supermarket retail stores in the United States and Canada. Specific products include sheets, pillow cases, blankets, duvets, robes, bathmats, towels, table linens, decorative pillows.

In the US, selling home textile and apparel products through the supermarket chains is a relatively new concept, but with considerable potential for growth and volume. The model has been proven in other North American markets such as Canada. This provides a unique opportunity for Alok to participate in the establishment of a new and largely under-served distribution channel for home textile products.



As a first step, Aisle 5 has already tied up with 190 stores in the USA through a major supermarket chain and the shipments from Alok have commenced.




## Operations: Realty

The Company has recently launched two wholly owned subsidiaries for its realty foray — Alok Infrastructure Pvt Ltd. and Alok Land Holdings Pvt Ltd.

### Realty Projects

As on date, Alok's realty subsidiary Alok Infrastructure is involved in projects totalling about Rs. 2,000 crore. Projects would be funded by a mix of debt and equity. The details of the key projects are given in Table 17.

**Table 17: Major Realty Projects**

<b>Peninsula Business Park, Lower Parel</b>		
<b>Size &amp; Location</b>	575,000 sq ft in Lower Parel, Mumbai	
<b>Cost</b>	Rs. 1,200 crore	
	<b>Premium Office Complex, Nahur</b>	
<b>Size &amp; Location</b>	1.031 million sq ft at Nahur(Bhandup), Mumbai	
<b>Cost</b>	Rs. 650 crore	
	<b>Ashford Centre</b>	
<b>Size &amp; Location</b>	64,800 sq ft in Lower Parel, Mumbai	
<b>Cost</b>	Rs. 124 crore	
		

Besides the above prime commercial projects at Mumbai, Alok infrastructure has a land aggregating to about 400 acres at Silvassa, which can be used for developing SEZ, township etc.

### Joint Venture with National Textile Corporation

Alok has entered into an Agreement with the National Textile Corporation (NTC) to form a joint venture (JV) with 51% share of NTC and 49% of Alok. The JV would undertake two projects — the development and revival of New City Mills at Mumbai and Aurangabad Textile Mills at Aurangabad. New City Mills is located at central Mumbai with 6.7 acres of land; Aurangabad Textiles Mills has 26 acres of land at Aurangabad. The proposal envisages setting up a garment unit of 500 machines each at both the locations; the balance area would be utilised for developing textile related activities. The land has been leased to the JV for 33 years with a renewable option up to 99 years. Alok expects to invest about Rs. 87 crore in the JV; it has already invested Rs. 36.75 crore.

### Capital Expenditure

Alok has been expanding and modernising its capacities in series of expansions under Phase I, II, III and IV in order to reach global sizes in each of its operational area. At the end of Phase IV of the expansion projects, which is expected to complete by March 2009, the Company will have some of India's largest capacities in each of its sphere of operations. Table 18 and 19 details the status of these expansion projects as on March 31, 2008.

**Table 18: Capacity Expansion : Status - by Volume**

PARTICULARS	UNITS	CAPACITY P.A.					
		As on 1st April 2007	Installed during the year	As on 31 Mar 2008	Balance Phase-3	Phase 4	Post Expansion
<b>SPINNING</b>	Tons	7250	13250	20500	18000	18000	58500
<b>HOME TEXTILES</b>							
Weaving	Mn. Mtrs	45.20	-	45.20	24.80	-	70.00
Woven Processing	Mn. Mtrs	60.00	-	60.00	22.50	-	82.50
Made Ups	Mn. Pcs	6.00	2.52	8.52	1.48	3.75	13.75
Terry Towels Processing <sup>1</sup>	Tons	-	-	-	6,700	-	6,700
<b>APPAREL FABRICS</b>							
Weaving	Mn. Mtrs	57.50	6.42	63.92	18.58	-	82.50
Woven Processing	Mn. Mtrs	82.50	-	82.50	-	22.50	105.00
Knitting	Tons	16,800	1400	18,200	-	49,000	67,200
Knit Processing	Tons	16,800	1400	18,200	-	49,000	67,200
Yarn Dyeing	Tons	3,000	-	3,000	-	-	3,000
<b>GARMENTS</b>	Mn. Pcs	8.00	3.86	11.86	3.14	7.00	22.00
<b>POLYESTER YARN</b> <sup>2</sup>							
Texturising <sup>3</sup>	Tons	8,000	60,700	68,700	45,300	-	114,000
POY	Tons	54,000	-	54,000	-	128,500	182,500

Notes: 1. Terry Towel project is a part of the Phase 2 expansion plan and is expected to be completed by Nov. 2008

2. Polyester capacities, viz. Texturising and POY are being executed separately

3. Capacity as on April 1, 2007 shown after reducing the capacities lost due to fire

**Table 19: Capacity Expansion: Status — by Machines**

PARTICULARS	UNITS	CAPACITY PER ANNUM					
		As on 1st April 2007	Installed during the year	As on 31 Mar 2008	Balance Phase-3	Phase 4	Post Expansion
<b>SPINNING</b>							
Ring Frame	Spindles	50,400	100,512	150,912	100,800	100,800	352,512
Open End	Rotors	936	-	936	-	-	936
<b>HOME TEXTILES</b>							
Wider Width Weaving	Looms	598	-	598	378	-	976
Wider Width Woven Processing	Continuous Lines	2	-	2	1	-	3
Made-ups	Machines	592	315	907	93	500	1,500
Terry Towels <sup>1</sup>	Looms	-	-	-	64	-	64
Terry Towels Processing <sup>1</sup>	Lot	-	-	-	Lot	-	Lot
<b>APPAREL FABRICS</b>							
Apparel Width Weaving	Looms	636	3	639	213	-	852
Apparel Width Woven Processing	Continuous Lines	2	-	2	-	1	3
	Batch Processing Lines	1	-	1	-	-	1
Knitting	Machines	146	12	158	-	438	596
Knit Processing	Lot	Lot	Lot	Lot	-	Lot	Lot
Yarn Dyeing	Lot	Lot	-	Lot	-	Lot	Lot
<b>GARMENTS</b>	Machines	913	723	1,636	464	1,000	3,100
<b>POLYESTER YARN <sup>2</sup></b>							
Texturising <sup>3</sup>	Machines	8	55	63	41	-	104
POY	Lot	Lot	-	Lot	-	Lot	Lot

Notes: 1. Terry Towel project is a part of the Phase 2 expansion plan and is expected to be completed by Nov. 2008

2. Polyester capacities, viz. Texturising and POY are being executed separately

3. Capacity as on April 1, 2007 shown after reducing the capacities lost due to fire

### Human Resources

Table 20 highlights the number of people on the Company's payroll as on 31 March 2008.

**Table 20: Alok Industries Ltd. — Headcount as on 31 March 2008**

Location	Staff		Workers		Total	
	2008	2007	2008	2007	2008	2007
BHIWANDI	29	28	0	0	29	28
PAWANE	159	159	193	183	352	342
TURBHE	34	24	0	0	34	24
VAPI	614	433	1,812	1,287	2,426	1,720
SILVASSA	1,061	984	3,770	4,204	4,831	5,188
WORLI	483	351	0	0	483	351
NARIMAN POINT	10	10	0	0	10	10
DELHI	16	15	7	0	23	15
<b>TOTAL STRENGTH</b>	<b>2,406</b>	<b>2,004</b>	<b>5,782</b>	<b>5,674</b>	<b>8,188</b>	<b>7,678</b>

As can be seen, the 'headcount on payroll' i.e. excluding contract workers, have increased by 6.6% from 7,678 to 8,188 during the year. Including contract workers, total headcount has increased by 45.7% to 13,897.

On the HR front, the following initiatives took place during the year.



### Talent Review Assessment

The Company had engaged the services of a globally reputed HR consultant to carry out the following assignments.

- Review / revise the prevailing HR practices and systems like appraisals, incentives and rewards.
- Devise appropriate development programs.
- Identify key talent in the Company.
- Understand performance in terms of analysing the essential duties that employees perform, the competencies that individuals need in order to perform their assigned roles and the results that individuals are expected to achieve for the organisation.

The findings of the assignment have assisted the Company to restructure assignments with the target of meeting business objectives, minimising overlapping activities and eliminating wasteful activities.

### Performance Management System

A competency based performance appraisal system was devised under the guidance of a steering committee comprising of the senior management team. The appraisal system is being implemented across the organisation for the year 2008-09 and is expected to be replicated in future years as well.

### Industry Institute Program

During the year 65 students from 24 textile engineering, management and fashion technology institutes have undergone summer training and graduation projects at Alok's corporate office and plants. This is a part of the Company's industry-institute initiatives. The students were placed in various operational departments, such as Production, Marketing, Finance, HR and Design in order to familiarise them with the Company's operations. Alok expects to recruit some of these students into its rolls after they have completed their courses.

### Labour Relations

On the labour front, there were no incidents of labour unrest or stoppages of work on account of labour issues and the relationship with them continues to be cordial.

### Corporate Social Responsibility

#### Philosophy

Alok understands the importance of building and sustaining prosperity without depleting and despoiling nature. The Company believes in 'growing smart', through investing in process innovations that lead to increased efficiency in the use of materials. It has committed resources in aligning new, clean technology with production in order produce textiles without damaging or diminishing the natural environment.

Alok believes that environment and economics do not necessarily need to be in conflict. Investing more in renewable energies and technologies that combat pollution, foster growth and protection are not just socially responsible behaviour, they make sound economic sense, especially in the long run. Therefore, as a philosophy, the Company has a strong bias for active measures that help in the protection of the environment — going well beyond the levels demanded by regulatory processes and guidelines.

The Company's Corporate Social Responsibility (CSR) agenda reflects its social conscience and commitments to the community and society at large. Its CSR activities can be broadly grouped as under.

### Community Development

Alok looks to adopt measures that help to raise the quality of life in the communities where it operates. The Company partners with government bodies, local administration, and village panchayats to the benefit the residents of the rural areas and tribal belt of Dadra & Nagar Haveli.

### Education

Alok's community-based development projects like the Early Learning Centre to help educate the community's children is one such initiative nearing completion at Silvassa. The Company also helps in refurbishing and supporting poor schools in its area of operations.

Alok has been chosen to collaborate with the government and the local administration in upgrading the government Industrial Training Institute, Silvassa into a centre of excellence.

### Charitable Hospital and Medical Care

Alok has been invited to partner the government in taking over a 50 bed primary health centre-cum-hospital in Dadra & Nagar Haveli. The health centre delivers healthcare services to an estimated one million patients annually.



### Other Activities

The Company actively participates in periodic blood donation camps and is in the forefront to offer help to the local administration in the event of floods and other natural calamities.

### Creating a Sustainable Environment

The Company's manufacturing plants are energy efficient, environmentally friendly and rated for their sustainable designs. Alok has installed best in class effluent treatment systems in order to minimise any pollution impact that may take place during its manufacturing process.



### Water Treatment & Conservation

Alok is keenly aware of its responsibilities as a corporate citizen, especially when it comes to the responsible usage of water and water treatment. A number of processes ensure that the discharge water at the plants do not have any trace of suspended solids, after which it is pumped through nine kilometres of pipeline from the plant area into deep sea waters. The Company has also installed reverse osmosis (RO) plants at its manufacturing sites, thus ensuring the optimum level of water recycling. Moreover, active measures are undertaken for rain water harvesting and recharging of ground water, thereby creating a sustainable

and renewable environmental resource. The organisation is also actively involved in transforming brown fields in the plant vicinity into green zones, which, in turn, help in recharging the ground water system.

### Energy Conservation

In Alok's plants, exhaust fans are driven by wind-power and the Company has actively used solar energy to provide lighting solutions.

### Organic Cotton

Cotton accounts for more than 25% of the world's insecticide use when only 3% of land under cultivation is used for growing it. Cotton is also one of the most widely traded commodities, representing an essential component of foreign exchange earnings for more than fifty countries. 'Sustainable cotton' is a socially responsible version of this crop, which is projected to reach US\$ 2.6 billion by the end of 2008.

Alok is committed to devote considerable energies to make organic cotton a viable and sustainable agricultural and economic alternative. To stimulate the transition to supply and demand of the organic and sustainable cotton industry, Alok works with farmers and clothiers to create a market for certified organically grown and sustainable cotton.

The Company has contracted with farmers in Madhya Pradesh to harvest 140,000 acres of land for organic and sustainable cotton, duly certified by SKAL and ECO CERT, with a minimum guaranteed price to the farmers for their crop.

Alok is also in the process of tying up the finer details of a transformational initiative that envisages working on building bridges between the distressed Vidarbha farmers, manufacturers and the consumer. The model will lead to providing a safety net to cotton growers, remove the social humiliation that drives them into taking extreme measures, widen markets for organically grown cotton and create a cleaner cotton industry.

## Information Technology

### Enterprise Resource Planning (ERP)

Alok has rolled out its SAP ERP platform across all its plants. The Company uses six modules — Sales & Distribution, Production & Planning, Materials Management, Quality Management, Plant Maintenance and Finance & Costing.

In 2007-08, the Company stabilised the SAP implementation and conducted a number of customisation initiatives, specific to textile industry operations. Apart from these customisations, the new plants that were set up during the year (namely, the Spinning plant and the Hemming plant) were also brought under SAP purview. After these customisations, the SAP environment is now in 'stable state'.

During 2008-09, Alok proposes to conduct the following changes / improvements in its SAP platform.

- Migration to the SAP ECC 6 version.
- Implementation of the Human Capital Management (HCM) module. The process mapping is currently being done by a team of global consultants and the Company expects to complete the implementation by the end of Q3 2008-09.
- Implementation of the Business Intelligence Warehouse (BIW). This is currently being evaluated.
- Integration of the subsidiaries' operations into the overall SAP environment.

### Communications and Connectivity

A 'point to point' virtual private network (VPN) using multi-protocol label switching (MPLS) ensures smooth data transfer and simultaneous transaction processing between Alok's various locations. The connectivity platform has been created with in-built redundancies in order to prevent any data transfer failure.

The Company is in the process of changing its communication software from Microsoft Outlook to Lotus Domino, which is expected to be completed by the end of the second quarter of 2008-09.

### Data Security

Alok takes adequate steps to ensure data security. The Company has created an online replication environment that transfers the SAP data onto another storage server, thus protecting the data against 'storage failure'. The company has also engaged reputed external consultants to map out a method for advanced Disaster Recovery (DR) processes, with the final objective of establishing business continuity processes (BCP) in case of an unnatural occurrence that impacts the Company's operations.

## Risks and Mitigations

### Business Environment

#### US Economy

The US continues to be a major export market for Alok. A slowdown in the US economy translates to lower consumer spending and a consequent risk of lower textile exports to that market. Alok is looking to mitigate this risk by diversifying into other markets, especially in Central Europe, Africa, Asia and South America, thereby broadening its export client base.

#### Indian Economy & Government Policies

The Indian economy has been growing consistently and consumer spending has been increasing over the last three years. In 2007-08, however, inflation has increased rapidly and is now at record levels. Usually, growing inflation dampens consumer demand for household goods, including textiles and apparel. If India's inflation continues to stay at a high level, there is a risk that Alok's domestic sales would be negatively impacted.

Gol intervened in July 2007 to increase the amount of duty drawback allowed on exports of textiles and apparel by 3% and simultaneously lowered the rate on export credits, with retrospective effect from 01 April 2007. This was aimed at providing relief to exporters. Any dilution of exports support by the Gol would adversely affect the Company.

### Materials

#### Cotton

Cotton is a major raw material input for Alok Industries. Adverse price fluctuations in cotton have a negative impact on Alok's bottom line. Although Indian cotton prices have remained stable over the past three years, a global crop shortage is now reflecting in increasing prices. Alok has tried to mitigate this risk through contract farming, tying up with cotton farmers for their supply at fair rates; simultaneously, the Company looks to procure cotton and cotton yarn based on confirmation of sales orders, which allows it to pass on price increases to the end customer.



## POY

Partially Oriented Yarn (POY) is another key raw material for Alok. A petrochemical derivative, POY costs are linked to the price of crude oil. Due to the rising price of crude and a lack of supplies of PTA (the key input for manufacturing POY), prices of POY have been rising, most recently during the first quarter of 2008-09. Upward movements in the cost of POY increase Alok's material costs. The Company manufactures POY for in-house conversion to draw texturised yarn (DTY) and thereby partially mitigates the price fluctuation risk. Also, given that Alok is a substantial player in the DTY manufacturing segment, the Company can negotiate bulk procurement discounts for PET chips (which form the input raw material for POY).

## Quality Cost and Delivery (QCD) parameters

Observance of quality parameters and adherence to tight timelines are of paramount importance to the Company. Alok has exhaustive quality checks at each step of the production process in place to ensure 'first time right' goods to be produced. Alok's dedicated sampling unit reduces the time to reach the market from a sample to a finished product. The total integrated value chain (from cotton procurement and POY production to finished garments and home textiles) has meant that cost efficiencies have increased.

## Business Diversification

Alok, through its wholly owned subsidiaries, has diversified its business interests into the realty sector. The foray into real estate brings with it certain risks such as price fluctuations in real estate and problems linked to execution of projects. Alok has tied up with renowned real estate developers to aid its realty foray and mitigate risks of delays and execution.

## Gearing Risk

Alok has expanded its capacities looking at global growth opportunities. A major portion of these expansions have been funded under the Technology Upgradation Funds Scheme (TUFs) by the GoI, which provides interest reimbursement and capital subsidy to textile players maturity of /upto 10 years. This has increased the Company's gearing ratio. Alok is confident of repaying the funds utilised for expansions from its internal accruals that would be generated from its expanded capacities and that the gearing ratio will reduce significantly in near future.

## Interest and Interest Rate Risk

The Company has both rupee and foreign currency debt, which have floating interest rates. Any upward revision in interest rates will have an adverse effect on the Company's interest costs and negatively affect its bottomline.

## Currency Risk

Currency fluctuations have a direct impact on Alok's exports. It also affects the foreign currency debt profile of the company. Alok has a dynamic foreign currency management system in place to mitigate the effect of fluctuations in foreign currency.

## Internal Controls and their Adequacy

Alok has a proper and adequate system of internal controls commensurate with its size and business operations at all plants, divisions and the corporate headquarters to ensure that its assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are reliably authorised, accurately recorded and reported quickly.

The Company 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 on the findings by the internal auditors, every quarter, along with the remedial actions that have been recommended or have been taken by the management to plug systemic weaknesses.

## Future Outlook

### In Textiles

Textile operations that were earlier in Europe and the USA have been shifting to Asia over the last few years due to the cost advantages of Asian manufacturers. Since January 2006, the rupee has appreciated by only 4% against the US Dollar; the Chinese renminbi has appreciated by 15.4% over the same period, thus narrowing the price gap between Indian and Chinese textile products. With GDP

growth being projected at 8% and a stable political and economic scenario, India is also expected to see burgeoning domestic demand for textiles.

Alok has advantages that enable it to leverage these opportunities. With its expansion plans on track, the Company has the capabilities to service large volume needs of international and domestic customers at the right time. The end-to-end value chain enables Alok to offer competitive prices, since input costs are minimised. The Company has been expanding its focus: it is moving into work-wear, yarn-dyed fashion fabric, speciality fabrics and fabrics for institutional purposes. Alok is exploring opportunities of collaboration with European companies specialising in work-wear. It has also added new international markets. On the domestic front, the Company has well-laid distribution channels to reach its target market. Moreover, it is also supplies to retail outlets and private labels.

### In Retail

India is one of the largest global retail markets and an attractive market for retail investment. Organised retail is growing at a CAGR of around 25% and is expected to reach a size of US\$ 21.5 billion by 2010 from a current level of approximately US\$ 7.5 billion<sup>1</sup>. Within the retail space, the textile and apparel business is projected to grow from US\$ 5 billion in 2006 to US\$ 10 billion in 2010.

The Indian middle class segment is growing in numbers and demand for apparel and home textile products is increasing. With the increase in the number of nuclear families and a growing disposable income, spends on textile products are expected to increase. Alok's retail foray in India through its retail stores H&A targets to reach this segment, catering to its apparel and home textile needs.

In the UK, the Company's Store 21 initiative intends to target the fashion conscious 'young at heart' consumer with a wide range of apparel products and accessories. The ongoing repositioning exercise has already started showing positive results and it expected to continue in the same trend. These stores would be cost competitive, given that a number of its offerings would be from Alok's textile operations, where there are inherent cost and efficiency advantages.

In the USA, the Company's tie-up with Aisle 5 opens up a hitherto untapped distribution channel: that of the supermarket chains. It is expected that, as these operations grow, Alok will be able to penetrate deeper into the largest home textile market in the world through a unique distribution format.

### In Realty

India's real estate sector has shown strong growth over the past few years and is expected to continue in the same vein in the middle term. Let us consider reports<sup>2</sup> that support this statement.

- Residential units form the bulk of Indian real estate demand; its net shortage is expected to go up to 26 million units by 2012. Integrated townships, in which all facilities are within a single compound, are becoming popular, as opposed to stand-alone houses. The demand growth cuts across all economic strata — from lower income group housing complexes to super premium apartments
- Currently, a total of 120 million square feet of 'Grade A' office space is available in India. With the growth of the IT and ITES industries, the demand for 'Grade A' office space is likely to go up to 172 million square feet by 2012.
- The boom in the retail business is driving the growth of mall construction in India. From 105 malls in 2006, the figure is likely to go up to 412 by 2010, with mixed use projects (where hotels, amusement facilities, commercial space, and shopping space are all under one roof) becoming popular.
- There is a severe shortage of quality hotels in the country; as on date, there are only approximately 110,000 approved hotel rooms, of which 30% are in the premium category.
- Commercial rentals in Mumbai have shot up by 15-20% during the last one year; in some cases, companies have paid as much as three to four times their previous annual rentals, especially in the business area of central Mumbai.

In this scenario, the Company believes that realty ventures offer potentially high-value business opportunities, which would not only generate capital profits (from sales of land and office space) but also ensure annuity income from lease rentals. To that effect, it has set up its wholly owned subsidiaries to focus on the realty sector. Alok has identified end-users for a number of its projects and expects that this business will be a growth driver in the future.

Alok believes that its future prospects are bright and that its ventures in textiles, retail and realty will enhance shareholder value.

### 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 judgements 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.

## CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

Alok believes that corporate governance is all about commitment to ethical values and business principles. These, in turn, translate to adopting transparent accounting policies, setting and adhering to appropriate disclosure norms, learning and implementing best-in-class board practices and displaying consistently high standards of corporate conduct towards its stakeholders. Alok, therefore, has adopted practices mandated in Clause 49 and has established procedures and systems to be fully compliant with it.

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 2008, 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 independent Directors, including five Directors who are nominees of various financial institutions. The composition of the Board satisfies the conditions that SEBI has laid down in this regard.

#### Number of Board Meetings

In 2007-08, the Board of the Company met four times on 27 April 2007, 31 July, 2007, 31 October 2007 and 31 January 2008. 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	3	Yes	14	1	1
Mr. Dilip B. Jiwrajka (Managing Director)	Promoter, Executive	4	4	Yes	14	4	—
Mr. Surendra B. Jiwrajka (Joint Managing Director)	Promoter, Executive	4	2	Yes	14	2	—
Mr. C.K. Bubna	Executive	4	4	Yes	1	—	—
Mr. Ashok G. Rajani	Independent	4	4	Yes	—	—	—
Mr. K.R. Modi	Independent	4	4	Yes	1	4	—
Mr. K.C. Jani (Nominee of IDBI Bank Ltd).	Independent	4	4	Yes	1	1	—
Mr. Rakesh Kapoor (Nominee of IFCI Ltd.)	Independent	4	4	No	2	—	—
Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India)	Independent	4	3	Yes	—	—	—
Mr. R.J. Kamath (Nominee of IDBI Bank Ltd).	Independent	4	3	No	3	1	3
Ms. Hiroo S. Advani (Nominee of Export Import Bank of India)	Independent	4	4	No	1	—	—
Mr. Timothy Ingram	Independent	4	2	No	—	—	—

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 2007-08.

**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 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. 219,269/- paid to the legal firm during the year ended 31 March 2008 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](http://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 2008, Alok's Audit Committee consisted of Mr. K.C. Jani (Chairman of the Committee), Mr. Ashok G. Rajani, Mr. K.R. Modi, Mr. Rakesh Kapoor, Mr. K.J. Punnathara and Mr. Dilip B. Jiwrajka. 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 2007 to answer shareholder queries.

The Committee met 4 times during the course of the year: on 26 April 2007, 31 July 2007, 31 October 2007 and 31 January 2008.

Table 2 gives attendance record.

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

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) & Secretary, is the secretary to the Committee

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

1. Overseeing 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 about 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 the 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 15 times during the year. Table 3 gives the details of attendance.

**Table 3: Attendance record of Shareholders'/Investors' Grievances Committee for 2007-08**

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. Ashok G. Rajani	Independent	Chairman	15	15
Mr. Dilip B. Jiwrajka	Promoter, Executive	Member	15	15
Mr. Surendra B. Jiwrajka	Promoter, Executive	Member	15	15
Mr. Ashok B. Jiwrajka	Promoter, Executive	Member	15	15

#### 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 retiral 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 below.

#### 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 80 times during the year.

#### Remuneration of Directors

Information on remuneration of Directors for the year ended 31 March 2008 is set forth in Table 4 below.

**Table 4: Remuneration paid or payable to Directors for the year ended 31 March 2008**

Name of the Director	Sitting Fees <sup>2</sup>	Salary and Perquisites	Provident & Superannuation Funds In Rs.	Commission <sup>3</sup>	Total
Mr. Ashok B. Jiwrajka	—	14,000,000	—	12,500,000	26,500,000
Mr. Dilip B. Jiwrajka	—	14,000,000	—	12,500,000	26,500,000
Mr. Surendra B. Jiwrajka	—	14,000,000	—	12,500,000	26,500,000
Mr. C.K. Bubna	—	14,000,000	—	12,500,000	26,500,000
Mr. Ashok G. Rajani	60,000	—	—	—	60,000
Mr. K.R. Modi	60,000	—	—	—	60,000
Mr. K.C. Jani (Nominee of IDBI Bank Ltd.) 4	60,000	—	—	—	60,000
Mr. Rakesh Kapoor (Nominee of IFCI Ltd.) 4	60,000	—	—	—	60,000
Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India ) 4	50,000	—	—	—	50,000
Mr. R.J. Kamath (Nominee of IDBI Bank Ltd.) 4	40,000	—	—	—	40,000
Ms. Hiroo S. Advani (Nominee of Export Import Bank of India) 4	60,000	—	—	—	60,000
Mr. Timothy Ingram	34,472	—	—	—	34,472

**Notes:**

- 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.
- Sitting fees include payment for Board-level committee meetings.
- Commission proposed and payable after approval of accounts by shareholders in the AGM.
- Sitting fees of two nominee Directors, viz. Mr. R.J. Kamath and Mr. K.J. Punnathara are paid in their names. In the case of the other nominee Directors, the sitting fees are paid to the financial institution they represent.

The sitting fees for independent Directors were increased from Rs.10,000/- to Rs.20,000, w.e.f. 31 October 2007

**Shares and Convertible Instruments Held by Non-Executive Directors**

As on 31 March 2008, Mr. Ashok G. Rajani, independent Director holds 200 equity shares of the Company and Mr. K. R. Modi, independent Director holds 1,500 equity shares of the Company. No other non-executive Director holds any equity shares in Alok Industries Ltd.

As on 31 March 2008, 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 2008, 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) & 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. Timothy Ingram and Mr. Ashok B. Jiwrajka 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. Timothy Ingram**, 59 years, is presently the Chief Executive of M/s Caledonia Investments plc, a London based Investment Company. He has wide experience in the field of international banking and finance. He was earlier the Finance Director and later Chief Executive of First National Finance Corporation from 1992 and Managing Director of Abbey National from 1996 to 2002. He was approved Chief Executive of Caledonia in 2002.

<b>Other Directorships</b>	NIL
<b>Other Committee Memberships</b>	NIL
<b>Number of shares in the Company held</b>	NIL

**Mr. Ashok B. Jiwrajka**, 58 years, is a Commerce graduate with over 30 years of experience in the marketing of textiles. He is responsible for the management of Home Textiles and Retail division and strategic planning.

<b>Other Directorships</b>	1. Grabal Alok Impex Limited	2. Alok Knit Exports Limited
	3. New City of Bombay Mfg. Mills Limited	4. Alspun Infrastructure Limited
	5. Alok Infrastructure Private Limited	6. Alok Apparels Private Limited
	7. Alok Clothing Private Limited	8. Alok Realtors Private Limited
	9. Alok Homes & Apparels Private Limited	10. Alok Land Holdings Private Limited
	11. Alok Aurangabad Infratex Private Limited	12. Alok New City Infratex Private Limited
	13. Alok Industries International Ltd.	14. Grabal Alok International Ltd.

<b>Other Committee Memberships</b>	1. Chairman of the Executive Committee of Grabal Alok Impex Limited
	2. Member of Share Transfer and Investors' Grievances Committee of Grabal Alok Impex Limited

<b>Number of shares held in the Company</b>	6,519,168
---	-----------

### 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](http://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.

The Company's half yearly results are published in the newspapers detailed above and also posted on its website. Hence, they are not separately sent to the shareholders. However, the Company furnishes the quarterly and half-yearly 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. Intime Spectrum Registry Limited, which is fully equipped to carry out share transfer activities and redress investor complaints. Mr. K.H. Gopal, President (Corporate Affairs) & 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.

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

Financial year	Date	Time	Venue	Special Resolutions Passed
2004-05	29 September 2005	10.00 A.M.	Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk Prabhadevi, Mumbai 400025	None
2005-06	29 September 2006	10.00 A.M.	Textiles Committee Auditorium, P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025	1. Borrow money in excess of paid-up capital and free reserves of the Company. 2. Creation of Charge / Mortgage.
2006-07	25 September 2007	11.00 A.M.	Textiles Committee Auditorium, P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025	1. Increase of remuneration of a relative of Whole-time Directors of the Company.

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.

### 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) & 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.

## SHAREHOLDERS' INFORMATION

### Annual General Meeting

**Date:** 29 September 2008

**Time:** 11.00 A.M.

**Venue:** Textiles Committee Auditorium, P Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400025

### Financial Calendar

1 April to 31 March.

For the year ended 31 March 2008, results were announced on:

First quarter	27 April 2007
Second quarter	31 July 2007
Third quarter	31 October 2007
Fourth quarter	31 January 2008

For the year ending 31 March 2009, results will be announced by:

First quarter	April 2008
Second quarter	July 2008
Third quarter	October 2008
Fourth quarter	January 2009

### Book Closure

The books will be closed from Monday, 22 September 2008 to Monday, 29 September 2008, as annual closure for the Annual General Meeting.

### Dividend Date

Equity Shares: The Board has recommended a dividend of 12% for the year ended 31 March 2008 which would be payable on or before 27 October 2008

### Listing

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

### Stock Codes

BSE:	521070
NSE:	ALOKTEXTEQ
ISIN No.	INE270A01011

### Foreign Currency Convertible Bonds

1400 nos. 1% unsecured Foreign Currency Convertible Bonds (FCCBs) of the face value of US\$ 50,000 each aggregating to US\$ 70 million were listed on the Luxembourg Stock Exchange. Out of 1400 FCCBs, 925 FCCBs of the face value of US\$ 50,000 each aggregating to US\$ 46.25 million have been converted into 32,130,990 equity shares in accordance with the terms of the Offering Circular dated 26 May 2005, leaving an outstanding balance of 475 FCCBs of the face value of US\$ 50,000 each aggregating to US\$ 23.75 million.

**Series A Bonds:** Code No.XS0219244315

**Series B Bonds:** Code No.XS0219245809

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

### Stock Data

Table 6 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 2007-08.

**Table 6: High and Low Prices, and Trading Volumes at the BSE and NSE**

Month	(BSE)			(NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2007	66.25	55.20	2,129,126	65.90	55.00	6,797,944
May 2007	68.50	58.10	3,329,701	68.40	58.05	14,220,057
June 2007	59.70	52.00	2,961,818	66.00	51.90	8,513,681
July 2007	69.90	55.50	10,885,692	69.90	56.60	24,832,601
August 2007	68.50	56.25	10,268,613	68.80	56.55	28,497,957
September 2007	76.80	65.10	12,120,888	83.50	65.50	29,649,010
October 2007	78.65	60.00	20,757,628	78.50	59.00	38,143,679
November 2007	83.60	60.85	27,273,066	83.80	60.75	54,230,206
December 2007	105.90	76.75	47,712,838	105.90	77.00	100,166,895
January 2008	107.75	53.00	17,569,322	107.55	46.20	44,309,506
February 2008	82.90	63.55	10,649,228	82.60	63.55	23,703,635
March 2008	68.05	49.40	9,842,482	69.00	45.70	21,886,197

**Stock Performance**

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

**Chart A: Share prices of Alok Industries Limited versus BSE Sensex for the year ended 31 March 2008**

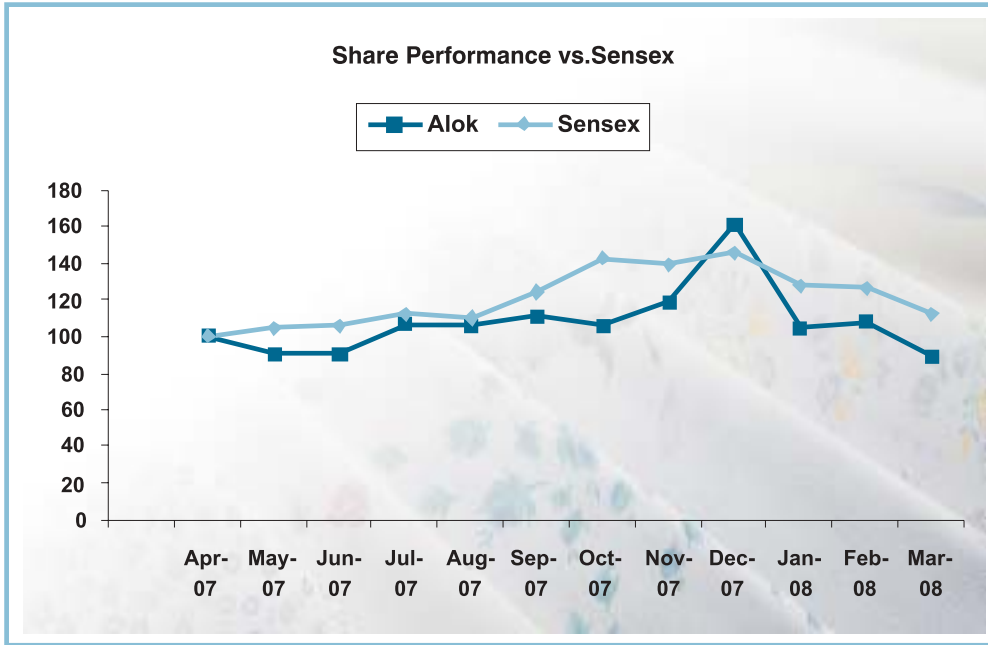
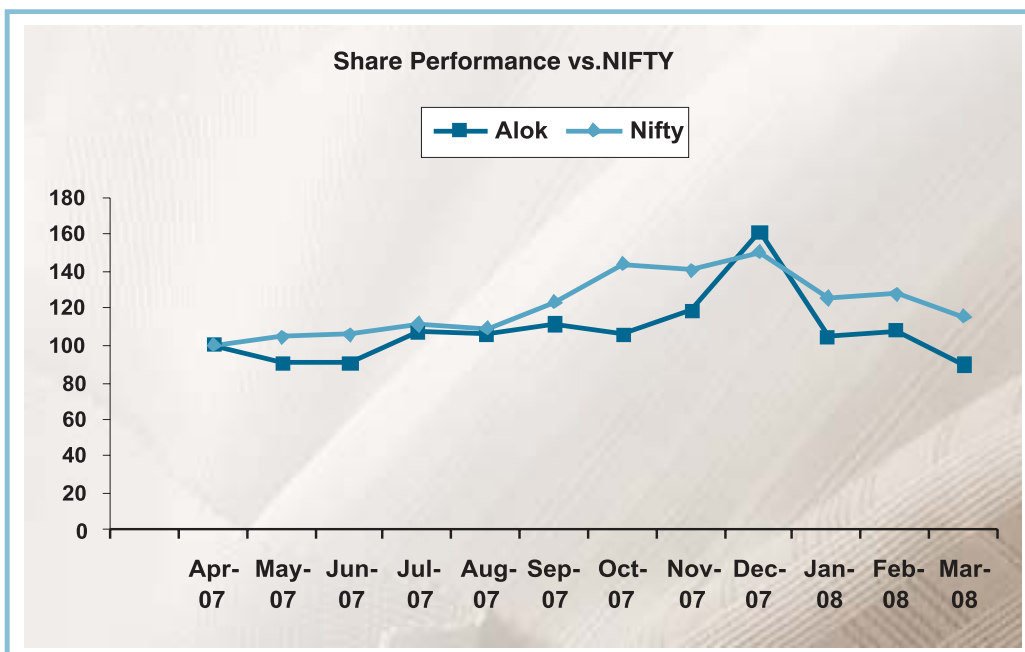


Chart 'B' plots the movement of Alok's shares adjusted closing prices compared to the NIFTY.

**Chart B: Share prices of Alok Industries Limited versus NSE NIFTY for the year ended 31 March 2008**



### Share Transfer Agents and Share Transfer and Demat system

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

**Intime Spectrum Registry 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 27 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 2008, dematerialised shares accounted for 96.21% per cent of total equity.

There are no legal proceedings against Alok on any share transfer matter. Table 7 gives details about the nature of complaints.

**Table 7: Number and nature of complaints for the year 2007-08**

Particulars	Complaints				Total
	Non-Receipt of Certificates	Change of address	Non-receipt of dividend	Others (Non-Receipt of Annual Reports/ Non Receipt of Demat credit etc.)	
Received during the year	5	27	177	23	232
Attended during the year	5	27	177	23	232
Pending as on 31 March 2008	NIL	NIL	NIL	NIL	NIL

### Shareholding Pattern

Tables 8 and 9 give the pattern of shareholding by ownership and share class respectively.

**Table 8 : Pattern of shareholding by ownership as on 31 March 2008**

Category	As on 31 March, 2008	
	Total No. of shares	Percentage
<b>A. Promoters' Holding</b>		
1 Promoters		
Indian Promoters	60,152,940	32.14
Foreign Promoters	102,000	0.05
2 Persons Acting in Concert	NIL	NIL
<b>Total</b>	<b>60,254,940</b>	<b>32.19</b>
<b>B. Non-Promoters' Holding</b>		
3 Institutional Investors		
a. Mutual Funds and UTI	3,981,159	2.13
b. Banks, Financial Institutions, Insurance Companies	13,779,207	7.36
c. FIs	55,897,385	29.86
<b>Total</b>	<b>73,657,751</b>	<b>39.35</b>
4 Others		
a. Private Corporate Bodies	33,096,966	17.68
b. Indian Public	18,957,969	10.13
c. NRIs / OCBs	1,205,343	0.65
d. Directors & Relatives (not in control of the Company)	NIL	NIL
e. Trusts	2,000	0.00
<b>Total</b>	<b>53,262,278</b>	<b>28.46</b>
<b>Grand Total</b>	<b>187,174,969</b>	<b>100.00</b>

**Table 9 : Pattern of shareholding by share class as on 31 March 2008**

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
upto 2,500	34,123	3,522,523	1.88
2,501 to 5,000	7,392	3,024,568	1.62
5,001 to 10,000	3,367	2,871,742	1.53
10,001 to 20,000	1,375	2,180,162	1.16
20,001 to 30,000	469	1,231,483	0.66
30,001 to 40,000	267	959,136	0.51
40,001 to 50,000	211	1,006,202	0.54
50,001 to 1,00,000	306	2,289,094	1.22
1,00,001 and above	358	170,090,059	90.87
<b>Total</b>	<b>47,868</b>	<b>187,174,969</b>	<b>100.00</b>

#### Details of Public Funding Obtained in the Last Three Years and Outstanding Warrants and Their Implications on Equity

##### Financial Year 2005-06

On 7th June 2005, the Company issued and allotted 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion OFCDs issued to Life insurance Corporation of India. After the conversion, the total paid-up capital of the Company became 136,621,720 Equity Shares of Rs.10.00 each.

On varying dates, the Company issued and allotted 14,880,336 Equity Shares of Rs.10.00 each on conversion of FCCBs. On 18th August 2005 and 19th August 2005, the Company issued and allotted 4,790,000 Equity Shares and 1,176,400 Equity Shares of Rs.10.00 each, at a premium of Rs.45.67 per share respectively to the promoter group as an outcome of conversion of warrants. After the conversion, the total paid-up capital of the Company became 157,468,456 Equity Shares of Rs.10.00 each.

##### Financial Year 2006-07

On 3rd April 2006 and 15th May 2006, the Company issued and allotted 1,400,000 Equity Shares and 9,747,540 Equity Shares of Rs.10.00 each at a premium of Rs.51.00 per share on conversion of Optionally Convertible Preference Shares to TAD (Mauritius) Ltd. Consequently, the total paid-up capital of the Company became 168,615,996 Equity Shares of Rs.10.00 each.

On varying dates, the Company issued and allotted 1,755,978 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 capital of the Company became 170,371,974 Equity Shares of Rs.10.00 each.

##### 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 capital of the Company became 186,241,176 Equity Shares of Rs.10.00 each.

On 26th 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 basis. After the issue, the total paid-up capital of the Company became 187,174,969 Equity Shares of Rs.10.00 each.

**Table 10: 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
2005-06	i) 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion of balance OFCDs issued to LIC.	After the conversion of OFCDs, FCCBs and Warrants, the total paid-up capital of the Company increased from 134,017,086 Equity Shares of Rs.10/- each to 157,468,456 Equity Shares of Rs.10.00 each.
	ii) 14,880,336 Equity Shares of Rs.10.00 each at varying premiums on conversion of FCCBs.	
	iii) 4,790,000 Equity Shares and 1,176,400 Equity Shares of Rs.10.00 each, at a premium of Rs.45.67 per share respectively to the promoter group as an outcome of conversion of Warrants.	
2006-07	i) 1,400,000 Equity Shares and 9,747,540 Equity Shares of Rs. 10.00 each, at a premium of Rs. 51.00 per share on conversion of Optionally Convertible Preference Shares (OCPS) to TAD (Mauritius) Ltd	After the conversion of OCPSs and FCCBs, the total paid-up capital of the Company increased from 157,468,456 Equity Shares of Rs. 10.00 each to 170,371,974 Equity Shares of Rs. 10.00 each.
	ii) 1,755,978 Equity Shares of Rs. 10.00 each, at a premium of Rs. 61.5875 per share on conversion of FCCBs	
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 FCCBs	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
	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 basis	

As on 31 March 2008, 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) per share.

#### Plant Locations

<b>Spinning</b>	<ul style="list-style-type: none"> <li>412, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Weaving</b>	<ul style="list-style-type: none"> <li>17/5/1 and 521/1, Rakholi / Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>209/1 &amp; 209/4, Silvassa, Village Dadra, Union Territory of Dadra &amp; Nagar Haveli</li> <li>Babla Compound, Kalyan Road, Dist. Bhiwandi, Thane</li> </ul>
<b>Knitting</b>	<ul style="list-style-type: none"> <li>17/5/1 and 521/1, Rakholi / Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Processing</b>	<ul style="list-style-type: none"> <li>268, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> <li>C-16/2, Village Pawane, TTC Industrial Area, MIDC, Navi Mumbai, Dist. Thane</li> <li>254, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> </ul>
<b>Garments</b>	<ul style="list-style-type: none"> <li>374, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>C-271/2, TTC Industrial Area, Turbhe, Navi Mumbai</li> </ul>
<b>Made ups</b>	<ul style="list-style-type: none"> <li>268, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> <li>374, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>POY</b>	<ul style="list-style-type: none"> <li>521/1, Saily, Silvassa Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Texturising</b>	<ul style="list-style-type: none"> <li>521/1, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Hemming</b>	<ul style="list-style-type: none"> <li>103/2, Rakholi, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>

### Investor Correspondence Address

For shares held in physical form	For Shares held in dematerialised form	
<b>Intime Spectrum Registry Limited</b>	<b>National Securities Depository Limited</b>	<b>Central Depository Services (India) Limited</b>
C-13, Pannalal Silk Mills Compound L.B.S. Marg Bhandup (West), Mumbai 400078 Tel: +91-22-2596 3838 Fax: +91-22-2594 6969	Trade World, 4 <sup>th</sup> Floor Kamala Mills Compound Senapati Bapat Marg Lower Parel Mumbai 400013 Tel.: +91-22-2499 4200 Fax: +91-22-2497 2993 E-mail: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a> Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	Phiroze Jeejeebhoy Towers 16 <sup>th</sup> Floor, Dalal Street Mumbai 400 023 Tel.: +91-22-2272 3333 Fax: +91-22-2272 3199 E-mail: <a href="mailto:investor@cdslindia.com">investor@cdslindia.com</a> Website: <a href="http://www.cdslindia.com">www.cdslindia.com</a>

### Compliance Officer for Investor Redressal

#### **K.H. Gopal**

President (Corporate Affairs) & Secretary  
Alok Industries Limited  
Peninsula Tower 'A', Peninsula Corporate Park  
GK Marg, Lower Parel  
Mumbai 400013  
E-mail: [gopal@alokind.com](mailto:gopal@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. 137,563.70, being the unclaimed dividend for the year 1999-2000, has been credited to the IEPF.



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, 2008.

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

**Devang B. Parekh**  
Partner

Membership No: 105789

Place: Mumbai  
Dated: September 02, 2008.

## 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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial year ended on 31st March 2008 (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 registers as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded, subject to reconciliation with the Books of Accounts.
2. According to the Auditor report and information and explanation given to us by the Company, the company has neither granted nor taken any loans, secured or unsecured/Deposits to parties covered in the register maintained under section 301 of the Act.
3. In our opinion and according to the information and explanation given to us and as per the Auditor report, there are no contracts entered in the register maintained as referred to in section 301 of the Act.
4. The Company has duly filed the forms and returns with the authorities prescribed under the Act and rules made thereunder.
5. 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.
6. The Annual General Meeting for the Financial Year ended on 31st March 2007 was held on 25<sup>th</sup> September 2007 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.
7. 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.
8. The Company has appointed Intime Spectrum Registry Ltd. as Share Transfer Agent who has duly informed me 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.
9. 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 during the financial year.
10. The Company has issued 15,869,202 equity shares of Rs.10/- each on conversion of 459, 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000 each together with interest at a premium aggregating to Rs. 97.74 Crores.
11. The Company has issued 9,33,793 equity shares of Rs.10/- each on preferential allotment to promoter group at a premium aggregating to 8.59 Crores
12. The Company has altered its Memorandum of Association in respect of Authorized Capital of the Company during the financial year..
13. The Company had constituted the Audit Committee required as per Section 292A of the Act.
14. The Company has appointed Cost Auditors under Section 233B of the Act.

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

Place: Mumbai  
Dated: September 02, 2008.

To  
The Board of Directors,  
Alok Industries Limited,

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 2008 and 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 the company 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 the company's internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year if any, and that 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 March 31, 2008.

Place : Mumbai  
Dated: September 02, 2008.

**Dilip. B. Jiwrajka**  
Managing Director

**Sunil O. Khandelwal**  
Chief Financial Officer

## AUDITORS' REPORT

To The Members  
Alok Industries Limited,

- 1] We have audited the attached Balance Sheet of **Alok Industries Limited**, as at March 31, 2008, 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 misstatements. 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 March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on March 31, 2008 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:16 of part 'B' Schedule '19' regarding investment in subsidiary company, aggregating to Rs.344.29 Crores, considered good for the reasons stated in the note and note no:18 of part 'B' of Schedule '19' regarding insurance claim receivable amounting to Rs.90.74 Crores, considered recoverable for the reasons stated in the note.
  - (vii) 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 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 March 31, 2008;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; 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

**Devang B. Parekh**  
Partner

Place: Mumbai.  
Dated: September 02, 2008.

Membership No. 105789

**Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Industries Limited on the financial statements for the year ended March 31, 2008.**

- (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 March 31, 2008 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) (a) 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 at reasonable interval.
- (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 accordingly 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 March 31, 2008 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 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) In our opinion, according to the information & explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions. Therefore, the provisions of clause 4(xv) of the order are not applicable to 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) The company has not raised any money by public issue during the year.
- (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

**Devang B. Parekh**  
Partner

Place: Mumbai.  
Date: September 02 2008.

Membership No. 105789

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

We have audited the Balance Sheet of ALOK INDUSTRIES LIMITED as on 31<sup>st</sup> March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (the financial statements) attached hereto, which have been prepared by the Company, in accordance with the Generally Accepted Accounting Principles in India.

### Respective Responsibilities of the Management and Auditors

The management of the company is responsible for the preparation of these financial statements. The financial statements have also been audited by a firm of Chartered Accountants appointed as Auditors under the statute (The Companies Act, 1956) who submit separately their report in accordance with the provisions of the Companies Act (Act). It is our responsibility to form an independent opinion, based on our audit of the financial statements, in accordance with the scope of services vide your letter dated 1st August 2007, and to report our opinion to you as a concurrent special assignment.

### Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances to the company, consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.

### Opinion

- a. Attention is invited to Note no. 16 of part B of Schedule 19 regarding investment in subsidiary company, aggregating to Rs. 344.29 Crore, considered good for the reasons detailed in the note and Note no. 18 of part B of Schedule 19 regarding insurance claim receivable amounting to Rs. 90.74 Crore, considered recoverable for the reasons detailed in the note.
- b. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company and comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
- c. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the significant accounting policies and notes thereon give a true and fair view:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Barpande**  
Partner  
Membership no. 15291

Place: Mumbai  
Dated: September 02, 2008.

## BALANCE SHEET AS AT MARCH 31, 2008

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	AS AT	
		31.03.2008	31.03.2007
<b>I SOURCES OF FUNDS</b>			
<b>(1) Shareholder's Funds</b>			
(a) Capital	1	187.17	170.37
(b) Share Warrants		110.16	-
(c) Reserves and Surplus	2	1,134.01	854.07
		<u>1,431.34</u>	<u>1,024.44</u>
<b>(2) Loan Funds</b>			
(a) Secured Loans	3	4,824.15	2,833.05
(b) Unsecured Loans	4	943.16	503.71
		<u>5,767.31</u>	<u>3,336.76</u>
<b>(3) Deferred Tax Liability (net)</b>		<b>210.48</b>	<b>141.82</b>
(Refer Note No. 9 of Part B of Schedule 19)		<u>210.48</u>	<u>141.82</u>
<b>TOTAL</b>		<b>7,409.13</b>	<b>4,503.02</b>
		<u>7,409.13</u>	<u>4,503.02</u>
<b>II APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	5	3,371.73	2,345.72
(b) Less : Depreciation/Amortisation		476.75	370.40
		<u>2,894.98</u>	<u>1,975.32</u>
(c) Net Block		2,894.98	1,975.32
(d) Capital Work-in-Progress	6	996.32	608.48
		<u>3,891.30</u>	<u>2,583.80</u>
<b>(2) Investments</b>	7	<b>618.96</b>	<b>219.49</b>
<b>(3) Current Assets, Loans and Advances</b>			
(a) Inventories	8	687.58	464.46
(b) Sundry Debtors	9	607.71	544.52
(c) Cash and Bank Balances	10	1,673.74	785.30
(d) Loans and Advances	11	408.50	198.38
		<u>3,377.53</u>	<u>1,992.66</u>
<b>Less : Current Liabilities and Provisions</b>			
(a) Current Liabilities	12	442.17	255.46
(b) Provisions	13	36.49	37.47
		<u>478.66</u>	<u>292.93</u>
<b>Net Current Assets</b>		<b>2,898.87</b>	<b>1,699.73</b>
		<u>2,898.87</u>	<u>1,699.73</u>
<b>TOTAL</b>		<b>7,409.13</b>	<b>4,503.02</b>
		<u>7,409.13</u>	<u>4,503.02</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>			
	19		

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

Place: Mumbai  
Dated: September 02,2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Secretary

Place: Mumbai  
Dated: September 02,2008



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2008	Year Ended 31.03.2007
<b>INCOME</b>			
Sales (inclusive of excise duty)	14	2,219.28	1,864.12
Less : Excise duty		63.29	53.92
		<u>2,155.99</u>	<u>1,810.20</u>
Job Work Charges collected [Tax Deducted at Source Rs. 0.07 Crore(Previous year Rs. 0.32 Crore)]		14.42	14.48
		<u>2,170.41</u>	<u>1,824.68</u>
Other Income	15	67.94	37.30
Increase in Stocks of Finished Goods and Process Stock	16	101.44	65.33
		<u>2,339.79</u>	<u>1,927.31</u>
<b>EXPENDITURE</b>			
Purchase of Traded Goods		298.62	98.41
Manufacturing and Other Expenses	17	1,449.79	1,384.51
Interest (net)	18	131.83	89.04
Depreciation / Amortisation		161.96	123.04
		<u>297.59</u>	<u>232.31</u>
<b>PROFIT BEFORE TAX</b>		297.59	232.31
Provision for Tax – Current tax		(33.67)	(25.94)
– MAT credit entitlement		4.12	1.11
– Deferred tax		(68.13)	(41.72)
– Fringe Benefit tax		(1.25)	(0.90)
Short provision for Income Tax in respect of earlier years		-	(0.16)
		<u>198.66</u>	<u>164.70</u>
<b>PROFIT AFTER TAX</b>		198.66	164.70
Add : Balance brought forward from previous year		216.18	129.84
		<u>414.84</u>	<u>294.54</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Add : Excess provision of Dividend [including tax on dividend Rs. 0.03 crores (previous year Rs. 0.05 crores) of earlier year](Refer note no. 15 of part B of schedule 19)		0.19	0.39
Less : Transfer to General Reserve		(19.00)	(50.00)
Transfer to Debenture Redemption Reserve		(73.55)	-
Proposed Dividend			
- On Equity Shares		(22.46)	(23.85)
- On Preference Shares (Paid / Provided)		-	(0.74)
Corporate Dividend Tax thereon		(3.82)	(4.16)
		<u>296.20</u>	<u>216.18</u>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			
<b>EARNINGS PER SHARE(in Rs.)(Refer Note No.10 of Part B of Schedule 19)</b>			
Basic		11.40	9.70
Diluted		9.04	8.72
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>			
	19		

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

Place: Mumbai  
Dated: September 02,2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Secretary

Place: Mumbai  
Dated: September 02,2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	(Rs. In Crores)	
	Year Ended 31.03.2008	Year Ended 31.03.2007
<b>A] Cash Flow from Operating Activities</b>		
Net Profit Before Tax	297.59	232.31
<b>Adjustments for</b>		
Depreciation /Amortisation	161.96	123.04
Unrealised gain on Cash and cash equivalent	(0.28)	1.53
Excess of cost over Fair Value of current Investments	0.04	0.48
Dividend Income	(0.30)	(0.27)
Interest Paid (net)	131.83	89.04
(Profit) / Loss on sale of fixed assets (net)	(3.13)	0.09
Profit on sale of Current Investments (net)	(0.19)	(0.24)
Operating Profit before working capital changes	<u>587.53</u>	<u>445.98</u>
<b>Adjustments for</b>		
Increase in Inventories	(223.12)	(106.31)
Increase in Trade Receivables	(63.19)	(189.99)
Increase in Loans and Advances	(186.93)	(50.41)
Increase in Current Liabilities	184.84	78.24
Cash Generated from operations	<u>299.13</u>	<u>177.51</u>
Income Taxes Paid	(48.06)	(21.71)
Net Cash generated from operating activities	<u>251.07</u>	<u>155.80</u>
<b>B] Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(1,623.89)	(841.67)
Sale of fixed assets	157.56	8.98
Purchase of Investments	(56.48)	(173.66)
Sale of Investments	85.09	132.99
Dividend Received	0.30	0.27
Interest Received	110.99	52.76
Share Application Money Paid	(427.93)	(139.36)
Inter Corporate Deposit (Granted) / Refunded - Net	(5.81)	10.19
Margin money deposit matured/(placed)	98.64	(63.18)
Net Cash used in Investing Activities	<u>(1,661.54)</u>	<u>(1,012.68)</u>
<b>C] Cash flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital (including premium) (Net)	123.13	80.57
Issue of Warrants	110.16	-
Redemption of Preference Share Capital	-	(68.00)
Proceeds from borrowings (net)	2,430.55	1,192.26
Dividend Paid (Including tax thereon)	(27.71)	(23.95)
Interest Paid	(238.87)	(133.38)
Net Cash generated from Financing Activities	<u>2,397.26</u>	<u>1,047.50</u>
Net Increase in Cash and Cash equivalents (A+B+C)	<u>986.80</u>	<u>190.62</u>
<b>Cash and Cash equivalents</b>		
at the beginning of the year	556.65	366.03
at the end of the year	<u>1,543.45</u>	<u>556.65</u>
	<u>986.80</u>	<u>190.62</u>

NOTES TO CASH FLOW STATEMENT

1. Components of Cash and Cash Equivalents include Cash, Cheques on hand and 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 conversion of Foreign Currency Convertible Bonds and Optionally Convertible Preference Shares in to equity (Refer Note (a) of schedule 1)

(Rs. In Crores)

5. Cash and Cash equivalents includes :	March 31, 2008	March 31, 2007
Cash and Bank Balances	1,673.74	785.30
Less : Margin Money Deposits*	(130.29)	(228.93)
Add : Unrealised (gain) / loss on foreign currency	-	0.28
<b>Total Cash and Cash equivalents</b>	<b>1,543.45</b>	<b>556.65</b>

\* Margin money 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 Statement"

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

Place: Mumbai  
Dated: September 02, 2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Secretary

Place: Mumbai  
Dated: September 02, 2008

## SCHEDULES

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '1'</b>		
<b>CAPITAL</b>		
<b>Authorised :</b>		
27,50,00,000 (Previous Year 21,00,00,000) Equity Shares of Rs.10/- each	275.00	210.00
2,50,00,000 (Previous Year 9,00,00,000) Preference shares of Rs.10/- each	25.00	90.00
	<u>300.00</u>	<u>300.00</u>
<b>Issued and Subscribed :</b>		
<b>Equity Share Capital</b>		
18,71,74,969 (Previous Year 17,03,71,974) Equity shares of Rs.10/-	187.17	170.37
<b>TOTAL</b>	<u>187.17</u>	<u>170.37</u>

### NOTES :

- a) During the year 1,68,02,995 (previous year 1,29,03,518) equity shares are issued as under :
- 1,58,69,202 (previous year 17,55,978) equity shares of Rs.10/- each are issued on conversion of 459 (previous year 55), 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to Rs.97.74 crores (previous year Rs.10.81 crores).
  - 9,33,793 (previous year Nil) equity shares of Rs.10/- each are issued on preferential allotment to promoter group at a premium aggregating to Rs. 8.59 crores.
  - Nil (previous year 1,11,47,540) Equity shares of Rs.10/- each are issued on conversion of 6,80,000.00 10% Optionally Convertible Preference Shares of Rs. 10/- each at a premium aggregating to Rs. Nil (Previous year Rs. 56.86 crores) on exercising of option by the holders thereof.
- b) Of the above shares :
- 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserves.
  - 62,550 equity shares being forfeited shares were reissued during 2001.

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '2'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	0.03	0.03
<b>Capital Redemption Reserve</b>		
Balance as per last Balance Sheet	2.20	2.20
<b>Securities premium account</b>		
Balance as per last Balance Sheet	400.47	332.80
Add : Received during the year	106.33	67.67
	<u>506.80</u>	<u>400.47</u>
<b>General Reserve</b>		
Balance as per last Balance Sheet	195.00	145.00
Add : Transferred from Profit and Loss Account	19.00	50.00
Add : Transitional provision adjustment-employee benefits (net of deferred tax) (refer Note no.11 of Part B of schedule 19)	1.04	-
	<u>215.04</u>	<u>195.00</u>
<b>Debenture Redemption Reserve</b>		
Balance as per last Balance Sheet	40.19	40.19
Add: Transferred from Profit and Loss Account (net of deferred tax) (Refer Note no.11 of part B of Schedule 19)	73.55	-
	<u>113.74</u>	<u>40.19</u>
<b>Surplus in Profit and Loss Account</b>	<u>296.20</u>	<u>216.18</u>
<b>TOTAL</b>	<u>1,134.01</u>	<u>854.07</u>

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>a. Debentures</b>		
8.75% Redeemable Non Convertible Debentures	-	50.00
9.00% Redeemable Non Convertible Debentures	-	20.00
9.30% Redeemable Non Convertible Debentures	20.00	-
10.00% Redeemable Non Convertible Debentures	120.00	-
10.15% Redeemable Non Convertible Debentures	40.00	-
10.25% Redeemable Non Convertible Debentures	100.00	-
10.75% Redeemable Non Convertible Debentures	20.00	-
	<u>300.00</u>	<u>70.00</u>
<b>b. Term Loans</b>		
(1) From Financial Institutions		
- Rupee Loans	171.85	131.72
- Foreign currency loans	108.30	110.07
	<u>280.15</u>	<u>241.79</u>
(2) From banks		
- Rupee loans	3,238.87	1,896.49
- Foreign currency loans	425.94	46.69
	<u>3,664.81</u>	<u>1,943.18</u>
	<u>3,944.96</u>	<u>2,184.97</u>
<b>c. From Banks on Cash Credit Accounts, Working capital demand loans etc.</b>	572.85	568.92
[Including Rs. 139.81 crores demand loan in foreign currency (Previous year Rs. 34.59 crores)]		
<b>d. Loans under Hire purchase/Lease Arrangements</b>	6.34	9.16
<b>TOTAL</b>	<u><u>4,824.15</u></u>	<u><u>2,833.05</u></u>

**Notes**

**1 Debentures are secured by :**

- Nil (Previous year 500) 8.75% Redeemable Non convertible Debentures of Rs.10,00,000/- each, and Nil (Previous year 200) 9.00% Redeemable non convertible debentures of Rs. 10,00,000/- each were redeemed on 25th June 2007 and 24th December 2007 respectively.
- Debentures issued during the year are reedemable as follows:

Particulars	Nos	Date of redemption
9.30% Redeemable non convertible Debentures of Rs. 1,00,000/- each	2000	3rd November 2008
10% Redeemable non convertible Debentures of Rs. 1,00,000/- each	4500	17th December 2008
10% Redeemable non convertible Debentures of Rs. 10,00,000/- each	650	25th August 2008
10% Redeemable non convertible Debentures of Rs. 10,00,000/- each	100	10th September 2008
10.15% Redeemable non convertible Debentures of Rs. 1,00,000/- each	2000	26th September 2008
10.15% Redeemable non convertible Debentures of Rs. 1,00,000/- each	2000	1st October 2008
10.25% Redeemable non convertible Debentures of Rs. 1,00,000/- each	5000	12th December 2008
10.25% Redeemable non convertible Debentures of Rs. 1,00,000/- each	5000	1st January 2009
10.75% Redeemable non convertible Debentures of Rs. 1,00,000/- each	2000	17th March 2009

- 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.

## SCHEDULES

### 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. 202.41 crores (Previous year Rs.195.44 Crores) and Rs. 2689.29 Crores (Previous year Rs.1,638.72 Crores) 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.152.81 Crores (Previous year Rs.187.32 Crores) 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 loan from the banks to the extent of Rs. Nil (Previous year Rs.7.61 Crores) are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge created/to be created in favour of company's term lenders and towards working capital requirements (iii) the personal guarantee of three Promoter Directors of the Company.
  - d) Term loans from the Banks and Financial Institutions to the extent of Rs. 225.21 Crores (Previous year Rs.109.53 Crores) and Rs. 77.74 Crores (Previous year Rs.46.35 Crores) 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.
  - e) Term loan from banks to the extent of Rs. 15.58 crores (Previous year Rs.Nil) 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 (iii) The personal guarantee of three promoter Directors of the company.
  - f) Term loans from the Banks to the extent of Rs. 581.92 Crores (Previous year Rs. Nil) , 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 requirements.
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. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
a) Fixed Deposits	-	0.29
b) Term Loans and Advances		
From Banks and Financial Institutions		
- Rupee Loans	829.98	117.05
- Foreign currency loans	18.31	49.92
	<u>          </u>	<u>          </u>
	848.29	166.97
c) Other Loans and Advances		
From Banks		
- Foreign Currency Loans	-	133.58
d) 475 (previous year 934) 1% Foreign Currency Convertible Bonds (FCCBs) (See Note no. 6 of Part B of Schedule 19)	94.87	202.87
	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<b>943.16</b>	<b>503.71</b>
	<u>          </u>	<u>          </u>

### NOTES:

#### 1. Term Loan from banks

- a) Includes commercial paper of Rs. Nil (Previous year Rs.80.00 Crores) maximum amount outstanding at any time during the year Rs. 110.00 Crores (Previous year Rs.80.00 Crores)
  - b) To the extent of Rs. 159.99 crores (Previous year Rs. Nil) are secured by Personal Guarantee of three Promoter Directors
2. Short term Foreign Currency Loan Rs. 15.01 Crores (Previous year Rs. 43.44 crores) from Banks are secured by (i) Personal Guarantee of three Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the Company in case of default.

**SCHEDULE '5'  
FIXED ASSETS**

(Rs. In Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.07	ADDITIONS	DEDUCTIONS/ADJUSTMENT	AS AT 31.03.08	AS AT 01.04.07	FOR THE YEAR	DEDUCTIONS/ADJUSTMENT	AS AT 31.03.08	AS AT 31.03.08	AS AT 31.03.07
<b>OWN ASSETS:</b>											
1.	Freehold Land	24.76	13.68	-	38.44	-	-	-	38.44	-	24.76
2.	Leasehold Land	0.56	-	-	0.56	0.10	0.01	-	0.11*	0.45	0.46
3.	Factory Building	521.10	265.34	68.22	718.22	36.01	19.62	7.13	48.50	669.72	485.09
4.	Office Premises	26.54	-	-	26.54	0.98	0.43	-	1.41	25.13	25.56
5.	Plant and Machinery	1,693.26	866.54	138.65	2,421.15	313.04	129.53	47.41	395.16	2,025.99	1,380.22
6.	Computer and Peripherals	12.89	5.51	0.84	17.56	6.22	1.70	0.42	7.50	10.06	6.67
7.	Office Equipments	3.55	2.53	0.14	5.94	1.05	0.30	0.05	1.30	4.64	2.50
8.	Furniture and Fittings	24.77	13.57	0.88	37.46	5.38	2.52	0.23	7.67	29.79	19.39
9.	Vehicles	5.88	0.10	0.55	5.43	1.62	0.56	0.25	1.93	3.50	4.26
10.	Tools and Equipment	9.81	10.88	0.76	19.93	1.27	0.89	0.12	2.04	17.89	8.54
	<b>Sub-Total</b>	<b>2,323.12</b>	<b>1,178.15</b>	<b>210.04</b>	<b>3,291.23</b>	<b>365.67</b>	<b>155.56</b>	<b>55.61</b>	<b>465.62</b>	<b>2,825.61</b>	<b>1,957.45</b>
<b>LEASED ASSETS:</b>											
1.	Plant and Machinery	22.38	-	-	22.38	4.57	1.67	-	6.24	16.14	17.81
2.	Computer and Peripherals	0.22	-	-	0.22	0.16	0.03	-	0.19	0.03	0.06
	<b>Sub Total</b>	<b>22.60</b>	<b>-</b>	<b>-</b>	<b>22.60</b>	<b>4.73</b>	<b>1.70</b>	<b>-</b>	<b>6.43</b>	<b>16.17</b>	<b>17.87</b>
<b>INTANGIBLE ASSETS</b>											
1.	Computer Software	-	2.86	-	2.86	-	0.57	-	0.57	2.29	-
2.	Trademarks / Brands	-	55.04	-	55.04	-	4.13	-	4.13	50.91	-
	<b>Sub Total</b>	<b>-</b>	<b>57.90</b>	<b>-</b>	<b>57.90</b>	<b>-</b>	<b>4.70</b>	<b>-</b>	<b>4.70</b>	<b>53.20</b>	<b>-</b>
	<b>Total</b>	<b>2,345.72</b>	<b>1,236.05</b>	<b>210.04</b>	<b>3,371.73</b>	<b>370.40</b>	<b>161.96</b>	<b>55.61</b>	<b>476.75</b>	<b>2,894.98</b>	<b>1,975.32</b>
	<b>Total Previous Year</b>	<b>1,403.42</b>	<b>951.66</b>	<b>9.36</b>	<b>2,345.72</b>	<b>247.65</b>	<b>123.04</b>	<b>0.29</b>	<b>370.40</b>	<b>1,975.32</b>	

**Notes :**

- Deduction from Plant and Machinery includes Rs.Nil [Previous year Rs.4.95 crore (net) ] being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
- Plant and Machinery acquired on lease includes Rs.8.12 crores (Previous year Rs. 8.12 crores) incurred by company for installation etc.
- Freehold land includes Rs. Nil (Previous year Rs.5.10 crores) being cost of freehold land at Silvassa acquired by the company, which was presently registered in the personal names of the directors of the Company since the same being agricultural land. During the current year the said land has been converted as non-agricultural land and transferred in the Company's name.
- Addition to Plant and Machinery during the year is net of capital subsidy of Rs. Nil (Previous year Rs.5.26 Crores).
- Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 55.04 Crores (Previous year Rs. Nil) (gross) WDV Rs. 50.91 Crores (Previous year Rs. Nil) 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 Trademarks/ Brands registered in its name.

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

## SCHEDULES

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '6'</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Capital Expenditure On Projects	915.50	479.41
Advance for Capital Expenditure	80.82	129.07
<b>TOTAL</b>	<b>996.32</b>	<b>608.48</b>

Capital expenditure incurred on projects includes:

i) Rs. 20.69 crores (Previous year Rs. 19.59 crores) on account of pre-operative expenses (Refer note No. 8 of part B of schedule 19)

ii) Rs. 894.81 crores (Previous year rs. 459.82 crores) on account of cost of construction materials and plant and machinery under erection.

<b>SCHEDULE '7'</b>		
<b>INVESTMENTS</b>		
<b>A) LONG TERM INVESTMENTS</b>		
(At cost / carrying amount unless otherwise stated) - fully paid		
<b>In Equity shares</b>		
<b>In Subsidiary Companies - Unquoted (Trade)</b>		
Alok Inc.		
[50 Equity Shares of USD 200 each]	0.04	0.04
Alok Industries International Limited [50,000 Equity Shares of USD 1 each]	0.22	0.22
(Pledged against finance availed)		
Alok Apparels Private Limited [10,00,000 (Previous Year Nil) Equity Shares of Rs.10/- each]	1.00	-
Alok Clothing Private Limited [50,000 (Previous year Nil) Equity Shares of Rs.10/- each]	0.05	-
Alok Retail (India) Limited [50,000 (Previous year Nil) Equity Shares of Rs.10/- each]	0.05	-
Alok Land Holdings Private Limited [2,50,000 (Previous Year Nil) Equity Shares of Rs.10/- each]	0.25	-
Alok Infrastructure Private Limited [50,000 Equity Shares of Rs.10/- each]	0.05	0.05
	<u>1.66</u>	<u>0.31</u>
<b>Others - Unquoted (Trade)</b>		
The Greater Bombay Co-operative Bank Limited [Nil (Previous Year 4,000) Equity Shares of Rs.25/- each Rs. Nil (Previous Year Rs. 40,000)]	-	-
Saraswat Co-operative Bank Limited [Nil (Previous Year 1,000) Equity Shares of Rs.10/- each Rs. Nil (Previous Year Rs. 10,000)]	-	-
Shirt Company (India) Private Limited [2,33,333 (Previous year 5,00,000) Equity Shares of Rs.10/- each]	3.50	7.50
Dombivali Nagri Sahakari Bank Limited [10,000(Previous Year 40,000) Equity Shares of Rs. 50/- each]	0.05	0.20
Kalyan Janata Sahakari Bank Limited. [10,000 (Previous Year 42,020) Equity Shares of Rs. 25/- each]	0.03	0.11
	<u>3.58</u>	<u>7.81</u>
<b>Others - Quoted (Trade)</b>		
Grabal Alok Impex Limited [19,00,000 Equity Shares of Rs.10/- each ] (Pledged against finance availed)	3.99	3.99
<b>In Preference Shares</b>		
<b>In Subsidiary Company - Unquoted (Trade)</b>		
Alok Industries International Limited [50,74,240 Preference Shares of USD 1 each] (Pledged against finance availed)	22.05	22.05
	<u>22.05</u>	<u>22.05</u>



PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>B) CURRENT INVESTMENTS (At lower of cost or fair value) - fully paid</b>		
<b>In equity shares Quoted</b>		
Peninsula Land Limited	-	0.74
[Nil (Previous Year 20,000) Equity Shares of Rs.10/- each]		
<b>In Bonds - Unquoted</b>		
5, 7.50% Bank of India - Series VIII bonds of Rs.10,00,000/- each	0.50	0.50
Nil (Previous year 2), 9.5% Binani Cement Limited.	-	0.21
Nil (Previous year 1), 8.00% Dalmia Cement Limited.	-	0.10
Nil (Previous year 2), 8.10% Dalmia Cement Limited.	-	0.20
Nil (Previous year 1), 7.15% Indian Oil Corporation	-	0.10
10, 8.90% Industrial Development Bank of India	1.00	1.00
Nil (Previous Year1), 10.00% Jaiprakash Hydro Power Limited	-	0.11
100, 7.60% Syndicate Bank - Series IX bonds of Rs.10,00,000/- each	10.00	10.00
30 (Previous Year Nil ) 9.20% Central Bank of India Tier II Bonds Series XII	3.00	-
20 (Previous Year Nil ) 9.25% Dena Bank Non-convertible Redeemable Subordinated Bonds (Tier II Bonds Series IX)	2.00	-
2 (Previous Year Nil) 7.39% Power Grid Corporation Bonds	0.19	-
2 (Previous Year Nil) 7.10% Power Grid Corporation Bonds	0.18	-
	16.87	12.22
<b>In Debenturs - Unquoted</b>		
1 (Previous Year Nil) 7.40% Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs. 10,00,000/- each	0.10	-
1 (Previous Year Nil) 7.50% Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs. 10,00,000/- each	0.10	-
1 (Previous Year Nil) 7.50% Non Convertible Debentures of Citicorp Finance (India) Limited of Rs. 10,00,000/- each.	0.10	-
	0.30	-
<b>In Mutual Funds - Unquoted</b>		
Birla Sunlife Cash Manager - Growth	-	10.00
(Nil (Previous Year 54,31,830.53) units of Rs.10/- each)		
Canbank Fixed Maturity Plan - Growth	2.00	2.00
(20,00,000 units of Rs.10/- each)		
ING ATM Fund - Growth	-	0.35
(Nil (Previous Year 3,50,000) units of Rs.10/- each)		
LIC MF Liquid Fund - Dividend	-	20.01
(Nil (Previous Year 1,82,27,577) units of Rs.10/- each)		
Optimix Income Growth Multi Manager - 30% Growth	-	0.25
Nil (Previous Year 2,47,524.75) units of Rs.10/- each)		
SBI Magnum Insta Cash Fund	-	-
(1,288.32 (Previous Year Nil) units of Rs.10/- each [Rs. 21,580/- (Previous year Rs. Nil)])		
Principal PNB Long Term Equity Fund 3 Year Plan - Series II	1.22	-
(12,50,000 (Previous year Nil) units of Rs.10/- each)		
SBI - One India Fund - Growth	-	0.40
Nil (Previous Year 4,00,000) units of Rs.10/- each)		
	3.22	33.01
	51.66	80.13
<b>C) Share Application Money (to Subsidiary Companies)</b>		
Alok Apparels Private Limited	9.00	-
Alok Industries International Limited	322.02	81.58
Alok Infrastructure Private Limited	191.60	57.78
Alok Land Holdings Private Limited	7.92	-
	530.54	139.36
<b>Others</b>		
Aurangabad Textiles & Apparel Parks Limited	6.50	-
New City of Bombay Mfg. Mills Limited	30.25	-
	36.75	-
<b>TOTAL</b>	618.96	219.49
1) Quoted Investment : Aggregate cost / carrying value	3.99	4.73
: Aggregate market value	18.24	26.39
2) Unquoted Investment : Aggregate cost / carrying value	47.68	75.40

## SCHEDULES

(Rs. In Crores)

Particulars	Nos.	Face Value Rs. per Unit/ Share /Bond	Purchase Cost Rs. in crores
<b>Investments bought and sold during the year</b>			
<b>Mutual Fund Units</b>			
LICMF Liquid Fund - Dividend Plan	18,270,713.51	10.00	25.00
MIRAE Asset Liquid Plus Fund Institutional Growth	10,000.00	1,000.00	1.00
SBI Infrastructure Fund -I-Growth	350,000.00	10.00	0.35
SBI Magnum Insta Cash Fund	5,970,042.33	10.00	10.00
SBI Magnum Insta Cash Fund	1,791,012.70	10.00	3.00
Sundaram BNP Paribas Liquid Plus Inst Growth	1,877,370.18	10.00	2.00
<b>Bonds</b>			
8.85% Industrial Development Bank of India	1	1,000,000.00	0.10
7.10% Power Grid Corporation Bond	1	1,000,000.00	0.11
9.45% Union Bank Of India Bond			
<b>Equity Shares</b>			
ICICI Bank Limited	1,471.00	10.00	0.14
<b>Debentures</b>			
30.00% Non Convertible Debentures of Citicorp Finance (India)Limited	60.00	1,000,000.00	6.00
7.75% Non Convertible Debentures of Saw Pipes Limited Bond	1	1,000,000.00	0.10
7.50% Non Convertible Debentures of Hindustan Constructions Bond	1	1,000,000.00	0.10
7.75% Non Convertible Debentures of Mahindra & Mahindra Finance Ltd. Bond	1	1,000,000.00	0.10
8.60% Non Convertible Debentures of Industrial Development Bank of India Bond	1	1,000,000.00	0.11

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '8'</b>		
<b>INVENTORIES [At Cost or Net Realisable value whichever is lower]</b>		
Stores, Spares, Packing Materials and others	18.81	26.22
Stock-In-trade :		
Raw Materials	262.12	133.03
Process Stock	231.22	174.87
Finished Goods / Traded Goods	175.43	130.34
	<u>668.77</u>	<u>438.24</u>
<b>TOTAL</b>	<u><u>687.58</u></u>	<u><u>464.46</u></u>

<b>SCHEDULE '9'</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debt outstanding for a period exceeding six months	38.27	24.06
Other Debts	573.10	524.32
	<u>611.37</u>	<u>548.38</u>
Gross	611.37	548.38
Less : Provision	3.66	3.86
<b>TOTAL</b>	<u><u>607.71</u></u>	<u><u>544.52</u></u>
Considered Good	607.71	544.52
Considered Doubtful	3.66	3.86
<b>TOTAL</b>	<u><u>611.37</u></u>	<u><u>548.38</u></u>

**Note:** Sundry debtors includes Rs. 35.71 Crores (Previous year Rs. 29.93 Crores) towards contractual obligations on account of Export Incentives Receivable.

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '10'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	0.28	0.48
Cheques in Hand	-	39.97
Bank Balances :		
a) With Scheduled Banks		
- In Cash Credit Accounts	5.36	-
- In Current Accounts	11.64	12.52
- In Deposits Accounts [including interest accrued thereon Rs. 17.09 crores (previous year Rs. 6.62 crores)] *	1,486.21	440.36
- In Margin Money Deposits **	130.29	228.93
b) With Others		
- In Current Account	0.01	0.02
- In Deposit Accounts	39.95	63.02
[Maximum amount outstanding at any time during the year Rs. 89.96 Crores (Previous year Rs. 606.37 Crores )]		
<b>TOTAL</b>	<b>1,673.74</b>	<b>785.30</b>

\* Includes Rs. 864.78 Crores (Previous year Rs. Nil) kept in bank deposits, pending utilisation towards project.

\*\* Includes Rs. 87.49 Crores (Previous year Rs. 187.88 crores) towards 100% LC Margin against import of Plant & machinery

<b>SCHEDULE '11'</b>		
<b>LOANS AND ADVANCES</b>		
[Unsecured, considered good]		
Advances recoverable in cash or kind or for value to be received (Refer Note No.18 of Part B of schedule 19)	364.00	186.98
Loans - Inter Corporate Deposits	12.00	6.19
Deposits	9.71	3.96
Balances with Central Excise Collectorate	0.18	0.14
Advance Tax (Net of Provision for tax)	17.38	-
MAT Credit Entitlement (Refer Note No. 14 of part B of schedule 19)	5.23	1.11
<b>TOTAL</b>	<b>408.50</b>	<b>198.38</b>

Loans and Advances includes:

- Rs. 58.19 Crores (previous year Rs.64.00 crores) towards Modvat credit balances to be utilised in the subsequent years
- Rs. 123.16 Crores (previous year Rs.64.19 crores) towards interest / capital subsidy receivable under the TUF scheme of Government of India
- Rs. 7.86 Crores (previous year Rs.1.77 Crores) being deposits towards office/residential premises taken on rental basis
- Rs. 0.33 Crores (previous year Rs. 0.08 crores) due from Officers of the company [maximum amount outstanding during the year Rs.0.43 crores (previous year Rs.0.33 Crores)]
- Rs. 90.74 crores (previous year Rs. Nil) towards insurance claim receivable (Refer note No. 18 of part B of schedule 19)

<b>SCHEDULE '12'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors [including Acceptances Rs. 139.88 Crores, (Previous year Rs. 86.95 Crores)]		
Total Outstanding dues to :		
- Micro Enterprises & Small Enterprises*	0.31	2.41
- Creditors other than Micro Enterprises & Small Enterprises	396.53	225.63
	<b>396.84</b>	<b>228.04</b>
Unclaimed Dividend	0.38	0.37
Interest Accrued but not due on loans	25.20	21.25
Advance from customers	19.75	5.80
* As per information available with the Company		
<b>TOTAL</b>	<b>442.17</b>	<b>255.46</b>

Notes:

- Sundry Creditors includes Rs. 0.01 crores (previous year Rs. 0.35 crores) 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.

## SCHEDULES

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '13'</b>		
<b>PROVISIONS</b>		
Provision for Gratuity and Compensated Absences	5.27	4.76
Proposed Dividend	22.46	23.85
Provision for Tax on Dividend	3.82	4.05
Provision for Taxation (Net of Advance tax )	4.94	4.81
<b>TOTAL</b>	<b>36.49</b>	<b>37.47</b>
<b>SCHEDULE '14'</b>		
<b>SALES</b>		
Sales – Local	1,182.39	1,222.41
Sales – Export	993.72	622.54
	2,176.11	1,844.95
Export Incentive	43.17	19.17
<b>TOTAL</b>	<b>2,219.28</b>	<b>1,864.12</b>
<b>SCHEDULE '15'</b>		
<b>OTHER INCOME</b>		
Dividend Income :		
On Long Term Investment	0.27	0.16
On Current Investment	0.03	0.11
	0.30	0.27
Miscellaneous Income	10.51	0.14
Profit on sale of Current Investments (Net)	0.19	0.24
Profit on sale of Assets (Net)	3.13	-
Exchange Rate difference (Net)	50.14	33.54
Provision for Doubtful Debts written back	3.24	1.18
Sundry Credit Balances written back	0.43	1.93
<b>TOTAL</b>	<b>67.94</b>	<b>37.30</b>
<b>SCHEDULE '16'</b>		
<b>INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK</b>		
(See Note below)		
<b>CLOSING STOCK AS ON MARCH 31 , 2008</b>		
Finished Goods / Traded Goods	175.43	130.34
Process Stock	231.22	174.87
	406.65	305.21
<b>LESS : TRANSFERRED*</b>		
Finished Goods / Traded Goods	-	1.07
Process Stock	-	2.86
	-	3.93
<b>LESS: OPENING STOCK AS ON APRIL 1, 2007</b>		
Finished Goods / Traded Goods	130.34	119.00
Process Stock	174.87	116.95
	305.21	235.95
<b>TOTAL</b>	<b>101.44</b>	<b>65.33</b>

\* Transferred to inventory being unutilised inventory on completion of project (Refer Note No. 8 of part B of schedule 19)

Note: Excludes inventory amounting to Rs.41.73 Crores (Previous year Rs. Nil) destroyed due to fire (Refer Note No. 18 of part B of schedule 19)

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '17'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Raw Material Consumed	924.53	1,010.79
Payment to and Provisions for Employees :		
Salaries, Wages and Bonus	71.12	43.60
Contribution to Provident Fund and Other Funds	2.68	1.71
Employees Welfare Expenses	4.21	2.66
	<u>          </u>	<u>          </u>
	78.01	47.97
<b>Operational and Other Expenses</b>		
Stores and Spares Consumed	32.70	17.19
Packing Materials Consumed	35.28	35.01
Power and Fuel	121.55	89.74
Processing Charges	31.62	20.69
Labour Charges	20.77	19.15
Excise Duty	5.20	(0.43)
Donation	1.83	2.05
Freight ,Coolie & Cartage	53.16	30.84
Legal and Professional Fees	5.97	19.57
Rent	8.53	3.20
Rates and Taxes	2.62	4.55
Repairs and Maintenance		
- Plant and Machinery	3.29	1.62
- Factory Building	0.77	0.99
- Others	2.84	1.42
	<u>          </u>	<u>          </u>
	6.90	4.03
Commission on Sales	10.64	9.96
Provision for Doubtful Debts	3.04	2.08
Bad debts and other advances written off	-	0.19
Loss of assets due to fire (Refer Note No. 18 of part B of schedule 19)	9.11	-
Directors Remuneration	5.60	2.40
Directors Fees and Commission	5.04	5.04
Auditors Remuneration		
- Audit Fees	0.16	0.12
- Tax Audit Fees	0.01	0.01
- Certification Fees	0.02	0.02
	<u>          </u>	<u>          </u>
	0.19	0.15
Insurance	3.51	4.58
Loss on Sale of Fixed Assets (net)	-	0.09
Excess of Cost over Fair value of current Investments	0.04	0.48
Miscellaneous Expenses	83.95	55.19
[Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.]		
	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<b>1,449.79</b>	<b>1,384.51</b>
	<u>          </u>	<u>          </u>

## SCHEDULES

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '18'</b>		
<b>INTEREST (NET)</b>		
Interest Paid :		
On Debentures	16.33	12.76
[Net of Interest Subsidy Rs. Nil (Previous year Rs. 1.20 Crores)]		
On Fixed Loan	140.49	64.47
[Net of Interest Subsidy Rs. 119.19 Crores (Previous year Rs. 35.51 Crores)]		
On Cash Credit Accounts etc	86.00	64.57
	_____	_____
	242.82	141.80
Less : Interest Received on Loans, Deposits etc	110.99	52.76
(Tax Deducted at Source Rs. 19.30 Crore [Previous year Rs. 7.22 Crores])		
	_____	_____
<b>TOTAL</b>	<b>131.83</b>	<b>89.04</b>
	=====	=====

**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 April 1, 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.
- 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) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.
- b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts is recognised as exchange difference over the life of the contract together with premium/discount thereon.
- c) Non-monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

**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. 11 of Part B of Schedule 19)**

- a) Defined Contribution Plan

## SCHEDULES

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 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 (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/ substantially 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. 14 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 (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

Expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds, are adjusted against Securities Premium 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 in to 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. In Crores)	
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)	<b>Amount Unascertained</b>	Amount Unascertained
B	Guarantees given by banks on behalf of the Company	33.19	8.41
C	Bills discounted	22.89	61.96

## 2 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	319.67	312.60
--	--------	--------

## 3 Related Party Disclosure

## a) Name of related parties and nature of relationship

As per Accounting Standard (AS) 18 "Related Party Disclosures" Company's related parties disclosed as below:

## 1) Name of related parties and description of relationship.

## I Associates

Alok Denims (India) Private Limited.	Green Park Enterprises
Alok Finance Private Limited.	Honey Comb Knit Fabrics
Alok Knit Exports Limited	Jiwrajka Associates Private Limited.
Alok Textile Traders	Jiwrajka Investment Private Limited.
Ashok B. Jiwrajka (HUF)	Niraj Realtors & Shares Private Limited.
Ashok Realtors Private Limited.	Nirvan Exports
Buds Clothing Co.	Nirvan Holdings Private Limited
D. Surendra & Co.	Pramatex Enterprises
Dilip B. Jiwrajka (HUF)	Pramita Creation Private Limited
Grabal Alok Impex Limited	Surendra B. Jiwrajka (HUF)
Grabal Alok International Limited	Tulip Textiles
Vaibhav Knit Fab	Alspun Infrastructure Limited.
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Limited)	Ashford Infotech Private Limited
Gogri Properties Private Limited	

## II Subsidiaries

Alok Inc.	Alok Infrastructure Private Limited
Alok Industries International Limited.	Alok Apparels Private Limited
Alok Homes & Apparel Private Limited	Alok Realtors Private Limited
Alok Land Holdings Private Limited	Alok New City Infracore Private Limited
Alok Aurangabad Infracore Private Limited	Alok Clothing Private Limited
Mileta a.s.	

## III Key Management Personnel

Ashok B. Jiwrajka	}	Directors
Chandrakumar Bubna		
Dilip B. Jiwrajka		
Surendra B. Jiwrajka		
Alok A. Jiwrajka		

## IV Relatives of Key Management Personnel

Prita D. Jiwrajka
S. P. Bubna

## SCHEDULES

### 2) Nature of transaction with Associates, Subsidiaries, Key Management Personnel and Relative of Key Management Personnel.

(Rs. in Crores)

Transaction	Associates	Subsidiary	Key Management Personnel	Relative of Key Management Personnel	Total
a) <u>Loans and Advances</u>					
Balance as at 1 <sup>st</sup> April	0.95	0.06	-	-	1.01
	(4.07)	(-)	(-)	(-)	(4.07)
Granted during year (Net)	-	-	-	-	-
	(-)	(0.06)	(-)	(-)	(0.06)
Received / Adjustment during the year (Net)	0.95	0.04	-	-	0.99
	(3.12)	(-)	(-)	(-)	(3.12)
Balance as at 31 <sup>st</sup> March	-	0.02	-	-	0.02
	(0.95)	(0.06)	(-)	(-)	(1.01)
b) <u>Investments</u>					
Balance as at 1 <sup>st</sup> April	3.99	22.36	-	-	26.35
	(3.99)	(-)	(-)	(-)	(3.99)
Invested during year	-	1.35	-	-	1.35
	(-)	(22.36)	(-)	(-)	(22.36)
Balance as at 31 <sup>st</sup> March	3.99	23.71	-	-	27.70
	(3.99)	(22.36)	(-)	(-)	(26.35)
c) <u>Share Application Money</u>					
Balance as at 1 <sup>st</sup> April	-	139.36	-	-	139.36
	(-)	(-)	(-)	(-)	(-)
Given during the year	-	391.18	-	-	391.18
	(-)	(139.36)	(-)	(-)	(139.36)
Balance as at 31 <sup>st</sup> March	-	530.54	-	-	530.54
	(-)	(139.36)	(-)	(-)	(139.36)
d) <u>Sundry Debtors</u>					
Balance as at 31 <sup>st</sup> March	17.90	0.70	-	-	18.60
	(-)	(-)	(-)	(-)	(-)
e) <u>Sundry Creditors</u>					
Balance as at 31 <sup>st</sup> March	1.70	-	-	-	1.70
	(-)	(-)	(-)	(-)	(-)
f) <u>Turnover</u>					
Sales of Goods	109.85	0.78	-	-	110.63
	(30.11)	(-)	(-)	(-)	(30.11)
g) <u>Expenditure</u>					
Purchase of goods / Job charges	4.35	0.07	-	-	4.42
	(2.09)	(-)	(-)	(-)	(2.09)
Purchase of Fixed Assets	0.02	134.72	-	-	134.74
	(-)	(-)	(-)	(-)	(-)
Rent	0.20	-	-	-	0.20
	(0.20)	(-)	(-)	(-)	(0.20)
Remuneration	-	-	10.62	0.02	10.64
	(-)	(-)	(7.42)	(0.04)	(7.46)
Marketing Service Charges	-	1.78	-	-	1.78
	(-)	(0.37)	(-)	(-)	(0.37)
Interest	0.43	-	-	-	0.43
	(-)	(-)	(-)	(-)	(-)
h) <u>Dividend Paid</u>	0.80	-	-	-	0.80
	(0.61)	(-)	(-)	(-)	(0.61)
i) <u>Income</u>					
Dividend	0.19	-	-	-	0.19
	(0.14)	(-)	(-)	(-)	(0.14)
Rent	-	0.01	-	-	0.01
	(0.01)	(-)	(-)	(-)	(0.01)
Sale of Fixed Assets and Stores & Spares	0.10	0.06	-	-	0.16
	(-)	(-)	(-)	(-)	(-)
j) <u>Reimbursement of Rent</u>	-	0.43	-	-	0.43
	(-)	(-)	(-)	(-)	(-)

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.

## SCHEDULES

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

Transaction	Current Year		Previous Year
	Amount		Amount
			(Rs. in Crores)
a) <u>Loans and advances</u>			-
Received/Adjusted during the year (net)-			
Associates			
Grabal Alok Impex Limited	0.80		2.82
	-----		-----
		0.80	2.82
Subsidiary-			
Alok Industries International Limited	0.03		-
Alok Inc.	0.02		-
	-----		-----
		0.05	-
Granted during the year (Net) -			
Subsidiary-			
Alok Industries International Limited	-		0.03
Alok Inc.	-		0.03
	-----		-----
		-	0.06
b) <u>Investment</u>			
Invested During the year (Net)-			
Subsidiary-			
Alok Industries International Limited	-		22.27
Alok Apparels Private Limited	1.00		-
Alok Land Holdings Private Limited	0.25		-
	-----		-----
		1.25	22.27
c) <u>Share Application Money</u>			
Given During the year (Net)-			
Subsidiary-			
Alok Industries International Limited	240.43		81.58
Alok Infrastructure Private Limited	133.82		57.78
	-----		-----
		374.25	139.96
d) <u>Turnover</u>			
Associates-			
Grabal Alok Impex Limited	33.21		27.12
Grabal Alok (UK) Ltd.	58.64		-
Mileta, a.s.	17.99		-
	-----		-----
		109.85	27.12
e) <u>Expenditure</u>			
Purchase of Goods:			
Associates-			
Grabal Alok Impex Limited		4.35	2.09
Purchase of Fixed Assets (Under Construction):			
Subsidiary-			
Alok Infrastructure Pvt. Ltd.	130.98		-
	-----		-----
		130.98	-
Rent:			
Associates-			
Alok Denims (India) Pvt. Ltd.	0.20		0.20
	-----		-----
		0.20	0.20
Remuneration:			
Key Management Personnel-			
Ashok B. Jiwrajka	2.65		1.85
Chandrakumar Bubna	2.65		1.85
Dilip B. Jiwrajka	2.65		1.85
Surendra B. Jiwrajka	2.65		1.85
	-----		-----
		10.60	7.40
Marketing Service Charges			
Subsidiary -			
Alok Inc.		1.78	0.37
Interest			
Associates-			
Grabal Alok Impex Limited		0.43	-

## SCHEDULES

Transaction	(Rs. in Crores)	
	Current Year Amount	Previous Year Amount
f) Dividend Paid Associates- Grabal Alok Impex Limited	0.80	0.61
g) Income Dividend: Associates- Grabal Alok Impex Limited	0.19	0.14
Rent received: Associates- Alok Denims (India) Pvt. Ltd. Subsidiary- Alok Infrastructure Pvt. Ltd.	- 0.01	0.01 -
h) Reimbursement of rent Subsidiary- Alok Apparels Private Limited	0.43	-

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

- Loans & Advance to associates, firms or companies in which directors are interested – Rs. Nil (Previous year Rs. 0.81 crores) 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).
- Investment by Loanee in the shares of the company

Name of the Company	No. of equity shares	Face Value (Rupees)
Grabal Alok Impex limited	5,710,368	57,103,680

#### 4. Managerial Remuneration

Particulars	(Rs. in Crores)	
	31-03-2008	31-03-2007
Salaries	5.52	2.16
Perquisites	0.08	0.24
Directors Sitting Fees	0.04	0.04
Commission	5.00	5.00
<b>TOTAL</b>	<b>10.64</b>	<b>7.44</b>

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

	31-03-2008	31-03-2007
Profit Before Tax as per Profit and Loss A/c.	297.57	232.31
Add: 1) Directors Remuneration (including commission)	10.60	7.40
2) Sitting Fees	0.04	0.04
3) Loss on Sale of Fixed Assets	-	0.09
4) Provision for Doubtful Debts and Advances	3.03	2.08
	311.24	241.92
Less: 1) Profit on sale of Current investments	0.19	0.24
2) Provision for Doubtful Debts and Advances written back	3.24	1.18
3) Profit on sale of fixed Assets	3.13	-
Net Profit under Section 349 of the Companies Act, 1956	304.68	240.50
Eligible Salaries, Perquisites and Commission @10% of above	30.47	24.05
Actual Commission (As restricted by Board of Directors)	5.00	5.00

- The Company in accordance with the resolution passed by members by way of Postal Ballot on 14<sup>th</sup> February 2008 issued for cash on preferential basis 1,98,00,000 warrants to the Promoter Group of the Company, which are convertible in to equity shares. The warrant holder have the option of subscribing for one equity share of the Company of Rs. 10/- each per warrant at a price of Rs.102/- per share, (including premium of Rs. 92/- per share), determined in accordance with the SEBI guidelines, at any time within 18 months from the date of allotment of the Warrants, in two stages viz. (a) 98,00,000 Warrants to be converted into Equity Shares on or before 31<sup>st</sup> March,2009, against which entire issue price has been received there warrants were converted in to Equity Shares subsequent to year end and (b) upto 1,00,00,000 Warrants to be converted into Equity Shares on or before 31<sup>st</sup> July 2009, against which 10% of the issue price has been received.

6. 475 FCCBs (Previous Year 934 FCCBs) are carried forward from earlier year and pending conversion/redemption as at the year end aggregating to Rs. 94.87 crores (Previous year Rs. 202.87 crores) are disclosed under “Unsecured Loan” (Schedule 4). The total proceeds on this account have fully utilised during the earlier year.
7. The Company has acquired plant and machinery and computers on lease aggregating to Rs. 14.48 crores (Previous year Rs. 14.48 crores) 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. in Crores)

Due	Total minimum lease payments outstanding		Future interest on outstandings		Present value of minimum lease payments	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Within one year	2.83	3.30	0.35	0.55	2.48	2.75
Later than one year and not later than 5 years	4.71	7.50	0.22	0.57	4.49	6.93
Later than 5 years	-	-	-	-	-	-

8. The Company during the year mainly capitalised Spinning unit (Phase II) and Texturising unit at Saily, Dadra and Nagar Haveli and Woven Processing Wider Width (Phase III) unit at Vapi, Gujarat. Pre-operative expenses included in CWIP (Schedule 6) represents 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. in Crores)

Details of Pre Operative Expenses	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Opening balance	19.59	11.57
<b>Add: Expenditure Incurred during the year</b>		
Raw material consumption	-	22.27
Payment to & provisions for employees	26.32	13.67
Stores & spares consumed	16.83	1.95
Power & fuel	12.72	12.17
Others	11.68	7.18
	<u>87.14</u>	<u>68.81</u>
Less:		
Sales (Trial run production realisation) [ net of excise duty Rs. nil (previous year Rs. 1.71 crores)]	-	(19.48)
Decrease / (Increase) in stock of Finished Goods and Process stock		
Stock as on 1 <sup>st</sup> April		
- Finished Goods	-	1.07
- Process Stock	-	2.86
	<u>-</u>	<u>3.93</u>
Less : Transferred to Inventory *		
- Finished Goods	-	(1.07)
- Process Stock	-	(2.86)
	<u>-</u>	<u>(3.93)</u>
<b>Total</b>	<u>87.14</u>	<u>49.33</u>
Less : Allocated to fixed Assets.	<u>66.45</u>	<u>29.74</u>
	<u>20.69</u>	<u>19.59</u>

\* Unutilised inventory transferred to inventory on completion of project.

## SCHEDULES

### 9. Deferred Taxation

a) Deferred Tax Assets and Liabilities arising on account of timing differences are as under:

(Rs. in Crores)

	31.03.2008	31.3.2007
<b>I) Deferred Tax Liability (DTL)</b>		
i) Depreciation	215.05	148.41
	—————	—————
	215.05	148.41
	—————	—————
<b>II) Deferred Tax Asset (DTA)</b>		
i) Other items	2.45	3.02
ii) FCCB Issue Expenses	2.12	3.97
	—————	—————
	4.57	6.99
	—————	—————
<b>(I-II) Total Deferred Tax Liabilities (Net)</b>	<b>210.48</b>	<b>141.82</b>

### 10. Earnings per share (EPS)

(Rs. In Crores)

	Current Year	Previous Year
<b>a. Net profit after tax</b>	<b>198.66</b>	164.70
Less: Dividend on Preference Shares including Dividend tax	-	(0.84)
Net Profit Available for Equity Shareholders – (Basic)	<b>198.66</b>	163.86
Add: Interest payable on FCCBs and exchange rate difference on FCCBs (Net of Tax)	<b>2.58</b>	10.91
Add: Preference Dividend payable (Net of Tax)	-	0.84
Net profit available for Equity Shareholders – (Dilutive)	<b>201.24</b>	175.61
<b>b. Weighted average number of Equity Shares Basic (Nos.)</b>	<b>174,233,536</b>	168,860,618
Add: Effect of Potential equity shares on conversion of warrants (Nos.)	<b>19,800,000</b>	-
Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	<b>28,461,359</b>	31,311,247
Add: Effect of potential Equity Shares on conversion of OCPSs (Nos.)	-	1,213,258
Weighted average number of Equity Shares Dilutive (Nos.)	<b>222,494,895</b>	201,385,123
<b>c. Nominal value of equity shares per share (In Rupees)</b>	<b>10</b>	10
<b>d. Basic Earnings per share (Rupees)</b>	<b>11.40</b>	9.70
Diluted Earnings per share (Rupees)	<b>9.04</b>	8.72

### 11. 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. 3.19 crores for the year ended March 31, 2008.

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 March 31, 2008 as required under AS 15 (Revised)

Particulars	Gratuity (funded) as on March 31, 2008 (Rs. in Crores)
<b>Change in Defined Benefit Obligation</b>	
Opening Defined Benefit Obligation	2.47
Current Service Cost	0.89
Interest Cost	0.26
Actuarial loss	0.14
Benefits Paid	(0.13)
<b>Closing Defined Benefit Obligation</b>	<b>3.63</b>
<b>Change in Fair Value of assets</b>	
Opening Fair value of assets	1.13
Expected Return on Plan Assets	0.12
Actuarial gain	0.01
Contribution by Employer	0.47
Benefits Paid	(0.13)
Closing Fair Value of Plan Assets	1.60
<b>Net Liability</b>	<b>2.03</b>

Expense to be recognized in statement of Profit and Loss Account

	(Rs. in Crores)
	For the year ended March 31, 2008
Current Service Cost	0.89
Interest on Defined Benefit Obligation	0.26
Expected Return on Plan Assets	(0.13)
Net Actuarial loss	0.14
<b>Total Included in Employment Expenses</b>	<b>1.16</b>
<b>Actual Return on Plan Assets</b>	<b>0.13</b>
<b>Category of Assets as on March 31, 2008</b>	
Insurer Managed Fund	1.60

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

	(Rs. in Crores)
	For the year ended March 31, 2008
Discount rate	8.00%
Rate of increase in compensation levels of covered employees	6.00%
Expected Rate of return on plan assets	8.00%

This being the first financial year, in which the Company has adopted the Revised Accounting Standard (AS) - 15 on "Employee Benefits", comparatives have not been furnished.

Consequent to the Revised Accounting Standard (AS) 15 "Employee Benefits" read with recent guidance on implementation of AS-15 issued by the Institute of Chartered Accountants of India, effective from April 1, 2007, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended March 31, 2008 is lower by Rs.0.62 Crores. In accordance with the transitional provisions contained in the Accounting Standard, the difference of Rs. 1.04 Crores (net of deferred tax of Rs.0.53 Crores) between the liability in respect of compensated absences existing on the date of adoption and the liability that would have been recognized at the same date under the previous accounting policy, has been adjusted against the opening balance in the general reserves.

## SCHEDULES

### 12. Segment Reporting

#### a) Primary Segment: Geographical Segment

The company, 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 Company 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 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. in Crores)

Particulars	India	Rest of World	Total
Operating Revenue (including job work charges)	1,133.52 (1,182.97)	1,036.89 (641.71)	2,170.41 (1,824.68)
Profit before Interest & Tax (segment results unallocable)			429.42 (321.35)
Less: Interest and Finance Charges (Net)			131.83 (89.04)
Less :Tax			98.93 (67.61)
Profit after Tax			198.66 (164.70)

#### b) Secondary Segment: Business Segment

The company is operating into a single business i.e. Textile and 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"

13. 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.
14. Provision for Income Tax of Rs. 33.67 Crores (previous year Rs. 25.94 Crores) 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. 4.12 Crores (previous year Rs. 1.11 Crores) aggregating to Rs. 5.23 crores (previous year Rs. 1.11 Crores as at year end), 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.
15. Excess provision for dividend of earlier years of Rs. 0.19 Crores (Previous Year Rs. 0.39 Crores) [including dividend tax Rs. 0.03 Crore, (Previous year Rs. 0.05 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.
16. The Company has investment in a subsidiary company viz: Alok Industries International Limited aggregating to Rs. 344.29 Crores (Previous year Rs. 103.85 Crores) (including share application money) as at year end, which is a strategic long term investment. This subsidiary has made investment in and given loans to its subsidiary company and associates, and these entities have accumulated losses at the year end, though have positive networth. These entities have embarked upon the growth plan, consequent to involvement of the company by renovating the production facilities, opening trendy stores and wider reach in the market and the directors of these entities expect such new initiatives to increase the sales volume and consequently the profitability. On the basis, in the opinion of the company, the investment in the aforesaid subsidiary is considered good.



- 17.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 31st March 2008 aggregating to Rs.9.95 Crores(Previous year Nil) 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 March 31, 2008

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the company and outstanding as on March 31, 2008 amount to Rs.254.54 Crores (previous year Rs. 2045.11 crores).Category wise break-up is given below.

Sr. No.	Particulars	(Rs. in Crores)	
		As at 31st March, 2008	As at 31st March, 2007
1	Interest Rate Swaps	119.94	656.39
2	Currency Swaps	106.49	220.77
3	Currency Options	28.11	1,167.95
	<b>Total</b>	<b>254.54</b>	<b>2,045.11</b>

- 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 other wise are as below:

i) Amount receivable in foreign currency on account of the following

Particulars	Rupees (in Crores)	Amount in foreign currency (in Crores)	Foreign Currency
Debtors	112.94	2.83	USD
	18.84	0.24	GBP
	2.37	0.04	EUR
Cash & Bank Balance	166.31	4.16	USD

ii) Amount payable in foreign currency on account of the following

Particulars	Rupees (in Crores)	Amount in foreign currency (in Crores)	Foreign Currency
Secured Loans	372.54	10.33	USD
	20.93	0.26	GBP
	117.86	1.87	EUR
	40.59	79.78	JPY
Interest accrued but not due on loans	0.96	0.02	USD
	13.98	0.35	EUR
Unsecured Loan	111.56	2.79	USD
	1.62	0.02	EUR

18. The Company during the year consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs.217.72 Crores including for loss of profit and accounted the same in the books of account.

The insurer released payment for an amount aggregating to Rs. 110.00 Crores (including for loss of profit) pending finalisation of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs. 90.74 Crores is carried forward under Loans and Advances (Schedule 11) which would be adjusted on receipt of the final claim amount. However, the Company has charged an amount aggregating to Rs.9.11 Crores to the Profit and Loss account being the excess amount of book value of the damaged assets and the insurance claim filed for those assets.

19 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	Year ended 31st March	Installed Capacity per annum +	Opening Stock		Production @	Purchase		Turnover		Closing Stock	
				Quantity	Amount (Rs. In Crores)		Quantity #	Amount (Rs. in Crores)	Quantity#	Amount (Rs. in Crores)	Quantity	Amount (Rs. in Crores)
Woven Fabric Manufactured	Lacs Mtrs.	2008	1237Looms* & 15 Stenters*	129.60	93.38	946.52	-	-	919.78	780.04	156.34	120.08
		2007	1234 Looms and 8 Stenters*	144.62**	90.09	857.59	-	-	872.61	801.40	129.60	93.38
Accessories - Traded	2008 2007	-	-	-	-	-	41.49	-	-	42.13	-	-
		-	-	-	-	-	-	-	-	-	-	-
Woven Fabric Traded	Lacs Mtrs.	2008	-	-	-	-	-	-	-	-	-	-
		2007	-	-	-	52.85	17.73	19.05	-	-	-	-
Knitted Fabric	M.T.	2008	158 Machines	453.33	7.36	6,807.50	-	-	6,608.20	126.72	652.63	8.92
		2007	146 Machines	343.63**	3.19	5,149.41	-	-	5,039.71	81.64	453.33	7.36
Cotton yarn -manufactured	M.T.	2008	150,912 Spindles	-	-	1,775.22	-	-	1,180.28	19.01	594.94	3.77
		2007	-	-	-	-	-	-	-	-	-	-
Texturised Yarn	M.T.	2008	17,796 Spindles	1,308.91	10.28	43,614.67	-	-	43,778.10	373.39	1,145.47	9.35
		2007	20,112 Spindles	1,553.54	12.42	61,096.29	-	-	61,340.92	508.32	1,308.91	10.28
Cotton Yarn - Traded	M.T.	2008	-	-	-	-	128.20	3.76	104.65	4.09	23.55	0.81
		2007	-	-	-	-	563.74	5.75	563.74	5.91	-	-
POY	M.T.	2008	2208 Spindles	356.19	2.66	23,837.16	-	-	23,576.69	156.35	616.66	2.95
		2007	2208 Spindles	-	-	1,124.69	-	-	768.50	5.92	356.19	2.66
Handkerchief	Pcs.	2008	64 Machines	-	-	1,499,508	-	-	1,318,128	1.02	181,380	0.12
		2007	-	-	-	-	-	-	-	-	-	-
Garments	Pcs	2008	1,636 Machines	230,532	1.81	4,316,691	-	-	4,172,257	53.96	374,966	2.65
		2007	913 Machines	45,668	0.23	2,204,245	-	-	2,019,381	29.03	230,532	1.81
Made-ups	Sets	2008	907 Machines	161,142	13.12	4,299,501	-	-	4,346,081	337.30	114,562	8.99
		2007	592 Machines	169,248	12.96	4,255,833	-	-	4,263,939	311.65	161,142	13.12
Raw Cotton - Traded	M.T.	2008	-	34,781	0.61	905,066	-	-	671,183	24.37	268,664	9.33
		2007	-	22,986	0.74	535,393	-	-	523,598	16.93	34,781	0.61
Total	M.T.	2008	-	24,621	0.45	1,413,015	-	-	1,385,137	29.93	52,499	0.92
		2007	-	25,595	0.45	324,834	-	-	325,808	6.04	24,621	0.45
Total	M.T.	2008	-	113.21	0.67	-	45,603.31	253.37	44,419.67	270.95	1,296.85	7.54
		2007	-	-	-	-	14,802.94	74.93	14,689.73	78.23	113.21	0.67
Total	M.T.	2008	-	-	130.34	-	298.62	-	2,219.28	-	-	175.43
		2007	-	-	120.08	-	98.41	-	1864.12	-	-	130.34

+ As certified by the management.

\* Includes 598 Nos. (Previous year 594 Nos.) Double width Looms

# Adjusting inter division consumption, excesses, shortages, etc.

@ Production includes items produced on job work basis by outside parties.

\*\* Regrouping of previous years Trial Run production stock.

Above details exludes Trial Run Production Stock Items as given below	Unit	Quantity 31.03.2008	Value 31.03.2008	Quantity 31.03.2007	Value 31.03.2007
<b>POY</b>					
a) Production	M.T.	-	-	3492.67	-
b) Sales	M.T.	-	-	3492.67	19.48
c) Closing Stock	M.T.	-	-	-	-
<b>Production excludes</b>	<b>Unit</b>		<b>31st March, 2008</b>		<b>31st March, 2007</b>
<b>1. Job work for Outsiders</b>					
a) Knitted Fabric	M.T.		7.54		-
b) Woven Fabric for Processing	Lacs Mtrs		139.71		110.63
c) Knitted Fabric for Processing	M.T.		349.30		483.52
<b>2. Production consumed internally</b>					
a) Woven Fabric for Made-ups	Lacs Mtrs		193.80		218.74
b) Knitted Fabric for Garments	M.T.		725.45		606.49
c) Woven Fabrics for Garments	Lacs Mtrs.		14.65		-
d) Yarn for Knitted Fabric	M.T.		2,350.38		2,609.45
e) Yarn for Woven Fabrics	M.T.		4,769.19		-
f) Woven Fabric for Processing	Lacs Mtrs.		762.26		-
g) Knitted Fabric for Processing	M.T.		5,025.82		-

PARTICULARS	Units	31.03.2008		31.03.2007	
		Quantity	Value (Rs. in crores)	Quantity	Value (Rs. in crores)
<b>(ii) Raw Material consumed</b>					
1) Manufacture of woven fabrics					
- Yarn	Kgs	21,521,898	233.98	15,372,576	262.14
- Fabric	Mtrs	24,709,457	96.75	56,318,009	234.77
2) Manufacture of knitted fabrics					
- Yarn	Kgs	5,732,239	74.81	5,274,105	72.43
- Fabric	Kgs	26,124	0.37	106,895	2.51
3) Manufacture of Yarn					
- Texturised Yarn	Kgs	23,011,609	147.53	53,303,842	329.64
4) Processing					
- Dyes & Chemicals	-	-	62.83	-	56.11
5) Manufacture of Garments					
- Woven Fabrics	Mtrs	3,974	0.03	15,249	3.05
- Knitted Fabrics	Kgs	773	0.01	8,515	0.11
6) Manufacture of POY					
- POY Chips	Kgs	46,754,665	261.19	9,592,978	50.03
7) Manufacture of Cotton Yarn					
- Raw Cotton	Kgs	8,479,862	47.03	-	-
			924.53		1,010.79
<b>Raw Material consumed excludes Trial Run material as below</b>					
1) POY Chips	Kgs		-	3,634,456	22.19
2) Accessories			-		0.08
			-		22.27

## SCHEDULES

20.

### (i) CIF Value of Imports

(Rs. in Crores)

	2007-2008	2006-2007
- Capital Goods purchased	358.38	278.77
- Stores & Spares purchased	9.06	4.12
- Raw Material purchased	75.12	33.99
	<b>442.56</b>	<b>316.88</b>

### (ii) Expenditure in Foreign Currency

(Rs. in crores)

	2007-2008	2006-2007
- Advertisement Expenses	0.24	0.15
- Foreign Travel / Business Promotion	1.32	5.80
- Legal & Professional Fees	4.15	0.73
- Interest on Foreign currency term loans	29.60	14.80
- Internet Expenses	0.26	0.33
- Testing & Laboratory Expenses	0.25	0.15
- Commission	4.23	1.00
<b>Total</b>	<b>40.05</b>	<b>22.96</b>

The above expenditure in foreign currency excludes Interest expense on FCCB aggregating to Rs. Nil (Previous year Rs. 13.52 Crores have been included in Capital work in progress and grouped under Schedule '6').

### (iii) Value of raw materials, stores and spares consumed during the year.

	2007-2008				2006-2007			
	Imported		Indigenous		Imported		Indigenous	
	Value (Rs. in Crores)	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption
Raw Materials	78.28	8.47%	846.25	91.53%	30.83	3.05%	979.96	96.95%
Stores and Spares	9.06	27.70%	23.64	72.30%	5.93	34.50%	11.26	65.50%

### (iv) Earning in Foreign Currency

(Rs. in crores)

	2007-2008	2006-2007
FOB Value of Exports	969.00	608.17

### (v) Dividend Remitted in Foreign Exchange

Year of Dividend	2007-2008	2006-2007
<u>Equity Share</u>		
No. of shareholders	2	1
No. of shares held by them	22,778,913	1,30,31,373
Dividend remitted during the year (Rs. in crore)	3.03	1.23
Year to which dividend relates	2006-07	2005-06

Year of Dividend	2007-2008	2006-2007
<b>Preference Share</b>		
No. of shareholders	-	1
No. of Shares held by them	-	6,80,00,000
Dividend remitted during the year (Rs. in Crore)	-	1.94
Year to which dividend relates	-	2005-06
Dividend remitted during the year (Rs. in Crore)	-	0.84
Year to which dividend relates	-	2006-07

21. The amounts in balance Sheet Profit and Loss account and cash flow statement are rounded off to the nearest lakh and denominated in Crores of rupees.
22. 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

Place: Mumbai  
Dated: September 02, 2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Company Secretary

Place: Mumbai  
Dated: September 02, 2008

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information required to be given in pursuance of part IV of Schedule VI of the Company's Act, 1956

(Amount in Rs. Thousands)

		31 Day	3 Month	2008 Period
<b>I</b>	<b>Registration Details</b>			
	Registration No.	U17110MH1986PTC039194		
	State Code	11		
	Balance Sheet Date	*		
<b>II</b>	<b>Capital raised during the period</b>			
	Public Issue			NIL
	Right Issue			NIL
	Bonus Issue			NIL
	Private Placement			NIL
<b>III</b>	<b>Position of mobilization and deployment of funds</b>			
	Total Liabilities			78,877,900
	Total Assets			78,877,900
	<b>Sources of Funds</b>			
	Paid up Capital			1,871,700
	Share Warrants			1,101,600
	Reserves & Surplus			11,340,100
	Secured Loan			48,241,500
	Unsecured Loan			9,431,600
	Deferred Tax Liability			21,04,800
	<b>Application of Funds</b>			
	Net Fixed Assets			38,913,000
	Net Current Assets			28,988,700
	Investments			6,189,600
<b>IV</b>	<b>Performance of the Company</b>			
	Turnover			21,704,100
	Total Expenditure			19,407,600
	Profit before Tax			2,975,900
	Profit after Tax			1,986,600
	Earning Per Share (Refer Note 10 of Part B of Schedule19)			
	- Basic			11.40
	- Diluted			9.04
	Dividend			12
<b>V</b>	<b>Generic names of Principal Products/ Services of the Company</b> (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.		

FINANCIAL STATEMENTS OF ALOK INDUSTRIES LIMITED

Statement Regarding Subsidiary Company Pursuant to Section 212(3) and 212(5) of the Companies Act, 1956

Name of Subsidiary Company	Financial Year to which accounts relates	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 holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding Company which are not dealt within the Company's account		Holding Company's interest as at March 31, 2008 incorporating changes since close of financial year of subsidiary company	
		i) Shareholding	ii) Extend of Holding %age	For the current financial year Rs. Crores.	For the previous financial year Rs. Crores	For the current financial year Rs. Crores.	For the previous financial year Rs. Crores	For the current financial year Rs. Crores.	For the previous financial year Rs. Crores	For the current financial year Rs. Crores.	For the previous financial year Rs. Crores
Overseas : Alok Inc.	2007-08	i) 50 Equity Shares of USD 200 each	100	0.08 (Profit)	0.01 (Profit)	Nil	Nil	Nil	Nil	Nil	N.A.
Alok Industries International Limited	2007-08	i) 50,000 Equity Shares of USD 1 each ii) 50,74,240 Preference shares of USD 1 each	100	0.50 (Loss)	0.04 (Loss).	Nil	Nil.	Nil	Nil.	Nil.	N.A.
Domestic : Alok Infrastructure Private Limited	2007-08	i) 50,000 Equity Shares of Rs. 10 each	100	3.10 (Profit)	N.A.	Nil	Nil	Nil	Nil	Nil	N.A.
Alok Apparels Private Limited	2007-08	10,00,000 Equity Shares of Rs. 10 each	100	0.73 (Loss)	N.A	Nil	Nil	Nil	Nil	Nil	N.A
Alok Clothing Private Limited	2007-08	50,000 Equity Shares of Rs. 10 each	100	0.01 (Loss)	N.A	Nil	Nil	Nil	Nil	Nil	N.A
Alok Homes & Apparels Private Limited	2007-08	50,000 Equity Shares of Rs. 10 each	100	0.01 (Loss)	N.A	Nil	Nil	Nil	Nil	Nil	N.A
Alok Land Holdings Private Limited	2007-08	2,50,000 Equity Shares of Rs. 10 each	100	0.19 (Loss)	N.A	Nil	Nil	Nil	Nil	Nil	N.A

---

# Consolidated Financial Statements



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 and Associates (the Company and its subsidiary collectively referred to as the "Group"), as at March 31, 2008, 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" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements".
4. (a) Included in this Consolidated Financial Statements (CFS) are total assets (net) of Rs. 379.84 crores as at March 31, 2008 total revenues of Rs. 129.40 crores and net cash inflows of Rs. 20.86 crores for the year then ended, 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.  
  
(b) Further the CFS includes assets of Rs. 0.10 crores, net cash inflows of Rs. 0.10 crores of the subsidiaries and loss of Rs. 0.06 crores of associate as referred to in note no. 1(H), 1(I) and 2(B) of Part B of schedule 19 are unaudited and we have relied upon the unaudited financial statements as provided by the Company's Management for the purpose of consolidated financial statements of the Group.
5. We draw attention to note no:18 of part 'B' of Schedule '19' regarding insurance claim receivable amounting to Rs.90.74 Crores, considered recoverable for the reasons stated in the note and note no:19 of part 'B' Schedule '19' regarding investment in and loans granted to subsidiary company and associates, considered good for the reasons stated therein.
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, 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 March 31, 2008;
  - (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

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

Place: Mumbai  
Dated: September 02, 2008

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2008	AS AT 31.03.2007
<b>I SOURCES OF FUNDS</b>			
<b>(1) Shareholder's Funds</b>			
(a) Capital	1	187.17	170.37
(b) Share Warrants		110.16	-
(c) Reserves and Surplus	2	1,133.18	852.67
		1,430.51	1,023.04
<b>(2) Minority Interest</b>		23.75	-
<b>(3) Loan Funds</b>			
(a) Secured Loans	3	4,885.28	2,833.05
(b) Unsecured Loans	4	948.68	503.72
		5,833.96	3,336.77
<b>(4) Deferred Tax Liability (net)</b>		215.33	148.81
<b>TOTAL</b>		<b>7,503.55</b>	<b>4,508.62</b>
<b>II APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	5	3,507.77	2,345.72
(b) Less : Depreciation		563.17	370.40
(c) Net Block		2,944.60	1,975.32
(d) Capital Work-in-Progress	6	1,025.18	666.25
		3,969.78	2,641.57
<b>(2) Goodwill on Consolidation</b>		188.27	-
<b>(3) Investments</b>	7	157.01	80.03
<b>(4) Deferred Tax Assets</b>		5.10	6.99
<b>(5) Current Assets, Loans and Advances</b>			
(a) Inventories	8	771.25	464.46
(b) Sundry Debtors	9	638.24	544.52
(c) Cash and Bank Balances	10	1,705.14	785.38
(d) Loans and Advances	11	652.22	278.65
		3,766.85	2,073.01
<b>Less : Current Liabilities and Provisions</b>			
(a) Current Liabilities	12	545.88	255.50
(b) Provisions	13	37.58	37.48
		583.46	292.98
<b>Net Current Assets</b>		<b>3,183.39</b>	<b>1,780.03</b>
<b>TOTAL</b>		<b>7,503.55</b>	<b>4,508.62</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>	19		

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

Place: Mumbai  
Dated: September 02, 2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Company Secretary

Place: Mumbai  
Dated: September 02, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

				(Rs. In Crores)	
PARTICULARS	SCHEDULE NO.	2007-08	2006-07		
<b>INCOME</b>					
Sales (inclusive of excise duty)	14	2,330.87	1,864.12		
Less : Excise duty		63.29	53.92		
		<u>2,267.58</u>	1,810.20		
Job work charges collected		14.43	14.48		
		<u>2,282.01</u>	1,824.68		
Other Income	15	69.08	37.32		
Increase in Stocks of Finished Goods and Process Stock	16	103.83	65.33		
		<u>2,454.92</u>	1,927.33		
<b>EXPENDITURE</b>					
Purchase of Traded Goods		298.62	98.41		
Manufacturing and other expenses	17	1,570.51	1,384.56		
Interest (net)	18	133.13	89.04		
Depreciation/ Amortisation		166.19	123.04		
		<u>286.47</u>	232.28		
<b>PROFIT BEFORE TAX</b>					
Provision for Tax – Current tax		(34.76)	(25.95)		
– MAT credit entitlement		4.12	1.11		
– Deferred tax		(67.50)	(41.72)		
– Fringe Benefit tax		(1.26)	(0.90)		
– Short Provision for Income Tax of earlier years		-	(0.16)		
		<u>187.07</u>	164.66		
<b>PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>					
Add : Share of profit from Associates		0.03	-		
Minority Interest		2.55	-		
		<u>189.65</u>	164.66		
Add : Balance brought forward from previous year		216.14	129.84		
		<u>405.79</u>	294.50		
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>					
<b>APPROPRIATIONS</b>					
Add : Excess provision for Dividend of earlier year(including Tax on Dividend Rs.0.03 crore (Refer note. No. 16 of part B of schedule 19)		0.19	0.39		
Transfer to General Reserve		(19.00)	(50.00)		
Transfer to Debenture Redemption Reserve		(73.55)	-		
Proposed Dividend					
- on Equity Shares		(22.46)	(23.85)		
- on Preference Shares (paid / provided)		-	(0.74)		
Corporate Dividend Tax thereon		(3.82)	(4.16)		
		<u>287.15</u>	216.14		
<b>BALANCE CARRIED TO BALANCE SHEET</b>					
<b>EARNINGS PER SHARE (Refer Note No. 11 of Part B of Schedule 19)</b>					
Basic		10.89	9.70		
Diluted		8.64	8.72		
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
19					
As per our attached report of even date			For and on behalf of the Board		
<b>For Gandhi &amp; Parekh</b> Chartered Accountants			<b>Ashok B. Jiwrajka</b> - Executive Chairman		
			<b>Dilip B. Jiwrajka</b> - Managing Director		
			<b>Surendra B. Jiwrajka</b> - Joint Managing Director		
<b>Devang B. Parekh</b> Partner			<b>Sunil O. Khandelwal</b> - Chief Financial Officer		
			<b>K. H. Gopal</b> - President (Corporate Affairs) & Secretary		
Place: Mumbai			Place: Mumbai		
Dated: September 02, 2008			Dated: September 02, 2008		

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	Year Ended 31.03.2008	Year Ended 31.03.2007
(Rs. In Crores)		
<b>A] Cash Flow Operating Activities</b>		
Net Profit Before Tax	286.47	232.28
<b>Adjustments for</b>		
Depreciation / Amortisation	166.19	123.04
Unrealised gain on Cash and cash equivalent	(0.28)	1.53
Excess of cost over Fair Value of current Investments	0.04	0.48
Effect of exchange rate change on Investment	(3.49)	(1.37)
Dividend Income	(0.30)	(0.27)
Interest Paid (net)	132.74	89.04
(Profit )/ Loss on sale of fixed assets (net)	(1.08)	0.09
Profit on sale of current investments (net)	(0.19)	(0.24)
	<u>580.11</u>	<u>444.58</u>
Operating Profit before working capital changes		
<b>Adjustments for</b>		
Increase in Inventories	(306.79)	(106.31)
Increase in Trade Receivables	(93.72)	(189.99)
Increase in Loans and Advances	(343.20)	(130.67)
Increase in Current Liabilities	288.88	78.28
	<u>125.28</u>	<u>95.89</u>
Cash Generated from operations		
Income Taxes Paid	(51.03)	(21.71)
	<u>74.25</u>	<u>74.18</u>
Net Cash Generated from Operating Activities		
<b>B] Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(1,649.46)	(899.44)
Sale of fixed assets	156.01	8.98
Purchase of Investments	(55.61)	(195.82)
Sale of Investments	85.09	132.99
Goodwill of Acquisitions	(188.27)	-
Capital Reserve on increase of stake in subsidiaries	12.31	-
Increase in Minority Interests	23.75	-
Margin Money Deposits Matured/(placed)	98.25	(228.93)
Dividends Received	0.30	0.27
Interest Received	119.06	52.76
Share Application money paid	(106.69)	22.26
Inter Corporate Deposits ( granted)/refunded - net	(5.81)	10.19
	<u>(1511.07)</u>	<u>(1,096.74)</u>
Net Cash used in Investing Activities		
<b>C] Cash flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital (including premium) (Net)	123.13	80.57
Redemption of Preference Share Capital	-	(68.00)
Issue of Share Warrants	110.16	-
Proceeds from borrowings (Net)	2,497.19	1,192.27
Dividend Paid (Including Tax thereon)	(27.70)	(23.95)
Interest Paid	(248.24)	(133.38)
	<u>2,454.55</u>	<u>1,047.51</u>
Net Cash Generated from Financing Activities		
Net Increase Cash and Cash equivalents (A+B+C)	<u>1,017.73</u>	<u>24.95</u>
<b>Cash and Cash equivalents</b>		
at the beginning of the period	556.73	531.78
at the end of the period	<u>1,574.46</u>	<u>556.73</u>
Net Increase in Cash and Cash equivalents	<u>1,017.73</u>	<u>24.95</u>

NOTES TO CASH FLOW STATEMENT

1. Components of Cash and Cash Equivalents include Cash, Cheques on hand and 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 conversion of Foreign Currency Convertible Bonds and optionally convertible preference shares into equity. (Refer Note (a) of schedule 1)

(Rs. In Crores)

5. Cash and Cash equivalents includes :	March 31, 2008	March 31, 2007
Cash and Bank Balances	1,705.14	785.38
Less : Margin money deposit *	(130.68)	(228.93)
Add: Unrealised loss / (gain) on foreign currency	-	0.28
<b>Total Cash and Cash equivalents</b>	<b>1,574.46</b>	<b>556.73</b>

- \* Margin money 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 Statement" and the listing agreement with the Stock Exchange.

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

Place: Mumbai  
Dated: September 02, 2008

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Secretary

Place: Mumbai  
Dated: September 02, 2008

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '1'</b>		
<b>CAPITAL</b>		
<b>Authorised :</b>		
27,50,00,000 (Previous year 21,00,00,000) Equity shares of Rs.10/- each	275.00	210.00
2,50,00,000 (Previous year 9,00,00,000) Preference shares of Rs.10/- each	25.00	90.00
	<u>300.00</u>	<u>300.00</u>
	<u><u>300.00</u></u>	<u><u>300.00</u></u>
<b>Issued and Subscribed :</b>		
<b>Equity Share Capital</b>		
18,71,74,969 (Previous Year 17,03,71,974) Equity shares of Rs. 10/- each fully paid up.	187.17	170.37
	<u>187.17</u>	<u>170.37</u>
<b>TOTAL</b>	<u><u>187.17</u></u>	<u><u>170.37</u></u>

### NOTES :

- a) During the year 1,68,02,995 (previous year 1,29,03,518) equity shares are issued as under:
- 1,58,69,202 (previous year 17,55,978) equity shares of Rs.10/- each are issued on conversion of 459 (previous year 55), 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to Rs. 97.74 crores (previous year Rs.10.81 crores).
  - 9,33,793 (previous year Nil) equity shares of Rs. 10/- each are issued on preferential allotment to promoter group at a premium aggregating to Rs. 8.59 crores.
  - Nil (Previous Year 1,11,47,540) Equity shares of Rs. 10/- each are issued on conversion of 6,80,00,000 10% Optionally Convertible Preference Shares of Rs. 10/- each at a premium aggregating to Rs. Nil (Previous year rs. 56.86 crores) on exercising of option by the holders thereof
- b) Of the above shares :
- 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.
  - 62,550 equity shares being forfeited shares were reissued during 2001.

<b>SCHEDULE '2'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	0.03	0.03
Add : Received during the year	-	-
	<u>0.03</u>	<u>0.03</u>
<b>Capital Reserve (on Consolidation)</b>		
<b>Capital Redemption Reserve</b>		
Balance as per last Balance Sheet	2.20	2.20
<b>Securities premium account</b>		
Balance as per last Balance Sheet	400.47	332.80
Add : Received during the year	106.33	67.67
	<u>506.80</u>	<u>400.47</u>
<b>General Reserve</b>		
Balance as per last Balance Sheet	195.00	145.00
Add : Transferred from Profit and Loss Account	19.00	50.00
Add : Transitional effect of Leave Encashment	1.04	-
	<u>215.04</u>	<u>195.00</u>
<b>Debenture Redemption Reserve</b>		
Balance as per last Balance Sheet	40.19	40.19
Add: Transferred from Profit and Loss Account	73.55	-
	<u>113.74</u>	<u>40.19</u>
<b>Foreign Currency Transaction Reserve</b>		
	(4.09)	(1.37)
<b>Surplus in Profit and Loss Account</b>		
	287.15	216.14
<b>TOTAL</b>	<u><u>1,133.18</u></u>	<u><u>852.67</u></u>

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>a) Debentures</b>		
8.75% Redeemable Non Convertible Debentures		50.00
9.00% Redeemable Non Convertible Debentures		20.00
9.30% Redeemable Non Convertible Debentures	20.00	-
10.00% Redeemable Non Convertible Debentures	120.00	-
10.15% Redeemable Non Convertible Debentures	40.00	-
10.25% Redeemable Non Convertible Debentures	100.00	-
10.75% Redeemable Non Convertible Debentures	20.00	-
	<u>300.00</u>	<u>70.00</u>
<b>b. Term Loans</b>		
(1) From Financial Institutions		
- Rupee Loans	189.84	131.72
- Foreign currency loans	108.30	110.07
	<u>298.14</u>	<u>241.79</u>
(2) From banks		
- Rupee loans	3,238.87	1,896.49
- Foreign currency loans	425.94	46.69
	<u>3,664.81</u>	<u>1,943.18</u>
(3) From Others		
- Rupee loans	43.00	-
	<u>43.00</u>	<u>-</u>
	<u>4,005.95</u>	<u>2,184.97</u>
<b>c. From Banks on Cash Credit Accounts, Working capital demand loans etc.</b> [Including Rs. 138.81 crores demand loan in foreign currency (previous year Rs. 34.59 crores)]	572.85	568.92
<b>d. Loans under Hire Purchase / Lease Agreements</b>	6.48	9.16
<b>TOTAL</b>	<u><u>4,885.28</u></u>	<u><u>2,833.05</u></u>

Notes

1 Debentures are secured by :

- a) Nil (Previous year 500) 8.75% Redeemable Non convertible Debentures of Rs.10,00,000/- each and Nil (Previous year 200) 9.00% Redeemable Non convertible Debentures of Rs.10,00,000/- each, were redeemed on 25th June 2007 and 24th December 2007 respectively.
- b) Debentures issued during the year are reedemable as follows

Particulars	Nos	Date of redemption
9.30% Redeemable Non convertible Debentures of Rs.1,00,000/- each	2000	3rd November 2008
10% Redeemable Non convertible Debentures of Rs.1,00,000/- each	4500	17th December 2008
10% Redeemable Non convertible Debentures of Rs.10,00,000/- each	650	25th August 2008
10% Redeemable Non convertible Debentures of Rs.10,00,000/- each	100	10th September 2008
10.15% Redeemable Non convertible Debentures of Rs.1,00,000/- each	2000	26th September 2008
10.15% Redeemable Non convertible Debentures of Rs.1,00,000/- each	2000	1st October 2008
10.25% Redeemable Non convertible Debentures of Rs.1,00,000/- each	5000	12th December 2008
10.25% Redeemable Non convertible Debentures of Rs.1,00,000/- each	5000	1st January 2009
10.75% Redeemable Non convertible Debentures of Rs.1,00,000/- each	2000	17th March 2009

- 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. 202.41 crores

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

- (Previous year Rs.195.44 Crores) and Rs. 2689.29 Crores (Previous year Rs.1,638.72 Crores) 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 working capital bankers and (iii) the personal guarantees of three promoter directors.
- Term loan from the bank to the extent of Rs.17.99 crores 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 three Promoter Directors of the Company.
  - Term loan from banks to the extent of Rs.152.81 Crores (Previous year Rs.187.32 Crores) is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.
  - Term loan from the banks to the extent of Rs. Nil Crores (Previous year Rs.7.61 Crores) are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge created/to be created in favour of company's term lenders and working capital bankers (iii) the personal guarantee of three Promoter Directors of the Company.
  - Term loans from the Banks and Financial Institutions to the extent of Rs. 225.21 Crores (Previous year Rs.109.53 Crores) and Rs. 77.74 Crores (Previous year Rs.46.35 Crores) 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 working capital bankers (ii) the personal guarantee of three Promoter Directors of the Company.
  - Term loans from the Banks to the extent of Rs. 15.58 Crores (Previous year Rs .Nil) 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 (iii) the personal guarantee of three Promoter Directors of the Company.
  - Term loans from the Banks to the extent of Rs. 581.92 Crores (Previous year Rs. Nil Crores) , are secured by (i) subservient charge on all present and future moveable fixed assets, stocks and receivables of the company subject to prior charge on specific movable assets in favour of the company's term lenders and working capital bankers.
  - Term Loan from others to the extent of Rs.43 crores 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.
- 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.
  - Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	-	0.29
Term Loans and Advances		
From Banks and Financial Institutions		
- Rupee Loans	<b>829.98</b>	117.05
- Foreign currency loans	<b>18.31</b>	49.92
	<b>848.29</b>	166.97
Other Loans and Advances		
From Banks		
- Foreign Currency Loans	-	133.58
475 , 1% Foreign Currency Convertible Bonds (FCCB)	<b>94.87</b>	202.87
From Directors**(Rs. 29,056/- (previous year rs. 24,000/-)	<b>0.00</b>	0.00
From Others	<b>5.52</b>	-
<b>TOTAL</b>	<b>948.68</b>	503.72

### NOTES:

- Term Loan from banks**
  - Includes commercial paper of Rs. Nil (Previous year Rs.80.00 Crores) maximum amount outstanding at any time during the year Rs. 110.00 Crores (Previous year Rs.80.00 Crores)
  - To the extent of Rs. 159.99 crores (Previous year Rs. Nil) are secured by Personal Guarantee of three Promoter Directors.
- Short term Foreign Currency Loan Rs. 15.01 Crores (Previous year Rs. 43.44 crores) from Banks are secured by (i) Personal Guarantee of three Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the Company in case of default.



# SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

## SCHEDULE '5' FIXED ASSETS

(Rs. in Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		AS AT 01.04.07	ADDITION ON ACQUISITIONS OF SUBSIDIARY	ADDITIONS	DEDUCTIONS/ ADJUST- MENTS	AS AT 31.03.08	AS AT 01.04.07	ACCUMULATED DEPRECIATION ON ACQUISITION OF SUBSIDIARY	FOR THE YEAR+	DEDUCTIONS/ ADJUST- MENTS	AS AT 31.03.08	AS AT 31.03.08
<b>OWN ASSETS :</b>												
1	Freehold Land	24.76	0.90	27.41	0.00	53.07	0.00	0.00	-	-	53.07	24.76
2	Leasehold Land	0.56	-	-	-	0.56	0.10	0.00	0.01	-	0.46	0.46
3	Factory Building	521.10	33.83	269.45	67.96	756.41	36.04	25.14	19.64	6.84	682.43	485.06
4	Office Premises	26.54	-	-	-	26.54	0.99	0.00	0.43	-	25.11	25.55
5	Plant and Machinery	1,693.26	91.86	876.63	162.88	2,498.88	313.05	76.78	133.72	71.17	2,046.50	1,380.21
6	Computer and Peripherals	12.89	-	6.11	0.84	18.17	6.21	0.00	1.75	0.42	10.63	6.68
7	Office Equipment	3.54	-	2.64	0.14	6.04	1.04	0.00	0.30	0.05	4.75	2.49
8	Furniture and Fittings	24.77	-	14.34	0.88	38.24	5.36	0.00	2.53	0.23	30.57	19.41
9	Vehicles	5.88	-	0.29	0.56	5.61	1.61	0.00	0.56	0.25	3.69	4.27
10	Tools and Equipment	9.80	-	10.88	0.76	19.92	1.26	0.00	0.89	0.12	17.88	8.54
	<b>Sub - Total</b>	<b>2,323.12</b>	<b>126.60</b>	<b>1,207.74</b>	<b>234.01</b>	<b>3,423.44</b>	<b>365.67</b>	<b>101.92</b>	<b>159.84</b>	<b>79.08</b>	<b>2,875.09</b>	<b>1,957.45</b>
<b>LEASED ASSETS :</b>												
1	Plant and Machinery	22.38	-	-	-	22.38	4.56	0.00	1.67	-	16.15	17.82
2	Computer and Peripherals	0.22	-	-	-	0.22	0.17	0.00	0.03	-	0.02	0.05
3	Vehicles	-	-	-	-	-	0.00	0.00	-	-	-	-
	<b>Sub - Total</b>	<b>22.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.60</b>	<b>4.73</b>	<b>0.00</b>	<b>1.70</b>	<b>-</b>	<b>16.17</b>	<b>17.87</b>
<b>INTANGIBLE ASSETS</b>												
1	Computer Software	-	3.87	3.04	0.23	6.69	0.00	3.85	0.64	0.23	2.43	-
2	Trade Marks / Brands	-	-	55.04	-	55.04	0.00	0.00	4.13	-	4.13	-
	<b>Sub - Total</b>	<b>-</b>	<b>3.87</b>	<b>58.08</b>	<b>0.23</b>	<b>61.73</b>	<b>0.00</b>	<b>3.85</b>	<b>4.77</b>	<b>0.23</b>	<b>53.34</b>	<b>-</b>
	<b>Total</b>	<b>2,345.72</b>	<b>130.47</b>	<b>1,265.82</b>	<b>234.24</b>	<b>3,507.77</b>	<b>370.40</b>	<b>105.77</b>	<b>166.31</b>	<b>79.31</b>	<b>2,944.60</b>	<b>1,975.32</b>

Notes:

- Deduction from Plant and Machinery includes Rs. Nil (Previous year Rs. 4.95 crore (net) ] being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
  - Plant and Machinery acquired on lease includes Rs. 8.12 crores (Previous year Rs. 8.12 crores) (Previous year Rs. 8.12 crores) incurred by company for installation etc.
  - Freehold land includes Rs. Nil (Previous year Rs. 5.10 crores) being cost of freehold land at Shivassa acquired by the company, which was presently registered in the personal names of the directors of the Company since the same being agricultural land. During the current year the said land has been converted as non-agricultural land and transferred in the Company's name.
  - Addition to Plant and Machinery during the year is net of capital subsidy of Rs. Nil (Previous year Rs. 5.26 Crores).
  - Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 55.04 Crores (Previous year Rs. Nil) WDV Rs. 50.91 Crores (Previous year Rs. Nil) 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.
- \* Amount written off in respect of Leasehold Land for the period of Lease which has expired.  
+ Depreciation includes depreciation transfer to pre operative expenses Rs. 0.12 Crores (Previous Year Nil)

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '6'</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Capital Expenditure On Projects	932.85	479.53
Advance for Capital Expenditure	92.33	186.72
<b>TOTAL</b>	<b>1,025.18</b>	<b>666.25</b>

Capital expenditure incurred on Projects includes :

- Rs. 20.69 Crores on account of pre-operative expenses (Previous year Rs. 19.59 Crores) (Refer Note No. 9 of part B of schedule 19)
- Rs. 894.81 Crores on account of cost of construction material and plant and machinery under erection (Previous year Rs. 459.82 Crores)

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '7'</b>		
<b>INVESTMENTS</b>		
<b>A) LONG TERM INVESTMENTS</b>		
<b>(At cost / carrying amount unless otherwise stated ) Fully Paid</b>		
<b>In Equity shares</b>		
<b>Others - Unquoted (Trade)</b>		
The Greater Bombay Co-operative Bank Limited [Nil (Previous Year 4,000) Equity Shares of Rs.25/- each Rs. Nil (Previous Year Rs. 40,000)]	-	-
Saraswat Co-operative Bank Limited [Nil (Previous Year 1,000) Equity Shares of Rs.10/- each Rs. Nil (Previous Year Rs. 10,000)]	-	-
Shirts Company (India) Private Limited (2,33,333 (Previous year 5,00,000) Equity Shares of Rs. 10/- each)	3.50	7.50
Dombivali Nagrik Sahakari Bank Ltd. (10,000 (Previous year 40,000) Equity Shares of Rs. 50/- each)	0.05	0.20
Kalyan Janata Sahakari Bank Ltd. (10,000 (Previous year 42,020) Equity Shares of Rs. 25/- each)	0.03	0.11
Alspun Infrastructure Ltd. [25000 Equity shares of Rs.10 each]	0.02	-
Ashford Infotech Private Limited (50,000 Equity Shares of Rs. 10 each)	0.08	-
	<b>3.68</b>	<b>7.81</b>
<b>Others - Quoted (Trade)</b>		
Grabal Alok Impex Limited (19,00,000 Equity Shares of Rs. 10/- each) (Pledged against finance availed)	3.99	3.99
<b>B) CURRENT INVESTMENTS (At lower of cost or fair value)</b>		
<b>In equity shares Quoted (fully paid)</b>		
Peninsula Land Ltd. [Nil (Previous year 20,000) equity shares of Rs.10/- each]	-	0.74
<b>In Bonds</b>		
<b>Unquoted, fully paid</b>		
5, 7.50% Bank of India - Series VIII bonds of Rs.10,00,000/- each	0.50	0.50
Nil (Previous year 1), Binani Cement Ltd.	-	0.21
Nil (Previous year 1), 8.00% Dalmia Cement Ltd.	-	0.10
Nil (Previous year 1), 8.10% Dalmia Cement Ltd.	-	0.20
10, 8.90% IDBI Ltd. Bonds of Rs.10,00,000/- each	1.00	1.00
Nil (Previous year 1), 7.15% Indian Oil Corporation	-	0.10
Nil (Previous year 1), 10% Jaiprakash Hydro	-	0.11
100, 7.60% Syndicate Bank - Series IX bonds of Rs.10,00,000/- each	10.00	10.00
1 (Previous Year Nil) 7.39% Power Grid Corporation Bond	0.19	-
1 (Previous year Nil), 7.40% M & M Finance Ltd. Bond of Rs.10,00,000/- each	0.10	-
1 (Previous year Nil), 7.50% M & M Finance Ltd. Bond of Rs.10,00,000/- each	0.10	-
1 (Previous year Nil), 7.10% Power Grid Corporation bond of Rs.10,00,000/- each	0.18	-
1 (Previous Year Nil) 7.50% Citicorp Finance India Ltd.	0.10	-
20 (Previous Year Nil) 9.25% Dena Bank Non-convertible Redeemable Subordinated Bonds (Tier II Bonds Series IX)	2.00	-
30 (Previous Year Nil) 9.20% Central Bank of India Tier II Bonds Series XII	3.00	-
	<b>17.17</b>	<b>12.22</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

<b>In Mutual Funds</b>		
<b>Unquoted, fully paid</b>		
Birla Sunlife Cash Manager - Growth (Nil (Previous year 54,31,830.53) units of Rs.10/- each)	-	10.00
Canbank Fixed Maturity Plan - Growth (20,00,000 (Previous year 20,00,000) units of Rs.10/- each)	2.00	2.00
ING ATM Fund - Growth (Nil (Previous year 3,50,000) units of Rs.10/- each)	-	0.35
LIC MF Liquid Fund - Dividend (Nil (Previous year 1,82,14,770.36) units of Rs.10/- each)	-	20.01
Optimix Income Growth Multi Manager - 30% Growth (Nil (Previous year 2,47,524.75) units of Rs.10/- each)	-	0.25
SBI Magnum Insta Cash Fund (1288.32 (Previous Year Nil) units of Rs.10/- each)	0.00	-
Principal PNB Long Term Equity Fund 3 Year Plan - Series II (12,50,000 (Previous year Nil) units of Rs.10/- each)	1.22	-
SBI - One India Fund - Growth (4,00,000 (Previous year 4,00,000) units of Rs.10/- each)	-	0.40
	3.22	33.01
<b>C) Share Application Money (to Subsidiary Companies) (Since Allotted)</b>		
184,131,580 (Previous Year Nil) Ordinary Shares of Grabal Alok (UK) Limited GBP 0.001 each	31.60	-
Aurangabad Textiles and Apparel Parks Limited	6.50	-
Alspun Infrastructure Limited	10.60	-
Ashford Infotech Private Limited	50.00	-
New City of Bombay Mfg. Mills Ltd	30.25	-
Mileta, a. s.	-	22.26
	128.95	22.26
<b>TOTAL</b>	<b>157.01</b>	<b>80.03</b>
<b>Note:</b>		
1) Quoted Investment : Aggregate cost / carrying value	3.99	4.73
: Aggregate market value	18.24	26.39
2) Unquoted Investment : Aggregate cost / carrying value	47.67	75.40

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Investments bought and sold during the year Particulars	Nos.	Face Value Rs. per Unit/ Share /Bond	Purchase Cost Rs. in crores
<b>Mutual Fund Units</b>			
LICMF Liquid Fund - Dividend Plan	18,270,713.51	10.00	25.00
MIRAE Asset Liquid Plus Fund Institutional Growth	10,000.00	1,000.00	1.00
SBI Infrastructure Fund -I-Growth	350,000.00	10.00	0.35
SBI Magnum Insta Cash Fund	5,970,042.33	10.00	10.00
SBI Magnum Insta Cash Fund	1,791,012.70	10.00	3.00
Sundaram BNP Paribas Liquid Plus Inst Growth	1,877,370.18	10.00	2.00
<b>Bonds</b>			
8.85% Industrial Development Bank of India	1	1,000,000.00	0.10
7.10% Power Grid Corporation Bond	1	1,000,000.00	0.11
9.45% Union Bank of India Bond			
<b>Equity Shares</b>			
ICICI Bank Limited	1,471.00	10.00	0.14
<b>Debentures</b>			
30.00% Non Convertible Debentures of Citicorp Finance (India) Ltd.	60.00	1,000,000.00	6.00
7.75% Non Convertible Debentures of Saw Pipes Ltd. Bond	1	1,000,000.00	0.10
7.50% Non Convertible Debentures of Hindustan Constructions Bond	1	1,000,000.00	0.10
7.75% Non Convertible Debentures of M & M Finance Ltd. Bond	1	1,000,000.00	0.10
8.60% Non Convertible Debentures of Industrial Development Bank of India Bond	1	1,000,000.00	0.11

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '8'</b>		
<b>INVENTORIES [At Cost or Net Realisable value whichever is lower]</b>		
Stores, Spares, Packing Materials and others	18.83	26.22
Accessories	0.07	-
Stock-In-trade :		
Raw Materials	273.21	132.80
Process Stock	262.93	174.87
Finished Goods / Traded Goods	215.30	130.57
Merchandise	0.87	-
	<u>752.31</u>	<u>438.24</u>
Stock-in-transit	0.04	-
<b>TOTAL</b>	<u><u>771.25</u></u>	<u><u>464.46</u></u>

<b>SCHEDULE '9'</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debt outstanding for a period exceeding six months	38.27	24.06
Other Debts	603.63	524.32
	<u>641.90</u>	<u>548.38</u>
Gross	641.90	548.38
Less : Provision	3.66	3.86
<b>TOTAL</b>	<u><u>638.24</u></u>	<u><u>544.52</u></u>
Considered Good	638.24	544.52
Considered Doubtful	3.66	3.86
<b>TOTAL</b>	<u><u>641.90</u></u>	<u><u>548.38</u></u>

Note: Sundry debtors includes Rs. 35.71 crores (Previous year Rs. 29.93 crores) towards contractual obligations on account of Export Incentives Receivables.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '10'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	3.48	0.48
Cheques in Hand	-	39.97
Bank Balances :		
a) With Scheduled Banks		
- In Cash Credit Accounts	5.36	-
- In Current Accounts	17.54	12.59
- In Deposits Accounts [(including interest accrued thereon Rs. 17.09 crores (Previous Year Rs. 6.62 crores))*]	1,490.81	440.36
- In Margin Money Deposits**	130.68	228.93
b) With Others		
- In Current Account	0.11	0.03
- In Deposit Accounts	57.13	63.02
FD Interest Receivable	0.03	-
<b>TOTAL</b>	<b>1,705.14</b>	<b>785.38</b>

\* Includes Rs. 864.78 crores (previous year Rs. Nil) kept in bank deposits, pending utilisation towards project.

\*\* Includes Rs. 87.49 crores (previous year Rs. 187.88 crores) towards 100% LC margin against import of Plant & Machinery.

<b>SCHEDULE '11'</b>		
<b>LOANS AND ADVANCES</b>		
<b>[Unsecured]</b>		
Advances recoverable in cash or in kind or for value to be received	604.49	267.17
Loans - Inter Corporate Deposits	12.00	6.19
Deposits	9.88	4.04
Balances with Central Excise Collectorate	0.18	0.14
Mat Credit Entitlement	5.23	1.11
Advance Tax (Net of provision for tax)	17.39	-
T.D.S. on Interest Received	3.05	-
<b>TOTAL</b>	<b>652.22</b>	<b>278.65</b>

Loans and Advances includes :

- Rs.58.19 Crores (Previous year Rs. 64.00 crores) towards Modvat credit balances to be utilised in the subsequent years
- Rs. 123.75 Crores (Previous year Rs. 64.19 crores) towards interest / capital subsidy receivable under the TUF scheme of Government of India
- Rs.7.86 Crores (Previous year Rs.1.77 crores) being deposits towards office/residential premises taken on rental basis.
- Rs. 0.33 crores (Previous Year Rs. 0.08 Crores) due from officers of the Company [maximum amount outstanding during the year Rs. 0.43 crores (Previous year Rs. 0.33 crores)]

<b>SCHEDULE '12'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (including Acceptances Rs.139.88 crores (Previous year Rs. 86.95 crores))		
Total Outstanding dues to :		
- Micro Enterprises and Small Enterprises*	0.31	2.41
- Creditors other than Micro Enterprises and Small Enterprises	500.13	225.67
	<b>500.44</b>	<b>228.08</b>
Unclaimed Dividend	0.38	0.37
Interest Accrued but not due on loans	25.20	21.25
Advance from customers	19.86	5.80
<b>TOTAL</b>	<b>545.88</b>	<b>255.50</b>

\* As per information available with the Company

Notes :

- Sundry Creditors includes Rs. 0.01 crores (Previous year Rs.0.35 crores) 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.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '13'</b>		
<b>PROVISIONS</b>		
Provision for Gratuity and Leave Encashment	5.27	4.76
Proposed Dividend	22.46	23.85
Provision for Tax on Dividend	3.82	4.05
Provision for Taxation (net of advance tax payments)	6.02	4.82
Provision for FBT	0.01	-
<b>TOTAL</b>	<b>37.58</b>	<b>37.48</b>

<b>SCHEDULE '14'</b>		
<b>SALES</b>		
Sales – Local	1,293.28	1,222.41
Sales – Export	994.35	622.54
	<u>2,287.63</u>	<u>1,844.95</u>
Export Incentive	43.24	19.17
<b>TOTAL</b>	<b>2,330.87</b>	<b>1,864.12</b>

<b>SCHEDULE '15'</b>		
<b>OTHER INCOME</b>		
Dividend Income :		
On Long Term Investments	0.27	0.16
On Current Investments	0.03	0.11
	<u>0.30</u>	<u>0.27</u>
Interest from bank	0.39	-
Insurance Claim received	0.07	0.14
Miscellaneous Income	13.04	-
Profit on sale of Current Investments (Net)	0.19	0.24
Profit on sale of Fixed Assets	1.08	-
Exchange Rate difference (Net)	50.34	33.56
Provision for Doubtful Debts and Advances written back	3.24	1.18
Sundry Credit Balances written back	0.43	1.93
<b>TOTAL</b>	<b>69.08</b>	<b>37.32</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '16'</b>		
<b>INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK</b>		
<b>CLOSING STOCK AS ON MARCH 31 , 2008</b>		
Finished Goods / Traded Goods	177.94	130.34
Process Stock	231.46	174.87
Stock in transit	0.04	-
	<u>          </u>	<u>          </u>
	<b>409.43</b>	305.21
<b>LESS : TRANSFERRED *</b>		
Finished Goods / Traded Goods	-	1.07
Process Stock	0.39	2.86
	<u>          </u>	<u>          </u>
	<b>0.39</b>	3.93
<b>LESS: OPENING STOCK AS ON APRIL 1, 2007</b>		
Finished Goods / Traded Goods	130.34	119.00
Process Stock	174.87	116.95
	<u>          </u>	<u>          </u>
	<b>305.21</b>	235.95
	<u>          </u>	<u>          </u>
<b>TOTAL</b>	<b>103.83</b>	65.33

\* Being unutilised inventory on completion of project includes transfer of Inventory (Refer Note No. 9 of part B of schedule 19)

**NOTE :**

Above stock excludes inventory amounting to Rs. 41.73 Crores manufactured during the year and destroyed due to fire. (Refer Note No. 18 of part B of schedule 19)

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '17'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Raw Material Consumed	1,011.54	1,010.79
<b>Payment to and Provisions for Employees :</b>		
Salaries, Wages and Bonus	103.14	43.83
Contribution to Provident Fund and Other Funds	2.73	1.73
Employees Welfare Expenses	4.24	2.66
	<u>110.11</u>	<u>48.22</u>
<b>Operational and Other Expenses</b>		
Stores and Spares Consumed	32.70	17.19
Packing Materials Consumed	35.28	35.01
Power and Fuel	121.62	89.74
Processing Charges	31.72	20.69
Postage, Courier & telephone charges	0.03	-
Labour Charges	20.79	19.15
Excise Duty	5.20	(0.43)
Donation	1.83	2.05
Freight, Coolie and Cartage	53.18	30.84
Legal and Professional Fees	7.06	19.63
Rent	9.23	3.20
Rates and Taxes	3.01	4.55
Repairs and Maintenance		
Plant and Machinery	3.29	1.62
Factory Building	0.77	0.99
Others	3.36	1.42
	<u>7.42</u>	<u>4.03</u>
Commission on Sales	10.64	9.96
Provision for Doubtful Debts and Advances	3.03	2.08
Bad debts and other advances written off	-	0.19
Loss by fire (Refer Note No. 18 of part B of Schedule 19)	9.11	-
Directors Remuneration	5.60	2.40
Directors Fees and Commission	5.04	5.04
Auditors Remuneration		
Audit Fees	0.24	0.14
Tax Audit Fees	0.01	0.01
Certification Fees	0.02	0.02
	<u>0.27</u>	<u>0.17</u>
Insurance	3.54	4.59
Loss on Sale of Fixed Assets (net)	-	0.09
Excess of Cost over Fair value of current Investments	0.04	0.48
Miscellaneous Expenses	82.54	54.90
(Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.)		
	<u>1,570.51</u>	<u>1,384.56</u>
<b>TOTAL</b>	<b>1,570.51</b>	<b>1,384.56</b>



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
<b>SCHEDULE '18'</b>		
<b>INTEREST (NET)</b>		
Interest Paid:		
On Debentures	16.33	12.76
[Net of Interest Subsidy Rs. Nil Crores (Previous year Rs. 1.20 Crores)]		
On Fixed Loan	147.80	64.47
[Net of Interest Subsidy Rs. 119.22 Crores (Previous year Rs. 35.51 Crores)]		
Other Interest	1.67	-
On Cash Credit Accounts etc	86.00	64.47
	251.80	141.80
Less : Interest Received on Loans, Deposits etc. (Tax Deducted at Source Rs. 19.31 Crores [Previous Year Rs. 7.22 Crores])	118.67	52.76
<b>TOTAL</b>	<b>133.13</b>	<b>89.04</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### SCHEDULE '19' SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### (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 29, 2008) 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 in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements".
- b) The consolidated financial statements include the share of profit / loss of associate companies, 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. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- c) 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.
- d) 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.
- e) 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 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.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 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.
- 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

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.

### 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. 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. 12 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 and other long term benefit plan 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 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 The Institute of chartered Accountants of India (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. 15 of Part B of Schedule 19).

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 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

Expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds, are adjusted against Securities Premium 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 subsidiaries companies considered in the consolidated financial statements are:

Sr. No.	Name of Subsidiaries	Country of Incorporation	Ownership Interest
A	Alok Industries International Limited	British Virgin Island	100%
B	Alok Infrastructure Private Limited	India	100%
C	Alok Clothing Private Limited	India	100%
D	Alok Homes & Apparel Private Limited	India	100%
E	Alok Apparels Private Limited	India	100%
F	Alok Land Holdings Private Limited	India	100%
G	Alok Realtors Private Limited	India	100%
H	Alok New City Infratex Private Limited	India	100%
I	Alok Aurangabad Infratex Private Limited	India	100%
J	Alok Inc.	U.S.A.	100%
K	Mileta, a.s.	Czech Republic	60%

### 2. The associate companies considered in the consolidated financial statements are:

Sr. No.	Name of associates	Country of Incorporation	Ownership Interest
A	Grabal Alok (UK) Limited	United Kingdom	43.72%
B	Ashford Infotech Private Limited	India	50.00%
C	Alspun Infrastructure Limited	India	50.00%

### 3. Contingent Liabilities in respect of:

(Rs. In Crores)

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	33.55	8.41
C	Bills discounted	22.89	61.96
D	Arrears of fixed cumulative dividend on Preference shares (Not subject to deduction of Income-tax)	0.20	0.03

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 4. Capital Commitments

(Rs. in crores)

Particulars	Rs.	Rs.
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	340.38	312.60

### 5. Related Party Disclosure

#### a) Name of related parties and nature of relationship

As per Accounting Standard (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

#### 1) Name of related parties and description of relationship

<b>I Associates</b>	
Alok Denims (India) Private Limited	Green Park Enterprises
Alok Finance Private Limited	Honey Comb Knit Fabrics
Alok Knit Exports Limited	Jiwrajka Associates Private Limited
Alok Textile Traders	Jiwrajka Investment Private Limited
Ashok B. Jiwrajka (HUF)	Niraj Realtors & Shares Private Limited
Ashok Realtors Private Limited	Nirvan Exports
Buds Clothing Co.	Nirvan Holdings Private Limited
D. Surendra & Co.	Pramatex Enterprises
Dilip B. Jiwrajka (HUF)	Pramita Creation Private Limited
Grabal Alok Impex Limited	Surendra B. Jiwrajka (HUF)
Grabal Alok International Limited	Tulip Textiles
Vaibhav Knit Fab	Alspun Infrastructure Limited.
Grabal Alok (UK)Limited. (Formerly known as Hamsard 2353 Limited.)	Ashford Infotech Private Limited
	Gogri Properties Private Limited
<b>II Key Management Personnel</b>	
	Ashok B. Jiwrajka
	Chandra Kumar Bubna
	Dilip B. Jiwrajka
	Surendra B. Jiwrajka
	Alok A. Jiwrajka
	} Directors
<b>III Relatives of Key Management Personnel</b>	
	Prita D. Jiwrajka
	S. P. Bubna

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 2) Nature of transaction with Associates, Key Management Personnel and Relative of Key Management Personnel.

(Rs. in Crores)

Transaction	Associates	Key Management	Relative of Key Personnel	Total Management Personnel
<b>a) Unsecured Loans</b>				
Balance as at 1 <sup>st</sup> April (Rs. 24000/-)	-	-	-	-
(Rs. 24000/-)	(-)	(-)	(-)	(-)
Granted during the year (Net)	-	-	-	-
	(-)	(-)	(-)	(-)
Received / Adjustment during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at 31 <sup>st</sup> March (Rs. 24000/-)	-	-	-	-
	(-)	(-)	(-)	(-)
<b>b) Loans and Advances</b>				
Balance as at 1 <sup>st</sup> April	0.95	-	-	0.95
	(4.07)	(-)	(-)	(4.07)
Granted during the year (Net)	-	-	-	-
	(-)	(-)	(-)	(-)
Received / Adjustment during the year	0.95	-	-	0.95
	(3.12)	(-)	(-)	(3.12)
Balance as at 31 <sup>st</sup> March	-	-	-	-
	(0.95)	(-)	(-)	(0.95)
<b>c) Investments</b>				
Balance as at 1 <sup>st</sup> April	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
Invested during year	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at 31 <sup>st</sup> March	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
<b>d) Sundry Debtors</b>				
Balance as at 31 <sup>st</sup> March	15.16	-	-	15.16
	(-)	(-)	(-)	(-)
<b>e) Sundry Creditors</b>				
Balance as at 31 <sup>st</sup> March	1.70	-	-	1.70
	(-)	(-)	(-)	(-)
<b>f) Turnover</b>				
Sales of Goods	91.85	-	-	91.85
	(30.11)	(-)	(-)	(30.11)
Sale of Fixed Assets	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
<b>g) Expenditure</b>				
Purchase of goods	4.35	-	-	4.35
	(2.09)	(-)	(-)	(2.09)
Purchase of Fixed Assets	0.02	-	-	0.02
	(-)	(-)	(-)	(-)
Rent	0.20	-	-	0.20
	(0.20)	(-)	(-)	(0.20)
Remuneration	-	10.62	0.02	10.64
	(-)	(7.42)	(0.04)	(7.46)
Interest paid	0.43	-	-	0.43
	(-)	(-)	(-)	(-)
<b>h) Dividend Paid</b>				
	0.80	-	-	0.80
	(0.61)	(-)	(-)	(0.61)
<b>i) Income</b>				
Dividend	0.19	-	-	0.19
	(0.14)	(-)	(-)	(0.14)
Rent	-	-	-	-
	(0.01)	(-)	(-)	(0.01)

**Note:**

- Related party relationship is as identified by the company and relied upon by the Auditors.
- Previous year figures are given in brackets.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
a) <u>Loans and advances</u>			-
Received/Adjusted during the year-			
Grabal Alok Impex Limited		0.80	2.82
b) <u>Turnover</u>			
Associates-			
Grabal Alok Impex Limited	33.21		27.12
Grabal Alok (UK) Ltd.	58.64		-
	<u>          </u>		<u>          </u>
		91.85	27.12
c) <u>Expenditure</u>			
Purchase of Goods:			
Associates-			
Grabal Alok Impex Limited		4.35	2.09
Purchase of Fixed Assets:			
Associates-			
Grabal Alok Impex Limited		0.02	-
Rent:			
Associates-			
Alok Denims (India) Pvt. Ltd.		0.20	0.20
Interest :			
Associates -			
Grabal Alok Impex Limited		0.43	-
Remuneration:			
<u>Key Management Personnel-</u>			
Ashok B. Jiwrajka	2.65		1.85
Chandra Kumar Bubna	2.65		1.85
Dilip B. Jiwrajka	2.65		1.85
Surendra B. Jiwrajka	2.65		1.85
	<u>          </u>		<u>          </u>
		10.60	7.40
Remuneration:			
<u>Relatives of Key Management Personnel-</u>			
Prita D. Jiwrajka		0.02	0.02
S P Bubna		-	0.02
d) <u>Dividend Paid</u>			
Associates-			
Grabal Alok Impex Limited		0.80	0.61
e) <u>Income</u>			
Dividend:			
Associates-			
Grabal Alok Impex Limited		0.19	0.14
<u>Rent received</u>			
Associates-			
Alok Denims (India) Pvt. Ltd.		-	0.01

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

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

- i) Loans & Advance to associates, firms or companies in which directors are interested – Rs. Nil (Previous year Rs. 0.81 crores) 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	5,710,368	57,103,680

6. The Company in accordance with the resolution passed by members by way of Postal Ballot on February 14, 2008 issued for cash on preferential basis 1,98,00,000 warrants to the Promoter Group of the Company, which are convertible in to equity shares. The warrant holder have the option of subscribing for one equity share of the Company of Rs. 10/- each per warrant at a price of Rs.102/- per share, (including premium of Rs. 92/- per share), determined in accordance with the SEBI guidelines, at any time within 18 months from the date of allotment of the Warrants, in two stages viz. (a) 98,00,000 Warrants to be converted into Equity Shares on or before March 31, 2009, against which entire issue price has been received; and (b) 1,00,00,000 Warrants to be converted into Equity Shares on or before July 31, 2009, against which 10% of the issue price has been received.
7. 475 FCCBs (previous year 934 FCCBs) are carried forward from earlier year and pending conversion / redemption as at the year end aggregating to Rs. 94.87 Crores (previous year Rs. 202.87 crores) are disclosed under unsecured loans. (Schedule 4). The total proceeds on this account have been fully utilized during the earlier year.
8. The Company has acquired plant and machinery and computers on lease aggregating to Rs. 14.48 crores (Previous year Rs. 14.48 crores) 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. in Crores)

Due	Total minimum lease payments outstanding		Future interest on outstandings		Present value of minium lease payments	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Within one year	3.16	3.30	0.38	0.55	2.78	2.75
Later than one year and not later than 5 years	5.12	7.50	0.25	0.57	4.88	6.93
Later than 5 years	-	-	-	-	-	-

- 9 The Group during the year mainly capitalised Spinning unit (Phase II) and Texturising unit at Saily, Dadra and Nagar Haveli, Apparels at Falandi, Dadra & Nagar Haveli and Woven Processing Wider Width (Phase III) unit at Vapi, Gujarat.

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. in Crores)

Particulars	31.03.2008	31.3.2007
Opening Balance	19.59	11.57
<b>Add: Expenditure incurred during the year</b>		
Raw Material Consumption	0.54	22.27
Payment to and Provision for Employees	27.49	13.67
Stores and Spares Consumed	17.00	1.95
Power and Fuel	12.83	12.17
Legal and Professional Fees	13.13	7.18
Depreciation	0.12	-
Interest paid on Term Loans (Net of Interest subsidy Rs. 0.19 crores)	0.21	-
	<u>90.91</u>	<u>68.81</u>
Less : Sales (Trial run production realization) [net of excise duty Rs. Nil (previous year Rs. 1.71 crores)]	(0.27)	(19.48)
Export Incentives	(0.01)	-
Jobwork Contract Receipts	(0.05)	-
Sale of Scrap	(0.00)	-
	<u>90.58</u>	<u>49.33</u>
Decrease / (Increase) in stock of Finished Goods and Process stock		
Stock as on 1st April		
Finished Stock	-	1.07
Process Stock	-	2.86
Less : Transferred to inventory*		
Finished Stock	-	(1.07)
Process Stock	(0.39)	(2.86)
	<u>90.20</u>	<u>49.33</u>
Less : Allocated to Fixed Assets on completion of projects	(69.51)	(29.74)
<b>Total</b>	<u>20.69</u>	<u>19.59</u>

\* Unutilized inventory transferred to inventory on completion of project.



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 10. Deferred Taxation

a) Deferred Tax Assets and Liabilities arising on account of timing differences are as under:

(Rs. in Crores)

	31.03.2008	31.3.2007
<b>I) Deferred Tax Liability (DTL)</b>		
i) Depreciation	215.33	148.81
	<u>215.33</u>	<u>148.81</u>
<b>II) Deferred Tax Asset (DTA)</b>		
i) Other items	2.45	3.02
ii) Business/Depreciation loss as per I.T. Act, 1961	0.53	-
ii) FCCB Issue Expenses	2.12	3.97
	<u>5.10</u>	<u>6.99</u>
<b>(I-II) Total Deferred Tax Liability (Net)</b>	<b>210.23</b>	<b>141.82</b>

### 11. Earnings per share (EPS)

(Rs. In Crores)

	Current Year	Previous Year
a. <b>Net profit after tax</b>	<b>189.65</b>	164.82
Add: (Short ) / Excess provision for income-tax in respect of earlier year	-	(0.16)
Less: Dividend on Preference Shares including Dividend tax	-	(0.84)
Net Profit Available for Equity Shareholders – (Basic)	<b>189.65</b>	163.82
Add: Interest payable on FCCBs and exchange rate difference on FCCBs (Net of Tax)	2.58	10.91
Add: Preference Dividend payable (Net of Tax)	-	0.84
Add: Interest on Convertible Debentures (Net of Tax)	-	-
Net profit available for Equity Shareholders – (Dilutive)	<b>192.23</b>	175.57
b. <b>Weighted average number of Equity Shares Basic (Nos.)</b>	<b>174,233,536</b>	168,860,618
Add: Effect of potential equity shares on conversion of warrants (Nos.)	19,800,000	—
Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	2,8461,359	31,311,247
Add: Effect of potential Equity Shares on conversion of OCPSS (Nos.)	—	1,213,258
Weighted average number of Equity Shares Dilutive (Nos.)	<b>222,494,895</b>	201,385,123
c. Nominal value of equity shares per share ( In Rupees)	10	10
d. Basic Earnings per share (Rupees)	10.89	9.70
Diluted Earnings per share (Rupees)	8.64	8.72

### 12 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. 3.25 crores for the year ended March 31, 2008.

#### 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.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The following table sets out the status of the gratuity plan for the year ended March 31, 2008 as required under AS 15 (Revised)

(Rs. in Crores)

Particulars	Gratuity (funded) as on March 31, 2008
<b>Change in Defined Benefit Obligation</b>	
Opening Defined Benefit Obligation	2.47
Current Service Cost	0.89
Interest Cost	0.26
Actuarial loss	0.14
Benefits Paid	(0.13)
<b>Closing Defined Benefit Obligation</b>	<b>3.63</b>
<b>Change in Fair Value of assets</b>	
Opening Fair value of assets	1.13
Expected Return on Plan Assets	0.12
Actuarial Gain	0.01
Contribution by Employer	0.47
Benefits Paid	(0.13)
<b>Closing Fair Value of Plan Assets</b>	<b>1.60</b>
<b>Net Liability</b>	<b>2.03</b>

Expense to be recognized in statement of Profit and Loss Account

(Rs. in Crores)

Particulars	For the year ended March 31, 2008
Current Service Cost	0.89
Interest on Defined Benefit Obligation	0.26
Expected Return on Plan Assets	(0.13)
Net Actuarial loss	0.14
Total Included in Employment Expenses	1.16
Actual Return on Plan Assets	0.13
Category of Assets as on March 31, 2008	
Insurer Managed Fund	1.60

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

Particulars	For the year ended March 31, 2008
Discount rate	8.00%
Rate of increase in compensation levels of covered employees	6.00%
Expected Rate of return on plan assets	8.00%

This being the first financial year, in which the Company has adopted the Revised Accounting Standard (AS) 15 on Employee Benefits, comparatives have not been furnished.

Consequent to the Revised Accounting Standard (AS) 15 "Employee Benefits" read with recent guidance note on implementation of AS 15 issued by the Institute of Chartered Accountants of India, effective from April 1, 2007, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended March 31, 2008 is lower by Rs. 0.62 crores. In accordance with the transitional provisions contained in the Accounting Standard, the difference of Rs.1.04 crores (net of deferred tax of Rs. 0.53 crores) between the liability in respect of compensated absences existing on the date of adoption and the liability that would have been recognized at the same date under the previous accounting policy, has been adjusted against the opening balance in the General Reserves.

### 13. Segment Reporting

#### a) Primary Segment: Geographical Segment

The company, 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.

The geographic segment consist of:

- Domestic (Sales to Customers located in India)
- 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. in Crores)		
	India	Rest of World	Total
Operating Revenue (including job work charges)	1,244.42	1,037.59	2,282.01
Profit before minority Interest & share of profit of associates			187.07
Minority Interest			2.55
Share of Profit of associates			0.03
Profit after Tax			189.65

**b) Secondary Segment: Business Segment**

The Company is operating into a single business, i.e., Textile and 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".

14. 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.
15. The provision for Income Tax of Rs. 34.76 Crores (previous year Rs. 25.95 Crores) 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. 4.12 Crores (previous year Rs. 1.11 Crores), 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.
16. Excess provision for dividend of earlier years of Rs. 0.19 Crores (Previous Year Rs. 0.39 Crores) [including dividend tax Rs. 0.03 Crore, (Previous year Rs. 0.05 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.
17. a) The company, during the period 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 March 31, 2008 aggregating to Rs. 9.95 crores (Previous year Rs. Nil) 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 March 31, 2008

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the company and outstanding as on March 31, 2008 amount to Rs. 254.54 crores (previous year Rs. 2045.11 crores) Category wise break-up is given below.

(Rs. in Crores)

Sr. No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
1	Interest Rate Swaps	119.94	656.39
2	Currency Swaps	106.49	220.77
3	Currency Options	28.11	1,167.95
	<b>Total</b>	<b>254.54</b>	<b>2,045.11</b>

- c) All derivatives 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

(Rs. in Crores)

Particulars	Rupees	Amount in foreign currency	Foreign Currency
Debtors	145.97	3.65	USD
	18.84	0.24	GBP
	2.37	0.04	EUR
Cash & Bank Balances	169.75	4.25	USD
Loans and Advances	0.63	0.02	USD

ii) Amount payable in foreign currency on account of the following

(Rs. in Crores)

Particulars	Rupees	Amount in foreign currency	Foreign Currency
Secured Loans	372.54	10.33	USD
	20.93	0.26	GBP
	117.86	1.87	EUR
	40.59	79.78	JPY
Interest accrued but not due on loans	0.96	0.02	USD
	13.98	0.35	EUR
Unsecured Loans	117.08	2.93	USD
	1.62	0.02	EUR

18. The Company during the year consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs. 217.72 crores including for loss of profit and accounted the same in the books of account.

The insurer released payment for an amount aggregating to Rs. 110.00 crores (including for loss of profit) pending finalization of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs. 90.74 crores is carried forward under Loans and Advances (Schedule 11) which would be adjusted on receipt of the final claim amount. However, the Company has charged an amount aggregating to Rs. 9.11 crores to the Profit and Loss account being the excess amount of book value of the damaged assets and the insurance claim filed for those assets.

19. Alok Industries International Limited has made investment in and given loans to its subsidiary company and associates, and these entities have accumulated losses at the year end, though have positive net worth. These entities have embarked upon the growth plan, consequent to involvement of the company by renovating the production facilities, opening trendy stores and wider reach in the market and the directors of these entities expect such new initiatives to increase the sales volume and consequently the profitability. On that basis, in the opinion of the company, the aforesaid investment and loans are considered good.

20. The amounts in balance Sheet, Profit and Loss account and Cash flow statement are rounded off to the nearest lakhs and denominated in Crores of rupees.

21. The figures of the previous year have been reclassified / regrouped wherever necessary to correspond with those of the current year.

Signature to Schedule 1 to 19

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Devang B. Parekh**  
Partner

For and on behalf of the Board

**Ashok B. Jiwrajka** - Executive Chairman  
**Dilip B. Jiwrajka** - Managing Director  
**Surendra B. Jiwrajka** - Joint Managing Director  
**Sunil O. Khandelwal** - Chief Financial Officer  
**K. H. Gopal** - President (Corporate Affairs) & Secretary

Place: Mumbai  
Dated: September 02, 2008

Place: Mumbai  
Dated: September 02, 2008

**ALOK INDUSTRIES LIMITED**

Registered Office : B/43, Mittal Tower, Nariman Point, Mumbai – 400 021

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 attend and vote for me/us and on my/our behalf at the **Twenty Second Annual General Meeting** of the Company to be held on Monday, the 29<sup>th</sup> day of September 2008, at 11.00 a.m. at **TEXTILES COMMITTEE AUDITORIUM, P. BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI - 400 025** and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2008

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 Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**ATTENDANCE SLIP**

**ALOK INDUSTRIES LIMITED**

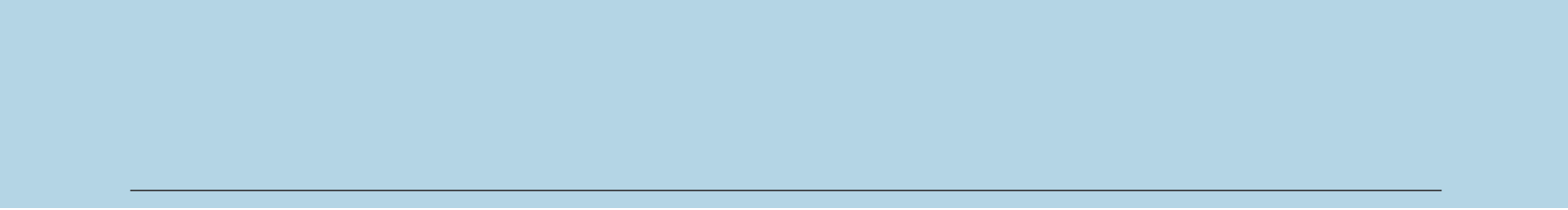
Registered Office : B/43, Mittal Tower, Nariman Point, Mumbai – 400 021

Folio No./DPID : \_\_\_\_\_  
 Client ID No. : \_\_\_\_\_  
 Name & Address : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

I hereby record my presence at the **Twenty Second Annual General Meeting** of the Company being held on Monday, the 29<sup>th</sup> day of September, 2008 at 11.00 a.m. at **TEXTILES COMMITTEE AUDITORIUM, P.BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI - 400 025**.

\_\_\_\_\_  
Signature of Member/Joint Member  
Proxy attending the meeting

Please complete this Attendance Slip and bring the slip to the meeting.







Peninsula Tower 'A', Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013  
Tel: 91-22-2499 6200/6500 Fax: 91-22-2493 6078 E-mail: [info@alokind.com](mailto:info@alokind.com)  
Visit us at: [www.alokind.com](http://www.alokind.com)