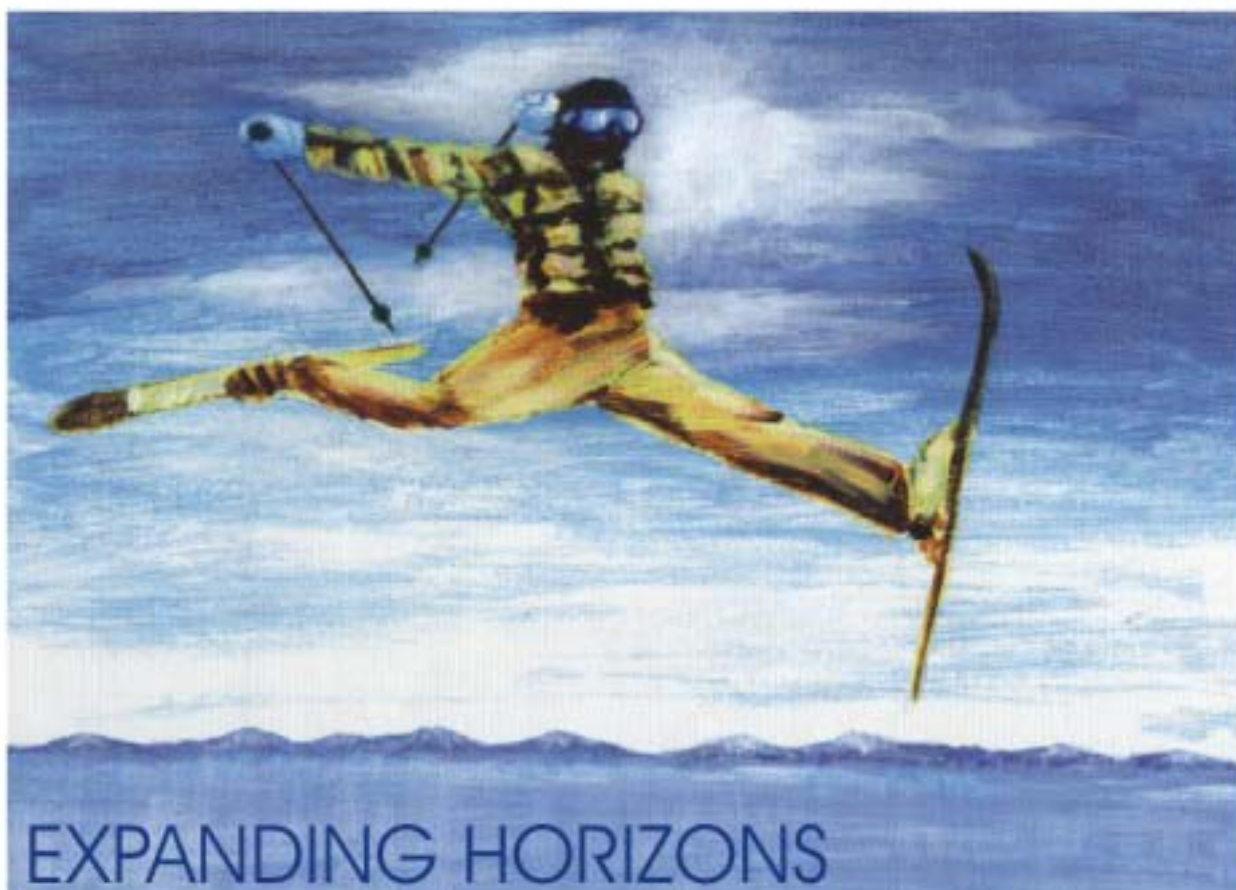


20<sup>th</sup>  
ANNUAL  
REPORT  
05-06



*Integrated Textile Solutions™*

## BOARD OF DIRECTORS



Ashok B. Jiwrajka  
Executive Chairman



Dilip B. Jiwrajka  
Managing Director



Surendra B. Jiwrajka  
Jt. Managing Director



C. K. Bubna  
Executive Director



Ashok G. Rajani  
Director



K.R. Modi  
Director



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



Rakesh Kapoor  
Nominee Director  
of IFCI Limited



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



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



Hiroo S. Advani  
Nominee Director  
Export Import Bank of India



Tim Ingram  
Director

## CHAIRMAN'S MESSAGE



Dear Members,

As the world sharpens its eyes on India, its economy continues to make strides into another good year. Achieving a growth of 8% in GDP and containing the inflation rate below 6%, has enabled India grow in real terms. Despite rising international oil prices bringing pressure, all economic indicators like agriculture, manufacturing, services and exports are showing a robust performance. I am confident that with the determined resolve of the Government to facilitate development and expedite economic liberalization, India is rapidly heading to

integrate itself with the global economy.

India continues to attract more and more international attention for its huge business, investment, sourcing and market potential. The world is looking at us as a partner in all areas like infrastructure development, manufacturing, agriculture, services and trade. Investors continue to focus on India. Special Economic Zone (SEZ) scheme is yet another strategic initiative which will facilitate rapid industrialization, export growth, attract larger FDI, create more jobs and enhance global opportunities for India. Our current foreign exchange reserve stands at a healthy USD 167 billion and continues to grow year after year. India's this unique position is likely to be maintained for the next few years.

Coming to your company's performance, I am happy to inform that it has recorded a satisfactory all round growth for another consecutive financial year. Your company's sales went up by 16.02% to reach Rs. 1,420.70 crores. Exports once again registered a healthy rise of 28.71% reaching 394.55 crores. For the export performance of 2005-06 I am delighted to inform you that your company has won two prestigious export awards from the Cotton Textile Export Promotion Council for the highest exports from India, Silver Trophy for fabric exports and the Bronze Trophy for made-ups exports.

Alok's Profit After Tax also increased by 22.36% to reach Rs. 109.21 crores. This enhanced profit has been a result of the forward and backward integration measures undertaken by your company over the past few years. I must also compliment the young team of Alokians for ensuring greater operational efficiency and cost controls which have enabled the company perform better in a competitive market condition.

Continuing the growth momentum, the company has embarked upon Phase III of its expansion program at a cost of Rs. 1,100 crores. Of this Rs. 900 crores will be financed under the TUFS scheme and the balance Rs.200 crores through internal accruals. This phase will encompass adding substantially to the company's spinning capacity, weaving, continuous processing, garmenting and made-ups production capacities.

With its growing size and scale, strategic alliances and increased international presence for greater market access has become necessary for Alok. Your company is also constantly striving to move up the value chain by entering into higher value products and design innovations. We are planning suitable investments in terms of infrastructure, people, research and training.

In a buoyant economy, both the spending and savings of the Indian consumers have gone up. The year gone by has indicated consistently rising earnings and disposable incomes for the Indian consumers. As a result, like all other product categories, the domestic Indian market for clothing, apparel fabrics and home textiles also grew by about 8%. With higher spending power in the hands of Indian consumers, the domestic market growth is likely to accelerate to 10-12%. Anticipating the long-term opportunity in the profitable branding and retailing



business, Alok has made a beginning by opening a few showrooms under the brand name “homes & apparels”. Based on the learning and experience, the company proposes to expand its activities in these areas.

On the industry front, an increase of 26% during 2005, one of the highest in recent years for India’s textile and apparel exports, is the best endorsement of the post-quota promise it holds for India in the coming years. In absolute terms the exports stood at US \$ 17 billion. At this rate, our industry seems to be all set to reach its targeted exports of US \$ 50 billion by 2010 and acquire a share of 8% in the global trade.

Markets have behaved reasonably well during the year under review with US imports going up by 7% and European Union by 1%. India’s exports in these two major markets went up by 27% and 17%, indicating an emerging preference for India as a source amongst importers. Both these markets account for 80% of India’s and 66% of the world’s textile exports and are therefore fairly indicative of the trends in global textile trade.

In qualitative terms, the buying preferences of consumers, in keeping with their ever-evolving lifestyle, are once again moving towards fashion and comfort, diluting the focus from just cheap prices. No wonder even the discounters like Wal-Mart and Target have engaged the services of fashion designers and are likely to introduce lines offering premium value products at higher prices. Such a trend would certainly favour the fashion oriented Indian industry over mass producers like China. I foresee a good opportunity for the Indian exporters.

I am happy that the efforts made by the Indian Government and textile industry over the last three to four years have started yielding positive results. The number of new generation textile and clothing companies in India is on rise. Most companies, which made large investments in textiles under the schemes like TUFS, have now initiated commercial production from their newly acquired capacities. The impact of these new investments will start becoming more visible in our textile and garment exports by the end of this financial year.

We were always convinced about the bright future India would have in the textile industry. Today even the world is convinced than ever before that India will play the second most dominant role after China as a manufacturing center. Besides it looks at India also as an attractive base for product development and the most promising emerging market.

In conclusion, I believe that Alok is moving ahead with confidence and clear vision in a favorably evolving market condition for the country and the company. I am confident that your company will soon be recognized as a world-class global player in textiles.

Thankyou,

**ASHOK B. JIWRAJKA**  
**EXECUTIVE CHAIRMAN**



## FINANCIAL HIGHLIGHTS

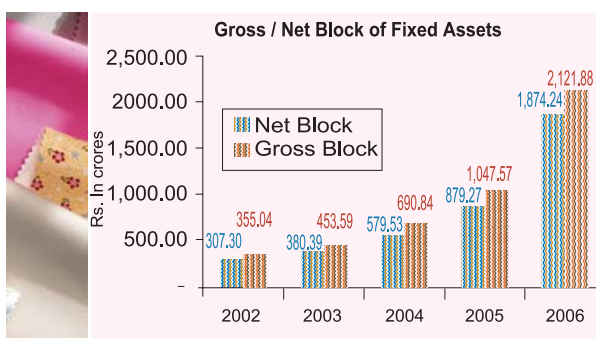
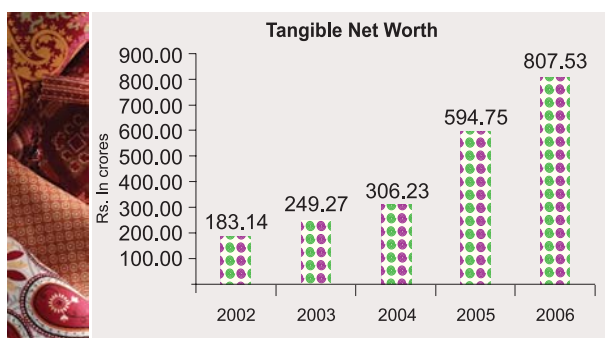
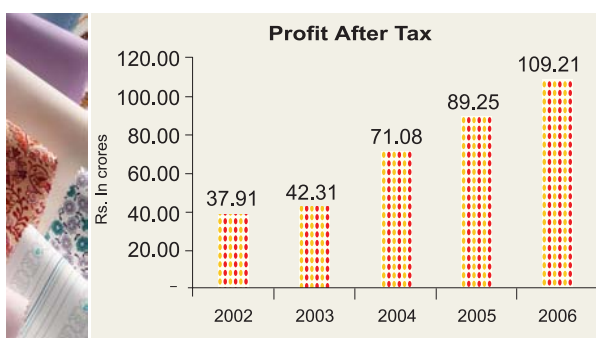
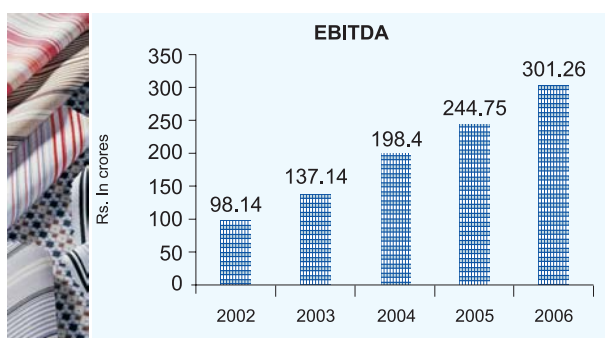
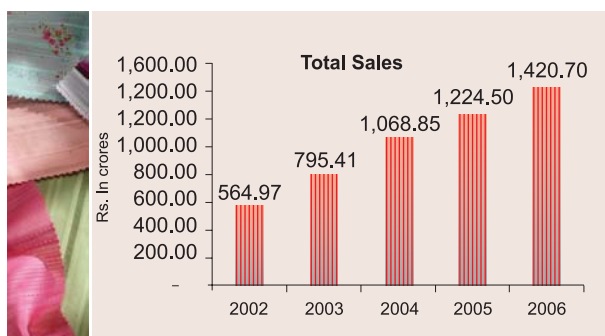
(Rs. in Crores)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Operating profits</b>					
Net Sales	1,420.70	1,224.50	1,068.85	795.41	564.97
Operating Profit	301.26	244.75	198.40	137.14	98.14
Depreciation	80.48	57.56	38.28	25.42	15.74
Misc. Exp. W/off	-	-	1.15	0.85	0.78
PBIT	220.78	187.19	158.97	110.87	81.62
Interest	66.78	63.68	66.40	51.51	39.17
PBT	154.00	123.51	92.57	59.36	42.45
PAT	109.21	89.25	71.08	42.31	37.91
Cash Profit	189.69	146.81	110.51	68.58	54.43
Dividend	30.20	27.92	11.65	7.04	3.21
Net Cash Accruals	159.49	118.89	98.86	61.54	51.22
<b>Financial Position</b>					
Gross Fixed Assets	2,121.89	1,047.57	690.84	453.59	355.04
Net Fixed Assets	1,874.24	879.27	579.53	380.39	307.30
Current Assets	1,403.87	1,359.21	846.68	593.15	422.85
Investments	39.70	7.85	4.07	4.07	4.00
<b>Total Assets</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,430.28</b>	<b>977.61</b>	<b>734.15</b>
Equity Share Capital	157.47	134.02	88.23	87.69	42.29
Reserves & Surplus	650.06	460.73	218.00	162.73	142.85
Miscellaneous Expenses	-	-	-	1.15	2.00
<b>Tangible Net worth</b>	<b>807.53</b>	<b>594.75</b>	<b>306.23</b>	<b>249.27</b>	<b>183.14</b>
Share Application Money	-	-	18.10	-	-
Share Warrants	-	3.32	3.32	-	-
Fully Convertible Debentures	-	-	-	-	51.03
<b>Quasi Net worth</b>	<b>807.53</b>	<b>598.07</b>	<b>327.65</b>	<b>249.27</b>	<b>234.17</b>
<b>Deferred tax liability</b>	<b>100.10</b>	<b>75.10</b>	<b>50.52</b>	<b>36.33</b>	<b>2.64</b>
<b>Total Long Term Borrowings</b>					
Preference Share Capital	68.00	84.33	83.67	5.00	5.60
Secured Loans	1,392.13	823.89	371.48	262.70	207.71
Unsecured Loans	61.32	17.63	19.97	15.95	9.66
Foreign Currency Convertible Bonds	220.63				
	<b>1,742.08</b>	<b>925.85</b>	<b>475.12</b>	<b>283.65</b>	<b>222.97</b>
<b>Total Short Term Borrowings</b>					
Secured Loans	85.00	102.08	75.00	27.80	19.70
Unsecured Loans	62.34	61.77	50.77	34.43	17.99
Working Capital Borrowings	323.08	313.54	301.20	203.29	140.85
	470.42	477.39	426.97	265.52	178.54
<b>Total Borrowings</b>	<b>2,212.50</b>	<b>1,403.24</b>	<b>902.09</b>	<b>549.17</b>	<b>401.51</b>
<b>Total Current Liabilities</b>					
Current Liabilities & Provisions	197.68	169.92	150.02	142.84	95.83
<b>Total Liabilities</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,430.28</b>	<b>977.61</b>	<b>734.15</b>
EPS	6.68	7.25	7.90	7.36	11.77
CEPS	12.61	12.68	12.53	12.07	17.45
Book Value	51.28	44.38	34.70	28.43	43.31

## KEY RATIOS

(Rs. in Crores)

Particulars	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Profitability Ratios</b>					
Operating Profit Margin (%)	21.21%	19.99%	18.56%	17.24%	17.37%
Profit Before Tax Margin (%)	10.84%	10.09%	8.66%	7.46%	7.51%
Profit After Tax Margin (%)	7.69%	7.29%	6.65%	5.32%	6.71%
Return on Quasi Tangible Net worth (%)	12.45%	13.32%	21.16%	16.73%	15.86%
Return on capital Employed (%)	9.08%	10.90%	13.89%	14.03%	13.37%
<b>Gearing Ratios</b>					
<b>Net</b>					
Debt - Equity (Long Term) *	1.50	0.72	0.97	1.04	0.88
Debt - Equity (Total Debts) *	2.08	1.52	2.27	2.11	1.64
Total Debt / EBITDA *	5.57	3.70	3.75	3.83	3.91
*Net of Cash and Bank					
Current Ratio	2.10	2.10	1.47	1.45	1.54
Liquid Ratio	1.57	1.54	1.11	0.76	0.82
<b>Coverage Ratios</b>					
PBDIT/Interest	4.51	3.84	2.99	2.66	2.51
Net Fixed Assets/Secured Loans	1.49	1.44	1.56	1.45	1.55
W/Capital Turnover Ratio	0.52	0.58	0.25	0.23	0.26



## GENERAL INFORMATION

<b>Bankers</b>	<b>E-mail Address</b>
Andhra Bank	Info@alokind.com
Bank of Baroda	<b>Registered Office</b>
Bank of India	B/43, Mittal Tower,
Calyon Bank	Nariman Point, Mumbai 400 021
Citigroup	<b>Corporate Office</b>
Dena Bank	Peninsula Tower 'A' Wing, Peninsula Corporate Park,
IDBI	G. K. Marg, Lower Parel,
ING Vysya Bank Limited	Mumbai 400 013.
Punjab National Bank	<b>Delhi Office</b>
State Bank Of Mysore	177, Alok House,
Standard Chartered Bank	Sant Nagar, East of Kailash,
State bank Of Bikaner & Jaipur	New Delhi 110 065
State Bank Of Hyderabad	<b>Works</b>
State Bank Of India	<b>Spinning</b>
State Bank Of Indore	Saily, Silvassa
State Bank Of Patiala	Union Territory of Dadra & Nagar Haveli
State Bank of Saurashtra	<b>Weaving</b>
State Bank of Travancore	a) Babla Compound, Kalyan Road,
Syndicate Bank	Bhiwandi Dist. Thane
The Federal Bank Limited	b) 17/5/1 & 521/1, Rakholi/Saily, Silvassa,
The Jammu & Kashmir Bank Limited	Union Territory of Dadra & Nagar Haveli.
The Karur Vysya Bank Limited	c) 209/1 & 209/4, Silvassa,
State BAnk Of Saurashtra	Village Dadra, U. T. of Dadra and Nagar Haveli.
<b>Statutory Auditors</b>	<b>Knitting</b>
Gandhi & Parekh, Chartered Accountants	a) 17/5/1, Rakholi, Silvassa,
<b>International Accountants</b>	Union Territory of Dadra & Nagar Haveli
Deloitte Haskins & Sells	b) 521/1, Village Saily, Silvassa
Member Deloitte Touche and Tohmatsu (DTT)	Union Territory of Dadra & Nagar Haveli
<b>Internal Auditors</b>	<b>Processing</b>
Bhandarkar & Co., Chartered Accountants	a) C-16/2, Village Pawane,
Devdhar Joglekar & Srinivasan, Chartered Accountants	TTC Industrial Area, MIDC, Navi Mumbai, Dist. Thane
N.T. Jain & Co., Chartered Accountants	Shah Gupta & Co., Chartered Accountants
<b>Legal Advisors &amp; Solicitors</b>	b) 268, Village Balitha,
Kanga & Co.	Taluka Pardi, Dist. Valsad, State: Gujarat
<b>Vice President (Legal) &amp; Company Secretary</b>	c) 254, Village Balitha,
K. H. Gopal	Taluka Pardi, Dist. Valsad, State: Gujarat
<b>Listing</b>	<b>Garments</b>
<b>Stock Exchanges at:</b>	a) 374 Saily, Silvassa, UT Dadra Nagar Haveli
Mumbai, and National Stock Exchange of India Limited	b) C - 271/2, TTC Industrial Area, Turbhe, Navi Mumbai.
<b>Share Transfer Agent,</b>	<b>Made Ups</b>
M/s. Intime Spectrum Registry Limited	374/2/2, Village Saily, Silvassa,
C-13, Pannalal Silk Mills Compound	Union Territory of Dadra & Nagar Haveli
L B S Marg,	<b>POY</b>
Bhandup (West), Mumbai-400 078.	521/1, Saily, Silvassa, UT Dadra Nagar Haveli
<b>ISIN for dematerialisation of shares</b>	<b>Texturising</b>
INE 270A01011	a) 103/2, Rakholi, Silvassa,
<b>Website Address</b>	Union Territory of Dadra & Nagar Haveli
http://www.alokind.com	b) 521/1, Village Saily, Silvassa,
	Union Territory of Dadra & Nagar Haveli

## NOTICE

**NOTICE** is hereby given that the **Twentieth Annual General Meeting** of the members of **ALOK INDUSTRIES LIMITED** will be held on Friday, the 29<sup>th</sup> day of September, 2006 at 10.00 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 2006, 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 and Preference Shares.
3. To appoint a Director in place of Shri Surendra B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chandrakumar Bubna 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 an Ordinary Resolution:

**“RESOLVED THAT** in supersession of the resolution passed by the members of the Company under section 293(1)(d) of the Companies Act, 1956 in the Annual General Meeting held on 30<sup>th</sup> September 2004, thereby limiting the borrowing powers of the Board of Directors of the Company upto Rs.3000 crores (Rupees Three Thousand Crores only), the consent of the Company be and is hereby accorded pursuant to Clause (d) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may be considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interests of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of Rs.5000 crores (Rupees Five Thousand Crores only).”

7. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:”  
**RESOLVED THAT** pursuant to the provisions of Clause (a) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Directors of the Company for mortgaging and/or charging all or any of the present and/or future movable and/or immovable properties and assets and the whole or substantially the whole of the undertaking(s) of the Company, on such terms and conditions and in such form and manner, as the Directors may determine for the purpose of securing unto various lenders who have granted and/or who may hereafter grant to the Company, financial facilities in the nature of short term/long term loans, bridge loans, short term/long term secured Non-Convertible Debentures or other forms of secured financial facilities for an aggregate nominal value not exceeding Rs.5000 crores (Rupees Five Thousand crores only) for the purpose of securing the said financial facilities granted/ to be granted to the Company, together with interest, further interest, liquidated damages, costs, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities.”

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

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

**“RESOLVED THAT** in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include “Employee Stock Compensation Committee” of the Board), consent of the Company be and is hereby accorded to the Board to grant, offer and issue, in one or more tranches, to such permanent employees of the Company whether working in India or out of India and Directors of the Company whether Wholetime Directors or otherwise (hereinafter referred to collectively as the “Employees”) as may be decided by the Board, Options exercisable by the Employees under a Scheme titled “Employee Stock Option Scheme – 2006 “ (hereinafter referred to as “ the Scheme”) to subscribe to such number of equity shares and / or equity linked instruments which could give rise to the issue of equity shares (hereinafter referred to collectively as “the Securities”) of the Company not exceeding in aggregate 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2006, i.e. upto 78,73,423 equity shares, at such price and on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.





**RESOLVED FURTHER THAT** the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme.

**RESOLVED FURTHER THAT** the Securities may be allotted in accordance with the Scheme either directly or through an existing trust or a trust which may be setup in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe to the Securities of the Company.

**RESOLVED FURTHER THAT** any new equity shares to be issued and allotted as aforesaid shall rank pari passu inter se with the then existing equity shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the Scheme on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**By Order of the Board**

**REGISTERED OFFICE:**

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

**K.H. Gopal**

Vice President (Legal) &  
Company Secretary

Dated : 10<sup>th</sup> August 2006

**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 Wednesday, the 20<sup>th</sup> day of September 2006 to Friday, the 29<sup>th</sup> day of September 2006 (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 20<sup>th</sup> day of September, 2006; 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 20<sup>th</sup> September, 2006 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 share, 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 1998 to the Investor Education and Protection Fund (IEPF).

Members who have not encashed their dividend warrants pertaining to the year 1998–1999 have already been informed through a separate individual written notice to approach the Company's R & TA on or before 22.09.2006, 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 1999 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 of Declaration	Last date for claiming unpaid dividend	Due date for Transfer to IEPF
31.03.1999	23.09.1999	22.09.2006	22.10.2006
31.03.2000	20.10.2000	19.10.2007	19.11.2007
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

Members who have so far not encashed their dividend warrants pertaining to the aforesaid years are advised to submit their claim to the Company's R & TA at the address mentioned above immediately quoting their folio number / DP ID & Client ID. It may be noted that once unclaimed 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, Shri Surendra B. Jiwrajka and Shri Chandrakumar Bubna 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 2007.

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

**BY ORDER OF THE BOARD**

**REGISTERED OFFICE:**

B-43, MITTAL TOWER,  
NARIMAN POINT,  
MUMBAI - 400 021.  
Dated: 10th August' 2006

**K.H. Gopal**

Vice President (Legal) &  
Company Secretary

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

#### Item No.6 :

At the Annual General Meeting of the Company held on 30<sup>th</sup> September 2004, the members had accorded their consent pursuant to Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of your Company for borrowing monies upto a limit of Rs.3000 crores. In view of the increasing activities and operations and considering the expansion programs of your Company, it is thought fit to increase the limit to Rs.5000 crores. The Resolution at Item No.6 is, therefore, placed for the approval of the Members pursuant to Section 293(1)(d) of the Companies Act, 1956.

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

#### Item No.7 :

As stated in the explanatory statement at Item No.6 of this notice, your Company's activities and operations are increasing, thereby necessitating borrowings as stated in the resolution at Item No.6.

Your Directors consider that it would be expedient to have the approval of the shareholders for creating mortgage/charge in favour of various lenders in the event of your Company availing financial facilities of a secured nature.

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

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

#### Item No.8 :

Stock Options have long been recognized as an effective instrument to attract talent and align the interest of employees with those of the Company and its shareholders, providing an opportunity to employees to share the growth of the Company and to create long-term wealth in the hands of employees. Stock Option Schemes also create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value. The main objective of such Schemes is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market.

The employee reward through this mechanism has been well tested over a period of time.

The Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include "Employee Stock Compensation Committee" of the Board) is now considering to reward such permanent employees of the Company whether working in India or out of India and Directors of the Company whether Whole-time Directors or otherwise (hereinafter referred collectively as the "Employees") as it may decide from time to time, through this mechanism.

The salient features of the Employee Stock Option Scheme - 2006 (hereinafter referred to as "the Scheme") are as under:

#### (A) Total number of Options to be granted:

The Options to be granted under the scheme shall not result in issue of equity shares exceeding 5% of the issued, subscribed and paid up equity shares of the Company as on March 31, 2006 i.e. 78,73,423 shares.

#### (B) Identification of classes of employees entitled to participate in the Scheme:

Such, permanent employees, including Directors, of the Company as may be decided by the Board, from time to time, will be entitled to participate in the Scheme.

Under the prevailing guidelines, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the Scheme. A Director, who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, will also not be eligible to participate in the Scheme.

The Options granted under the Scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

#### (C) Requirements of vesting, period of vesting and maximum period of vesting:

There shall be a minimum period of one year between the grant of Options and vesting of Options. The maximum vesting period may extend up to four years from the date of grant of Options, unless otherwise decided by the Board. The vesting shall happen in one or more tranches as may be decided by the Board.

#### (D) Exercise price or pricing formula:

The exercise price for the purposes of the grant of Options shall be the 'market price' within the meaning set out in the guidelines, i.e. the latest available closing price, prior to the date when Options are granted / shares are issued, on that stock exchange where there is highest trading volume on the said date.



**(E) Exercise period and the process of exercise:**

The exercise period will commence from the vesting date and will expire not later than seven years from the date of grant of Options or such other period as may be decided by the Board.

The Options will be exercisable by the employees by a written application to the designated officer of the Company, in such manner, and on execution of such documents, as may be prescribed by the Board.

The Options shall lapse if not exercised any time within the exercise period.

**(F) Appraisal process for determining the eligibility of employees to participate in the Scheme:**

The Company has a formal performance appraisal system established whereby performance of the employees is assessed each year on the basis of various functional and managerial parameters. The appraisal process is revised at regular intervals in line with the emerging global standards.

The employees would be granted Options based on performance linked parameters such as work performance, technical knowledge, period of service, designation and such other parameters as may be decided by the Board from time to time.

The Board may at its discretion extend the benefits of the Scheme to a new entrant.

**(G) Maximum number of Options to be issued per employee and in aggregate**

The number of Options that would be granted to an employee under the Scheme shall be decided by the Board. However, Options to be granted to a single employee shall not result into equity shares exceeding 0.10% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2006. The aggregate of all such grants shall not result into equity shares exceeding 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2006.

The maximum number of shares that can be issued under the Scheme to Non-Executive Directors of the Company in a financial year and in aggregate shall not exceed 3,00,000 shares and 9,00,000 shares respectively.

**(H) Accounting Methods / Policies:**

The Company shall confirm to the accounting policies specified in clause 13.1 of the Guidelines, and/or such other guidelines as may be applicable, from time to time.

**(I) Method of Valuation of Options:**

The Company shall use the intrinsic value method for valuation of the Options. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized, had the fair value of the option been recognized, shall be disclosed in the Directors' Report and the impact of such difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

Clause 6(1) of the Guidelines requires that any employee stock option scheme must be approved by way of a special resolution. Future, as the scheme will entail further shares to be offered to persons other than existing members of the company, consent of members is required by way of special resolution pursuant to the provisions of Section 81 of the Companies Act 1956 (the Act). Accordingly the resolution set out at item no.8 is being placed for approval of members pursuant to the provisions of Section 81 of the Act and Clause 6 of the Guidelines and all other applicable provisions of laws.

The Options to be granted under the Scheme shall not be treated as an offer or invitation made to the public for subscription in the securities of the company.

The Board commends the Special Resolutions set out at item no.8 for approval of members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except of the Options that may be offered to them under the scheme.

**BY ORDER OF THE BOARD**

**REGISTERED OFFICE:**

B-43, MITTAL TOWER,  
NARIMAN POINT,  
MUMBAI - 400 021.  
Dated: 10th August,2006

**K.H. Gopal**  
Vice President (Legal) &  
Company Secretary

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

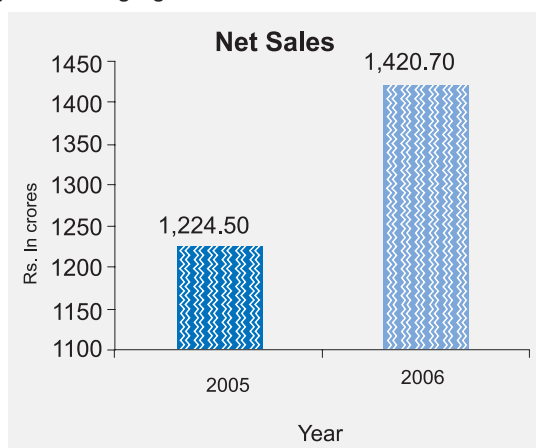
Your company's performance for the year was satisfactory with sales growing by 16.02% to Rs. 1420.70 crores and Profit after tax increasing by 22.36% to Rs. 109.21 crores. Exports increased to Rs. 394.55 crores in FY 2005-06, a growth of 28.71%.

(Rs. in Crores)

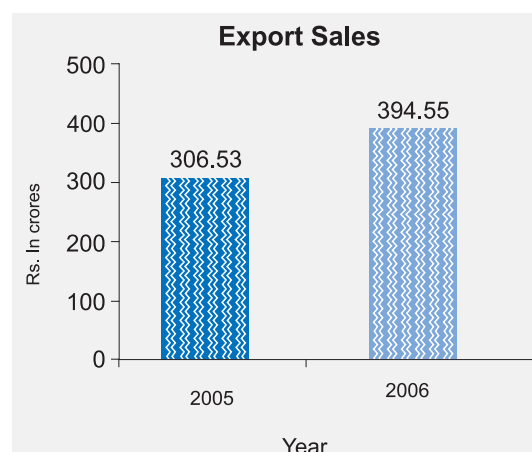
	Year Ended 31.03.06	Year Ended 31.03.05	% Increase/ (Decrease)
Sales (Local)	1026.15	917.97	11.78%
(Export)	394.55	306.53	28.71%
<b>Total Sales</b>	<b>1420.70</b>	<b>1224.50</b>	<b>16.02%</b>
EBITDA	301.26	244.75	23.09%
(% to Sales)	(21.21%)	(19.99%)	
Profit Before Tax	154.00	123.51	24.69%
(% to Sales)	(10.84%)	(10.09%)	
Profit after Tax	109.21	89.25	22.36%
(% to Sales)	(7.69%)	(7.29%)	

## KEY FINANCIAL HIGHLIGHTS

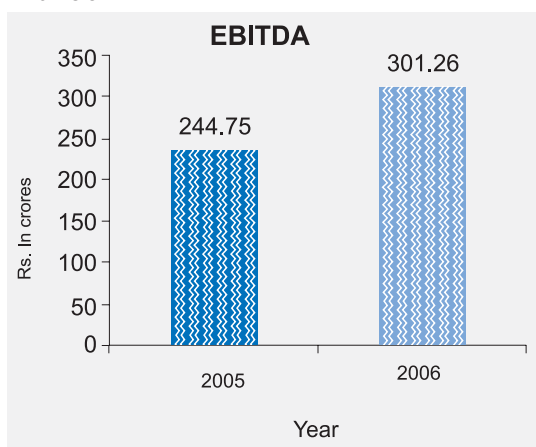
The key financial highlights of 2005-06 are as follows:



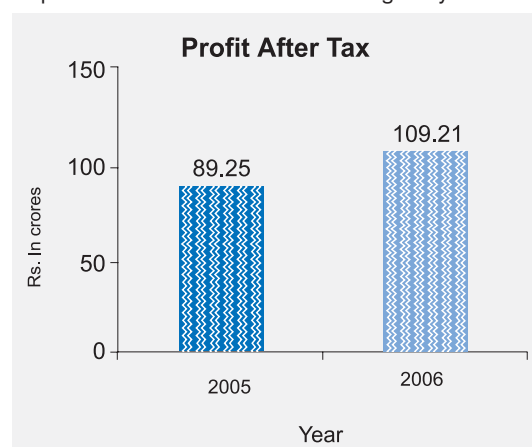
- Turnover increased to Rs. 1420.70 crores, a growth of 16.02% over previous year sales of Rs. 1224.50 crores. All the divisions of the company recorded growth. Maximum growth is witnessed in Home textile division.



- Exports increased (including incentives) from Rs. 306.53 crores in 2004-05 to Rs. 394.55 crores in 2005-06, an increase of 28.71%, which was mainly driven by home textile division. The Company exported its products to over 50 countries during the year.



- EBITDA grew to Rs. 301.26 crores as compared to Rs. 244.75 crores, an increase of 23.09% over the previous year. EBITDA margins also improved during the year to 21.21% as against 19.99% in the previous year.



- Profit after Tax grew to Rs. 109.21 crores, an increase of about 22.36% over the previous year profit of Rs. 89.25 crores. The profit margin improved to 7.69% during the year as compared to 7.29% in the previous year.

## INDUSTRY AND SECTORAL OUTLOOK

This year was the first full year of operations after the quota removal on January 1, 2005. There was tremendous speculation and apprehension last year about how the Indian Textile industry will withstand the pressures of competition from the global textile manufacturers particularly China. It also threatened to bring to the surface the deep rooted problems of delivery schedules, capacity and social norms. The Indian textile industry, we believe has taken these in its stride and adapted itself to the rapidly changing environment.

The Indian economy is currently witnessing a healthy growth rate of 8% p.a. Indian Textile and Apparel exports increased by 26% to reach US\$ 17 bn. in 2005. Exports to US and EU increased by 27% and 17% respectively. China has undoubtedly captured the major share with export to the US and EU increasing by 54% and 41% respectively. The operating segments of Chinese and Indian manufacturers are different though. While the Chinese have long concentrated on bulk manufacturing at lower costs, Indian manufacturers have concentrated on value-addition. Thus the countries are working on entirely different market segments and there is little direct competition amongst the two.

The phasing out of quotas has put tremendous pressures on the pricing structures due to increased competition. According to Technopak estimates, prices in US and EU have fallen in the range of 3-5%. Indian prices, however, on the contrary have increased mainly due to the high prices Indian textile mills could command on account of higher value addition.

## SCOPE OF GLOBAL OPPORTUNITY

India is fast becoming a preferred destination for several global brands for sourcing their requirements in the textile and apparel segment. India has all the requisites for emerging as a long term sourcing hub for textile and apparel in terms of a stable political climate, trade friendly laws, a well balanced economy as well as key factors like abundant raw material supply, established textile base and a varied and flexible product mix.

The global textile and apparel trade is expected to reach US\$ 650 bn. by 2010 with China leading from the front. The buyers are however, sceptical of shifting their entire sourcing to China on the fears of additional quotas, Yuan revaluation and over dependence. Indian Textile Industry has the export revenue potential of US\$ 45 bn by 2010 as per industry estimates. International buyers are forming strategic partnerships in countries like China, India, and Pakistan etc. for sourcing. Product innovation, capacities and adherence to delivery schedules are the key parameters being measured while forming alliances. Indian textile players are keenly looking at strategic partnerships to ensure steady flow of orders and maximum capacity utilisation.

## CHALLENGES

To realise growth industry has to meet the challenges posed. The biggest challenge for the Indian textile industry is the level of technology deployed. The industry needs to rapidly scale up its capacities and modernise the processes. The capital intensive nature of the equipment makes it imperative for the industry to seek all possible sources of funds. The Technology Upgradation Fund Scheme (TUFs) has no doubt facilitated investment in the sector, however, to get the desired level of investment, the Government should consider extending the TUFs by at least by another two years from March 2007. Along with this, increased FDI in the sector would go a long way in providing the much needed capital as well as technological input. The labour laws in the country offer considerable scope for improvement. Flexible labour laws will help the industry expand and the scope for employment increases when the danger of non-redundancy is reduced. The industry has to set up global scale capacities and have a buyer centric approach rather than being price sensitive. The industry has to set up integrated capacities and become a full-fledged solution provider.

## MAJOR EVENTS DURING THE YEAR

Your company raised USD 70 mn. through issue of Foreign Currency Convertible bonds (FCCBs) during the year for meeting capital expenditure requirement.

Your company has acquired a strategic stake of around 5% in The Shirt Co., which is a leading garment exporter in India. This investment would help your company to further strengthen the ongoing business relationship with them in apparel fabric segment.

Your company was awarded the silver trophy for being the second highest manufacturer exporter in the made ups (bed sheets in our case) category for the year 2004-05. For the year 2005-06, your company has bagged two trophies, Silver Trophy for being the second highest manufacturer exporter in fabric category and Bronze Trophy for third highest manufacturer exporter in the made ups (bed sheets in our case). Your company has also been awarded certificate by the global trading giant Li & Fung (Trading) Limited) as their "Valued Business Partner- 2005".

Your company has completed major portion of Phase I and II of the expansion drive. Most of the projects would get stabilised during the current year and the benefits would start accruing to your company. Your company has also announced the Phase III of the expansion drive with a total outlay of Rs. 1100 crores funded by Term Loan under TUFs of Rs. 900 crores and internal accruals of Rs. 200 crores. Under this project your company will be increasing its Ring Spinning capacity as a backward integration measure and further increase its Apparel Fabric, Home Textiles and Garment capacities. The Phase III expansion drive is expected to be completed by March 2008. The financial tie up for the project has been completed. Details of the Phase III projects are more comprehensively given under the head New projects. In the current year your company will be focussing on streamlining its operations and developing markets.

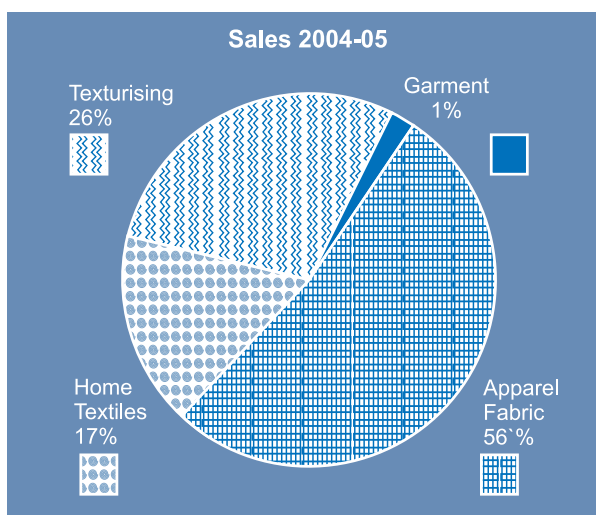
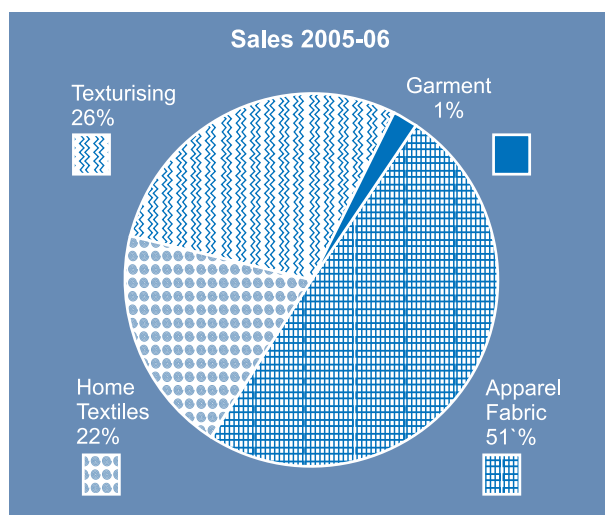
## OVERVIEW

Your Company's performance for the year was satisfactory with sales aggregating to Rs. 1420.70 crores as compared to Rs. 1224.50 crores in 2005 registering a growth of 16.02%. Exports including export incentive rose to Rs. 394.55 crores and Profit after tax increased by 22.36% to Rs. 109.21 crores.

### Divisional Performance:

(Rs. in crores)

Sr. No.	Division (% of total sales)	2005-06	% of sales	2004-05	% of sales	% growth in value
1	Apparel Fabric	728.01	51.24%	691.11	56.44%	5.34%
2	Home Textiles	309.55	21.79%	207.94	16.98%	48.87%
3	Texturising Yarn	368.23	25.92%	315.31	25.75%	16.78%
4	Garments	14.91	1.05%	10.14	0.83%	47.04%
	<b>Total</b>	<b>1420.70</b>	<b>100.00%</b>	<b>1224.50</b>	<b>100.00%</b>	<b>16.02%</b>



### Apparel Fabric:

The apparel fabric division constituted 51.24% of the total sales with sales of Rs. 728.01 crores. i.e. an increase of 5.34% over the sales of Rs. 691.11 crores for the previous year. Your company during the year added second line of apparel width processing in Vapi taking the capacity to 52.50 mn. meters p.a. The weaving capacity was increased to 57.50 mn. meters p.a. The apparel width processing capacity is also being increased to 82.50 mn. meters p.a. during the current year. This would enable the company to provide more value added products and reduce outsourcing of greige fabric and thus have better margins. Your company's growing customer base now includes leading buyers/retailers like GAP, JC Penny, Ann Taylor, Liz Claiborne, Decathlon etc. To widen its market reach, your company has set up marketing offices in Bangalore, Chennai and in Sri Lanka as major garment manufacturers are based there. Your company has also forayed into work wear and institutional sales, which have good potential. The company's emphasis in the future is to increase the unit realisation by concentrating on more value added products. The Company is also keenly looking at tying up with international manufacturer / buyers to improve its product range by inducting new technology. Your company's efforts to increase exports of fabric has started yielding results. For the year 2005-06, your company has been awarded Silver Trophy by TEXPROCIL for being the second highest manufacturer exporter in fabric category.

### Home Textile:

The Home Textile division was the fastest growing division with sales of Rs. 309.55 crores an increase of 48.87% over sales of Rs. 207.94 crores in FY 2004-05. The division sales as a percentage to total sales was 21.79% as against 16.98% in the previous year. The increase in sales was due to increase in capacities during the year. Your company is now widely recognised as being a leading home textile player. Your company's export performance in FY 2004-05 helped it win the silver trophy for being the second highest manufacturer exporter in the made up segment by TEXPROCIL. For the year 2005-06, your company has bagged Bronze Trophy for third highest manufacturer exporter in the made ups. Your company has also been awarded preferred business partner award by Li & Fung (Trading) Limited as their "Valued Business Partner- 2005". In

its efforts to expand product range, your company has also added top of the bed accessories like comforters, quilts etc. to its vast product range.

#### Texturising:

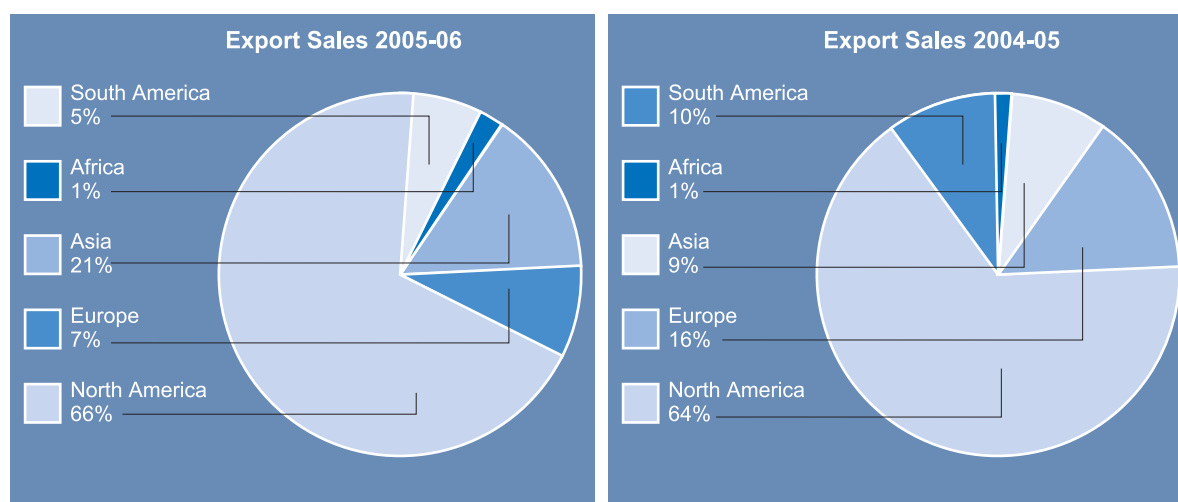
The texturising division had sales of Rs. 368.23 crores i.e. 25.92% of the total sales. Sales increased by 16.78% over sales of Rs. 315.31 crores achieved in 2004-05. The growth in sales is mainly on account of new capacities installed during the year and optimum utilisation of existing capacities. Polyester demand in India has been increasing on account of the varied usage of synthetic fabric. The government is also promoting this industry by reducing excise duties to 8% from 16%. Texturising is a volume business and hence your company is installing additional capacities. Your company is also as a backwardly integration measure setting up a POY manufacturing unit in Silvassa to ease up the raw material flow. This will enable your company to improve its margins.

#### Garment:

The garment division had sales of Rs. 14.91 crores i.e. 1.05% of the total sales. The expansion programme in this division is currently underway and the increase was on account of the additional machines already commissioned. The first phase of the expansion programme will be complete in the current year and the post expansion capacity of the company will be 8 mn. pieces p.a. Your company will also be opening retail stores in the name of "homes and Apparels" in Mumbai, Pune, Silvassa, Vapi and other cities in a phased manner as a foray into Retailing. This will benefit your company in developing brand presence in the domestic market.

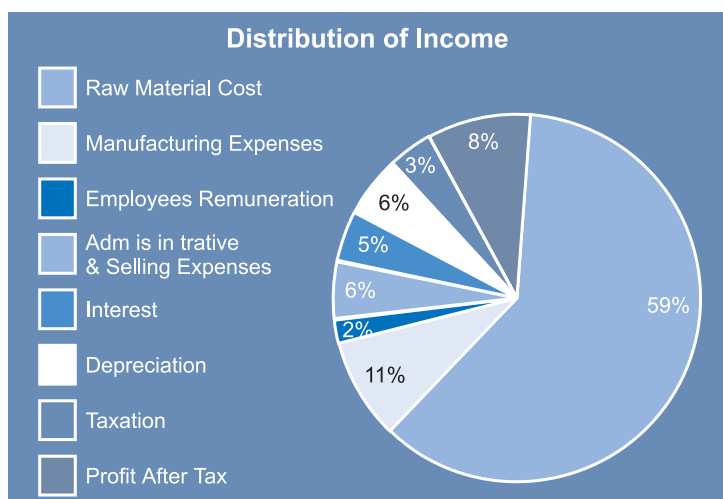
#### GEOGRAPHICAL DISTRIBUTION OF SALES

Export sales including export incentive increased to Rs. 394.55 crores in FY 2005-06 as compared to Rs. 306.53 crores in FY 2004-05 representing an increase of 28.71%. The Home textile division had the maximum export of Rs. 306.12 crores. Your company exports to more than 50 countries and the geographical distribution of sales is as under:



#### DISTRIBUTION OF INCOME

A Distribution of Income is given hereunder to provide a synopsis of your company's current year performance:





## OTHER INCOME:

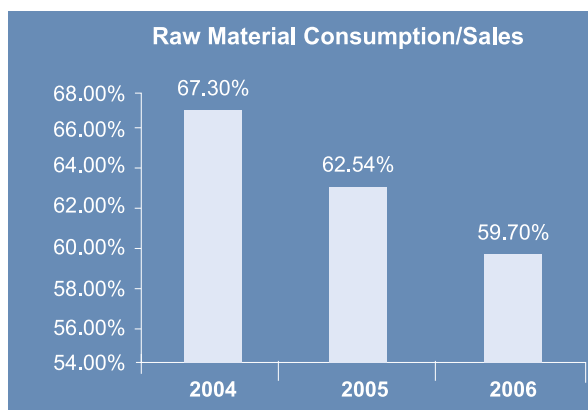
The total other income for the year was Rs. 5.14 Crores as compared to Rs. 6.37 Crore in the previous year. There was a variance of about 39% in other income as the figure shown in the provisional results was Rs.3.69 crore. This variance is mainly due to provision for doubtful debts to the extent of rs.1.25 crore being written back which has not resulted in any material difference to the overall revenues.

## OPERATIONAL AND ADMINISTRATIVE EXPENSES

Principle costs and expenses are being classified into raw material consumed, employee's remuneration, operational and other expenses, interest and depreciation. The comparative cost analysis for the year 2005 and 2006 are as under:

(Rs. in Crores)				
Sr. No.	Particulars	Twelve Months ended 31.03.06	Twelve Months ended 31.03.05	Percentage Increase / (Decrease)
a)	Raw Material Consumed	848.15	765.85	10.75%
	% to Sales	(59.70%)	(62.54%)	
b)	Payment to & Provision for Employees	28.04	19.44	44.24%
	% to Sales	1.97%	(1.59%)	
c)	Operational and Other Expenses	248.39	200.83	23.68%
	% to Sales	(17.48%)	(16.40%)	
	<b>Total ( a + b + c )</b>	<b>1124.58</b>	<b>986.12</b>	<b>14.04%</b>
	<b>(% to Sales)</b>	<b>(79.16%)</b>	<b>(80.53%)</b>	

The Raw material consumed including increase / decrease in stock and trading purchases in the Financial Year 2005-06 was Rs. 848.15 crores i.e. 59.70% of Sales as against Rs. 765.85 crores i.e. 62.54% of sales. This improvement is due to shift towards value added products, backward integration and improved efficiency in operations. Going forward, we expect further reduction in raw material cost when POY and Spinning starts. The improvement in the Raw material consumption ratio is reflected from the following graph:



Employee remuneration increased to Rs. 28.04 crores in the FY 2005-06 as compared to Rs. 19.44 crores in FY 2004-05. In terms of percentage to sale, the cost increased from 1.59% to 1.97%. This increase is due to increase in the number of employees mainly due to addition of new capacities during the year.

Other Manufacturing and Administrative Expenses were Rs. 248.39 crores in FY 2005-06 as compared to Rs. 200.83 crores in FY 2004-05. The major component of the expenses was power and fuel cost which increased to Rs. 66.79 crores in FY 2005-06 as compared to Rs. 49.59 crores in FY 2004-05. This increase was mainly due the higher fuel costs and increased consumption on account of increase in capacities. Your company is planning to set up a 50 MW power plant in Silvassa, which would be capable of switching to gas as a fuel as when made available at Silvassa.

## EBITDA

Your company achieved an EBITDA of Rs. 301.26 crores i.e. 21.21% of sales. This was a marked improvement over the EBITDA of the previous year of Rs. 244.75 crores i.e. 19.99%. The improvement was on account of concentration on more value added products, backward integration and improved operating efficiency.

## FINANCE COST

Your company's interest cost was Rs. 66.78 crores in FY 2005-06 as compared to Rs. 63.68 crores in FY 2004-05. The interest cost as a percentage to sales improved to 4.70% in FY 2005-06 as compared to 5.20% in FY 2004-05. Your company's continuous effort to reduce interest cost and better working capital finance management contributed in reducing the average borrowing cost. Most of the borrowings of your company are on long term basis under TUFs.

## DEPRECIATION

The Depreciation increased to Rs. 80.48 crores i.e. 5.66% of net sales in FY 2005-06 as against Rs. 57.56 crores i.e. 4.70% of net sales in FY 2004-05. The gross block of your company has doubled during the year following the major expansion of capacities across all divisions of your company.

## PROFIT BEFORE TAX

The Profit before tax for the FY 2005-06 was Rs. 154.00 crores i.e. 10.84% of sales as against Rs. 123.51 crores i.e. 10.09% of sales in FY 2004-05.

## TAXATION

Your company's total tax liability for the year was Rs. 44.79 crores comprising of corporate tax liability of Rs. 15.57 crores, deferred tax liability of Rs. 28.52 crores and fringe benefit tax of Rs. 0.70 crores. Due to the ongoing expansion projects your company's current tax liability was worked out on Minimum Alternative Tax (MAT) as the depreciation as per Income tax available to your company is considerably higher.

## PROFIT AFTER TAX

The Profit after tax was Rs. 109.21 crores (7.69% of net sales) in the current year as compared to Rs. 89.25 crores (7.29% of net sales) in the previous year. The increase in profit is on account of improved EBITDA.

## CASH PROFIT

The cash profit for the year was Rs. 189.69 crores i.e. 13.35% of sales as compared to Rs. 146.81 i.e. 11.99% of sales in the previous year.

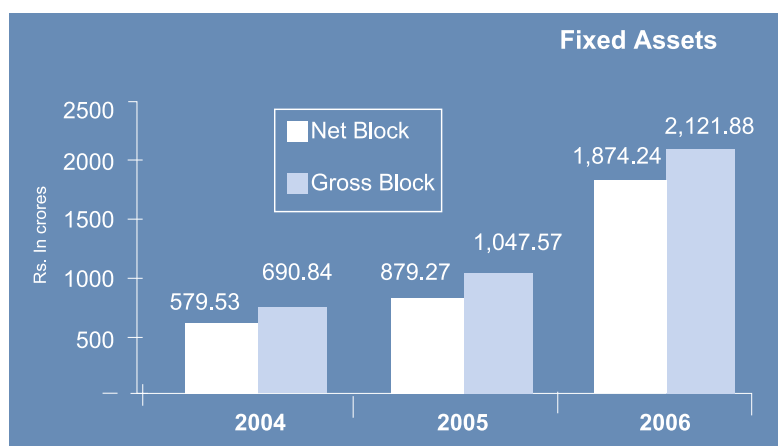
## EPS

The EPS (basic) of the company reduced to 6.68 from 7.25 in the earlier year. This was primarily due to the large equity built up the company has done during 2005-06 due to conversion of FCCBs, preference shares and warrants.

## FIXED ASSETS

Your company has been increasing its capacities to increase markets and improve margins. The expansions have been planned in all the divisions of your company. Accordingly your company's Gross Block including capital work in progress and expenditure during construction period increased to Rs. 2121.88 crores as compared to Rs. 1047.57 crores at the beginning of the year. The projects undertaken by your company are at an advanced stage of completion and the full benefits of the expansions will start accruing in the next two years.

The Net Block also grew from Rs. 879.27 crores in the previous year to Rs. 1874.24 crores in the current year including capital work in process of Rs. 706.9 crores and expenditure awaiting capitalisation of Rs. 11.57 crores.



## CURRENT ASSETS

Your company current assets comprise of inventories, receivables, cash and bank balance and loans and advances. The Current Assets have increased to Rs. 1,403.87 crores in the current year from Rs. 1,359.21 crores in the previous year. The debtor and inventory turnover days for the year was as under:

		(Rs. in crores)	
Sr. No.	Particulars	As at 31.03.2006	As at 31.03.2005
a.	Sales	1420.70	1224.50
b.	Debtors	354.53	402.97
		(91 days)	(120 days)
c.	Inventory	358.15	363.27
		(92 days)	(108 days)

The debtors (including export incentive receivable) as on 31<sup>st</sup> March, 2006 was Rs. 354.53 crores as against Rs. 402.97 crores as on 31<sup>st</sup> March, 2005. The debtor turnover days reduced from 120 days in 2004-05 to 91 days in 2005-06. With increase in exports, the average

credit period has reduced. In the local market too, your company has concentrated on value added products and thus has reduced credit period.

The inventory as on 31<sup>st</sup> March, 2006 was Rs. 358.15 crores as against Rs. 363.27 crores as on 31<sup>st</sup> March, 2005. Inventory included stock of raw material, stock of WIP, stock of finished goods and stock of stores and spares. The reduction in inventory was mainly on account of backward integration into weaving which has resulted in reduced reliance on outsourced fabric.

#### FCCBs ISSUE AND CONVERSION OF WARRANTS

During the year, company raised USD 70 mn (equivalent to Rs. 312.08 crores) through issue of Foreign Currency Convertible Bonds (FCCBs). It also received Rs. 33.22 crores on account of conversion of warrants. The details of the utilisation of the proceeds raised through the above-mentioned issue of securities are furnished below:

(Rs. in Crores)

Funds raised from	Nature of security issued	Amount raised	Funds Utilized for
Various FIIs	FCCBs	312.08	Rs. 155.41 for capital expenditure, Rs. 12.91 towards issue expenses. Balance of Rs. 143.76 crores is utilised yet.
Promoters	Equity Shares	33.22	For General Corporate purpose

#### CAPITAL STRUCTURE

The paid-up equity capital of your company rose from Rs. 134.02 crores to Rs. 157.47 crores. The build up of Equity Share Capital as on 31<sup>st</sup> March, 2006 is given as under:

Sr.	Particulars	No. of Equity Shares	Conversion Rate	Capital Amount	Premium Amount
A]	Opening Balance as on 01/04/2005	134,017,086	-	134.02	224.64
B]	Add :				
i)	1,450,000 Optionally Convertible Debentures issued to LIC of India.	2,604,634	55.67	2.60	11.90
ii)	300 FCCBs (Part A of USD 70 mn issue)	1,10,46,610	59.00	11.05	54.13
iii)	20 FCCBs (Part of USD 37.50 mn issue)	3,74,526	58.10	0.37	1.80
iv)	111 FCCBs (Part B of USD 70 mn issue)	33,68,569	71.59	3.37	20.74
v)	Warrants	59,66,400	55.67	5.97	27.25
vi)	Interest payable on FCCB converted in equity	90,631	62.89	0.09	0.47
	Total – B			23.45	116.82
C]	Less:				
	FCCB issue expenses				8.66
	Total B-C			23.45	108.16
	<b>Total as on 31/03/2006 (A+B-C)</b>	<b>15,74,68,456</b>		<b>157.47</b>	<b>332.80</b>

The preference share capital as on 31<sup>st</sup> March, 2006 was Rs. 68.00 crores as against Rs. 84.33 crores as on 31<sup>st</sup> March, 2005. Subsequent to the year-end, the preference shares were converted into equity shares at a premium of Rs. 51 per share.

#### TANGIBLE NETWORK

The Tangible Net Worth of your company increased from Rs. 598.07 crores to Rs. 807.53 crores. This improvement was on primarily on account of fresh equity infusion and improved profitability.

(Rs. in Crores)

Sr. No	Particulars	As at 31.03.06	As at 31.03.05
1.	Equity Share Capital	157.47	134.02
2.	Share Warrants	-	3.32
3.	<b>Reserves &amp; Surplus</b>		
	Securities Premium Reserve	332.80	224.64
	General Reserve	145.00	115.00
	Profit & Loss Account	129.84	101.55
	Others	42.42	19.54
	<b>Total Reserves &amp; Surplus</b>	<b>650.06</b>	<b>460.73</b>
	<b>Net Tangible Worth (1 to 3)</b>	<b>807.53</b>	<b>598.07</b>



## TOTAL DEBT

Your company's total debt including preference shares has gone up from Rs. 1,403.24 crores as on 31.03.2005 to Rs. 2,212.50 crores as on 31.03.2006. Most of your company's borrowings are in the form of Term loans under Technological Upgradation Fund Scheme (TUFS). The TUFS is being discontinued from 2007 and hence your company has expedited its expansion programmes to avail benefit of the interest subsidy under TUFS. The Total Net Debt of your company was Rs. 1679.47 crores as compared to Rs. 906.44 crores in the previous year, an increase of Rs. 773.03 crores.

## BOOK VALUE

Your company's book value has also gone up consequent to improvement in net worth. It has gone up to Rs. 51.28 in the current year from Rs. 44.38 in the previous year, consequent to improvement in net worth.

## DEBT- EQUITY RATIO

Your company's debt –equity ratio has gone up following the additional borrowings taken by the company for its expansion project. The debt-equity (debt net of cash) ratio has increased to 2.08 from 1.52 in the previous year. The gearing ratio will however start improving when the benefits of the expansion projects will start accruing to the company.

## FINANCIAL CONDITION AND LIQUIDITY

Particulars	(Rs. In crores)	
	2005-06	2004-05
<b>Net cash provided / (used) by :</b>		
Operating Activities	287.56	70.19
Investing Activities	(1092.91)	(354.67)
Financial Activities	840.26	624.08
<b>Net Cash Surplus</b>	<b>34.91</b>	<b>339.60</b>
<b>Cash &amp; Cash Equivalents</b>		
Beginning of the year	496.87	157.27
End of the year	531.78	496.87

Your company has generated cash from operations of Rs. 287.56 crores. During the year your company has raised Rs. 840.26 crores from financing activities and invested Rs. 1092.91 crores in fixed assets as part of the ongoing expansion programme. The cash balance has improved over the previous year and provides your company good liquidity.

## INTERNAL CONTROLS

Your Company has adequate internal control systems commensurate with its size of business operations. Your Company has appointed professional chartered accountant firms as internal auditors for all its locations for carrying out internal audit on a concurrent basis. The adequacy of the internal control systems, financial reporting and the reports of the internal auditors are reviewed at each meeting of the Audit Committee of the Board, amongst other things.

## HUMAN RESOURCES

Your company's progress is a reflection and outcome of the human resources it has. Your company had 8013 people on its payroll as on 31<sup>st</sup> March, 2006. Your company has fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously improve on their efficiency. Your company has a well-defined training programme to enable the employees to upgrade their skills as well as perform their functions diligently.

## RISK MANAGEMENT

Your company continuously monitors the risks associated with its business and takes appropriate action to mitigate the same on an ongoing basis. The major risks associated with the business as identified by the management are as under:

### Raw Material Prices:

Raw Material cost being the major cost for the company, constituting about 60% of its revenue, any major hikes in raw material prices can affect the performance of your company adversely. The company's apparel fabric, home textiles and garment segments are largely cotton based whereas in case of texturising, the major raw material is POY, a man made fibre. Cotton yarn prices are largely dependent on the price and production of cotton, which in turn is vulnerable to the vagaries of the monsoon. The prices of cotton yarn may increase in the event of failure of cotton crop. Similarly, prices of POY is linked to the prices of petroleum and petro-chemical products and any increase in the prices of these products, may impact POY prices adversely.

Your company has a well-laid policy for procurement of cotton yarn. The order for the raw material is placed as soon as the confirmation of sales order is received. This enables the company to avoid any adverse fluctuations in raw material prices. In case of apparel fabrics, home textiles and garments, company's sales are customer-driven and hence pricing is order-based. Your company is, thus generally able to pass on the increase in raw material prices to its customers. Your company's spinning capacities should be operational shortly and this will further



help mitigate the raw material cost. In case of texturising, the company has amongst the largest capacities in the country, which enable it to derive the benefits of bulk discounts on raw material purchases. Further with its foray into POY in the near future as a backward integration measure, your company will be able to save on the input cost.

#### **Cost, quality and timely deliveries:**

Your company's major products are export oriented where cost, quality and delivery schedules are of prime importance. There could be adverse impact on the company's performance and loss of goodwill if the company fails to supply goods of requisite quality or fails to deliver on time.

It is your company's constant endeavour to achieve the highest international benchmarks in quality, reliability and consistency. Your company has stringent quality control procedures at each stage of production. Every unit is checked as per the international quality parameters before it is shipped out. Towards this end, company has initiated the "Mission Zero" programme with the object of achieving zero defect in quality and zero delays in deliveries. Your company has also taken effective steps to improve its cost competitiveness by creating large sized plants with backward and forward integration. All these measures have helped the company to keep cost under control, meet stringent quality parameters and reduce lead times.

#### **Gearing:**

Your company has undertaken large capital expenditure in phased manner to capitalize on the opportunities of the post quota regime. This has resulted in increased gearing in your company.

Your company has consciously decided to leverage its balance sheet to take benefit of the low cost fund available under Technology Upgradation Fund Scheme (TUFs). Thus, overall interest cost of the company is quite low and easily serviceable. Moreover, the term loans under the above scheme have long repayment schedules with adequate moratorium. With commencement of operations from new plants and improved cash flows, the gearing would reduce over a period of time.

#### **Competition:**

The dismantling of quotas has opened up global markets and companies would face intensive competition, especially from countries like China, Pakistan and other Asian countries.

Your company had foreseen this scenario some time back and accordingly geared itself by setting up state-of-the-art facilities across the textile chain from weaving, knitting to processing, garments and made-ups. Your company is thus equipped well to handle the post-WTO challenges. The diversified lines of businesses, product development and design skills and ability to deliver at the shortest possible time provides your company with a distinct competitive advantage.

#### **Currency fluctuations:**

The fluctuation in foreign exchange rates impacts both the business and the foreign currency debt profile.

Your company has a dynamic foreign currency risk management policy to manage forex risks. Your company has also appointed Mecklai Financial & Commercial Services Limited as consultants for forex risk and liability management under whose advise suitable hedging transactions are undertaken. Your company's growing export revenues provide sufficient cover for its foreign debt obligations.

#### **Interest rates:**

Your company's debt profile comprises of both domestic debt in rupees and foreign currency borrowings governed by floating rates of interest. Any upward hikes in interest rates therefore, would adversely impact the servicing of the above debt. A major portion of the domestic debt is under TUFs at a concessional rate of interest.

Your company also uses derivative instruments, commercial paper, packing credit etc., to keep the interest cost low.

#### **CAUTIONARY STATEMENT**

Statements in this Management Discussion & Analysis describing your company's objectives, projections, estimates or expectations may be "Forward Looking Statements" within the meaning of applicable laws or regulations. These statements have been prepared based on certain underlying assumptions and reasonable expectation of future events. Actual results may differ materially from those expressed or implied.

## NEW PROJECTS

### Phase III

Your company in the concluding Phase III of its expansion drive has planned capital expenditure of Rs. 1100 crores under which it proposes to add 200,000 spindles to increase its ring spinning capacity by 15000 tpa to reduce cost of raw material and ensuring quality input.

Your company will be further enhancing its Weaving capacity in the Apparel Fabric Division by 25 mn. meters p.a. taking the total capacity to 82.50 mn. meters p.a. to match its processing capacities. This would reduce your company's dependence on outsourced fabric and enable it to supply more value added products.

Your company will be adding one more line of wider width processing taking the total capacity to 82.50 mn. meters p.a. from the present 60 mn. meters p.a. The wider width weaving capacities would also be increased by 24.80 mn. meters taking the total capacities to 70.00 mn. meters p.a. The made up stitching capacity is also being increased to 10 mn. sets p.a. This would position Alok as a significant player in the Home Textiles in the bed sheet segment.

Your company in its endeavour to provide value added services to its customers, is further scaling up its Garment capacity by 7 mn. pieces p.a. taking the total capacities to 15 mn. pieces p.a. Your company will also be looking at diversifying its product range to include woven garments for men, women and children in formal, evening and casual wear. All the above projects are scheduled to be completed by March 2008.

Capacities post expansion program

(Capacities per annum)

Divisions	Units	Present Capacities per annum*	Expansion Project (Rs.1100 crore)	Post Expansion Capacities per annum
<b>Spinning</b>				
Ring Frame	TPA	5250	15000	20250
Open End	TPA	1830	-	1830
<b>Home Textile</b>				
Wider Width Weaving	Mn. mtrs.	45.20	24.80	70.00
Wider Width Woven Processing	Mn. mtrs.	60.00	22.50	82.50
(equivalent sheet sets)	Mn. sets	(10.00)	(3.75)	(13.75)
Terry Towels	TPA	6700	-	6700
<b>Apparel Fabrics</b>				
Apparel Width Weaving	Mn. mtrs.	57.50	25.00	82.50
Apparel Width Woven Processing	Mn. mtrs.	82.50	-	82.50
Knitting	TPA	16800	-	16800
Knit Processing	TPA	16800	-	16800
Yarn Dyeing	TPA	3000	-	3000
<b>Garments</b>	Mn. pcs.	8.00	7.00	15.00
<b>Texturising</b>	TPA	85000	-	85000
POY	TPA	47000	-	47000

\*Note: Capacities include capacities under implementation

### Power Plant and Regular Capex

Besides the Phase III capex programme, your company proposes to set up a 50 MW captive power plant in Silvassa. The power plant would reduce your company's reliance on outside power and would ensure steady uninterrupted power for its operations. Your company has raised External Commercial Borrowings of JPY 11.8 bn (approx. Rs. 450 crores), out of which Rs. 150 crores would be used for funding This Power project and the balance amount of Rs. 300 crores would be utilised for its regular capital expenditure programme.

## CORPORATE GOVERNANCE REPORT

### Company's Philosophy on Code of Corporate Governance:

Corporate Governance is about management and conduct of an organization based on ethical business principles and commitment to values. Alok strives to ensure sustainable returns to all stakeholders of the business and believes that sound corporate governance is critical to enhance and retain investor trust. The company's philosophy of corporate governance is aimed at aiding the management in conducting operations efficiently and is guided by a strong emphasis on integrity, accountability and transparency. Accordingly, the company adopts and follows certain policies, procedures and principles, which is in line with the best practise and also meets all relevant legal and statutory requirements. All employees are bound by a Code of Conduct that lays down and regulates the company's policies on all important matters.

### I. BOARD OF DIRECTORS

#### (A) Composition and size of the Board

The present strength of the Board is twelve directors comprising of Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. Executive Directors, including the Chairman, do not generally exceed 25% of the total strength of the Board. The following is the composition of the Board of Directors as on 31<sup>st</sup> March 2006. The other relevant details relating to Directors are also given below:

Category	No. of Directors	% to total no. of Directors
Executive Directors	4	25%
Non-Executive Independent Directors	8	75%

Directors	Category	Attendance of Directors		No. of other directorships and committee members/chairmanships		
		Board Meetings	Last AGM	Other Directorships *	Committee Memberships **	Committee Chairmanships **
<b>Executive Directors</b>						
Ashok B. Jiwrajka	Executive Chairman	5/5	Yes	10	1	1
Dilip B. Jiwrajka	Managing Director	5/5	Yes	9	4	—
Surendra B. Jiwrajka	Jt. Managing Director	4/5	Yes	9	2	—
Chandrakumar Bubna	Executive Director	5/5	Yes	2	—	—
<b>Non-Executive Directors</b>						
Ashok G. Rajani	Independent Director	4/5	Yes	3	—	—
K. R. Modi	Independent Director	5/5	Yes	1	2	—
Ashok Kumar #	Independent Director – Nominee Director of IDBI Limited	1/5	Absent	1	—	—
K.J.Punnathara	Independent Director – Nominee Director of Life Insurance Corporation of India	5/5	Yes	—	—	—
K.C.Jani	Independent Director – Nominee Director of IDBI Limited	5/5	Yes	1	1	—
A.K.Bhan @	Independent Director – Nominee Director of IFCI Limited	3/5	Yes	1	—	—
R. J. Kamath #	Independent Director – Nominee Director of IDBI Limited	4/5	Yes	5	3	1
S. Sridhar \$	Independent Director – Nominee Director of Export-Import Bank of India	2/5	Absent	2	—	—
Timothy Ingram &	Independent Director	1/5	Absent	—	—	—
Rakesh Kapoor @	Independent Director – Nominee Director of IFCI Limited	1/5	N.A.	4	—	—

# Ceased to be a Director with effect from 21st May 2005 on the withdrawal of nomination by IDBI Limited and in his place Shri R. J. Kamath was appointed as Nominee Director of IDBI Limited with effect from 21st May 2005.

\$ Appointed as Nominee Director of Export-Import Bank of India with effect from 27th June 2005.

& Appointed as an Additional Director w.e.f. 29<sup>th</sup> July 2005 and his directorship was confirmed at the AGM held on 29<sup>th</sup> September 2005.

@ Ceased to be a Director with effect from 31<sup>st</sup> January 2006 on the withdrawal of nomination by IFCI Limited and in his place Shri Rakesh Kapoor was appointed as Nominee Director of IFCI Limited with effect from 31<sup>st</sup> January 2006.

Note: Smt. Hiroo S. Advani has been appointed as Nominee Director of Export-Import Bank of India with effect from 19<sup>th</sup> April 2006 in place of Shri.S. Sridhar

\*\* In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/chairmanship of only the Audit Committee, Shareholders'/Investors' Grievance Committee and the Remuneration Committee of all other Public Limited Companies have been considered.

None of the Directors of the Company was a member of more than ten committees nor was the Chairman of more than five Committees across all Companies in which he or she was a Director.

## 2. Details of Board Meetings held during the Financial Year:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	25 <sup>th</sup> April, 2005	10	10
2.	29 <sup>th</sup> July, 2005	12	10
3.	8 <sup>th</sup> August, 2005	12	09
4.	28 <sup>th</sup> October 2005	12	11
5.	31 <sup>st</sup> January 2006	12	10

## 3. Board Meetings and its procedures:

The meetings of the Board of Directors, scheduled through an annual calendar agreed upon in advance at the beginning of the year, are generally held in Mumbai. The Board meets at least once every quarter to consider amongst other businesses, the quarterly performance of the Company and financial results. The agenda for the meeting, circulated at least three days in advance to the Directors, contains detailed review of all aspects of the Company business. The Board folder contains adequate information to enable the Board to take informed decisions.

### (a) Information placed before the Board of Directors :

The following information is regularly placed before the Board of Directors.

- Annual Budgets and updates thereon;
- Capital expenditure proposals and review of their information;
- Forecasts for forthcoming quarters and analysis of their variances with actuals;
- Quarterly, Half yearly and Annual Results of the Company;
- Information on recruitment and remuneration of senior officials just below the Board level;
- Material communications from Government Bodies;
- New projects and joint ventures;
- Status of material nature of investments, subsidiaries, assets etc. which are not in the normal course of business;
- Fatal or serious accidents, dangerous occurrences, any material effluent, pollution problems;
- Labour Relations;
- Material transactions which are not in the ordinary course of business;
- Disclosures by the management of material transactions, if any, with potential for conflict of interest;
- Compliance with all regulatory and statutory requirements;
- Legal proceedings involving the Company;
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

## II. BOARD COMMITTEES:

The Company has five committees :

- (1) the Audit Committee,
- (2) the Share Transfer and Investors' Grievances Committee,
- (3) the Remuneration Committee;
- (4) the Executive Committee; and
- (5) the Project Monitoring Committee

### 1. Audit Committee :

The Board of Directors of the Company has constituted an Audit Committee comprising of six directors of which five are Independent Non-Executive Directors viz.

Shri K. C. Jani, Chairman (having financial and accounting knowledge), Non-Executive Independent Director,

Shri Ashok G. Rajani, Non- Executive Independent Director,

Shri K. R. Modi, Non- Executive Independent Director,

Shri A. K. Bhan\*, Non- Executive Independent Director,

Shri Rakesh Kapoor\*, Non- Executive Independent Director,

Shri K. J. Punnathara, Non- Executive Independent Director (inducted at the Board Meeting held on 31<sup>st</sup> January 2006)

Shri Dilip B. Jiwrajka, Executive Director (inducted at the Board Meeting held on 31<sup>st</sup> January 2006)

\* Ceased to be a Director with effect from 31<sup>st</sup> January 2006 on the withdrawal of nomination by IFCI Limited and in his place Shri Rakesh Kapoor was appointed as Nominee Director of IFCI Limited with effect from 31<sup>st</sup> January 2006.

The members of the Audit Committee are well versed with finance and accounts / legal matters and general business practice. All the Directors are financially literate and Shri K. C. Jani has accounting and financial management expertise. The Vice President (Legal) & Company Secretary acts as the Secretary of the Audit Committee. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.



The terms of the reference stipulated by the Board to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services rendered by the Auditors;
3. Reviewing with the management the annual financial statements before submission to the Board, focussing primarily on (a) any changes in accounting policies and practices, (b) major accounting entries based on exercise of judgement by management, (c) qualifications in draft audit report, (d) significant adjustments arising out of audit, (e) the going concern assumption, (f) compliance with accounting standards, (g) compliance with stock exchange and legal requirements concerning financial statements, (h) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
5. Reviewing the adequacy of internal audit function, 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;
6. Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
7. Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on 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;
8. Discussion with external auditors before the audit commences, of the nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
9. Reviewing the company's financial and risk management policies;
10. Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) and creditors;
11. Considering such other matters as may be required by the Board;
12. Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

#### Meetings and Attendance:

##### Details of Audit Committee Meetings held during the financial year:

During the financial year ended 31<sup>st</sup> March, 2006, five meetings of the Audit Committee were held, as follows:

Sr. No.	Date	Committee Strength	No. of members present
1	25 <sup>th</sup> April, 2005	4	4
2	29 <sup>th</sup> July, 2005	4	4
3	8 <sup>th</sup> August, 2005	4	3
4	28 <sup>th</sup> October 2005	4	4
5	31 <sup>st</sup> January 2006	3	2

##### Attendance at Audit Committee Meetings during the financial year:

Sr. No.	Name Of the Director	No. of Meetings Attended
1	K. C. Jani	5
2	K. R. Modi	5
3	Ashok G. Rajani	4
4	A. K. Bhan	3

The head of finance function and the representatives of the Statutory Auditors and Internal Auditors were invited to present at the Audit Committee Meetings.

#### 2. Share Transfer and Investors' Grievances Committee :

The Board of the Company has constituted a Share Transfer and Investors' Grievances Committee. The Composition of Share Transfer and Investors' Grievances Committee is as under:

- Shri Ashok G. Rajani, Chairperson (Non-Executive Independent Director)
- Shri Ashok B. Jiwrajka (Executive Director)
- Shri Dilip B. Jiwrajka (Executive Director)
- Shri Surendra B. Jiwrajka (Executive Director)

The Committee reviews all the matters connected with the securities transfer. The Committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, issue of share certificates etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

The Committee met 22 times during the financial year 2005 – 2006. All the directors of the said Committee were present at the said meetings.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, were 270. Outstanding Complaints as on 31st March 2006 were Nil. All cases were resolved to the satisfaction of the shareholders.

The Vice President (Legal) & Company Secretary is the Compliance Officer.

### 3. Remuneration Committee :

The Remuneration Committee comprises of:

Shri K.C.Jani, Chairperson, Non-Executive Independent Director

Shri K.J.Punnathara, Non-Executive Independent Director; and

Shri Dilip B. Jiwrajka, Executive Director.

The Remuneration Committee is responsible for recommending the fixation and periodic revision of the compensation of the Managing and Whole Time Directors and senior employees after reviewing their performance based on certain parameters. The remuneration policy of the Company is directed towards rewarding performance, based on the review of achievements on a periodic basis.

Payment of remuneration to the Executive Chairman / Managing Director / Jt. Managing Director / Executive Director is governed by the respective agreements executed between them and the Company. Their remuneration structure comprises salary, commission linked to profits, perquisites and allowances, contribution to provident fund, super annuation and gratuity. The Non-Executive Independent Directors do not draw any remuneration from the Company other than sitting fees as determined by the Board. The Company currently pays sitting fees of Rs.10000/- to the Non-Executive independent directors (increased from Rs.5,000/- per meeting till 29th April,2005).

#### Details of remuneration paid to the Executive Chairman, Managing Director, Joint Managing Director, Executive Director during the FY 2005 - 2006 are as under:

Name of the Director	Designation	Remuneration paid during 2005 - 2006 (in Rupees)			
		Sitting fees	Salary & Perks (*)	Commission	Total
Ashok B. Jiwrajka	Executive Chairman	—	60,04,230	1,25,00,000	1,85,04,230
Dilip B. Jiwrajka	Managing Director	—	60,04,238	1,25,00,000	1,85,04,238
Surendra B. Jiwrajka	Jt. Managing Director	—	60,04,238	1,25,00,000	1,85,04,238
Chandrakumar Bubna	Executive Director	—	60,04,966	1,25,00,000	1,85,04,966

\* Also includes the Company's contribution to Provident and Superannuation Funds

#### Notes:

- The Agreements with the Executive Chairman / Managing Director / Joint Managing Director/ Executive Director is for a period of five years. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing to the other party provided, however, that the Company shall be entitled to terminate the incumbent's employment at any time by giving him of six months' notice.
- The Company has not granted any stock options to any of its Directors.

#### Details of remuneration paid to the Non-Executive Directors during the FY 2005 - 2006 are as under:

Name of the Director	Sitting Fees paid (in Rupees)	Total No. of Shares held in the Company as on 31st March 2006
Ashok Rajani	35,000	100
K. R. Modi	45,000	1500
Ashok Kumar	5,000	—
K.J.Punnathara	45,000	—
K.C.Jani	45,000	—
A.K.Bhan	25,000	—
R. J. Kamath	40,000	—
S. Sridhar	20,000	—
Timothy Ingram	10,000	—
Rakesh Kapoor	10,000	—

Mr. K. R. Modi is a senior partner of M/s.Kanga & Co., Solicitors and Advocates, who have professional relationship with the Company. The quantum of professional fees received by M/s.Kanga & Co. from the Company constitutes less than 2% of the total revenues of the legal firm. As per the view of the Board of Directors, the association of the legal firm, with the Company is not material. The professional fees of Rs.16.47 lakhs paid to the legal firm during the year ended 31.03.2005 are not considered material enough to impinge on the independence of Mr.K. R. Modi.



#### 4. Executive Committee:

The Board of Directors has delegated the authority to the Executive Committee comprising of three Executive Directors viz. Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka to supervise and monitor day-to-day affairs of the Company.

#### 5. Project Monitoring Committee :

The Board of Directors has constituted a Project Monitoring Committee to monitor ongoing projects envisaging expansion of capacities for home textiles, apparel fabrics and garments under the Technology Upgradation Fund Scheme. The composition of the Project Monitoring Committee is as under:

- Shri K. C. Jani, Non-Executive Independent Director
- Shri Ashok G. Rajani, Non-Executive Independent Director
- Shri Dilip B. Jiwrajka, Executive Director
- Shri Surendra B. Jiwrajka, Executive Director.

The aforesaid Committee has been set up on 29th April 2005 and the said Committee has met twice during the FY 2005 - 2006 i.e. on 29<sup>th</sup> July 2005 and 08<sup>th</sup> March 2006 where all the members of the Committee were present

### III. SHAREHOLDERS :

#### 1. Disclosure regarding appointment and re-appointment of Directors:

As per the provisions of the Companies Act and Articles of Association of the Company, one-third of two-third of the Directors retire by rotation, and if eligible, offer themselves for re-appointment at the Annual General Meeting. In accordance with the Companies Act 1956, and the Articles of Association of the Company, Shri Surendra B. Jiwrajka and Shri Chandrakumar Bubna will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Details of Directors being considered for re-appointment at the AGM:

Name of Director	Mr.Surendra B. Jiwrajka	Mr.Chandrakumar Bubna
Designation	Joint Managing Director	Executive Director
Date of Birth	17.10.1958	15.01.1953
Date of Appointment	12.03.1986	27.05.1993
Profession	Businessman	Businessman
Expertise in specific functional areas	Project Management, Production and Marketing of Polyester Yarn, Polyester Knitted Fabrics and Garments	Marketing of Woven and Knitted Fabrics.
Qualifications	B. Com	B. Com
List of outside Directorship held excluding Alternate Directorship and of Private Companies	Grabal Alok Impex Limited Alok Knit Exports Limited Grabal Alok International Limited	Grabal Alok Impex Limited
Chairman/Member of the Committee of Board of Directors of the Company.	Member of (i) Executive Committee and (ii) Share Transfer and Investor Grievance Committee;and (iii) project Monitoring Committe	Nil
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director	Member of (i)Executive Committee and (ii)Share Transfer and Investors Grievance Committe of Grabal Alok Impex Limited.	Nil
No. of equity shares held in the Company	68,52,263	99,920

#### 2. Shareholders' Redressal:

The Company's Registrar and Share Transfer Agent, M/s.Intime Spectrum Registry Limited is fully equipped to carry out transfer of shares and redress investor complaints.

The Board of Directors has delegated the authority to Shri K. H. Gopal, Vice President (Legal) & Company Secretary, as the Compliance Officer for redressal of Share Holders grievances.

### 3. General Body Meetings:

Details of the last three Annual General Meetings are given in the table below:

Year	Location	Date	Time	Special resolutions passed
2002-2003	ORT Simeon Seminar Centre, ORT India Building, 68, Worli Hill Road, Worli, Mumbai – 400 018	30.09.2003	11.00 a.m.	1. Appointment of Auditors; 2. Delisting of Company's shares from certain stock exchanges. 3. Re-appointment of three Executive Directors of the Company.
2003-2004	Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025 creation of charge /mortgage	30.09.2004	11.00 a.m.	Re-appointment of Executive Director
2004-2005	Same as above	29.09.2005	10.00 a.m.	

### 4. Postal Ballot:

For the year ended 31st March 2006, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

### 5. Disclosures:

**a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.**

Transactions with the related parties are disclosed in detail in Note No.B-3 "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

**b) Disclosure of Accounting Treatment.**

The Company has followed all relevant Accounting Standards while preparing the financial statements.

**c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years.**

None

**d) Risk Management**

During the year under review, a detailed exercise on Business Risk Management was carried out covering the entire spectrum of business operations through a reputed consulting firm and the Board has been informed about the risk assessment and minimization procedures as required under Clause 49 of the Listing Agreement. Business risk assessment, evaluation and management is an ongoing process within the Company.

**e) Proceeds from the public issues, right issues, preferential issues etc.**

The company did not make any public / rights / preferential issues in the year under review. The company, however, issued overseas convertible offerings (foreign currency convertible bonds) during the year under review to the extent of USD 70 million divided into 1400 bonds of USD 50000.00 each.

**f) Code of Business Conduct and Ethics for Directors and Senior Managers**

The Board at its Meeting held on 28<sup>th</sup> October 2005 has adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the Code'). This Code is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive as well as members of Senior Management. The Code while laying down standard of business conduct, ethics and governance, centres around the following theme:-

The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of the local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments this Code should be adhered to in letter and in spirit.

The said code has been communicated to all the Directors and Members of the Senior Management and the compliance of the same has been affirmed by them. The Code has also been put on the Company's website [www.alokind.com](http://www.alokind.com). A declaration signed by the Managing Director affirming the compliance of the Code of Conduct by Board Members and senior management executives is also annexed separately in this Annual Report.



## 6. Means of Communication:

Details of the communication to the shareholders are given in the table below:

Recommendation	Compliance
Quarterly results Which news papers normally published in	The un-audited quarterly results are announced within one month from the same and published in Business Standard and Sakal, Economic Times and Maharashtra Times.
Any Website, where displayed	Yes. <a href="http://www.alokind.com">www.alokind.com</a>
Whether it also displays official news releases and presentations made to institutional investors/analyst	Yes
Whether MD&A is a part of annual report	Yes
Whether Shareholder information section forms part of the Annual Report	Yes
SEBI EDIFAR	Annual Report, Quarterly results, Shareholding pattern etc. of the Company are also posted on the SEBI EDIFAR website <a href="http://www.sebiedifar.nic.in">www.sebiedifar.nic.in</a>

All material information about the Company is promptly sent through facsimile to Stock Exchanges where the Company's shares are listed and released to wire services and the press for information of the public at large.

The Company's corporate website [www.alokind.com](http://www.alokind.com) provides comprehensive information of Alok's business, its social responsibility activities. The entire Report and Accounts as well as quarterly and half-yearly financial results are available in the downloaded forms under the section "Financial Results" on the Company website as a measure of added convenience to investors.

The Report of Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

## 7. SEBI PREVENTION OF INSIDER TRADING:

The Company has a separate Insider trading Code in line with SEBI (Prohibition of Insider Trading) Regulations, 1992. The said code is applicable to all Directors and specified employees of the Company. The Code governs sale and purchase of Shares of the Company by directors and specified employees. In terms of this code directors and specified employees of the Company can deal in shares of the Company only during "Trading Window Open Period" and the compliance officer appointed under the code is the Vice President (Legal) and Company Secretary.

During the time of declaration of results, dividend and other material events, the trading window is closed as per the Code.

## 8. Auditor's Certificate on Corporate Governance:

The Company has obtained a Certificate from the Statutory Auditors regarding Compliance of conditions of Corporate Governance as stipulated in Clause 49 and the same is annexed.

## IV. NON MANDATORY REQUIREMENTS:

### (a) Non-Executive Chairman's office.

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

### (b) Remuneration Committee

As stated earlier, the Board has already set up a Remuneration Committee. Details regarding composition and scope of Remuneration Committee are given at Item No II (3) above.

### (c) Shareholder rights – furnishing of half yearly results.

The Company's half yearly results are published in the newspapers and also posted on its web site and are, therefore, not sent to the shareholders. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

### (d) Audit Qualifications:

During the period under review, there is no audit qualification in the financial statement. The Company continues to adopt best practice to ensure unqualified financial statements.

### (e) Whistle-Blower Policy:

The Company encourages an open door policy where employees have access to the Head of the Business / Function. In terms of Alok's Code of Conduct, any instance of non-adherence to the Code / any other observed unethical behaviour is to be brought to the attention of the immediate reporting authority, who is required to report the same to the Vice President (Legal) & Company Secretary.

## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31.03.2006.

Place: Mumbai

Dated: 10<sup>th</sup> August 2006

**Dilip B. Jiwrajka**  
Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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To,

The Members  
Alok Industries Limited

We have examined the compliance of conditions of Corporate Governance by Alok Industries Limited for the year ended 31<sup>st</sup> March 2006 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges in India.

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.

In our opinion and to the best of our information and according to the explanations given to us, we Verify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that as per the records maintained by the Company, there were no investor grievances remaining pending for a period exceeding one month.

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

**For Gandhi & Parekh**  
Chartered Accountants

**Mahesh T. Gandhi**  
Partner  
Membership No.32471

Place : Mumbai:  
Dated:10<sup>th</sup> August 2006.



## 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 2006 (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. The Company has duly filed the forms and returns with the authorities prescribed under the Act and rules made thereunder.
3. The Board of Directors duly met Five times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
4. The Annual General Meeting for the Financial Year ended on 31st March 2005 was held on 29<sup>th</sup> September 2005 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. One Extra Ordinary General Meeting was held on 25<sup>th</sup> April 2005 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
6. 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.
7. The Company has appointed Intime Spectrum Registry Ltd. as Share Transfer Agent who have 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.
8. The Board of Directors of the company is duly constituted. The appointment of Directors, Additional Directors and Nominee Directors have been made in accordance with the Provisions of the Act.
9. The Company has redeemed 3,33,400, 12% Cumulative Non-Convertible Redeemable Preference Shares, 1,50,00,000, 10.50% Cumulative Non-Convertible Redeemable Preference Shares and 10,00,000, 8% Cumulative Non-Convertible Redeemable Preference Shares during the Financial Year.
10. The Company has made allotment of 23,451,370 equity shares of Rs.10/- each during the Financial Year.
11. The Company has altered its Memorandum of Association and Articles of Association during the Financial Year .
12. The Company had constituted the Audit Committee required as per Section 292A of the Act.
13. The Company has appointed Cost Auditors under Section 233B of the Act.

Place: Mumbai  
Dated: 10<sup>th</sup> August 2006

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

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors take pleasure in presenting the 20<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2006. The summarized performance during the year is given below:

### FINANCIAL RESULTS

Particulars	(Rs. in crores)	
	2005-06	2004-05
Sales / Job charges (net of excise)	1,420.70	1,224.50
Other Income	5.14	6.37
Total Income	1,425.84	1,230.87
Total Expenditure	1,124.58	986.12
Profit before interest, depreciation & taxes	301.26	244.75
Interest	66.78	63.68
Depreciation	80.48	57.56
Profit Before Tax	154.00	123.51
Provision for Taxation – Current	(15.57)	(9.68)
- Deferred	(28.52)	(24.58)
- Fringe Benefit Tax	(0.70)	
Profit After Tax	109.21	89.25
Add: Balance brought forward	101.55	122.62
Add: Excess/(Short) provision of tax in respect of earlier year	0.08	0.27
Less: Provision for deferred tax for earlier years	-	-
<b>Balance available for appropriation</b>	<b>210.84</b>	<b>212.14</b>
Add / (less): Dividend earlier years	2.08	(0.47)
Dividend: Equity	18.90	16.07
Preference	7.59	8.47
Tax on Dividend	3.71	3.38
Transfer to Capital Redemption Reserve	-	-
Transfer to Debenture Redemption Reserve	22.88	-
Transfer to General Reserve	30.00	82.20
<b>Balance carried to Balance Sheet</b>	<b>129.84</b>	<b>101.55</b>

### Performance

During the financial year under review your company recorded sales of Rs.1420.70 crores and profit before tax of Rs.154.00 crores, an increase of 16.02% and 24.69% respectively over the previous year. Your Company's exports (including incentives) increased to Rs.394.55 crores from Rs.306.53 crores in the previous year, an increase of 28.71%. A detailed note on the performance of the company for the year under review is given in 'Management Discussion and Analysis' and the same forms part of this Directors' Report.

### Dividend

Your Directors have recommended a dividend of Rs.1.20 per equity share of Rs. 10/- each (previous year Rs.1.20) for the financial year ended 31<sup>st</sup> March 2006 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be Rs.18.90 crores (excluding tax of Rs 2.65 crores) as against Rs.16.07 crores paid last year (excluding tax of Rs. 2.26 crores).

The payout on account of dividend on preference shares will be Rs. 7.59 crores (excluding tax of Rs. 1.06 crores) as compared to Rs. 8.47 crores (excluding tax of Rs. 1.12 crores) paid last year.

### Capital & Finance

During the year under review, the Company allotted 59,66,400 equity shares of Rs.10/- each at a premium of Rs.45.67 per share upon conversion of 59,66,400 Warrants. After the aforesaid conversion there are no outstanding Warrants remaining to be converted into equity shares. Also 14,50,000 outstanding optionally fully convertible Debentures held by LIC were converted in to 26,04,634 equity shares of Rs.10/- each at a premium of Rs. 45.67 per share. Further 20 outstanding 2.50% unsecured Foreign Currency Convertible Bonds (FCCBs) of the face value of USD 25000 each aggregating to USD 5 million were converted in to 3,74,526 equity shares at a premium of Rs. 48.10 per share. By virtue of conversion of the above FCCBs, the entire 2.50% Unsecured FCCBs stands fully converted in to equity shares.

During the current year, 6,80,00,000 Optionally Convertible Preference Shares aggregating to Rs. 68 crores held by a foreign investor were converted into 1,11,47,540 equity shares of Rs.10/- each at a premium of Rs.51 per share.

Your Company successfully concluded an issue of 1% unsecured foreign currency convertible bonds (with yield to maturity of 6%) aggregating to USD 70 million (due in 2010) to finance capital expenditure comprising of 300 Part A compulsorily convertible bonds totalling USD 15 million and 1100 Part B bonds totalling USD 55 million. The bonds are listed on the Luxembourg Stock Exchange. As on the date of this Report, 466 bonds aggregating to USD 23.30 million have been converted into 1,62,61,788 equity shares. Out of the above 466 bonds, the 300 Part A bonds were converted at a premium of Rs. 49/- per share and 166 Part B bonds were converted at Rs. 61.5875 per share as per the terms of the offering circular.



After considering the aforesaid additions to equity, as on the date of this Report, the paid up equity capital of the company stands at Rs. 170.37 crores comprising of 17,03,71,974 equity shares of Rs. 10/-each.

During the year under review, your company raised Rs. 140.27 crores out of issue of fresh equity share (including premium) and borrowings (net) of Rs.825.59 crores to meet project expenditure and working capital requirements.

### Capital Expenditure

Your company is amongst the forerunners in initiating the modernisation and expansion drive to tap the growth potential arising out of quota free market. In Phase I and II of the expansion drive, the company has expanded capacities for Home textiles, Apparel fabrics and Garments and is setting up a Spinning unit for cotton yarn and POY for captive consumption as backward integration measures. Home textiles and a major part of the Apparel fabric expansion programmes stand completed. The balance projects are at an advanced stage of completion and would commence operations during the current year.

Due to the above mentioned expansion projects, the gross fixed assets of the company, including Capital Work in Progress (CWIP), as on 31<sup>st</sup> March 2006 increased to Rs. 2121.89 crores as compared to Rs. 1047.57 crores as on 31<sup>st</sup> March 2005. The net fixed assets, including CWIP as on 31<sup>st</sup> March 2006 increased to Rs.1874.24 crores as against Rs. 879.27 Crores as on 31<sup>st</sup> March 2005. The addition to gross block during the year was Rs.1074.32 crores.

Your company has planned further growth across its existing businesses and has embarked on Phase III of its expansion drive. Under this Phase your company is increasing its Spinning, Apparel Fabric weaving, Home Textiles and Garmenting capacities. This expansion is expected to be completed by March 2008. The total outlay of the project is Rs. 1100 crores which is financed by Term Loan under TUFS of Rs. 900 crores (tied up) and internal accruals of Rs. 200 crores. Details of this Phase are more comprehensively given under the head New projects in Management Discussion and Analysis.

### Awards and Certificates

Your company's performance has been recognised at various forums and some of the awards conferred are given below:

- Silver Trophy for the year 2004-05 for export of made-ups in the manufacturer exporter category from The Cotton Textiles Export Promotion Council (TEXPROCIL).
- Silver Trophy for the year 2005-06 for export of fabrics in the manufacturer exporter category from TEXPROCIL.
- Bronze Trophy for the year 2005-06 for export of made-ups in the manufacturer exporter category from TEXPROCIL.
- "Valued Business Partner- 2005" awarded by Li & Fung (Trading) Limited.

### Social and Welfare activities

Your company as part of its responsibility towards society has been taking welfare measures from time to time. One of its prominent measures is improving the standard of living of people in the vicinity of its plants. Accordingly, it has undertaken training of tribal women in vocational trade like stitching, weaving, etc., in its factory premises and provide them with gainful employment. Your company has, as part of its environment protection programme, planted 200 saplings on World Environment day in the vicinity of its processing plant at Vapi. Your company has been organising medical camps/ blood donation camps from time to time and contributing generously at the time of any natural calamities.

### Corporate Governance

A separate section on Corporate Governance is provided as a part of this Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance with Corporate Governance norms as stated in Clause 49 of the Listing Agreements with the Stock Exchanges is also annexed in that section.

### Directors

**The Details of the Nominee Directors appointed and withdrawn by the Financial Institutions/Banks as on date of this report are as under.**

Nominee Directors appointed:

Sr. No.	Name of the Director and Financial Institution	Date of appointment of Nominee Director
1.	Shri R. J. Kamath – IDBI Ltd.	21 <sup>st</sup> May, 2005
2.	Shri Rakesh Kapoor – IFCI Ltd.	31 <sup>st</sup> January, 2006
3.	Mrs. Hiroo Advani – EXIM Bank	19 <sup>th</sup> April, 2006

Nominee Directors withdrawn:

Sr. No.	Name of the Director and Financial Institution	Date of withdrawal of nomination
1.	Shri Ashok Kumar – IDBI Ltd.	21 <sup>st</sup> May, 2005
2.	Shri A. K. Bhan – IFCI Ltd.	31 <sup>st</sup> January, 2006
3.	Shri S. Sridhar – EXIM Bank (Appointed on 27th June,2005)	19 <sup>th</sup> April, 2006

### Fixed Deposits

Fixed Deposits with your Company as at year-end were Rs.0.34 crores. None of these deposits had matured for payment and consequently there were no unclaimed deposits till the date of this Report.



Your Board wishes to place on record its appreciation of Shri Ashok Kumar of IDBI Limited (erstwhile Industrial Development Bank of India), Shri A. K. Bhan of IFCI Limited and Shri S. Sridhar of Export Import Bank of India Limited for the guidance, support and services rendered by them during their tenure as Directors of the Company.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri Surendra B. Jiwrajka and Shri C K. Bubna will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

The resumes of the above Directors, the nature of their expertise in specific functional areas, names of the companies in which they hold directorships and/or membership/chairmanship of Committees of the Board, as stipulated in Clause 49 of the Listing Agreement with the stock exchanges, are provided elsewhere in this Annual Report.

#### **Insurance**

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

#### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the company confirms:

- i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2006, the applicable Accounting Standards have been followed and there has been no material departure;
- ii) that 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 the Company as at 31<sup>st</sup> March 2006 and of the profit of the Company for the year on that date;
- iii) that 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 the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2006 on a 'going concern' basis.

#### **Auditors and Auditors' Report**

The Auditors of the Company, M/s. Gandhi & Parekh, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Auditor's Report to the share holders does not contain any qualifications.

#### **Cost Auditor**

Pursuant to the directives of the Central Government under the provisions of Section 233B of The Company's Act, 1956, the Board of Directors, subject to the approval of the Central Government, has appointed B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai to conduct cost audit relating to the products manufactured by the company.

#### **International Accountants**

Deloitte Haskins & Sells, Member – Deloitte, Touche & Tohmatsu International (DTTI) appointed as International Accountants of the 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).

#### **Personnel**

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 the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office of the Company.

Your directors appreciate the significant contribution made by the employees to the operations of the company during the year.

#### **Employee Stock Option Plan (ESOP)**

In order to recognise the contribution of employees towards the long-term growth and success of the Company and to retain precious talent, your Company is proposing to introduce Employee Stock Option Plan (ESOP) for eligible employees / directors. The Board of Directors of the Company has accorded its in-principle approval to the said ESOP.

The Company propose to give options after seeking approval of the members at the ensuing Annual General Meeting.

The above scheme, if approved, will be as per the provisions of The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.



## Environment, Health and Safety

Your company is conscious about its responsibility towards the upkeep of environment and maintenance of high safety and health standards at its work places. Towards this end, the company has installed at its processing plant at Vapi, state of the art Effluent Treatment Plant with reverse osmosis technology. The company's captive co-generation power plant at Vapi is designed to switch over upon the introduction of natural gas as an alternate to furnace oil. There are also demarcated green zones in and around the plants as a measure to maintain ecological balance.

Safety and health measures include regular fire drills conducted under the supervision of trained personnel, separate storage areas for hazardous chemicals with sprinklers, compulsory usage of gloves, masks, earplugs, needle guards etc.,

Your company's plants are compliant on social and environmental parameters and in line with the expectations of global buyers. The certifications under ISO 9001: 2000, ISO 14001, OHSAS 18001 and SA 8000 should shortly be available with your company.

## 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 are grateful for the support of the Financial Institutions, Banks, Government authorities, customers, vendors and shareholders during the year under review.

For and on behalf of the Board

Date: 10<sup>th</sup> August 2006 Place: Mumbai

**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 has been proactively seeking measures to conserve energy through innovation in order to reduce wastage and optimise consumption. 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:

- ü Close monitoring of all high energy consuming equipments;
- ü High efficiency reverse osmosis technology deployed at the Vapi effluent treatment plant for recycling of water;
- ü Usage of energy efficient lamps etc., by modifying the lightening system;
- ü Reduction in maximum demand of power through load planning for even distribution of power;
- ü Maximising use of day light;
- ü Periodic checking and monitoring electrical load on all motors and repair of the defective ones;
- ü Installing power factor controllers / capacitors to conserve energy;
- ü Controlling of leakage in compressor air, steam piping and electrical system;
- ü Installation of variable frequency drives for air handling units to reduce power consumption;
- ü Minimising idle running of equipments like air-conditioners, pumps, lights, generators, etc.;

#### 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:

- 1) Evaluation of gas as an alternate fuel to replace furnace oil at the Vapi Processing Plant.
- 2) Setting up of 50 MW Power plant at Silvassa for reliable supply and reducing cost.
- 3) Conducting energy audits
- 4) Monitoring and Increasing scale of measures taken in the past.

#### 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 for energy conservation have resulted in improving the energy efficiency at all plants. Your company will continue to put in systematic and planned measures to further optimise energy efficiency.

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

## Power and Fuel Consumption

### FORM "A"

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

### Power and Fuel Consumption

	2005-06	2004-05
1 Electricity Purchased		
Units	118,789,232	90,870,789
Total amount (Rs. in crores)	33.55	25.27
Average Rate/Unit (Rs.)	2.82	2.78
	2005-06	2004-05
2) a) Own Generation through Diesel Generator Set		
Units	5,557,467	7,820,088
Total amount (Rs. in crores)	5.51	6.12
Average Rate/Unit (Rs.)	9.92	7.81
	2005-06	2004-05
3) a Own Generation through Co-generation		
Units	7,069,101	3,397,294
Total amount (Rs.in Crores)	6.97	3.15
Average Rate/Unit (Rs.)	9.86	9.28
b) Furnace Oil consumed per boiler		
Total amount (Rs. in crores)	20.76	15.64
	2005-06	2004-05
<b>B) Consumption per unit of production</b>		
a) Yarn (Kgs.)	48,391,745	40,848,382
Units Consumed (per kg.)	1.33	1.51
b) Fabric- Knits (Kgs.)	2,785,387	4,198,119
Units Consumed (per kg.)	0.82	0.54
c) Fabric Woven (Mtrs.)*	46,288,622	58,547,241
Units Consumed (per Mtr.)	0.98	0.37
d) Processing- Woven (Mtrs.)	12,864,648	48,169,798
Units Consumed (per kg.)	1.29	1.34
e) Processing- Knits (Kgs.)	1,711,814	1,610,194
Units Consumed (per kg.)	1.29	1.34
f) Garments (Pieces)	1,204,987	756,550
Units Consumed (per Pieces.)	0.29	0.35
* Includes part of the activities carried outside.		
<b>FORM "B"</b>		
	2005-06	2004-05
<b>(B) TECHNOLOGY ABSORPTION</b>	Nil	Nil
<b>C) Foreign Exchange Earnings and Outgo</b>		
	2005-06	2004-05
i) Total Earnings of Foreign Exchange	365.66	273.54
Total outgo in Foreign Exchange		
Foreign Travel	0.42	0.98
Technical Consultancy Fees/Upfront fees/Others	0.29	7.93
Purchase of Capital Goods	294.82	112.59
Purchase of Spares	2.08	1.64
Purchase of Raw Materials	2.65	1.72
Interest on Foreign Currency Term Loans and Exchange Difference	4.32	3.83
Dividend Remitted in Foreign Currency (Pref. Shares)	3.55	5.13
Internet Expenses	0.22	-
Legal & Professional Expenses	8.76	-
Testing & Laboratory Expenses	2.63	-
Commission	0.84	-

## AUDITORS' REPORT

To

The Members

Alok Industries Limited,

We have audited the attached Balance Sheet of **Alok Industries Limited**, as at 31st March 2006, 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.

- 1] We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2] 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.
- 3] Further to our comments in the Annexure referred to in paragraph 2 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 Section 211 (3C) of the Act;
  - (v) On the basis of written representations received from the Directors, as on 31st March 2006 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on 31st March 2006 from being appointed as a director in terms of section 274(1) (g) of the Act;
  - (vi) 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 there on, 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 31st March 2006;
    - (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

**Mahesh T. Gandhi**  
Partner  
Membership No : 32471

Place: Mumbai :  
Dated: 10th August 2006

**Annexure referred to in paragraph 2 of our report of even date to the members of the Alok Industries Limited on the financial statement for the year ended 31st March, 2006,**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme over a period of three years which, in our opinion is reasonable, looking to the size of the company and the nature of its business. As informed, no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its Fixed Assets, which has 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 are 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, have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanation given to us, the company has granted loans, secured or unsecured/ Deposits to 15 parties covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs. 20.19 crores and the year-end balance was Rs. 4.07 crores.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company.
- (c) There are no stipulations for the payment of the principal and interest amount.
- (d) There is no overdue amount of loans granted by the company to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) According to the information and explanation given to us, the company has taken loans, secured or unsecured from 4 party covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs. 1.37 Crores and the year-end balance was Nil.
- (f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company.
- (g) The payment of the principal amount and interest of the loans taken from the parties covered under section 301 of the Act, are regular.
- (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 major weaknesses in the aforesaid Internal Control System.
- (v) (a) In our opinion and according to the information and explanation given to us, the company has entered the required particulars of contracts or arrangements in the register maintained as referred to in section 301 of the Act.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rupees five Lakhs in respect of any party during the year, have been made at prices which are generally reasonable, having regard to the prevailing market prices at that time.
- (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. Since the company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from Company Law Board or the National Company Law Tribunal or Reserve Bank of India or any Court or any Tribunal, does not arise.
- (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 Section 209 (1) (d) 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 accurate.

- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service Tax, customs duty and excise duty, cess were outstanding, as at 31<sup>st</sup> March, 2006 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 sale tax, income tax, customs tax, wealth-tax, excise duty and cess that have not been deposited on account of any disputes.
- (x) The Company neither have 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, the company is not a Chit Fund or a Nidhi / mutual benefit fund/ society. There fore, 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. Accordingly, the provision of clause 4(xiv) of the Order is 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 form banks and financial institutions.
- (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. However, pending utilisation of the same during the course of the year have been deployed in the bank in the form of Fixed Deposit.
- (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 and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) Security / charge have been created in respect of debentures issued, as detailed in Note No 1 to Schedule No. 3 of the Balance Sheet.
- (xx) The company has raised money through FCCB issue during the year and has disclosed the end use of such money in note no. 5 (b) of Part 'B' of Schedule 20, which has been verified by us.
- (xxi) 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

**Mahesh T.Gandhi**  
Partner

Membership No : 32471

Place: Mumbai :

Dated: 10th August 2006



## INTERNATIONAL ACCOUNTANTS' REPORT

To

The Board of Directors

### **ALOK INDUSTRIES LIMITED**

We have audited the Balance Sheet of Alok Industries Limited as on 31st March, 2006, 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 in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

### **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 firms 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. It is our responsibility to form an independent opinion, based on our audit of the statements 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 judgments 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 explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

The financial statements dealt with by this report are in agreement with books of account of the Company.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the 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 31st March, 2006;
- (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

Place: Mumbai

Dated: 10th August 2006

Membership No: 15291



**BALANCE SHEET AS AT MARCH 31, 2006**

			(Rs. In Crores)	
PARTICULARS	SCHEDULE NO.	AS AT		AS AT
		31.03.2006		31.03.2005
<b>I SOURCES OF FUNDS</b>				
<b>(1) Shareholder's Funds</b>				
(a) Capital	1	225.47		218.35
(b) Share Warrants		-		3.32
(c) Reserves and Surplus	2	650.06		460.73
			875.53	682.40
<b>(2) Loan Funds</b>				
(a) Secured Loans	3	1,800.21		1,239.51
(b) Unsecured Loans	4	344.29		79.40
			2,144.50	1,318.91
<b>(3) Deferred Tax Liability (net)</b>				
			100.10	75.10
<b>TOTAL</b>			<b>3,120.13</b>	<b>2,076.41</b>
<b>II APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
(a) Gross Block	5	1,403.42		869.38
(b) Less : Depreciation		247.65		168.30
(c) Net Block		1,155.77		701.08
(d) Capital Work-in-Progress	6	706.90		170.77
(e) Incidental Expenditure during Construction (pending allocation/adjustments)	7	11.57		7.42
			1,874.24	879.27
<b>(2) Investments</b>				
<b>(3) Current Assets, Loans and Advances</b>				
(a) Inventories	9	358.15		363.27
(b) Sundry Debtors	10	354.53		402.97
(c) Cash and Bank Balances	11	533.03		496.80
(d) Loans and Advances	12	158.16		96.17
			1,403.87	1,359.21
<b>Less : Current Liabilities and Provisions</b>				
(a) Current Liabilities	13	171.35		146.76
(b) Provisions	14	26.33		23.16
			197.68	169.92
<b>Net Current Assets</b>			<b>1,206.19</b>	<b>1,189.29</b>
<b>TOTAL</b>			<b>3,120.13</b>	<b>2,076.41</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>				
	20			

As per our attached report of even date

**For Gandhi & Parekh**  
Chartered Accountants

**Mahesh T.Gandhi**  
Partner

**Mumbai: 10th August, 2006**

For and on behalf of the Board

**Ashok B. Jiwrajka**

- Executive Chairman

**Dilip B. Jiwrajka**

- Managing Director

**Surendra B. Jiwrajka**

- Joint Managing Director

**K.H. Gopal**

- Vice President (Legal) &  
Company Secretary

**Mumbai: 10th August, 2006**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006**

(Rs. In Crores)			
PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2006	Year Ended 31.03.2005
<b>INCOME</b>			
Sales (inclusive of excise duty)	15	1,459.70	1,304.42
Less : Excise duty		52.25	94.16
		1,407.45	1,210.26
Job Work Charges collected (Tax Deducted at Source Rs. 0.24 crore, Previous Year Rs. 0.25 Crore)		13.25	14.24
		1,420.70	1,224.50
Other Income	16	5.14	6.37
Increase in Stocks of Finished Goods and Process Stock	17	20.59	72.75
		1,446.43	1,303.62
<b>EXPENDITURE</b>			
Purchase of Traded Goods		21.88	33.01
Manufacturing and other Expenses	18	1,123.29	1,025.86
Interest (net)	19	66.78	63.68
Depreciation		80.48	57.56
		154.00	123.51
<b>PROFIT BEFORE TAX</b>			
Provision for Tax – Current tax		(15.57)	(9.68)
– Deferred Tax		(28.52)	(24.58)
– Fringe Benefit Tax		(0.70)	
		109.21	89.25
<b>PROFIT AFTER TAX</b>			
Add : Balance brought forward from previous year		101.55	122.62
Add: Excess provision for Income Tax in respect of earlier years		0.08	0.27
		210.84	212.14
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Add/(Less): Excess/(Short) Provision of Dividend of earlier year[ Including Tax on Dividend Rs. 0.23 Crores, Previous year Rs. (0.07) Crores] (Refer note no.14 of Part B of Schedule 20)		2.08	(0.47)
Less: Transfer to General Reserve		(30.00)	(82.20)
Transfer to Debenture Redemption Reserve		(22.88)	-
Proposed Dividend			
- On Equity Shares		(18.90)	(16.07)
- On Preference Shares (Paid / Provided)		(7.59)	(8.47)
Corporate Dividend Tax thereon		(3.71)	(3.38)
		129.84	101.55
<b>BALANCE CARRIED TO BALANCE SHEET</b>			
<b>EARNINGS PER SHARE (Refer Note No. 9 of Part B of Schedule 20)</b>			
Basic		6.68	7.25
Diluted		6.12	6.86
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>		20	
As per our attached report of even date			
<b>For Gandhi &amp; Parekh</b> Chartered Accountants	For and on behalf of the Board <b>Ashok B. Jiwrajka</b> - Executive Chairman		
	<b>Dilip B. Jiwrajka</b> - Managing Director		
	<b>Surendra B. Jiwrajka</b> - Joint Managing Director		
<b>Mahesh T. Gandhi</b> Partner	<b>K.H. Gopal</b> - Vice President (Legal) & Company Secretary		
<b>Mumbai: 10th August, 2006</b>	<b>Mumbai: 10th August, 2006</b>		



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

PARTICULARS	(Rs. In Crores)	
	Year Ended 2005-2006	Year Ended 2004-2005
<b>A] Cash Flow Operating Activities</b>		
Net Profit Before Tax	154.00	123.51
<b>Adjustments for</b>		
Depreciation	80.48	57.56
*Unrealised gain on Cash and Cash Equivalent	(1.32)	-
Excess of cost over Fair Value of current Investments	0.70	0.76
Dividend Income	(1.57)	(1.26)
Interest paid (net)	66.78	63.68
Loss on sale of fixed assets (net)	0.18	0.29
Profit on sale of investments (net)	(2.25)	(0.76)
Operating Profit before working capital changes	297.00	243.78
<b>Adjustments for</b>		
Decrease / (Increase) in Inventories	5.12	(159.74)
Decrease in Trade Receivables	48.44	31.67
Increase in Loans and Advances	(61.99)	(44.93)
Increase in Current Liabilities	14.69	11.42
Cash Generated from Operations	303.26	82.20
Income Taxes Paid	(15.70)	(12.01)
Net Cash Flow from operating activities	287.56	70.19
<b>B] Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,080.83)	(357.91)
Sale of Fixed Assets	5.20	0.32
Purchase of Investments	(174.62)	(123.78)
Sale of Investments	144.32	120.00
Dividends Received	1.57	1.26
Interest Received	11.45	5.44
Net Cash used in Investing activities	(1,092.91)	(354.67)
<b>C] Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital (including premium) (Net)	140.27	223.75
Proceeds from issue of Preference Share Capital	-	69.00
Redemption of Preference Share Capital	(16.33)	(68.34)
Redemption of Warrants	(3.32)	-
Proceeds from Borrowings (Net)	825.59	500.56
Share / Debenture / FCCB Issue Expenses and Premium on redemption adjusted in Securities Premium Account	(13.05)	(14.46)
Dividend Paid	(25.31)	(17.92)
Interest Paid	(67.59)	(68.51)
Net Cash Flow from Financing activities	840.26	624.08
Net Increase in Cash and Cash equivalents (A+B+C)	34.91	339.60
<b>Cash and Cash equivalents</b>		
at the beginning of the period	496.87	157.27
at the end of the period	531.78	496.87
Net Increase in Cash and Cash equivalents	34.91	339.60

**Notes to Cash Flow Statement**

1. Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credits, Margin Money deposits and Fixed Deposit Accounts.
2. Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.
3. Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress and incidental expenditure during construction period (pending allocation/adjustment) between the commencement and end of the year and is considered as part of investing activity.

**(Rs. In Crores)**

4. Cash and Cash equivalents includes	March 31, 2006	March 31, 2005
Cash and Bank Balances	533.03	496.80
Unrealised (gain)/loss on Foreign Currency cash and cash equivalents	(1.25)	0.07
Total Cash and Cash equivalents	531.78	496.87

5. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard “AS-3’ Cash Flow Statement” issued by The Institute of Chartered Accountants of India and the listing agreement with the Stock Exchange.
6. Previous years figures have been reclassified, wherever necessary to correspond to those of the current year.

As per our attached report of even date

**For Gandhi & Parekh**

Chartered Accountants

**Mahesh T.Gandhi**

Partner

**Mumbai: 10th August, 2006**

For and on behalf of the Board

**Ashok B. Jiwrajka**

- Executive Chairman

**Dilip B. Jiwrajka**

- Managing Director

**Surendra B. Jiwrajka**

- Joint Managing Director

**K.H. Gopal**- Vice President (Legal) &  
Company Secretary**Mumbai: 10th August, 2006**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2006**

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE '1'</b>		
<b>CAPITAL</b>		
<b>Authorised :</b>		
21,00,00,000 (Previous year 17,50,00,000) Equity Share of Rs.10/- each	210.00	175.00
9,00,00,000 (Previous year 12,50,00,000) Preference shares of Rs.10/- each	90.00	125.00
	<u>300.00</u>	<u>300.00</u>
<b>Issued and Subscribed :</b>		
<b>Equity Share Capital</b>		
15,74,68,456 (Previous Year 13,40,17,086) Equity shares of Rs.10/- each 'fully paid up. (See Note 'a' below)	157.47	134.02
<b>Preference Share Capital</b>		
Nil (Previous year 10,00,000) 12% Cumulative Redeemable Preference Shares of Rs. Nil (Previous year Rs.3.33) each fully paid up. [See note b(iii) below]	-	0.33
Nil (Previous year 1,50,00,000) 10.50% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up. [See note b(iv) below]	-	15.00
6,80,00,000 10% Optionally Convertible Preference Shares of Rs. 10/- each fully paid up. (See Note 'b (v)' below)	68.00	68.00
'Nil (Previous year 10,00,000) 8% Cumulative Non convertible Redeemable Preference Shares of Rs. 10/- each fully paid up. [See note b(vi) below]	-	1.00
	<u>68.00</u>	<u>84.33</u>
<b>TOTAL</b>	<u>225.47</u>	<u>218.35</u>

**NOTES :**

- a) During the year 2,34,51,370 equity shares are issued as under :
- i] 3,74,526 (previous year 3,18,70,334) equity shares of Rs.10/- each are issued on conversion of 20 (previous year 1380), 2.50% Foreign Currency Convertible Bonds (FCCBs) of USD 25000/- each at premium aggregating to Rs.1.80 crores (previous year Rs.126.47 crores).
  - ii] 1,45,05,810 equity shares of Rs.10/- each are issued on conversion of 411, 1% FCCBs of USD 50000/- each together with interest at a premium aggregating to Rs.75.35 crores.
  - iii] 59,66,400 equity shares of Rs.10/- each are issued on conversion of 59,66,400 share warrants at premium aggregating to Rs.27.25 crores.
  - iv] 26,04,634 (previous year 26,04,634) equity shares of Rs.10/- each are issued on conversion of 14,50,000 (previous year 14,50,000) 10% Optionally Fully Convertible Debentures (OFCDs) of Rs.100/- each at premium aggregating to Rs.11.90 crores (previous year Rs.11.90 crores).
- b)
- i] 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserves.
  - ii] 62,550 equity shares being forfeited shares were reissued during 2001.
  - iii] 10,00,000 12% Cumulative Redeemable Preference Shares are redeemed at par in 3 equal annual installments. The last installment has been paid on 23rd August, 2005 and preference shares have been fully redeemed.
  - iv] 1,50,00,000 10.50% Redeemable Non-Convertible Preference Shares allotted on 13th May,2003 are fully redeemed at par on 16th September, 2005.
  - v] 6,80,00,000 10% Optionally Convertible Preference Shares (OCPS) of Rs.10/- each fully paid up are convertible into equity shares of Rs.10/- each within a period of 18 months from the date of allotment at a premium of Rs.51/- per share and/or redeemable latest by 31st March, 2009 at a premium of Rs.0.25 per share per annum. The holders and the Company have an option to exercise put and call option respectively to seek redemption of the OCPS in part or in full from 1st January 2005 and 30th June 2007 respectively. Subsequent to the year end the OCPS holders exercised the option and 1,11,47,540 equity shares of Rs.10/- each were issued at a premium of Rs.51/- per share on conversion.
  - vi] 10,00,000 8.00% Cumulative Non-Convertible Redeemable Preferential Shares (CNRPS) issued on 5th August, 2004 are fully redeemed at par on 4th August, 2005

## SCHEDULES

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2006	AS AT 31.03.2005
<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	224.64	43.04
Add : Received during the year (Refer Note no."a" of Schedule 1)*	116.82	196.06
Less : Share/Debenture/FCCBs Issue expenses (net of Tax)	8.66	12.74
Less : Premium on Redemption of CNRPS/OCPS	-	1.72
	<u>332.80</u>	<u>224.64</u>
<b>General Reserve</b>		
Balance as per last Balance Sheet	115.00	32.80
Add : Transferred from Profit and Loss Account	30.00	82.20
	<u>145.00</u>	<u>115.00</u>
<b>Debenture Redemption Reserve</b>		
Balance as per last Balance Sheet	17.31	17.31
Add: Transferred from Profit and Loss Account	22.88	-
	<u>40.19</u>	<u>17.31</u>
<b>Surplus in Profit and Loss Account</b>	129.84	101.55
<b>TOTAL</b>	<u>650.06</u>	<u>460.73</u>
* Securities Premium of Rs.116.82 crores received during the year comprises of Rs.116.30 crores on equity shares allotted during the year on conversion (Refer note (a) of schedule 1) and Rs. 0.52 crores being the redemption premium on OCPS adjusted in the earlier year from Securities Premium account now reversed consequent to conversion (Refer note b (v) of schedule 1)		
<b>SCHEDULE '3'</b>		
<b>SECURED LOANS</b>		
<b>a. Debentures</b>		
10% Redeemable Non Convertible Debentures	19.00	20.00
8% Redeemable Non Convertible Debentures	100.00	50.00
10% Optionally Fully Convertible Debentures	-	14.50
6.75% Redeemable Non Convertible Debentures	25.00	-
	<u>144.00</u>	<u>84.50</u>
<b>b. Term Loans</b>		
(1) From Financial Institutions		
- Rupee Term Loan	225.55	202.99
- Foreign Currency Loans	72.37	82.66
	<u>297.92</u>	<u>285.65</u>
(2) From Banks		
- Rupee Loans	970.41	471.75
- Foreign Currency Loans	52.68	71.08
	<u>1,023.09</u>	<u>542.83</u>
	<u>1,321.01</u>	<u>828.48</u>
<b>c. From Banks on Cash Credit Accounts, Working Capital Demand Loans etc.</b>	323.08	313.54
[Includes Rs. 41.73 crores demand loan in foreign currency (Previous Year Rs. 71.30 crores)]		
<b>d. Loans under Hire Purchase/ Lease arrangements</b>	12.12	12.99
<b>TOTAL</b>	<u>1,800.21</u>	<u>1,239.51</u>

## SCHEDULES

### 1. Debentures are Secured by:

- a) i) 19,00,000 (previous year 20,00,000) 10% Secured Redeemable Non Convertible Debentures of Rs.100/- each, based on agreement with debenture holders are redeemable at par in six annual installments commencing from 1st December, 2005 (1st installment paid during the year) till 1st December, 2010. ii) 1,000 (previous year 500) 8.00% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each are redeemable in 32 equal quarterly installments starting from 1st April 2008.
- b) All the Debentures in 'a' above are secured by (i) a pari passu charge created on all present and future fixed 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 (iii) Registered mortgage on the immovable property at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat, and (iv) the personal guarantees of three promoter directors
- c) The 10% OFCD aggregating to Rs.14.50 crores are converted into equity shares (Refer note no. a (iv) of schedule 1)
- d) 250 (previous year Nil) 6.75% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each, which are redeemable on 2nd November 2006 are secured by way of registered mortgage on the immovable property 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. 297.92 Crores (Previous year Rs. 271.85 Crores) and Rs. 699.15 Crores (Previous year Rs. 269.82 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.
- b) Term loan from the Financial Institutions and from banks to the extent of Rs. Nil ( Previous Year Rs. 13.80 Crores) and Rs. 180.36 Crores (Previous year Rs. 158.11 Crores) respectively are secured by (i) an exclusive charge created on specific assets financed by them respectively and (ii) the personal guarantees of three promoter directors.
- c) Term loan from the banks to the extent of Rs. 10.29 Crores (Previous year Rs. 12.82 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 on such asset created/ to be created in favour of the company's term lenders and working capital bankers and (iii) the personal guarantees of three promoter directors.
- d) Term loans from the Banks to the extent of Rs. 133.29 Crores ( previous year Rs. 102.08 Crores) 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.

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 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE '4'</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	0.34	0.20
Short Term Loans and Advances		
a) From Banks and Financial Institutions		
- Rupee Loans	47.00	33.00
- Foreign currency loans	56.32	43.91
	<hr/>	<hr/>
b) From Others	103.32	76.91
20,00,000 (previous year Nil) 9.40% Unsecured Redeemable Non-convertible Debentures of Rs.100/- each redeemable at par on 26th June, 2006	20.00	-
989 (previous year 20) 1% (previous year 2.5%) Foreign Currency Convertible Bonds (FCCB) (See Note no. 5 of Part B of Schedule 20)	220.63	2.29
	<hr/>	<hr/>
<b>TOTAL</b>	<b>344.29</b>	<b>79.40</b>
	<hr/> <hr/>	<hr/> <hr/>

### Notes:-

1. Short Term Loans from Banks
  - a) To the extent of Rs. 10.00 Crores (Previous year Rs.5.00 Crores) is secured on personal guarantee of three promoter directors.
  - b) Includes commercial paper of Rs. 20.00 Crores (Previous year Rs. 10.00 Crores) maximum amount outstanding at any time during the year Rs. 70.00 crores (Previous year Rs. 40.00 Crores).
2. Short Term Foreign Currency Loan of Rs. 44.62 crores (previous year Rs.26.27 crores) and Rupee Term Loans of Rs. Nil (previous year Rs.18.00 crores) from Financial Institutions are secured by (i) Personal Guarantee of 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 01.04.05	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2006	AS AT 01.04.2005	FOR THE YEAR	DEDUCTION / ADJUSTMENTS	AS AT 31.03.2006	AS AT 31.03.2005
<b>OWN ASSETS:</b>										
1.	Freehold Land	8.74	12.85	-	21.59	-	-	-	21.59	8.74
2.	Leasehold Land	0.56	-	-	0.56	0.08	0.01	-	0.09*	0.48
3.	Factory Building	179.82	122.98	-	302.80	13.17	8.13	-	21.30	166.65
4.	Office Premises	28.44	0.11	2.01	26.54	0.44	0.45	0.34	0.55	28.00
5.	Plant and Machinery	602.06	393.23	3.52	991.77	145.80	66.63	0.62	211.81	456.26
6.	Computer and Peripherals	6.93	2.21	0.03	9.11	3.29	1.38	0.01	4.66	3.64
7.	Office Equipments	1.75	0.53	-	2.28	0.42	0.25	-	0.67	1.33
8.	Furniture and Fittings	12.87	2.45	-	15.32	2.57	1.12	-	3.69	10.30
9.	Vehicles	2.85	2.98	0.41	5.42	0.71	0.41	0.12	1.00	2.14
10.	Tools and Equipment	1.26	3.33	-	4.59	0.22	0.44	-	0.66	1.04
	<b>Sub Total</b>	845.28	540.67	5.97	1,379.98	166.70	78.82	1.09	244.43	678.58
<b>LEASED ASSETS</b>										
1.	Plant and Machinery	22.38	-	-	22.38	1.23	1.67	-	2.90	21.15
2.	Computer and Peripherals	0.22	-	-	0.22	0.10	0.03	-	0.13	0.12
3.	Vehicles	1.50	-	0.66	0.84	0.27	0.08	0.16	0.19	1.23
	Sub Total	24.10	-	0.66	23.44	1.60	1.78	0.16	3.22	22.50
	<b>TOTAL CURRENT YEAR</b>	869.38	540.67	6.63	1,403.42	168.30	80.60	1.25	247.65	701.08
	<b>TOTAL PREVIOUS YEAR</b>	559.43	311.38	1.43	869.38	111.31	57.81	0.82	168.30	-

**Notes:-**

- Depreciation for the year includes Rs. 0.12 Crore (Previous year Rs.0.25 Crore) which has been transferred to Incidental Expenditure during Construction period.
  - Deduction from Plant and Machinery includes Rs. 2.80 crores [ (Previous year Addition Rs. 0.06 crore (net)] being decrease/ increase in liability payable in foreign currency consequent upon changes in the exchange rates.
  - Plant and Machinery acquired on lease includes Rs.8.13 crores incurred by company for installation etc.
  - Fixed Assets include Rs. 0.84 crores (Previous year Rs. 1.50 crore) acquired on hire purchase basis on which the lenders have a lien.
  - Office Premises being cost of ownership flats in Co-operative society against which company has received shares of the value of Rs. Nil (Previous year Rs.1000) under the bye laws of the society.
  - Freehold land includes Rs.1.51 crores (Previous year Rs. 0.54 crore) being cost of freehold land at Silvassa acquired by the company, which is presently registered in the personal names of the directors of the Company since the same being agricultural land. The Company is taking steps to obtain permission from the relevant authorities to convert the land as non-agricultural land and transfer the same in the Company's name.
  - Deduction to Leased Assets - Vehicles includes Rs.0.42 crores, accumulated depreciation Rs.0.09 crores transferred to own assets on exercising of purchase option at the end of the hire purchase agreement period
  - Addition to Plant & Machinery during the year is net of Capital Subsidy of Rs. 3.80 Crores(Previous year Rs. Nil)
- \*Amount written off in respect of Leasehold Land for the period of Lease which has expired.





## SCHEDULES

PARTICULARS	(Rs. In Crores)	
	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE '6'</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Capital Expenditure On Projects* (Refer Note no. 7 of part B of Schedule 20)	683.68	119.76
Advance for Capital Expenditure	23.22	51.01
	<hr/>	<hr/>
<b>TOTAL</b>	<b>706.90</b>	<b>170.77</b>
	<hr/> <hr/>	<hr/> <hr/>
* Net of capital subsidy of Rs.9.37 Crores (Previous year nil)		
<b>SCHEDULE '7'</b>		
<b>INCIDENTAL EXPENDITURE DURING CONSTRUCTION</b>		
(To be allocated on completion of project)		
Opening Balance	7.42	10.65
<b>Add : Expenditure Incurred During the Period</b>		
Raw Material Consumption	4.27	-
Payment to and Provision for Employees	7.52	1.39
Stores and Spares Consumed	0.71	0.62
Power and Fuel	5.24	0.22
Insurance Charges	-	0.01
Miscellaneous Expenses	2.15	4.15
Rates and Taxes	-	1.57
Upfront Fees	4.80	-
Interest paid :		
On Debentures	2.56	0.30
On Fixed Loans	28.29	3.14
[Net of interest subsidy Rs. 31.51Crores (Previous year Rs.4.89 Crores)]		
Depreciation	0.12	0.25
	<hr/>	<hr/>
	<b>63.08</b>	<b>22.30</b>
Less : Sales (Trial Run Products Realisation) [Net of Excise Duty Rs. 0.05 Crore (Previous year Rs.Nil)]	(2.12)	-
: Interest Received on deposits [(TDS Rs. 3.14 Crores (Previous year Rs. 0.46 Crore)]	(21.08)	(2.28)
: Stock of Finished Goods	(1.07)	-
: Process Stock	(2.86)	-
	<hr/>	<hr/>
<b>TOTAL</b>	<b>35.95</b>	<b>20.02</b>
Less : Allocated to Fixed Assets on completion of projects. (Refer Note No. 7of Part B of Schedule 20)	<b>24.38</b>	<b>(12.60)</b>
	<hr/>	<hr/>
<b>TOTAL</b>	<b>11.57</b>	<b>7.42</b>
	<hr/> <hr/>	<hr/> <hr/>



## SCHEDULES

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE '8'</b>		
<b>INVESTMENTS</b>		
<b>A) LONG TERM INVESTMENTS</b>		
<b>Trade Investments [At Cost]</b>		
<b>In equity shares</b>		
<b>Quoted, fully paid</b>		
Grabal Alok Impex Limited 19,00,000 Equity Shares of Rs.10/- each (Market Value of Rs. 25.75 crores, previous year Rs. 8.49 crores) (pledged against finance availed)	3.99	3.99
<b>Unquoted, fully paid</b>		
The Greater Bombay Co-operative Bank Limited [4,000 Equity Shares of Rs.25/- each (Rs.40,000)]	-	-
The Saraswat Co-operative Bank Limited [1,000 Equity Shares of Rs.10/- each (Rs.10,000)]	-	-
Shirt Company (India) Limited (5,00,000 (Previous year Nil) Equity shares of Rs.10/- each)	7.50	-
Dombivili Nagari Sahakari Bank Ltd. [40,000 (Previous Year 10,000) Equity Shares of Rs.50/- each]	0.20	0.20
The Kalyan Janta Sahakari Bank Ltd. [42,020 Equity Shares of Rs.25/- each]	0.11	0.11
Aggregate Cost	<b>7.81</b>	0.31
<b>CURRENT INVESTMENTS</b>		
<b>Other Investments [At Lower of Cost or Fair Value]</b>		
<b>In equity shares</b>		
<b>Quoted, fully paid</b>		
ABG Heavy Industries Ltd. [Nil (Previous Year 5,000) equity shares of Rs.10/- each]	-	0.04
Automotive Axles Ltd. [Nil(Previous Year 5,000) equity shares of Rs.10/- each]	-	0.16
Dena Bank (Nil [Previous Year 1,05,213] equity shares of Rs.10/- each]-		0.28
Emami Ltd. [Nil (Previous Year 8,800) equity shares of Rs.2/- each]	-	0.06
Escorts Ltd. [Nil (Previous Year 10,000) equity shares of Rs.10/- each]-		0.08
Harig Crank Shaft Ltd. [Nil (Previous Year 30,000 equity shares of Rs.10/- each]	-	0.10
Jet Airways India Ltd. [Nil (Previous Year 4,001) equity shares of Rs.10/- each]	-	0.44
Ocl India Ltd. [Nil (Previous Year 1,000) equity shares of Rs.10/- each]-		0.05
Punjab National Bank [Nil (Previous Year 9,430) equity shares of Rs.10/- each]	-	0.37
Reliance Industries Ltd. [Nil (Previous Year6,000) equity shares of Rs.10/- each]	-	0.33
State Bank of India [Nil (Previous Year 4,000 equity shares of Rs.10/- each]	-	0.26
Tata Chemicals Ltd. [Nil (Previous Year 3,000) equity shares of Rs.10/- each]	-	0.05
UTV Software Communications Ltd. [Nil (Previous Year 1,510) equity shares of Rs.10/- each]	-	0.02
Aggregate Cost	-	<b>2.24</b>
Market Value Rs. Nil (as on March 31, 2005 Rs.2.46 Crores)		

## SCHEDULES

**(Rs. In Crores)**

PARTICULARS	AS AT 31.03.2006	AS AT 31.03.2005
<b>In Bonds</b>		
<b>Unquoted, fully paid</b>		
5 (Previous year Nil), 7.50% Bank of India - Series VIII bonds of Rs.10,00,000/- each	0.50	-
20 (Previous year Nil), 8.95% ING Vysya Bank - Tier II, Series 3 bonds of Rs.10,00,000/- each	2.00	-
100 (Previous year Nil), 7.60% Syndicate Bank - Series IX bonds of Rs.10,00,000/- each	10.00	-
45 (Previous year Nil), 8.75% UTI Bank Ltd. - Series XI bonds of Rs.10,00,000/- each	4.50	-
	17.00	-
<b>In Mutual funds</b>		
<b>Unquoted fully paid</b>		
Birla Infrastructure Fund – Growth (4,88,998 (Previous year Nil) units of Rs.10/- each)	0.50	-
Chola Contra Fund (4,88,998 (Previous year Nil) units of Rs.10/- each)	0.50	-
HSBC Advantage India Fund – Growth (5,37,897 (Previous year Nil) units of Rs.10/- each)	0.55	-
ING ATM Fund – Growth (7,00,000 (Previous year Nil) units of Rs.10/- each)	0.70	-
ING Vysya Bank - Lion Fund (5,00,000 (Previous year Nil) units of Rs.10/- each)	0.50	-
Kotak Lifestyle Fund – Growth (10,00,000 (Previous year Nil) units of Rs.10/- each)	1.00	-
LIC MF Index Fund - Sensex Plan – Dividend (3,01,546.33 (Previous year Nil) units of Rs.10/- each)	0.45	-
Principal Large Cap Fund – Growth (1,73,403 (Previous year Nil) units of Rs.10/- each)	0.25	-
Principal Infrastructure & Service Industries Fund – Growth (3,42,298 (Previous year Nil) units of Rs.10/- each)	0.35	-
Prudential ICICI Service Industries Fund – Growth (2,44,499 (Previous year Nil) units of Rs.10/- each)	0.25	-
Sahara Infrastructure Fund (2,50,000 (Previous year Nil) units of Rs.10/- each)	0.25	-
SBI Blue Chip Fund – Dividend (2,50,000 (Previous year Nil) units of Rs.10/- each)	0.25	-
SBI - MF - MMIP Floater (5,00,000 (Previous year Nil) units of Rs.10/- each)	0.50	-
SBI - Inst. Liquid Fund (30,00,000 (Previous year Nil) units of Rs.10/- each)	3.00	-
UTI Leadership Equity Fund – Growth (4,88,998 (Previous year Nil) units of Rs.10/- each)	0.50	-
UTI Master Value Fund – Dividend (6,96,621 (Previous year 6,81,198.91 units of Rs.10/- each)	1.35	1.31
	10.90	1.31
<b>TOTAL</b>	39.70	7.85

### Investments bought and sold during the year

Name Of Mutual Fund	Units	Face Value (Rs. per Unit) Share/Bond	Purchase Cost Rs. in Crores
ING Vysya L.I.O.N. Fund	600,000	10.00	0.60
ING Vysya Midcap Fund - Growth	2,000,000	10.00	2.00
ING Vysya Dividend Yield Fund	1,022,495	10.00	1.00
JM Emerging Leaders Fund - Growth	500,000	10.00	0.50
Kotak Contra Fund - Growth	488,998	10.00	0.50
Principal Balance Fund - PNB - Dividend (Annually)	613,121	10.00	1.00
Principal Cash Management Fund	75,000,000	10.00	75.00
Prudential ICICI Blended Plan - Dividend	2,000,000	10.00	2.00
Prudential ICICI Infrastructure Fund	500,000	10.00	0.50
Prudential ICICI Liquid Fund	1,000,000	10.00	1.00
Prudential ICICI Service Industries Fund	244,499	10.00	0.25
Sahara Growth Fund	250,000	10.00	0.25
Sahara Wealth Plus Fund - Dividend	244,499	10.00	0.25
SBI Blue Chip Fund	1,000,000	10.00	1.00
State Bank of India - Magnum Comm Fund	1,000,000	10.00	1.00
State Bank of India - Magnum Comm Fund - Growth	500,000	10.00	0.50
State Bank of India - Magnum Multicap Fund	1,000,000	10.00	1.00
Tata Contra Fund	500,000	10.00	0.50
UTI Leadership Equity Fund	244,618	10.00	0.25
UTI - Liquid Plan	3,000,000	10.00	3.00

**Details of Investments in Mutual Fund bought and sold during the year 04-05**

<b>Bonds</b>	<b>Nos.</b>	<b>Face Value Rs. per Unit / Share/ Bonds</b>	<b>Purchase Cost (Rs. In Crores)</b>
10.25% Indian Oil Corporation - 2013	1	2,000,000.00	0.23
10.25% Steel Authority Of India Ltd. - 2007	80	500,000.00	4.27
10.65% Andhra Pradesh Power Finance Corporation Ltd. - 2013	13	100,000.00	0.15
11.40% Andhra Pradesh Power Finance Corporation Ltd. - 2009	40	100,000.00	0.44
11.00% UCO Bank - 2006	3	500,000.00	0.15
11.25% ICICI Bank -2016	20	100,000.00	0.23
11.50% ICICI Bank - 2009	3,600	1,000.00	0.41
11.50% Industrial Finance Corporation Of India 2009	10	1,000.00	-
11.58% Himachal pradesh State Electricity 2009	1	1,500,000.00	0.16
11.70% Krishna bhagya Jal Nigam Ltd. - 2009	290	5,000.00	0.17
12.00% Andhra Pradesh Power Finance Corporation Ltd- 2008	25	100,000.00	0.27
12.00% Industrial Finance Corporation Of India -2012	50	1,000.00	0.01
12.00% Vidharba Irrigation Development Corporation -2008	6	100,000.00	0.06
13.75% National Housing Board- 2007	10	100,000.00	0.11
14.00% Gujarat Electricity Board -2006	50	100,000.00	0.21
5.90% Housing Development Finance Corporation Bank - 2014	2	1,000,000.00	0.19
6.60% UTI ARS Tax Free	500,000	100.00	5.20
6.68% Power Grid Corporation	8	1,250,000.00	0.98
7.15% Union Bank Of India - 2015	5	1,000,000.00	0.48
7.20% Rural Electrification Corporation - 2014	5	1,000,000.00	0.50
7.22% Rural Electrification Corporation - 2014	8	1,000,000.00	0.78
7.35% Infrastructure Leasing & Financial Services Ltd.-2008	2,000	1,000.00	0.21
8.05% Indian Railway Finance Corporation Bonds - 2007	5	1,000,000.00	0.51
8.66% Export Import Bank of India - 2017	1	10,000,000.00	1.09
9.50% Industrial Credit & Investment Corporation Of India -2016	600	5,000.00	0.33
7.50%Bank of India - Series VIII	45	1,000,000.00	4.50
8.75%UTI Bank Ltd. - Series XI	25	1,000,000.00	2.50
7.53% State Development Loan - Uttar Pradesh	1,300,000	100.00	13.00

<b>Equity Shares</b>			
Ahmednagar Forgings Ltd.	10,000	10.00	0.21
Allahabad Bank	175,512	10.00	1.44
Amtek india Ltd.	30,000	2.00	0.96
Automotive Axles Ltd.	21,031	10.00	0.90
Bhartiya International Ltd.	10,000	10.00	0.07
Esab India Ltd.	5,000	10.00	0.15
D-LINK ( India ) Ltd.	5,000	2.00	0.08
Ginni Filaments Ltd.	10,000	10.00	0.05
Gokaldas Exports Ltd.	1,395	10.00	0.06
Greaves Cotton Ltd.	5,000	10.00	0.10
Gujarat NRE Coke Ltd.	15,000	10.00	0.18
Hindustan Organic Chemical Ltd.	30,000	10.00	0.12
IVRCL Infrastructures & Projects Ltd.	31,719	2.00	1.25
3I Infotech Ltd.	58,814	10.00	0.59
Jaiprakash Hydro Power Ltd.	67,800	10.00	0.22
Mercator Lines Ltd.	17,490	1.00	0.15
Polyplex Corporation Ltd.	4,000	10.00	0.07
Punj Lloyd Ltd.	1,145	10.00	0.08
Ramsarup Industries Ltd.	17,575	10.00	0.11
Reliance Capital Ltd.	15,000	10.00	0.65
Reliance Industries Ltd.	10,000	10.00	0.75
REI Agro Ltd.	10,000	10.00	0.13
Ram Krishna Forging Ltd.	25,000	10.00	0.22
Scandent Solutions Ltd.	5,000	10.00	0.11
Shiv-Vani Oil & Gas Exploration Services Ltd .	10,000	10.00	0.17
Soma Textile Industries Ltd.	15,000	10.00	0.06
Strides Arcolab Ltd.	7,219	10.00	0.20
Sterlite Industries Ltd.	2,000	2.00	0.15
Suzlon Energy Ltd.	730	10.00	0.04
Visual Soft Technologies Ltd.	5,000	10.00	0.08



## SCHEDULES

PARTICULARS	(Rs. In Crores)	
	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE '9'</b>		
<b>INVENTORIES [At Cost or Net Realisable value whichever is lower]</b>		
Stores, Spares, Packing Materials and others	12.73	8.45
Stock-In-trade :		
Raw Materials	105.54	139.46
Process Stock [ (includes Rs. 2.86 crores (previous year Rs. Nil) Project Stock] (Refer Schedule 7)	119.81	96.16
Finished Goods / Traded Goods [includes Rs. 1.07 crores (previous year Rs. Nil) Project Stock] (Refer Schedule 7)	120.07	119.20
	<u>345.42</u>	<u>354.82</u>
<b>TOTAL</b>	<u><u>358.15</u></u>	<u><u>363.27</u></u>

<b>SCHEDULE '10'</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debt outstanding for a period exceeding six months	19.60	16.67
Other Debts	337.89	388.63
	<u>357.49</u>	405.30
Gross	357.49	405.30
Less : Provision	2.96	2.33
<b>TOTAL</b>	<u><u>354.53</u></u>	<u><u>402.97</u></u>
Considered Good	354.53	402.97
Considered Doubtful	2.96	2.33
<b>TOTAL</b>	<u><u>357.49</u></u>	<u><u>405.30</u></u>

Note: Sundry debtors includes Rs. 29.52 Crores (Previous year Rs. 32.48 Crores) towards contractual obligations on account of export incentives receivable.

<b>SCHEDULE '11'</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	0.25	0.23
Cheque on Hand	8.79	12.75
<b>Bank Balances</b>		
a) with Scheduled Banks		
- In Cash Credit Accounts	0.02	46.37
- In Current Accounts	19.89	11.86
- In Deposits Accounts [(including interest accrued thereon Rs. 2.34 Crores) (Previous year Rs. 1.18 Crores)]	187.73	174.05
- In Margin Money Deposits	165.75	249.30
b) With Others		
- In Current Account	0.01	0.05
- In Deposit Accounts	150.59	2.19
[maximum amount outstanding at any time during the year Rs. 232.80 Crores (Previous year Rs. 132.55 Crores )]		
	<u>533.03</u>	<u>496.80</u>
<b>TOTAL</b>	<u><u>533.03</u></u>	<u><u>496.80</u></u>

Note: Margin Money Deposit includes Rs. 133.29 Crores (Previous Year Rs. 214.59 Crores ) towards 100% LC margin against import of plant and machinery

## SCHEDULES

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2006	AS AT 31.03.2005
<b>SCHEDULE '12'</b>		
<b>LOANS AND ADVANCES [Unsecured]</b>		
Advances recoverable in cash or in kind or for value to be received	138.40	90.46
Loans / Inter Corporate Deposits	16.38	-
Deposits	3.24	2.70
Balances With Central Excise Collectorate	0.14	0.09
Share Application Money (Subsequently allotted/refunded)	-	3.00
	<u>158.16</u>	<u>96.25</u>
Less : Provision	-	0.08
<b>TOTAL</b>	<b>158.16</b>	<b>96.17</b>
<b>Loans and Advances includes:</b>		
a) Considered Good	158.16	96.17
Considered Doubtful	-	0.08
<b>TOTAL</b>	<b>158.16</b>	<b>96.25</b>

- b) Rs.46.72 Crores (previous year Rs.27.79 crores) towards Modvat credit balances to be utilised in the subsequent years.  
c) Rs.51.55 Crores (previous year Rs.8.79 crores) towards interest/Capital subsidy receivable under the TUF scheme of Government of India  
d) Rs.1.24 Crores (previous year Rs.0.46 crores) towards office/residential premises taken on rental basis  
e) Rs.0.13 Crores (previous year Rs.0.12 crores) due from Officers of the company [maximum amount outstanding during the year Rs.0.15 crores(Previous year Rs.0.18 Crores)]

<b>SCHEDULE '13'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors [including Acceptances Rs. 79.55 Crores, (previous year Rs. 59.58 Crores)] Total O/S Dues to :		
- Small scale industrial undertakings	2.69	1.80
- Creditors other than Small Scale Industrial Undertakings	151.35	137.91
	<u>154.04</u>	<u>139.71</u>
Unclaimed Dividend *	0.31	0.47
Interest accrued but not due on loans	12.83	2.19
Advance from customers	4.17	4.39
<b>TOTAL</b>	<b>171.35</b>	<b>146.76</b>

Sundry Creditors includes Rs.0.69 crores (previous year Rs.0.06 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

\* includes Rs.48,758/- (Previous year Rs 48,758/-) due and outstanding to be credited to Investor Education and Protection Fund

<b>SCHEDULE '14'</b>		
<b>PROVISIONS</b>		
Provision for Gratuity and Leave Encashment	2.21	1.47
Proposed Dividend	20.60	17.96
Provision for Tax on Dividend	2.89	2.71
Provision for Taxation (Net of advance tax payments)	0.63	1.02
<b>TOTAL</b>	<b>26.33</b>	<b>23.16</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006**

(Rs. In Crores)

PARTICULARS	2005-06	2004-05
<b>SCHEDULE '15'</b>		
<b>SALES</b>		
Sales – Local	1,065.15	997.89
Sales – Export	375.22	273.17
	<u>1,440.37</u>	<u>1,271.06</u>
Export Incentive	19.33	33.36
<b>TOTAL</b>	<u>1,459.70</u>	<u>1,304.42</u>

<b>SCHEDULE '16'</b>		
<b>OTHER INCOME</b>		
Dividend Income		
On long term investment	0.14	0.15
On Current investment	1.43	1.11
	<u>1.57</u>	<u>1.26</u>
Interest on advance payment of taxes	-	0.11
Miscellaneous Income (includes Sales Tax refund Rs. Nil , previous year Rs. 1.95 Crores)	0.06	3.52
Provision for Leave Encashment written back	-	0.13
Profit on sale of current investments (net)	2.25	0.76
Rent	0.01	0.03
Exchange Rate difference (Net)	-	0.07
Provision for Doubtful Debts and Advances written back	1.25	0.49
	<u>5.14</u>	<u>6.37</u>
<b>TOTAL</b>	<u>5.14</u>	<u>6.37</u>

<b>SCHEDULE '17'</b>		
<b>INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK</b>		
<b>CLOSING STOCK AS ON MARCH 31 , 2006</b>		
Finished Goods / Traded Goods	119.00	119.20
Process Stock	116.95	96.16
	<u>235.95</u>	<u>215.36</u>
<b>LESS: OPENING STOCK AS ON APRIL 1, 2005</b>		
Finished Goods / Traded Goods	119.20	82.26
Process Stock	96.16	60.35
	<u>215.36</u>	<u>142.61</u>
<b>TOTAL</b>	<u>20.59</u>	<u>72.75</u>

**SCHEDULES**

PARTICULARS	(Rs. In Crores)	
	2005-06	2004-05
<b>SCHEDULE '18'</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
<b>Raw Material Consumed</b>	<b>846.86</b>	805.59
<b>Payment to and Provisions for Employees</b>		
Salaries, Wages and Bonus	25.28	16.99
Contribution to Provident Fund and Other Funds	1.21	0.98
Employees Welfare Expenses	1.55	1.47
	<u>28.04</u>	<u>19.44</u>
<b>Operational and Other Expenses</b>		
Stores and Spares Consumed	11.13	9.57
Packing Materials Consumed	25.72	18.44
Power and Fuel	66.79	49.59
Processing Charges	16.03	12.63
Labour Charges	11.29	8.65
Excise Duty	1.22	(4.83)
Donation	1.56	0.17
Freight ,Coolie & Cartage	24.78	17.72
Exchange Rate Difference (Net)	1.32	-
Rent	1.28	1.79
Rates and Taxes	7.44	7.80
Repairs and Maintenance		
- Plant and Machinery	1.49	1.48
- Factory Building	0.68	0.42
- Others	1.48	0.82
	<u>3.65</u>	<u>2.72</u>
Commission on Sales	8.24	8.25
Provision for Doubtful Debts and Advances	1.79	1.21
Bad debts and other advances written off	5.33	0.34
Directors Remuneration	2.40	1.15
Directors Fees and Commission	5.03	3.25
Auditors Remuneration		
- Audit Fees	0.12	0.08
- Tax Audit Fees	0.01	0.01
- Certification Fees	0.02	0.01
	<u>0.15</u>	<u>0.10</u>
Insurance	3.05	1.97
Loss on Sale of Fixed Assets (net)	0.18	0.29
Excess of Cost over Fair value of current Investments	0.70	0.76
Miscellaneous Expenses	49.31	59.26
[Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Legal and Professional fees, Bill Discounting Charges Rs. 19.72 crores (Previous year Rs.8.78 Crores), purchase of Export License Rs.0.01Crores (previous year Rs. 15.12 Crores) etc.]		
<b>TOTAL</b>	<b>1,123.29</b>	<b>1,025.86</b>



## SCHEDULES

(Rs. In Crores)

PARTICULARS	2005-06	2004-05
<b>SCHEDULE '19'</b>		
<b>INTEREST (NET)</b>		
Interest Paid		
On Debentures	5.09	6.61
On Fixed Loan	33.44	39.89
[Net of Interest Subsidy Rs. 13.52 Crores (Previous Year Rs. 10.66 Crores)]		
On Cash Credit Accounts etc	39.70	22.62
	—————	—————
	78.23	69.12
Less : Interest Received on Loans, Deposits etc	11.45	5.44
(Tax deducted at source Rs. 2.30 Crore (Previous year Rs.0.70 Crore)]		
	—————	—————
<b>TOTAL</b>	<b>66.78</b>	<b>63.68</b>
	—————	—————

### SCHEDULE '20'

#### 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 issued by the Institute of Chartered Accountants of India (ICAI) 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 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 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.

##### 4. Fixed Assets

###### a) Own Assets:

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

Exchange differences on translation /repayment of foreign currency liability incurred for the purpose of acquiring fixed assets from country outside India are adjusted in carrying amount of the respective fixed assets.

Fixed assets acquired and put to use for project purposes are capitalised and depreciation thereon is included under "Incidental Expenditure During Construction".

###### b) Assets taken on lease:

###### i) 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 issued by ICAI. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

###### ii) 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.

## SCHEDULES

### 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 / Incidental Expenditure During Construction

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

Incidental expenditure in relation to project under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

### 7. Depreciation

- 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.

### 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 except in cases where they relate to acquisition of fixed assets acquired from countries outside India in which case they are adjusted to the carrying cost of such assets.

### 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. Retirement Benefits

- a) Contribution payable to the Company's Provident Fund is charged to revenue.
- b) The Company has taken a group gratuity policy for future payment of gratuity with the Life Insurance Corporation (LIC) of India. Contribution paid/payable by the company to the LIC is charged to revenue on the basis of actuarial valuation towards demand worked out by LIC.
- c) Liability for leave encashment benefit is determined in accordance with the rules of the Company and charged to revenue.

### 11. Accounting of CENVAT credit

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed of 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 is 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", issued by ICAI. Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income Tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.



## SCHEDULES

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### 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" issued by the ICAI. 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. Premium on redemption of Optionally Convertible Preference Shares

Premium payable on redemption of Optionally Convertible Preference Shares as per the terms of issue is provided in the year of issue by adjusting against Securities Premium Account.

## SCHEDULES

### 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>	<b>Amount Unascertained</b>
B	Guarantees given by banks on behalf of the Company	7.02	4.72
C	Guarantees given to Financial Institutions for third parties	-	10.50
D	Bills discounted	29.45	29.96

#### 2 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	181.73	182.55
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#### 3 Related Parties Disclosure

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

As per Accounting Standard AS - 18 "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

##### I) Names of related parties and description of relationship.

###### I Associates

Alok Denims (India) Pvt. Ltd.	Green Park Enterprises
Alok Finance Pvt. Ltd.	Honey Comb Knit Fabrics
Alok Knit Exports Limited	Jiwrajka Associates Pvt. Ltd.
Alok Textile Traders	Jiwrajka Investment Pvt. Ltd.
Ashok B. Jiwrajka (HUF)	Niraj Realtors & Shares Pvt. Ltd.
Ashok Realtors Pvt. Ltd.	Nirvan Exports
Buds Clothing Co.	Nirvan Holdings Pvt. Ltd.
D. Surendra & Co.	Pramatex Enterprises
Dilip B. Jiwrajka (HUF)	Pramita Creation Pvt. Ltd.
Grabal Alok Impex Ltd.	Surendra B. Jiwrajka (HUF)
Grabal Alok International Limited	Tulip Textiles
	Vaibhav Knit Fab

###### II Key Management Personnel

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

###### III Relatives of Key Management Personnel

Geeta S. Jiwrajka  
Prita D Jiwrajka  
S P Bubna

**2) Nature of transaction with Associates, Key Management Personnel and Relative of Key Management Personnel.**
**(Rs. in Crores)**

Transaction	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
<b>a) Unsecured Loan</b>				
Balance as at 1 <sup>st</sup> April	-	-	-	-
	(0.25)	(-)	(-)	(0.25)
Received during year(Net)	-	-	-	-
	(86.86)	-	-	(86.86)
Repaid / Adjustment during the year	-	-	-	-
	(87.11)	-	-	(87.11)
	-	-	-	-
Balance as at 31 <sup>st</sup> March	(-)	(-)	(-)	(-)
<b>b) Loan and Advances</b>				
Balance as at 1 <sup>st</sup> April	0.45	-	-	0.45
	(4.27)	-	-	(4.27)
Granted during year (Net)	3.92	-	-	3.92
	(0.20)	-	-	(0.20)
Received / Adjustment during the year	0.30	-	-	0.30
	(4.02)	(-)	(-)	(4.02)
Balance as at 31 <sup>st</sup> March	4.07	-	-	4.07
	(0.45)	(-)	(-)	(0.45)
<b>c) Advance from Customer</b>				
Balance as at 31 <sup>st</sup> March	-	-	-	-
	(0.49)	(-)	(-)	(0.49)
<b>d) Investment</b>				
Balance as at 1 <sup>st</sup> April	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
Balance as at 31 <sup>st</sup> March	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
<b>e) Sundry Debtors</b>				
Balance as at 31 <sup>st</sup> March	0.02	-	-	0.02
	(0.06)	(-)	(-)	(0.06)
<b>f) Sundry Creditors</b>				
Balance as at 31 <sup>st</sup> March	-	-	-	-
	(0.96)	(-)	(-)	(0.96)
<b>g) Turnover</b>				
Sales of goods	17.59	-	-	17.59
	(6.25)	(-)	(-)	(6.25)
<b>h) Expenditure</b>				
Purchase of goods	2.10	-	-	2.10
	(2.85)	(-)	(-)	(2.85)
Purchase of fixed assets	2.78	-	-	2.78
	(7.06)	(-)	(-)	(7.06)
Rent	0.23	-	-	0.23
	(0.56)	(-)	(-)	(0.56)
Remuneration	-	0.02	0.03	0.05
	-	(0.43)	-	(0.43)
Interest	0.54	-	-	0.54
	(0.28)	-	-	(0.28)
<b>i) Income</b>				
Dividend	0.14	-	-	0.14
	(0.14)	(-)	(-)	(0.14)
Rent	0.01	-	-	0.01
	(0.01)	(-)	(-)	(0.01)
<b>j) Guarantees</b>				
(Financial Guarantees)	-	-	-	-
	(10.50)	(-)	(-)	(10.50)

## SCHEDULES

(Rs. in Crores)				
Transaction	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
k) <u>Share application money</u>				
Balance as at 1 <sup>st</sup> April	-	-	-	-
Received during year	(8.09)	(10.01)	(-)	(18.10)
Allotted During the Year	(33.00)	(-)	(-)	(33.00)
Refunded during the year	(34.00)	(-)	(-)	(34.00)
Balance as at 31 <sup>st</sup> March	(7.09)	(10.01)	(-)	(17.10)
	(-)	(-)	(-)	(-)
l) <u>Purchase consideration towards assets and liabilities taken over</u>				
Fixed Assets	(14.33)	-	-	(14.33)
Investment	(0.23)	-	-	(0.23)
Current Assets	(0.87)	-	-	(0.87)
Current Liabilities	(1.29)	-	-	(1.29)
Dues to Banks	(10.43)	-	-	(10.43)
Net consideration paid	(3.71)	-	-	(3.71)
m) <u>Advance for capital Expenditure</u>	(0.42)	(0.76)	(0.42)	(1.60)

- Note:** 1) Related party relationship is as identified by the company and relied upon by the Auditors.  
 2) Previous year figures are given in brackets.  
 3) Details of remuneration to directors are disclosed in Note No 4 below.

3) Out of the above transaction with Associates, Key Management Personnel and Relative of Key Management Personnel in the excess of 10% of total Related Party

(Rs. in Crores)		
Transaction	Current Year Amount	Previous Year Amount
a) <u>Unsecured Loans</u>		
Associates		
Received during the year(Net)		
Grabal Alok Impex Limited	-	86.86
Repaid during the year		
Grabal Alok Impex Limited	-	87.11
b) <u>Loans and advances</u>		
Associates		
Granted during the year(Net)		
Grabal Alok Impex Ltd	3.62	-
Honey Comb-Knit Fabrics	-	0.07
Tulip Textiles	-	0.07
Vaibhav Knit Fab	-	0.06
	3.62	0.20

## SCHEDULES

(Rs. in Crores)

Transaction	Current Year Amount	Previous Year Amount
Received/Adjusted during the year		
Honey Comb-Knit Fabrics	-	0.99
Pramita Creation Private Ltd	-	0.88
Tulip Textiles	-	1.00
Vaibhav Knit Fab	-	0.99
		3.86
		-
c) Turnover		
Associates:		
Grabal Alok Impex Ltd.	17.03	5.26
Buds Clothing Co.	0.56	0.99
		6.25
		17.59
d) Expenditure		
Purchase of Goods		
Associates		
Grabal Alok Impex Ltd		2.85
Purchase of Fixed Assets		
Associates		
Green Park Enterprises	2.78	-
Niraj Relators & Shares Pvt. Limited	-	5.73
D. Surendra & Co.	-	0.43
Jiwrajka Associates	-	0.90
		7.06
		2.78
Rent		
Associates		
Nirvan Export	-	0.07
Alok Denims (India) Pvt. Ltd.	0.20	0.20
Niraj Realtors & Shares Pvt.Ltd.	-	0.13
		0.40
		0.20
Remuneration		
Key Management Personnel		
Alok Jiwrajka		-
Relatives of Key Management Personnel		
Prita Jiwrajka	0.01	-
S.P.Bubna	0.02	-
		-
		0.03
Interest:		
Associates		
Grabal Alok Impex Ltd		0.28
e) Income		
Dividend		
Associates		
Grabal Alok Impex Ltd		0.14
Rent received:		
Associates		
Alok Denims (India) Pvt. Ltd.		0.01
f) Guarantees		
Associates		
Grabal Alok Impex Ltd		10.50

## SCHEDULES

(Rs. in Crores)		
Transaction	Current Year Amount	Previous Year Amount
g) Share application money received		
Associates		
Alok Finance Private Ltd.	-	20.00
Alok Knit Exports Ltd.	-	10.67
Pramita Cration Pvt. Ltd.	-	3.33
	-----	-----
	-	34.00
Allotted during the year		
Associates		
Alok Finance Private Ltd.	-	20.00
Alok Knit Exports Ltd.	-	10.67
	-----	-----
	-	30.67
Refund during the year		
Associates		
Niraj Realtors and Shares Pvt. Ltd.	-	7.10
Key Management Personnel		
Ashok B. Jiwrajka	-	3.36
Dilip B. Jiwrajka	-	3.31
Surendra B. Jiwrajka	-	3.34
	-----	-----
	-	10.01
h) Purchase consideration towards assets and liabilities taken over		
Associates		
Pramita Creation Pvt. Ltd.	-	0.69
Vaibhav Knit Fab	-	0.90
TulipTextile	-	0.90
Alok Knit Exports Ltd.	-	0.32
Honey Comb Knit Fabrics	-	0.90
	-----	-----
	-	3.71
i) Advance for capital expenditure		
Associates		
Dilip B. Jiwrajka (HUF)	-	0.42
Key Management Personnel -	-	-
Dilip B. Jiwrajka	-	0.76
Relatives of Key Management Personnel	-	-
Geeta S. Jiwrajka	-	0.42

### 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.3.62crores(Previous year Rs.Nil)is not considered as it is repayable on demand and Interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

Name of the Company	No.of equity shares	Face Value (Rupees)
Grabal Alok Impex limited	31,13,968	3,11,39,680

### 4. Managerial Remuneration

(Rs. in Crores)		
Particulars	31-03-2006	31-03-2005
Salaries	2.16	0.96
Perquisites	0.24	0.20
Directors Sitting Fees	0.03	0.01
Commission	5.00	3.24
	-----	-----
<b>TOTAL</b>	<b>7.43</b>	<b>4.41</b>
	=====	=====



## SCHEDULES

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

(Rs. in Crores)

	31-03-2006	31-03-2005
Profit Before Tax as per Profit and Loss Account	154.00	123.51
Add: 1) Directors Remuneration (including commission)	7.40	4.40
2) Sitting Fees	0.03	0.01
3) Loss on Sale of Fixed Assets	0.18	0.29
4) Provision for Doubtful Debts and Advances	1.79	1.21
	<b>163.40</b>	<b>129.42</b>
Less: 1) Profit on sale of investments	2.25	0.76
2) Provision for Doubtful Debts and Advances written back	1.25	0.49
	<b>159.90</b>	<b>128.17</b>
Net Profit under Section 349 of the Companies Act, 1956		
Eligible Salaries, Perquisites and Commission @10% of above	15.99	12.82
Actual Commission (As restricted by Board of Directors)	5.00	3.24

- 5.
- a) During the previous year, the company issued 1400, 2.5% Foreign Currency Convertible Bonds (FCCBs) of USD 25,000/- each aggregating to USD 35 Million (Rs. 160.21 Crores at issue) under an option to convert these bonds into equity shares of Rs. 10/- each within a period of 5 years from the date of issue at a pre-defined conversion price ranging between Rs. 30/- to Rs. 70/- per share. Out of aforesaid issue, all the 1400 FCCBs have been fully converted into 3,22,44,860 equity shares up to March 31,2006. Out of the total proceeds, the company has utilised USD 35 Million (equivalent Rs. 162.50 Crores) towards capital expenditure amounting to Rs. 17.63 Crores, repayment of debt amounting to Rs. 138.32 Crores and issue expenses amounting to Rs. 6.55 Crores.
- b) During the year the Company has issued 1400, 1.00% FCCBs of USD 50,000/- each aggregating to USD 70 Million (Rs.305.03 Crores at issue) comprising of A Bonds – USD 15 million, B Bonds – USD 55 million -including green shoe option of USD 10 million with an option to convert A Bonds into equity shares of Rs.10/- each within a period of 5 years from the date of issue at a pre- defined conversion price ranging between Rs.55/- to Rs.59/- per share and for B Bonds have an option to convert into shares, at a conversion price of Rs 71.59.per share. Out of the aforesaid issue of 1400 FCCBs, during the year 411 FCCBs of the face value of USD 50000 each aggregating to USD 20.55 million have been converted into 1,45,05,810 equity shares and the balance 989 FCCBs pending conversion as at the year end aggregating to Rs.220.63 Crores are grouped under unsecured loans. (Schedule 4) Out of the total proceeds,USD 37.78 mn (equivalent Rs. 168.32 Crores) the company has utilised Rs.155.52 Crores towards capital expenditure and issue expenses to Rs. 12.91 Crores and Rs.143.76 Crores being balance unutilised is lying in deposit account and grouped under ' Cash and Bank balance' (Schedule 11).
- c) During the year the company incurred FCCB Issue expenses aggregating to Rs.12.91 crores.Such expenses to the extent of Rs 8.56 Crores (Net of Tax) (Current Tax Rs. 0.87 Crores and Deffered tax Rs. 3.48 Crores)have been adjusted against Securities premium account, in accordance with the provisions of Section 78 of the Companies Act,1956.
6. The Company has acquired plant and machinery and computers on lease aggregating to Rs. 14.48 crores (Previous year Rs.14.48 crores) and vehicles aggregating to Rs. 0.84 crores (Previous year Rs.1.50 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	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Within one year	3.63	2.87	0.76	0.79	2.87	2.08
Later than one year and not later than 5 years	10.79	10.85	1.12	1.68	9.68	9.17
Later than 5 years	-	1.25	-	-	-	1.25

7. The Company during the year mainly capitalised Wider Width Weaving unit (phase II), Normal Width Weaving unit (Phase II) & Yarn Texturising units at Sayli, Dadra and Nagar Haveli and Woven Processing Wider Width (Phase II) at Vapi, Gujarat. Spinning unit (Phase II), Garment & Made-up unit (Phase II) & POY at Sayli, Dadra and Nagar Haveli and Normal width processing unit (Phase II), Yarn Dyeing (Phase II) & Knit processing at Vapi, Gujarat are continued to be under construction/erection. Hence incidental expenses during construction period amounting to Rs. 11.57 crores related with these projects are carried forward and will be capitalised on completion of the same.

## SCHEDULES

### 8. Deferred Taxation

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

(Rs. In Crores)

	31.03.2006	31.3.2005
<b>I) Deferred Tax Liability (DTL)</b>		
i) Depreciation	107.08	76.62
	<u>107.08</u>	<u>76.62</u>
<b>II) Deferred Tax Asset (DTA)</b>		
i) Other items	3.46	1.52
ii) FCCB Issue Expenses ( Refer Note no. 5 (C) above)	3.52	-
	<u>6.98</u>	<u>1.52</u>
<b>(I-II) Total Deferred Tax Liabilities (Net)</b>	<u>100.10</u>	<u>75.10</u>

### 9. Earnings per share (EPS)

(Rs. In Crores)

	Current Year	Previous Year
a. <b>Net profit after tax</b>	109.21	89.25
Add: Excess Provision for Income tax in respect of earlier year	0.08	0.27
Less: Dividend on Preference Shares including Dividend tax	(8.84)	(9.59)
Net Profit Available for Equity Shareholders – (Basic)	100.45	79.93
Add: Interest payable on FCCBs (Net of tax)	9.23	0.60
Add: Interest on Convertible Debenture (Net of tax)	0.17	2.59
Net profit available for Equity Shareholders – (Dilutive)	109.85	83.12
b. Weighted average number of Equity Shares Basic (Nos.)	150392735	110272171
Add: Dilutive Share Warrants ( Nos)	538450	826768
Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	27912204	5068949
Add: Effect of potential Equity Shares on conversion of OFCDs (Nos.)	485197	5080298
Weighted average number of Equity Shares Dilutive (Nos.)	179328586	121248206
c. Nominal value of equity shares per share (In Rupees)	10	10
d. Basic Earnings per share (Rupees)	6.68	7.25
Diluted Earnings per share (Rupees)	6.12	6.86

10. Sundry creditors for the year ended 31<sup>st</sup> March 2006 include amounts due to the following small-scale industrial undertakings, which are outstanding for more than 30 days.

D. S. Topiwala Enterprise, Indokem Limited, Jai Speciality Starch, Morval Fabrics Pvt. Ltd., Nova Transfers Pvt. Ltd., Unicon Fibro Chemicals Pvt Ltd, M. K. Enterprises, Amol Paper Mills Pvt Ltd, C. J. Corporation, BO – Chem Pvt. Ltd., Color band Dyestuff Pvt Ltd, Demosha Chemicals Pvt Ltd, Didesu Chemicals Pvt Ltd, AH chemicals Pvt Ltd, Ispa Texchem Pvt Ltd, Prabhat Dye – Chem Industries, Standard Chemical Corporation, Modhera Chemicals Pvt Ltd, Precious Organic Pvt Ltd, Ramsons – Veit Pvt Ltd, B R Corporation, M R Dye – Chem Industries Pvt Ltd, Meghmani Dyes and Intermediates Ltd, Prabhat Chemi – Dyes Industries, Dipsi Chemical Pvt Ltd.

The above information regarding small scale industrial undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

### 11. Segment Reporting

a) Primary Segment: Business Segment

The company is mainly engaged in the business of manufacturing of textiles consisting of fabric and yarn texturing. Considering nature of business and financial reporting of the company, the company has only one business segment viz; textile as primary reportable segment.

## SCHEDULES

b) **Secondary Segment: Geographical Segment**

(Rs. in Crores)

	<b>Total</b>	<b>India</b>	<b>Rest Of World</b>
Revenue Attributable To location of Customers (including job work charges)	1420.70 (1224.50)	1026.15 (917.97)	394.55 (306.53)
Segment Assets Based on their Location	3317.81 (2246.33)	3138.43 (2221.02)	179.38 (25.31)
Addition To Fixed Asset (Including Capital Work In Progress and Incidental Expenditure During Construction)	1080.95 (358.16)	1080.95 (358.16)	- -

Notes :

- 1) Assets (except debtors and cash and bank balances) and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segments assets, (except debtors and cash and bank balances), and segment liabilities are made.
- 2) Figures of previous year are given in brackets.
12. In the opinion of the Board, carrying value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.
13. Sundry Debtors (Refer Schedule 10) includes Rs. 10,637/- (Previous Year Rs. 7,182/-) [Maximum amount outstanding during the year Rs. 10,637/- (Previous Year Rs. 32,083/-)] due from the officers of the Company.
14. Excess/(Short) provision for dividend of earlier years of Rs. 2.08 Crores (Previous Year Rs. (0.47) Crores) (including dividend tax Rs. 0.23 Crore, Previous year Rs. (0.07) 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.

## SCHEDULES

### 15. 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	2006	1063 Looms & 8 Stenters*	187.59	101.76	921.47	-	-	964.94	663.58	144.12	89.68
	Mtrs	2005	585 Looms and 7 Stenters*	126.76	70.25	946.83	-	-	886.00	599.65	187.59	101.76
Knitted Fabric	M.T.	2006	90 Machines	103.53	1.43	3,893.25	-	-	3683.66	51.13	313.12	2.53
		2005	90 Machines	128.34	1.98	4,929.41	-	-	4,954.22	69.99	103.53	1.43
Yarn	M.T.	2006	17,304 Spindles	644.13	4.79	48,391.74	-	-	47,482.34	397.28	1553.54	12.42
		2005	15,144 Spindles	531.91	6.05	40,848.38	-	-	40,736.16	383.30	644.13	4.79
Garments	Pcs	2006	551 Machines	51,936	0.48	1,204,987	-	-	1,211,255	14.99	45,668	0.23
		2005	151 Machines	56,324	0.45	756,550	-	-	760,938	10.20	51,936	0.48
Made-ups	Sets	2006	112 Machines	118,864	10.15	3,390,778	-	-	3,340,394	290.44	169,248	12.96
		2005	87 Machines	37,179	2.96	1,805,970	-	-	1,724,285	178.12	118,864	10.15
Pcs.		2006	-	4,763	0.32	232,417	-	-	214,194	11.92	22,986	0.74
		2005	-	9,996	0.21	767,021	-	-	772,254	21.64	4,763	0.32
Pairs		2006	-	18,024	0.27	373,886	-	-	366,315	7.20	25,595	0.45
		2005	-	5,520	0.36	511,796	-	-	499,292	7.81	18,024	0.27
Woven Fabric for Trade	Lacs Mtrs	2006	-	-	-	-	51.48	21.88	51.48	23.17	-	-
		2005	-	-	-	-	62.75	33.01	62.75	33.71	-	-
Total		2006	-	-	119.20	-	-	21.88	-	1459.70	-	119.00
		2005	-	-	82.26	-	-	33.01	-	1304.42	-	119.20

\* Includes 505 Nos.(Previous year 60 Nos.) Double width Looms

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

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

## SCHEDULES

Above details excludes Trial Run Production Stock Items as given below	Unit	Quantity	Value
<b>1. Woven Fabric</b>			
a) Production	Lacs Mtrs	2.01	
b) Sales	Lacs Mtrs	1.51	1.17
c) Closing Stock	Lacs Mtrs	0.50	0.41
<b>2. Knitted Fabric</b>			
a) Production	M.T.	65.28	
b) Sales	M.T.	34.78	0.95
c) Closing Stock	M.T.	30.50	0.66

Production excludes	Unit	31st March, 2006	31st March, 2005
<b>1. Job work for Outsiders</b>			
a) Knitted Fabric	M.T.	194.55	-
b) Processing for Woven Fabric	Lacs Mtrs	88.28	57.58
c) Processing for knitted Fabric	M.T.	409.40	822.28
<b>2. Production consumed internally</b>			
a) Woven Fabric for Made-ups	Lacs Mtrs	190.56	76.17
b) Knitted Fabric for Garments	M.T.	234.49	304.51
c) Yarn for Knitted Fabric	M.T.	2410.74	6,429.79

PARTICULARS	Units	31.03.2006		31.03.2005	
		Quantity	Value (Rs. in crores)	Quantity	Value (Rs. in crores)
<b>(i) Raw Material consumed</b>					
1) Manufacture of woven fabrics					
- Yarn	Kgs	11,171,694	200.91	5,522,310	100.21
- Fabric	Mtrs	71,773,553	276.48	82,581,479	389.46
2) Manufacture of knitted fabrics					
- Yarn	Kgs	1,828,304	17.60	2,149,498	24.81
- Fabric	Kgs	89,486	1.43	307,269	7.52
3) Manufacture of Yarn					
- Yarn	Kgs	48,754,256	315.95	41,067,329	258.85
4) Processing					
- Dyes & Chemicals	-	-	31.58	-	22.76
5) Manufacture of Garments					
- Woven Fabrics	mtrs	6,666	0.08	-	-
- Knitted Fabrics	Kgs	7,495	0.40	17,846	0.72
- Garments	Pcs	-	-	64,036	0.35
6) Made-ups					
- Woven Fabrics	Mtrs	137,148	2.43	8,524	0.91
			<b>846.86</b>		<b>805.59</b>
Raw Material consumed excludes Trial Run material as below					
1) Woven Fabric	Mtrs	532,420	2.70	-	-
2) Knitted Fabric	Kgs	101,620	1.57	-	-
			<b>4.27</b>		-

## SCHEDULES

16.

### (i) CIF Value of Imports

(Rs. in Crores)

	2005-2006	2004-2005
- Capital Goods purchased	294.82	112.59
- Stores & Spares purchased	2.08	1.64
- Raw Material purchased	2.65	1.72
	<b>299.55</b>	<b>115.95</b>

### (ii) Expenditure in Foreign Currency

(Rs. in crores)

	2005-2006	2004-2005
- Foreign Travel / Business Promotion	0.42	0.98
- Technical Consultancy / Upfront Fees	0.29	7.93
- Interest on Foreign currency term loans	4.32	3.83
- Internet Expenses	0.22	-
- Legal & Professional Charges	0.56	-
- Testing & Laboratory Expenses	2.63	-
- Commission	0.84	-
<b>Total</b>	<b>17.48</b>	<b>12.74</b>

The above expenditure in foreign currency excludes

- During the year company incurred FCCB issue expenses aggregating to Rs. 12.91 Crores such expenses to the extent of Rs.8.56 crores[(Net of Tax) current Tax Rs.0.87 crores and deferred Tax Rs.3.48 crores] have been adjusted against Securities Premium Account, in accordance with the provisions of Section 78 of the Companies Act, 1956
- Interest expense on FCCB aggregating to Rs. 13.07 Crores have been included in Incidental Expenditure During Construction Period and grouped under Schedule '7'.

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

	2005-2006				2004-2005			
	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	2.65	0.31%	844.21	99.69%	1.72	0.21%	803.87	99.79%
Stores and Spares	2.08	18.69%	9.05	81.31%	1.64	17.14%	7.93	82.86%

### (iv) Earning in Foreign Currency

(Rs. in crores)

	2005-2006	2004-2005
FOB Value of Exports	365.66	273.54

### (v) Dividend Remitted in Foreign Exchange

Year of Dividend	2005-2006	2004-2005
Equity Share		
No. of shareholders	1	-
No. of shares held by them	1,925,756	-
Dividend remitted during the year (Rs. in crore)	0.15	-
Year to which dividend relates	2004-05	



Year of Dividend	2005-06	2004-05
Preference Share		
No. of shareholders	1	1
No. of Shares held by them	6,80,00,000	6,80,00,000
Dividend remitted during the year (Rs. in Crore)	1.70	0.01
Year to which dividend relates	2004-05	2003-04
Dividend remitted during the year (Rs. in Crore)	5.10	5.12
Year to which dividend relates	2005-06	2004-05

17) The amounts in balance sheet and Profit and Loss account are rounded off to the nearest lakh and denominated in Crores of rupees.

18) The figures of the previous year have been reclassified/regrouped where ever necessary to correspond with those of the current year.

**Signatures to Schedules 1 to 20**

As per our attached report of even date

**For Gandhi & Parekh**

Chartered Accountants

**Mahesh T.Gandhi**

Partner

**Mumbai: 10th August, 2006**

For and on behalf of the Board

**Ashok B. Jiwrajka**

- Executive Chairman

**Dilip B. Jiwrajka**

- Managing Director

**Surendra B. Jiwrajka**

- Joint Managing Director

**K.H. Gopal**

- Vice President (Legal) &  
Company Secretary

**Mumbai: 10th August, 2006**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****Information required to be given in pursuance of part IV of Schedule VI of the Companies Act, 1956**

<b>I Registration Details</b>			
Registration No. 39194		State Code 11	
Balance Sheet Date	31	3	2006
	Day	Month	period
(Amount in Rs. Thousands)			
<b>II Capital raised during the period</b>			
Public issue			148,803
Bonus issue			NIL
Equity on conversion of Fully Convertible Debentures			26,046
Equity on conversion of Share Warrants			59,664
<b>III Position of mobilisation and deployment of funds</b>			
Total Liabilities			33,178,100
Total Assets			33,178,100
<b>Sources of Funds</b>			
Paid up Capital			2,254,700
Share Warrants			-
Reserves & Surplus			6,500,600
Secured Loan			18,002,100
Unsecured Loan			3,442,900
Deferred Tax Liability			1,001,000
<b>Application of Funds</b>			
Net Fixed Assets			18,742,400
Net Current Assets			12,061,900
Investments			397,000
<b>IV Performance of the Company</b>			
Turnover			14,207,000
Total Expenditure			12,924,300
Profit before Tax			1,539,958
Profit after Tax			1,092,100
Earning Per Share (Refer Note 11 of Part B of Schedule 20)			
- Basic			6.68
-Diluted			6.12
Dividend Rate			12%
<b>V 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/m <sub>2</sub>		
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.		

**For Gandhi & Parekh**

Chartered Accountants

**Mahesh T.Gandhi**

Partner

Mumbai: 10th August, 2006

For and on behalf of the Board

**Ashok B. Jiwrajka**

- Executive Chairman

**Dilip B. Jiwrajka**

- Managing Director

**Surendra B. Jiwrajka**

- Joint Managing Director

**K.H. Gopal**- Vice President (Legal) &  
Company Secretary

Mumbai: 10th August, 2006



## SHAREHOLDERS' INFORMATION

### Annual General Meeting

**Day, Date, Time and Venue of the 20th Annual General Meeting.** 29th September 2006 at 10.00 a.m. TEXTILES COMMITTEE AUDITORIUM, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025.

### Book Closure Date

The book closure period will be from Wednesday, the 20th day of September 2006 to Friday, the 29th day of September 2006 (both days inclusive) for payment of dividend.

### Financial Calendar: 1st April 2005 to 31st March 2006

For the year ended 31st March 2006, the results were declared on

First Quarter	29th July 2005
Second Quarter	28th October 2005
Third Quarter	31st January 2006
Fourth Quarter	28th April 2006

### Financial Calendar: 1st April 2006 to 31st March 2007:

For the year ended 31st March 2007, the results will be declared on (the dates are subject to change)

First Quarter	Last Week of July 2006
Second Quarter	Last Week of October 2006
Third Quarter	Last Week of January 2007
Fourth Quarter	Last Week of April 2007

### Dividend

A dividend of Rs.1.20 paise per share was recommended at the meeting of the Board of Directors held on 10th August 2006 and, subject to the approval of the shareholders at the AGM, will be paid on or before 28th October 2006.

### Listing

#### (a) Listing of Equity Shares on Stock Exchanges at:

Bombay Stock Exchange Limited (BSE) Floor 25, P. J. Towers, Dalal Street, Mumbai – 400 001.	National Stock Exchange of India Limited (NSE) “Exchange Plaza” 5th Floor, Plot No C-1, G Block Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
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The Annual Listing fees for the year 2006 – 2007 (as applicable) has been paid to both BSE and NSE where the securities are listed and there has been no default in payment of Annual Listing fees.

### Stock Codes (Equity Shares)

Name of the Stock Exchanges	Stock Code
BSE	521070
NSE	ALOKTEXTEQ

The ISIN numbers (or demat numbers) of the company for Equity Shares on both the National Securities Depository Limited and Central Depository Services (India) Limited is INE270A01011

#### (a) Listing of Debt securities at :

- (i) **10.00%- 20,00,000 Secured Redeemable Convertible Debentures of the face value of Rs.100/- each aggregating to Rs.20.00 crores allotted UTI Bank Limited on private placement basis on 25<sup>th</sup> October 2002 at:**  
The Wholesale Debt Market Segment of BSE.  
Scrip Code: 934516  
ISIN No. : INE270A07067
- (ii) **8.00% -500 Secured Redeemable Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating Rs.50.00 crores allotted to UTI Bank Limited on a private placement basis on 09<sup>th</sup> December 2004 at:**  
The Wholesale Debt Market Segment of BSE..  
Scrip Code: 945001  
ISIN No.: INE270A07091
- (iii) **8.00% -500 Secured Redeemable Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating Rs.50.00 crores allotted to UTI Bank Limited on a private placement basis on 28<sup>th</sup> October 2005 at:**  
The Wholesale Debt Market Segment of BSE.  
Scrip Code: 945001  
ISIN No.: INE270A07091

**Debenture Trustees for the aforesaid debt securities mentioned at Serial no. (i) to (iii) above:**

UTI Bank Limited  
 Maker Tower "F", 13<sup>th</sup> Floor,  
 Cuffe Parade, Colaba,  
 Mumbai – 400 005

**(b) Listing of 1.00% -1400 unsecured FCCBs of the face value of USD 50,000 each aggregating to USD 70.00 million (including green shoe option of USD 10.00 million)**

Luxembourg Stock Exchange.  
 Code No.XS0219244315  
 Code No.XS0219245809

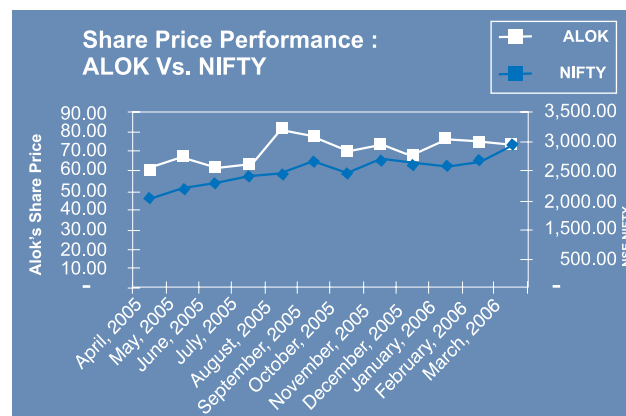
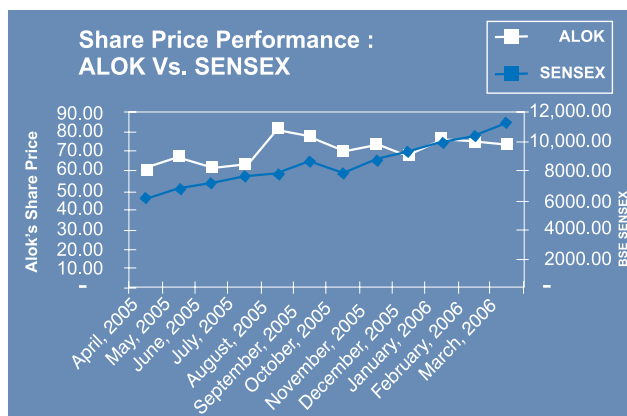
Out of 1400 FCCBs, 466 FCCBs aggregating to USD 23.30 million have been converted into 1,62,61,788 equity shares of Rs.10/- each as on date in accordance with the terms of the Offering Circular dated 26.05.2005.

**Stock Data**

The closing rates of the Company at BSE and NSE as on 31<sup>st</sup> March 2006 are Rs.73.75 and Rs.73.70 respectively.

(High/Low and Volume of share traded in BSE and NSE)  
 (01.04.2005 to 31.03.2006)

Month	BSE (In Rs. per share)					NSE (In Rs. per share)				
	High	Low	Volume	Close	Sensex	High	Low	Volume	Close	NIFTY
April, 2005	65.80	59.00	5426784	60.55	6,154.44	65.80	58.05	14812471	60.50	1688.65
May, 2005	67.75	59.30	13967394	67.30	6,715.11	67.90	59.40	36802689	67.40	1834.85
June, 2005	72.50	60.25	9256209	62.05	7,193.85	69.90	60.50	33496387	62.00	1906.20
July, 2005	68.50	60.80	7025824	63.35	7,635.42	67.90	61.00	19544632	62.90	2027.40
August, 2005	82.40	63.50	21142825	81.80	7,805.43	82.45	63.15	59627534	81.70	2126.35
September, 2005	86.25	72.00	9391640	77.95	8,634.48	85.95	68.10	30621443	77.80	2274.00
October, 2005	81.20	63.00	5172940	70.70	7,892.32	81.20	62.80	16358675	70.50	2067.80
November, 2005	77.00	68.15	3361050	73.95	8,788.81	76.70	68.15	11254489	74.00	2306.15
December, 2005	75.25	65.60	4247064	68.30	9,397.93	75.20	65.25	12428725	68.15	2459.20
January, 2006	78.40	66.00	6843498	76.05	9,919.89	78.50	67.50	18003561	76.00	2585.95
February, 2006	78.20	69.50	5774523	75.20	10,370.24	78.20	69.40	14069745	75.30	2658.95
March, 2006	77.40	69.00	6118513	73.75	11,279.96	77.15	69.35	12189986	73.70	2910.35
			<b>97728264</b>					<b>279210337</b>		



### Distribution of Shareholding

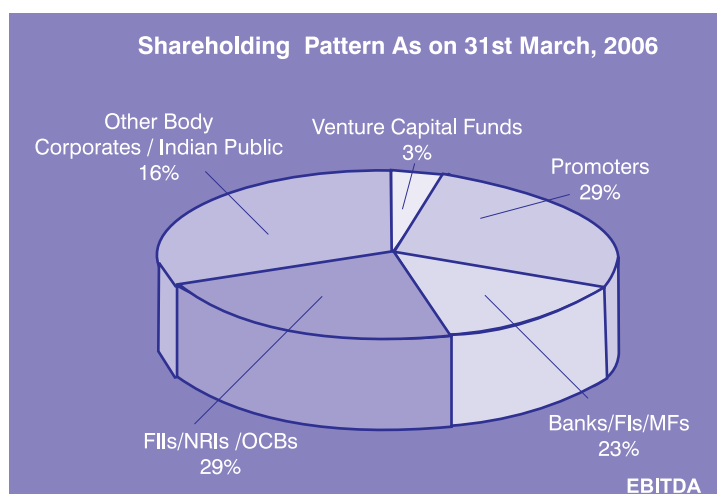
The following are the distribution pattern of shareholdings by size and by categories of the Company as on 31<sup>st</sup> March 2006.

Distribution of shareholding by size class as on 31<sup>st</sup> March 2006 is as under:

No. of Shares held	No. of Shareholders	% of shareholders	No. of Shares	% of shareholding
1 to 5000	34425	85.10	6149391	3.91
5001 to 10000	3327	8.23	2832591	1.80
10001 to 20000	1291	3.19	2077723	1.32
20001 to 30000	430	1.06	1146360	0.73
30001 to 40000	187	0.46	679816	0.43
40001 to 50000	192	0.47	930533	0.59
50001 to 100000	274	0.68	2085241	1.32
100001 & Above	326	0.81	141566801	89.90
	<b>40452</b>	<b>100.00</b>	<b>157468456</b>	<b>100.00</b>

Shareholding Patten (Category wise) as on 31<sup>st</sup> March 2006 is as under:

Sr.	Category	No of shares	% to Paid up Capital
<b>A)</b>	<b>Promoters</b>	<b>45516303</b>	<b>28.91</b>
<b>B)</b>	<b>Non- Promoters</b>		
	Banks/FIs/MFs	35709949	22.68
	FII's/NRIs/OCBs/FDI	45432880	28.85
	Other Body Corporates/Indian Public	25153589	15.97
	Venture Capital Funds	5655735	3.59
	<b>Total Non- Promoters</b>	<b>111952153</b>	<b>71.09</b>
	<b>TOTAL (A+B)</b>	<b>157468456</b>	<b>100.00</b>



### Shares held in physical & dematerialised form

As on 31<sup>st</sup> March 2006, 96.16% of the Company's shares were held in dematerialized form and the rest in physical form. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India

### Equity History

Year	No. of shares	Face Value (Rs.)	Cumulative share capital (Rs.)	Particulars
1986	400	10/- each	4000	Issued to Promoters
1988	215000	10/- each	2154000	Issued to Promoters
1989	32100	10/- each	2475000	Issued to Promoters
1992	237200	10/- each	4847000	Issued to Promoters
1992	247500	10/- each	7322000	Bonus
1993	497896	10/- each	12300960	Bonus
1993	265000	10/- each	14950960	Issued to Promoters
1993	2250000	10/- each	37450960	Public Issue
1997	7490192	10/- each	112352880	Rights Issue (2:1)
1997	1240000	10/- each	124752880	Private Placement with FII
1998	2250000	10/- each	147252880	Preferential Issue to promoters
1998	9142700	10/- each	238679880	Private Placement of equity shares with FDI
2000	2590000	10/- each	264579880	Conversion of Optionally Fully Convertible Debentures issued to FI into equity shares
2000	1892500	10/- each	283504880	Conversion of Preference shares issued to FIs
2002	13940200	10/- each	422906880	Conversion of Privately Placed Secured Fully Convertible Debentures issued to FIs/Banks into equity shares
2002	45401140	10/- each	876918280	Conversion of 14% Fully Convertible Debentures in to equity shares issued on Rights basis.
2004	538890	10/- each	882307180	Preferential Allotment to Khandelwal Polyester Private Limited.
2005	31870334	10/- each	1201010520	Conversion of Foreign Currency Convertible Bonds (FCCBs) into equity shares issued to FIIs
	5573700	10/- each	1256747520	Preferential Allotment of Shares to Promoter Group.
	5737700	10/- each	1314124520	Preferential Allotment of Shares to IL&FS.& its associates
	2604634	10/- each	1340170860	Conversion of Debentures (OFCDs) into equity shares issued to Life Insurance Corporation of India
2006	2604634	10/- each	1366217200	Conversion of balance OFCDs into equity shares issued Life Insurance Corporation of India
	14880336	10/- each	1515020560	Conversion of FCCBs into equity shares issued to FIIs
	5966400	10/- each	1574684560	Conversion of Share Warrants into equity shares
				Conversion of Share Warrants into equity shares issued to FII

### Share Transfer System;

The share transfers, which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company has, as per SEBI guidelines with effect from 21<sup>st</sup> March 2000, offered the facility of transfer cum demat.

Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and Share Transfer Agent of the Company periodically received from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to the Depository Participants under advice to the shareholders.



#### **Registrar and Share Transfer Agent :**

Share transfer and communication regarding share certificate, dividends and change of address etc may be addressed to:

Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound,  
L B S Marg,,  
Bhandup (West),  
Mumbai-400 078.  
Tel:- (022) 2596 3838, Fax:- (022) 25946969

#### **Investor Correspondence :**

Any investor correspondence, regarding transfer/dematerialization of shares, interest /dividend and redemption of debentures and any other query relating to the shares and debentures of the Company, should be addressed to:

#### **For Shares held in Physical form :**

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

#### **For Shares held in Demat form**

To the Depository Participant

#### **Compliance Officer for Investor redressal :**

K.H. Gopal  
Vice President (Legal) & Company Secretary,  
Alok Industries Limited  
Peninsula Towers, 'A' wing,  
Peninsula Corporate Park,  
G K Marg, Lower Parel,  
Mumbai – 400 013  
Tel:- (022) 24996341, Fax:- (022) 2493 6078  
Email: [gopal@alokind.com](mailto:gopal@alokind.com)

#### **Registered Office :**

B/43, Mittal Tower,  
Nariman Point,  
Mumbai-400 021.

#### **Web Site**

Please visit us at <http://www.alokind.com> for further financial and other information about the Company.

#### **Transfer of unclaimed amounts to Investor Education and Protection Fund (IEPF)**

The investors are requested to claim their unclaimed dividends lying in the unpaid dividend accounts of the Company before the due dates (as stated in the Notes to the Notice) The same would be credited to the IEPF on the respective due dates as mentioned in the said Notes to the Notice.

During the year under review the Company has credited a sum of Rs.2,11,862.75 to IEPF being the unclaimed dividend for the year 1997-98 pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules,2001.



**PROXY FORM**

**ALOK INDUSTRIES LIMITED**

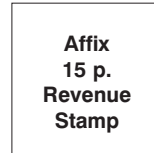
Registered Office : B/43, Mittal Tower, Nariman Point, Mumbai – 400 021



REGD. FOLIO	
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 \_\_\_\_\_ in the district 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 Twentieth Annual General Meeting of the Company to be held on Friday, the 29<sup>th</sup> day of September 2006, at 10.00 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 \_\_\_\_\_ 2006



\_\_\_\_\_  
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./DP.ID : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

Name & Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I hereby record my presence at the Twentieth Annual General Meeting of the Company being held on Friday, the 29<sup>th</sup> day of September, 2006 at 10.00 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.







Perinsula Tower 'A', Perinsula 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

Visit us at: [www.alokind.com](http://www.alokind.com)

*Integrated Textile Solutions™*