

13TH ANNUAL REPORT 2005-2006



For the festival of life



Housing Development Corporation Limited

Alpine Housing Development Corporation Limited



**13th Annual Report
2005-2006**



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BOARD OF DIRECTORS	:	Mr. S. A. KABEER Chairman & Managing Director
		Mr. M. K. RAMACHANDRA Director
		Mr. G. H. SATYANARAYANA GUPTA Director
		Mr. S. A. RASHEED Executive Director
		Mr. SYED MOHAMMED MOHSIN Director
		Mr. K. N. GUHA Director

REGISTERED OFFICE	:	ALPINE HOUSING DEVELOPMENT CORPORATION LIMITED 302, ALPINE ARCH No.10, Langford Road, Bangalore - 560 027.
BANKERS	:	Syndicate Bank Canara Bank
AUDITORS	:	M/s.Rao & Venkatesulu Chartered Accountants
STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED	:	1. Bangalore Stock Exchange Ltd., 2. Mumbai Stock Exchange Ltd.,

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NOTICE

Notice is hereby given that **Thirteenth Annual General Meeting** of the members of **ALPINE HOUSING DEVELOPMENT CORPORATION LIMITED** will be held on Thursday **28th September, 2006** at "**Green Arch**" Hall, Woodlands Hotel Pvt. Ltd., No. 5, Raja Rama Mohan Roy Road, Bangalore - 25. at 11.00 A.M to transact the following business.

I. ORDINARY BUSINESS:

1. To consider approve and adopt the audited balance sheet as at 31st March 2006 and the Profit and Loss account for the year ended on that date together with the Directors' report and the Auditor's report thereon.
2. To appoint a Director in the place of Mr.G H S Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

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By Order of the Board,

Place : Bangalore
Date : August 14th, 2006

Sd/-
S.A.KABEER
Chairman & Managing Director



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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
2. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DULY STAMPED AND SIGNED IN THE FORMAT ANNEXED HERETO, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME SCHEDULED FOR COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
3. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of members and the share transfer books of the company will remain closed on 27th and 28th September, 2006.
5. Members are requested to bring their copies of Annual Reports to the meeting and also intimate the change in their registered address, if any, immediately quoting the folio reference to the address of registered office of the company.
6. Members having multiple folio(s) in identical names or Folios in joint names in the same order are requested to send all their share certificates to the company for consolidating such shareholding into one account to facilitate better service.
7. The Company has established De-materialized facility of Share with NSDL/CDSL. In lines with SEBI's circular, the company has also established common registry facility for demat and physical transfer of shares with M/s.CAMEO Corporate Services Ltd., No.1, Subramaniam Building, Club House Road, Chennai – 600 002. The Members/ Shareholders are requested to avail this facility by forwarding their request for share transfer to the registrar and shares transfer agents, as mentioned above.
8. Mr G H S Gupta who retires by rotation is eligible for re-appointment. The information pertaining to him is provided in the Corporate Governance Section.

By Order of the Board,

Place : Bangalore
Date : August 14th, 2006

Sd/-
S.A.KABEER
Chairman & Managing Director



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DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the 13th Annual Report together with the Audited Accounts for the year end 31.3.2006.

Financial Results:

Your Company's performance during the year as compared with that of during the previous year is summarized below:

Rupees in Millions

Particulars	For the year ended 31.03.2006	For the year ended 31.03.2005
Total Income	410.80	190.01
Total Expenditure	310.00	159.07
Profit Before Depreciation, Interest and Tax	100.80	30.94
Less : Interest & Finance Charges	1.65	1.32
Profit before Depreciation and Tax	99.15	29.62
Less : Provision for Depreciation	4.54	4.48
Profit before Tax	94.61	25.14
Less : Provision for Tax	8.40	2.18
Deferred Tax (Liability)	1.94	0.59
Fringe Benefit Tax	0.17	-
Net Profit after Tax	84.10	22.37
Add: Balance in Profit & Loss Account as per last Balance Sheet	37.81	15.44
Less : Profit Transferred to General Reserves	109.00	-
Balance carried forward to Balance Sheet	12.91	37.81

The total income of the Company has gone up from Rs. 190.01 million in 2004-05 to Rs. 410.80 million in 2005-06, an increase in turn over of 116% and the net profit after tax has gone up from Rs.22.37

million in 2004-05 to Rs.84.10 million in 2005-06, an increase in net profit by 276%.

Finance:

Though our turnover has increased from Rs. 190.00 million to Rs.410.80 million, yet we have not gone for any institutional borrowing. Our net equity as of 31.3.2006 is Rs. 189.12 million, but our secured debts are only Rs. 3.5 million, a ratio of 1:0.02. Our unsecured loan mostly represent the deferred sales tax amount payable to State Government and EMI due on construction equipments.

Dividend:

Though the Company has done quite well, as the Company has done substantial diversification and expansion of business without borrowings the Board has not recommended any dividend.

Transfer to Revenue:

We propose to transfer Rs. 100.9 million to General Reserves. An amount of Rs. 12.90 million is proposed to be retained in the in the Profit & Loss Account.

2. MANAGEMENT DISCUSSION, ANALYSIS AND REVIEW :

Prospects:

Housing Development:

Our Housing Projects have exceeded the expectation of our Customers. We have already completed Alpine Regency, which we had launched earlier. This was a Project of 100 apartments in Jayanagar, Bangalore. We also launched a 600 apartment project in the name of Alpine Eco. A part of the revenue from this Project is reflected in this year and the balance of the sale proceeds will be reflected in the year 2006-07. We have also launched a Project called Alpine Viva with 340 apartments. Further we are launching two more projects, Alpine Excel and Alpine Pyramid in the year 2006-2007. Besides, many more projects are on the drawing board.



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Alpine Concrete Sleepers :

Our manufacturing unit is at Wadi, Gulbarga District, viz. Alpine Concrete Sleepers, which supplies concrete sleepers to Indian Railways performing. We have signed agreements with Indian Railways worth Rs. 233 million for supply of Railway Sleepers, which is an infrastructure item used in construction / maintenance of railway tracks.

In view of huge requirements of Railways and the committed orders we have received, we have started work to double the production capacity of our Plant at Wadi and we hope to complete the job of doubling of our capacity by 31.3.2007.

Alpine Alloys :

We purchase SG Cast Iron items as an input for the Railway Sleepers we manufacture at our Plant in Wadi. Also there is huge demand for SG Castings both for similar plants in India and for automobile industry apart from the export market. In view of this, to meet our requirement and also the demand of other industries we have put up a new Plant called Alpine Alloys to manufacture initially 660 MTs of SG Castings which can be expanded to 1320 MTs of Castings per annum near Narsapur in Kolar District.

The production of SG castings will start from this Plant in the month of September 2006.

Taking all these expansions into account, the initial target of achieving a turn over of Rs. 100 crore of your Company is not too far.

3. CORPORATE GOVERNANCE:

The disclosures as required under the Corporate Governance Reporting System have been furnished in the Annual Report under the head "Corporate Governance" and the company is complying with the various requirements under the Corporate Governance reporting system.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.

- ii. Appropriate accounting policies have been selected and applied consistently. Judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2006 and of the profit of the company for the year ended 31st March 2006.

- iii. Proper and sufficient care has been taken for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. The annual accounts have been prepared on a going concern basis.

5. DEPOSITORY SYSTEM (DEMAT FACILITY FOR SHARES) :

The Company has established De-materialized facility of Share with NSDL/CDSL. In lines with SEBI's circular, the company has also established common registry facility for demat and physical transfer of shares with M/s.CAMEO Corporate Services Ltd., No.1, Subramaniam Building, Club House Road, Chennai – 600002.

The Members/Shareholders are requested to avail this facility by forwarding their request for share transfer to the aforesaid registrar and shares transfer agents.

6. LISTING WITH STOCK EXCHANGES:

As per the requirements of clause 49 of the Listing Agreement with Stock Exchanges, the Company hereby declares that the listing of its shares continued throughout the year with the following Stock Exchanges and the listing fee for the year 2005-2006 has been paid:-

Bangalore Stock Exchange Ltd., Post Box No.27024, No.51, Stock Exchange Towers, 1st Cross, J.C.Road, Bangalore – 560 027.

The Mumbai Stock Exchange, Phiroze Jee Jeebhoy Towers, Dalal Street, Mumbai – 460 001.

Delisting of the Company Shares is pending from Stock Exchange Coimbatore, The Madras Stock Exchanges and The Hyderabad Stock Exchange.



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7. FIXED DEPOSITS:

The Company has not accepted the fixed deposits from public during the year under review.

8. HUMAN RESOURCES:

Your company places utmost value in the development and training of its human resources and providing a congenial working environment for its employees

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

The information required under Section 217-(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Director) Rules, 1988, with respect to these matters is as under:

Conservation of Energy :

Though the Company's operation involves low energy consumption, there is a constant endeavor to conserve energy.

Absorption of technology:

The company has an in-house R & D wing for product upgradation/development.

Foreign Exchange earnings and outgo

Foreign Exchange earnings - Nil

Foreign Exchange outgo - Nil

10. DIRECTORS:

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company, the following Director due for retirement

by rotation and being eligible to consider for reappointment.

Mr G H Sathyanarayana Gupta.

None of the Directors of the Company have incurred disqualification in terms of section 274(1)(g) of Companies Act 1956.

11. AUDITORS:

M/s.Rao and Venkatesulu, Chartered Accountants, the Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting. It is proposed to reappoint them till the conclusion of the next Annual General Meeting. M/s.Rao and Venkatesulu have pursuant to Section 224 1(B) of the Companies Act, 1956 furnished a certificate regarding their eligibility and given consent for re-appointment.

12. PERSONNEL:

Your Directors would like to express their sincere thanks and appreciation to all the employees for their commendable teamwork and exemplary contribution to operations and company's performance

Information pursuant to the provisions of Section 217 (2A) of the Company Act, 1956 read with the Companies (Particulars of Employees) Rules 1975. No employee is covered under the provision.

13. APPRECIATION :

Your Board would like to place on record its sincere appreciation for the wholehearted support and contribution made by all its employees, shareholders, banks, financial institutions and other business associates towards conducting the operations of the company.

By Order of the Board,

Sd/-

S.A.KABEER

Chairman & Managing Director

Place : Bangalore

Date : August 14th, 2006



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AUDITOR'S REPORT

To the Members of

ALPINE HOUSING DEVELOPMENT CORPORATION LIMITED

We have audited the Balance Sheet of ALPINE HOUSING DEVELOPMENT CORPORATION LIMITED as at 31st March, 2006 and the annexed Profit and Loss Account for the year ended on that date. 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.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We have, on the basis of such checks as we considered necessary and the information and explanations given to us, given our findings on the matters required by the Companies (Auditor's Report) Order, 2003 issued by the central government under section 227 (4A) of the Companies Act, 1956, as applicable to the company in the annexure hereto.
2. During the year the Accounting Policy, as contained in Note 13 (B) (5) of Schedule "Q" to the Balance Sheet, with regard to accounting of the liability in respect of gratuity and leave encashment payable to employees on retirement has been modified. The modification in the said accounting policy has affected the profits of the company for the year to the extent Rs.597,853/-.
3. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

- c. the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
- d. in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e. on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director of the Company are disqualified from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956; and
- f. subject to Note No.4 in Schedule "Q" to the Balance Sheet regarding the change in the Accounting Policy, during the year, with regard to accounting of the liability in respect of gratuity and leave encashment payable to employees on retirement and its effect on the net profits of the company to the extent of Rs.597,853/- and Note No.13(B) (5) of schedule "Q" to the Balance Sheet and to Note No.3 of the said Schedule regarding treating escalation claims on Railway Sleepers supplied written off during earlier years aggregating in all to a sum of Rs.13,610,794/- as the sales revenue and the consequential effect thereof on the Profits for the year, in our opinion and to the best of our information and according to the explanation given to us, the accounts 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2006; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

for RAO & VENKATESULU
Chartered Accountant

Sd/-

V. PADMANABHAN
Partner

Membership No. 3181

Place : Bangalore

Date : June 30th 2006



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ANNEXURE REFERRED TO IN PARA (1) OF OUR REPORT TO THE MEMBERS OF ALPINE HOUSING DEVELOPMENT CORPORATION LIMITED

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|---|---|
| <p>1.01 The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>1.02 The Fixed Assets have been physically verified by the management, at reasonable periodical interval. As per the information given to us no discrepancy has been noticed.</p> <p>1.03 The company has not sold substantial part of its fixed assets during the year.</p> <p>2.01 The management has physically verified the inventory during the year.</p> <p>2.02 The procedure adopted for physical verification of the inventory is, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>2.03 The company has maintained proper records of inventory. No material discrepancy was noticed on physical verification.</p> <p>3.01 The Company has not taken loans from its Directors during the year. The Company has not granted any advance in the nature of loan to any of its Directors or their relatives or to a Firm or Company listed in the register maintained under Section 301 of the Companies Act, 1956 in which the Directors of the Company or their relatives are interested as partners and Directors.</p> <p>3.02 The terms and conditions for repayment of the principal amount of loans and the interest in respect of loans taken from Directors in the earlier years has not been specified and no repayments has been made during the year.</p> <p>3.03 That in view of what is stated in paragraph 3.02 supra, in our opinion, the terms and conditions under which such loan was taken are not, prima facie, prejudicial to the Company.</p> | <p>4.01 In our opinion and according to the explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to the purchase of goods and fixed assets and sale of goods. We have not noticed any continued failure to correct major weaknesses in internal control.</p> <p>5.01 On the basis of the checks made by us there were no transactions during the year, which need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.</p> <p>5.02 That the company had no transactions during the year, which are entered in the register, maintained u/s 301 of the Companies Act, 1956.</p> <p>6.01 The Company has not accepted any deposits from the public during the year.</p> <p>7.01 The company has an internal audit system which in our opinion is adequate having regard to the size of the company and the nature of its business.</p> <p>8.01 According to the information and explanations given to us the Company is not required to maintain any cost records in terms of the prescription made by the Central Government u/s section 209 (1)(d) of the Companies Act, 1956.</p> <p>9.01 The company has, according to the information and explanations given to us, the statutory liability in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax, Fringe Benefit Tax and Sales Tax. On the basis of such checks as we considered necessary the Company been regular in depositing such undisputed statutory dues with the appropriate authority, though delays have been caused in certain cases. There are no dues, which are due for more than a period of six months which remained outstanding as at 31st March 2006.</p> <p>9.02 There are no dues in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax, Fringe Benefit</p> |
|---|---|