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Unit I**Window Covering Products**

A-3, Loni Road Industrial Area
Ghaziabad - 201007 (U.P.).

Unit II**Home Furnishings**

B-2, Loni Road Industrial Area
Ghaziabad - 201007 (U.P.).

Unit III**Vista Floor Fashions**

A-2, Loni Road Industrial Area
Ghaziabad - 201007 (U.P.).

Unit IV

**An Integrated Textile Unit having
inhouse facilities of spinning, weaving,
manufacturing of vegetables dye, fiber,
fabric and yarn dyeing, processing and
fabrication (made - ups)**

57/2, Site-IV, Industrial Area,
Sahibabad , Ghaziabad - 201010 (U.P.).

Unit V**Vista Awnings**

B-160-161, Mettupalayam
Industrial Estate
Pondicherry - 605009.

Unit VI**Fiber Dyeing & Eco-Friendly
Cotton Yarn Spinning**

Plot No. 1A&1B, Sec.10, Sidtul,
BHEL Integrated Indl. Estate,
V.P.O. : Roshana Bagh,
Distt Haridwar, Uttranchal

REGISTERED OFFICE

B-2, Loni Road Industrial Area, Opp.
Mohan Nagar, Ghaziabad - 201007 (U.P.).
Ph. : 0120-2940649
Fax : 0120-2940540

REGIONAL & MARKETING OFFICES

Delhi : F- 213/D, III Floor, Lado Sarai,
M.B. Road, New Delhi - 110030
E-mail : vista_delhi@alpsindustries.com

Bangalore : 303, Ahuja Chambers, 3rd Floor,
Kumar Krupa Road, Bangalore - 560001
Ph : 080-2256974, Fax : 080-2258780
Email : vista_bng@alpsindustries.com

Mumbai : 3116 / 3117, Oberoi Estate
Chandivli Farms Road, Chandivli,
Andheri (E), Mumbai - 400072, Maharashtra
Ph : 022-28472111-17 Fax: 022-28474745
Email : vista_bby@alpsindustries.com

R&TAGENCY

Alankit Assignment Ltd.
205-206, Anarkali Complex
Jhandewalan Extn., New Delhi
Ph : 011-51540061-64
Fax : 011-51540064

BANKERS

State Bank of India
Bank of Baroda
ABN Amro Bank NV
ING Vysya Bank Ltd.

CORP. OFFICE & SHARE DEPTT.

57/2, Site-IV, Industrial Area, Sahibabad
Ghaziabad - 201010 (U.P.).

AUDITORS

R.K. Govil & Co.
Chartered Accountants

SECRETARY

Mr. Ajay Gupta

e-mail : alps@alpsindustries.com
<http://www.alpsindustries.com>

BOARD OF DIRECTORS

Mr. K.K. Agarwal, aged 64 years, is a qualified textile engineer. He commenced the business of textiles in the year 1962 in a partnership firm and later promoted Alps Industries to corporatize the business activities in 1972.

He has an experience of more than 40 years in the textile and interior decorative industry. He was instrumental in exploring the export markets for the Company's products and establishing long term relations with the Company's buyers like Park B. Smith Inc., USA and Habitat, UK and France.

He has been the force behind the research and development activities on the development and standardization of natural dyes from agricultural waste and by-products. In this regard the Company has also entered into an agreement with IIT, Delhi and TIFAC. He has also been instrumental in introducing the new product range with the concept of eco-friendly vegetable dyed fabrics and decoratives.

He was the President of All India Manufactures Oraganisation, UP Board in 1980 and Vice President of North Zone in 1981. He was also the Founder President of All India Cotton Made-ups Association in 1990 and is a winner of Shiromani award for the export of handloom textiles in 1985 form Indian Business Council.

Mr. Sandeep Agarwal, aged 41 years, joined the Company in 1989 and is presently the Managing Director of the Company. He was instrumental in diversifying into value added lines like the Vista range of interior decoratives and in developing a formal tie up with Levolor Corp., USA. He has been the force behind setting up the manufacturing facilities for venetian blinds, vertical blinds, drapery rods, wooden laminated flooring, etc.

He also developed brands like Vista, for interior decoratives and Le-Pashmina, for fashion accessories. One of the areas of his responsibilities include marketing and business development. Under his leadership, the Company has setup a nationwide distribution system for the Company's products. This has helped the Company in marketing its brands such as Vista throughout the country.

Mr. G.K. Arora, Director, is a retired I.A.S. Officer. He was Finance Secretary to the Government of India and Executive Director of International Monetary Fund. He was also the Chairman of the Indian Advisory Board of ANZ Grindlays Bank.

Mr. J.P. Kundra, Director, is a former Managing Director of State Bank of India and was also former Managing Director of State Bank of Bikaner & Jaipur, Ex-Vice Chairman of SBI Capital Markets Ltd. and former Chairman of Banking Services Recruitment Board. He was also the Chairman of the Indian Advisory Board of SANWA Bank. He has many years of experience in the banking and financial sector.

Mr. Rakesh Gupta, Director, is a businessman operating out of India and holds substantial experience in international trade.

Dr. M.L. Gulrajani, Director (Research and Development), is an eminent textile technologist. He is professor in the Department of Textile Technology and Dean of the Industrial Research & Development Unit at IIT, Delhi. Working jointly with IIT, Delhi & TIFAC (DST), Dr. Gulrajani, provides impetus to the fully standardized eco-friendly natural dyes project.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 33rd Annual Report together with the Audited Financial Statements for the financial year ended on 31st March 2005.

FINANCIAL RESULTS**(Rs. in Million)**

Particulars	Year Ended 31.03.2005	Year Ended 31.03.2004
Total Income	1795.56	1546.96
Profit before Financial Exp., Depreciation & Tax, and Extra Ordinary Items.	273.44	189.20
Profit before Depreciation and Tax, and extra ordinary items.	208.10	129.96
Depreciation (net after transfer from Revaluation Reserve)	56.26	51.39
Provision for Tax	8.50	6.50
Profit from Operations	143.34	72.08
Deferred Tax	2.00	16.00
Profit After Tax	141.34	56.07
Prior year Adjustment	0.75	(0.19)
Add : Surplus of last year	62.40	60.26
Surplus available for appropriation	204.49	116.15
Appropriations		
General Reserve	130.00	50.00
Proposed Dividend on Equity Shares	10.09	3.32
Corporate Dividend Tax	1.42	0.43
Surplus carried to Balance Sheet	62.99	62.40
Surplus available for appropriation	204.49	116.15

DIVIDEND

Your Directors are pleased to recommend a dividend of 15% for equity shareholders subject to the provisions of Companies Act/Income Tax Act and necessary approval from the members of the Company. A provision of Rs. 11.50 million has been made in the accounts inclusive of Dividend Distribution Tax.

PERFORMANCE AND GENERAL OUTLOOK

During the year under review, your company's turnover increased handsomely from Rs. 1546.96 million in the previous year to Rs. 1795.56 million, registering a robust 16.08% growth over previous year. The exports continued to show a growing trend despite indifferent international economic conditions and recorded a growth of above 7% over the previous year to touch Rs. 477.28 million. The domestic sales increased to Rs. 1318.28 million, a growth of nearly 20% over the previous year. The Operating Margin showed a significant improvement as Earnings Before Interest, Depreciation and Taxes as a percentage to Sales improved to 15.23% as compared to 12.23% in the previous year. This has been possible largely due to tight controls on operating costs and timely execution of export orders. Increased productivity has also ensured that personnel costs have been kept under control. Operating Costs and Personnel Costs put together have grown by less than half-percent whereas sales have grown over 16%.

This has meant that Profit After Tax has increased from Rs. 56.08 million in the previous year to Rs. 141.34 million during the year under review, a growth of nearly 152%.

The company's exports revenues are generated from all over the globe and the region-wise turnover is as below:

North America	-	39%
Asia & Australia	-	36%
Europe	-	16%
South Africa	-	4%
Others	-	4%

Removal of quotas from international textile trade from 2005 is expected to change structure of the global textile trade and has opened up many opportunities. In the changed scenario, China followed by India are likely to be key beneficiaries due to the fact that China and India enjoy high level of integration and both are competitive on labor cost. Your company is well placed to take advantage of this opportunity as it has painstakingly built up a net work of international buyers over the last few years. This is evident from its growing exports order book position post January 2005. At the same time, the outlook on domestic front looks encouraging as the economy continues to grow at a fast clip and the resultant construction and housing boom throws up greater demand for its products - both interior decorative products and home furnishings.

PRODUCT RANGE AND MARKETING DEVELOPMENTS

Your Company has expanded the range of fashion accessories to add viscose shawls and throws. The home furnishings product offering has also been strengthened with larger design range. During the year under review, your company added Australia and Singapore to its markets and further expanded the customer base in USA, UK and Spain. Your company today supplies home furnishings and fashion accessories to renowned buyers like GAP International, Esprit, Nexxt, Principles, Spring Mills, London Fog, BI and Co. and Vericott, to name a few.

On architectural products front, your company introduced Aluminum Composite Panels, and Wall Panels. The virtual construction boom owing to popularization of large retail format has created a huge demand for decorative items of international quality and these two new products cater to this demand pattern.

Your company has been awarded the Two Star Trading House status by the Government of India in recognition of its good exports performance.

NEW PROJECT - HARIDWAR

Recognizing the opportunity thrown open by the removal of quota regime, your company is setting up a new yarn spinning facility with a capacity of 50.161 tons per day with a combination of ring and open end spinning at Integrated Industrial Estate, BHEL, Ranipur near

Haridwar, Uttanchal. The plant would also have the facility for fiber dyeing so as to produce value added fiber dyed yarn. The overall cost of the project is around Rs. 1,200 million. The choice of location was influenced by a number of important factors like cheap and quality power, Excise, Income Tax and Sales Tax exemptions, and proximity to large markets in North India, apart from various others minor factors. Your directors are confident of timely implementation of the project and commercial production will begin from the last quarter of 2005, barring any unforeseen circumstances beyond the control of the management.

The company is evaluating further options for growth based on the emerging demands from its customers and market trends.

FINANCIAL MANAGEMENT - EXISTING OPERATIONS

It has been your company's constant endeavour to bring down the cost of funds to improve efficiency in its operations. Towards this effect, you company has actively negotiated with its lenders for interest reduction and in some cases replaced higher cost loans with lower cost ones. Active foreign exchange management has also enabled the company to anticipate currency movements and keep its exposures hedged against any adverse movements.

The new yarn spinning project has been funded largely from term loans that will be substantially covered by the interest subsidy available under Technology Upgradation Fund Scheme. This will enable the company to further bring down its cost of funds.

REVIEW OF INVESTMENTS

Creative Blends Inc. was set up as a subsidiary to promote sales in USA. However the objects were not being met and it was decided to dissolve the company. While steps for dissolution had been initiated, the company managed to find a buyer for its entire shareholding at par. This company, therefore, ceased to be a subsidiary company as at the balance sheet date.

ISSUE OF SECURITIES

Listing of shares pursuant to the last allotment of 5.25 Lacs equity shares is expected very soon on the BSE and NSE.

Your management has decided to access the capital market pursuant to authorizations from the shareholders in earlier meetings. The Board has approved the Prospectus for issue of 4,150,000 Equity Shares of Rs. 10/- each in a price band of Rs. 100/- to Rs. 120/-. The company has filed the Draft Prospectus through its lead manager UTI Securities Ltd, Mumbai with SEBI as well as with NSE and BSE. It is expected that the issue will hit the market in August-September 2005.

INVESTOR RELATIONS

Your company recognizes and appreciates the support of its members and prospective investors. The management is pleased to report that there is no investor complaint pending. Your company continues to retain Alankit Assignments Ltd., New Delhi as its Registrar & Transfer Agents.

RISK REVIEW & ENVIRONMENT MANAGEMENT

Your company is extremely sensitive to environmental issues. Its research efforts to standardize natural dyes and their application to textiles arose from this concern only. The continuing certification of the company being ISO 14001 compliant demonstrates the long term commitment to environment friendliness.

To reduce the risk of accidents due to human error, your company has embarked on various safety initiatives under the concept of "Green Triangle of Safety" - Efforts, Results, and Motivation to perpetuate a culture of safety. These initiatives have resulted in significant improvement in key safety parameters.

The company is conscious of its responsibility towards sustainable development of the region during conceptualization and implementation of any project. Your company has taken various initiatives to minimize pollution through monitoring of emissions, appropriate effluent treatment, efficient process control, solid waste management and the disposal of treated waste.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rakesh Gupta, Director

of the Company, retires by rotation, and being eligible, offers himself for reappointment. The Board recommends his reappointment. A brief note in terms of the requirement of the Corporate Governance on the aforesaid Director has been included in Part -II of the Annexure-2.

There was no change in the Board of Directors of the company during the year under review.

DIRECTORS' RESPONSIBILITY

In terms of Section 217(2AA) of the Companies Act, 1956, the members of the Board place on record the Directors' Responsibility Statement as under:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts on a going concern basis.

STATUTORY DISCLOSURES

The statement of employees required under Section 217(2A) of Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Rules, 1999 for the year ended 31st March, 2005 is not applicable to the company as none of the employee is drawing remuneration more than the limits presently specified under the said rules.

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto and forms and integral part of this report.

FIXED DEPOSITS

During the year, your company has raised money by way of Fixed Deposits without invitation to the general public. Information, as required under the Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977, is annexed.

AWARENESS OF CORPORATE GOVERNANCE

In line with self imposed standards of Corporate Governance, your company has maintained a reasonable balance of Independent and Non-Independent Directors on its Board of Directors. A report as per the requirements of clause 49 of the listing agreement regarding the Corporate Governance practices followed by the Company and the Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an annexure to this report.

In your company, the concept of Corporate Governance is implemented as a process in line with International standards & Stock Exchange requirements to instill greater investor confidence in the company. Your Board firmly believes that financial transparency cannot be defined and imposed by merely rules & regulations. Your company is committed to implement the Corporate Governance stipulations not only in letter, but in their true spirit. Your company has taken utmost care to comply with the mandatory and non-mandatory requirements of the concept. The mandatory and non-mandatory information is annexed as Annexure-2.

AUDITORS

M/s. R.K. Govil & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' REPORT

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory, need no further explanations.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their thanks and appreciation for the co-operation and assistance received from the Central Government and State Government, the financial institutions, Banks as well as the shareholders and prospective investors, during the year under review. Your Directors also wish to place on record their appreciation of the devoted and dedicated service rendered by all the employees of your Company at all levels. We also take this opportunity to thank all the valued customers, who have appreciated our products and have patronized them. Your directors convey their grateful thanks to the distributors and dealers for their continued assistance, co-operation and patronage. Our special thanks to State Industrial Development Corporation of Uttranchal Limited and other Government Agencies of state of Uttranchal for the whole hearted support for our new project.

For and on behalf of the Board

Place : Ghaziabad
 Date : 11th June 2005

(SANDEEP AGARWAL)
MANAGING DIRECTOR

**ANNEXURE TO THE DIRECTORS' REPORT****ANNEXURE - 1****(I) Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.****1. Conservation of Energy**

- | | |
|--|---|
| a. Energy conservation measures taken | : During the period under review some of the major technology up-gradation has been carried out. A new multi fuel based boiler was installed to save fuel cost. Your company has also installed a new multi fuel thermopac & modified stenter machine to run it on thermopac, which will also result in saving fuel cost & improve quality of products. A new furnace oil based DG set has been installed to improve the efficiency of fuel consumption and quality of power. The company also installed a 200 cfm compressor that will result in considerable saving of electricity. Plans are afoot to acquire and install a new FRP fan for humidification plant to save on costs. |
| b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy. | : Rs. 178.89 Lacs. |
| c. Impact of measures at (a) & (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods. | : Your company will be benefited by way of reduction in power cost and improvement in production capacity. |
| d. Total Energy Consumption and Energy Consumption per unit of production are as follows: | |

A. POWER AND FUEL CONSUMPTION

Sl. No	PARTICULARS	CURRENT YEAR 2004-2005	PREVIOUS YEAR 2003-2004
1.	Electricity		
a.	Purchased		
	Units (Nos)	151005.23	9910.00
	Total Amount (Rs)	771109.00	34187.00
	Rate/Unit (Rs)	5.11	3.45
b.	Own Generation		
i)	Through Diesel/FO		
	Quantity (Ltr.)	2230227	2226364
	Total Amount (Rs.)	30974986	24530923
	Average Rate (Rs.)	13.89	11.02
	Generate (Units) (Nos.)	8837656	7256742
	Unit per-ltr of Diesel oil (Nos.)	3.96	3.26
	Cost/Unit (Rs.)	3.50	3.38
ii)	Through Steam Turbine	N. A.	N. A.
2.	Coal	N. A.	N. A.
3.	Furnace Oil (Excluding use on Generation of Electricity)		
	Quantity (Ltrs)	872368	892340.00
	Total amount (Rs)	8648874	8527082.00
	Average Rate (Rs)	9.91	9.56
4.	Others/Internal generation	N. A.	N. A.

B. CONSUMPTION PER UNIT OF PRODUCTION

PARTICULARS	YARN * PER MT		MADE-UPS * PER 1000 SQM		WINDOW COVERING * PER 1000 SQM	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ELECTRICITY (KWH)	1801.26	1797.95	35.76	36.31	937.65	912.64
COAL	N. A.	N.A.	N. A.	N.A.	N. A.	N.A.
OTHERS	N. A.	N.A.	N. A.	N.A.	N. A.	N.A.

* For major products.

II. TECHNOLOGY ABSORPTION: Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

A. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company. : The R & D program is a continuous process in the company. Your company is still in the process of developing more new colors of Herbal Gulal and Natural shades. Process standardization of Ginger Oil (Gingerol) Clove Oil, and extraction of coloring component from Ratanjot has been fully standardized. Technology for the production of natural paints using natural resources, dyeing of coir, painting of bamboos has also been standardized fully. But commercialization is under progress.
2. Benefits derived as a result of the above R&D : The company will get benefit from the efforts of R & D in coming years by way of expansion in the market of natural dyes on cotton, silk, wool, Nylon, leather, cosmetics, Herbal Gulal and Hair dyes.
3. Future Plan of Action : The company is in the process of developing technology for manufacture and application of natural dyes for hairs without using toxic chemical paraphenylene diamine. A number of shades have been developed for hairs but their application technology standardization is still under process.
4. Expenditure on R&D
 - a. Capital : Rs. Nil Lacs
 - b. Recurring : Rs. 31.69 Lacs.
 - c. Total : Rs. 31.69 Lacs.
 - d. Total R&D Expenditure as a Percentage of total turnover : 0.18 %

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief made towards technology absorption, adaptation and innovation. : As a part of regular process of line balancing, two TFO machines, and one Cheese Winding machine have been added in the spinning department. In the process house one Raising machine has been inducted and in engineering department one multi fuel Boiler, one thermo pack and one compressor have been installed.
2. Benefits derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : The company will get benefit by way of power saving, reduction in the cost of production and quality improvement of products and better value addition to yarn produced to match with the market demand.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : NIL
 - a. Technology imported : N. A.
 - b. Year of import : N. A.
 - c. Has technology been fully absorbed? : N. A.
 - d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : N. A.