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WINDOW FASHIONS

FLOOR FASHIONS

HOME FASHIONS



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ORGANIC



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Alps Industries Limited

36th Annual Report 2007-2008
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Unit I

Window Covering Products

A-3, Loni Road Industrial Area
Ghaziabad - 201 007 (U.P.).
E-mail : sales@alpsindustries.com

Unit IV

Integrated Textile Unit

57/2, Site-IV,
Industrial Area,
Sahibabad,
Ghaziabad - 201 010 (U.P.).
E-mail : alps@alpsindustries.com

Unit VII

Yarn Spinning Mill (On long term lease)

Kashipur Spinning Mills,
Near Govt. Degree College,
Kashipur Bazpur Road,
Kashipur, Distt.- Udham Singh
Nagar, Uttarakhand - 244 713

Unit X

Home Furnishing Made-UPS

A-16/2, Site-IV,
Industrial Area, Sahibabad,
Distt. Ghaziabad - 201 010 (U.P.)

REGISTERED OFFICE

B-2, Loni Road Industrial Area, Opp. Mohan
Nagar, Ghaziabad - 201 007 (U.P.).
Ph. : 0120-265 7649 Fax : 0120-265 7540
E-mail : b2alps@alpsindustries.com

R&T AGENCY

Alankit Assignment Ltd.
Alankit House, 2E/21, Jhandewalan
Extn., New Delhi-110 055 (INDIA)
Ph : 91-11-4254 1234, 2354 1234
Fax : 91-11-2355 2001, 4254 1967
E-mail : rta@alankit.com

CORP. OFFICE & SHARE DEPTT.

57/2, Site-IV, Industrial Area,
Sahibabad
Ghaziabad - 201 010 (U.P.).

AUDITORS

R.K. Govil & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Ajay Gupta

Unit II

Home Furnishings

B-2, Loni Road Industrial Area
Ghaziabad - 201 007 (U.P.).
E-mail : b2alps@alpsindustries.com

Unit V

Vista Awnings

B-160-161,
Mettupalayam Industrial Estate,
Pondicherry - 605 009.
E-mail : alpspon@md3.vsnl.net.in

Unit VIII

Yarn Spinning Mill (On long term lease)

Jaspur Spinning Mills,
Afzal Garh Road,
Jaspur,
Distt.- Udham Singh Nagar,
Uttarakhand - 244 712

Unit XI

Automotive, Technical Fabrics And Cotton Processing Project (Under Implementation)

Village Aminagar alias Bhoor
Baral, Distt. Meerut, U.P.

BANKERS

State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Hyderabad
State Bank of Indore
Punjab National Bank
Syndicate Bank
Jammu & Kashmir Bank Ltd.
UCO Bank
Centurion Bank of Punjab Ltd.
Standard Chartered Bank
EXIM Bank
ING Vysya Bank Ltd.
Bank of Rajasthan Ltd.
Kotak Mahindra Bank Ltd.
HSBC Ltd.
Standard Chartered Bank
IDBI Bank Ltd.

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

Unit III

Vista Floor Fashions

A-2, Loni Road Industrial Area
Ghaziabad - 201 007 (U.P.).
E-mail : vista@alpsindustries.com

Unit VI

Fiber Dyeing &

Eco-Friendly Yarn Spinning Mill

Plot No. 1A, Sec.10, Sidcul, BHEL
Integrated Indl. Estate, V.P.O. : Roshanabad Road,
Distt.- Haridwar, Uttarakhand
E-mail : commlharidwar@alpsindustries.com

Unit IX (Under Implementation)

High Quality Compact Yarn Spinning Mill

Plot No. 1B, Sec.-10,
Industrial Area,
Integrated Industrial Estate,
Ranipur, Distt. - Haridwar,
Uttarakhand

REGIONAL & MARKETING OFFICES

Ahmedabad : Office No. 4, 3rd Floor,
Akar Complex, Nathalal Colony,
Stadium Road, Naranpura, Ahmedabad
E-mail : jshukla10@gmail.com

Delhi : F - 228, Ground Floor, Lado Sarai,
New Delhi-110030, Near Campa Cola Factory/
Kali Mandir.
E-mail : vista_delhi@yahoo.co.in

Mumbai : Flat No. 3116-3117, C-Wing, Oberoi
Estate, Chandivli Farms Road, Chandivli,
Andheri (E), Mumbai-400 072
E-mail : vista@bom3.vsnl.net.in

Lucknow: G - 24, Tej Kumar Plaza, Hazratganj,
Lucknow - 226001
E-mail : sharmamukul@rediffmail.com

Kolkata: Room No. - 8 & 9, M.A. Business
Centre, Poddar Point Rear Street, 113, Park
Street Kolkata - 700016
E-mail : prajjal_chatterjee@rediffmail.com

Pune: Shop No. 54, Patil Plaza, Parvati, Near
Mitra Mandal Chowk, Pune - 411009
E-mail : ajitganpule@yahoo.com

Chennai: No. 36/25, Premises No.36, Krishna
Arcade, First Floor, Raja Bathar Street, T.
Nagar, Chennai - 600017
E-mail : chennaialps@rediffmail.com

303, 3rd Floor, Indira Arcade, House No. 19/
4B, Govindam Street, Ayyayoo Colony,
Aminiji Karai, Chennai - 600 0029

Bangalore : 303, Ahuja Chambers, 3rd Floor,
Kumara Krupa Road, Bangalore - 560 001
E-mail : alps.blr@airtelbroadband.in

BOARD OF DIRECTORS

Mr. K. K. Agarwal, Non Executive Chairman & Promoter Director, is a Textile Engineer and is the founder of the company. He has a passion for textiles, and is blessed with great business acumen.

Mr. Sandeep Agarwal, Managing Director has inherited his father's dynamism as well as business acumen. He concentrates on Marketing and Business Development and has already made a name for himself for innovative thinking and bold decision making. He started his career with Alps by setting up the window covering business. He was instrumental in negotiating and finalizing technical collaboration with Suminoe Textile Co. Ltd., Japan. He has also played a major role in ensuring that Vista emerges as the undisputed market leader.

Mr. P. K. Rajput, Executive Director, has been serving the company since 1995. Prior to his elevation to the Board, he was designated Vice President – Commercial with the company looking after all commercial affairs and has extensive experience of handling commercial affairs in textile companies. He has worked with Hindon River Mills and subsequently with Swatantra Bharat Mills, prior to joining Alps Industries in 1995.

Mr. G. K. Arora, Director, is a retired IAS 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. He has accumulated rich experience in the field of corporate finance.

Mr. J. P. Kundra, Director, is a former Managing Director of State Bank of India and was also the former Managing Director of State Bank of Bikaner and Jaipur, Ex- Vice Chairman of SBI Capital Markets Limited and former Chairman of Banking Services Recruitment Board. He is a renowned figure in banking and financial circles in India.

Dr. M. L. Gulrajani, Director, is an eminent textile technologist. He is a professor with the Department of Textile Technology at IIT Delhi and has also been Dean of the Industrial Research and Development Unit at IIT, Delhi. Working jointly with IIT, Delhi & TIFAC (DST), Dr. Gulrajani embodies the spirit and inspiration behind the successfully commercialized eco-friendly natural dyes project.

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

Mr. Karthik Athreya, Director, is a member of the Institute of Chartered Accountants of India and is a Commerce Graduate from Loyola College, Chennai, India. He has over eight years of experience in the areas of Mergers & Acquisitions, Private Equity & Capital Market's fund raising and deal execution, as well as relationships within the Indian financial investor community. He has been nominated by Clearwater Capital Partners, a reputed private equity fund holding nearly 9% stake in the Company.

DIRECTORS' REPORT

To,
The Members,
Alps Industries Limited

Your Directors have pleasure in presenting the Thirty Sixth Annual Report together with Audited Statements of Accounts of the Company for the financial year ended on 31st March 2008.

FINANCIAL RESULTS

(Rs. in Millions)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
Total Income	6342.69	4291.35
Operating Earnings before Financial Exp., Depreciation & Amortisation and Tax	650.44	681.13
Finance Cost	319.97	192.25
Depreciation	178.25	134.07
Profit Before Tax	152.22	354.81
Provision for Tax Including FBT	5.95	32.06
Deferred Tax	27.46	19.25
Profit After Tax	118.81	303.50
Prior year Adjustment	(3.80)	(0.26)
Add: Surplus of last year	160.81	87.86
Surplus available for appropriation	275.82	391.10
Appropriations		
General Reserve	86.50	200.00
Proposed Dividend on Equity Shares	17.26	25.89
Corporate Dividend Tax	2.93	4.40
Surplus carried to Balance Sheet	169.13	160.81
Surplus available for appropriation	275.82	391.10

PERFORMANCE REVIEW

Your Directors are pleased to inform that your company's turnover increased significantly to Rs. 6342.69 millions in the previous year from Rs. 4291.35 millions recording a growth of over 47.80%. Domestic sales flourished and recorded an increase by 59% to Rs. 5396.53 millions while exports grew at a sedate 4.57 % to Rs. 955.67 millions.

However, profitability has been under a severe stress. Rupee strengthening coupled with artificial pegging of Chinese Yuan has affected the textile exports severely during 2007-08. At the same time, continuing exports of cotton from India has resulted in high cotton prices in domestic market, squeezing the profit margins. Increased material costs coupled with adverse foreign exchange movement has resulted in fall of profit margins.

Accordingly, the Operating Profit fell from Rs. 681.13 millions in 2006-07 to Rs. 650.44 millions in the current year. The Net Profit after Tax also decreased from Rs. 303.50 millions in 2006-07 to Rs. 118.82 million during the year under review.

However, your Directors have continued to strive to increase the business. All the business segments recorded growth during the year. The largest business segment of the company viz. Home Furnishings and Fashion Accessories grew over 32.67% while Architectural Products segment demonstrated a robust growth of over 10%. The Yarn segment grew the fastest on the back of additional capacities going into operation registering a stupendous growth of over 72%. During the year, the state-of-the-art spinning mill at Haridwar became operational. The mill was stabilized progressively as is a necessity for a new facility. Today, the quality of the Yarn produced from this new mill is comparable to the best in the country.

The segment mix has undergone a change due to the enhancement in operational yarn capacities. The share of Yarn segment in the company's revenues increased from 36% in FY07 to 43% in FY08. The large growth in the Yarn segment dwarfed the Architectural Products segment, as its share in the company's revenues fell marginally from 8.45% to 6.28% despite a growth in the absolute numbers. The share of Home Furnishings and Fashion Accessories segment amounted to 51% as against 56% in the earlier year.

The strong growth of the domestic market provided a relief to your company from the adverse Rupee movement. Your company's strategy of having presence in both domestic and export markets offered the much needed flexibility. The construction and realty boom in the domestic market has helped spur demand for both architectural products and home furnishings.

OPERATIONS – ADDITIONS AND ENHANCEMENTS

The second phase of expansion of Spinning Unit for Compact Yarns Project has been completed at Haridwar. The project successfully commissioned 66,000 spindles, out of which 31,200 are for Compact Yarn and 34,800 are normal Yarn. The project was successfully implemented with negligible cost over runs. The commercial production of the plant commenced from January 2008.

Your company also added twenty five TFO machines to produce Doubled Yarn at the Haridwar Unit. Doubling of the yarn is a value addition process. Your Company is also adding special accessories to make core spun spandex yarn, yet another value added yarn.

The Company also received certification from Control Union, a designated agency for Global Organic Textile Standards (GOTS). The certification confirms our ability to manufacture yarn from Organic Cotton in conditions protected from contamination from ordinary cotton. This places your company's organic yarn on an internationally recognized platform.

During the year under review, your company introduced Stainless Steel Architectural Hardware, under the brand name 'Vista'. The product range includes mortise handles, pull handles, grills & gates, railings and other stainless steel hardware products. The product is manufactured to exacting standards for a blemishless

The weaving and processing facility is coming up at Meerut, near Ghaziabad. The site selection was changed from Uttarakhand to Uttar Pradesh keeping in view lower operational costs and proximity to customers the new site affords. The scope of the project is being expanded to include high-quality automotive fabrics too. Your Company has entered into a technical collaboration with the leading Japanese automotive fabric maker Suminoe Textile Co. Limited. Suminoe has over 5 years of business experience with Japanese car makers and enjoys impeccable reputation for its technological and design prowess. As per the understanding reached with Suminoe, it would also extend all marketing support to Alps in India.

Under the revised schedule, the project is slated to be completed by January 2009, with production of automotive fabrics commencing from December 2008. The total project cost for enhancing the scope of the original weaving and processing project as well as expanding the capacity of the project has been estimated at Rs. 1,100 million, which is proposed to be financed by a mix of internal accruals, central subsidy and term loans. The term loans would be eligible for benefits of concessional interest rates under TUFS scheme of the Government of India.

ASSOCIATE PROJECTS

ALPS USA INC.

Your company evaluated an opportunity of making investment in an existing US company engaged in marketing and distribution of home furnishings. The opportunity offered a foothold in the US home furnishings market with valuable infrastructure for promoting the company's products in that market. The investment has been made through a wholly owned subsidiary Company namely Alps USA Inc., registered in the State of Delaware, USA. The US presence has enabled the company to service the customers better and improve its position in that market.

Alps Energy Private Limited

Your Company is a large consumer of power. Power is a significant cost in our production process. It is important to take adequate steps for insulating ourselves from possible increase in power cost. Further, energy sector has tremendous potential in the growing Indian economy. The Company has secured an agreement for participating in an already allotted project and has thus made investment in Jhala-Koti Hydro Private Limited through its wholly owned subsidiary Alps Energy Limited. The project is located at Jhala Koti in District Tehri Garhwal, Uttarakhand. The project has been evaluated in detail and its generating capacity appears to be around 12 MW instead of 3 MW as envisaged earlier. Necessary permissions from the Government for this revision are expected and project implementation will begin immediately thereafter. It is expected that the project will be completed by February 2010. This Company has also promoted a Wholly Owned Subsidiary namely Alps Uttarakhand Energy Private Limited. This Company is yet to commence commercial activity.

Alps Retail Private Limited

Your Company has been evaluating the feasibility of leveraging its widely recognised Vista brand and entering direct retail. However, progress in this regard has been deferred till a later period due to prevailing high cost of real estate and returns that are not commensurate to the investments. This entity is a Wholly Owned Subsidiary of your Company. Recently, it has acquired 1.2150 hectares of land at Meerut, U.P. to participate in the large manufacturing growth of your company.

Alps Spandex India Limited

Your Company has been studying the feasibility of manufacturing highly technical expandable yarn, known as Spandex. It is considering various technology options and a decision on the subject will be taken after undertaking a thorough feasibility study.

GOVERNMENT POLICY INITIATIVES

The Government has recognized the adverse impact of high cotton cost, high polyester prices due to sharp increase in petroleum prices coupled with strengthening of Rupee, has all contributed to a severe strain on the textile industry. This industry provides substantial employment and accounts for as much as 17% of country's total export earnings. With a view to provide relief, the Government has slashed the customs duty on capital goods imports under EPCG scheme from 5% to 3% effective April 1, 2008. A 10% capital subsidy on specified machinery was also announced in November 2007. Customs Duty on man made fibers and yarns has also been reduced. These measures are likely to give the much needed relief in the current year.

RECOGNITIONS

During the year, your Company participated in 14th TEX-STYLES India 2008 exhibition held at New Delhi and India Trade Promotion Organisation honoured a certificate of appreciation for the quality of display.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5% i.e. Rs. 0.50 per equity share. The total shares eligible for dividend amount to 34,514,100 equity shares. The shareholders who are the members of the company as on the date of book closure, in case of shares under dematerialized mode, the data as provided by the depository, for the closing hours of 23.09.2008 and of shares under physical mode, whose names appear as on 25.09.2008 in the Register of Members, will be eligible for dividend, subject to provisions of Companies Act / Income Tax Act / Depository Act and necessary approval from the members of the Company. This will result in a total payout of Rs. 20.19Millions inclusive of Corporate Dividend Tax. A provision to this effect has also been made in the accounts.

ISSUE & TRANSFER OF SECURITIES

No securities have been issued by your Company since July 2007. In terms of the approval from the members of the Board at their meeting held on May 31, 2008, your company proposes to divest its holding in Bulland Buildmart Private Limited, a company engaged in development of industrial estate in Uttarakhand. .

INVESTOR RELATIONS

Your Board takes satisfaction from the fact that all the investors' grievances received during the year have been resolved to the satisfaction of the investors within a reasonable time. Alankit Assignments Limited, the R & T Agent of the company, has made a positive contribution to resolve the Investors' grievances efficiently and effectively whenever they arose.

HUMAN RESOURCES & RELATIONS

The Company values the employees as its most valuable resource and your Directors are pleased to report cordial industrial relations across all manufacturing units. Your Company also discharges its social obligations by running a charitable hospital as well as a junior High School imparting education to under privileged section of our society. The company has also developed a residential colony near its Haridwar plant for its workmen.

The information 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, 2008 is not applicable to the company as none of the employee is drawing remuneration more than the limits presently specified under the said rules.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 is given in the statement annexed (Annexure -1) hereto and forms part of this report.

DIRECTORS

In terms of the provisions of Article No. 106, 107 & 108 of the Articles of Association of the company and Sections 255 and 256 of the Companies Act, 1956, Mr. G. K. Arora, & Mr. Rakesh Gupta, Directors of the Company, retire at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

During the year under review, Mr. K. B. Athreya has been appointed as Additional Director with effect from October 25, 2007. It is proposed to appoint him as a Rotational Director, under Section 257, subject to necessary approvals from the members of the company.

REAPPOINTMENT OF MANAGING DIRECTOR

The re-appointment of Mr. Sandeep Agarwal, Managing Director has become due. The Board of Directors at their meeting held on June 30, 2008 based on the recommendations of Remuneration Committee has recommended their re-appointment. The necessary resolution for the approval by the members of the Company has been included in the Notice of the Annual General meeting. A brief note in terms of the requirement of the Corporate Governance on the aforesaid reappointment of Whole Time Director has been included in Part -II of Annexure-2.

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 have 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 judgements 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 have 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 have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

During the year, your company has raised money by way of Fixed Deposits without invitation to the general public as per the requirements under Section 58-A, 58-AA and any other provisions, rules and regulations of the Companies Act. Information, as required under the Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977, is annexed.

CORPORATE GOVERNANCE

A report as per the requirements of Clause 49 of the listing agreement on the Corporate Governance practices followed by the Company and the Statutory Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an Annexure to this report. The non-mandatory information is annexed as Annexure-2. It has always been the endeavor of your company to practice transparency in its management and disclose all requisite information to keep the public well informed of all material developments.

AUDITORS

As 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 they have shown their inability to continue further. Therefore, the Audit committee and the Board of Directors have recommended the appointment of M/s. P. Jain & Co., Chartered Accountants as the Statutory Auditors of the Company from the conclusion of the 36th Annual General Meeting till the conclusion of the 37th Annual General Meeting. Your Directors recommend their appointment at the forthcoming Annual General Meeting.

AUDITORS' OBSERVATIONS

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

APPRECIATION

The Board places on record its recognition and appreciation for the contribution extended by business partners – vendors, contractors, Distributors, Dealers and Retailers, Government / Semi-Government departments, Stock Exchanges and a number of service providers. The Board expresses its gratitude to the company's bankers whose invaluable continued support has enabled the company to achieve sustained growth through the years. We also thank the large number of investors who have reposed faith in the company's future and managerial competence.

For and on behalf of the Board

Place : Ghaziabad
Date : July 31, 2008

K. K. Agarwal
Chairman

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 | : Continuous efforts are being made for energy conservation by proper upkeep of equipments and also modifying the Stenter Machine for increasing the efficiency. There is also saving of energy between 7-8% by installing the energy spindles in ring frame machines and also utilizing the power supply from Paschimanchal Vidhyut Vitaran Nigam Limited in comparison to in-house generation. |
| b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy. | : Rs. 5.0 million. |
| c. Impact of measures at (a) & (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods. | : The overall impact of the efforts in this regard will result in reduction of power cost, improvement in the fuel efficiency and reduction in deployment of funds for the generation of power systems. |
| d. Total Energy Consumption and Energy Consumption per unit of production are as follows: | |

