

ANNUAL REPORT

2002-2003

अलका-इंडियाTM
ALKA-INDIA

**ALKA INDIA
LIMITED**

ALKA INDIA LIMITED

ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

Mr. Satish R. Panchariya	<i>Chairman & Managing Director</i>
Mr. Madanlal B. Purohit	<i>Director</i>
Mr. Jayendra N. Patel	<i>Director</i>
Mr. Jitendra P. Jain	<i>Director</i>
Mr. Ketul K. Contractor	<i>Director</i>

COMPANY SECRETARY

Mr. Rakesh Ghuwalewala

AUDITORS

Bhaidas M. Mehta & Co.,
Chartered Accountants
206, 'Sahajanand',
Shahibaug, Ahmedabad-380 004.

REGISTRAR AND SHARE TRANSFER AGENT

Pinnacle Shares Registry Pvt. Ltd.
Near Asoka Mills, Naroda Road,
Ahmedabad- 380 025.

REGISTERED OFFICE

704, "Sahajanand",
Shahibaug Road, Shahibaug,
Ahmedabad-380 004.

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on Wednesday, the 31st December, 2003 at 11.30 A.M. at ATMA Hall, Ashram Road, Ahmedabad-380 009 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2003 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ketul Contractor who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Madanlal Purohit who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend for the year 2002-03 @ 15%.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution;
"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from the present Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 25,00,00,000 Equity shares of Rs. 1/- each to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 50,00,00,000 Equity shares of Rs. 1/- each, 25,00,000 Redeemable Preference Shares of Rs. 100/- each and 25,00,00,000 unclassified shares of Rs. 1/- each. "
7. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution;
"RESOLVED THAT the existing Clause - V of the Memorandum of Association of the Company be and is hereby deleted and in its place the following Clause -V be and is hereby inserted;"
 V. "The Authorised Share Capital of the Company is Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Rs. 1/- (Rupees One only) each, 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each and 25,00,00,000 (Twenty Five Crores) unclassified Shares of Rs. 1/- (Rupees One only) each.."
8. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution;
"RESOLVED THAT in accordance with the provisions of Section 94(1)(a) and Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreements entered into with the Stock Exchanges and their regulations and subject to such consents, approvals, permissions or sanctions as may be required under any legislation or rules and regulations for the time being in force and subject to the necessary approval of the Government of India, Reserve Bank of India and all other appropriate authorities, and subject further to such other terms, conditions, stipulations, alterations, amendments or modifications, the Board of Directors (hereinafter referred to as the "Board") and/ or duly authorised committee thereof for the time being exercising the power conferred by the Board, is authorised to accept as it deem fit the approval/ consent of the members be and is hereby accorded to issue and allot in one or more lots on preferential or as Right Issue basis not exceeding 25,00,00,000 (Twenty Five Crores) Equity Shares of Rs. 1/- (Rupees One Only) each for value not exceeding Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) at a price determined in accordance with the SEBI Guidelines, but in any event not less than Rs. 1/- (Rupees One Only) per share to such class of persons whether members or not upon the following terms and conditions and subject to the following rights."
 - The said shares shall rank in all respects pari passu with the existing equity shares save that the said shares shall rank for dividends which may be declared in respect of the Company's accounting year commencing from 01-10-2003 and subsequent years in proportion to the capital for the time being paid, whether such dividends are declared from the accumulated reserves or current profits.
 - The said shares shall be issued at par and offered to the members of the company on the Company's Register of Members on a date to be hereafter fixed by the Directors in the ratio of one such new share for every one existing equity share held by each such member with option to renounce their rights in whole or in part and to apply for additional new shares.
 - The said offer shall be made to each such member by a notice specifying the number of new shares (and coupons, if any) to which each such member is entitled in respect of such member's existing holding, with forms annexed to such notice of acceptance by such member (where such member personally accepts) and of renunciation and appointment (where such member appoints any other person or persons to take up the shares offered or any part thereof) and of application for additional new shares.

ALKA INDIA LIMITED

- Any member receiving such offer shall be entitled to take up all or any of the new shares so offered to him and any member receiving such offer shall be entitled in lieu of personally taking up all or any of the new shares so offered to him, to renounce in favour of an irrevocably appointed nominee or nominees as the person or persons to take up all or any of such new shares, provided such nominee or nominees shall be a person or persons approved by the Directors.
- Any member receiving such offer and taking up all the new shares offered to him shall also be entitled to apply for additional new shares, viz, such new shares as are not taken up by the members to whom they are offered.
- Rs. 0.25 being one-fourth of the full nominal value of each of the said shares taken up or applied for or as may be permitted under the law, SEBI Guidelines and Regulation of the Stock Exchange as in force shall be paid to the company's Bankers with the acceptance of the offer; any such acceptance of the shares offered and/or renunciation and appointment thereof and any application for additional new shares shall be effective only if made on the forms supplied by the Company and if lodged with the Company's Bankers on or before the date fixed by the Directors or such extended date as may be determined by them from time to time.
- The balance amount of Rs.0.75 payable on the said shares shall be called up later either in one lump sum or in such installments and at such time or times as the Directors may think fit.
- The offer if not accepted with payment of the said sum of Rs.0.25 per share or as may be permitted under the law, SEBI Guidelines and Regulation of the Stock Exchange as in force on or before the date fixed by the Directors or such extended date as may be determined by them from time to time, shall be deemed to be declined.
- After the expiration of such time or on receipt of an intimation that the member declines to accept the shares offered, the Directors be and are hereby authorized and empowered (i) to dispose of and allot any of the said shares not taken by the members entitled thereto or remaining undisposed of to the applicants for additional shares on an equitable basis with reference to the shares already held by them provided that the members who renounce their rights in whole or in part to the said shares, shall not be entitled to any additional shares and provided further that the allotment of such additional new shares shall be at the entire discretion of the Directors, and (ii) to dispose of any balance still left unallotted at the ruling market price or at par whichever is higher.
- The certificates in respect of the said shares, which are opted to be in physical form, shall be completed and ready for delivery within one month of the allotment thereof respectively.

"RESOLVED FURTHER THAT these securities to be issued and allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall on allotment rank pari passu with the existing equity shares of the Company in all respects except that the dividend, if any, declared during the year of allotment on the said securities shall be proportionate to the amount paid up per security from time to time."

"RESOLVED FURTHER THAT the Board and/ or the Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all matters arising with respect to the issue, allotment and utilisation for the proceeds of the issue of securities, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as required for the allotments and listing of the securities to be thus issued and to make such modifications in the foregoing as may be considered desirable by the Board and/ or the committee in the best interest of the Company and its shareholders."

9. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution;

"RESOLVED THAT pursuant to section 94(1)(a), Section 80 and section 81 of the Companies Act, 1956 Non-Cumulative Redeemable 6% Preference Shares of Rs. 100/- each not exceeding Rs. 25 Crores be issued at a time to be fixed by the Board of Directors hereafter at par upon the following terms and conditions and subject to the following rights.

- The said Non-Cumulative Redeemable Preference Shares shall carry a fixed non cumulative preferential dividend at the rate of 6% per annum on the capital for the time being paid-up thereon respectively and shall be redeemable not later than 10 years.
- The said shares rank for dividend in priority to the equity shares for the time being of the company.
- The said shares shall in winding up be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, upto the commencement of the winding-up, in priority to the equity shares but shall not be entitled to any further participation in profits or assets.
- The voting rights of the person holding the said shares shall be in accordance with the provisions of section 87 of the Companies Act, 1956.
- The Company shall not create/or issue in future preference shares ranking in priority to the said shares and in the event of the Company creating and/or issuing preference shares in future ranking pari passu with the said shares, it would do so only with the consent in writing of the holders of not less than three-fourth of the said shares then outstanding or with the sanction of the special resolution passed at a separate meeting of the holder of the said shares then outstanding.

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Notwithstanding any thing contained in section 81 (1A) and other applicable provisions (if any) of the Companies Act, 1956, the aforesaid Non-Cumulative Redeemable 6% Preference Shares to be issued as aforesaid, may be offered by the Directors of the Company to any person or persons (whether or not such person or persons include the person or persons who, at the date of the offer, are holders of the equity shares of the Company) in any manner whatsoever.

The redemption of the said Non-Cumulative Redeemable 6% Preference Shares shall be made in following manner or in other manner as may be permitted by law.

- a) The Company may, subject to the provisions of section 80 and other applicable provisions (if any) of the Companies Act, 1956 at the expiration of five (5) years but not later than ten (10) years from the date of allotment, on six months notice to the holders thereof, out of any profits or out of any proceeds of a fresh issue of shares made for the purpose of redemption or out of any moneys of the company which may be lawfully applied for the purpose of redemption at par all or any of the said Non-Cumulative Redeemable 6% Preference Shares.
- b) At the time, date and place so specified each preference shareholder, whose share or shares is or are notified for redemption, shall be bound to surrender to the company the certificate or certificates in respect of the preference shares or shares which is or are to be redeemed and upon receiving evidence of such surrender the company shall cause to be paid to such holder the amount payable to him in respect of such redemption.

RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give effect to this resolution."

Regd. Office :

704, "Sahajanand", Shahibaug,
Ahmedabad - 380 004.

Date : 18-11-2003

Place : Ahmedabad

By order of the Board
For Alka India Ltd.

Sd/-

Satish R. Panchariya

Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Notice under item No. 6 to 9 is annexed hereto.
3. The Register of Members and Shares Transfer Books of the Company will remain closed from 25th December, 2003 to 31st December, 2003 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report at the Meeting, as copies of the Report will not be distributed at the Meeting and produce the Attendance Slip at the Entrance, where the Annual General Meeting will be held.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. Members holding shares in physical mode are requested to notify immediately the company or its Share Transfer Agent about any change of their address, if any quoting their Registered Folio No.
7. Members seeking further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office atleast Ten Days before the date of the Meeting, so that the information can be made available at the meeting.
8. As required in terms of Clause 49 of the Listing Agreement, the details of the Directors who are proposed to be re-appointed/appointed are furnished below:
 - (a) Shri Ketul Contractor, who was appointed as Director to fill casual vacancy in the office of director caused due to the resignation of Shri Ashok G. Thaker, retires by rotation and being eligible offers himself for re-appointment.
Shri Ketul Contractor aged 33 years, is an MBA from University of Strathclyde, UK, PGD in Entrepreneurship from Hunter Centre, Glasgow, UK, M.B.A. from Poona University and B.E. from Utkal University. He is the only Indian to have won the prestigious Solomon Jonathan Business Plan Competition 2002.
Shri Ketul K. Contractor is not a Director in any other company.
 - (b) Shri Madanlal Purohit, retires by rotation and being eligible offers himself for re-appointment.
Shri Madanlal B. Purohit, B.A., L.L.B., aged about 59 years is acting as a director of the company. He is having vast professional as well as technical experience of manufacturing of 100% cotton yarn.
Shri Madanlal B. Purohit is not a Director in any other company.

ALKA INDIA LIMITED**New Director**

- (c) Shri Jitendra Jain has been appointed as Director of the Company to fill casual vacancy in the office of director caused due to resignation of Shri Ashok L. Doctor.

Shri Jitendra Jain aged 35 years is a Chartered Accountant (FCA) & ICWA having 10 years of experience of working as a practicing Chartered Accountant.

Shri Jitendra Jain is also director in Siddhi Vinayak Fincap Ltd. and Honest Business Deal Pvt. Ltd. Shri Jitendra Jain is not a member of any committee in any other company.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item Nos. 6 & 7.**

Your Company has started to Export Terry Towels and Garments in various Gulf countries, and expects export business to touch Rs. 100-crore mark in the next financial year, besides the expansion plans currently under implementation stage for increasing its production capacity and this requires huge investments and for the said purpose it requires additional funds. It is therefore proposed to increase the Authorised Share Capital of the Company from Rs. 25,00,00,000/- to Rs. 100,00,00,000/- to enable it to augment its subscribed capital.

Consequently it is also necessary to alter - V of Memorandum of Association of the Company. The proposed resolutions are therefore recommended for your approval.

None of the Directors are concerned or interested in the proposed resolutions.

Item No. 8

The Company is presently engaged in the activity of marketing of Fabric, Cotton and Yarn related activities and has started to Export Terry Towels and Garments in various Gulf countries and it expects export business to touch Rs. 100-crore mark in the next financial year. In the process of expansion of the activities, the Board of Directors consider that it would become necessary to raise financial resources, at appropriate time(s) by issue of Equity Shares to such persons and in such manner, as stated in the resolution.

Section 81 of the Companies Act, 1956 and listing agreement provide, inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section 81 unless the shareholders in General Meeting decide otherwise.

Accordingly consent of the Shareholders is being sought pursuant to the provisions of the Section 81 and all other applicable provisions of the Companies Act, 1956, and in terms of the provisions of the listing agreement executed by the Company with the various Stock Exchanges in India where the Company's securities are listed.

The Directors recommend the resolution for approval of the Shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them or applied for and allotted to them.

ITEM No.: 9.

As stated above your Company has started to Export Terry Towels and Garments in various Gulf countries, and expects export business to touch Rs. 100-crore mark in the next financial year, besides the expansion plans currently under implementation. To cater the need of short term working capital, the Board of Directors therefore considers it necessary to augment the share capital through the issue of Non-Cumulative Redeemable 6% Preference Shares.

Your Directors therefore recommend the resolution to be passed as required by section 80 of the Companies Act 1956 as special resolution.

None of the Directors of the Company are concerned or interested in the proposed Special Resolution.

Regd. Office :

704, "Sahajanand", Shahibaug,

Ahmedabad - 380 004.

Date : 18-11-2003

Place : Ahmedabad

By order of the Board

For Alka India Ltd.

Sd/-

Satish R. Panchariya

Chairman & Managing Director

ANNUAL REPORT 2002-2003**DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure in presenting their 10th Annual Report together with the Audited Statement of accounts for the year ended 30th September, 2003.

FINANCIAL RESULTS

The working results of the Company for the year ended on 30th September, 2003 are as follows:-

	(Rs. In lakhs)	
	As On	As On
	30-09-2003	30-09-2002
Gross Profit	857.75	48.24
Less.: Depreciation	45.46	45.51
Profit before Taxation (PBT)	812.29	2.73
Less : Provision for Income Tax	284.26	0.30
Less : Balance of Differed Tax Provision	80.89	Nil
Profit After Tax (PAT)	447.14	2.43
Add : Profit brought forward	Nil	47.78
Surplus available for appropriation	447.14	50.20*

* Adjusted for Differed Tax Provision in the Current Year

APPROPRIATIONS

Dividend on Equity shares	375.00	Nil
Corporate Dividend Tax	48.05	Nil
Amount transferred to General Reserve	22.11	Nil
Profit Carried to Balance Sheet	1.98	50.20
Total	447.14	50.20

DIVIDEND

Your Directors are pleased to recommend Dividend @ 15% on the paid-up Equity Share Capital of the Company for the financial year ended 30th September, 2003. The Dividend when declared will be payable to the Members whose names will appear in the Register of Members of the Company as on 31st December, 2003.

FIXED DEPOSITS

The Company has not accepted any deposit to which the provisions of section 58A of the Companies Act, 1956 are applicable.

PARTICULARS REGARDING EMPLOYEES

There are no employees who is in receipt of remuneration exceeding the limit specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

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

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

DIRECTORATE

Shri Ketul Contractor and Shri Madanlal Purohit retire by rotation as Director of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Jitendra Jain and Shri Ketul Contractor were appointed as Director of the company w.e.f. 06-10-2003 under Section 262 of the Companies Act, 1956 to fill casual vacancy caused in the office of director due to resignation of Shri Ashok L. Doctor and Shri Ashok G. Thaker.

ALKA INDIA LIMITED

Shri Ashok L. Doctor and Shri Ashok G. Thaker resigned from the office of the Director of the Company due to their personal reasons from 06-10-2003. The board wishes to place on record their appreciation for the valuable services rendered by them during the tenure of their office as director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm the following.

1. In the preparation of the annual accounts, the Accounting Standards to the extent applicable had been followed along with proper explanations relating to material departures.
2. Adequate accounting policies had been selected & applied them consistently and made judgments and estimates that are reasonable & prudent so as to give true & fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company & for preventing & detecting fraud & other irregularities.
4. The annual accounts have been prepared for the financial year ended 30th September, 2003 on a going Concern basis.

REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed to this Annual Report. The Company has complied with the conditions of corporate governance as stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the company regarding compliance of conditions is annexed to this report.

AUDITORS

The Auditors M/s. Bhaidas M. Mehta & Co., Chartered Accountants, Ahmedabad retire and being eligible offer themselves for re-appointment. You are requested to re-appoint the auditors and fix their remuneration.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory. Leave encashment benefits are claimed and paid generally in the same year and therefore no provision is required to be made in the accounts.

LISTING

The Shares of the Company are listed on Stock Exchanges at Ahmedabad, Mumbai, Jaipur and Rajkot, and listing fees for the year 2003-04 have been paid.

APPRECIATION

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the Shareholders. The Board also expresses their sincere thanks to the Banks and all other well wishers for their timely support.

Regd. Office : 704, "Sahajanand",
Shahibaug,
Ahmedabad - 380 004.
Date : 18-11-2003
Place : Ahmedabad

By order of the Board
For Alka India Ltd.
Sd/-
Satish R. Panchariya
Chairman & Managing Director