

Integrated
Textile Solutions™



18th Annual Report
2003-04



Ashok B. Jiwrajka
Executive Chairman



Dilip B. Jiwrajka
Managing Director



Surendra B. Jiwrajka
Executive Director



Chandrakumar Bubna
Executive Director



Ashok G. Rajani
Director



K. R. Modi
Director



Ashok Kumar
Nominee Director of
Industrial Development
Bank of India



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



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



A. K. Bhan
Nominee Director of
IFCI Limited

CORPORATE OBJECTIVE



- To ensure total customer satisfaction
- To be a global textile enterprise
- To attain leadership in all facets of operation and meet global standards of cost, quality and pricing
- To constantly provide opportunities and create values for all the employees and society at large
- To maximise profit and shareholders wealth

QUEST FOR EXCELLENCE

We are a professionally managed company, catering to the needs of the Global Textile Industry.

We have modern state-of-the-art facilities for Weaving, Knitting, Processing, Embroidery, Garmenting, Home Textiles and Texturising providing total solutions for the Global Textile Industry.

With more than a decade of dedicated involvement with the Textile Industry, our core competency lies in assuring manufacturers of quality, consistency and dependable delivery schedules at Internationally competitive prices.

We draw strength from our ability to make fabrics based on customer specifications.

We constantly create value and attain Global Benchmarks in every facet of our operation.

We constantly adopt new technologies and are well equipped to face the challenges in the post-Gatt era.

We provide Integrated Textile Solutions for Quality, Versatility and Reliability.



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Bankers

Andhra Bank
Bank of India
Bank of Baroda
Development Credit Bank Limited
ING Vysya Bank Limited
Punjab National Bank
State Bank of India
State Bank of Hyderabad
State Bank of Bikaner & Jaipur
State Bank of Patiala
State Bank of Mysore
State Bank of Indore
Standard Chartered Bank
Syndicate Bank
The Jammu & Kashmir Bank Limited
The Karur Vysya Bank Limited
The Federal Bank Limited
United Bank of India

Statutory Auditors

Gandhi & Parekh
Chartered Accountants

International Accountants

Deloitte Haskins & Sells
Member – Deloitte Touche and Tohmatsu International (DTTI)

Internal Auditors

Shah Gupta & Co.
Chartered Accountants
Devdhar Joglekar & Srinivasan
Chartered Accountants
N.T. Jain & Co.,
Chartered Accountants

Legal Advisors & Solicitors

Kanga & Co.

Vice President (Legal) & Company Secretary

K. H. Gopal

Listing

Stock Exchanges at:
Mumbai, and National Stock Exchange of India Limited

Share Transfer Agent,

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

ISIN for dematerialisation of shares

INE 270A01011

Website Address

www.alokind.com

E-mail Address

Info@alokind.com

Registered Office

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

Corporate Office

108, Shah & Nahar (Worli) Industrial Estate,
Off Dr. E. Moses Road,
Worli, Mumbai – 400 018

Delhi Office

177, Alok House,
Sant Nagar, East of Kailash,
New Delhi – 110 065

Works

Weaving

- Babla Compound, Kalyan Road,
Bhiwandi – Dist. Thane
- Survey No.17/5/1 & 521/1, Rakholi/Saily, Silvassa,
Union Territory of Dadra & Nagar Haveli.
- Survey No. 209/1 & 209/4,
Village Dadra, U. T. of Dadra and Nagar Haveli.

Processing

- Plot No.C-16/2, Village Pawane,
TTC Industrial Area, MIDC, Navi Mumbai
District: Thane
- Survey No.268, Village Balitha,
Taluka Pardi, Dist: Valsad
State: Gujarat

Knitting

- Survey No.17/5/1, Rakholi, Silvassa,
Union Territory of Dadra & Nagar Haveli
- Survey No.521/1, Village Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

Texturising (Yarn)

- Survey No.103/2, Rakholi, Silvassa,
Union Territory of Dadra & Nagar Haveli
- Survey No.521/1, Village Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

Garments

Plot No. C- 271/272, TTC Industrial Estate,
Turbhe, Navi Mumbai.



Dear Members,

Your company, over the last few years, had nurtured a vision to transform into a global textile major. I am happy to state that your company is gradually progressing towards realizing this vision.

I am extremely pleased to report that during the year under review, your company's exports grew around **311%** to Rs.111 Crores from Rs.27 Crores in the previous year. This growth came from mainly your company's venture into home textiles segment. Going forward, this segment will mainly drive your company's export growth. The total turnover of your company was Rs.1069 Crores, an increase of **34.47%** over the previous year's turnover of Rs.795 Crores. The Profit Before Tax during the year was Rs.93 Crores, an increase of **57.63%** over the previous year's figure of Rs. 59 Crores.

The world trade in textiles is scheduled to change significantly and dramatically from January 2005. The year 2005 will put an end to the era of the quota regime. In addition, major textile players in both US and Europe are out-locating manufacturing capacities due to the high cost of manufacturing. These two developments are expected to bring about a shift in capacities towards the Asia-Pacific regions and a change in international buying patterns. The need to source from various countries would cease and sourcing will be restricted to a few countries of which, India and China are slated to be the biggest beneficiaries.

The Government of India has taken measures to ensure that the country is prepared to capitalize on the post-WTO opportunity. Thus we have had the promulgation of the Technological Upgradation Scheme, gradual reduction of import duties on textile machineries, rationalization of indirect taxes etc. In the Union Budget 2004-05, the Honorable Finance Minister has taken the unprecedented and radical move in removing the mandatory excise duty on pure cotton products whether in the form of yarn, fabric or garment. This sends across strong signals that the textile and garment industries are very important for the country and that the government will support these employment oriented industries.

It has to be, however, kept in mind that while the opportunity is immense, the challenges are also vast. Corporations need to become focussed and flexible. They will need to define key principles required to achieve operational excellence and develop strategies to become customer-focused organisations. The Indian textile industry may now witness opportunities that may come in form of strategic tie-ups with textile giants from the western world for supply of goods, technical know-how, equity participation etc. The Indian corporates need to act quickly on these opportunities in order to penetrate overseas markets. The current modern and big players in the Indian textile industry are taking necessary steps to realise this potential and it is my firm belief that they will, in a short span of time, establish the India's image as a premier textile brand.

Your company has metamorphosed into a textile major with interests in home textiles, apparel fabrics, garments and textured yarn with a customer base comprising of renowned international and domestic retailers, importers and buying houses. Your company's manufacturing facilities that comprise of some of the finest equipments have met the stringent requirements of global retailers and importers in terms of quality, pricing and environmental aspects. In order to fully capitalize on the opportunities presented by the post-WTO scenario, your company is in the midst of further scaling up capacities for home textiles, apparel fabrics and garments at an aggregate cost of Rs.580 Crores. Post-expansion, your Company would be amongst the leading integrated textile players with the ability to offer a wide range of high value-added products at international prices and quantities. Your company will thus ideally be in the forefront to capitalize on the opportunities presented by the abolishment of quotas.

Your company will now concentrate on optimizing operational efficiencies and moving towards value added products for better margins and acquiring a niche position in its chosen areas. Your company will be strengthening processes to achieve sustainable and profitable growth in a challenging environment. I assure you that future years will see your company constantly striving to improve upon the standards set internally and by the outside fraternity on the technical, commercial, financial and social parameters.

Your company is where it is today primarily due to the splendid efforts of its dedicated and committed employees. We continue to bank on them to deliver results consistently and place the company firmly on the international map. Your company is also grateful for the support and co-operation received from the financial institutions and banks, customers, business associates and our valued shareholders. I look forward to their continued support in the company.

Thank you,

ASHOK B. JIWRAJKA
EXECUTIVE CHAIRMAN

FINANCIAL HIGHLIGHTS



(Rs. in Crores)

Particulars	2003-04	2002-03	2001-02	2000-01	1999-00
Operating profits					
Net Sales	1,068.85	795.41	564.97	443.29	322.17
Operating Profit	198.40	137.14	98.14	76.21	60.87
Depreciation	38.28	25.42	15.74	11.10	8.79
Misc. Exp. W/off	1.15	0.85	0.78	0.77	0.75
PBIT	158.97	110.87	81.62	64.34	51.33
Interest	66.40	51.51	39.17	32.37	28.45
PBT	92.57	59.36	42.45	31.97	22.88
PAT	71.08	42.31	37.91	29.47	21.38
Cash Profit	110.51	68.58	54.43	41.34	30.92
Dividend	11.65	7.04	3.21	3.58	4.65
Net Cash Accruals	98.86	61.54	51.22	37.76	26.27
Financial Position					
Gross Fixed Assets	690.84	453.59	355.04	227.89	144.94
Net Fixed Assets	579.53	380.39	307.30	195.83	123.99
Current Assets	845.10	593.15	422.85	321.64	262.42
Investments	4.07	4.07	4.00	4.06	4.06
Total Assets	1,428.70	977.61	734.15	521.52	390.48
Equity Share Capital	88.23	87.69	42.29	28.35	27.82
Reserves & Surplus	218.00	162.73	142.85	105.63	77.67
Miscellaneous Expenses	—	1.15	2.00	2.50	2.63
Tangible Net worth	306.23	249.27	183.14	131.49	102.86
Share Application Money	18.10	—	—	—	3.00
Share Warrants	3.32	—	—	—	—
Optionally Secured Fully Convertible Debentures	—	—	51.03	13.00	—
Application Money for FCDs	—	—	—	16.48	10.95
Quasi Net worth	327.65	249.27	234.17	160.96	116.81
Deferred tax liability	50.52	36.33	2.64	—	—
Total Long Term Borrowings					
Preference Share Capital	83.67	5.00	5.60	6.20	2.85
Secured Loans	371.48	262.70	207.71	156.12	116.45
Unsecured Loans	19.97	15.95	9.66	—	—
	475.12	283.65	222.97	162.32	119.30
Total Short Term Borrowings					
Secured Loans	75.00	27.80	19.70	—	—
Unsecured Loans	50.77	34.43	17.99	18.12	8.79
Working Capital Borrowings	301.20	203.29	140.85	104.72	81.23
	426.97	265.52	178.54	122.84	90.02
Total Borrowings	902.09	549.17	401.51	285.16	209.32
Current Assets	845.10	593.15	422.85	321.64	262.42
Total Current Liabilities					
Current Liabilities & Provisions	148.44	142.84	95.83	75.39	64.35
Short Term Borrowings	426.97	265.52	178.54	122.84	90.02
Total Current Liabilities	575.41	408.36	274.37	198.23	154.37
Net Working Capital	269.69	184.79	148.48	123.41	108.05
EPS	7.90	7.36	11.77	10.39	8.91
CEPS	12.53	12.07	17.45	14.58	12.90
Book Value	34.71	28.43	43.31	46.38	36.97



NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of **ALOK INDUSTRIES LIMITED** will be held on Thursday, the 30th day of September, 2004 at 11.00 A.M. at **TEXTILES COMMITTEE AUDITORIUM**, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai 400 025 to transact the following businesses.

1. To receive, consider and adopt the Balance Sheet as at 31st March 2004, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividends on Preference and Equity Shares.
3. To appoint a Director in place of Shri Ashok G. Rajani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.R. Modi who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Shri Chandrakumar Bubna as a Whole-time Director designated as Executive Director of the Company for a period of five years with effect from 01st May 2004 on the terms and conditions including salary, perquisites, allowances and commission as are set out in the Agreement entered into between the Company and the said Shri Chandrakumar Bubna, placed before the meeting, which Agreements are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement as may be varied by the General Meeting, but so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT where in any financial year closing on and after 31st March, 2004, the Company has no profits or its profits are inadequate, the Company do pay to Shri Chandrakumar Bubna, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force).”

7. To consider, and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT in supersession of the resolution passed by the members of the Company under section 293(1)(d) of the Companies Act, 1956 in the Annual General Meeting held on 25th September 2001, thereby limiting the borrowing powers of the Board of Directors of the Company upto Rs.1500 Crores (Rupees One Thousand Five Hundred Crores only), the consent of the Company be and is hereby accorded pursuant to Clause (d) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may be considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interests of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of Rs.3000 Crores (Rupees Three Thousand Crores only).”

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

“RESOLVED THAT pursuant to the provisions of Clause (a) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Directors of the Company for mortgaging and/or charging all or any of the present and/or future movable and/or immovable properties and assets and the whole or substantially the whole of the undertaking(s) of the Company, on such terms and conditions and in such form and manner, as the Directors may determine for the purpose of securing various lenders who have granted and/or who may hereafter grant to the Company, financial facilities in the nature of short term/long term loans, bridge loans, short term/long term secured Non-Convertible Debentures or other forms of secured financial facilities for an aggregate nominal value not exceeding Rs.3000 Crores (Rupees Three Thousand Crores only) for the purpose of securing the said financial facilities granted/ to be granted to the Company, together with interest, further interest, liquidated damages, costs, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities.”



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

REGISTERED OFFICE:

B-43, MITTAL TOWER,
NARIMAN POINT,
MUMBAI - 400 021.
Mumbai : 30th August, 2004

By Order of the Board

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is enclosed hereto.
3. The Register of Members and Share Transfer Book of the Company will be closed from Tuesday, the 21st day of September 2004 to Thursday, the 30th September 2004 (both days inclusive).
4. If the dividend on shares, as recommended by the Board of Directors, is declared at the Meeting, payment thereof will be made (i) to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrars and Share Transfer Agent M/s. Intime Spectrum Registry Limited as on 30th day of September, 2004; and (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. Members are requested to notify immediately any change in their address to the Share Transfer Agent M/s. INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai-400 078; Tel.No.: 55555454; Fax No.25672693.
6. Members are requested to bring their copy of the Annual Report to the Meeting and produce the Attendance Slip at the entrance where the Annual General Meeting will be held.
7. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

The Company has already transferred the unclaimed dividend for the year ended 31st March, 1996 to the Investor Education and Protection Fund (IEPF).
8. The dividend for the year 1997 will be transferred to IEPF on 22.10.2004. Members who have not encashed their dividend warrants pertaining to the year 1996–1997 have already been informed through a separate individual written notice to approach the Company's Registrar and Share Transfer Agent M/s. INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai-400 078, on or before 22.09.2004, to check up and send their claims, if any, before the amounts become due for transfer to the above Fund.



Pursuant to the amendment to the Companies Act, 1956 the unpaid dividends that are due for transfer to the IEPF are as follows :

Financial year ended	Date of Declaration	Last date for claiming unpaid dividend	Due date for Transfer to IEP Fund
31.03.1997	23.09.1997	22.09.2004	22.10.2004
31.03.1998	22.09.1998	21.09.2005	21.10.2005
31.03.1999	23.09.1999	22.09.2006	22.10.2006
31.03.2000	20.10.2000	19.10.2007	19.11.2007
31.03.2001	25.09.2001	24.09.2008	24.10.2008
31.03.2002	27.09.2002	26.09.2009	26.10.2009
31.03.2003	30.09.2003	29.09.2010	29.10.2010

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company's Registrar and Share Transfer Agent M/s. INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

9. Re-appointment of Directors:

At the forthcoming Annual General Meeting, Shri Ashok G. Rajani and Shri K.R. Modi retire by rotation and being eligible offer themselves for re-appointment. The information/details pertaining to the above two Directors that is to be provided in terms of Clause 49 of the Listing Agreement executed by the Company with the stock exchanges are furnished in the statement of Corporate Governance published elsewhere in this Annual Report.

10. Electronic Clearing Services (ECS) Facility

With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the following cities:

Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkatta, Mumbai, Nagpur, New Delhi, Pune and Thiruvananthapuram.

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorize the Company with their ECS mandate in the prescribed form which can be obtained from the Registrar and Share Transfer Agent, M/s Intime Spectrum Registry Limited. Requests for payment of dividend through ECS for the year 2003 - 2004 should be lodged with M/s. Intime Spectrum Registry Limited on or before 30th September, 2004.

11. Equity Shares of the Company are listed on the following Stock Exchanges:

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Limited,

Exchange Plaza, 5th Floor,
Plot No.C/1, "G" Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051.

The Listing fees in all the above stated Exchanges have been paid upto March 31, 2005.

- The equity shares of the Company have been made compulsorily tradable in the electronic form for all investors w.e.f. 21st March 2000 as per SEBI's directive.
- Members desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

By Order of the Board

REGISTERED OFFICE:

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

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

Mumbai : 30th August, 2004