



Integrated Textile Solutions™



19th Annual Report
2004-05



BOARD OF DIRECTORS



Ashok B. Jiwrajka
Executive Chairman



Dilip B. Jiwrajka
Managing Director



Surendra B. Jiwrajka
Jt. Managing Director



C. K. Bubna
Executive Director



Ashok G. Rajani
Director



K.R. Modi
Director



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



A. K. Bhan
Nominee Director
of IFCI Limited



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



R. J. Kamat
Nominee Director of
Industrial Development Bank
of India Limited



S. Sridhar
Nominee Director
Export Import Bank of India



Tim Ingram
Director

CHAIRMAN'S MESSAGE



Dear Members,

We are now in a quota-free international textile trade regime, a buoyant Indian economy and the Government's focus on achieving a high growth in textile sector are coinciding with your company's well-planned capacity expansion and growth strategy. The situation is opportune and demanding at the same time.

During the last financial year, your company has moved another step towards acquiring industry leadership in all its product segments. Its sales for the financial year 2004-05 reached Rs. 1,224.50 crore and profit after tax was Rs. 89.25 crore. These healthy increases of 14.56% in sales and 25.56% in PAT over the previous year, in a competitive market situation, indicate that the company's strategy to invest in state-of-the-art technology and acquire optimum economies of scale has started yielding results.

Success of this strategy also reflects in the company's increasing exports. During 2004-05, your company's exports went up by 175% to reach Rs.306.53 crore against Rs.111.48 crore in the previous year. Their contribution in total sales has enhanced to 25% as compared to 10% last year.

Indian economy is today placed at the global center stage in a manner as never before.

As against the whole world's GDP growth of around 4.5% last year, India achieved a growth of 6.9% during the year 2004-05, much above the global average. India's industrial production and services sectors are continuing a healthy growth in the current year as well. With a near normal monsoon and increasing focus of the Government to increase the agricultural yield, the output from this sector too is likely to increase. Considering these factors, the economy is likely to achieve a 7% growth in the current year as well.

With inflation remaining around 5% and the economy offering higher income opportunities, the disposable incomes in the Indian consumers' hands is increasing constantly. This has led to an increase of over 10% in the consumer spending, including in rural India, one of the highest amongst developing countries.

Since January 2005, the international trade in textiles is reflecting significant structural changes. The growth in exports from countries expected to benefit from the dismantling of quotas like India and China has been significant. This is because the big importers like Wal-Mart, GAP, JC Penney, Marks & Spencer, Target, Macy's, Liz Claiborne, Ikea etc. are increasing their outsourcing substantially.

Freedom from quota has given them an opportunity to reduce their costs of logistics and sourcing management. They are therefore, looking for bigger volumes and more products from fewer, but more reliable suppliers. Your company is aggressively pursuing business discussions with its existing as well as new customers to enter into long term contracts as their globally preferred and nominated supplier.

Since quotas were dismantled, India's exports of garments and textiles have gone up by a healthy 25%. Bigger importers have set substantially higher long-term sourcing targets from India.



I believe that India is well on way to increase her annual textile exports from the current US \$ 14 billion to US \$ 50 billion by the year 2010, as fixed by the Ministry of Textiles. This would mean an 8% share for our country in the enhanced global trade of US \$ 565 billion by then, as against a 3.5% share in current trade of US \$ 395 billion.

There is also growing evidence of the domestic market size expanding substantially with the fiber consumption having increased by 4%. India's per capita textile consumption of 35 meters is likely to increase rapidly over the next two to three years. According to various industry surveys, the urban demand for textile products is likely to increase by 7-8% in quantity and about 10-12% in value terms. Your company is deciding on working out strategic alliances and long term business partnerships with leading readymade garment and home textile brands and retailers to achieve growth in the domestic Indian market.

The Technological Upgradation Fund Scheme now covers investments across the entire textile value chain. Financial institutions and stock markets are once again looking at textile and garments as sunrise industries. Textile demand in both the domestic and international markets is booming. The time is just right for much larger investments to come in. The Government expects a total investment, including foreign investment, to the tune of Rs. 140,000 crore in the next 5 to 6 years.

Your company has envisioned further growth across many existing and new segments of textile industry and is all set to implement them. Capacity expansion of weaving and processing at Silvassa and Vapi respectively is proceeding as per schedule. Post-expansion, your company's capacity for bed linen would go up to 60 million meters, for woven apparel fabrics to 82.50 million meters, for knitted fabrics to 16,800 tons and for the highly value-added segment of readymade garments to 8 million pcs.

The aforesaid investment of around Rs.1,190 crores, initiated in the previous financial year would be completed during the current and next financial years. I hope to report to you even better results then. Your company will continue to take appropriate investment decisions to keep ahead of competition in such a conducive industry environment. It is already planning to produce its own cotton and polyester oriented yarns in the near future and will also be entering the business of terry towels as part of its overall strategy to explore new opportunities for further growth in both the domestic and international markets.

It is a matter of immense satisfaction that your company is increasingly considered as amongst the forerunners in the textile industry to benefit in the new quota-free textile scenario. Your company had envisaged this opportunity way back in 1996 and acted quickly in terms of setting up world class facilities for apparel fabrics / home textiles thereby deriving the first-mover advantage.

I am confident that with the continued support of our customers, shareholders, banks, financial institutions and business associates, high dedication of Alok's dynamic and professional team and pro-India textile business environment, your company will continue to achieve higher goals.

Thank You,

ASHOK B. JIWRAJKA
EXECUTIVE CHAIRMAN

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

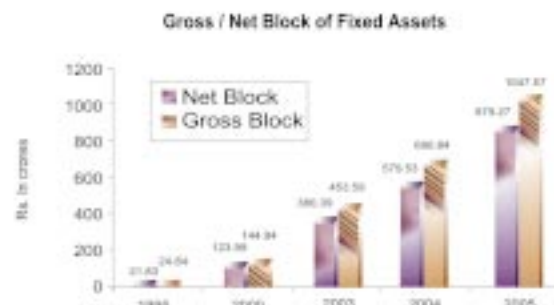
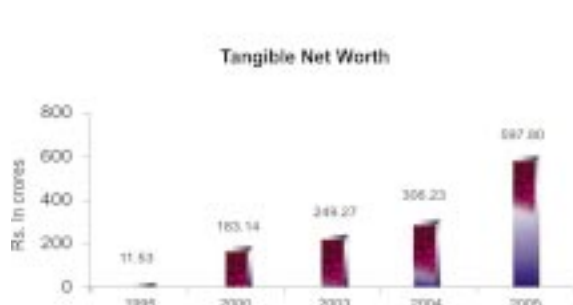
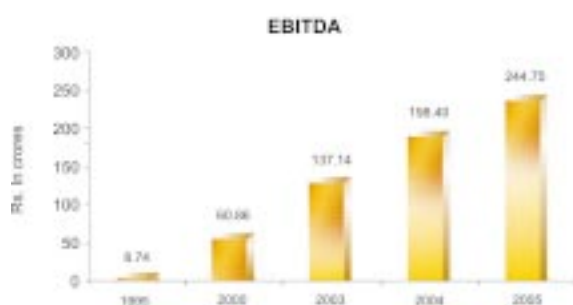
| Particulars | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|------------------------------------|-----------------|-----------------|---------------|---------------|---------------|
| Operating profits | | | | | |
| Net Sales | 1,224.50 | 1,068.85 | 795.41 | 564.97 | 443.29 |
| Operating Profit | 244.75 | 198.40 | 137.14 | 98.14 | 76.21 |
| Depreciation | 57.56 | 38.28 | 25.42 | 15.74 | 11.10 |
| Misc. Exp. W/off | - | 1.15 | 0.85 | 0.78 | 0.77 |
| PBIT | 187.19 | 158.97 | 110.87 | 81.62 | 64.34 |
| Interest | 63.68 | 66.40 | 51.51 | 39.17 | 32.37 |
| PBT | 123.51 | 92.57 | 59.36 | 42.45 | 31.97 |
| PAT | 89.25 | 71.08 | 42.31 | 37.91 | 29.47 |
| Cash Profit | 146.81 | 110.51 | 68.58 | 54.43 | 41.34 |
| Dividend | 27.92 | 11.65 | 7.04 | 3.21 | 3.58 |
| Net Cash Accruals | 118.89 | 98.86 | 61.54 | 51.22 | 37.76 |
| Financial Position | | | | | |
| Gross Fixed Assets | 1,047.57 | 690.84 | 453.59 | 355.04 | 227.89 |
| Net Fixed Assets | 879.27 | 579.53 | 380.39 | 307.30 | 195.82 |
| Current Assets | 1,359.21 | 846.68 | 593.15 | 422.85 | 321.63 |
| Investments | 7.85 | 4.07 | 4.07 | 4.00 | 4.06 |
| Total Assets | 2,246.33 | 1,430.28 | 977.61 | 734.15 | 521.51 |
| Equity Share Capital | 134.02 | 88.23 | 87.69 | 42.29 | 28.35 |
| Reserves & Surplus | 460.73 | 218.00 | 162.73 | 142.85 | 105.63 |
| Miscellaneous Expenses | - | - | 1.15 | 2.00 | 2.50 |
| Tangible Net worth | 594.75 | 306.23 | 249.27 | 183.14 | 131.48 |
| Share Application Money | - | 18.10 | - | - | - |
| Share Warrants | 3.32 | 3.32 | - | - | - |
| Foreign Currency Convertible Bonds | - | - | - | 51.03 | 13.00 |
| Application Money for FCDs | - | - | - | - | 16.48 |
| Quasi Net Worth | 598.07 | 327.65 | 249.27 | 234.17 | 160.96 |
| Deferred tax liability | 75.10 | 50.52 | 36.33 | 2.64 | - |
| Total Long Term Borrowings | | | | | |
| Preference Share Capital | 84.33 | 83.67 | 5.00 | 5.60 | 6.20 |
| Secured Loans | 823.89 | 371.48 | 262.70 | 207.71 | 156.12 |
| Unsecured Loans | 17.63 | 19.97 | 15.95 | 9.66 | - |
| | 925.85 | 475.12 | 283.65 | 222.97 | 162.32 |
| Total Short Term Borrowings | | | | | |
| Secured Loans | 102.08 | 75.00 | 27.80 | 19.70 | - |
| Unsecured Loans | 61.77 | 50.77 | 34.43 | 17.99 | 18.12 |
| Working Capital Borrowings | 313.54 | 301.20 | 203.29 | 140.85 | 104.72 |
| | 477.39 | 426.97 | 265.52 | 178.54 | 122.84 |
| Total Borrowings | 1,403.24 | 902.09 | 549.17 | 401.51 | 285.16 |
| Total Current Liabilities | | | | | |
| Current Liabilities & Provisions | 169.92 | 150.02 | 142.84 | 95.83 | 75.39 |
| Total Liabilities | 2,246.33 | 1,430.28 | 977.61 | 734.15 | 521.51 |
| EPS | 7.25 | 7.90 | 7.36 | 11.77 | 10.39 |
| CEPS | 12.68 | 12.53 | 12.07 | 17.45 | 14.58 |
| Book Value | 44.38 | 34.70 | 28.43 | 43.31 | 46.38 |



KEY RATIOS

(Rs. in Crores)

| Particulars | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|--|---------|---------|---------|---------|---------|
| Profitability Ratios | | | | | |
| Operating Profit Margin (%) | 19.99% | 18.56% | 17.24% | 17.37% | 17.19% |
| Profit Before Tax Margin (%) | 10.09% | 8.66% | 7.46% | 7.51% | 7.21% |
| Profit After Tax Margin (%) | 7.29% | 6.65% | 5.32% | 6.71% | 6.65% |
| Return on Quasi Tangible Net worth (%) | 13.32% | 21.16% | 16.73% | 15.86% | 17.79% |
| Return on capital Employed (%) | 10.90% | 13.89% | 14.03% | 13.37% | 14.61% |
| Gearing Ratios | | | | | |
| Debt - Equity (Long Term) * | 0.72 | 0.97 | 1.04 | 0.88 | 0.89 |
| Debt - Equity (Total Debts) * | 1.52 | 2.27 | 2.11 | 1.64 | 1.65 |
| Debt - Equity (excluding RCPS) * | 1.40 | 2.02 | 2.09 | 1.61 | 1.61 |
| Total Debt (excluding RCPS) / EBITDA * | 3.43 | 3.33 | 3.79 | 3.85 | 3.41 |
| *(Net of Cash and Bank) | | | | | |
| Current Ratio | 2.10 | 1.47 | 1.45 | 1.54 | 1.62 |
| Liquid Ratio | 1.54 | 1.11 | 0.76 | 0.82 | 0.87 |
| Coverage Ratios | | | | | |
| PBDIT/Interest | 3.84 | 2.99 | 2.66 | 2.51 | 2.35 |
| Net Fixed Assets/Secured Loans | 1.44 | 1.56 | 1.45 | 1.55 | 1.25 |
| W/Capital Turnover Ratio | 0.58 | 0.25 | 0.23 | 0.26 | 0.28 |



GENERAL INFORMATION

| | |
|---|--|
| Bankers | E-mail Address |
| Andhra Bank | Info@alokind.com |
| Bank of Baroda | Registered Office |
| Bank of India | B/43, Mittal Tower, |
| Development Credit Bank Limited | Nariman Point, Mumbai 400 021 |
| ING Vysya Bank Limited | Corporate Office |
| Punjab National Bank | Peninsula Tower 'A', Peninsula Corporate Park, |
| Sate Bank of Mysore | G. K. Marg, Lower Parel, |
| Standard Chartered Bank | Mumbai 400 013. |
| State Bank of Bikaner & Jaipur | Delhi Office |
| State Bank of Hyderabad | 177, Alok House, |
| State Bank of India | Sant Nagar, East of Kailash, |
| State Bank of Indore | New Delhi 110 065 |
| State Bank of Patiala | Works |
| Syndicate Bank | Weaving |
| The Federal Bank Limited | a) Babla Compound, Kalyan Road, |
| The Jammu & Kashmir Bank Limited | Bhiwandi Dist. Thane |
| The Karur Vysya Bank Limited | b) 17/5/1 & 521/1, Rakholi/Saily, Silvassa, |
| | Union Territory of Dadra & Nagar Haveli. |
| | c) 209/1 & 209/4, Silvassa, |
| | Village Dadra, U. T. of Dadra and Nagar Haveli. |
| Statutory Auditors | Knitting |
| Gandhi & Parekh | a) 17/5/1, Rakholi, Silvassa, |
| Chartered Accountants | Union Territory of Dadra & Nagar Haveli |
| International Accountants | b) 521/1, Village Saily, Silvassa |
| Deloitte Haskins & Sells | Union Territory of Dadra & Nagar Haveli |
| Member Deloitte Touche and Tohmatsu (DTT) | Processing |
| Internal Auditors | a) C-16/2, Village Pawane, |
| Shah Gupta & Co. | TTC Industrial Area, MIDC, Navi Mumbai , Dist. Thane |
| Chartered Accountants | b) 268, Village Balitha, |
| Devdhar Joglekar & Srinivasan | Taluka Pardi, Dist. Valsad, State: Gujarat |
| Chartered Accountants | c) 254, Village Balitha, |
| N.T. Jain & Co., | Taluka Pardi, Dist. Valsad, State: Gujarat |
| Chartered Accountants | Garments |
| Legal Advisors & Solicitors | C - 271/2, TTC Industrial Area, |
| Kanga & Co. | Turbhe, Navi Mumbai. |
| Vice President (Legal) & Company Secretary | Made Ups |
| K. H. Gopal | 374, Village Saily, Silvassa, |
| Listing | Union Territory of Dadra & Nagar Haveli |
| Stock Exchanges at: | Texturising |
| Mumbai, and National Stock Exchange of India Limited | a) 103/2, Rakholi, Silvassa, |
| Share Transfer Agent, | Union Territory of Dadra & Nagar Haveli |
| M/s. Intime Spectrum Registry Limited | b) 521/1, Village Saily, Silvassa |
| C-13, Pannalal Silk Mills Compound, | Union Territory of Dadra & Nagar Haveli |
| L B S Marg, | |
| Bhandup (West), Mumbai-400 078. | |
| ISIN for dematerialisation of shares | |
| INE 270A01011 | |
| Website Address | |
| http://www.alokind.com | |



NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of **ALOK INDUSTRIES LIMITED** will be held on Thursday, the 29th day of September, 2005 at 10.00 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 2005, 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 B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dilip B. Jiwrajka 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Timothy Ingram, who was appointed as an Additional Director of the Company under Article No.130 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 at the meeting of the Board of Directors held on 29th July, 2005 to hold the office upto the conclusion of the ensuing Annual General Meeting and in respect of whom the Company has received notice from a Member under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

REGISTERED OFFICE:

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

By Order of the Board

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

DATED: August 08, 2005

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 Monday, the 19th day of September 2005 to Thursday, the 29th day of September 2005 (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 Registrar and Share Transfer Agent M/s. Intime Spectrum Registry Limited as on 29th day of September, 2005; 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 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 1997 to the Investor Education and Protection Fund.

The dividend for the year 1998 will be transferred to the Investor Education and Protection Fund on 21.10.2005. Members who have not encashed their dividend warrants pertaining to the year 1997/1998 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 21.09.2005, to check up and send their claims, if any, before the amounts become due for transfer to the above Fund.

8. Pursuant to the amendment to the Companies Act, 1956 the unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows :

| Financial year ended | Date of Declaration | Last date for claiming unpaid dividend | Due date for Transfer to IEP Fund |
|----------------------|---------------------|--|-----------------------------------|
| 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 |
| 31.03.2004 | 30.09.2004 | 29.09.2011 | 29.10.2011 |

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 B. Jiwrajka and Shri Dilip B. Jiwrajka 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. Equity Shares of the Company are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited
Floor 25, P. J. Towers, Dalal Street,
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 31st March 2006.

11. 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.

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DATED: August 08, 2005

By Order of the Board

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



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No.6

Mr. Timothy Ingram (56 years) was appointed as an Additional Director of the Company with effect from 29th July 2005. Mr. Timothy Ingram presently the Chief Executive of M/s Caledonia Investments Plc., a London based Investment Company, has vide experience in the field of international Banking and finance. He was Finance Director and later Chief Executive of First National Finance Corporation from 1992 and Managing Director of Abbey National from 1996 to 2002. He was approved Chief Executive of Caledonia in 2002. He is also a non-executive director of Sage Group and Savills. The Board of Directors feel that it would be in the interest of the Company to have the benefit of his experience and advice as a Director and accordingly commends his appointment to the Members.

Mr. Timothy Ingram has filed with the Company his consent to act as a Director. Mr. Timothy Ingram may be deemed to be concerned or interested in the resolution relating to his appointment.

REGISTERED OFFICE:

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

DATED: August 08, 2005

By Order of the Board

K. H. Gopal

Vice President (Legal) &
Company Secretary

