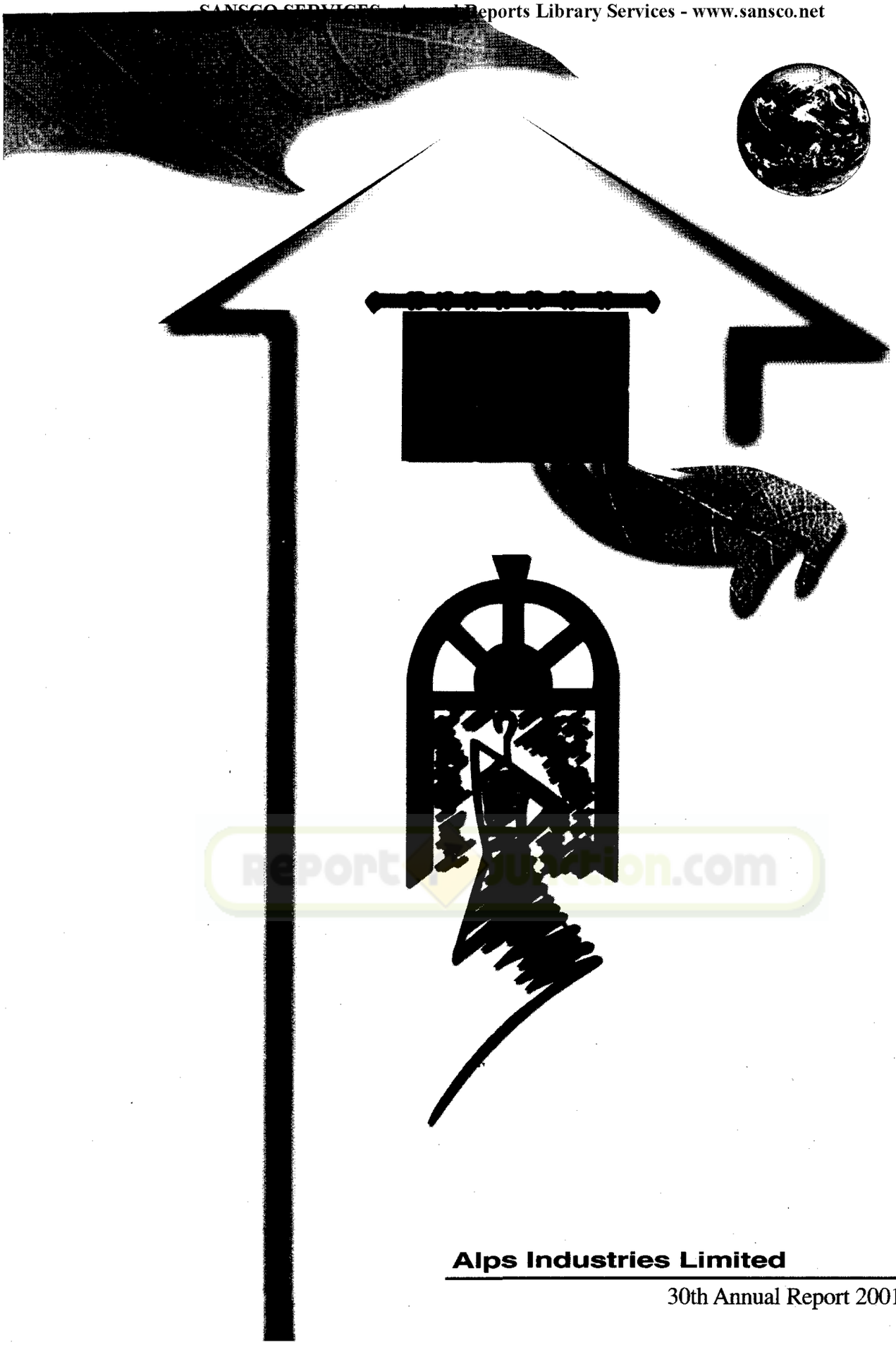
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Alps Industries Limited

30th Annual Report 2001-2002

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CORPORATE DIRECTORY

ALPS INDUSTRIES LTD.

Unit I
Window Covering Products
A-3, Loni Road Industrial Area
Ghaziabad - 201007.

Unit II
Home Furnishings
B-2, Loni Road Industrial Area
Ghaziabad - 201007.

Unit III
Vista Floor Fashions
A-2, Loni Road Industrial Area
Ghaziabad - 201007.

Unit IV
An Integrated Textile Unit having inhouse facilities of spinning, weaving, manufacturing of vegetables dye, fibre, fabric and yarn dyeing, processing and fabrication (made - ups)
57/2, Site-IV, Industrial Area, Sahibabad , Ghaziabad - 201010.

Unit V
Vista Awnings
B-160-161, Mettupalayam
Industrial Estate
Pondicherry - 605009.

MARKETING OFFICE
Delhi : F- 213/D, III Floor, Lado Sarai,
M.B.Road, New Delhi - 110030
E-mail : sales@alpsindustries.com
Ph : 011-6532137-38
011-6532285-86

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

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

Mumbai : 3116 / 3117, Oberoi Estate
Chandivli Farms Road, Chandivli,
Andheri (E), Mumbai - 400072
Ph : 022-8522111, Fax: 022-8514744
Email : vista_bby@alpsindustries.com

REGISTERED OFFICE
B-2, Loni Road Industrial Area
Ghaziabad - 201007.

CORP. OFFICE & SHARE DEPTT.
57/2, Site-IV, Industrial Area, Sahibabad
Ghaziabad - 201010.

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R&T AGENCY
(Only for Dematerialisation)
Alankit Assignment Ltd.
205-206, Anarkali Complex
Jhandewalan Extn., New Delhi
Ph : 011-3513512-16
Fax : 011-3552001

AUDITORS
R.K. Govil & Co.
Chartered Accountants

BANKERS
State Bank of India

www.alpsindustries.com

SECRETARY
Mr. Ajay Gupta

e-mail : alps@alpsindustries.com

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CONTENTS



Board of Directors	1
Directors' Report	2
Annexure to the Directors' Report and Name & Address of Stock Exchanges	8
Auditors' Report	18
Balance Sheet	21
Profit & Loss Account	22
Schedules to Statements of Accounts	23
Cash Flow Statement	34
Balance Sheet Abstract and Company's General Business Profile	35

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Mr. K.K. Agarwal, Non-Executive Chairman, 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 coverings business. He was instrumental in negotiating and finalising technical collaborations with Levolor Corporation, U.S.A. and Franciaflex, France for window coverings. He has also played a major role in ensuring that Vista emerges as the undisputed market leader.

Mr. G.K. Arora, Director, is a retired I.A.S. Officer. He was Finance Secretary to the Government of India and Executive Director of International Monetary Fund.

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

Mr. Rakesh Gupta, Director, is a businessman operating out of India and holds sizeable equity in the Company.

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

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ALPS INDUSTRIES LTD.

Dear Members,

The Board of Directors have pleasure in presenting their 30th Annual Report together with the Audited Financial Statements for the financial year ended 31st March 2002.

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

Particulars	**Year Ended 31.03.2002**	Year Ended 31.03.2001
Total Income (Including Other Income)	**11989.18**	11574.75
Profit before Financial Exp., Depreciation & Tax, and Extra Ordinary Items.	**1653.94**	1992.77
Profit before Depreciation and Tax, and Extra ordinary items.	**1095.07**	1423.79
Depreciation (net after transfer from Revaluation Reserve)	**401.07**	502.71
Extra Ordinary items	**8.54**	62.18
Provision for Tax	**50.00**	20.30
Profit from Operations	**635.46**	838.60
Deferred Tax	**185.00**	-
Profit After Tax	**450.46**	838.60
Proposed Dividend & Depreciation		
Written Back	**738.75**	-
Prior year Adjustment	**36.74**	(136.56)
Add : Surplus of last year	**222.67**	222.01
Surplus available for appropriation	**1448.62**	**924.05**
Appropriations		
General Reserve	**900.00**	300.00
Proposed Dividend on Equity Shares	**30.99**	123.98
Dividend paid on Preference Shares	**116.88**	97.68
Debenture Redemption Reserve	**-**	145.00
Corporate Dividend Tax	**11.92**	34.72
Surplus carried to Balance Sheet	**388.83**	222.67
Surplus available for appropriation	**1448.62**	**924.05**

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DIRECTORS' REPORT

PERFORMANCE AT A GLANCE

The company's growth in terms of turnover has been just marginal and not up to the mark due to various unavoidable reasons primarily due to a slump in the demand in the domestic & international markets. This is evident from the fact that, the export of cotton textile also suffered a downsizing of 11.40% during the year. The Profit from Operations shows a decline of Rs. 2.03 crores due to the recession in the overseas market and the increase in the provision for Tax due to amendment in the Income Tax Laws. However, the said results should not be used as barometers to judge the future of the company. We are committed to improve the long-term performance with the able support of our team of qualified and expert professionals. Your company is in the process of expansion and diversification in different product categories. Emphasis is being given on the domestic as also broad basing the export market. The company has effected cost reduction, including trimming down its work force by 15 % as per set targets in our earlier year forecasting. Rounding off, it is pertinent to mention, that the current economic slow down has affected the prospects of the Textile and Interior Decoration Industry to a large extent.

GROWTH STREAM

Innovation & Diversification are rudimentary for anchoring growth, which has been followed by your company through measures like technical upgradation and broad basing of the Overseas & Domestic market.

The window dressing category of the group, during the yearly review of 2001-2002, had forecasted a slightly bleak projections due to recession in the Interior Decoration Industry. Another reason for this could be attributed to the fact that the Housing Industry was also reeling under an economic recession.

To enable the company to maintain its leadership position in the interior fashion category, various product upgradations were implemented. In Vertical Blinds, a number of new shades were added. Again in the case of drapery rods, the colour ways were spread wider, particularly for the "Coral" range. The Venetian Blinds market showed no movement. It is unlikely that it will respond to newer usage or heavier promotion. Under the Floor Fashion category, a number of new decors were added which were well accepted by the market. The introduction of the "Exotique" range was met with radical improvement in sales & market acceptance. The newly introduced Wall Panelings also showed promising signs of growth.

On the value engineering and cost saving areas also, several measures were implemented so as to enhance the performance of the company.

The ever popular Vista Home fashion Coordinates was given a new look with the introduction of floral designs like Florida, Symphony & Venus which have received an overwhelming response from the market. Going a step ahead, the company has entered a new segment of Upholstery Fabrics which include Jacquard, Polyester –Viscose, Chenille and Auto Upholstery fabrics etc. The new product line generated keen interest amongst the reputed buyers of the company.

Fashion Accessories left an indelible mark in the year 2002. Our brand "Le Pashmina" made its presence felt in the domestic and export markets. Our commercial campaign for the brand with Miss India – 2002 – Neha Dhupia helped to create a high level of brand awareness & recall amongst the target audience. Le Pashmina is one of the most sought after brands and exudes a sense of style by itself.

In order to maintain a more close knit contact with our international clients, the company opened a fully functional office in New York City, which caters to fashion world luminaries like JC Penny, Kenneth & Cole, Century 21, Anne Klein and Hiz Clair Borne. We came up with a stunning array of high fashion accessories built upon original designing and development. Note worthy amongst these are tie & dye techniques and new fabric developments, keeping in mind the changing trends in the international fashion scenario. The year also witnessed the birth of our first retail venture – "Memoirs" at Lado Sarai, New Delhi. The outlet showcases an exotic collection of Shawls, Stoles, Scarves, Ties & Caravates in Silk, Wool, Cashmere and Jamavar. Apart from these, there's an inspiring collection of period and contemporary furniture.

A significant addition to our repertoire was the launch of Knitwear in 100% Cashmere and Blends. Knitwear, being a very extensive category has opened newer avenues for the company. In the first year of its launch only, the company notched up an impressive list of clients like Benetton, Brylane (USA), Haband (USA), Tao (France) and Kabi (France).
It is hoped, going by past performance and results to match, the overall growth in various sectors will certainly enhance the company's profitability and productivity across different fields in times to come.

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ALPS INDUSTRIES LTD.

FINANCE SECTOR

"If your finances are not in place, then everything else will fall apart."
The judicious use of finance determines the future of any company. Your company too recognizes the importance of adept financial management in the day to day running of the company. Top priority is therefore accorded to repaying high cost borrowings, thereby reducing the financial burden on the company. This happens to be an ongoing process under the company's long-term financial plans. The company has also introduced the concept of Multiple Banking to run it financially smooth & sound.

The Company is under process of Financial restructuring to reduce the cost of funds and to improve the Financial Ratios. In the effort Company has replaced the Corporate Loan of SICOM Ltd., 13.25% Cumulative Redeemable Preference Shares Subscribed By IDBI Bank Ltd. and high cost Corporate Loans and Term Loan of IDBI from the Term Loan of Vysya Bank Ltd. and Bank of Baroda.

TECHNOLOGY FOCUS

No successful industry can afford to overlook the importance of technological upgradation and innovation. At Alps, it has always been an endeavour to maximize technical improvement at minimum cost along with diversification in the product line. New spinning & dyeing machines have been installed to expand the production capacity. In the case of boilers, we have installed units having a capacity of 5 tons/hour which has helped us to reduce operational cost. A Sectional Warping and Beaming Machine has also been set up to optimize the production capacity of the Weaving division. The Looms with latest technology and electronic jacquard weaving machines installed in earlier year have also become fully operational during the year resulting in increase in production and betterment of quality.

ECO AWARENESS

One of the milestones of the company was the successful completion of the project for commercial production of standardized eco – friendly natural dyes under the able guidance of Dr. M.L.Gulrajani, who is also a member on the board. The company has acquired ISI Certification for commercial production of ANNATTO food colours. Work is also going on in the development of natural dyes for the cosmetics segment and favourable results are expected shortly. The Super Critical Fluid Extraction (SCFE) Plant, set up in consultation with IIT-Bombay, completed its first year of operation successfully. The R&D Wing is also looking into the use of organic cotton as a more eco-friendly alternative. In time to come, Organic cotton might be used to produce fabric, depending on the demands of the buyers. The company has also instituted the "Best Project Awards" to recognize valuable contribution made by individuals in the realm of eco-awareness. During the year, nine people were felicitated out of professionals from various fields.

ASSOCIATE PROJECT- ALPS TEXFAB LIMITED, RAIPUR

Your company has already made an equity investment of Rs.70 lakhs into this joint venture for the manufacturing, processing & trading of textiles and allied products. In areas such as Industrial Fabric, Interlining, Printing and Coating of fabric, the unit has commenced commercial production and is moving towards set targets. However, return on investment is yet to produce the desired targets.

CREATIVE BLENDS INC. USA

The company, under its expansion & diversification programme, has taken a decision to setup a Company namely Creative Blends Inc. for direct penetration into the US markets as also to strengthen the Vista & Le Pashmina brands in the Western markets. Our products shall adhere to international standards of quality and price & should be able to emerge as a competent player in the global arena on the strength of its eco – friendly traits & being able to deliver value to the end users. The registration of the company was formalized during Aug'01 and the RBI clearances were acquired in Dec'01. This seventeen Crores project has been approved by the Export Import Bank of India, which have made part disbursement towards the project. The Company has already commenced commercial activities and due results are expected to flow in next financial year onwards. The parent Company i.e. AIL, has planned well to control its stake and safeguard its financial interest.

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MILESTONES

We are proud to have been honoured with the prestigious Lalit Doshi Memorial Award, instituted in association with SICOM, which also carries a cash prize of Rs. 50,000/-. The said award was bestowed upon us for achieving outstanding growth in textile industry.

Our In House R & D Project of standardized eco friendly natural dyes has been recognized by the department of Scientific Research under Ministry of Science & technology.

The overall performance of the company has been analyzed and graded by renowned media research agencies like Dun & Bradstreet India Pvt. Ltd. (2001 Edition) and publications like Business Standard (March 2001 Issue). Business Standard have rated the company on various parameters as follows:

Financial Indicators				
	Net Sales/Income	**Net Profit**	**Net Assets**	**Super Rank**
Ranks	754	405	739	461

HUMAN CAPITAL

Human resources form the most valuable asset for any company. It is a form of an intangible capital and hence its importance cannot be overlooked. Your company values the importance of retaining competent and dynamic professionals from various fields in achieving overall excellence. Your company also believes in maintaining cordial & harmonious relationships with workers at all levels in order to bring about a more congenial working environment. After all, a company can manage to reach its goals only through its manpower.

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, 2002, is not applicable to the company, as none of the employee is drawing more than the limits specified under the said rules.

ISSUE OF SECURITIES

During the year under review, the company has not issued any securities either of Capital Nature or Borrowing Instruments. However, there are proposals in the pipeline for enhancing the capital to meet out the long term fund requirement of the company.

As the necessary approval from the members of the company is required under Section 80/81 of the Companies Act, 1956, the matters have been referred under Item no. 5 of the Notice of the forthcoming Annual General Meeting of the company.

DEMATERIALISATION OF SHARES

As per guidelines your company has Demated 57,18,143 shares, which is about 92.24% of the Issued Capital with the overall cooperation of investors and depositories.

RISK MANAGEMENT

There is a inheart character of the Risk Factor in all the activities of the Industry respective of the size and nature. The Risk involved is of various nature like direct loss due to any spoilage of Land, Building, Plant & Machineries, Stock, Electrical & Mechanical operations and consequentional effect thereof like loss of Production / Profit / Manpower etc. Company has taken comprehensive Insurance Policies from the reputed Insurance Companies to insure all areas of risk. The current assets of the Company are also insured sufficiently.

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The Company have also taken the necessary precautions for the contingences involved in the Currency / Goods in transit by the specific policies from the Insurance Companies. Apart from the external Risk Coverage factor, there are sufficient In-house arrangements also like Fire safety, Goods movement precautions, engaging the specialized personnel in the areas of Engineering, and any other Natural Calamity. We take care the risk factor even from the roots by using all the Machines, Spares, Tools and all accessories of ISI standards or any other approved quality standard mark to avoid the beginning of any mishappening.

The most important and irreplaceable core area is of Human Capital. Company has taken the Keyman Insurance policies for the promoters and various other senior managerial personnel. Even the risks involved in the domestic and international traveling of the said Executives are Insured Adequately. Company is also taking effective step for the health and consequential matters by way of Group Mediclaim policies.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5 % for equity shareholders subject to the deduction of tax at source, subject to the approval from the members of the Company. A provision of Rs.30.99 Lacs has been made in the accounts, to give effect to this.

In accordance with the subscription agreement dated February 28, 2000, with IDBI Bank Limited, and on May 9, 2000 with UTI Bank Ltd. the Board of Directors have declared and paid a sum of Rs. 66.25 Lacs as interim dividend on 13.25% - 5,00,000 Preference Shares allotted on March 8, 2000, with original coupon rate of 12.00% to IDBI Bank Limited and Rs. 50.625 Lacs on 11.25% - 4,50,000 Preference Share allotted to UTI Bank Ltd. for the financial year 2001-2002.

As required under the provisions of the Companies Act, 1956, and Articles of Association of the Company, the matter has been recommended for regularization by the members of the company under the item no. 2 of the Notice.

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

Information as per Section 217 (1) (e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed as Annexure-1.

DIRECTORS

Mr. J.P. Kundra Director of the Company, shall retire by rotation, pursuant to the provisions of Article No. 106, 107 & 108 of the Articles of Association of the company and Section 255/256 of the Companies Act, 1956, and being eligible offer himself for reappointment. The Board recommends his reappointment. A brief note in terms of the requirement of the Corporate Governance on the aforesaid Director have been included in Part -II of the Annexure-2.

During the year Mr. K.B. Agrawal, an alternate Director to Mr. Park B Smith and Mr. Park B Smith have resigned from the Directorship of the company due to preoccupation with other assignments. SICOM Limited, Mumbai have also withdrawn the Nominee Directorship of Mr. M.T. Chiddarwar, as the company have cleared all the financial dues against the credit facilities under various categories extended by them. The members of the Board place on record their appreciation for the valuable guidance and support provided by them during the tenure of their Directorship.

Due to involvement in the various philanthropic activities of Mr. K.K. Agarwal, he has desired to become the Ordinary Non-Rotational Director with the status of Non-Executive Chairman. The Proposal have been accepted by the Board w.e.f. 29.6.2002. The Board places on record their appreciation for the valuable services provided by him during his association with the company as a Whole Time Director being the Chairman & Managing Director.

DIRECTORS' RESPONSIBILITY

In terms of Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the members of the Board place on record the Directors' Responsibility Statement as under:

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(i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) that the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

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

CORPORATE GOVERNANCE

The provisions of Clause 49 of the Listing Agreement related with the Corporate Governance have became mandatorily applicable for the company during the year 2001-2002. However, as a good Corporate culture, your company have already complying with the requirements even since last year i.e. 2000-2001. It is our endeavour to attain the Global Standards to have similarity with the International parameters. This is also a part of effort to have more transparency in the Corporate relations with Investors, Financial Institutions, Bank & etc. The necessary steps are being taken to present the various mandatory and non-mandatory informations in the true spirit of the provisions. The management of the company are committed to provide the refined version of the presentation in the forthcoming years. The various mandatory and non-mandatory information is annexed as Annexure-2

AUDITORS

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

AUDITORS' OBSERVATIONS

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

ACKNOWLEDGMENTS

This is not out of place to mention the contribution of various notable Financial Institutions/ Banks and Government Agencies including IIT, New Delhi and valued customers & Investors, without their constant support the growth of the company would not have been maintained. Your Directors also place on record their appreciation for the unsustained and dedicated services provided to the company. We are sure that the similar cooperation and coordination will be continued for all the years to come and achieving the great heights for the company.

For and on behalf of the Board

K.K. AGARWAL
Chairman

Place : Ghaziabad
Date : 29th June, 2002

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