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Alps Industries Limited

31st Annual Report 2002-2003

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For ALPS Industries Ltd
Company Secretary

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 : 011-26532137-38
011-26532285-86

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 : 022-28522111, Fax: 022-28514744
Email : vista_bby@alpsindustries.com

REGISTERED OFFICE

B-2, Loni Road Industrial Area,
Opp. Mohan Nagar,
Ghaziabad - 201010.

CORP. OFFICE & SHARE DEPTT.

57/2, Site-IV, Industrial Area, Sahibabad
Ghaziabad - 201007.

R&T AGENCY

Alankit Assignment Ltd.
205-206, Anarkali Complex
Jhandewalan Extn., New Delhi
Ph : 011-51540060-64
Fax : 011-23552001

AUDITORS

R.K. Govil & Co.
Chartered Accountants

BANKERS

State Bank of India

SECRETARY

Mr. Ajay Gupta

e-mail : alps@alpsindustries.com
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BOARD OF DIRECTORS

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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DIRECTORS' REPORT

Dear Members,

The Board of Directors have pleasure in presenting their 31st Annual Report together with the Audited Financial Statements for the financial year ended 31st March 2003.

FINANCIAL RESULTS

(Rs. in Lac)

Particulars	**Year Ended 31.03.2003**	Year Ended 31.03.2002
Total Income	**13286.16**	11989.18
Profit before Financial Exp., Depreciation & Tax, and Extra Ordinary Items.	**1780.53**	1653.94
Profit before Depreciation and Tax, and extra ordinary items.	**1219.17**	1095.07
Depreciation (net after transfer from Revaluation Reserve)	**486.58**	401.07
Extra ordinary items	**4.42**	8.54
Provision for Tax	**55.00**	50.00
Profit from Operations	**673.17**	635.46
Deferred Tax	**155.00**	185.00
Profit After Tax	**518.17**	450.46
Proposed Dividend & Depreciation Written Back	**---**	738.75
Prior year Adjustment	**(90.67)**	36.74
Add : Surplus of last year	**388.83**	222.67
Surplus available for appropriation	**816.33**	**1448.62**
Appropriations		
General Reserve	**200.00**	900.00
Proposed Dividend on Equity Shares	**30.99**	30.99
Dividend paid on Preference Shares	**55.64**	116.88
Debenture Redemption Reserve	**(74.00)**	-
Capital Reserve	**(4.35)**	-
Corporate Dividend Tax	**5.40**	11.92
Surplus carried to Balance Sheet	**602.65**	388.83
Surplus available for appropriation	**816.33**	**1448.62**

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PERFORMANCE

Despite the constraints imposed by various economic factors, accompanied by a dampened export market, the company has managed to keep on a growth track and recorded a 10.81 % increase in turnover as compared to previous year.

Proffit from the operations recorded a growth of 5.94% as compared to last year. This had been possible because of step taken in the right direction in certain key areas like, reduction in financial cost, improving personnel and production productivity.

Last but not the least a focussed approach to marketing, by introducing a whole new range of products has made it possible to sustain our track of growth.

VISION FOR FUTURE GROWTH

The company has been constantly observing the changes at the market place. Consumer demands keep varying in a dynamic manner, therefore, the essence of success is to watch the changing preferences of the customers/markets we cater to.

In the Window Covering range our mission has been to create 'Window Fashion' under the brand name 'Vista'. We launched a whole new range of Blinds. In the Vertical Blind segment, a colour/design co-ordinated range of fabric in the new 'Dustguard' series, have been launched. A whole array of nature series of blinds in 'Bamboo' and 'Wood' have been introduced.

In the drapery rod segment completely new concept of 'Swing' and 'Flexi' range have been place in the key retail showrooms. All the above products have been exceedingly well received by the market.

In the Wooden Flooring segment we launched our range of 'Exotique' and nature colour range which again augmented the sale of laminate wood.

In the Home Furnishing range, we introduced the Jacquard range and 'Bright Polyester' Furnishing. We are currently planning to introduce Auto Furnishing range of fabrics.

In the segment of Fashion Accessories our brand 'Le Pashmina' has made an indelible mark in the domestic and export market.

Our advertising campaign with 'Miss India' helped us to create an excellent awareness for the brand 'Le Pashmina'. Le Pashmina is one of the most sought after brands and exudes a sense of style by itself. In the line of Pashmina accessories, we have introduced an array of new product offerings. The company is planning various strategies for the marketing of the Pashmina products. We are organizing Exhibitions in the major cities across the country. The new range envelopes the experience, the luxury of Cashmere & Aromatic shawls, Cashmere knits and the softness of Summer Silk Scarves & Stoles. All in an endless array of hue and colours, providing the discerning customer a wide collection of Pashmina shawls in all possible tints, textures and fragrances from 'Le Pashmins', the only Pashmina brand in India. Pashminas are perfect add-ons for evening wears, suitable for all seasons suitable to be worn through the year. Starting from Pure Pashminas and silk blends, the shawls, scarves and stoles are available in plain tones and gorgeous shawls embellished with crystals or stunning Kashmiri work. Besides this includes aromatic shawl with aromas such as sandalwood, rose, mandarin, jasmine and lavender. These fragrances give the wearer the added advantages associated with the fragrances.

Accessories made form cotton blend Pashmina were aslo introduced during the year consisting of colours ranging from soothing pastels to vibrant hues off spring, all hand – crafted by master weavers in eco-friendly natural dyes. Your company also supports the concept of protection campaign by Wild Life Trust of India, which is promoting the 'Say no to Shahtoosh'.

FINANCIAL STRATEGY

The new developments in the Government and Reserve Bank of India policies have resulted in reduction in the Cost of funds. Your company has swaped various Rupee Term Loans into Foreign currency Term Loans on the better terms & conditions.

In the process of high cost borrowings from IDBI, UTI Bank Limited, and IDBI Bank Limited to the extent of Rs. 20.00 Crores have been replaced by the Foreign Currency Terms Loan from Bank of Baroda and State Bank of Travancore.

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To broad base the Banking arrangement of Working capital facilities, ING Vysya Bank Ltd. and ABN AMRO Bank N.V., have been introduced during the year. The share capital of the company has also increased to Rs. 7.70 Crores from Rs. 6.20 Crores during the period under review, which will improve the Ratio/Financial performance of the company. Due to overall effort, we are hopeful to achieve the goal of effective financial cost control to improve the performance of the company.

TECHNOLOGY FOCUS

To be successful on a continous basis it is of prime importance that we absorb emerging technology. In this context, during the year your company has upgraded the plant & machinery by inducting the fuel efficient Boiler and Generator sets. There are also current proposals for replacement of Stentor and other equipments of Weaving and Spinning Departments to improve the production by quality and quantity.

NATURAL COULRAGE

The company has completed the project for the production and standardization of Natural Dyes successfully. The development of marketing network is under process in domestic and overseas market. It is not out of place to mention that the Govt. of India. Ministry of Science and Technology, Department of Scientific & Industrial Reasearch, New Delhi has accorded the recongnition to the In-house R & D Unit of the company.

During the period R & D efforts have been put, to standardize the manufacturing and application of ANNATTO colour for food products and achieved ISI Certificate for the marketing. Company has also signed two major M.O.U's with two companies for the above product including food colours. The development of technology for the production of Herbal Gulal to eliminate normal Gulal are also under process. Company is also exploring the possibility of developing technology for solvent extraction from the Marigold flower to process the food colours, which have excellent export potential.

There are also future plan of action for Development of technology for manufacturing Potpourri from dried flowers and other Natural Herbs to be used for the 'freshness' in air. The development of the technology for the production of food colours called "PAPOSSA" and paprika chlorophyll, curcumin are under process and expected to be achieved soon.

VENTURES IN ASSOCIATION - ALPS TEXFAB LIMITED, RAIPUR

The overall development of the project is upto expectation but requires strategic steps to achieve the desired results. The company has undertaken the processing of various textile-related products for various purposes, especially for Interlining and coating. We expect to get the return on investment very shortly. The company is exploring new avenues for the development of other related activities within the affordable financial package.

CREATIVE BLENDS INC. USA

To come closer to the customers in the US Market, company has made arrangement through its Wholly Owned Subsidiary venture under the name of Creative Blends Inc. Your company plans to develop the marketing network in USA, Canada, European countries, UK and other nighbouring countries for Home Furnishing and Fashion Accessories. During the year, the said venture became operational and is moving in the right direction. After analyzing the financial requirements of the project and for proper control in the overseas market the project was scaled down. The said project was partly financed by the Export Import Bank of India to the extent of Rs. 5.00 crores which was reduced substantially. Your company has also contributed towards Equity contribution, by way of Export of goods and currency remittances. We have plan to enlarge the area of operation in the product range as well as locational coverage. The return on the Investment will be maturing shortly. It will broad base the customer services more effectively in the International market.

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ACHIEVEMENTS

We are pleased to place on record that your company has been accorded ISO 14001& 9001 Certification for a period of another three years for the Environmental Management System and the Quality Management System respectively. It will improve the image of the company in the domestic as well as International market.

HUMAN CAPITAL

Your company is always held the commitment that it has retained and trained experienced and professional people. Consistent training has been the endeavor with the company. The company has maintained cordial and a harmonious relation with workers at all levels.

The information required under Section 217(2A) of Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time for the year ended 31st March, 2003 is not applicable to the company as none of the employee is drawing remuneration more than the limits specified under the said rules.

ISSUE OF SECURITIES

Company in under process of financial restructuring, replacement of high cost term loans, and Globalization of export market including the diversification into various other products, and to develop market infrastructure. To achieve these objectives, company is increasing its capital base. Proposal to offer the securities on Private placement on preferential basis to suitable Buyers including Promoters, Directors and Business Associates in the category of Foreign Nationals/NRIs and Indian Residents was placed before the Extra Ordinary General Meeting on 13th March 2003 and obtained the necessary approval under section 81 & 81(1A) of the Companies Act 1956 for allotment of Equity shares upto 20.00 Lacs of Rs. 10/- each at a premium of Rs. 30/- each on preferential basis. The Board of Directors at their meeting held on 10th April 2003 approved, "In Principle" the proposal for allotment of 15.00 Lacs Equity Shares at the above-mentioned price to the Directors & their relatives and other Business Associates. In terms of the said approvals, company have received a sum of Rs. 210.00 Lacs consisting of Rs. 80.00 lacs (including Rs. 60.00 lacs premium on the shares) for the Fully paid allotment of 2.00 lacs shares allotted to the group of promoters and Rs. 130.00 Lacs (including Rs. 65.00 lacs premium on the shares) for the Partly paid allotment of 13.00 lacs shares allotted to NRI Business Associates. The remaining proceeds on the Partly Paid shares will be received shortly. As a result of the same, the Issued and Subscribed capital of the company have been increased to Rs. 769.88 Lacs. During the year, company has done Pre-mature Redemption of 13.25% & 11.25% Redeemable Cumulative Non Convertible Preference shares of IDBI Bank Ltd and UTI Bank Ltd worth of Rs. 950.00 Lacs to achieve the target for reduction in the Financial Cost.

LIQUIDITY OF SHARES

To provide the more liquidity to the Investors of the company and in compliance of the SEBI Circular, we have Demated 57,74,780 shares, which constitute about 75.00% of the issued capital.

RISK MANAGEMENT

Your company is taking care of the Risk factor involved in all financial and non-financial activities very closely. The foreign exchange transactions are well covered under the forward exchange contracts with the bankers of the company to cover any exchange fluctuations at all level. Hence we don't foresee any major chances of loss. The fixed and current assets of the company are also sufficiently insured against all the risk like fire, theft, burglary etc. and all the insurance polices are in force and valid as on date. There was no major loss of any valuable assets during the year.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5% for equity shareholders, subject to the deduction of tax at source and subject to the approval from the members of the Company. A provision of Rs. 33.99 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.13.62 Lacs as interim dividend on 13.25% - 5,00,000 Preference Shares with original coupon rate of 12.00% to IDBI Bank Limited and Rs.42.03 Lacs on 11.25% - 4,50,000 Preference Share allotted to UTI Bank Ltd. subject to Deduction of tax, for the financial year 2002-2003 and upto the date of redemption. 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.

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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

Dr. M. L. Gulrajani, 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 has been included in Part -II of the Annexure-2.

There was no change in the Board of Directors of the company during the year under review.

DIRECTORS' RESPONSIBILITY

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

(i) That in the preparation of the annual accounts, the applicable accounting standards 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. As per 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

In the direction of right sprit to follow the application of Rules & Regulations and good corporate practice, your company is committed to have the utmost transparency in the Financial Statements and other information related to the investors/stock exchanges. In terms of the International Standards, company has implemented the concept of Corporate Governance. Your company has discovered the inherit needs of explicity and clarity in the investors related informations, to comply with the mandatory and non-mandatory requirements.

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.

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ACKNOWLEDGMENTS

We wish to place on record that the growth of the company is the outcome of contribution of various segments. The wholehearted support of the Investors, Valuable customers/Dealers etc. and support of the Bankers, Financial Institutions, and other Government/Semi Govt. Agencies related with the business of the company. We firmly believe, your company will attain the new heights of success with the continued support from all the fronts. It is not out of place to mention that the Employees at all level are of prime importance for their hard work and dedication.

For and on behalf of the Board

Place : Ghaziabad
Date : 30th June 2003

K.K. AGARWAL
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 1

(I) Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

1. Conservation of Energy

a.	Energy conservation measures taken	: The conservation of Energy is of prime importance for any cost conservative Industry. In our company, this is an ongoing process. During the year, to conserve the steam the segregation of high and low pressure and installation of PRS/PRV system in existing lines are under process. We have also plan to install Peat Coke Boiler, Thermopac and High efficiency Sterner to reduce the energy cost considerably. The Cost of Energy transmission has been reduced by optimum utilization of transforming systems without effecting the production. There is also proposal to use the Coal Boiler for the reduction of fuel cost.
b.	Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	: Rs. 95.40 lacs
c.	Impact of measures at (a) & (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods.	: Due to above measures, there will be substantial reduction in the cost of production and improvement in the quality of final product.

d. Total Energy Consumption and Energy Consumption per unit of production are as follows:

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