

# Future Ready



**ALOK**  
INDUSTRIES LIMITED

**TM INNOVATIVE TEXTILE SOLUTIONS**

26 Annual Report 2011-12



# ▶▶ Table of Contents

- Key Highlights 2011-12 .....	1
- About Us .....	2
- Vision and Mission .....	3
- General Information .....	4
- Milestones .....	6
- Key Ratios .....	30
- Board of Directors .....	32
- Chairman's Message .....	35
- Managing Director's Message .....	38
- Joint Managing Director's Message .....	39
- Young Leaders .....	40
- Leaders Speak .....	41
- Notice .....	56
- Annexure to the Notice .....	60
- Director's Report to the Shareholder .....	61
- Management Discussion and Analysis Report .....	70
- Report on Corporate Governance .....	108
- Shareholders Information .....	119
- Auditors Certificate on Corporate Governance .....	125
- Company Secretarial Compliance Certificate .....	126
- Certification by MD and CFO .....	127
- Auditor's Report .....	128
- Annexure to the Auditor's Report .....	129
- Balance Sheet .....	132
- Profit and Loss Account .....	133
- Cash Flow Statement .....	134
- Notes To Financial Statements .....	136
- Statement Pursuant to Section 212 (3) and 212 (5) of the Companies Act 1956 Relating to Subsidiary Companies	170
- Auditor's Report on Consolidated Statements .....	172
- Consolidated Balance Sheet .....	174
- Consolidated Profit and Loss Statement .....	175
- Consolidated Cash Flow Statements .....	176
- Notes To Consolidated Financial Statements .....	178
- Proxy .....	215



Turnover increased by 39.33% to ₹ 8,900.86 crores

Exports increased by 36.62% to ₹ 3,029.55 crores

EBIDTA increased by 39.64% to ₹ 2,624.75 crores

Operating PBT increased by 21.95% to ₹ 761.77 Crores

Dividend at ₹ 0.30 per share

Total Assets at ₹ 18,238.35 crores

Total Networth at ₹ 3,655.50 crores

Book Value at ₹ 44.24

EPS at ₹ 4.69

CEPS at ₹ 15.80

Alok Industries Limited, India's largest vertically integrated textile company, provides end-to-end solutions through five core divisions Cotton Yarn, Apparel Fabric, Home Textiles, Garments and Polyester Yarn.

The Following chart aptly brings out Alok' presence across the textile value chain

***Innovative Textile Solutions™***



With over two decades of experience, Alok is the choice for quality textile products at internationally competitive prices and dependable delivery schedules. The company constantly adopts new technology to widen its product range. Through a planned and focused expansion, Alok is today a leading player in each of its product segments.

Alok's large customer base comprises domestic and overseas retailers, garment exporters in India and converter countries who are vendors to major international labels, they include some of the world's largest retailers and India's largest manufacturers of apparel and home textiles.

About 35% of Alok's production is exported to over 90 countries with major markets being US, Europe, Latin America, Asia and Africa



## VISION

To be the world's best integrated textile enterprise, **driven by research & innovation**, with a leadership position across products & markets exceeding customer & stakeholder expectations

**The barometer of our success would be the ROCE**

## OUR MISSION

**We will:**

- Be a knowledge leader & an innovator in our businesses
- Maximize people development initiatives
- Optimize use of all resources
- Become a process driven organization
- Exceed compliance and global quality standards
- Actively explore potential market & products
- Offer innovative, customized and value added services to our customers
- Be an ethical, transparent and responsible global organization

**Bankers**

Allahabad Bank  
Andhra Bank  
Axis Bank Limited  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Corporation Bank  
DBS Bank Limited  
Dena Bank  
Export Import Bank of India  
Indian Bank  
IDBI Bank Limited  
Indian Overseas Bank  
ING Vysya Bank Limited  
Oriental Bank Of Commerce  
Punjab National Bank  
Standard Chartered Bank.  
State Bank of Bikaner & Jaipur  
State Bank of Hyderabad  
State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
State Bank of Travancore  
Syndicate Bank  
The Jammu & Kashmir Bank Limited  
The Federal Bank Limited  
The Karur Vysya Bank Limited  
UCO Bank  
United Bank Of India  
Union Bank Of India  
Vijaya Bank

**Statutory Auditors**

Deloitte Haskins & Sells  
Chartered Accountants

Gandhi & Parekh  
Chartered Accountants

**Internal Auditors**

Bhandarkar & Co.  
Chartered Accountants

Devdhar Joglekar & Srinivasan  
Chartered Accountants

N.T. Jain & Co.,  
Chartered Accountants

Shah Gupta & Co.  
Chartered Accountants

T.R. Chadha & Co.  
Chartered Accountants

**Legal Advisors & Solicitors**

Kanga & Co.

**Chief Financial Officer**

Sunil O. Khandelwal

**President Corporate Affairs & Company Secretary**

K. H. Gopal

**Demat ISIN Number in NSDL & CSDL**

Equity Shares – INE 270A01011

**Website Address**

[www.alokind.com](http://www.alokind.com)

**E-mail Address**

[info@alokind.com](mailto:info@alokind.com)

**Registered Office**

17/5/1 & 521/1 Rakholi/ Saily, Silvassa-396230  
Union Territory of Dadra and Nagar Haveli

**Corporate Office**

Peninsula Tower, 'A' Wing,  
Peninsula Corporate Park,  
G. K. Marg, Lower Parel,  
Mumbai – 400 013

**Marketing Offices****Domestic****Delhi**

F-2/9, 1<sup>st</sup> Floor, Okhla Industrial Estate  
Phase I  
New Delhi – 110 020

**Bengaluru**

8-3/1, Pentafor Tower,  
Langford Town, Shanti Nagar,  
Langford Road  
Bengaluru – 560 025

**Chennai**

156, First Floor, Doshi Towers  
Poonamallee High Road, Kilpauk,  
Chennai – 600 010

**Overseas****Sri Lanka**

26, Hallmark Building, Vajira Road,  
Colombo – 04,  
Sri Lanka

## **Bangladesh**

Asset Rosedale,  
Unit B1 (1st floor), House # 2 Road,  
# 55, Gulshan Avenue, Gulshan – 2,  
Dhaka – 1212, Bangladesh

## **China**

Room No 701,  
Youngong Communication Plaza,  
East Wing Building, Zheijiang,  
China

## **Dubai**

6 WA, 232, 2nd Floor,  
P. O. Box 54917,  
Dubai Airport Free Zone

## **USA**

1) 7 West, 34<sup>th</sup> Street,  
Suite # 607, New York NY– 10001

2) 123 Oaklawn Avenue,  
DALLAS, TX 75207

## **Czech Republic**

Husova 734, 508 01 Horice  
Czech Republic

## **British Virgin Islands**

Pasea Estate,  
Road Town, Tortola  
British Virgin Islands

## **Store Twenty One**

Unit 1, Plot C1  
Central Boulevard, Blythe Valley Business Park  
Solihull - B90 8AH

## **Listing & Code**

BSE Limited (521070)  
National Stock Exchange of India Limited  
(ALOKTEXT EQ)

## **Registrar & Share Transfer Agent**

Link Intime India Private Limited  
C-13 Pannalal Silk Mill Compound,  
L.B.S. Marg Bhandup (West),  
Mumbai – 400 078

## **Works**

### **Spinning**

412 (15) Saily, Silvassa,  
Union Territory of Dadra & Nagar Haveli

### **Weaving**

a) 17/5/1 & 521/1, Rakholi / Saily, Silvassa,  
Union Territory of Dadra & Nagar Haveli.

b) 209/1 & 209/4,  
Dadra, U. T. of Dadra and Nagar Haveli.

c) Babla Compound, Kalyan Road,  
Bhiwandi – Dist. Thane

### **Processing**

a) 254, 261, 268, Balitha,  
Taluka Pardi, Dist. Valsad, Gujarat

b) C-16/2, Village Pawane,  
TTC Industrial Area, MIDC, Navi Mumbai  
Dist. Thane.

### **Knitting**

412 (15) Saily, Silvassa  
Union Territory of Dadra & Nagar Haveli

### **Hemming**

103/2, Rakholi, Silvassa,  
Union Territory of Dadra & Nagar Haveli

### **Polyester Yarn (POY & Texturised Yarn)**

17/5/1, 521/1, Rakholi / Saily and 409/1 Saily  
Silvassa, Union Territory of Dadra & Nagar Haveli

### **Garments**

a) 374/2/2, Saily, Silvassa Khanvel Road,  
Union Territory of Dadra & Nagar Haveli.

b) 17/5/1, Rakholi, Silvassa,  
Union Territory of Dadra & Nagar Haveli

c) 273/1/1, Hingraj Industrial Estate,  
Atiawad, Daman, Union Territory

d) 50/P2, 52/P1, Morai, Taluka Pardi,  
Dist. Valsad, Gujarat

### **Home Textiles**

#### **Bed Linen**

a) 374/2/2, Saily, Silvassa  
Union Territory of Dadra & Nagar Haveli

b) 149/150, Morai Taluka,  
Pardi, Dist. Valsad,  
Gujarat

#### **Terry Towel**

263/P1/P1 and 251/2/P1 Balitha,  
Taluka Pardi, Dist. Valsad  
Gujarat



# ▶▶▶ Milestones



**1986** ■ Incorporation of your Company

**1993** ■ Initial Public Offer of ₹ 4.50 crore



**1995** ■ Collaboration with Grabal, Albert Grabher Gesellschaft mbH & Co. of Austria for manufacturing of embroidery products, through joint venture company, Grabal Alok Impex Ltd

**1996** ■ Annual sales of ₹ 100 crore

**1997** ■ Rights Issue of equity shares aggregating to ₹ 14.98 crore



**1998** ■ Private placement of equity shares of ₹ 16 crore to Century Direct Fund (Mauritius)

**2000** ■ Turnover exceeds ₹ 300 crore, including exports of ₹ 9 crore  
■ New Alok Logo launched



**2001** ■ Expansion initiated under Technology Upgradation Fund Scheme (TUFs) for weaving and processing capacities with investment of ₹ 225 crore

**2002** ■ Rights issue of FCDs of ₹ 51 crore  
■ Turnover exceeds ₹ 550 crore



**2003** ■ Awarded status of 'Export Trading House'  
■ Foray into Home Textile segment (bed linen)

**2004** ■ Turnover crosses ₹ 1,000 crore. Exports exceed ₹ 100 crore  
■ Commenced Phase I & II of expansion programme (Spinning, Weaving, Processing & garmenting) aggregating to ₹ 1,175 crore under TUFs





## 2005

- FCCB issue of USD 35 million

## 2006

- FCCB issue of USD 70 million

## 2007

- 9001:2000 certification obtained
- Turnover reaches ₹ 1,800 crore, Exports at ₹ 640 crore
- Domestic retail brand 'H&A' launched
- Embarked on expansion of ₹ 1,100 crore under Phase III under TUFs
- 60% stake acquired in "Mileta International", integrated textile unit at Czech Republic
- Contracted to acquire commercial property at Lower Parel admeasuring 6,41,000 sq. ft. in real estate subsidiary Alok Infrastructure Limited



## 2008

- Initiated Phase IV expansion of ₹ 1,180 crore under TUFs
- Raised ECB of USD 90 million
- Acquired stake in UK retail "Store Twenty One"

## 2009

- Rights issue of Equity shares of ₹ 450 crore
- Completed integration of Polyester by commissioning Continuous Polymerisation capacity of 600 tpd



## 2010

- Turnover touches ₹ 4,300 crore, Exports crosses ₹ 1,500 crore
- Qualified Institutional Placement of Equity shares of ₹ 425 crore.
- Added Terry Towels to its product range



## 2011

- 25 years of corporate journey completed
- Turnover crosses ₹ 6,300 crore, Exports reach ₹ 2,200 crore
- Awarded the IMC – Ramakrishna Bajaj National Quality (RBNQ) Performance Excellence Trophy in the Manufacturing Category
- Expansion of Polyester production from 600 tons/day to 900 tons/day commenced
- Awarded status of 'Recognised Star Trading House'

## 2012

- Turnover crosses ₹ 8900 crores Exports reach ₹ 3030 crores.
- Completion of Expansion of polyester production from 900 tons/day to 1400 tons/day.
- The amalgamation of Grabal Alok Impex Limited (GAIL) into the company was completed on 1 March 2012 with effect from 1 April 2011.
- Gold Trophy for Global Exports of Bleached / Dyed / Yarn Dyed / Printed Fabrics in Fabrics Category
- Gold Trophy for Exports of Bed Linen / Bed Sheets /Quilts in Made-ups Category
- Silver Trophy for Highest Global Exports Category
- Silver Trophy for second best export performance for the year 2010-11 in the category of Polyester Yarn





## ►►► Future Ready

Foresight is one's ability to sense the future ahead of others. Maturity is one's trait to spot and ascertain the right opportunities. Agility is one's intrinsic strength to act quickly and precisely. Resolve is one's commitment to prepare hard and master the art of maximising from one's rigour. The sum total of foresight, maturity, agility and resolve is **Future Ready**.



Future **ready** companies are the ones that successfully encounter current challenges and also constantly evolve and build capabilities to face unpredictable, unforeseen future challenges. They develop and grow a unique business model to mitigate risk and make business sustainable under all circumstances. These companies not only quickly attain but also maintain their leadership position. Future Ready companies are gloriously ahead of time and the industry looks up to them for direction and trends.

At Alok, we saw the unfolding of the golden decade of Indian Textile years ago. We spotted integrated operations and diverse product mix as tight opportunities. We acted with speed and purpose to expand our manufacturing competence in India and marketing capabilities across the globe. We prepared hard towards optimising efficiencies, maximising quality and reducing turnaround time.

At a time when the world is looking at India for their textile needs, we are ready to respond with the only thing that we have mastered all these years. Making textiles and making it well. Yes we are ready.

We are ready to strike an intricate balance among interests of our varied stakeholders. We are ready to embark on a phase of sustained profitable growth to capitalize on opportunities and face challenges.

# **India: Emerging sourcing destination for global buyers**







The global textile trade which was governed by quotas till December 2004 has since then started shifting their sourcing to low cost Asian countries. The USD 600 bn global textile trade is growing at a CAGR of 5% and it is expected to reach USD 1000 bn by 2020. This growth would be due to both shifting of manufacturing base as well as increase in textile consumption.

China, the largest exporter of textile in the world is shifting focus towards high-end technological industry being its transformation into the world's second biggest economy. China's competitiveness is also gradually eroding with high wage inflation and appreciation of Chinese Yuan. Rising per capita income in China is also leading to higher domestic consumption, limiting further its ability to exports.

Market share of another key producer, Europe has been on a consistent decline due to higher cost of production. The above factors are giving India an edge to play a bigger role in global textile trade.

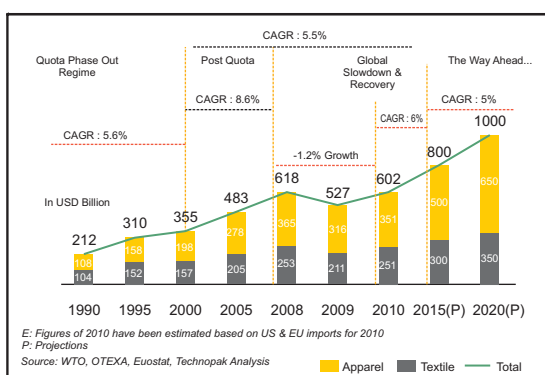
The global textile buyers therefore are looking at India as one of the major sourcing destination. Indian textile industry is competitively placed vis-à-

vis other global destinations. India offers higher skills, lower costs, modern technology, global acceptance, and a highly creative pool of design talent. A supportive policy regime and absolute commitment of private enterprises is further strengthening India's prospects.

India is amongst few textiles manufacturing countries, which is fully integrated from fiber to finished products. It is also only textile manufacturing country, which is cotton surplus. It is accordingly, poised to double its share in global textile market from present 4% to about 8% by 2020 to reach USD 80 bn exports from present USD 24 bn.

India is ready to be a top sourcing destination for global buyers and to take off into what could possibly be her brightest decade in textiles.

Top Exporters	2005		2010	
	Value	%	Value	%
China	132.8	27.5%	216	35.9%
EU - 27	148.3	30.7%	166	27.6%
India	16.1	3.3%	24	4.0%
Turkey	18.9	3.9%	22	3.7%
United States	17.4	3.6%	17	2.8%
Others	149.5	31%	157	26.0%
Total	483	100	602	100%



# **India: A burgeoning domestic textile market**

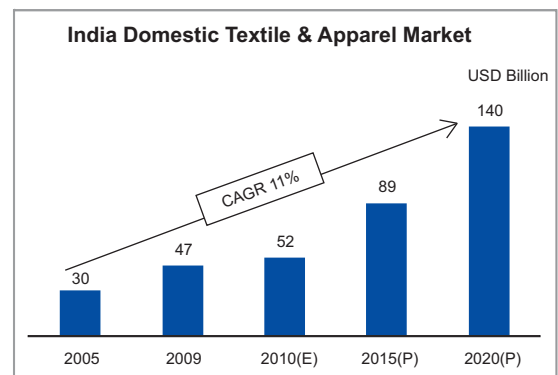
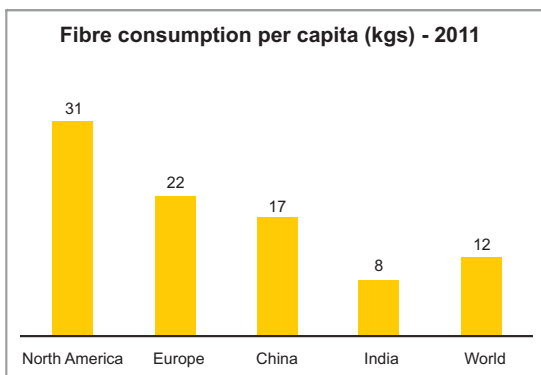




India continues to be the second fastest growing economy in the world. It is home to more than 16% of the global population, 60% of which is between the earning age group of 15-60 years. India's favourable demographics, burgeoning middle class, growing urban population, faster adoption of global lifestyles, and growing consumerism augur well for domestic textile industry.

Country's per capita consumption of all kind of fibres is at just 8 kg as against the global average of 12 kg. The same stands at 31 kg for North America, 22 kg for West Europe and 17 kg for China.

In line with the growth in the GDP of the country, Per Capital Income would also go up, which would increase consumption. As a result, the domestic market is poised to grow at a CAGR of 10% to reach USD 140 bn by 2020 from present about USD 55 bn.



# **Alok: Reaping benefits of integrated operations**

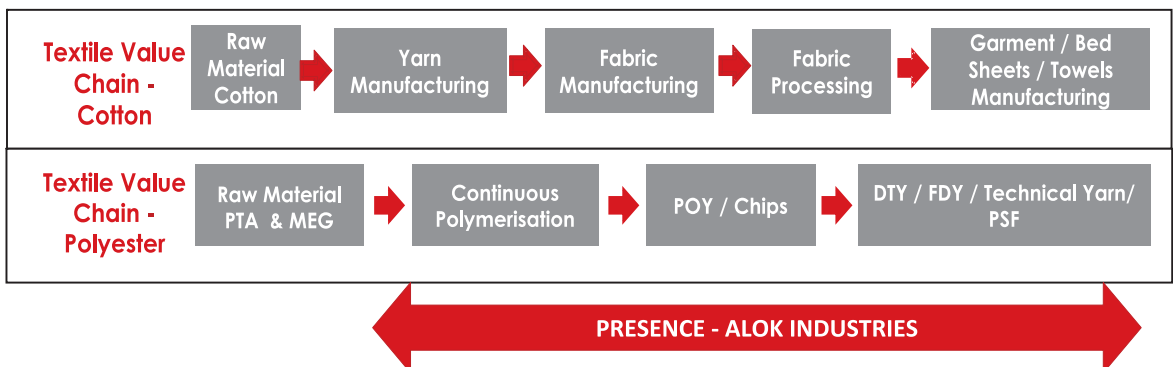




## Future Ready companies strive to be the best in their respective segment.

We are India's largest integrated textile company. We are present across the entire value chain in textile, from fiber to garments and made ups. Integrated operations allow us to expand our margins with maximum value addition. It also empowers us to sell products at various stages of our value chain like yarn, fabric and garments and thereby enhance margins. Besides, this high level of integration gives us full control on the quality of input and output and also insulates the business from fluctuations in input prices.

The high level of automation also optimizes manpower requirement and improves quality by minimizing the human element. With strategically planned balanced capacity at each level, we are ensuring an optimum utilization, self-sufficiency and better margins. We are gradually moving up the value chain by increasing the proportion of higher value add products that should further improve the realizations. Lately, we are carefully expanding our capacities across various divisions that should result in higher volume growth and margins in years ahead. The integration of Alok in cotton and polyester is depicted in the graph below:



Our huge economies of scale help us to plan and procure raw material at competitive pricing, while our expanded and diversified product portfolio help us in addressing the need of our customers across the value chain. We have established a strong global presence, including a 100% stake in an integrated textile company based out of Czech Republic with a strong well-established distribution network in USA and Europe. We have a well-diversified customer base across various geographies and we export about 35% of our total production. Our global clientele includes most reputed retailers, brands and importers from over 90 countries.

Capitalising on our integrated business model, we are ready to expand our geographies & products and enhance our market share in the domestic and overseas markets.



# **Alok: Leveraging technology and R&D prowess**



## Future Ready companies constantly seek to adopt the latest technology in their operations and driven by innovation.

We are new generation textile company which has effectively leveraged technology. We have created process driven organization with state of art facilities and integrated management system that requires minimum human intervention.

Our personnel ceaselessly invest efforts and resources in research and development in order to introduce new products and finishes and to remain ahead of competition. We are also in the process of setting up an Innovation Centre that will constantly use breakthrough technology with revolutionary thinking for the introduction of new products. We are providing added impetus on specialized products with special emphasis on technical textiles and working towards achieving integration in technical textiles too from fiber to finished garments. This new thrust on innovation and specialized products has driven the change in our motto from **“Integrated Textile Solutions”** to **“Innovative Textile Solutions”**.

As a quality conscious company we have in-house quality assurance department that ensure adherence to processes and quality. Our Quality Control (QC) department inspects incoming and outgoing material against the indicated specifications. The output of same is recorded in our centralized SAP system.

With the purpose of improving asset turnover of our integrated cotton business, we are scaling up our production of value added and specialized products, with clear investment strategy for future. With our high investments in technology, our alternative fibres like polyester offer not just an alternative to cotton but a distinct advantage over it. Yesterday's 100% cotton wear of athletes have today been replaced by polyester. Our high investment in polyester would not only help us to serve the growing demand of polyester but also improve our returns given the high asset turnover and low working capital requirement of polyester as compared to cotton.

Backed by state of the art technology and unique R & D centre, Alok is ready to provide specialized textile products with a high degree of attention to innovation and product development to further consolidate its leadership position.



# Alok: Focusing on core strengths

FOCUS





**Future ready companies are focused companies. They understand their core strengths and continuously sharpen capabilities to remain ahead in the market curve.**

At Alok, our core strength is our integrated textile business model. We have four core businesses: Integrated Apparel Fabrics - Woven & Knits, Integrated Home Textile - Bed Linens & Towels, Integrated Garments and Integrated Polyester Yarn Business. We are further consolidating our position in these segments by focusing on higher value added products, developing newer products and expanding market boundaries.

We have decided to exit our non-core businesses i.e. realty. Our efforts to monetize our real estate assets have started yielding positive results. These efforts should provide us with strong cash flows and yield decent profits. A major portion of the real estate monetisation should happen in 2012-13 and the balance realization by next financial year. These funds will be utilized to retire the debt of the company at the consolidated as well as standalone level. We are also finalizing a strategy for our domestic and overseas retail businesses which include turning them around and / or exiting them at an opportune time.

With focus on our core business where we are well entrenched, we are ready to encash the emerging opportunities in the Indian textile industry which is likely to grow three times in this decade from USD 77 bn in 2010 to about USD 220 bn by 2020 (Source: Technopak).

With focused attention on core textile business, we are ready to grow and enhance our stakeholder value.

# **Alok: Ensuring sustainable and inclusive growth**





**Future Ready companies are sensitive to the environment and believe in sustained and inclusive growth. They always manage to strike the right balance between business objectives and sustaining natural resources.**

At Alok, we are conscious about our responsibility towards Mother Nature and have ensured that our manufacturing operations are carried out in an environment friendly manner. We have taken several measures towards this:

- We have developed green belts in and around our plants.
- We ensure that our plants not only strive to be fully compliant on social and environment audits but exceed the norms stipulated by the various governmental agencies, our international clients and lenders.
- We have invested heavily in state of the art effluent treatment and reverse osmosis plants to remove harmful elements before discharge of treated water and to recycle water for use in sanitation and gardening.
- Our captive power plants use gas as fuel, which is much greener and cleaner way of generating power.
- We actively promote use of organic cotton and, fair trade cotton products. Organic cotton is produced without using fertilizers and pesticides and hence is environment friendly. Fair Trade cotton ensures that the farmer gets a just and equitable price for his produce.
- We maintain world class facilities with strong adherence to environment, health and safety standards.

We are amongst the first Indian textile companies to be awarded certifications for our eco-friendly products. Being a responsible corporate, we have been consistently working for the development of the towns and its people where we have our manufacturing units. We have started a public school under CBSE Board in Silvassa and also plan to set up a charitable hospital there. To provide gainful employment to tribal women, we provide intensive training and orientation to them on weaving looms and garment stitching.

We have entered into Private Public Partnership with the local administration to convert the Industrial Training Institute into contemporary knowledge driven centers of excellence.

Alok is now ready to harmonize its operations with Nature to embark on a phase of sustained profitable and inclusive growth.

# **Alok:** **Acknowledging and** **Appreciating **Human**** ****Capital****





**Future Ready companies respect and appreciate that human capital is the one resource that appreciates with time and take exceptional care to develop and nurture people employed with them.**

We acknowledge that human resource is the most valuable resource that we possess and have invested significantly to develop and retain talent. The result is our present committed work force of about 30000 Alokians working for a common goal of making Alok the world's best textile enterprise.

All divisions and key functions are headed by professionals cultivated to be entrepreneurs and empowered to take independent decisions.

The work environment at plants and offices is congenial and informal with two way communication at all levels. Suggestion boxes have been provided at strategic locations to invite ideas and suggestions for constant improvements in all areas of the business.

We have built quality housing for our staff and workers near our plants along with quality recreational facilities including a cricket stadium at Silvassa.

Alok is now ready to provide a competitive environment for high performers to flourish in for personal growth and to figure amongst the 'preferred companies' to work for.



# **Alok: Adhering to a high level of Corporate Governance**







## **Future ready companies adopt best practices and the highest level of corporate governance.**

At Alok, we believe in following best practices in all spheres of business be it manufacturing, procurement, dealings with employees, customers, suppliers, lenders, investors and society at large.

We are certified under the Integrated Management System which encompasses four certifications, namely:

ISO 9001: 2008 (Quality Management System)

ISO 14001: 2004 (Environment Management System)

OHSAS 18001: 2007 (Operational Health & Safety Assessment System), and

SA 8000:2008 (Social Accountability)

We have an eminent Board of Directors comprising Five representatives from lenders and investors, Two independent and Four executive directors. Our committees like Audit committee, Remuneration committee, etc are headed by independent / nominee directors.

We have adopted the SAP platform as our IT backbone for transacting our business and have appointed the best of audit firms to ensure adherence and compliance with accounting standards, internal controls and processes.

We maintain a cordial relationship with our work force and our track record with suppliers and lenders are impeccable. Our endeavor is to share information with all stake holders and we put in efforts to provide company and industry related information in a detailed manner.

We are always available to meet our investors & equity analysts and take initiatives to reach out proactively to them. We believe our plants are the real strength of the company and actively encourage our stake holders to inspect our plants for better understanding of the company.

Alok is now ready to imbibe best practices in its functioning to transform into a responsible and ethical corporate citizen.

# **Alok: Renewing Focus on ROCE**





**Future Ready companies continuously work on addressing their weaknesses and improving their strengths. By better management of their assets, they attain a ROCE better than the industry and generate adequate free cash flow.**

We have worked out a strategy to address weaknesses and build upon our strengths and are following a multi-pronged strategy to progressively boost our return ratios. The key components of the strategy are:

- **Improvement in Debt Equity:**

Improve debt-equity by:

- Exiting the non-core real estate business and monetising the same. The proceeds would be used towards repayment of consolidated / standalone debt.
- Equity infusion in the company to boost the net worth and improve the debt equity ratio and rating of the company

- **Increase Asset Turnover and ROCE:**

Double the asset turnover and the ROCE in next two years by:

- Improving the asset turnover of the Cotton Integrated Business by focusing on value added products like yarn dyed and technical textiles.
- Focus more on increasing the share of polyester division, where the asset turnover and ROCE is high.

- **Free Cash Flow:**

Focus on generation of free cash flow by:

- Restricting the capital expenditure to the extent of depreciation charge
- Reducing the working capital cycle

With a clear road map, Alok is ready to achieve ROCE superior to industry standards and to work towards attaining the mantle of being the world's best textile company on all parameters.



# FINANCIAL HIGHLIGHTS

Particulars	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
<b>Operating profits</b>				
Net Sales	8,900.86	6,388.43	4,311.17	2,976.93
(Export Sales)	(3029.55)	(2217.43)	(1558.99)	(1054.50)
EBITDA	2,624.75	1,879.70	1,272.48	822.61
Depreciation	713.43	518.79	362.61	233.50
Misc. Exp. W/off	-	-	-	-
PBIT	1,911.32	1,360.91	909.87	589.11
Interest	1,149.55	736.27	535.08	304.12
PBT (operating)	761.77	624.64	374.80	284.99
Exceptional Items (Forex MTM - Non Cash)	121.27	41.45	-	-
PAT	380.53	404.36	247.34	188.37
Cash Profit	1,334.19	1,083.98	711.89	513.98
Dividend	28.81	22.97	22.97	17.28
Net Cash Accruals	1,305.38	1,061.01	688.93	496.70
<b>Financial Position</b>				
Gross Fixed Assets	11,840.67	9,920.88	8,215.61	6,692.71
Net Fixed Assets	9,466.25	8,333.76	7,145.11	5,983.86
Current Assets	8,596.31	5,793.77	4,801.88	2,685.93
Foreign Currency Translation A/c	-	-	0.17	11.20
Investments	175.79	139.93	229.69	478.58
<b>Total Assets</b>	<b>18,238.36</b>	<b>14,267.46</b>	<b>12,176.85</b>	<b>9,159.57</b>
Equity Share Capital	826.28	787.79	787.79	196.97
Reserves & Surplus	2,829.22	2,309.81	1,928.40	1,410.39
Miscellaneous Expenses	-	-	-	-
Share Application Money	-	-	-	137.50
Share Warrants	-	-	-	10.20
<b>Tangible Net worth - 1</b>	<b>3,655.50</b>	<b>3,097.60</b>	<b>2,716.19</b>	<b>1,755.06</b>
<b>Deferred tax liability - 2</b>	<b>626.77</b>	<b>507.66</b>	<b>406.98</b>	<b>307.97</b>
<b>Total Long Term Borrowings</b>				
Preference Share Capital	-	-	-	-
Secured Loans	6,926.44	5,956.06	6,056.69	4,948.43
Unsecured Loans - FCCB	-	-	107.21	121.01
Unsecured Loans	86.62	95.34	272.81	51.09
	<b>7,013.06</b>	<b>6,051.40</b>	<b>6,436.71</b>	<b>5,120.53</b>
<b>Total Short Term Borrowings</b>				
Secured Loans	2,233.10	1,851.37	1,186.19	608.64
Unsecured Loans	569.39	881.83	43.00	168.02
Working Capital Borrowings	2,956.67	1,034.60	843.78	699.16
	<b>5,759.16</b>	<b>3,767.80</b>	<b>2,072.97</b>	<b>1,475.82</b>
<b>Total Borrowings - 3</b>	<b>12,772.22</b>	<b>9,819.20</b>	<b>8,509.68</b>	<b>6,596.35</b>
<b>Total Current Liabilities</b>				
Current Liabilities & Provisions - 4 *	1,183.87	843.00	544.00	500.19
<b>Total Liabilities - 1 to 4</b>	<b>18,238.36</b>	<b>14,267.46</b>	<b>12,176.85</b>	<b>9,159.58</b>
<b>Capital Employed</b>	<b>15,132.88</b>	<b>11,611.32</b>	<b>9,835.58</b>	<b>8,006.47</b>
EPS	4.69	5.13	4.57	9.64
CEPS	15.80	13.47	9.04	24.04
Book Value	44.24	39.32	34.48	89.10

Note:

\* The current maturity component of debt is included in short term borrowings and excluded from current liabilities

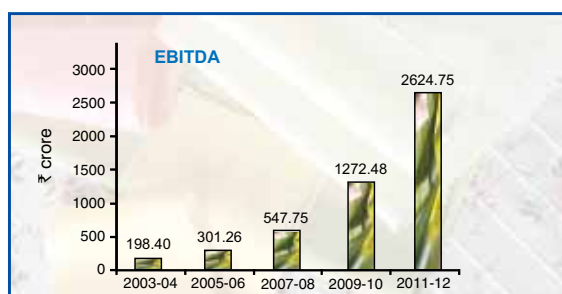
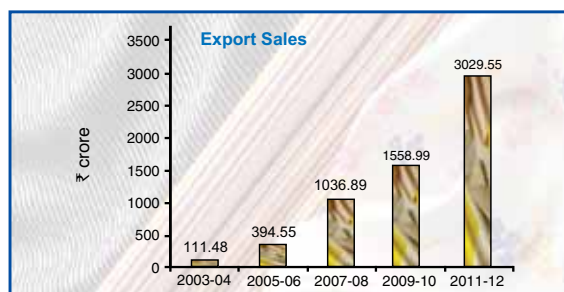
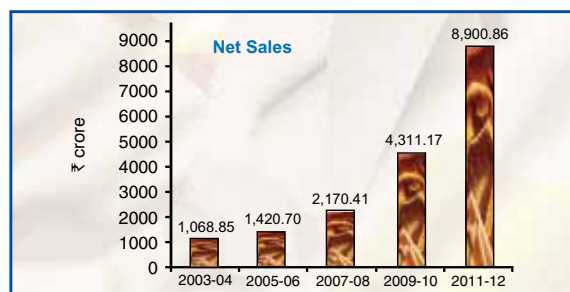
# FINANCIAL HIGHLIGHTS

(` In Crores)

31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03
2,170.41 (1036.89)	1,824.68 (641.71)	1,420.70 (394.55)	1,224.50 (306.53)	1,068.85 (111.48)	795.41 (26.20)
547.75	410.96	301.26	244.53	198.40	137.14
161.96	123.04	80.48	57.56	38.28	25.42
-	-	-	-	1.15	0.85
385.79	287.92	220.78	186.97	158.97	110.87
131.83	89.04	66.78	63.68	66.40	51.51
253.96	198.88	154.00	123.29	92.57	59.36
-	-	-	-	-	-
167.73	135.18	109.21	89.25	71.08	42.31
393.14	302.50	189.69	146.81	110.51	68.58
26.28	28.75	30.20	27.92	11.65	7.04
366.86	273.75	159.49	118.89	98.86	61.54
4,368.05	2,954.20	2,121.89	1,047.57	690.84	453.59
3,891.30	2,583.80	1,874.24	879.27	579.53	380.39
3,377.53	1,992.66	1,403.87	1,359.21	846.68	593.15
618.96	219.49	39.70	7.85	4.07	4.07
<b>7,887.79</b>	<b>4,795.95</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,430.28</b>	<b>977.61</b>
187.17	170.37	157.47	134.02	88.23	87.69
1,134.01	854.07	650.06	460.73	218.00	162.73
-	-	-	-	-	1.15
-	-	-	-	18.10	-
110.16	-	-	3.32	3.32	-
<b>1,431.34</b>	<b>1,024.44</b>	<b>807.53</b>	<b>598.07</b>	<b>327.65</b>	<b>249.27</b>
210.48	141.82	100.10	75.10	50.52	36.33
-	-	68.00	84.33	83.67	5.00
3,706.66	2,049.13	1,392.13	823.89	371.48	262.70
94.87	202.87	220.63	-	-	-
103.28	6.48	61.32	17.63	19.97	15.95
3,904.81	2,258.48	1,742.08	925.85	475.12	283.65
550.00	215.00	85.00	102.08	75.00	27.80
745.01	294.36	62.34	61.77	50.77	34.43
567.49	568.92	323.08	313.54	301.20	203.29
1,862.50	1,078.28	470.42	477.39	426.97	265.52
5,767.31	3,336.76	2,212.50	1,403.24	902.09	549.17
478.66	292.93	197.68	169.92	150.02	142.84
<b>7,887.79</b>	<b>4,795.95</b>	<b>3,317.81</b>	<b>2,246.33</b>	<b>1,430.28</b>	<b>977.61</b>
<b>5,524.91</b>	<b>3,575.90</b>	<b>2,487.00</b>	<b>1,504.51</b>	<b>1,072.47</b>	<b>775.44</b>
11.40	9.70	6.68	7.25	7.90	7.36
20.53	16.99	12.61	12.68	12.53	12.07
76.47	60.13	1.96	2.05	34.70	28.43

# KEY RATIOS

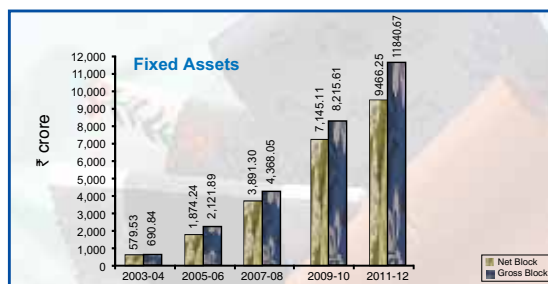
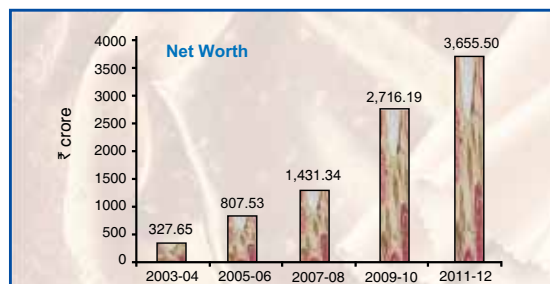
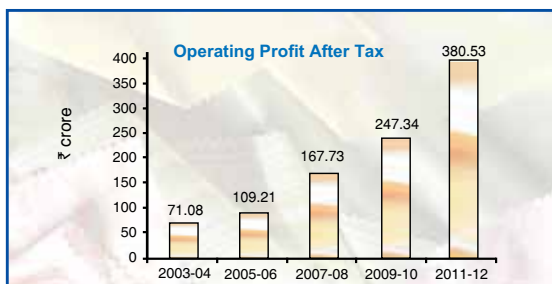
Particulars	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
<b>Profitability Ratios</b>				
EBITDA (%)	29.49%	29.42%	29.52%	27.63%
Profit Before Tax Margin (%)	8.56%	9.78%	8.69%	9.57%
Profit After Tax Margin (%)	4.28%	6.33%	5.74%	6.33%
Return on Capital Employed (%)	12.63%	11.72%	9.25%	7.36%
Return on Net worth (%)	13.88%	13.05%	9.11%	10.73%
<b>Balance Sheet Ratios</b>				
Net Total Debt - Equity	3.14	2.75	2.62	3.56
Net Total Debt / EBITDA	4.37	4.53	5.59	7.60
Current Ratio	1.24	1.26	1.53	1.22
<b>Coverage Ratios</b>				
PBDIT/Interest	2.28	2.55	2.38	2.70
Net Fixed Assets/Secured Loans (1st Charge holders)	2.31	2.58	2.27	1.89
Debtors Turnover - Days	88	99	93	108
Inventory Turnover - Days	139	114	125	116





# KEY RATIOS

31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03
25.24%	22.52%	21.21%	19.97%	18.56%	17.24%
11.70%	10.90%	13.19%	12.80%	11.79%	11.67%
7.73%	7.41%	9.78%	9.71%	9.43%	9.05%
6.98%	8.05%	10.22%	14.65%	17.94%	18.61%
11.72%	13.11%	16.13%	18.28%	30.22%	28.51%
2.86	2.49	2.08	1.52	2.27	2.10
7.47	6.21	5.57	3.71	3.75	3.83
1.33	1.32	1.82	1.92	1.34	1.33
4.15	4.62	4.51	3.84	2.99	2.66
1.73	1.46	1.56	1.44	1.56	1.45
102	109	91	120	149	122
116	93	92	108	70	128





**Mr. Ashok B. Jiwrajka** (61) is the Executive Chairman of the Company. Mr. Jiwrajka completed his schooling and college from Mumbai. After a brief stint with two then leading textile companies, he joined the family partnership firm and went on to co-promote Alok Industries Limited in 1986 with his two brothers. Mr. Jiwrajka has a rich experience of over three decades in textiles. His functions as the Executive Chairman include participating in strategizing the company's growth trajectory besides overseeing the cotton yarn and home textile segment.



**Mr. Dilip B. Jiwrajka** (55) is the Managing Director of the Company. Mr. Jiwrajka did his schooling and college from Mumbai and subsequently his post-graduation in Business Entrepreneurship and Management. In the early 80s, he started the business of trading in textiles mainly for the readymade garment sector. Starting with a partnership firm, he gradually co-promoted Alok Industries Limited in 1986 along with his two brothers. His functions as the Managing Director include envisioning the company's growth strategy, responsibility for the apparel fabric and garment segments. He also oversees the Finance and Administration functions of the company, besides managing the operations of the overseas subsidiaries.



**Mr. Surendra B. Jiwrajka** (53) is the Joint Managing Director of the Company. Mr. Jiwrajka's schooling and college were completed in Mumbai. Immediately after his graduation, he joined the family partnership firm for trading in yarn and thereafter co-founded Alok Industries Limited in 1986 with his two brothers. Mr. Jiwrajka brings with him an invaluable experience of over 25 years in textiles. As the Joint Managing Director, he plays a critical role in charting the company's growth strategy, oversees the manufacturing and marketing functions of the polyester segment, domestic retail 'H&A' and is responsible for all capital expansion projects.



**Mr. Chandra Kumar Bubna** (59) is the Executive Director of the Company. He has been partnering with the promoters since 1982 and is associated with the company since May 1993 as a Board member in the capacity of an Additional Director and thereafter as Executive Director from May 1995. He is a graduate in commerce and associated with the textile industry in the field of marketing for about four decades. He manages the Company's marketing operations for the entire northern region and is also actively involved in the planning and execution of the Company's marketing strategies.



**Mr. Ashok G. Rajani** (63) is an Independent Director of the company since 27 May 1993. He is a graduate in commerce and the Founder Chairman of the Midas Touch Group and Midas Touch Apparel Private Limited, one of the leading garment export companies in the country. He has valuable experience in the field of garment manufacturing and exports. He is associated with various garment and textile organizations. He was the Chairman of the Export Promotion Committee of the Apparel Export Promotion Council and is a member on its Executive Committee. Till recently he was the President of The Clothing Manufacturers Association of India and was on the Board of Governors of The National Institute of Fashion Technology.



**Mr. K.R. Modi** (70) is an Independent Director of the company since 10 November 1994. He is an Advocate and Solicitor by profession with over 40 years experience. His academic qualifications include a Bachelor Degree in Arts and Law. He was a Senior Partner with Messrs Kanga & Company, a reputed firm of Advocates & Solicitors in Mumbai, who act as the company's Legal Advisors. He is well versed with the matters relating to Company Law and other allied acts.



**Mr. Timothy Ingram** (65) is an Independent Director of the company since 29 July 2005. He has done his Masters in Arts and Economics from Cambridge University, an MBA from INSEAD Business School and is a Fellow of the Chartered Institute of Bankers. He spent most of his career in banking (Grindlays Bank, ANZ, Abbey National) and then in 2002 became CEO of Caledonia Investments plc, a UK listed investment company. He retired from Caledonia Investments in 2010 and is now Chairman of Collins Stewart Hawkpoint plc, a UK listed investment banking and wealth management business.



**Mr. David Rasquinha** (51) is an Independent Nominee Director of the company since October 2009, nominated by Export Import Bank of India. He holds a first class graduate degree in Economics from Bombay University. He also holds a Post Graduate qualification in Business Management from XLRI, Jamshedpur, where he was awarded a Gold Medal in Economics. He is with Export Import Bank of India since 1985, and is working as Executive Director.

He has a wide range of exposure and experience in the fields of export credit, treasury, multilateral agency funded projects, planning & research, risk management, trade finance and project finance.



**Mrs. Thankom T. Mathew** (60) is an Independent Nominee Director of the company since October 2009, nominated by Life Insurance Corporation of India. She is M.Sc (Chemistry) and joined LIC of India as Assistant Administrative Officer (AAO). She is presently working as Executive Director (Underwriting and Re-Insurance) with LIC of India. She has over 30 years of experience and specialises in the fields of marketing, finance, underwriting, administration and audit.

---



**Mr. M.V. Muthu** (66) is an Independent Nominee Director of the company since April 2011, nominated by IFCI Limited. He has done his BSc, ANSI – Sugar Technology, Programme in Investment Appraisal and Management from Havard. Mr. Muthu has rich and varied experience in the manufacturing segment and also in Financial services for over three decades. He joined IFCI Ltd as Asst. Technical Officer and served there in various capacities. He retired as CEO from IFCI Limited. He was Chairman of IFCI Venture Capital. He served on Boards of ITC and Andhra Pradesh Paper Mills Limited. He is also on the Expert Panel of the Technical Development Board of Government of India as a Finance Expert.

---



**Ms. Maya Chakravorty** (47) is an Independent Nominee Director of the company since June 2011, nominated by IDBI Bank Limited. She is B. E. (Chemical), MBA and CFA. She has rich and varied experience of over two decades. She joined SAIL as Management Trainee, worked with ONGC as Asst. Executive Engineer (Production) for 3 years. She joined IDBI Bank Limited as Manager and is presently the General Manager (Treasury), where she is in-charge of liquidity / fund management, resource mobilisation, statutory compliances like CRR / SLR, PD operation, etc.,



Dear Shareholders,

The global economies in 2011-12, witnessed slowdown. Euro zone was worst affected. US economy, though impacted, has now started showing sign of mild recovery. China and Indian economies which were driving the global economy for some time are also showing signals of slow down.

Surely, the prevailing economic environment has had an impact on the global apparel and textiles industry. Having said so, we strongly believe that economic cycles will always exist and companies like Alok, which have a long term vision will have to rely on identifying and delivering on pockets of opportunity that are always there even in the worst of economic conditions. The healthy growth in revenue in 2011-12 is testimony of the same as indicated below:

- Domestic sales was up 41% to ` 5871 crore; Exports was up 37% to ` 3,030 crore; and total sales was up 39% to ` 8,901 crore
- Operating EBITDA increased by 40% to ` 2,625 crore in 2011-12, while operating PBT increased by 22% to ` 762 crore in 2011-12

However, the Profit After Tax in 2011-12 was ` 381 crore as compared to ` 404 crore in 2010-11 representing a decline of 6%. This is mainly on account of Mark to Market (MTM) losses on foreign exchange transactions taken by the Company due to the unusual depreciation in the value of the Indian Rupee (INR) against US Dollar (USD) during the year. The same has been booked as an exceptional item loss of ` 121 crore. These losses are an accounting entry, which have not yet materialised and subsequent reverse movements in the rupee dollar exchange rate could actually wipe out this loss. So, looking at operations based parameters for the Company one finds a healthy growth in profits.

This ability to deliver even in difficult times is attributable to Alok's strategic positioning as an integrated business across both the cotton and polyester value chains catering to diversified global markets. Let me explain this:

On the supply side, Alok has integrated production facilities right from raw material processing to the finished garment manufacturing for both cotton and polyester. The market goes through various ups and downs in each



# CHAIRMAN'S MESSAGE

---

segment of the value chain and the integrated facilities help Alok focus on the specific segments that provide the Company with greatest value

On the demand side, the Company continues to penetrate newer markets in terms of geography and products. Today, exports account for close to 34% of the Company's stand-alone sales and it has established strong relationships with leading global brands across the globe – the exports are well diversified with 36% to the US, 29% in Asia, 18% in South America and 14% in Europe. The diversification helps de-risk against local market downturns. Also, the customer base is well distributed between traders, converters and final product users.

Similarly, the presence in cotton and polyester, which are often treated as substitutes in the market, gives the Company the scope to best leverage market conditions. In fact, today, polyester's share in the Company's total sales has grown to 34% and the focus on value added polyester products like Cationic yarn is paying dividend.

The major capex programme for developing this large integrated production capacity was completed by March 2012. Going forward, in the next few years the focus is on value added and balancing capex related capital investments. The new capital investment would, however, be limited to the extent of the annual depreciation so as to generate free cash flow. Clearly, the Company is moving from a phase of large investments to create global scale capacities to a phase of consolidation when efforts will focus on getting optimum returns from these capacities. There are three fundamental goals in this phase:

- Maximising ROCE (Return on Capital Employed)
- Monetising and exiting non-core businesses
- Generating free cash flow and deleveraging the company

## **Maximising ROCE**

The Company is implementing a change management programme across its facilities that is specifically targeting for efficiencies in terms of optimising cost of operations to maximise ROCE. This programme is progressing well and one expects to see substantial positive results soon.

In addition, the Company is pursuing a specific strategy to improve asset turnover of the integrated cotton business by increasing the volume of value added products like yarn dyed (structured) fabrics, technical textiles and institutional work wear. There also stress at growing the share of the Polyester business where asset turnover and ROCE is significantly higher.

## **Exiting and Monetising non-core businesses**

The Company has in-principle decided to exit all non-core businesses. Active steps are being taken to sell the commercial real estate that the Company had invested in. For Ashford Centre and Peninsula Business Park, we have appointed a leading global real estate consultant and have already entered into around ` 500 crore worth of transactions. Cash flows from these are expected by the end of the second quarter of 2012-13. New strategies are being developed for the retail businesses in India and UK to make them thin on capital intensity and bring back some of the capital invested in these ventures back into Alok.

## **Generating free cash flow and de-leveraging the company**

With the intensive capex programme almost complete, the efforts at monetisation of non-core business assets and improvement in working capital cycle, one expects improved cash flows in Alok's system. This improved cash flow with the decision to undertake marginal incremental investments; would result in generation of free cash flow. In this way, with clear focus on operations and 'sweating assets' we should be able to substantially reduce our debt burden and de-leverage the Company.

I urge you to read the details of our operations in 2011-12 that has been elucidated in the chapter on Management Discussion and Analysis.

Going forward, we expect the macro-economic conditions to be subdued in the next couple of years. At Alok, we have the integrated capacity base in place supported by the increasing growth in customer relationships. We are going to leverage both these to gain market share and continue with our growth path. We remain cautiously optimistic on delivering results with a strong focus on delivering improved returns on capital employed.

In fact, apart from competing and delivering in the domestic market, we believe we are ready to drive India's export thrust in global markets. In the last 10 years global textile trade has been dominated by China. But, recently, China is witnessing an increase in labour costs, currency appreciation and environmental concerns that have affected their competitiveness. In the long run, the need to cater to a growing domestic demand with the shift to becoming an advance economy that has less emphasis on sectors like textiles will provide an opportunity to country like India to expand its market share. This opens up opportunities for Alok.

This ambition and vision, which focuses on continuous delivery at the highest standards is only possible with the right quality of people. Consequently, effective HR practises play a critical role in Alok's business. Systemic efforts are made to ensure that the most appropriate people are recruited into the organisation. Across the Company and its subsidiaries and associates, we seek to continuously promote a culture of training, people development and meritocracy to ensure that maximum human capital efficiency. From the employee's perspective, there is satisfaction of working in an organisation that encourages skill development and learning and monitors career growth.

I would like to take this opportunity to thank each and everyone associated with the Alok Group. Let me also extend a special word of gratitude to all our vendors, employees and customers. Finally, thank you to our shareholders for reposing faith in our business.

Yours Sincerely,

**Ashok B Jiwrjka**  
**Executive Chairman**



## MANAGING DIRECTOR'S MESSAGE



Having built sizeable capacities across the value chain in cotton as well as in polyester, your company has now commenced its phase of consolidation in right earnest. We would be taking several initiatives towards this end:

- exiting all non-core businesses
- continuing to effectively manage costs and improve plant efficiencies;
- being more disciplined in our use of cash, rationalization of new capital expenditure and intensifying our focus on high profitable areas in textiles;
- expanding our product portfolio and business markets;
- sharpening customer focus; and finally
- creating and encouraging a high performance culture.

We will internally reinforce strategies to bring about overhead reductions, procurement savings and newer products that carry the stamp of our cutting edge innovation. We will endeavor to improve cash flows and leverage that to accelerate revenue and earnings growth. We would continue our efforts to be the market leadership through product innovation and expand our presence in new business geographies.

Our objective now is to be seen as the innovation leader for our industry. This focus cements our commitment to customers to continually improve the value proposition we offer.

With optimization of new expanded capacities and the completion of the balancing capex programmes, we anticipate our sales, profits and cash flows to improve substantially from fiscal year 2013. Going forward, the objective would be to focus on innovation, expanding our position across new markets and to leverage our dominant position to accelerate growth.

Your company now embarks on the most important leg of its journey thus far. This is an exciting time for the company and we expect sustained growth and continued improvement in shareholder returns since all building blocks are in place.

**Dilip B. Jiwrajka**  
Managing Director



In the 26 years of our existence, Alok has gained in strength in all aspects of its operations.

Our remarkable journey to the forefront of the textile business is achieved out of a vision to be rated alongside the best in the world. As our journey steams ahead, we are expanding our vision to conquer new horizons.

We at Alok strive to be distinct in our efforts to provide textile solutions that are innovative and the best. We will continue to stay true to our values and mission – a company focused on becoming the world's best integrated textile enterprise, driven by the quality of our products and the passion of our human capital. Our entire value system revolves around Innovation and Excellence. For over two decades, we have relentlessly invested in cutting edge technology that has provided us the ability to offer a wide suite of products across the cotton and polyester segments on a scale and at price points that match global standards. Our country is witnessing, perhaps her most exciting phase in textiles and we see Alok being fully ready to ride this opportunity.

We are committed to adhere to socially responsible business practices that ensures the well-being of the communities in which our business operates. We have set high standards for our operating divisions in the area of environmental responsibility — by striving for performance that reduces our environmental impacts. We try to maximize use of renewable energy and optimize use of natural resources.

Over the past few years, we have successfully created an enterprise of global standards in terms of capacity, size, infrastructure, product range and innovative approach. We will continue our march towards transforming ourselves into a company that will stand for inclusive growth and reward stakeholders consistently.

I would like to convey my thanks to all our shareholders for their unflinching support. I would also like to thank our customers, legal counsel, suppliers, bankers, auditors and various government authorities for their cooperation. I also would like to appreciate the tremendous efforts and enthusiasm of our employees who are primarily responsible for the results.

**Surendra B. Jiwarajka**  
Joint Managing Director



**Seated:** Niraj D. Jiwrajka  
**Standing L to R :** Alok A. Jiwrajka,  
 Varun S. Jiwrajka

**“We are committed to transform Alok into the largest and best textile company in the world for all stake holders with special emphasis on R&D, product innovation, generating free cash flow and improving key ratios, especially the ROCE. ”**

The skills required to start a business are often very different from the ones required to lead it. As second generation entrepreneurs, we draw a huge advantage in terms of getting a ready platform in Alok to work from.

Of course there are different set of challenges that we have to face, as the company which is in operation for more than two decades has developed a certain culture and set mind-set of doing business.

We have realized that our main role will be to constantly evolve to another level of efficiency and level of service. We need to be not only effective managers but also process innovators.

We do understand that the business environment and challenges were quite different when this business was founded and built. Now in this fast paced world, everything is changing from technology, competition, processes to human aspects. This is the real challenge for new generation entrepreneurs.

We believe that imbibing of the following traits are key to achieving success consistently: vision, constant learning, trust, values and people skills.

Alok has offered us the opportunity to:

- Scale the business further from where we started our career and freedom to add value and build something of our own;
- Follow the path already laid, extend it further and even make new roads, and
- Allow people to think outside the box and make thoughts work.

It will be our endeavor to build on the efforts of the existing team to take Alok to greater heights.

We are committed to transform Alok into the largest and best textile company in the world for all stake holders with special emphasis on R&D, product innovation, generating free cash flow and improving key ratios, especially the ROCE.





Under the challenging market conditions prevailing last year, Alok's sales growth of 39% and export growth of 37% to reach Rs. 8901 crore and 3030 crore respectively is creditable.

What clearly emerges is that the strategy adopted by Alok i.e. that of aggressive expansion since 2005 and building up a large scale integrated model in cotton and polyester with state of the art technology, is now proving to be a prudent one.

The journey till here for Alok has been eventful. We have grown into the largest integrated textile company in the country and amongst the biggest in the world. We realize our core strength is textiles. We believe that having derived much insight into our business and a clear path to follow, our journey from here onwards will be more interesting and rewarding.

We have formulated following strategy to improve the performance and return ratio significantly from here:

- Exiting the non-core business of real estate and use its proceeds to reduce debt.
- Equity infusion into the company to improve debt equity and rating. The improved rating would reduce our interest cost.
- We have formulated a strategy to nearly double our Return on Capital Employed (ROCE) in the next few years by focusing on:
  - Improving the asset turnover of the capital intensive integrated cotton textile business by focusing more on value added products such as yarn dyed fabrics and technical textiles; and
  - Gradually increasing the capacities of polyester integrated yarn business which commands a higher asset turnover, lower working capital days and thereby higher ROCE.
- Start generating free cash flow by limiting our capital expenditure and reducing working capital cycle.

I have also rediscovered my role as CFO as 'Cash Flow from Operations' and making every one in the company ROCE conscious.

We believe in the current golden phase of Indian textile industry, Alok is well placed to capitalize on both domestic & export opportunity. With a clear focus on our strategy, we are committed to meet the expectations of our stake holders and are now better equipped and confident of delivering better returns in times to come.



**Mr. Sunil O. Khandelwal**  
**Chief Financial Officer**

**"I have also rediscovered my role as CFO as 'Cash Flow from Operations' and making every one in the company ROCE conscious."**



**Mr. K. H. Gopal**  
**President (Corporate Affairs) & Secretary**

**“As our country confidently embarks on what could be touted India's most exciting decade in textiles, we at Alok are realistically optimistic of carving out a dominant share in the global markets as we now possess the necessary size, skills, knowledge, infrastructure, products, ethics, values, talent and management.”**

It is with a feeling of pride and satisfaction that we look back on the last 26 years that have rolled by. We have been growing at a consistent rate on both, sales and PAT, a fitting testimony to our conviction and vision. We have invested close to USD 2 billion in the last six years in vertically integrating ourselves in the cotton and polyester value chains. This smart move provides a natural hedge to the business model while allowing for growth opportunities in both segments to be capitalized on.

Having achieved critical economies of scale, we are now streamlining efficiencies, reducing costs of production effectively, right-sizing manpower, sharpening risk management tools and enhancing levels of governance. These measures are part of our strategy to transform ourselves into the largest and best textile enterprise in the world well before the end of this decade.

As our company comprehensively moves towards attaining a dominant position in the global textile arena, we will reinforce our Enterprise Risk Management (ERM) tools and techniques. Our aim will be to move beyond a “silo” scope of risk to a comprehensive, fact-based scope of risk that allows for risk to be managed coherently and facilitate strategic decision-making. We will develop and implement rigorous processes to assess and address risks from all sources that threaten the achievement of our strategic objectives

We will also continue to inculcate best-in-class corporate governance practices to ensure commitment of the Board in managing the company in a transparent manner for maximizing long-term value of the company for its shareholders and all other partners. Our fundamental objective of governance is to enhance shareholders' value and protect the interests of other stakeholders by improving the corporate performance and accountability.

We will focus on our invaluable human resources with renewed vigour. We will endeavor to develop a HRD framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Our transformational focus of all aspects of HRD will be on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

As our country confidently embarks on what could be touted India's most exciting decade in textiles, we at Alok are realistically optimistic of carving out a dominant share in the global markets as we now possess the necessary size, skills, knowledge, infrastructure, products, ethics, values, talent and management.



Alok's Spinning division was set up in 2007, as a backward integration measure. Commencing operations with a rather modest 50000 ring spindles and 900 rotors, we consistently added capacities to become amongst the largest spinning units in the country with 4,11,000 ring spindles and 5960 open end rotors.

The technology adopted is highly modern and automated. The unit is capable of producing wide range of cotton / blended yarn starting from 6 OE count to 120 count ring yarn both compact and regular yarn. We also have in-house gassing and doubling capacities for higher applications.

All these were made possible through the able guidance, continuous support and vision of the top management and our eminent Board. Of course, part of the credit also goes to the dedicated team of spinning professionals who have contributed immensely into the company through their vast experience and untiring efforts.

Since our inception, we have crossed many milestones and reached good levels of productivity and quality of yarns. Almost 95% of our production is consumed in-house in our weaving and knitting units. The requirement, however of our weaving, knitting, terry and yarn dyeing divisions is much higher than our production with our division contributing to about 60% of the total yarn requirement. In view of this, we may consider adding some more capacities in Spinning in the near future to de-risk vagaries of the markets.

Alok has identified technical and specialized fabrics as its area of growth in future and towards this end, we are setting up a dedicated spinning unit of 11332 spindles and 360 rotors capable of producing specialized yarn, thus making Alok integrated in technical textiles as well.

In the years to come we will further improve aspects like productivity, quality to make this business unit even more profitable. We are ready to face challenges of a tougher, competitive and uncertain market. We will continue to put in our best efforts and retain skilled work force through good training programs which will be vital when we add capacities and achieve greater milestones.

Achieving the highest level of productivity with the lowest possible input cost and maintaining the highest level of quality across products lines will be the key area that we intend to focus for the times ahead.



**Mr. Sapan Mukherjee**  
**Chief Executive Officer-Spinning**

### **'Spinning a Web of Success'**

**“Achieving the highest level of productivity with the lowest possible input cost and maintaining the highest level of quality across products lines will be the key area that we intend to focus for the times ahead.”**



**Mr. Reshabh Raizada**  
**Chief Executive Officer-**  
**Polyester & Retail**

**“We are confident about the prospects of the Indian Textile industry and will contribute our part in making it a reality. The innovation in polyester in improving its feel and breathability to provide similar comfort like cotton should be the order of the day for the growing Indian domestic market. We look forward to the future with quite optimism.”**

The polyester division recorded sales of Rs. 2979.22 crore in 2011-12, a growth of 76.48 % over 2010-11. Revenues from polyester constituted about 33.47% of the overall revenues of the company.

Our continuous polymerization plant produces melt to produce various types of polyester yarn in capacities that match a global scale. The CP plants are set up with state-of-the art technology from Chemtex- USA, POY machinery from Barmag- Germany, FDY machinery from TMT- Japan & Barmag- Germany and Polyester Staple Fibre from CTMTC.

With this unique set-up, the company offers a wide range of products that include POY, DTY, FDY, polyester chips, cationic yarn and PSF for diverse applications. The distinguishing feature of Alok's polyester division is its focus towards finished products, which constitutes almost 70% of its polyester capacity.

Polyester business is highly volatile in nature on account of large fluctuations in raw material prices which are linked with movement in cotton prices as well as crude oil and global demand and supply. Our objective is to mitigate this risk effectively and position ourselves as a dominant player in the segments that we operate.

Our philosophy is to produce products with a wide range of applications at the lowest possible cost in order to be competitive with the product quality exceeding global standards for customer delight. The entire strategy is to place our volumes in niche markets globally for a wide array of specialized applications. With the launch of PSF in the second half of this year, we should be able to offer a larger product basket and higher profitability.

Our key initiative for the current year would be to place at least 75% of our production (which would be a wide range of products like Dope Dyed Yarn, Cationic Yarn, Full Dull Yarn and Micro Filament) in the overseas market, where margins are better. Our large investment in automation should result in better product quality with minimal damage and a superior product for the customer.

We are confident about the prospects of the Indian Textile industry and will contribute our part in making it a reality. The innovation in polyester in improving its feel and breathability to provide similar comfort like cotton should be the order of the day for the growing Indian domestic market. We look forward to the future with quite optimism.



**Mr. Rohit Seru**  
**President-Apparel Fabrics**

**“With our fully integrated business set up, large scale, modern plants and infrastructure, we believe Alok is best equipped to derive maximum advantage of the emerging opportunities in the Indian Textile industry.”**

Alok is leader in woven apparel fabric segment and our range is wide enough to capture almost all requirements of our demanding customers. It's also a major revenue segment for Alok, constituting about 43.41% of the total revenue of the company. Our key result areas in 2011-12 have been:

- Total woven apparel fabric sales achieved a growth of 41%, which increased to Rs. 3863 crores in 2011-12 from Rs. 2731 crores in 2010-11.
- Exports sales recorded higher growth of 108% and increased to Rs. 568 crore in 2011-12 from Rs. 272 in 2010-11.
- Average price realisation increase from Rs.103 per meter to Rs. 107 per meter.

Alok is looking forward to a robust business plan in woven apparel fabrics. We shall strive to continue to hold a leadership position in this segment. Our passion is to continuously strive for high standards of quality and delivery and have a delighted customer always.

Our focus in 2012-13 would be to:

- Achieve sales growth by focusing on volume growth and improvement in overall average rate per meter.
- Change our product mix in line with our focus on value added products, such as:
  - i. Yarn dyed woven fabric business,
  - ii. Printed apparel and institutional business; and
  - iii. increase our presence in the specialized Work Wear and technical textile business
- Develop business with major Work Wear brands in USA & Europe. And target international defence business in the uniform and specialty business.

With our fully integrated business set up, large scale, modern plants and infrastructure, we believe Alok is best equipped to derive maximum advantage of the emerging opportunities in the Indian Textile industry.





The products manufactured by our weaving unit are normal width and wider width greige fabrics. The financial year 2011-12 in many ways was a landmark year for our weaving plant:

We are privileged to have the largest number of air jet/ rapier looms at one location in the country. Also with about 800 Airjet looms under one shed, we possess probably, the largest weaving shed in the world.

In the year under discussion, we achieved a record production. And we are getting ready to break our own record in 2012-13 as we optimize our capacities and increase the running speed and efficiency of the looms.

We produce a wide range of fabrics with different weaves such as plain weave, satin weave, twills, dobbies, jacquard, yarn dyed and technical fabrics, amongst others.

We continuously put in efforts to improve efficiency, reduce inventory and make our products more competitive. We also continuously explore efficient means to reduce our cost per pick (thereby cost per meter), shrink our total lead times and enhance customer satisfaction by producing quality products and introducing new developments.

For example, in case of woven apparel fabrics, yarn dyed fabric, our value added product segment, we reduced the overall lead time of 131 days in April-2011 to 60-65 days in Feb-2012 / March 2012. Similarly, we improved the production of this value added fabric during the year. We are further increasing the production of this value added yarn dyed fabric and expect to double it from the present level in the next few months by increasing yarn dyed capacities.

Having built the country's largest weaving capacity we feel this is just the beginning. With our special thrust on research and innovation, we are committed to make our textiles "a different business for a different future."



**Mr. Tulsi Karnani**  
**Chief Executive Officer-Weaving**

**"Having built the country's largest weaving capacity we feel this is just the beginning. With our special thrust on research and innovation, we are committed to make our textiles "a different business for a different future."**



**Mr. S. S. Aich**  
**Chief Executive Officer-Processing**

**“With strategic focus on value added fabrics such as yarn dyed, technical and specialty fabrics, we will be strategically expanding capacities in order to capitalize on the opportunities available to the Indian Textile Industry as also to better balance out the integrated set up of our company.”**

Our splendidly modern plants covering almost all kinds of narrow and wider width fabrics, knits, yarn dyeing and terry towel possess dye-print-finish capabilities of the highest order.

Being at the end of the final value chain for finished fabrics, we impart maximum value addition to the fabrics. The testimony of the quality of our products is indicated by the fact that the company is a preferred vendor to blue chip retailers, importers and brands around the world and in the domestic market.

Alok has invested heavily in the processing segment and boasts of having the highest processing capacity in the country. Alok's processing facilities occupy the pride of place not only for the company but also for the country.

With the most versatile and largest processing capacity, we are quite naturally and justifiably proud of our set-up and aim to turn it into the best in the world, in terms of production, cost and quality.

We have targeted higher productivity with lower cost of production by intelligent use of our resources and conversion of fuel from CNG to coal within the third and fourth quarter of the current year. In addition to this, rationalization and development of right skills in employees has also been initiated to encounter shortage of skilled manpower.

With strategic focus on value added fabrics such as yarn dyed, technical and specialty fabrics, we will be strategically expanding capacities in order to capitalize on the opportunities available to the Indian Textile Industry as also to better balance out the integrated set up of our company.



At our embroidery plants, we produce an exquisite range of schiffli and multi head embroidered products that impart high value addition to dress materials, garments and home furnishings.

Last year was challenging for us as our major market; the African continent was facing a downturn; no different from the rest of the world. We managed to tide over the circumstances and posted sales of Rs. 161 crore, including exports of Rs. 105 crore.

We were co-promoted by Alok and an Austrian collaborator as an independent company called Grabal Alok Impex Ltd., but with the amalgamation of our business with Alok during financial year 2011-12, we have become an integral part of our parent company. We see a lot of synergy in our business merging with Alok and hope to provide an incisive edge to Alok's already formidable range of products.

We can rightfully classify as having the largest embroidery capacity in the country and amongst the largest in the world too. We believe in a simple philosophy which has helped us grow our business year on year. We believe that our customer's shop is our shop and our factory is the customer's factory. We complement each other - we have grown because of our customers and our customers look up to our support in terms of new designs and developments to grow their business.

We cater to various markets, domestic and overseas. Our marketing strategy is rather unique in the sense that we add two or three markets every year. Also, to maintain exclusivity of our designs and as a measure of comfort to our existing clients, we avoid adding new customers in existing markets.

As a strategic initiative for 2012-13, we propose to penetrate the South American market to sell our products.



**Mr. Sanjay Bhatt**  
**Chief Executive Officer- Embroidery**

**“As a strategic initiative for 2012-13, we propose to penetrate the South American market to sell our products.”**



Last year was a bit challenging year as our major markets, USA and Europe witnessed slow down. But we believe, challenges do not come alone, they bring with them opportunities and glory. Accordingly, we were able to sight opportunity to grow our business on domestic turf and recorded a growth of 11% in sales which increased to Rs. 268crores in 2011-12 as compared to Rs. 241crores in 2010-11.

Looking at the growing opportunities in domestic and export markets, we are increasing our knitting capacity from the current 18200 tons per annum to 25000 tons per annum in the current fiscal year.

It would be our endeavor to establish ourselves as the best and biggest weft knitted fabric supplier in the SAARC (The South Asian Association for Regional Cooperation) region by the end of fiscal year 2012-13. The other important area where we would be focusing this year is on developing technical wear and sportswear fabric segments. To support us in these endeavors, we are setting up a competent and world class R&D facility within Alok.

We realize that India is on the threshold of an exciting new phase of prolonged growth in textiles with the domestic market also offering sizeable opportunities.

Our goal would be to make the most of this situation and position our division as a preferred / nominated vendor for global buying houses and retailers due to our QCD (Quality, Cost and Delivery) parameters.



**Mr. Arvind Maurya**  
**Chief Executive Officer-Knits**

**“Our goal would be to make the most of this situation and position our division as a preferred / nominated vendor for global buying houses and retailers due to our QCD (Quality, Cost and Delivery) parameters.”**



**Mr. Arun Agarwal**  
Chief Executive Officer,  
Alok International Inc.

**“Our division secures its strength from the impressive spinning, weaving and finishing facilities of our company. This infrastructural advantage is unique and unparalleled when combined with the marketing acumen of a group of strongly motivated professionals.”**

Alok's home textile division recorded Sales of Rs. 1250 crore in 2011-12, a growth of 25% over the previous year. This division's export revenue of Rs. 1220 crore accounted for 40% of Alok's overall export revenue and can rightfully be regarded as the export growth driver for the company. It has recorded a consistent CAGR of 29% over the past 8 years, i.e. from the time it was inceptioned.

In a year where global economy was in turbulence and the market size of the Home Textile remained flat, Alok had a healthy growth in the Home Textiles business. We achieved some major milestones:

- We expanded more 'owned brands' and had proprietary technologies placed in the private label programs of major retailers, giving us a distinct competitive advantage.
- Alok also received patent in a fitted sheet technology – Optifit. We signed rights to major brands – Ellen Tracy, Royal Sateen, Mary Jane Farms, Caribbean Joe. This helped us grab market share in areas where we were unable to compete earlier.
- We launched new categories – Table top, Soft Window, which should be major growth vehicles in the years to come.
- Terry towels took a firm footing with strong programs in market place and product being placed in better and best end of the market.

Our division secures its strength from the impressive spinning, weaving and finishing facilities of our company. This infrastructural advantage is unique and unparalleled when combined with the marketing acumen of a group of strongly motivated professionals.

To retain our advantage in an increasingly competitive world:

- We will continue to boost operational efficiency
- We will be keeping one eye on our existing customers and endeavouring to delight them, while keeping the other eye on diversifying our markets further into new territories.
- We will strive not only to meet their expectations, but to exceed them. This would translate into excelling on quality, delivery and price.
- Also, in order to retain our competitive edge, we will continuously introduce innovative products customized to meet specific customer needs.

As our company marches assertively towards carving out a niche space in the new exciting phase of the Indian textile industry, we will focus efforts in reinforcing our triple bottom line of: Delighting customers, Empowering employees; and Rewarding stakeholders.





For Alok's Home Textile division, already with a strong foot hold in the sheeting business, investment in terry towels was just a step towards making Alok a one stop destination for Home Textile Buyers.

Alok's Terry Division started two years back and has recently doubled its capacity to 1100 tonnes / month, with plans to double this in the next two years.

We achieved revenues of Rs. 159 crore (about USD 30 mn) in sales for fiscal 2011-12 and are targeting to double sales in the current year backed by the additional capacities and a strong order book.

Currently our major markets are USA, UK, Japan, Australia and New Zealand. We are exploring new markets like Russia and South America and will be constantly looking to expand our markets.

In the competing environment, especially from domestic companies, we are making our mark with major retailers worldwide through strong R&D. In two years we have launched new technologies like Cloud Zero, Dura and quick dry towels, giving us a leading edge with many leading retailers.

Our major focus remains introducing terry towels through innovation in new fiber and process technologies. With atomization at every stage of production we are confident of achieving better margins and high economies of scales as we add capacities.

Though markets globally are bit slow and India's terry capacity is poised to increase further. We do boast an overflowing order book for the next 9 months. We aim to position ourselves as the best in the terry industry and plan to aggressively increase our market share year on year.

We would continue our endeavor to be a ONE STOP SOURCE for our Home textile buyers and are confident of growing our business by delighting our customers with our service and product innovation.



**Mr. Sanjay Deora**  
**Chief Executive Officer-Terry Towels**

**“We would continue our endeavor to be a ONE STOP SOURCE for our Home textile buyers and are confident of growing our business by delighting our customers with our service and product innovation.”**



**Mr. Romi Agarwal**  
**Chief Executive Officer-**  
**Garments**

**“Every individual in the division is tuned to operate with a marketing focus rather than production, as with a marketing focus one operates from a position of servicing a client while with production focus one operates mainly from a position of cost. This continues to remain our mantra for success.”**

The previous year was a satisfactory one for us. Despite a slowdown in our major markets we could achieve revenue of Rs. 217 crore, representing a growth of 25 %.

As we look ahead, prospects seem bright for the garment business at Alok. Till date, we were oriented towards fashion garments. We are, however now focusing on new emerging opportunities in Industrial and Work Wear garments. There are some prerequisites to be strictly adhered to in this segment like constant innovation, networking and better supply chain management with ability to link up to the global value chain. This would also complement our Technical Textile division, where we make specialized fabric for various applications.

Though our garment division is presently export oriented, we firmly believe that the readymade garment segment will be the principle driver of growth in the domestic industry once the FDI in the retail sector is opened up, which in our opinion is just a matter of time.

Having built up the right size with the right infrastructure, Alok is ideally placed to take on competition by offering large volumes at competitive prices with attractive lead times. Alok, with its vertically integrated operations and a varied product basket, offers itself as an ideal partner for any brand in the Indian and overseas markets.

The "Women Empowerment Program" started in year 2007 has brought about a social change and given a productive and stable work force. It has made the division grow by almost 500% since then.

Every individual in the division is tuned to operate with a marketing focus rather than production, as with a marketing focus one operates from a position of servicing a client while with production focus one operates mainly from a position of cost. This continues to remain our mantra for success.



At Alok's Hemming division, the products manufactured are 'Handkerchiefs' and 'Cotton Bags' with a strong focus on 'Sustainability'. These products are not only value additions in terms of revenue and volumes to the mainstream fabric business but aim at supplying Organic, Fair Trade and Better Cotton products to Alok's global customer base.

Over the years we have not only created a new business group but have been successful business partners with global retail giants.

For the year 2011-12, our division recorded a sales of about Rs. 20 crores.

Going forward we want to expand our horizon to cover many more customers across the globe. Towards this end, we have added more products to our existing product line such as table-linen and other fashion accessories which will further reinforce our vision.



**Mrs. Mala Mukherjee**  
**Head-Hemming**

**"Integrating Business  
Opportunities to Sustainability"**

**"Going forward we want to expand our horizon to cover many more customers across the globe. Towards this end, we have added more products to our existing product line such as table-linen and other fashion accessories which will further reinforce our vision."**



**Mr. Petracek Otakar**  
**Chief Executive Officer,**  
**Mileta a.s., Czech Republic**

**“Being a proud member of Alok Group, Mileta a.s. benefits mainly from combined purchasing power and focused sourcing.”**

Despite the tough market conditions Mileta a.s. keeps its position amongst the top European shirting producers, delivering fashion and quality to international brands. Last financial year was not easy in Mileta's core markets. South Europe is slowing economically and the strong markets in the North are not fully compensating it. We continue our efforts to grow in non-European markets. In shirting our American and Canadian customers together with China, Middle East and Turkey contribute positively to our turnover. Our next target is South America and Russia, where we recently opened a new office for the Alok Group.

Our African business in local fashion fabrics got a boost due to a new product line launched. We expect to double our turnover as against the last two years. Similar growth is to be expected in Middle East, where we are becoming an important player in Arabic robes and headscarves.

Being a proud member of Alok Group, Mileta a.s. benefits mainly from combined purchasing power and focused sourcing. We are extending lines for Home and Hotel collection, produced by Alok and distributed by Mileta in Central European markets.



Last year represented a very challenging trading climate for the whole clothing Retail Industry across the UK. This was mainly due to Global recession, Cotton price increase, Adverse weather conditions, Increased competition within the value clothing market from other retailers and internet sites, Massive discounting within the middle market brands thus eroding price differentials

This turmoil in the Retail Industry affected the sales and profitability of Store Twenty One as well.

Going forward, our plans are to be totally focused on being responsive and reactive to the changing market and the economic conditions in the UK.

Our strategic focus is to be Value led as this is what the customer wants and needs. We will be buying less weather dependent ranges and focus heavily into core and essential products to ensure that we have something to offer our customer, no matter what.

A huge amount of work has recently gone into bench marking our prices against the supermarkets and other peers to ensure that we remain competitive and can offer an edge to our price sensitive customer. For this we are looking objectively at our marketing strategy.

Additionally in terms of marketing our brand; we are focusing on our windows as they are our key way to communicate to our customers. We will be much more aggressive with their stance and make them much more promotional and offer-led to continue driving this Value message.

We have also brought in some external industry expertise to help drive the business into profit. These new additions will help in strengthening our management team and driving the company forward.

We have established a strong niche in the UK market and we are in a good position to significantly drive the company forward this year.



**Mr Anupam Jhunjunwala,  
Chief Executive Officer,  
Store Twenty One**

**“We have established a strong niche in the UK market and we are in a good position to significantly drive the company forward this year.”**





## NOTICE

**NOTICE** is hereby given that the **Twenty Sixth Annual General Meeting** of the members of **ALOK INDUSTRIES LIMITED** will be held on Tuesday, the 14 August 2012 at 12.00 noon at the Registered Office of the Company at Survey Nos.17/5/1 & 521/1, Village Rakholi/ Saily, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli, to transact the following businesses.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2012, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31 March 2012.
3. To appoint a Director in place of Mr. Ashok B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dilip B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

In this connection, to consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

“RESOLVED that M/s. Deloitte Haskins & Sells, Chartered Accountants, (Registration No. 117366W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration, plus service tax as applicable and reimbursement of out of pocket expenses in connection with the audit as shall be fixed by the Board of Directors fix in this behalf.”

### **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 in accordance with the provisions contained in the Articles of Association and Sections 81 (1A) and all other applicable provisions of the Companies Act, 1956 (“the Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include Remuneration or Compensation Committee to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of Alok Industries Limited Employee Stock Option Scheme 2010 (Alok ESOS 2010) approved by the postal ballot on 15<sup>th</sup> April, 2010 to employees/Directors of subsidiary Companies, whether Indian or Foreign Subsidiaries, existing and as and when formed, under prevailing laws, rules and regulations and /or amendments thereto from time to time on such terms and conditions as may be fixed or determined by the Board on the basis of Salient Features of ESOS mentioned in the resolution which was approved by postal ballot on 15<sup>th</sup> April, 2010 and its annexure.

“RESOLVED FURTHER THAT the said Equity shares may be allotted directly to such employees/ Directors in accordance with a Scheme framed in that behalf and that the scheme also provides for any financial assistance to the employee(s) to enable the employee(s) to acquire purchase or subscribe to the equity shares of the Company.”

“RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company; unless otherwise decided by the Board of Directors of the Company.”

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

“RESOLVED THAT subject to statutory approvals, if any and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Varun S. Jiwrajka,

a relative of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate consolidated remuneration of upto ₹ 2,50,000/- per month with effect from 01<sup>st</sup> September, 2012.”

8. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

“RESOLVED THAT subject to statutory approvals, if any and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Niraj D. Jiwrajka, a relative of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate consolidated remuneration of upto ₹ 2,50,000/- per month with effect from 01<sup>st</sup> September, 2012.”

9. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

“RESOLVED THAT subject to statutory approvals, if any and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Alok A. Jiwrajka, a relative of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate enhanced consolidated remuneration of upto ₹ 2,50,000/- per month with effect from 01<sup>st</sup> September, 2012.”

By Order of the Board

**K.H. Gopal**  
**President (Corporate Affairs) &**  
**Company Secretary**

**Registered Office:**

17/5/1 & 521/1,  
Rakholi / Saily,  
Silvassa – 396 230,  
Union Territory of Dadra & Nagar Haveli

Date : May 18, 2012

**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. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is enclosed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 7 August 2012 to Tuesday, the 14 August 2012 (both days inclusive).
5. 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 (R&TA) M/s. Link Intime India Private Limited as on 7 August 2012; 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, as on 7 August 2012 in case of shares held in demat form.
6. Members are requested to notify immediately any change of their address:
  - (a) To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (b) To the Company at its Registered Office address or Link Intime India Private Limited, the Registrar and

## NOTICE

Share Transfer Agent of the Company at C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, India, Tel: +91 22 2596 0320, Fax: +91 22 2596 0329, in respect of their physical shares, if any, quoting their folio nos.

7. Members are advised to submit their Electronic Clearing Service (ECS) mandates to the Company's R&TA at their aforesaid address to facilitate remittance by means of ECS.
8. 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.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s.Link Intime India Private Limited.
10. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31<sup>st</sup> March 2004 to the Investor Education and Protection Fund (IEPF).

Members who have not encashed their dividend warrants pertaining to the year 2004–2005 have already been informed through a separate individual written notice to approach the Company's R&TA on or before 14 August 2012, to check up and send their claims, if any, before the amounts become due for transfer to IEPF.

Pursuant to the provisions of Section 205A of the Companies Act, 1956 dividends for the financial year ended 31 March 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years from respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the IEPF on the dates given in table below:

Financial year ended	Date Declaration	Last date for claiming unpaid dividend	Due date for Transfer to IEPF
31.03.2005	29.09.2005	28.09.2012	28.10.2012
31.03.2006	29.09.2006	28.09.2013	28.10.2013
31.03.2007	25.09.2007	24.09.2014	24.10.2014
31.03.2008	29.09.2008	28.09.2015	28.10.2015
31.03.2009	25.09.2009	24.09.2016	24.10.2016
31.03.2010	17.09.2010	16.09.2017	16.10.2017
31.03.2011	29.09.2011	28.09.2018	28.10.2018

Details of IEPF of the amalgamated Company i.e M/s. Grabal Alok Impex Limited

Financial Year ended	Date of declaration	Last date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2005	30.09.2005	29.09.2012	29.10.2012
31.03.2006	30.09.2006	29.09.2013	29.10.2013
31.03.2007	30.09.2007	29.09.2014	29.10.2014
31.03.2008	30.09.2008	29.09.2015	29.10.2015
31.03.2009	30.09.2009	29.09.2016	29.10.2016
31.03.2010	30.09.2010	29.09.2017	29.10.2017
31.03.2011	29.09.2011	28.09.2018	28.10.2018

Members who have so far not encashed their dividend warrants pertaining to the aforesaid years are advised to submit their claim to the Company's R&TA at the address mentioned above immediately quoting their folio number/ DP ID & Client ID. It may be noted that once unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

11. Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's R&TA at the aforesaid address.

## 12. Re-appointment of Directors:

At the forthcoming Annual General Meeting, Mr. Ashok B. Jiwrajka and Mr. 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.

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

### **BSE Limited**

Floor 25, P. J. Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.

### **National Stock Exchange of India Limited,**

Exchange Plaza, 5<sup>th</sup> 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 31 March 2013.

## 14. 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

**K. H. Gopal**  
**President (Corporate Affairs) &**  
**Company Secretary**

### **Registered Office:**

17/5/1 & 521/1,  
Rakholi/ Saily,  
Silvassa – 396230,  
Union Territory of Dadra & Nagar Haveli

Date : May 18, 2012

### **Important Communication to members**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that the service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants. We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in implementing the same.

# NOTICE

---

## ANNEXURE TO THE NOTICE

### **Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956**

#### **Item No.6**

The Company has one/two subsidiary Companies in India (and abroad). It is also likely that Company may have more subsidiaries in future. As stipulated by SEBI guidelines, a separate resolution is required to be passed if the benefits of ESOS are to be extended to employees/ Directors of subsidiaries.

Thus, a separate resolution has been proposed. The features of scheme mentioned in the resolution and explanatory notes of the resolution passed by postal ballot on 15<sup>th</sup> April 2010 are same for employees/ Directors of subsidiary Companies.

The Board recommends the resolution for approval by the shareholders.

None of the Directors of the Company are in any way, concerned or interested in the resolution except to the extent of options which may be granted to them.

#### **Item nos. 7 and 8**

The members may note that Mr. Varun S. Jiwrajka and Mr. Niraj D. Jiwrajka relatives of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka-promoter directors of the Company, have been working with the Company's subsidiaries since last two years. It is proposed to absorb them in the Company effective from 01<sup>st</sup> September, 2012 at a consolidated remuneration of upto ₹ 2,50,000/- per month each considering their qualifications, responsibilities and position. Under Section 314 of the Companies Act, 1956, remuneration payable to a relative of any director (office of profit) requires approval of the members in a General Meeting. Hence your Directors recommend the resolutions at item nos.7 and 8 for approval of the members.

Apart from Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, none of the other directors of the Company is, in any way concerned or interested in this resolution.

#### **Item no. 9**

The members may note that the remuneration of Mr. Alok A. Jiwrajka, relative of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka – promoter directors of the Company, was increased to ₹ 1,50,000/- with effect from 21<sup>st</sup> July, 2008 as per the approval received from Central Government pursuant to Section 314 of the Companies Act, 1956. It is now proposed that the remuneration payable to Mr. Alok Jiwrajka be enhanced upto ₹ 2,50,000/- per month considering his present comprehensive responsibilities and position in the interests of the Company. Under Section 314 of the Companies Act, 1956, remuneration payable to a relative of any director (office of profit) requires approval of the members in a General Meeting. Hence your Directors recommend the resolution at item no.9 for approval of the members.

Apart from Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, none of the other directors of the Company is, in any way concerned or interested in this resolution.

By Order of the Board

**K. H. Gopal**  
**President (Corporate Affairs) &**  
**Company Secretary**

#### **Registered Office:**

17/5/1 & 521/1,  
Rakholi/ Saily, Silvassa – 396230,  
Union Territory of Dadra & Nagar Haveli

Date : May 18, 2012





# DIRECTORS' REPORT TO THE SHAREHOLDERS



## Dear Shareholders:

We have pleasure in presenting the 26 Annual Report of your Company together with the Audited Accounts for the financial year ended 31 March 2012. The summarized financial results (stand-alone and consolidated) are given below in Table 1.

**Table 1: Financial Highlights: Stand-Alone and Consolidated**

(₹ Crore)

PARTICULARS	Stand alone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales / Job charges (net of excise)	8,900.86	6,388.43	9,784.72	6,614.90
Other Income	65.60	41.09	95.51	67.07
<b>Total Income</b>	<b>8,966.46</b>	<b>6,429.52</b>	<b>9,880.23</b>	<b>6,681.97</b>
Total Expenditure	6,341.71	4,549.82	7,408.31	4,827.74
<b>Operating Profit Before Interest, Depreciation &amp; Taxes</b>	<b>2,624.75</b>	<b>1,879.70</b>	<b>2,471.92</b>	<b>1,854.23</b>
Interest	1,149.55	736.27	1,234.70	782.15
Depreciation	713.43	518.79	749.14	530.97
<b>Profit Before exceptional items &amp; Tax</b>	<b>761.77</b>	<b>624.64</b>	<b>488.08</b>	<b>541.11</b>
Exceptional Items	121.27	41.45	121.27	39.87
<b>Profit Before Tax</b>	<b>640.50</b>	<b>583.19</b>	<b>366.81</b>	<b>501.24</b>
Less: Provision For Taxation				
— Current Tax	(157.64)	(78.15)	(172.93)	(81.16)
— Deferred	(102.33)	(100.68)	(100.97)	(97.34)
<b>Profit After Tax</b>	<b>380.53</b>	<b>404.36</b>	<b>92.91</b>	<b>322.74</b>
<b>Add/(Less):</b>				
Share of Profit of Associates	-	-	0.08	(10.89)
Minority Interest	-	-	-	(0.31)
<b>Profit After Tax after Minority Interest</b>	<b>380.53</b>	<b>404.36</b>	<b>92.99</b>	<b>311.54</b>

## Notes:

Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

## Performance

During the financial year, your Company recorded sales of ₹ 8,900.86 crore an increase of 39.33% over the previous year and exports (including incentives) increased by 36.62% to ₹ 3,029.55 crore. The operating profit before tax during the year stood at ₹ 761.77 crore an increase of 21.95% over the previous year.

All the divisions of your company recorded growth with lead being taken by Cotton Yarn, Polyester Yarn, Home Textiles and Apparel Fabrics.

Details of your Company's performance for the year under review are given in the 'Management Discussion and Analysis', which forms part of this Directors' Report.

## Dividend

Your Directors have recommended a dividend of ₹ 0.30 per equity share of ₹ 10/- each (previous year ₹ 0.25 per share) for the financial year ended 31 March 2012 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be ₹ 24.79 crores (excluding tax of ₹ 4.02 crores) as against ₹ 19.69 crore paid last year (excluding tax of ₹ 3.27 crore). Based on the above dividend payout (including dividend tax), the dividend payout ratio works out to 7.57% of Profit After Tax (PAT) as against 5.68% for 2010-11.

## Capital

During the year under review your Company issued and allotted 1,60,00,000 Equity Shares to a Promoter Group Company, against the conversion of warrants. The said warrants were originally issued to Arum Investments

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Private Limited by M/s. Grabal Alok Impex Limited and the same were subsequently purchased by M/s. Jiwrajka Investments Private Limited.

Pursuant to the amalgamation of M/s Grabal Alok Impex Limited with the Company, your Company has issued and allotted 2,24,85,000 Equity Shares of ₹ 10/- each to the existing equity shareholders of M/s. Grabal Alok Impex Limited, whose names appeared in the register of members of the Company on the record date i.e. 14<sup>th</sup> March, 2012 in the ratio of 1:1.

The Company's equity share capital as on 31 March 2012 stands at ₹ 826.28 crore divided into 82,62,69,357 fully paid equity shares of ₹ 10/- each.

### Reserves

The balance available for appropriation as at 31 March 2012 amounted to ₹ 1,356.99 crores. After providing for dividend and dividend tax of ₹ 28.73 crore, your Company proposes to transfer ₹ 51.90 crore to Debenture Redemption Reserve. After providing for these, the balance of the Profit & Loss Account would stand at ₹ 1,380.16 crore.

At the end of the financial year, the total reserves of the Company thus, stood at ₹ 2,829.22 crore; the corresponding figure at the end of the previous year was ₹ 2309.80 crore.

### Loans

During the year under review, your Company has raised incremental debt of ₹ 2,241.89, both secured and unsecured, by way of rupee loans, foreign currency loans and non-convertible debentures for meeting capital expenditure and working capital requirements. The total debt at the end of year stood at ₹ 11,139.48 crore compared to ₹ 8,897.59 crore at the end of previous year.

### Capital Expenditure

During the year under review, your company has incurred a capital expenditure of ₹ 1,919.79 crore across various divisions. A major portion of these were towards cotton spinning, expansion of weaving and processing capacities, setting up additional Continuous Polymerization (CP) Plant, expansion of Texturising and regular capex.

Details of your Company's capacities across various divisions are provided under the head 'Capacity Expansion' in the Management Discussion and Analysis annexed to this Report.

### Amalgamation

During the year under review, the Hon'ble High Court, Bombay had vide its Order dated February 03, 2012 sanctioned the Scheme of Amalgamation (the "Scheme") of Grabal Alok Impex Limited with your Company with appointed date April 01, 2011 and the Scheme has become effective on 1st March, 2012.

Pursuant to the aforesaid merger, your Company have allotted 2,24,85,000 Equity Shares of ₹ 10/- each to the existing equity shareholders of M/s. Grabal Alok Impex Limited in the ratio of 1:1 and the said shares are listed with BSE and NSE.

### Subsidiary Companies

At the end of the financial year under review, your Company had the following subsidiaries:

Subsidiaries of Alok Industries Limited	
1.	Alok International Inc.
2.	Alok Infrastructure Limited
3.	Alok H&A Limited
4.	Alok Retail (India) Limited
5.	Alok Apparels Private Limited
6.	Alok Land Holdings Private Limited
7.	Alok International (Middle East) FZE
8.	Alok Singapore Pte Limited

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Step-down subsidiaries of Alok Industries Limited		
Parent Company	Subsidiary	%Holding
Alok Infrastructure Limited	Alok Realtors Private Limited	100%
	Springdale Information and Technologies Private Limited	100%
	Kesham Developers & Infotech Private Limited	100%
	Alok Industries International Ltd.	100%
	Grabal Alok International Limited	100%
Alok Industries International Ltd.	Mileta, a.s.	100%
	Alok European Retail, s.r.o.	98.05%
	Grabal Alok (UK) Limited	41.72%
Grabal Alok International Limited	Grabal Alok (UK) Limited	48.71%

The Ministry of Corporate Affairs, Government of India has issued a Circular No.2 / 2011 dated 8<sup>th</sup> February 2011 granting general exemption to Companies under section 212 (8) from attaching the documents referred to in section 212 (1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company have accordingly accorded approval to the Company dispensing with the requirement of attaching to its Annual Report the annual audited accounts of the Company's subsidiaries.

Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company, its subsidiaries and associate. The Annual Accounts of these subsidiary companies and the related detailed information will be made available to the shareholder seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its registered / corporate office and that of the concerned subsidiary companies. The statement pursuant to the approval under section 212 (8) of the Companies Act, 1956 is annexed together with the Annual Accounts of the Company.

## Consolidated financial statements

The Consolidated Financial Statements of the Company prepared as per the Accounting Standard AS21 and Accounting AS 23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

## Business and Operations

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report.

## Awards and Recognition

During the year under review, your Company has been given the following awards and recognitions by the Cotton Textile Exports Council of India (TEXPROCIL) in three categories:

- GOLD Trophy for Global Exports of Bleached / Dyed / Yarn Dyed / Printed Fabrics in Fabrics Category
- GOLD Trophy for Exports of Bed Linen / Bed Sheets /Quilts in Made-ups Category
- SILVER Trophy for Highest Global Exports Category
- SILVER Trophy for second best export performance for the year 2010-11 in the category of Polyester Yarn by SRTEPC

## Corporate Social Responsibility

Details of your Company's Corporate Social Responsibility (CSR) initiatives are given in a separate section, 'Sustainability', which forms part of the accompanying Management Discussion and Analysis and Annual Report.

## Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. Your Company continues to be compliant with the requirements enshrined in clause 49 of the Listing Agreement which relates to Corporate Governance.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

---

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Statutory Auditors of your Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is also annexed to the report on Corporate Governance.

### Fixed Deposits

Your Company does not have any fixed deposits under section 58A and 58AA of The Companies Act, 1956 read with Companies (Acceptance of Deposits) Rule, 1975.

### Insurance

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured.

### Directors

Mr. Ashok B. Jiwrajka and Mr. Dilip Jiwrajka will retire from office by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Brief resumes of these Directors, in line with the stipulations of Clause 49 of the Listing Agreement, are provided elsewhere in this Annual Report.

During the year, Mr. Rakesh Kapoor, nominee director of IFCL Limited, resigned from the Board of Directors w.e.f. 29<sup>th</sup> April, 2011 and in his place Mr. M.V.Muthu was appointed as IFCL nominee. Mr. Debashish Mallick, nominee director of IDBI Bank Limited, resigned from the Board of Directors w.e.f. 23<sup>rd</sup> June, 2011 and in his place Mrs. Maya Chakravorty was appointed as IDBI nominee and Mr. K.D. Hodavdekar, nominee director of IDBI Bank Limited, resigned from the Board of Directors w.e.f. 04<sup>th</sup> July, 2011. The Board wishes to place on record their appreciation for the contribution of Mr. Rakesh Kapoor Mr. Debashish Mallick and Mr. K.D. Hodavdekar during their tenure as Directors of your Company.

### Directors' Responsibility Statement

Your directors affirm that the audited accounts containing the financial statements for the financial year 2011 – 12 are in conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the 'Directors' Responsibility Statement' and hereby confirm that:

- in the preparation of the annual accounts for the financial year ended 31 March 2012, the applicable Accounting Standards have been followed and there has been no material departure;
- the Directors have selected such accounting policies, consulted and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 March 2012 and of the profit of your Company for the year on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts for the financial year ended 31 March 2012 on a 'going concern' basis.

### Auditors and Auditors' Report

M/s. Gandhi & Parekh, Chartered Accountants and M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received the letter from M/s. Deloitte Haskins & Sells to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they have not disqualified for re-appointment within the meaning of the section 226 of the said Act.

# DIRECTORS' REPORT TO THE SHAREHOLDERS



The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

## Cost Auditor

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956 and subject to the approval of the Central Government, M/s B. J. D. Nanabhoy & Co., Cost Accountants, Mumbai have been appointed as Cost Auditors to conduct cost audit relating to the products manufactured by your Company.

## Employees Stock Option Plans

Alok ESOS 2010 was approved by shareholders in the previous year. During the year Remuneration Committee of the Board granted 1,05,87,950 options net of lapse at an exercise price of ₹ 18.90 and at ₹ 21.42 per option. The information as required pursuant to the Securities & Exchange Board of India (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 is annexed hereto as Annexure I and forms part of this report.

A certificate from M/s Gandhi & Parekh, Chartered Accountants, Statutory Auditors, with regard to the implementation of the Company's ESOP 2010, would be open for inspection in the ensuing Annual General Meeting.

## Particulars of Employees

The information required on particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of your Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the said statement may write to your Company Secretary at the Corporate Office of your Company.

More details on the Human Resources function of your Company and its various activities are given in the 'Human Resources' and 'Sustainability' sections of the attached Management Discussion & Analysis.

Your Directors appreciate the significant contribution made by the employees to the operations of your Company during the year.

## Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as Annexure 'II' to this report.

## Acknowledgements

Your Directors wish to place on record their deep sense of appreciation for all the stake holders of the Company who have been continuously supporting the growth of your Company. In particular, the Directors value the dedication and commitment of your Company's employees and thank the Central and State Governments, Financial Institutions, Banks, Government authorities, customers, vendors and shareholders for their continued cooperation and support.

For and on behalf of the Board

Place: Mumbai

Date: May 18, 2012

**Dilip B. Jiwrajka**  
Managing Director





## ANNEXURE TO THE DIRECTORS REPORT

### ANNEXURE I

PARTICULARS PURSUANT TO THE SECURITIES & EXCHANGE BOARD OF INDIA (EMPLOYEES' STOCK OPTION SCHEMES AND EMPLOYEES' STOCK PURCHASE SCHEME) GUIDELINES, 1999.

		Alok ESOS 2010		
		Grant 1	Grant 2	Total
(a)	Remuneration and Compensation Committee has granted 12, 80,000 options to 199 employees and also granted 95,11,500 options to 872 employees on 20th April 2011	1,280,000	9,511,500	10,791,500
(b)	Pricing Formula	₹ 18.90	₹ 21.42	
(c)	Options vested	Nil	Nil	Nil
(d)	Options exercised	Nil	Nil	Nil
(e)	Total number of shares arising as a result of exercise of options	Nil	Nil	Nil
(f)	Options lapsed (as at 31st March 2012)	18,000	185,550	203,550
(g)	Variation of terms options (as at 31st March 2012)	No change during the year		
(h)	Money realized by exercise of options	Nil	Nil	Nil
(i)	Total number of options in force (as at 31st March 2012)	1,262,000	9,325,950	10,587,950
(j)	Employee wise details of options granted during the year to Senior Management Personnel	Nil	Nil	
1				
	<b>Name of Person</b>	<b>Designation</b>		
	Sunil O. Khandelwal	Chief Financial officer		
	K. H. Gopal	President (Corporate Affairs) & Secretary		
	Tulsi N Karnani	CEO – Weaving, Silvassa		
	Rohit Seru	President – Marketing (Apparel Fabric)		
	Maurya Arvind Kumar Bankelal	CEO – Knits		
	Suresh Chandra Goyal	Director – Projects (Vapi)		
	Sapan K. Mukherjee	CEO – Spinning, Silvassa		
	Romi Agarwal	Chief Executive Officer (Garments)		
2	Employees to whom more than 5% options granted during the year	Nil	Nil	
3	Employees to whom options more than 1% of issued capital granted during the year	Nil	Nil	
(k)	Diluted EPS,pursuant to issue of shares on exercise of options			4.55
(l), 1	Method of calculation of employee compensation cost	Calculation is based on intrinsic value method		
2	Intrinsic Value per share	₹ 6.30	₹ 3.78	
3	Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	Employee compensation cost would have been higher by ₹ 4,18,32,341/- – had the Company used fair value method for accounting the options issued under ESOS		
4	Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by ₹ 4,18,32,341/- and EPS would have been lower by ₹ 0.05, had the Company used fair value method of accounting the options issued under ESOS		
(m),1	Weighted average exercise price	₹ 18.90	₹ 21.42	
2	Weighted average fair value of options based on Black Scholes methodology	₹ 11.10	₹ 9.75	
(n)	Significant assumptions used to estimate fair value of options including weighted average			
1	Risk free interest rate	7.83%	7.83%	
2	Expected life	Average life taken as 1 years from date of Vesting		
3	Expected volatility	39%	39%	
4	Expected dividends	Not considered separately included, factored in volatility working		
5	Closing market price of share on a date prior to date of grant	₹ 25.20	₹ 25.20	

## ANNEXURE II

**PARTICULARS OF INFORMATION REQUIRED UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2012.**

### (A) CONSERVATION OF ENERGY

#### (a) Energy conservation measures taken:

The company is engaged in the continuous process of energy conservation through improved operational and maintenance practices. Accordingly and in line with the company's commitment to conservation of natural resources, all units continued with their endeavor to make more efficient use of energy.

Some of the measures undertaken in this direction during the year under review were as under:

- Replacement of existing small capacity cooling tower pumps with energy efficient pumps
- Power saving in soft water supply by pumping system modification (replacing submersible pump by self priming)
- Energy saving by increasing the life of air filter by installing pre-filter and improving the cleaning process.
- Power saving in compressed air system through better and more effective utilization.
- Optimization of fuel viscosity and other related parameters of DG Set.
- Optimal use of cooling tower fan as per climate conditions.
- Optimization of use of engine hall ventilation fans as per climate conditions.
- Installation of Air preheaters at Thermopac boilers.
- Installation of Harmonic filter with capacitors.
- Caustic handling system on process machines installed
- Reduction of maximum demand by even distribution of daily load and through increased efficiency of plants.
- Optimum choice of power factor improvement capacitors for improvement in power factor.
- Modification of pipeline of chiller plant so as to maintain temperature.
- Usage of voltage regulator in lighting circuits for reduction in lighting energy.
- Rain harvesting measures.
- Usage of optimum suction pressure OHTC Dust Collector.
- New FO Emulsion fuel firing system implemented with the Steam and Thermic Fluid boilers.
- Upgradation of Fire Hydrant system.
- Periodic energy audits

#### (b) Additional proposals being implemented for further conservation of energy:

- Usage of electronic blast in place of conventional choke.
- Replacement of 36W TL fittings with LED lights for longer life and reduced energy consumption.
- Expedite the process of conversion of all plants from FO to natural gas to promote greener fuel use.
- Replacement of oil fired boiler with coal fired one.
- Flash steam and condensate recovery in CPP.
- Optimization of soft water supply pressure to minimize wastage of water.
- Heat recovery from hot exhaust air of Stenter and CRP hot water.
- Installation of EMS Energy Monitoring System for greater accuracy of energy consumption reports.

#### (c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production:

The energy conservation measures have resulted in energy saving and consequent reduction in cost of production. Besides, these measures have also resulted in elimination / reduction of furnace oil by substitution of natural gas, and consequent reduction in emissions. Also, the mechanical, thermal and electrical efficiency of the plants stand improved.

# ANNEXURE TO THE DIRECTORS REPORT

## FORM "A"

Form for disclosure of particulars with respect to conservation of energy.

A) Power & Fuel Cosumption for the year ended 31.03.2012		2011-12	2010-11
1)	<b>Electricity Purchased</b>		
	Units:	584,025,541.00	445,002,536.00
	Total amount (₹ in crores )	242.63	143.47
	Average Rate/Unit (₹)	4.15	3.22
2)	<b>Own Generation through Diesel Generator Set</b>		
	Units:	159,321,135.80	163,060,781.40
	Total amount (₹ in crores)	121.94	92.94
	Average Rate/Unit (₹)	7.65	5.70
3)	<b>Own Generation through Co-generation</b>		
	Units	22,373,265.00	1,779,900.00
	Total amount (₹ in Crores)	11.67	6.43
	Average Rate/Unit (₹)	5.22	3.62
4)	<b>Own Generation through Gas Turbine</b>		
	Units	47,717,320.00	45,049,016.00
	Total amount (₹ in Crores)	24.70	20.86
	Average Rate/Unit (₹)	5.18	4.63
5)	a) Furnace Oil consumed		
	Total amount (₹ in crores)	71.56	46.90
	b) Natural Gas consumed		
	Total amount (₹ in crores)	164.78	70.42
	c) Coal consumed		
	Total amount (₹ in Crores)	11.36	5.79
	d) Diesel Consumed		
	Total amount (₹ in Crores)	3.46	2.51
	e) Electricity Duty Paid	3.94	2.80
B) Consumption per unit of production		2011-12	2010-11
a)	Yarn (Kgs)	123,979,229.64	123,335,121.28
	Units Consumed (per kgs)	1.06	1.00
b)	Fabric Knits (Kgs)	9,052,553.80	9,747,096.99
	Units Consumed (per kgs)	0.55	0.48
c)	Fabric Woven (Mtrs)	404,689,259.77	325,947,157.97
	Units Consumed (per mtrs)	0.39	0.41
d)	Processing Woven (Mtrs)	158,380,059.42	136,745,381.08
	Units Consumed (per mtrs)	0.19	0.20
e)	Processing Knits (Kgs)	7,933,685.65	7,712,014.35
	Units Consumed (per kgs)	0.86	0.93
f)	Garments (Pcs)	7,128,997	5,724,537
	Units Consumed (per pcs)	0.34	0.46
g)	SL Madeups (Kgs)	8,035,949.19	8,631,748.04
	Units Consumed (per Kgs)	0.26	0.22
h)	Poy (Kgs)	198,139,403.23	160,505,055.64
	Units Consumed (per Kgs)	0.38	0.42
i)	Spinning (Kgs)	62,113,087.69	55,150,739.02
	Units Consumed (per Kgs)	4.02	4.06
j)	Handkerchief (Pcs)	9,047,348.00	9,994,518.00
	Units Consumed (per pcs)	0.05	0.05
k)	Chips (Kgs)	327,017,204.70	198,757,761.19
	Units Consumed (per kgs)	0.12	0.10
l)	FDY (Kgs)	43,633,821.96	15,814,130.80
	Units Consumed (per kgs)	0.99	1.06
m)	Packing Material (kgs)	26,079,914.80	—
	Units Consumed (per kgs)	0.08	—
n)	Embroidery Fabric (mtrs)	15,574,546.13	—
	Units Consumed (per mtrs)	0.85	—
o)	Polyester Staple Fiber (Kgs)	2,235,755.11	2,366,097.49
	Units Consumed (per kgs)	1.14	0.97
p)	Yarn Dyed (kgs)	5,205,352.30	3,851,882.43
	Units Consumed (per kgs)	1.78	2.18
q)	Terry Towel (Kgs)	13,852,776.70	12,417,172.13
	Units Consumed (per kgs)	1.01	0.93

**FORM “B”**

<b>B)</b>	<b>Technology Absorption</b>	<b>2011-12</b>	<b>2010-2011</b>
		NIL	NIL
<b>C)</b>	<b>Foreign Exchange Earnings and Outgo</b>	<b>2011-12</b>	<b>2010-2011</b>
i)	<b>Total Earnings of Foreign Exchange</b>		
	FOB Value of Exports	2,767.98	2,032.34
	Interest received on Fixed Deposits	0.18	0.06
	<b>Total</b>	<b>2,768.16</b>	<b>2032.40</b>
ii)	<b>Total Outgo in Foreign Exchange</b>		
	Commission to sales	15.01	9.96
	Interest on Fixed Loan	48.28	33.26
	Legal and Professional Fees	17.03	1.74
	Miscellaneous Expenses	10.00	7.16
	Reimbursement of Expenses	12.98	8.84
	Sales Promotion Expenses	3.49	10.25
	Claim for damaged goods	4.66	2.96
	Travelling expenses	1.28	0.11
	Bank Charges	4.31	4.68
	Exchange Loss	<b>68.98</b>	<b>94.37</b>
	<b>Total</b>	<b>186.02</b>	<b>173.33</b>



### Economic Overview

#### World

2011-12 has been a challenging year for the global economy. Growth in global output reduced from 5.3% in Calendar Year (CY) 2010 to 3.9% in CY 2011. The recovery in Advanced Economies (AEs) that seemed to be shaping well at the start of CY 2011 lost steam towards the fag-end of the year and output growth reduced from 3.2% in CY 2010 to 1.6% in CY 2011. Growth in emerging markets, especially China and India, is slowing beyond what was anticipated but these two economies are still likely to provide some support for global recovery. In fact, output growth in the developing and emerging economies reduced from 7.5% in CY 2010 to 6.2% in CY 2011 (see chart A).

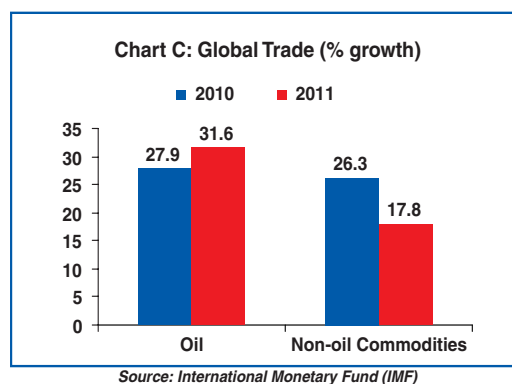
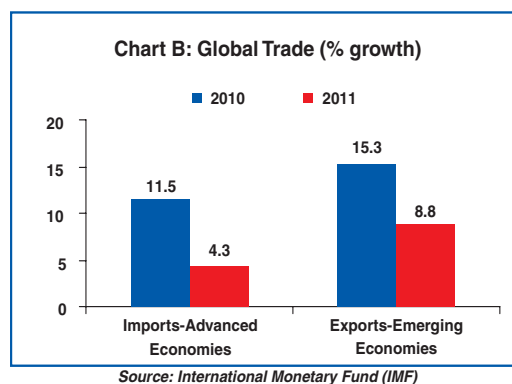
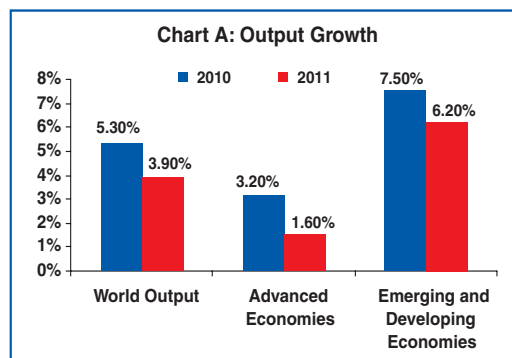
Amongst the advanced economies, USA grew by 1.7%, while EU countries grew by 1.4%. While there was positive news from USA with improved activity in the second half of CY2011, economic activity took a sharp turn for the worse during the fourth quarter in the Euro area. The future of the Economic and Monetary Union (EMU) became clouded by uncertainty, as the sovereign debt crisis caused sharp increases in key government bond rates. Plummeting confidence and escalating financial stress were major factors in the – 1.3% (annualized) contraction of the euro area economy in Q4, 2011. In contrast, during the same period, the United States, witnessed acceleration in activity, as consumption and inventory investment strengthened. However, the overall subdued demand in the advanced economies resulted in reduction in global trade between advanced economies and emerging economies.

Chart B shows that import growth in advanced economies reduced from 11.5% in CY2010 to 4.3% in CY2011. In line with this reduction export growth from emerging economies also reduced from 15.3% in CY2010 to 8.8% in CY2011.

In the emerging and developing markets economic activity dampened also due to factors unrelated to the Euro area. In emerging Asia and in Latin America, cyclical factors, including recent policy tightening led to trade and production slowing down noticeably. In Middle East and North Africa (MENA), activity remained subdued amid social unrest and geopolitical uncertainty.

The demand slowdown has reduced non-oil commodity prices. However, as Chart C shows, non-oil commodity inflation has not reduced significantly – from 26.3% in CY 2010 to 17.8% in CY 2011. And, geo-political instability and speculative activities have contributed to oil price increase of 31.6% in CY 2011, which is even greater than the 27.9% increase in CY 2010. The widespread effect of high energy prices was evident in rising inflation for consumers. In the advanced economies, consumer prices inflation was 2.7% in CY 2011 against 1.5% in CY 2010 and in emerging and developing economies consumer price inflation increased from 6.1% in CY 2010 to 7.1% in CY 2011. This environment of low economic activity with higher price levels was a significant dampener for consumer confidence across the world.

On a positive note, many advanced economies have made good progress in designing and implementing strong medium term fiscal consolidation programmes. At the same time, emerging and developing economies continue to have the benefit of latent demand in their economies and need to continue with reforms to maintain growth.

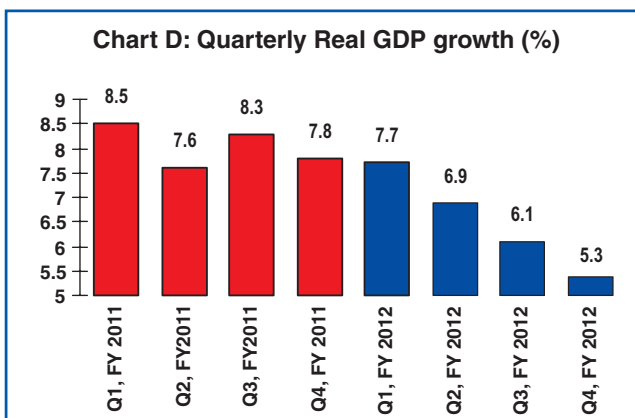




However, problems could easily flare up again in the Euro area and fiscal policy could tighten very abruptly in the United States in 2013. Consequently, while there will be pockets of growth opportunities, there is also considerable uncertainty in the global economy going into 2012-13.

## India

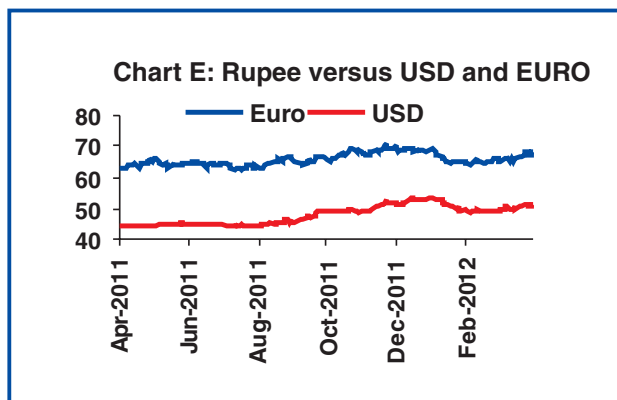
Lower global demand, domestic policy uncertainties and the cumulative impact of monetary tightening contributed to growth slowing down considerably to the estimated level of 6.5% in 2011-12. All three sectors of the economy – agriculture, industry and services – slowed down. Even though there was moderation in agriculture growth, the year witnessed an all-time high food-grains output. The services sector moderated primarily due to the slowdown in construction, while the disappointing performance of mining and manufacturing sub-sectors contributed to slackening of industrial growth. Chart D shows the quarterly GDP growth rates where there has been a fall in 2011-12 compared to 2010-11.



Source: Central Statistical Organisation, Government of India

The growth slowdown has been driven by a sharp fall in investment, some moderation in private consumption and fall in net external demand. These, along with a sense of policy ambiguity and legislative uncertainty, have led to significant dampening of business confidence in the country. Investor confidence, too, has ebbed and consequently there has been a slowdown in foreign investments into India.

The balance of payments (BOP) also came under significant stress during Q3 of 2011-12 as the current account deficit widened substantially. Under such conditions with capital inflows declining, there has been a drawing down of foreign exchange reserves. This has resulted in a mismatch in demand and supply in the foreign exchange market resulting in high volatility and sharp fall in the valuation of the rupee against the US dollar and the Euro, especially in the second half. Chart E plots the data.



The wider Current Account Deficit, increase in external debt, weakening net international investment position (NIIP) and deteriorating vulnerability indicators need to be addressed through policy measures to stabilise and renew the growth momentum.

Inflation has moderated in last quarter of 2011-12 to below 7 %. However, the path of inflation in 2012-13 could remain sticky with high oil prices, large suppressed inflation, and exchange rate pass-through, impact of tax hikes, wage pressure and structural impediments to supply response. The pricing power of companies has declined with moderation in demand as also lower non-oil

commodity prices. This should help keep inflationary pressures under control in 2012-13.

Monetary policy was strongly anti-inflationary until October 2011 and interest rates were at very high levels. Subsequently, decelerating growth and declining inflation momentum has prompted monetary policy shift to a neutral stance since December 2011. Some easing in liquidity was effected through a total of 125 basis points reduction in the Cash Reserve Ratio (CRR) during January-March 2012. In addition, amidst increasing structural and frictional liquidity deficits during Q4 of 2011-12, the Reserve Bank injected large amounts of primary liquidity through Open Market Operations (OMOs).

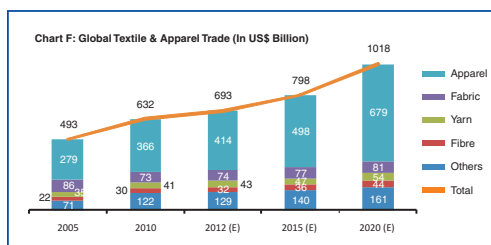
Early indicators suggest that growth may have bottomed out in Q3 of 2011-12 but recovery may be slow during 2012-13. With measures being taken to remove supply-side bottlenecks, progress on fiscal consolidation could create conditions for a more favourable growth – inflation dynamic.

## Textiles, Clothing and Fibre Industry

### Global Textile & Apparel Industry

With slowing demand from developed economies, the global textile and apparel industry will see robust demand from developing economies that will witness higher economic growth. The global textile and apparel market is estimated to reach US\$ 693 billion in 2012 and is projected to reach US\$ 1,018 bn by 2020.

The current global textile and apparel industry has evolved as distinct consumption and production hubs. Production was earlier located in developed economies such as USA and UK but over the years the manufacturing has shifted to economies such as India, China, Bangladesh etc. due to the latter's cost advantage. Mature economies have now emerged as major consuming hubs while developing economies are still in the nascent stages of consumption. The following table shows the market share of top countries and market size for products across the textile value chain for 2011:



Technopak Analysis, UN Comtrade

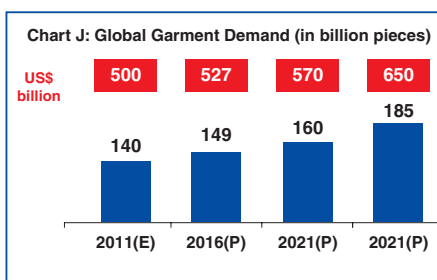
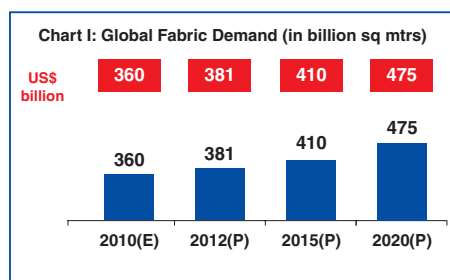
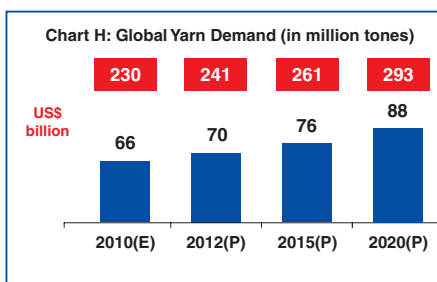
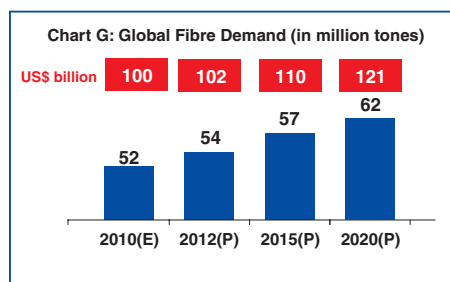
**Table 1: Market share of top importers and market size across value chain**

Fibre		Yarn		Fabric		Apparel		Retail	
Country	Share %	Country	Share %	Country	Share %	Country	Share %	Country	Share %
China	40%	China	64%	China	41%	China	50%	EU	28%
India	15%	India	9%	India	18%	India	13%	US	20%
US	15%	US	3%	Thailand	4%	Bangladesh	6%	China	12%
Pakistan	4%	Taiwan	2%	Indonesia	4%	Vietnam	4%	Japan	9%
S. Korea	3%	S. Korea	2%	Turkey	4%	Turkey	3%	India	3%
Others	23%	Others	20%	Others	29%	Others	24%	Others	28%

	Fibre	Yarn	Fabric	Apparel	Retail
<b>Value</b>	US\$ 100 billion	US\$ 235 billion	US\$ 370 billion	US\$ 520 billion	US\$ 1400 billion
<b>Volume</b>	53 million tonnes	68 million tonnes	370 billion sq. meters	145 billion pieces	-

By 2020, fibre is estimated to grow by CAGR of 2% to reach US\$ 121 billion while yarn is expected to grow by a CAGR of 3% to reach US\$ 293 billion. In volume terms, fibre is estimated to reach 62 million tons while yarn is expected to reach 88 million tons in the same period.



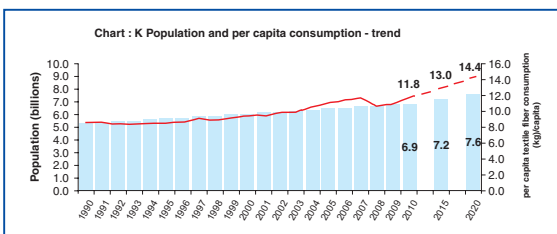
Source: Textile Intelligence, Fibre Year Report, UN Comtrade, Technopak Analysis

The global fabric production volume is projected to increase by CAGR of 3% to reach 475 billion sq mtrs and its

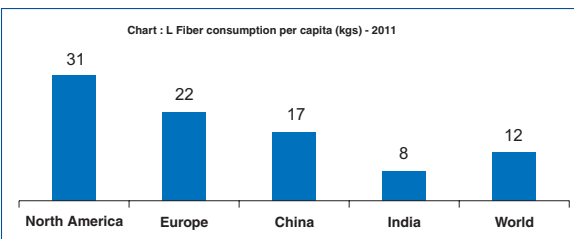
value is projected to reach US\$ 475 billion by 2020. The global garment production will reach 185 billion pieces by 2020 and its market is projected to reach US\$ 650 billion by 2020.

### Global Fiber Demand

With the rapid increase in world population, the demand of fiber is also on a rise. From the current levels, the estimated increase in the world population is 0.7 billion and the per capita fiber consumption for the world, is expected to touch 14kgs, in the next 10 years. This indicates a big jump in the fiber consumption and hence the existing supply capabilities will need to be pushed up. Following chart shows the trend of world population and the world average fiber consumption per capita.



Source: UN Census, fibre year report, Technopak analysis



On a continent level, the fiber consumption per capita for the developed world is much higher than the developing economies. Within Asia, there is a very large gap in the consumption per capita of India and China.

<b>Real GDP growth rate (%)</b>	3.50%	1.60%	9.20%	7.80%	3.60%
<b>Population (mn)</b>	528	500	1300	1200	7000

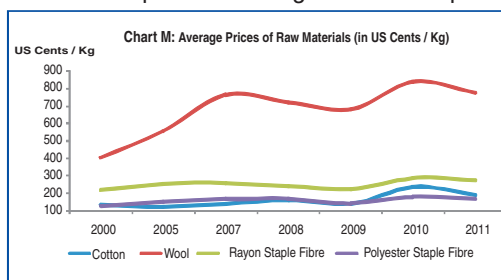
Source: World Textile Demand Report 2011, Fiber Year, CIA, Technopak Analysis

Given a higher GDP growth and a larger population base, the demand in the coming decade is expected to be much higher from the emerging economies. And this higher demand will need to be addressed through additional investment capabilities.

Interestingly, the world share of cotton fiber consumption per capita has declined to 4 kg per capita (~33% of total consumption) and the share of non cotton has increased to 8 kgs per capita. Going forward, similar trend is expected with higher demand for the non cotton or polyester fibre.

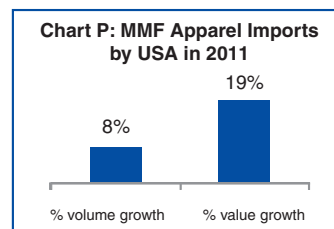
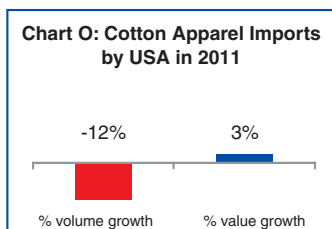
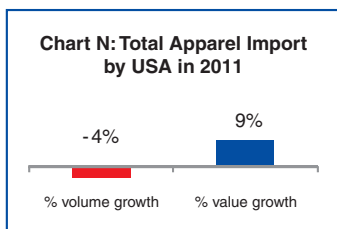
### Global Supply Dynamics

In 2010, cotton witnessed volatility in prices which increased the cost of production of garments and pushed up retail prices. The main reason was the low stocks-to-use ratio. The in-transit stocks of cotton gin fell to 34% of consumption. However the roots of rising prices can be traced to the recession and global meltdown in 2009 when inventories throughout the value chain were drawn lower. However with the consumer sentiment rebounding in 2010, demand for cotton reached new heights putting upward pressure on prices. The demand was further stifled as few cotton producing nations decided to ban cotton exports in order to serve the domestic market demands.



Source: Textile Intelligence

A recent trend that is slowly emerging is the increased use of man-made fibre (MMF) in garments. Unable to pass on the rising input cost of using higher cotton blend in apparel, manufacturers have increased the proportion of MMF in apparels. As seen in the following graphs, USA imports of apparel has increased by 9% in value although volume had negative growth by 4% indicating the price rise of imports. In 2011, cotton apparel imports by volume witnessed negative growth of 12% while value of such imports increased by 3%. On the other hand, both value and volume of MMF apparel imports increased by 19% and 8% respectively.



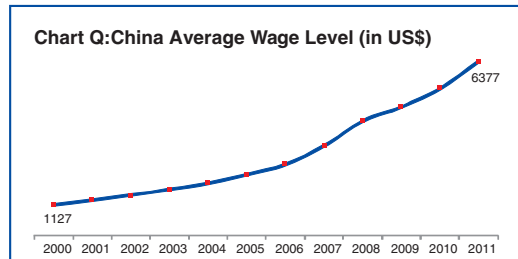
Source: OTEXA

Apart from rising cost of raw material, the textile and apparel industry is facing upward cost pressure from other parameters as well. Major cost components like power and raw material have been increasing significantly and contributing to overall increase in production costs. For e.g. the increase in total cost of production of ring yarn has increased by a CAGR of 8% in the time period 2006-10.

Textile and apparel industry is a very labour intensive industry. The primary reason why manufacturing jobs in this industry shifted from developed to developing countries was the cost advantage offered by the latter. But rising standard of living and inflations has pushed up labour costs across the textile and apparel manufacturing countries. India saw an average increase of 10% to 15% in labour cost other countries like China and Cambodia saw increase in labour cost ranging from 15% to 35%.

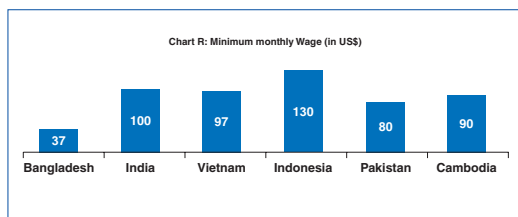
### Role of China in Global Textile & Apparel Industry

China is the world's second largest economy with annual GDP of US\$ 5.8 trillion growing nearly by CAGR of 10%. The contribution of this country cannot be undermined as China is the largest exporter of textile and apparel products. In 2010, China accounted for 36% share in global textile and apparel trade. However as a result of natural transition towards a developed economy, China's concentration on high-end and value generation industries is increasing and diminishing towards the traditional textile and apparel industry.



The textile industry is an energy intensive industry. Due to the textile industry, China contributes nearly 25% of global carbon dioxide emissions and it reach 8.2 million tons last year, thereby curtailing the chances to grow the textile industry.

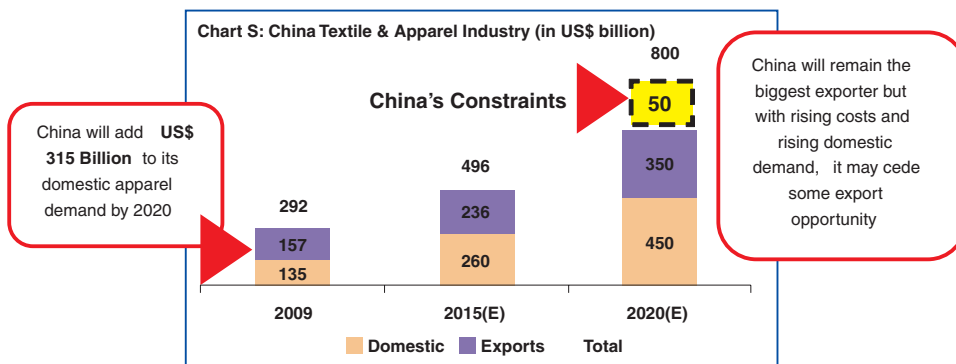
On the other hand, the domestic demand for Chinese products will increase due to surge in consumerism. With rising per capita income, the Chinese are willing to spend and consume more thus luring the exporters to focus on servicing the domestic demand. Rising per capita income hints at the fact that people have higher disposable income indicating higher wage levels.



China's policy of controlling population for the past many years has resulted in a very skewed demographic structure.

It is expected that 23% of Chinese population will be over 65 years of age by 2020, putting tremendous pressure on the government spending on the older population and income generating population of the country. A fast ageing population and one child policy would cause wage inflation to rise at an even brisker pace than the average rise of 17% in the period 2000-2011.

The combination of above factors is expected to severely limit China's capability to grow this industry and meet the global textile and apparel demand. This constraint will provide an opportunity for other textile and apparel nations to grow and meet the global demand. It is estimated that Chinese textile and apparel industry has the potential to reach US\$ 850 billion by 2020 but due to above mentioned limitations, it can only reach about US\$ 800 billion leaving open a deficit of US\$ 50 billion that can be met by other countries.



Source: Technopak Analysis

### Evolving Global Industry Structure

The US\$ 664 billion textile and apparel industry is undergoing some structural changes to sustain itself in this dynamic environment. Till few years back companies were focusing through inorganic growth to increase sales but in the face of increased competition, companies have now started to focus on growth through acquisitions and mergers. Inorganic growth enables companies to access new markets, enhance product portfolio, value chain integration in a shorter span of time.

In developed economies value retailers, who provide products that represent value for money proposition, have grown in the period 2005-10 by an average CAGR of 17% while brands have barely grown by an average CAGR of 2% in the same period. It is expected that going forward, the trend will grow stronger as consumers will rationalize their spending helping the growth of such value retailers at the expense of brands.

A relatively newer trend that has attracted the attention of retailers and brands is multi-channel retailing. It was earlier perceived that consumers need to touch and feel products before they purchase but off late online retailing has emerged very strongly. In fact few retailers have developed and invested in online retail to aid overall sales. Thus it is not surprising that apparel is among the top 3 online categories that is purchased in USA and western Europe.

In a bid to increase their overall sales brands and retailers are reaching out to international markets as these newer markets have relatively lesser competition and increasing appetite for international brands. These newer markets are typically located in developing countries.

Textile and apparel industry is an energy and labour intensive industry. The production processes of textile and apparel impacts the environment and puts pressure on the natural resources of Earth. Globally buyers are becoming aware of the impact of their decisions related to manufacturing of apparel and textiles. Buyers have tied up with contract manufacturers and have implemented regulations requiring manufacturers to reduce dependence on natural sources and reduce wastage during the production process. Brands and retailers have adopted global change programs and incorporated the philosophy of sustainable production. At the consumer level too, the change has initiated as demand for apparel produced using sustainable practices has started to increase.

### Indian Textile & Apparel Industry Outlook

Indian textiles and apparel sector has an overwhelming presence in the economic life of the country. It plays a pivotal role in contribution to industrial output, export earnings and employment generation.

**Table 2 Importance of Textiles and Apparel Sector to Indian Economy**

- Contributes 14% to the industrial production
- 4% to the GDP
- 17% to the country's export earnings
- Second largest provider of employment after agriculture, provides direct employment to 45 million people
- Second largest producer of textiles and garments after China
- Second largest producer of cotton in the world

The Indian textiles industry is extremely diverse encompassing hand-spun and hand woven sector at one end of the spectrum, and capital intensive, sophisticated mill sector at the other. Decentralized power looms / hosiery and knitting sector form the largest section of the Sector. Indian textile industry has the capacity to produce a diverse range of products suitable to the different market segments, catering both domestic and exports markets. The major sub-sectors of India textile and apparel sector are cotton/man-made fibre textiles mill industry, man-made fibre / filament yarn industry, wool and woollen textiles industry, sericulture and silk textiles industry, handlooms, handicrafts, jute and jute textiles industry, and textiles exports.

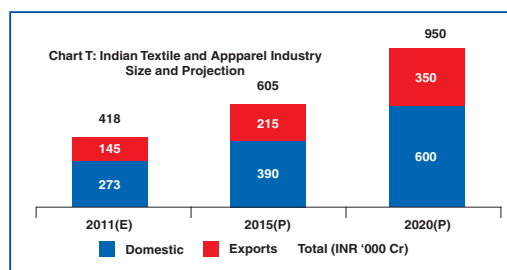
Indian economy in 2011 has witnessed moderation in growth. Turbulent global conditions, falling value of rupee, rising inflation coupled with a weak industrial sector have emerged as challenges for India economy. However, despite these challenges favourable demographic conditions and rising income level will help to keep growth story of India's domestic demand for apparels intact.



## Indian Textile & Apparel Market

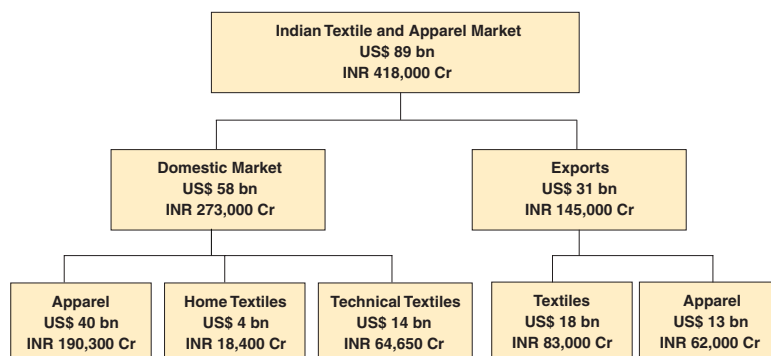
India's total textile and apparel industry size (domestic + exports) is estimated to be INR 418,000 crores (\$ 89 bn) in 2011 and is projected to grow at 9.5% CAGR to reach INR 950,000 (US\$ 221 bn) by 2020.

Out of INR 418,000 Crores exports accounts for INR 145,000 Crores and domestic industry accounts for INR 273,000 Crores. Domestic textile and apparel industry comprises of apparel, home textiles and technical textiles.



## Break-up of domestic Textile and Apparel Industry of India, 2011

Chart U: Break-up of Domestic Textile and Apparel Industry of India, 2011



The following factors will act as growth drivers for Indian domestic textile and apparel market:

- India will add almost 140 million people in the consuming age group of 15-59 Years. Unlike any other top-10 economy (including China), India will have the lowest median age and the trend will be more distinctly pronounced by 2020 as average age of population of most other nations increases even more rapidly. India's population in the consuming age group of 15-59 years is more aspirational and aware. They have higher spending power and will consume more number of product categories than their parents. Increasing urbanization will also drive domestic demand in India.
- During the last fifty years the population of India has grown more than two and half times, from a figure of 439 million in 1961 to 1210 million in 2011. But urban India has grown by nearly five times. By 2020, almost 35% of the Indian population will be living in the urban areas and urban population will be more than the combined population of the US, UK and Germany. Increase in urban population will drive consumption in urban India.
- Literacy rate among the youth has already gone up by 25% in the last 20 years. As a consequence of better education these youths will get better jobs, and hence, will have a higher earning potential. Number of households with annual incomes of US \$ 7000 and more is going to treble from about 30 million today to 100 million by 2020. There will be approximately 400 million individuals in the bracket of middle to high income group by 2020 and there will be around 70 million aspiring consumers who can afford and consume like a developed world's consumer.
- As a result of increasing consumption, minimum order quantity of Indian domestic retailers will increase. Previously, extremely small order quantity was a deterring force for domestic textile and apparel players to focus on Indian market. However, increase in order quantity will make domestic fashion market lucrative for players presently targeting export opportunities.
- With an anticipated US\$ 50 billion fresh investment over next 10 years, organized retail will show impressive CAGR of more than 25% and will account for 25% of India's retail market by 2020. Organized apparel retail will derive momentum from fresh investments in retail.
- Emergence of new economic Hot Spots – areas of high economic activity will open up enormous opportunities for fashion retail. Currently the top 8-10 cities contribute disproportionate share of the markets in most of the consumer goods categories including apparels. However, going ahead growth in India would be far more exclusive as the new hot spots of consumption (primarily driven by investments in these regions) appear on the map. With investments in mega projects and development of infrastructure India will see the emergence of around 350 Hot Spots in near future. These new centers of consumption would present an opportunity for

apparel and fashion retail companies to focus on and derive growth from the consumption potential. Also, conventional model of modern retail will not be able to offer all formats or cater to all customer groups in these hotspots and new models like e-tailing will sprout in coming years.

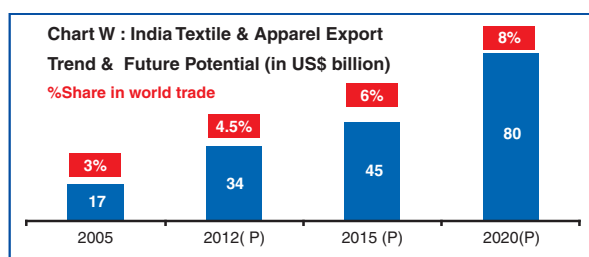
**Table 3: Key Opportunities and Threats in Domestic Market**

Opportunities	Threats
Growing domestic market at 9%	Increasing apparel imports from Bangladesh / China
Growing penetration of organized retail	Effect of government policies like excise duty on branded garments and duty free imports from Bangladesh on sourcing by brands / retailers
Increasing presence and growth of global brands and retailers in India	Impact of global economic slowdown on India's consumption
Increasing local sourcing by global brands / retailers in India	
Expected FDI relaxation in multi brand retail & local sourcing clauses	

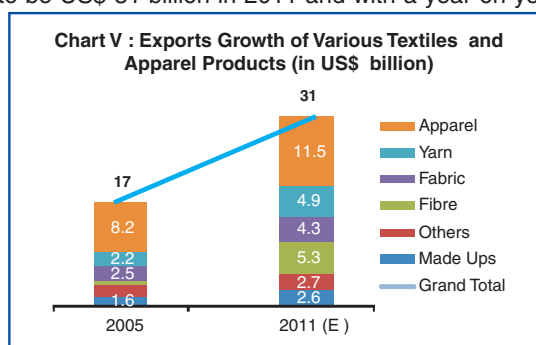
### India's Trade Scenario

Overall textiles and apparel exports of India is estimated to be US\$ 31 billion in 2011 and with a year-on-year growth of 10% since 2005. Apparel exports contribute the most to the overall exports value followed by contribution from fibre, yarn and fabrics exports. Fibre exports have highest CAGR with substantial growth in recent years.

Share of India in world's textile and apparel exports currently stands at 4.5%, it is estimated that this figure will grow to 8% by 2020 with total exports of US\$ 82 billion. This growth from 4.5% to 8% of world trade will open up



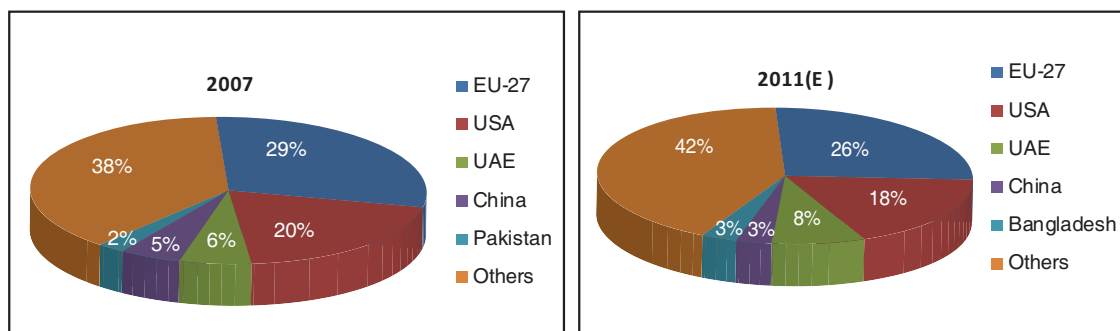
Source: Ministry of Textiles, Technopak Analysis



Source: UN Comtrade, Technopak analysis

huge potential for Indian players.

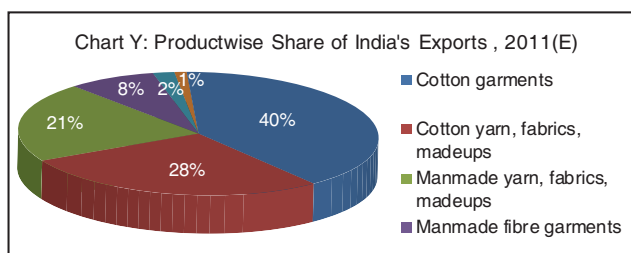
The US is the biggest export destination for Indian textiles and apparel. In 2007 exports to US was around 20% of total textiles and apparel exports of India, in 2011 the US is estimated to account for 18% of total exports. Other major export destinations are the UK, Germany, UAE and China. India's export to China as a per cent of India's total exports has reduced from 5% from 2007 to 3% in 2011.

**Chart X: Country-wise Share of India's export of textiles and apparels**


Source: DGCI&S, Kolkata, Technopak analysis

India's exports include wide range of products made of cotton, manmade fibres, wool and silk. In 2011 cotton garments contributed around 38% to India's textile and apparel exports followed by cotton yarn, fabrics and made-ups with 27% share and manmade yarn, fabrics and made-ups with 20% share.

Global trade is shifting in favour of sourcing from low cost Asian countries; India is expected to get benefit out of this. New consumption markets like Brazil, Russia, South Africa, and Turkey are also expected to create huge export opportunities for India. At the same time, increasing manufacturing cost of China will force some of the manufacturing to shift to other countries including India. On the other hand, India is expected to face steeper competition from other low-cost countries like Bangladesh and Vietnam especially in labour intensive apparel sector. Countries like Bangladesh also have duty-free access to many European countries through EU – Generalized System of Preferences for being least developed countries; this makes their products more cost-competitive.



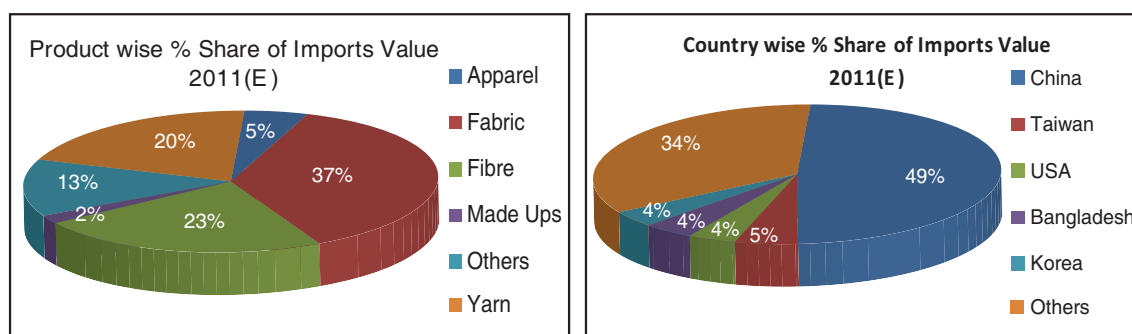
Source: DGCI&S, Kolkata, Technopak analysis

**Table 4: Key Opportunities and Threat in Exports Market**

Opportunities	Threats
Overall growing trade at 5% and increasing shift of sourcing to lower cost countries Opportunity created by export potential diverted from China due to its increasing manufacturing challenges and limitations Growing opportunities in new consumption markets like Brazil, Russia, South Africa, Turkey etc.	High pressure on margin due to high competition from lower cost countries like Bangladesh/ Vietnam etc. Influence of FTAs in preference to countries like Bangladesh (EU – GSP), Mexico (US-NAFTA) etc. Dependence on government incentives like duty drawback etc. Risk of currency fluctuations & global economic climate

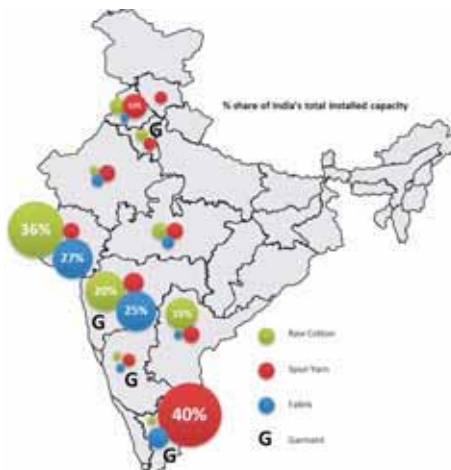
India's imports of textiles and apparels have grown at a 5-year CAGR of 3% from 2007 to 2011 and are estimated to be more than US \$3 billion in 2011. Imports of made-ups and apparels have increased substantially over the years with a 5 year CAGR of 37% and 25% respectively. China is the biggest supplier to India with a share of 49% of India's total imports. Taiwan, USA, Bangladesh and Korea are other major supplying countries to India. India's import from Bangladesh has grown at a CAGR of 31%, import from China and the US has grown at a CAGR of 5% each from 2007 to 2011.

**Chart Z:**



## Supply Dynamics

Gujarat, Maharashtra and Andhra Pradesh are major raw cotton producing states of India, while Tamil Nadu tops in spun yarn production followed by Punjab. India has an unevenly distributed supply chain, e.g., Tamil Nadu has a greater spun yarn capacity while Gujarat and Maharashtra have greater fabric capacity resulting in interchange of raw material across states. Most of the garment production comes from Maharashtra, Karnataka, Tamil Nadu and Delhi/NCR. Delhi/NCR has been a commercial hub while Maharashtra, Karnataka and Tamil Nadu have access to ports. Madhya Pradesh and Rajasthan also contribute to spun yarn and fabric production. Textile production in eastern and north-east India is almost negligible.

**Geography wise distribution of textile and apparel activities in India, 2011**


Figures inside the bubbles represent % share of India's total installed capacity of the respective product. Bubble sizes represent corresponding installed capacities in respective states. The bubbles are representative of > 90% of India's installed capacities. Source: Ministry of Textiles, Technopak analysis

Different elements of textile and apparel value chain demonstrate peculiar characteristics in terms of scale, capital intensiveness, fragmentation, price volatility etc. In India man-made fibre/ filament is completely organized with very few players while garmenting is the most fragmented industry. Spinning and man-made fibre productions are highly capital intensive while garmenting is not that capital intensive. Price volatility of textile value chain is higher in upstream activities than in downstream fabric manufacturing and garmenting. Natural fibers have very high price volatility due to their dependence on weather conditions, garmenting is least price volatile as apparel price is directly linked with consumer's purchase decision and consumer's price sensitivity is higher for apparels.

**Evolving Structure of Indian Textiles and Apparel Industry**

Consolidation and alliances is emerging as a growth route for many textiles and apparel players in India. Most of the mergers, acquisitions and joint-ventures in sector is coming up in garment manufacturing.

Going forward bilateral and multilateral trade agreements will play an important role in shaping up Indian industry structure. Current Key trade agreements impacting textile and apparel sector of India include: India – Japan FTA, India – Bangladesh Bilateral Trade Agreement, GSP scheme. Future trade agreements with EU and South East Asian countries will have further impact on the industry.

While textile and apparel trade is increasingly becoming more cost sensitive, overall production costs in India have increased by an average 8-10% in last 4 years. Production cost will decide competitiveness of the industry in global market and shape future structure of the industry.

**Competitiveness of India**

India is one of the largest producers of textiles and apparel in the world. Strong production base of wide range of both natural and man-made fibres including cotton, jute, silk, wool, polyester, nylon, and acrylic adds to the fundamental strength of Indian textile and apparel industry. It is world's largest producer of jute, second largest producer of silk, third largest producer of cotton and fifth largest producer of synthetic fibres and yarn. India has a strong presence across textile value chain starting from fibre production to garmenting. No other country except China had this high degree of integration across the value chain.

Infrastructural bottlenecks have long been an issue for Indian exports. However, with increasing government focus on infrastructure building and participation of private players in power, airlines, roads, ports, etc. India's export will get a fillip in coming years.

Political and economic stability of India makes it a better trade partner compared to its low-cost Asian peers. India has flexibility in production quantity; Indian players can execute orders of various order sizes – extremely large to small orders. India has manufacturing capabilities to produce textile and apparel goods of diverse quality and variety while many of its peer still struggle with poor quality manufacturing and chemical processing. Availability

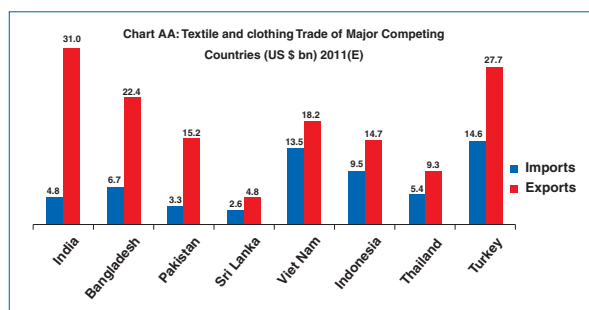
of abundant skilled and cost-efficient labour is expected to keep country's competitiveness buoyant for next few years. Strong managerial talent pool and entrepreneurial spirit of Indian businessmen are added advantages of Indian textile and apparel sector. Robust domestic market which is growing at 9% per year backed by high GDP growth and growth in consumer spending power will provide India's textile and apparel sector plethora of opportunities to flourish irrespective of global market conditions.

Textiles and apparel exports of India has grown at a CAGR of 10% from 2007 to 2011. Growth rate of India's export is higher than most of its peer. Bangladesh has demonstrated a CAGR of 15% for the same period, most of its growth coming from apparel exports. China's textile and apparel exports have grown by a CAGR of 7% from 2007 to 2011. China accounts around 33% of the total global exports of textiles and apparel while India accounts 4.5% followed by Turkey at 3.5% and Bangladesh at 3%

**Table 5 Share of Selected Countries in Global Textiles and Apparel Exports**

Country	Share in Global Textiles and Apparel Exports	Country	Share in Global Textiles and Apparel Exports
China	32.5%	Vietnam	2.5%
India	4.5%	Indonesia	2.0%
Bangladesh	3%	Thailand	1.5%
Pakistan	2%	Turkey	3.5%
Sri Lanka	0.5%		

India has an integrated textile and apparel industry with presence in all sector of textile manufacturing value chain. As a result India is less dependent on other countries for supply of raw materials. On the other hand, most of the competing countries of India do not have strong presence across textile manufacturing value chain that leads to heavy dependence on other countries for fibre, yarn and fabric requirements. India exports almost equal value of textiles and clothing while exports of most of the competing are highly skewed towards clothing. This exposes these countries to yarns and fabric supply risks whereas India has an advantage of strong upstream integration and these competing countries provide export markets for Indian yarn and fabrics.



Source: UN Comtrade, Technopak analysis

of strong upstream integration and these competing countries provide export markets for Indian yarn and fabrics.

## Textile Policies of Government of India & State Governments

The Textiles and clothing industry is the second most important economic activity in the country in terms of employment generation (after agriculture). It is also one of the major sources of export earnings for the country. Its share in manufacturing value added is estimated currently at about 12 per cent. The textile industry is presently in a state of flux due to the severe contraction in export and domestic demand in the wake of global economic and financial crisis. Major business restructuring is taking place across the industry. The government is also considering measures to support the industry on which livelihood of millions of people is dependent.

The industry is afflicted by slow and uneven modernisation across various segments. Insufficient Modernisation is especially the case with dying and processing, weaving, garments, non-woven and technical textiles segments. Ministry of Textiles (MoT), Government of India (GoI) is proactively working to improve the status of Indian textile industry. MoT has launched many schemes to uplift the conditions of textile industry from unorganized sector, Textile cluster to large textile industries. To address the trained manpower needs of textiles industries the skill development scheme is launched by MoT. The most popular and successful scheme of MoT are

1. Technology Up gradation Fund Scheme (TUFS)
2. Scheme for Integrated Textile Parks (SITP)
3. Technology Mission on Cotton
4. Integrated Skill Development Scheme

TUFS was introduced in April 1999 to catalyse investments in all the sub-sectors of textiles and jute industry by way of 5% interest reimbursement. In spite of a strong and diversified fibre and production base, for various historical reasons, the Indian textiles industry has suffered from severe technological obsolescence and lack of economies of scale. The TUFS has helped overcome this technological disadvantage to some extent. An independent evaluation of the Scheme by a professional consultant has revealed that TUFS has facilitated an increase in productivity; cost and waste reduction; and improved quality across the value chain. TUFS has infused an investment climate in the textiles sector and, in its operational life span TUFS has propelled investment of ₹ 2,07,747 crore.

In order to provide the industry with world-class infrastructure facilities for setting up their textile units, the **Scheme for Integrated Textile Park (SITP)** was approved in July 2005. Development of textiles parks in the backdrop of successful implementation will facilitate additional investment, employment generation and increase in textiles production. 40 Textile Park projects have been sanctioned by the Textile Ministry till date in various states and 21 new parks are sanctioned in Oct' 2011. The Government of India has decided to continue the SITP in the 12th Five Year Plan. This will facilitate additional investment, employment generation and increase in textiles production. Total Grant released in the scheme till now ₹ 803 Cr. and 25 Parks are operational with Investment of approx. ₹ 4000 Cr.

A scheme for Integrated Skill Development is launched to address the trained manpower needs of textiles and related segments including handicrafts, Handlooms, Sericulture, Jute, Technical Textiles etc., by developing a cohesive and integrated framework of training based on the industry needs. Addressing this need is critical for enhancing the competitiveness of the industry in the globalized economy.

Other than above following schemes are also launched for improving the conditions of unorganized textile sector like Development of Mega Clusters Scheme

1. Comprehensive Powerloom Cluster Development Scheme (CPCDS)
2. Comprehensive Handlooms Cluster Development Scheme (CHCDS)
3. Comprehensive Handicrafts Cluster Development Scheme (CHCDS)
4. Powerloom Scheme – Various small schemes to promote powerloom Scheme
5. Textile Workers Rehabilitation Fund Scheme (TWRFS)
6. The Ambedkar Hastshilp Vikas Yojana and other small schemes for the benefits of artisans employed in handicraft and other SSI segments

Various state governments are also active in formulation of textile policy of state like Maharashtra Government has come up with Capital subsidy and zero percent interest subsidy for specific region. Government of Karnataka has also launched various schemes and organizing road shows to generate the interest in business community for investments in Maharashtra state. Punjab, Gujarat, TamilNadu & Andhra Pradesh has also clearly defined their policy for textile industry.



## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

### Business Performance

Alok Industries ('Alok' or 'the Company') is primarily a textiles and apparels major with offerings across the entire value chain. The strength of the Company's business is its integrated textiles operations, both in cotton as well as in polyester. While the Company has acquired some facilities in Europe (through wholly owned subsidiary Mileta, a Czech Republic based integrated textiles company), the core manufacturing facilities are based in India (Silvassa, Vapi, Navi-Mumbai and Bhiwandi). Utilising its cost competitive integrated production base, the Company caters to markets in India and across the world. The stand-alone financial result, which is the major part of the Company's consolidated results, reflects the performance of the Company's textiles operations out of India.

The company has also invested into some other businesses. This includes its foray into the textile and apparel retail business both in India and in the United Kingdom (UK). In India, its retail business is carried out through its subsidiaries under the store brand 'H&A', while it operates the 'Store Twenty One' outlets through its overseas subsidiary Grabal Alok (UK) Limited.

To explore the opportunities in real estate sector, the Company had entered the real estate business through its real estate subsidiary Alok Infrastructure Limited. However, the company has in-principle decided to exit the real estate business.

### Merger with Grabal Alok Impex

During the year, the Honourable High Court, Bombay, sanctioned the scheme of amalgamation between Alok Industries Limited and Grabal Alok Impex Limited with appointed date of 1 April 2011.

The merger has resulted into operational synergies between the two companies and consolidates all textile operations under one entity. The swap ratio for the merger was 1:1 as determined by Ernst & Young (for every one share of Grabal, one share of Alok was allotted). The fairness opinion on the valuation was provided by Fortune Financials Services (India) Ltd.

Consequent to the merger, the company issued 2,24,85,000 equity shares of ₹ 10/- each to the shareholders of Grabal Alok Impex Ltd (of which 19,00,000 shares were issued to Alok Benefit Trust).

On amalgamation of the company with Grabal Alok Impex Ltd., Grabal Alok (UK) Ltd., an associate company of both companies, has now become a majority owned subsidiary of Alok Industries Ltd.

Grabal Alok Impex Ltd is in the business of manufacturing embroidered products and current year numbers of the company include sales of ₹ 160.96 crore and Profit Before Tax of ₹ 7.58 crore of Grabal Alok Impex Ltd and hence are not comparable with previous year.

### Financial Performance (Stand Alone)

During FY 2011-12, Alok Industries achieved growth of 39.33% in sales, 39.64% growth in operating earnings before interest, depreciation, tax and amortisation (Operating EBITDA) and 21.95% growth in operating Profit before tax (Operating PBT). Due to volatility and depreciation in the Indian rupee against the US Dollar, the Company had to provide 'marked to market' on its foreign exchange transactions amounting to ₹ 121.27 crore, as extra-ordinary provisioning. Consequently, Profits after tax, stood at ₹ 380.53 crores in 2011-12. In terms of regular operations, the performance in 2011-12 reflects the Company's continuous endeavour to utilise its increased capacities and capital investments towards higher growth. Table 6 gives a summary of Alok's financial performance, as a stand-alone entity.

**Table 6: Key Financial Indicator (Stand-alone) – past four years**

(₹ Crore)					
Particulars	2011-12	2010-11	2009-10	2008-09	% Change (2011-12 vs. 2010-11)
Net Total Sales	8,900.86	6,388.43	4,311.17	2,976.92	39.33%
Export Sales	3,029.55	2,217.43	1,558.99	1,054.51	36.62%
Operating EBITDA	2,624.75	1,879.70	1,272.48	822.61	39.64%
Depreciation	713.43	518.79	362.61	233.5	37.52%
Interest	1,149.55	736.27	535.08	304.12	56.13%
PBT (operating)	761.77	624.64	374.79	284.99	21.95%
PAT	380.53	404.36	247.34	188.37	(5.89%)
Cash Profit	1,334.19	1,083.98	711.89	513.98	23.08%

Table 7 gives the summarised profit and loss statement of the Company in 2011-12 compared to the previous year.

**Table 7: Summarised Profit and Loss Account**

Profit & Loss Account	2011-12		2010-11		% Change
	Amount	% to Sales	Amount	% to Sales	
Domestic Sales	5,871.31		4,171.00		40.76%
Export Sales	3,029.55		2,217.43		36.62%
Net Sales	8,900.86		6,388.43		39.33%
Other Income	65.60		41.09		59.65%
<b>TOTAL INCOME</b>	<b>8,966.46</b>		<b>6,429.52</b>		<b>39.46%</b>
Material Costs	4,393.13	49.36%	3,344.12	52.35%	31.37%
People Costs	267.28	3.00%	199.76	3.13%	33.80%
Other Expenses	1,681.30	18.89%	1,005.94	15.75%	67.15%
<b>OPERATING EBITDA</b>	<b>2,624.75</b>	<b>29.49%</b>	<b>1,879.70</b>	<b>29.42%</b>	<b>39.64%</b>
Depreciation	713.43	8.02%	518.79	8.12%	37.52%
<b>OPERATING EBIT</b>	<b>1,911.32</b>	<b>21.47%</b>	<b>1,360.91</b>	<b>21.30%</b>	<b>40.45%</b>
Interest & Finance Costs	1,149.55	12.92%	736.27	11.53%	56.13%
<b>OPERATING PBT</b>	<b>761.77</b>	<b>8.56%</b>	<b>624.64</b>	<b>9.78%</b>	<b>21.95%</b>
Exceptional Items	121.27		41.45		192.57%
<b>PROFIT BEFORE TAX</b>	<b>640.5</b>		<b>583.19</b>		<b>9.83%</b>
<b>Less: Provision for Taxes</b>		2.92%		2.80%	45.39%
Current Tax	157.64		78.15		
Deferred Tax	102.33		100.68		
<b>PAT</b>	<b>380.53</b>	<b>4.27%</b>	<b>404.36</b>	<b>6.33%</b>	<b>-5.90%</b>

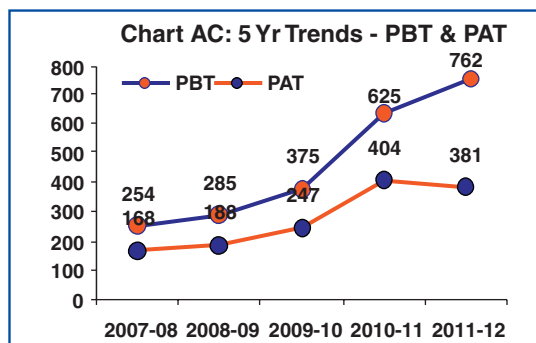
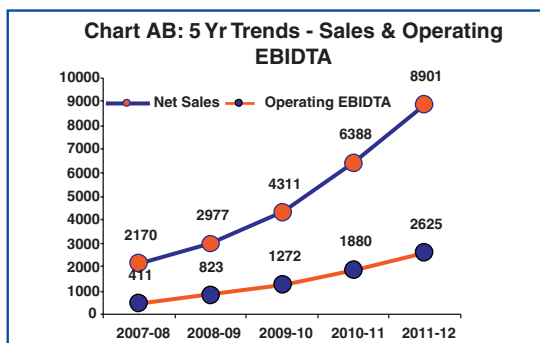
#### Profit and Loss Analysis

- Net Sales** increased by 39.33% to ₹ 8900.86 crore in 2011-12 from ₹ 6,388.43 crore in 2010-11. Growth was driven by both domestic and exports. Domestic sales increased by 40.76% to ₹ 5,871.31 crore in 2011-12 against ₹ 4,171.00 crore in 2010-11; and exports increased from ₹ 2,217.43 crore in 2010-11 to ₹ 3,029.55 crore – growth of 36.62% in 2011-12.
- Other Income** increased by 59.65% to ₹ 65.60 crore in 2011-12 from ₹ 41.09 crore in 2010-11. Much of the other income booked is interest income on current investments and other non-operating income such as gain on sales of assets, Insurance claim, some provisioning etc.
- Material Cost** was ₹ 4,393.13 crore in 2011-12. This is a 31.37% growth over ₹ 3,344.12 crore in 2010-11. As a percentage of sales, material cost decreased from 52.35% in 2010-11 to 49.36% in 2011-12. While much of this cost reduction is due to the easing out of raw cotton and polyester raw material prices during the course of 2011-12, it is also a reflection of the change in the Company's product mix towards higher value added products. Given its integrated operations, with easing of prices of materials at the lower end of the textile value chain, the Company succeeded in producing and selling more products on the higher end of the value chain
- People Costs** were well managed. In absolute terms it increased from ₹ 199.76 crore in 2010-11 to ₹ 267.28 crore in 2011-12 – a growth of 33.81%. People cost to net sales ratio decreased, albeit marginally, from 3.13% in 2010-11 to 3.0% in 2011-12
- Other Expenses** increased by 67.14% from ₹ 1,005.97 crore in 2010-11 to ₹ 1,681.30 crore in 2011-12. As a percentage of net sales, it increased from 15.75% in 2010-11 to 18.89% in 2011-12. Factory overheads increased by 53.24%. As percentage to sales, factory overheads increased from 11.84% in 2010-11 to 13.03% in 2011-12. Administrative and selling expenses grew by 109.31% in 2011-12, and relative to sales it increased from 3.90% for 2010-11 to 5.86% for 2011-12. Much of the increase in selling and administrative expenses was due to exchange rate differential realisation of ₹ 248.56 crore in 2011-12 against ₹ 34.19 crore recorded in 2010-11

## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

- **Power cost**, which is a significant part of other expenses, increased by 67.32% from ₹ 392.09 crore in 2010-11 to ₹ 656.05 crore in 2011-12. As a percentage of sales, it increased from 6.14% in 2010-11 to 7.37% in 2011-12. A lot of this increase is due to the high prevailing market prices of fuel and oil. The Company is also in the process of converting fuel use from gas to coal for its boilers at Vapi process house for generation of steam to optimise the cost of power & energy
- **Operating Earnings Before Interest, Depreciation, Tax and Amortisation ( Operating EBIDTA)** increased by 39.64% to ₹ 2,624.75 crore in 2011-12 against ₹ 1,879.70 crore in 2010-11. The operating EBIDTA margins increased marginally from 29.42% in 2010-11 to 29.49% in 2011-12
- **Depreciation** expense increased from ₹ 518.79 crore in 2010-11 to ₹ 713.43 crore in 2011-12. This was increase of 37.52%.
- **Interest** expense increased by 56.13% from ₹ 736.27 crore in 2010-11 to ₹ 1,149.55 crore in 2011-12. As a percentage to sales, interest and financing expenses increased to 12.92% of sales for 2011-12; compared to 11.53% of sales for 2010-11. The main reason for increase in interest cost is the sharp increase in interest rates by about 3.5% during the year
- **Exceptional Items** comprise mainly of marked to market unrealised gains or losses from foreign exchange derivative transactions. The amount was ₹ 121.27 crore in 2011-12 against ₹ 41.45 crore in 2010-11.
- **Operating Profit before Tax (Operating PBT)** increased by 21.96% from ₹ 624.64 crore in 2010-11 to ₹ 761.77 crore in 2011-12. After accounting for exceptional items the Profit before tax (PBT) was ₹ 640.50 crore in 2011-12 – a 9.83% increase over 2010-11
- **Profit After Tax (PAT)** was ₹ 380.53 crore in 2011-12 against ₹ 404.36 crore in 2010-11. The cash profit for the year 2011 – 12 was ₹ 1334.19 crore as compared to ₹ 1083.98 crore in 2010-11, a growth of 23.08%

Charts AB and AC plot the 5 year data for sales and profits



### Key Ratios

Table 8 gives the key financial ratios for Alok Industries, as a stand-alone entity

**Table 8: Key Ratios (Alok Industries – Stand Alone)**

Profitability Ratios	2011-12	2010-11
Operating EBIDTA (%)	29.49%	29.42%
Operating Profit Before Tax Margin (%)	8.56%	9.78%
Profit After Tax Margin (%)	4.28%	6.33%
Return on Capital Employed (%)	12.63%	11.72%
Return on Net worth (%)	13.88%	13.05%
Balance Sheet Ratios		
Net Total Debt to Equity	3.14	2.75
Net Total Debt / EBITDA	4.37	4.53
Current Ratio	1.24	1.26

Profitability Ratios	2011-12	2010-11
<b>Coverage Ratios</b>		
Operating EBITDA/Interest	2.28	2.55
Net Fixed Assets/Secured Loans (1st Charge holders)	2.31	2.58
Debtors Turnover – Days	88	99
Inventory Turnover – Days	139	114

Note: All parameters qualified by the term ‘operating’ refers to figures without exceptional items

- **Operating EBITDA Margin** was at about same level as previous year and improved marginally to 29.49% in 2011-12 from 29.42% in 2010-11. While other cost increased such as energy costs etc., Alok focused on better value added products and hence material cost as a percentage to sales reduced which has helped to maintain operating margins
- **Operating PBT Margin** was 8.56% in 2011-12, as compared to 9.78% in 2010-11. The reduction in margin was mainly on account of high interest cost regime prevailed during the year, which increased the total interest cost by 56.13%
- **Profit After Tax** margin reduced to 4.28% in 2011-12 as compared to 6.33% in 2010-11. Besides increase in interest cost, other reason for decline in PAT was on account of higher Marked to Market (MTM) provisioning during the year on account of depreciation of rupee.
- **Return on Capital Employed (ROCE)** at EBITA level increased to 12.63% in 2011-12 from 11.72% in 2010-11
- **Return on Net worth (RONW)** improved to 13.88% in 2011-12 as compared to 13.05% in 2010-11
- **Debt /Equity ratio** Net total debt to equity ratio was at 3.14 in 2011-12 against 2.75 in 2010-11
- **EBIDTA/Interest** indicates the Company’s ability to service its debt costs through profits. EBIDTA/Interest was at 2.28 in 2011-12
- **Net fixed assets as a ratio to secured loans** stood at 2.31 in 2011-12.
- **Current ratio** is 1.24 in 2011-12 compared to 1.26 in 2010-11
- **Inventory turnover** increased from 114 days in 2010-11 to 139 days in 2011-12. However, Debtor turnover improved from 99 days in 2010-11 to 88 days in 2011-12

### Cash Flows

Table 9 gives the abridged cash flow statement of the Company

**Table 9: Summarised Cash Flow Statement**

	(₹ Crore)	
PARTICULARS	2011-12	2010-11
Net Cash Generated From Operating Activities	(115.39)	1,126.08
Net Cash Used In Investing Activities	(1,113.05)	(2,045.15)
Net Cash Generated From Financing Activities	1,515.91	353.96
<b>Net Cash Surplus ( Deficit)</b>	<b>287.47</b>	<b>(565.11)</b>
<b>Cash And Cash Equivalents</b>		
At The Beginning of The Period	108.29	673.4
Cash Pursuant To Amalgamation	147.00	-
At The End of The Period	542.76	108.29
<b>Net Increase In Cash And Cash Equivalents</b>	<b>287.47</b>	<b>(565.11)</b>
<b>Reconcilliation With Cash &amp; Bank Balances</b>		
At The End of The Period	542.76	108.29
Add: Deposits With Banks / Earmarked Balances	715.12	978.32
Add: Deposits with maturity period of more than three months	36.96	53.24
<b>Cash &amp; Bank Balances as per Balance Sheet</b>	<b>1,294.84</b>	<b>1,139.85</b>

The net cash flow from operating activities was negative by ₹ 115.39 crore mainly on account of increase in current assets during the year end. This increase in current assets would get neutralised as the operations

## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

increases in the coming period. The company is also checking all possible measures to reduce its inventory and debtors cycle, which would result in improving the cash flow from operating activities.

The cash flow from investing activities was negative by ₹ 1,113.05 crore mainly on account of increase in fixed assets.

The cash flow from financing activities was positive by ₹ 1,515.91 crore mainly on account of increase in borrowings. Also, during the year, the company also received ₹ 61.20 crore on account of conversion of warrants (warrants transferred from Grabal on merger with Alok) into equity shares at a premium. The same is included in cash flow from financing activities.

### Ratings

Credit Analysis and Research Ltd (CARE) has assigned the following rating for the facilities of the company, under BASEL II

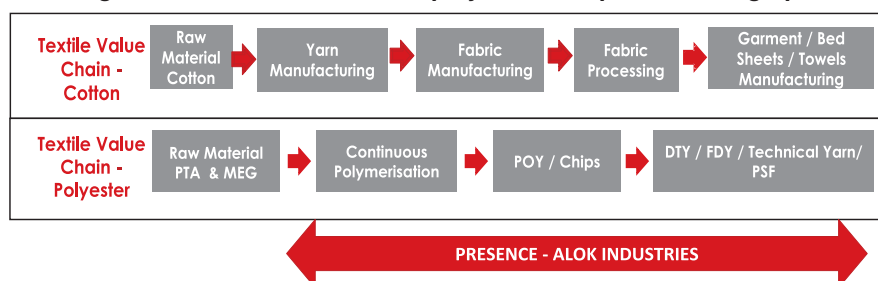
- **“CARE A”** rating for the long term facilities: Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk
- **“CARE A1”** rating for the Short Term facilities: This rating is applicable to facilities having tenure up to one year. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk

### Textiles Business: Operations Review

The strategy adopted by Alok Industries Ltd. in its core textile operations is focus on integration both in cotton as well as in polyester. It has a presence across the entire textiles and apparel value chain. The cotton integrated operations begins with sourcing of cotton and converting it into cotton yarn followed by fabric production through knitting and weaving operations. Bulk of its sales happens at fabric stage (called apparel fabrics) and some part of the fabrics gets converted into garments. On the integrated cotton business, it also manufactures bed sheets and towels in its home textile division.

On the polyester integrated business, its raw material is PTA (Purified Terephthalic Acid) / MEG (Mono-Ethylene Glycol) and its manufacturing operations starts with converting PTA / MEG into Chips / POY (Partially Oriented Yarn) through CP (Continuous Polymerisation). Its strategy in polyester business is to produce more of finished products like DTY (Draw Texturised Yarn), FDY (Fully Drawn Yarn), PSF (Polyester Stable Fibre) and Cationic yarn with thrust on exports.

The integration of Alok in cotton and polyester is depicted in the graph below:



The integrated operations reduce its dependence on outside raw materials and enable it to capture the margins across the textile value chain and make the company more sustainable.

### Sales:

Total Sales increased by 39.33% to ₹ 8,900.86 crore in 2011-12 compared to ₹ 6,388.43 crore in 2010-11.

The company has five divisions: cotton yarn, apparel fabrics, home textiles, garments and polyester yarn. Chart W gives the relative share of the different divisions in the Company's total standalone sales. With 46% share, apparel fabrics have the largest share of revenues, followed by polyester yarn with 34%; home textiles with 14%; raw cotton and yarn with 4%; and garments with 2%.

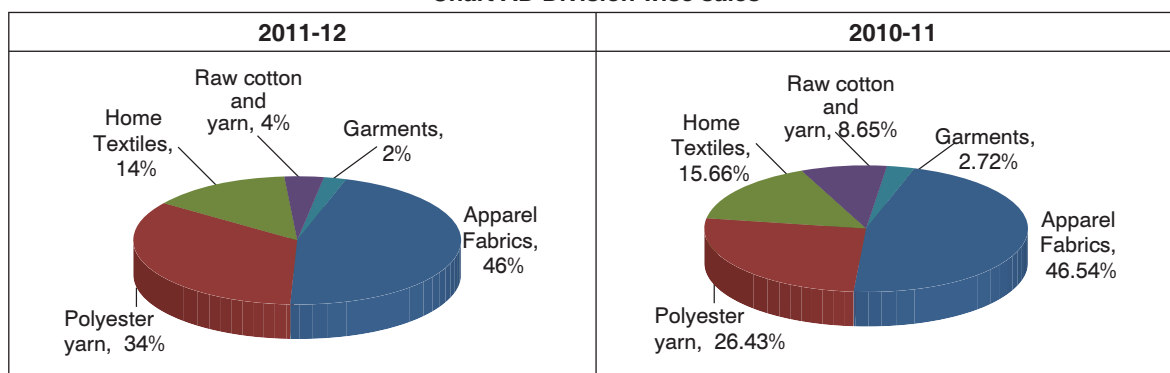
Table 10 gives the details of sales across Alok's different divisions.

**Table 10: Alok's Divisional Sales Snapshot**

(₹ Crore)

PARTICULARS	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change %
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
COTTON YARN	128.32	193.95	322.27	3.62%	416.4	136.5	552.9	8.65%	(41.71%)
APPAREL FABRIC									
WOVEN	3,295.41	568.04	3,863.45	43.41%	2,458.85	272.77	2,731.62	42.76%	41.43%
KNITTING	153.43	114.76	268.19	3.01%	116.77	124.79	241.56	3.78%	11.02%
	<b>3,448.84</b>	<b>682.80</b>	<b>4,131.64</b>	<b>46.42%</b>	<b>2,575.62</b>	<b>397.56</b>	<b>2,973.18</b>	<b>46.54%</b>	<b>38.96%</b>
HOME TEXTILES	30.02	1,220.39	1,250.41	14.05%	54.08	946.03	1,000.11	15.66%	25.03%
GARMENTS	21.7	195.6	217.30	2.44%	11.07	162.99	174.06	2.72%	24.84%
POLYESTER YARN	2,242.41	736.81	2,979.22	33.47%	1,113.83	574.35	1,688.18	26.43%	76.48%
<b>TOTAL</b>	<b>5,871.31</b>	<b>3,029.55</b>	<b>8,900.86</b>	<b>100.00%</b>	<b>4,171.00</b>	<b>2,217.43</b>	<b>6,388.43</b>	<b>100.00%</b>	<b>39.33%</b>

**Chart AD Division wise sales**



### Domestic Sales

In 2011-12, domestic sales accounted for 66% of total sales and grew by 40.76% to ₹ 5,871.31 crore from ₹ 4,171 crore in 2010-11. The major constituent of domestic sale is apparel fabrics and polyester yarn.

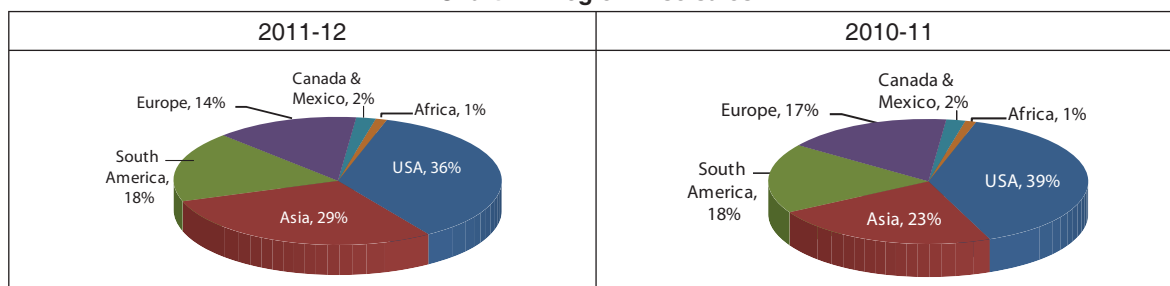
### Export Sales

Export sales in 2011-12 also grew by 36.62% to ₹ 3,029.55 crore from ₹ 2,217.43 crore in 2010-11 and accounted for 34% of Alok's total sales. Alok exported to about 95 countries across the globe.

The largest value of exports is to USA with a share of 36% of total exports. Asia has the second largest share of 29%. South America has gained considerable share and is the third largest export destination for Alok with a share of 18%. Europe is next with 14%, while Canada & Mexico and Africa have small shares of 2% and 1% respectively.

The share of Alok's exports to different regions of the world is given in chart AE.

**Chart AE Region wise sales**





## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

### Business Segments

#### Cotton and Cotton Yarn

Alok set up its cotton spinning facility as a measure of backward integration to captively feed its weaving and knitting facilities. Almost, 85 – 90% of its cotton yarn production is consumed internally. Alok also does trading in cotton / cotton yarn and sells part of its manufactured yarn based on opportunities available in the market. The reported sales data of this division only accounts for external sales of raw cotton and yarn.



#### Overview of Cotton Spinning Division

- Alok has the largest spinning facility in India at a single location (Silvassa); with capacity of 411,840 ring spindles (60,000 tons) and 5,680 open end rotors (20,000 tons) to support in-house apparel fabric and home textiles segment
- Alok's 85%-90% cotton yarn manufactured is utilized for captive consumption by the apparel fabric (woven & knit fabrics) and home textiles divisions (Bed Sheets & Towels).
- Sales made externally by cotton Spinning business constituted about 3.62% of total revenue of the company in 2011-12
- Procurement of raw cotton at right price and during harvest remains crucial; looking at the volatility in the prices of cotton in the recent past, the company is now holding inventory to the extent of 3-4 months requirements matching with its average sales order book which is also 3-4 months for apparel fabrics, home textiles and garments. Thus, it has in-built risk mitigation for cotton price fluctuation. Further, due to its integrated operations cotton constitutes about 27% – 28% of its fabric selling price, thus has limited impact on the overall operations

The high level of integration enables Alok to enjoy amongst the best margin in the industry. It also protects company from the price volatility of cotton yarn and its availability. The company still procures some of its cotton yarn from the market and gradually intends to replace that with in-house cotton yarn.

Table 11 below gives the details of external sales of this division. The total sales of the division for 2011-12 was ₹ 322.27 crore as compared to ₹ 552.90 crore in 2010-11, representing a decrease of 41.74%. The main decrease was on sale of raw cotton, which was high in the previous year on account of the opportunity to trade available in the market. However, during the period under review, sale of cotton yarn increase and overall exports of the division increased. As mentioned earlier, primarily this division caters to the internal weaving, knitting and terry division of the company. As a result this division is about 3.62% of the total sales of the company in 2011-12.

**Table 11: Cotton and Cotton Yarn Sales**

(₹ Crore)

Particulars	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
Cotton & Cotton Yarn traded	22.61	98.71	121.32	1.36%	335.03	97.60	432.63	6.77%	(71.95%)
Cotton Yarn	105.71	95.24	200.95	2.26%	81.37	38.90	120.27	1.89%	66.71%
<b>Total</b>	<b>128.32</b>	<b>193.95</b>	<b>322.27</b>	<b>3.62%</b>	<b>416.00</b>	<b>136.50</b>	<b>552.90</b>	<b>8.66%</b>	<b>(41.74%)</b>

Alok's current spinning capacity is about 80,000 tpa. The new 68,000 spindles that came on line in 2011-12 are presently in the initial stage of production and are expected to be ramped up to optimal usage by the second quarter of 2012-13. In order to build its capabilities in technical textiles and achieving integration therein, Alok Industries is further expanding its spinning capacities for production of specialised yarn (technical textiles) by 3600 tpa by adding 11,232 more spindles (2600 tpa) and 360 (1000 tpa) rotors.

### Cotton and Yarn – Key Dynamics

<b>Product mix</b>	<ul style="list-style-type: none"> <li>• Compact yarn, dyed yarn, blended yarn and organic cotton from coarse to fine counts</li> </ul>
<b>Target segment</b>	<ul style="list-style-type: none"> <li>• Primarily captive consumption by fabric and home textiles division (~85% to 90%)</li> <li>• 10% to 15% of cotton yarn production is sold to traders, distributors and manufacturing units in the domestic as well as export markets</li> </ul>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Largest spinning capacity at a single location in India (at Silvassa)</li> </ul>
<b>Industry Scenario</b>	<ul style="list-style-type: none"> <li>• Cotton prices are now stable at around ₹ 33,000 per candy for Shankar 6 variety. However, in the recent past there was a wide fluctuations due to commodity run</li> <li>• Sustained high prices could result in further substitution by polyester</li> <li>• World cotton production is around 25000 mn tonnes and consumption is at around that level</li> <li>• Indian cotton production is about 5800 mn tons of which about 4600 mn tons is consumed /stored within the country and about 1200 mn tons of cotton is exported; it is the only textile manufacturing country in the world which is cotton surplus</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>• Cotton trading and yarn operations of the company are opportunistic; primarily to benefit from the market conditions</li> <li>• Due to captive consumption and small external operations, competition from other spinning mills and cotton traders is not applicable to company</li> </ul>
<b>Current Capacity</b>	<ul style="list-style-type: none"> <li>• 60,000 tons ring spun yarn</li> <li>• 20,000 tons open-ended yarn</li> </ul>
<b>Future plans</b>	<ul style="list-style-type: none"> <li>• In order to build its capabilities in technical textiles and achieving integration therein, company is expanding its spinning capacities for production of specialised yarn (for technical textiles) by 3600 tpa by adding 11,232 more spindles (2600 tpa) and 360 (1000 tpa) rotors.</li> <li>• Gradually, company would expand its spinning capacity to match close to its total captive requirement</li> </ul>

### Apparel Fabric

Alok produces wide range of woven and knitted fabrics and enjoys a strong reputation for its quality products in the market. The high quality of its products is a result of its integrated operations, designing capabilities, product knowledge and state of the art manufacturing facilities. Besides in house manufacturing, it also outsources fabrics from power looms and other mills to meet its requirements. The unique selling proposition of Alok in this segment is its wide range of products which virtually covers the entire requirement of its diversified customers.

### Overview of Apparel Fabric Division

<ul style="list-style-type: none"> <li>• Alok has one of the largest woven and knitted fabrics capacities in the country – ~186 million meters p.a. for woven fabrics and ~18200 tons p.a. for knitted fabrics</li> <li>• Key business segment for the company contributing ~46% of total revenue in 2011-12 with revenue of ₹ 4,131.64 crore</li> <li>• Integrated operations, large scale, state of the art weaving , knitting &amp; processing, in-house designing team, wide range of products, differentiates the company in this segment</li> <li>• The company manufactures fabric primarily against orders which helps mitigate the risk of unsold inventory, while the pricing takes into account prevailing market price of raw material and foreign currency rate for exports</li> <li>• Strong backward integration with in-house cotton and blended yarn production helps minimize the impact of any adverse fluctuations in yarn prices</li> <li>• The apparel fabric division has a highly diversified and reputed customer base which includes garmenting exporters, garments brands, wholesalers, traders &amp; retailers in domestic market, garmenting companies in international market and institutional sales to armed forces , government companies and corporates for work wear or technical textiles both in domestic and international markets</li> <li>• Company has identified technical textile products and high-end yarn dyed fabric as its major growth areas</li> </ul>
--



Table 12 gives the details of Alok's apparel fabric sales for the last two years.

**Table 12: Apparel Fabric Sales**

(₹ Crore)

Particulars	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
Woven	3,295.41	568.04	<b>3,863.45</b>	43.41%	2,458.85	272.77	<b>2,731.62</b>	42.76%	41.43%
Knitted	153.43	114.76	<b>268.19</b>	3.01%	116.77	124.79	<b>241.56</b>	3.78%	11.02%
<b>Total</b>	<b>3,448.84</b>	<b>682.80</b>	<b>4,131.64</b>	<b>46.42%</b>	<b>2,575.62</b>	<b>397.56</b>	<b>2,973.18</b>	<b>46.54%</b>	<b>38.96%</b>

Apparel fabrics division continues to be the highest revenue generator for the company and constitute about 46.4% of the company's total revenue in 2011-12 with total sales of ₹ 4,131.64 crore. During the year under consideration, sales of this division increased by 38.96% over previous year. The growth was achieved in both, woven fabrics (growth of 41.43%) and knitted fabrics (growth of 11.02%). Woven sales constitute the major portion of apparel fabric sales and knits forms about 6.50% of the total apparel fabric sales.

In the apparel fabric market, Alok is focusing particularly on three segments to propel growth – fashion wear, yarn dyed fabrics, and work-wear and technical textiles:

**(a) Fashion wear**

In fashion wear fabrics, Alok produces a wide range in both knit and woven fabrics. Fabric types include twills, voiles, cambric, poplins, Lycra poplins, gabardines, jacquard, satins, matte, canvases, dobby, lawn, yarn dyed and many more. There are several distribution channels through which the Company caters to specified target customer groups. The direct customers include overseas brands and retailers, Indian garments exporters or converters in other countries, domestic garment manufacturers, brands, retailers and traders.

**(b) Yarn dyed fabrics**

Within fashion-wear, the Company is focusing on yarn dyed fabrics, which are used for fashionable shirting and high end women's wear and command premium prices in the market. In this segment, Alok has benefited in terms of technology absorption for high-quality yarn-dyed fabrics, through its acquisition of Mileta. Alok has a capacity to produce 9,000 TPA of dyed yarn, which is being further expanded.

**(c) Work-wear and technical textiles**

Technical textiles are specialty fabrics, such as fire retardant fabric, water repellent and soil release fabric and high visibility fabric. They require special functionality and are used in industrial and other high technology applications. Due to their specialised nature, they enjoy higher unit selling price and better margins than conventional textiles. It is an import substitute and is estimated to grow at a CAGR of 10% to reach ₹ 146,000 crore (US\$ 31 bn) by 2020. Some of the technical fabrics manufactured by the company and their industry uses are given below:

Special Finishes	User Industry
Flame Retardant	Fire Brigades, Oil Refineries, Petrol Pumps, Welding Industry, Defence
Stain Guard	Hospitality

Special Finishes	User Industry
Water Repellent	Defence, Coal Mines
Anti-Bacterial Finish	Health Care
High Visibility	Construction & Infrastructure, Aviation
Anti-Static	Industrial
Insect Repellent	Defence, Hospitality
Camouflage prints with Infra-Red Finish	Defence

#### Apparel Fabric – Key Dynamics

<b>Product mix</b>	<ul style="list-style-type: none"> <li>Diversified product mix with cotton / cotton blends of yarn-dyed / piece-dyed fabrics in knits / woven for daily wear, fashion wear, industrial or technical textiles</li> </ul>
<b>Target segment</b>	<ul style="list-style-type: none"> <li>Garment manufacturers in India who in turn sell in the domestic as well as export markets</li> <li>Brands, wholesalers, retailers and traders in the domestic market</li> <li>Garmenting manufacturer and large format retailers in export market</li> <li>Institutions/corporate customers for technical textiles &amp; work wear</li> </ul>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>The largest players in the country in the apparel fabric segment</li> <li>Alok's largest revenue segment ( about 46% in 2011-12)</li> <li>Enjoys relatively high EBDITA margin on account of high level of integration (in-house spinning, weaving, designing and processing capacities)</li> <li>Increasing share of value added yarn dyed fabric and technical textiles</li> <li>Diversified and quality conscious customer base</li> </ul>
<b>Industry Scenario</b>	<ul style="list-style-type: none"> <li>India's fabric production is estimated at 60,000 million sq. meters and growing at a CAGR of about 5%</li> <li>Strong growth prospects as the Indian fabric industry is becoming increasingly more competitive globally</li> <li>The current market size for technical textiles in India is estimated at close to ₹ 58,000 crore with demand estimated to grow at 10% CAGR to reach about ₹ 1,46,000 crore by FY 2020</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>The unorganized / largely fragmented nature of industry makes estimation of market share difficult</li> <li>Major players in the organized segment include Arvind Limited, Vardhman Textiles, Nahar group, Shri Lakshmi Cotsyn Limited, S. Kumar Nationwide, Premier Mills limited, Pratibha Syntex Limited, Maral Overseas Limited, etc and Unorganised players</li> </ul>
<b>Current Capacity (p.a.)</b>	<ul style="list-style-type: none"> <li>Woven Fabric Capacity of 186.0 million meters</li> <li>Knitting capacity of 18,200 tons</li> <li>Yarn Dyeing Capacity of 9,000 tons</li> </ul>
<b>Future plans</b>	<ul style="list-style-type: none"> <li>Increasing the Knitting capacity by 6800 tons p.a. to reach 25,000 tons p.a.</li> <li>Increasing Yarn Dyeing Capacity by 6000 tons p.a. to reach 15,000 tons p.a.</li> </ul>

#### Home Textiles

Alok ventured into the bed sheet segment in 2003. With a strong thrust on exports, in a short span of time, the Company has emerged as market leaders in this segment. Within this segment, Alok added terry towels to its portfolio with the commissioning of a new plant in 2009-10.

There are different customer segments in home textiles. It is exported to overseas retailers and brands, sold in



## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

the domestic market to retailers and brands, and also distributed through the Indian retail venture 'H&A' stores and the UK based 'Store Twenty One' outlets. The Company has successfully created a large and prestigious customer base establishing relationships with global majors in the Home Textiles segment.

Alok's range in Home Textile segment today includes the entire range of bed linen, curtains, towels and includes wide variety of products such as sheets-sets, duvets, comforters, blankets, quilts, bed-in-a-bag, in prints, solids, embroidery, sateen's, flannel, Jacquards, Dobbies, yarn-dyed from 180 TCs to 1000 TCs. It has also added special finishes such as wrinkle free, anti-bacterial, fire-retardant, etc.

### Overview of Home Textiles Division

- Alok's capacity in this segment is 105 million meters p.a. for wider width fabric and 13,400 tons p.a. for terry towels
- It has emerged as the largest producer and exporter of bed linen in the country and has won several Gold trophies from Texprocil, Ministry of Textiles, Government of India
- With total sales of ₹ 1250.41 crore, home textiles division accounted for ~14% of overall revenues in 2011-12
- Integrated operations with spinning / processing capabilities enables better control over product quality and give better margins
- Presence in the relatively high end home textiles (300 to 800 counts product category) enable higher price realisation and helps mitigate competition from other low cost manufacturing countries and domestic companies
- In home textile segment, Alok is mainly present in the exports markets (~97% exports) where it faces competition from Chinese, Pakistani and Turkish manufacturers
- Established and reputed multinational clientele results in strong customer profile; periodic pricing resets to protect margins in case of increase in input costs



Table 13 gives the data for Alok's home textiles sales in 2011-12

**Table 13: Home Textiles Sales**

Particulars	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
Home Textiles	15.16	1,075.79	1,090.95	12.26%	7.70	881.80	889.50	13.93%	22.65%
Terry Towel	14.86	144.60	159.46	1.79%	46.38	64.23	110.61	1.73%	44.16%
<b>Total</b>	<b>30.02</b>	<b>1,220.39</b>	<b>1,250.41</b>	<b>14.05%</b>	<b>54.08</b>	<b>946.03</b>	<b>1,000.11</b>	<b>15.66%</b>	<b>25.03%</b>

During the year, Alok's home textile division recorded growth of about 25% and increased to ₹ 1250.41 crore compared to ₹ 1000.11 crore in 2010-11. While keeping its presence in the domestic market, its major focus is on export market majorly in USA. The terry towel division is about 12.75% of the total home textile division. The expanded capacities of sheeting fabric (22.5 mn meters p.a.) and terry towel (6700 tons p.a.) was added in the last quarter of the year and the full benefit of these capacities would come in 2012-13.

Alok's home textile business is primarily focused on developed markets whose sheer market size is very high. Even though there was a demand contraction in these markets due to the economic slowdown, Alok continues to register strong export growth. This bears testament to the fact that there is consolidation of sourcing in the global market where end customers are focusing on a few reliable good quality suppliers. And, the fact that Alok has built strong relationships with major international customers.

### Home Textiles – Key Dynamics

<b>Product mix</b>	<ul style="list-style-type: none"> <li>Alok produces wide range of products in bed sheets sets, comforters, blankets, quilts, curtains and terry towels. In 2011-12, bed sheets account for close to 87.25% of the division's sale while terry towel account for about 12.75%</li> </ul>
<b>Target segment</b>	<ul style="list-style-type: none"> <li>Export to blue chip overseas retailers and brands</li> <li>Exports accounting for ~ 97% of overall division's sales and ~40% of total exports of Alok</li> <li>Domestic retailers and brands</li> </ul>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>Largest Indian player in manufacturing and export of bed sheets (Received various export awards from Government of India)</li> <li>Among top four player in terry towels</li> <li>Strong integration – in house spinning, weaving, processing and stitching unit enabling control over end product quality and better margins</li> </ul>
<b>Industry Scenario</b>	<ul style="list-style-type: none"> <li>Home Textiles segment is estimated at around US\$ 22 – 27 billion, accounting for 5-6% of the total global textile market</li> <li>India currently the largest supplier of terry towels and bed sheets</li> <li>Spend on home textiles is price sensitive in nature with demand vulnerable to economic slowdowns; demand shift to lower value segment within home textiles from time to time based on market conditions</li> <li>India's domestic consumption is presently low, however, offers great potential for growth</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>Welspun India, Trident, Indo Count Industries, GHCL, Bombay Dyeing, Hanung Toys &amp; Textiles Ltd., etc. are some of the major Indian players in this segment</li> <li>International competition is from manufacturers based out of China, Pakistan, Turkey, etc.</li> </ul>
<b>Current Capacity</b>	<ul style="list-style-type: none"> <li>Wider width fabrics – 105 million meters</li> <li>Terry towels – 13,400 tons</li> </ul>
<b>Future plans</b>	<ul style="list-style-type: none"> <li>Company would grow the capacities of wider width fabrics and terry towels in a gradual manner</li> </ul>

### Garments

Alok produces wide range of garments in knitted and woven for ladies, gents and children for variety of applications such as sportswear, active wear, casual wear and sleepwear. The garments are made from different types of fabrics based on the requirement of the buyers and prevailing fashion cycle. Fabrics used for garments includes solid, mélange, yarn dyed, auto stripes, jacquards, embroidered and variety of prints like transfer prints, and block prints.

Alok's major strength lies in manufacturing fabrics and garments are relatively a small business for Alok with major thrust on exports. Garment division's sales were ₹ 217.28 crore in 2011-12 constituting 2.44% of company's total sales. Going forward, the Company would be focusing more on value added institutional sales for garment which includes product lines like work-wear and uniforms.

### Overview of Garments Division

<ul style="list-style-type: none"> <li>Company has an installed capacity of 22 million pieces spread over three locations</li> <li>Garment division accounted for ~2.50% of total sales, almost 90% of which is exported</li> <li>Going forward higher focus on institutional segment</li> </ul>
--





## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

Table 14 gives the Company's garments sales details

**Table 14: Garment Sales**

Particulars	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
Garments	21.70	195.60	217.30	2.44%	11.07	162.99	174.06	2.72%	24.84%
<b>Total</b>	<b>21.70</b>	<b>195.60</b>	<b>217.30</b>	<b>2.44%</b>	<b>11.07</b>	<b>162.99</b>	<b>174.06</b>	<b>2.72%</b>	<b>24.84%</b>

Alok's garment sales in 2011-12 increased by 24.84% to ₹ 217.30 crore from ₹ 174.06 crore in 2010-11. About 90% of garment sales are in international markets mainly in US and Europe.

### Garments – Key Dynamics

<b>Product mix</b>	<ul style="list-style-type: none"> <li>Alok produces wide range garments in woven and knits for men's, ladies and kids for fashion wear, active wear and work wear</li> </ul>
<b>Target segment</b>	<ul style="list-style-type: none"> <li>Export to overseas retailers and brands</li> <li>Exports accounting for ~ 90% of overall division's sales</li> <li>Domestic retailers and brands</li> </ul>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>Amongst the top 20 players in the country</li> <li>Strong integration – in house spinning, weaving, processing and stitching unit enabling control over end product quality and better margins</li> </ul>
<b>Industry Scenario</b>	<ul style="list-style-type: none"> <li>India's garment exports is estimated at about USD 12 bn, which is about 45% of India's total textile exports of USD 27 bn</li> <li>India's major strength is in cotton garments and mainly caters to lower to medium segments</li> <li>India's domestic consumption is growing at a CAGR of about 10% and likely to grow from about USD 36 bn in 2010 to about USD 100 bn by 2020</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>Gokaldas Exports Ltd, Shahi Exports Ltd, Bombay Rayon Fashion Ltd., Mandhana Industries Ltd., Orient Craft Ltd., Pearl Global Ltd., etc. are some of the major Indian players in this segment</li> <li>International competition is from manufacturers based out of Bangladesh, Sri Lanka, Vietnam, etc.</li> </ul>
<b>Current Capacity</b>	<ul style="list-style-type: none"> <li>22 mn pieces p.a.</li> </ul>
<b>Future plans</b>	<ul style="list-style-type: none"> <li>To focus more on value added institutional work wear segment</li> </ul>

### Polyester Yarn

For Alok, polyester yarn is an important segment in its overall business and it has been steadily growing in terms of its contribution in the overall business. In polyester also, as a strategy, Alok is an integrated player. It procures PTA and MEG and converts the same into POY / Chips through Continuous Polymerization (CP) plant, which is further processed to make draw texturised yarn (DTY), fully drawn yarn (FDY), cationic yarn and polyester stable fibre (PSF).

What differentiates Alok in this segment is its focus on producing finished yarn. This positioning at the higher end of the polyester value chain enables the company to capture margins at each stage and make it more competitive & sustainable. To further consolidate its position in the industry and improve margins, it is also developing, its capability in higher value added products like master batch, technical textiles, etc.

Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY) demand is expected to grow at 7.5 % compounded average growth Rate (CAGR) over next 2 years, due to rising consumption of blended and non-cotton yarns. Demand is expected to grow to 8.5 % CAGR after 2012-13 due to limited availability of cotton and higher substitution by polyester. However, in the domestic market, there has been continuous increase in capacities which has made this business very competitive.

### Overview of Polyester Division

<ul style="list-style-type: none"> <li>Polyester Yarn division is the second highest revenue generating segment for Alok after Apparel Fabric division, with sales of ₹ 2,979.22 crore, which is ~33% of total company's revenue in 2011-12</li> <li>Demand scenario likely to remain good due to increasing substitution of natural fibres</li> <li>Competition from Chinese manufacturers, large Indian peers &amp; unorganised domestic texturisers; however Alok's large scale integrated operations and focus on finished products make it a sustainable player</li> <li>Relatively moderate EBDITA margins due to commodity nature of business; volatility in raw material (MEG &amp; PTA) prices may affect profitability margins if not passed through adequately;</li> <li>The polyester commands higher ROCE of about 25%-26% due to higher asset turnover (about 2.25 times) and lower working capital intensity</li> </ul>
--

**Table 15: Polyester Yarn Sales**

Particulars	Twelve Months Ended 31 Mar 2012				Twelve Months Ended 31 Mar 2011				Change
	Local	Export	Total	% To Total Sales	Local	Export	Total	% To Total Sales	
Polyester yarn	2,242.41	736.81	<b>2979.22</b>	33.47%	1,113.83	574.35	<b>1,688.18</b>	26.43%	<b>76.48%</b>
<b>Total</b>	<b>2,242.41</b>	<b>736.81</b>	<b>2979.22</b>	<b>33.47%</b>	<b>1,113.83</b>	<b>574.35</b>	<b>1,688.18</b>	<b>26.43%</b>	<b>76.48%</b>

Backed by capacity enhancement, Sales of Polyester yarn division recorded the highest growth amongst all the divisions of the company in 2011-12 and grew by 76.48% to reach ₹ 2979.22 crore. About 25% of the polyester yarn is exported to geographies such as Latin America, Eastern Europe, Africa, South East Countries, China, and Asia.

**Polyester – Key Dynamics**

Product mix	<ul style="list-style-type: none"> <li>Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Drawn Texturised yarn (DTY)</li> </ul>
Target segment	<ul style="list-style-type: none"> <li>Domestic power loom weavers</li> <li>Direct exports</li> </ul>
Highlights	<ul style="list-style-type: none"> <li>Among top three polyester yarn manufacturing Company in India</li> </ul>
Competition	<ul style="list-style-type: none"> <li>Competition from domestic players like Reliance Industries Ltd, Indo Rama Synthetic Ltd, JBF Industries Ltd, Garden Silk Mills Ltd,., Century Enka Ltd, etc.</li> <li>Competition from Chinese polyester yarn manufacturers that dominate the global polyester market with ~ 70% market share</li> </ul>
Industry Scenario	<ul style="list-style-type: none"> <li>Due to increasing gap between cotton yarn and polyester yarn, the demand for polyester yarn is steadily growing at a CAGR of 6%+. It is likely to grow at a faster pace in future in domestic market on account of cotton surplus situation of India getting saturated (due to higher exports and domestic consumption). The masses would find polyester blended fabrics more affordable</li> </ul>
Current Capacity*	<ul style="list-style-type: none"> <li>CP : 5,00,000 tons, POY/ Chips : 1,66,000 tons, DTY : 1,70,000 tons, FDY : 70,000 tons, Cationic yarn: 24,000 tons and PSF: 70,000 tons</li> </ul>
Future plans	<ul style="list-style-type: none"> <li>The CP capacities and production capacities of other value added products such as PSF, Cationic yarn and master batch to optimise during 2012-13 and 2013-14 which would drive growth. There after the capacities of this division will be increased selectively. As the proportion of polyester yarn would increase in the overall business, it would improve the overall ROCE of the company</li> </ul>

\*including capacities under implementation

Table 16 gives the existing capacity and capacity expansion programmes from the different divisions.

## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

**Table 16: Alok's Capacity and Expansion Programme**

Divisions	Units	Current Capacities	Capacities under Implementation	Capacities Post Expansions
<b>COTTON SPINNING</b>	Tons	80,000	3,600	83,600
<b>APPAREL FABRIC</b>				
Processing Woven	mn mtrs	130	—	130
Weaving	mn mtrs	186	—	186
Knits & Knits Processing	Tons	18,200	6,800	25,000
<b>HOME TEXTILES</b>				
Weaving	mn mtrs	92	—	92
Processing	mn mtrs	105	—	105
Terry Towel Weaving & Terry Processing	Tons	13,400	—	13,400
<b>GARMENTS</b>	mn pcs	22	-	22
<b>POLYESTER (BASED ON END PRODUCT)</b>				
Continuous Polymerisation	Tons	5,00,000	-	5,00,000
POY/ Chips	Tons	3,00,000	(1,34,000)	1,66,000
DTY	Tons	1,30,000	40,000	1,70,000
FDY	Tons	70,000	—	70,000
Cationic Yarn	Tons	-	24,000	24,000
Polyester Stable Fibre	Tons	—	70,000	70,000

### Strategic Investments

In addition to the core textiles operations with manufacturing facilities in India, the Company has diversified its business scope by making investments into subsidiaries and associate companies. While some of these investments were to reach out to new markets, others were made to fill a gap in the complete textile industry value chain. The investment in the realty business was a pure opportunistic one and since most of the real estate properties are now ready, Alok has decided to exit the realty business by monetising the properties.

Table 17 gives details of Alok's investments including the ones in subsidiaries and others.

**Table 17: Alok's Investments**

(₹ Crore)

Name of The Companies	EQUITY	SHARE APPLICATION	31 MAR 2012	31 MAR 2011
<b>NON CURRENT INVESTMENTS</b>				
<b>Investment in Subsidiaries &amp; Associate Companies</b>				
Alok Industries International Ltd.	-	-	-	0.22
Alok Infrastructure Ltd.	0.05	-	0.05	0.05
Alok Land Holdings Pvt. Ltd.	0.50	-	0.50	0.50
Alok International Inc.	0.00	-	0.00	0.00
Alok Inc	0.04	-	0.04	0.04
Trimphunt Victory Holdings Limited	0.00	-	0.00	0.00
Grabal Alok International Limited	-	-	-	0.00
Alok Retail (India) Ltd.	0.05	-	0.05	0.05
Alok H&A Ltd.	36.05	-	36.05	36.05
Alok Apparels Private Limited	1.00	9.00	10.00	10.00
Aurangabad Textiles & Apparel Park Ltd.	17.25	-	17.25	17.25
New City Of Bombay Mfg. Mills Ltd	75.13	-	75.13	71.50
Alok International (Middle East) FZE	1.31	-	1.31	-
Alok Singapore Pte. Ltd.	0.00	-	0.00	-
Alok Benefit Trust	35.33	-	35.33	-

Name of The Companies	EQUITY	SHARE APPLICATION	31 MAR 2012	31 MAR 2011
Grabal Alok Impex Limited	-	-	-	3.99
<b>SUB TOTAL (A)</b>	<b>166.71</b>	<b>9.00</b>	<b>175.71</b>	<b>139.65</b>
<b>Other Non Current Investments at cost</b>				
In Equity Shares			0.08	0.28
<b>SUB TOTAL (B)</b>			<b>0.08</b>	<b>0.28</b>
<b>TOTAL (A+B)</b>			<b>175.79</b>	<b>139.93</b>
<b>CURRENT INVESTMENTS</b>				
In Bonds and Debentures			2.00	2.00
In Mutual Funds			1.94	25.25
<b>TOTAL (C)</b>			<b>3.94</b>	<b>27.25</b>
<b>TOTAL (A+B+C)</b>			<b>179.73</b>	<b>167.18</b>

Details of some of the major subsidiaries of Alok are given below:

### Subsidiaries – Textiles

In the textiles space, the two primary subsidiaries or associate companies are Mileta and Alok Apparels Private Ltd.

#### Mileta

Through its wholly own subsidiary Alok Industries International limited, Alok has a 100% stake in Mileta, a Czech based manufacturing company . Mileta's facilities are located in Horice (Weaving and Administration) and Cerny Dul (processing) in the Czech Republic.



Mileta has provided huge benefits to Alok from its technology skills in yarn-dyed fabrics and hemming that has resulted in higher per unit realisations and new product lines. The Mileta range of products includes handkerchiefs, high quality shirting, batistes and voiles, complete line of functional table linen and bed linen. Their brands including 'Mileta', 'Erba', 'Cottonova', 'Wall Street' and 'lord Nelson' are being introduced in the Indian domestic market. Alok also leverages Mileta's extensive marketing network in Europe, Russia and Africa to promote its existing products.

While there were signs of a continued good performance during the first half of 2011, the poor market conditions in Europe affected the Company's business in the second half. During 2011-12, the company achieved a sales of CZK 489.58 mn as against CZK of 532.88 mn in 2010-11, which has shown a decrease of about 8%. Although, as the Euro appreciated against the Rupee, in Rupee terms sales were stagnant. And due to the drop in sales the Company generated operating loss of CZK 29.5 mn as against profit of CZK 16.5 mn.

#### Alok Apparels Private limited

Alok's 100% subsidiary, Alok Apparels Pvt. Ltd., manufactures woven and knit fashion garments at Silvassa. In 2011-12, the unit achieved sales of ₹ 15.20 crore. This business is expected to grow both through own manufacturing as well as outsourcing.

### Subsidiaries – Retail

In order to further reach out to the end customers, Alok entered the retail space. In India, this endeavour is through the 'H&A' stores, while in UK the Company has chain of stores under the store brand 'Store Twenty One'.



## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

### H&A: Domestic Retail

The Company's domestic retail operations are carried out through a wholly owned subsidiary company called 'Alok H&A Ltd', and 'Alok Retail India Limited'. By December 2011, there were already 350 stores across 23 states in India, including shop-in-shop formats. However, given the market dynamics of retail in India and the changing economics of outlets in terms of cost revenue equations, H&A is re-evaluating its business strategy. It has closed down some of its non-performing stores and is focused on less capital intensive growth strategy that emphasises on formats like 'shop in shop'. The strategy re-orientation is well on its way and it is being implemented in a well calibrated manner. Today, the numbers of stores have been reduced to 291



During 2011-12, H&A established

- an association with Australian Cricketer "Brett Lee" and launched his active wear collection in the name of "BL Active Wear"
- a partnership with UK men's wear brand "Savile Row" as their exclusive licensee for India

In 2011-12, Alok H&A Limited recorded sales of ₹ 66.76 crore, but it made losses at the EBITDA level. The Company remains committed to its goal to become an established affordable lifestyle store brand in India

### Store Twenty One: UK Retail

Alok has a stake of 90.43% in Grabal Alok (UK) Ltd, the company that operates the 'Store Twenty One' chain of value-format stores in UK. Today, the chain comprises 221 stores, which offer a value proposition for quality apparel for women, men, and children. They also sell accessories like artificial jewellery, shoes, leather bags, and toys, which complement the apparel range.



The economic slowdown and low consumer confidence in UK severely affected this business. It witnessed a slowdown in sales and consequently generated operational losses. The Company is reviewing its strategy for the business. It is exploring various options including repositioning this business more effectively.

### Subsidiaries – Real Estate

The Company in-principle has decided to exit this business and accordingly focusing on creating value from the existing investments and monetise the assets in an opportunistic manner. Already, with the projects reaching different levels of completion, Alok has started to work on monetising these assets and utilising the cash to retire debt. Table 18 gives details of this investments

Table 18 - Investments in Real Estate

Sr. No.	Project Name	Project Location	ALOK's Equity Share (%)	Project Company Type	Area	Proposed Use	Expected Completion Date
1	Land at Silvassa	Surangi Village, Silvassa,	100%	Division	538 acres	Industrial Use	Ready
2	Peninsula Business Park	Lower Parel, Mumbai	100%	SPV	614,999 sq. ft.	Commercial / ITES 20 storey, 600car parking	Ready
3	Ashford Royale	Nr.LBS Marg, Nahur, Mumbai	50%	SPV	1.1 mn. sq. ft.	Residential	December 2014
4	Ashford Center	Lower Parel, Mumbai	100%	Division	60000 sq. ft.	Commercial Office Space, 08 storeys, 40 car parking	Ready
5	Ashford Palazzo	Bhulabhai Desai, Mumbai	30%	SPV	100000 sq. ft.	Residential	December 2014
6	Land At Vapi	Vapi	50%	SPV	36 acres	Residential	Ready
7	Lotus Corporate Park	Goregaon, Mumbai	100%	SPV	13500 sq. ft.	Commercial	Ready

Brief Details of the major real estate properties is given below:

#### Peninsula Business Park (Lower Parel)

This includes 614,999 sq. ft. of ultra-modern office premises with 600 car parks. The project is developed by Peninsula Land Ltd while the civil work was carried out by Shapoorji Pallonjee. The total expenditure on this project till 31 March 2012 was ₹ 1454.66 crore. This has been funded by term debt of ₹ 750 crore.

The Occupancy certificate from MCGM has been received and the project has been completed in all respect. Eight floors out of Twenty floors in Tower 'B' of Peninsula Business Park, Lower Parel have been sold; Token consideration has been received and Letters of Intent (LOI) have been executed; The Sale Deeds should be signed against the full consideration as per the terms of the LOIs.



#### Ashford Centre (Lower Parel)

This 60,000 square feet of prime office space is located in Lower Parel in close proximity to Lower Parel and Currey Road stations; 5 star hotels ITC and Four Seasons; and other major complexes like India bulls, DLF, HDFC Bank House and Ambit RSM. The project developed by Ashford Group with Billimoria as architects. It has 8 stories with floor plate of 7,500 sq. ft. and 40 car parks.

Construction is complete and occupancy certificate has been received. The total project cost is ₹ 124.50 crore. Three floors out of eight floors have been leased / sold. Earnest money deposits have been received and the sale deeds should be executed against full payment.



#### Ashford Royale Premium Residential Complex (Nahur)

The project is being developed jointly by Ashford Investment and Trading Company Pvt. Ltd and Alok



## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

Infrastructure Ltd. It is a residential complex on a 7 acre plot (CEAT factory) at Nahur. The Architects appointed for the project are Talati and Panthaky and the proposed saleable area is around 1.1 mn

Sq. ft. It is being developed as a modern residential complex with large landscaped gardens and water bodies, with club house and gymnasium.

The total project cost is estimated to be about ₹ 600 crore, which is being funded by equity of ₹ 137 crore, advance from customers of ₹ 363 crore and debt of ₹ 100 crore. The initial launch has been well received in the market and is expected to be completed by December 2014.



In addition, Alok had entered into a *Joint Venture Agreement with National Textile Corporation (NTC) for the development and revival of New City Mills at Mumbai and Aurangabad Textile Mills at Aurangabad*. Progress on this has been satisfactory – the units at Aurangabad and Mumbai with 135 garmenting machines and 125 garmenting machines have been set up; a design studio at New City Mills has also been established.

### Quality

Alok has always adopted business practices that strive to promote excellence in manufacturing. Consequently, there is a continuous emphasis on adopting best practices and high quality processes to maintain high standards of its products.

The Company has the following accreditations.

### ISO Certifications

The company is accredited with Integrated Management System (IMS). There are 4 certificates under this system:

1. ISO 9001: 2000 – Quality Management System
2. ISO 14001:2004 – Environmental Management System
3. OHSAS 18001: 2007 – Occupational Health & Safety Assessment System
4. SA 8000: 2008 – Social Accountability

Alok is the only Indian textile company to have obtained IMS with all the four certifications

### ECO-Certification

Alok is the first Indian Textile company to have been awarded all three certifications for its eco-friendly products. This includes:

- EU Flower – the eco-certificate from European Union
- KRAV certification for organic products
- SWAN certification – a Nordic eco-labelling certification

In addition, the Company has also applied for Global Re-cycled Standard (GRS) certification for entire supply chain (spinning to finished product). As part of efficiency optimisation, lean management practices have been commenced at the Vapi plants; the process is being rolled out over to other plants. The testing Laboratory at Pawane has been accredited by NABL (National Accreditation Board for Testing and Calibration Laboratories) for ISO 17025:2005 Quality Management System

### Information Technology (IT)

Alok has always utilised IT as a business enabler to optimise its processes and build a competitive edge. Implementation of appropriate new technology and up-gradation of IT tools is an on-going process at Alok.

The developments on this front in 2011-12 include:

- The first phase of implementation of Profitability Analysis (CO-PA) of CO module has progressed well. There are some teething issues related mostly to the integration and related module's configuration requirements

to support CO-PA has been completed. The Company partnered with PWC to implement CO across our business. The Project has been initiated and the 'As is' study is in progress.

- APO has been configured, completed and tested on development and quality before putting on production server. A few orders have been tested on production server. However, we go live has been postponed because of some product gaps which are being resolved by SAP. The management is reviewing the new set of recommendations by both the vendors.
- Integration testing of HCM is over and master data preparation is complete for all the locations and same is being uploaded on production server. HCM application configuration has been moved to production server. All the plants have run trial run for two months-Jan and Feb. 2012. After test running for Q1, 2012-13, one will go live with this.
- System is functioning well after ECC 6 upgrade. SAP has mandated upgrade of Oracle database from 10G to 11G. This has been done on development and quality. Production server has been upgraded to 11G.
- Since the transaction system has stabilised, the company has moved to evaluating of various BI tools. Plan for BI implementation shall be made after management review and approval.
- Alok is also exploring the techno/commercial feasibility of implementing a High-Performance Analytic Appliance (HANA), an in-memory computing appliance from SAP. HANA as a solution may need more time to mature and be feasible for business needs. Roll out may occur in the next fiscal.
- In addition to the online backup of our production database, Alok is evaluating a truly online fail-over SAP environment using a tool "Vision". Test results were found to be satisfactory. We have procured necessary hardware and "vision" software licenses for DR. Alok has also initiated discussion with service providers to co-locate the DR environment; this expected to be seamlessly operational by 2nd quarter of 2012-2013.
- IT tools are being utilised to build a strong back-end for our Indian retail subsidiary. H&A has signed up for SAP ISR implementation. Unit testing is complete and integration testing is in progress. We have also selected a new POS application LS Retail. Implementation is complete and H&A has gone live with ISR.

### Sustainability

Alok Industries' focus on activities related to sustainability is at the core of its long term goal of being a leader in providing sustainable and integrated textile solutions. The sustainability programmes includes interventions in prevention of environmental degradation, promotion of energy conservation and stress on community development.

#### Environment

On the environment protection front the thrust is on green development. This includes promoting green procurement to minimize environmental degradation through mitigation of environmental impact on Climate Change and pollution of Air, Water and Soil. At Alok, waste recycling is actively pursued across all its processes by establishing long term contractual relations with vendors, contractors and agencies with established credentials on waste recycling. The endeavour is to demonstrate environmental leadership and influence the industry and citizens at large to encourage use of environmental friendly products, processes and services. The Company is emerging as a model in the region for Waste management by supporting innovation, development of new technologies and creation of demand in the mainstream society for environmental friendly products and services.

The Company increasingly uses ethical fibres like Organic cotton (cotton grown without the use of external synthetic agricultural inputs like fertilizers and pesticides and helps conserve the environment from the harmful effects of the use of hazardous agro chemicals) and Better cotton from Better Cotton Initiative (BCI) (involves educating the cotton growers to adopt the Best Management Practices in cotton cultivation). This is not only leading to helping conserve the fragile environment threatened today by indiscriminate use of agro chemicals and pesticides but will also help farmers get a decent farm earnings sustain their livelihoods.

In addition, the Company has 'best in class' ETP system established for primary, secondary and tertiary treatment of effluents and reverse osmosis plant to optimize water conservation. It also has

"Green Zones" around all facilities and encourages planting of saplings to conserve ecological balance. The Company has strived to minimize air pollution from its plants and units by installing Selective Catalytic Reduction (SCR) systems in the exhaust of the DG sets which reduce oxides of Nitrogen. Alok encourages the use of recycled products and has set up a recycled polyester unit with an initial 10 tons/ day of capacity to recycle polyester and polyester yarn waste, flakes and PET bottles to produce 100% recycled polyester fibre.

## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

### Energy Management

Alok is committed to:

- Achieve the lowest Specific Energy Consumption per unit of product, thereby minimizing Greenhouse emissions, solid waste and water pollution.
- Attain sustainable development by continuously improving Energy Conservation and Energy efficiency throughout the production cycle.
- Prevent wastage of energy in any mode - steam, water, air or power - by efficient and most optimal use of resources.
- Comply with all applicable legislations, and best practices on Energy Management

### Community Development

Alok is a Fair Trade (FLO) certified company and value the fair price concept across the value chain. Since the textile chains have resource poor growers as the weak link at the far end of the chain, Alok initiated and has been instrumental in few of the well known Organic & Fair Trade cotton projects in India and abroad where in a premium is paid to the marginal Organic and Fair Trade cotton growers. Alok buys back their farm produce to enable them effectively integrate with the market and remain sustainable in a highly volatile cotton business. Alok partnered with Zameen Organic in an effort to form a golden textile value chain which included a farmer owned Organic & Fair Trade Company.

Similarly, cotton made in Africa (CMiA) is another important variant of sustainable cotton type Alok is into and supplies its quality products to sophisticated markets in parts of Europe. Alok has been playing a key role in a very ambitious Organic & Fair Trade cotton project in West Africa which has the world's top lingerie brand on board.

Corporate Social Responsibility (CSR) initiatives are integral to operations at the plants. Alok has started a public school with CBSE Board in Silvassa. It employs tribal women on weaving looms and garment/made up stitching machines after intensive training and orientation. The Company has a Private Public Partnership with Silvassa Administration for converting the Government owned Industrial Training Institute into a centre of excellence.

### Risks & Risk Mitigation

While there is a formal structure for risk management, which is regularly implemented across the organisation, there are certain regular risks and concerns that face Alok in its businesses and the Company has taken several mitigation measures. Some of these are highlighted below:

#### Raw Material Risks

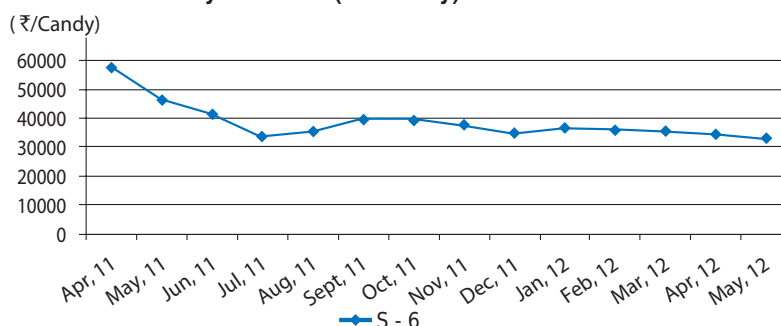
The major raw materials for Alok are cotton, PTA and MEG. The global market dynamics continuously affect the availability and prices of these critical inputs.

The price and availability issues are a major risk to the company's business.

#### Cotton

Cotton prices were at record high in the beginning of 2011-12. In fact, in April 2011, the price of Shankar 6 cotton was close to ₹ 60,000 a candy, since then in a gradual manner the price has dropped to about ₹ 33,000 a candy. This year the cotton crop is likely to be at record level of 356 mn. bales (325 mn. bales in previous season) due to the increase in the area under cultivation and better farm yield. Also, the world production is likely to increase by about 8% to 26,879 mn. tons (24,879 mn. tons in previous season). The high levels of production should lead to an easing off and stable cotton prices in 2012-13.

#### Chart Y: Prices of Shankar 6 variety of cotton (Rs/Candy)

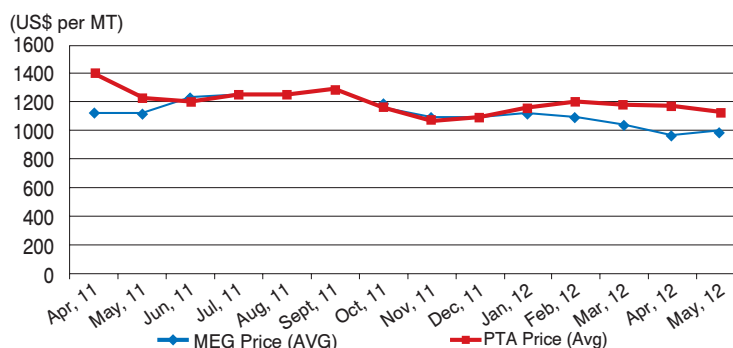


Looking at the volatility in the prices, company keeps the cotton inventory in line with its sales order book which is about 3-4 months.

### PTA and MEG

The share of Polyester yarn business is gradually increasing in the overall business of Alok. Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are the / major raw materials that go into the manufacture of and polyester yarn. Being petrochemical products, prices of PTA and MEG fluctuate in line with fluctuations in crude oil prices. Also, PTA and MEG prices move in tandem with the cotton prices as was noticed during the recent volatility of cotton prices. Chart M shows that raw material prices of PTA and MEG were hovering around USD 1,400 and USD 1,200 per metric tons respectively during April 2011. PTA and MEG prices started to taper down from September 2011 and reached a low of USD 1,065 and USD 966 per metric tons

**Chart Z: PTA MEG Prices**



Presently, international crude oil prices are high but stable and it is estimated that they would move within a narrow price band. Also, the volatility in cotton prices has come down. As a result, we expect PTA and MEG prices to be stable too. The demand for textiles is growing and cotton being a natural commodity has a limitation on production. Moreover, polyester being a cheaper fibre compared to cotton, the demand for polyester has been growing rapidly over the past few years and the trend is expected to continue.

In case of polyester also, Alok is trying to keep its inventory level matched with its sales order book.

### Power & Fuel

With a share of around 7.4% in overall costs, power and fuel are major manufacturing costs in the production of textiles. Any increase in these costs therefore has an adverse impact on Alok's bottom line. Over the past year, prices for power & fuel have been increasing.

The Company's dual fuel captive power plant helps to mitigate some of the power cost risk. Alok has been actively exploring opportunities to switch over to a cheaper fuel source. The Company's plants at Vapi and Silvassa are already running on natural gas. It is also getting grid connection for its Vapi unit and setting up 220 KVA sub-station at Silvassa. Also, at Vapi processing plants, where high volume of steam is consumed, the company is switching to coal based boilers from gas. Once the switchover is completed and stabilised, there should be substantial savings in fuel costs.

### Markets

Alok's sales are subject to market demands. Alok is basically a B2B company and caters to almost all the international and domestic brands and retailers for one or other of their requirements. The Company has a mix of domestic and export sales; Alok's exports are to over 90 countries and exports constitutes about 34% of its total sales. The status and risk of major economies where Alok sells its products are given below.

#### USA

A major proportion of Alok's total exports (about 36%) are to the USA. The US economy, though, witnessing a slow growth at the moment, is a major textile consuming country. The consumer may, however, shift the demand towards mid to low end products over high end products during such times. Moreover, in such scenario, the buyers resort to consolidation of sourcing to few large suppliers like Alok. The Company has been actively exploring other export markets, especially in Asia, Middle East and South and Central America; which together have a 49% share of Alok's exports. Africa, also offers Alok growth opportunities in the export market.

## MANAGEMENT DISCUSSION AND ANALYSIS - BUSINESS OVERVIEW

---

### Europe

Around 14% of Alok exports are to European nations. Slowdown in Europe is both a risk and an opportunity for Alok. Textile is a basic consumption need and consumers can be expected to purchase basic 'value for money' clothes and apparel, even in the middle of the slowdown. Also, because the cost of production being relatively high, a number of textile units in Europe have either reduced or ceased operations. These factors, in turn, help Asian manufacturers like Alok to penetrate European markets. Having said this, the slowness of the recovery, especially in Central and Southern Europe is an area of concern.

### India

About two-third of Indian textile Industry is domestic and so also is the case with Alok. In domestic market, textiles & clothing demand tends to move in tandem with GDP growth. India is one of the fastest growing economies in the world, hence, the domestic demand prospects for textiles and apparel look positive. While, there is worry about inflationary pressures, policy paralysis and the economy having slowed down, however, the scope for growth in the Indian market in the long run remains substantial. Accordingly, domestic market is likely to grow three times in this decade from about USD 52 bn in 2010 to about USD 220 bn by 2020. Alok with its large capacities, quality products and established linkages with domestic garment, retail and institutional player, is positioned well to tap the growing domestic market.

### Financial Risk

In order to capitalise on the growth opportunities available post removal of quotas from January 2005, Alok has been aggressively expanding its capacities with forward and backward integration and did a capex of ₹ 10793 crore from 2004-05 to 2011-12 in last 8 years. As a result, it has emerged as the largest Integrated Textile Company in the country and has been able to establish contacts with all the leading brands and retailers in the world.

However, bulk of this capex was funded through debt; as a result the gearing of the Company has increased. However, the company's borrowing costs is on the lower side as some of these borrowings are under the Technology Upgradation Fund Scheme (TUFS) at concessional rates of interest and some are foreign currency borrowings. Also, for working capital, the company is able to borrow at lower cost under foreign currency / rupee export finance. The bulk of the capacity expansions that Alok has undertaken have been completed and commissioned. As production from these expansions comes on-stream, Alok expects an improvement in its cash flow, profitability and internal accruals. During 2012 – 13, Alok expects to bring back some of its investments in Realty and use the proceeds towards repayment of consolidated / standalone debt. The company would also explore the possibility of equity infusion. The long term Rating of the company is CARE A.

### Currency Risk

About 34% of Alok's total sales is exports. In 2011-12 the total exports were ₹ 3029.55 crore out of total sales of ₹ 8900.86 crore. These sales were denominated mainly in US Dollars. A part of the Company's loan book also comprises of foreign debt. Fluctuations in foreign currency can therefore impact, either Alok's top line or its interest outgo. Over the past few months, there has been uncertainty over the Rupee movement. Rupee depreciation will be positive for exporters but would increase foreign currency loan liabilities. Also the MTM position on some of the foreign currency hedges and derivatives increases with the depreciation of rupee. Alok has a well-entrenched in-house treasury division that monitors currency fluctuations periodically and takes corrective action where needed.

### Security Risk

The company uses a centralized SAP application to run operations. Accordingly, this application is accessed by offices and plants across various geographic locations and thus has a very high dependence on networking. All locations are connected through secured MPLS-VPN. Adequate redundancy is provided through services from other service providers as well. Regular testing is done to make sure that all the links (secondary) are up and running.

Due to the humungous size and complexity of operations, there is enormous data generated on a daily basis, which is the genesis for MIS and management reporting. The company thus runs the risk of loss of data due to database corruption. In order to safeguard against this eventuality, complete data backup is taken every day and the tapes are despatched to an off-site location at regular intervals. Other tapes are saved in a fire-proof cabinet. In addition to data backup on tapes, online data replication is done on a system, installed at one of the plants. This ensures very high Recovery Point Objective. Oracle archive logs are shipped to another location (in another building) online. This is another level of security to support the off-site replication. Offline backup is taken every month and all archive logs since then are preserved. The present system of backup ensures complete recovery to the last saved transaction.



The company's IT architectural landscape is centralized at the corporate office and features high end equipment for glitch-free operations. There could still be a possibility of unavailability of applications due to of hardware failure. SAP runs on high end IBM P-series machines and SAN with Raid 10 configuration. All the devices are provided with redundant critical components such as power supply, NIC etc. to ensure mitigate this risk.

The company also runs the risk of power failure at the data centre resulting in unavailability of IT infrastructure. As a mitigation measure, the data center's power supply is regulated through 2 UPS systems installed at 2 locations drawing power from 2 different input points. This eliminates the risk of power outage because of internal issues. In case of a complete service breakdown-at service provider's end, systems need to be shut down after a couple of hours.

Another common risk would be failure of air-conditioning, which could force an IT infrastructure shutdown. In order to insulate against this probability, temperature is maintained through a central air-conditioning system and a set of split air-conditioners. These independent systems are installed at different locations and draw power from different supply lines. However, in case of a supply break down at both service providers' end simultaneously, supply to both systems will be cut off, resulting in IT infrastructure shut down.

Apart from the above security measures for smooth functioning of IT services, as a part of regular security night-vision cameras have been installed across the work place which are integrated and monitored by dedicated resources. Fire alarms and fire extinguishers are installed across the work place. Main data center is further secured through a state of the art FM200 based automated fire security system. Centrally managed anti-virus software monitors all the work stations. This is deployed across all the work stations at all plants and offices. Intrusion detection and prevention system is implemented through a very advanced firewall. This is further strengthened through strong policies defined at router level. MPLS connectivity across our offices and plants also ensures very high security of data. State of the art web-filtering tools are deployed centrally to control internet usage. Mails (inbound and outbound) are filtered through anti-virus/anti-spam appliances. A well trained team monitors and manages the complete landscape on a 24x7 basis. Necessary preventive, detective and corrective measures are carried out frequently through well documented procedure.

### Operational Risks

The company's operations are vast and across different locations in different States. Quite naturally, there are operational risks faced by the company arising from execution of business functions. The company's operational risks include the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It also includes fraud risks, legal risks, physical or environmental risks. Some examples of these risks could be:

1. Damage to Physical Assets – natural disasters, terrorism, vandalism
2. Business Disruption & Systems Failures – utility disruptions, software failures, hardware failures;
3. Clients, Products, & Business Practice – market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning;
4. Employment Practices and Workplace Safety – discrimination, workers compensation, employee health and safety;
5. Execution, Delivery, & Process Management – data entry errors, accounting errors, failed mandatory reporting, negligent loss of assets.

Internal Fraud – misappropriation of assets, tax evasion, intentional mismarking of positions, bribery;

External Fraud – theft of information, hacking damage, third-party theft and forgery;

At Alok, Operational Risk Management is a continual cyclic process which includes risk assessment, risk decision making, and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. Each Plant has a Plant Risk Management Committee and the corporate office has a Corporate Risk Management Committee which meet every month and reports every quarter (and more frequently where necessitated) to the Risk Management Steering Committee comprising of key management personnel.

The company has appointed internal auditors for all plants who conduct concurrent audit and present findings on a periodic basis to the audit committee and the statutory auditors. Regular physical audits are conducted and all assets are marked as property of the company. There are standard processes laid down for movement of assets in and out of plants to prevent fraud. All assets are adequately insured for all risks under the Industry All Risk Policy including for machinery breakdown burglary, theft, dacoity etc.



### Human Capital Risk

The proper practice of Human Capital Risk Management can unleash hidden assets and productivity to help companies succeed. Companies that adopt Human Capital Risk as a key performance indicator to guide their businesses are better positioned to leverage their talent. This aids them in gaining a strategic competitive advantage, innovate faster, and survive macroeconomic challenges.

We can fairly surmise that the following four factors make a company successful; people, market, products, and financials. While all four are critical in ensuring the success of an enterprise over time, nothing can begin without people. People create and maintain the intellectual capital within organizations that drives innovation and shapes products. People manage the finances, cash flows, and forecasts. People generate interest and deliver the messaging to gain market acceptance. People make companies a reality and people make companies successful.

Human Capital Risk can be defined as the ability of the workforce to meet the objectives of the business. Conversely, the work required to be performed should balance with the skills of employees who are expected to perform the work. When the work and the necessary skills are out of sync, gaps arise in the organization.

At Alok, people management is accorded top priority. High performers are fast tracked for growth commensurate with their talent. Employees are encouraged to participate in seminars and workshops specifically selected to address their shortcomings. The performance management system is a democratic process where self-appraisal is also considered. Campus recruitments from leading institutions are made to ensure that the best talents are groomed and nurtured for bigger challenges ahead. Keeping in mind the unfortunate vacuum in technical talent in the industry, the company has partnered with a leading textile chemical company to form an institution, Advanced Academy for the Development of Textile Technologists (AADTT). The fast growing textile industry is in urgent need of competent professionals who have a sound technical base and can be developed into leaders of tomorrow. AADTT is a wonderful avenue for competent students graduating out of textile institutes to upgrade their skills and knowledge. Not only are the selected students paid a handsome stipend to sharpen their skill and knowledge base, their lodging and boarding needs are also taken care of.

### Internal Control and Adequacy

Alok has adequate internal control systems and processes commensurate with its size and operations. The internal control and audit function covers all the plants, divisions and corporate headquarters for safeguard of the Company's assets and for their protection against loss from unauthorised use or disposition. The system also ensures that transactions are reliably authorised, recorded accurately and reported quickly. It also take care that the company's assets are used effectively and wastages are minimised.

Alok has appointed Chartered Accountant firms to carry out concurrent internal audit at all its locations. The scope of its internal audit programme is laid down by the Audit Committee of the Board of Directors. The Audit Committee is briefed every quarter of the findings by the internal auditors, along with the remedial actions that have been recommended or have been taken by the management.

### Future Outlook

#### Expected Growth in Global textile Trade

Global trade in textiles and clothing increased to US\$ 602 bn in FY2010 from US\$ 355 bn. in FY2000. Trade is expected to grow to US\$ 1,000 bn in 2020 from US\$ 602 bn in 2010 at a CAGR of 5%.

- Textile production has shifted from western countries to China and India and these countries have become production hubs
- China is a leader in textile production with total industry size of USD 351 bn. (domestic USD 135 bn. And exports USD 216 bn.)
- China's export of textile and clothing has increased from USD 28.3 bn. (13.3% of World trade) in 1990 to USD 216 bn. (35.9% of world trade) in 2010. It took over almost entire share that EU lost during this period

However, with the transition of Chinese economy to the world's second biggest economy, few challenges have come up which would restrict its further growth of market share. China is now facing issues relating to rising labour cost, power availability, rising domestic consumption, currency appreciation etc. These developments in China are an opportunity for India to cash on and gain market share even in difficult market conditions. As one of India's leading textiles players, Alok's growth is expected to be in line with that of the Indian Industry.

#### Expected growth in Indian Textile Industry

India's USD 78 Billion total Textile and Apparel industry has the potential to grow @ 11% CAGR to reach USD 220 Billion by 2020. The growth is expected from both export as well as domestic markets. The respective growth drivers in exports and domestic markets are given below:

### Export Demand Drivers:

- Production Shift – Textile manufacturing continues to shift to low cost Asian countries
- De-Risking from China – Overseas buyers are now looking at India as an alternative to de-risk their sourcing requirements from China
- Advantage India – Availability of raw materials , especially cotton, integrated operations and design skills in India

### Domestic Demand Drivers:

Higher disposable income – Rising per capita income would lead to increase in consumption of Textiles at 11% CAGR

Increasing retail penetration – Textiles and clothing retail comprise 40% of organised retailing in India. Share of organised retailing to increase from about 5% currently to about 24% by FY 2020

Favourable demographic profile-The % of earning population (15-60 years) in the total population is rising and is around 60%.

### Strategy formulated by Alok Industries Limited

Backed by the large scale integrated operations resulting in economies of scale and stable margins, wide products basket and diversified customer base, Company is optimistic about its prospects in 2012-13. Alok is well positioned to take up both challenges and opportunities in the present textile scenario. In the coming years, the company would focus on implementing following strategy to grow and generate higher returns for all its stakeholders:

Optimising the operations – Having set up the large integrated plants, the company would work on sweating all its assets and reducing cost.

Reduction in debt /equity and exiting non – core businesses – Company, would bring back its investments made in real estate by monetising them. The proceeds of the same would be used to retire debt at consolidated and standalone level. Moreover, Company is also contemplating equity infusion, which would improve its debt/equity. It is also formulating strategies for its retail operations.

Improving the ROCE and Asset Turnover – With object of improving the overall ROCE of the company, it would be looking at increasing the asset turnover by concentrating on value added products on the cotton side and increasing the capacities on polyester side.

Free Cash Flow – The Company would be making all attempts to achieve free cash flow situation by reducing its working capital cycle and limiting its capital expenditure.

Setting up of research Development & Innovation – With the renewed thrust on innovation led growth, the Company would set up in next few years a state of the art Research Development & Innovation centre with the object of transforming the company in next few years into a specialised product company.

With focussed attention on: Core Operations, improvement in ROCE and Generation of Free Cash flow, we look forward to future with great optimism.

### Cautionary Statement

The management of Alok Industries Ltd. has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The management has based these forward looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially.



## Company's philosophy on Corporate Governance

Alok Industries Limited ('Alok Industries' or 'the Company') is committed to creating long term value for all its stakeholders – shareholders, employees, customers, associates, partners and the wider community. This commitment is driven by the Company's strong value system, which promotes the highest standards of integrity, professionalism and execution. The implementation of this vision is supported by commensurate processes and systems that define the governance structure of the Company.

The essence of the Corporate Governance practices across Alok Industries is the balance struck between independent decision making and effective business controls. This is achieved through the continuous promotion of high degree of transparency through comprehensive disclosures and a robust review mechanism. The entire system is governed by very effective Board. This enables management and operational independence and flexibility within an established framework of policies, standards and processes. Essentially, at Alok promotion of world class Corporate Governance practices is not only a statutory requirement but an important business enabler that helps to realize long term goals while optimizing stakeholder returns.

## Board of Directors

### Composition of the Board

As on March 31, 2012 the Company's Board comprises of 11 directors. The Board has four Executive Directors, of which the Executive Chairman, Managing Director and Joint Managing Director are also promoter Directors. In addition, the Board has seven non-executive Directors, consisting of four independent Directors who are nominees of various financial institutions and three independent Directors. The composition of the Board satisfies the conditions that SEBI has laid down in this regard.

### Number of Board Meetings

The Board of Directors met four times during 2011-12 on April 29, 2011, July 29, 2011, October 31, 2011 and February 14, 2012. The maximum gap between any two meetings was less than 4 months.

### Directors' attendance record and Directorship held

Table 1: Composition of the Board of Directors as on March 31, 2012

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee membership / Chairmanships in other Indian public companies		
		Number of Board Meetings		Last AGM	Other Directorships	Committee	
		Held	Attended			Memberships	Chairmanships
1. Mr. Ashok B. Jiwrajka (Executive Chairman)	Promoter, Executive	4	2	Yes	11	-	-
2. Mr. Dilip B. Jiwrajka (Managing Director)	Promoter, Executive	4	4	Yes	12	-	-
3. Mr. Surendra B. Jiwrajka (Joint Managing Director)	Promoter, Executive	4	4	Yes	12	-	-
4. Mr. Chandrakumar Bubna	Executive	4	3	Yes	-	-	-
5. Mr. Ashok G. Rajani	Independent	4	3	No	-	-	-
6. Mr. K. R. Modi	Independent	4	3	Yes	1	2	-
7. Mr. K. D. Hodavdekar (Nominee of IDBI Bank Limited) *	Independent	1	1	No	-	-	-
8. Mrs. Thankom T. Mathew (Nominee of Life Insurance Corporation of India.)	Independent	4	2	No	-	-	-
9. Mr. David Rasquinha (Nominee of Export Import Bank of India)	Independent	4	4	Yes	3	-	-

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee membership / Chairmanships in other Indian public companies		
		Number of Board Meetings		Last AGM	Other Directorships	Committee	
		Held	Attended			Memberships	Chairmanships
10. Mr. Timothy Ingram	Independent	4	2	Yes	-	-	-
11. Mr. M.V. Muthu (Nominee of IFCI Ltd)**	Independent	4	4	No	1	2	-
12. Ms. Maya Chakravorty (Nominee of IDBI Bank Limited)***	Independent	3	2	No	-	-	-

Note:

\* Nomination of Mr. K. D. Hodavdekar was withdrawn by IDBI Bank Limited w.e.f July 4, 2011.

\*\* Nomination of Mr. Rakesh Kapoor was withdrawn by IFCI Limited w.e.f. April 29, 2011 and in his place Mr. M.V. Muthu was appointed.

\*\*\* Nomination of Mr. Debasish Malick was withdrawn by IDBI Bank Limited w.e.f. June 23, 2011 and in his place Ms. Maya Chakravorty was appointed. Mr. Debasish Mallick could not attend the Board meeting held on April 29, 2011.

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees of public companies nor are they Chairman of more than five committees in which they are members.

#### Directors with material pecuniary or business relationship with the Company

As mandated by Clause 49, the Independent Directors on the Company's Board:

- Apart from receiving sitting fee, and commission, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or an executives during the preceding three years of the:
- Statutory audit firm or the internal audit firm that is associated with the company
- Legal firm(s) and consulting firm(s) that have a material association with the company
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares

Transactions with related parties are disclosed in Note 28 of 'Notes forming part of the Accounts' annexed to the financial statements of the year. There has been no materially relevant pecuniary transaction or relationship between Alok and its non-executive and/or independent Directors during the year 2011-12.

Note:

The Company had sales transactions aggregating to ₹ 2.14 crores (previous year ₹ 2.38 crores) and a subsidiary of the Company had purchase transaction aggregating to ₹ 0.83 crores (previous year ₹ 2.17 crores) with entities in which Mr. Ashok Rajani, director is a partner and director. The transactions were made in the ordinary course of business and at arm's length basis. The Board of Directors of the Company is of the view that the transactions made are not material enough to impinge upon the independence of independent director.

#### Information Supplied to the Board

The information supplied to the Board includes:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the company and operating divisions and business segments

- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non payment of dividend, delay in share transfer, etc.

The Board of Directors is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the Company to rectify instances of non-compliances.

### Code of Conduct

The Board of Alok Industries Ltd., at its meeting on October 28, 2005, has adopted and laid down a code of conduct for all Board members and Senior Management of the company. The code of conduct is available on the website of the company – [www.alokind.com](http://www.alokind.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same (the certification is enclosed at the end of this report).

### Committees of the Board

#### a) Audit Committee

As on March 31, 2012, Alok's Audit Committee consisted of Mr. David Rasquinha (Chairman of the Committee), Mr. Ashok G. Rajani, Mr. K. R. Modi, Mr. M.V. Muthu and Mr. Dilip B. Jiwrajka. All the members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on September 29, 2011.

The Committee met four times during the course of the year: on April 29, 2011, July 29, 2011, October 31, 2011 and February 14, 2012. Table 2 gives attendance record.

**Table 2: Attendance record of Company's Audit Committee**

Name of the Member	Position	Status	Audit Committee Meetings Held	Meetings Attended
Mr.K D Hodavadekar*	Ex – Chairman of the Committee	Independent Director	1	1
Mr. David Rasquinha **	Chairman of the Committee	Independent Director	3	3
Mr.Ashok Rajani	Member	Independent Director	4	3
Mr.K R Modi	Member	Independent Director	4	3
Mr.Dilip B. Jiwrajka	Member	Promoter, Executive Director	4	4
Mr. M.V. Muthu	Member	Independent Director	4	4



\* Mr. Rakesh Kapoor resigned on April 29, 2011 and in his place Mr. K.D Hodavdekar was appointed as the Chairman of the Committee. Mr David Rasquinha and Mr. M.V. Muthu were appointed as the Members of the Committee.

\*\* Mr. K.D Hodavdekar resigned on July 4, 2011 and in his place Mr. David Rasquinha was appointed as the Chairman of the Committee.

#### Notes:

The Chief Financial Officer (CFO) and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the secretary to the Committee.

The functions of the Audit Committee of the company include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Reviewing the company's risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditor
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business
- Details of material individual transactions with related parties which are not in the normal course of business
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same

#### b) Share Transfer and Investors' Grievances Committee

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends. The Committee comprises Mr. Ashok G. Rajani, who is the Chairman of the Committee, Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka and Mr. Ashok B. Jiwrajka.

The Committee met 8 times during the year. Table 3 gives the details of attendance

**Table 3: Attendance record of Shareholders'/Investors' Grievances Committee for 2011-12**

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. Ashok G. Rajani	Chairman of the Committee	Independent	8	8
Mr. Dilip B. Jiwrajka	Member	Promoter, Executive	8	8
Mr. Surendra B. Jiwrajka	Member	Promoter, Executive	8	8
Mr. Ashok B. Jiwrajka	Member	Promoter, Executive	8	8

#### Terms of Appointment of Whole – time Directors

Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka and Mr. Chandrakumar Bubna were appointed for a period of 5 years with effect from the date of respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions, the salient features of their appointments are as under:

Name of the Directors	Contract Period	Notice period for termination of contract	Fixed Salary	Commission
Mr. Ashok B. Jiwrajka	March 10, 2008 to March 9, 2013	Six calendar months notice, in writing to the Board of Directors of the Company	₹ 15,00,000/ – per month	Restricted to 1% of the net profit of the Company
Mr. Dilip B. Jiwrajka	March 10, 2008 to March 9, 2013	Six calendar months notice, in writing to the Board of Directors of the Company	₹ 15,00,000/ – per month	Restricted to 1% of the net profit of the Company
Mr. Surendra B. Jiwrajka	March 10, 2008 to March 9, 2013	Six calendar months notice, in writing to the Board of Directors of the Company	₹ 15,00,000/ – per month	Restricted to 1% of the net profit of the Company
Mr. Chandrakumar Bubna	May 1, 2009 to April 30, 2014	Six calendar months notice, in writing to the Board of Directors of the Company	₹ 15,00,000/ – per month	Restricted to 1% of the net profit of the Company

#### c) Remuneration Committee

Alok's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations of the Managing Director, Executive Directors and senior employees. This is done after reviewing their performance based on predetermined evaluation parameters and the Company's policy of rewarding achievements and performance. Remuneration Committee comprises of three Non-Executive Directors and one Executive Director viz .Mr. Timothy Ingram, Mr. Ashok G. Rajani, Mr. M.V. Muthu and Mr. Dilip B. Jiwrajka. The Chairman of the Committee is an Independent Director. The Committee met only one time i.e on April 20, 2011 during the financial year 2011 – 2012.

The Committee has been constituted to administer Alok ESOS 2010. Table 3A gives attendance of each member at the Committee meeting held during the year.

**Table 3A: Attendance record of Remuneration Committee for 2011-12**

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. K. D. Hodavdekar***	Ex – Chairman of the Committee	Independent	1	1
Mr. Timothy Ingram*	Chairman of the Committee	Independent	-	-
Mr. Rakesh Kapoor**	Member	Independent	1	1
Mr. Ashok G. Rajani	Member	Independent	1	1
Mr. M.V. Muthu **	Member	Independent	-	-
Mr. Dilip B. Jiwrajka	Member	Promoter, Executive	1	1

\* Mr. Timothy Ingram was appointed as the new Chairman of the Committee w.e.f April 29, 2011.

\*\* Nomination of Mr. Rakesh Kapoor was withdrawn by IFCI Limited w.e.f April 29, 2011 and in his place Mr. M.V. Muthu was appointed

\*\*\* Nomination of Mr. K.D Hodavdekar was withdrawn by IDBI Bank Limited w.e.f July 4, 2011

On April 20, 2011 the Committee granted 1,280,000 options at an exercise price of ₹ 18.90 and 9,511,500 options at an exercise price of ₹ 21.42. 18,000 options from Grant 1 and 185,550 options from Grant 2 were surrendered due to separations during the year. Options were granted on April 20, 2011 and vest over a period of 2 years, 50% at end of one year from date of grant and balance at the end of 2nd year from the

## REPORT ON CORPORATE GOVERNANCE

date of Grant. Each option represents a right but not obligation to apply for 1 fully paid equity share of ₹ 10/ – Disclosure as required by SEBI guidelines on ESOS is annexed to the Directors' report.

### Remuneration paid to Directors

Payment of remuneration to the Executive Chairman, Managing Director, Joint Managing Director and Executive Director is governed by the respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions. The remuneration structure comprises Salary, Commission linked to profits, perquisites and allowances and retirement benefits (superannuation and gratuity). The details of such remuneration have been disclosed in Table 4. Commission to non-executive Directors are also detailed in Table 4.

**Table 4: Details of remuneration paid to Directors for 2011-12**

Name of the Director	Sitting Fees <sup>2</sup>	Salary and Perquisites	Provident & Superannuation Funds	Commission <sup>3</sup>	Total
	In ₹				
Mr. Ashok B. Jiwrajka	-	18,000,000	-	12,500,000	30,500,000
Mr. Dilip B. Jiwrajka	-	18,000,000	-	12,500,000	30,500,000
Mr. Surendra B. Jiwrajka	-	18,000,000	-	12,500,000	30,500,000
Mr. Chandrakumar Bubna	-	18,000,000	-	12,500,000	30,500,000
Mr. Ashok G. Rajani	60,000	-	-	-	60,000
Mr. K. R. Modi	60,000	-	-	-	60,000
Mr. K. D. Hodavdekar (Nominee of IDBI Bank Limited) <sup>4</sup>	20,000	-	-	-	20,000
Mrs. Thankom T. Mathew (Nominee of Life Insurance Corporation of India) <sup>4</sup>	40,000	-	-	-	40,000
Mr. David Rasquinha (Nominee of Export Import Bank of India) <sup>4</sup>	80,000	-	-	-	80,000
Mr. Timothy Ingram	40,000	-	-	-	40,000
Mr. M.V.Muthu (Nominee of IFCI Limited) <sup>4</sup>	80,000	-	-	-	80,000
Ms. Maya Chakravorty (Nominee of IDBI Bank Limited) <sup>4</sup>	40,000	-	-	-	40,000

Notes:

1. None of the Directors are related to each other, except Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, who are brothers.
2. Sitting fees to non-executive directors include payment for Board-level committee meetings.
3. Commission payable to the executive directors, is linked to the net profit of the Company and therefore considered as performance linked incentive.
4. Sitting fees of nominee Director Mr. M.V. Muthu is paid in his name. In the case of the other nominee Directors, the sitting fees are paid to the financial institution they represent.

### d) Executive Committee

The Board of Directors have delegated the authority to supervise and monitor the day-to-day activities of the company to an Executive Committee. The committee comprises of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka. This Committee met 93 times during the year 2011-12. The details of business transacted by the Committee are placed before the Board of Directors at the next meeting and are ratified by the Board after due discussion.

### e) Rights Issue Committee

The Board of Directors have constituted Rights Issue Committee on October 27, 2008 for finalization of the terms and all other consequential conditions pertaining to the Rights Issue. The committee comprises

Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka, Mr. K. R. Modi, and Mr. Timothy Ingram. There were no meetings held during the year.

### **Subsidiary Companies**

Clause 49 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company does not have a ‘material non-listed Indian subsidiary’

### **Shares and convertible instruments held by the non-executive Directors**

As on March 31, 2012, Mr. Ashok G. Rajani, independent Director holds 5,000 equity shares of the Company, Mr. K. R. Modi, independent Director holds 4,612 equity shares of the Company, Mr. David Rasquinha, nominee Director (EXIM Bank) holds 3,500 equity shares of the Company and Ms. Maya Chakravorty nominee Director (IDBI Bank) holds 50 equity shares of the Company. No other non-executive Director holds any equity shares in Alok Industries Limited.

As on March 31, 2012, none of the non-executive directors held any convertible instruments of the Company.

### **Management**

#### **Management Discussion and Analysis**

The Management Discussion and Analysis is given separately and forms part of this Annual Report.

#### **Disclosures by Management to the Board**

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

#### **Disclosure of accounting treatment in preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards and the provisions of the Companies Act, 1956.

#### **Details of non-compliance by the company**

“The Company” has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

#### **Code for prevention of insider-trading practices**

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its Directors, management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during ‘Trading Window Open Period’. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer.

#### **CEO/ CFO certification**

The CEO and CFO certification of the financial statements for the year is provided in the MD & CFO certification section of the Annual Report.

### **Shareholders**

#### **Reappointment/Appointment of Directors**

As per the requirements of Section 256 of the Companies Act, 1956 two-third of the Board shall consist of retiring directors out of which one third shall retire at every annual general meeting. Accordingly, Mr. Ashok B. Jiwrajka and Mr. Dilip B. Jiwrajka shall retire and shall seek re-appointment in the ensuing Annual General Meeting of the Company.



### Details of directors seeking re-appointment.

<p>Mr. Ashok B. Jiwrajka, 61 years, He is the Executive Chairman of the Company. He completed his schooling and college from Mumbai. Immediately after his graduation, he joined the family partnership firm and incorporated our Company in 1986. Mr. Jiwrajka has over three decades of experience in textiles. His functions as the Executive Chairman include envisioning our Company's strategic initiatives and overseeing the home textiles business.</p>	
Other Directorships	<ol style="list-style-type: none"> <li>1. Alok Knit Exports Limited</li> <li>2. Alspun Infrastructure Limited</li> <li>3. Alok Infrastructure Limited</li> <li>4. Alok Apparels Private Limited</li> <li>5. Alok Realtors Private Limited</li> <li>6. Alok Land Holdings Private Limited</li> <li>7. Alok H&amp;A Limited</li> <li>8. Alok Denims (India) Limited</li> <li>9. Kesham Developers &amp; Infotech Private Limited</li> <li>10. Springdale Information &amp; Technologies Private Limited</li> <li>11. Alok Retail ( India) Limited</li> <li>12. Alok Industries International Ltd.</li> <li>13. Grabal Alok International Ltd.</li> <li>14. Grabal Alok UK Limited</li> <li>15. Alok Singapore Pte. Ltd.</li> <li>16. Alok International (Middle East) FZE</li> </ol>
Other Committee Memberships	NIL
Number of shares held in the Company	20,270,684

<p>Mr. Dilip B. Jiwrajka, 55 years He is the Managing Director of our Company. He completed his schooling and college from Mumbai. Subsequently, he completed his post-graduation in business entrepreneurship and management. He began his career as a management trainee and thereafter he started the business of trading in textiles as sole selling agent for Bombay Dyeing for the Readymade Garment Sector. Starting with a partnership firm, he incorporated Alok Industries Limited in 1986. His functions as the Managing Director include envisioning our Company's growth strategy, responsibility for the apparel fabric and garment divisions and overseeing the finance, administration and overall working of our Company and its group companies.</p>	
Other Directorships	<ol style="list-style-type: none"> <li>1. Alok Knit Exports Limited</li> <li>2. Alspun Infrastructure Limited</li> <li>3. Alok Infrastructure Limited</li> <li>4. Alok Apparels Private Limited</li> <li>5. Alok Realtors Private Limited</li> <li>6. Alok Land Holdings Private Limited</li> <li>7. Alok H&amp;A Limited</li> <li>8. Alok Denims (India) Limited</li> <li>9. Kesham Developers &amp; Infotech Private Limited</li> <li>10. Springdale Information &amp; Technologies Private Limited</li> <li>11. Alok Retail ( India) Limited</li> <li>12. Aurangabad Textiles &amp; Apparel Parks Limited</li> <li>13. Alok Industries International Ltd.</li> <li>14. Grabal Alok International Ltd.</li> <li>15. Grabal Alok UK Limited</li> <li>16. Alok Singapore Pte. Ltd.</li> <li>17. Alok International (Middle East) FZE</li> <li>18. Triumphant Victory Holdings Limited</li> </ol>
Other Committee Memberships	NIL
Number of shares held in the Company	20,507,053

### Means of Communication with Shareholders

Alok Industries Ltd. puts forth key information about the Company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website [www.alokind.com](http://www.alokind.com) regularly for the benefit of the public at large. During the year, the quarterly results of the company's performance have been published in leading newspapers such as 'Business Standard', 'The Economic Times' in English, all Mumbai editions and in 'Western Times', Gandhinagar edition and are also posted on its website. The audited financial results for the year ended March 31, 2012 were published in Business Standard, Mumbai and Western Times, Gandhinagar Edition. Hence, they are not separately sent to the shareholders. The Company, however, furnishes the quarterly results on receipt of a request from any shareholder.

### Investor Grievance and Shareholder Redressal

The Company has appointed a Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, which is fully equipped to carry out share transfer activities and redress investor complaints. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer for redressal of all shareholders' grievances.

### General Body Meetings

The date, time and venue of the last three Annual General Meetings are given below in Table 5.

**Table 5: Details of last 3 Annual General Meetings**

Financial year	Date	Time	Venue	Resolutions passed
2008-09	September 25, 2009	11.00 A.M.	Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk Prabhadevi, Mumbai 400025	1. Re-appointment of a Whole Time Director of the Company.
2009-10	September 17, 2010	12.00 noon	17/5/1 & 521/1, Village Rakholi / Saily, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli.	1. Authorising the Board to borrow money in excess of paid-up capital and free reserves of the Company. 2. Authorising the Board of Directors to create charge/ mortgage on the assets of the Company. 3. Increase of remuneration of a relative of Whole time Director of the Company.
2010-11	September 29, 2011	12.00 noon	17/5/1 & 521/1, Village Rakholi / Saily, Silvassa – 396230, Union Territory of Dadra and Nagar Haveli.	1. Authorising the Board to borrow money in excess of paid-up capital and free reserves of the Company. 2. Authorising the Board of Directors to create charge/ mortgage on the assets of the Company.

The resolutions mentioned in table 5 were taken up in the last three AGMs, and were passed with requisite majority.

A Court convened meeting of the Equity Shareholders of the Company was held on November 19, 2011 for approving amalgamation of M/s. Grabal Alok Impex Limited with your Company.

No special resolutions passed at the above Annual General Meetings were required to be put through postal ballot. No resolution is proposed to be passed at the forthcoming Annual General Meeting through postal ballot.

### POSTAL BALLOTS

No Postal Ballot was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of the Shareholders of the Company during the year 2011-2012.

### Compliance

Mandatory requirements

The company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

### Non Mandatory Compliance

The details of compliance of the non-mandatory requirements are listed below.

**NON EXECUTIVE CHAIRMAN'S OFFICE:** The Chairman of the Company is the Executive Chairman; hence, this provision is not applicable.

**REMUNERATION COMMITTEE:** Details of the composition and function of the Remuneration Committee are given in the section 'Committees of the Board'.

**SHAREHOLDER RIGHTS – FURNISHING OF QUARTERLY RESULTS:** Details of the shareholders' rights in this regard are given in the section 'Communication to Shareholders'.

**AUDIT QUALIFICATIONS:** During the current financial year, there are no audit qualifications in the financial statements. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements

**WHISTLE-BLOWER POLICY:** Alok encourages an open door policy, where employees have access to the Head of Business / Head of Function. In terms of the Company's Code of Conduct, any instance of non-adherence to the Code or any observed unethical behaviour is to be brought to the attention of the immediate reporting authority; the immediate reporting authority has to bring it to the notice of the Code of Conduct's Compliance Officer Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary is the Compliance Officer for Alok's Code of Conduct. No personnel have been denied access to the Audit Committee

**TRAINING OF BOARD MEMBERS –** The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with changes in global economy and legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment.

**MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS –** The Company has not yet adopted a policy for evaluation of Non-Executive Board Members. Sitting Fees is paid to the Non-Executive Directors currently based on attendance.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:** The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this report.



## Additional Shareholder Information

### Annual General Meeting

Date: **August 14, 2012**

Time: 12.00 noon

Venue: **17/5/1, 521/1, Rakholi / Saily, Silvassa - 396230, Union Territory of Dadra & Nagar Haveli.**

### Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2012, results were announced for:

First quarter : Provisional	July 29, 2011
Second quarter: Provisional	October 31, 2011
Third quarter: Reviewed	February 14, 2012
Fourth quarter and annual: Audited	May 18, 2012

For the year ending March 31, 2013, results will be announced by:

First quarter : Reviewed	on or before July 2012
Second quarter: Reviewed	on or before October 2012
Third quarter: Reviewed	on or before January 2013
Fourth quarter and annual: Audited	On or before May 2013

### Book Closure

The books will be closed from Tuesday August 7, 2012 to Tuesday August 14, 2012 (both days inclusive) as annual closure for the Annual General Meeting.

### Dividend Payment

Dividend of Re. 0.30 per equity share will be paid on or after August 14, 2012 (within the statutory time limit of 30 days), subject to approval by the shareholders at the ensuing Annual General Meeting.

### Listing

At present, the equity shares of the company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The annual listing fees as prescribed have been paid to BSE and NSE upto March 31, 2013.

Table 1: Company's Stock Exchange codes

Name of the Stock Exchange	Stock Code
National Stock Exchange of India Limited	ALOKTEXTEQ
BSE Limited	521070
ISIN No.	INE270A01011

### Non-Convertible Debentures (NCDs)

Sr. No.	Particulars	No. of NCDs	Amount (In Crore)	Stock Code (BSE)	ISIN NO.
1	2000 – 11.50% Secured Redeemable NCDs of ₹ 10,00,000/ – each aggregating to ₹ 200 crores issued and allotted on June 29, 2010 on private placement basis.	700	70.00	ALOK290610A	INE270A07463
		700	70.00	ALOK290610B	INE270A07471
		250	25.00	ALOK290610C	INE270A07489
		179	17.90	ALOK290610C	INE270A07489
		71	7.10	ALOK290610C	INE270A07489
		50	5.00	ALOK290610C	INE270A07489
		40	4.00	ALOK290610C	INE270A07489
		5	0.50	ALOK290610C	INE270A07489
		5	0.50	ALOK290610C	INE270A07489

## SHAREHOLDER'S INFORMATION

Sr. No.	Particulars	No. of NCDs	Amount (In Crore)	Stock Code (BSE)	ISIN NO.
2	1000 – 10.75% Secured NCDs of ₹ 10,00,000/- each aggregating to ₹ 100 Crores issued and allotted on October 20, 2010 on private placement basis.	334	33.40	ALOK201010A	INE270A07497
		333	33.30	ALOK201010B	INE270A07505
		333	33.30	ALOK201010C	INE270A07513
3.	2000 – 12.50% Secured NCDs of ₹ 10,00,000/- each aggregating to ₹ 200 crores issued and allotted on March 04, 2011 on private placement basis.	370	37.00	ALOK4311A	INE270A07521
		300	30.00	ALOK4311A	INE270A07521
		370	37.00	ALOK4311B	INE270A07539
		300	30.00	ALOK4311B	INE270A07539
		360	36.00	ALOK4311C	INE270A07547
		300	30.00	ALOK4311C	INE270A07547
4.	3000 – 12.00% Secured Redeemable NCDs of ₹ 10,00,000/- each aggregating to ₹ 300 crores issued and allotted on February 01, 2012 on private placement basis.	375	37.50	ALOK010212A	INE270A07554
		375	37.50	ALOK010212B	INE270A07562
		375	37.50	ALOK040212C	INE270A07570
		375	37.50	ALOK010212D	INE270A07588
		375	37.50	ALOK010212E	INE270A07596
		375	37.50	ALOK010212F	INE270A07604
		375	37.50	ALOK010212G	INE270A07612
		375	37.50	ALOK010212H	INE270A07620
	<b>TOTAL</b>	<b>8000</b>	<b>800.00</b>		

### Stock Market Data

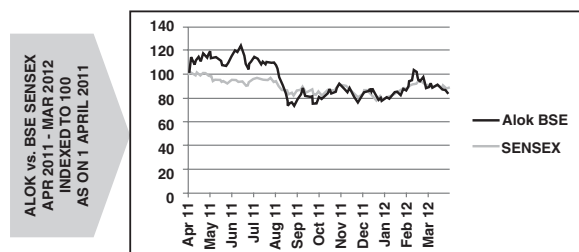
Monthly High and Low and the performance of Alok's share price vis-à-vis BSE Sensex and NSE Nifty is given in Table 2 and Chart A and B respectively.

**Table 2: High, lows and volumes of company's shares for 2011-12 at BSE and NSE**

Month	BSE (In ₹ per share)			NSE (In ₹ Per share)		
	High	Low	Volume	High	Low	Volume
Apr-11	28.00	22.00	10,04,63,708	27.90	21.80	35,73,99,553
May-11	27.80	23.75	5,13,10,448	27.80	23.75	20,61,22,818
Jun-11	28.50	22.85	5,12,81,533	28.50	22.80	22,14,78,769
Jul-11	26.30	24.10	2,10,37,094	28.70	24.05	7,13,63,385
Aug-11	25.70	15.60	4,39,42,129	25.70	15.60	16,18,19,314
Sep-11	20.90	16.40	4,02,98,839	20.55	16.40	16,02,63,475
Oct-11	21.50	17.50	2,04,64,915	21.30	16.00	8,94,88,070
Nov-11	21.30	16.05	2,25,12,027	21.30	15.70	11,00,44,021
Dec-11	20.50	17.25	1,89,02,357	21.05	17.25	12,08,36,570
Jan-12	20.55	17.50	2,81,32,043	20.55	17.50	9,64,39,765
Feb-12	23.90	19.55	4,73,96,111	23.85	19.80	20,19,01,810
Mar-12	21.90	18.55	3,31,24,781	21.90	18.00	14,91,33,606

**Chart A: Alok Industries's Share Performance versus BSE Sensex**

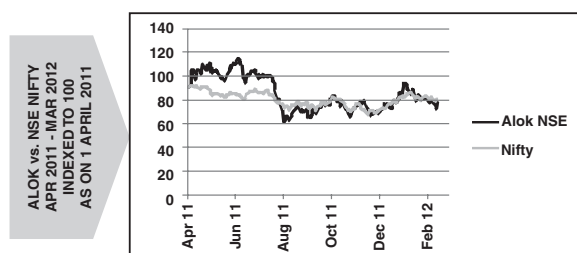
### SHARE PERFORMANCE VIS-À-VIS STOCK MARKET INDICES





Note: Share price of Alok Industries and BSE Sensex have been indexed to 100 on April 1, 2011

**Chart B: Alok Industries's Share Performance versus NSE NIFTY**



Note: Share price of Alok Industries and NSE Nifty have been indexed to 100 on April 1, 2011

## Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the company by size and by ownership class as on March 31, 2012.

**Table 3: Shareholding pattern**

Shareholding Class	No of shares held	% of total shares held	No of shareholders	% of total shareholders
Upto 500	29,062,335	3.52	141,458	71.80
501 to 1,000	23,919,710	2.89	27,833	14.13
1,001 to 2,000	21,794,658	2.64	13,678	6.95
2,001 to 3,000	11,966,075	1.45	4,558	2.31
3,001 to 4,000	8,250,684	1.00	2,270	1.15
4,001 to 5,000	9,827,359	1.19	2,041	1.04
5,001 to 10,000	21,533,271	2.60	2,821	1.43
10,001 and above	699,915,265	84.71	2,353	1.19
<b>Total</b>	<b>826,269,357</b>	<b>100.00</b>	<b>197,012</b>	<b>100.00</b>

**Table 4: Shareholding Pattern by ownership as on March 31, 2012**

CATEGORY	AS ON MARCH 31, 2012	
	Total No. of Shares	Percentage (%)
<b>A. Promoter's Holding</b>		
Promoters		
Indian Promoters	262,616,518	31.78
Foreign Promoters	0	0.00
Persons acting in Concert	0	0.00
<b>TOTAL (A)</b>	<b>262,616,518</b>	<b>31.78</b>
<b>B. Non Promoter's Holding</b>		
1. Institutional Investors		
a. Mutual Funds and UTI	2,425,200	0.29
b. Banks, Financial Institutions, Insurance Companies/ Central Governments/State Governments	90,894,805	11.00
c. FIIs	125,288,651	15.17
<b>TOTAL (B1)</b>	<b>218,608,656</b>	<b>26.46</b>
2. Others		
• Private Corporate Bodies	62,503,204	7.57
• Indian Public	199,578,655	24.15
• NRIs/OCBs	6,253,969	0.76
• Foreign Companies/HUF	62,419,038	7.55
• Clearing Members/Market Maker	14,281,867	1.73
• Trusts	7,450	0.00
<b>TOTAL (B2)</b>	<b>345,044,183</b>	<b>41.76</b>
<b>TOTAL B (B1 + B2)</b>	<b>563,652,839</b>	<b>68.22</b>
<b>GRAND TOTAL (A+B)</b>	<b>826,269,357</b>	<b>100.00</b>

## SHAREHOLDER'S INFORMATION

### Registrar and Transfer Agent

The Company has appointed LINK INTIME INDIA PRIVATE LIMITED as its Registrar and Share Transfer Agent, to whom all shareholders communications regarding change of address, transfer of shares, change of mandate etc. should be addressed. The address of the Registrar and Share Transfer Agents is as under: –

Name and Address of R & T Agent or address of the share dept, as the case may be	LINK INTIME INDIA PRIVATE LIMITED, C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West), Mumbai 400078
Tel no.	+91 22 25963838
Fax no.	+91 22 25946969

### Share Transfer System

The shares of the company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects.

### De-materilisation of Shares

As on March 31 2012, over 95.28% shares of the company were held in de-materialised form.

There are no legal proceedings against Alok on any share transfer matter. Table 5 gives details about the nature of complaints and their status as on March 31, 2012.

**Table 5: Complaints Received and Addressed during 2011-12**

Particulars	Complaints				
	Non-Receipt of Certificates	Non-receipt of dividend/Interest/ Redemption of warrant	Non Receipt of Annual Report	Others	Total
Received during the year	05	70	07	14	96
Attended during the year	05	70	07	14	96
<b>Pending as on 31 March 2012</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### Outstanding GDRs/ADRs/Warrants

The Company has not issued GDRs/ ADRs/Warrants as of March 31, 2012.

### Details of Public Funding Obtained in the last three years

#### 2009-10

On May 5, 2009, the Company issued and allotted 244,719,930 Equity Shares of ₹ 10.00 each at a premium of Re. 1.00 per share to the existing shareholders of the Company on rights basis and also issued and allotted 164,003,131 partly paid up equity shares (paid upto the extent of ₹ 6.00 per share i.e. Face Value ₹ 5.00 and Premium – Re.1.00) to the existing equity shareholders of the company on rights basis in the ratio of 83 rights equity shares for every 40 equity shares held on the Record Date i.e. March 25, 2009. After the issue, the total paid-up equity capital of the Company became 605,698,030 Equity Shares of ₹ 10.00 each.

On March 30, 2010, the Company issued and allotted 182,100,248 Equity Shares of ₹ 10.00 each at a premium of ₹ 13.32 per share to Qualified Institutional Buyers in terms of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. After the issue, the total paid-up equity capital of the Company became 787,798,278 Equity Shares of ₹ 10.00 each.

#### 2010-11

NIL

#### 2011-12

On March 10, 2012, the Company has issued and allotted 16,000,000 Equity Shares of ₹ 10.00 each at a premium of ₹ 41.00 per share to M/s. Jiwarajka Investments Private Limited, a Promoter Group Company, against the conversion of warrants held by them. The said warrants were originally issued to Arum Investments Private Limited by M/s. Grabal Alok Impex Limited and the same were subsequently purchased by M/s. Jiwarajka Investments Private Limited

NOTE : On March 15, 2012, pursuant to the amalgamation of Grabal Alok Impex Limited with Alok Industries Limited as per the Scheme of Amalgamation sanctioned by the Hon'ble High Court, Bombay, India on 3 February 2012 the Company has issued and allotted 22,485,000 Equity shares to the shareholders of Grabal Alok Impex Limited whose name appeared in the register of members of Grabal Alok Impex Limited (in the ratio of 1:1), as per the details received from NSDL/CDSL. Consequent on the amalgamation, the Company's equity share capital as on March 31, 2012 stands at ₹ 826.27 crore divided into 826,269,357 fully paid equity shares of ₹ 10/- each. There was no inflow received by the Company on account of amalgamation .

Table 6 gives the details.

**Table 6: Details of public funding obtained during the last three years and its implication on paid up Equity Share Capital**

Financial Year	Amt. Raised through Public Funding	Effect on Paid up equity Share Capital
2009-10	i. 408,723,061 Equity Shares of ₹ 10.00 each at a premium of Re. 1.00 per share to the existing shareholders of the Company on Rights basis. ii. 182,100,248 Equity Shares of ₹ 10.00 each at a premium of ₹ 13.32 per share to Qualified Institutional Buyers (QIBs).	After the Rights issue of equity shares and Qualified Institutional Placement Issue, the total paid-up equity capital of the Company became 787,798,278 Equity Shares of ₹ 10.00 each
2010-2011	NIL	13,921 partly paid equity shares were forfeited and total paid-up equity capital of the Company became 787,784,357 Equity Shares of ₹ 10.00 each
2011-2012	16,000,000 Equity Shares of ₹ 10.00 each, at a premium of ₹ 41.00 per share to Jiwrajka Investments Private Limited 22,485,000 Equity shares of ₹ 10.00 each, to the shareholders of Grabal Alok Impex Limited pursuant to amalgamation of Grabal Alok Impex Limited with the Company. (*)	After the conversion of Warrants into equity shares, the total paid-up capital of the Company increased from 787,784,357 Equity Shares of ₹ 10.00 each to 803,784,357 Equity Shares of ₹ 10.00 each After the amalgamation Company's equity share capital as on March 31, 2012 stands at ₹ 803,784,357 Equity Shares of ₹ 10.00 each to 826,269,357 paid equity shares of ₹ 10/- each.

(\*) There was no inflow received by the Company due to allotment of these shares as the shares were issued and allotted pursuant to the scheme of amalgamation approved by the Hon'ble High Court, Bombay, India on February 3, 2012.

As on March 31, 2012, 73.31% of the promoters' holding have been pledged with FIIs, MFs and other lenders as part of loan conditions. This represents a sum total of 19,25,28,869 equity shares (23.30 % of the total equity of the Company).

#### Plant Locations

<b>Spinning</b>	<ul style="list-style-type: none"> <li>412 (15) Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Weaving</b>	<ul style="list-style-type: none"> <li>Babla Compound, Kalyan Road, Dist. Bhiwandi, Thane</li> <li>17/5/1 and 521/1, Rakholi / Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>209/1 and 209/4, Silvassa, Village Dadra, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Knitting</b>	<ul style="list-style-type: none"> <li>412 (15) Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Processing</b>	<ul style="list-style-type: none"> <li>C-16/2, Village Pawane, TTC Industrial Area, MIDC, Navi Mumbai, Dist. Thane</li> <li>261/ 268, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> <li>254, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> </ul>
<b>Garments</b>	<ul style="list-style-type: none"> <li>374/2/2, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>17/5/1, Rakholi, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>273/1/1, Hingraj Industrial Estate, Atiawad, Daman, Union Territory</li> <li>50/P2, 52/P1, Morai, Taluka Pardi, Dist. Valsad, Gujarat</li> </ul>

## SHAREHOLDER'S INFORMATION

<b>Made ups</b>	<ul style="list-style-type: none"> <li>374/2/2, Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> <li>149/150, Village Morai, Taluka Pardi, Dist. Valsad, Gujarat</li> </ul>
<b>POY/ Texturising</b>	<ul style="list-style-type: none"> <li>17/5/1, 521/1, Rakholi / Saily and 409/1 Saily Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Hemming</b>	<ul style="list-style-type: none"> <li>103/2, Rakholi, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Continuous Polymerization Plant</b>	<ul style="list-style-type: none"> <li>17/5/1 and 521/1, Rakholi / Saily, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>
<b>Terry Towel Unit</b>	<ul style="list-style-type: none"> <li>263/P1/P1 and 251/2/P1, Village Balitha, Taluka Pardi, Dist. Valsad, Gujarat</li> </ul>
<b>Packing Unit</b>	<ul style="list-style-type: none"> <li>87/1/1 and 97/1, Village Falandi, Silvassa, Union Territory of Dadra &amp; Nagar Haveli</li> </ul>

### Investor Correspondence Address

For shares held in physical form	For shares held in dematerialised form	
<b>Link Intime India Private Limited</b> C-13, Pannalal Silk Mills Compound L.B.S. Marg Bhandup (West), Mumbai 400078 Tel: +91-22-2596 3838 Fax: +91-22-2594 6969 E-mail: <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>	<b>National Securities Depository Limited</b> Trade World, 4 <sup>th</sup> Floor Kamala Mills Compound Senapati Bapat Marg Lower Parel Mumbai 400013 Tel.: +91-22-2499 4200 Fax: +91-22-2497 2993 E-mail: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a> Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	<b>Central Depository Services (India) Limited</b> Phiroze Jeejeebhoy Towers 17 <sup>th</sup> Floor, Dalal Street Mumbai 400 023 Tel.: +91-22-2272 3333 Fax: +91-22-2272 3199 E-mail: <a href="mailto:investor@cdslindia.com">investor@cdslindia.com</a> Website: <a href="http://www.cdslindia.com">www.cdslindia.com</a>

### COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

#### K.H. Gopal

President (Corporate Affairs) & Company Secretary

Alok Industries Limited

Peninsula Towers 'A', Peninsula Corporate Park

G.K. Marg, Lower Parel

Mumbai 400013

E-mail: [gopal@alokind.com](mailto:gopal@alokind.com)

Website: [www.alokind.com](http://www.alokind.com)

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Notes to the Notice details the due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF. Investors are requested to claim their unclaimed dividends before these due dates. Pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules, 2001, a sum of ₹ 347,134.00, being the unclaimed dividend for the year 2003-04, has been credited to the IEPF.



To,

The Members

**ALOK INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Alok Industries Limited, for the year ended 31<sup>st</sup> March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied in all respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**

Chartered Accountants

[Firm Registration No. 117366W]

**For Gandhi & Parekh**

Chartered Accountants

[Firm Registration No.120318W]

**R D. Kamat**

**Partner**

Membership No.36822

**Devang B. Parekh**

**Partner**

Membership No.105789

Place: Mumbai

Date: May 18, 2012

Place: Mumbai

Date: May 18, 2012





To,

The Board of Directors,

**ALOK INDUSTRIES LIMITED**

I have examined the registers, records, books and papers of ALOK INDUSTRIES LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31 March 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and as per the Auditors Report submitted by the company, I am of opinion that in respect of the aforesaid financial year.

1. The Company has kept and maintained all the registers as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded, subject to reconciliation with the Books of Accounts.
2. The Company has duly filed the forms and returns with the authorities prescribed under the Act and rules made there under.
3. The Board of Directors duly met four times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
4. The Annual General Meeting for the financial year ended on 31 March, 2011 was held on 29<sup>th</sup> September, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. The Company has paid/posted warrants for dividends to all the members within a period of 30 days from the date of declaration of dividend.
6. The Company has appointed LINK INTIME INDIA PRIVATE LIMITED, as Share Transfer Agent who has duly informed me that the Company has delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
7. The Board of Directors of the company is duly constituted. There were two appointment of Nominee Directors as well as three resignation of Nominee Directors during the financial year.
8. During the financial year the following allotment took place:
  - a. Allotment of 2,24,85,000 equity shares of ₹ 10 each pursuant to the scheme of amalgamation of Grabal Alok Impex Limited with the company.
  - b. Allotment of 1,60,00,000 equity shares on conversion of warrants of ₹ 10 each at a premium of ₹ 41 per share .
9. During the financial year Grabal Alok Impex Limited was amalgamated with the Company vide scheme of amalgamation sanctioned by the Bombay High Court on 3<sup>rd</sup> February, 2012 and became effective from 1<sup>st</sup> March, 2012.
10. The Company has altered the clause V of the Memorandum of Association and clause III of Articles of Association due to the amalgamation of Grabal Alok Impex Limited with the Company with effect from 1<sup>st</sup> March 2012.
11. The Company had constituted the Audit Committee required as per Section 292A of the Act.
12. The Company has appointed Cost Auditors under Section 233B of the Act.

**Virendra Bhatt**  
Practising Company Secretary  
ACS 1157/CP 124

Place: Mumbai

Date: May 18, 2012.



We, Dilip B. Jiwrajka, Managing Director and Sunil O. Khandelwal, Chief Financial Officer of Alok Industries Limited, to the best of our knowledge and belief, certify that –

- a. We have reviewed financial statements and cash flow statements for the year ended 31 March 2012 and that to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee –
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- e. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matter involving alleged misconduct).

Place: Mumbai .  
Date : May 18, 2012

**Dilip B. Jiwrajka**  
Managing Director

**Sunil O. Khandelwal**  
Chief Financial Officer

## DECLARATION

### DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 I (D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with the Clause 49 sub-clause of the listing Agreement with the Stock Exchanges, I further confirm that all the directors and senior management personnel of the Company have affirmed compliance to their respect Code of conduct, as applicable to them for the year ended 31 March 2012.

Place : Mumbai  
Date : May 18, 2012

**Dilip B. Jiwrajka**  
Managing Director



### TO THE MEMBERS OF

### ALOK INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **ALOK INDUSTRIES LIMITED** ("the Company") as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and;
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
[Firm Registration No : 117366W]

**R. D. Kamat**  
Partner  
Membership No 36822

**Mumbai, May 18, 2012**

For **Gandhi & Parekh**  
Chartered Accountants  
[Firm Registration No : 120318W]

**Devang B. Parekh**  
Partner  
Membership No 105789

**Mumbai, May 18, 2012**



Re: Alok Industries Limited

### Referred to in paragraph 3 of our report of even date

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanations given to us, physical verification of major portion of fixed assets as at 31<sup>st</sup> March, 2012 was conducted by the management during the year, which is reasonable having regard to the size of the company and nature of its business and no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- (ii) In respect of inventories:
  - (a) As explained to us, inventories (except stocks lying with third parties and in-transit, confirmation / subsequent receipt have been obtained in respect of such inventory) have been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

During the year, the Company has granted and taken loans to/from Grabal Alok Impex Ltd. Grabal Alok Impex Ltd was amalgamated with the Company vide scheme of amalgamation sanctioned by the Bombay High Court on 3<sup>rd</sup> February, 2012 and effective from 1<sup>st</sup> March, 2012. The appointed date for such amalgamation was 1<sup>st</sup> April, 2011 (Refer note no 36) and as such, these transactions have not been considered for reporting under this clause.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the register have been so entered.
  - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

## ANNEXURE TO THE AUDITORS' REPORT

- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Textileproducts manufactured by the Company and are of the opinion, that *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) According to the information and explanation given to us in respect of statutory dues:
- The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year, except for service tax dues aggregating to ₹ 1.74 crores including interest of ₹ 0.21 crores, which have been deposited subsequent to the year end.
  - There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Customs Duty, Excise Duty, Sales Tax, Service Tax, Cess and other statutory dues in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
  - There are no dues in respect of Sales Tax, Income Tax, Wealth tax, Customs duty, Service Tax, Excise duty and Cess that have not been deposited as on 31<sup>st</sup> March, 2012 on account of disputes, except as follows :

Name of the statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand (TDS dues)	1.92	AY 2006-07 to 2011-12	Commissioner of Income Tax (Appeals)
Works Contract Tax Act, 1986	Works Contract Tax	0.59	FY 2004-05	Deputy Commissioner of Sales Tax

- The company neither has accumulated losses at the end of the year, nor incurred cash losses during the current and immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities. Accordingly, clause 4 (xii) of the order is not applicable to the company.
- In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly clause 4 (xiii) of the order is not applicable to the company.
- In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures or investments. Accordingly clause 4 (xiv) of the order is not applicable to the Company.
- In our opinion and according to the explanation given to us, the terms and conditions of the guarantees given by the company for loans taken by subsidiary company from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.

- (xvi) On the basis of records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company has, *prima-facie*, applied the term loans for the purposes for which they were obtained, other than amounts temporarily invested pending utilisation of the funds for the intended use.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long – term investment.
- (xviii) During the year, the Company has made allotment of 1.6 crores equity shares to Jiwarajka Investment Private Limited (Refer note no 2 (a) (i) to the financial statement), covered in Register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which the shares have been issued is not prejudicial to the interest of the Company.
- (xix) Security / Charges have been created in respect of debentures issued as detailed in note no 4 to the financial statements.
- (xx) The Company has not raised money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
[Firm Registration No : 117366W]

**R. D. Kamat**  
Partner  
Membership No 36822

**Mumbai**, May 18, 2012

For **Gandhi & Parekh**  
Chartered Accountants  
[Firm Registration No : 120318W]

**Devang B. Parekh**  
Partner  
Membership No 105789

**Mumbai**, May 18, 2012





## BALANCE SHEET AS AT 31 MARCH 2012

(₹ Crore)

PARTICULARS		NOTES	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>I</b>	<b>EQUITIES AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	Share Capital	2	826.28	787.79
	Reserves and Surplus	3	2,829.22	2,309.80
			3,655.50	3,097.59
	<b>(2) Non-current Liabilities</b>			
	Long-term Borrowings	4	7,013.06	6,051.40
	Deferred Tax liabilities (net)	5	626.77	507.66
	Long-term provisions	6	176.39	79.35
	<b>(3) Current Liabilities</b>			
	Short-term Borrowings	7	4,126.42	2,846.19
	Trade payables	8	506.42	562.92
	Other current liabilities	9	2,058.20	1,050.49
	Short-term provisions	10	75.60	71.87
	<b>TOTAL</b>		<b>18,238.36</b>	<b>14,267.47</b>
<b>II</b>	<b>ASSETS</b>			
	<b>(1) Non-current Assets</b>			
	Fixed assets			
	Tangible assets	11	8,514.54	7,384.29
	Intangible assets	11	37.55	42.92
	Capital work-in-progress	11	914.16	906.55
	Non-current Investments	12	175.79	139.93
	Long-term Loans & Advances	13	257.04	324.92
	<b>(2) Current Assets</b>			
	Current Investments	14	3.94	27.25
	Inventories	15	3,379.91	2,002.62
	Trade receivables	16	2,152.15	1,740.19
	Cash & Bank Balance	17	1,294.84	1,139.85
	Short-term Loans & Advances	18	1,395.04	425.03
	Other current assets	19	113.40	133.92
	<b>TOTAL</b>		<b>18,238.36</b>	<b>14,267.47</b>
<b>III</b>	Significant accounting policies and accompanying notes forming part of the financial statements	1 to 40		
<b>In terms of our report attached</b>		<b>For and on behalf of the Board</b>		
<b>For Deloitte Haskins &amp; Sells</b>		<b>For Gandhi &amp; Parekh</b>		<b>Ashok B. Jiwrajka</b> Executive Chairman
Chartered Accountants		Chartered Accountants		<b>Dilip B. Jiwrajka</b> Managing Director
<b>R. D. Kamat</b>		<b>Devang B. Parekh</b>		<b>Surendra B. Jiwrajka</b> Jt. Managing Director
Partner		Partner		<b>Sunil O. Khandelwal</b> Chief Financial Officer
Place : Mumbai		Place : Mumbai		<b>K. H. Gopal</b> President (Corporate Affairs) & Company Secretary
Date: 18 May 2012		Date: 18 May 2012		Place : Mumbai
				Date: 18 May 2012



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012



(₹ Crore)

	PARTICULARS	NOTES	Year Ended 31-Mar-12	Year Ended 31-Mar-11
<b>I.</b>	<b>REVENUE</b>			
	Revenue from Operations (gross)	20	9,134.81	6,500.91
	Less : Excise Duty		233.95	112.48
	<b>Revenue from Operations (net)</b>		<b>8,900.86</b>	<b>6,388.43</b>
<b>II.</b>	Other Income	21	65.60	41.09
<b>III.</b>	<b>Total Revenue</b>		<b>8,966.46</b>	<b>6,429.52</b>
<b>IV</b>	<b>EXPENSES</b>			
	Cost of Materials consumed		5,748.34	3,224.04
	Purchase of Traded Goods		161.45	342.62
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1,516.66)	(222.55)
	Employee benefits expense	23	267.28	199.76
	Finance costs	24	1,149.55	736.27
	Depreciation and amortisation expense		713.43	518.79
	Other expenses	25	1,681.30	1,005.95
	<b>Total Expenses</b>		<b>8,204.69</b>	<b>5,804.88</b>
<b>V</b>	<b>Profit before exceptional items and tax</b>		<b>761.77</b>	<b>624.64</b>
<b>VI</b>	<b>Exceptional Items (refer note no. 33 (i))</b>		<b>(121.27)</b>	<b>( 41.45)</b>
<b>VII</b>	<b>Profit before tax (V-VI)</b>		<b>640.50</b>	<b>583.19</b>
<b>VIII</b>	<b>Tax expenses</b>			
	— Current tax		(157.64)	(78.15)
	Include MAT adjustment of ₹ 44.12 Crore (₹ 26.53 Crore pertaining to the previous year (preavious year ₹ 42.42 crores))			
	— Deferred tax		(102.33)	(100.68)
	<b>Total Tax expenses</b>		<b>(259.97)</b>	<b>(178.83)</b>
<b>IX</b>	<b>Net profit for the year</b>		<b>380.53</b>	<b>404.36</b>
<b>X</b>	<b>EARNINGS PER SHARE (in ₹)</b>	30		
	Basic		4.69	5.13
	Diluted		4.69	5.13
	Significant accounting policies and accompanying notes forming part of the financial statements	1 to 40		

## In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Gandhi & Parekh**  
Chartered Accountants

**R. D. Kamat**  
Partner

**Devang B. Parekh**  
Partner

Place : Mumbai  
Date: 18 May 2012

Place : Mumbai  
Date: 18 May 2012

## For and on behalf of the Board

**Ashok B. Jiwrajka** Executive Chairman  
**Dilip B. Jiwrajka** Managing Director  
**Surendra B. Jiwrajka** Jt. Managing Director  
**Sunil O. Khandelwal** Chief Financial Officer  
**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Place : Mumbai  
Date: 18 May 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(₹ Crore)

	PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
<b>A]</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit Before Tax	640.50	583.19
	<b>Adjustments for:</b>		
	Depreciation / Amortisation	713.43	518.79
	Exchange rate difference	124.47	41.45
	Dividend Income	(2.57)	(2.37)
	Employee Stock option outstanding	2.27	—
	Interest Paid (net)	1,032.10	651.30
	(Profit) / Loss on sale of fixed assets (net)	(9.65)	1.74
	Profit on sale of Current Investments (net)	(0.12)	(1.16)
	Operating Profit before working capital changes	2,500.43	1,792.94
	<b>Adjustments for</b>		
	(Increase) in Inventories	(1,331.29)	(528.21)
	(Increase) in Trade Receivable	(356.12)	(637.81)
	(Increase)/Decrease in Loans & Advances	(932.09)	148.61
	Increase in Current Liabilities and Provisions	136.14	468.38
	Cash generated from operations	17.07	1,243.91
	Income taxes paid	(132.46)	(117.83)
	Net cash (used)/generated from operating activities	(115.39)	1,126.08
<b>B]</b>	<b>Cash flow from Investing Activities</b>		
	Purchase of fixed assets	(1,499.37)	(1,835.36)
	Sale of fixed assets	17.86	1.74
	Purchase of Investments	(116.74)	(131.15)
	Sale of Investments	162.48	194.82
	Fixed Deposits & earmarked balances matured/(placed) (refer note 2 below)	285.66	(314.67)
	Dividends received	2.57	2.37
	Interest received	33.23	34.65
	Inter Corporate deposits refunded (Net)	1.26	2.45
	Net cash (used) in Investing Activities	(1,113.05)	(2,045.15)
<b>C]</b>	<b>Cash flow from Financing Activities</b>		
	Proceeds from issue of Equity Share Capital (including premium) (Net)	61.20	—
	Proceeds from Term borrowings	2,353.70	3,119.39
	Repayment of Term Borrowings	(926.47)	(2,047.10)
	Proceeds from Short Term Borrowings (Net)	1,123.94	53.49
	Dividend Paid (Including Tax thereon)	(22.89)	(22.96)
	Interest Paid (Net)	(1,073.57)	(748.86)
	Net cash generated from Financing Activities	1,515.91	353.96
	<b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	287.47	(565.11)
	<b>Cash and Cash equivalents at the beginning of the year</b>	108.29	673.40
	<b>Cash and Cash equivalents pursuant to amalgamation (refer note no. 36)</b>	147.00	—
	<b>Cash and Cash equivalents at the end of the year</b>	542.76	108.29

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012



### NOTES TO CASH FLOW STATEMENT

- 1 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the year and is considered as part of investing activity.
- 2 Cash and Cash equivalents includes :

(₹ Crore)

	March 31, 2012	March 31, 2011
Cash and Bank Balances	1,294.84	1,139.85
Less : Earmarked Balalces/Deposit with banks *	715.12	978.32
Less : Deposit with maturity period of more than 3 months **	36.96	53.24
<b>Total Cash and Cash equivalents</b>	<b>542.76</b>	<b>108.29</b>

\* Earmarked balances / deposits with bank includes balances / deposits held as margin money or security against borrowings, guarantees and other commitments, which being, restricted for its use, have been excluded from cash and cash equivalent and grouped under the investment activity.

\*\* Fixed Deposits with maturity period of more than three months have been excluded from cash and cash equivalent and grouped under the investment activity.

- 3 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".
- 4 Pursuant to scheme of amalgamation between Alok Industries Ltd and Grabal Alok Impex Ltd with appointed date of 1 April 2011, the assets and liabilities of Grabal Alok Impex Limited were taken over as per the Pooling of Interest method as on 1 April 2011.

This arrangement of amalgamation is a non-cash transaction and considered as such, in the above cash flow statement. (Refer note no 36 of financial statement)

- 5 Previous year's figures have been regrouped/restated wherever necessary.

#### In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**R. D. Kamat**

Partner

Place : Mumbai

Date: 18 May, 2012

**For Gandhi & Parekh**

Chartered Accountants

**Devang B. Parekh**

Partner

Place : Mumbai

Date: 18 May, 2012

#### For and on behalf of the Board

**Ashok B. Jiwrajka**

Executive Chairman

**Dilip B. Jiwrajka**

Managing Director

**Surendra B. Jiwrajka**

Jt. Managing Director

**Sunil O. Khandelwal**

Chief Financial Officer

**K. H. Gopal**

President (Corporate Affairs) & Company Secretary

Place : Mumbai

Date: 18 May, 2012



**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation of Financial Statements**

These financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards and the provisions of the Companies Act, 1956.

**b) Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

**c) Revenue Recognition**

- i) Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of trade discount, returns and sales tax collected.
- ii) Revenue in respect of insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

**d) Fixed Assets**

**i) Own Assets:**

Fixed Assets are stated at cost of acquisition or construction including directly attributable cost. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

**ii) Assets taken on lease:**

**Operating Lease:**

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

**iii) Assets given on lease**

Lease rental are recognised as income over the lease term.

**e) Investments**

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

**f) Depreciation / Amortisation**

- i) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plant is classified based on technical assessment and depreciation is provided accordingly Depreciation on additions to assets or on sale / disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale / scrapped, as the case may be. Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.
- ii) Cost of leasehold land is amortised over the period of lease.
- iii) Trademarks / Brands are amortised over a period of ten years from the date of capitalization
- iv) Computer software is amortised for a period of five years from the date of capitalization.

**g) Foreign Currency Transactions & Translations**

- i) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the

transaction. Exchange differences arising on settlement of foreign currency transactions are recognised in the profit and loss account

- ii) Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and the resultant exchange differences are recognized in the profit and loss account. Non-monetary items denominated in foreign currency are carried at historical cost.

However, pursuant to the amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences arising on restatement of long term monetary items are dealt with in the following manner:

- Exchange differences relating to long-term monetary items, arising during the year, in so far as those relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
- In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March, 2020.

#### **h) Inventories**

Items of Inventories are valued on the basis given below:

- i) Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
- ii) Process stock and Finished Goods: At cost or net realisable values whichever is lower. Cost comprises of cost of purchase (as above), cost of conversion (absorption cost) and other costs incurred in bringing the inventory to their present location and condition.

#### **i) Employee Benefits (Refer Note No. 31)**

##### **i) Defined Contribution Plan**

Company's contribution paid/ payable for the year to defined contribution retirement benefit scheme is charged to Profit and Loss account.

##### **ii) Defined Benefit Plan and other long term benefit plan**

Company's liabilities towards defined benefit scheme and other long term benefit plans are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortized on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost; the present value is available refunds and reduction in future contribution to the scheme.

##### **iii) Short Term Employee Benefits**

Short term employee benefits are recognised as an expense at undiscounted amount in profit & loss account of the year in which the related service is rendered. These benefits include incentive, bonus.

#### **j) Accounting of CENVAT credit**

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

#### **k) Government Grants**

Grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.



### **l) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

### **m) Income taxes**

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 (AS-22) on "Accounting for taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates and in the case of deferred tax asset on consideration of prudence, are recognised and carried forward to the extent of reasonable / virtual certainty as case may be. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI

### **n) Intangible Assets**

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

### **o) Impairment of Fixed Assets**

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 (AS-28) "Impairment of Assets". An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### **p) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### **q) Accounting for Derivatives**

- i) The company uses derivative instruments like foreign currency forward contracts, foreign currency options and Interest rate swaps to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading or speculation purposes.
- ii) Interest Rate Swaps, Foreign Currency Options and Currency Swaps, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Thus, mark to market losses (net) are accounted for by the company, net gains are ignored.
- iii) In respect of foreign currency forward contracts entered into to hedge foreign currency exposure in respect of recognized monetary items, the premium or discount on such contracts is amortized over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract / last reporting date as the case may be and the balance sheet date is recognized in the profit and loss account. Any gain / loss on cancellation of such forward contracts are recognised as income / expense of the period.

- iv) The Company designates foreign currency forward contracts taken with respect to highly probable forecast transactions and firm commitments as hedges and accounts for the same by applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the gain or loss on effective cash flow hedges in the Cash Flow Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges (if any) is recognized in the profit and loss account. (Refer Note No. 33(ii)).

## 2. SHARE CAPITAL

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
<b>(a) Authorised Shares</b>				
100,00,00,000 (previous year 90,00,00,000) Equity shares of ₹10/- each		1,000.00		900.00
		<u>1,000.00</u>		<u>900.00</u>
<b>(b) Issued and Subscribed and fully paid-up shares</b>				
82,62,69,357 (previous year 78,77,84,357) Equity shares of ₹10/- each fully paid up	826.27		787.78	
Add : Forfeited Shares (13,921 shares of ₹ 10/- each ₹ 5 paid up)	<u>0.01</u>		<u>0.01</u>	
		826.28		787.79
<b>TOTAL</b>		<u>826.28</u>		<u>787.79</u>

### NOTES :

- a) During the year 3,84,85,000 (previous year Nil) equity shares are issued as under:
- 1,60,00,000 Equity shares of ₹10/- each at a premium of ₹ 41/- each allotted on conversion of warrants issued by Grabal Alok Impex Limited, the amalgamating company. Such warrants were sold by the original warrant holder to Jiwarajka Investment Private Limited, a promoter group company, which exercised such warrants.
  - 2,24,85,000 Equity shares allotted to the Shareholders of Grabal Alok Impex Limited pursuant to the Scheme of Amalgamation (Refer Note No 36) for consideration other than cash.
- b) Of the remaining shares :
- 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.
  - 62,550 equity shares being forfeited shares were reissued during 2001.
- c) **Reconciliation of shares outstanding at the beginning and end of the reporting period**

Particulars	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>No of shares outstanding at the beginning of the year</b>	787,784,357	787,798,278
<b>Add : Shares allotted during the year</b>		
Allotment of Equity shares on conversion of warrants	16,000,000	—
Allotment of Equity shares pursuant to the Scheme of Amalgamation	22,485,000	—
<b>Less: Shares forfeited on account of non payment of call money</b>	—	(13,921)
<b>No of shares outstanding at the end of the year</b>	<u>826,269,357</u>	<u>787,784,357</u>

### d) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per shares. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

**e) Shares reserved for issue under options (Refer note no 29)**

f) Grabal Alok Impex Limited, the amalgamating company, (Refer note no 36) had issued and allotted 200 Foreign Currency Convertible Bonds of USD 1,00,000 each aggregating to USD 20 million outstanding as at the balance sheet date, which was convertible into shares, at any time on or after 15 April 2007 and prior to the closure of business on 06 March 2012, unless previously redeemed, converted or purchased and cancelled. Such FCCBs have been redeemed after the balance sheet date, on 05 April 2012.

g) During the year ended 31 March 2012, an amount of ₹ 0.30 per share (previous year ₹ 0.25 per share) was recognised as proposed dividend to equity share holders.

**h) Shareholder holding more than 5 percent of the share capital**

Sr.No.	Name of the Shareholder	AS AT 31-Mar-12		AS AT 31-Mar-11	
		No of shares Held	%	No of shares Held	%
i]	Niraj Realtors & Shares Private Limited	71,637,204.00	8.67	59,842,184.00	7.60
ii]	Caledonia Investment PLC	36,207,135.00	4.38	47,825,714.00	6.07
iii]	Caledonia Investment PLC (FDI)	24,211,903.00	2.93	45,184,354.00	5.74

### 3. RESERVES AND SURPLUS

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
<b>Capital Reserve</b>				
Balance as per last Balance Sheet	10.23		10.23	
Add : on amalgamation*	1.49		—	
		11.72		10.23
<b>Capital Redemption Reserve</b>				
Balance as per last Balance Sheet	2.20		2.20	
Add : on amalgamation*	6.90		—	
		9.10		2.20
<b>Securities Premium Account</b>				
Balance as per last Balance Sheet	880.39		880.39	
Add : on amalgamation*	60.15		—	
Add : Received during the year (Refer note on warrants in note no 2 above)	65.60		—	
Less : Premium on redemption of FCCB	(12.49)		—	
		993.65		880.39
<b>Debenture Redemption Reserve</b>				
Balance as per last Balance Sheet	220.38		604.68	
Less: Transferred to Profit and Loss Account	(51.90)		(384.30)	
		168.48		220.38
<b>General Reserve</b>				
Balance as per last Balance Sheet	274.99		249.99	
Add : on amalgamation*	5.63		25.00	
		280.62		274.99

PARTICULARS	AS AT		AS AT	
	31-Mar-12		31-Mar-11	
<b>Employee Stock Options Outstanding</b>				
Options granted during the year	4.67		—	
Less : Deferred Employee Compensation expenses	<u>(2.40)</u>		<u>—</u>	
		2.27		—
<b>Cash Flow Hedging Reserve</b> (Refer Note No 33(ii))		(16.78)		—
<b>Surplus in the Statement of Profit and Loss</b>				
Balance brought forward from previous year	921.61		180.91	
Add : on amalgamation*	54.85			
Profit for the year	380.53		404.36	
<b>Less : Appropriations</b>				
(i) Transferred to General Reserve	—		(25.00)	
(ii) Transferred from/(to) Debenture Redemption Reserve	51.90		384.30	
(iii) Proposed Dividend – Equity Shares	(24.79)		(19.69)	
(iv) Corporate Dividend Tax thereon	(4.02)		(3.27)	
(v) Excess Provision of dividend and tax thereon	<u>0.08</u>		<u>—</u>	
		1,380.16		921.61
<b>TOTAL</b>		<u>2,829.22</u>		<u>2,309.80</u>

\* Refer note no 36

**4. LONG-TERM BORROWINGS**

(₹ Crore)

PARTICULARS	AS AT		AS AT	
	31-Mar-12		31-Mar-11	
	Current	Non Current	Current	Non Current
a) Debentures (Secured) (Refer Note I below)	—	800.00	—	500.00
b) Term Loans				
– Secured (Refer Note II & III below)				
(1) From banks				
- Rupee Loans	920.71	5,568.45	857.32	4,662.17
- Foreign currency loans	<u>555.87</u>	<u>350.15</u>	<u>12.83</u>	<u>571.82</u>
	<u>1,476.58</u>	<u>5,918.60</u>	<u>870.15</u>	<u>5,233.99</u>
(2) From Financial Institutions				
- Rupee Loans	13.13	58.59	12.19	71.72
- Foreign currency loans	<u>20.96</u>	<u>145.22</u>	<u>20.33</u>	<u>144.55</u>
	<u>34.09</u>	<u>203.81</u>	<u>32.52</u>	<u>216.27</u>
	<u>1,510.67</u>	<u>6,122.41</u>	<u>902.67</u>	<u>5,450.26</u>
– Unsecured (Refer Note IV below)				
(1) From banks				
- Foreign currency loans	119.64	86.62	16.88	95.34

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

c) Other loans & advances (Refer Note V below)				
– Secured				
Vehicle loan from Banks	2.43	4.03	2.07	5.80
<b>TOTAL</b>	<b>1,632.74</b>	<b>7,013.06</b>	<b>921.62</b>	<b>6,051.40</b>

### NOTES :

- I. a) Debentures outstanding at the year end are redeemable as follows

Particulars	Nos	31-Mar-12 (₹ Crore)	31-Mar-11 (₹ Crore)	Date of Redemption
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Feb-20
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Aug-19
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Feb-19
10.75% Redeemable Non convertible Debentures	334	33.34	33.34	18-Oct-18
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Aug-18
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Feb-18
10.75% Redeemable Non convertible Debentures	333	33.33	33.33	18-Oct-17
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Aug-17
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	3-Mar-17
12.50% Redeemable Non convertible Debentures	366	36.66	36.66	2-Mar-17
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Feb-17
10.75% Redeemable Non convertible Debentures	333	33.33	33.33	18-Oct-16
12.00% Redeemable Non convertible Debentures	375	37.50	–	1-Aug-16
11.50% Redeemable Non convertible Debentures	600	60.00	60.00	29-Jun-16
12.50% Redeemable Non convertible Debentures	367	36.67	36.67	2-Mar-16
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	2-Mar-16
11.50% Redeemable Non convertible Debentures	700	70.00	70.00	28-Jun-15
12.50% Redeemable Non convertible Debentures	367	36.67	36.67	3-Mar-15
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	3-Mar-15
11.50% Redeemable Non convertible Debentures	700	70.00	70.00	28-Jun-14
<b>Total</b>		<b>800.00</b>	<b>500.00</b>	

- b) All the debentures in a) above are secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat. Further, Debentures of ₹ 300 crore are secured by first pari passu charge to be created on fixed assets of the company and Debentures of ₹ 500 crore are secured by subservient charge on fixed and current assets of the Company (excluding Land and Building).

### II. Disclosure of Security for term loans

Nature of security	Banks	(₹ Crore)	
		Financial Institutions	TOTAL
Exclusive charge on Plant & Machinery and specific assets financed*	1,021.42 (640.96)	– –	1,021.42 (640.96)
Pari Passu first charge created / to be created on the entire fixed assets of the company#	2,753.28 (2,487.69)	84.02 (106.93)	2,837.30 (2,594.62)
Subservient charge on all movable and current assets of the Company @	3,620.48 (2,975.49)	153.88 (141.86)	3,774.36 (3,117.35)
<b>Total</b>	<b>7,395.18</b> <b>(6,104.14)</b>	<b>237.90</b> <b>(248.79)</b>	<b>7,633.08</b> <b>(6,352.93)</b>

\* Includes loans aggregating to ₹ 218.47 crore (previous year 218.89 crore) which is further secured by personal guarantees of promotor directors / group Companies

# Includes Bank loans aggregating to ₹ 860.17 crore (previous year 998.90 crore) & Financial Institution loans aggregation to ₹ 30.47 crore (previous year 38.59 crore) which is further secured by personal guarantees of promotor directors / group Companies

@ Includes Banks loans aggregating to ₹ 237.47 crore (previous year 159.80 crore) which is further secured by personal guarantees of promotor directors / group Companies

### III. Terms of Repayment of Secured Term Loan

(₹ Crore)

Particulars	Rate of Interest*	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Rupee Term Loan From Bank	12% – 15.75% (10.25% – 14.25%)	1,642.75 (705.62)	1,568.05 (1,196.90)	820.31 (1,179.17)	1,537.34 (1,580.48)	5,568.45 (4,662.17)
Foreign Currency Term Loan From Banks	2.53% – 5.34% (2.50% – 8.00%)	34.45 (479.54)	46.81 (27.39)	62.79 (38.56)	206.10 (26.33)	350.15 (571.82)
Rupee Term Loan From Financial Institutions	9.00% – 12.50% (9.00% – 12.00%)	13.74 (13.13)	15.63 (13.75)	13.91 (15.63)	15.31 (29.21)	58.59 (71.72)
Foreign Currency Term Loan From Financial Institutions	2.70% – 5.31% (3.92% – 6.00%)	8.66 (18.63)	136.56 (7.56)	– (118.36)	– –	145.22 (144.55)
<b>Total</b>		<b>1,699.60</b> <b>(1,216.92)</b>	<b>1,767.05</b> <b>(1,245.60)</b>	<b>897.01</b> <b>(1,351.72)</b>	<b>1,758.75</b> <b>(1,636.02)</b>	<b>6,122.41</b> <b>(5,450.26)</b>

\* Rate of interest is without considering interest subsidy under TUF Scheme

### IV. Terms of Repayment of Unsecured Term Loan

(₹ Crore)

Particulars	Rate of Interest	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Foreign Currency Term Loan From Banks	2.53% – 3.75% (2.95% – 3.00%)	17.32 (17.32)	17.32 (17.32)	17.32 (17.32)	34.66 (43.38)	86.62 (95.34)

### V Disclosure of security and terms of repayment of Other loans & advances

(₹ Crore)

Nature of security	Banks
Vehicle loans are secured by vehicles under hypothecation with banks	6.46 (7.87)

(₹ Crore)

Particulars	Rate of Interest	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Vehicle Loan	9.50% – 13.00% (9.50% – 13.00%)	2.44 (2.43)	1.26 (2.44)	0.33 (0.93)	– –	4.03 (5.80)

Previous year figure are given in bracket.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 5. Deferred Tax Liabilities (Net)

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Deferred Tax Liability (DTL)</b>		
Depreciation	702.43	527.77
	<u>702.43</u>	<u>527.77</u>
<b>Deferred Tax Asset (DTA)</b>		
Mark to Market loss on Derivative Contract	58.26	—
Share Issue expenses	3.31	7.35
Other disallowances	14.09	12.76
	<u>75.66</u>	<u>20.11</u>
<b>Deferred Tax Liability (Net)*</b>	<u>626.77</u>	<u>507.66</u>

\* Includes Opening Deferred tax Liability (Net) of Grabal Alok Impex Limited of ₹ 16.78 crore on account of amalgamation (Refer note no 36)

### 6. LONG-TERM PROVISIONS

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Provision for employee benefits (Refer note No 31)	16.69	17.52
Mark to Market provision on derative instruments (Refer Note No 33(iii))	159.70	60.04
Others (Refer note No 35)	—	1.79
<b>TOTAL</b>	<u>176.39</u>	<u>79.35</u>

### 7. SHORT-TERM BORROWINGS

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Debtenture (Secured) (Refer note a below)		
8% Redeemable Non convertible Debtentures	—	250.00
<u>Working capital loans:</u>		
Cash Credit accounts, working capital demand loan etc. (Secured) (Refer note b below)		
From Banks	2,668.40	875.59
(Includes ₹ 720.15 crores (Previous year ₹ 380.34 crores) loan in foreign currency)		
From Financial Institutions	130.74	89.08
(Includes ₹ Nil ( Previous year ₹ 89.08 crores) loan in foreign currency)		
Cash Credit accounts, working capital demand loan etc. (Unsecured)		
From Banks	157.53	69.94
From Financial Institutions	—	—
Commercial Paper (Unsecured)		
From Banks	103.00	360.00
From Financial Institutions	335.00	360.00

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
		<b>438.00</b>		720.00
Inter Corporate Deposit (Unsecured) (refer note no. 28)		<b>11.75</b>		—
Short term loan				
Secured (Refer note b below)				
- Rupee Loans				
From Banks	<b>635.00</b>		576.98	
From Financial Institutions	<b>85.00</b>		75.00	
	<b>720.00</b>		651.98	
- Foreign currency loans				
From Banks	—		44.65	
	—	<b>720.00</b>	44.65	696.63
Unsecured				
- Rupee Loans				
From Banks	—		144.95	
	—	—	144.95	144.95
<b>TOTAL</b>		<b>4,126.42</b>		<b>2,846.19</b>

**Note**

- a) Debentures are secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat.
- b) Disclosure of security

Nature of security	Banks	Financial Institutions	TOTAL
<b>Working capital loans :</b>			
(i) Hypothecation of company's current assets and mortgage of certain immovable properties belonging to the company / Guarantor.	2,324.47 (446.14)	40.35 (20.58)	2,364.82 (466.72)
(ii) Second charge created / to be created on all fixed assets (excluding land and building) of the company			
Subservient charge created / to be created on all moveable and current assets of the company.	343.93 (429.45)	90.39 (68.50)	434.32 (497.95)
<b>TOTAL</b>	2,668.40 (875.59)	130.74 (89.08)	2,799.14 (964.67)
<b>Short Term Loans</b>			
Subservient charge on all movable and current assets of the Company	537.00 (621.63)	85.00 (75.00)	622.00 (696.63)
Fixed Deposit placed with the bank.	98.00 —	— —	98.00 —
<b>TOTAL</b>	635.00 (621.63)	85.00 (75.00)	720.00 (696.63)

Previous year figures are given in brackets

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 8. TRADE PAYABLE

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Total outstanding due to :		
– Micro, Small and Medium Enterprises*	–	–
– Others	506.42	562.92
(Including acceptances ₹ 2.20 crore (previous year ₹ 50.94 crore))		
	506.42	562.92
	506.42	562.92

\* As per information available with the company

### 9. OTHER CURRENT LIABILITIES

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Current maturities of long-term debt (Refer note 4 for details)	1,632.74	921.62
Interest accrued but not due on borrowings	9.35	17.59
Unpaid dividends (see note i & ii below)	1.05	0.84
Foreign Currency Monetary Item Translation Difference Account	–	0.22
Other payables		
Advance from customers	46.14	51.32
Creditors for Capital Goods	32.79	18.71
Towards statutory Liabilities	6.09	10.06
Premium on redemption of FCCB	43.14	–
Advance from Related parties (Refer Note No 28)	261.73	–
Temporary overdrawn bank balance (see note iii below)	14.28	30.13
Forward Contract Payable	10.89	–
<b>TOTAL</b>	<b>2,058.20</b>	<b>1,050.49</b>

#### NOTES

- This figure doesn't include any amount due and outstanding to be credited to the Investor Education and Protection Fund.
- During the year company has transferred ₹ 0.03 crore (Previous year ₹ 0.06 crore) to the Investor Education and Protection Fund.
- Temporary overdrawn bank balances are as per books consequent to issue of cheques at the year end, though the banks have positive balances as on that date.

### 10. SHORT-TERM PROVISIONS

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Provision for employee benefits (Refer note No 31)	7.51	3.07
Mark to Market provision on derivative instruments (Refer Note No 33(iii))	36.65	12.92
Proposed dividend	24.79	19.69
Corporate dividend tax	4.02	3.27
Provision for taxation (Net of Advance Tax)	2.63	19.24
Others (Refer note No 35)	–	13.68
<b>TOTAL</b>	<b>75.60</b>	<b>71.87</b>

## 11. FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK				
	AS AT 01.04.11	ACQUISITION THROUGH AMALGAMATION	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.12	ACQUISITION THROUGH AMALGAMATION	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.12	AS AT 31.03.12	AS AT 31.03.11
TANGIBLE ASSETS :	99.43	3.44	19.14	5.30	116.71	—	—	—	—	116.71	99.43
	0.56	0.24	—	—	0.80	0.04	—	—	0.17*	0.63	0.43
	1,880.81	52.18	267.78	—	2,200.77	165.09	63.78	—	234.14	1,966.63	1,715.72
	6,733.97	188.91	1,351.61	2.70	8,271.79	1,339.53	68.95	0.91	2,033.15	6,238.64	5,394.44
	75.92	2.79	3.77	1.21	81.27	17.95	0.82	0.61	22.87	58.40	57.97
	18.94	0.05	2.60	0.56	21.03	3.73	0.02	1.83	5.23	15.80	15.21
	9.61	0.35	1.41	0.12	11.25	3.09	0.09	0.64	3.78	7.47	6.52
	26.54	0.44	—	—	26.98	2.70	0.09	0.46	3.25	23.73	23.84
	27.67	1.10	2.56	0.70	30.63	17.29	0.68	2.01	19.43	11.20	10.38
	55.87	1.17	16.14	0.09	73.09	10.36	0.16	5.43	15.94	57.15	45.51
8,929.32	250.67	1,665.01	10.68	10,834.32	1,559.87	76.12	704.45	2.47	2,337.96	8,496.36	7,369.45
LEASED ASSETS											
Buildings	15.63	—	3.70	—	19.33	0.79	—	0.36	1.15	18.18	14.84
	15.63	—	3.70	—	19.33	0.79	—	0.36	1.15	18.18	14.84
Sub – Total	8,944.95	250.67	1,668.71	10.68	10,853.65	1,560.66	76.12	704.81	2,339.11	8,514.54	7,384.29
INTANGIBLE ASSETS :											
Trademarks / Brands	55.04	—	—	—	55.04	20.63	—	5.51	26.14	28.90	34.41
Computer Software	14.34	0.17	3.23	—	17.74	5.83	0.15	3.11	9.09	8.65	8.51
Design Cards	—	0.08	—	—	0.08	—	0.08	—	0.08	—	—
Sub – Total	69.38	0.25	3.23	—	72.86	26.46	0.23	8.62	35.31	37.55	42.92
Total	9,014.33	250.92	1,671.94	10.68	10,926.51	1,587.12	76.35	713.43	2,47	8,552.09	7,427.21
TOTAL PREVIOUS YEAR	7,276.36	—	1,743.62	5.65	9,014.33	1,070.50	—	518.79	2.17	7,427.21	—
CAPITAL WORK-IN-PROGRESS (Including ₹ 18.94 crores on account of amalgamation (Refer note no 36))										914.16	906.55

## NOTES :

- Plant & Machinery includes :
  - Exchange difference (net) of ₹ 97.60 crore (previous year gain of ₹ 15.96 crore) on restatement of long term borrowings payable in foreign currency.
  - Interest capitalised ₹ 77.92 Crore (previous year ₹ 36.08 Crore)
- Intangible assets consists of Trade Marks / Brands aggregating to ₹ 55.04 Crore (previous year ₹ 55.04 crore) (Gross) [Written down value ₹ 28.90 crore (previous year ₹ 34.41 crore)], which are registered in the name of a subsidiary company in trust on behalf of the company. The Company has applied for registering those Trademarks / Brands in it's name with concerned authorities and is awaiting registration.
- Capital work in progress includes
  - Exchange difference (net) of ₹ 16.87 crore (previous year ₹ 7.52 crore) on restatement of long term borrowings payable in foreign currency.
  - Interest capitalised ₹ 29.14 Crore (Previous year ₹ 50.73 Crore)
  - ₹ 863.35 crore (previous year ₹ 835.56 crore) on account of construction material and plant and machinery under erection.
  - Pre-operative expenses aggregating to ₹ 4.80 crore (previous year ₹ 12.74 crore)

\* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 12. NON CURRENT INVESTMENTS (Trade)

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>In Subsidiary Companies – Unquoted</b>		
Alok Inc. [50 Equity Shares of USD 200 each]	0.04	0.04
Alok Industries International Limited (refer note no 35) [50,000 Equity Shares of USD 1 each]	–	0.22
Alok International Inc. (₹ 43,225/-) [1,000 Equity Shares of USD 1/ – each]	0.00	0.00
Alok Apparel Private Limited [10,00,000 Equity Shares of ₹10/ – each]	1.00	1.00
Alok Retail (India) Limited [50,000 Equity Shares of ₹ 10/ – each]	0.05	0.05
Alok Land Holdings Private Limited [5,00,000 Equity Shares of ₹ 10/ – each]	0.50	0.50
(1,50,000 shares pledged against finance availed by Alok Infrastructure Limited)		
Alok Infrastructure Limited [50,000 Equity Shares of ₹10/ – each]	0.05	0.05
(Pledged against finance availed by Alok Realtors Private Limited)		
Alok H & A Limited [3,60,50,000 Equity Shares of ₹10/ – each]	36.05	36.05
Alok Singapore Pte. Ltd. (₹ 49/-) [1 (previous year Nil) Equity share of USD 1 each]	0.00	–
(Pledged against finance availed by Alok Singapore Pte. Ltd.)		
Alok International (Middle East) FZE (1 (previous year Nil) Equity share of UAE Dirhams of One Million)	1.31	–
	39.00	37.91
<b>In Joint Venture – Unquoted</b>		
Aurangabad Textiles & Apparel Parks Limited [10,19,200 Equity Shares of ₹10/ – each]	17.25	17.25
New City Of Bombay Mfg. Mills Limited [44,93,300 Equity Shares of ₹10/ – each]*	75.13	71.50
* Stamp duty on lease deed of ₹ 3.63 crore paid during the year as per share subscription agreement		
	92.38	88.75
<b>Others – Unquoted</b>		
Trimphant Victory Holdings Limited (₹ 90.14 (previous year ₹ 45.14)) [2 (previous year 1) Equity share of USD 1 each]	0.00	0.00
Shirt Company (India) Limited [Nil (previous year 11,333) Equity Shares of ₹10/ – each]	–	0.20
Dombivali Nagri Sahakari Bank Limited [10,000 Equity Shares of ₹ 50/ – each]	0.05	0.05
Kalyan Janata Sahakari Bank Limited [10,000 Equity Shares of ₹ 25/ – each]	0.03	0.03
Saraswat Bank Limited (₹ 25,000/-) [2,500 Equity Shares of ₹ 10/ – each]	0.00	0.00

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
(Pledged against finance availed by company)				
Grabal Alok International Limited (₹ 1,121.25/-) (refer note no. 35)	—		0.00	
[Nil Equity Shares (previous year 25) of USD 1 each]				
Interest in Alok Benefit Trust (refer note no 36)	35.33		—	
[1,94,59,382 (previous year Nil) Equity Shares of ₹10/- each]				
Wel-Treat Environ Management Organisation (₹ 36,500/-)	0.00		0.00	
[3,650 Equity Shares of 10 each]				
		35.41		0.28
<b>Others – Quoted</b>				
Grabal Alok Impex Limited (refer note no. 36)		—		3.99
<b>Other Non-current investments</b>				
Share Application Money in Subsidiary company : Alok Apparel Private Limited	9.00		9.00	
		9.00		9.00
<b>TOTAL</b>		<b>175.79</b>		<b>139.93</b>

1) Quoted Investment : Aggregate cost / carrying value	—	3.99
: Aggregate market value	—	6.08
2) Unquoted Investment : Aggregate cost / carrying value	166.79	126.94

**13. LONG TERM LOANS & ADVANCES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
<b>Considered good</b>				
Capital advances		121.97		154.65
Lease & Security deposits		8.89		9.36
Foreign Currency Monetary Item Translation Difference Account		0.95		—
Other Loans & advances				
Prepaid Expenses		41.34		35.23
Advance Tax (Net of provision for tax)		17.62		15.29
MAT Credit entitlement		66.27		110.39
		257.04		324.92
<b>Considered Doubtful</b>				
Capital advances	3.76		—	
Less : Provision	3.76	—	—	—
<b>TOTAL</b>		<b>257.04</b>		<b>324.92</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 14. CURRENT INVESTMENTS (at cost) [Others]

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
Investments in debentures or bonds				
Bonds				
Laxmi Vilas Bank Tier II Bonds	2.00		2.00	
[20 Bonds of ₹ 10,00,000 each]		2.00		2.00
Investments in Mutual funds – Unquoted				
Axis Infrastructure Fund 1	1.94		7.20	
[19,378 (previous year 72,035) units of ` 1000/ – each]				
SBI Magnum Insta Cash Fund	–		17.00	
[Nil (previous year 78,08,875.48) units of ` 10/ – each]				
Peerless Liquid Fund collection A/C	–		1.00	
[Nil (previous year 9,35,506.20) units of ` 10/ – each]				
IDFC Money Manager Fund Daily Dividend	–		0.05	
[Nil (previous year 49,652.93) units of ` 10/ – each]		1.94		25.25
<b>TOTAL</b>		<b>3.94</b>		<b>27.25</b>

### 15. INVENTORIES

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
Raw Materials	435.09		587.63	
(Includes material in transit ₹ 62.09 crore (previous year ₹ 138.62 crore))				
Work-in-progress	2,220.77		868.77	
Finished Goods	641.86		466.33	
Stock in Trade (Traded Goods)	2.72		13.59	
		3,300.44		1,936.32
Stores & Spares		72.45		59.40
Packing Material		7.02		6.90
<b>TOTAL</b>		<b>3,379.91</b>		<b>2,002.62</b>

### 16. TRADE RECEIVABLES

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
Debts Outstanding for a period exceeding six months from due date	41.97		26.75	
Less : Provision	14.18	27.79	6.95	19.80
Other Debts	2,131.32		1,722.83	
Less : Provision	6.96	2,124.36	2.44	1,720.39
		2,152.15		1,740.19
Unsecured				
Considered Good		2,152.15		1,740.19
Considered Doubtful		21.14		9.39
<b>TOTAL</b>		<b>2,173.29</b>		<b>1,749.58</b>

**NOTE :**

- i) Sundry Debtors includes ₹ 70.72 crore (previous year ₹ 38.23 crore) towards contractual obligations on account of Export Incentives Receivables.
- ii) Debtors include dues from parties aggregating to ₹ 1.22 crore (previous year ₹ 3.10 crore) in which a director is a director/partner
- ii) Refer note No. 28 for related party balances

**17. CASH AND BANK BALANCES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-12
Cash on hand	0.50	0.70
Balance with Bank		
(i) In current accounts	515.20	27.28
(ii) In EEFC accounts	0.98	0.41
(iii) In deposit accounts (Refer Note (i) and (ii) below)	61.99	132.30
(iv) In earmarked accounts		
– Unpaid dividend accounts	1.05	0.84
– Balances / Deposits held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) and (iii) below)	715.12	978.32
<b>TOTAL</b>	<b>1,294.84</b>	<b>1,139.85</b>

**NOTE :**

- (i) Balances with banks includes deposits amounting to ₹ 22.64 crore (previous year ₹ 39.22 crore) and margin monies amounting to ₹ 77.63 (previous year ₹ 71.49 crore) which have an original maturity of more than 12 months.  
  
Balances with banks includes deposits amounting to ₹ 2.16 crore (previous year ₹ 9.92 crore) and margin monies amounting to ₹ 2.81 crore (previous year ₹ 15.42 crore) which have a maturity of more than 12 months from the Balance Sheet date
- (ii) Includes ₹ 33.49 crore (previous year Nil) kept in bank deposits and ₹ 8.55 crore (previous year ₹ 41.29 crore) margin money pending utilisation towards project
- (iii) Includes ₹ 437.57 crore (previous year ₹ 845.45 crore) pledged with banks towards loan availed by subsidiary company.

**18. SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-12
Loans & advances to Related parties (Refer Note No 28)	120.50	69.64
Others		
Advance to Vendors	933.22	110.74
Advance to Staff (see note i below)	9.13	10.50
Balance with Central Excise, Customs and Sales Tax authorities	279.32	201.07

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-12
Prepaid Expenses	49.18	28.13
Inter Corporate Deposits	3.69	4.95
<b>TOTAL</b>	<b>1,395.04</b>	<b>425.03</b>

### NOTE :

- (i) Advance to staff includes ₹ 0.18 crore (previous year ₹ 1.27 crore) due from officers of the Company [maximum amount outstanding during the year ₹ 1.27 crore (previous year ₹ 1.35 crore)]

## 19. OTHER CURRENT ASSETS (Unsecured)

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-12
<b>Considered Good</b>		
Forward Contract Receivable	—	4.28
Interest Subsidy Receivable	86.00	121.73
Unutilised DEPB Licence	25.98	7.74
Insurance Claim Receivable	1.11	0.01
Balance with Central Excise Authorities	0.05	0.16
Rent Receivable	0.23	—
Foreign Currency Monetary Item Translation Difference Account	0.03	—
	<b>113.40</b>	<b>133.92</b>
<b>Considered Doubtful</b>		
Interest Subsidy Receivable	9.31	9.31
Less : Provision	9.31	9.31
	—	—
<b>TOTAL</b>	<b>113.40</b>	<b>133.92</b>

## 20. REVENUE FROM OPERATIONS

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
a) Sale of product				
Sales – Local	6,066.31		4,261.53	
Sales – Export	3,029.55		2,217.43	
		<b>9,095.86</b>		<b>6,478.96</b>
b) Sale of services				
Job work charges collected		30.90		12.77
c) Sale of Scrap		8.05		9.18
<b>TOTAL</b>		<b>9,134.81</b>		<b>6,500.91</b>

## 21. OTHER INCOME

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
Interest Income				
On Long Term Investments	5.04		2.30	
On Current Investments	28.19		32.35	
		<b>33.23</b>		<b>34.65</b>

PARTICULARS	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
Dividend Income :				
On Long Term Investments	0.02		—	
On Current Investments	2.55		2.37	
		2.57		2.37
Gain on sale of investments (Net)				
On Long Term Investments	—		1.02	
On Current Investments	—		0.14	
		—		1.16
Gain from sale of fixed Assets (Net)		9.65		—
Provision for doubtful debts written back		2.15		1.54
Sundry Credit Balance written back		3.09		0.43
Rent Received		1.06		0.78
Insurance claim received		12.40		—
Other non operating Income		1.45		0.16
<b>TOTAL</b>		<b>65.60</b>		<b>41.09</b>

**22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
<b>CLOSING STOCK AS ON 31 MARCH 2012</b>				
Finished Goods	641.86		466.33	
Stock in trades (Traded Goods)	2.72		13.59	
Work-in-progress	2,220.77		868.77	
		2,865.35		1,348.69
<b>LESS : OPENING STOCK AS ON 1 APRIL 2011</b>				
Finished Goods	466.33		299.66	
Stock in trades (Traded Goods)	13.59		—	
Work-in-progress	868.77		826.48	
		1,348.69		1,126.14
<b>TOTAL</b>		<b>1,516.66</b>		<b>222.55</b>

**23. EMPLOYEE BENEFIT EXPENSES**

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
Salaries, Wages and Bonus	242.96		182.48	
Contribution to Provident Fund and Other Funds	13.74		11.91	
Employee Stock Option Compensation Expenses	2.27		—	
Employees Welfare Expenses	8.31		5.37	
	<b>267.28</b>		<b>199.76</b>	

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 24. FINANCE COSTS

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Interest expense (Net of interest subsidy of ₹ 131.11 crore (Previous year ₹ 131.88 crore) and recovery of ₹ 140.02 crore (Previous year ₹ 81.47 crore))	1,065.33	685.95
Interest on late payment of taxes	2.04	3.07
Other Borrowing costs	82.18	47.25
<b>TOTAL</b>	<b>1,149.55</b>	<b>736.27</b>

### 25. OTHER EXPENSES

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Stores and Spares Consumed	97.89	50.63
Packing Materials Consumed	130.36	80.70
Power and Fuel	656.05	392.09
Processing Charges	65.44	47.93
Labour Charges	66.27	59.39
Excise Duty	6.27	4.14
Donation	1.21	0.81
Freight, Coolie and Cartage	106.51	98.25
Legal and Professional Fees	35.41	28.70
Rent	15.63	12.19
Rates and Taxes	5.54	4.59
Repairs and Maintenance		
Plant and Machinery	16.91	14.61
Factory Building	2.08	0.59
Others	5.25	3.55
	24.24	18.75
Commission on Sales	37.29	21.63
Loss on exchange rate difference / derivative (Net)	248.56	34.19
Provision for Doubtful Debts	12.87	6.37
Provision for Doubtful Advance	3.76	9.31
Bad debts and advances written off	12.07	—
Loss on sale of investment(Net)	0.12	—
Directors Remuneration	7.20	7.20
Directors Fees and Commission	5.04	5.06
Auditors Remuneration		
Audit Fees	1.46	1.30
Certification Fees	0.05	0.03
	1.51	1.33
Loss on sale of assets (Net)	—	1.74
Insurance	12.11	12.87
Miscellaneous Expenses (Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement etc.)	129.95	108.08
<b>TOTAL</b>	<b>1,681.30</b>	<b>1,005.95</b>

**26 Contingent Liabilities in respect of :**

(₹ Crore)

Sr. No.	Particulars	Current Year	Previous Year
A	Customs duty on shortfall in export obligation in accordance with EXIM Policy  (The company is hopeful of meeting the export obligation within the stipulated period)	Amount Unascertained	Amount Unascertained
B	Pending Litigation	0.05	0.05
C	Guarantees given by banks on behalf of the Company	73.48	24.69
D	Corporate Guarantees given to bank for loans taken by Subsidiary Companies	977.62	213.35
E	Bills discounted	214.79	242.94
F	<b><u>Taxation Matters :</u></b>		
a)	Income tax demand mainly on account of alleged short deduction of taxes for AY 2010-11 and AY 2011-12 on certain payments. The company has filed an appeal with the Commissioner of Income Tax (A) and is hopeful of favourable decision.	1.69	-
b)	Income Tax demand during the previous years of ₹ 5.91 crore mainly on account of alleged short deposition of TDS amounts arising from wrong TAN numbers mentioned while uploading the TDS return and certain payments not considered by the Tax authorities, although duly paid by the company and short deduction of tax in respect of certain payments with respect to AY 2006-07 to 2009-10. The company had filed an appeal with the Commissioner of Income Tax (A) and also made application for rectification u/s 154 providing details of amounts paid to the bank. Such rectification was carried out during the year for majority of the amount and for the balance of ₹ 0.23 crore mainly pertaining to short deduction of taxes, the company is hopeful of favourable decision.	0.23	5.91
c)	Demands of Works Contract Tax contested not acknowledged as debts as the company is hopeful of favourable decision.	0.59	0.59
d)	Income tax amounting to ₹ 11.29 crore, mainly on account of disallowance of interest and expenditure incurred towards exempt income. The company has filed an appeal with the Commissioner of Income Tax (A) and is hopeful of favourable decision.	11.29	-

**27 Capital Commitments**

(₹ Crore)

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	445.15	464.55

**28 Related Party Disclosure****A) Name and Transaction / balances with related parties****i. Name of related parties and nature of relationship**

As per Accounting Standard 18 (AS-18) "Related Party Disclosures", Company's related parties disclosed as below:



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

<b>(i) Associate companies</b>	
Alspun Infrastructure Limited	Next Creation Holdings LLC
Ashford Infotech Private Limited	Nirvan Builders Private Limited
<b>(ii) Entities under common control</b>	
Alok Denims (India) Private Limited	Green Park Enterprises
Alok Finance Private Limited	Jiwrajka Associates Private Limited
Alok Knit Exports Limited	Jiwrajka Investment Private Limited
Alok Textile Traders	Niraj Realtors & Shares Private Limited
Ashok Realtors Private Limited	Nirvan Exports
Buds Clothing Co.	Nirvan Holdings Private Limited
D. Surendra & Co.	Pramatex Enterprises
Gogri Properties Private Limited	Pramita Creation Private Limited
Grabal Alok Impex Limited (Refer Note 36 on amalgamation)	Triumphant Victory Holdings Limited.
<b>(iii) Subsidiaries</b>	
Alok Inc.	Alok Infrastructure Limited
Alok Industries International Ltd. (Refer note no 35 on transfer of shares to Alok Infrastructure Limited)	Alok Apparels Private Limited
Alok Retail (India) Limited	Alok New City Infratex Private Limited
Alok Land Holdings Private Limited	Alok Realtors Private Limited
Alok Aurangabad Infratex Private Limited	Alok HB Hotels Private Limited
Alok H&A Limited	Alok HB Properties Private Limited
Alok International, Inc.	Springdale Information and Technologies Private Limited
Alok European Retail, s.r.o.	Kesham Developers & Infotech Private Limited
Alok International (Middle East) FZE (incorporated on 01 August 2011)	Alok Singapore Pte Ltd. (Incorporated on 28 December 2011)
Mileta, a.s.	Grabal Alok (UK) Limited (Refer note no 36 on amalgamation)
	Grabal Alok International Limited (Refer note no 35 on transfer of shares to Alok Infrastructure Limited)
<b>(iv) Joint Venture</b>	
Aurangabad Textiles & Apparel Parks Limited	
New City Of Bombay Mfg. Mills Limited	
<b>(v) Key Management Personnel</b>	
	Ashok B. Jiwrajka
	Chandrakumar Bubna
	Dilip B. Jiwrajka
	Surendra B. Jiwrajka
<b>(vi) Relatives of Key Management Personnel</b>	
	Alok A. Jiwrajka
	Suryaprakash Bubna

### II. Transactions with related parties.

(₹ Crore)

	Transaction	Associate companies	Entities under common control	Subsidiaries	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
a)	Unsecured Short Term Borrowing Accepted during the year (on amalgamation)	-	-	-	11.75	-	-	11.75
		(-)	(-)	(-)	(-)	(-)	(-)	(-)

	Transaction	Associate companies	Entities under common control	Subsidiaries	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
	Balance as at 31 Mar	-	-	-	11.75	-	-	11.75
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
b)	<u>Short Term Loans and Advances</u>							
	Balance as at 1 April	-	0.03	69.61	-	-	-	69.64
		(-)	(-)	(32.62)	(-)	(-)	(-)	(32.62)
	Granted during the year	-	10.13	3,998.06	-	-	-	4,008.19
		(-)	(252.25)	(1,482.83)	(-)	(-)	(-)	(1735.08)
	Repaid during the year	-	10.15	3,947.18	-	-	-	3,957.33
		(-)	(252.22)	(1,445.84)	(-)	(-)	(-)	(1698.06)
	Balance as at 31 Mar	-	0.01	120.49	-	-	-	120.50
		(-)	(0.03)	(69.61)	(-)	(-)	(-)	(69.64)
c)	<u>Non Current Investments</u>							
	Balance as at 1 April	-	-	37.91	88.75	-	-	126.66
		(-)	(-)	(117.76)	(87.00)	(-)	(-)	(204.76)
	Invested during the year	-	-	23.91	3.63	-	-	27.54
		(-)	(-)	(-)	(1.75)	(-)	(-)	(1.75)
	Redeemed / Transferred during the year	-	-	22.82	-	-	-	22.82
		(-)	(-)	(79.15)	(-)	(-)	(-)	(79.15)
	Balance as at 31 Mar	-	-	39.00	92.38	-	-	131.38
		(-)	(-)	(37.91)	(88.75)	(-)	(-)	(126.66)
d)	<u>Share Application Money – Non Current Investments</u>							
	Balance as at 31 Mar	-	-	9.00	-	-	-	9.00
		(-)	(-)	(9.00)	(-)	(-)	(-)	(9.00)
e)	<u>Trade Receivables</u>							
	Balance as at 31 Mar	-	0.09	143.46	0.04	-	-	143.59
		(-)	(26.97)	(38.78)	(0.09)	(-)	(-)	(65.84)
f)	<u>Trade payables</u>							
	Balance as at 31 Mar	-	-	6.78	18.75	-	-	25.53
		(-)	(18.55)	(1.04)	(0.02)	(-)	(-)	(19.61)
g)	<u>Other Current Liabilities</u>							
	Balance as at 31 Mar	-	-	261.73	-	-	-	261.73
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
h)	<u>Advance to Vendor – Short term Loans and Advances</u>							
	Balance as at 31 Mar	-	-	0.02	-	-	-	0.02
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
i)	<u>Sale of product</u>							
	Sales of Goods (Including job work charges)	-	-	242.74	0.92	-	-	243.66
		(-)	(-)	(137.94)	(1.41)	(-)	(-)	(139.35)
j)	<u>Expenditure</u>							
	Purchase of goods / Job Charges	-	-	2.48	61.19	-	-	63.67
		(-)	(2.87)	(1.07)	(82.87)	(-)	(-)	(86.81)
	Purchase of Fixed Assets	-	-	201.66	-	-	-	201.66
	(* From three Directors jointly)	(-)	(0.62)	(245.48)	(-)	(4.54*)	(-)	(250.64)
	Rent	-	-	3.12	-	-	-	3.12
		(-)	(-)	(0.59)	(-)	(-)	(-)	(0.59)
	LC Charges	-	-	-	-	-	-	-
		(-)	(-)	(2.36)	(-)	(-)	(-)	(2.36)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	Transaction	Associate companies	Entities under common control	Subsidiaries	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
	Sales Promotion Expenses	-	-	2.67	-	-	-	2.67
		(-)	(-)	(2.44)	(-)	(-)	(-)	(2.44)
	Legal & Professional Fees	-	-	12.08	-	-	-	12.08
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Marketing Service Charges	-	-	12.98	-	-	-	12.98
		(-)	(-)	(8.84)	(-)	(-)	(-)	(8.84)
	Exchange rate difference	-	-	68.98	-	-	-	68.98
		(-)	(-)	(94.37)	(-)	(-)	(-)	(94.37)
	Remuneration	-	-	-	-	12.20	0.20	12.40
		(-)	(-)	(-)	(-)	(12.20)	(0.20)	(12.40)
k)	<u>Dividend Paid</u>	-	-	-	-	1.54	-	1.54
		(-)	(-)	(-)	(-)	(1.54)	(-)	(1.54)
l)	<u>Income</u>							
	Dividend	-	-	-	2.00	-	-	2.00
		(-)	(-)	(-)	(2.21)	(-)	(-)	(2.21)
	Rent	-	0.23	0.52	-	-	-	0.75
		(-)	(0.03)	(0.68)	(-)	(-)	(-)	(0.71)
m)	Guarantee given	-	-	763.19	-	-	-	763.19
		(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note: Previous year figures are given in brackets

### III. Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under:

(₹ Crore)

	Transaction	Current Year	Previous Year
a)	<u>Unsecured Borrowing</u>		
	Accepted during the year (on amalgamation)		
	Joint Venture Company		
	New City of Bombay Mfg. Mills Limited	11.75	-
b)	<u>Loans and advances</u>		
	Granted during the year		
	Subsidiary-		
	Alok Infrastructure Limited	3,539.23	1,090.93
	Alok Industries International Limited	-	298.50
		3,539.23	1,389.43
	Repaid during the year		
	Subsidiary-		
	Alok Infrastructure Limited	3,499.01	1,090.84
	Alok Industries International Limited	-	236.45
		3,499.01	1,327.29
c)	<u>Investment</u>		
	Invested during the year		
	Subsidiary-		
	Grabal Alok International Limited	22.60	-
	Joint Venture-		
	New City of Bombay Mfg. Mills Limited	-	1.75
	Aurangabad Textiles & Apparel Parks Limited	3.63	-

	Transaction	Current Year	Previous Year
	Redeemed /Transferred during the year		
	Subsidiary-		
	Alok Industries International Limited	-	79.15
	Grabal Alok International Limited	22.60	-
d)	Turnover (including job work charges)		
	Subsidiary-		
	Alok International Inc.	141.77	44.68
	Grabal Alok (UK) Ltd.	64.80	79.92
	Alok Singapore Pte. Ltd.	25.33	-
		<u>231.90</u>	<u>124.60</u>
e)	Expenditure		
	Purchase of Goods:		
	Joint Venture Company		
	New City of Bombay Mfg. Mills Limited	60.61	81.71
	Purchase of Fixed Assets (Under Construction):		
	Subsidiary-		
	Alok Infrastructure Limited	201.66	245.48
	Rent		
	Subsidiary-		
	Kesham Developers Private Limited	2.86	0.59
	LC Charges		
	Subsidiary-		
	Grabal Alok (UK) Ltd.	-	2.36
	Sales Promotion Expenses		
	Subsidiary –		
	Grabal Alok (UK) Ltd.	2.67	2.35
	Legal & Professional charges		
	Subsidiary –		
	Grabal Alok (UK) Ltd.	12.08	-
	Marketing Service Charges		
	Subsidiary –		
	Alok International Inc.	12.98	8.84
	Exchange Rate Difference		
	Subsidiary-		
	Grabal Alok (UK) Ltd.	68.98	94.37
	Remuneration:		
	Key Management Personnel-		
	Ashok B. Jiwrajka	3.05	3.05
	Surendra B. Jiwrajka	3.05	3.05
	Dilip B. Jiwrajka	3.05	3.05
	Chandrakumar Bubna	3.05	3.05
		<u>12.20</u>	<u>12.20</u>
f)	Dividend Paid		
	Key Management Personnel-		
	Ashok B. Jiwrajka	0.50	0.50
	Dilip B. Jiwrajka	0.51	0.51
	Surendra B. Jiwrajka	0.53	0.53
		<u>1.54</u>	<u>1.54</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	Transaction	Current Year	Previous Year
g)	Income		
	Dividend:		
	Joint Venture Company		
	New City of Bombay Mfg. Mills Limited	1.80	1.80
	Aurangabad Textiles & Apparel Parks Limited	0.20	0.41
		2.00	2.21
	Rent received:		
	Entities under common control-		
	Alok Denim (India) Limited	0.18	-
	Subsidiary-		
	Alok Retail (India) Limited	0.40	0.63
	Alok H&A Limited	0.10	-
		0.50	0.63
h)	Guarantee Given		
	Subsidiary-		
	Alok Industries International Limited	665.03	-

### B) Details in accordance with clause 32 of the listing agreement with the stock exchanges are as under :

#### i) Loans and advances to subsidiary companies

Name of the Company	Balance as at 31 March 2012	Maximum balance during the year 11-12	Balance as at 31 March 2011	Maximum balance during the year 10-11
Alok Infrastructure Limited	40.34	904.61	0.12	519.73
Alok Inc.	-	0.21	0.21	0.21
Alok Industries International Limited	26.22	218.21	62.28	336.75
Alok Apparels Private Limited	28.26	30.39	-	24.96
Alok Retail (India) Limited	21.60	21.60	-	0.85
Alok H&A Limited	-	81.26	-	55.42
Grabal Alok (UK) Limited	0.05	30.20	1.59	1.59
Alok Realtors Private Limited	-	2.14	-	3.60

### C) Joint Venture

In compliance with the Accounting Standard 27 on 'Financial Reporting of interest in Joint Ventures' as notified by the (Companies Accounting Standards) Rules, 2006, the Company has interests in the following jointly controlled entities, which are incorporated in India.

(₹ Crore)

Name of the Companies	% of share holding	Amount of interest based on provisional unaudited Accounts for the year ended 31 March 2012				
		Assets	Liabilities	Income	Expense	Contingent Liability
New City of Bombay Mfg. Mills Limited	49.00%	44.35 (35.57)	9.13 (2.38)	65.84 (65.57)	62.41 (61.20)	- (-)
Aurangabad Textile and Apparel Park Limited	49.00%	9.79 (8.41)	1.27 (0.69)	31.42 (26.94)	30.61 (26.47)	- - @

@ Disputed various matters relating to NTC / ATM – Amount unascertainable (Refer note no 17(i) of provisional financial statements of Aurangabad Textile and Apparel Park Limited)

Note : Previous year figures are given in brackets.

## 29 Employee Stock Option Scheme(ESOS)

In 2011, the shareholders of the Company approved the Employee Stock Option Scheme ("Alok Industries Limited – ESOS 2010 Scheme") vide postal ballot, in accordance with the Securities and Exchange Board of India (ESOP & ESOS) Guidelines, 1999. Such scheme provides for grant of options up to 2,50,00,000 options to the eligible employees and /or directors of the Company and / or its subsidiaries. The exercise price for such options can be up to 50% discount to the market price as per the discretion of the compensation committee. 1,07,91,500 options were granted during the year and 1,05,87,950 options were outstanding as on 31 March 2012. Such options vest over a period of two years, 50% at the end of one year from the date of grant and 50% at the end of two years from the date of grant.

Details of options granted duly approved by the Remuneration and Compensation Committee under the said scheme are as under:

Grant Date	No. of Options granted	Options surrendered / lapsed	Closing Balance	Exercise Price	Vesting period
20 April 2011	12,80,000	18,000	12,62,000	18.90	Up to 20 April 2013
20 April 2011	95,11,500	1,85,550	93,25,950	21.42	Up to 20 April 2013
Total	1,07,91,500	2,03,550	1,05,87,950		

The Company has followed the Intrinsic Value-based method of accounting for stock options granted, based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, and accordingly, compensation cost of ₹ 4.67 crore has been recorded during the year on such grant. The compensation cost recognised as a charge during the year was ₹ 2.27 crore. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by ₹ 4.20 crore and earnings per share as reported would be lower as indicated below:

Particulars	Year-2012
Basic and Dilutive Earnings per share	
– As reported (In ₹)	4.69
– Adjusted (In ₹)	4.64

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. The fair value of each option granted in 2012 is estimated on the date of grant based on the following assumptions:

Particulars	Year-2012
Expected life (years)	1 year from the date of vesting
Risk free interest rate (%)	7.83%
Volatility (%)	39%

## 30 Earnings per share (EPS)

(₹ Crore)

		31 March 2012	31 March 2011
a.	Nominal value of equity shares per share ( In Rupees)	10	10
b.	<b>Basic and Diluted EPS</b>		
	Net Profit available for equity shareholders	380.53	404.36
	Weighted average number of equity shares – Basic	811,187,390	787,784,357
	Basic EPS	4.69	5.13
	Add: Effect of dilutive stock options (Nos.)	46,286	-
	Weighted average number of equity shares – Diluted (Nos.)	811,233,676	811,187,390
	Diluted EPS	4.69	5.13

## 31 Employee benefit plans:

### i) Defined contribution plans:

Amounts recognized as expenses towards contributions to provident fund, superannuation and other similar funds by the Company are ₹ 10.58 Crore (Previous Year ₹ 8.08 crore) for the year ended 31 March 2012.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### ii) Defined benefit plans:

- a) **Gratuity Plan:** The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.
- b) **Compensated absences:** Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan for the year ended 31 March 2012 as required under AS 15 (Revised)

(₹ Crore)		
Particulars	Gratuity (funded) as on 31 March 2012	Gratuity (funded) as on 31 March 2011
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	15.08	10.52
Current Service Cost	4.15	3.31
Interest Cost	1.51	1.11
Actuarial (Gain)/loss	(0.63)	0.46
Past Service cost – Vested Benefit	-	-
Benefits Paid	(0.33)	(0.32)
<b>Closing Defined Benefit Obligation</b>	<b>19.78</b>	<b>15.08</b>
<b>Change in Fair Value of assets</b>		
Opening in Fair value of assets	4.49	2.76
Expected Return on Plan Assets	0.34	0.22
Actuarial gain	0.26	0.08
Contribution by Employer	2.32	1.75
Benefits Paid	(0.33)	(0.32)
<b>Closing Fair Value of Plan Assets</b>	<b>7.08</b>	<b>4.49</b>
<b>Net Liability</b>	<b>12.70</b>	<b>10.59</b>

Expense to be recognized in statement of Profit and Loss Account

(₹ Crore)		
Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Current Service Cost	4.15	3.31
Interest on Defined Benefit Obligation	1.51	1.11
Expected Return on Plan Assets	(0.34)	(0.22)
Net Actuarial Loss	(0.89)	0.38
<b>Total Included in Employment Expenses</b>	<b>4.43</b>	<b>4.58</b>
<b>Actual Return on Plan Assets</b>	<b>0.60</b>	<b>0.30</b>
<b>Category of Assets as on 31 March</b>	<b>7.08</b>	<b>4.49</b>
Insurer Managed Fund		

The assumptions used in accounting for the gratuity are set out below:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Discount rate	8.70%	8.05%
Rate of increase in compensation levels of covered employees	9.00%	9.00%
Expected Rate of return on plan assets *	7.50%	7.50%

\* Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

Experience Adjustments

(₹ Crore)

Particulars	Year Ended				
	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Defined benefit obligation	19.78	15.08	10.52	6.67	-
Plan Assets	7.08	4.49	2.76	2.24	-
Surplus / (Deficit)	(12.70)	(10.59)	(7.76)	(4.43)	-
Experience Adjustments on plan Liabilities	1.09	(0.67)	0.16	-	-
Experience Adjustments on plan Assets	0.26	0.08	0.07	-	-

#### Asset Allocations

Since the investments are held in the form of deposit with LIC, these are not volatile and the market value of assets is the cost value of assets and has been accordingly considered for the above disclosure.

### 32 Segment Reporting

#### a) Primary Segment: Geographical Segment

The company is in the business of manufacturing of Textile products. Considering its high level of international operations and present internal financial reporting based on geographical location of customer, the company has identified geographical segment as primary segment.

The geographic segment consists of:

- Domestic (Sales to Customers located in India)
- International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The company believes that it is not practical to allocate segment expenses, segment results, assets used, except debtors, in the company's business or liabilities contracted since the resources / services / assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made. All fixed assets are located in India.

(₹ Crore)

Particulars	Current Year	Previous Year
<b>Segment Revenue</b>		
Operating Revenue – Sales		
<b>Domestic</b> [Net of Excise duty of ₹ 233.95 crore (Previous year ₹112.48 crores)]	5,840.41	4,158.23
<b>International</b>	3,029.55	2,217.43
	<b>8,869.96</b>	<b>6,375.66</b>
Job Charges Collected (Domestic)	30.90	12.77
<b>Total segment revenue</b>	<b>8,900.96</b>	<b>6,388.43</b>
<b>Segment Assets</b>		
Sundry Debtors		
<b>Domestic</b>	1,799.53	1,548.41
<b>International</b>	352.62	191.78
	<b>2,152.15</b>	<b>1,740.19</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### b) Secondary Segment: Business Segment

The company is operating in a single business i.e. Textile and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting"

- 33 i. Due to unusual depreciation in the value of the Indian Rupee (INR) against US Dollar (USD) during the year, the exchange loss/ gain arising out of :
- (i) Restatement of foreign currency liabilities/assets, and;
  - (ii) Mark to Market (MTM) losses on foreign exchange derivatives taken by the Company, has been presented as an exceptional item with corresponding changes for the previous year.
- ii. The Company, during the year, based on the announcement of the ICAI (Accounting for derivatives), has accounted for derivative forward exchange contracts taken towards highly probable forecast transactions and firm commitments, at fair values considering the principles of recognition and measurement stated in AS-30 'Financial Instruments: Recognition and Measurement'. Consequent upon such change, the profit after tax for the year ended March 31, 2012 is higher by ₹16.78 crore and reserves and surplus are lower by an equivalent amount. Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 16.78 crore as at March 31, 2012, which is expected to be reclassified to the profit and loss account over the next year.
- iii. Fair values (Mark to market values) (loss) of Foreign currency options , Interest rate swaps and forward contracts (other than those considered for hedging) as at 31 March 2012 aggregating to ₹ 179.57 crore (previous year ₹ 72.96 crore) has been accounted for by the Company. Such fair values are based on the report of counter parties. MTM losses on such derivatives of ₹ 106.61 crore have been recognised during the year.
- iv. Derivative contracts entered into by the company and outstanding as on 31 March 2012 for hedging currency and interest rate related risks. Nominal amounts of derivative contracts entered into by the company and outstanding as on 31 March 2012 amount to ₹ 3,477.99 Crore (previous year ₹ 2,841.73 Crore). Category wise break-up is given below.

(₹ Crore)

Sr. No.	Particulars	31 March 2012	31 March 2011
1	<b>Interest Rate Swaps</b>		
	USD/INR	476.73	280.68
	JPY/INR	1,150.00	743.27
	EUR/INR	150.00	-
		1,776.73	1,023.95
2	Currency Options *	1,201.21	1,342.26
3	Forward Contract	500.05	475.52
	<b>Total</b>	<b>3,477.99</b>	<b>2,841.73</b>

\* Represents monthly currency option for receivables, maturing over a period of 5 years

- v. The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below :

### a) Amount receivable in foreign currency on account of the following

Particulars	Foreign Currency	Current Year		Previous Year	
		Amount in foreign currency	Rupees (Crore)	Amount in foreign currency	Rupees (Crore)
Debtors	USD	-	-	1.37	61.12
	EUR	0.19	12.99	0.09	5.51
	GBP	0.00*	0.05	0.01	0.48
Fixed Deposits	USD	0.65	33.50	-	-

\*GBP 6,647

## b) Amount Payable in foreign currency on account of the following

Particulars	Foreign Currency	Current Year		Previous Year	
		Amount in foreign currency	Rupees (Crore)	Amount in foreign currency	Rupees (Crore)
Secured Loans	USD	27.69	1,416.91	21.49	959.31
	JPY	184.87	115.42	182.81	98.76
	EUR	4.39	300.24	1.69	106.78
Interest accrued but not due on loans	USD	0.01	0.76	0.01	0.43
	EUR	0.03	2.09	0.02	1.44
Unsecured Loan	USD	4.65	237.91	-	-
	JPY	2.06	1.29	-	-
	EUR	1.78	121.41	1.77	112.22
Sundry creditors	USD	2.90	148.49	5.96	266.23
	JPY	-	-	4.31	2.33
	EUR	0.06	3.82	0.02	0.97
	CHF	0.00*	0.16	-	-

\*CHF 27,571

- 34 During the previous year, Deutsche Bank, Singapore Branch subscribed to unsecured floating rate compulsory convertible bonds issued by Alok Industries International Limited ("Alok BVI") and Grabal Alok (UK) Ltd, a company incorporated in the United kingdom (subsidiary) of the company, of USD 56.5 million each, with a green shoe option of USD 25 million. These bonds are secured by subservient charge on current and movable assets of the company which was created by executing a Deed of Hypothecation on 28 October 2010 in favour of AXIS Trustee Services Limited, Mumbai, India.
- 35 During the year, the company has transferred investments in the form of equity capital and cumulative redeemable preference shares in Alok Industries International Ltd ("Alok BVI") & Grabal Alok International Ltd ("Grabal BVI"), its two wholly owned subsidiary companies to Alok Infrastructure Limited ("Alok Infra"), another wholly owned subsidiary as a strategy to consolidate all investible assets under one umbrella. During the previous year, vide a novation agreement, the Company had taken over the obligation of Grabal Alok (UK) Ltd, (then an associate company of Alok BVI & Grabal BVI in the United Kingdom) towards its liability pertaining to a JPY/USD foreign currency derivative. Consequent to the sale of shares in Alok BVI and Grabal BVI to Alok Infra, Alok Infra has taken over such obligation of Alok Industries Ltd. during the current year.
- 36 During the year, the Honourable High Court, Bombay sanctioned the scheme of amalgamation ('scheme') between the Company (transferee) and Grabal Alok Impex Limited (transferor) with appointed date of 1 April 2011. Grabal Alok Impex is in the business of manufacturing embroidery textiles. The scheme has been effective from 1 March 2012.

The Company issued 2,24,85,000 equity shares of ₹ 10 each to shareholders of Grabal Alok Impex Limited (of which 19,00,000 shares were issued to Alok Benefit Trust) considering exchange ratio of 1:1 as per the scheme. There were no significant differences in accounting policies of two companies. The Company has accounted for such amalgamation under 'pooling of interest' method as under;

Particulars	₹ Crore
Carrying value of Fixed assets (including CWIP ₹ 18.94 crore)	193.51
Carrying value of Investments (including ₹ 31.34 crore in Transferee company through Alok Benefit Trust)	62.59
Inventories	46.00
Debtors	37.50
Cash & Bank balances	147.00
Loans & Advances	16.85
<b>Total Assets</b>	<b>503.45</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	₹ Crore
Current liabilities & Provisions	55.82
Long term borrowings	113.15
Short Term Borrowings	145.79
Deferred Tax Liabilities	16.78
Share warrants	20.40
<b>Total Liabilities</b>	<b>351.94</b>
Shares issued	22.49
Reserves taken over	129.02

Pursuant to the scheme, with effect from the Appointed Date up to and including the Effective Date, the transferor company is deemed to have been carrying on all business and activities in trust for Alok Industries Limited. Pending completion of relevant formalities of transfer of certain assets and liabilities pursuant to the Scheme, such assets and liabilities remain under the name of the Grabal Alok Impex Ltd.

On amalgamation of the Company and Grabal Alok Impex Ltd, Grabal Alok (UK) Ltd, an associate company of both companies, has now become a majority owned subsidiary of Alok Industries Ltd.

Current year figures of the Company include amount of revenue of ₹ 160.96 crore & profit before tax of ₹ 7.58 crore for the year and hence are not strictly comparable.

- 37 In line with the amended Accounting Standard (AS) 11 – ‘Effect of changes in Foreign Exchange Rates’, the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.
- Added to fixed assets/ capital work-in-progress ₹ 114.47 crore (previous year ₹ 23.48 crore) being exchange difference on long term monetary items relatable to acquisition of fixed assets.
  - Carried forward ₹ 0.99 crore (previous year ₹ (0.22) crore) in the ‘Foreign Currency Monetary Item Translation Difference Account’ being the amount remaining to be amortised as at 31 March 2012.
- 38 Addition information

### Sales for the year in broad heads

		(₹ Crore)	
Division	2011-12	2010-11	
<b>a) Sale of Product</b>			
<b><u>Cotton &amp; Cotton yarn</u></b>			
Raw Cotton –Traded	117.48	429.78	
Cotton Yarn	200.95	120.54	
Cotton Yarn –Traded	3.84	2.85	
	<b>322.27</b>	<b>553.17</b>	
<b><u>Apparel Fabric</u></b>			
Woven Fabric	3,660.06	2,718.87	
Woven Fabric –Traded	9.58	-	
Knitted Fabric	266.49	241.56	
Embroidery Fabric	162.94	-	
	<b>4,099.07</b>	<b>2,960.43</b>	
<b><u>Home textile</u></b>			
Madeups	1,090.95	889.50	
Terry Towel	159.46	110.61	
	<b>1,250.41</b>	<b>1,000.11</b>	
<b><u>Garment</u></b>			
Garments	153.09	93.18	
Handkerchief	20.81	21.39	
Accessories –Traded	43.40	59.49	

Division	2011-12	2010-11
	<b>217.30</b>	<b>174.06</b>
<b><u>Polyester Yarn</u></b>		
Chips	749.00	158.90
POY	656.60	326.32
Texturised Yarn	1,310.02	1,146.25
FDY	470.59	142.55
Polyester Staple Fibre (PSF)	17.17	13.24
PTA –Traded	-	13.11
	<b>3,203.38</b>	<b>1,800.37</b>
<b><u>Others</u></b>		
Packing Material	9.78	-
Others	1.70	-
<b>Total</b>	<b>9,103.91</b>	<b>6,488.14</b>

**Raw Material Consumption for the year in broad heads****(₹ Crore)**

Division	2011-12	2010-11
<b><u>Cotton &amp; Cotton yarn</u></b>		
Raw Cotton	766.94	456.55
Cotton Yarn	610.78	302.36
	<b>1,377.72</b>	<b>758.91</b>
<b><u>Apparel Fabric</u></b>		
Woven Fabric	1,498.11	1,038.67
Knitted Fabric	33.72	26.52
	<b>1,531.83</b>	<b>1,065.19</b>
<b><u>Polyester Yarn</u></b>		
PTA	2,767.75	1,352.79
Chips	28.58	24.52
POY	6.70	22.63
Melt	10.31	-
	<b>2,813.34</b>	<b>1,399.94</b>
<b><u>Others</u></b>		
Packing Material	25.45	-
<b>Total</b>	<b>5,748.34</b>	<b>3,224.04</b>

**Purchase of Traded Goods for the year in broad heads****(₹ Crore)**

Division	2011-12	2010-11
<b><u>Cotton &amp; Cotton yarn</u></b>		
Raw Cotton	108.11	274.02
Cotton Yarn	3.33	2.69
	<b>111.44</b>	<b>276.71</b>
<b><u>Apparel Fabric</u></b>		
Woven Fabric	8.98	-
<b><u>Garment</u></b>		
Accessories	41.03	54.33
<b><u>Polyester Yarn</u></b>		
PTA –Traded	-	11.58
<b>Total</b>	<b>161.45</b>	<b>342.62</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### Inventory of Work-in-progress as at 31 March 2012 in broad heads

(₹ Crore)

Division	2011-12	2010-11
<b><u>Cotton &amp; Cotton yarn</u></b>		
Cotton Yarn	33.65	27.77
<b><u>Apparel Fabric</u></b>		
Woven Fabric	1,850.98	686.02
Knitted Fabric	5.80	7.24
Embroidery Fabric	20.53	-
	<b>1,877.31</b>	<b>693.26</b>
<b><u>Home textile</u></b>		
Madeups	226.32	84.00
Terry Towel	24.57	23.80
	<b>250.89</b>	<b>107.80</b>
<b><u>Garment</u></b>		
Garments	14.51	12.80
Handkerchief	3.16	1.36
	<b>17.67</b>	<b>14.16</b>
<b><u>Polyester Yarn</u></b>		
Chips	10.83	8.40
POY	9.66	2.59
Texturised Yarn	17.27	13.95
FDY	0.83	0.63
Polyester Staple Fibre (PSF)	0.06	0.21
	<b>38.65</b>	<b>25.78</b>
<b><u>Others</u></b>		
Packing Material	2.60	-
<b>Total</b>	<b>2,220.77</b>	<b>868.77</b>

### 39 (i) CIF VALUE OF IMPORTS

(₹ Crore)

	2011-12	2010-11
– Capital Goods purchased	749.95	399.33
– Stores & Spares purchased	68.33	47.31
– Raw Material purchased	1,281.58	939.55
– Packing Materials purchased	6.89	7.15
	<b>2,106.75</b>	<b>1,393.34</b>

### (ii) Expenditure in Foreign Currency

(₹ Crore)

Nature of Expenses	2011-12	2010-11
Commission on sales	15.01	9.96
Interest on Fixed Loan	48.28	33.26
Legal and Professional Fees	17.03	1.74
Marketing service charges	12.98	8.84
Sales Promotion Expenses	3.49	10.25
Claim for damaged goods	4.66	2.96
Travelling expenses	1.28	0.11
Bank Charges	4.31	4.68

Nature of Expenses	2011-12	2010-11
Exchange Loss	68.98	94.37
Miscellaneous Expenses	10.00	7.16
<b>Total</b>	<b>186.02</b>	<b>173.33</b>

(iii) **Value of raw materials, stores and spares consumed during the year.**

(₹ Crore)

	2011-12				2010-11			
	Imported		Indigenous		Imported		Indigenous	
	Value	% of Total Consumption	Value	% of Total Consumption	Value	% of Total Consumption	Value	% of Total Consumption
Raw Materials	1,381.43	24.03%	4,366.91	75.97%	671.95	20.84%	2,552.09	79.16%
Stores and Spares	64.87	66.27%	33.02	33.73%	32.56	64.30%	18.07	35.70%
Packing Materials	6.89	5.28%	123.47	94.72%	7.15	8.86%	73.55	91.14%

(iv) **Earning in Foreign Currency**

(₹ Crore)

	2011-12	2010-11
– FOB Value of Exports	2767.98	2032.34
– Interest received on Fixed Deposits	0.18	0.06

(v) **Dividend Remitted in Foreign Exchange**

Year of Dividend	2011-12	2010-11
<u>Equity share</u>		
No. of shareholders	10.00	-
No. of shares held by them	13,600.00	-
Dividend remitted during the year (₹)	3,400.00	-
Year to which dividend relates	F.Y. 2010-11	-

40 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 40

**In terms of our report attached**

**For Deloitte Haskins & Sells** **For Gandhi & Parekh**  
Chartered Accountants Chartered Accountants

**R. D. Kamat**  
Partner

**Devang B. Parekh**  
Partner

Place : Mumbai  
Mumbai: 18 May 2012

Place : Mumbai  
Mumbai: 18 May 2012

**For and on behalf of the Board**

**Ashok B. Jiwrajka** Executive Chairman  
**Dilip B. Jiwrajka** Managing Director  
**Surendra B. Jiwrajka** Jt. Managing Director  
**Sunil O. Khandelwal** Chief Financial Officer  
**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Place : Mumbai  
Mumbai: 18 May 2012



**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(3) AND 212(5) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

SR NO	NAME OF THE SUBSIDIARY COMPANY	Financial Year to which accounts relate	Holding Company's interest as at close of financial year of subsidiary company		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, dealt within the Company's account	Holding Company's interest as at March 31, 2012 incorporating changes since close of financial year of subsidiary company	
			i) Shareholding	ii) Extent of holding %age			
	Overseas						
1	Alok Inc	2011-12	50 Equity Shares of USD 200 each	100	-	0.00 (loss)	N.A.
2	Alok Industries International Limited	2011-12	50000 Equity shares of USD 1 each	100	44.34 (loss)	70.34 (loss)	N.A.
3	Alok International Inc	2011-12	1000 Equity Shares of USD 1 each	100	0.29 (loss)	0.88 (loss)	N.A.
4	Alok European Retail, s.r.o.	2011-12	200 Equity Share of 1000 CZK Each	98.05	-	0.07 (loss)	N.A.
5	Mileta a.s	2011-12	1180152 Equity Share of CZK 196 Each	100	8.77 (loss)	4.54 (profit)	N.A.
6	Alok Singapore Pte. Ltd.	2011-12	1 Equity Share of USD1 each	100	2.54 (loss)	-	N.A.
7	Alok International (Middle East) FZE	2011-12	1 Equity Shares of AED 1,000,000	100	0.38 (loss)	-	N.A.
8	Grabal Alok International Limited	2011-12	50000 Equity Shares of USD 1 each	100	13.78 (loss)	-	N.A.
9	Grabal Alok (UK) Limited	2011-12	5141447240 ordinary Shares of GBP 0.001 each	90.43	151.76 (loss)	-	N.A.
	Domestic						
1	Alok Infrastructure Limited	2011-12	50000 Equity Shares of ₹ 10 each	100	15.00 (loss)	2.02 (profit)	N.A.
2	Alok Apparels Private Limited	2011-12	1000000 Equity Shares of ₹ 10 each	100	4.36 (loss)	5.25 (loss)	N.A.
3	Alok Retail (India) Limited	2011-12	50000 Equity Shares of ₹ 10 each	100	10.92 (loss)	13.23 (loss)	N.A.
4	Alok Realtors Private Limited	2011-12	1750000 Equity Shares of ₹ 10 each	100	0.06 (loss)	0.00 (loss)	N.A.
5	Alok Landholdings Private Limited	2011-12	500000 Equity Shares of ₹ 10 each	100	0.11 (loss)	0.00 (loss)	N.A.
6	Alok New City Infratex Pvt Ltd	2011-12	50000 Equity Shares of ₹ 10 each	100	0.04 (loss)	0 (profit)	N.A.
7	Alok Aurangabad Infratex Pvt Ltd	2011-12	50000 Equity Shares of ₹ 10 each	100	0.04 (loss)	0 (loss)	N.A.
8	Alok HB Hotels Private Limited	2011-12	50000 Equity Shares of ₹ 10 each	100	0.04 (loss)	0 (loss)	N.A.
9	Alok HB Properties Private Limited	2011-12	50000 Equity Shares of ₹ 10 each	100	0.04 (loss)	0 (loss)	N.A.
10	Kesham Developers & Infotech Pvt.Ltd	2011-12	2580000 Equity Shares of ₹ 10 each	100	3.29 (profit)	0.68 (profit)	N.A.
11	Springdale Information & Technology Pvt. Ltd.	2011-12	600000 Equity Shares of ₹ 10 each	100	0.17 (loss)	0.03 (loss)	N.A.
12	Alok H&A Limited	2011-12	36050000 Equity Shares of ₹10 each	100	26.37 (loss)	2.17 (loss)	N.A.

# FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2012

Sr. No.	Name of the subsidiary	Capital	Reserve	Total Assets	Total Liabilities	Investment (Other than investment in Subsidiaries)	Turnover	Profit before Tax	Provision for tax	Profit after tax	Proposed Dividend
1	Alok Industries International Limited@	0.22	(174.03)	957.59	1,131.40	683.61	—	(44.34)	—	(44.34)	—
2	Alok Infrastructure Limited	0.05	(7.73)	1,247.41	1,255.09	1050.28	191.82	(1.54)	13.46	(15.00)	—
3	Alok HB Properties Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
4	Alok HB Hotels Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
5	Alok Realtors Private Limited	1.75	(0.39)	1,456.89	1,455.53	—	—	(0.06)	—	(0.06)	—
6	Kesham Developers & Infotech Pvt. Ltd	2.58	5.89	17.71	9.24	—	—	4.24	0.95	3.29	—
7	Springdale Information & Technology Pvt. Ltd.	0.60	0.03	1.34	0.71	—	—	(0.17)	—	(0.17)	—
8	Alok Land holdings Private Limited	0.50	(0.33)	24.92	24.75	—	—	(0.11)	—	(0.11)	—
9	Alok New City Infratex Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
10	Alok Aurangabad Infratex Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
11	Mileta, a.s.^ **	64.54	(5.18)	146.92	87.57	—	129.67	(8.77)	—	(8.77)	—
12	Alok European Retail, s.r.o. ^ **	0.06	(0.69)	0.02	0.66	—	—	—	—	—	—
13	Alok Retail (India) Limited	0.05	(35.39)	54.43	89.77	—	29.26	(10.92)	—	(10.92)	—
14	Alok Apparels Private Limited	1.00	(17.80)	42.68	59.47	—	15.24	(6.57)	(2.21)	(4.36)	—
15	Alok International Inc.@ (₹ 43.225/-)	0.00	(0.04)	90.58	90.61	4.47	142.33	(0.29)	—	(0.29)	—
16	Alok Inc.@ **	0.04	0.17	0.25	0.04	—	—	—	—	—	—
17	Alok Singapore Pte Ltd.@ ** (₹ 49/-)	0.00	(2.54)	283.49	286.03	—	26.49	(2.54)	—	(2.54)	—
18	Alok International (middle east) FTZ #**	1.31	(0.38)	1.59	0.66	—	—	(0.38)	—	(0.38)	—
19	Grabal Alok (UK) Limited ** refer note no 39 (b)	4.65	(174.49)	649.62	819.46	—	759.16	(151.76)	—	(151.76)	—
20	Grabal Alok International Limited refer note no 39 (a)	72.70	(17.62)	377.01	321.92	333.53	—	(13.78)	—	(13.78)	—
21	Alok H&A Limited **	36.05	(34.73)	124.70	123.38	0.01	46.60	(26.37)	—	(26.37)	—

@ Balance sheet items are translated at closing exchange rate of INR 51.16/USD and Profit/(Loss) items are translated at average closing rate of INR 47.95/USD

# Balance sheet items are translated at closing exchange rate of INR 2.79/CZK and Profit/(Loss) items are translated at average closing rate of INR 2.67/CZK

\$ Liquidated during the year

# Balance sheet items are translated at closing exchange rate of INR 14.11/AED and Profit/(Loss) items are translated at average closing rate of INR 13.55/AED

\* Including Share Application Money

\*\* Unaudited figures

---

# Consolidated Financial Statements

**TO THE BOARD OF DIRECTORS OF  
ALOK INDUSTRIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **ALOK INDUSTRIES LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31<sup>st</sup> March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to note no. 39 (b) of the financial statements regarding goodwill recognised on consolidation of Grabal Alok (UK) Limited during the year. For the reasons stated therein, no provision for impairment is considered necessary at this stage.
4. Financial statements of certain Subsidiaries, which reflect total assets of ₹ 184.41 crore as at 31<sup>st</sup> March, 2012, total revenue of ₹155.98 crore and net cash inflows amounting to ₹ 254.15 crore for the year then ended, as considered in the Consolidated Financial Statements, have been audited by one of us.
5. We did not audit the financial statements of certain Subsidiaries, whose financial statements reflect total assets of ₹ 1865.17 crore as at 31<sup>st</sup> March 2012, total revenues of ₹ 94.93 crore and net cash outflows amounting to ₹ 42.84 crore for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these Subsidiaries is based solely on the reports of the other auditors.
6. We have relied on the unaudited financial statements of Subsidiaries and Joint Venture companies, whose financial statements reflect total assets of ₹ 706.03 crore as at 31<sup>st</sup> March 2012, total revenue of ₹ 1085.91 crore and net cash inflows amounting to ₹ 364.24 crore for the year ended on that date and financial statements of Associate companies in which the share of profit of the Group is ₹ 0.08 crore, as considered in the Consolidated Financial Statements. These unaudited financial statements as approved by the respective Board of Directors of the companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the Subsidiaries, Joint Venture companies and Associate companies is based solely on such approved unaudited financial statements.
7. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
8. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and certain subsidiaries and on the other financial information of the components and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements, read with para 6 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2012;
  - b. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 117366W

**R. D. Kamat**  
Partner  
Membership No.36822  
Place : Mumbai  
Date : 18 May 2012

**For Gandhi & Parekh**  
Chartered Accountants  
Firms Registration No. 120318W

**Devang B. Parekh**  
Partner  
Membership No. 105789  
Place : Mumbai  
Date : 18 May 2012





## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(₹ Crore)

PARTICULARS		NOTES	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Shareholders' Funds</b>			
	Share Capital	2	826.28	787.79
	Reserves and Surplus	3	2,034.09	2,004.27
	<b>Minority Interest</b>		—	4.62
	<b>Non-current Liabilities</b>			
	Long-term Borrowings	4	8,516.96	7,164.48
	Deferred Tax Liabilities (net)	5	627.07	507.84
	Long-term provisions	6	176.71	79.64
	<b>Current Liabilities</b>			
	Short-term Borrowings	7	5,340.01	3,695.97
	Trade payables	8	605.23	594.93
	Other current liabilities	9	2,908.52	1,563.20
	Short-term provisions	10	119.47	72.93
	<b>TOTAL</b>		<b>21,154.34</b>	<b>16,475.67</b>
<b>II</b>	<b>ASSETS</b>			
	<b>Non-current Assets</b>			
	Fixed assets			
	Tangible assets	11	8,811.20	7,470.27
	Intangible assets	11	41.00	43.58
	Capital work-in-progress	11	924.38	899.98
	Goodwill on Consolidation		606.27	156.42
	Non-current Investments	12	1,589.42	1,689.98
	Deferred tax assets (net)	5	9.02	7.54
	Long-term Loans & Advances	13	390.32	440.11
	<b>Current Assets</b>			
	Current Investments	14	3.94	27.41
	Inventories	15	3,697.12	2,149.88
	Trade receivables	16	2,204.00	1,814.20
	Cash & Bank Balances	17	1,397.80	1,200.91
	Short-term Loans & Advances	18	1,364.06	439.01
	Other current assets	19	115.81	136.38
	<b>TOTAL</b>		<b>21,154.34</b>	<b>16,475.67</b>
<b>III</b>	Significant accounting policies and accompanying notes forming part of the financial statements	1 to 44		
<b>In terms of our report attached</b>		<b>For and on behalf of the Board</b>		
<b>For Deloitte Haskins &amp; Sells</b>		<b>Ashok B. Jiwrajka</b>		
Chartered Accountants		Executive Chairman		
<b>For Gandhi &amp; Parekh</b>		<b>Dilip B. Jiwrajka</b>		
Chartered Accountants		Managing Director		
<b>R. D. Kamat</b>		<b>Surendra B. Jiwrajka</b>		
Partner		Jt. Managing Director		
<b>Devang B. Parekh</b>		<b>Sunil O. Khandelwal</b>		
Partner		Chief Financial Officer		
		<b>K. H. Gopal</b>		
		President (Corporate Affairs) & Company Secretary		
Place : Mumbai		Place : Mumbai		
Date: 18 May 2012		Date: 18 May 2012		



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**  
**31 MARCH 2012**



(₹ Crore)

PARTICULARS	NOTES	Year Ended 31-Mar-12	Year Ended 31-Mar-11
<b>REVENUE</b>			
Revenue from Operations (gross)	20	10,018.67	6,727.38
Less : Excise Duty		233.95	112.48
<b>Revenue from Operations (net)</b>		<b>9,784.72</b>	<b>6,614.90</b>
Other Income	21	95.51	67.07
<b>Total Revenue</b>		<b>9,880.23</b>	<b>6,681.97</b>
<b>EXPENSES</b>			
Cost of Materials consumed		5,793.09	3,261.84
Purchase of Traded Goods		1,117.20	468.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1,692.18)	(267.67)
Employee benefits expense	23	312.84	244.22
Finance costs	24	1,234.70	782.15
Depreciation and amortisation expense	11	749.14	530.97
Other expenses	25	1,877.36	1,120.36
<b>Total Expenses</b>		<b>9,392.15</b>	<b>6,140.86</b>
<b>Profit before exceptional items and tax</b>		<b>488.08</b>	<b>541.11</b>
Exceptional items (Refer note no 42(i))		121.27	39.87
<b>Profit before tax</b>		<b>366.81</b>	<b>501.24</b>
<b>Tax Expenses</b>			
– Current tax		(172.93)	(81.16)
Includes MAT adjustment ₹ 44.12 crore (₹ 26.53 crore pertaining to the previous year (previous year ₹ 42.42 crore))			
– Deferred tax		(100.97)	(97.34)
<b>Total Tax expenses</b>		<b>(273.90)</b>	<b>(178.50)</b>
<b>Profit for the year before minority interest and share of profit/(loss) from associates</b>		<b>92.91</b>	<b>322.74</b>
Share of profit/(loss) from Associates		0.08	(10.89)
Minority Interest		–	(0.31)
<b>Net Profit for the year</b>		<b>92.99</b>	<b>311.54</b>
<b>EARNINGS PER SHARE (in ₹)</b>	34		
Basic		1.15	3.95
Diluted		1.15	3.95
Significant accounting policies and accompanying notes forming part of the financial statements	1 to 44		
<b>In terms of our report attached</b>		<b>For and on behalf of the Board</b>	
<b>For Deloitte Haskins &amp; Sells</b>	<b>For Gandhi &amp; Parekh</b>	<b>Ashok B. Jiwrajka</b>	Executive Chairman
Chartered Accountants	Chartered Accountants	<b>Dilip B. Jiwrajka</b>	Managing Director
		<b>Surendra B. Jiwrajka</b>	Jt. Managing Director
<b>R. D. Kamat</b>	<b>Devang B. Parekh</b>	<b>Sunil O. Khandelwal</b>	Chief Financial Officer
Partner	Partner	<b>K. H. Gopal</b>	President (Corporate Affairs) & Company Secretary
Place : Mumbai	Place : Mumbai	Place : Mumbai	
Date: 18 May 2012	Date: 18 May 2012	Date: 18 May 2012	



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(₹ Crore)

PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
<b>A] Cash Flow from Operating Activities</b>		
Net Profit Before Tax	366.81	501.24
<b>Adjustments for:</b>		
Depreciation / Amortisation	749.14	530.97
Diminution in the value of investment	8.88	16.88
Employee Stock Option outstanding	2.27	—
Exchange rate difference	8.99	(6.34)
Dividend Income	(0.60)	(0.36)
Interest Expense (net)	1,108.77	668.26
(Profit)/Loss on sale of fixed assets (net)	(34.88)	0.03
Loss/(Profit) on sale of current investments (net)	0.12	(1.16)
<b>Operating Profit before working capital changes</b>	<b>2,209.50</b>	<b>1,709.52</b>
<b>Adjustments for</b>		
(Increase) in Inventories	(1,381.63)	(599.29)
(Increase) in Trade Receivables	(283.39)	(687.74)
(Increase)/Decrease in Loans and Advances	(958.63)	123.87
(Decrease)/Increase in Current Liabilities	93.09	478.43
Cash (used) in/generated from operations	<b>(321.06)</b>	<b>1,024.79</b>
Income Taxes Paid	(129.40)	(128.45)
<b>Net cash (used) in/generated from Operating Activities</b>	<b>(450.46)</b>	<b>896.34</b>
<b>B] Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,551.10)	(2,340.79)
Proceeds from sale of fixed assets	49.40	14.05
Purchase of Investments	(341.57)	(214.13)
Proceeds from sale of Investments	135.57	127.24
Fixed Deposits and earmarked balances matured/(placed)	236.57	(318.04)
Dividends Received	0.60	0.36
Interest Received	35.86	62.04
Share Application money paid	—	(0.16)
Inter Corporate Deposits granted	(4.49)	(3.44)
<b>Net cash (used) in Investing Activities</b>	<b>(1,439.16)</b>	<b>(2,672.87)</b>
<b>C] Cash flow from Financing Activities</b>		
Proceeds from issue of Equity Share Capital (including premium) (Net)	61.19	—
Share Application money received/(repaid) (Net)	350.00	(227.57)
Proceeds from Term borrowings	2,430.53	4,144.40
Repayment of Term Borrowings	(954.59)	(2,751.40)
Proceeds from short term borrowings (Net)	1,428.24	898.48
Dividend Paid (Including Tax thereon)	(24.52)	(23.33)
Interest Paid	(1,130.38)	(791.85)
<b>Net cash Generated from Financing Activities</b>	<b>2,160.47</b>	<b>1,248.73</b>
<b>Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>270.85</b>	<b>(527.80)</b>
<b>Cash and Cash equivalents at the beginning of the Year</b>	<b>165.98</b>	<b>693.78</b>
<b>Cash and Cash equivalents pursuant to amalgamation</b>	<b>158.62</b>	<b>—</b>
(Refer note no 39)		
<b>Cash and Cash equivalents at the end of the Year</b>	<b>595.45</b>	<b>165.98</b>

**Cash and cash equivalents**

- 1 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the year and is considered as part of investing activity.

2 **Cash and Cash equivalents includes :**

(₹ Crore)

PARTICULARS	31 March 2012	March 31, 2011
Cash and Bank Balances (Refer note no 17)	1,397.80	1,200.91
Less : Earmarked balances/deposits with bank*	715.19	981.69
Less : Deposit with maturity period of more than 3 months **	87.16	53.24
<b>Total Cash and Cash equivalents</b>	<b>595.45</b>	<b>165.98</b>

\* Earmarked balances/deposits with bank includes balances/deposits held as margin money or security against borrowings, guarantees and other commitments, which being restricted for its use, have been excluded from cash and cash equivalent and grouped under the investing activity.

\*\* Fixed Deposits with maturity period of more than three months have been excluded from cash and cash equivalent and grouped under the investing activity.

- 3 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' "Cash Flow Statements".
- 4 Pursuant to scheme of amalgamation between Alok Industries Limited and Grabal Alok Impex Limited with appointed date of 1 April 2011, the assets and liabilities of Grabal Alok Impex Limited were taken over as per Pooling of Interest method as on 1 April 2011.

This arrangement of amalgamation is a non-cash transaction and considered as such, in the above cash flow statement. (Refer note no 39(a) of the financial statements)

- 5 Previous year's figures have been regrouped/restated wherever necessary.

**In terms of our report attached**

**For Deloitte Haskins & Sells**

Chartered Accountants

**R. D. Kamat**

Partner

Place : Mumbai

Date: 18 May 2012

**For Gandhi & Parekh**

Chartered Accountants

**Devang B. Parekh**

Partner

Place : Mumbai

Date: 18 May 2012

**For and on behalf of the Board**

**Ashok B. Jiwrajka**

Executive Chairman

**Dilip B. Jiwrajka**

Managing Director

**Surendra B. Jiwrajka**

Jt. Managing Director

**Sunil O. Khandelwal**

Chief Financial Officer

**K. H. Gopal**

President (Corporate Affairs) &  
Company Secretary

Place : Mumbai

Date: 18 May 2012

## 1 SIGNIFICANT ACCOUNTING POLICIES

### i Basis of Preparation of Financial Statements

These consolidated financial statements of Alok Industries Limited ("the Parent Company") and its Subsidiaries, Joint Ventures and Associate Companies, (together the "Group" or "the Company") have been prepared under the historical cost convention in accordance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India.

### ii Principles of Consolidation

The financial statements of Subsidiary companies, Joint Venture companies and associate companies used in consolidation are drawn up to the same reporting date as that of the Parent Company. The consolidated financial statements have been prepared on the following basis :

- a) The financial statements of the Parent Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions resulting in unrealised profit or losses as per Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Company (Accounting Standards) Rules 2006. The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- b) The excess of cost to the Company of its investment in subsidiary companies over its share of equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- c) Minority Interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- d) The Financial Statements of the Joint Venture entities have been considered on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses, by using "proportionate consolidation" method. The investment in Joint Venture entities over the holding company's portion of equity is recognised as a capital reserve/goodwill, as per Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture" as notified by the Company (Accounting Standards) Rules 2006.
- e) The consolidated financial statements include the share of profit / loss of associate companies in which the investor has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under the "Equity Method" as per which the share of profit of the associate Company has been added to the cost of investment, and its share of pre-acquisition profits/losses is reflected as Capital Reserve/Goodwill in the carrying value of Investment in accordance with Accounting Standard 23 on Accounting for Investment in Associates in Consolidated Financial Statement as notified by Company (Accounting Standards) Rules 2006.

### iii Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

### iv Revenue Recognition

- a) Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of trade discount, returns and sales tax collected.

- b) Revenue from construction contracts is recognised by adopting "Percentage Completion Method". It is stated on the basis of physical measurement of work actually completed at the balance sheet date, taking into account contract price and revision thereto.
- c) Revenue in respect of insurance / other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

#### **v Fixed Assets**

##### **a) Own Assets :**

Fixed Assets are stated at cost of acquisition or construction including directly attributable cost. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

##### **b) Assets taken on lease:**

###### **• Operating Lease:**

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rentals under operating leases are recognised as expenses over the lease term in accordance with the respective lease agreements.

##### **c) Assets given on lease:**

Lease rentals are recognised as income over the lease term.

#### **vi Investments**

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

#### **vii Depreciation / Amortisation**

- a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plant is classified based on technical assessment and depreciation is provided accordingly. Depreciation on additions to assets or on sale / disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale / scrapped, as the case may be. Assets costing less than ₹ 5,000/ – are fully depreciated in the year of purchase.
- b) Cost of leasehold land is amortised over the period of lease.
- c) Trademarks / Brands are amortised over the period of ten years from the date of capitalisation.
- d) Computer Software is amortised over the period of five years from the date of capitalisation.
- e) Goodwill on consolidation is not amortised, but is tested for impairment at each balance sheet date and impairment loss, if any, is provided for.

#### **viii Foreign Currency Transactions and Translation**

- a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange differences arising on settlement of foreign currency transactions are recognised in the profit and loss account.
- b) Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and the resultant exchange differences are recognised in the profit and loss account. Non-monetary items denominated in foreign currency are carried at historical cost.

However, pursuant to the amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences arising on restatement of long term monetary items are dealt with in the following manner :

- i. Exchange differences relating to long-term monetary items, arising during the year, in so far as those relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.



- ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortisation does not extend beyond 31 March, 2020.

#### **FOREIGN OPERATIONS :**

The translation of the financial statements of non integral foreign operations is accounted for as under :

- a) All Expenses and Revenues are translated at average rate.
- b) All monetary and non monetary assets and liabilities are translated at rate prevailing at the balance sheet date.
- c) Resulting exchange difference is accumulated in Foreign Currency Translation Reserve account until the disposal of net investment in the said non integral foreign operation.

#### **ix Inventories**

Items of Inventories are valued on the basis given below:

- a) Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
- b) Process stock and Finished Goods: At cost or net realisable values whichever is lower. Cost comprises of cost of purchase (as above), cost of conversion (absorption cost) and other costs incurred in bringing the inventory to their present location and condition.

#### **x Employee Benefits (Refer note no. 35)**

##### **a) Defined Contribution Plan**

Company's contribution paid / payable for the year to define contribution retirement benefit scheme is charged to Profit and Loss account.

##### **b) Defined Benefit Plan and other long term benefit plan**

Company's liabilities towards defined benefit scheme are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortised on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation is recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, the present value is available refunds and reduction in future contribution to the scheme.

##### **c) Short Term Employee Benefits**

Short term employee benefits are recognised as an expense at undiscounted amount in profit and loss account of the year in which the related service is rendered. These benefits include incentive, bonus.

#### **xi Accounting of CENVAT credit**

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

#### **xii Government Grants**

Grants, in the nature of interest / capital subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.

**xiii Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**xiv Income taxes**

Tax expense comprises of current tax and deferred tax. Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 (AS-22) on "Accounting for taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates and in the case of deferred tax asset on consideration of prudence, are recognised and carried forward to the extent of reasonable / virtual certainty as case may be. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI.

**xv Intangible Assets**

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**xvi Impairment of Fixed Assets**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) 28 "Impairment of Assets". An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**xvii Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**xviii Accounting for Derivatives**

- a) The company uses derivative instruments like foreign currency forward contracts, foreign currency options and Interest rate swaps to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading or speculation purposes.
- b) Interest Rate Swaps, Foreign Currency Options and Currency Swaps, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Thus, Mark to Market losses (net) are accounted for by the company, net gains are ignored.
- c) In respect of foreign currency forward contracts entered into to hedge foreign currency exposure in respect of recognised monetary items, the premium or discount on such contracts is amortised over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract / last reporting date as the case may be and the balance sheet date is recognised in the profit and loss account. Any gain / loss on cancellation of such forward contracts are recognised as income / expense of the period.

- d) The Company designates foreign currency forward contracts taken with respect to highly probable forecast transactions and firm commitments as hedges and accounts for the same by applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the gain or loss on effective cash flow hedges in the Cash Flow Hedging Reserve Account until the forecasted transaction materialises. Gain or loss on ineffective cash flow hedges (if any) is recognised in the profit and loss account. (Refer note no 42(ii)).

## 2 SHARE CAPITAL

(₹ Crore)		
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Authorised</b>		
100,00,00,000 (Previous Year 90,00,00,000) Equity shares of ₹ 10/- each	1,000.00	900.00
	<u>1,000.00</u>	<u>900.00</u>
<b>Issued, Subscribed and fully paid-up</b>		
<b>Equity Share Capital</b>		
82,62,69,357 (previous year 78,77,84,357) Equity shares of ₹10/- each fully paid up	826.27	787.78
Add : Forfeited Share (13,921 shares of ₹ 10/- each of ₹ 5 Paid up)	0.01	0.01
<b>TOTAL</b>	<u>826.28</u>	<u>787.79</u>

### NOTES :

- a) During the year 3,84,85,000 (previous year Nil) equity shares were issued as under:
- 1,60,00,000 Equity shares of ₹ 10/- each at a premium of ₹ 41/- each allotted on conversion of warrants issued by Grabal Alok Impex Limited, the amalgamating company. Such warrants were sold by the original warrant holder to Jiwarajka Investment Private Limited, a promoter group company, which exercised such warrants.
  - 2,24,85,000 Equity shares allotted to the Shareholders of Grabal Alok Impex Limited pursuant to the Scheme of Amalgamation for consideration other than cash (Refer note no 39(a)).
- b) Of the remaining shares :
- 7,45,396 equity shares were allotted as bonus shares by way of capitalisation of General Reserve.
  - 62,550 equity shares being forfeited shares were reissued during 2001.
- c) **Reconciliation of shares outstanding at the beginning and end of the reporting period**

(₹ Crore)		
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>No of shares outstanding at the beginning of the year</b>	787,784,357	787,798,278
<b>Add : Shares allotted during the year</b>		
Allotment of Equity shares on conversion of warrants	16,000,000	—
Allotment of Equity shares pursuant to the Scheme of Amalgamation	22,485,000	—
Less: Shares forfeited on account of non payment of call money	—	(13,921)
<b>No of shares outstanding at the end of the year</b>	<u>826,269,357</u>	<u>787,784,357</u>

### d) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

- e) Shares reserved for issue under options (Refer note no 33)
- f) Grabal Alok Impex Limited, the amalgamating company, (Refer note no 39(a)) had issued and allotted 200 Foreign Currency Convertible Bonds of USD 1,00,000 each aggregating to USD 20 million outstanding as at the balance sheet date, which was convertible into shares, at any time on or after 15 April 2007 and prior to the closure of business on 06 March 2012, unless previously redeemed, converted or purchased and cancelled. Such FCCBs have been redeemed after the balance sheet date, on 05 April 2012.
- g) During the year ended 31 March 2012, an amount of ₹ 0.30 per share (previous year ₹ 0.25 per share) was recognised as proposed dividend to equity share holders.
- h) **Shareholder holding more than 5 percent of the share capital**

(₹ Crore)

Sr.no.	Name of the Shareholder	AS AT 31-Mar-12		AS AT 31-Mar-11	
		No of shares Held	%	No of shares Held	%
i]	Niraj Realtors & Shares Private Limited	71,637,204	8.67	59,842,184	7.60
ii]	Caledonia Investment PLC	36,207,135	4.38	47,825,714	6.07
iii]	Caledonia Investment PLC (FDI)	24,211,903	2.93	45,184,354	5.74

**3 RESERVES AND SURPLUS**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	10.23	10.23
Add : on amalgamation*	1.49	—
Add: Transferred from statement of Profit and Loss	0.26	—
	<u>11.98</u>	<u>10.23</u>
<b>Capital Reserve (on Consolidation)</b>		
Balance as per last Balance Sheet	11.61	10.66
Add : Addition on account of additional investment	2.70	—
Add : Translation difference on restatement	0.67	0.95
	<u>14.98</u>	<u>11.61</u>
<b>Revaluation reserve</b>		
Balance as per last Balance Sheet	—	—
Add : on amalgamation (Refer note no 39(b))	3.86	—
	<u>3.86</u>	<u>—</u>
<b>Capital Redemption Reserve</b>		
Balance as per last Balance Sheet	2.20	2.20
Add : on amalgamation*	6.90	—
	<u>9.10</u>	<u>2.20</u>
<b>Securities premium account</b>		
Balance as per last Balance Sheet	880.39	880.39
Add : on amalgamation*	60.15	—
Add : Received during the year (Refer note no 2a(i) above)	65.60	—
Less : Premium on redemption of FCCB	(12.49)	—
	<u>993.65</u>	<u>880.39</u>
<b>General Reserve</b>		
Balance as per last Balance Sheet	275.25	250.22
Add : on amalgamation*	5.63	—

Add: Transferred from statement of Profit and Loss	0.31	25.03
	<b>281.19</b>	275.25
<b>Debenture Redemption Reserve</b>		
Balance as per last Balance Sheet	220.38	604.68
Add: Transferred to statement of Profit and Loss	(51.90)	(384.30)
	<b>168.48</b>	220.38
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Balance Sheet	9.24	11.24
Add: Created during the year	(73.51)	(2.00)
	<b>(64.27)</b>	9.24
<b>Cash flow hedging Reserve</b> (Refer note no 42(ii))	<b>(16.78)</b>	—
<b>Employee Stock Options Outstanding</b> (Refer note no 33)		
Options granted during the year	4.67	—
Less : Deferred Employee Compensation expenses	(2.40)	—
	<b>2.27</b>	—
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	594.97	(52.48)
Add : on amalgamation*	(80.63)	—
Profit for the year	92.99	311.54
<b>Less : Appropriations</b>		
(i) Transferred to General Reserve	(0.31)	(25.03)
(ii) Transferred from Debenture Redemption Reserve	51.90	384.30
(iii) Transferred to Capital Reserve	(0.26)	—
(iv) Proposed Dividend – Equity Shares	(24.79)	(19.69)
(v) Corporate Dividend Tax thereon	(4.02)	(3.27)
(vi) Short provision of dividend and tax thereon	(0.22)	(0.40)
	<b>629.63</b>	594.97
<b>TOTAL</b>	<b>2,034.09</b>	<b>2,004.27</b>

#### 4 LONG-TERM BORROWINGS

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12		AS AT 31-Mar-11	
	Current	Non Current	Current	Non Current
Debentures/Bonds				
Debentures (Secured) (Refer note I below)		800.00		500.00
Compulsorily Convertible Debentures (Unsecured) (Refer note II below)		613.88		312.55
Compulsorily Convertible Bonds (Refer note no 40)		492.74		226.47
Term Loans (Secured) (Refer note III & IV below)				
(a) From banks				
- Rupee Loans	1,365.90	5,848.08	1,076.94	5,119.30
- Foreign currency loans	555.87	353.06	15.28	574.75
	<b>1,921.77</b>	<b>6,201.14</b>	<b>1,092.22</b>	<b>5,694.05</b>
(b) From Financial Institutions				
- Rupee Loans	121.47	170.05	130.73	183.18
- Foreign currency loans	28.12	148.36	20.57	147.00
	<b>149.59</b>	<b>318.41</b>	<b>151.30</b>	<b>330.18</b>
	<b>2,071.36</b>	<b>6,519.55</b>	<b>1,243.52</b>	<b>6,024.23</b>
Term Loans (Unsecured) (Refer note V below)				
From Banks and Financial Institutions				
- Foreign Currency Loans	119.64	86.62	16.88	95.35

Other loans & advances (Refer note VI below)				
Vehicle loan from Banks (Secured)	2.50	4.17	2.11	5.88
	<u>2,193.50</u>	<u>8,516.96</u>	<u>1,262.51</u>	<u>7,164.48</u>

**NOTES :**

- I. a) Debentures outstanding at the year end are redeemable as follows

PARTICULARS	Nos	31-Mar-12 (₹ Crore)	31-Mar-11 (₹ Crore)	Date of Redemption
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Feb-20
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Aug-19
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Feb-19
10.75% Redeemable Non convertible Debentures	334	33.34	33.34	18-Oct-18
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Aug-18
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Feb-18
10.75% Redeemable Non convertible Debentures	333	33.33	33.33	18-Oct-17
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Aug-17
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	3-Mar-17
12.50% Redeemable Non convertible Debentures	366	36.66	36.66	2-Mar-17
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Feb-17
10.75% Redeemable Non convertible Debentures	333	33.33	33.33	18-Oct-16
12.00% Redeemable Non convertible Debentures	375	37.50	—	1-Aug-16
11.50% Redeemable Non convertible Debentures	600	60.00	60.00	29-Jun-16
12.50% Redeemable Non convertible Debentures	367	36.67	36.67	2-Mar-16
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	2-Mar-16
11.50% Redeemable Non convertible Debentures	700	70.00	70.00	28-Jun-15
12.50% Redeemable Non convertible Debentures	367	36.67	36.67	3-Mar-15
12.50% Redeemable Non convertible Debentures	300	30.00	30.00	3-Mar-15
11.50% Redeemable Non convertible Debentures	700	70.00	70.00	28-Jun-14
<b>TOTAL</b>		<b>800.00</b>	<b>500.00</b>	

- b) All the debentures in a) above are secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat. Further, Debentures of ₹ 300 crore are secured by first pari passu charge to be created on fixed assets of the company and Debentures of ₹ 500 crore are secured by subservient charge on fixed and current assets of the Company (excluding Land and Building).
- II. Compulsorily Convertible Debentures are compulsorily convertible / redeemable at the option of the issuer after 26 months from the date of the issue i.e. 29 July 2011 and/or in twenty equal quarterly instalments or as mutually decided between the issuer and the holder.

**III. Disclosure of Security for term loans**

(₹ Crore)

Nature of security	Banks	Financial Institutions	TOTAL
Exclusive charge on Plant & Machinery and specific assets financed*	1,041.98 (646.34)	— (—)	1,041.98 (646.34)
Pari passu first charge created / to be created on the entire fixed assets and specific immovable properties of the company#	3,260.47 (2,964.44)	314.13 (336.92)	3,574.60 (3,301.36)
Subservient charge on all movable and current assets of the Company @	3,820.46 (3,175.49)	153.87 (144.56)	3,974.33 (3,320.05)
<b>Total</b>	<b>8,122.91</b> <b>(6,786.27)</b>	<b>468.00</b> <b>(481.48)</b>	<b>8,590.91</b> <b>(7,267.75)</b>



\* Includes loans aggregating to ₹ 218.47 crore (previous year 218.89 crore) which is further secured by personal guarantees of promoter directors / group Companies

# Includes Bank loans aggregating to ₹ 1,060.17 crore (previous year 998.90 crore) & Financial Institution loans aggregating to ₹ 30.47 crore (previous year 38.59 crore) which is further secured by personal guarantees of promoter directors / group Companies

@ Includes Banks loans aggregating to ₹ 237.47 crore (previous year 159.80 crore) which is further secured by personal guarantees of promoter directors / group Companies

#### IV. Terms of Repayment of Secured Term Loan

(₹ Crore)						
Particulars	Rate of Interest*	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Rupee Term Loan From Bank	12% – 15.75% (10.25% – 14.25%)	1,907.37 (1,145.32)	1,571.73 (1,200.58)	824.29 (1,183.15)	1,544.69 (1,590.25)	5,848.08 (5,119.30)
Foreign Currency Term Loan From Banks	2.53% – 5.34% (2.50% – 8.00%)	34.57 (479.66)	46.92 (27.51)	62.91 (38.68)	208.66 (28.90)	353.06 (574.75)
Rupee Term Loan From Financial Institutions	9.00% – 12.50% (9.00% – 12.00%)	125.21 (124.59)	15.63 (13.75)	13.91 (15.63)	15.30 (29.22)	170.05 (183.19)
Foreign Currency Term Loan From Financial Institutions	2.70% – 5.31% (3.92% – 6.00%)	8.90 (18.88)	136.80 (7.80)	0.24 (118.59)	2.42 (1.72)	148.36 (146.99)
<b>Total</b>		<b>2,076.05</b> <b>(1,768.45)</b>	<b>1,771.08</b> <b>(1,249.64)</b>	<b>901.35</b> <b>(1,356.05)</b>	<b>1,771.07</b> <b>(1,650.09)</b>	<b>6,519.55</b> <b>(6,024.23)</b>

\* Rate of interest is without considering interest subsidy under TUF Scheme

#### V. Terms of Repayment of Unsecured Term Loan

(₹ Crore)						
Particulars	Rate of Interest	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Foreign Currency Term Loan From Banks	3.68% – 3.75% (2.95% – 3.00%)	17.32 (17.32)	17.32 (17.32)	17.32 (17.32)	34.66 (43.39)	86.62 (95.35)

#### VI. Disclosure of security and terms of repayment of other loans & advances

(₹ Crore)	
Nature of security	Banks
Vehicle loans are secured by vehicles under hypothecation with banks	6.67 (7.99)

(₹ Crore)						
Particulars	Rate of Interest	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years	Total
Vehicle Loan	9.50% – 13.00% (9.50% – 13.00%)	2.50 (2.47)	1.28 (2.48)	0.36 (0.93)	0.03 –	4.17 (5.88)

Previous year figures are given in brackets

**5 DEFERRED TAX LIABILITIES (NET)**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>I) Deferred Tax Liability (DTL)</b>		
Depreciation	702.43	527.97
Share Issue expenses	(2.97)	(7.35)
Mark to Market loss on Derivative Contract	(58.26)	—
Other disallowances	(14.13)	(12.78)
	<b>627.07</b>	<b>507.84</b>
<b>II) Deferred Tax Asset (DTA)</b>		
Gratuity and Compensated Absences	11.54	0.02
Business / Depreciation loss as per I. T. Act, 1961	(2.52)	7.52
<b>Total</b>	<b>9.02</b>	<b>7.54</b>

\* Includes Opening Deferred tax Liability (Net) of Grabal Alok Impex Limited of ₹ 16.78 crore on account of amalgamation (Refer note no 39(a))

**6 LONG-TERM PROVISIONS**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Provision for employee benefits (Refer note no 35)	17.01	17.83
Mark to Market provision on derivative instruments (Refer note no 42(ii) and (iii))	159.70	60.04
Others (Refer note no 37)	—	1.77
<b>Total</b>	<b>176.71</b>	<b>79.64</b>

**7 SHORT-TERM BORROWINGS**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Debenture (Secured) (Refer note a below)	—	250.00
Cash Credit accounts, working capital demand loan etc. (Secured) (Refer note b below)		
From Banks (including ₹ 730.00 crore (previous year ₹ 380.34 crore in foreign currency))	2,740.46	1,725.37
From Financial Institutions (including ₹ Nil (previous year ₹ 89.08 crore in foreign currency))	130.74	89.08
Cash Credit accounts, working capital demand loan etc. (Unsecured)		
From banks	157.53	69.94
Compulsorily Convertible Debentures (Unsecured)	196.95	—
Commercial Paper (Unsecured)		
From Banks	103.00	360.00
From Financial Institutions	335.00	360.00
Short term loan		
Secured (Refer note b below)		
Rupee Loans		
From Banks	730.00	576.98
From Financial Institutions	85.00	75.00

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Foreign currency loans		
From Banks	–	44.65
Unsecured		
Rupee Loans		
From Banks	577.90	144.95
Foreign currency loans		
From Banks	277.44	–
Inter Corporate Deposit	5.99	–
<b>Total</b>	<b>5,340.01</b>	<b>3,695.97</b>

#### Note

- Debentures are secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat.
- Disclosure of security**

(₹ Crore)			
Nature of security	Banks	Financial Institutions	TOTAL
<b>Working capital loans :</b>			
(i) Hypothecation of company's current assets and mortgage of certain immovable properties belonging to the company / Guarantor.	2,396.53 (450.47)	40.35 (20.58)	2,436.88 (471.05)
(ii) Second charge created / to be created on all fixed assets (excluding land and building) of the company			
Subservient charge created / to be created on all moveable and current assets of the company.	343.93 (429.45)	90.39 (68.50)	434.32 (497.95)
Fixed Deposit placed with the bank.	– (845.45)	– (–)	– (845.45)
<b>TOTAL</b>	<b>2,740.46 (1,725.37)</b>	<b>130.74 (89.08)</b>	<b>2,871.20 (1,814.45)</b>
<b>Short Term Loans</b>			
Subservient charge on all movable and current assets of the company	537.00 (621.63)	85.00 (75.00)	622.00 (696.63)
Fixed Deposit placed with the bank.	193.00 (–)	– (–)	193.00 (–)
<b>TOTAL</b>	<b>730.00 (621.63)</b>	<b>85.00 (75.00)</b>	<b>815.00 (696.63)</b>

Previous year figures are given in brackets

## 8 TRADE PAYABLE

(₹ Crore)		
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Total outstanding due to :		
– Micro, Small and Medium Enterprises*	–	
– Others	605.23	594.93
(Including acceptances ₹ 2.20 crore (previous year ₹ 50.94 crore))		
	<b>605.23</b>	<b>594.93</b>

\* As per information available with the company

**9 OTHER CURRENT LIABILITIES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Current maturities of long-term debt (Refer Note 4 for details)	2,193.50	1,262.51
Interest accrued but not due on borrowings	13.55	21.28
Unpaid dividends (Refer note i and ii below)	1.05	0.84
Share application money received by subsidiary company (Refer note iv below)	350.00	—
Foreign Currency Monetary Item Translation Difference Account	—	0.22
Other payables		
Advance from customers	68.86	61.62
Creditors for Expenses	139.23	8.77
Creditors for Capital Goods	35.00	19.12
Creditors for statutory Liabilities	9.95	15.93
Premium on redemption of FCCB	43.14	—
Advance from Related parties (Refer note no 32)	14.75	139.52
Temporary overdrawn bank balance (Refer note iii below)	25.12	32.13
Forward Contract Payable	10.89	—
Advance from Others	3.48	1.26
<b>Total</b>	<b>2,908.52</b>	<b>1,563.20</b>

**NOTES**

- (i) This figure doesn't include any amount due and outstanding to be credited to the Investor Education and Protection Fund.
- (ii) During the year company has transferred ₹ 0.03 crore (previous year ₹ 0.06 crore) to the Investor Education and Protection Fund.
- (iii) Temporary overdrawn bank balances are as per books consequent to issue of cheques at the year end, though the banks have positive balances as on that date.
- (iv) The subsidiary company intends to allot shares against the share application money received, which is in excess of the authorised share capital of the subsidiary company. The subsidiary company is taking steps to increase the authorised capital.

**10 SHORT-TERM PROVISIONS**

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Provision for employee benefits (Refer note no 35)	7.63	3.23
Mark to Market provision on derivative instruments (Refer note no 42(ii) and (iii))	36.65	12.92
Proposed dividend	24.79	19.69
Corporate dividend tax	4.02	3.30
Provision for taxation (Net of Advance Tax)	10.53	20.09
Others (Refer note no 37)	35.85	13.70
<b>Total</b>	<b>119.47</b>	<b>72.93</b>

## 11 FIXED ASSETS

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION			NET BLOCK			
		AS AT 01.04.2011	ACQUISITION THROUGH AMALGAMATION (see note 4 below)	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2012	AS AT 01.04.2011	ACQUISITION THROUGH AMALGAMATION (see note 4 below)	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.2012	AS AT 31.03.2011	
<b>TANGIBLE ASSETS</b>													
1	Freehold Land	103.16	3.44	19.38	5.24	120.74	—	—	—	—	120.74	103.16	
2	Leasehold Land	0.56	0.24	2.61	—	3.41	0.14	0.04	0.09*	(0.06)	3.08	0.42	
3	Factory Building	1,925.56	83.67	247.25	4.75	2,251.73	194.02	6.08	64.96	(1.40)	1,985.27	1,731.54	
4	Office Premises	26.60	43.56	10.45	3.61	77.00	2.70	28.73	2.21	2.53	31.11	45.89	
5	Plant and Machinery	6,838.36	188.91	1,354.19	(1.82)	8,383.28	1,400.06	68.94	633.23	(1.32)	2,103.55	5,438.30	
6	Computer and Peripherals	30.45	1.10	2.94	0.73	33.76	17.83	0.68	2.46	0.56	20.41	13.35	
7	Office Equipment	10.51	0.35	1.47	0.12	12.21	3.19	0.09	0.69	0.04	3.93	8.28	
8	Furniture and Fittings	98.39	279.84	35.57	3.39	410.41	21.58	102.61	27.26	2.14	149.31	261.10	
9	Vehicles	23.64	1.81	4.69	0.59	29.55	7.78	0.76	2.93	0.36	11.11	18.44	
10	Tools and Equipment	55.86	1.17	16.14	0.09	73.08	10.36	0.16	5.43	0.01	15.94	57.14	
<b>LEASED ASSETS</b>													
1	Buildings	15.63	—	3.70	—	19.33	0.79	—	0.36	—	18.18	14.84	
<b>Sub – Total</b>		9,128.72	604.09	1,698.39	16.70	11,414.50	1,658.45	208.09	739.62	2.86	2,603.30	8,811.20	
<b>INTANGIBLE ASSETS</b>													
1	Computer Software	19.41	0.17	7.59	0.57	26.60	9.93	0.15	3.77	(0.01)	13.86	9.48	
2	Trademarks / Brands	55.04	—	—	0.10	54.94	20.94	—	5.75	0.01	26.68	34.10	
3	Design Cards	—	0.08	—	—	0.08	—	0.08	—	—	0.08	—	
<b>Sub – Total</b>		74.45	0.25	7.59	0.67	81.62	30.87	0.23	9.52	—	40.62	43.58	
<b>Total</b>		9,203.17	604.34	1,705.98	17.37	11,496.12	1,689.32	208.32	749.14	2.86	2,643.92	8,852.20	
<b>TOTAL PREVIOUS YEAR</b>		7,444.65	—	1,771.32	12.80	9,203.17	1,157.20	—	530.97	(1.15)	1,689.32	7,513.85	
<b>CAPITAL WORK-IN-PROGRESS</b> (Including ₹ 18.94 crores on account of amalgamation (See note 4 below))													
												924.38	899.98

Notes :

- Plant & Machinery includes :
  - Exchange difference (net) of ₹ 97.60 crore (previous year gain of ₹ 15.96 crore) on restatement of long term borrowings payable in foreign currency.
  - Interest capitalised ₹ 77.92 Crore (previous year ₹ 36.08 Crore)
- Intangible assets consists of Trade Marks / Brands aggregating to ₹ 55.04 Crore (previous year ₹ 55.04 crore) (Gross) [Written down value ₹ 28.90 crore (previous year ₹ 34.41 crore)], which are registered in the name of a subsidiary company in trust on behalf of the company. The Company has applied for registering those Trademarks / Brands in it's name with concerned authorities and is awaiting registration.
- Capital work in progress includes
  - Exchange difference (net) of ₹ 16.87 crore (previous year ₹ 7.52 crore) on restatement of long term borrowings payable in foreign currency.
  - Interest capitalised ₹ 29.14 Crore (Previous year ₹ 50.73 Crore)
  - ₹ 863.35 crore (previous year ₹ 835.56 crore) on account of construction material and plant and machinery under erection.
  - Pre-operative expenses aggregating to ₹ 4.80 crore (previous year ₹ 12.74 crore)
- Includes assets of Grabal Alok Impex Limited, Grabal Alok International Limited and Grabal Alok (UK) Limited (Refer note no 39).

\* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

**12 NON CURRENT INVESTMENTS**

(₹ Crore)

<b>PARTICULARS</b>	<b>AS AT 31-Mar-12</b>	<b>AS AT 31-Mar-11</b>
<b>Investment Property :</b>		
Property under construction (Refer note no i below)	<b>1,429.05</b>	1,202.75
Freehold Land	<b>33.18</b>	35.68
	<b>1,462.23</b>	1,238.43
<b>Investments in Equity Instruments (at cost)</b>		
<b>In Associate companies – unquoted</b>		
Triumphant Victory Holdings Limited	<b>0.00</b>	0.00
[2 (previous year 1) equity share of USD 1 each ₹ 90.14 (previous year ₹ 45.14)]		
Grabal Alok International Limited (₹ 1,121.25/-)	–	0.00
[25 equity shares of USD 1 each] (Refer note no 39(a))		
Next Creations Holdings LLC, subscription towards 33% membership interest	<b>4.47</b>	4.47
Less : share in post acquisition accumulated loss	<b>(0.72)</b>	(0.80)
	<b>3.75</b>	3.67
Nirvan Builders Private Limited	–	0.02
Nil (previous year 16,600) Equity Shares of ₹10/ – each]		
Less : share in post acquisition accumulated loss (previous year ₹ 25,141/-)	–	(0.00)
	–	0.02
Alspun Infrastructure Limited	<b>0.10</b>	0.08
[100,000 (previous year 75,000) Equity shares of ₹10 each]		
(Including goodwill on acquisition of stake of associates ₹ 0.04 crore)		
Less : share in post acquisition accumulated loss	<b>(0.07)</b>	(0.06)
	<b>0.03</b>	0.02
Grabal Alok (UK) Limited	–	310.81
[237,197,008 Ordinary Shares of GBP 0.001 each ] (Refer note no 39(b))		
Less : share in post acquisition accumulated loss	–	(92.17)
	–	218.64
Ashford Infotech Private Limited	<b>2.50</b>	2.50
[50,000 Equity Share of ₹10 each]		
Less : share in post acquisition accumulated loss	<b>(0.06)</b>	(0.06)
	<b>2.44</b>	2.44
<b>Others – Unquoted</b>		
Shirt Company (India) Limited	–	0.20
[Nil (previous year 11,333) Equity Shares of ₹10/ – each]		
Dombivali Nagari Sahakari Bank Limited.	<b>0.05</b>	0.05
[10,000 Equity Shares of ₹ 50/ – each]		
Kalyan Janata Sahakari Bank Limited	<b>0.03</b>	0.03
[10,000 Equity Shares of ₹ 25/ – each]		
Saraswat Bank Limited (₹ 25,000/-)	<b>0.00</b>	0.00
[2,500 Equity Shares (previous year Nil) of ₹ 10/ – each]		
Wel-Treat Environ Management Organisation (₹ 36,500/-)	<b>0.00</b>	0.00
[3,650 Equity Shares of ₹ 10 each]		
	<b>6.30</b>	225.07



<b>Others – Quoted fully paid</b>		
Grabal Alok Impex Limited	–	3.99
[19,00,000 Equity Shares of ₹10/ – each ] (Refer note no 39(a))	–	3.99
<b>Investment in Preference shares (unquoted)</b>		
<b>In Associates Company</b>		
Triumphant Victory Holdings Limited	3.84	–
[7,50,000 (previous year Nil) Shares USD 1 each]		
Ashford Infotech Private Limited	65.49	65.49
[5,00,000 Shares ₹ 10 each]		
Alspun Infrastructure Limited	16.22	–
[5,00,000 (previous year Nil) Shares ₹ 10 each]		
Grabal Alok International Limited	–	53.45
[11,970,552 of USD 1/ – each] (Refer note no 39(a))	–	–
	85.55	118.94
<b>Investments in Bonds – Unquoted</b>		
Convertible Loan Notes of Grabal Alok (UK) Limited	–	79.12
	–	79.12
<b>Others</b>		
Interest in Alok Benefit Trust (Refer note no 39(a))	35.33	–
[1,94,59,382 (previous year Nil) Equity Shares of ₹10/ – each ]		
PowerCor		
Subscription towards 5% Group B Membership interest	37.88	33.06
Less: Provision	(37.88)	(24.80)
	–	8.26
Aisle 5 LLC		
22 senior units of the equity capital	6.70	5.85
Less: Provision	(6.70)	(5.85)
	–	–
Share Application Money		
In Associate Company		
Alspun Infrastructure Limited	–	16.16
Other Investment	0.01	0.01
	35.34	24.43
<b>Total</b>	<b>1,589.42</b>	<b>1,689.98</b>
1) Quoted Investment : Aggregate cost / carrying value	–	3.99
: Aggregate market value	–	6.08
2) Unquoted Investment : Aggregate cost / carrying value	1,589.42	1,685.99

**NOTE :**

(i) Includes interest capitalised during the year ₹ 29.89 crore (previous year ₹ 19.53 crore)

**13 LONG TERM LOANS & ADVANCES (Unsecured)**

	(₹ Crore)	
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Considered good</b>		
Capital advances	222.76	256.34
Lease & Security deposits	16.56	17.47
Other Loans & advances		
Foreign Currency Monetary Item Translation Difference Account	0.95	–
Advance Tax (Net of Provision for Tax)	17.90	15.40
MAT Credit entitlement	66.27	110.39

Prepaid Expenses	65.88	40.51
	<b>390.32</b>	<b>440.11</b>
<b>Considered doubtful</b>		
Capital advances	3.76	—
Less : Provision	3.76	—
	—	—
<b>TOTAL</b>	<b>390.32</b>	<b>440.11</b>

**14 CURRENT INVESTMENTS (at cost)**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Investments in debentures or bonds</b>		
Laxmi Vilas Bank Tier II Bonds [20 Bonds of ₹ 10,00,000 each]	2.00	2.00
<b>Investments in Mutual funds – Unquoted</b>		
Taurus Liquid Fund (Nil (previous year 16,57,032) units of ₹ 10/ – each)	—	0.16
Axis Infrastructure Fund 1 [19,378 (previous year 72,035) units of ₹ 1000/ – each]	1.94	7.20
SBI Magnum Insta Cash Fund [Nil (previous year 78,08,875.48) units of ₹ 10/ – each]	—	17.00
Peerless Liquid Fund collection A/C [Nil (previous year 9,35,506.20) units of ₹ 10/ – each]	—	1.00
IDFC Money Manager Fund Daily Dividend [Nil (previous year 49,652.93) units of ₹ 10/ – each]	—	0.05
<b>TOTAL</b>	<b>3.94</b>	<b>27.41</b>

**15 INVENTORIES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Raw Materials (Includes material in transit ₹ 62.09 crore (previous year ₹ 138.62 crore))	446.05	604.47
Work-in-progress	2,278.38	900.36
Finished Goods	671.11	510.21
Stock in Trade (Traded Goods)	221.29	68.03
Stores & Spares	73.27	59.48
Packing Material	7.02	7.33
<b>TOTAL</b>	<b>3,697.12</b>	<b>2,149.88</b>

**16 TRADE RECEIVABLES (Unsecured)**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Debts Outstanding for a period exceeding six months from due date	102.31	64.09
Less : Provision	20.70	8.72
	81.61	55.37
Other Debts	2,129.35	1,761.33
Less : Provision	6.96	2.50

	2,122.39	1,758.83
<b>TOTAL</b>	<b>2,204.00</b>	<b>1,814.20</b>
Considered Good	2,204.00	1,814.20
Considered Doubtful	27.66	11.22
<b>TOTAL</b>	<b>2,231.66</b>	<b>1,825.42</b>

**NOTE :**

- Sundry Debtors includes ₹ 70.72 crore (previous year ₹ 38.23 crore) towards contractual obligations on account of Export Incentives Receivables.
- Debtors include dues from parties aggregating to ₹ 1.22 crore (previous year ₹ 3.10 crore) in which a director is a director/partner
- Refer note no 32 for related party balances.

**17 CASH & BANK BALANCES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Cash on hand	0.66	1.37
Balance with Bank		
In Current Accounts	563.38	76.48
In EEFC Accounts	0.98	0.41
In Deposit Accounts [Including interest accrued thereon] (Refer Note i and ii below)	116.51	140.12
In earmarked accounts		
Unpaid dividend accounts	1.08	0.84
Balances / Deposits held as margin money or security against borrowings, guarantees and other commitments (Refer Note i to iii below)	715.19	981.69
<b>TOTAL</b>	<b>1,397.80</b>	<b>1,200.91</b>

**NOTE :**

- Balances with banks includes deposits amounting to ₹ 22.64 crore (previous year ₹ 39.22 crore) and margin monies amounting to ₹ 77.63 (previous year ₹ 71.49 crore) which have an original maturity of more than 12 months.  
  
Balances with banks includes deposits amounting to ₹ 2.16 crore (previous year ₹ 9.92 crore) and margin monies amounting to ₹ 2.81 crore (previous year ₹ 15.42 crore) which have a maturity of more than 12 months from the Balance Sheet date
- Includes ₹ 33.49 crore (previous year Nil) kept in bank deposits and ₹ 8.55 crore (previous year ₹ 41.29 crore) margin money pending utilisation towards project
- Includes ₹ 437.57 crore (previous year ₹ 845.45 crore) pledged with banks towards loan availed by subsidiary company.

**18 SHORT-TERM LOANS AND ADVANCES (Unsecured)**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Considered good</b>		
Loans & advances to Related parties (Refer note no 32)	9.22	32.86
Others		
Advance to Creditors	971.61	124.57
Advance to Staff (Refer note i below)	9.36	10.82

Balance with Central Excise, Customs and Sales Tax Authorities	282.25	204.33
Prepaid Expenses	69.29	30.75
Inter Corporate Deposits	3.69	4.95
Advance Tax (Net of provision for tax)	9.13	20.60
Deposits others	9.51	10.13
<b>TOTAL</b>	<b>1,364.06</b>	<b>439.01</b>
<b>Considered doubtful</b>		
Advance to others	20.60	19.27
Less : Provision	20.60	19.27
	-	-
<b>TOTAL</b>	<b>1,364.06</b>	<b>439.01</b>

**NOTE :**

- (i) Advance to staff includes ₹ 0.18 crore (previous year ₹ 1.27 crore) due from officers of the Company [maximum amount outstanding during the year ₹ 1.27 crore (previous year ₹ 1.35 crore)]

**19 OTHER CURRENT ASSETS (Unsecured)**

(₹ Crore)		
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>Considered Good</b>		
Forward Contract Receivable	—	4.28
Interest Subsidy Receivable	88.09	123.35
Unutilised DEPB Licence	25.98	7.85
Interest Receivable	0.32	0.07
Insurance Claim Receivable	1.11	0.09
Balances with Central Excise Authorities	0.05	0.19
Foreign Currency Monetary Item Translation Difference Account	0.03	0.55
Rent Receivable	0.23	—
	115.81	136.38
<b>Considered Doubtful</b>		
Interest Subsidy Receivable	9.31	9.31
Less : Provision	9.31	9.31
	-	-
<b>TOTAL</b>	<b>115.81</b>	<b>136.38</b>

**20 REVENUE FROM OPERATIONS**

(₹ Crore)		
PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Sale of product		
Sales – Local	6,165.75	4,362.34
Sales – Export	3,813.27	2,342.70
	9,979.02	6,705.04
Sale of services		
Job work charges collected	31.19	13.16
Sale of Scrap	8.46	9.18
<b>TOTAL</b>	<b>10,018.67</b>	<b>6,727.38</b>

**21 OTHER INCOME**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Interest Income		
On Long Term Investments	5.04	3.78
On Current Investments	31.08	58.67
Interest on income tax refund	1.40	0.07
	<u>37.52</u>	<u>62.52</u>
Dividend Income :		
On Long Term Investments	0.02	0.20
On Current Investments	0.58	0.16
	<u>0.60</u>	<u>0.36</u>
Gain on sale of investments (net)		
On Long Term Investments	—	1.02
On Current Investments	—	0.14
	<u>—</u>	<u>1.16</u>
Profit on sale of fixed assets (net)	34.88	—
Provision for doubtful debts written back	2.21	1.54
Insurance claim received	12.40	—
Rent Received	2.34	0.42
Sundry Credit Balances written back	3.40	0.43
Other non operating Income	2.16	0.64
	<u>57.39</u>	<u>3.03</u>
<b>TOTAL</b>	<b><u>95.51</u></b>	<b><u>67.07</u></b>

**22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
<b>CLOSING STOCK AS ON 31 MARCH 2012 *</b>		
Finished Goods	671.11	510.21
Work-in-progress	2,278.38	900.36
Stock in Trade (Traded Goods)	221.29	68.03
	<u>3,170.78</u>	<u>1,478.60</u>
<b>LESS : OPENING STOCK AS ON 1 APRIL 2011</b>		
Finished Goods	510.21	354.69
Work-in-progress	900.36	856.24
Stock in Trade (Traded Goods)	68.03	—
	<u>1,478.60</u>	<u>1,210.93</u>
<b>TOTAL</b>	<b><u>(1,692.18)</u></b>	<b><u>(267.67)</u></b>

\* Includes inventories taken over on amalgamation (Refer note no 39)

**23 EMPLOYEE BENEFIT EXPENSES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Salaries, Wages and Bonus	279.20	230.70
Contribution to Provident Fund and Other Funds	22.27	8.52
Employee Stock Option Compensation Expenses	2.27	—
Employees Welfare Expenses	9.10	5.00
<b>TOTAL</b>	<b><u>312.84</u></b>	<b><u>244.22</u></b>

**24 FINANCE COSTS**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Interest expense: (Net of Interest Subsidy of ₹ 131.11 crore (previous year ₹ 131.88 crore) and recovery of ₹ 140.02 crore (previous year ₹ 81.47 crore))	1,144.89	727.71
Interest on late payment of taxes	2.04	3.07
Other Borrowing cost	87.77	51.37
<b>TOTAL</b>	<b>1,234.70</b>	<b>782.15</b>

**25 OTHER EXPENSES**

(₹ Crore)

PARTICULARS	AS AT 31-Mar-12	AS AT 31-Mar-11
Stores and Spares Consumed	98.34	50.93
Packing Materials Consumed	130.97	81.17
Power and Fuel	667.25	392.40
Processing Charges	66.62	49.58
Labour Charges	68.22	60.27
Excise Duty	6.27	4.15
Donation	1.21	0.81
Freight, Coolie and Cartage	112.90	100.25
Legal and Professional Fees	37.88	30.74
Rent	26.57	22.91
Rates and Taxes	6.11	6.55
Repairs and Maintenance		
Plant and Machinery	16.91	14.67
Factory Building	2.18	0.67
Others	9.93	5.06
Commission on Sales	43.17	23.01
Loss on exchange rate difference/derivative (Net)	282.51	49.73
Provision for Doubtful Debts	17.35	35.00
Provision for Doubtful Advances	2.43	—
Bad debts and other advances written off	12.18	—
Directors Remuneration	7.20	7.20
Directors Fees and Commission	5.27	5.06
Auditors Remuneration		
Audit Fees	2.08	1.63
Certification Fees	0.04	0.04
Insurance	13.04	13.07
Loss on Sale of Investment (net)	0.12	—
Loss on sale of Assets (Net)	—	0.03
Diminution in value of investment	8.88	16.88
Miscellaneous Expenses	231.73	148.55
(Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.)		
<b>TOTAL</b>	<b>1,877.36</b>	<b>1,120.36</b>



**26 The subsidiary companies considered in the consolidated financial statements are:**

Sr. No.	Name of the subsidiary companies	Country of Incorporation	Ownership Interest 31-Mar-12	Ownership Interest 31-Mar-11
1	Alok Infrastructure Limited	India	100%	100%
2	Alok Land Holdings Private Limited	India	100%	100%
3	Alok Realtors Private Limited	India	100%	100%
4	Alok Retail (India) Limited	India	100%	100%
5	Alok Apparels Private Limited	India	100%	100%
6	Alok New City Infratex Private Limited**	India	100%	100%
7	Alok Aurangabad Infratex Private Limited**	India	100%	100%
8	Alok HB Hotels Private Limited**	India	100%	100%
9	Alok HB Properties Private Limited**	India	100%	100%
10	Alok Industries International Limited	British Virgin Island	100%	100%
11	Alok Inc.*	USA	100%	100%
12	Alok International Inc.	USA	100%	100%
13	Mileta, a. s.*	Czech Republic	100%	93.20%
14	Alok European Retail, s.r.o.*	Czech Republic	98.05%	100%
15	Alok H&A Limited*	India	100%	100%
16	Springdale Information and Technologies Private Limited	India	100%	100%
17	Kesham Developers & Infotech Private Limited	India	100%	100%
18	Grabal Alok International Limited (Refer note no 39(a))	British Virgin Island	100%	Nil
19	Grabal Alok (UK) Limited* (Refer note no 39(b))	UK	90.43%	Nil
20	Alok Singapore Pte Ltd.* (incorporated on 28 December 2011)	Singapore	100%	Nil
21	Alok International (Middle East) FZE* (incorporated on 01 August 2011)	Dubai	100%	Nil

\* Consolidated based on unaudited financial statements, as approved by the Board of Directors of the company.

\*\* Pursuant to the plan of exiting real estate business, such companies were liquidated during the year

For financial information of subsidiary companies, refer note no 29 below

**27 Joint Venture companies considered in the consolidated financial statements are:**

Sr. No.	Name of the associates	Country of Incorporation	Ownership Interest 31-Mar-12	Ownership Interest 31-Mar-11
1	Aurangabad Textile and Apparel Park Limited*	India	49.00%	49.00%
2	New City of Bombay Mfg. Mills Limited *	India	49.00%	49.00%

\* Consolidated based on unaudited financial statements, as approved by the Board of Directors of the company.

The following amounts are included in the Consolidated Financial Statements in respect of Jointly Controlled Entities based on "proportionate consolidation" method, as per Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture"

(₹ Crore)

Particulars	Current Year	Previous Year
<b>ASSETS</b>		
Fixed Assets	4.72	2.07
Inventories	0.43	0.49
Sundry Debtors	29.08	18.04
Cash and Bank Balances	4.32	4.69
Loans and Advances	15.59	18.68
<b>LIABILITIES</b>		
Current Liabilities	10.17	2.46
Provision	0.05	0.43
Deferred Tax Liability	0.18	0.18
<b>INCOME</b>		
Sales	95.34	89.71
Other Income	1.93	2.75
Increase in Stock	0.18	0.05
<b>EXPENSES</b>		
Manufacturing and Other Expenses	93.01	87.56
Depreciation	0.19	0.11
Provision for Tax	1.10	1.39

**28 The Associate companies considered in the consolidated financial statements are:**

Sr. No.	Name of the associates	Country of Incorporation	Ownership Interest 31-Mar-12	Ownership Interest 31-Mar-11
1	Grabal Alok (UK) Limited (Refer note no 39(b))	United Kingdom	-	41.72%
2	Ashford Infotech Private Limited*	India	50.00%	50.00%
3	Alspun Infrastructure Limited	India	50.00%	50.00%
4	Nirvan Builders Private Limited (liquidated during the year)	India	-	33.20%
5	Next Creations Holdings LLC *	USA	33.00%	33.00%

\* Consolidated based on unaudited financial statements, as approved by the Board of Directors of the company.

## 29 FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2012

Sr. No.	Name of the subsidiary	Capital	Reserve	Total Assets	Total Liabilities *	Investment (Other than investment in Subsidiaries)	Turnover	Profit before Tax	Provision for tax	Profit after tax	Proposed Dividend
											(₹ Crore)
1	Alok Industries International Limited @	0.22	(174.03)	957.59	1,131.40	683.61	—	(44.34)	—	(44.34)	—
2	Alok Infrastructure Limited	0.05	(7.73)	1,247.41	1,255.09	1,050.28	191.82	(1.54)	13.46	(15.00)	—
3	Alok HB Properties Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
4	Alok HB Hotels Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
5	Alok Realtors Private Limited	1.75	(0.39)	1,456.89	1,455.53	—	—	(0.06)	—	(0.06)	—
6	Kesham Developers & Infotech Pvt. Ltd	2.58	5.89	17.71	9.24	—	—	4.24	0.95	3.29	—
7	Springdale Information & Technology Pvt. Ltd.	0.60	0.03	1.34	0.71	—	—	(0.17)	—	(0.17)	—
8	Alok Land holdings Private Limited	0.50	(0.33)	24.92	24.75	—	—	(0.11)	—	(0.11)	—
9	Alok New City Infratex Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
10	Alok Aurangabad Infratex Private Limited \$	0.05	(0.05)	—	—	—	—	(0.04)	—	(0.04)	—
11	Mileta, a.s.^ **	64.54	(5.18)	146.92	87.57	—	129.67	(8.77)	—	(8.77)	—
12	Alok European Retail, s.r.o.^ **	0.06	(0.69)	0.02	0.66	—	—	—	—	—	—
13	Alok Retail (India) Limited	0.05	(35.39)	54.43	89.77	—	29.26	(10.92)	—	(10.92)	—
14	Alok Apparels Private Limited	1.00	(17.80)	42.68	59.47	—	15.24	(6.57)	(2.21)	(4.36)	—
15	Alok International Inc. @ (** ₹ 43,225/-)	— ***	(0.04)	90.58	90.61	4.47	142.33	(0.29)	—	(0.29)	—
16	Alok Inc. @ **	0.04	0.17	0.25	0.04	—	—	—	—	—	—
17	Alok Singapore Pte Ltd. @ ** (** ₹ 49/-)	— ***	(2.54)	283.49	286.03	—	26.49	(2.54)	—	(2.54)	—
18	Alok International (Middle East) FZE # **	1.31	(0.38)	1.59	0.66	—	—	(0.38)	—	(0.38)	—
19	Grabal Alok (UK) Limited ** (Refer note no 39(b))	4.65	(174.49)	649.62	819.46	—	759.16	(151.76)	—	(151.76)	—
20	Grabal Alok International Limited (Refer note no 39(a))	72.70	(17.62)	377.01	321.92	333.53	—	(13.78)	—	(13.78)	—
21	Alok H&A Limited **	36.05	(34.73)	124.70	123.38	0.01	46.60	(26.37)	—	(26.37)	—

@ Balance sheet items are translated at closing exchange rate of INR 51.16/USD and Profit/(Loss) items are translated at average closing rate of INR 47.95/USD

^ Balance sheet items are translated at closing exchange rate of INR 2.79/CZK and Profit/(Loss) items are translated at average closing rate of INR 2.67/CZK

# Balance sheet items are translated at closing exchange rate of INR 14.11/AED and Profit/(Loss) items are translated at average closing rate of INR 13.55/AED

\$ Liquidated during the year

\* Including Share Application Money

\*\* Unaudited figures

**30 Contingent Liabilities in respect of:**

(₹ Crore)

Sr. No.	Particulars	Current Year	Previous Year
A	Customs duty on shortfall in export obligation in accordance with EXIM Policy (The company is hopeful of meeting the export obligation within the stipulated period)	Amount Unascertained	Amount Unascertained
B	Pending Litigation	0.05	0.05
C	Guarantees given by banks on behalf of the Company	73.71	28.07
D	Bills discounted	214.79	242.94
E	Taxation Matters :		
	a) Income tax demand mainly on account of alleged short deduction of taxes for AY 2010-11 and AY 2011-12 on certain payments. The company has filed an appeal with the Commissioner of Income Tax (A) and is hopeful of favourable decision.	1.69	—
	b) Income Tax demand during the previous years of ₹ 5.91 crore mainly on account of alleged short deposition of TDS amounts arising from wrong TAN numbers mentioned while uploading the TDS return and certain payments not considered by the Tax authorities, although duly paid by the company and short deduction of tax in respect of certain payments with respect to AY 2006-07 to 2009-10. The company had filed an appeal with the Commissioner of Income Tax (A) and also made application for rectification u/s 154 providing details of amounts paid to the bank. Such rectification was carried out during the year for majority of the amount and for the balance of ₹ 0.23 crore mainly pertaining to short deduction of taxes, the company is hopeful of favourable decision.	0.23	5.91
	c) Demands of Works Contract Tax contested not acknowledged as debts as the company is hopeful of favourable decision.	0.59	0.59
	d) Income tax amounting to ₹11.29 crore, mainly on account of disallowance of interest and expenditure incurred towards exempt income. The company has filed an appeal with the Commissioner of Income Tax (A) and is hopeful of favourable decision.	11.29	—
F	Disputed various matters relating to NTC / ATM*	Amount Unascertained	Amount Unascertained
G.	Guarantee provided to New City of Bombay Mfg. Mills Limited (Joint Venture company) for loan given to Grabal Alok Impex Limited (51%) (Refer note no 39(a))	—	9.18

\* Refer note no 17(i) of provisional financial statements of Aurangabad Textile and Apparel Park Limited

**31 Capital Commitment**

(₹ Crore)

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	527.17	694.7

## 32 Related Party Disclosure

### a. Names of related parties and nature of relationship

As per Accounting Standard (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

<b>I Associate companies</b>	
Alspun Infrastructure Ltd.	Ashford Infotech Private Limited
Grabal Alok (UK) Limited (Refer note (ii) below )	Nirvan Builders Private Limited
Next Creations Holdings LLC	
<b>II Entities under common control</b>	
Alok Denims (India) Limited	Jiwrajka Associates Private Limited
Alok Finance Private Limited	Jiwrajka Investment Private Limited
Alok Knit Exports Limited	Niraj Realtors & Shares Private Limited
Alok Textile Traders	Nirvan Exports
Ashok Realtors Private Limited	Nirvan Holdings Private Limited
Grabal Alok Impex Limited (Refer note (ii) below )	Grabal Alok International Limited (Refer note (ii) below )
Buds Clothing Co.	Pramatex Enterprises
D. Surendra & Co.	Pramita Creation Private Limited
Gogri Properties Private Limited	Green Park Enterprises
Honey Comb Knit Fabrics	Triumphant Victory Holdings Limited.
<b>III Joint Venture</b>	
Aurangabad Textiles & Apparel Parks Limited	New City Of Bombay Mfg. Mills Limited
<b>IV Key Management Personnel</b>	
Ashok B. Jiwrajka	Surendra B. Jiwrajka
Dilip B. Jiwrajka	Chandra Kumar Bubna
<b>V Relatives of Key Management Personnel</b>	
Alok A. Jiwrajka	Vidhi S. Jiwrajka
Prita D. Jiwrajka	Niraj D. Jiwrajka
Varun S. Jiwrajka	Suryaprakash Bubna

### b. Nature of transactions

(₹ Crore)

	Transaction	Associates	Entities under common control	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>a) Advance Share Application Money</b>							
	Balance as at 1st April	-	-	-	-	-	-
		(-)	(227.57)	(-)	(-)	(-)	(227.57)
	Received During the year	-	350.00	-	-	-	350.00
		(-)	(227.57)	(-)	(-)	(-)	(227.57)
	Balance as at 31st March	-	350.00	-	-	-	350.00
		(-)	(-)	(-)	(-)	(-)	(-)
<b>(b) Long Term Borrowing</b>							
	Balance as at 1st April	-	312.55	-	-	-	312.55
		(-)	(451.40)	(-)	(-)	(-)	(451.40)
	Received during the year on amalgamation	-	223.25	-	-	-	223.25
		(-)	(133.95)	(-)	(-)	(-)	(133.95)
	Translation difference during the year	-	78.08	-	-	-	78.08
		(-)	(-4.90)	(-)	(-)	(-)	(-4.90)
	Balance as at 31st March	-	613.88	-	-	-	613.88

	Transaction	Associates	Entities under common control	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
(c)	<b>Unsecured Short Term Borrowing</b>	(-)	(312.55)	(-)	(-)	(-)	(312.55)
	Accepted during the year (on amalgamation)	-	196.95	5.99	-	-	202.94
	Balance as at 31st March	(-)	(-)	(-)	(-)	(-)	(-)
		-	196.95	5.99	-	-	202.94
		(-)	(-)	(-)	(-)	(-)	(-)
d)	<b>Short Term Loans and Advances</b>						
	Balance as at 1st April	-	3.84	-	-	-	3.84
		(-)	(5.46)	(-)	(-)	(-)	(5.46)
	Granted during period	0.63	18.72	-	-	-	19.35
		(-)	(22.50)	(-)	(-)	(-)	(22.50)
	Converted / Repaid during the year	-	14.26	-	-	-	14.26
		(-)	(24.05)	(-)	(-)	(-)	(24.05)
	Translation difference during the year	-	0.29	-	-	-	0.29
		(-)	(-0.06)	(-)	(-)	(-)	(-0.06)
	Balance as at 31st March	0.63	8.59	-	-	-	9.22
		(-)	(3.84)	(-)	(-)	(-)	(3.84)
e)	<b>Non Current Investments</b>						
	Balance as at 1st April	72.54	-	-	-	-	72.54
		(0.13)	(-)	(-)	(-)	(-)	(0.13)
	Invested during period	(0.02)	3.60	-	-	-	3.58
		(72.41)	(-)	(-)	(-)	(-)	(72.41)
	Translation difference during the year	-	0.23	-	-	-	0.23
		(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at 31st March	72.52	3.83	-	-	-	76.35
		(72.54)	(-)	(-)	(-)	(-)	(72.54)
f)	<b>Share Application Money – Non Current Investment</b>						
	Balance as at 1st April	-	16.16	-	-	-	16.16
		(83.94)	(-)	(-)	(-)	(-)	(83.94)
	Given/(Received) during the year (Net)	-	0.08	-	-	-	0.08
		(0.16)	(-)	(-)	(-)	(-)	(0.16)
	Shares Allotted	-	16.24	-	-	-	16.24
		(67.94)	(-)	(-)	(-)	(-)	(67.94)
	Balance as at 31st March	-	-	-	-	-	-
		(16.16)	(-)	(-)	(-)	(-)	(16.16)
g)	<b>Trade Receivables</b>						
	Balance as at 31st March	22.48	0.09	0.03	-	-	22.60
		(-)	(-)	(-)	(-)	(-)	(-)
h)	<b>Trade payables</b>						
	Balance as at 31st March	-	14.75	9.56	-	-	24.31
		(-)	(-)	(0.06)	(-)	(-)	(0.06)
i)	<b>Other Current Liabilities</b>						
	Balance as at 31st March	-	14.75	-	-	-	14.75
		(-)	(-)	(-)	(-)	(-)	(-)
j)	<b>Sale of products</b>						
	Sales of Goods	56.14	-	0.48	-	-	56.62
	(Including job work charges)	(-)	(-)	(0.71)	(-)	(-)	(0.71)
k)	<b>Expenditure</b>						
	Purchase of goods / Job charges	-	-	31.22	-	-	31.22
		(0.03)	(-)	(42.26)	(-)	(-)	(42.29)



	Transaction	Associates	Entities under common control	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
	Purchase of Fixed Assets	-	-	-	-	-	-
	(* from three directors jointly)	(-)	(0.62)	(0.05)	(4.54)*	(-)	(5.21)
	Rent	-	-	-	-	0.19	0.19
		(-)	(-)	(-)	(-)	(0.19)	(0.19)
	Remuneration	-	-	-	12.20	0.26	12.46
		(-)	(-)	(-)	(12.20)	(0.26)	(12.46)
	Upfront Fees	-	26.61	-	-	-	26.61
		(-)	(-)	(-)	(-)	(-)	(-)
	Electricity Expenses	-	0.02	-	-	-	0.02
		(-)	(-)	(0.08)	(-)	(-)	(0.08)
	Design Charges	-	0.14	-	-	-	0.14
		(-)	(-)	(0.24)	(-)	(-)	(0.24)
	Recovery of expenses	2.11	-	-	-	-	2.11
		(-)	(-)	(-)	(-)	(-)	(-)
	Interest Paid	-	31.05	-	-	-	31.05
		(-)	(-)	(-)	(-)	(-)	(-)
<b>l)</b>	<b>Dividend Paid</b>	-	-	-	1.54	-	1.54
		(-)	(-)	(-)	(1.54)	(-)	(1.54)
<b>m)</b>	<b>Income</b>						
	Rent	-	0.23	-	-	-	0.23
		(-)	(0.03)	(-)	(-)	(-)	(0.03)
<b>n)</b>	<b>Contingent Liabilities</b>						
	Guarantee Given	-	-	-	-	-	-
		(-)	(-)	(9.18)	(-)	(-)	(9.18)

- c. Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under:

	Transactions	Current Year Amount	Previous Year Amount
<b>a)</b>	<b>Advance Share Application Money Received/Adjusted during the year</b>		
	Alok Knit Exports Ltd.	100.00	-
	Alok Denim (I) Limited	70.00	-
	Nirvan Holdings Pvt. Ltd	100.00	-
	Jiwrajka Investment Pvt. Ltd.	80.00	-
		<b>350.00</b>	<b>-</b>
	<b>Repaid during the year</b>		
	Alok Finance Pvt. Ltd.	-	32.54
	Jiwrajka Associate Pvt. Ltd.	-	36.39
	Jiwrajka Investment Pvt. Ltd.	-	48.65
	Niraj Realtors & Shares Pvt. Ltd.	-	68.77
	Nirvan Holdings Pvt. Ltd.	-	41.22
		-	<b>227.57</b>
<b>b)</b>	<b>Long Term Borrowing Received during the year</b>		
	Triumphant Victory Holdings Limited (including ₹ 223.25 crore on amalgamation)	407.86	-
	<b>Repaid during the year</b>		
	Triumphant Victory Holdings Limited	-	138.85
<b>c)</b>	<b>Unsecured Short Term Borrowing On amalgamation</b>		
	New City of Bombay Mfg. Mills Limited	5.99	-

	Transactions	Current Year Amount	Previous Year Amount
d)	<b>Short term Loans and Advances</b>		
	<b>Granted during the year</b>		
	Triumphant Victory Holdings Limited	8.59	—
	Alok Knit Exports Limited	<b>4.70</b>	—
	Nirvan Holdings Private Limited	3.90	—
		<u>17.19</u>	<u>—</u>
	<b>Received/Adjusted during the year</b>		
	Triumphant Victory Holdings Limited	12.68	—
	Alok Knit Exports Limited	4.70	—
	Nirvan Holdings Private Limited	3.89	—
		<u>21.27</u>	<u>—</u>
e)	<b>Non Current Investment</b>		
	<b>Invested during the year</b>		
	Ashford Infotech Pvt Ltd	—	67.94
	Triumphant Victory Holdings Limited	3.60	—
f)	<b>Share Application Money – Non Current Investment</b>		
	<b>Received during the year</b>		
	Alspun Infrastructure Limited	0.08	0.16
	<b>Shares allotted / repaid during the year</b>		
	Ashford Infotech Pvt Ltd	—	67.94
g)	<b>Turnover (including job work charges)</b>		
	Grabal Alok Impex Limited	—	86.29
	Next Creations Holdings LLC	56.14	—
	Grabal Alok ( UK ) Limited	—	80.60
h)	<b>Expenditure</b>		
	<b>Purchase of Goods</b>		
	New City of Bombay Mfg. Mills Limited	30.93	41.67

	Transactions	Current Year Amount	Previous Year Amount
	<b>Rent</b>		
	Varun Jiwrajka	0.10	—
	Vidhi Jiwrajka	0.10	—
	<b>Remuneration:</b>		
	Ashok B. Jiwrajka	3.05	3.05
	Chandrakumar Bubna	3.05	3.05
	Dilip B. Jiwrajka	3.05	3.05
	Surendra B. Jiwrajka	3.05	3.05
		<u>12.20</u>	<u>12.20</u>
	<b>Electricity Expenses</b>		
	New City of Bombay Mfg. Mills Limited	0.02	—
	<b>Design Charges</b>		
	New City of Bombay Mfg. Mills Limited	0.14	0.48
	<b>Recovery of Expenses</b>		
	Next Creations Holdings LLC	2.11	—
i)	<b>Dividend Paid:</b>		
	Ashok B. Jiwrajka	0.50	0.50
	Dilip B. Jiwrajka	0.51	0.51
	Surendra B. Jiwrajka	0.53	0.53
		<u>1.54</u>	<u>1.54</u>

	Transactions	Current Year Amount	Previous Year Amount
j)	<b>Income</b>		
	<b>Rent Received</b>		
	Alok Denim (India) Limited	0.18	—
	Alok Knit Exports Limited	0.05	—
		0.23	—
k)	<b>Guarantee Given on loan given to Grabal Alok Impex Limited</b>		
	New City of Bombay Mfg. Mills Limited	—	9.18

**Note:**

- Previous year figures are given in brackets.
- Grabal Alok Impex limited was amalgamated with the company w.e.f 1 April 2011 and consequently, Grabal Alok international Limited and Grabal Alok (UK) Limited became subsidiaries of the company from 1 April 2011. Transactions and balances with/of such companies for the previous year and as at 31 March 2011 have been considered accordingly in the current year related party disclosure as above. (Refer note no 39)

**33 Employee Stock Option Scheme(ESOS)**

In 2011, the shareholders of the Company approved the Employee Stock Option Scheme ("Alok Industries Limited – ESOS 2010 Scheme") vide postal ballot, in accordance with the Securities and Exchange Board of India (ESOP & ESOS) Guidelines, 1999. Such scheme provides for grant of options up to 25,000,000 options to the eligible employees and /or directors of the Company and / or its subsidiaries. The exercise price for such options can be up to 50% discount to the market price as per the discretion of the compensation committee. 10,791,500 options were granted during the year and 10,587,950 options were outstanding as on 31 March 2012. Such options vest over a period of two years, 50% at the end of one year from the date of grant and 50% at the end of two years from the date of grant.

Details of options granted duly approved by the Remuneration and Compensation Committee under the said scheme are as under:

Grant Date	No. of Options granted	Options surrendered / lapsed	Closing Balance	Exercise Price	Vesting period
20-Apr-11	1,280,000	18,000	1,262,000	18.90	Up to 20 April 2013
20-Apr-11	9,511,500	185,550	9,325,950	21.42	Up to 20 April 2013
<b>TOTAL</b>	<b>10,791,500</b>	<b>203,550</b>	<b>10,587,950</b>		

The Company has followed the Intrinsic Value-based method of accounting for stock options granted, based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, and accordingly, compensation cost of ₹ 4.67 crore has been recorded during the year on such grant. The compensation cost recognised as a charge during the year was ₹ 2.27 crore. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by ₹ 4.20 crore and earnings per share as reported would be lower as indicated below:

Particulars	Year-2012
Basic and Dilutive Earnings per share	
As reported (In ₹)	1.15
Adjusted (In ₹)	1.10

The Company has adopted Black Scholes option pricing model to determine the fair value of stock options. The fair value of each option granted in 2012 is estimated on the date of grant based on the following assumptions:

Particulars	Year-2012
Expected life (years)	1 year from the date of vesting
Risk free interest rate (%)	7.83%
Volatility (%)	39%

**34 Earnings per share (EPS)**

(₹ Crore)

		31-Mar-12	31-Mar-11
a.	Nominal value of equity shares per share ( In Rupees)	10	10
b.	Basic & Diluted EPS		
	Net Profit Available for Equity Shareholders	92.99	311.54
	Weighted average number of Equity Shares – Basic	811,187,390	787,784,357
	<b>Basic Earnings per share (Rupees)</b>	<b>1.15</b>	<b>3.95</b>
	Add : Shares to be issued in ESOS	46,286	–
	Weighted average number of Equity Shares – Dilutive	811,233,676	787,784,357
	<b>Diluted Earnings per share (Rupees)</b>	<b>1.15</b>	<b>3.95</b>

**35 Employee benefit plans:****i. Defined contribution plans:**

- (a) Amounts recognised as expenses towards contributions to provident fund, superannuation and other similar funds by the Company including for it's subsidiary companies and joint venture companies in India are ₹ 10.75 crore (previous year ₹ 8.13 crore) for the year ended 31 March 2012.
- (b) The Company contributed ₹ 8.17 crore (previous year ₹ 7.57 crore) towards various other defined contribution plans of subsidiaries located outside India during year ended March 31, 2012 as per laws of the respective country.

**ii. Defined benefit plans:**

In respect of holding company, subsidiary companies and joint venture companies in India :

**(a) Gratuity Plan:**

The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

**(b) Compensated absences:**

Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan for the year ended 31 March 2012 as required under AS 15 (Revised)

(₹ Crore)

PARTICULARS	Gratuity (funded) as on 31-Mar-12	Gratuity (funded) as on 31-Mar-11
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	15.40	10.77
Current Service Cost	4.34	3.53
Interest Cost	1.55	1.15

PARTICULARS	Gratuity (funded) as on 31-Mar-12	Gratuity (funded) as on 31-Mar-11
Actuarial (gain)/loss	(0.71)	0.27
Past Service cost – Vested Benefit	–	–
Benefits Paid	(0.33)	(0.32)
<b>Closing Defined Benefit Obligation</b>	<b>20.25</b>	<b>15.40</b>
<b>Change in Fair Value of assets</b>		
<b>Opening Fair value of assets</b>	4.71	2.85
Expected Return on Plan Assets	0.36	0.23
Actuarial Gain	0.26	0.08
Contribution by Employer	2.40	1.87
Benefits Paid	(0.33)	(0.32)
<b>Closing Fair Value of Plan Assets</b>	<b>7.40</b>	<b>4.71</b>
<b>Net Liability</b>	<b>12.85</b>	<b>10.69</b>

Expense to be recognised in statement of Profit and Loss Account

PARTICULARS	Year ended 31-Mar-12	Year ended 31-Mar-11
Current Service Cost	4.34	3.53
Interest on Defined Benefit Obligation	1.55	1.15
Expected Return on Plan Assets	(0.36)	(0.23)
Net Actuarial (gain)/loss	(0.97)	0.19
Past Service cost – vested benefit recognised during the year	–	–
<b>Total Included in Employment Expenses</b>	<b>4.56</b>	<b>4.64</b>
<b>Actual Return on Plan Assets</b>	<b>0.60</b>	<b>0.30</b>
<b>Category of Assets as on 31 March</b>		
Insurer Managed Fund	7.40	4.71

The assumptions used in accounting for gratuity are set out below:

PARTICULARS	Year ended 31-Mar-12	Year ended 31-Mar-11
Discount rate	8.70%	8.05%
Rate of increase in compensation levels of covered employees	9.00%	9.00%
Expected Rate of return on plan assets *	7.50%	7.50%

\* Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

#### Experience Adjustments

PARTICULARS	Year ended				
	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined benefit obligation	20.25	15.40	10.68	6.67	–
Plan Assets	7.40	4.71	2.86	2.24	–
Surplus / (Deficit)	(12.74)	(10.60)	(7.82)	(4.43)	–
Experience Adjustments on plan Liabilities	1.09	0.71	0.16	–	–
Experience Adjustments on plan Assets	0.26	0.08	0.07	–	–

### Asset Allocations

Since the investments are held in the form of deposit with LIC, these are not volatile and the market value of assets is the cost value of assets and has been accordingly considered for the above disclosure.

## 36 Segment Reporting

### i) Primary Segment: Geographical Segment

The company is in the business of manufacturing of Textile products. Considering its high level of international operations and present internal financial reporting based on geographical location of customer, the company has identified geographical segment as primary segment.

The geographic segment consists of:

- a) Domestic (Sales to Customers located in India)
- b) International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The company believes that it is not practical to allocate segment expenses, segment results, assets used, except debtors, in the company's business or liabilities contracted since the resources / services / assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made. All fixed assets are located in India.

(₹ Crore)		
Particulars	Current Year	Previous Year
<b>Segment Revenue</b>		
Operating Revenue – Sales		
Domestic [Net of Excise duty of ₹ 233.95 crore (Previous year ₹ 112.48 crore)]	5,940.26	4,259.04
International	3,813.27	2,342.70
Job Charges collected (Domestic)	31.19	13.16
<b>Total segment revenue</b>	<b>9,784.72</b>	<b>6,614.90</b>
<b>Segment Assets</b>		
<b>Sundry Debtors</b>		
Domestic	1,535.47	1,609.67
International	668.53	204.53
<b>TOTAL</b>	<b>2,204.00</b>	<b>1,814.20</b>

### ii) Secondary Segment: Business Segment

The Group is operating in a single business segment i.e. Textile and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting"

- 37** During the year, the company has transferred investments in the form of equity capital and cumulative redeemable preference shares in Alok Industries International Limited ("Alok BVI") & Grabal Alok International Limited ("Grabal BVI"), its two wholly owned subsidiary companies to Alok Infrastructure Limited ("Alok Infra"), another wholly owned subsidiary as a strategy to consolidate all investible assets under one umbrella. During the previous year, vide a novation agreement, the Company had taken over the obligation of Grabal Alok (UK) Limited, (then an associate company of Alok BVI & Grabal BVI, in the United Kingdom) towards its liability pertaining to a JPY/USD foreign currency derivative. Consequent to the sale of shares in Alok BVI and Grabal BVI to Alok Infra, Alok Infra has taken over such obligation of Alok Industries Limited during the current year and provided an amount of ₹ 35.85 crore (previous year ₹ 15.47 crore) towards such obligation.
- 38** The company has taken premises for operating stores on operating lease. Lease rentals paid during the year are recognised as an expense as per Accounting Standard 19 (AS-19) "Leases". Details of lease rentals payable in future are as follows:



Sr. No.	Due	₹ Crore
1	With in one year	12.17
2	Later than one year and not later than 5 years	44.53
3	Later than 5 years	70.87
	<b>Total</b>	<b>127.57</b>

Lease rentals aggregating to ₹ 26.57 crore (previous year ₹ 22.91 crore) recognised during the year in statement of Profit & Loss

- 39 a) During the year, the Honourable High Court, Bombay sanctioned the scheme of amalgamation ('scheme') between the Company (transferee) and Grabal Alok Impex Limited (transferor) with appointed date of 1 April 2011. Grabal Alok Impex Limited is in the business of manufacturing embroidery textiles. The scheme has been effective from 1 March 2012.

The Company issued 22,485,000 equity shares of ₹ 10 each to shareholders of Grabal Alok Impex Limited (of which 1,900,000 shares were issued to Alok Benefit Trust) considering exchange ratio of 1:1 as per the scheme. There were no significant differences in accounting policies of two companies. The Company has accounted for such amalgamation under 'pooling of interest' method as under;

PARTICULARS	₹ crore
Carrying value of Fixed assets (including CWIP ₹ 18.94 crore)	193.51
Carrying value of Investments (including ₹ 31.34 crore in Transferee company through Alok Benefit Trust)	62.59
Inventories	46.00
Debtors	37.50
Cash & Bank balances	147.00
Loans & Advances	16.85
<b>Total Assets</b>	<b>503.45</b>
Current liabilities & Provisions	55.82
Long term borrowings	113.15
Short Term Borrowings	145.79
Deferred Tax Liabilities	16.78
Share warrants	20.40
<b>Total Liabilities</b>	<b>351.94</b>
Shares issued	22.49
Reserves taken over	129.02
<b>Total Liabilities</b>	<b>503.45</b>

Current year figures of the Company include amount of revenue of ₹160.96 crore & profit before tax of ₹ 7.58 crore for the year.

On such amalgamation, Grabal Alok International Limited, the wholly owned subsidiary of Grabal Alok Impex Limited, has now become a wholly owned subsidiary.

- b) The Company vide Alok Industries International Limited (Alok BVI), held 42% stake in Grabal Alok (UK) Limited, ("GAUK") and Grabal Alok Impex Limited, vide its wholly owned subsidiary, Grabal Alok International Limited, held 48.71% stake in GAUK. On amalgamation, GAUK, an associate company of both companies until March 31, 2011, has now become a majority owned subsidiary of Alok Industries Limited.

Accordingly, the Company has consolidated the financial statements of GAUK on a line by line basis and Goodwill aggregating to ₹ 448.00 crore has been recognised in these financial statements on consolidation. While Grabal Alok (UK) Limited had embarked upon a plan for revamping its retailing operations in the United Kingdom, the same has not made much headway and the operations have recorded losses eroding the net worth, in view of the current economic downturn in the UK. The Management believes that the current performance, impacted by the difficult economic situation in the UK as above, is not indicative of the long term economic value of the investment. On the basis of objective assessment made by the management, no provision for impairment of goodwill aggregating to ₹ 448.00 crore is considered necessary.

- 40** During the previous year, Deutsche Bank, Singapore Branch subscribed to unsecured floating rate compulsory convertible bonds issued by Alok Industries International Limited ("Alok BVI") and Grabal Alok ("GAUK") Limited, a company incorporated in the United Kingdom (subsidiary) of the company, of USD 56.5 million each, with a green shoe option of USD 25 million. Such bonds are convertible into Class A preference shares of Alok Industries International Limited ("Alok BVI") of USD 1.00 each (USD 56.50 million) and ordinary shares of GAUK of GBP 0.001 each. (USD 56.50 million) at the end of maturity (July 2014). Grabal Alok International Limited ("Grabal BVI"), a subsidiary company and Alok BVI, have agreed to purchase such bonds from the holders on scheduled put option dates between the 33rd month (July 2013) to 42nd month (April 2014) from the issue date. The payment obligations under the put option are inter alia secured by way of pledge of 93.21% of shareholding of Alok BVI in Mileta, a.s. – a step down subsidiary of the Company and 90.43% shareholding of Alok BVI and Grabal BVI in GAUK, an associate of the Company. Further, these bonds are secured by subservient charge on current and movable assets of the company which was created by executing a Deed of Hypothecation on 28th October, 2010 in favour of AXIS Trustee Services Limited, Mumbai, India
- 41** During the year, Triumphant Victory Holdings limited ("TVHL") a promoter group company, obtained a loan from Axis Bank. Such loan is secured by all assets of Grabal Alok (UK) Limited, the Company's majority owned subsidiary company.
- 42** i Due to unusual depreciation in the value of the Indian Rupee (INR) against US Dollar (USD) during the year, the exchange loss/ gain arising out of :
- Restatement of foreign currency liabilities/assets, and;
  - Mark to Market (MTM) losses on foreign exchange derivatives taken by the Company, has been presented as an exceptional item with corresponding changes for the previous year.
- ii The Company, during the year, based on the announcement of the ICAI (Accounting for derivatives), has accounted for derivative forward exchange contracts taken towards highly probable forecast transactions and firm commitments, at fair values considering the principles of recognition and measurement stated in AS-30 'Financial Instruments: Recognition and Measurement'. Consequent upon such change, the profit after tax for the year ended 31 March 2012 is higher by ₹ 16.78 crore and reserves and surplus are lower by an equivalent amount. Fair value (net loss) of the derivative instruments identified as cash flow hedges is ₹ 16.78 crore as at 31 March 2012, which is expected to be reclassified to the profit and loss account over the next year.
- iii Fair values (Mark to Market values) (loss) of Foreign currency options , Interest rate swaps and forward contracts (other than those considered for hedging) as at 31 March 2012 aggregating to ₹ 179.57 crore (previous year ₹ 72.96 crore) has been accounted for by the Company. Such fair values are based on the report of counter parties. MTM losses on such derivatives of ₹ 106.61 crore have been recognised during the year.
- iv Derivative contracts entered into by the company and outstanding as on 31 March 2012 for hedging currency and interest rate related risks. Nominal amounts of derivative contracts entered into by the company and outstanding as on 31 March 2012 amount to ₹ 3,554.72 crore (previous year ₹ 2,908.71 crore). Category wise break-up is given below.

Sr. No.	Particulars	31-Mar-12	31-Mar-11
1	Interest Rate Swaps		
	USD/INR	476.73	280.68
	JPY/INR	1,150.00	743.27
	EUR/INR	150.00	—
		<u>1,776.73</u>	<u>1,023.95</u>
2	Currency Options *	1,201.21	1,342.26
3	Forward Contracts	500.05	475.52
4	Foreign Currency Derivative (USD/JPY) (Refer note no 37)	76.73	66.98
	<b>Total</b>	<b>3,554.72</b>	<b>2,908.71</b>

\* Represents monthly currency option for receivables, maturing over a period of 5 years

- v. The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

- a) Amount receivable in foreign currency on account of the following

Particulars	Foreign Currency	Current Year		Previous Year	
		Amount in foreign currency	Rupees (Crore)	Amount in foreign currency	Rupees (Crore)
Debtors	USD	—	—	0.79	35.41
	EUR	0.19	12.99	0.09	5.51
	GBP	0.00*	0.06	0.01	0.48
	CZK	—	—	12.25	31.81
Cash & Bank Balance	CZK	—	—	2.62	7.00
	EUR	0.00*	0.01	—	—
	USD	0.02	1.10	—	—
Fixed Deposit	USD	0.65	33.50	—	—

- b) Amount payable in foreign currency on account of the following

Particulars	Foreign Currency	Current Year		Previous Year	
		Amount in foreign currency	Rupees	Amount in foreign currency	Rupees
Secured Loans	USD	27.69	1,416.91	26.56	1,185.78
	JPY	184.87	115.42	182.81	98.76
	EUR	4.39	300.24	1.69	106.78
	CZK	—	—	3.11	8.07
Interest accrued but not due on loans	USD	0.01	0.76	0.06	2.80
	EUR	0.03	2.09	0.02	1.44
Unsecured Loan	USD	2.00	102.31	7.00	312.55
	EUR	1.52	103.94	1.77	112.22
Sundry creditors	USD	2.90	148.49	7.74	345.72
	JPY	—	—	4.31	2.33
	EUR	0.06	3.82	—	—
	CHF	0.00*	0.16	—	—

\* CHF 27,571

- 43 In line with the amended Accounting Standard (AS) 11 – ‘Effect of changes in Foreign Exchange Rates’, the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.
- i) Added to fixed assets/ capital work-in-progress ₹ 114.47 crore (previous year ₹ 23.48 crore) being exchange difference on long term monetary items relatable to acquisition of fixed assets.
- ii) Carried forward ₹ 0.99 crore (previous year ₹ (0.22) crore) in the ‘Foreign Currency Monetary Item Translation Difference Account’ being the amount remaining to be amortised as at 31 March 2012.
- 44 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

Signatures to Notes 1 to 44

In terms of our report attached

**For Deloitte Haskins & Sells** **For Gandhi & Parekh**  
Chartered Accountants Chartered Accountants

**R. D. Kamat**  
Partner

**Devang B. Parekh**  
Partner

Place : Mumbai  
Date: 18 May 2012

Place : Mumbai  
Date: 18 May 2012

For and on behalf of the Board

**Ashok B. Jiwrajka** Executive Chairman  
**Dilip B. Jiwrajka** Managing Director  
**Surendra B. Jiwrajka** Jt. Managing Director  
**Sunil O. Khandelwal** Chief Financial Officer  
**K. H. Gopal** President (Corporate Affairs) & Company Secretary

Place : Mumbai  
Date: 18 May 2012





## NOTES

214 ◀◀◀

**PROXY FORM**  
**ALOK INDUSTRIES LIMITED**



Registered Office : 17/5/1 & 521/1, Rakholi / Saily, Silvassa - 396230  
Union Territory of Dadra and Nagar Haveli

REGD FOLIO	
DP. ID	
DP ID CLIENT ID	
PROXY NO.	
NO. OF SHARES	

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of Alok Industries Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the **Twenty Sixth Annual General Meeting** of the Company to be held on **Tuesday, the 14th day of August 2012 at 12.00 noon** at the Registered Office of the Company at **17/5/1, 521/1, Village Rakholi/ Saily, Silvassa – 396 230, UT of Dadra and Nagar Haveli**, and at any adjournment thereof.

Signed on this \_\_\_\_\_ day \_\_\_\_\_ of 2012

AFFIX  
15 PS.  
REVENUE  
STAMP

\_\_\_\_\_  
Signature(s) of Member(s)

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**ATTENDANCE SLIP**  
**ALOK INDUSTRIES LIMITED**

Registered Office : 17/5/1 & 521/1, Rakholi / Saily, Silvassa - 396230  
Union Territory of Dadra and Nagar Haveli

Folio No. /DP. ID : \_\_\_\_\_  
Client ID No. : \_\_\_\_\_  
Name & Address : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby record my presence at the **Twenty Sixth Annual General Meeting** of the Company being held on **Tuesday, the 14th day of August, 2012 at 12.00 noon** at the Registered Office of the Company at **17/5/1, 521/1, Village Rakholi/ Saily, Silvassa – 396 230, UT of Dadra and Nagar Haveli**.

\_\_\_\_\_  
Signature(s) of Member(s)  
Proxy attending the meeting

Please complete this Attendance Slip and bring the slip to the Meeting.







**TM INNOVATIVE TEXTILE SOLUTIONS**

Registered Office :

17/5/1, 521/1, Rakholi / Sayli, Silvassa - 396230 Union Territory of Dadra and Nagar Haveli.

Corporate Office :

Peninsula Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013

Tel: 91-22-2499 6200/6500 Fax: 91-22-2493 6078

E-mail: [info@alokind.com](mailto:info@alokind.com)

Visit us at: [www.alokind.com](http://www.alokind.com)