Integrated Textile Solutions™

ALOK
INDUSTRIES LIMITED

19th Annual Report
2004-05

BOARD OF DIRECTORS

Ashok B. Jiwrajka
Executive Chairman

Dilip B. Jiwrajka
Managing Director

Surendra B. Jiwrajka
Jt. Managing Director

C. K. Bubna
Executive Director

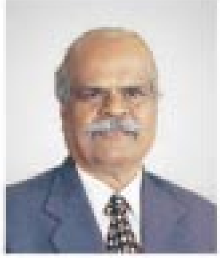
Ashok G. Rajani
Director

K.R. Modi
Director

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

A. K. Bhan
Nominee Director
of IFCI Limited

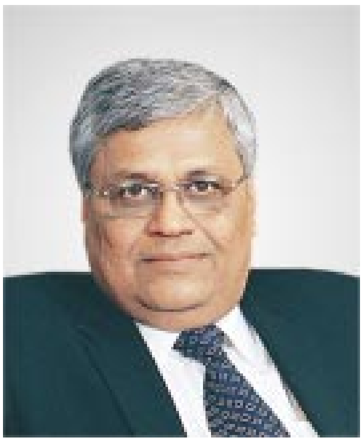
K. J. Punnathara
Nominee Director of
Life Insurance
Corporation of India



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

S.Sridhar
Nominee Director
Export Import Bank of India

Tim Ingram
Director



Dear Members,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank You,

ASHOK B. JIWRAJKA
EXECUTIVE CHAIRMAN

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

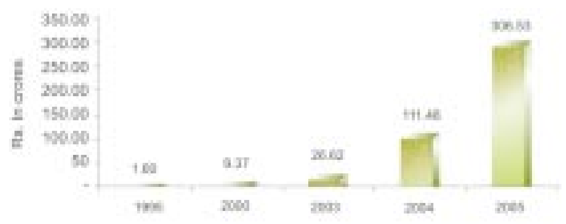
Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
Operating profits					
Net Sales	1,224.50	1,068.85	795.41	564.97	443.29
Operating Profit	244.75	198.40	137.14	98.14	76.21
Depreciation	57.56	38.28	25.42	15.74	11.10
Misc. Exp. W/off	-	1.15	0.85	0.78	0.77
PBIT	187.19	158.97	110.87	81.62	64.34
Interest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

(Rs. in Crores)

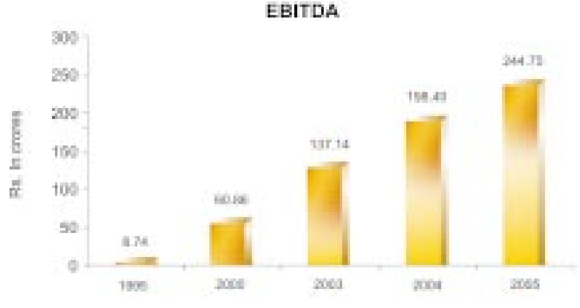
Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
Profitability Ratios					
Operating Profit Margin (%)	19.99%	18.56%	17.24%	17.37%	17.19%
Profit Before Tax Margin (%)	10.09%	8.66%	7.46%	7.51%	7.21%
Profit After Tax Margin (%)	7.29%	6.65%	5.32%	6.71%	6.65%
Return on Quasi Tangible Net worth (%)	13.32%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

Total Sales

Export Sales

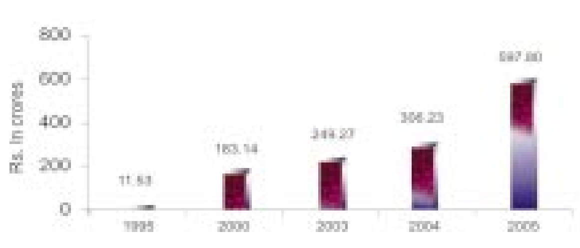


EBITDA

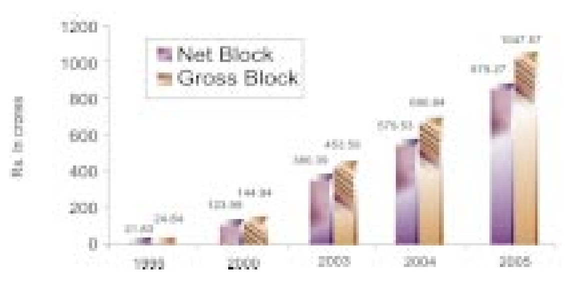


Profit After Tax

Tangible Net Worth



Gross / Net Block of Fixed Assets



GENERAL INFORMATION

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

Statutory Auditors
Gandhi & Parekh
Chartered Accountants

International Accountants
Deloitte Haskins & Sells
Member Deloitte Touche and Tohmatsu (DTT)

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

Legal Advisors & Solicitors
Kanga & Co.

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

Listing

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

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

ISIN for dematerialisation of shares
INE 270A01011

Website Address
http://www.alokind.com

E-mail Address
Info@alokind.com

Registered Office
B/43, Mittal Tower,
Nariman Point, Mumbai 400 021

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

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

Works

Weaving
a) Babla Compound, Kalyan Road,
Bhiwandi Dist. Thane
b) 17/5/1 & 521/1, Rakholi/Saily, Silvassa,
Union Territory of Dadra & Nagar Haveli.
c) 209/1 & 209/4, Silvassa,
Village Dadra, U. T. of Dadra and Nagar Haveli.

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

Processing
a) C-16/2, Village Pawane,
TTC Industrial Area, MIDC, Navi Mumbai , Dist. Thane
b) 268, Village Balitha,
Taluka Pardi, Dist. Valsad, State: Gujarat
c) 254, Village Balitha,
Taluka Pardi, Dist. Valsad, State: Gujarat

Garments
C - 271/2, TTC Industrial Area,
Turbhe, Navi Mumbai.

Made Ups
374, Village Saily, Silvassa,
Union Territory of Dadra & Nagar Haveli

Texturising
a) 103/2, Rakholi, Silvassa,
Union Territory of Dadra & Nagar Haveli
b) 521/1, Village Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of **ALOK INDUSTRIES LIMITED** will be held on Thursday, the 29th day of September, 2005 at 10.00 A.M. at **TEXTILES COMMITTEE AUDITORIUM, P. BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI-400 025** to transact the following businesses.

1. To receive, consider and adopt the Balance Sheet as at 31st March 2005, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividends on Preference and Equity Shares.
3. To appoint a Director in place of Shri Ashok B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dilip B. Jiwrajka who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

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

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

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

DATED: August 08, 2005

By Order of the Board

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is enclosed hereto.
3. The Register of Members and Share Transfer Book of the Company will be closed from Monday, the 19th day of September 2005 to Thursday, the 29th day of September 2005 (both days inclusive).
4. If the dividend on shares, as recommended by the Board of Directors, is declared at the Meeting, payment thereof will be made (i) to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar and Share Transfer Agent M/s. Intime Spectrum Registry Limited as on 29th day of September, 2005; and (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. Members are requested to notify immediately any change in their address to the Transfer Agent M/s INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai-400 078; Tel.No.: 55555454; Fax No.25672693.
6. Members are requested to bring their copy of the Annual Report to the Meeting and produce the Attendance Slip at the entrance where the Annual General Meeting will be held.
7. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31st March 1997 to the Investor Education and Protection Fund.

   The dividend for the year 1998 will be transferred to the Investor Education and Protection Fund on 21.10.2005. Members who have not encashed their dividend warrants pertaining to the year 19971998 have already been informed through a separate individual written notice to approach the Company's Registrar and Share Transfer Agent M/s. INTIME SPECTRUM REGISTRY LIMITED, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai-400 078, on or before 21.09.2005, to check up and send their claims, if any, before the amounts become due for transfer to the above Fund.

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

Financial year ended	Date of Declaration	Last date for claiming unpaid dividend	Due date for Transfer to IEP Fund
31.03.1998	22.09.1998	21.09.2005	21.10.2005
31.03.1999	23.09.1999	22.09.2006	22.10.2006
31.03.2000	20.10.2000	19.10.2007	19.11.2007
31.03.2001	25.09.2001	24.09.2008	24.10.2008
31.03.2002	27.09.2002	26.09.2009	26.10.2009
31.03.2003	30.09.2003	29.09.2010	29.10.2010
31.03.2004	30.09.2004	29.09.2011	29.10.2011

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

9. Re-appointment of Directors

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

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

    Bombay Stock Exchange Limited
    Floor 25, P. J. Towers, Dalal Street,
    Mumbai - 400 001.

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

    The Listing fees in all the above stated Exchanges have been paid upto 31st March 2006.

11. Members desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

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DATED: August 08, 2005

By Order of the Board

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

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

Item No.6

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

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

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

DATED: August 08, 2005

By Order of the Board

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Your Company's performance for the year was satisfactory with sales growing by 14.56% to Rs. 1224.50 crores and Profit after tax increasing by 25.56% to Rs. 89.25 crores. Exports increased to Rs. 306.53 crores in FY 2004-05 driven by the Home Textile Division, a growth of 175%.

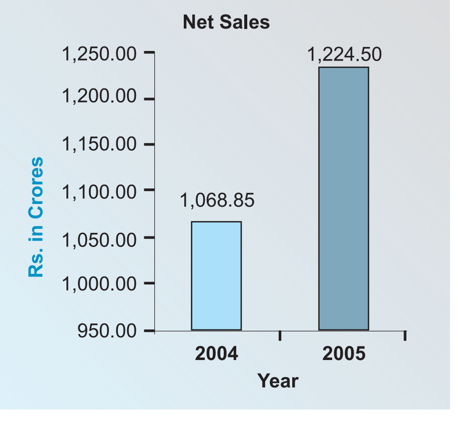
PERFORMANCE AT A GLANCE

(Rs. in Crores)

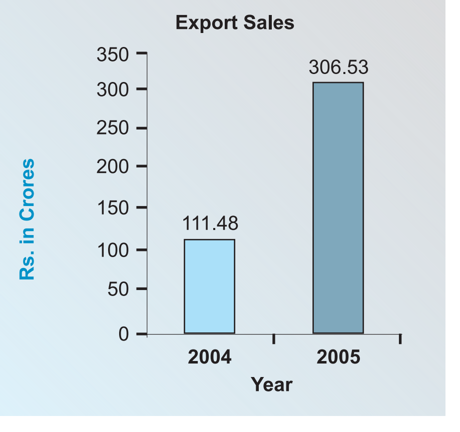
	Year Ended 31.03.05	Year Ended 31.03.04	% Increase/ (Decrease)
Sales (Local)	917.97	957.37	(4.12%)
(Export)	306.53	111.48	174.96%
Total Sales	1224.50	1068.85	14.56%
EBITDA	244.75	198.39	23.37%
(% to Sales)	(19.99%)	(18.56%)	
Profit Before Tax	123.51	92.57	33.42%
(% to Sales)	(10.09%)	(8.66%)	
Profit after Tax	89.25	71.08	25.56%
(% to Sales)	(7.29%)	(6.65%)	

KEY FINANCIAL HIGHLIGHTS

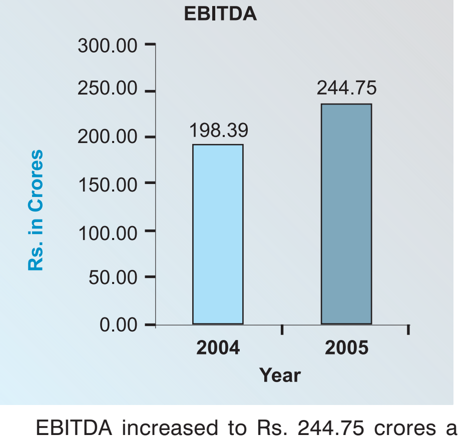
The key financial highlights of 2003-04 are as follows:



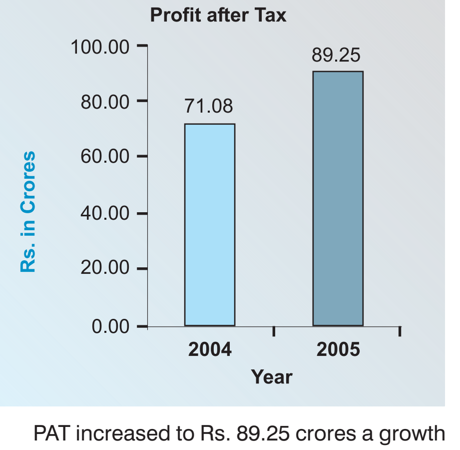
- Turnover increased to Rs. 1224.50 crores, a growth of 14.56% over previous year sales of Rs. 1068.85 crores.



- Exports increased to Rs. 306.53 crores, a growth of 174.96% over previous year export of Rs. 111.48 crores.



- EBITDA increased to Rs. 244.75 crores a growth of 23.37% over previous year EBITDA of Rs. 198.39 crores. The EBITDA margin also improved by 1.43% from 18.56% in 2003-04 to 19.99% in 2004-05.



- PAT increased to Rs. 89.25 crores a growth of 25.56% over previous year PAT of Rs. 71.08 crores. The PAT margin also improved by 0.64% from 6.65% in 2003-04 to 7.29% in 2004-05.

INDUSTRY AND SECTORAL OUTLOOK

Industry Outlook

End of quotas in January this year has freed decades of restricted and discriminatory textile trade in USA, European Union and other developed countries, opening these markets further for the more competitive and efficient producers. Simultaneously, implementation of WTO regulations has thrown open the hitherto inaccessible markets of developing countries to the international brands and suppliers. With significant consolidation mergers, amalgamations, strategic alliances and investments, Global textile markets are truly integrating to create a business opportunity for those who are capable of responding.

Huge untapped potential of textile countries like China and India, which together account for 33% of the world's population is now being freely accessed by the big brands, retailers and marketers for sourcing as well as selling leading to a spurt in volumes of trade. Fuelled by rapid textile consumption growth of over 3-4% in the developing countries and an increasing tendency of the Western brands and retailers to outsource, the world trade in textiles is expected to grow at a CAGR of around 5%. According to industry surveys the current trade of US $ 395 billion is likely to reach to US $ 565 billion by the year 2010, offering big growth opportunities to companies as well as countries.

Competitiveness however stands redefined, going beyond the conventional issues of labour cost, fiber prices, power cost etc. Bigger buyers are now looking for total lower cost sourcing solutions with high reliability, as against cheaper manufacturing or labour cost countries. They are seeking a complete service package including product development support, flexible volumes, vertically integrated manufacturing, quality and cost management along with a strong logistics support.

Most of them have started consolidating their sourcing to bigger suppliers in fewer countries. For example, a leading American brand has already decided to bring down their sourcing to 23 countries from the original 53 countries during the quota regime. Capability to offer value-added finished products will prove a big competitive advantage in such a scenario. The buyers will prefer suppliers who can offer continuous innovations at affordable prices. They will seek more design and fashion inputs from the manufacturers and flexibility to order smaller volumes and quicker turnaround times.

While countries like China and India are likely to gain in this scenario, pure conversion based countries that depend for fabrics and consumables on external sources are likely to be the losers.

Despite market growth elsewhere, the Western countries being prime consumers, will still drive the market growth for export driven textile companies and will therefore remain high targets. Sourcing is expected to move primarily towards Asia, along with few other countries. More affluent consumers in the developing countries are expected to contribute to a further market growth for the western brands and retailers. Despite an overall market growth, the consumers are expected to demand more exclusive products, which suit their lifestyles as well as budgets, bringing pressure on the supply side to respond.

Therefore, it is obvious that the industry and markets will henceforth be demand and supply driven and will not be governed by quotas. In such a scenario outsourcing of finished textile products is bound to increase.

For this new and highly consumer driven market situation, the Indian textile and garment industry needs to restructure itself completely by imbibing globally competitive technology, product lines, prices, management practices, quality and service standards.

With new investments during the past two years and much bigger ones in the pipeline, India's image in the international market is rapidly transforming into a flexible, competitive, socially compliant and consistent quality supplier. India, due to her inherent strength in textiles, offers a viable sourcing alternative, thereby minimizing the business risk for the buyers. In addition, the country's core strengths in designing, weaving, embroidery and other forms of value addition for fashion markets also augments her position in this regard.

The Government and industry in India are reflecting a partnership approach in their well-defined plans and swift actions. Both realize that the ambitious textile export target of USD 50 billion by 2010 can be achieved only by setting up of world-class state-of-the-art integrated textile enterprises supported by an aggressive marketing effort. Effort is on to make the entire manufacturing chain modern and efficient.

Opportunities

With India becoming the focus of global attention as a market and sourcing destination, textile industry here is expected to record substantial growth.

Over the next 5-7 years, as against the expected CAGR of 5% for the global textile trade, India is expected to maintain a CAGR of around 20%.

Simultaneously, riding on a buoyant economy, the domestic market is expected to grow at over 10% per annum. Only a few countries are placed as advantageously in terms of textile demand as India is.

The rapidly growing organized retailing and the mall culture is likely to push consumption even further, especially amongst urban Indian consumers. With the increasing purchasing power parity (PPP) of Indian consumers, and low current per capita textile consumption of 37 meters per annum, this country is a priority target market for the Indian as well as western brands and retailers.

Our already competitive spinning sector provides a strong platform to takeoff. Weaving, knitting and processing sectors can create a collaborative synergy to harness a strong textile value chain in the country, combining the strengths of highly successful Italian and Chinese models. India has the potential to effectively compete in both the high value and high volume markets. For this timely and appropriate investments are being encouraged in a balanced manner.

Traditionally, our highly skilled weavers and artisans have been catering to only the fashion-end of the markets. With the Government facilitating investments in high technology and economies of scale, India is well placed to take a larger share of the basic and high fashion markets. Vertically integrated units need to focus on value-added cotton and cotton blended fabrics, garments and home textiles for export and the higher end domestic market. They can also feed the larger garment manufacturers for their export production. Organized sector is expected to bring in high quality, high performance fabric solutions and effectively compete with other low cost countries for bigger volume markets.

Global Textile Trade and Opportunity

Particulars	2003	Projected 2010	Overall Growth	Growth on Annualize Basis
World Trade in Textiles	395 bn	565 bn*	43%	5.25%
India's share in world textile trade	3.3%	8.85%	—	—
India's Textile Exports	**13 bn**	**50 bn****	**285%**	**21.25%**
Share of garment exports in textile	45%	50%	—	—
Value of garment exports	6.0 bn	25 bn**	317%	22.60%

**Clothesline Magazine*
***Targets set by GOI*

Challenges

To fully realize the potential of the current opportunity, however, there are several critical areas, which need urgent attention by the policy makers. Top of the list is country's poor infrastructure. Roads, ports, airports, power and such general infrastructure are of serious concern to retain industry's international competitiveness in terms of service and turnaround time.

The quality of power and state wise differential tariff rates in India and soaring global oil prices are a matter of concern for the industry to retain its competitiveness. Though cost of capital investments is now competitive, the cost of working capital funds is still high.

More industry friendly labour laws in India can certainly contribute to a faster growth and bigger scales of operations.

Recent improvement in the per hectare cotton yield is heartening but is still far lower compared to other countries like China, Pakistan, USA, Israel, Egypt, Brazil and Turkey. For example, the yield in Brazil, China and Turkey is over one ton per hectare compared to only 0.39 tons in India.

The absence of integrated production facilities is another bottleneck for India. Our spinning, weaving, knitting, processing, made-ups and garment are all fragmented, leading to lengthening of lead times and added costs. This can be overcome by development of more integrated textile mills.

Most of the Indian textile and garment companies in the last two and half decades have operated as small and medium enterprises (SMEs). They must now get used to larger scale industry management and attract the professional management talent from across the industries to manage growth and bring in modern management practices.

Internationally, a number of non-tariff barriers linked to quality standards, health, safety, environment, child labour and other social compliances are likely to be in demand which Indian companies have to gear up to meet. There could be other barriers in the form of anti-subsidy and anti-dumping duties.

Both country-level and company-level marketing are areas where we need to become more aggressive. In a highly competitive environment, we need to emerge from the sellers' market mindset into the buyers' market economy.

Government Measures

Ever since the new Textile Policy 2000, the Government has been consistently taking measures to rationalize and rebuild the Indian textile and garment industry. These efforts have been particularly expedited in the last two years by implementing a more rationalized excise duty structure and ensuring a level playing field for all operators in the industry. Results of these efforts have so far been encouraging.

The Union Budget 2005-06 has introduced new measures to boost investment across the textile value-chain. Accordingly, the processing sector will receive a 10% capital subsidy and reduced import duty of 5% on capital goods import against a reasonable export obligation will also add to the viability of investments. The Technology Upgradation Fund Scheme (TUFS) set up by the government under which qualified investors will receive a 5% rebate on the interest cost of their investments has gained momentum with the quantum of investments having increased.

With the latest list of thirty textile products de-listed from the SSI reservation list, the industry has been freed to produce practically any textile product at the optimum economies of scale. For the first time the domestic knitting sector has been opened up to large players like Alok. Introducing greater fiber flexibility, excise duty on polyester filament yarn has been reduced from 24 per cent to 16 per cent.

The other important government measures include allowing of foreign equity participation upto 100% through automatic route, development of apparel parks for production and export of garments and launching of cotton Technology Mission for boosting the production and quality of cotton.

With these measures the industry should be able to induct state-of-the-art technology, achieve considerable cost savings and witness overall improvement in its global competitiveness.

Sector wise Review

Fiber & Spinning

India is well placed as one of the largest producers of all textile fibers in the world. For example, with cotton production of 3009 million kgs., our country is the third largest producer of cotton after USA and China. With 650 million kgs., it is the fourth largest producer of polyester fibre (1013 million kgs.), second largest producer of viscose (53 million kgs.) and the second largest producer of silk (42383 million square metres). Besides, other natural and man-made fibers, including high-value specialty fibers are easily available in the country at internationally competitive prices.

Introduction of BT cotton has improved the possibility of cotton yield further improving and keeping the fiber prices stable over the medium term.

With 37 million spindles, India has the second largest spinning capacity in the world after China. The country commands a 25% share of the global cotton yarn market and boasts of one of the modern spinning industry. On the filament yarn front too India is self-sufficient in terms of volumes.

Alok with a capacity of 65000 tpa, possesses one of the largest texturising capacities in the country. The company is now proposing investment in spinning to complete the only missing link in its full vertical integration, reduce costs and lead-time. The capacity proposed is 5250 tpa for cotton yarn (50000 spindles) and 13440 tpa for Partially Oriented Yarn (POY).

Weaving

So far, weaving has been a comparatively weak sector for India, with over 96% production still dependent on the unorganised sector.

Technology in this sector is also outdated. The population of shuttle less looms, both normal-width and wider-width has been very low compared to its main competitors. The total shuttles less looms installed in the country is about 22000. As a percentage of total looms, it is only 1.18% in India as compared to Mexico (29%), Brazil (29%), China (14%) Indonesia (10%), Bangladesh (10%), Sri Lanka (12%) and Pakistan (7%).

However, with restrictions by the government having been called off and investments becoming more viable, considerable investments are being made in this sector. 25 High tech weaving parks are being set up across the country. Many large companies are also installing new capacities to augment quality, speed and production flexibility.

Alok is strengthening its already formidable weaving capacities both in normal width as well as wider width to make it at par with world class manufacturing plants. The capacities post expansion will be 57.50 million metres in normal width weaving and 45.20 million metres in case of wider width weaving.

Knitting

Both the international and domestic demand for high quality and high fashion knitted fabrics and knitwear is increasing consistently. During the year 2004 this sector has contributed to 25% of total garment exports of US $ 6.5 billion from India. Manufacturing for domestic sales, thus far reserved for the small-scale sector has been freed in the Union Budget for 2005-06. With this, large investments by the organized sector textile companies are expected to take place over the next two to three years.

The international buyers increasingly prefer Indian knitwear, specially made from 100% cotton. As a single product, cotton T-shirt is one of the biggest beneficiary of lifting of quotas by the US and EU.

Knitting is forecasted to maintain a growth of between 5 to 6% in volume and 8 to 10% in value terms.

Envisaging the huge potential in the knitting segment , Alok has planned to expand its knitting capacity to 16800 tpa from the current 6400 tpa.

Processing

Processing brings highest value addition in the entire fabric manufacturing process and is therefore, considered the heart of a good fabric. Good processing needs high investment and high precision. In India, this has been the weakest link in the textile value chain, creating a major bottleneck in India's global competitiveness.

The existing demand for well-processed knitted and woven fabrics (dyed, bleached, printed, yarn dyed or specially finished) fabrics in the domestic and international markets is quite substantial. Current capacities in India for both the wider width processing used for home textiles and apparel width processing needed by garment manufacturers are far short of demand.

Total fabric dyeing and finishing units in India are about 12600, which include about 10400 independent hand-processing units, 2060 independent power processing units and about 140 units are part of the composite mills. Small independent processing houses perform nearly 90% of the industry's processing and finishing and employ low-end technology. Most of these units work as job work processor for the small garment exporters.

New investments have been long overdue in this sector, but were lacking due to poor quality consciousness and unviable duty structures. Having corrected the situation and realizing its importance, the Government has pushed major investments in this sector by offering a 10% cash subsidy, in addition to 5% interest rebate available under TUFS.

Alok has state-of-the-art processing capacities, which are being further augmented under the ongoing expansion projects. Post expansion, its processing capacities for normal width processing would be 82.50 million metres, wider width processing - 60.00 million metres, knit processing - 16800 tpa and yarn dyeing - 3000 tpa.

Garmenting & Made-ups

Reserved for the small-scale enterprises, so far manufacturing of these products has experienced an unorganised growth. These sectors in India had so far experienced small capacities, fragmented manufacturing units, poor economies of scale and inconsistent quality due to a highly quota driven market situation.

Although authentic data on India's apparel sector production is not available, industry sources estimate that it produces between 5.2 billion and 5.5 billion pcs. per year, with the total industry size of US$ 26 billion. Despite various limitations, this sector contributes significantly to the exports

This is the point of final value-addition in the entire textile manufacturing chain and has been recently opened to large investments. Freedom to invest, freedom to export and rapidly growing domestic demand make these sectors attractive for new investments.

Exports of readymade garments from India have been targeted to grow to US $ 25 billion by the year 2010 from the current US $ 6.5 billion. Made-ups will lead the growth of current home textile exports of US $ 1.9 billion to US $ 10 billion by 2010.

Big retailers like Wal-mart, J C Penny, Tommy Hilfiger and GAP are planning to substantially increase their outsourcing from India in these sectors, creating a tremendous opportunity for exporters.

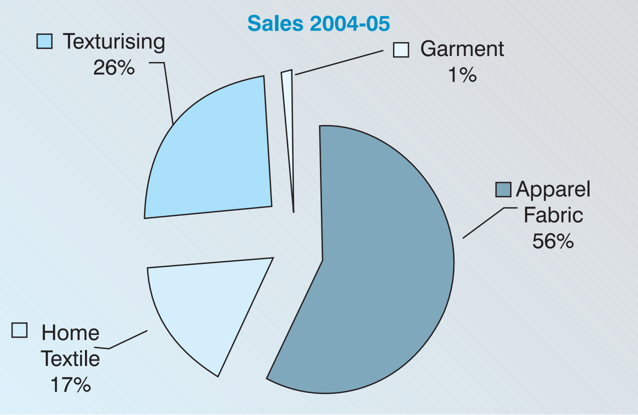
Keeping in line with the Company's endeavor to move up the value chain and offer one-stop integrated textile solutions to the buyers, Alok is increasing its garmenting capacity manifold from the current 1 million pieces to 8 million pieces. The made-up capacity (bed sheet sets) post expansion would be 10 million sets per annum.

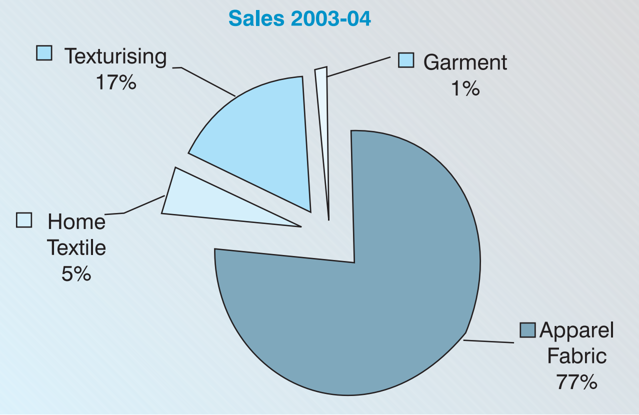
COMPANY'S FINANCIAL PERFORMANCE AND ANALYSIS

Divisional Sales:

(Rs. In crores)

Sr. No.	Division	2004-05	2003-04	% Growth in Value
1	Apparel Fabric	691.11	821.11	(15.83%)
2	Home Textile	207.94	55.84	272.39%
3	Texturising Yarn	315.31	186.85	68.75%
4	Garment	10.14	5.05	100.79%
	Total	**1224.50**	**1068.85**	





Apparel Fabric:

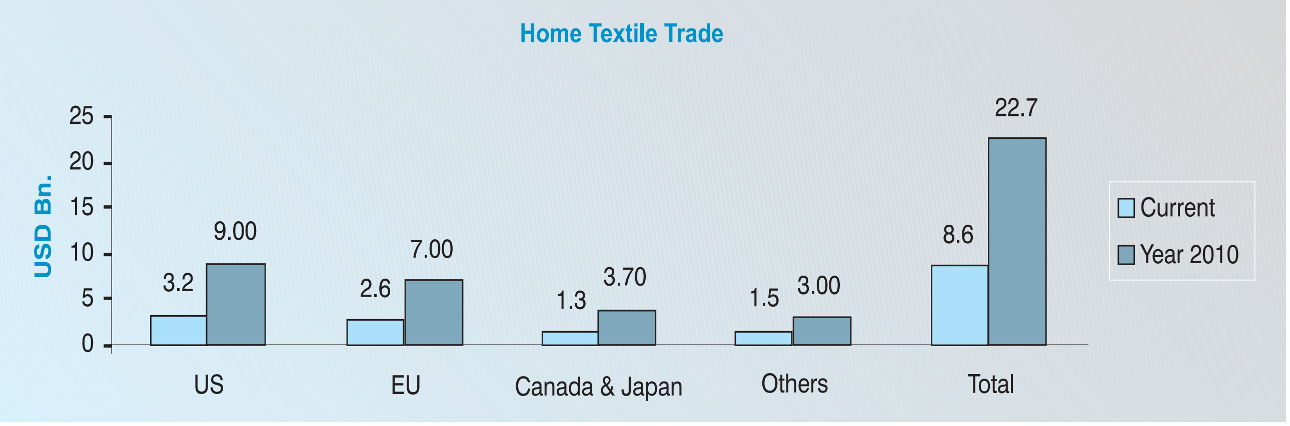
The Apparel Fabric division continued to be the maximum revenue contributor with sales of Rs. 691.11 crores constituting 56% of the total sales. There was however a decrease of about 16% as against Rs. 821.11 crores in the previous year wherein it was 77% of the total sales. Exports in the division grew marginally from Rs. 51.06 crores in 2003-04 to Rs. 54.90 crores in 2005-06. This division supplies the woven and knitted fabrics to the apparel exporters as per their specifications. The range is large enough to capture almost all the requirement of the apparel manufacturers. With the removal of the quotas, big international buyers / retailers like GAP, JC Penny, Marks & Spencer, Wal-Mart etc. have started looking at sourcing their requirement from India in a big way. These large buyers have large order sizes and need consistent quality. They are looking at controlling the quality at the fabric stage by directly placing order with the fabric manufacturer and directing them to supply fabrics to their garment vendors. Visualising this change, the Company has made a conscious effort to shift from outsourced fabric and concentrate on in-house manufacturing. This would help the Company in improving its margins and maintain a stringent control on the quality.

With Apparel exports targeted to reach US $ 25 bn. by 2010 as estimated by the Government of India, the growth potential for this division is enormous.

Home Textile:

The Home Textile division witnessed robust growth of about 272% registering sales of Rs. 207.94 crores as against Rs. 55.84 crores in the previous year. The division sales as a percentage to total sales were 17% as against 5.22% in the previous year. Almost the entire sales were export sales. The Company has emerged as a quality manufacturer of bed sheet sets, which have carved a niche and command a premium particularly in the US markets. In order to emerge as a complete home textile player, the Company is now adding Terry Towels to its product range.

Home textile exports out of India is expected to grow to US$ 10 bn by 2010 and accordingly this segment is expected to constitute a major portion of revenues in the coming years.



Texturising:

This division had sales of Rs. 315.31 crores (Export Sales Rs. 36.02 crores) as compared to previous year sales of Rs. 186.85 crores (Export Sales Rs.4.48 crores).backed by increase in capacities during the FY 2004-05. This division recorded an increase of 68.75% over the previous year.

Polyester texturised yarn is mainly used for manufacturing apparel (shirting, suiting, ladies' dress material) and knitwear; and non-apparel (upholstery, industrial fabrics and soft luggage). Polyester fabrics have better crease recovery, wrinkle resistance, drape, retention of prints and colours and lower abrasions. The domestic consumption of polyester has hitherto been restrained due to high duty structures. Excise duties on polyester have been steadily decreasing with Budget 2005 reducing it to 16%.This is expected to improve the price competitiveness of polyester yarn vis-à-vis cotton yarn and encourage more consumption, thereby enhancing the prospects for this division.

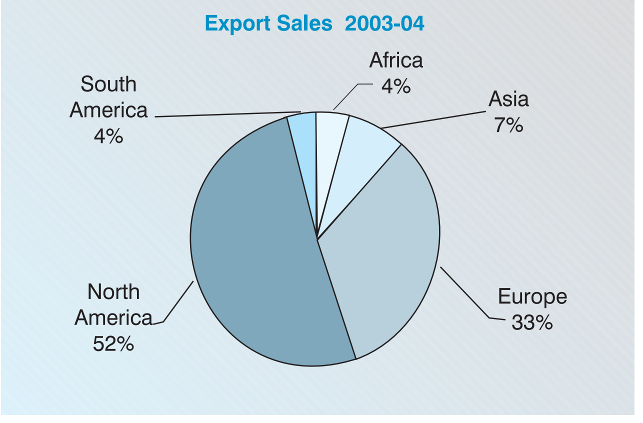
Garments:

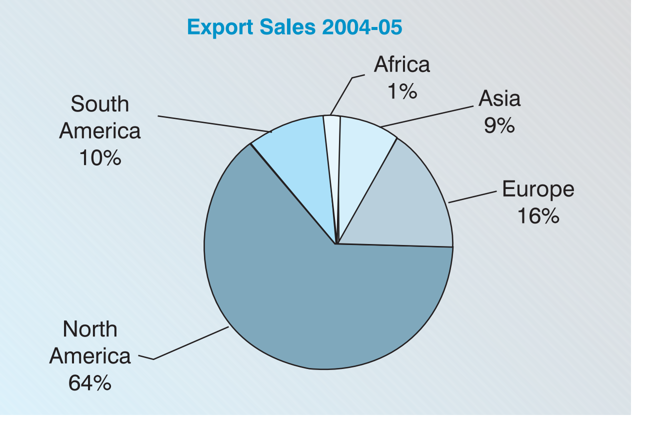
The garment division recorded sales of Rs. 10.14 crores (Export Sales Rs. 8.27 crores) i.e. 1% of the total sales. This was against Rs. 5.05 crores (Export Sales Rs. 4.26 crore) in 2003-04.

Garments are expected to be a major driver of export growth out of India. Alok is scaling up capacities of garment and the growth potential for this division is huge.

GEOGRAPHICAL DISTRIBUTION OF EXPORT SALES:

The exports of the Company increased to Rs. 306.53 crores as compared to Rs. 111.48 crores, witnessing a growth of 174.96%. This substantial growth was due to the increased exports of all products of the Company led by the home textile division. Your company's products are currently exported to over 50 countries. The geographical distribution of the export sales is as under:





Your company's product range largely comprises of high value added items i.e. home textiles, apparel fabric and garments. These products carry tremendous export potential and as such your Company's export growth should witness an increasing trend in the coming years.

OPERATIONAL AND ADMINISTRATIVE EXPENSES

Principle costs and expenses are being classified into raw material consumed, employee's remuneration, operational and other expenses, interest and depreciation. The comparative cost analysis for the year 2004 and 2005 are as under:

(Rs. in Crores)

Sr. No.	Particulars		Year ended 31.03.05	Year ended 31.03.04	Percentage Increase / (Decrease)
a)	Raw Material Consumed		765.85	719.37	6.46%
		% to Sales	62.54%	67.30%	
b)	Payment to & Provision for Employees		19.87	15.29	29.95%
		% to Sales	1.62%	1.43%	
c)	Operational and Other Expenses		200.40	140.68	42.45%
		% to Sales	16.37%	13.16%	
	Total (a + b + c)		986.12	875.34	12.66%
		% to Sales	80.53%	81.90%	

The raw material consumed including increase / decrease in stock and trading purchases in the financial year 2004-05 was Rs. 765.85 crores i.e. 62.54% of Sales as against Rs. 719.37 crores i.e. 67.30% of sales. This improvement in raw material consumption is due to shift towards value added products.

Employee remuneration increased to Rs. 19.87 crores in FY 2004-05 as compared to Rs. 15.29 crores in FY 2003-04, an increase of 29.95% over the previous year. As a percentage to sales the employee cost was 1.62% as compared to 1.43% in the previous year. The number of employees have increased during the year on account of addition of capacities. The Company has adopted modern technology across its manufacturing process and thus was able to keep the cost under control.

Other Manufacturing and Administrative Expenses were Rs. 200.40 crores in FY 2004-05 as compared to Rs. 140.68 crores in FY 2003-04 representing an increase of 42.45%. The cost, which increased significantly during the year, were power costs, packing material consumed and freight costs. These costs saw a rise due to the Company's exports growing significantly. The other major cost was purchase of quota of Rs. 15.12 crores in FY 2004-05 as against Rs. 3.56 crores in FY 2003-04. Going forward this cost will be eliminated in view of quotas being abolished. The modern manufacturing plants and well-maintained machines ensured that the maintenance cost was under control.

EBITDA

The Company achieved an EBITDA of Rs. 244.75 crores in the current year as against Rs. 198.39 crores in the previous year, an increase of 23.37%. EBITDA as a percentage to sales also improved to 19.99% as compared to 18.56% in the previous year. The main reason for this improvement in margin was the Company's conscious attempt to move towards more value added products.

FINANCE COST

The Company's interest cost was Rs. 63.68 crores in FY 2004-05 as compared to Rs. 66.40 crores in FY 2003-04, a reduction of 4.10%. The interest cost as a percentage to net sales also reduced to 5.20% as against 6.21% in the previous year. The reason for the improvement was the fact that the Company has been able to reduce interest costs on both working capital as well as term loans. With rising exports, the company is borrowing working capital under export ffinance at a concessional rate and the term loans for projects are under the Technology Upgradation Fund Scheme (TUFS). With a 5% interest subsidy available under this Scheme, the net effective borrowing cost for the new project loans works out to 2.5%. The Company's continuous endeavour to reduce its cost by replacing expensive loans by cheaper ones, restructuring its debt profile also resulted in the lowering the interest cost.

In addition to the above interest cost, the Company capitalised interest of Rs. 3.44 crores during the year (Previous year Rs. 2.68 crores) on account of borrowings for projects under implementation.

DEPRECIATION AND AMMORTISATION COST

The Depreciation has increased to Rs. 57.56 crores as against Rs. 38.28 crores in previous year, representing an increase of 50.37%. Depreciation cost as a percentage to sales also increased to 4.70% in FY 2004-05 as compared to 3.69% in FY 2003-04. The increase is due to the addition in gross block on account of the capitalisation of ongoing projects being implemented by the Company. The amortisation cost during the year was Rs. Nil as compared to Rs. 1.15 crores in the previous year. As a percentage to sales this cost was 0.11% in the previous year.
In addition to the above depreciation, the company has capitalised depreciation of Rs. 0.25 crores during the year (Previous Year Rs. Nil) on account of miscellaneous assets capitalised during implementation period.

PROFIT BEFORE TAX

The Profit Before Tax (PBT) for the FY 2004-05 was Rs. 123.51 crores as compared to Rs. 92.57 crores in the previous year representing an increase of 33.42%. The PBT margin as a percentage to sales also improved to 10.09% of net sales as against 8.66% in FY 2003-04. The increase was mainly due to the improvement in the EBITDA margin

TAXATION

The Company's corporate tax liability for the year was Rs. 9.68 crores and deferred tax liability was Rs. 24.58 crores. The Company's current tax liability was worked out on Minimum Alternative Tax (MAT) as due to the ongoing expansion projects, the depreciation as per Income tax available to the Company is considerably higher. The effective tax rate of the company increased to 27.74% of PBT as compared to 23.21% in the previous year.

PROFIT AFTER TAX

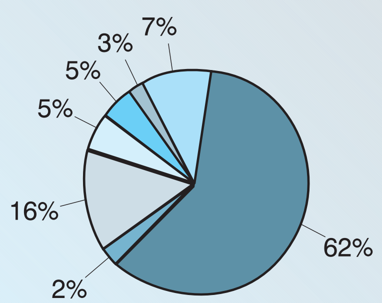
The Profit After Tax (PAT) for the year was Rs. 89.25 crores as compared to Rs. 71.08 crores in the previous year, an increase of 25.56%. The PAT as a percentage to sales also improved to 7.29% as compared to 6.65% in the previous year.

EPS

The Earnings Per Share (EPS) of the company was Rs. 7.25 as on 31.03.2005 as compared to Rs.7.90 as on 31.03.2004. The reduction in earning per share was on account of increase in equity capital from Rs.88.23 crores as on 31.03.2004 to Rs. 134.02 crores as on 31.03.2005. However the Cash Earning Per Share (CEPS) of the Company improved to Rs. 12.68 from Rs. 12.53 in the previous year.

DISTRIBUTION OF INCOME (Sales & Other Income):

Distribution of Income



	Amount (Rs. in crores)
Raw Material Cost	765.85
Employees Remuneration	19.87
Manufacturing & Other Expenses	200.40
Interest	63.68
Depreciation	57.56
Taxation	34.26
Profit After Tax	89.25
Total	**1230.87**

FIXED ASSETS

The Company's Gross Block including capital work in progress and expenditure during construction period grew from Rs. 690.84 crores in FY 2003-04 to Rs. 1047.57 crores in FY 2004-05 an increase of Rs. 356.73 crores. Besides the regular capex, the Company has undertaken a project of Rs. 1190 crores during the current year. This project will increase the Company's weaving, knitting, processing, garmenting as well as mark the Company's foray in to Ring Spinning, Terry Towels and POY manufacturing.

The Net Block also grew from Rs. 579.53 crores in the previous year to Rs. 879.27 crores in the current year including capital work in process of Rs. 170.77 crores and expenditure awaiting capitalisation of Rs. 7.42 crores.

CURRENT ASSETS

The Company current assets constitute of inventories, receivables, cash and bank balance and loans and advances. The Current Assets have increased to Rs. 1359.21 crores in the current year from Rs. 846.68 crores in the previous year.

(Rs. in crores)

Sr. No.	Particulars	As at 31.03.2005	As at 31.03.2004
a.	Sales	1224.50	1068.85
b.	Debtors	402.97 (120 days)	434.64 (148 days)
c.	Inventory	363.27 (108 days)	203.53 (70 days)

The debtors (including export incentive receivable) as on 31st March, 2005 was Rs. 402.97 crores as against Rs. 434.64 crores as on 31st March, 2004. The debtor turnover days reduced from 148 days in 2003-04 to 120 days in 2004-05. The reason for the improvement was shift into value added products, increased exports and improved recovery procedures.

The inventory as on 31st March, 2005 was Rs. 363.27 crores as against Rs. 203.53 crores as on 31st March, 2004. Inventory included stock of raw material, stock of WIP, stock of finished goods and stock of stores and spares. The inventory turnover days increased from 70 days in 2003-04 to 108 days in 2004-05. The Company in moving up the value chain by providing its customers value-added services like processing made-ups and garments. This also involved inventory remaining in processes for increased intervals. It would be the Company's endeavour to bring down the debtor and inventory holding levels further.

CAPITAL STRUCTURE

The paid-up equity capital of the Company rose from Rs. 88.23 crores to Rs. 134.02 crores. The Company had during the year made the following preferential allotments:

Build up of Equity Share Capital as on 31/03/2005

(Rs. in Crores)

Sr.	Particulars	No. of Equity Shares	Conversion Rate	Capital Amount	Premium Amount
A]	Opening Balance as on 01/04/2004	88,230,718	-	88.23	43.04
B]	Add :				
1	Increase on conversion of FCCBs into equity.	31,870,334	49.68	31.88	126.47
2	Increase on allotment to Promoters Group on Preferential basis.	5,573,700	61.00	5.57	28.43
3	Increase on allotment to IL&FS Group on Preferential basis.	5,737,700	61.00	5.74	29.26
4	Increase on conversion of 1,450,000 Optionally Fully Convertible Debentures issued to LIC of India.	2,604,634	55.67	2.60	11.90
	Total – B			45.79	196.06
C]	Less:				
	Shares / Debentures issue expenses adjusted against Securities Premium.	-	-	-	(12.74)
	Premium on Redemption of CNRPS / OCPS				(1.72)
	Total B-C			45.79	181.60
	Total as on 31/03/2005 (A+B-C)	**134,017,086**	**-**	**134.02**	**224.64**

The preference share capital as on 31st March, 2005 was Rs. 84.33 crores as against Rs. 83.67 crores as on 31st March, 2004.

Utilisation of Preferential Issue proceeds

The details of the utilisation of the proceeds raised through the above mentioned preferential issue of securities are furnished below:

(Rs. in Crores)

Funds raised from	Nature of security issued	Amount raised	Funds utilized for
Various FIIs	FCCBs	160.21	These proceeds were used as follows: Rs.13.10 crores-for capital expenditureRs. 138.32 crores - for repayment of debt (after conversion into equity) Rs. 6.55 crores -towards issue expenses and Rs. 2.24 crores - unutilised yet.
IL&FS	Equity Shares	35.00	For capital expenditure.
Promoters	Equity Shares	34.00	For capital expenditure.

TANGIBLE NETWORTH

The Tangible Net Worth of the Company increased from Rs. 327.65 crores to Rs. 598.07 crores. This improvement was on primarily on account of fresh equity infusion and improved profitability.

(Rs. in Crores)

Sr. No	Particulars	As at 31.03.05	As at 31.03.04
1.	Equity Share Capital	134.02	88.23
2.	Share Warrants	3.32	3.32
3.	Share Application Money	-	18.10
4.	**Reserves & Surplus**		
	Securities Premium Reserve	224.64	43.04
	General Reserve	115.00	32.80
	Profit & Loss Account	101.55	122.62
	Others	19.54	19.54
	Total Reserves & Surplus	**460.73**	**218.00**
	Net Tangible Worth (1 to 4)	**598.07**	**327.65**

TOTAL DEBT

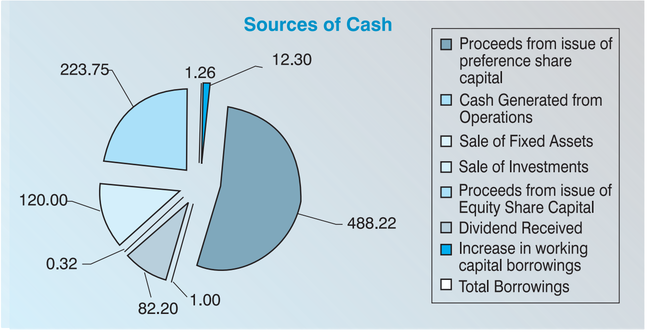
The Company's borrowing has gone up in wake of the expansion projects. The Total Debt (net of cash and bank) of the Company increased to Rs. 906.44 crores as compared to Rs. 744.82 crores in the previous year, an increase of Rs. 161.62 crores.

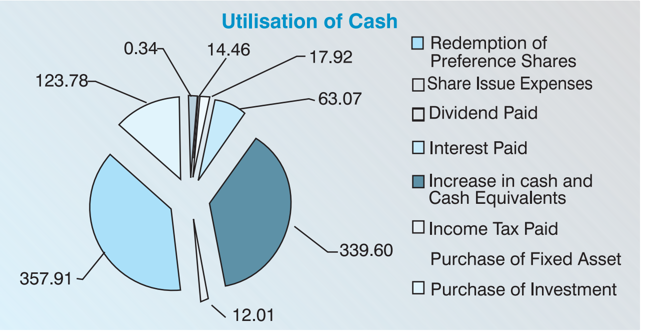
FINANCIAL CONDITION AND LIQUIDITY

The Company has generated cash from operations of Rs. 70.19 crores and invested Rs. 360.11 crores largely into purchase of fixed assets for the ongoing expansion projects. The cash flow generated out of finacing activity was Rs. 629.52 crores, which mainly includes fresh borrowings and issue of additional equity share capital for the ongoing expansion projects. The large cash flow generated from financing activities resulted in net increase in cash and cash equivalent of Rs. 339.60 crores providing adequate liquidity to the Company for all its expected requirement of working capital and other obligations.

(Rs. In crores)

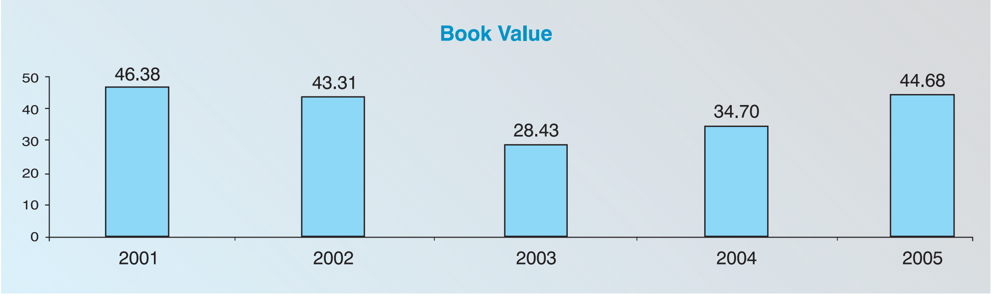
Particulars	2004-05	2003-04
Net cash provided / (used) by :		
Operating Activities	70.19	74.19
Investing Activities	(360.11)	(237.38)
Financial Activities	629.52	296.31
Net Cash Surplus	**339.60**	**139.12**
Cash & Cash Equivalents		
Beginning of the year	157.27	24.15
End of the year	496.87	157.27





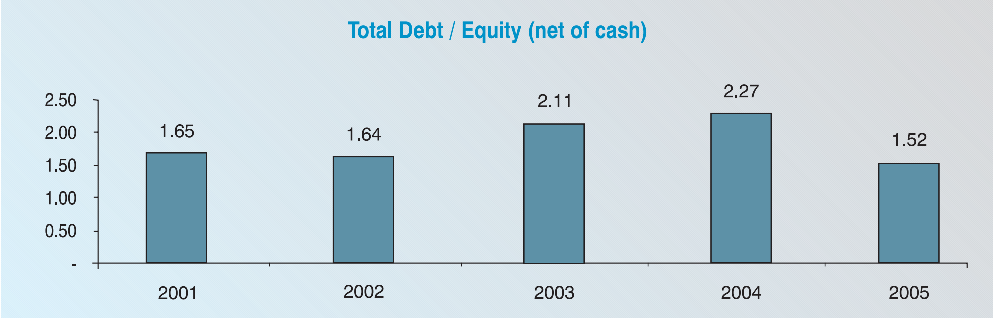
BOOK VALUE

The Company's book value has gone up from Rs. 34.70 to Rs. 44.68 in the current year due to improved profitability and addition of new equity at a premium.



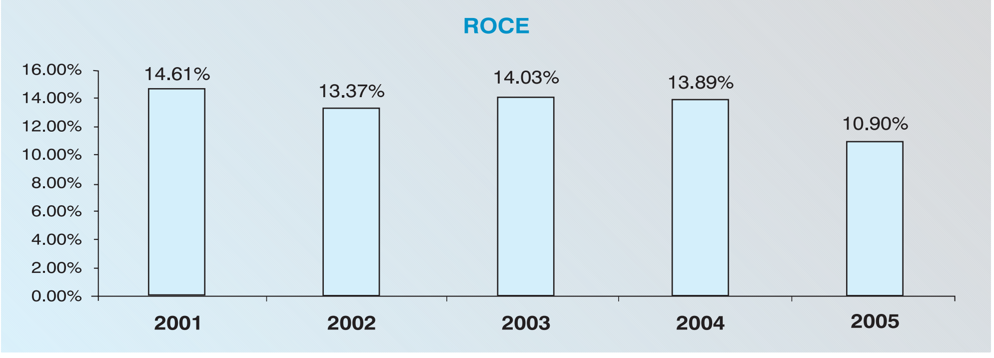
DEBT – EQUITY RATIO

The Debt-equity ratio (debt net of cash and bank) improved significantly to 1.52 as compared to 2.27 in the previous year despite increase in borrowings. This was mainly due to the increased networth on account of fresh infusion of equity and improved profitability.



RETURN ON CAPITAL EMPLOYED

The Company's ROCE for 2004-05 was 10.90% as against 13.89% in the previous year. The Company has raised substantial capital and loan for its expansion projects which are under implementation stage and hence the ROCE has reduced. However, with the new capacities commencing operations in the near future the ROCE is expected to improve. The graph of ROCE for the 5 year period is given as under:



INTERNAL CONTROLS AND THEIR ADEQUACY

The internal control systems prevalent in your company are detailed and commensurate with its size and nature of business. There are professional chartered accountant firms acting as auditors for all locations to carry out internal audit on a concurrent basis. The scope of internal audit includes, amongst other things, physical verification of stock and fixed assets, adequacy of insurance, audit of forex transactions, review of internal control and IT systems. The internal and statutory auditors periodically report to the Audit Committee as to the reasonableness of their findings. The recommended suggestions are implemented and presented to the Committee in the form of 'action taken' reports.

INFORMATION TECHNOLOGY

Your Company is rapidly growing and increasing its manufacturing capacities. We realise that with scalability there is an increasing need for improved systems and control over operations. In case of your company, which has integrated operations, the need for a comprehensive and integrated system is even more essential. With this objective in mind, your Company has decided to implement SAP, a proven and robust ERP system through TCS Limited. This will further strengthen your Company's existing reporting systems.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Your Company recognises human resources as its most valuable asset. The employees have an "Owner's Mindset" and work together in a highly cordial environment. The attrition rate was low as compared to industry standards.

The Company in keeping with its corporate social responsibility has started training local women in Silvassa to work on sophisticated looms and stitching machines and as on date a fair number of women employees can be found working in your Company's loom sheds.

The quality of work force also improved with the Company appointing a greater number of professionals and training employees to improve on their skill sets.

Industrial relations continued to remain cordial throughout all plants of your Company.

RISK MANAGEMENT

Your company perceives that the following risks could impact performance:

Raw Material and other inputs:

The major raw materials and inputs for your company comprise of cotton yarn, fabrics, partially oriented yarn (POY), dyes and chemicals and furnace oil. Any steep price hikes in these inputs could therefore affect the operations of the Company adversely.

Your Company's sales are customer-driven and hence pricing is order-based. The company places orders for its raw material simultaneously with the confirmation of sales order and thus avoids any adverse fluctuations in raw material prices. The Company also derives the benefit of bulk purchases due to volumes. The Company is also looking at alternate sources like gas to replace furnace oil.

Competition:

In a free trade regime, competition could be intense on both, the domestic and international fronts. In such a scenario, success of enterprises would be largely determined in terms of their ability to meet quality, size, delivery and cost parameters.

Your Company had foreseen this scenario and had accordingly geared itself by setting up state-of-the-art facilities across the textile chain from weaving, knitting to processing, garments and made-ups. The integrated operations and large volumes enables the company to keep costs under control and meet tight delivery schedules.

Working capital intensive:

Your company's working capital requirements are generally high due to typically high levels of debtors and inventory coupled with low credit periods provided by creditors.

Your Company has taken various measures to reduce the inventory holding levels and reduce the debtor turnover days. These measures include shift towards value added product mix (increased volumes of home textiles, garments, processed fabrics etc), increasing the proportion of direct exports, replacing outsourced capacities with in-house capacities etc. All these efforts should result in reduction in inventory and debtors holding days over a period of time.

Capital Expenditure:

Your Company is presently undertaken a capital expenditure program to increase capacities across its divisions to capitalise on the opportunities arising out of quota removal and growing domestic demand. Any time and/or cost overruns in the implementation of the projects may result in additional financial burden on the company. Also the company is exposed to the risk associated with managing the growth successfully.

Your company has adequate experience in implementation of the projects, having completed similar projects in the past. The company's projects are at an advanced stage of implementation and are being closely monitored by the project implementation team and the professional agencies. The company is also taking effective steps like implementing a strong ERP system, recruiting senior and middle level professional executives etc to manage the increased operations effectively.

Forex Risk:

Your Company's exports are rising significantly and it also has borrowings in foreign currency. The main risk is based on fluctuations in the US dollar. A depreciating dollar can aversely affect the cost competitiveness.

Your Company has a well laid-out strategy to manage forex risk in consultation with a reputed forex advisor. Your Company closely monitors forex movements and takes appropriate actions in line with the policies laid down in this regard.

Interest Rate Risk:

Your Company has both rupee and foreign currency borrowings with floating rates of interest. Any upward revision of interest rates on these loans would imply a higher financial burden on the Company.

Your Company uses appropriate measures like swapping high cost debt, derivative products, Commercial Papers, packing credit etc to keep interest cost low. The new term borrowings for the projects are all under concessional rate of interest under the TUFS Scheme.

Cautionary Statement

Statements in this Management Discussion & Analysis describing the Company's opinions, objectives, projections, estimates or expectations may be "Forward Looking Statements" within the meaning of applicable laws or regulations. These statements have been prepared based on certain underlying assumptions and reasonable expectations of future events. Actual results may differ materially from those expressed or implied due to several external and internal factors.

Company's Philosophy on Code of Corporate Governance:

The Board of Directors of the Company continue to lay great emphasis on the broad principles of Corporate Governance. Our pursuit towards achieving good Corporate Governance is an ongoing process.

In so far as compliance with the requirements under Clause 49 of the Stock Exchange Listing Agreement is concerned, the Company is in full compliance with the norms and disclosures that have to be made in the Corporate Governance format.

Corporate Governance is a set of principles, processes and systems to be followed by the directors, management and all the employees of the Company for the enhancement of shareholder value, keeping in mind interests of stake holders. The integrity, transparency and compliance with laws in all dealings with government, suppliers, employees and other stakeholders are the objectives of good Corporate Governance.

A. BOARD OF DIRECTORS

1. Composition of the Board

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of four Whole-time Directors, the Executive Chairman, the Managing Director, the Joint Managing Director, an Executive Director and eight Independent Non-executive Directors. Accordingly, the composition of the Board is in conformity with the Listing Agreement.

2. Board Meetings:

During the Financial Year, meetings of the Board of Directors were held on 29th April 2004, 30th July 2004, 30th August 2004, 21st October 2004, 9th December 2004, 30th January 2005 and 28th March 2005.

The composition of the Board of Directors and other relevant details relating to Directors are given below:

Name of the Directors	Attendance of Directors		No. of other directorships and committee members/chairmanships		
	Board Meetings	Last AGM	Other Directorships	Committee Membership**	Committee Chairmanship**
Ashok B. Jiwrajka	4/7	Present	9	1	1
Dilip B. Jiwrajka	7/7	Present	8	3	–
Surendra B. Jiwrajka	5/7	Present	8	2	–
Chandrakumar Bubna	6/7	Present	2	–	–
Ashok G. Rajani	2/7	Present	3	–	–
K. R. Modi	6/7	Present	1	3	–
Ashok Kumar #	0/7	Absent	1	–	–
K.J.Punnathara	7/7	Present	–	–	–
K.C.Jani	7/7	Absent	1	2	–
A.K.Bhan	7/7	Present	1	–	–
R. J. Kamath #	N.A.	N.A.	3	–	–
S. Sridhar $	N.A.	N.A.	2	–	–
Timothy Ingram @	N.A.	N.A.	2	–	–

Ceased to be a Director with effect from 21st May 2005 on the withdrawal of nomination by IDBI Limited and in his place Shri R. J. Kamath was appointed as Nominee Director of IDBI Limited with effect from 21st May, 2005.

$ Appointed as Nominee Director of Export-Import Bank of India with effect from 27th June 2005.

@ Appointed as an Additional Director on the Board with effect from 29th July 2005

** In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership/chairmanship of only the Audit Committee, Shareholders'/Investors' Grievance Committee and the Remuneration Committee of all other Public Limited Companies have been considered.

None of the Directors of the Company was a member of more than ten committees nor was the Chairman of more than five Committees across all Companies in which he was a Director.

Details of directors being considered for re-appointment at the forth coming Annual General Meeting on 29th September 2005.

Name of Director	MR.ASHOK B. JIWRAJKA	MR.DILIP B. JIWRAJKA
Date of Birth	07.10.1950	09.10.1956
Date of Appointment	12.03.1986	12.03.1986
Profession	Businessman	Businessman
Expertise in specific functional areas Qualifications	Marketing B.Com	Production, Finance and General Administration. B.Sc and Diploma in Business Entrepreneurship and Management
List of outside Directorship held excluding Alternate Directorship and of Private Companies.	Grabal Alok Impex Limited Alok Knit Exports Limited	Grabal Alok Impex Limited Alok Knit Exports Limited
Chairman / Members of the Committee of Board of Directors of the Company.	1) Chairman of Executive Committee of Directors 2) Member of the Share Transfer and Investors' Grievances Committee	Member of the: (1) Share Transfer and Investor Grievance Committee (2) Remuneration Committee; (3) Executive Committee of Directors (4) Project Monitoring Committee.
Chairman / Member of the Committee of the Board of Directors of other companies in which he is a Director.	1) Chairman of the Executive Committee of Directors of Grabal Alok Impex Limited 2) Member of the Shareholders and Investor's Grievance Committee of Grabal Alok Impex Limited	Member of the: (1) Shareholder's and Investor's Grievance Committee; (2) Remuneration Committee; and (3) Executive Committee of Directors of Grabal Alok Impex Limited

3. Board Meetings and its procedures:

The meetings of the Board of Directors, scheduled in advance, are generally held in Mumbai. The Board meets at least once every quarter to consider amongst other businesses, the quarterly performance of the Company and financial results. The agenda for the meeting circulated to the Directors contains detailed review of all aspects of the Company business. The Board folder contains notes on the performance of the Company to date, employee relations, statutory compliance certificates, review of legal matters, details of capital expenditure, etc. as also important matters discussed at the sub-committee of Directors.

(a) Information placed before the Board of Directors

The following information is regularly placed before the Board of Directors.

- Annual Budgets and updates thereon;
- Capital expenditure proposals and review of their information;
- Forecasts for forthcoming quarters and analysis of their variances with actuals;
- Quarterly, Half yearly and Annual Results for the Company;
- Information on recruitment and remuneration of senior officials just below the Board level;
- Material communications from Government Bodies;
- New projects and joint ventures;
- Status of material nature of investments, subsidiaries, assets etc. which are not in the normal course of business;
- Fatal or serious accidents, dangerous occurrences, any material effluent, pollution problems;
- Labour Relations;
- Material transactions which are not in the ordinary course of business;
- Disclosures by the management of material transactions, if any, with potential for conflict of interest;
- Compliance with all regulatory and statutory requirements;
- Legal proceedings involving the Company;
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

B. BOARD COMMITTEES

The Company has five committees,

(1) the Audit Committee,

(2) the Share Transfer and Investors' Grievances Committee,

(3) the Remuneration Committee;

(4) the Executive Committee; and

(5) the Project Monitoring Committee

1. Audit Committee

The Board of Directors of the Company have constituted an Audit Committee, comprising four Independent Non-Executive Directors viz. Shri K. C. Jani, Chairman (having financial and accounting knowledge), Shri Ashok G. Rajani, Shri K. R. Modi and Shri A. K. Bhan (also having financial and accounting knowledge). The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

The terms of the reference stipulated by the Board to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as under:

(i) Oversight of the company's financial reporting process and the disclosure of its financial information.

(ii) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

(iii) Reviewing with management the annual financial statements before submission to the board, focussing primarily on

(a) any changes in accounting policies and practices, (b) major accounting entries based on exercise of judgement by management, (c) qualifications in draft audit report, (d) significant adjustments arising out of audit, (e) the going concern assumption, (f) compliance with accounting standards, (g) compliance with stock exchange and legal requirements concerning financial statements, (h) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

(iv) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

(v) Reviewing the adequacy of internal audit function.

(vi) Discussion with internal auditors of any significant findings and follow-up thereon.

(vii) 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.

(viii) Discussion with external auditors before the audit commences, of the nature and scope of audit. Also post-audit discussion to ascertain any area of concern.

(ix) Reviewing the company's financial and risk management policies.

(x) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) and creditors.

During the year, the Audit Committee met 5 times i.e. on 29th April, 2004, 30th July, 2004, 30th August, 2004, 21st October, 2004 and 31st January, 2005, as against the minimum requirement of 3 meetings. The head of finance function and the representatives of the Statutory Auditors and Internal Auditors were invited to present at the Audit Committee Meetings.

Attendance of each member at the Audit Committee meetings held during the year.

Name of Member of Audit Committee	No. of Meetings Attended
K. C. Jani	5/5
K. R. Modi	4/5
A. K. Bhan	5/5
Ashok G. Rajani	2/5

2. Share Transfer and Investors' Grievances Committee

The Board of the Company has constituted a Share Transfer and Investors' Grievances Committee. The Composition of Share Transfer and Investors' Grievances Committee is as under:

Mr. Ashok G. Rajani, Chairperson
Mr. Ashok B. Jiwrajka
Mr. Surendra B. Jiwrajka
Mr. Dilip Jiwrajka

The Committee, looks into redressing of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Share Transfer Agent, and recommends measures for overall improvement in the quality of investor services. The total number of complaints received and replied to the satisfaction of shareholders during the year under review, were 769. Outstanding Complaints as on 31st March 2005 were Nil. There were no cases, which were not solved to the satisfaction of the shareholders.

The Vice President (Legal) & Company Secretary is the Compliance Officer.

3. Remuneration Committee

The Remuneration Committee comprises of Mr.K.C.Jani (Chairman), Mr.K.J.Punnathara and Mr.Dilip B. Jiwrajka.

The Remuneration Committee is responsible for recommending to the Board the Remuneration Package of the Managing and Whole Time Directors and senior employees including their annual increments and commission after reviewing their performance based on certain parameters. The Company does not, at present, have any Employee Stock Option Plan.

The Non-Executive / Independent Directors are not entitled to any managerial remuneration except sitting fees for attending the Board Meetings. The Company currently pays sitting fees of Rs.10000/- (increased from Rs.5000/- per meeting till 29th April 2005) to the non-executive independent directors.

Details of remuneration paid to all the Directors for the FY 2004-05 are as follows:

(Rs. in Lakhs)

	Relationship with other Directors	Business relationship with the Company	Loans & advances received from the Company	Remuneration paid during 2004-2005			
				Sitting fees	Salary & Perks	Commission	Total
Ashok B. Jiwrajka	Brothers	Promoter Director	–	–	28.87	80.90	109.77
Dilip B. Jiwrajka	Brothers	Promoter Director	–	–	28.90	80.90	109.80
Surendra B Jiwrajka	Brothers	Promoter Director	–	–	28.86	80.90	109.76
Chandrakumar Bubna	–	Executive Director	–	–	28.86	80.90	109.76
Ashok Rajani	–	Independent Non-Executive Director	–	0.10	–	–	0.10
K. R. Modi	–	Independent Non-Executive Director	–	0.30	–	–	0.30
Ashok Kumar	–	Independent Non-Executive Director (IDBI Nominee)	–	–	–	–	–
K. J. Punnathara	–	Independent Non-Executive Director (LIC Nominee)	–	0.35	–	–	0.35
K. C. Jani	–	Independent Non-Executive Director (IDBI Nominee)	–	0.35	–	–	0.35
A. K. Bhan	–	Independent Non-Executive Director (IFCI Nominee)	–	0.35	–	–	0.35
R. J. Kamath	–	Independent Non-Executive Director (IDBI Nominee)	–	–	–	–	–
S. Sridhar	–	Independent Non-Executive Director (EXIM Nominee)	–	–	–	–	–
Timothy Ingram	–	Independent Non-Executive Director	–	–	–	–	–

None of the Directors received any Loans & Advances from the Company during the year.

4. Executive Committee

The Board of Directors has delegated the authority to the Executive Committee comprising of three Executive Directors to supervise and monitor day-to-day affairs of the Company.

5. Project Monitoring Committee

The Board of Directors has constituted a Project Monitoring Committee to monitor the on going project envisaging expansion of capacities for home textiles, apparel fabrics and garments under the Technology Upgradation Fund Scheme. The composition of the Project Monitoring Committee is as under:

a. Shri K. C. Jani, Chairperson
b. Shri Ashok G. Rajani
c. Shri Dilip B. Jiwrajka
d. Shri Surendra B. Jiwrajka.

The aforesaid Committee has been set up on 29th April 2005 and the said Committee has met once since its incorporation.

C. SHAREHOLDERS

1. Disclosure regarding appointment and re-appointment of Directors

As per the provisions of the Companies Act and Articles of Association of the Company, one-third of two-third of the Directors retire by rotation, and if eligible, offer themselves for re-appointment at the Annual General Meeting. In accordance with the Companies Act 1956, and the Articles of Association of the Company, Mr. Ashok B. Jiwrajka and Mr. Dilip B. Jiwrajka will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

2. Communication to Shareholders

Details of the communication to the shareholders are given in the table below:

Recommendation	Compliance
Quarterly results Which news papers normally published in	Business Standard and Sakal Economic Times and Maharashtra Times
Any Website, where displayed	Yes
Whether it also displays official news releases and presentations mode to institutional investors/analysts	Yes
Whether MD&A is a part of annual report	Yes
Whether Shareholder information section forms part of the Annual Report	Yes

All material information about the Company is promptly sent through facsimile to Indian Stock Exchanges where the Company's shares are listed and released to wire services and the press for information of the public at large.

Shareholders' Redressal

The Company's Registrar and Share Transfer Agent, M/s.Intime Spectrum Registry Limited is fully equipped to carry out transfer of shares and redress investor complaints.

The Board of Directors has delegated the authority to Shri K. H. Gopal Vice President (Legal) & Company Secretary, as the Compliance Officer.

3. General Body Meetings

Details of the last three Annual General Meetings are given in the table below:

Year	Location	Date	Time
2001-2002	ORT Simeon Seminar Centre ORT India Building, 68, Worli Hill Road, Worli, Mumbai 400 018	27.09.2002	11.00 a.m.
2002-2003	Same as above	30.09.2003	11.00 a.m.
2003-2004	Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai -400 025	30.09.2004	11.00 a.m.

4. Postal Ballot

For the year ended 31st March 2005, there has been no ordinary or special resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

5. Disclosures

i) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.**

Transactions with the related parties are disclosed in detail in Note No.3 “Notes forming part of the Accounts” annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

ii) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years**

None

The Company has complied with all mandatory requirements of Corporate Governance, as required by the Listing Agreement.

6. SEBI PREVENTION OF INSIDER TRADING

The Company has a separate Insider trading Code in line with SEBI (Prohibition of Insider Trading) Regulations, 1992. The said code is applicable to all Directors and specified employees of the Company. The Code governs sale and purchase of shares of the Company by Directors and specified employees. In terms of this code, Directors and specified employees of the Company can deal in shares of the Company only during “Trading Window Open Period” and not otherwise except with the prior approval of the Compliance Officer appointed under the code i.e. Vice President (Legal) & Company Secretary.

During the time of declaration of results, dividend and other material events, the trading window is closed as per the Code.

Till date, there have been no violations on this front.

7. Auditor's Certificate on Corporate Governance

The Company has obtained a Certificate from the Statutory Auditors regarding Compliance of conditions of Corporate Governance as stipulated in Clause 49 and the same is annexed.

Dear Shareholders,

Your Directors take pleasure in presenting their Nineteenth Annual Report and the Audited Accounts for the financial year ended 31st March, 2005.

During the financial year under review, your Company sustained its growth performance by recording an increase of 14.56% and 25.56% respectively in revenues and net profit over the previous financial year.

We are pleased to inform you that your Company's belief and conviction in the Indian Textile Industry has enabled it to emerge as amongst the leading textile players in the country today. With the opening up of the global textile markets, your Company is placed well to capture opportunities and should continue to deliver satisfactory performances in the coming years. The performance of the company is briefly given below:

(Rs. in crores)

Particulars	2004-05	2003-04
Sales / Job charges (net of excise)	1,224.50	1,068.85
Other Income	6.37	4.89
Total Income	1,230.87	1,073.74
Total Expenditure	986.12	876.49
Profit before interest, depreciation & taxes	244.75	197.25
Interest	63.68	66.40
Depreciation	57.56	38.28
Profit Before Tax	123.51	92.57
Provision for Taxation Current	(9.68)	(7.30)
- Deferred	(24.58)	(14.19)
Profit After Tax	89.25	71.08
Add: Balance brought forward	122.62	88.05
Add: Excess/(Short) provision of tax in respect of earlier year	0.27	-
Balance available for appropriation	212.14	159.13
Less: Dividend earlier years	0.47	2.86
Dividend: Equity	16.07	8.77
Preference	8.47	1.56
Tax on Dividend	3.38	1.32
Transfer to Debenture Redemption Reserve		13.00
Transfer to General Reserve	82.20	9.00
Balance carried to Balance Sheet	101.55	122.62

Dividend

Your Directors have recommended a dividend of Re. 1.20 per equity share (last year: Rs.1) for the financial year ended 31st March 2005 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be Rs.16.07 crores (excluding tax of Rs. 2.26 crores) as against Rs.8.77 crores paid last year (excluding tax of Rs.1.12 crores).

The payout on account of dividend on preference shares will be Rs. 8.47 crores (excluding tax of Rs.1.12 crores) as compared to Rs. 1.56 crores (excluding tax of Rs.0.20 crores) paid last year.

Operations

The performance of your Company for the year under review has been satisfactory. Your Company recorded sales of Rs.1224.50 crores and profit before tax of Rs.123.51 crores, an increase of 14.56% and 33.42% respectively over the previous year. Your Company's exports (including incentive) increased to Rs.306.53 crores from Rs.111.48 crores in the previous year, an increase of 175%. A detailed note on the operations for the year under review appears under 'Management Discussion and Analysis' appearing elsewhere in this Annual Report.

Capital Expansion Projects

Your Company has always believed that the textile industry in India holds enormous promise that can be realized only with substantial investment in world-class plants for providing the right size and quality. Modern and high-speed machines produce better products and produce with minimum wastages resulting in lower operating costs and higher productivity. In the coming years, minimum per unit cost will be the driving factor influencing the buyers' decision, with quality and delivery parameters being pre-defined. In order to reinforce and consolidate its position as amongst the large and modern textile players in the country, your Company is investing further in modern weaving, processing, garmenting and made-up facilities, amongst others, to capitalize on the post-WTO opportunities.

Your Company embarked on a capital expansion program entailing an aggregate amount of around Rs. 1190 crores. This program is for enhancing capacities for home textiles, apparel fabrics and garments and setting of a spinning unit for cotton yarns and POY for captive consumption. The progress of the projects is satisfactory with the wider width processing project on the verge of commencing commercial production. A major portion of the expansion is expected to be completed during this financial year.

Integrated Textile Solutions™

With opening up of the international textile markets, market share of countries and companies will now be determined solely by each company and country's efficiencies and cost competitiveness. Importers, brands and retailers are consolidating their sourcing activities. They prefer more cost competitive and vertically integrated vendors in fewer countries in order to reduce their logistics and sourcing management costs.

Your company had foreseen this paradigm shift in the global markets and has been investing in creating integrated manufacturinginfrastructure to avail of this growth opportunity. Today, your company is amongst market leaders, offering the widest range of integrated textile solutions from yarn to weaving, knitting, processing, garmenting and made-ups. From designing and product development to sampling, manufacturing and quality assurance your company has acquired globally competitive standards in terms of flexibility and volumes.

Mission Zero and SAP

Amongst various steps taken by your company to match highest international benchmarks in quality, reliability and consistency, Mission Zero is a key initiative to help it move towards achieving zero defect in quality and zero delay in deliveries.

Mission Zero is aimed towards putting the company amongst world's most reliable and consistent producers of textile products.

An other initiative is the commissioning of SAP to enable seamless integration of multiple functions, achieve standardization and gain business intelligence across our various locations. SAP's architecture and capabilities facilitates integrated operations across all the business functions. Its implementation will help strengthen the existing MIS and decision support systems, thereby cultivating a comprehensive IT environment conducive to support new and dynamic business strategies.

Finance

During the year under review, your Company successfully concluded an issue of 2.5% unsecured compulsorily convertible foreign currency convertible bonds aggregating USD 35 million for listing on the Luxembourg Stock Exchange as per the Reserve Bank of India guidelines in this regard. As on the date of this Report, the entire USD 35 million stands converted into 3,22,44,860 equity shares at an average premium of around Rs. 40/- per share.

Your Company has also successfully completed a further issue of 1% unsecured foreign currency convertible bonds aggregating USD 70 million in the current fiscal and these are also listed on the Luxembourg Stock Exchange. Out of this USD 70 million too, an amount of USD 15 million has been converted into 1,10,46,610 equity shares at a premium of Rs.49/- per share as on the date of this Report. These additions to equity have helped your Company leverage debt and improve gearing.

Your Company, in December 2004, issued and allotted 6,80,00,000 unsecured convertible preference shares to a foreign investor by replacing a similar number of non-convertible cumulative redeemable preference shares issued and allotted to the same investor in March 2004.

During the year, your Company raised net borrowings of Rs.500.56 crores to meet project expenditure and working capital requirements.

Corporate Governance

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stated under Clause 49 of the Listing Agreements with the Stock Exchanges, form a part of this Annual Report.

Fixed Deposits

Fixed Deposits with your Company as at year-end were Rs.0.20 crores. None of these deposits had matured for payment and consequently there were no unclaimed deposits till the date of this Report.

Insurance

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

Directors

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ashok B. Jiwrajka and Shri Dilip B. Jiwrajka will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

The resumes of the above Directors, the nature of their expertise in specific functional areas, names of the companies in which they hold directorships and/or membership/chairmanship of Committees of the Board, as stipulated in Clause 49 of the Listing Agreement with the stock exchanges, are provided in the section on Corporate Governance elsewhere in this Annual Report.

Directors' Responsibility Statement

Your Directors wish to inform Members that the Audited Accounts containing the Financial Statements for the financial year 2004-05 are in full conformity with the requirements of the Companies Act, 1956. They believe that the Financial Statements reflect fairly, form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

in the preparation of the accounts the applicable accounting standards have been followed and there has been no material departure;

the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give them a true and fair view of the state of affairs of the Company as at 31st March 2005 and of the profit of the 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 the Company and for preventing and detecting fraud and other irregularities;

the Directors have prepared the accounts of the Company on a 'going concern' basis.

Auditors and Auditors' Report

The Statutory Auditors of the Company, M/s. Gandhi & Parekh, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Intimation from the Auditors has been received to the effect that their re-appointment, if made, will be within the limits laid down under Section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditor

The Central Government's Cost Audit Order specifies audit of Cost Accounting Records of the Company every year. This is applicable to the products manufactured by the Company. The Board of Directors, subject to the approval of the Central Government, has appointed B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai to carry out this audit for the current year.

International Accountants

Deloitte Haskins & Sells, Member Deloitte, Touche & Tohmatsu International (DTTI) appointed as International Accountants of the Company have submitted the report to the Board of Directors for the year under review and the same forms a part of this report for the information of members. They are also recasting the Indian accounts as per the International Accounting Standards (IAS).

Personnel

Information 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. However, 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 the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office of the Company.

Environment Health and Safety

We have pleasure in informing you that your Company's state-of-the-art continuous dye-print-finish facility at Vapi has successfully undergone the stringent factory certification audits of renowned global retailers and importers. The factory has been certified to be socially and environmentally compliant with the various parameters for production and export of goods to the western world.

We are also pleased to inform you that your Company continues to avail of the authorization according to Oeko-Tex Standard 100 to use the Oeko-Tex mark for the following articles:

i) Fabrics made of cotton, viscose and their mixtures with polyester, Lycra® and spandex, grey, bleached, dyed, printed and finished;

ii) Fabrics made of Polyester and its mixtures with cotton, viscose, Lycra® and spandex, grey, bleached, dyed, printed and finished.

Your Company firmly believes that preservation of the environment and the maintaining of high safety and health standards at its places of work are imperative for the success of the organisation. The drive towards attaining ISO 9001, ISO 14001, OHSAS 18001 and SA 8000 certifications has been intensified and considerable progress has been made.

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 "A" to this report.

Acknowledgements

Your Directors express their gratitude for the continued support of the Financial Institutions, Banks, Government authorities and shareholders. Your Directors also place on record their deep sense of appreciation for the commitment exhibited by the Company's employees.

For and on behalf of the Board

Ashok B. Jiwrajka
Executive Chairman

Mumbai: 8th August 2005

Annexure 'A' to the Directors' Report

Additional Information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1999:

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Your Company continues to proactively seek innovative measures to conserve energy in order to maximise efficiency. Regular energy audits are conducted to review the benchmarks and standards established. Employees are encouraged to give suggestions that will result in energy saving. Concurrent measures are adopted such as periodic checking and monitoring electrical load on all motors and repair of the defective ones, regular monitoring of steam traps, steam coils and AHU units, and up-to-date maintenance of systems.

Some other measures taken:

- ✓ Installation of variable frequency drives for air handling units to reduce power consumption.
- ✓ Acid cleaning of Boiler tubes for internal surface cleaning to increase heat transfer for improving Boiler efficiency.
- ✓ Applying appropriate voltage to lighting circuits.
- ✓ Regular monitoring of furnaces and air compressor parameters.
- ✓ Installing Power factor controller/capacitors to conserve energy.
- ✓ Replacing illuminating devices with energy efficient ones
- ✓ Maintaining old machinery in good condition, retrofitting or replacing with energy efficient ones.
- ✓ Minimising idle running of equipment like air conditioners, pumps, lights, drilling machines, generators and Welding machines.

(b) Additional investment and proposals being implemented for reduction of consumption of energy:

A range of investments and proposals are at various stages of implementation. Some of them are:

(i) Saving energy by supplying bare minimum voltage for lighting circuits.

(ii) Providing pre-drying cylinders after padders to increase the speeds of hot air stenters, providing auto liquor level controllers on JT-10 Bleaching Jiggers, tapping of heat from exhaust flue of boilers, Relax Dryer and hot air stenters.

(iii) Conducting energy audits.

(iv) Monitoring and Increasing scale of measures taken in the past.

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

The various Energy Conservation Measures undertaken by your Company have yielded encouraging results in most production centres. Efforts continue to further optimise energy productivity through innovative and planned measures.

FORM "A"

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

A) Power and Fuel Consumption

			2004-05	2003-04
1)	Electricity Purchased			
	Units		90,870,789	57,452,729
	Total amount (Rs. in crores)		25.27	15.98
	Average Rate/Unit (Rs.)		2.78	2.78
			2004-05	2003-04
2)	a)	Own Generation through Diesel Generator Set		
		Units	7,820,088	5,479,747
		Total amount (Rs. in crores)	6.12	3.49
		Average Rate/Unit (Rs.)	7.81	6.37
			2004-05	2003-04
3)	a)	Own Generation through Co-generation		
		Units	3,397,294	-
		Total amount (Rs.in Crores)	3.15	-
		Average Rate/Unit (Rs.)	9.28	-
	b)	Furnace Oil consumed per boiler		
		Total amount (Rs. in crores)	15.64	7.36

B) Consumption per unit of production

		2004-05	2003-04
a)	Yarn (Kgs.)	40,848,382	26,261,547
	Units Consumed (per kg.)	1.51	1.50
b)	Fabric- Knits (Kgs.)	4,198,119	2,335,372
	Units Consumed (per kg.)	0.54	0.90
c)	Fabric Woven (Mtrs.)*	58,547,241	49,016,646
	Units Consumed (per Mtr.)	0.37	1.01
d)	Processing- Woven (Mtrs.)	48,169,798	22,546,881
	Units Consumed (per kg.)	1.34	1.75
e)	Processing- Knits (Kgs.)	1,553,571	808,343
	Units Consumed (per kg.)	1.34	1.75
f)	Garments (Pieces)	756,550	351,399
Units Consumed (per Pieces.)		0.35	0.61

* Includes part of the activities carried outside.

FORM "B"

	2004-05	2003-04
(B) TECHNOLOGY ABSORPTION	Nil	Nil

(Rs. in Crores)

		2004-05	2003-04
(C) Foreign Exchange Earnings and Outgo			
i)	Total Earnings of Foreign Exchange	273.54	95.04
ii)	Total outgo in Foreign Exchange		
	Foreign Travel	0.98	0.73
	Technical Consultancy Fees/Upfront fees/Others	7.93	5.67
	Purchase of Capital Goods	112.59	70..80
	Purchase of Spares	1.64	2.33
	Purchase of Raw Materials	1.72	0.07
	Interest on Foreign Currency Term Loans and Exchange Difference	3.83	0.60
	Dividend Remitted in Foreign Currency	5.13	Nil

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Alok Industries Limited

We have examined the compliance of conditions of Corporate Governance by Alok Industries Limited, for the year ended 31st March 2005 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 our information and according to the explanation given to us we verify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that as per the records maintained by the Company, there were no investor grievances remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner
Membership No. 105789

Mumbai : 8th August 2005.

COMPANY SECRETARIAL COMPLIANCE CERTIFICATE

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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial year ended on 31st March, 2005 (Financial Year). 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, 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 thereunder 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 thereunder.
3. The Board of Directors duly met Seven 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 31st March, 2004 was held on 30th September, 2004 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. One Extra Ordinary General Meeting which was scheduled to be held on 19th November, 2004 was cancelled and re-convened on 29th November, 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
6. The Company has paid / posted warrants for dividends to all the members within a period of 30(Thirty) days from the date of declaration of dividend.
7. The Company has appointed Intime Spectrum Registry Ltd. as Share Transfer Agent who have duly informed us 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.
8. The Board of Directors of the company is duly constituted. There were no appointment of additional director, alternate directors or directors to fill casual vacancy during the financial year. The re-appointment of Whole Time Director has been duly made during the year in compliance with the provisions of the Act.
9. The Company has redeemed the 6,80,00,000 - 10% Cumulative Non Convertible Redeemable Preference Shares during the financial year.
10. The Company has made preferential allotment of 1,13,11,400 equity shares and 10% - 6,80,00,000 Optionally Convertible Preference Shares after obtaining approval of members at the Extra Ordinary General Meeting held on 29th November, 2004.
11. The Company has not altered its Memorandum of Association and Articles of Association during the financial year.
12. The Company had constituted the Audit Committee required as per Section 292A of the Companies Act, 1956.
13. The Company has appointed Cost Auditors under Section 233B of the Companies Act, 1956

Virendra Bhatt
Company Secretary
ACS 1157 /CP 124

Place: Mumbai
Dated: 8th August, 2005

AUDITORS' REPORT

To The Members of Alok Industries Limited,

1] We have audited the attached Balance Sheet of Alok Industries Limited, as at 31st March 2005, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 (" the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), 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 above, we report that:

(i) 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;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;

(v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors of the Company and information & explanation given to us, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of section 274(1) (g) of the Act;

(vi) 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;

(b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;

and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner
Membership No : 105789

Mumbai : 8th August 2005

Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Industries Limited on the financial statement for the year ended 31st March, 2005,

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme over a period of three years which, in our opinion is reasonable, looking to the size of the company and the nature of its business. As informed, no material discrepancies were noticed on such verification.

(c) During the year, the Company has not disposed off any substantial part of its Fixed Assets, which has affected the going concern status of the Company.

(ii) (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 interval.

(b) The procedure explained to us, which are followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.

(iii) (a) According to the information and explanation given to us, the company has granted loans, secured or unsecured/ Deposits .to 9 parties covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs.2.74 Crores and the year-end balance was Rs.0.45 Crores.

(b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company.

(c) There are no stipulations for the payment of the principal and interest amount.

(d) There is no overdue amount of loans granted by the company to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) According to the information and explanation given to us, the company has taken loans, secured or unsecured from 1 party covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs. 27.61 Crores and the year-end balance was NIL.

(f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company.

(g) The payment of the principal amount and interest of the loans taken from the parties covered under section 301 of the Act, are regular.

(iv) In our opinion and according to the information and explanations given to us, there are generally adequate Internal Control System commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further on the basis of our examination, and according to the information & explanation given to us we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid Internal Control System.

(v) (a) In our opinion and according to the information and explanation given to us, the company has entered the required particulars of contracts or arrangements in the register maintained as referred to in section 301 of the Act.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. Since the company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from Company Law Board or the National Company Law Tribunal or Reserve Bank of India or any Court or any Tribunal, does not arise.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the accounts and records 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 Act in respect of the Company's textile products to which the said rules are made applicable, and we 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 determine whether they are accurate.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service Tax, customs duty and excise duty, cess were outstanding, as at 31st March, 2005 for a period of more than six months from the date they became payable.

(c) According to the information & explanation given to us, there are no dues in respect of sale tax, income tax, customs tax, wealth-tax, excise duty and cess that have not been deposited on account of any disputes.

(x) The Company neither have accumulated losses at the end of the year, nor incurred cash losses during the current and the immediately preceding financial year.

(xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanation 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 other securities.

(xiii) In our opinion, the company is not a Chit Fund or a Nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Order is not applicable to the Company.

(xv) In our opinion, according to the information & explanation given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions are prima facie, not prejudicial to the interest of the company.

(xvi) On the basis of the 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.

(xvii) According to the information & explanation given to us and on overall examination of the Balance Sheet of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of Long Term & Short Term usages of the funds, we are of the opinion that, prima-facie, no funds raised on short-term basis have been utilized for long-term investment.

(xviii) According to the information and explanation given to us, and records provided for our verification, the Company has issued 5573700 shares of Rs.10/- each fully paid-up at a premium of Rs. 51/- per share to the parties covered in the register maintained under Section 301 of the Act. The allotments and pricing of the shares have been made in accordance with the guidelines laid down in this regard by SEBI and hence prices at which these shares have been issued, are in our opinion, not prima facie, prejudicial to the interest of the Company.

(xix) Security / charge have been created in respect of debentures issued, as detailed in Note No 1 to Schedule No. 3 of the Balance Sheet.

(xx) The Company has disclosed the details of money raised by issue of Foreign Currency Convertible Bonds during the year and utilisation thereof by way of Note No. 6(a) of Part B of Schedule 20.

(xxi) According to the information & explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that cause the financial statements to be materially misstated.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner
Membership No : 105789

Mumbai : 8th August 2005

To the Board of Directors

ALOK INDUSTRIES LIMITED

We have audited the Balance Sheet of Alok Industries Limited as on 31st March, 2005, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India and Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

Respective Responsibilities of the Management and Auditors

The Management of the Company is responsible for the preparation of these financial statements. The financial statements have also been audited by firms of Chartered Accountants appointed as Auditors under the statute (The Companies Act, 1956) who submit separately their report in accordance with the provisions of the Companies Act. It is our responsibility to form an independent opinion, based on our audit of the statements and to report our opinion to you as a concurrent special assignment.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances to the company consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

The financial statements dealt with by this report are in agreement with books of account of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

(ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No: 15291

Mumbai: 8th August, 2005

BALANCE SHEET AS AT MARCH 31, 2005

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2005		AS AT 31.03.2004
I SOURCES OF FUNDS				
(I) Shareholder's Funds				
(a) Capital	1	218.35		171.90
(b) Share Application Money		-		18.10
(c) Share Warrants		3.32		3.32
(d) Reserves and Surplus	2	460.73		218.00
			682.40	411.32
(2) Loan Funds				
Secured Loans	3	1,239.51		747.68
Unsecured Loans	4	79.40		70.74
			1,318.91	818.42
(3) Deferred Tax Liability (net)			75.10	50.52
TOTAL			2,076.41	1,280.26
II APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Gross Block	5	869.38		559.43
(b) Less : Depreciation		168.30		111.31
(c) Net Block		701.08		448.12
(d) Capital Work-in-Progress	6	170.77		120.76
(e) Incidental Expenditure during Construction (pending allocation/adjustments)	7	7.42		10.65
			879.27	579.53
(2) Investments	8		7.85	4.07
(3) Current Assets, Loans and Advances				
(a) Inventories	9	363.27		203.53
(b) Sundry Debtors	10	402.97		434.64
(c) Cash and Bank Balances	11	496.80		157.27
(d) Loans and Advances	12	96.17		51.24
		1,359.21		846.68
Less : Current Liabilities and Provisions				
(a) Current Liabilities	13	145.40		127.32
(b) Provisions	14	24.52		22.70
		169.92		150.02
Net Current Assets			1,189.29	696.66
TOTAL			2,076.41	1,280.26
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20			

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner

Mumbai: 8th August, 2005

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman

Dilip B. Jiwrajka - Managing Director

Surendra B. Jiwrajka - Joint Managing Director

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

Mumbai: 8th August, 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2005	Year Ended 31.03.2004
INCOME			
Sales (inclusive of excise duty)	15	**1,304.42**	1,114.63
Less : Excise duty		**94.16**	66.77
		1,210.26	1,047.86
Job Work Charges collected (Tax Deducted at Source Rs. 0.25 crore, Previous Year Rs. 0.28 Crore)		**14.24**	20.99
		1,224.50	1,068.85
Other Income	16	**6.37**	4.89
Increase / (Decrease) in Stocks of Finished Goods and Process Stock	17	**72.75**	(21.70)
		1,303.62	1,052.04
EXPENDITURE			
Purchase of Traded Goods		**33.01**	244.44
Manufacturing and other Expenses	18	**1,025.86**	610.35
Interest (net)	19	**63.68**	66.40
Depreciation		**57.56**	38.28
PROFIT BEFORE TAX		**123.51**	92.57
Provision for Tax – Current tax		**(9.68)**	(7.30)
– Deferred Tax		**(24.58)**	(14.19)
PROFIT AFTER TAX		**89.25**	71.08
Add : Balance brought forward from previous year		**122.62**	88.05
Add: Excess provision for Income Tax in respect of earlier years		**0.27**	-
AMOUNT AVAILABLE FOR APPROPRIATION		**212.14**	159.13
APPROPRIATIONS			
Less: Dividend – earlier year (Refer note no.17 Part B of Schedule 20)		**0.47**	2.86
Transfer to General Reserve		**82.20**	9.00
Transfer to Debenture Redemption Reserve		**-**	13.00
Proposed Dividend			
- On Equity Shares		**16.07**	8.77
- On Preference Shares (Paid / Provided)		**8.47**	1.56
Corporate Dividend Tax thereon		**3.38**	1.32
BALANCE CARRIED TO BALANCE SHEET		**101.55**	122.62
EARNINGS PER SHARE (Refer Note No. 11 of Part B of Schedule 20)			
Basic		**7.25**	7.90
Diluted		**6.86**	7.81
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20		

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner

Mumbai: 8th August, 2005

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman

Dilip B. Jiwrajka - Managing Director

Surendra B. Jiwrajka - Joint Managing Director

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

Mumbai: 8th August, 2005

SCHEDULES

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '1'			
CAPITAL			
Authorised :			
17,50,00,000 (Previous year 17,50,00,000) Equity Share of Rs.10/- each		**175.00**	175.00
12,50,00,000 (Previous year 12,50,00,000) Preference shares of Rs.10/- each		**125.00**	125.00
		300.00	300.00
Issued and Subscribed :			
Equity Share Capital			
13,40,17,086 (Previous year 8,82,30,718) Equity Share of Rs.10/- each fully paid up. (See Note 'a' below)		**134.02**	88.23
Preference Share Capital			
10,00,000 12% Cumulative Redeemable Preference shares of Rs.3.33/- (Previous Year Rs. 6.67/-) each fully paid up (See Note 'b (iii)' below)	**0.33**		0.67
1,50,00,000 10.50 %Cumulative Redeemable Preference shares of Rs.10/- each fully paid up. (See Note 'b (iv)' below)	**15.00**		15.00
Nil (Previous Year 6,80,00,000) 10.00% Cumulative Non-Convertible Redeemable Preference shares of Rs.10/- each fully paid up. (See Note 'b (v)' below)	**-**		68.00
6,80,00,000 (Previous year Nil) 10.00% Optionally Convertible Preference Shares of Rs. 10/- each fully paid up. (See Note 'b (v)' below)	**68.00**		-
10,00,000 (Previous year Nil) 8.00% Cumulative Non-Convertable Redeemable Preference Shares of Rs. 10/- each fully paid up. (See Note 'b (vi)' below)	**1.00**		-
		84.33	83.67
TOTAL		**218.35**	**171.9**

Notes :

a. During the year 4,57,86,368 Equity Share are issued as under:

i. 3,18,70,334 equity shares of Rs.10/- each were issued on conversion of 1,380 2.50% Foreign Currency Convertible Bonds (FCCBs) of USD 25,000 each at premium aggregating to Rs. 126.47 Crores

ii. 1,13,11,400 equity shares of Rs.10/- each were issued on preferential basis at a premium aggregating to Rs.57.69 Crores

iii. 26,04,634 equity shares of Rs.10/- each were issued on conversion of 14,50,000 10% Optionally Fully Convertible Debentures (OFCDs) of Rs.100/- each at a premium aggregating to Rs.11.90 Crores

b. Issued and Subscribed Share Capital includes

i. 7,45,396 Equity shares were allotted as Bonus Shares by way of capitalization of General Reserves.

ii. 62,550 Equity shares being forfeited shares were reissued during 2001.

iii. 10,00,000 12% Cumulative Redeemable Preference Shares are redeemable at par in 3 equal annual installments. The second installment has already been paid on 23rd August, 2004 and Last installments falls due on 23rd August, 2005.

iv. 1,50,00,000 10.50% Redeemable Non-Convertible Preference Shares allotted on 13th May,2003 are redeemable at par at the end of 36 months from the date of allotment with put and call option after 18 months .

v. 6,80,00,000 10.00% Cumulative Non-Convertible Redeemable Preference shares (CNRPS) allotted on 31st March 2004 are redeemable by way of a bullet repayment at the end of 5 years from the date of subscription i.e. on 31st March 2009.The company, however, has the option to redeem all or any of CNRPS at any time between the third & fifth year from the date of subscription. However during the year the company on the basis of subscription agreement entered into with the holders of such CNRPS redeemed such shares and issued 6,80,00,000 10% Optionally Convertible Preference Shares (OCPS) of Rs. 10/- each fully paid up to the holders of such CNRPS. The aforesaid OCPS are convertible in to equity shares of Rs. 10/- each within a period of 18 months from the date of allotment at a premium of Rs. 51/- per share and/or redeemable latest by 31st March,2009 at a premium of Rs. 0.25 per share per annum. The holders and the Company have an option to exercise put and call option respectively to seek redemption of the OCPS in part or in full from 1st January 2005 and 30th June 2007 respectively.

vi. 10,00,000 8.00% CNRPS issued on 5th August, 2004 were redeemed in full on 4th August, 2005.

c. 6,80,00,000 10% Cumulative Non-convertible redeemable Preference Shares (CNRPS) allotted on 31st March, 2004 were redeemed on 10th December 2004 at a premium of Rs. 0.17 per share

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '2'			
RESERVES AND SURPLUS			
Capital Reserve			
Balance as per last Balance Sheet		**0.03**	0.03
Capital Redemption Reserve			
Balance as per last Balance Sheet		**2.20**	2.20
Securities premium account			
Balance as per last Balance Sheet	**43.04**		44.34
Add : Received during the year (Refer Note "a" of Schedule 1)	**196.06**		2.46
Less : Share/Debenture/FCCBs Issue expenses	**(12.74)**		(3.76)
Less : Premium on Redemption of CNRPS/OCPS	**(1.72)**		-
		224.64	43.04
General Reserve			
Balance as per last Balance Sheet	**32.80**		23.80
Add : Transferred from Profit and Loss Account	**82.20**		9.00
		115.00	32.80
Debenture Redemption Reserve			
Balance as per last Balance Sheet	**17.31**		4.31
Add: Transferred from Profit and Loss Account	**-**		13.00
		17.31	17.31
Surplus in Profit and Loss Account		**101.55**	122.62
TOTAL		**460.73**	218.00

SCHEDULE '3'			
SECURED LOANS			
a. Debentures			
10.00% (previous year 12.50%) Redeemable Non Convertible Debentures	**20.00**		20.00
10.00% Redeemable Non Convertible Debentures	**-**		20.00
10.00% Optionally Fully Convertible Debentures	**14.50**		29.00
8.00% Redeemable Non Convertible Debentures	**50.00**		-
		84.50	69.00
b. Term Loans			
(1) From Financial Institutions			
- Rupee Term Loan	**202.99**		139.18
- Foreign Currency Loans	**82.66**		30.73
	285.65		169.91
(2) From Banks			
- Rupee Loans	**471.75**		193.54
- Foreign Currency Loans	**71.08**		-
	542.83		193.54
		828.48	363.45
c. From Banks on Cash Credit Accounts, Working Capital Demand Loans etc.			
[Includes Rs. 71.30 crores demand loan in foreign currency (Previous Year Rs. 125.75 crores)		**313.54**	301.20
d. Loans under Hire Purchase/ Lease arrangements		**12.99**	14.03
TOTAL		**1,239.51**	**747.68**

1. Debentures are secured by :

a) 20,00,000 12.50%, Secured Redeemable Non Convertible Debentures of Rs.100/- each, are converted into 20,00,000 10% Secured Redeemable Non Convertible Debentures of Rs.100/- each, on 1st September, 2004, based on agreement with debentureholders thereof and are redeemable at par in three equal installments on 31st August 2008, 31st August 2009, 31st August 2010, are secured by (i) a pari passu charge created on all present and future fixed assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's working capital bankers and (iii) the personal guarantees of three promoter directors.

b) Nil (previous year 20,00,000) 10% Non-Convertible Debentures of Rs.100/- each, are redeemed at par on 31st May, 2004 were secured by (i) subservient charge on movables assets subject to existing charge created/ to be created on such assets in favour of the term lenders and working capital bankers and (ii) the personal guarantees of three promoter directors.

c) 14,50,000 (previous year 29,00,000) 10% Optionally Fully Convertible Debentures of Rs.100/- each, which can be converted into Equity shares at the option of the Debenture Holder between 12th and 15th month from the date of first subscription (i.e. 23rd March 2004) are secured by (i) a pari passu first charge created/ to be created on all fixed assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders and (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's working capital bankers. These Debentures were converted into 26,04,634 Equity Shares of Rs.10/- each at a premium of Rs.45.67 per share on 7th June, 2005.

d) 500 (previous year Nil) 8.00% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each, which are redeemable in 32 equal quarterly installments starting from 1st April 2008 are secured by (i) a first pari passu charge created/to be created on all fixed assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders and (ii) personal guarantee of the promoter directors.

2. Term loans are secured as under :

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs. 271.85 Crores (Previous year Rs. 158.56 Crores) and Rs. 269.82 Crores (Previous year Rs. 40.19 Crores) respectively, are secured by (i) a pari passu first charge created/ to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's working capital bankers. (iii) the perso nal guarantees of three promoter directors.

b) Term loan from the Financial Institutions and from banks to the extent of Rs. 13.80 crores (Previous Year Rs. 11.36 Crores) and Rs. 158.11 Crores (Previous year Rs. 86.67 Crores) respectively are secured by (i) an exclusive charge created on specific assets financed by them respectively. (ii) the personal guarantees of three promoter directors.

c) Term loan from the banks to the extent of Rs. 12.82 Crores (Previous year Rs. 11.52 Crores) are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge on such asset created/ to be created in favour of the company's term lenders and working capital bankers and (iii) the personal guarantees of three promoter directors.

d) Term loans from the Banks to the extent of Rs. 102.08 Crores (previous year Rs. 55.15 Crores) are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company's term lenders and working capital bankers (ii) the personal guarantee of three promoter directors of the Company.

3. Working Capital limits from banks are secured by (i) hypothecation of Company's inventories, book debts, etc. (ii) second charge created / to be created on the fixed assets of the Company (iii) immovable properties and guarantees of associate concerns and (iv) the personal guarantees of three promoter directors of the Company.

4. Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '4'			
UNSECURED LOANS			
Fixed Deposits		**0.20**	4.76
Short Term Loans and Advances			
a) From Banks and Financial Institutions			
- Rupee Loans	**33.00**		42.58
- Foreign currency loans	**43.91**		17.39
		76.91	59.97
b) From others		**-**	5.76
Loans and Advances			
- From others		**-**	0.25
20 (Previous year Nil) 2.5% FCCBs		**2.29**	-
(See Note no. of 6 (a) of part B. of Schedule 20)			
TOTAL		**79.40**	70.74

Notes:-

1. Short Term Loans from Banks
   a) to the extent of Rs. NIL (Previous year Rs.2.58 Crores) was secured on specific properties of promoters, relatives and associate concerns, personal guarantee of promoter directors.
   b) to the extent of Rs. NIL (Previous year Rs. 5.00 Crores) was secured on personal guarantee of promoter directors and pledge of shares of company held by promoters.
   c) to the extent of Rs. 5.00 Crores (Previous year Rs.5.00 Crores) is secured on personal guarantee of three promoter directors.
   d) includes commercial paper of Rs. 10.00 Crores (Previous year Rs. 30.00 Crores) maximum outstanding at any time during the year was Rs. 40.00 crores (Previous year Rs. 40.00 Crores)
2. Short Term Foreign Currency Loans from Financial Institutions of Rs. 26.27 Crores (Previous Year Rs. Nil) and Rupee Term Loan of Rs.18.00 Crores (previous year Rs. Nil) from Financial Institutions are secured by (i) personal guarantee of promoter directors (ii) Power of Attorney to create first charge on the fixed assets of the company in case of default.

SCHEDULE '5'

FIXED ASSETS

(Rs. In Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.04	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.2005	AS AT 01.04.2004	FOR THE YEAR	DEDUCTION ADJUSTMENTS	AS AT 31.03.2005	AS AT 31.03.2005	AS AT 31.03.2004
	OWN ASSETS:										
1.	Freehold Land	4.72	4.02	-	**8.74**	-	-	-	-	**8.74**	4.72
2.	Leasehold Land	0.56	-	-	**0.56**	0.07	0.01	-	**0.08****	**0.48**	0.49
3.	Factory Building	127.35	52.47	-	**179.82**	8.05	5.12	-	**13.17**	**166.65**	119.30
4.	Office Premises	2.01	26.43	-	**28.44**	0.27	0.17	-	**0.44**	**28.00**	1.74
5.	Plant and Machinery	405.24	198.07	1.25	**602.06**	97.11	49.43	0.74	**145.80**	**456.26**	308.13
6.	Computer and Peripherals	4.89	2.04	*	**6.93**	2.65	0.64	-$	**3.29**	**3.64**	2.24
7.	Office Equipments	1.03	0.73	0.01	**1.75**	0.29	0.13	- @	**0.42**	**1.33**	0.74
8.	Furniture and Fittings	7.71	5.17	0.01	**12.87**	1.81	0.76	- #	**2.57**	**10.30**	5.90
9.	Vehicles	1.52	1.49	0.16	**2.85**	0.57	0.22	0.08	**0.71**	**2.14**	0.95
10.	Tools and Equipment	0.63	0.63	-	**1.26**	0.11	0.11	-	**0.22**	**1.04**	0.52
	Sub Total	555.66	291.05	1.43	**845.28**	110.93	56.59	0.82	**166.70**	**678.58**	444.73
	LEASED ASSETS										
1.	Plant and Machinery	2.05	20.33	-	**22.38**	0.19	1.04	-	**1.23**	**21.15**	1.86
2.	Computer and Peripherals	0.22	-	-	**0.22**	0.06	0.04	-	**0.10**	**0.12**	0.16
3.	Vehicles	1.50	-	-	**1.50**	0.13	0.14	-	**0.27**	**1.23**	**1.37**
	Sub Total	3.77	20.33	-	**24.10**	0.38	1.22	-	**1.60**	**22.50**	**3.39**
	TOTAL CURRENT YEAR	559.43	311.38	1.43	**869.38**	111.31	57.81	0.82	**168.30**	**701.08**	**448.12**
	TOTAL PREVIOUS YEAR	422.26	137.48	0.31	**559.43**	73.20	38.28	0.17	**111.31**	**448.12**	-

*** Rs. 45,584.00, $ Rs. 24,631.00, @ Rs. 45,057.00, # Rs. 31,811.00**

Notes:-

1. Depreciation for the year includes Rs. 0.25 crore (Previous year Nil) which has been transferred to Incidental Expenditure during Construction period.
2. Addition to Plant and Machinery includes Rs. 0.06 crores [Previous year Rs. 0.12 crore] (net) being increase in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Plant and Machinery acquired on lease includes Rs. 8.13 crores incurred by company for installation etc.
4. Fixed Assets include Rs. 1.50 Crores (Previous year - Rs. 1.50 crores) acquired on hire purchase basis on which the lenders have a lien.
5. Office Premises being cost of ownership flats in Co-operative society against which company has received shares of the value of Rs. 1,000 under the bye laws of the society.
6. During the year the Company has acquired freehold land aggregating to Rs. 0.54 crore at Silvassa, which is presently registered in the personal names of the directors of the Company since it being agricultural land. The Company is taking steps to obtain permission from the relevant authorities to convert the land as non-agricultural land and transfer the same in the Company's name.

7 Execution of documents in respect of Office Premises amounting to Rs.1.33 crores (Previous year Rs. Nil) is still pending.

** Amount written off in respect of leasehold land for the period of lease which has expired.

(Rs. In Crores)

PARTICULARS	Year Ended 2004-2005	Year Ended 2003-2004
SCHEDULE '6'		
CAPITAL WORK IN PROGRESS		
Capital Expenditure On Projects	**119.76**	113.04
[including assets acquired on lease Rs. Nil (Previous year Rs.12.26 crores)]		
Advance for Capital Expenditure (See Note below)	**51.01**	7.72
TOTAL	**170.77**	120.76

Note : Advance for Capital Expenditure includes Rs.0.76 Crore paid to Managing Director and Rs.0.42 Crore to the relative of Joint Managing Director during the year towards the purchase of Office Premises from them as per resolution of Board of Directors

SCHEDULE '7'		
INCIDENTAL EXPENDITURE DURING CONSTRUCTION		
(To be allocated on completion of project)		
Opening Balance	**10.65**	2.20
Add : Expenditure Incurred During the year		
Raw Material Consumption	**-**	2.97
Payment to and Provision for Employees	**1.39**	0.65
Stores and Spares Consumed	**0.62**	0.83
Power and Fuel	**0.22**	6.38
Insurance Charges	**0.01**	0.05
Miscellaneous Expenses	**4.15**	3.11
Rates and Taxes	**1.57**	0.20
Interest paid :		
On Debentures	**0.30**	-
On Fixed Loans	**3.14**	2.68
Depreciation	**0.25**	-
	22.30	19.07
Less : Sales (Trial Run Products Realisation) [Net of Excise Duty Rs. Nil (Previous year Rs.0.91 Crores)]	**-**	(3.52)
: Interest Received on deposits [(TDS Rs. 0.46 (Previous year Rs. Nil)]	**(2.28)**	-
TOTAL	**20.02**	15.55
Less : Allocated to Fixed Assets on completion of projects.	**(12.60)**	4.90
(Refer Note No. 9 of Part B of Schedule 20)		
TOTAL	**7.42**	10.65

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2005		AS AT 31.03.2004
SCHEDULE '8'			
INVESTMENTS			
LONG TERM INVESTMENTS			
Trade Investments [At Cost]			
In equity shares			
Quoted, fully paid			
Grabal Alok Impex Limited 19,00,000 Equity Shares of Rs.10/- each			
(Market Value of Rs. 8.49 crores, previous year Rs. 4.28 crores)		**3.99**	3.99
Unquoted, fully paid			
The Greater Bombay Co-operative Bank Limited			
[4,000 Equity Shares of Rs.25/- each (Rs.40,000)]	-	-	-
The Saraswat Co-operative Bank Limited			
[1,000 Equity Shares of Rs.10/- each (Rs.10,000)]	-	-	-
Dombivili Nagari Sahakari Bank Ltd.			
[40,000 (Previous Year 10,000) Equity Shares of Rs.50/- each]	0.20		0.05
The Kalyan Janta Sahakari Bank Ltd.			
[42,020 (Previous Year 10,000) Equity Shares of Rs.25/- each]	0.11		0.03
Aggregate Cost		**0.31**	0.08
CURRENT INVESTMENTS			
Other Investments [At Lower of Cost or Fair Value]			
In equity shares			
Quoted, fully paid			
ABG Heavy Industries Ltd. [5,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.04		-
Automotive Axles Ltd. [5,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.16		-
Dena Bank (1,05,213 [Previous Year Nil) equity shares of Rs.10/- each]	0.28		-
Emami Ltd. [8,800 (Previous Year Nil) equity shares of Rs.2/- each]	0.06		-
Escorts Ltd. [10,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.08		-
Harig Crank Shaft Ltd. [30,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.10		-
Jet Airways India Ltd. [4,001 (Previous Year Nil) equity shares of Rs.10/- each]	0.44		-
Ocl India Ltd. [1,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.05		-
Punjab National Bank [9,430 (Previous Year Nil) equity shares of Rs.10/- each]	0.37		-
Reliance Industries Ltd. [6,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.33		-
State Bank of India [4,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.26		-
Tata Chemicals Ltd. [3,000 (Previous Year Nil) equity shares of Rs.10/- each]	0.05		-
UTV Software Communications Ltd. [1,510 (Previous Year Nil) equity			
shares of Rs.10/- each]	0.02		-
Aggregate Cost		**2.24**	
Market Value Rs.2.46 Crores (as on March 31, 2004 Rs. Nil Crores)			
Unquoted, Fully Paid			
In mutual funds			
UTI Master Value Fund (6,81,198.91 units of Rs.10/- each)		**1.31**	-
TOTAL		**7.85**	4.07

Details of Investments in Mutual Fund bought and sold during the year 04-05

(Rs. In Crores)

Sr. No.	Name Mutual Fund	Units	Face Value (Rs. per Unit)	Purchase Cost (Rs. per Unit)
1	ABN Amro Equity Fund - Dividend	488,759	10.00	**0.50**
2	ABN Amro Flexi Debt Fund - Institutional Growth	5,000,000	10.00	**5.00**
3	Birla MIP Plan A : Monthly Dividend - Reinvestment	1,770,444	10.00	**2.05**
4	Birla Cash Plus Institutional Plan Dividend - Reinvestment	4,636,026	10.00	**5.03**
5	Birla Floating Rate Fund Short Term Plan Growth	1,399,162	10.00	**1.50**
6	NLFG CANLIQUID Fund - Growth	8,694,518	10.00	**10.00**
7	Deutsche Floating Rate Fund Regular Plan - Weekly Dividend	4,994,426	10.00	**5.17**
8	Deutsche Insta Cash Plus Fund - Regular Dividend Option	9,800,131	10.00	**10.02**
9	Deutsche Short Maturity Fund - Weekly Dividend Option	4,862,081	10.00	**5.00**
10	DSP Merrill Lynch Floating Rate Fund - Growth	1,391,517	10.00	**1.50**
11	Templeton Floating Rate Income Fund - Short Term Plan	2,116,259	10.00	**2.50**
12	FT India Monthly Income Plan A	1,705,433	10.00	**2.04**
13	Grindlays Fixed Maturity - 3rd Plan - Growth	1,000,000	10.00	**1.00**
14	GSTD GSSIF - Short Term - Monthly Dividend	1,479,845	10.00	**1.52**
15	HDFC Floating Rate Income Fund - Short Term Plan	914,804	10.00	**1.00**
16	HDFC Cash Management Fund - Saving Plus Plan - Growth	2,875,753	10.00	**4.00**
17	OFSIDD HSBC Floating Rate Fund - Institutional Option	2,496,704	10.00	**2.51**
18	OCFD HSBC Cash Fund - Dividend	4,907,205	10.00	**5.06**
19	ING Vysya Floating Rate Fund - Growth	1,485,590	10.00	**1.50**
20	ING Vysya Liquid Fund Institutional - Growth Option	4,921,163	10.00	**5.00**
21	JM MIP Fund - Dividend Plan - Monthly Dividend Option	977,584	10.00	**1.02**
22	JM Equity & Derivative Fund - Growth Option	2,000,000	10.00	**2.00**
23	JM Floater Fund - Short Term Plan - Growth Option	933,559	10.00	**1.00**
24	Kotak Flexi Debt Scheme - Growth	985,018	10.00	**1.00**
25	Kotak Floater Short Term - Growth	2,796,499	10.00	**3.00**
26	Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment - Daily	4,999,200	10.00	**5.02**
27	Principal Floating Rate Fund FMP - Institutional Option - Growth Plan	2,458,887	10.00	**2.51**
28	Principal Income Fund - Short Term - Institutional Plan - Growth	2,290,153	10.00	**2.50**
29	Principal Cash Management Fund - Liquid Option - Institutional Plan - Growth Plan	2,310,963	10.00	**2.50**
30	Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment - Weekly	999,630	10.00	**1.00**
31	Prudential ICICI Liquid Plan - Daily Dividend Option	1,687,927	10.00	**2.01**
32	Prudential ICICI Floating Rate Plan - Dividend	1,986,689	10.00	**2.01**
33	Prudential ICICI Floating Rate Plan C- Growth	9,821,082	10.00	**10.00**
34	Reliance Short Term Fund - Dividend Plan	1,485,075	10.00	**1.50**
35	Reliance Fixed Term Scheme - Monthly - Growth Option	2,000,000	10.00	**2.01**
36	Tata Liquid Super High Investment Fund - Daily Dividend	4,486,437	10.00	**5.02**

(Rs. In Crores)

Equity Shares	No. of Shares	Face Value Rs. per Shares	Purchase Cost
Amtek Auto	5,000	2.00	0.09
Arvind Mills	30,000	10.00	0.36
Automotive Axles Ltd.	5,000	10.00	0.17
Balrampur Chini Ltd.	5,000	10.00	0.29
BOC India	15,000	10.00	0.14
Dhampur Sugar Ltd.	5,000	10.00	0.05
Escorts Ltd.	5,000	10.00	0.04
Gujarat Alkalies Ltd.	10,000	10.00	0.11
Hindalco Ltd.	5,000	10.00	0.69
Mahavir Spinning Mills Ltd.	3,000	10.00	0.09
Nahar Spininng Mills Ltd.	3,000	10.00	0.07
National Thermal Power Corporation Ltd.	41,897	10.00	0.26
Orchid Chemicals Ltd.	5,000	10.00	0.15
Reliance Capital Ltd.	5,000	10.00	0.08
SKF Bearing Ltd.	5,000	10.00	0.08
Tata Teleservices Ltd.	5,000	10.00	0.02
TCS Ltd.	4,152	1.00	0.42
VSNL Ltd.	5,000	10.00	0.12

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '9'			
INVENTORIES [At Cost or Net Realisable value whichever is lower]			
Stores, Spares, Packing Materials and others		**8.45**	7.49
Stock-In-trade :			
Raw Materials	**139.46**		53.43
Process Stock	**96.16**		60.35
Finished Goods / Traded Goods	**119.20**		82.26
		354.82	**196.04**
TOTAL		**363.27**	**203.53**

SCHEDULE '10'		
SUNDRY DEBTORS (Unsecured)		
Debt outstanding for a period exceeding six months	**16.67**	10.62
Other Debts	**388.63**	425.63
Gross	**405.30**	436.25
Less : Provision	**2.33**	1.61
TOTAL	**402.97**	434.64
Considered Good	**402.97**	434.64
Considered Doubtful	**2.33**	1.61
TOTAL	**405.30**	436.25

Note: Sundry debtors includes Rs. 32.48 Crores (Previous year Rs. 14.31 Crores) towards contractual obligations on account of export incentives receivable.

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '11'		
CASH AND BANK BALANCES		
Cash on Hand	**0.23**	0.37
Cheques in Hand	**12.75**	-
a) Balances with Scheduled Banks		
- In Cash Credit Accounts	**46.37**	110.44
- In Current Accounts	**11.86**	12.69
- In Deposits Accounts [(including interest accrued thereon Rs. 1.18 Crores)		
(Previous year Rs. 0.69 Crores)]	**174.05**	1.77
- In Margin Money Deposits	**249.30**	32.00
b) With Others - Standard Chartered Bank (London)		
- In Current Account	**0.05**	-
- In Deposit Accounts	**2.19**	-
[maximum amount outstanding at any time during the year Rs.132.55 Crores		
(Previous year Rs. Nil)]		
Note: Margin Money Deposit includes Rs. 214.59 Crores (Previous Year Rs. Nil) towards 100%		
LC margin against import of plant and machinery		
TOTAL	**496.80**	157.27

SCHEDULE '12'		
LOANS AND ADVANCES [Unsecured]		
Advance recoverable in cash or kind or for value to be received	**90.46**	49.32
Deposits	**2.70**	1.82
Balances With Central Excise Collectorate	**0.09**	0.18
Share Application Money (Subsequently allotted/refunded)	**3.00**	-
	96.25	51.32
Less : Provision	**0.08**	0.08
TOTAL	**96.17**	51.24
Loans and Advances includes:		
Considered Good	**96.17**	51.24
Considered Doubtful	**0.08**	0.08
TOTAL	**96.25**	51.32

a) Rs. 27.79 crores (previous year Rs.17.73 crores) towards Modvat credit balances to be utilised in the subsequent years.

b) Rs.8.79 crores (previous year Rs.4.63 crores) towards interest subsidy receivable under the TUF scheme of Government of India

c) Rs.0.46 crore (previous year Rs.0.24 crore) towards office/residential premises taken on rental basis

d) Rs.0.12 crore (previous year Rs.0.04 crore) due from Officers of the company [maximum amount outstanding during the year Rs.0.18 crore (Previous year Rs.0.20 Crore)]

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '13'			
CURRENT LIABILITIES			
Sundry Creditors (including Acceptances Rs. 59.58 Crores,			
{previous year Rs. 34.75 Crores})			
- Small scale industrial undertakings	1.80		1.58
- Creditors other than SSI Undertakings	136.55		117.04
		138.35	118.62
Unclaimed Dividend *		0.47	0.45
Interest accrued but not due		2.19	1.58
Advance from customers		4.39	6.67
TOTAL		145.40	127.32

Sundry Creditors includes Rs. 0.06 crore (previous year Rs.0.14 crore) being overdrawn bank balances as per books consequent to issue of cheques at the year end though the banks have positive balances as on that date

* includes Rs.48,758/- (Previous year Rs. Nil) due and outstanding to be credited to Investor Education and Protection Fund

SCHEDULE '14'		
PROVISIONS		
Provision for Gratuity and Leave Encashment	1.47	1.17
Proposed Dividend	17.96	8.88
Provision for Tax on Dividend	2.71	1.32
Provision for Taxation (Net of advance tax payments)	1.02	3.62
Other Provision (Refer note No.16 of Schedule 20)	1.36	7.71
TOTAL	24.52	22.70

SCHEDULE '15'			
SALES			
Sales – Local	997.89		1,003.15
Sales – Export	273.17		96.09
		1,271.06	1,099.24
Export Incentive		33.36	15.39
TOTAL		1,304.42	1,114.63

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '16'			
OTHER INCOME			
Dividend Income			
On long term investment	0.15		0.15
On Current investment	1.11		-
		1.26	0.15
Interest on advance payment of taxes		0.11	-
Miscellaneous Income (includes Sales Tax refund Rs. 1.95 Crores, previous year Rs. Nil)		3.52	0.23
Provision for Leave Encashment written back		0.13	-
Profit on sale of current investments (net)		0.76	0.01
Rent		0.03	0.01
Exchange Rate difference (Net)		0.07	2.52
Provision for Doubtful Debts and Advances written back		0.49	1.97
TOTAL		6.37	4.89

SCHEDULE '17'			
INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS AND PROCESS STOCK			
CLOSING STOCK AS ON 31ST MARCH, 2005			
Finished Goods / Traded Goods	119.20		82.26
Process Stock	96.16		60.35
		215.36	142.61
LESS: OPENING STOCK AS ON 1ST APRIL, 2004			
Finished Goods / Traded Goods	82.26		110.79
Process Stock	60.35		53.52
		142.61	164.31
TOTAL		72.75	(21.70)

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '18'			
MANUFACTURING AND OTHER EXPENSES			
Raw Material Consumed		**805.59**	453.23
Payment to and Provisions for Employees			
Salaries, Wages and Bonus	**16.99**		13.00
Contribution to Provident Fund and Other Funds	**0.98**		0.66
Employees Welfare Expenses	**1.90**		1.63
		19.87	15.29
Operational and Other Expenses			
Stores and Spares Consumed		**9.57**	11.96
Packing Materials Consumed		**18.44**	8.08
Power and Fuel		**49.59**	26.85
Processing Charges		**12.63**	7.70
Labour Charges		**8.65**	4.94
Excise Duty		**(4.83)**	6.48
Donation		**0.17**	0.87
Rent		**1.36**	1.74
Rates and Taxes		**7.80**	12.90
Repairs and Maintenance			
- Plant and Machinery	**1.48**		0.77
- Factory Building	**0.42**		0.17
- Others	**0.82**		0.32
		2.72	1.26
Commission on Sales		**8.25**	2.91
Provision for Doubtful Debts and Advances		**1.21**	0.89
Bad debts and other advances written off		**0.34**	2.85
Directors Remuneration		**1.15**	1.16
Directors Fees and Commission		**3.25**	0.05
Auditors Remuneration (including service tax)			
- Audit Fees	**0.08**		0.08
- Tax Audit Fees	**0.01**		0.01
- Certification Fees	**0.01**		0.01
		0.10	0.10
Insurance		**1.97**	1.38
Preliminary and Share / Debenture Issue Expenses written off		**-**	1.15
Loss on Sale of Fixed Assets (net)		**0.29**	0.12
Excess of Cost over Fair value of current Investments		**0.76**	-
Miscellaneous Expenses		**76.98**	48.44
[Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Legal and Professional fees, freight, Bill Discounting Charges Rs. 8.78 crores) (Previous year Rs.12.69 Crores), purchase of Export License Rs.15.12 Crores (previous year Rs. 3.56 Crores) etc.]			
TOTAL		**1,025.86**	610.35

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE '19'			
INTEREST (NET)			
Interest Paid			
On Debentures	**6.61**		3.94
On Fixed Loan	**39.89**		35.39
[Net of Interest Subsidy Rs. 10.66 Crores (Previous Year Rs. 7.51 Crores)]			
On Cash Credit Accounts etc	**22.62**		29.13
		69.12	68.46
Less : Interest Received on Loans, Deposits etc		**5.44**	2.06
(Tax deducted at source Rs. 0.70 Crore (Previous year Rs.0.01 Crore]			
TOTAL		**63.68**	66.40

SCHEDULE '20'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

2. 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.

3. Revenue Recognition

a) Revenue on sale of products is recognized when the products are despatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax collected.

b) Revenue in respect of insurance/other claims, interest, export incentives etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

4. Fixed Assets

a) **Own Assets:**

Fixed Assets are stated at cost of acquisition or construction including incidental expenses. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

Exchange differences on translation /repayment of foreign currency liability incurred for the purpose of acquiring fixed assets from country outside India are adjusted in carrying amount of the respective fixed assets.

Fixed assets acquired and put to use for project purposes are capitalised and depreciation thereon is included under "Incidental Expenditure During Construction".

b) Assets taken on lease:

1) Finance Lease:

Assets taken on lease after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard on "Leases" AS-19 issued by ICAI. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

2) 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.

5. 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.

6. Capital Work- in-Progress / Incidental Expenditure During Construction

Projects under commissioning are carried forward at cost as capital work in progress and represent payments made to contractors including advances.

Incidental expenditure in relation to project under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

7. Depreciation

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.

b) Cost of leasehold land is amortised over the period of lease.

8. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

b) Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts is recognised as exchange difference and premium/discount on forward exchange contract is recognised over the life of the contract

c) Non-monetary foreign currency items are carried at cost.

d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets from countries outside India in which case they are adjusted to the carrying cost of such assets.

9. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Traded goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.

2. Process stock and Finished Goods: At weighted average cost or net realisable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

10. Retirement Benefits

a) Contribution payable to the Company's Provident Fund is charged to revenue.

b) The Company has taken a group gratuity policy for future payment of gratuity with the Life Insurance Corporation (LIC) of India. Contribution paid/payable by the company to the LIC is charged to revenue on the basis of actuarial valuation towards demand worked out by LIC.

c) Liability for leave encashment benefit is determined in accordance with the rules of the Company and charged to revenue.

11. Accounting of CENVAT credit

CENVAT credit available is accounted by recording material purchases net of excise duty. CENVAT credit availed of is accounted on adjustment against excise duty payable on despatch of finished goods.

12. 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 is recognised in the Profit and Loss Account in the year of accrual / receipt.

13. 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.

14. Income taxes

Income taxes are accounted for in accordance with Accounting Standard (AS-22) on "Accounting for taxes on Income", issued by ICAI. Tax expenses comprise both current tax and deferred tax. Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and 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 tax rates. 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.

15. 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.

16. 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'' issued by the ICAI. 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.

17. 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.

18. Issue Expenses

Expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds, are adjusted against Securities Premium Account.

19. Premium on redemption of Optionally Convertible Preference Shares.

Premium payable on redemption of Optionally Convertible Preference Shares as per the terms of issue is provided in the year of issue by adjusting against Securities Premium Account.

B) NOTES TO ACCOUNTS

1 Contingent Liabilities in respect of

(Rs. In Crores)

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	Guarantees given by banks on behalf of the Company	**4.72**	6.46
C	Guarantees given to Financial Institutions for third parties	**10.50**	15.75
D	Bills discounted	**29.96**	25.15

2 Capital Commitments

	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	**182.55**	32.98

3 Related Parties Disclosure

a) Names of related parties and nature of relationship

As per Accounting Standard AS - 18 "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

I) Names of related parties and description of relationship.

I	**Associates**	
	Alok Denims (India) Pvt. Ltd.	Green Park Enterprises
	Alok Finance Pvt. Ltd.	Honey Comb Knit Fabrics
	Alok I-Tech Limited	Jiwrajka Associates Pvt. Ltd.
	Alok Knit Exports Limited	Jiwrajka Investment Pvt. Ltd.
	Alok Textile Traders	Niraj Realtors & Shares Pvt. Ltd.
	Ashok B. Jiwrajka (HUF)	Nirvan Exports
	Ashok Realtors Pvt. Ltd.	Nirvan Holdings Pvt. Ltd.
	Buds Clothing Co.	Pramatex Enterprises
	D. Surendra & Co.	Pramita Creation Pvt. Ltd.
	Dilip B. Jiwrajka (HUF)	Surendra B. Jiwrajka (HUF)
	Globus E-Commerce Limited	Tulip Textiles
	Grabal Alok Impex Ltd.	Vaibhav Knit Fab
II	**Key Management Personnel**	Ashok B. Jiwrajka
		Chandrakumar Bubna
		Dilip B. Jiwrajka
		Surendra B. Jiwrajka
		Alok A. Jiwrajka
		Sunil O. Khandelwal
		K. H. Gopal
III	**Relative of Key Management Personnel**	Geeta S. Jiwrajka

2) **Nature of transaction with Associates, Key Management Personnel and Relative of Key Management Personnel.**

(Rs. in Crores)

Transaction	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
a) Unsecured Loan				
Balance as at 1st April	0.25	-	-	0.25
	(4.75)	(-)	(-)	(4.75)
Received during year	86.86	-	-	86.86
	(36.95)	(-)	(-)	(36.95)
Repaid / Adjustment during the year	87.11	-	-	87.11
	(41.45)	(-)	(-)	(41.45)
Balance as at 31St March	-	-	-	-
	(0.25)	(-)	(-)	(0.25)
b) Loan and Advances				
Balance as at 1st April	4.27	-	-	4.27
	(1.23)	(-)	(-)	(1.23)
Granted during year	0.20	-	-	0.20
	(3.67)	(-)	(-)	(3.67)
Received / Adjustment during the year	4.02	-	-	4.02
	(0.63)	(-)	(-)	(0.63)
Balance as at 31St March	0.45	-	-	0.45
	(4.27)	(-)	(-)	(4.27)
c) Advance from Customers				
Balance as at 31st March	0.49	-	-	0.49
	(0.04)	(-)	(-)	(0.04)
d) Investment				
Balance as at 1st April	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
Balance as at 31st March	3.99	-	-	3.99
	(3.99)	(-)	(-)	(3.99)
e) Sundry Debtors				
Balance as at 31st March	0.06	-	-	0.06
	(-)	(-)	(-)	(-)
f) Sundry Creditors				
Balance as at 31st March	0.96	-	-	0.96
	(0.69)	(-)	(-)	(0.69)
g) Turnover				
Sales of goods	6.25	-	-	6.25
	(6.65)	(-)	(-)	(6.65)
h) Expenditure				
Purchase of goods	2.85	-	-	2.85
	(0.43)	(-)	(-)	(0.43)
Purchase of fixed assets	7.06	-	-	7.06
	(-)	(-)	(-)	(-)
Rent	0.56	-	-	0.56
	(1.51)	(-)	(-)	(1.51)
Remuneration	-	0.43	-	0.43
	-	(0.30)	(-)	(0.30)
Interest	0.28	-	-	0.28
	(0.38)	(-)	(-)	(0.38)
i) Income				
Dividend	0.14	-	-	0.14
	(0.14)	(-)	(-)	(0.14)
Rent	0.01	-	-	0.01
	(-)	(-)	(-)	(-)

(Rs. in Crores)

Transaction		Associates	Key Management Personnel	Relative of Key Management Personnel	Total
j)	Guarantees				
	(Financial Guarantees)				
	Balance as at 31st March	10.50	-	-	10.50
		(15.75)	(-)	(-)	(15.75)
k)	Share application money				
	Balance as at 1st April	8.09	10.01	-	18.10
		(-)	(-)	(-)	(-)
	Received during year	33.00	-	-	33.00
		(8.09)	(10.01)	(-)	(18.10)
	Allotted During the Year	34.00	-	-	34.00
		(-)	(-)	(-)	(-)
	Refunded during the year	7.09	10.01	-	17.10
		(-)	(-)	(-)	(-)
	Balance as at 31st March	-	-	-	-
		(8.09)	(10.01)	(-)	(18.10)
l)	Purchase consideration towards assets and liabilities taken over				
	Fixed Assets	14.33	-	-	14.33
	Investment	0.23	-	-	0.23
	Current Assets	0.87	-	-	0.87
	Current Liabilities	(1.29)	-	-	(1.29)
	Dues to Banks	(10.43)	-	-	(10.43)
	Net consideration paid	3.71	-	-	3.71
		(-)	(-)	(-)	(-)
m)	Advance for Capital Expenditure (given during the year)				
	Balance as at 31st March	0.42	0.76	0.42	1.60
		(-)	(-)	(-)	(-)

Notes : 1) Related party relationship is as identified by the company and relied upon by the Auditors.
2) Previous year figures are given in brackets.
3) Details of remuneration to directors are disclosed in Note No 4 below.

Out of the above transaction with Associates, Key Management Personnel and Relative of Key Management in the excess of 10% of total Related Party transaction are as under:

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
a) Unsecured Loans			
Associates			
Received during the year			
Grabal Alok Impex Limited	86.86		36.50
Repaid during the year			
Grabal Alok Impex Limited	87.11		40.00
b) Loans and advances			
Associates			
Granted during the year			
Honey Comb-Knit Fabrics	0.07		0.93
Pramita Creation Private Ltd	-		0.88
Tulip Textiles	0.07		0.93
Vaibhav Knit Fab	0.06		0.93
		0.20	3.67
Received/Adjusted during the year			
Alok I-Tech Ltd	-		0.16
Globus E-Commerce Ltd.	-		0.47
Honey Comb-Knit Fabrics	0.99		-
Pramita Creation Private Ltd	0.88		-
Tulip Textiles	1.00		-
Vaibhav Knit Fab	0.99		-
		3.86	0.63

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
c) Turnover			
Associates			
Grabal Alok Impex Ltd	5.26		5.19
Buds Clothing Co.	0.99		1.30
		6.25	6.49
d) Expenditure			
Purchase of Goods			
Associates			
Grabal Alok Impex Ltd		2.85	0.43
Purchase of Fixed Assets			
Niraj Realtors & Shares Pvt. Limited	5.73		-
D.Surendra & Co.	0.43		-
Jiwrajka Associates Pvt. Ltd.	0.90		-
		7.06	-
Rent			
Associates			
Nirvan Exports	0.07		0.07
Honey Comb-Knit Fabrics	-		0.18
Pramita Creation Pvt. Ltd.	-		0.20
Tulip Textiles	-		0.18
Vaibhav Knit Fab	-		0.18
Alok Denims (India) Pvt. Ltd.	0.20		0.20
Alok Knit Exports Ltd.	-		0.20
Niraj Realtors & Shares Pvt. Limited	0.13		0.13
		0.40	1.34
Remuneration			
Key management Personnel			
Sunil O Khandelwal	0.22		0.15
K. H. Gopal	0.18		0.13
		0.40	0.28
Interest			
Associates			
Grabal Alok Impex Ltd		0.28	0.38
e) Income			
Dividend			
Associates			
Grabal Alok Impex Ltd		0.14	0.14
Rent received			
Associates			
Alok Denims (India) Pvt. Ltd.		0.01	-
f) Guarantees			
Associates			
Grabal Alok Impex Ltd	10.50		10.50
Jiwrajka Associates Private Limited	-		5.25
		10.50	15.75

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
g) Share application money received			
Associates			
Alok Finance Private Ltd.	20.00		-
Alok Knit Exports Ltd.	10.67		-
Niraj Realtors and Shares Pvt. Ltd.	-		7.10
Pramita Creation Pvt. Ltd.	3.33		0.99
		34.00	8.09
Key Management Personnel			
Ashok B. Jiwrajka	-		3.36
Dilip B. Jiwrajka	-		3.31
Surendra B. Jiwrajka	-		3.34
		-	10.01
Allotted during the year			
Associates			
Alok Finance Private Ltd.	20.00		-
Alok Knit Exports Ltd.	10.67		-
		30.67	-
Refund during the year			
Associates			
Niraj Realtors and Shares Pvt. Ltd.		7.10	-
Key Management Personnel			
Ashok B. Jiwrajka	3.36		-
Dilip B. Jiwrajka	3.31		-
Surendra B. Jiwrajka	3.34		-
		10.01	-
h Purchase consideration towards assets and liabilities taken over			
Associates			
Pramita Creation Pvt. Ltd.	0.69		-
Vaibhav Knit Fab	0.90		-
Tulip Textiles	0.90		-
Alok Knit Exports Ltd.	0.32		-
Honey Comb-Knit Fabrics	0.90		-
		3.71	-
I Advance for capital Expenditure			
Associates			
Dilip B. Jiwrajka (HUF)		0.42	-
Key Management Personnel			
Dilip B. Jiwrajka		0.76	-
Relative of Key Management Personnel			
Geeta S. Jiwrajka		0.42	-

b Details in accordance with clause 32 of the listing agreement with the stock exchanges.

Loans & Advance to associates, firms or companies in which directors are interested – Rs. Nil (excludes deposit for rented premises and share application money).

4. Managerial Remuneration

(Rs. in Crores)

Particulars	31-03-2005	31-03-2004
Salaries	**0.96**	0.96
Perquisites	**0.20**	0.20
Directors Sitting Fees	**0.01**	0.01
Commission	**3.24**	0.04
TOTAL	**4.41**	1.21

Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956.

(Rs. in Crores)

	31-03-2005	**31-03-2004**
Profit Before Tax as per Profit and Loss Account	**123.51**	92.57
Add: 1) Directors Remuneration (including commission)	**4.40**	1.20
2) Sitting Fees	**0.01**	0.01
3) Loss on Sale of Fixed Assets	**0.29**	0.12
4) Provision for Doubtful Debts and Advances	**1.21**	0.89
	129.42	94.79
Less: 1) Profit on sale of investments	**0.76**	0.01
2) Provision for Doubtful Debts and Advances written back	**0.49**	1.97
Net Profit under Section 349 of the Companies Act, 1956	**128.17**	92.81
Eligible Salaries, Perquisites and Commission @10% of above	**12.82**	9.28
Actual Commission (As restricted by Board of Directors)	**3.24**	0.04

5. The Company in accordance with the resolution passed at the Extra Ordinary General Meeting of the Company held on March 29, 2004 allotted 59,66,400 warrants convertible into equity shares to a foreign investor. The warrant holders have the option of subscribing for one equity share of the Company of Rs.10/- each per warrant at a price of Rs.55.67 being the price determined in accordance with the SEBI guidelines at anytime within 18 months from the date of allotment of the warrants.

6. a) During the year the Company issued 1400 2.50% Foreign Currency Convertible Bonds (FCCBs) of USD 25,000/- each aggregating to USD 35 Million (Rs.160.21 Crores at issue) with an option to convert these Bonds into equity shares of Rs.10/- each within a period of 5 years from the date of issue of the FCCBs at a pre- defined conversion price ranging between Rs.30/- to Rs.70/- per share.

   The consideration for the aforesaid FCCBs was received in Escrow account with Standard Chartered Bank (London).

   Out of the aforesaid issue of 1400 FCCBs, 1380 FCCBs were converted to 31,870,334 equity shares of Rs.10/-each (Refer Note a of Schedule 1) during the year and the balance 20 FCCBs pending conversion as at the year end aggregating to Rs.2.29 crores are grouped under "Unsecured Loans"(Schedule 4).

   Out of the total proceeds, the company has utilised USD 34.50 Million (equivalent Rs 157.97 crores) towards capital expenditure amounting to Rs.13.10 crores, repayment of debt amounting to Rs.138.32 crores and issue expenses amounting to Rs.6.55 crores and Rs.2.24 crores being balance unutilised is lying with Standard Chartered Bank (London) as under:

   i) In current account Rs.0.05 crores

   ii) In deposit account Rs.2.19 crores

   and grouped under "Cash and Bank balances" (Schedule 11)

   b) The Company has allotted 1,13,11,400 equity shares and 26,04,634 equity shares of Rs.10/- each at a premium of Rs.51/- and Rs.45.67 per share respectively during the year and received aggregate consideration of Rs.83.50 crores.

   The aforesaid proceeds received from the above preferential allotments have been fully utilised during the year towards capital expenditure and repayment of debt.

7. During the year the Company purchased / acquired the textile undertaking viz; specific assets and liabilities of vendors on going concern basis under slump sale agreement. The details of such purchase of assets and liabilities are as under:

(Rs. in Crores)

Particulars		
a) Fixed Assets	17.73	-
b) Investments	0.23	
c) Current Assets	0.87	18.83
Less:		
a) Liabilities for expenses / purchases	1.29	
b) Dues to Banks	10.43	11.72
Amount paid as consideration		**7.11**

The above balances (other than fixed assets) taken over from companies are based on the audited accounts of the vendors and in the case of partnership firms as certified by the partner and as regards the fixed assets acquired under the slump sale agreement, the value is determined on fair value basis as determined by the independent valuer. Legal formalities relating to transfer of assets/ loans and contracts in the name the company are pending completion.

8. The Company has acquired plant and machinery and computers on lease aggregating to Rs.14.48 crores (Previous year Rs.14.48 crores) and vehicles aggregating to Rs.1.50 crores (Previous year Rs.1.50 crores) on hire purchase in nature of finance lease. The company capitalised the said assets at their fair value as the lease are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

Due	Total minimum lease payments outstanding as on 31.03.2005		Future interest on outstandings		Present value of minimum lease payments	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Within one year	**2.87**	2.94	**0.79**	0.94	**2.08**	2.00
Later than one year and not later than 5 years	**10.85**	12.71	**1.68**	2.44	**9.17**	10.27
Later than 5 years	**1.25**	2.26	**-**	0.03	**1.25**	2.23

9. The Company capitalised mainly Wider Width Weaving unit and yarn texturising units at Sayli, Dadra and Nagar Haveli, fabric printing, yarn dying and co-generation unit at Vapi, Gujarat and fabric processing unit at New Mumbai, Maharastra during the year. Wider Width and normal width weaving unit at Sayli, Dadra and Nagar Haveli and wider width and normal width processing unit at Vapi, Gujarat are under construction. Hence incidental expenses during construction period amounting to Rs.7.42 crores related with these projects are carried forward and will be capitalised on completion of the same.

10. Deferred Taxation

a) Deferred Tax Assets and Liabilities arising on account of timing differences are as under:

(Rs. In Crores)

	31.03.2005	31.3.2004
I) Deferred Tax Liability (DTL)		
i) Depreciation	**76.62**	51.73
	76.62	51.73
II) Deferred Tax Asset (DTA)		
i) Other items	**1.52**	1.21
	1.52	1.21
(I-II) Total Deferred Tax Liabilities (Net)	**75.10**	50.52

11. Earnings per share (EPS)

(Rs. In Crores)

		Current Year	Previous Year
a.	**Net profit after tax**	**89.25**	71.08
	Excess Provision for Income tax in respect of earlier year	**0.27**	-
	Less: Dividend on Preference Shares including Dividend tax	**(9.59)**	(1.76)
	Net Profit Available for Equity Shareholders – (Basic)	**79.93**	69.32
	Add: Interest payable on FCCBs (Net of tax)	**0.60**	-
	Add: Interest on Convertible Debenture (Net of tax)	**2.59**	0.05
	Net profit available for Equity Shareholders – (Dilutive)	**83.12**	69.37
b.	Weighted average number of Equity Shares Basic (Nos.)	**110272171**	87693304
	Add: Share application money (Nos.)	**-**	1111912
	Add: Dilutive share warrants (Nos.)	**826788**	16346
	Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	**5068949**	-
	Add: Effect of potential Equity Shares on conversion of OFCDs (Nos.)	**5080298**	14271
	Weighted average number of Equity Shares Dilutive (Nos.)	**121248206**	88835833
c.	Nominal value of equity shares per share (In Rupees)	**10**	10
d.	Basic Earnings per share (Rupees)	**7.25**	7.90
	Diluted Earnings per share (Rupees)	**6.86**	7.81

12. Sundry creditors for the year ended 31st March, 2005 include amounts due to the following small scale industrial undertakings, which are outstanding for more than 30 days.

Akshar Engineering, Alpha Dyes & Chemicals, Ashwini Enterprise, Auxi Dye Chem, Avocab Industries, Electronic & Engg Ser.Pvt.Ltd. Mahavir Electric Corporation, Mahesh Engineering Works, Mark Engineering Co, Premier Corporation, Satguru Machenical Works, Unitech Engineering, Veena Plastic Industries, Yello Tapes, Yogi Engineering.

The above information regarding small scale industrial undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. The Auditors have relied this upon.

13. Segmental Reporting

a) **Primary Segment** : Business Segment

The company is mainly engaged in the business of manufacturing of textiles consisting of fabric and yarn texturising. Considering nature of business and financial reporting of the company, the company has only one business segment viz; textile as primary reportable segment.

b) **Secondary Segment**: Geographical Segment

(Rs. in Crores)

	Total	India	Rest Of World
Revenue Attributable To location of Customers	1,224.50	917.97	306.53
(including job work charges)	(1,068.85)	(957.37)	(111.48)
Segment Assets Based on their Locations	2,246.33	2,221.02	25.31
	(1,430.28)	(1,409.76)	(20.52)
Addition To fixed Asset (Including Capital Work In Progress	358.16	358.16	-
and Incidental Expenditure During Construction)	(237.56)	(237.56)	-

Notes:

1. Assets (except debtors and cash and bank balances) and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segments assets, (except debtors and cash and bank balances), and segment liabilities are made.
2. Figures of Previous year are given in brackets.

14. In the opinion of the Board, carrying value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

15. Sundry Debtors (Refer Schedule 10) includes Rs.7,182/- (Previous Year Rs.31,305/-) [Maximum amount outstanding during the year Rs.32,083 /- (Previous Year Rs.31,735/-)] due from the officers of the Company.

16. “Other Provision” represents excise duty liability recognised by the company based on substantial degree of estimation for excise duty payable on clearance of goods lying in the stock as on March 31,2004 of Rs. 7.71crores as per the estimated pattern of despatches. During the year, Rs, 6.71crores was utilised for clearance goods (and the unused balance of Rs.0.92 crores was reversed). Liability recognised under this clause for the year is Rs.1.35 crores (including Rs.0.08crores carried forward from previous year), which is outstanding as at March 31,2005.Actual outflow is expected in next finanacial year.

17. Dividend-earlier years of Rs 0.47 Crores (Previous Year Rs 2.86 Crores) (including dividend tax thereon) represent the difference between the amount provided and paid considering the legal opinion obtained by the company and the amount finally paid on the shares allotted as on outcome of conversion of FCCBs (Previous Year fully convertible debentures).

18. Additional Information required under Schedule VI, Part II of the Companies Act,1956.

i) Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc.

Particulars	Unit	Year ended 31st March	Installed Capacity per annum	Opening Stock		Production	Purchase		Turnover		Closing Stock	
				Quantity	Amount (Rs. In Crores)	Quantity @	Quantity	Amount (Rs. in Crores)	Quantity#	Amount (Rs. in Crores)	Quantity	Amount (Rs. in Crores)
Woven Fabric Manufactured	Lac Mtrs.	2005	585 Looms and 7 Stenters*	126.76	70.25	946.83	-	-	886.00	599.65	187.59	101.76
		2004	276 Looms and 5 Stenters*	125.26	78.74	628.73	-	-	627.23	464.93	126.76	70.25
Knitted Fabric	M.T.	2005	90 Machines	128.34	1.98	4,929.41	-	-	4,954.22	69.99	103.53	1.43
		2004	56 Machines	111.78	1.97	4,561.12	-	-	4,544.56	67.60	128.34	1.98
Yarn	M.T.	2005	15,144 Spindles	531.91	6.05	40,848.38	-	-	40,736.16	383.30	644.13	4.79
		2004	12,048 Spindles	94.80	1.08	26,797.65	-	-	26,360.54	237.84	531.91	6.05
Garments	Pcs	2005	151 Machines	56,324	0.45	7,56,550	-	-	7,60,938	10.20	51,936	0.48
		2004	109 Machines	60,857	0.78	351,399	-	-	355,932	5.19	56,324	0.45
Made-ups	Sets	2005	87 Machines	37,179	2.96	18,05,970	-	-	17,24,285	178.12	1,18,864	10.15
		2004	66 Machines	-	-	461,648	-	-	424,469	47.86	37,179	2.96
	Pcs.	2005	-	9,996	0.21	7,67,021	-	-	7,72,254	21.64	4,763	0.32
		2004	-	-	-	1,13,011	-	-	103,015	3.31	9,996	0.21
	Pairs	2005	-	5,520	0.36	5,11,796	-	-	4,99,292	7.81	18,024	0.27
		2004	-	-	-	1,13,027	-	-	107,507	1.60	5,520	0.36
Woven Fabric for Trade	Lacs Mtrs	2005	-	-	-	-	62.75	33.01	62.75	33.71	-	-
		2004	-	63.00	28.22	-	387.53	238.68	450.53	280.48	-	-
Others for Trade		2005	-	-	-	-	-	-	-	-	-	-
		2004	-	-	-	-	-	5.75	-	5.82	-	-
Total		2005	-	-	82.26	-	-	33.01	-	1,304.42	-	119.20
		2004	-	-	110.79	-	-	244.43	-	1,114.63	-	82.26

* Includes 60 Nos. Double width Looms
\# Adjusting inter division consumption, excesses, shortages, etc.
@ Production includes items produced on job work basis by outside parties.

Production excludes	Unit	31st March, 2005	31st March, 2004
1. Job work for Outsiders			
a) Knitted Fabric	M.T.	-	225.11
b) Processing for Woven Fabric	Lacs Mtrs	57.58	102.48
c) Processing for knitted Fabric	M.T.	822.28	511.62
2. Production consumed internally			
a) Woven Fabric for Made-ups	Lacs Mtrs	76.17	29.48
b) Knitted Fabric for Garments	M.T.	304.51	95.69
c) Yarn for Knitted Fabric	M.T.	6,429.79	1,669.28

PARTICULARS	Units	31.03.2005		31.03.2004	
		Quantity	Value (Rs. in crores)	Quantity	Value (Rs. in crores)
(i) Raw Material consumed					
1) Manufacture of woven fabrics					
- Yarn	Kgs	**5,522,310**	**100.21**	3,474,549	57.96
- Fabric	Mtrs	**82,581,479**	**389.46**	42,328,719	186.01
2) Manufacture of knitted fabrics					
- Yarn	Kgs	**2,149,498**	**24.81**	2,859,105	35.44
- Fabric	Kgs	**307,269**	**7.52**	318,159	5.33
3) Manufacture of Yarn					
- Yarn	Kgs	**41,067,329**	**258.85**	27,008,052	152.34
4) Processing					
- Dyes & Chemicals	-	**-**	**22.76**	-	15.61
5) Manufacture of Garments					
- Knitted Fabrics	Kgs	**17,846**	**0.72**	7,536	0.54
- Garments	Pcs	**64,036**	**0.35**	-	-
6) Made-ups					
- Woven Fabrics	Mtrs	**8,524**	**0.91**	-	-
			805.59		453.23

(ii) CIF Value of Imports

(Rs. in Crores)

	2004-2005	2003-2004
- Capital Goods purchased	**112.59**	70.80
- Stores & Spares purchased	**1.64**	2.33
- Raw Material purchased	**1.72**	0.07
	115.95	73.20

(iii) Expenditure in Foreign Currency

(Rs. in crores)

	2004-2005	2003-2004
- Foreign Travel / Business Promotion	**0.98**	0.73
- Technical Consultancy / Upfront Fees	**7.93**	5.67
- Interest on Foreign currency term loans	**3.83**	0.60
	12.74	7.00

(iv) Value of raw materials, stores and spares consumed during the year.

	2004-2005				2003-2004			
	Imported		Indigenous		Imported		Indigenous	
	Value (Rs. in Crores	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption	Value (Rs. in crores	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption
Raw Materials	1.72	0.21%	803.87	99.79%	0.07	0.02 %	453.16	99.98 %
Stores and Spares	1.64	17.14%	7.93	82.86%	2.33	19.48 %	9.63	80.52 %

(v) Earning in Foreign Currency

(Rs. in crores)

	2004-2005	2003-2004
FOB Value of Exports	273.54	95.04

(vi) Dividend Remitted in Foreign Exchange

Year of Dividend	2004-2005	2003-2004
Preference share		
No. of shareholders	1	-
No. of shares held by them	6,80,00,000	-
Dividend remitted during the year (Rs. In crore)	5.13	-

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH, 31, 2005

(Rs. In Crores)

	PARTICULARS	Year Ended 2004-2005	Year Ended 2003-2004
A]	**Cash Flow Operating Activities**		
	Net Profit Before Tax	**123.51**	92.57
	Adjustments for		
	Depreciation	**57.56**	38.28
	Foreign Exchange gain	**-**	(2.52)
	Excess of cost over Fair Value of current Investment	**0.76**	-
	Dividend Income	**(1.26)**	(0.15)
	Interest paid (net)	**63.68**	66.40
	Loss on sale of fixedassets (net)	**0.29**	0.12
	Profit on sale of investments (net)	**(0.76)**	(0.01)
	Miscellaneous Expenditure written off	**-**	1.15
	Operating Profit before working capital changes	**243.78**	195.84
	Adjustments for		
	(Increase) / Decrease in Inventories	**(159.74)**	75.33
	Decrease / (Increase) in Trade Receivables	**31.67**	(154.81)
	Increase in Loans and Advances	**(44.93)**	(39.35)
	Increase in Current Liabilities	**11.42**	2.35
	Cash Generated from Operations	**82.20**	79.36
	Income Taxes Paid	**(12.01)**	(5.17)
	Net Cash Flow from operating activities	**70.19**	74.19
B]	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	**(357.91)**	(237.57)
	Sale of Fixed Assets	**0.32**	0.03
	Purchase of Investments	**(123.78)**	(5.00)
	Sale of Investments	**120.00**	5.01
	Dividends Received	**1.26**	0.15
	Net Cash used in Investing activities	**(360.11)**	(237.38)
C]	**Cash Flow from Financing Activities**		
	Proceeds from issue of Equity Share Capital (Net)	**223.75**	3.00
	Proceeds from issue of Preference Share Capital	**69.00**	83.00
	Redemption of Preference Share Capital	**(68.34)**	(4.33)
	Proceeds from Equity Share Application Money	**-**	18.10
	Proceeds from Warrants	**-**	3.32
	Increase in borrowings (Net)	**500.56**	276.78
	Share / Debenture / FCCB Issue Expenses and Premium on redemption adjusted in Securities Premium Account	**(14.46)**	(3.76)
	Dividend Paid	**(17.92)**	(10.92)
	Interest Paid	**(63.07)**	(68.88)
	Net Cash Flow from Financing activities	**629.52**	296.31
	Net Increase in Cash and Cash equivalents (A+B+C)	**339.60**	133.12
	Cash and Cash equivalents		
	at the beginning of the year	**157.27**	24.15
	at the end of the year	**496.87**	157.27
	Net Increase in Cash and Cash equivalents	**339.60**	133.12

NOTES TO CASH FLOW STATEMENT

1. Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credits, Margin Money deposits and Fixed Deposit Accounts.
2. Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.
3. Interest income on deposits, overdue bill etc. is classified as cash flow from operating activities.
4. Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress and incidental expenditure during construction period (pending allocation/adjustment) between the commencement and end of the year and is considered as part of investing activity.

(Rs. In Crores)

5	Cash and Cash equivalents includes	**March 31, 2005**	**March 31, 2004**
	Cash and Bank Balances	496.80	157.27
	Unrealised loss on Foreign Currency	0.07	-
	Total Cash and Cash equivalents	496.87	157.27

6. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard "'AS-3' Cash Flow Statement" issued by the Institute of Chartered Accountants of India and the listing agreement with the Stock Exchange.

7. Previous years figures have been reclassified, wherever necessary to correspond to those of the current year.

As per our attached report of even date
For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner

Mumbai: 8th August, 2005

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman

Dilip B. Jiwrajka - Managing Director

Surendra B. Jiwrajka - Joint Managing Director

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

Mumbai: 8th August, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

19. Information required to be given in pursuance of Part IV of Schedule VI of the Companies Act 1956

I	**Registration Details**				
	Registration No.	39194	State Code	11	
	Balance Sheet Date		31 Day	3 Month	2005 Year
					(Amount in Rs. Thousands)
II	**Capital raised during the year**				
	Public issue				318,703
	Bonus issue				NIL
	Right issue - Equity on conversion of Optionally Fully Convertible Debentures				26,046
	Private Placement				123,114
III	**Position of mobilisation and deployment of funds**				
	Total Liabilities				22,463,300
	Total Assets				22,463,300
	Sources of Funds				
	Paid up Capital				2,183,500
	Share Warrants				33,200
	Reserves & Surplus				4,607,300
	Secured Loan				12,395,100
	Unsecured Loan				794,000
	Deferred tax liability				751,000
	Application of Funds				
	Net Fixed Assets				8,792,700
	Net Current Assets				11,892,900
	Investments				78,500
IV	**Performance of the Company**				
	Turnover				12,245,000
	Total Expenditure				11,801,100
	Profit before Tax				1,235,067
	Profit after Tax				892,500
	Earning Per Share (Refer Note 11 of Part B of Schedule 20)				
	- Basic				7.25
	- Diluted				6.86
	Dividend Rate				12%

V	**Generic names of Principal Products/Services of the Company**	
	(as per monetary terms)	
	Item Code No.(ITC Code)	5208
	Product description	Woven Fabrics of cotton, containing 85% or more by weight of cotton weighing not more than 200 g/M2
	Item Code No.(ITC Code)	5406
	Product description	Man made filament yarn (other than sewing thread) put up for retail sale.
	Item Code No.(ITC Code)	6001
	Product description	Pile fabric, including 'long pile' fabrics and terry fabrics, knitted or crocheted.
	Item Code No.(ITC Code)	6002
	Product description	Other knitted or crocheted fabric.

20. The amounts in Balance Sheet and Profit and Loss account are rounded off to the nearest lakh and denominated in crores of rupees.

21. The figures of the previous year have been reclassified / regrouped wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 20

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner

Mumbai: 8th August, 2005

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman

Dilip B. Jiwrajka - Managing Director

Surendra B. Jiwrajka - Joint Managing Director

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

Mumbai: 8th August, 2005

Annual General Meeting

Day, Date, Time and Venue of the 19th Annual General Meeting.	Thursday, 29th September 2005 at 10.00 a.m.TEXTILES COMMITTEE AUDITORIUM, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025.

Book Closure Date

The book closure period will be from Monday, the 19th day of September 2005 to Thursday, the 29th day of September 2005 (both days inclusive) for payment of dividend.

Financial Calendar: 1st April 2004 to 31st March 2005

For the year ended 31st March 2005, the results were declared on

First Quarter	30th July 2004
Second Quarter	21st October 2004
Third Quarter	31st January 2005
Fourth Quarter	25th April 2005

Financial Calendar: 1st April 2005 to 31st March 2006

For the year ended 31st March 2006, the results will be declared on (the dates are subject to change)

First Quarter	Last Week of July 2005
Second Quarter	Last Week of October 2005
Third Quarter	Last Week of January 2006
Fourth Quarter	Last Week of April 2006

Dividend

A dividend of Rs.1.20 paise per share was recommended on 8th August 2005 and, subject to the approval of the shareholders at the AGM, will be paid on or before 28th October 2005.

Listing

(a) **Listing of Equity Shares on Stock Exchanges at:**

Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

The Annual Listing fees for the year 2005 – 2006 (as applicable) has been paid to both BSE and NSE where the securities are listed and there has been no default in payment of listing fees.

Stock Codes (Equity Shares)

Name of the Stock Exchanges	Stock Code
BSE	521070
NSE	ALOKTEXTEQ

The ISIN numbers (or demat numbers) of the company for Equity Shares on both the National Securities Depository Limited and Central Depository Services (India) Limited is INE270A01011

(a) **Listing of Debt securities:**

(i) **10.00% - 20,00,000 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 100/- each aggregating to Rs. 20.00 crores allotted to UTI Bank Limited on private placement basis on 25th October 2002:**

The Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Limited.
Scrip Code: 934516
ISIN No. : INE270A07067

(ii) **10.00% - 29,00,000 Optionally Fully Convertible Debentures of the face value of Rs. 100/- each aggregating to Rs. 29.00 crores allotted to Life Insurance Corporation of India on preferential allotment basis on 31st March 2004:**

The Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Limited.
Scrip Code: ALOKTEXTD2
ISIN No. : INE270A07083

(iii) **8.00% - 500 Secured Redeemable Non-Convertible Debentures of the face value of Rs. 10,00,000/- each aggregating Rs. 50.00 crores allotted to UTI Bank Limited on a private placement basis on 09th December 2004:**

The Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange Limited.
Scrip Code: 945001
ISIN No.: INE270A07091

Debenture Trustees for the debt securities mentioned at Serial no. (i) to (iii) above:

UTI Bank Limited
Maker Tower "F", 13th Floor,
Cuffe Parade, Colaba,
Mumbai – 400 005

(b) Listing of (i) 2.50% -1155 unsecured Foreign Currency Convertible Bonds (FCCBs) of the face value of USD 25,000 each aggregating to USD 28.875 million; and (ii) 2.50%-245 unsecured FCCBs of the face value of USD 25,000 each aggregating to USD 6.125 million at:

Luxembourg Stock Exchange.
(i) Code No.XS0194694336 (USD 28,875 million); and
(ii) Code No.XS0203452098 (USD 6.125 million).

The equity shares on conversion of FCCBs are listed at BSE and NSE. As on date, all the 1400 FCCBs of the face value of USD 25,000 each aggregating to USD 35.00 million have been converted into 3,22,44,860 equity shares at varying premiums in accordance with the terms of Offering Circular dated 07.07.2004 and 10.11.2004.

(c) Listing of 1.00% -1400 unsecured FCCBs of the face value of USD 50,000 each aggregating to USD 70.00 million (including green shoe option of USD 10.00 million) at:

Luxembourg Stock Exchange.
(i) Code No.XS0219244315 (USD 15.00 million); and
(ii) Code No.XS0219245809 (USD 55.00 million).

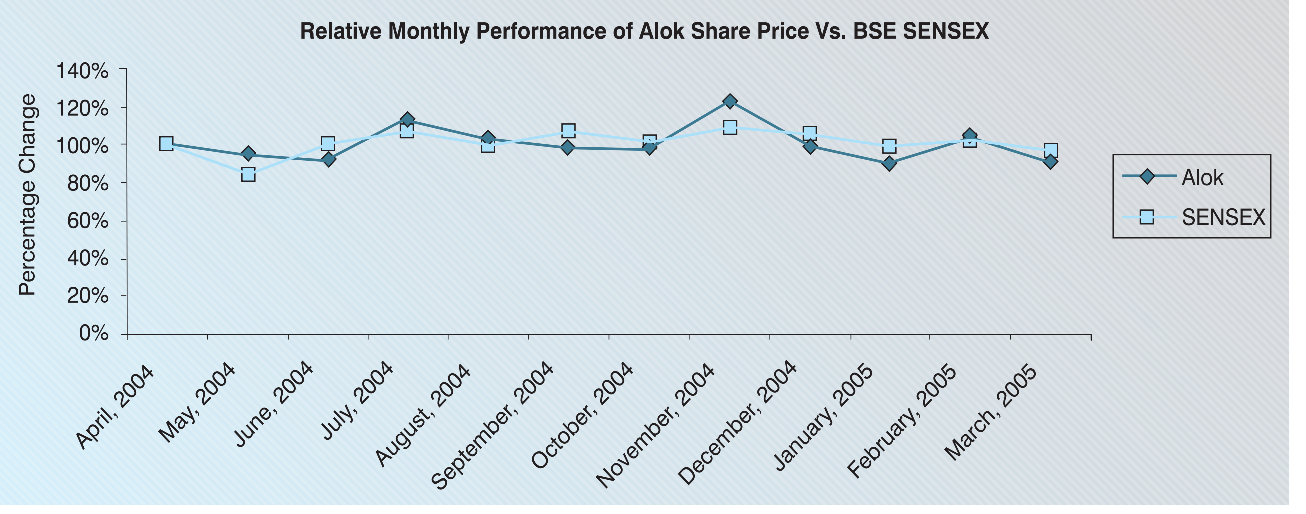
Out of the 1400 FCCBs, 300 FCCBs aggregating to USD 15.00 million have been converted into 1,10,46,610 equity shares in accordance with the terms of the Offering Circular dated 26.05.2005.

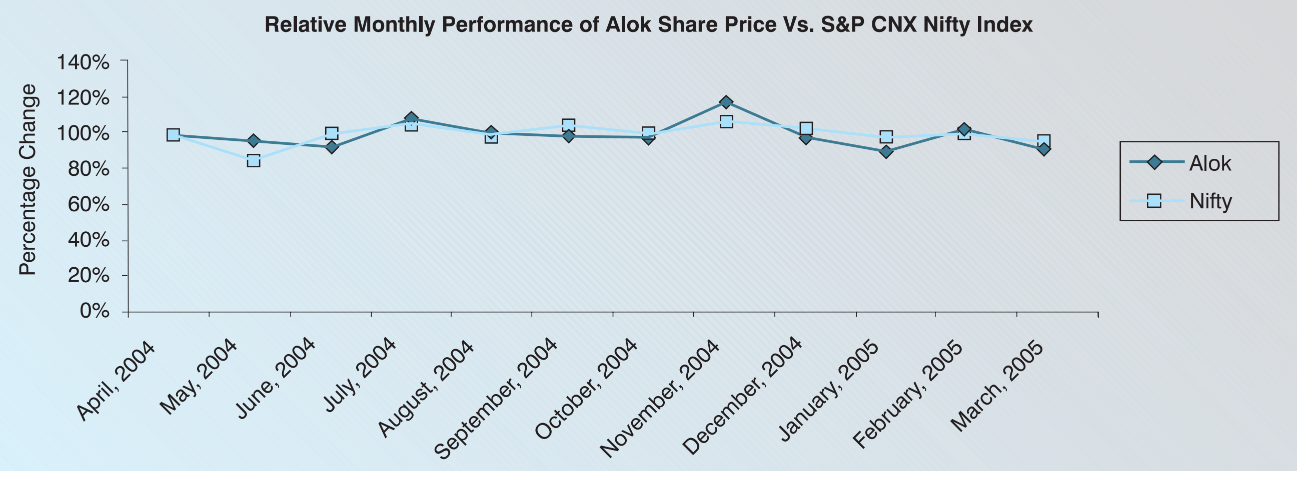
Stock Data

The closing rates of the Company at BSE and NSE as on 31st March 2005 are Rs. 61.25 and Rs. 60.80 respectively.

(High/Low and Volume of share traded in BSE and NSE)
(01.04.2004 to 31.03.2005)

Month	Bombay Stock Exchange Limited (In Rs. per share)					National Stock Exchange of India Limited (In Rs. per share)				
	High	Low	Volume	Close	Sensex	High	Low	Volume	Close	NIFTY
April, 2004	59.00	49.50	1437778	57.30	5655.09	59.00	50.00	3720288	56.85	1796.10
May, 2004	63.25	48.05	2943824	54.45	4759.62	63.40	48.60	7197255	54.55	1483.60
June, 2004	60.25	45.55	2413968	50.15	4795.46	60.75	46.10	6684853	50.75	1505.60
July, 2004	61.90	44.10	9376591	57.45	5170.32	61.85	45.10	25576963	57.55	1632.30
August, 2004	61.50	54.90	9846468	59.10	5192.08	61.45	54.65	23329601	59.05	1631.75
September, 2004	65.80	51.00	17248248	59.05	5583.61	65.70	57.00	41567794	59.05	1745.50
October, 2004	63.00	57.80	5630983	58.40	5672.27	63.00	57.75	14399084	58.65	1786.90
November, 2004	75.50	57.00	19645108	71.90	6234.29	75.80	57.05	56337838	72.25	1958.80
December, 2004	75.00	67.40	14705348	71.15	6602.69	74.85	67.50	41280506	71.20	2080.50
January, 2005	74.00	61.10	7516052	64.15	6555.94	73.90	60.60	20641627	64.25	2057.60
February, 2005	72.00	62.65	12991421	67.15	6713.86	71.45	63.15	39111371	67.25	2103.25
March, 2005	69.25	58.00	7343502	61.25	6492.82	72.90	58.60	19349668	60.80	2035.65
			111099291					**299196848**		





Distribution of Shareholding

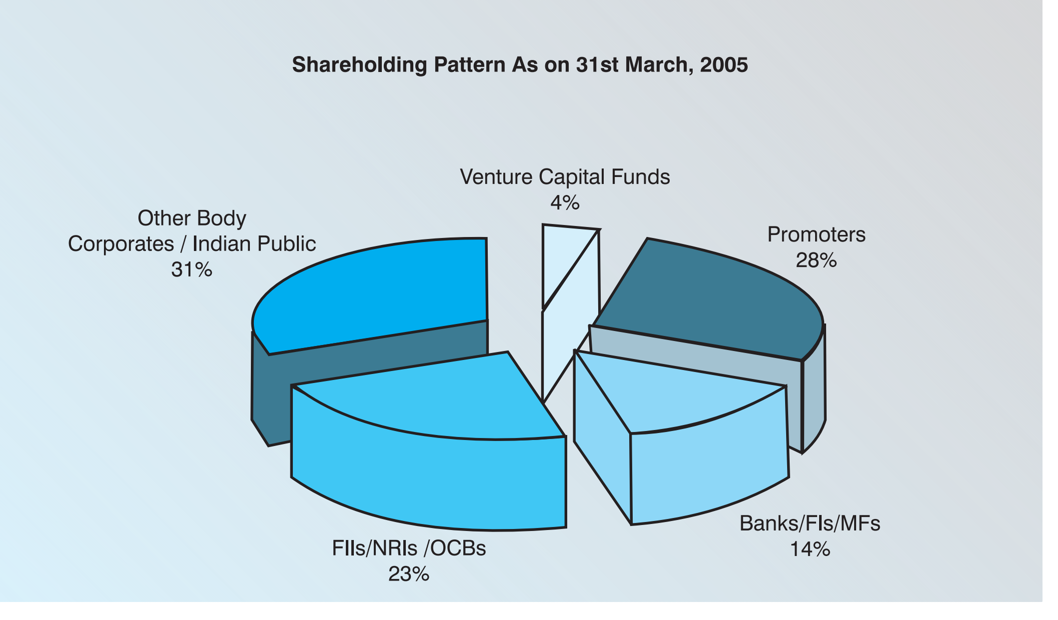
The following are the distribution pattern of shareholdings by size and by categories of the Company as on 31st March 2005

Distribution of shareholding by size class as on 31st March 2005 is as under:

No of Equity shares held	No. of Shareholders	% of shareholders	No. of Shares	% of shareholding
1 to 5000	47424	81.48	9326621	6.96
5001 to 10000	5830	10.02	4965340	3.70
10001 to 20000	2464	4.23	3932362	2.93
20001 to 30000	799	1.37	2107052	1.57
30001 to 40000	351	0.60	1273511	0.95
40001 to 50000	365	0.63	1759203	1.32
50001 to 100000	512	0.88	3838513	2.87
100001 & Above	457	0.79	106814484	79.70
TOTAL	**58202**	**100.00**	**134017086**	**100.00**

Shareholding Patten (Category wise) as on 31st March 2005 is as under:

Sr.	Category	No of shares	%
A)	Promoters	3,80,49,903	28.39
B)	Non- Promoters		
	Banks/FIs/MFs	1,80,32,814	13.46
	FIIs/NRIs/OCBs	3,13,79,996	23.41
	Other Body Corporates/Indian Public	4,08,98,638	30.52
	Venture Capital Funds	56,55,735	4.22
	Total Non- Promoters	9,59,67,183	71.61
	TOTAL (A+B)	13,40,17,086	100.00



Shares held in physical & dematerialised form

As on 31st March 2005, 95.41% of Alok's shares were held in dematerialized form and the rest in physical form. Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India

Equity History

Year	No. of shares	Face Value (Rs.)	Cumulative share capital (Rs.)	Particulars
1986	400	10/- each	4000	Issued to Promoters
1988	215000	10/- each	2154000	Issued to Promoters
1989	32100	10/- each	2475000	Issued to Promoters
1992	237200	10/- each	4847000	Issued to Promoters
1992	247500	10/- each	7322000	Bonus
1993	497896	10/- each	12300960	Bonus
1993	265000	10/- each	14950960	Issued to Promoters
1993	2250000	10/- each	37450960	Public Issue
1997	7490192	10/- each	112352880	Rights Issue (2:1)
1997	1240000	10/- each	124752880	Private Placement with FII
1998	2250000	10/- each	147252880	Preferential Issue to promoters
1998	9142700	10/- each	238679880	Private Placement of equity shares with FDI
2000	2590000	10/- each	264579880	Conversion of Optionally Fully Convertible Debentures issued to FI into equity shares
2000	1892500	10/- each	283504880	Conversion of Preference shares issued to FIs
2002	13940200	10/- each	422906880	Conversion of Privately Placed Secured Fully Convertible Debentures issued to FIs/Banks into equity shares
2002	45401140	10/- each	876918280	Conversion of 14% Fully Convertible Debentures in to equity shares on Rights basis.
2004	538890	10/- each	882307180	Preferential Allotment to Khandelwal Polyester Private Limited.
2005	31870334	10/- each	1201010520	Conversion of Foreign Currency Convertible Bonds into equity shares to FIIs.
	5573700	10/- each	1256747520	Preferential Allotment of Shares to Promoter Group.
	5737700	10/- each	1314124520	Preferential Allotment of Shares to IL&FS Group.
	2604634	10/- each	1340170860	Conversion of Optionally Fully Convertible Debentures into equity shares to Life Insurance Corporation of India

Share Transfer System

The share transfers, which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company has, as per SEBI guidelines with effect from 21st March 2000, offered the facility of transfer cum demat.

Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and Share Transfer Agent of the Company periodically received from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 15 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to the Depository Participants under advice to the shareholders.

Registrar and Share Transfer Agent

Share transfer and communication regarding share certificate, dividends and change of address etc, may be addressed to:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L B S Marg,,
Bhandup (West),
Mumbai-400 078.
Tel:- (022) 55555454, Fax:- (022) 25672693

Investor Correspondence

Any investor correspondence, regarding transfer/dematerialization of shares, interest /dividend and redemption of debentures and any other query relating to the shares and debentures of the Company, should be addressed to:

For Shares held in Physical form

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

For Shares held in Demat form

To the Depository Participant

Compliance Officer for Investor redressal

K.H. Gopal
Vice President (Legal) & Company Secretary,
Alok Industries Limited
Peninsula Towers, 'A'
Peninsula Corporate Park,
G K Marg, Lower Parel,
Mumbai – 400 013
Tel:- (022) 24996341, Fax:- (022) 2493 6078
Email: gopal@alokind.com

Registered Office :
B/43, Mittal Tower,
Nariman Point,
Mumbai-400 021.

Web Site

Please visit us at http://www.alokind.com for further financial and other information about the Company.

Transfer of unclaimed amounts to Investor Education and Protection Fund

The investors are requested to claim their unclaimed dividends lying in the unpaid dividend accounts of the Company before the due dates (as stated in the Notes to the Notice). The same would be credited to the Investor Education and Protection Fund (IEPF) on the respective due dates as mentioned in the said Notes to the Notice.

During the year under review the Company has credited a sum of Rs.54083.25 to IEPF being the unclaimed dividend for the year 1996-97 pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001.

Alok Industries Limited
Peninsula Tower 'A', Peninsula Corporate Park,
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Integrated Textile Solutions™