



## ALPS INDUSTRIES LIMITED

(Originally incorporated as Alps Textiles Private Limited on 11th May 1972 with Registrar of Companies, Uttar Pradesh, Kanpur, it was converted into a Public Limited Company vide fresh certificate of incorporation dated 2nd September 1994. The name was changed to its present name, Alps Industries Limited vide fresh certificate of incorporation dated 15th November 1994.)

**Registered Office:** B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007.

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**Public Issue of 41,50,000 Equity Shares of Rs. 10/- each issued for cash at a premium of Rs. 110/- per share aggregating Rs. 4980 Lacs. The Issue would constitute 38.17% of the Post Issue paid-up capital.**

**The Issue price of Rs.120/- per share is 12 times of the face value of the share.**

### GENERAL RISK



Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors on Page No. v to xii of this Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

Alps Industries Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The existing Equity Shares of the Company are listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE). The Equity shares proposed to be issued through this Issue, are proposed to be listed on BSE, the Designated Stock Exchange and NSE. The in-principle approvals have been received from BSE and NSE for listing of the Equity Shares vide their letters dated August 3, 2005 and August 18, 2005 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>UTI Securities Limited</b> Dheeraj Arma, 1st Floor, Anant Kanekar Marg, Bandra (East) Mumbai - 400 051. Tel: 91-22- 5551 5801 / 5551 5804 Fax: 91-22- 5502 3194 Email: alps@utisel.com Contact Person : Mr. V. S. Narayanan</p>	 <p><b>Alankit Assignments Limited</b> 205-208, Anarkali Market, Jhandewalan Extension, New Delhi - 110 055. Tel: (011) 5154 0060-63 Fax: (011) 5154 0064 Email: alps@alankit.com Contact Person : Mr. Mahesh Jairath</p>

### ISSUE PROGRAMME

**ISSUE OPENS ON : TUESDAY, SEPTEMBER 20, 2005**

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## DEFINITIONS AND ABBREVIATIONS

Act	The Companies Act, 1956
Auditors	The statutory auditors of the Company namely M/s R. K. Govil & Co. Chartered Accountants.
Applicant	Any prospective investor who makes an application for shares in terms of this Prospectus.
Application Form	The Form in terms of which the investors shall apply for the Equity Shares of the Company
Articles	The Articles of Association of Alps Industries Limited
Board	Board of Directors of Alps Industries Limited
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services (India) Limited.
CLB	Company Law Board
DCA	Department of Company Affairs
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
Directors	The directors of the Company, unless the context otherwise requires
Equity Shares	The equity shares of face value of Rs. 10/- each of the Company
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed thereunder.
FII's	Foreign Institutional Investors as defined under SEBI (foreign Institutional Investors) Regulations, 1995 registered with SEBI and as under FEMA (Transfer or Issue of Securities) by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
Financial Year / Fiscal Year	The 12 months ended March 31, of a particular year unless otherwise specified
Issue/Fresh Issue	Public Issue of Equity Shares by Alps Industries Limited
Issuer/Company/Alps Industries/ Alps	Alps Industries Limited
Issue Closing Date	The date on which the Issue closes for subscription by the public
Issue Opening Date	The date on which the Issue opens for subscription by the public
Issue Period	The period between the Issue opening date and Issue closing date and includes both these dates.
Issue Price	The price at which the Equity Shares will be issued by the Company under this Prospectus
IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum	The Memorandum of Association of Alps Industries Limited
Project	The proposed expansion project of the Company for setting up a spinning unit at BHEL, Ranipur near Haridwar, Uttaranchal
Prospectus	Refers to this document, in terms of which the present Issue of equity shares are proposed to be made, to be filed with ROC

RBI	Reserve Bank of India
RoC	Registrar of Companies, Uttar Pradesh, Kanpur
Registrar	Registrar & Transfer Agent, viz. Alankit Assignments Limited and Registrar to the Issue
SEBI	The Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) GUIDELINES, 2000.
Stock Exchanges	NSE and BSE referred to collectively

**Technical Terms/ Abbreviations:**

AGM	Annual General Meeting of the Company
ATC	Agreement on Textiles and Clothing
A. Y.	Assessment Year
DP	Depository Participant
EGM	Extra-ordinary General Meeting of the Company
EMS	Environmental Management System
EPCG	Export Promotion & Credit Guarantee Scheme
EU	European Union
FI	Financial Institution
FOT	Free on Truck
F.Y	Financial Year
GOI	Government of India
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IIT	Indian Institute of Technology
IPO	Initial Public Offer
ISO	International Standards Organisation
L/C	Letter of Credit
MF	Mutual Fund
MFA	Multi Fibre Arrangement
NAV	Net Asset Value
Ne	Indicates thickness of yarn, equivalent to number of lengths of 840 yards that make the weight equal to 1 pound
NIFT	National Institute of Fashion Technology
NITRA	Northern India Textile Research Association
NRIs	Non Resident Indians as defined under FEMA
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
SIDCUL	State Industrial Development Corporation of Uttaranchal Limited
TFO twisters	Two for One Twisters, a machine used for yarn doubling
TUFS	Technology Upgradation Fund Scheme, a scheme launched by GOI for Textile & Jute Industries
TIFAC	Technology Information Forecasting & Assessment Council
TNW	Total Net Worth
UPCL	Uttaranchal Power Corporation Ltd.

## **Certain Conventions; Use of Market Data**

In this Prospectus, the terms "we", "us", "our", the "Company", "our Company", "Alps", Alps Industries, unless the context otherwise indicates or implies, refers to ALPS Industries Limited.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lac" means "one hundred thousand", the word "million (mn)" means "ten lac", the word "Crore" means "ten million" and the word "billion (bn)" means "one hundred crore". In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

For additional definitions used in this Prospectus, see the section Definitions and Abbreviations on page i of this Prospectus. In the section entitled "Main Provisions of Articles of Association of ALPS Industries Limited", on page 118 of this Prospectus defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

## **Forward-Looking Statements**

This Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- The Company's ability to successfully implement its strategy, its growth and expansion plans and technological changes;
- Increasing competition in and the conditions of global and Indian textile industry;
- General economic and business conditions in India;
- Changes in the value of the Rupee and other currencies; and
- Changes in laws and regulations that apply to the Indian and global textile industry.

For further discussion of factors that could cause the Company's actual results to differ, see "Risk Factors" beginning on page v of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Lead Managers, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Managers will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## **RISKS ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSALS (MP) THEREOF**

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and the Investors may lose all or part of their investments.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

### **A. Internal to the Company**

1. The Company is a defendant in a number of legal proceedings that, if determined against the Company, could have a material adverse impact on the Company's results of operations and financial condition.

#### **Criminal cases that the Company is involved in:**

##### ***Alps Industries vs. Mr. H. J. Yagnik***

Mr. H. J. Yagnik was employed as Regional Sales Manager, Mumbai with the Company at its Bombay office. During May 1998, it came to light that the Mr. Yagnik had collected amounts during March 1997 to May 1998 from a number of customers amounting to Rs. 1,35,651/- ( Rupees One Lakh Thirty Five Thousand Six Hundred And Fifty One Only).

However, he had neglected and failed to deposit the same with the Company. A Criminal complaint no. 188/ S/ 1998 was filed with the Andheri Court , Mumbai under section 408 of The Indian Penal Code and prayed that the accused be ordered to pay to the Company the sum of Rs. 1,35,651/-.

##### ***Alps Industries Limited Vs. Prasanjeet Bakshi, Biswajeet Bakshi and Nishit Bakshi (suit no. 397 / 2003 )***

Mr. Prasanjeet Bakshi had joined the company on December 24, 2002 as Manager (Natural Product) and he was given over all responsibility for the production of finished products, sourcing of raw material and overall administrative control over Natural Product Department. Mr. Prasanjeet Bakshi started procuring raw materials from two firms owned by his relatives with a malafide intention and made some advance payments to them against which the supply was not received and major shortage was found in the other supply. The matter was taken up with the above parties but they did not refund the money in spite of the Company's follow up. Later when the Company found that the parties are personally related to Mr. Prasanjeet Bakshi, he was asked to get the refund. However, instead he left the Company without any information. Later on, the Company filed an FIR with the local police station, Sahibabad. On August 11, 2003 the Company filed a criminal complaint for the recovery of the amount and to take suitable action against them. The matter is pending in the Court of Judicial Magistrate, Ghaziabad. The next date for hearing is scheduled for September 14, 2005.

The Company is a defendant in a number of other legal proceedings incidental to the business and operations. The Company is also subject to claims against itself arising from Customs and Excise disputes and other disputed demands. These legal proceedings are pending at different levels of adjudication before various Courts, Tribunals, Enquiry Officers and Appellate Tribunals. As of March 31, 2005, the total contingent liabilities not provided for in the books of accounts were Rs. 8337.58 lacs, out of which the Company's contingent liabilities in respect of these legal proceedings and claims not acknowledged as debts were Rs. 222.05 lacs. Should any new developments arise, such as a change in Indian law or rulings against the Company by Appellate Courts or Tribunals, the Company may need to make provisions in the financial statements, which may increase its expenses and current liabilities.

Furthermore, if a claim is determined against the Company and payment of the entire disputed amount or a portion thereof is required to be made, it could have a material adverse effect on the results of the Company's operations and cash flows.

For more information regarding litigation involving the Directors or the Company, see "Outstanding Litigations" on page 82 of this Prospectus, a summary of which is given below:

Sr. No.	Particulars	No. of Cases	Total Amount (Rs.)
1.	Labour Cases	10	12,17,900
2.	Civil Cases	19	1,94,23,133
3.	Criminal Cases	2	1,35,651
4.	Customs & Excise Cases	1	43,41,912
	<b>Total</b>	<b>32</b>	<b>2,51,18,596</b>

2. The Company has not been able to meet some of the projections as stated in the IPO offer document. The promises given in the offer document and the actual performance is given as under:

**Rs. In lacs**

For the year ended March 31	Particulars			
		Total Income	PAT	Dividend (%)
1994-95	Projected	1,851	163	20
	Actual	2,152	175	10
	Variation %	16%	7%	(50%)
1995-96	Projected	3,493	395	25
	Actual	3,942	528	10
	Variation %	13%	54%	(60%)
1996-97	Projected	6,029	866	30
	Actual	5,014	310	10
	Variation %	(17%)	(64%)	(67%)
1997-98	Projected	6,836	1,122	40
	Actual	6,154	320	10
	Variation %	(10%)	(72%)	(75%)

**Management Perception:** The reasons for the variation in the actual performance are given in the section entitled 'Promise vs. Performance' mentioned on page no. 78 of this offer document.

3. The Company, as part of the Project cost, is importing second hand machinery from Turkey at a cost of Rs. 3,779.47 lacs out of the total plant and machinery cost of Rs. 6,763 lacs. The Company may be unable to service the machinery or may not be able to obtain spare parts therefore on a timely basis, which may affect the operational efficiency of the proposed unit.

**Management Perception:** IIT Delhi was appointed for the inspection of the plant and technology and they have certified that the technology is current and the same is expected to remain competitive over the next decade. Hence no difficulty is envisaged in availability of spares.

4. The Company has an export obligation of USD 219 lacs, against import of machinery at concessional import duties under Export Promotion Capital Goods (EPCG) scheme, which has to be exported within 8 years from the date of commencement of commercial production from the Haridwar unit. Total duty saved by the Company on account of availing concessional imports amounts to Rs. 1297 lacs. In case the Company is not able to honour its export obligations, the Company may face penalties/strictures from the concerned regulatory authority.



5. The major raw material required for the proposed spinning unit is cotton, the availability of which is dependent on good monsoon and agro-climatic condition. The price of cotton is also subject to fluctuations, which may impact the profitability of the Company.

Further, non availability of required raw material for textile or any other item of production in appropriate quantity and right quality at the right time may lead to cancellation of orders from abroad.

**Management Perception:** The Company has experience of more than three decades in buying cotton. Further, the selling prices of cotton fabric and made-ups tend to move in line with change in cotton prices.

6. The total cost of the Project is Rs.10,767 lacs. The Company proposes to fund Rs. 8,971 lacs for the Project by way of bank borrowings and the balance through equity. The Project is not appraised by any one and there will be no monitoring of the project by independent authorities. Any delay in implementation of the Project and/or the Issue may result in time/cost overruns, higher bank borrowings and may impact the profitability of the Company.

**Management Perception:** The Company has a history of 32 years and has acquired skills, experience and manpower for implementation of the Project in a time bound manner.

7. The proposed Project is the largest in the Company's history. The Company and the management do not have prior experience in setting up a Project of such a size. Any delay in the implementation of the Project may impact the future profitability of the Project.

**Management Perception:** The Company is already operating a spinning mill undertaking both ring spinning and open end spinning. IIT Delhi with a number of persons having long experience in textiles are assisting the company in supervision of dismantling the plant overseas and its subsequent erection at Project site. The implementation schedule has been drawn up in consultation with agencies involved in the Project implementation. Hence, the Company is confident of meeting the Project schedule.

8. The Company also operates in the business of fashion accessories and needs to keep abreast with the rapid changes in buying habits, buyers' requirements and fashion trends.

**Management Perception:** The Company has experience of more than three decades in international market of fashion products. A professional marketing team maintains close relationship with buyers overseas, and they, in turn, have their own design teams specifying the products required by them. Having integrated manufacturing operations enables the Company to respond to any changes in fashion trends quickly.

9. The Company's manufacturing activities are highly labour intensive and dependent on availability of skilled and unskilled labour in large numbers. Large labour intensive operations call for good monitoring and maintenance of relations. Non-availability of labour and/or any disputes between the labour and the Management may affect the business operations of the Company.

**Management Perception:** The Company has experience of more than three decades in handling manpower in large numbers. The Project is located in an industrial estate at Haridwar, a town where availability of labour is not a problem.

10. One of the group companies, Alps Textfab Pvt. Ltd. (Alps Textfab) is in a similar line of business, which may create a conflict of Business Interest

**Management Perception:** Alps Textfab is engaged in fabric processing only. The processing undertaken by Alps Textfab is not in competition with the Company's activities as the Company undertakes processing for in-house fabric meant for use in conversion of made ups whereas Alps Textfab undertakes processing for third parties on job work basis purely as a fabric processing facility. The new venture of the Company is processing only fiber dyeing and yarn spinning. Hence, no conflict of interest can arise.

11. The Company imports certain raw materials. Since the cost of these raw materials is denominated in US Dollars, any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupee is likely to affect Company's input cost. Therefore the Company is exposed to losses due to currency fluctuations.

**Management Perception:** The Company has substantial exports denominated in various foreign currencies. Thus the Company enjoys a natural hedge from exchange fluctuation risks.

12. The Company has not provided for the following contingent liabilities as on March 31, 2005

Bills Discounted with Banks	740.99
Counter guarantees given in favour of Company's bankers for guarantees given by them	13.75
Letter of credits opened in favour of customer for which goods are yet to be received	165.95
Estimated amount of capital contracts remaining unexecuted	5114.26
Claims not acknowledged as debts by the Company.	222.05
Outstanding forward contract	2080.58

Management Perception: The above Contingent Liabilities are in the normal course of business, hence no provision is required.

13. The Company is yet to obtain the following permissions:

**Existing Business:**

Approval / Consent	Agency	Status
Approval for treatment, storage etc of the hazardous wastes at Unit IV	UPPCB	Application has been made on May 12, 2005.

**Proposed project:**

Approval / Consent	Agency	Status
License under Factories Act	Chief Inspector of Factories, Uttaranchal	Application has been made on January 24, 2005. The license will be issued after the completion certificate of Factory Building is submitted.

14. There are restrictive covenants in certain short-term and long-term debt facilities provided by the Company's lenders.

There are restrictive covenants in agreements entered into with certain banks and financial institutions for short-term loans and long-term borrowings. These restrictive covenants require the Company to seek prior permission of the said banks / financial institutions for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger/ amalgamation/restructuring, change in management, declaring dividends, term of appointment of Managing Director, etc. These restrictive covenants may affect some or all of the rights of the Company's shareholders.

15. The following companies forming part of the promoter/promoter group are loss-making companies:

Sr. No	Name of the company	Losses for the year ended (Rs. Lacs)		
		31st March 2005	31st March 2004	31st March 2003
1)	Alps Processors Private Limited		1.01	
2)	Alps Infin Private Limited			1.34
3)	Peek Finvest Private Limited		4.17	0.11
4)	Roseate Finvest Private Limited		1.87	
5)	Supreme Finvest Private Limited		3.40	
6)	Saurabh Floriculture Private Limited	0.40	0.58	
7)	Padam Precision Dies & Components Private Limited			0.01
8)	Careen Fintech Private Limited		2.08	
9)	Coronation Spinning (India) Private Limited		0.77	

#### B. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

1. The Company operates in a globally competitive business environment. Growing competition may force the Company to reduce the prices of its products and services, which may reduce its revenues and margins and/or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

**Management Perception:** The Company has long experience in managing business in globally competitive environment and has been exporting since 1974 and has given good account of itself in the liberalization regime of 1990s. The Company undertakes R&D activities continuously to improve process efficiency and create value added distinctive products to keep itself ahead of the competition.

2. Any change in regulatory environment in relation to manufacturing in the country or for marketing its products within and outside the country will significantly impact the business of the Company.

**Management Perception:** The Company keeps itself abreast of the various developments in relation to the regulatory environment and gears itself in order to comply with such regulatory changes. Further, the Company is ISO 9001:2000(E) and ISO 14001:1996 certified and it works in the area of environment friendly products thus mitigating the risk of adverse changes in regulatory environment for the Company.

3. The Company faces the risk of its consignments getting 'arrested' due to wrong/faulty documentation or delinquent shipping by the agents, in respect of the import and exports of the Company.

**Management Perception:** The Company has qualified people looking after exports/imports and ensure proper documentation for the same. However wrong/faulty documentation by external agents, parties may lead to the Company's consignments being arrested by the respective authorities.

4. The value of the USD has been depreciating vis-à-vis the Indian Rupee resulting in decrease in profit margins on export sales.

**Management Perception:** The Company manufactures value added products using natural dyes thus insulating itself from extreme price pressures.

5. The Company may face competition from other established companies and future entrants into the industry. The Company also faces significant competition from countries such as China which also have cheap labour and significant production capacities. In the post quota regime, commencing from January 1, 2005, the Company may face threats of dumping low value items which may impact the Company's overall performance.

**Management Perception:** The Company's products enjoy the unique eco-friendly appeal due to use of natural dyes. The use of natural dyes comes from application of patented process technology resulting from in-house research on standardization of natural dyes.

- Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports its raw material and/or exports its products to, will have an impact on the Company's profitability.

**Management Perception:** The Company's exports and imports are spread across various countries. Whenever such policy changes affect the Company's business, the Company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain its business.

- The Company currently benefits from various income tax exemptions and deductions, which are applicable for Companies having export income. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase the Company's future tax liabilities and reduce the profits of the Company in future.
- The Company's performance is linked to the stability of policies and political situation in India as well as the countries with which the Company has business relations.
- If the Company fails to comply with environmental laws and regulations or face environmental litigation, its results of operation may be adversely affected.

Management Perception: The Company is a ISO 14001:1996 certified Company and is well versed with procedures to adhere to all environmental norms. Its concern for environment is also evident from its research in the area of development and application of natural dyes.

Notes:

- Pre-issue Net worth of the Company as on March 31, 2005 is Rs. 7,498.19 Lacs
- Size of the Present issue - Public issue of 41,50,000 equity shares of Rs.10/- each for cash at premium of Rs. 110/- per share aggregating Rs. 4980 Lacs.
- The average cost of acquisition of Equity Shares held by Promoters of the Company is as under :

Promoter	Average cost of Acquisition per share (Rs)
Mr. K K Agarwal	Rs. Nil
Mr. Sandeep Agarwal	Rs. 23.71

- Book value of the Equity Shares of the Company as on March 31, 2005 is Rs. 111.51
- Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 80 before making an investment in this Issue.
- Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai (BSE) (the Designated Stock Exchange).
- Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.

8. Related party transactions are given below:

Rs. in Lacs

Name of the Party	Nature of relationship	Nature of transaction	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Alps Texfab Pvt Ltd	Associate concern	Purchase	33.31	0.34	–	2.52
		Sales	14.54	9.24	2.48	28.71
		Exp. Incurred/ Reimbursed	–	0.16	7.34	0.04
Alps Infin Pvt. Ltd	Associate concern	Purchase	–	–	3.00	–
Improve Interior. Com Ltd	Associate concern	Exp. Incurred/ Reimbursed	–	1.42	–	–
		Purchase of Capital Goods	54.00	–	–	–
Memoirrs Fashion Pvt Ltd	Associate concern	Purchase	0.14	–	–	–
		Sales	22.32	–	-	–
		Exp. Incurred/ Reimbursed	19.03	–	-	–
Ambros Pashmina Pvt Ltd	Associate concern	Purchase	196.38	–	–	–
		Sales	228.98	–	–	–
Creative Blends Inc.	Subsidiary	Purchase	–	–	0.46	–
		Sales	34.63	77.74	58.32	–
		Loans & Adv.	5.00	–	–	–
Mr. K. K. Agarwal	Chairman	Salary including reimbursement	9.69	6.38	–	–
Mr. Sandeep Agarwal	Managing Director	Salary including reimbursement	7.65	8.19	9.49	10.03

9. All information shall be made available by the Lead Manager and the Company to the Public or Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever.

**HIGHLIGHTS:**

1. The Company is a continuously profit making & Dividend paying since 1990, PAT and Dividend paid for last 5 years are given below :

Rs. in Lacs

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
PAT	838.60	450.46	518.17	560.75	1,413.41
Dividend (%)	5%	5%	5%	5%	15%

2. The Company has ISO 9002: 2000 for Quality Management System and ISO 14001:1996 for Environmental Management System certifications by KPMG for the Company's manufacturing facility at Sahibabad Industrial Area, Ghaziabad, Uttar Pradesh.
3. The Company owns Brands viz. Vista, Vista Home Fashions and Vista Floor Fashions for Architectural and Home Furnishing range of products and "Le Pashmina" for Fashion Accessories range.
4. The Company has been awarded "Golden Status" in July 1999 by Directorate General of Foreign Trade in recognition of long standing contribution to Exports.
5. The Company has a process patent for producing natural dyestuffs from plant material valid for a period of 20 years from the date of issue, i.e. July 15, 1994
6. The Company has received several Awards and recognition for Exports performance etc. as detailed below:

<b>Year</b>	<b>Award / Recognition</b>	<b>Reason</b>
1985	Shiromani Award from Indian Business Council	Export of Handloom Textile
1975-76, 1977-78, 1981-82, 1982-83, 1984-85 AND 1995-96	Handloom Export Promotion Council, Chennai	Export
1983-84, 1984-85, 1987-88, 1988-89, 1989-90	Government of Uttar Pradesh	State Export Award
1987-88	Bronze Trophy from Texprocil	Export
1995-96, 1996-97	Udyog Bandhu Award from Chamber of Indian Trade & Industry	Outstanding Export Performance
1995-96	Certificate of Merit by Ministry of Commerce	Outstanding Export Performance in Handloom Fabrics
1997-98	Gold Medal by Ministry of Textiles	Outstanding Exports
2000-01	Lalit Doshi Memorial Award from SICOM	Best performing Unit

## PART I

### 1. THE ISSUE SUMMARY

<b>Equity Shares offered:</b>	
Fresh Issue by the Company	41,50,000 Equity Shares of face value of Rs.10/- each constituting 38.17% of the fully diluted post issue paid up capital
Of Which	
Promoters contribution Portion	15,00,000 Equity Shares of face value of Rs.10/- each
Net offer to Public	
Public Issue Portion	26,50,000 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding prior to the Issue	67,23,800 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	1,08,73,800 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled "Objects of the Issue" on page 29 of this Prospectus for additional information.

## 2. GENERAL INFORMATION:

### ALPS INDUSTRIES LIMITED

(Originally incorporated as Alps Textiles Private Limited on 11th May 1972 with Registrar of Companies, Uttar Pradesh, Kanpur, it was converted into a Public Limited Company vide fresh certificate of incorporation dated 02nd September 1994. The name was changed to its present name, Alps Industries Limited vide fresh certificate of incorporation dated 15th November 1994.)

**Registered Office:** B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007.  
Tel No: (0120) 2940542/543/694; Fax No: (0120) 2940540

**Corporate Office & Works:** 57/2, Site - IV, Industrial Area, Sahibabad, Ghaziabad - 201010  
Tel.: (0120) 2896022-24; Fax: (0120) 2896041  
E-mail: publicissue@alpsindustries.com; Website: www.alpsindustries.com

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present issue of Equity Shares has been authorized vide a resolution passed by the Board on April 10, 2004 and Special Resolution passed at the Annual General Meeting of the Company held on September 30, 2004.

#### STATUTORY APPROVAL

The Company can undertake all the present and proposed activities in view of the present approvals and no further approvals from any statutory body are required by the Company to undertake the present and proposed activities. For details on Government approvals / licenses please refer to page 88 of this Prospectus.

#### PROHIBITION BY SEBI

The Company, Directors, any of the Company's associates or group companies, and companies with which the Directors are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. The listing of any securities of the issuer has never been refused at anytime by any of the Stock Exchanges in India.

#### ELIGIBILITY FOR THE ISSUE:

The Company is eligible to access the capital market through public Issue of equity shares as per Clause 2.3.1 of the SEBI Guidelines as it is an existing listed Company and the aggregate of the proposed Issue (Rs. 4980 lacs) and all previous issues (Nil) made in the same financial year (i.e. FY 2005-06) in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document) does not exceed five times its pre-Issue Networth (i.e. Rs. 7,498.19 lacs as on March 31, 2005) as per the last available audited accounts, either at the time of filing the Offer document with SEBI or at the time of opening of the Issue.

Further, there has been no change in the name of the Company since November 15, 1994.

#### DISCLAIMER CLAUSES

##### SEBI DISCLAIMER CLAUSE

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 14, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**



- (I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE.
- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

**WE CONFIRM THAT:**

- a. THE PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- (III) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- (IV) WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
- (V) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

**THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."**

#### **DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI**

As required, a copy of this Prospectus has been submitted to the BSE (the Designated Stock Exchange). The Stock Exchange, Mumbai ("the Exchange") has given vide its letter dated August 3, 2005, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which the Companies securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- I. Warrant, certify or endorse the correctness or completeness of any of the contents of this, offer document; or
- II. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- III. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)**

As required, a copy of this Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has, given vide its letter dated August 18, 2005 its permission to the Company to use the Exchange's

name in this Prospectus as one of the Stock Exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, HUFs, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2,500 lacs, Pension Funds with minimum corpus of Rs. 2,500 lacs and to Non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Allahabad.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to SEBI. Accordingly, the equity shares represented therein may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Alps Industries Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **DISCLAIMER FROM THE ISSUER**

Investors may note that Alps Industries Limited accepts no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Lead Manager and that any one placing reliance on any other source of information would do so at their own risk.

All information will be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

#### **FILING:**

A copy of this Prospectus along with the documents required to be filed under Section 60 of the Companies Act, 1956 has been delivered for registration to the Registrar of Companies, Uttar Pradesh, Kanpur. A Copy of the Prospectus has been filed with SEBI, Mumbai, BSE and NSE.

#### **LISTING:**

Listing applications have been made to BSE and NSE for permission to further list the Equity Shares issued through this Prospectus and for an official quotation of the said Equity Shares of the Company. The Company's existing Equity Shares are listed on NSE and BSE.

In case, further permission to list the Company's Equity Shares and/or deal for official quotation are not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this draft Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every Director who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

## **TRADING IN DEMATERIALIZED FORM**

The Equity shares of the Company have been under compulsory dematerialized trading for all investors with effect from 26th February 2001. The Company has entered into an Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and its Equity Shares bear the ISIN No. INE093B01015.

## **UNDERTAKING FROM PROMOTERS AND DIRECTORS**

THE ISSUER ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN IN THE PROSPECTUS AND CONFIRMS THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THEIR OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THE PROSPECTUS MISLEADING AND THEY FURTHER CONFIRM THAT THEY HAVE MADE ALL REASONABLE ENQUIRIES TO ASCERTAIN SUCH FACTS. THE ISSUER FURTHER DECLARES THAT THE STOCK EXCHANGE TO WHICH AN APPLICATION FOR OFFICIAL QUOTATION IS PROPOSED TO BE MADE DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THIS OFFER OR FOR THE PRICE AT WHICH THE EQUITY SHARES ARE OFFERED OR FOR THE CORRECTNESS OF THE STATEMENT MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT.

THE PROMOTERS/DIRECTORS DECLARE AND CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS PROSPECTUS HAS BEEN SUPPRESSED, WITHHELD AND/OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT, MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPILING AT ANY POINT OF TIME TILL ALLOTMENT/REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPPRESSED /WITH HELD AND/OR AMOUNTS TO A MIS-STATEMENT/ MIS-REPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL THE SUBSCRIBERS WITH IN 7 DAYS THEREAFTER WITH OUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

## **CORPORATE GOVERNANCE**

The SEBI Guidelines in respect of Corporate Governance is applicable to the Company and will be continued to be applicable upon listing of its Equity Shares proposed to be issued on the Stock Exchanges. The Company undertakes that it shall take the necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon further listing of its Equity Shares. In this regard, the Company has already set up an Audit Committee, Remuneration Committee and Investor Grievance Committee as per the requirements of the revised guidelines.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

**"Any person who:**

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

## **MINIMUM SUBSCRIPTION**

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issues on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act 1956.

## **ISSUE OF ALLOTMENT LETTERS / REFUND ORDERS**

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk.

In accordance with the Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 30 days from the issue closing date
- Dispatch of refund orders will be done with 30 days from the issue closing date
- The Company shall pay interest at 15 % per annum (for delay beyond 30 day time as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a Bank appointed by the Company, as refund Banker(s) and payable at par at places where application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

#### ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

**Issue Opens on : Tuesday, 20th September, 2005**  
**Issue Closes on : Friday, 23rd September, 2005**

#### ISSUE MANAGEMENT TEAM

<p><b>LEAD MANAGER TO THE ISSUE</b></p> <p><b>UTI Securities Ltd.</b>  SEBI Regn. No. INM000007458  MAPIN No. UIN 100000489  Dheeraj Arma, 1st Floor ,  Anant Kanekar Marg, Bandra (East)  Mumbai - 400 051.  Tel: 91-22- 5551 5801 / 5551 5804  Fax: 91-22- 5502 3194  Email: alps@utisel.com</p>	<p><b>REGISTRAR TO THE ISSUE</b></p> <p><b>Alankit Assignments Limited</b>  SEBI Regn. No. INR000002532  MAPIN No. UIN 100021535  205-208, Anarkali Market,  Jhandewalan Extension,  New Delhi - 110 055.  Tel: (011) 5154 0060-63  Fax: (011) 5154 0064  Email: alps@alankit.com</p>
<p><b>AUDITORS</b></p> <p><b>M/s R. K. Govil &amp; Co.,</b>  Chartered Accountants  4-Kiran Enclave, Behind Hotel Samrat,  G. T. Road, Ghaziabad.</p>	<p><b>LEGAL ADVISOR TO THE ISSUE</b></p> <p><b>M/s. Crawford Bayley &amp; Co.</b>  4th Floor, State Bank Buildings,  N.G.N. Vaidya Marg,  Fort, Mumbai - 400 023.</p>
<p><b>BANKERS TO THE COMPANY</b></p> <p><b>State Bank Of India</b>  Overseas Branch,  9th Floor, Jawahar Vyapaar Bhawan,  1 Tolstoy Marg,  New Delhi - 110 001</p> <p><b>Bank of Baroda</b>  International Business Branch,  1st Floor, 16 Parliament Street,  New Delhi -110001</p> <p><b>ING Vysya Bank Ltd.</b>  G-35, Connaught Circus,  Connaught Place,  New Delhi-110001</p> <p><b>ABN AMRO Bank N.V.</b>  DLF Centre,  Sansad Marg, New Delhi - 110001</p>	<p><b>BANKERS TO THE ISSUE</b></p> <p><b>ICICI Bank Limited</b>  Capital Markets Division  30, Mumbai Samachar Marg,  Mumbai 400 001.</p> <p><b>HDFC Bank Limited</b>  Regional Office, Financial Institutions &amp;  Government Business Group  B 6/3, Safdarjung Enclave,  DDA Commercial Complex, Opp. Deer Park,  New Delhi - 110 029</p>

**COMPANY SECRETARY & COMPLIANCE OFFICER****Mr. Ajay Gupta**

Company Secretary & AGM (Legal),  
Alps Industries Limited  
57/2, Site - IV, Industrial Area,  
Sahibabad, Ghaziabad - 201010  
Tel.: (0120) 2896022-24  
Fax: (0120) 2896041  
e-mail: [ajaygupta@alpsindustries.com](mailto:ajaygupta@alpsindustries.com)

The Investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue /post-issue problems such as non-receipt of refund orders / demat credits not made etc.

**TRUSTEES**

This being an issue of Equity Shares, appointment of Trustees is not required.

**CREDIT RATING**

This being an issue of Equity Shares, credit rating is not required.

**UNDERWRITERS TO THE ISSUE**

Underwriting being optional, the Company does not intend the Issue to be underwritten.

### 3. CAPITAL STRUCTURE OF THE COMPANY

No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
<b>A. AUTHORISED CAPITAL</b>		
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000	
1,00,00,000 Preference Shares of Rs. 100/- each	10,00,00,000	
<b>B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
67,23,800 Equity shares of Rs. 10/- each	6,72,38,000	
<b>C. PRESENT ISSUE - PUBLIC ISSUE OF</b>		
41,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. 110/- per share	4,15,00,000	49,80,00,000
<b>OUT OF WHICH</b>		
<b>D. PROMOTERS CONTRIBUTION</b>		
15,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 110/- per share	1,50,00,000	18,00,00,000
<b>E. NET OFFER TO PUBLIC</b>		
26,50,000 Equity Shares of Rs. 10/- each at a premium of Rs. 110/- per share	2,65,00,000	31,80,00,000
<b>F. PAID UP CAPITAL AFTER THE PRESENT ISSUE</b>		
1,08,73,800 Equity shares of Rs. 10/- each	10,87,38,000	
<b>G. SHARE PREMIUM ACCOUNT</b>		
Before the issue	17,70,62,000	
After the issue	63,35,62,000	

#### Notes to Capital Structure:

##### a. Details of Increase in Authorized Capital

Sl. No.	Change	Classification Of Capital			Date of Meeting	Agm/Egm
		Equity	Preference	Total (Rs. In lacs)		
1	–	Rs. 10.00 Lacs divided into 10,000 Equity Share of Rs. 100/- each.	–	10.00	Incorporation	–
2	Addition of Rs. 5.00 Lacs	Rs. 15.00 Lacs divided into 15,000 Equity Share of Rs. 100/- each.	–	15.00	16.11.1983	Egm
3	Addition of Rs. 35.00 Lacs	Rs. 50.00 Lacs divided into 50,000 Equity Share of Rs. 100/- each.	–	50.00	11.02.1992	Egm
4	Addition of Rs. 50.00 Lacs	Rs. 100.00 Lacs divided into 1,00,000 Equity Share of Rs. 100/- each.	–	100.00	29.03.1993	Egm
5	Re - Classification	Rs. 100.00 Lacs divided into 10,00,000 Equity Share of Rs. 10/- each.	–	100.00	28.01.1994	Egm

Sl. No.	Change	Classification Of Capital			Date of Meeting	Agm/Egm
		Equity	Preference	Total (Rs. In lacs)		
6	Addition of Rs. 400.00 Lacs	Rs. 500.00 Lacs divided into 5,00,000 Equity Share of Rs. 10/- each.	-	500.00	28.01.1994	EGM
7	Addition of Rs. 500.00 Lacs	Rs. 1000.00 Lacs divided into 10,00,000 Equity Share of Rs. 10/- each.	-	1000.00	23.06.1994	EGM
8	Re - Classification	Rs. 700.00 Lacs divided into 70,00,000 Equity Share of Rs. 10/- each.	Rs. 300.00 Lacs divided into 30,00,000 Preference Share of Rs. 10/- each.	1000.00	30.09.1998	AGM
9	Addition of Rs. 1500.00 Lacs	Rs. 800.00 Lacs divided into 80,00,000 Equity Share of Rs. 10/- each.	Rs. 1700.00 Lacs divided into 1,70,00,000 Preference Share of Rs. 10/- each.	2500.00	18.02.2000	EGM
10	Re - Classification	Rs. 1500.00 Lacs divided into 1,50,00,000 Equity Share of Rs. 10/- each.	Rs. 1000.00 Lacs divided into 10,00,000 Preference Share of Rs. 100/- each.	2500.00	13.03.2003	EGM
11	Re - Classification	Rs. 2300.00 Lacs divided into 2,30,00,000 Equity Share of Rs. 10/- each.	Rs. 200.00 Lacs divided into 20,00,000 Preference Share of Rs. 10/- each.	2500.00	24.05.2004	EGM
12	Re - Classification	Rs. 800.00 Lacs divided into 80,00,000 Equity Share of Rs. 10/- each.	Rs. 1700.00 Lacs divided into 1,70,00,000 Preference Share of Rs. 10/- each.	2500.00	30.09.2004	AGM

**b. Capital Build up:** The existing share capital of the Company has been subscribed and allotted as under:-

Date of allotment/ Fully paid-up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Remarks	Cumulative number of Equity shares	Cumulative Share Premium (Rs./Lacs)
11.05.1972	50	100	100	Cash	Incorporation	50	-
01.08.1972	3500	100	100	Cash	Allotted to Promoters & Relatives	3550	-
31.03.1975	1900	100	100	Cash	Allotted to Promoters & Relatives	5450	-
29.03.1976	780	100	100	Cash	Allotted to Promoters & Relatives	6230	-
17.12.1979	1000	100	100	Cash	Allotted to Promoters & Relatives	7230	-
30.03.1983	1100	100	100	Cash	Allotted to Promoter's Relatives	8330	-
10.08.1984	200	100	100	Cash	Allotted to Promoter's Relatives	8530	-
07.02.1986	100	100	100	Cash	Allotted to Promoter's Relatives	8630	-
16.05.1986	300	100	100	Cash	Allotted to Promoter's Relatives	8930	-

Date of allotment/ Fully paid-up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Remarks	Cumulative number of Equity shares	Cumulative Share Premium (Rs./Lacs)
18.06.1986	100	100	100	Cash	Allotted to Promoter's Relatives	9030	–
15.02.1988	1950	100	100	Cash	Allotted to Promoter	10980	–
01.09.1988	100	100	100	Cash	Allotted to Promoter's Relatives	11080	–
25.10.1988	200	100	100	Cash	Allotted to Promoter's Relatives	11280	–
12.12.1988	1170	100	100	Cash	Allotted to Promoters & Relatives	12450	–
01.01.1992	1750	100	100	Cash	Allotted to promoter group	14200	–
31.03.1992	2250	100	100	Cash	Allotted to promoter group	16450	–
04.02.1993	1000	100	100	Cash	Allotted to promoter group	17450	–
31.03.1993	34900	100	100	-	Bonus 2:11	52350	–
Share split into Rs. 10 Face value							
28.01.1994	523500	10	10	-	Share split	523500	
02.02.1994	1570500	10	10	-	Bonus 3:12	2094000	–
30.03.1994	27500	10	10	Cash	Allotted to Promoter's Relatives	2121500	–
30.09.1994	848600	10	10	-	Bonus 4:101	2970100	–
10.06.1995	769230	10	65	Cash	Firm allotment in Public Issue to NRI, FI & MF	3739330	423.08
10.06.1995	2334470	10	50	Cash	Public Issue3	6073800	1356.87
30.03.2000	125000	10	215	Cash	Preferential Allotment4	6198800	1613.12
31.05.2003	200000	10	40	Cash	Preferential Allotment5	6398800	1673.12
02.06.2003	200000	10	40	Cash	Preferential Allotment5	6598800	1733.12
04.06.2003	125000	10	40	Cash	Preferential Allotment5	6723800	1770.62
TOTAL	6723800						

Note:

- Bonus Issues have been made out of Free Reserves of the Company.
- The Bonus shares were issued out of Revaluation Reserves. The Company had revalued Land & Building on 31.03.1993 as per Report of Mahendra Pal Agrawal (Registered Valuer - Wealth Tax, Income Tax, Gift Tax and Estate Duty Acts) as detailed below:

Description of Asset	Amount of Revaluation (Rs.)	Cost of Assets after Revaluation (Rs.)
Land & Building	20,571,208	24,952,446

As on March 31, 2005 the Company does not have any Revaluation Reserves.

- Premium amount is paid in the financial year 1995-1996, 1996-1997, 1998-1999 and 1999-2000.
  - The Company has allotted 125,000 shares on a preferential basis and has received a compliance certificate dated April 19, 2000 from M/s. R. K. Govil & Co., Chartered Accountants for compliance with the SEBI Preferential Issue guidelines.
  - The Company has allotted 525,000 shares on a preferential basis and has received a compliance certificate dated February 9, 2004 from M/s. R. K. Govil & Co., Chartered Accountants for compliance with the SEBI Preferential Issue guidelines. The Company has received listing permission for the said shares from BSE vide letter dated August 25, 2005 and from NSE vide letter dated August 12, 2005.
- c. The Company has not issued any shares out of Revaluation reserves or for a consideration other than cash, except as detailed in Note (b) above.



d. The requirement of Promoters contribution is not applicable as per the details given below:

**Exemption as per Clause 4.10.1(a)**

- Company's shares listed (since 1995) for more than three years
- Company has been paying dividend for more than 15 years. Dividend for the past five years are as under:

Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04
Dividend (%)	20%	5%	5%	5%	5%

**Exemption under Proviso to Clause 4.12.2 read with Proviso to Clause 4.10 1(a)**

	No of shares	Remarks
Existing Holding	2554959	38.00% of Pre Issue Equity Share Capital
Participation in Proposed Issue	1500000	36.14% of Present Issue
Post Issue Holding	4054959	37.29% of Post Issue Equity Share Capital

Price computed as per Preferential Issue Guidelines : Rs. 41 per share

Price at which the proposed shares will be issued : Rs. 100 to Rs. 120 per share

e. Promoters Contribution and Lock-in in respect of Promoters whose name figure in the Prospectus as Promoters in the paragraph on "Promoters and their Background" is as under:

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)	
1	Mr. K K Agarwal	11.05.1972	Cash	10	100	100.00		**	
		10.08.1984	Cash	100	100	100.00		**	
		16.05.1986	Cash	300	100	100.00		**	
		18.06.1986	Cash	100	100	100.00		**	
		15.02.1988	Cash	1950	100	100.00		**	
		12.12.1988	Cash	100	100	100.00		**	
		31.03.1993	Bonus	5120	100	NIL		**	
			Sub-Total	7680					
		28.01.1994	Share split	76800	10	NA	0.71	**	
		02.02.1994	Bonus	230400	10	NIL	2.12	**	
		30.09.1994	Bonus	122880	10	NIL	1.13	**	
		10.06.1995	IPO	3000	10	65.00	0.03	**	
		10.06.1995	IPO	1100	10	50.00	0.01	**	
		10.03.2001	Transfer	9300	10	93.00	0.09	**	
		02.05.2001	Transfer	2200	10	89.00	0.02	**	
		31.05.2001	Transfer	100	10	64.00	Insignificant	**	
		31.10.2002	Transfer	2500	10	22.00	0.02	**	
		10.04.2003	Transfer	14050	10	18.00	0.13	**	
		22.12.2003	Transfer	(19000)	10	36.05	(0.18)	**	
		15.01.2004	Transfer	(1100)	10	95.00	(0.01)	**	
		15.01.2004	Transfer	(21582)	10	95.00	(0.20)	**	
		02.09.2004	Transfer	41682	10	44.15	0.38	**	
		05.11.2004	Transfer	(42100)	10	84.85	(0.39)	**	
22.02.2005	Transfer	(50000)	10	103.40	(0.46)	**			
	<b>Total</b>			<b>370230</b>		<b>3.40</b>	<b>**</b>		

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)	
2	Mr. Sandeep Agarwal	17.12.1979	Cash	350	100	100.00		**	
		12.12.1988	Cash	70	100	100.00		**	
		31.03.1993	Bonus	940	100	NIL		**	
		02.02.1994	Bonus	4230	100	NIL		**	
			<b>Sub-Total</b>		<b>5590</b>				
		28.01.1994	Share split	55900	10	NA	0.51	**	
		30.09.1994	Bonus	22560	10	NIL	0.21	**	
		10.06.1995	IPO	1670	10	50.00	0.02	**	
		24.05.2000	Transfer	5500	10	163.00	0.05	**	
		02.05.2001	Transfer	18300	10	99.00	0.17	**	
		10.04.2003	Transfer	1900	10	18.00	0.02	**	
		15.01.2004	Transfer	(1900)	10	52.00	(0.02)	**	
		05.11.2004	Transfer	(1700)	10	83.60	(0.02)	**	
		17.12.2004	Transfer	(3100)	10	89.25	(0.03)	**	
		22.02.2005	Transfer	3100	10	103.40	0.03		
			<b>Total</b>		<b>102,230</b>	<b>0.94</b>	**		
		3.	Alps Infin Pvt. Ltd.	31.05.1997	Transfer	158900	10	40.00	1.46
28.08.1997	Transfer			326000	10	36.85	3.00	**	
27.09.1997	Transfer			60300	10	38.50	0.55	**	
29.09.1998	Transfer			3500	10	38.50	0.03	**	
24.05.1999	Transfer			200	10	129.90	0.00	**	
16.10.1999	Transfer			280200	10	60.00	2.58	**	
04.10.1999	Transfer			5000	10	110.00	0.05	**	
23.10.1999	Transfer			1100	10	50.90	0.01	**	
04.11.1999	Transfer			4900	10	70.00	0.05	**	
08.11.1999	Transfer			(800)	10	70.00	(0.01)	**	
10.12.1999	Transfer			76000	10	111.00	0.70	**	
11.12.1999	Transfer			100	10	90.00	0.00	**	
11.12.1999	Transfer			100	10	90.00	0.00	**	
12.12.1999	Transfer			500	10	90.00	0.00	**	
24.12.1999	Transfer			(94000)	10	125.00	(0.86)	**	
07.02.2000	Transfer			(150000)	10	100.00	(1.38)	**	
07.02.2000	Transfer			(100000)	10	85.00	(0.92)	**	
15.10.2000	Transfer			(500)	10	60.00	(0.00)	**	
10.09.2001	Transfer			(10000)	10	37.00	(0.09)	**	
28.09.2002	Transfer			21400	10	23.50	0.20	**	
10.04.2003	Transfer	(1200)	10	25.00	(0.01)	**			
10.04.2003	Transfer	(1900)	10	25.00	(0.02)	**			

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)
		10.04.2003	Transfer	(675)	10	25.00	(0.01)	**
		10.04.2003	Transfer	(2085)	10	25.00	(0.02)	**
		10.04.2003	Transfer	(14050)	10	25.00	(0.13)	**
		10.04.2003	Transfer	(1490)	10	25.00	(0.01)	**
		19.12.2003	Transfer	(1000)	10	39.50	(0.01)	**
		12.01.2004	Transfer	(300)	10	55.85	(0.00)	**
		02.09.2004	Transfer	(22498)	10	44.30	(0.21)	**
		02.09.2004	Transfer	(14099)	10	44.30	(0.13)	**
		02.09.2004	Transfer	(29267)	10	44.30	(0.27)	**
		02.11.2004	Transfer	(34000)	10	90.90	(0.31)	**
		16.12.2004	Transfer	(138300)	10	91.20	(1.27)	**
		22.02.2005	Transfer	900	10	85.00	0.01	**
		<b>Total</b>		<b>322,936</b>	<b>2.97</b>	<b>**</b>		
4.	Supreme Finvest Pvt. Ltd.	28.09.1996	Transfer	12700	10	50.00	0.12	**
		31.01.1997	Transfer	1100	10	30.00	0.01	**
		28.08.1997	Transfer	10600	10	36.85	0.10	**
		24.09.1999	Transfer	24700	10	49.90	0.23	**
		10.11.1999	Transfer	(35500)	10	84.90	(0.33)	**
		12.03.2001	Transfer	7500	10	100.00	0.07	**
		30.03.2002	Transfer	9000	10	30.00	0.08	**
		04.12.2003	Transfer	(10000)	10	40.40	(0.09)	**
		19.12.2003	Transfer	(4000)	10	39.50	(0.04)	**
		12.01.2004	Transfer	(100)	10	58.00	(0.00)	**
		15.09.2004	Transfer	3500	10	41.60	0.03	**
		05.11.2004	Transfer	(9500)	10	84.85	(0.09)	**
		17.12.2004	Transfer	(10000)	10	94.00	(0.09)	**
		<b>Total</b>		<b>0</b>			<b>0</b>	<b>**</b>
5.	Coronation Spinning India Pvt. Ltd.	28.09.1996	Transfer	104500	10	50.00	0.96	**
		25.12.1996	Transfer	86400	10	38.00	0.79	**
		08.11.1999	Transfer	(800)	10	70.50	(0.01)	**
		10.12.1999	Transfer	900	10	102.40	0.01	**
		05.01.2000	Transfer	(40000)	10	135.50	(0.37)	**
		12.03.2000	Transfer	7700	10	188.00	0.07	**
		12.03.2000	Transfer	9400	10	188.00	0.09	**
		12.03.2000	Transfer	1000	10	188.00	0.01	**
		12.03.2000	Transfer	5900	10	188.00	0.05	**
		12.03.2000	Transfer	1000	10	188.00	0.01	**
		20.04.2000	Transfer	(1000)	10	124.20	(0.01)	**

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)
		04.12.2000	Transfer	(25000)	10	110.00	(0.23)	**
		22.12.2000	Transfer	(100000)	10	161.00	(0.92)	**
		01.01.2001	Transfer	(5000)	10	142.00	(0.05)	**
		02.01.2001	Transfer	5000	10	141.90	0.05	**
		02.01.2001	Transfer	7500	10	141.90	0.07	**
		23.03.2001	Transfer	25000	10	91.00	0.23	**
		09.10.2001	Transfer	2000	10	37.70	0.02	**
		01.12.2003	Transfer	(4500)	10	22.90	(0.04)	**
		15.09.2004	Transfer	3500	10	41.45	0.03	**
		24.09.2004	Transfer	(3500)	10	40.45	(0.03)	**
		27.09.2004	Transfer	3500	10	40.25	0.03	**
		07.10.2004	Transfer	(40000)	10	58.35	(0.37)	**
		11.10.2004	Transfer	35000	10	75.35	0.32	**
		14.10.2004	Transfer	1680	10	68.30	0.02	**
		16.10.2004	Transfer	7980	10	62.70	0.07	**
		01.11.2004	Transfer	(88000)	10	83.95	(0.81)	**
		03.12.2004	Transfer	15640	10	85.70	0.14	**
		16.12.2004	Transfer	(1700)	10	95.00	(0.02)	**
		16.12.2004	Transfer	(14100)	10	95.00	(0.13)	**
		04.03.2005	Transfer	14100	10	107.45	0.13	**
		11.03.2005	Transfer	1700	10	100.10	0.02	**
		18.03.2005	Transfer	(14100)	10	98.00	(0.13)	**
		07.04.2005	Transfer	(1700)	10	97.95	(0.02)	**
		<b>Total</b>		<b>0</b>			<b>(0)</b>	<b>**</b>
6.	Careen Fintech Pvt. Ltd.	06.09.1996	Transfer	2200	10	51.00	0.02	**
		14.09.1996	Transfer	5400	10	51.00	0.05	**
		28.09.1996	Transfer	47700	10	50.00	0.44	**
		25.12.1996	Transfer	300	10	30.75	0.00	**
		31.01.1997	Transfer	100	10	32.00	0.00	**
		30.04.1997	Transfer	11500	10	40.00	0.11	**
		31.05.1997	Transfer	100	10	40.00	0.00	**
		29.09.1998	Transfer	(2400)	10	38.50	(0.02)	**
		19.11.1999	Transfer	(4000)	10	90.00	(0.04)	**
		11.02.2000	Transfer	81100	10	216.00	0.75	**
		18.05.2000	Transfer	(59200)	10	175.00	(0.54)	**
		30.11.2000	Transfer	(1000)	10	182.00	(0.01)	**
		10.01.2001	Transfer	15000	10	109.00	0.14	**
		08.09.2001	Transfer	(46000)	10	40.15	(0.42)	**
		28.09.2002	Transfer	26100	10	23.50	0.24	**

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)
		10.12.2003	Transfer	(6000)	10	22.50	(0.06)	**
		22.12.2003	Transfer	(500)	10	21.90	(0.00)	**
		14.01.2004	Transfer	(300)	10	56.30	(0.00)	**
		15.09.2004	Transfer	2500	10	41.45	0.02	**
		01.11.2004	Transfer	(22500)	10	78.40	(0.21)	**
		22.02.2005	Transfer	22500	10	91.75	0.21	**
		<b>Total</b>	<b>72,600</b>			<b>0.67</b>	<b>**</b>	
7.	Perfect Finmen Services Pvt. Ltd	19.09.1996	Transfer	34200	10	50.00	0.31	**
		30.04.1997	Transfer	100	10	40.00	0.00	**
		28.08.1997	Transfer	10600	10	38.00	0.10	**
		27.09.1997	Transfer	26500	10	38.00	0.24	**
		24.09.1999	Transfer	(16200)	10	49.90	(0.15)	**
		19.11.1999	Transfer	(10000)	10	89.95	(0.09)	**
		11.02.2000	Transfer	85000	10	215.00	0.78	**
		27.03.2001	Transfer	100000	10	97.90	0.92	**
		30.03.2001	Transfer	(135000)	10	102.00	(1.24)	**
		20.04.2001	Transfer	(45200)	10	88.00	(0.42)	**
		15.09.2004	Transfer	16400	10	41.45	0.15	**
		01.11.2004	Transfer	(16400)	10	78.40	(0.15)	**
		22.02.2005	Transfer	16400	10	91.75	0.15	**
		<b>Total</b>		<b>66,400</b>		<b>0.61</b>	<b>**</b>	
8.	Peek Finvest (P) Ltd.	10.06.1995	IPO	10600	10	50.00	0.10	**
		06.09.1996	Transfer	44300	10	65.00	0.41	**
		28.09.1996	Transfer	4900	10	50.00	0.05	**
		25.12.1996	Transfer	100	10	30.75	0.00	**
		11.02.2000	Transfer	140000	10	216.00	1.29	**
		24.05.2000	Transfer	(59400)	10	135.00	(0.55)	**
		14.05.2001	Transfer	40000	10	78.50	0.37	**
		20.08.2001	Transfer	(100000)	10	36.00	(0.92)	**
		08.02.2002	Transfer	(500)	10	31.00	(0.00)	**
		27.07.2002	Transfer	500	10	33.90	0.00	**
		28.09.2002	Transfer	34400	10	23.50	0.32	**
		28.10.2002	Transfer	2000	10	22.00	0.02	**
		04.06.2003	Transfer	3995	10	22.00	0.04	**
		07.06.2003	Transfer	5950	10	22.20	0.05	**
		11.06.2003	Transfer	55	10	23.60	0.00	**
		01.12.2003	Transfer	(15259)	10	37.15	(0.14)	**
		21.10.2004	Transfer	680	10	64.50	0.01	**
		05.11.2004	Transfer	(46000)	10	83.60	(0.42)	**
		03.12.2004	Transfer	23820	10	85.70	0.22	**
		17.12.2004	Transfer	(24100)	10	94.50	(0.22)	**
		<b>Total</b>		<b>66,041</b>	<b>0.61</b>	<b>**</b>		

Sl. No.	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid-up capital	Lock in Period (Years)
9.	Alps Processors Pvt. Ltd.	16.05.2001	Transfer	38000	10	66.85	0.35	**
		09.06.2001	Transfer	13494	10	62.85	0.12	**
		26.06.2001	Transfer	8600	10	45.45	0.08	**
		29.06.2001	Transfer	350	10	40.35	0.00	**
		02.07.2001	Transfer	5200	10	42.80	0.05	**
		28.08.2001	Transfer	400	10	38.00	0.00	**
		09.10.2001	Transfer	82450	10	37.55	0.76	**
		26.11.2001	Transfer	40000	10	35.80	0.37	**
		09.11.2001	Transfer	33000	10	34.15	0.30	**
		28.11.2003	Transfer	(25000)	10	21.65	(0.23)	**
		19.12.2003	Transfer	(10000)	10	38.00	(0.09)	**
		12.01.2004	Transfer	(1418)	10	54.00	(0.01)	**
		02.09.2004	Transfer	(19184)	10	44.30	(0.18)	**
		02.09.2004	Transfer	(8801)	10	44.30	(0.08)	**
		02.09.2004	Transfer	(20733)	10	44.30	(0.19)	**
		01.11.2004	Transfer	(36300)	10	83.95	(0.33)	**
	<b>Total</b>			<b>100,058</b>			<b>0.92</b>	

\*\* Refer to Note (d) above.

**f. Break-up of Promoters Group holding as on August 31, 2005:**

Sr. No.	Name	No of Shares	% of Outstanding paid up capital
1	Krishan Kumar Agarwal	370230	5.506
2	Sandeep Agarwal	102230	1.520
3	Sandeep Agarwal (HUF)	7190	0.107
4	K. K. Agarwal & Sons (H U F)	30000	0.446
5	Sanyog Agarwal	22825	0.339
6	Nidhi Agarwal	75	0.001
7	Rohan Agarwal	75064	1.116
8	Sunandini Agarwal	400	0.006
9	Alps Infin (P) Ltd.	322936	4.803
10	Alps Processors Pvt. Ltd.	100058	1.488
11	Careen Fintec (P) Ltd.	72600	1.080
12	Chaudhary Steels (P) Ltd.	80	0.001
13	Chhabil Dass Alloy Steel (P) Ltd.	2010	0.030
14	Jaya	100	0.001
15	Kissan Metals (P) Ltd.	20	0.000
16	Krishna Sahai	300	0.004
17	Manish	340	0.005
18	Narender Gupta	500	0.007

Sr. No.	Name	No of Shares	% of Outstanding paid up capital
19	Padam Precision Dyes & Components (P) Ltd.	59100	0.879
20	Peek Finvest (P) Ltd.	66041	0.982
21	Peek Texfab Ltd.	60	0.001
22	Prefect Finmen Services (P) Ltd.	66400	0.988
23	Rakesh Gupta	517500	7.697
24	Roseat Finvest (P) Ltd.	41000	0.610
25	Saurabh Floriculture (P) Ltd.	56900	0.846
26	Shrivallabh Madhav Bhandare	500	0.007
27	Shubra Malhotra	300	0.004
28	Vinod Malhotra	200	0.003
	<b>TOTAL (A)</b>	<b>1914959</b>	<b>28.480</b>
	<b>FOREIGN NATIONAL</b>		
29	Park B. Smith (Sr.)	440000	6.544
	<b>TOTAL (B)</b>	<b>440000</b>	<b>6.544</b>
	<b>PERSON ACTING IN CONCERT (PAC)</b>		
30	Deepti Gupta	50000	0.744
31	Saloni Gupta	50000	0.744
32	Sanwari Gupta	50000	0.744
33	Rishabh Gupta	50000	0.744
	<b>TOTAL (C)</b>	<b>200000</b>	<b>2.976</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>2554959</b>	<b>38.000</b>

- g. The equity shares held by persons other than Promoters may be transferred to any other person holding shares prior to the issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The equity shares to be held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the equity shares held by promoters, which are locked in, may be transferred to and among promoter/promoter group or to a new promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.

**h. Top ten shareholders as on two years prior to the date of filing of the Prospectus with the ROC**

Sr. No.	Name	No of Shares	% of Outstanding paid up capital
1.	Mr. Dinesh Jhunjhunwala	800000	10.39
2.	Alps Infin Pvt. Ltd.	561500	7.29
3.	Mr. Rakesh Gupta	517500	6.72
4.	Mr. Lalit Kumar Garg	500000	6.49
5.	Unit Trust of India (SUUTI)	494375	6.42
6.	Mr. K K Agarwal	462330	6.01
7.	Mr. Park B Smith sr.	440000	5.72
8.	Credit Capital Inv. Trust Co. Ltd. A/c Taurus MF - Taurus the Star Share	302010	3.92
9.	SBI MF Magnum Growth Fund 1999	285672	3.71
10.	Gloria Investment Ltd.	265000	3.44

**i. Top ten shareholders as on 10 days prior to the date of filing of the Prospectus with the ROC**

Sr. No.	Name	No of Shares	% of Outstanding paid up capital
1.	Mr. Rakesh Gupta	517500	7.70
2.	Mr. Park B Smith sr.	440000	6.54
3.	Mr. K K Agarwal	370230	5.51
4.	Alps Infin Pvt. Ltd.	322936	4.80
5.	Credit Capital Inv. Trust Co. Ltd. A/c Taurus MF - Taurus the Star Share	302010	4.49
6.	Skylark Securities Pvt. Ltd.	230000	3.42
7.	Khandwala Integrated Financial Services Pvt. Ltd.	200000	2.98
8.	Mr. Dinesh Jhunjhunwala	200000	2.98
9.	S S Kantilal Ishwarlal Securities Pvt. Ltd.	150000	2.23
10	Mysore Capfin Pvt. Ltd.	136848	2.04

**j. Top ten shareholders as on the date of filing of the Prospectus with the ROC**

Sr. No.	Name	No of Shares	% of Outstanding paid up capital
1.	Mr. Rakesh Gupta	517500	7.70
2.	Mr. Park B Smith sr.	440000	6.54
3.	Mr. K K Agarwal	370230	5.51
4.	Alps Infin Pvt. Ltd.	322936	4.80
5	Credit Capital Inv. Trust Co. Ltd. A/c Taurus MF - Taurus the Star Share	293010	4.36
6.	Taib Securities Mauritius Limited	240000	3.57
7.	Skylark Securities Pvt. Ltd.	230000	3.42
8.	Khandwala Integrated Financial Services Pvt. Ltd.	200000	2.98
9	Mr. Dinesh Jhunjhunwala	200000	2.98
10	Stock Home India Ltd.	170000	2.53

**k. The details of sale/ purchase/ financing of shares by Promoters/Directors :**

The promoters Group/Directors have not purchased and/or sold/financed any shares of the Company during the past 6 months except listed below:

Name	Buy/Sell	No. of Shares	Avg. Rate
Mr. Sunil Koliyot	Sell	2000	Rs.101.35

**The maximum and minimum price at which the transactions are made:**

Buy / Sell	Maximum Price / Date	Minimum Price / Date
Buy	Rs.101.35 on 8.04.2005	Rs.101.35 on 8.04.2005

- l. The Promoters' contribution has been brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from Companies.
- m. The Company/Promoters/Director/Lead Manager have not entered in to buyback/standby or similar arrangements for purchase of securities issued by the Company through this Prospectus.



n. The pre-issue & post-issue shareholding pattern of Alps Industries Limited is as under:

Category	Pre-Issue		Post issue	
	No. of Shares	% holding	No. of Shares	% holding
Promoters & Promoters' Group	2554959	38.00	4054959	37.29
Banks / FIs / MFs	293310	4.36	6818841	62.71
NRIs / OCBs / FIIs	603671	8.98		
Indian Public & Others	3271860	48.66		
<b>Total</b>	<b>6723800</b>	<b>100.00</b>	<b>10873800</b>	<b>100.00</b>

- o. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying equity shares of or for a value of not more than Rs. 50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares of a value more than Rs.50,000/- and corporate bodies/institutions etc. Un-subscribed portion in either of these categories shall be added to the other category interchangeably.
- p. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment being equal to 50 shares, which is the minimum application size in this Issue, while finalizing the allotment.
- q. In the event of over-subscription, Allotment will be on proportionate basis as detailed in Para on "Basis of Allotment"
- r. The equity shares offered through this public issue shall be made fully paid up on allotment.
- s. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
- t. The shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
- u. There are no "bridge loans" from any Bank taken by the Company against the proceeds of the issue.
- v. No single applicant can make an application for number of shares, which exceeds the number of shares offered.
- w. There would be no further Issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
- x. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. If the Company goes in for acquisitions and joint ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
- y. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.
- z. The Company had 3727 members as on August 31, 2005.

## **4. TERMS OF THE PRESENT ISSUE**

### **PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

The Equity Shares being issued are subject to the terms of this Prospectus, the terms and conditions contained in the Application Form, the Memorandum and Articles of the Company, provisions of the Act, other applicable acts and the letters of allotment/Equity Share certificates or other documents and the Guidelines issued from time to time by the Government of India, SEBI and the concerned Stock Exchanges.

### **TERMS OF PAYMENT:**

Applications should be for minimum of 50 equity shares and in multiples of 50 equity shares thereafter. The entire offer price of the equity shares of Rs. 120/- per share is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by the Company to the applicants.

### **INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS:**

Alps Industries Limited agrees that as far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of public issue. Alps Industries Limited further agrees that it shall pay interest @ 15% per annum if the shares are not credited to Demat account or/and refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue.

### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS:**

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (ONE) share. Therefore, there is no possibility of any odd lots.

### **RIGHTS OF THE EQUITY SHAREHOLDERS**

- i. Right to receive dividend, if declared.
- ii. Right to attend general meetings and exercise voting rights, unless prohibited by law.
- iii. Right to vote on a poll either personally or by proxy.
- iv. Right to receive offer for rights shares and be allotted bonus shares.
- v. Right to receive surplus on liquidation.
- vi. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

### **RANKING OF EQUITY SHARES**

The Equity Shares to be issued shall, subject to the Memorandum and Articles and shall rank pari passu with the existing Equity Shares of the Company all respects except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in the "Notes to Capital structure".

### **MARKETABLE LOT**

The Company shall allot the Equity Shares in dematerialized form only. The trading in the Equity Shares of the Company shall only be in dematerialized form for all investors, where the marketable lot is one (1) equity share.

### **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

## **PROCEDURE FOR APPLICATION AND MODE OF PAYMENT**

### **Availability of Prospectus and Application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue, Underwriters to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

### **Application may be made by**

- (a) Indian Nationals resident of India who are Adult Individuals in single name or joint names (not more than three)
- (b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- (c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares
- (d) Indian Mutual Funds registered with SEBI
- (e) Indian Financial Institutions & Banks
- (f) Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
- (g) State Industrial Development Corporation
- (h) Insurance Companies registered with Insurance Regulatory and Development Authority;
- (i) Provident Funds with minimum corpus of Rs.25 Crore;
- (j) Pension Funds with minimum corpus of Rs.25 Crore;
- (k) Trusts who are registered under the Societies Registration Act, 1860 or any other trust law and are authorized under its constitution to hold and invest in shares
- (l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- (m) Permanent and Regular employees of the Company
- (n) Non-Resident Indians (NRIs) on a repatriable/ non-repatriable basis
- (o) Foreign Institutional Investors (FIIs) on a repatriable/ non repatriable basis

Applications cannot be made by

- a) Minors
- b) Foreign Nationals (except NRIs)
- c) Overseas Corporate Bodies (OCBs)
- d) Partnership firms or their nominees

### **Subscription by NRIs/ FIIs**

The Company has made an application to the RBI for the issue of Equity Shares to NRIs/FIIs with repatriation benefits. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose.

The allotment of the Equity Shares to Non-Residents shall be subject to the FIPB/ RBI approval or any other requisite permission as may be necessary.

## **A. GENERAL INSTRUCTIONS**

1. Applications must be made in the prescribed Application Form and completed in full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form and are liable to be rejected if not so made.
2. The application for equity shares should be for a minimum of 50 equity shares and in multiples of 50 shares thereafter. An applicant can make an application only for a maximum number of equity shares that are offered in the respective category, however the maximum allotment will be subject to the investment limits prescribed by the regulatory or statutory authorities governing them.
3. Thumb impressions and signatures other than in English/ Hindi/ Marathi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

### **4. Bank Account Details of Applicant:**

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrars will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

If there is any change in the current demographic details such as Address, Bank a/c details etc. given to the Depository participant, Investors should ensure that the same are updated with Depository participant before applying in the Issue to avoid any delay in refund etc.

### **5. Applications under Power of Attorney:**

In case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Super-annuation Funds, Gratuity Funds a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

### **6. PAN/ GIR Number**

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

### **7. Joint Applications in the case of individuals**

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

### **8. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.**

### **9. Applicants other than Individuals and HUFs may make applications only for an amount exceeding Rs. 50,000.**

### **10. Multiple Applications**

An applicant should submit only one application form (and not more than one) for the total number of equity shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same.

#### **Applications by Mutual Funds**

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the

application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications.

A separate single cheque/draft must accompany each application form.

#### 11. Stockinvest

Investors will not have the facility of applying through Stockinvest instrument, as RBI has withdrawn the Stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/ 24.47.001/2033-04 dated 5.11.2003.

#### Note:

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.

Applications by NRIs

Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public. There is no separate application form for NRIs.

**For further instructions, please read the Application Form carefully.**

#### B. PAYMENT INSTRUCTIONS (For Resident investors)

1. Payment may be made by way of cash or cheque/ demand draft/ (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centers.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form should be marked as follows: Cheque/ bank draft must be made payable to the bankers to the issue and marked "\_\_\_\_\_A/c Alps Industries Limited- Public Issue" and crossed "A/C payee only". For e.g. "\_\_\_\_\_Bank - A/c Alps Industries Limited - Public Issue"
4. The applications shall be made only by way of cash/ cheque/ demand draft. However, if the amount payable on application is Rs. 20,000/- or more, such payment must be effected only by way of an account payee cheque/ or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

**FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.**

#### SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Office of the Company or the Lead Manager to the Issue.

Application Forms along with Bank Drafts payable at New Delhi can also be sent by registered post with acknowledgement due to the Registrar to the issue, Alankit Assignments Ltd. so that the same can be received before the closure of the subscription list.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

For further instructions, please read the application form carefully.

#### ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the application is accepted in part, the excess application money after adjusting for the amount payable on

allotment will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

#### **Grounds for Technical Rejections**

Applicants are advised to note that Applications are liable to be rejected among others on the following technical grounds:

1. Amount paid doesn't tally with the number of Equity Shares applied for;
2. Age of First applicant is not given;
3. Application by minor;
4. PAN or GIR Number not given if application is for Rs. 50,000 or more;
5. Applications for number of Equity Shares, which are not in multiples of 50;
6. Applications for Rs. 50,000 or less by applicants other than Individuals and HUF.
7. Multiple applications as defined elsewhere;
8. In case of application under power of attorney or by limited Companies, corporate, trust etc., relevant documents are not submitted;
9. Signature of sole and / or joint applicants missing;
10. Applicant's depository account details;
11. Applications by OCBs.

#### **BASIS OF ALLOTMENT:**

##### **For Net offer to the Public portion:**

In the event of public issue of equity shares being over-subscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.50,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/Managing Director of the Designated Stock Exchange along with the post issue Lead Manager and the Registrar to the issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.
2. The balance of the Net Issue to Indian Public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for allotment of Equity Shares for a value of more than Rs.50,000/-.
3. The Unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall be made available for allotment to applicants in the other category, if so required.
4. Applicants will be categorized according to the number of equity shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the applications where the proportionate allotment works out to less than 50 shares per applicant, the allotment shall be made as follows:
  - i. Each successful applicant shall be allotted a minimum of 50 shares; and
  - ii. The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (5) above.

8. If the proportionate allotment to an Applicant works out to a number that is more than 50 shares but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and If that fraction is lower than 0.50, the fraction shall be ignored.
9. All applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category.
11. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 50 shares, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10 % of the net offer to public.
13. Allotment to FIIs/MFs/Venture Capital Funds/Foreign Venture Capital Investors/Insurance Companies would be subject to the limits/restrictions/regulations prescribed by respective regulatory authorities governing them.

#### **DESPATCH OF REFUND ORDERS**

Alps shall ensure dispatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting and refund order over the value of Rs.1500/- by Registered Post only. Alps would also make available adequate funds to the Registrar to the Issue for this purpose.

#### **EQUITY SHARE IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

Successful allottees in this issue will be compulsorily allotted Equity Shares in dematerialized form. In this context, two tripartite agreements have been signed between the Company, the Registrar and the Depositories:

1. an Agreement dated 28th February 2000 between the Company, NSDL and Alankit Assignments Ltd.; and
2. an Agreement dated 8th August 2000 between the Company, CDSL and Alankit Assignments Ltd..

The Company's shares bear an ISIN no. INE093B01015.

All investors can seek allotment only in dematerialized mode. However an investor will have an option to hold the shares in Physical form or demat form. After the allotment in the proposed issue allottees may request their respective DP for rematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.
3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP)
4. Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository
5. The Registrar to this Issue will directly send non-transferable allotment letters/ refund orders to the applicant.
6. If incomplete/ incorrect details are given under the heading 'Request for shares in electronic form' in the application form, it is liable to be rejected.
7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/ her Depository Participant.

8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity shares of the Company would be in dematerialized form only for all investors.

**UNDERTAKING BY THE COMPANY:**

**Alps undertakes:**

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed are taken within 7 working days of finalization of the basis of allotment.
- c. that the funds required for dispatch of refund orders by registered post shall be made available to the Registrar to the Issue by the Company;
- d. that refund orders to non-resident Indian applicants shall be dispatched within specified time.
- e. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- f. that no further issue of equity shares shall be made till the equity shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

**UTILISATION OF ISSUE PROCEEDS**

**The Board certifies that:**

- a. all monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.
- d. the utilisation of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilised.
- e. the details of all unutilised monies out of the funds received under promoters' contribution and from firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested).

**TAX BENEFITS CERTIFICATE:**

M/s R. K. Govil & Co., Chartered Accountants and the Auditors of the Company, have certified vide their letter dated August 8, 2005 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to the Company and the members:

**TO THE COMPANY**

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961.

1. Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
2. The unit no.IV of the Company is engaged in manufacturing and export of yarn & textiles items, it is entitled for 100% exemption of profits derived from the export of goods from its Export Oriented Unit in accordance with the provisions of Section 10-B of the Income Tax Act,1961 upto Asstt .year 2009-10.



3. The unit no.VI a new Unit (industrial undertaking) is being established in the State of Uttranchal, and the profits & gains of the new unit are exempted from tax u/s 80IC of the I.T Act for a period of 10 years as under:-

**Period of concession: Rate of deduction**

- (i) First 5 years : 100% of the Profit & Gains
- (ii) Next 5 years : 30% of the Profit & Gains

4. The Company is eligible for amortization of preliminary expenses being the expenditure on public Issue of share under Section 35D (2) I (iv) of the Act, subject to limits specified in sub section (3).

**TO THE MEMBERS OF THE COMPANY**

1. (i) The members of the company, who sell their shares after retaining for a Period of 12 months or more and pay security transaction tax, the long term Capital gains so arise shall be fully exempted (i.e.100%) from Income tax.  
(ii) The Members of the company, who sell the shares after retaining for a period of less than 12 months and pay Security Transaction Tax, are liable to pay Short Term Capital Gain tax @ 10% only.
2. Section 10(34) provides that any income by way of dividends referred to in section 115-O i.e. dividend declared, distributed or paid by a domestic Company, on or after 1st April,2003 is exempt in the case of all categories of assesses.
3. As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax, to the extent such gains are invested in acquiring Equity Shares forming part of an "eligible Issue of share capital" within six months form the date of transfer of the long term assets held for more than 12 months. Eligible Issue of share capital includes the Equity Shares, made by a public Company formed and registered in India; and the shares forming part of the offer for subscription to the public.

The Issue of shares by the Company being an eligible Issue of share capital, the subscribers thereto, would be eligible to claim the exemption granted under section 54ED of the Act..

4. As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ("HUF"), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax, if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis.

**TO THE NON RESIDENT INDIANS/ FOREIGN INSTITUTIONS**

1. A non-resident has an option to be governed by the provisions of Chapter XII-A of Income Tax Act, 1961.
2. (a) As per newly introduced section 10(38) Long term capital gain arising out of the securities sold on the recognized stock exchange in India is fully exempt, subject to payment of security transaction tax @ 0.015% only.  
(b) As per the amended section 115AD of the I.T Act, the short term capital gain arising from Sale of Securities within 12 months, is to be charged @ 10% only
3. Under Section 115-E of Income Tax Act, 1961, income including Interest arising out of investment in convertible foreign exchange shall be taxed @ 20%. However, dividend income is exempt u/s 10(34) of the Income Tax Act, 1961.
4. Under Sec.115G of the Act, A non-resident is not obliged to file the return of income u/s 139(1) of the Income Tax Act, 1961 where total income consists only of investment and/or long term capital gain and the tax has been deducted at source from such income.
5. A non-resident Indian even after becoming assessable as resident Indian may continue to have benefit of Chapter XIIA subject to the compliance of section 115-H of Income Tax Act,1961 in respect of foreign exchange assets specified in Clause 115-CI, 115C(b), 115C(f) and 115C(d) of the I.T. Act.
6. U/s 115-I of the Act, a non-resident, if he elects by so declaring in the return of his income for that assessment year not to be governed by the special provisions of above mention- ed Chapter XII-A, then he/she will be entitled to the tax benefits available to Indian residents.

**WEALTH-TAX**

Shares and Debentures of the company held by the members being individuals, Hindu Undivided

Family and companies will not be subject to Wealth tax, as these being productive assets are not included in the definition of assets with effect from 1st April, 1992:

**GIFT TAX**

The Gift Tax Act 1958, ceases to apply to gifts made on or after 1st October 1998. Gifts of shares of the Company would therefore, be exempt from Gift Tax (even after insertion of Section 56(2)(v) in Income Tax Act w. e. f. 1st September,2004 the gift of Shares to the close relatives are not taxable in the hands of donee).

**NOTES:**

1. All the above benefits are as per the Current Tax Laws as amended by the Finance Act, 2005.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect if Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Agreements, if any, between India and the Country in which the Non Resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.

## 5. PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The main object of the Issue is to create new manufacturing facilities for expansion and growth of the existing business. The present Issue of Equity Shares is being made for:

1. Setting up of a 50.161TPD Spinning Unit at Bhel Ranipur near Haridwar, Uttaranchal;
2. To finance long term working capital margin;
3. To meet the expenses of the Issue;
4. To list the equity shares issues through this Prospectus of the Company on the Stock Exchanges.

The main object clause of the Memorandum as set out in this Prospectus enables the Company to undertake the activities for which the funds are being raised and also for the activities, which the Company has been carrying on till date.

### REQUIREMENT OF FUNDS, PROJECT COST AND MEANS OF FINANCE

This project is not appraised. The cost of the Project and the means of finance as per the Company estimates is given below:

#### COST OF PROJECT

		Rs. in lacs
S. No.	Particulars	Amount
1	Setting up of 50.161TPD Spinning Unit	10,767.01
2	Contingencies	600.00
3	Long Term Working Capital	2,400.99
4	Public Issue Expenses	183.00
	<b>Total</b>	<b>13951.00</b>

#### MEANS OF FINANCE

		Rs. in lacs
S. No.	Particulars	Amount
1	Public Issue of Equity Shares at Premium	
	Equity Share Capital	415.00
	Share Premium	4565.00
2	Term Loans *	8,971.00
	<b>Total</b>	<b>13951.00</b>

\*: Sanctioned as under:

- State Bank of India vide its letter no. OBND/RM/(AMT-I)/2004-05/344 dated December 18, 2004 sanctioned a term loan of Rs. 3,371 lacs.
- The Jammu & Kashmir Bank Ltd. vide its letter no. JKB/RPL/04-667 dated November 11, 2004 sanctioned a term loan of Rs. 3,000 lacs.
- Syndicate Bank vide its letter no. CFB/9095:897:SL:2004 dated November 17, 2004 sanctioned a term loan of Rs. 2,196 lacs.
- State Bank of Patiala vide its letter no. CB/AMT-OV-BK dated December 16, 2004 sanctioned a term loan of Rs. 1,500 lacs.

The entire amount other than the Issue proceeds which forms part of the Means of Finance as given above has been tied up.

Pending utilization in the Project, the proceeds of the Issue will be deposited with scheduled commercial banks and/or invested in Gilt Edged Government Securities, either directly or through Mutual funds.

The Issue proceeds would be used to meet all or any of the uses of the funds mentioned above. The Company undertakes to meet the shortfall, if any, in the funds raised through the Issue from the internal accruals and/or by availing fresh loans from Banks etc. If there is any surplus amount, the same will be used for general corporate purposes or for meeting other long-term working capital requirement.

#### DEPLOYMENT OF FUNDS IN THE PROJECTS AS ON AUGUST 25, 2005.

The Company has incurred certain expenditure on the Project till August 25, 2005 as depicted below. The same has been certified by M/s R. K. Govil & Co., Chartered Accountants vide their certificate dated September 1, 2005. The details are given below:

<b>Deployment of Funds</b>	<b>Rs in Lacs</b>
Land & Site Development	623.00
Buildings (Advance to contractors/suppliers)	2409.60
Plant, equipment and machinery	6126.45
Miscellaneous Fixed assets	42.59
Issue Expenses	16.40
Pre-operative expenses	442.82
Margin Money for Working Capital	72.00
<b>Total</b>	<b>9732.86</b>
<b>Sources of Funds</b>	<b>Rs in Lacs</b>
Internal Accruals	980.18
Unsecured loan form Promoters, their relatives & Associates	1469.47
Term Loans from	
- State Bank of India	2791.10
- The Jammu & Kashmir Bank Ltd.	2226.25
- Syndicate Bank	1801.21
- State Bank of Patiala	464.65
<b>Total</b>	<b>9732.86</b>

The total Cost of the Project and the proposed year wise break up of deployment of fund are as under:

**Rs. in lacs**

<b>Capital Expenditure</b>	<b>Incurred till August 25, 2005</b>	<b>To be incurred till Sep 30, 2005</b>	<b>Oct. - Dec. 2005</b>	<b>Total</b>
Land & Site Development	623.00	107.00	20.00	750.00
Building & Civil Works	2409.60	58.27	150.00	2617.87
Plant & Machinery	6126.45	411.55	225.00	6763.00
Misc. Fixed Assets	42.59	72.41	—	115.00
Issue Expenses	16.40	86.60	80.00	183.00
Pre-operative Expenses	442.82	78.32	—	521.14
Provision for Contingencies	—	472.00	128.00	600.00
Long Term Working Capital	72.00	428.00	1900.99	2400.99
<b>Total</b>	<b>9732.86</b>	<b>1714.15</b>	<b>2503.99</b>	<b>13951.00</b>

## **6. BRIEF DETAILS ABOUT THE PROJECT**

The main object of the Issue is to create new manufacturing facilities for expansion and growth of the Company's existing business. The present Issue of Equity Shares is being made for:

- To setup a Spinning Unit at Integrated Industrial Estate, BHEL, Ranipur near Haridwar, Uttaranchal
- To finance long term working capital margin;
- To meet the expenses of the Issue

The main object clause of the Memorandum as set out in this Prospectus enables the Company to undertake the activities for which the funds are being raised and also for the activities, which the Company has been carrying on till date.

The Company proposes to set up a 50 tpd plant for cotton yarn spinning. The unit would have fiber dyeing facility and the dyed fiber would be used for producing value added yarn. The fiber would be dyed by using natural dyes, a process on which the parent unit of Alps at Sahibabad has done considerable pioneering research work over the last 14 years. Natural dyes have demonstrated better quality results when applied to fiber. Thus, by using this in-house developed technique, Alps shall manufacture high quality Fiber dyed yarns with uniform colour consistency while the yarn shall retain its premium eco-friendly appeal.

Cotton yarn would be spun using both Ring Spinning technology and Open End Rotor Spinning technology. A mix of yarns of various counts from 2s to 30s would be produced. As the Project envisages setting up of fiber dyeing facilities also, both colour and grey yarn will be produced. Additional facilities for doubling of yarn are also being set up for adding value to the production.

### **LOCATION OF THE PROJECT**

The plant is proposed to be located at Integrated Industrial Estate, BHEL, Ranipur near Haridwar in the State of Uttaranchal. The state offers substantial incentives for new industries contributing to the development of the region.

The following factors have gone in favour of selection of the location of the plant:

- Cheap and adequate power - merely Rs. 2.35 per unit. The total power required by the Project is in excess of 6 MW. The state of Uttaranchal has adequate availability of power and a number of hydel power projects are coming up in the State to meet its future requirements. Hydel power is one of the cheapest sources of power and hence the rates of power are expected to remain relatively lower and more stable.
- 100% exemption from excise duty by way of refund
- Exemption from Local Sales Tax. Request is also being made to the authorities to consider reduction of Central Sales Tax to 1% from the existing rate of 4%. This concessional rate is presently applicable to units having investment in Plant & Machinery at less than Rs. 25 crores. The Company is quite hopeful of being awarded similar concession based on its interaction with the State authorities
- The location is close to the road leading to Saharanpur and onwards to Ludhiana - the largest yarn market of North India. The site is also well connected with Panipat, a hub of furnishing fabric manufacturers

The location is also a mere 3 hours from the present operations of the Company. Thus, there would be ease in managing and controlling the unit.

### **LAND & SITE DEVELOPMENT**

The total land requirement is estimated at 27 acres or over 110,000 square meters. This will also provide for some future expansion in downstream value added activities like weaving and processing. The selection of land has been done in a manner so as to provide for an optimum balance between land cost and land development costs. The Company has acquired the industrial land on 99 years Lease from State Industrial Development Corporation of Uttaranchal Ltd. vide allotment letter no. 2274/DGM/SIDCUL dated December 7, 2004 situated at Plot no. 1A admeasuring approx 71,404 sq. metres and Plot no. 1B admeasuring approx 39,662 sq. metres at Sector 10, Integrated Industrial Estate, BHEL, Haridwar, The land is free from all encumbrances and has a clear title.

Details of cost of Land & site development is given below:

Rs. in lacs

Particulars	Area ( in sq. metres)	Amount
Cost of Industrial Land	111,066	626.60
Conveyance deed and transfer charges		62.62
Cost of Land development and Landscaping		31.18
Cost of bore wells - 4" - 3 nos.		30.00
<b>Total cost</b>		<b>750.00</b>

#### BUILDING & CIVIL WORK

The Project envisages construction of 432,000 square feet of buildings. Of these, 280,000 square feet space would be used directly by Fiber Dyeing, Yarn Dyeing, Spinning and Yarn Doubling facilities. A total space of 100,000 square feet would be required for storage of cotton (65,000 sq. ft.) and storage of yarn (35,000 sq. ft.). Packing and Yarn Conditioning area of 7,500 square feet has been provided. In addition, total area of 44,500 square feet is provided for housing the administration block, workers canteen and recreational facilities, guest houses and housing of utilities like boiler, captive power generating unit and electrical distribution panels.

Details of cost of proposed factory construction (as certified by the Chartered Engineer):

Rs. in lacs

Particulars	Amount
Earth Work	446.80
Concrete Work	81.40
Water Pooling	4.72
Design Mix Concrete	383.00
Centering & Shuttering	90.60
Brick Work	212.30
Plastering Work	80.27
Wood Work	42.35
Flooring	173.47
Roofing	43.28
Steel Works	893.24
Finishing	24.75
Miscellaneous	48.57
Road Work	35.52
<b>Total</b>	<b>2,560.26</b>
Architect's fees	57.61
<b>Total Building and civil works</b>	<b>2,617.86</b>

#### PLANT & MACHINERY:

The Company has identified a running spinning plant at Turkey consisting of 36 Zinser Ring Frames amounting to 21,888 Ring Spindles and 16 nos. Schlafhorst Open End Spinning machines consisting 3,648 rotors. The plant is presently balanced with its preparatory section as well as post spinning machines.

The Company has entered into an agreement with M/s. Tup Merscrize, Turkey dated August 11, 2004 for acquisition of the said plant at a consideration of USD 67 lacs (INR Rs. 3,760 lacs inclusive of taxes and incidental charges) with a capacity of 50.161 tons per day of grey and fiber dyed value added yarn.

In addition to the above mentioned production equipment, the plant presently operating in Turkey also consists of a full-fledged and well equipped laboratory with all requisite instruments for testing of fiber and yarn characteristics which has also been acquired as part of the said agreement.

The Company has also retained the services of Indian Institute of Technology, Delhi (IIT) to examine the following:

- Assessment of technology
- Evaluation and valuation of machinery
- Assessment of machine life and performance
- Optimization of plant layout
- Assessment of requirement of utilities
- Supervision and guidance of dismantling the plant at Turkey and its subsequent re-assembly and erection at the plant site

Besides the above, IIT, Delhi is also assisting the Company in product mix optimization, selection of manpower, establishment of work processes and all necessary technical advice and assistance till the commencement of commercial production, including trial runs.

Personnel from IIT, Delhi have visited the spinning plant at Turkey and have reported that:

- the plant is technically good with state of the art technology features and is capable of producing high quality yarn;
- performance standards of the machines are satisfactory and the plant has been subjected to limited wear and tear;
- estimated residual life is estimated to be in excess of 15 years and is not likely to become technologically obsolete over the next 10 years.

Further, IIT Delhi has suggested certain balancing equipment to enable the Company to manufacture 51.161 tons of yarn per day based on average count of 14.63 Ne. Based on the revised product mix planned in the proposed unit has resulted in requirement of some additional Blow Room equipment, 2 nos Single Delivery Draw Frame and 10 Cards. This balancing equipment is provided for in the Project cost estimates.

The Project would undertake manufacture of finer count yarn of 30s (combed grey and mélange) on ring spinning machines and a host of coarser count yarns of 20s, 10s, 6s and 2s on the open end rotor machines. Even these would be a mix of grey and dyed yarn. Dyed yarn will be produced from fiber dyed using natural dyes. Alps has already been using natural dyes for fiber dyeing at its present facilities and has been a pioneer in research on application of natural dyes to textiles. As such, it possesses adequate in-house skill sets to operate the Project successfully.

**The plant and machinery proposed to be procured is detailed below:**

**Rs. in lacs**

S. No	Description of machinery	Name of supplier	Qty.	Value
a.	Imported			
1	Complete Ring Spinning Facility with 21,888 spindles and Open Ended spinning facility with 3,648 Rotors on Turnkey basis	Tup Meserize, Turkey	–	3,760.71
2	Open Ended spinning Machines	Imcotex di D.Stasia	1	18.76
3	R.F. Dryer	Stalam, Italy	1	115.80
4	Blow Room	A.T.E. Marketing Private Ltd	–	94.78
5	Xorella Yarn Conditioning System	Rieter	2	114.72
	<b>Total</b>			<b>4,104.76</b>
b.	Indigenous			
6	Trumac Card Machine	A.T.E. Marketing Private Ltd	10	263.60
7	Trumac Chute Feed System	A.T.E. Marketing Private Ltd	10	48.27
8	Draw Frames	Lakshmi machine Works Ltd	2	42.67
9	Chiller for R.F Dryer	Mellcon Engineers Pvt. Ltd.	1	5.87
10	Fibre Dyeing Plant	A.T.E. Marketing Private Ltd	1	430.86

Rs. in lacs

S. No	Description of machinery	Name of supplier	Qty.	Value
11	T.F.O. Model VJ-190 S	Veejay Sales And Services Ltd	10	255.00
12	Assembly Winding Machine	Peass Industrial Engineers Ltd.	3	57.43
13	Spinning Accessories, Spares etc	Company estimates	–	50.00
14	Humidification Plant	Batliboi Limited	1	189.93
15	Accessories for Automatic Controls	Batliboi Limited	1	33.03
16	Supply Dects Insulation, WRS Electrical Panels etc.	Batliboi Limited	1	182.37
17	Effluent Treatment Plant	Eko Pro Engineers Pvt Ltd.		94.37
18	Diesel Engine	Sudhir Gensets Limited	6	354.01
19	Step Down Transformer and Related Equipments	Alstom Limited	1	75.31
20	Electrical work	Teslek Contracts		327.80
	<b>Total</b>			<b>2,410.53</b>

#### OTHER PRODUCTION SUPPORT EQUIPMENTS

S. No	Description of machinery	Name of supplier	Qty.	Value
1	Hydrant System & Sprinkler Systems	Cosmos (Fire & Safety) Systems		32.47
2	Water supply pipelines	Aarbee Engineers & Associates	4	12.22
3	Air Compressor, ATLAS COPCO	Maharani Industrial Equipments	4	68.99
4	Boiler	Industrial Boilers Ltd.	1	38.78
5	Compressed Air Piping	Aarbee Engineers & Associates	1	26.72
6	Workshop Equipments	Emtex Machinery Pvt. Ltd.	1	3.56
7	Electronic Weighbridge	Avery India Limited	1	6.17
8	Weighing Machine	Avery India Limited	1	0.17
9	Weighing Machine	Avery India Limited	1	0.16
10	Weighing Machine	Avery India Limited	4	1.38
11	Material Handling Equipment, Fork Lift etc.	Company estimate		20.00
12	Fuel Storage Tank ( 20 kl tank X 4)	TIL Limited	4	12.63
13	Cooling Tower	Paharpur Cooling Towers Ltd	1	6.59
14	R. O. Plant	Value Max Systems Pvt. Ltd.	1	17.90
	<b>Total</b>			<b>247.71</b>
	<b>Total Plant and machinery</b>			<b>6,763.00</b>

#### CONTINGENCIES:

The provision for contingencies is kept @ 7.5% on the basis of all the hard cost components excluding land cost and cost of imported 2nd hand machinery. Contingency at 5% is considered on the cost of imported machinery thereby covering foreign exchange fluctuations. An amount of approx. Rs. 25 lacs is provided as miscellaneous contingency provision.



**MISCELLANEOUS FIXED ASSETS:**

The total cost estimated for miscellaneous fixed assets at Rs. 115 lacs. The detailed breakup of the same is given in the following table:

		Rs. in Lacs
S. No.	Particulars	Amount
1	Computers and software	65.00
2	Fax, Photostat, Fire fighting and other office equipment	13.00
3	Furniture and fixture	17.00
4	Vehicles	20.00
	<b>Total</b>	<b>115.00</b>

**LONG TERM WORKING CAPITAL REQUIREMENT**

The margin money to be funded out of the proposed Issue for the Project has been computed as follows:

		Rs. in lacs
Particulars		Amount
<b>Current Assets</b>		
- Inventory		3,566.44
- Debtors		1,031.49
- Loans and advances		300.00
<b>Total Current Assets</b>		<b>4,897.93</b>
<b>Current Liabilities</b>		
- Trade Creditors		157.12
- Other current liabilities		407.35
<b>Total Current Liabilities</b>		<b>564.47</b>
<b>Net Long term Working capital requirement</b>		<b>4,333.46</b>
Maximum Permissible Bank Borrowing		3,108.91
<b>Funded through</b>		
<b>Bank Borrowings</b>		<b>1932.47</b>
<b>Balance to be funded out of the Issue proceeds</b>		<b>2400.99</b>

The long term working capital requirement would be funded through bank borrowings. The Company has sufficient sanctioned limits to meet the working capital requirement.

**PRE OPERATIVE AND ISSUE EXPENSES:**

Preoperative expenses are estimated from the start up time of this Project till the commencement of commercial production which would be capitalized. The expenses include travel costs, salary & wages payable during construction of factory building, costs incurred towards feasibility studies of overseas plant, travel and site costs of personnel deputed for dismantling of the overseas plant and legal and professional charges. The costs also include the expenses incurred in the production trial runs before commencement of commercial production.

The details of Pre operative & Issue Expenses are as under:

Rs. in Lacs

S. No.	Particulars	Amount
	<b>Issue Expenses :</b>	
1	Lead Manager & Registrar fees, Legal consultant Fees and other consultancy charges	40.00
2	Printing & Stationery / Dispatch	50.00
3	Brokerage	33.00
4	Advertisement & Marketing Expenses	50.00
5	Other Expenses (Listing Fees, Depository Charges etc.)	10.00
	<b>Sub Total</b>	<b>183.00</b>
	<b>Pre-operative Expenses:</b>	
1	Establishment expenses	80.00
2	Interest during construction period	216.14
3	Traveling expenses	40.00
4	Production Trial & Incidental expenses	50.00
5	Professional charges and processing fees	60.00
6	Electricity connection, security deposits, etc.	75.00
	<b>Sub Total</b>	<b>521.14</b>
	<b>Total</b>	<b>704.14</b>

#### SCHEDULE OF IMPLEMENTATION

The implementation schedule of the Project is given below:

S. No.	Activities	Commencement	Completion
1	Acquisition of Land	September 2004	January 2005
2	Development of Land and construction of Building	September 2004	August 2005
3	Selection and ordering of machinery	Commenced	April 2005
4	Installation of machinery and utilities	February 2005	September 2005
5	Trial Production	September 2005	October 2005
6	Commercial Production	October 2005	

The Construction of production facilities will be undertaken on a block wise basis. The erection and commissioning of Plant and machinery will be done in phases, as and when construction of production facilities are ready without waiting for completion of entire civil work.

#### FOREIGN COLLABORATION

The Company does not have any technical/financial collaboration for the existing business as well as for the Project.

## 7. DETAILS ABOUT THE COMPANY:

### History & Background of the Company

The Company was incorporated as a Private Limited Company on May 11, 1972 later became a deemed Public Limited Company on September 2, 1994. The Company came out with an initial public offer in 1995 for 23.28 lacs Equity Shares aggregating Rs. 1,279.50 lacs. The Company was promoted by Mr. K. K. Agarwal and in 1989, Mr. Sandeep Agarwal, his son joined the Company as a promoter.

The Company commenced with installation of handlooms for manufacturing various types of fabrics and made-ups. Initially, the Company began with manufacturing home furnishing items and table and bed linen for the hotel industry in the domestic market and subsequently commenced exports of the said items. Presently, the Company exports to various countries like USA, Canada, European Union, South Africa and Hong Kong. The Company exports to reputed stores like Park B. Smith, USA; J. C. Penney, USA; House of Fraser, UK; Marks & Spencer, UK; Pablo Panicker, EU; Springs, USA; Habitat, UK and France; Sanders, Germany; L'eclerc, France.

The Company has also added a range of fashion accessory products like shawls, stoles, mufflers, wraps, scarves, etc. to its product portfolio which are sold in domestic and export market. In the domestic market, these products are marketed under its own brand, Le Pashmina, which is a registered trademark of the company. The Company's business model is focused around production and marketing of home furnishing and fashion accessories in its textile division. Presently, the Company distributes its products in North America directly as well as through Mr. Park B. Smith, with whom the Company enjoys a decade long relationship.

The Company introduced a range of window coverings (Venetian and vertical blinds, drapery rods) in the early 1990s. Thereafter it added awnings, garden umbrellas and wooden floorings to its range of interior decorative products. These products are marketed in the Indian market under its own brand name of Vista, which is a registered Trademark of the company.

The Company has signed a license agreement in July 2005 with Walt Disney Company (India) Private Limited whereby the Company is entitled to use certain Disney characters on the specified product groups to be manufactured by the Company.

### Major events in the history of the Company is given below:

Year	Event
1972	● Incorporated as Private Limited Company
1974	● Entered export market, commenced exports to USA, Canada, Hong Kong, European countries
1976	● Awarded the status of Government recognised exporter
1989	● Tie up with Levolor Corporation of USA and setting up of manufacturing facility for Venetian blinds and vertical blinds for window coverings
1994	● Converted into a Public Limited Company
1995	● Process patent issued for producing dyestuffs from plant material valid for 20 years
	● Initial Public Offer of the Company
1998	● Setting up of manufacturing facility for Awnings (exterior window coverings)
	● Tripartite Agreement between the Company, TIFAC and IIT, Delhi for research and development on the extraction, purification and standardization of natural dyes
1999	● Launched home furnishings and laminated wooden flooring under 'Vista' brand
	● Registered the brand 'Vista' with Registrar of Trademarks, Govt. of India.
	● Introduction of fashion accessories
	● Awarded status of Golden Trading House
2000	● Obtained ISO 14001:1996 certification for EMS from KPMG for Unit IV
	● Obtained ISO 9002:1994 certification from KPMG for Unit IV
2001	● R&D facilities recognised by the Department of Science and Technology, Government of India
2003	● Commenced supply to reputed international brands like JC Penney, USA; Springs, USA, Marks & Spencer, UK

Year	Event
2004 2005	<ul style="list-style-type: none"> <li>● Commercial launch of exports of natural dyes</li> <li>● License Agreement signed with Walt Disney Company (India) Private Limited entitling the Company to use certain Disney characters</li> <li>● Letter of Intent received from the Government of Uttaranchal for a yarn spinning facility of 50,000 spindles on lease basis at Kashipur, Uttaranchal for a period of 10 years.</li> <li>● Commenced Haridwar project implementation</li> </ul>

#### Awards and recognition

Year	Award / Recognition	Reason
1985	Shiromani Award from Indian Business Council	Export of Handloom Textile
1975-76, 1977-78, 1981-82, 1982-83, 1984-85 AND 1995-96	Handloom Export Promotion Council, Chennai	Export
1983-84, 1984-85, 1987-88, 1988-89, 1989-90	Government of Uttar Pradesh	State Export Award
1987-88	Bronze Trophy from Texprocil	Export
1995-96, 1996-97	Udyog Bandhu Award from Chamber of Indian Trade & Industry	Outstanding Export Performance
1995-96	Certificate of Merit by Ministry of Commerce	Outstanding Export Performance in Handloom Fabrics
1997-98	Gold Medal by Ministry of Textiles	Outstanding Exports
2000-01	Lalit Doshi Memorial Award from SICOM	Best performing Unit
2004-05	Two Star Export House from Ministry of Commerce & Industry, Government of India	Export Performance

#### Changes in Registered office:

There have been no changes in the registered office of the Company since incorporation in 1972, viz. B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007.

#### Changes in Name:

Previous Name	Changed Name	Date of Change
Alps Textiles (Private) Limited	Alps Textiles Limited	September 2, 1994
Alps Textiles Limited	Alps Industries Limited	November 15, 1994

#### Main Objects of the Company

The main objects of the Company as given in Memorandum are reproduced below:

#### Main Objects:

1. To acquire and take over as going concern the business being carried on at Ghaziabad under the name and style of Alps Textiles with the whole or any of the assets, properties, rights, privileges, goodwill of the said business and liabilities of the said business and to carry on the said business and for this purpose to enter, amend or modify the terms of such agreement as the board of directors may think.
2. To carry on the business of ginning, processing, spinning, weaving, doubling, manufacturing or dealing in cotton, silk, artificial silk, wool, jute, flax, hemp, rayon, nylon or other fibrous filament substances and the preparation, dyeing or colouring or designing or any of the said substances and the sale of yarn cloth or other manufactured fibrous product.
3. To carry on the business of cotton spinner, and doublers, flax, hemp and jute spinners, yarn, linen and cloth manufacturers, wool combers, worsted spinners, woollen spinners, yarn merchant, worsted stuff manufacturers and manufacturers of bleaching and dyeing material and other chemicals.

4. To weave and otherwise manufacture, buy, sell and deal in linen, cloth, readymade garments and weaving textile, felted, netted or looped.
5. To purchase, comb, prepare, spin, dye, tint, deal and sell export import, cotton, flax, hemp, jute, wool, silk, artificial silk, rayon, nylon and other fibrous synthetic and chemical substances.
6. To carry on the business of manufacturers of and dealers in yarn, printed and embroidered cloth, fabric and other kinds of cloth, nettings, matting, carpets, rugs, water proof materials and fabrics, imitation leather, plastic cloth, plastics and plastic products and goods of all kinds, hosiery, threads, knitting yarn, millinery, laces and other clothing and dress materials made from all kinds of raw materials as well as synthetic and chemical materials and substances.
7. To carry on the business of furriers, haberdashers, hosiers, manufacturers, importers and wholesale and retail dealers of and in textile fabrics of all kinds, milliners, dress makers, tailors, hatters, clothiers, out fitters and glovers.
8. To manufacture, trade, import, export or otherwise deal in finished products and raw material, parts, components and other items of door, window, wall floor coverings and false ceilings and other items used in interior decoration whether made of ferrous, non-ferrous metals, plastic, mineral fibre, polymer cloth, yarn, paper, wood or any combination of any or all of these materials.
9. To undertake dyeing, bleaching and printing of yarn, cloth, cotton in process, raw cotton, nylon, silk, wool, jute, hemp, and other fibers for any person or persons, firm or firms, company or companies, corporation or corporations or otherwise by the agents of the company.
10. To design, develop, adapt, customize, manufacture, buy, sell, trade, maintain, service, repair or otherwise deal in electronics data processing and computing equipments or any parts, components, accessories thereof and software of all kind.
11. To undertake the business of acquiring and imparting education, training, and knowledge in the area of information technology, e-commerce, software development and commercial utilization of these for medical, communication, entertainment, business applications and such other emerging fields of application.
12. To carry on the business of providing business solutions, advisory services of all kinds by use of any sort of information and/or communication technology software and allied resources and technologies.

## **PRESENT BUSINESS OPERATIONS**

The Company manufactures fabrics and made-ups and also has a range of fashion accessory products like shawls, stoles, mufflers, wraps, scarves, etc. Besides, the Company also has a range of interior decorative products such as window coverings (Venetian and vertical blinds, drapery rods), awnings, garden umbrellas and wooden floorings.

In the domestic market, the products are marketed under its own brands, Le Pashmina and Vista. The Company exports to reputed stores like Park B. Smith, USA; J. C. Penney, USA; House of Fraser, UK; Marks & Spencer, UK; Pablo Panicker, EU; Springs, USA; Habitat, UK and France; Sanders, Germany; L'eclere, France.

## **THE PRODUCTS:**

### **Home Furnishings**

The product category covers bed linen (bed covers, bed sheets, pillow covers, cushions and cushion covers, duvet covers), mats, durries, table linen (table cloth, table mats, runners, napkins), and curtains. These products find normal application in houses.

### **Furnishing Fabrics**

Fabrics used for upholstery purposes are termed as furnishing fabrics.

### **Fashion Accessories**

The Company is producing shawls, lap shawls, stoles, mufflers, wraps and similar items of fashion wear.

### **Venetian Blinds**

These blinds are made of horizontal aluminum slats used as a window covering. The blinds lend elegance to the interiors while offering the user of choice on the extent of outside light that should be permitted into the room. The usage is largely in office areas.

## **Vertical Blinds**

Unlike Venetian blinds, these blinds are made of fabric louvers laid out vertically to give a look of drapes. Apart from offices, these find usage in domestic areas also as the fabric gives a soft look.

## **Awnings**

Awnings lend beauty to the exteriors of the building while providing shade protection to the windows. They are normally used to get protection from the harsh glare of direct Sun. The company makes a number of types of awnings having applications from window exteriors to walkways, gardens, doors and shop fronts.

## **Export Obligations**

The Company has taken on export obligation to the tune of USD 219 Lacs to be fulfilled over the next eight years beginning from the date of commercial production against imports of machinery on concessional import duties under Export Promotion Capital Goods (EPCG) scheme for the proposed yarn spinning facility at Haridwar.

In addition, its UNIT IV (integrated textile mill) at Sahibabad is a 100% Export Oriented Unit (EOU). The Company is obliged to export the entire production from the unit. However, the Government policy permits the EOU units to sell in the domestic market to the tune of 50% of its exports. The company has been successfully meeting its export obligation of EOU ever since the unit was set up. The export turnover from the unit during the last three years is as under:

2002-03	Rs. 1874.46 Lacs
2003-04	Rs. 1605.73 Lacs
2004-05	Rs. 2518.35 Lacs

Besides these two export obligations, the company does not have any other export obligations.

## **Brief Details about the Customers of the Company:**

### **Domestic**

The Company has a vast network of distributors spread throughout the country as mentioned in the Prospectus under the heading 'Marketing and Selling arrangements'. These distributors cater to the domestic retail demand for the entire range of the Company's products.

### **Export**

#### **J C Penney** (source:www.jcpenney.com)

J C Penney is one of America's largest department store, catalog, and e-commerce retailers, employing approximately 150,000 associates. The Company operates 1,020 J C Penney department stores throughout the United States and Puerto Rico, and 61 Renner department stores in Brazil. J C Penney is the America's largest catalog merchant of general merchandise, and JCPenney.com is one of the largest apparel and home furnishings sites on the Internet.

#### **Massimo Dutti (MD)** (source website: www.massimodutti.com)

MD was founded in November 1985 as a Company whose principal activity was on sale of men's fashion wear. MD has since then expanded geographically and also included women's clothes in the range of offerings. MD is an integrally Spanish company, totally held by the INDITEX group, which is made up of nearly 100 companies in different countries around the world.

#### **Tie Rack** (source website: www.tie-rack.co.uk)

Tie Rack is a specialist designer retailer with focus on high quality ties, scarves and fashion accessories. Tie Rack's first shop opened in London in 1981 and now operates over 330 shops in 24 countries. The Company, in 1999, became part of the Frangi SpA group, based in Como near Milan Italy. Frangi SpA is a longstanding supplier of neckwear to many of the world's leading designer brands and has worked closely with many of the top fashion houses.

#### **Folli Follie** (source website: www.follifollie.gr)

Folli Follie is a Greek company which designs, manufactures and distributes jewellery, watches and fashion accessories under the Folli Follie brand. The core product category of the Folli Follie brand is jewellery, which depending on the market, represents between 50% and 70% of total sales. Folli Follie has a presence in more than 20 countries with over 220 points of sale including shops the world's major cosmopolitan cities such as London, Tokyo, Paris, Hawaii, Hong Kong, Geneva, New York, Athens, Shanghai and Seoul. Folli Follie products are also sold through retail standalone shops and departmental stores.

**Artee Group** (source website: www.arteegroup.com)

Artee Group has presence in three major areas namely, manufacturing, wholesale trading/ distribution and retailing. Artee Group's divisions includes amongst others supermarket/ department stores with the brand of 'Park 'n' shop'; food processing division known as 'Cakes 'n' Bakes'; Furniture/Light Fittings division known as 'Millenia Interiors'.

**Alexi Andriotti, Greece** (source website: www.andriotti.com)

Alexi Andriotti Accessories is a leading international specialty retailer offering value-priced costume jewelry, accessories and cosmetics to fashion-aware women of all ages. The Company was founded by Alexi Andriotti, who established the company in the late 1990's. Our stores are focused on women of all ages. At the begin of fiscal 2004, we supplied approximately 14 Franchise stores, 17 company stores along with shop-in-shops, and 150 wholesale distributors throughout Greece.

**GAP Inc., USA**

Gap Inc. was founded in 1969 with a single store and a handful of employees. Today, they are one of the world's largest specialty retailers with three recognized and respected brands in the apparel industry - Gap , Banana Republic and Old Navy. Gap Inc. has more than 4,200 stores in nearly 3,100 locations in the United States, United Kingdom, Canada, France, Japan and Germany. Gap demands a strict level of compliance from its suppliers and they have created one of the most comprehensive factory-monitoring and labor-standards programs in the apparel business.

**Springs, USA**

The company was established in early 1900 and is today one of the biggest importer and stockist of home furnishings in USA. Based in North Carolina, its customers include Walmart, J.C.Penney, Target, Sears, K-Mart, among others.

**INFRASTRUCTURE FACILITIES**

**Raw Materials:**

Following are the type of raw materials consumed within the various product categories:

<b>Product category</b>	<b>Raw materials required</b>	<b>Procurement</b>
Home Furnishings	- Cotton, yarn, fabric - Chemicals and dyes - Agricultural by products and waste products	Domestic and Imported Domestic and Imported Domestic
Fashion Accessories	- Pashmina/Silk yarn - Viscose fabric - Chemicals and dyes - Other components	Domestic and Imported Domestic Domestic and Imported Domestic and Imported
Architectural Products	- Coated fabric - Aluminum panels, extrusions and other components - Laminated wooden flooring	Domestic and Imported Domestic and Imported Imported

Following is a brief on the major raw materials consumed by the Company:

**Cotton**

Cotton is available in a number of varieties based on the length and softness of the fiber. Depending upon the type of yarn required to be manufactured, a particular variety or a mix of several varieties of cotton is used.

Cotton is extensively grown in India, although India suffers from relatively poor yields. As per data compiled by Gherzi in its report comparing Indian cotton textile industry with that in the neighboring Asian countries like Pakistan, Bangladesh, China, Indonesia and Sri Lanka, the area under cotton cultivation is the highest in the world. As per their estimates, an area of 8.883 million hectares was under cotton cultivation in 1999-00. However, the yield was approx 302 kgs per hectare as compared to 1,028 kgs per hectare in China.

Country	Area under Cotton cultivation ('000 hectares)	Cotton yield per hectare in Kgs
India	8,883	302
China	3,726	1,028
Pakistan	2,950	620
USA	5,433	680
World	32,327	585

Source: Gherzi - Report on cost benchmarking study for Texprocil

The Company currently procures the cotton locally from domestic sources and does not anticipate any difficulty in procuring additional cotton required for the Project. The Company can also procure cotton from international markets, in case required.

*Availability of cotton:* For yarn manufactured using Ring spinning technology, cotton of S-6 variety will be used while for Open end spinning technology, cotton of V-797 would be used. These two varieties belong to medium long staple and long staple categories respectively. As per NITRA, these categories are available in the indigenous market.

According to NITRA, V-797 variety of cotton is available at Kadi, Gujarat; Khargaon, Shendwa, Badgaon of Madhya Pradesh. Similarly, S-6 variety of cotton is available in different parts of Maharashtra, Andhra Pradesh and Gujarat. However, according to NITRA, if these varieties get in short supply, the other varieties like Wagad can be used in place of V-797 and varieties like Hariz and MCU-5 can be used in place of S-6, which are available in Gujarat, Madhya Pradesh, Maharashtra and central parts of India.

#### **Chemical and Dyes**

The Company procures the chemicals locally as well as imports certain items both of which are available in adequate supply. Besides, the Company manufactures natural dyes for which it procures agriculture waste products, by products like tree barks, flowers, pomegranate peel, harda, etc. As per the Company's estimates and past experience, these materials are readily available in the market and collection and distribution systems for these items are in existence.

#### **Other items and components**

The Company procures these items from the domestic and international markets based on the specifications and quantity required. As per the Company's estimates, no difficulty is envisaged in procuring the requisite materials.

#### **Utilities**

##### **a. Power**

###### *Existing arrangements*

Presently, the Company has 147.5 KVA sanctioned by the respective State Electricity Boards for all Unit II, III and Unit V. All units excluding Unit V have installed DG sets for meeting the power requirement and as standby of 6,508 KVA. The sanctioned limits are adequate to meet the existing and proposed load requirements for the existing units.

###### *Requirement of power and its arrangements for the Project:*

Based on the individual specifications of the machines, lighting requirements of the plant and office areas, as well as general lighting of the site, power requirement is estimated at 6 MW. The Company proposes to make an application to the Uttaranchal Power Corporation Ltd. for the required load and in view of the overall position of the state, it does not anticipate any difficulty in getting the sanction for the additional requirement. The Company also proposes to install stand by power generating facilities for 6 MW of power and suitable provision has been made in this Project.

##### **b. Water**

###### *Existing arrangements*

The Company sources the water required for the existing operations from tube wells. Drinking water is procured from the local municipality in all units except Unit IV where drinking water is sourced through the purification plant installed within Company's premises.

###### *Requirement of water and its arrangements for the Project:*

Water would be required for both general drinking and sanitation purpose and also for dyeing process. The total water requirement is estimated at 500 KL per day. This would be met from extracting ground water for which 4" diameter tube



wells are being provided for in the Project. For storage of water, one underground tank of 800 KL capacity and one overhead tank with 200 KL capacity have also been provided for in the Project cost.

A part of the water would also be required for steam generation as steam is required in the dyeing process. The Company proposes to install a boiler of 5 tons capacity to meet the requirement of dyeing process.

### c. Manpower

#### Existing arrangements

The Company at present has 824 employees. The details of the same are as under:

Particulars	No. of Employees	Functional Area
Managerial, Technical and supervisory staff	280	Finance, Marketing, Production, R & D, Logistics etc.
Skilled	140	R & D, Quality Control and office work
Semi Skilled	275	Maintenance, Stores, Production process
Unskilled	129	Production
<b>Total</b>	<b>824</b>	

Additional manpower requirements for the Project are as under:

Particulars	No. of Employees	Functional Area
Technical and supervisory staff	45	Production, Quality Control, Maintenance etc.
Skilled	25	R & D, Quality Control and office work
Semi Skilled	50	Maintenance, Stores, Production process
Unskilled	275	Production
Administration, Marketing and management	76	Administration, Marketing and Management
<b>Total</b>	<b>471</b>	

The Company already has key employees required for managing the Project operations. It will be recruiting the additional manpower as listed above in due course for which it does not envisage any difficulty as the same is easily available.

#### d. Production Capacity:

The Company manufactures a variety of products ranging from yarns, fabrics, made ups, blinds, home furnishings, fashion accessories, etc. Also, the production varies in qualitative parameters such as thickness, layers, etc. Consequently, quantification of production in uniform units is not possible.

#### e. Location & Facilities:

The details of the Company's properties are provided below:

S. No.	Location	Area	Lease Hold / Free Hold	Products manufactured
1	Unit I: A-3, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007	7352 square metres	Lease Hold	Venetian blinds, Vertical blinds, False ceilings, drapery rods.
2	Unit II & Regd. Office: B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007	6446.35 Square Meters	Leasehold	Home Furnishing Made-ups like bed-cover, cushion cover, shower curtains, ecosham, rugs (durries), duvet covers.
3	Unit III: A-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007	6688.35 Square Meters	Leasehold	Vista Wooden Laminate floorings

S. No.	Location	Area	Lease Hold / Free Hold	Products manufactured
4	Unit IV & R&D Lab: 57 / 2, Site IV, Industrial Area, Sahibabad, Ghaziabad - 201010 and 58 / 1, Site IV, Industrial Area, Sahibabad, Ghaziabad - 201010	19,530.67 Square Meters And 8478 Square Yards	Leasehold	Integrated Textile Unit having facilities of spinning, weaving, vegetable dyes, fibre yarn, fabric dyeing, finishing & made-ups and Manufacturing fashion accessories including Pashmina Shawls
5	Unit V: B-160-161, Mettupalaiyan, Industrial Estate, Pondicherry - 604 009	1296 Square Meters	Leasehold	Window Awnings, Umbrellas, Curtain Rods, Wooden Floorings
6	Marketing office F-213/D, III Floor, Lado Sarai, M. B. Road, New Delhi - 110 030	11,500 Square feet	Leasehold	Marketing office
7.	Marketing Office 3117, Oberoi Estate, Chandivli Farms Road, Chandivili, Andheri (East), Mumbai- 400072.			
	3116, Oberoi Estate, Chandivli Farms Road, Chandivili, Andheri (East), Mumbai- 400072	490 Square Feet 450 Square Feet.	Freehold  Freehold	Marketing office of the company.
8.	3rd Floor, Flat No. 3 bearing door no. 19//4B, Govindan Street, Ayyavoo Colony, Aminijkarai, Chennai-600 029.	1054 Square feet	Leasehold	Residential purposes of the employees of Alps.
9.	No-1, Kumara Krupa Road, Banglore-560 001.	702 Square feet.	Leasehold	Regional office of the company
10.	Plot no: 1B, Sector 10, Industrial Estate BHEL, Haridwar.	39,662 Square Meters	Leasehold	Set up of Industrial Unit for manufacturing of Natural Dyed Cotton Yarn.
11.	Plot no: 1A, Sector 10, Industrial Estate BHEL, Haridwar.	71,404 Square Meters.	Leasehold	Set up of Industrial Unit for manufacture of Textile Made-ups, Fabric Weaving, Yarn Doubling.

#### f. Environmental aspects

The Company is a ISO 14000 certified company. An effluent treatment plant would also be installed in the Project. All effluents would be treated to neutralize any contamination. Since the Company proposes to use natural dyes, the effluents would be non-toxic. The Company would prepare a detailed application for obtaining cleared from the Pollution Control Board. The Company does not envisage any difficulty in meeting the required parameters to maintain a healthy environment since it already possesses the requisite experience.

#### MANUFACTURING PROCESS

##### *Yarn Spinning*

##### **Open End Rotor Spinning**

Cotton is received in bales. These are opened manually as well as through machines. Cotton comes in different varieties and the same are mixed based on the quality, type and application of the yarn required to be produced. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines through the chute feed system. Carding machine further purifies the cotton by removing any left-over impurities as well as orient the fiber to make sliver from the cotton. Sliver is like a rope of cotton. The sliver is taken to Draw Frames which is essentially used for drawing and doubling of sliver to reduce mass per unit length

variation of this sliver. This prepared sliver is taken to the Open End Machines for making the yarn. The speed of the rotors is regulated based on the count of yarn to be produced- generally the finer the count, higher the speed.

### **Ring Spinning**

Ring spinning is normally favoured for finer counts of yarn. The production process initially is similar to the one for Open End Spinning up to draw frame stage. Cotton is received in bales. These are opened manually as well as through machines. Cotton comes in different varieties and the same are mixed based on the quality, type and application of the yarn required to be produced. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines. Carding machine further purifies by removing any left-over impurities and makes sliver from the cotton. The sliver is taken to Draw Frames which is essentially used for drawing and doubling of sliver to reduce mass per unit length variation of this sliver. The sliver is then taken to another machine that makes sliver lap by bringing together several slivers to form a bedding of sliver. This is called Sliver Lap. The Sliver Lap is further processed on Ribbon Lap machine which is finally fed to the combing machine to produce combed sliver (if combed yarn is required to be produced). The combing machine is used to separate all cotton fibers that are shorter than the desired length. It holds the lap at one end and then literally combs through a fixed distance of fiber fringe. Those fibers that are shorter than this fixed length get dropped and the lap having the remaining fibers of the desired length is accepted. The process is repeated for the entire length of the lap. The combed sliver is taken to a draw frame again so that the sliver could be made of the requisite fineness, which is determined by the count of the yarn required to be produced. This is called the Finisher Draw Frame. The drawn sliver is taken to the Speed Frame to produce Roving. Since the final output of the yarn on Ring Spinning machine would be of finer counts, it is necessary to literally spin the yarn by increasing the fineness of the sliver (which naturally increases the length) before it can be taken for final spinning. This action is performed by Speed Frame. It can also be called as a preparation for the final spinning into a fine count of yarn that will be done on Ring Frames. Roving produced on Speed Frame is taken to Ring Frames for spinning into yarn of the requisite count.

**Winding and Doubling:** As the package size on the Open End Rotor machines is of the requisite size, and all faults of yarn are being cleared at rotor machine itself, hence no separate winding operation is required. Doubling, as the name suggests means, plying of two yarns. This results in improvement of yarn uniformity and strength as well as reduction in yarn hairiness. For doubling the yarn, a parallel winding of the yarn is done on parallel winder and the same is then fed into TFO. While a normal Ring Doubler would just ply the two yarns together, a TFO, short for Two-for-One twister, imparts two turns in yarn for every one rotation of the spindle, thus increasing the production. Further, the package prepared on TFO has uniform package density, which helps during warping, knitting and weaving. Thus doubling adds value to the yarn.

### **Fabric Weaving**

The woven fabrics comprises of longitudinal or warp thread and transverse or weft threads which are interlaced with one another according to design required. The Warp is prepared from the spun yarn, processed on warp preparatory equipment and for weft no preparation is required and cones are directly fed on the loom.

**The process adopted for the production of fabric is as follows:**

#### **Warping**

In this process, the yarn received in the form of cheese / cone is mounted on a creel having accommodation for about 500-600 ends. The ends are pulled forward in the form of a sheet with a tube and two flanges. This process presents in a sheet form, a large number of ends laid side by side and of the desired length. This machine is called Sectional Warping machine.

#### **Drawing-in**

The yarn ends are drawn-in through healds and reeds manually or by using drawing in machines.

#### **Weaving**

The process of interlacing warp threads with weft threads is called weaving and machine employed for this purpose is called Weaving Machine. Weaver beams are drawn in at the drawing in section and are gaited on the looms. The healds with end-in are raised or lowered to form a shed according to the design required and pirn is passed through to lay a pick. The shed once formed is closed and the weft beaten into the already formed fell of the cloth. This process of repeated interlacing of the threads forms cloth.

### **Inspection and Folding**

The cloth manufactured on loom is doffed periodically and inspected for damages. The process of inspection is carried out by puling cloth mechanically over a table. After inspection, the cloth is folded and measured on a folding machine.

### **Made ups / home furnishings**

The cloth is cut and stitched as per requirements for converting into the following items:

1. Table Covers, Napkins, Table Mats
2. Shower Curtains, Laundry Bags
3. Cushion Covers, Bed Sheets, Bed Covers, Duvet Covers, Pillow Covers, Bed Skirting
4. Drapery

The stitched items are cleaned, folded and packed suitably.

### **Fashion Accessories**

The cloth is cut as per requirements for converting into various items like shawls, stoles, mufflers etc. In some cases, the fabric is first dyed into the requisite shade and then its cutting is done. Tassels are formed to give the product a fashionable look. The product is then put on a calendaring machine. It is then folded and packed suitably.

### **Vegetable Dyes**

Vegetable and Forest waste are pulverized and are then left in pre-heated water treated with requisite chemicals. The ph factor of the water and its temperature is controlled for controlled extraction of the colour. Once the colour is extracted into the water, it needs to be dried for recovery of dye. Drying is achieved by means of a high-speed centrifuge, which not only helps in achieving the drying process but also in refining the dye to a fine level.

### **Venetian Blinds**

Aluminum slats are purchased in roll form. The same are cut to size and in the same process, the cut slats are formed to give a slight bend as well as the required cut and shape. Head Rail and Bottom Rail are formed from MS strip and the formed rails are powder coated in required colour to match with the slats colour. The movement mechanism is then installed in the head rail and a thread webbing of the required length is hung from the assembled head rail with the help of the bottom rail. The cut slats are inserted through the webbing and thereafter, the operating cord is run through the slats. The blind operation is thereafter checked and defects if any are removed. The approved piece is then packed for dispatch.

### **Vertical Blinds**

The Head Rail is cut to size from the extruded aluminum section. The fabric, either woven on the company's looms or purchased from vendors, is coated with chemicals to give it adequate strength and form. The coated fabric roll is slit to make multiple rolls of required width. The fabric rolls are then used to make louvers as per the required size. The cut louvers are punched and stitched to hold the bottom weight and insertion of plastic patti to attach itself to the runner in the head rail. The head rail is prepared in the other section where the operating mechanism along with runners and operating cord are attached. The operation of the Head Rail is checked and the same is packed. The louvers are rolled to form bundles and packed separately. Other accessories like bottom weight, bottom chain, and brackets are packed separately. All material pertaining to each individual order is dispatched to the dealer. The dealer then attaches the louvers and other accessories upon installation of the blind.

### **RESEARCH AND DEVELOPMENT CENTRE:**

The R&D department comprises of Sr. chemists and chemists with like background, Ph.D, M. Sc. (textile clothing) B. Sc. (food technology) and other chemists with B.Sc. background.

The R&D department has been engaged in developing eco-friendly natural colourants for the colouration of all types of textile, food, cosmetics, pharmaceuticals, hairs, leather, cane products and other house products such as candle, paper, wooden toys or even for giving herbal wash.

Natural colours have been produced from various kinds of vegetable matters such as leaves, seeds, bark and stems The colours have been extracted in aqueous medium, purified and converted into user friendly powder form.

The Company has standardized 12 dyes using the raw materials such as cutch, Babool bark, Kamala powder, Anar chilka, Majuphal, Dolu, Madder, Golden Dock, Myrobalan fruits, Natural indigo, Lac sticks, Tesu, Methi.

To get the reproducibility of shades, various monitoring parameters as per international norms are used such as pH, moisture content, soluble extractive value, Total ash, Acid insoluble ash, washing fastness, Rub fastness, Light fastness.

Equipment such as pH meter, Hot air oven, Centrifuge, Muffle furnace, UV spectrophotometer, Water bath, Moisture analyzer, Dying apparatus, Computer colour matching system, Light fastness tester, Laundrometer, Refractometer, Weighing balance, Rub fastness tester, HPLC, High temperature high pressure dying machine, etc are used for the R&D.

## MARKETING STRATEGY & SELLING ARRANGEMENTS

### Domestic:

The company has nation wide distribution network supported by the Company's own sales offices in Delhi, Mumbai, Chennai and Bangalore. These offices are fully equipped with infrastructure and other facilities and are manned by a team of trained personnel. The Company has appointed a chain of distributors in each state. These distributors in turn have appointed retailers and sub-dealers under them to comprehensively cover the entire region in their control. The total number of dealers appointed by the company is roughly around 150.

The Company's domestic dealer network is spread across the country as seen below:

Region	No. of dealers
North	66
East	6
Central	9
West	46
South	23
<b>Total</b>	<b>150</b>

### Overseas:

The company's products are exported to USA, Spain, UK, South Africa and Hong Kong.

An experienced marketing team headed by the Vice President - Marketing, looks after the exports of the company. The sales are made directly to chain of stores in some cases and in other cases it is made to importers overseas, who in turn sell to retail chains. The marketing team is based at Delhi. Mr. Rakesh Gupta, Director of the company and an NRI, is well connected with foreign buyers of fashion accessory products and provides valuable inputs to the marketing team. A number of foreign importers also have their buying agents in India and the company's marketing team maintains continuous interaction with these agencies.

As per general industry practice, the Company relies on the relationship with its dealers over the past many years and there are no formal agreements.

## COMPETITION

The Company faces competition from domestic and international companies depending on the product range.

### Architectural Products

**Mac Décor Limited:** The Company is engaged in manufacture and marketing of drapery rods, vertical and Venetian blinds, roller blinds, roman blinds, awnings and garden umbrellas. It markets its products under the brand name 'MAC'. Its architectural products range, however, does not include laminate wooden flooring and composite aluminum panels.

**Hunter Douglas:** The Company is specializing in all types of blinds - vertical, venetian, roller, roman and pleated blinds. It has an advantage due to its multinational status, particularly in respect of marketing to multinational companies.

**Aerolux Private Limited:** Largely restricted to window covering products, the Company does not market laminate wooden flooring or aluminum composite panels. Its product range includes garden chairs and outdoor furniture.

**Pergo India Limited:** The Company markets wooden laminate flooring under the brand name **Pergo**. This is a joint venture of Pergo AB Sweden with Jatias of Wimco in India. It enjoys high brand recognition as Pergo was the first to introduce laminate wooden flooring in India.

**Fashion Accessories:** The unorganized players largely rule the sector. It was precisely due to the absence of presence of numerous brands that Alps spotted a marketing and branding opportunity and launched its fashion accessories products under the brand name 'Le Pashmina'. There are few recognized brands in the sector - Raymonds, Ahuja Sons,

Shingora, and Pringle. These brands also market pashmina and silk-pashmina blended accessories. However, none of these competitors use natural dyes in their products. Fashion accessories are premium products and cater to the upper income group. This group is more environment conscious and hence the products of Alps are uniquely positioned.

**Home Furnishings:** This is a very old industry and comprises of various manufacturers. The branded players in the market are 'Bombay Dyeing' and 'Seasons Furnishings'. Other significant players include 'Rugs India' for mats, 'Paliwal Industries', 'Orient Craft', 'Creative', 'Weavetex', designer labels like 'Sarita Handa'. Product differentiation is created with the help of designs and branding. Home furnishing products are still largely sold as unbranded products by retailers. However, the discerning customer is more brand conscious now. By giving consistent quality, branded products are slowly gaining in the market. Designs are the most important feature of the products and, therefore, companies active in international markets have an edge owing to their access to better internationally accepted designs.

**BUSINESS STRATEGY:**

The Company's area of core competency are:

1. Textiles
2. Natural Dyes

The Company has been concentrating on its core competency areas of textiles and application of vegetable dyes on textiles in its growth pursuit. The product range has accordingly expanded from home furnishings to fabrics, fashion accessories and natural dyes. Although bulk of the yarn production is used for captive consumption, the Company has made some small sales of fiber dyed yarn in the past.

Drawing on its core strength, the company is proposing to set up a 50tpd fiber dyed yarn spinning facility in Haridwar, Uttaranchal. Strategically, the Company is considering the proposed spinning facility as a first step in its growth plans. The Company contemplates to add facilities for downstream products to use in-house the additional yarn produced at the new facility thus enabling it to enhance substantially the value addition being achieved.

On architectural products front, Alps introduced its vertical and venetian blinds under the concept of "Window Fashions". This philosophy of fashion for interiors has remained central to its operation of architectural products division. The strengths of the Company are:

- A nation-wide distribution network;
- Relationships with architects and interior designers nurtured over the last 15 years; and
- A strong brand name.

The addition of wooden laminate flooring and more recently, composite aluminum panels to its range were made with a view to leverage these strengths. The Company feels these strengths will remain central to its expansion plans.

**TERM LOANS**

The Term loan availed by the Company and the outstanding as on March 31, 2005 is as under:

				Rs. in Lacs
Sr. No	Lender	Rate of Interest	Amount Sanctioned	O/s as on March 31, 2005
1	IDBI	11%, (Less: subsidy under TUFSS Scheme @ 5%)	1150	1014.52
2	IDBI	11%, (Less: subsidy under TUFSS Scheme @ 5%)	500	500
3	State Bank of Travancore	LIBOR (6Months)+ 250 bps%	USD 20,00,000	USD 4,00,000
4	State Bank of Patiala	10.85%	500	406.22
5	State Bank of Patiala	8.25%	600	287.66
6	State Bank of Patiala	8.50%	400	400
7	ING Vysya Bank	8.50%	400	302.8
8	Technology Information, Forecasting & Assessment Council	Soft Loan	200	60

Sr. No	Lender	Rate of Interest	Amount Sanctioned	O/s as on March 31, 2005
9	UCO Bank	14%	94.8	57.68
10	Bank of Rajasthan	9%	700	700
11	State Bank of India	7.75% p.a., (Less: subsidy under TUFSS Scheme @ 5%)	3371	1126.75
12	J&K Bank Limited	7.75% p.a., (Less: subsidy under TUFSS Scheme @ 5%)	3000	905.68
13	Syndicate Bank	7.75% p.a., (Less: subsidy under TUFSS Scheme @ 5%)	2196	351.72
14	State Bank of Patiala	7.75% p.a., (Less: subsidy under TUFSS Scheme @ 5%)	500	729.32

### WORKING CAPITAL FACILITIES

The Working capital loans availed by the Company and outstanding as on March 31, 2005 is as under:

Rs. in Lacs

Sr. No	Lender	Rate of Interest	Sanctioned		O/s as on March 31, 2005	
			Fund based	Non Fund based	Fund based	Non Fund based
1)	State Bank of India	CC:12.10 %; FCNR (B): LIBOR+2%; EPC: 7.10%; FBD: 7.10%	3500	500	2911.44	111.9
2)	Bank of Baroda	CC:13 %; PCFC: LIBOR+3.50%; FCNR (B): LIBOR+6.5% EPC: 6.5%; FBD: 6.5%	750	200	502.19	67.8
3)	ABN Amro Bank	CC:11.00 %; WCDL:9.50%; EPC:8.00%; FBD:8.00%	600	400	454.21	--
4)	ING Vysya Bank	CC:9.50 %;WCDL:9.50%; EPC:7.25%; FBD:7.25%	600	--	328.52	--

Details of the same along with security, repayment schedule, etc. are given as part of the Auditors report as mentioned in this Prospectus.

There are no defaults in meeting any statutory/bank/institutional dues.

## OTHER GROUP/ASSOCIATE COMPANIES/VENTURES OF PROMOTERS:

### I. ALPS TEXTFAB PRIVATE LIMITED

The company was incorporated on 24th August 1998 under the Companies Act, 1956 vide certificate of incorporation no. 55-95714. The registered office of the company is situated at F-213/D, III Floor, M.B. Road, Lado Sarai, New Delhi. Alps Textfab is engaged in manufacture/deal/export-import/fabrication/design of all kinds of fabrics, knitwears, yarn, handicraft items etc.

#### The Board of Directors of Alps Textfab Private Limited:

Name of the Director	Designation
Mr. Sandeep Agarwal	Director
Mr. Bhagwati Lal Jain	Director

#### Shareholding pattern :

Name of the shareholder	No. of Shares	% Holding
Sandeep Agarwal & Group	725000	50.00
B.L. Jain & Group	725000	50.00
<b>Total</b>	<b>1450000</b>	<b>100.00</b>

The Company has availed the following assistance from the below-mentioned financial institutions:

Nature of facility	Limit (Rs. in Lacs)
Cash credit limit from Indian Overseas Bank (Against hypothecation of stocks and personal guarantee of directors)	200.00
Term Loan from Indian Overseas Bank	217.00
<b>Total</b>	<b>417.00</b>

#### Brief Financial Performance:

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	697.65	971.25	1126.88	1200.72
PAT	-23.21	88.37	23.85	31.23
Share Capital	145.00	145.00	145.00	185.00
Reserves (excluding revaluation reserves)	--	--	14.74	45.98
Networth	47.55	135.89	159.74	230.98
NAV per Share (Rs.)	3.14	9.37	11.02	12.49
EPS per Share (Rs.)	--	6.09	1.64	1.69

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

### II. IMPROVE INTERIORS.COM LIMITED

The company was incorporated on 01st March 2000 under the Companies Act, 1956 vide certificate of incorporation no. 55-104094. The registered office of the company is situated at F-213/D, III Floor, M.B. Road, Lado Sarai, New Delhi. Improve Interiors is engaged in the field of e-commerce, web based and technology related applications.



The Board of Directors of Improve Interiors are:

Name of the Director	Designation
Mr. K.K. Agarwal	Director
Mr. Sandeep Agarwal	Director
Mr. Vasu Rajesh Arya	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	5930300	59.67
Others	4008900	40.33
<b>Total</b>	<b>9939200</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:**

The commercial activities of the company have not yet commenced, hence no Profit and Loss account for the year 2003-2004 has been prepared. All the revenue expenditure for the purpose of setting up of the company's project has been treated as pre-operative expenses.

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	--	--	--	--
PAT	--	--	--	--
Share Capital	99.39	99.39	99.39	99.39
Reserves (excluding revaluation reserves)	--	--	--	--
Networth	98.78	98.78	98.78	98.78
NAV per Share (Rs.)	0.99	0.99	0.99	0.99
EPS per Share (Rs.)	---	--	--	--

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

There are no pending litigations, defaults, etc against above Companies, its promoters and/or its directors.

**III. ROSEATE FINVEST PRIVATE LIMITED**

The company was incorporated on 10th April 1995 under the Companies Act, 1956 vide certificate of incorporation no. 55-67348. The registered office of the company is situated at E-8, Lajpat Nagar III, New Delhi. Roseate Finvest was set up with an objective to carry on the business of investment in financial securities and allied activities.

Board of Directors of Roseate Finvest Private Limited:

Name of the Director	Designation
Ms. Sonal Narain	Director
Mr. Ashu K. Govil	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
Sandeep Agarwal & Group	162500	65.23
Others	86600	34.77
<b>Total</b>	<b>249100</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:**

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.25	0.25	0.25	0.56
PAT	0.51	0.05	(1.87)	0.50
Share Capital	24.91	24.91	24.91	24.91
Reserves (excluding revaluation reserves)	4.20	4.25	2.38	2.88
Networth	29.06	29.11	27.26	27.78
NAV per Share (Rs.)	11.67	11.69	10.94	11.15
EPS per Share (Rs.)	0.20	0.02	--	0.20

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

**IV. SAURABH FLORICULTURE PRIVATE LIMITED**

The company was incorporated on 22nd March 1995 under the Companies Act, 1956 vide certificate of incorporation no. 55-66633. The registered office of the company is situated at 8, Veer Savarkar Block, Chhabra Building, III Floor, Shakarpur, New Delhi. Supreme Finvest was set up with an objective to carry on the business of farming, horticulture, floriculture, sericulture, dairies, cultivators and other allied activities.

The Board of Directors of Saurabh Floriculture Private Limited:

Name of the Director	Designation
Mr. Ashu K. Govil	Director
Ms. Vasundhra Govil	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	181685	52.15
Others	166695	47.85
<b>Total</b>	<b>348380</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:**

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.66	0.66	0.66	0.46
PAT	0.58	0.13	(0.58)	(0.40)
Share Capital	34.84	34.84	34.84	34.84
Reserves (excluding revaluation reserves)	5.76	5.89	5.31	4.91
Networth	40.55	40.68	40.12	39.75
NAV per Share (Rs.)	11.64	11.68	11.52	11.41
EPS per Share (Rs.)	0.17	0.04	--	--

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

## V. PADAM PRECISION DIES & COMPONENTS PRIVATE LIMITED

The company was incorporated on 13th September 1991 under the Companies Act, 1956 vide certificate of incorporation no. 55-45849. The registered office of the company is situated at 302, Chhabra Complex, 8, Veer Savarkar Block, Shakarpur, New Delhi. Padam Precision Dies & Components (P) Limited was set up with an objective to carry on the business as importers, exporters, assemblers, fabricators, manufacturers, designers in all kinds of dies, hand tools, and other jigs, moulds, mechanical and industrial components and other allied activities.

The Board of Directors of Padam Precision Dies & Components Private Limited:

Name of the Director	Designation
Mr. Siddharth Govil	Director
Ms. Ashu K. Govil	Director

### Shareholding pattern :

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	61620	94.80
Others	3380	5.20
<b>Total</b>	<b>65000</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

### Brief Financial Performance:

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.30	0.30	0.30	0.36
PAT	0.20	(0.0065)	0.08	0.30
Share Capital	62.65	62.65	62.65	65.00
Reserves (excluding revaluation reserves)	7.77	7.77	7.85	8.15
Networth	70.35	70.35	70.25	73.12
NAV per Share (Rs.)	108.23	108.23	108.08	112.49
EPS per Share (Rs.)	0.32	--	0.13	0.42

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

None of the above concerns have become sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 or are under winding up.

There are no Companies/firms/entities from which promoters have disassociated during last 3 years.

### COMPANIES FOR WHICH AN APPLICATION HAS BEEN MADE FOR STRIKING OFF NAME

#### Creative Blends Inc. ("Creative Blends"), U.S.A.

Creative Blends, having its present Principle Office at Suite 709, 390 Fifth Avenue, New York, N. Y. U.S.A., was incorporated under the statutory laws of state of New York in August 2001. Creative Blends was promoted by Alps Industries as a wholly owned subsidiary. Creative Blends was incorporated with the main object of handling the international marketing of Alps Industries and engaging principally in the business of wholesale trading of textiles, etc. However, with the dismantling of the Quota regime, large buyers of developed countries are looking at increasing their sourcing from India, and have consequently established their own offices/ buying agents in India. Therefore the requirement of having office in USA diminished and hence the decision was taken to wind up the operations there. The process of obtaining requisite clearances from all relevant authorities including those for taxes is under process. The application of dissolution has been filed with the concern authorities on 28th December, 2004. Pending this application, Alps Industries Limited has entered into an agreement dated March 21, 2005 with Samurai Global Limited, a Company based in China, to sale its entire holding in Creative Blends at par value i.e. Rs.131.30 Lacs.

## 8. THE PROMOTERS & THEIR BACKGROUND:

The Company is promoted by Mr. K K Agarwal, Mr. Sandeep Agarwal and certain corporate bodies viz. Alps Infin Pvt. Ltd., Supreme Finvest Pvt. Ltd., Coronation Spinning India Pvt. Ltd., Careen Fintech Pvt. Ltd., Perfect Finmen Services Pvt. Ltd., Peek Finvest Pvt. Ltd. & Alps Processors Pvt. Ltd.

### CORE PROMOTERS



#### MR. K.K. AGARWAL, CHAIRMAN

Mr. K.K. Agarwal, aged 64 years, (Voters ID Card No. - N.A., Driving License No. K-64/G'BAD) is a qualified textile engineer. He commenced the business of textiles in the year 1962 in a partnership firm and later promoted Alps Industries to corporatize the business activities in 1972.

He has an experience of more than 40 years in the textile and interior decorative industry. He was instrumental in exploring the export markets for the Company's products and establishing long term relations with the Company's buyers like Park B. Smith Inc., USA and Habitat, UK and France.

He has been the force behind the research and development activities on the development and standardization of natural dyes from agricultural waste and by-products. In this regard the Company has also entered into an agreement with IIT, Delhi and TIFAC. He has also been instrumental in introducing the new product range with the concept of eco-friendly vegetable dyed fabrics and decoratives.

He was the President of All India Manufacturers Organisation, UP Board in 1980 and Vice President of North Zone in 1981. He was also the Founder President of All India Cotton Made-ups Association in 1990 and is a winner of Shiromani award for the export of handloom textiles in 1985 from Indian Business Council.

He is currently the Non Executive Chairman of the Company.



#### MR. SANDEEP AGARWAL, MANAGING DIRECTOR

Mr. Sandeep Agarwal, aged 41 years, (Voters ID Card No. - N.A., Driving License No.S-32270/GZB/93) is a commerce graduate. He joined the Company in 1989 and is presently the Managing Director of the Company.

He was instrumental in diversifying into value added lines like the Vista range of interior decoratives and in developing a formal tie up with Levolor Corp., USA. He has been the force behind setting up the manufacturing facilities for venetian blinds, vertical blinds, drapery rods, wooden laminated flooring, etc.

He also developed brands like Vista, for interior decoratives and Le Pashmina, for fashion accessories.

One of the areas of his responsibilities include marketing and business development. Under his leadership, the Company has setup a nationwide distribution system for the Company's products. This has helped the Company in marketing its brands such as Vista throughout the country.

The Company is managed by the above promoters since inception and there has been no change in the management of the Company. We confirm that the PAN, Bank Account details and Passport Number of the Promoters has been submitted to the Stock Exchanges on which shares are proposed to be listed, at the time of filing the Prospectus with them.

### OTHER PROMOTERS - CORPORATE BODIES

#### I. ALPS INFIN PRIVATE LIMITED

The company was incorporated on 22nd January 1997 under the Companies Act, 1956 vide certificate of incorporation no. 55-84608. The registered office of the company is situated at F-213/D, III Floor, M.B. Road, Lado Sarai, New Delhi. Alps Processors was set up with an objective to underwrite, deal in financial securities, act as an investment and financial consultant and allied activities.

The Board of Directors of Alps Infin Private Limited:

Name of the Director	Designation
Mrs. Sanyog Agarwal	Director
Mrs. Nidhi Agarwal	Director
Mr. K.K. Agarwal	Director
Mr. Sandeep Agarwal	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	999700	99.97
Others	300	0.03
<b>Total</b>	<b>1000000</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:**

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	3.16	3.25	7.51	3.67
PAT	0.07	(1.34)	0.27	1.16
Share Capital	100.00	100.00	100.00	100.00
Reserves (excluding revaluation reserves)	224.25	222.93	223.20	224.53
Networth	323.99	322.72	323.04	324.53
NAV per Share (Rs.)	32.40	32.27	32.30	32.45
EPS per Share (Rs.)	0.01	--	0.30	1.16

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

## II. PERFECT FINMEN SERVICES PRIVATE LIMITED

The Company was incorporated on 10th April 1995 under the Companies Act, 1956 vide certificate of incorporation no. 55-67340. The registered office of the company is situated at 8, Chhabra Complex, Veer Savarkar Block, Shakarpur, New Delhi. Perfect Finmen Services (P) Limited was set up with an objective to carry on the business of investment in financial securities and allied activities.

Board of Directors of Perfect Finmen Services (P) Limited:

Name of the Director	Designation
Mr. Siddharth Govil	Director
Ms. Ashu K. Govil	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	148000	59.63
Others	100200	40.37
<b>Total</b>	<b>248200</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:****(Rs. in lacs)**

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.25	0.25	0.25	0.33
PAT	0.15	0.05	0.16	0.27
Share Capital	24.82	24.82	24.82	24.82
Reserves (excluding revaluation reserves)	4.31	4.35	4.51	4.78
Networth	29.08	29.12	29.31	29.60
NAV per Share (Rs.)	11.72	11.73	11.81	11.93
EPS per Share (Rs.)	0.06	0.02	0.06	0.11

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

**III. CAREEN FINTEC PRIVATE LIMITED**

The company was incorporated on 05th February 1996 under the Companies Act, 1956 vide certificate of incorporation no. 55-76021. The registered office of the company is situated at G-34, Laxmi Nagar, Near Walia Nursing Home, New Delhi. Careen Fintec (P) Limited was set up with an objective to carry on the business of investment in financial securities and allied activities.

Board of Directors of Careen Fintec (P) Limited:

Name of the Director	Designation
Mr. Siddharth Govil	Director
Ms. Ashu K. Govil	Director

The Board of Director comprises of the above shareholders.

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
Sandeep Agarwal & Group	270190	73.02
Others	99810	26.98
<b>Total</b>	<b>370000</b>	<b>100.00</b>

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:****(Rs. in lacs)**

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.48	0.38	0.38	0.36
PAT	0.41	0.07	(2.08)	0.29
Share Capital	36.37	36.37	36.37	37.00
Reserves (excluding revaluation reserves)	37.66	37.72	35.64	35.93
Networth	73.96	74.02	71.97	72.91
NAV per Share (Rs.)	20.34	20.00	19.72	19.71
EPS per Share (Rs.)	0.11	0.02	--	0.08

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

#### IV. CORONATION SPINNING (INDIA) PRIVATE LIMITED

The company was incorporated on 29th April 1982 under the Companies Act, 1956 vide certificate of incorporation no. 55-3569. The registered office of the company is situated at 302, Chhabra Complex, 8, Veer Savarkar Block, Shakarpur, New Delhi. Coronation Spinning (I) Private Limited was set up with an objective to carry on the business of textile spinning, combing, weaving, bleaching, dyeing, printing and other allied activities.

Board of Directors of Coronation Spinning (I) Private Limited:

Name of the Director	Designation
Ms. Sonal Narain	Director
Ms. Rita Govil	Director

The Board of Director comprises of the above shareholders.

Shareholding pattern :

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	74055	95.40
Others	3575	4.60
Total	77630	100.00

The Company has not availed any assistance from banks/financial institutions.

#### Brief Financial Performance:

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.41	0.42	0.42	5.52
PAT	0.31	0.13	(0.77)	5.31
Share Capital	77.63	77.63	77.63	77.63
Reserves (excluding revaluation reserves)	39.79	39.88	39.11	44.41
Networth	117.35	117.44	116.69	122.01
NAV per Share (Rs.)	151.17	151.28	150.32	157.20
EPS per Share (Rs.)	0.40	0.17	--	6.84

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

#### V. SUPREME FINVEST PRIVATE LIMITED

The company was incorporated on 10th April 1995 under the Companies Act, 1956 vide certificate of incorporation no. 55-67351. The registered office of the company is situated at 8, Veer Savarkar Block, Chhabra Building, III Floor, Shakarpur, New Delhi. Supreme Finvest was set up with an objective to carry on the business of investment in financial securities and allied activities.

The Board of Directors of Supreme Finvest Private Limited:

Name of the Director	Designation
Ms. Sonal Narain	Director
Mr. Ashu K. Govil	Director

**Shareholding pattern :**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	210700	90.47
Others	22200	9.53
Total	232900	100.00

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:****(Rs. in lacs)**

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.11	0.15	0.15	0.20
PAT	0.05	0.03	(3.40)	0.13
Share Capital	23.29	23.29	23.29	23.29
Reserves (excluding revaluation reserves)	1.33	1.37	(2.04)	(1.92)
Networth	24.57	24.61	21.25	21.36
NAV per Share (Rs.)	10.55	10.57	9.12	9.17
EPS per Share (Rs.)	0.02	0.01	--	0.06

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

**VI. ALPS PROCESSORS PRIVATE LIMITED**

The company was incorporated on 12th July 1996 under the Companies Act, 1956 vide certificate of incorporation no. 55-80342. The registered office of the company is situated at F-213/D, III Floor, M.B. Road, Lado Sarai, New Delhi. Alps Processors is engaged in manufacture/deal/export-import/fabrication/design of all kinds of fabrics, knitwears, yarn, handicraft items etc.

The Board of Directors of Alps Processors Private Limited:

Name of the Director	Designation
Mr. K.K. Agarwal	Director
Mr. Sandeep Agarwal	Director
Mrs. Nidhi Agarwal	Director

**Shareholding pattern:**

Name of the shareholder	No. of Shares	% Holding
K.K. Agarwal & Group	203020	100.00
Total	203020	100.00

The Company has not availed any assistance from banks/financial institutions.

**Brief Financial Performance:****(Rs. in lacs)**

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.50	6.33	3.62	0.68
PAT	0.18	6.15	(1.01)	0.42
Share Capital	20.30	20.30	20.30	20.30
Reserves (excluding revaluation reserves)	0.20	0.64	(0.43)	(0.06)
Networth	20.35	20.82	19.78	20.18
NAV per Share (Rs.)	10.02	10.26	9.74	9.94
EPS per Share (Rs.)	0.09	3.03	--	0.21

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.



## VII. PEEK FINVEST PRIVATE LIMITED

The company was incorporated on 10th April 1995 under the Companies Act, 1956 vide certificate of incorporation no. 55-67339. The registered office of the company is situated at E-8, Lajpat Nagar III, New Delhi. Peek Finvest was set up with an objective to carry on the business of investment in financial securities and allied activities.

The Board of Directors of Peek Finvest Private Limited:

Name of the Director	Designation
Ms. Sonal Narain	Director
Mr. Ashu K. Govil	Director

### Shareholding pattern :

Name of the shareholder	No. of Shares	% Holding
Sandeep Agarwal & Group	260880	81.525
Others	59120	18.475
Total	320000	100.000

The Company has not availed any assistance from banks/financial institutions.

### Brief Financial Performance:

(Rs. in lacs)

Particulars	For the Financial Year ended March 31st			
	2002	2003	2004	2005
Total Income	0.40	0.58	0.63	7.79
PAT	0.31	(0.11)	(4.17)	7.69
Share Capital	31.48	31.48	31.48	32.00
Reserves (excluding revaluation reserves)	45.95	46.07	41.89	49.57
Networth	77.38	77.50	73.34	81.56
NAV per Share (Rs.)	24.18	24.22	22.92	25.49
EPS per Share (Rs.)	0.10	--	--	2.40

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its Promoters and Directors.

There has been no change in the management of above corporate bodies. Further, none of the above concerns have become sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 or are under winding up or have been debarred from accessing the capital market by any regulatory / statutory authorities.

## 9. KEY MANAGERIAL PERSONNEL

S. No.	Name	Designation	Age yrs	Qualification	Date of Joining	Exp Yrs.	Previously Employed	Present Annual Compensation (Rs. in lacs)
1	Mr. V.K. Mittal	C.E.O.	61	B.E.	26-09-03	41	McNally Bharat Co. Ltd.	8.40
2	Mr. Ajay Gupta	C. S., AGM (Legal)	44	B.Com, B G L FCS	08-08-96	18	Jay Rapid Roller Ltd.	3.30
3	Mr. K.V.H. Rao	V. P. - Technical	50	B.Sc., LTM, ATA (SPG)	18-10-04	30	Bhaskar Inds. Ltd.	6.60
4	Ms. Preeti Sayal	V. P. - Marketing	45	Degree from NIFT in Designing & Marketing	01-12-02	15	Shiva Exports, New Delhi	9.00
5	Mr. P.K. Rajput	V. P. Comm	48	B.Com.	01-10-95	26	DCM Silk Mills	7.35
6	Mr. A.K. Singhal	V. P. Accounts	53	B.Sc.	18-08-93	32	DCM Sriram Industries Ltd.	5.22
7	Mr. Punit Tyagi	DGM - HRM	51	B.Sc., LLB	12-12-97	28	Modi Threads Ltd.	5.52
8	Mr. Harish Agrawal	AGM - Finance	35	C. A.	6-12-2000	10	K G Somani & Co.	2.34
9	Dr. R. C. Srivastava	Manager - R&D & Dyes Mfg.	52	M. Sc. (Botany), D. Phil.	12.02.98	20	Shahnaz Ayurvedics	3.32

### Brief Profile of Key Managerial Personnel:

#### Mr. V. K Mittal

Mr. V K Mittal, 61 years, a science graduate with specialization in Metallurgical Engineering from Banaras Hindu University, has more than four decades experience in Metals & Textile Industry. He has worked with Indian Iron and Steel Co., McNally Bharat Co. Ltd. He is designated as Chief Executive Officer for Unit III engaged in making Architectural Products viz. Vista Floor Fashions, Window Furnishings etc.

#### Legal & Compliance:

#### Mr. Ajay Gupta

Mr. Ajay Gupta, 44 years, a Commerce graduate, Bachelor of General Law and Fellow Member of Institute of Company Secretaries of India, has 18 years experience in handling Legal, Secretarial and Public Issue related matters. He is designated as Company Secretary & AGM (Legal) and is responsible for handling secretarial matters, compliances of SEBI & Stock Exchanges, Legal matters of the Company.

#### Production:

#### Mr. K V H Rao

Mr K V H Rao, 50 years, Science graduate from Mysore University, LTM (Spinning), Associate Member of Textile Association (Spinning) has an overall experience of 3 decades in Textile Industry. He has worked with Bhaskar Industries Limited, Wool Worth India, Raipur, Dhar Textiles, Hukumchand Mills, Standard Mills Ltd. (Mafatjal Group), Alps Industries Limited. He is designated as Vice President Technical and will be heading proposed spinning unit at Uttaranchal. Presently he oversees the overall production operations of Unit IV at Ghaziabad.

**Marketing:****Ms. Preeti Sayal**

Ms. Preeti Sayal, 45 years, holding degree in Designing & Marketing from National Institute has more than 15 years experience in marketing Textile & Textile products in local as well as International markets. She has worked with Shiva Exports, New Delhi. She has also established buyers' manufacturing Division for Two stores while she was based in UK during 2000-2002. She is designated as Vice President marketing and responsible for International marketing of Company's products.

**Commercial:****Mr. P K Rajput**

Mr P K Rajput, 48 years, a Commerce graduate from Banaras Hindu University has an overall experience of more than 25 years in Textile Industry. He has worked with Hindon River Mills, Swatantra Bharat Mills (DCM Silk Mills). He is designated as Vice President Commercial and is responsible for handling Excise matters, Liasoning with Factories department and Insurance for the Company.

**Finance & Accounts:****Mr. A K Singhal**

Mr. A K Singhal, 53 years, a Science graduate, has more than 30 years experience in Accounts. He has worked as Sr. Accounts officer with Hindon River Mills - Dasana, a unit of DCM Sri Ram Industries Limited. He is designated as Vice President - Accounts and is responsible for maintaining and inalization of accounts of the Company.

**Mr. Harish Agrawal**

Mr. Harish Agrawal, 35 years, a Chartered Accountant, has 10 years experience in Finance & Accounts. He has worked in various capacities with Shamken Spinners Ltd., Moja Shoes (P) Ltd., K G Somani & Co., Chartered Accountants. He is designated as AGM - Finance and is heading Finance function of the Company.

**HR & Administration:****Mr. Punit Tyagi**

Mr Punit Tyagi, 51 years, a Science graduate and LLB with specialization in Labour Laws & Industrial Relations has an experience of almost 3 decades in Industrial Relations, Administrations, Liasoning with Government departments, Compliance of statutory provisions of Labour Laws etc. in Textile Industry. He has worked with R P Tex Feb Ltd. (Modi Thread Ltd.), Phoenix International Ltd., Poysha Industrial Co. Ltd., Madan Industries Ltd. He is designated as DGM - HR and is responsible for Industrial Relationships (IR), IR Liasoning and compliance of Labour Law provisions.

**Research & Development:****Dr. R C Srivastava**

Dr R C Srivastava, 51 years, a post graduate in Science (Botany) and Doctorate in Philosophy from Allahabad University has an experience of 20 years in Research & Development. He has done a project on "Ganga Pollution and its Control" sponsored by Ministry of Environment & Forest for Kanpur University and a project on "Guava Wilt & its Control" for Allahabad University. He has worked with Shahnaz Ayurvedics and Maharishi Ayurved Corporation Ltd. He is designated as Manager - R & D and Dyes Manufacturing and is responsible for developing and standardizing natural dyes for Textile, Food, Pharmaceutical and Cosmetic colours.

All the above employees are on the rolls of the Company as permanent employees.

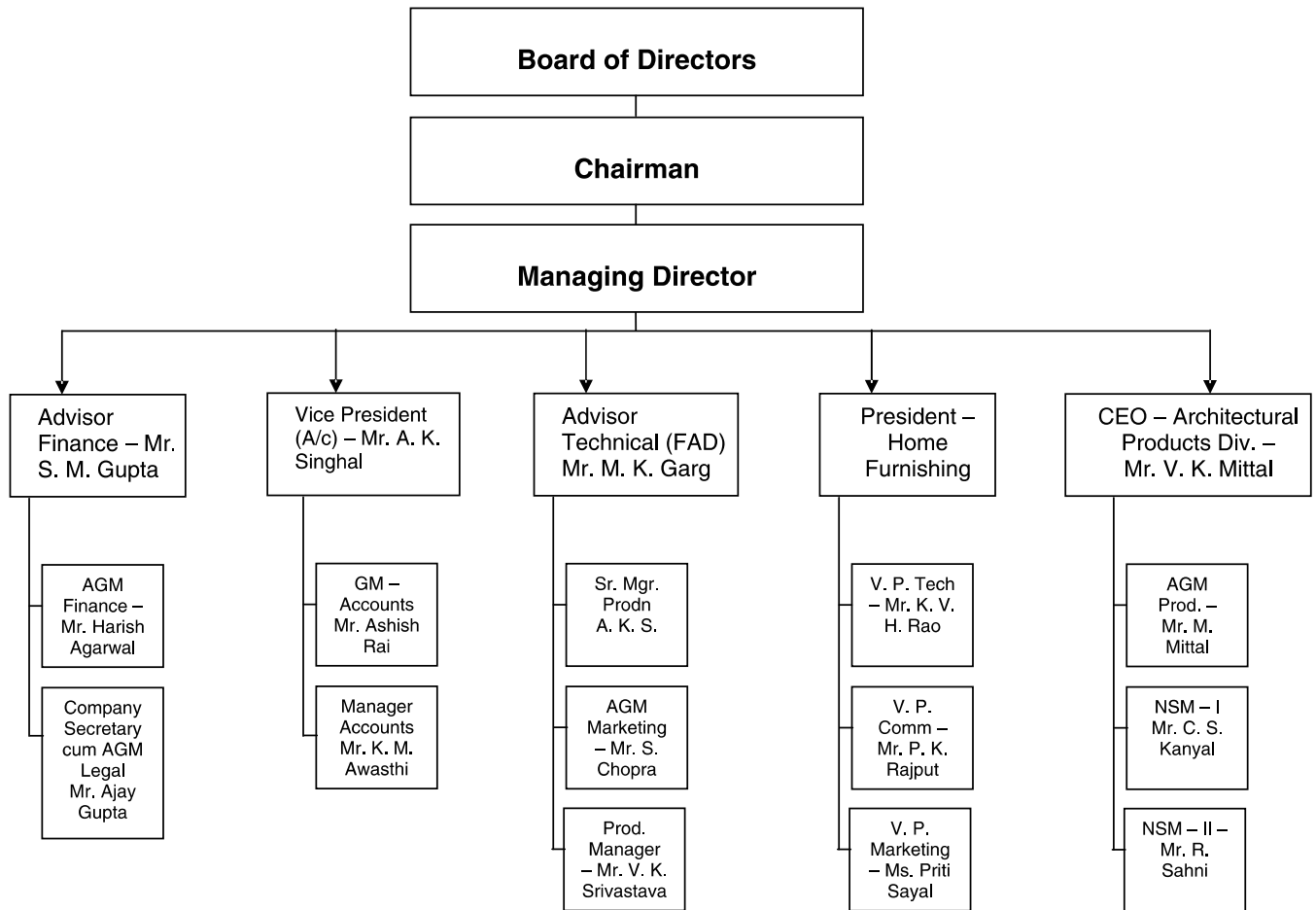
**Shareholding of Key Managerial Personnel**

None of the above mentioned personnel have any shareholding in the Company.

**Changes in Key Managerial Personnel during last 3 years**

Name	Appointed/ Resigned	Date of Change	Reason
Mr. V. K. Mittal	Appointed	26.09.03	Appointed to head 'Architectural Products Division'
Mr. Preeti Sayal	Appointed	01.12.02	Appointed to head the marketing division
Mr. K. V. H. Rao	Appointed	18.10.04	Appointed to implement the Spinning Unit at Uttaranchal
Mr. S. M. Gupta	Resigned	01.06.2003	Resigned for personal reasons and has been associated with the Company as an advisor since then

**ORGANISATION CHART**



## BOARD OF DIRECTORS

Name, Address , Age and Occupation	Other Directorships
<p><b>Mr. K. K. Agarwal</b> S/o Late Shri Chhabil Dass <b>Address:</b> KD-22, Kavi Nagar, Ghaziabad</p> <p><b>Age:</b> 64 years <b>Designation:</b> Chairman <b>Occupation:</b> Business</p>	<ul style="list-style-type: none"> <li>● Improve Interiors.Com Ltd.</li> <li>● Alps Processors Pvt. Ltd.</li> <li>● Creative Blends Inc.</li> <li>● Alps Infin Pvt Ltd.</li> </ul>
<p><b>Mr. Sandeep Agarwal</b> S/o K. K. Agarwal <b>Address:</b> KD-22, Kavi Nagar, Ghaziabad</p> <p><b>Age:</b> 41 years <b>Designation:</b> Managing Director <b>Occupation:</b> Business</p>	<ul style="list-style-type: none"> <li>● Improve Interiors.Com Ltd.</li> <li>● Alps Processors Pvt. Ltd.</li> <li>● Creative Blends Inc.</li> <li>● Alps Infin Pvt Ltd.</li> <li>● Alps Texfab Pvt. Ltd.</li> </ul>
<p><b>Mr. G. K. Arora</b> S/o Late Shri Y. N. Arora <b>Address:</b> 181, Sector - 15A, Noida - 201301</p> <p><b>Age:</b> 71 years <b>Designation:</b> Director <b>Occupation:</b> Retired IAS Officer</p>	<ul style="list-style-type: none"> <li>● Alliance Capital Asset Management (India) Pvt. Ltd.</li> <li>● Bengal Ambuja Housing Development Ltd.</li> <li>● Jaiprakash Associates Ltd.</li> <li>● Jaiprakash Hydro Power Ltd.</li> <li>● Sunil Synchem Ltd.</li> <li>● H.G.S. India</li> <li>● Roto Pumps Ltd.</li> <li>● SARA Fund Trustee Company Ltd.</li> <li>● Television Eighteen India Ltd.</li> <li>● Noida Toll Bridge Company Ltd.</li> <li>● DND Flyway Ltd.</li> <li>● Infrastructure Leasing and Financial Services Ltd.</li> <li>● Consolidated Transportation Networks Ltd.</li> </ul>
<p><b>Mr. J. P. Kundra</b> S/o Shri LT. SH. Des Raj Kundra <b>Address:</b> 332, Sector 15A, Noida - 201 301</p> <p><b>Age:</b> 75 years <b>Designation:</b> Director <b>Occupation:</b> Retired Banker</p>	<ul style="list-style-type: none"> <li>● Credit Capital Asset Management Company Ltd.</li> <li>● Ratnabali Capital Markets Ltd.</li> <li>● Delfin Finance Ltd.</li> <li>● South Asian Petrochem Ltd.</li> <li>● Ginni Filaments Ltd.</li> </ul>
<p><b>Dr. M. L. Gulrajani</b> S/o Shri Kehow Dass Gulrajani <b>Address:</b> Street 10, Western Avenue, IIT Campus, Hauz khas, New Delhi - 100 016</p> <p><b>Age:</b> 60 years <b>Designation:</b> Director - R&amp;D <b>Occupation:</b> Professor</p>	<ul style="list-style-type: none"> <li>● Clariant India Ltd.</li> <li>● J. J. Spectrum Ltd., Kolkatta</li> </ul>
<p><b>Mr. Rakesh Gupta</b> S/o Shri J. K. Gupta <b>Address:</b> S-58, Panchsheel Park, New Delhi - 110 017</p> <p><b>Age:</b> 44 years <b>Designation:</b> Director <b>Occupation:</b> Business</p>	<p>No directorships held</p>

**The brief profile of the Board members, other than promoters, is given below:**

**Mr. G. K. Arora**

Mr. G. K. Arora, Director, is a retired IAS officer. He was Finance Secretary to the Government of India and Executive Director of International Monetary Fund. He was also the Chairman of the Indian Advisory Board of ANZ Grindlays Bank. He is an independent director and is a member of the Audit Committee and Remuneration Committee.

**Mr. J. P. Kundra**

Mr. J. P. Kundra, Director, is a former Managing Director of State Bank of India and was also the former Managing Director of State Bank of Bikaner and Jaipur, Ex- Vice Chairman of SBI Capital Markets Limited and former Chairman of Banking Services Recruitment Board. He was also the Chairman of the Indian Advisory Board of SANWA Bank. He has many years of experience in the banking and financial sector. He is an independent director and is a member of the Audit Committee.

**Dr. M. L. Gulrajani**

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

**Mr. Rakesh Gupta**

Mr. Rakesh Gupta, Director, is a businessman operating out of India and holds substantial experience in international trade.

**Shareholding of Directors:**

Name of the Director	Number of Shares	% of Paid up Share Capital
Mr. K. K. Agarwal	370,230	5.51%
Mr. Sandeep Agarwal	102,230	1.52%
Mr. Rakesh Gupta	517,500	7.70%

**CORPORATE GOVERNANCE**

The existing shares are already listed with the BSE and the NSE. The Company has complied with the requirements of the applicable regulations, including the listing agreement with the Stock Exchanges and the SEBI Guidelines, in respect of corporate governance. Alps is complying with such provisions, including with respect to the appointment of independent Directors in the Board and the constitution of the following Board committees: the Audit Committee; the Remuneration Committee; and the Investors Grievances Committee. Alps undertakes to adopt the new Corporate Governance Code before December 31, 2005 as per revised Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to the Listing.

The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing of Board, constituting of committees such as shareholding/ investor grievance committee, etc.

The details of these committees are as follows:

**Composition of Board of Directors:**

The Board has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board comprises of non-executive as well as independent Directors.

**Board Structure:**

S. No.	Name of the Director	Designation	Nature of Directorship	Date of Expiry of Terms
1	Mr. K. K. Agarwal	Non Executive Chairman	Promoter Director	Non rotational January 31, 2009
2	Mr. Sandeep Agarwal	Managing Director	Executive & Promoter Director	
3	Mr. G. K. Arora	Director	Non-Executive & Independent Director	Retire by rotation at AGM
4	Mr. J. P. Kundra	Director	Non-Executive & Independent Director	Retire by rotation at AGM
5	Mr. Rakesh Gupta	Director	Non-Executive Director	Retire by rotation at AGM
6	Dr. M. L. Gulrajani	Director	Non-Executive & Independent Director	Retire by rotation at AGM

### Audit Committees

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The committee consists of all non-executive as well as Independent Directors.

#### Composition of Audit Committee:

S. No.	Name of the Director	Designation	Nature of Directorship
1	Dr. M. L. Gulrajani	Chairman	Non-Executive & Independent Director
2	Mr. Sandeep Agarwal	Member	Executive & Promoter Director
3	Mr. J. P. Kundra	Member	Non-Executive & Independent Director
4	Mr. G. K. Arora	Member	Non-Executive & Independent Director

#### Brief role of Audit Committee

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

### Remuneration Committee

#### Composition of Remuneration Committee:

S. No.	Name of the Director	Designation	Nature of Directorship
1	Dr. M. L. Gulrajani	Chairman	Non-Executive & Independent Director
2	Mr. Sandeep Agarwal	Member	Executive & Promoter Director
3	Mr. Rakesh Gupta	Member	Non-Executive Director
4	Mr. G. K. Arora	Member	Non-Executive & Independent Director

The Committee performs the functions of Remuneration Committee as recommended in the Listing Agreement to be entered into with the Stock Exchanges. It will determine the Company's policy on specific packages for Executive Directors.

### Shareholders Committee

#### Composition of Shareholders Committee:

S. No.	Name of the Director	Designation	Nature of Directorship
1	Dr. M. L. Gulrajani	Chairman	Non-Executive & Independent Director
2	Mr. Sandeep Agarwal	Member	Executive & Promoter Director
3	Mr. Rakesh Gupta	Member	Non-Executive & Independent Director
4	Mr. G. K. Arora	Member	Non-Executive & Independent Director

The Shareholders Committee looks into redressal of shareholder and investor complaints, issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures and reference to statutory and regulatory authorities.

## **10. DESCRIPTION OF INDUSTRY AND BUSINESS:**

### ***Textiles Industry***

The cotton textile industry is one of the key industries in the Indian economy and India is today one of the leading countries in the world as far as cotton textiles trade is concerned. Though new opportunities are rapidly emerging in cotton textile trade, India's future position will largely depend on how effectively the Industry and Government are able to resolve core issues such as erosion of India's raw material advantage and an increasingly fragmented industry structure. The Industry, which is one of the oldest in existence, has promoted economic development even in far-flung areas of the country, both urban and rural. Even two of the highly developed metropolises of Modern India like Mumbai and Ahmedabad grown over the years have the main business base of Textiles Industry. Specifically in exports, cotton textiles are one of the few areas where India is still a leader in world trade.

The textiles industry contributes to around 4 cent of GDP, 15 per cent of India's industrial output, and 10 per cent of central excise revenue. The industry is the largest exchange earner and contributes to over 30 per cent of India's exports. Further, with an employment of 38 million people, it is the second largest contributor to employment in the country only after agriculture with over one billion population.

Cotton is the most important segment of the textiles industry, accounting for around 57% of the domestic fiber consumption and exports. With over 9 million hectares under cotton cultivation (which is the largest area employed for the purpose throughout the world) and an annual crop of around 2,600 million kg, India is amongst the world's largest potential reservoirs of this popular fiber. Currently, India is the third largest producer of raw cotton in the world, after China and the US.

Traditionally, India's share of the total world apparel exports had been small till around 1980. After which it began to grow significantly, reaching a figure of around 3% during the late 1990s. Indian apparel is exported to over 120 countries, the most significant among which are nations that are parties to the Multi-Fiber Arrangement (MFA). The MFA-importing countries together account for a total share of over 60% of India's apparel exports. The MFA provides a framework under which developed countries impose quotas on exports of yarn textiles and apparel from developing countries. Amongst the regions, the most important export destinations for Indian apparel are the US and Western Europe, which together account for over 60% of India's exports.

In addition to its sheer size, the Indian textile sector has a dualistic manufacturing structure dominated by a hitherto fast expanding decentralized small-scale manufacturing segment and a declining vertically-integrated, large-scale composite mill segment. For instance, the apparel industry has around 27,700 domestic manufacturers, over 48,000 fabricators, and around 1,000 manufacturer-exporters. Most apparel manufacturers (80%) have small operations (with <20 sewing machines) while 99% of them are proprietorship/partnership type establishments. The technologies for processing cotton textiles and apparel in India also cover a broad range of technological sophistication-from hand-operated equipment to sophisticated automated facilities.

Given this structure and the extensive Government regulations, the overall picture of the textiles and apparel sectors in India is one of great potential but that is also characterized by under- performance (with respect to potential).

Essentially, the cotton yarn industry processes raw cotton from gins into yarns of various counts (degree of fineness) through a series of operations like fiber opening, cleaning, carding, combing, drafting, roving and ring spinning. The number spindles and the count at which the spinning line machines are balanced define the capacity of the spinning unit. This capacity tends to go down as one shifts from coarse yarn to fine yarn production, and the productivity is separately defined for each count in terms of production gm/spindle/shift of eight hours. The industry had more than 1,570 spinning units in the organized sector, with a total spindle capacity in excess of 35.6 million (excluding the unorganized sector having 2.3 million spindles). They produce more than 2,200 million kg of yarn per year.

### ***World Trade***

In cotton textiles trade, India is today one of the leading nations in the world and is second only to China, India has a 14 per cent share of the total US\$ 31 billion world trade in cotton textiles. Apart from processed fabric where India ranks tenth in exports, India has a leading position and is among the top three nations in yarn (25 per cent share, rank1),made-ups (17 percent, rank 2), and grey fabric (11 per cent, rank 3). India's historical growth in cotton textile exports (6 per cent in the last 5 years) has been significantly superior to the world average (2 per cent), and that of its Asian competitors (China: - 2.1 per cent, Pakistan: - 1.1 per cent). In addition, Indian cotton textiles exports are well distributed geographically.



Some of the key highlights of the Indian textiles are as follows:-

- It contributes about 23% to the world spindleage and about 6% to the world rotorage and has second highest spindleage in the world after China.
- It has the highest loomage (including handlooms) in the world and contributes 61% to the world loomage (Though this position cannot be considered as a 'strength' because in quantum terms the Company may have highest loomage in the world, in terms of high-tech shuttleless looms, India's contribution is only about 2.8% to the world loomage.).
- It contributes about 12% to the world production of textiles fibers and yarns (including jute). It is the largest producer of Jute, second largest producer of silk and cellulosic fibre / yarn, third largest producer of cotton and fifth largest producer of synthetic fibrew/yarns.

External changes such as WTO Recommendations' implementation by 2005 and the consolidation of retail in US and Europe, will lead to a quota free trade environment and therefore an increased awareness of cost has emerged. As a result, world trade in cotton textiles, especially exports from lower-cost developing nations such as India, is expected to grow rapidly from the current \$ 31 billion to over \$59 billion by 2010.

### **POST 2005 SCENARIO**

In 2005 and beyond, the global textiles industry including knitting industry will be affected significantly by elimination of quotas on textiles and clothing in accordance with the Agreement on Textiles and Clothing (ATC), which is supervised and administered by World Trade Organisation (WTO). This currently restricts exports from the developing countries like India to the developed countries like USA, UK etc. With the elimination of the said quotas, the competition is likely to even. Worst affected will be the knitting industries in countries like Hong Kong, Taiwan and Korea; which currently receive the greatest quota allocation in USA and EU. However, the main beneficiaries of the same will be developing countries like India as their exports will increase at all the level in textile.

In this scenario, China followed by India are likely to be key beneficiaries, while countries like Bangladesh, Mexico and Mauritius may be fringe gainers. This is due to the fact that China and India enjoy high level of integration whereas the other countries lack this integration resulting in loss of competitiveness. The growth in textile exports will naturally mean a large spurt in demand for yarn in the domestic market. The demand for made-ups, garments and home furnishings will naturally rise from India.

Although the imports into developed countries from developing nations will still be subject to tariffs, the imports from developing nations will be always competitive on account of their low labour cost, which is 10 % of the total manufacturing costs as against 50% of the total manufacturing costs in the developed countries.

### **Effect on Indian Cotton Yarn Industry**

India is the second largest producer of cotton yarn in the world, riding on its advantages of abundant raw material (India is among the top five cotton producers) and low-cost labour.

In 1997, India was the least-cost producer of cotton yarn, but in 2001 it slid to the 4th position. According to an estimate, India will regain its number one position if domestic cotton prices remain lower than international prices. The declining finance and interest cost are also helping yarn producers improve their competitiveness. India used 86 per cent of its cotton yarn export quota from the European Union (EU) in 2003. Of EU's total cotton yarn quotas in 2003, India was allotted 21 per cent, India's share of cotton yarn exports to the US is negligible.

Since cotton yarn exports to quota countries account for only 10-12 per cent of total exports, they will not be drastically affected by the removal of quotas after WTO. However, yarn exports will significantly increase to non-quota countries, especially those countries which do not grow cotton, but import yarn in order to re-export to quota countries. Hence, the implementation of the WTO accord will have a positive impact, albeit indirect, on the Indian cotton yarn industry.

### **INDUSTRY STRUCTURE**

The main players in the value chain of the cotton yarn industry are raw material supplier (cotton farmers, or ginners), cotton yarn manufacturers (spinners) and fabric manufacturers who convert cotton yarn into fabric.

Generally, the cotton farmers sell their crop to ginning mills or ginners. These are small units widely spread to cover the local farming activity. The farmers depend on ginners to assist them financially by making advance payments. Ginners monitor the status of the crop and are able to pay the farmers in advance. Ginning mills by themselves are of small size and hence can't provide meaningful quantities of a variety of cotton to the spinning mills directly. So they sell their out put to agents who handle the larger volumes. Finally the agents sell the required quantities of cotton to the spinning mills to process it further.

In 2002-03, the total yarn industry comprised around 1,599 spinning mills, 276 composite mills and 1,720,403 registered powerloom units.

### **Cotton Yarn Industry**

Unlike the fabric industry, which is predominantly unorganized, the spinning yarn sector has organized mills. This is attributed to the various technological requirements of this sector, which necessitate considerable investment. According to an estimate, the average cost of setting up a cotton yarn-spinning mill with 25,000 spindles, would be Rs. 500 million (at the rate of Rs.20,000 per spindle) if only plant and machinery items are considered. It is difficult for the unorganized sector to shoulder such expenses.

From 1990-91 to 2002-03, the total number of operational textile mills increased from 1,062 units to 1,875 units. Owing to the higher share of the powerloom and hosiery sectors in cloth production and an improvement in the demand for yarn in the export market, the number of spinning mills increased at a CAGR of 1.5 per cent from 1996-97 to 2002-03.

The structural characteristics of the spinning industry are defined on the basis of factors such as capacities, regional distribution and ownership.

### **Capacities**

Between 1996-97 and 2001-02, the effective spinning capacity (installed spindles and rotors less closed spindles and rotors) fell marginally, at CAGR of 0.6 per cent. From 1999 to 2003 the decrease in spinning capacity was chiefly due to the fall in cotton production brought about by the drought like situation in many cotton growing areas. The following table shows the spun yarn capacity.

### **Regional Distribution**

In 2001-02, Tamil Nadu, Maharashtra and Gujarat contributed 63.1 per cent of the total installed capacity of spinning mills (SSI and non-SSI). Tamil Nadu's individual contribution was around 39 per cent while that of Maharashtra and Gujarat was 13 per cent and 11 per cent, respectively. The combined share of Maharashtra and Gujarat fell from 33 per cent in 1989-90 to 24.5 per cent in the same period. Although Maharashtra and Gujarat have an advantage over Tamil Nadu in terms of easy availability of raw material, Gujarat's share has dropped, since major textile centers in the state are now moving towards the production of synthetic fabrics. On the other hand, state government incentives have encouraged cotton textile clusters such as the Tirupur knitwear cluster in Tamil Nadu. A higher number of export-oriented units (EOUs) and private investment in independent spinning mills that supplied yarn to the decentralized cloth producers in the south have resulted in an increase in effective spinning capacity in the region. The mills set up in Tamil Nadu and Andhra Pradesh, which are relatively new when compared with the mills in Gujarat and Maharashtra, have invested only in spinning, since it was more profitable than weaving and processing.

### **Ownership**

The spindle equivalent spinning capacity can be classified into three categories on the basis of ownership; public, co-operative sectors in effective spindle capacity shrank from the 1992-93 figures due to an increase in the number of sick units and heavy losses. Meanwhile, an increase in investments and improvement in operations augmented the share of the private sector.

In 2000-01, private sector investments were the highest in Tamil Nadu, Gujarat and Andhra Pradesh. Although the cooperative sector<sup>4</sup> increased its spindle capacity (at a CAGR of 1.4 per cent) from 1992-93 to 2001-02, its share in the total capacity decreased. This was mainly due to a higher increase (at a CAGR of 4.2 per cent) in the spindle capacity in the private sector during the same period.

## **DEMAND & SUPPLY POSITION**

### **Demand Position**

Cotton yarn demand can be classified into domestic demand and export demand. In the domestic market, cotton yarn demand is largely affected by the prices and availability of different yarns. And in the export market, cotton yarn demand is largely affected by the cost competitiveness of Indian cotton yarn, world trade flow, and the regulations governing international textiles trade.

During 1991-92 to 2002-03, domestic cotton yarn production increased at a CAGR of 3.7 per cent, whereas exports increased at a CAGR of around 10.6 per cent, as can be seen from the following table.

## **Domestic Demand**

Cotton yarn is consumed by the apparel, industrial and home furnishing segments in the domestic market. Domestic demand is affected fabric demand and the share of cotton fabric in total demand, which in turn is determined by the prices and availability of various yarns. Various factors affecting the domestic demand are as given below.

### **Fabric production**

Demand for apparel fabric is largely affected by per capita income, and the prices of different types of fabric. Demand for non-apparel fabric (industrial and home furnishing) is affected by the standard of living and use in industrial applications.

According to Cris Infac, from 1991-92 to 2002-03, the production of cotton fabric increased at a CAGR of 2.5 per cent to 19,300 million square metres. However, the share of cotton fabric in total fabric production fell from 65 per cent to 47 per cent, as cotton fabric was increasingly replaced by blended and non-cotton fabrics, which are more price-competitive, more durable, easier to dye, and also more available.

### **Prices of competing yarns**

Cotton yarn demand is affected by the prices (including excise duties) of substitute yarns. During 1994-95 to 2003-04, the excise duty on a substitute yarn was cut, affecting the price competitiveness of cotton yarn, and thus its demand. The shrinking gap between the excise duty on cotton yarn and other yarns further affected demand for cotton yarn. The excise duty on cotton yarn was increased from 5.75 per cent in 1994-95 to 9.2 per cent in 2003-04, even as the excise duty on all synthetic yarns was cut. However, the Union Budget of 2004 has removed all excise duty on cotton yarn.

During 1994-95 to 2002-03, the domestic prices of cotton yarn (60s count) increased at a CAGR of 1 per cent, while the prices of blended yarn and filament yarn declined. However, cotton yarn prices fell steeply in 2001-02 and 2002-03, due to falling cotton prices. After the cut in excise duty, PFY and PV/PC yarn have been replacing the medium and finer count cotton yarn. However, in coarser counts, cotton yarn scored over the synthetics, because the low value addition (especially in the 1-10 counts) meant that the lower excise duty on cotton yarn provided a significant cost advantage. The share of coarser cotton yarn (below 30s count) in total cotton yarn production increased from 55 percent in 1990-91 to 65 per cent in 2001-02.

### ***Domestic availability of competing yarns***

According to Cris Infac, during 1991-92 to 2002-03, the domestic availability of cotton yarn (yarn production plus yarn imports less yarn exports) increased at a CAGR of only 2.8 per cent, while that of synthetic yarns (filament yarn plus blended yarn plus 100 per cent non-cotton yarn) increased at the higher rate of 11 per cent. This was because synthetic yarns were increasingly available at competitive prices, and also due to an increase in cotton yarn exports following strong global demand.

## **Export Demand**

Export demand for textiles is affected by the world economic growth rate, the price competitiveness of Indian producers and the regulations governing international textiles trade. The competitive advantage of a country depends on the domestic factors of production and the structure of the domestic industry. Traditionally, India has the distinct advantages of low cost of labour, easy availability of raw cotton and a strong production base. From 1997-98 to 2002-03, according to Cris Infac, cotton yarn exports to quota markets increased at a CAGR of 3.4 per cent and 5.4 per cent in rupee value and volume terms, respectively. The increase is due to lower production costs in India, the superior quality of Indian cotton yarn, and the increased availability of man-made fibers at competitive prices, which is forcing producers to increasingly explore export markets.

Though the EU and the US are the largest markets for cotton textiles, non-quota countries such as South Korea, Bangladesh and Hong Kong, continue to be the largest importing countries of Indian cotton yarn. These countries process Indian cotton yarn into valued-added textile items and re-export them to the EU and US. Besides, India is unable to directly export garments to EU or US owing to quota restrictions. Since price competition is high in the non-quota market, the average realization is 30-40 per cent lower than in the quota market.

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## **Supply Position**

During 1991-92 to 2002-03, domestic production of cotton yarn increased at a CAGR of 3.7 per cent while synthetic yarns increased at a much higher 10.8 per cent. Cotton yarn production faced constraints in the domestic availability of cotton, and a shift to the production of blended and non-cotton spun yarns. Imports of cotton yarn are marginal, as domestic consumers prefer to import fabrics of value added products.

### **Count-wise production**

Coarser counts account for a large share in total cotton yarn production. The share of coarser counts (1s to 30s) yarn in total cotton yarn production increased from 56 per cent in 1991-92 to 64 per cent in 2001-02. The 1-10s count group increased from 14.6 per cent in 1991-92 to 23.7 per cent in 2001-02, riding on demand growth from the non-apparel segment (industrial application).

### **Problems facing Domestic Cotton Yarn Industry**

Given the emphasis on exports, cotton yarn spinners operating in the domestic environment face a difficult situation. The sector is besieged by many problems which are as follows:

**Hank yarn obligation** - Over 25% of the production for domestic sales has to be sold in the hank form for the handloom sector at a significant discount to the prevailing yarn prices. This constrains profitability.

**Competition with exporters** - Exporters enjoying Government incentives provide stiff competition to players catering only to the domestic market. With the different treatment continuing for a long time, players catering solely to the domestic industry have not been able to modernize their operations because of paucity of funds, and thus use old technology. Although Indian export-yarn prices are generally 15-20% higher than domestic prices, it entails higher costs as the manufacture of export-quality yarns require higher precision in trash removal and combing. Additionally, higher premiums have to be paid for purer cotton. However, the price of Indian cotton has generally been 25-30% lower than the international prices, and works out cheaper even after these premiums. The years 1997-98 and 2000-01 have been aberrations in the sense that these two years witnessed high domestic cotton prices and declining export yarn prices.

**Excess capacity** - As on date, 32 million spindles, out of a total of 37.9 million, are engaged in production. The situation is such that it would be more than adequate if 25 million spindles were engaged in production at 90% efficiency. A significant portion of this dormant non-viable and obsolete capacity gets reactivated during periods of buoyant market conditions and destabilizes the established market by undercutting prices. No scheme exists to scrap these redundant capacities.

**Competition with small scale sector** - Until recent past, the small scale sector enjoyed the excise duty exemption. However, the Union Budget for FY2002, has removed this small scale sector preference in the yarn industry.

### **PERFORMANCE OF KEY PLAYERS**

The Indian cotton textile industry had registered sharp improvement in profits in the last two years. The key factors responsible for the improvement in performance have been increased competitiveness of organized sector vis-à-vis the unorganized one, decline in domestic cotton prices and increase in exports to quota countries following rise in quotas as also further deregulation of quotas (as per the ATC requirements).

### **OUTLOOK**

The improved cotton output in 2003 and the increase in cotton yarn prices, driven by phenomenal growth in cotton demand, are expected to keep the margins of yarn producers on the growth path in 2004-05. The increase in the cotton production is attributable to an increase in area under cultivation, favourable monsoons, and high cotton prices in the past season. As the increase in the domestic cotton output will be greater than the increase in global output, cotton prices are expected to grow at a lower rate than yarn prices.

The MFA, which has been the framework for international trade in textiles and clothing from 1974 to 1994 has been replaced with the Agreement on Textile and Clothing (ATC). The ATC envisages complete integration of the entire textiles sector into the multilateral framework of the World Trade Organisation (WTO) at the end of the 10-years transition period. Thus, the quota system in the textile sector is expected to completely disappear with effect from January 1, 2005, and international trade in textile and clothing will then be conducted on a non-discriminatory basis.

Although this will result in the market increasing for the developing nations (including India), the guarantee of quota will not be there, even as competition would increase and regional bloc agreements would assume greater importance. With China being highly competitive in textiles and clothing and large exporter of clothing (share of more than 20%) already, it is likely to acquire a substantial share of the increase in market for developing countries. The ability of other developing countries (including India) in competing with China would be crucial for growth in exports from developing countries.

The increased competition will not only affect India in the export markets but also threaten domestic producers with imports (especially in the high end premium fabrics and apparel). Because of the accession of world textile and apparel trade to WTO framework, India's textile producers face, primarily, the same challenge - to raise productively through gains in efficiency that will still allow them to compete with imports; and continue to expand abroad in the face of higher cotton prices resulting from conformance with WTO rules and demand pressures.

The new textile policy is a step to improve productivity and provides the right to various investors to modernize their facilities. Further, the Technology Up gradation Fund Scheme provide soft loans to the textile companies so as to improve their productivity. The extent of improvement in the level of modernization would be the key determinant of long-term performance of the largest sector of Indian industry and its exports.

Although the potential of the Indian textile industry is considerable, the performance of the organized sector has declined consistently. This has been the consequence of the past Government policy of promoting the small scale and decentralized sector. The preference and protection accorded to this sector are being removed now, and a new textiles policy has been put in place. It is expected that the new policy will give a boost to integrated players in the organized sector, who would then be able to modernize and improve the quality of the weaving sector. Further, these players also have an edge in exports and the favourable government policy coupled with changes in the international textile trade environment would result in sharp increase in performance of the efficient integrated players in the industry.

**(Source : North India Textile Research Association - NITRA Report)**

## 11. STOCK MARKET DATA

(i) The following is the movement in the share price of the Company on the BSE :

Calendar Year	High*			Low*			Average price (Rs.)
	Date	(Rs.)	Volume	Date	(Rs.)	Volume	
2001	04.01.01	139.00	15000	08.10.01	36.00	25	87.50
2002	10.07.02	40.70	2225	12.11.02	18.65	200	29.68
2003	26.12.03	53.40	132385	07.05.03	17.10	1215	35.25
2004	28.12.04	108.40	153308	17.05.04	24.85	9170	66.63

\*: High/Low prices based on closing quotations on the BSE

(ii) The following is the movement in the share price of the Company on the NSE:

Calendar Year	High#			Low#			Average price (Rs.)
	Date	(Rs.)	Volume	Date	(Rs.)	Volume	
2001	04.01.01	146.00	33500	27.11.01	30.10	3509	88.05
2002	10.07.02	43.90	5082	29.10.02	17.30	3	30.60
2003	26.12.03	53.95	198325	31.03.03	15.55	368	34.75
2004	28.12.04	108.20	182152	18.05.04	21.10	7616	64.65

#: High/Low prices based on closing quotations on the NSE

(iii) The closing market price of the equity share of the Company on the BSE and NSE on the day after the Board approved the Issue on April 10, 2004 was Rs.41.95 per share and Rs. 41.55 per share respectively on April 12, 2004. (Source: www.bseindia.com, www.nseindia.com)

(iv) The total volume of equity shares traded in each month, monthly high and low prices for equity shares for the preceding six months on the BSE are as follows:

Period	High Price (Rs.)	Date of High Price quotation	Shares Traded on the day of High Price	Low Price (Rs.)	Date of Low Price quotation	Shares Traded on the day of Low Price	Average Price (Rs.)	Total Volume for the Month
March 05	109.10	04.03.2005	114488	85.00	24.03.2005	89474	97.05	1552514
April 05	118.00	05.04.2005	71090	84.20	19.04.2005	62139	101.10	1065016
May 05	132.00	23.05.2005	582468	88.15	04.05.2005	229536	110.08	5064387
June 05	152.50	13.06.2005	551206	115.00	03.06.2005	66835	133.75	6216112
July 05	148.00	29.07.2005	165671	129.10	01.07.2005	62389	138.54	3825344
August 05	182.90	19.08.2005	280558	147.60	01.08.2005	257362	165.25	4965912

(v) The total volume of equity shares traded in each month, monthly high and low prices for equity shares for the preceding six months on the NSE are as follows :

Period	High Price (Rs.)	Date of High Price quotation	Shares Traded on the day of High Price	Low Price (Rs.)	Date of Low Price quotation	Shares Traded on the day of Low Price	Average Price (Rs.)	Total Volume for the Month
March 05	108.70	04.03.2005	249613	84.00	24.03.2005	116246	96.35	3011234
April 05	105.70	01.04.2005	249616	85.50	19.04.2005	88055	95.60	1679904
May 05	132.40	23.05.2005	1189955	88.05	03.05.2005	48276	110.23	9155470
June 05	151.75	13.06.2005	2748951	114.90	03.06.2005	56337	133.33	10501507
July 05	147.90	29.07.2005	298419	129.30	01.07.2005	70580	135.60	4862931
August 05	182.95	19.08.2005	838354	147.50	01.08.2005	44327	165.23	6362287

## **12. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS**

The following discussion of the Company's financial condition and results of operations should be read together with the audited financial statements for the FY 2003, 2004 and 2005 including the Schedules, annexures and Notes thereto and the Reports thereon, which appear in this Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of M/s R. K. Govil & Co. dated February 10, 2005 in the section with the title 'Financial Information'.

The following discussion is based on the Company's audited financial statements for fiscal 2003, 2004, 2005 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources.

The Directors confirm that there has been no event or circumstance since the date of the last financial statements, which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

### **OVERVIEW**

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The market for home furnishings, fashion accessories and architectural products is highly fragmented. Typically, small local players cater to the demand based on price competition owing to their negligible Selling and Administration overheads. The market is becoming increasingly fashion conscious and requires continuous innovation in design.

On international front, the textiles industry has been suffering from the quota regime imposed by the developed countries till now. This quota regime, formed under GATT, restricted the quantity of textile products (in different categories) that could be exported from India. This reduced the competitiveness of Indian exports. At the same time, it offered undue advantage to manufacturers in countries even when they were not as efficient. However, this regime has begun to be dismantled from January 1, 2005 under the new WTO regime. Now Indian exporters are free to export textile products to the developed countries in direct competition on a level playing field. Naturally, the companies with vertically integrated facilities would benefit the most due to their ability to control the quality in the entire manufacturing process and shorter response time to cater to changing preferences. It is expected that India and China will be the biggest beneficiaries of the change in the quota regime. But China still may have to wait for another three years post 2005 as Chinese textile goods can be subject to quota under the terms of China's admission to WTO. Chinese competitiveness is also borrowed from the artificially pegged exchange rate of Yuan. Any move to revalue Yuan (and China is under international pressure to do so), will directly help the Indian exporters.

With the increased opportunities come increasing challenges of competing in product development, quality, service, proactively and innovatively. Logistics and Supply Chain Management will also play a key role as turnaround time and ability to maintain delivery schedules will become even more important. Capacities need to be increased to large international standards with latest technology. It must be remembered that quite often, the benefit of low cost can be offset by high infrastructure benefits. Hence the Indian textile industry will have to be efficient and competitive to take advantage of the opportunity.

The market for architectural products is also undergoing a change. The buildings are becoming increasingly of international standards and the choice of materials is also changing. Even on home front, the role of interior designers is greater. Hence there is growing potential demand of the company's architectural products.

#### **OUTLOOK ON OPPORTUNITIES & THREATS**

India is experiencing a housing boom thus offering opportunities for home furnishings and architectural products. Commercial construction is also growing significantly, as India is virtually experiencing a retail shopping boom. As the earnings increase, Indians are traveling overseas more often. This makes them more aware of the latest fashion trends in the world and thus increasing their fashion consciousness. All these augur well for company's future.

On international front, the dismantling of the old quota regime opens the markets of USA and EU for imports from cheaper manufacturing nations. India is expected to be a major beneficiary. The resultant upcoming competition would also result in shutting down of the capacities in high cost countries resulting in higher outsourcing from low cost countries, particularly India and China. China has made very large investment in textiles capacities over the last few years and the artificially maintained low rate of Yuan gives them a very big cost advantage. However, there is likelihood of China facing quota restrictions for four more years after 2005. This would be a golden opportunity for the Indian manufacturers to capture larger market share.

As the Company operates an integrated textile mill, it is susceptible to variations in cotton prices. Unfortunately, India suffers very low cotton yield in spite of having the largest area under cotton cultivation. This results in upward pressure on prices. Being in a fashion conscious segment, the company also runs the risk of changes in fashion preferences and the consequent obsolescence. To avoid demand seasonality variations, the Company is making efforts to expand its market suitably in both the Northern and the Southern hemisphere.

The Company's biggest strength continues to be the pioneering research work being done by it in the field of application of natural dyes. These give the company's products a unique eco-friendly appeal. There is a very large branding opportunity for the Company to exploit the increasing environment consciousness. The work on natural dyes could be extended to other areas like cosmetics, foods, pharmaceutical etc.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Good internal control systems enable the company to:

- a. Maintain operational efficiency
- b. Clear definition of roles and responsibilities resulting in a focused and motivated work force
- c. Appropriate information flow for timely monitoring

The Company has employed internal auditors to help the management in this vital task. The Audit Committee also plays a very important role in controlling the affairs of the Company.

#### **FINANCIAL PERFORMANCE**

The Company's financial performance has improved dramatically in the financial year 2004-05. This is owing to the following factors:

- a. Tight operating cost control
- b. Depressed cotton prices in the domestic market
- c. Breakthrough in sale of natural dyes
- d. Judicious utilization of financial resources to bring down finance cost in relation to sales

In view of the Company's favourable performance, it has managed to secure long term loans for the proposed spinning project at a relatively low cost of 7.75% per annum. After taking into account the TUFs subsidy, the cost of these funds would be very low, thus offering advantage to the new project.

However, the fuel cost has increased sharply during calendar year 2004 resulting in an increase in the Company's power cost at its existing facilities. The Company is changing its LDO based power generating equipment to a more cost efficient F.O. based system. The new spinning project of the Company is being located in Uttaranchal, where the power costs are substantially lower.

#### **HUMAN RESOURCES**

Human resources are recognized as the highly valued asset in the Company. It undertakes continuous efforts to strengthen its employees' skills and their productivity. Annual Performance Appraisal Systems have been implemented to evaluate the operational performance of each employee based on the pre-defined Key Result Areas. The company follows carefully developed procedures for recruitment, training and appraisal so as to attract and retain the best available talent.

#### **FINANCIALS**

The table below sets forth the significant line items from the audited financial statements for fiscal 2003, 2004, 2005.

<b>Particulars</b>	<b>Year ended March 31, 2003</b>	<b>Year ended March 31, 2004</b>	<b>Year ended March 31, 2005</b>
Export	4150.65	4458.41	4772.84
Domestic	9135.51	11011.23	13182.80
<b>Total Sales</b>	<b>13286.16</b>	<b>15469.69</b>	<b>17955.64</b>
% Increase	10.82	16.43	16.07
Other Income	25.46	33.47	19.93
Increase/(Decrease) in stock	447.68	453.67	429.92
<b>Total Income</b>	<b>13759.30</b>	<b>15956.78</b>	<b>18404.49</b>



Particulars	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
<b>Expenditure</b>			
Material Consumed	8823.31	10798.52	12325.48
% to sales	66.41	69.80	68.64
Manufacturing expenses	1435.83	1521.85	1623.58
% Sales	10.81	9.84	9.04
Personal Expenses	443.73	393.86	396.12
% to sales	3.34	2.54	2.21
Other Operating Expenses	985.60	919.23	966.12
% to sales	7.42	5.94	5.38
Financial charges	561.36	592.43	653.41
% to sales	4.22	3.83	10.29
Depreciation	486.58	513.89	562.63
% to sales	3.66	3.32	9.48
<b>Profit Before tax</b>	<b>728.17</b>	<b>785.75</b>	<b>1518.40</b>
Current taxation	55.00	65.00	85.00
Deferred taxation	155.00	160.00	20.00
<b>Profit for the year</b>	<b>518.17</b>	<b>560.75</b>	<b>1413.40</b>
% Increase	15.03	8.21	152.06
Extraordinary items	–	–	–
Less: Prior period items	90.97	1.93	(7.45)
<b>Net profit after Extraordinary &amp; prior period items</b>	<b>427.50</b>	<b>558.82</b>	<b>1420.85</b>
% Increase	–	30.72	154.26

**a. Comparison of Performance and Analysis of Developments for the Period ended 31st March 2005 vis-à-vis financial year ended 31st March 2004**

During the year ended March 31, 2005, the Company's turnover grew from Rs. 15469.6 lacs to Rs. 17955.6 lacs registering a growth of over 16%. Both the business segments of the Company, namely, Home Furnishings & Fashion Accessories and Window coverings & Wooden Floorings have shown double digit growth. The revenue growth has been primarily driven by higher domestic sales.

Other income has gone down from Rs. 33.47 lacs in FY04 to Rs. 19.92 lacs in FY05, which is nominal in rupee terms.

The operating margin showed a significant improvement as Earnings before Interest, depreciation and taxes as a percentage to sales improved to 15.23% in FY05 as compared to 12.23% in FY04. This has been possible largely due to tight controls on operating costs and personnel costs.

**b. Comparison of Performance and Analysis of Developments for Financial year ended 31st March 2004 vis-à-vis 31st March 2003**

The Company's business is divided in two segments -

- Home Furnishings and Fashion Accessories (Textiles)
- Window Coverings and Architectural Products

The year 2003-04 saw the textiles business turnover surge from Rs. 117.23 crores in 2002-03 to Rs. 138.45 crores. The growth in the architectural products was relatively slower as it grew from Rs. 15.63 crores to Rs. 16.24 crores in this period. Both the segments showed growth in their profit levels also nearly corresponding to the growth in turnover.

The company exports a part of home furnishings and fashion accessory products. Exports grew from Rs. 41.51 crores in 2002-03 to Rs. 44.58 crores, despite difficult economic conditions in its largest overseas market, North America. Reflecting the buoyant economic conditions in India, the domestic business grew more smartly and mounted to Rs. 110.11 crores in 2003-04 as against Rs. 91.36 crores in the prior year.

However, margins have been under pressure due to depressed exports markets and higher competition in the domestic market. The Company took steps to cut other Manufacturing Expenses, Personnel Costs as well as Selling and Administration Expenses. The Company has also managed its finances more efficiently bringing down interest costs as a percentage of sales during 2003-04.

Other Income increased to Rs. 33.47 lacs from 25.46 lacs mainly due to marginally higher design & development revenue. % of cost of raw material to sales gone up to 69.80% from 66.41% due to change in the product mix during FY2004.

Manufacturing expenses reduced to 9.84% from 10.81% due to reduction in wages and change in DG set which resulted in reduction of power cost.

Decline in other operating expenses to Rs.919.43 lacs from Rs.985.60 lacs is mainly due to reduction in certain insurance premium and reduction in advertisement & publicity expenses.

An increase in depreciation to Rs. 513.89 lacs from Rs.486.58 lacs is due to normal capital expenditure and addition of 1,056 spindles along with other balancing machinery.

**Information required as per clause 6.8 of the SEBI Guidelines:**

**a. Unusual or infrequent events or transactions:**

There have been no unusual or infrequent transactions that have taken place after the date of the last audited balance sheet, i.e. March 31, 2005.

**b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Volatility in foreign exchange may affect the revenues earned from exports. However, as the Company derives nearly 70% of its revenues from domestic market, any such impact can only be limited. Further, appreciation of Rupee will also mean a reduction in the cost of imported raw material thereby making cotton import an attractive proposition.

As per the WTO agreement, the quota regime is being dismantled from January 1, 2005. While this is likely to encourage more off-take from India, it could also make China and Philippines equally attractive source. Increased competition from low production cost countries like China, Bangladesh, and Philippines etc. can be disadvantageous to the Company. However, the Company has a vertically integrated facility giving it control over the entire production process, a distinct positive feature for overseas buyers. Also, due to international pressure, China has revalued its currency upward by 2.5% and there are moves afoot in the USA to impose tariff restrictions on imports of Chinese textiles. These developments may give an impetus to the Company's growth.

Except the above, there are no significant economics changes that materially affect or likely to affect income from continuing operations.

**c. Known trends or uncertainties**

Apart from the risks as disclosed in this prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income form continuing operations.

**d. Future relationship between costs and revenue**

1. Raw Material: The proposed fiber dyed yarn facilities will give increased bargaining strength to the Company for its cotton procurement. It will facilitate negotiation with suppliers for reducing cost of its procurement of cotton even for existing operations.
2. Power and Fuel Costs: The Company is changing its existing power generators from diesel based to Furnace Oil based generators, thereby reducing cost of power generation for future. The new project is being set up in Uttaranchal, where the power tariff is much lower than the present per unit power cost of the Company. However, any upward revision in power tariff will have an adverse impact.

**e. Seasonality of business**

None of the Company's major products sold are seasonal in nature.

**f. Over dependence on Single supplier/Customer**

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier.

The Company's sales are made to a number of customers overseas and through a large dealer network in India. As such, there is no significant dependence on any one or any one group of customers.

**g. Total turn over of the Industry**

Relevant details are given under the heading 'Description of Industry and Business' in this Prospectus.

**h. Competitive conditions**

The Company has been strengthening its brand name both in the domestic market and in the overseas market. In case of home furnishings for the overseas market, it has been able to create a unique selling proposition of eco-friendly nature of its products by using own developed natural dyes.

**i. New Products introduced during 2005.**

The Company has not introduced any new products during 2005.

**UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2005 PUBLISHED IN TERMS OF CLAUSE 41 OF THE LISTING AGREEMENT**

<b>Particulars</b>	<b>Rs. In Lacs</b>
Sales	5214
Other Income	3
Total Income	5217
PBDIT	842
Depreciation	165
Interest	176
Tax	50
PAT	451
EPS (Rs.) (Not Annualised)	6.71

**DETAILS OF ANY ENCUMBRANCES OVER THE PROPERTY OF THE COMPANY AND GUARANTEES GIVEN BY THE COMPANY TO ANY OTHER PARTY:**

There are no other encumbrances over the property of the Company, except as mentioned in Annexure XIV entitled 'Secured Loans' as part of the Auditors report within the heading 'Financial Information' of this Prospectus.

**DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET:**

There have been no material developments after the date of last audited balance sheet i.e. March 31, 2005.

### 13. FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of all the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 are given in the offer document under "OTHER GROUP COMPANIES/VENTURES OF PROMOTERS" section.

There are no transactions of Sales or Purchases between Promoters Group in the last 3 years except those mentioned in the Auditors report.

### 14. PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There are no listed Companies under the same management within the meaning section 370 (1) (B) of the Companies Act, 1956, which made any capital issue during the last three years.

#### PROMISE VIS-À-VIS PERFORMANCE - REASONS FOR THE VARIATIONS TO BE FILLED BY ALPS

Alps has made only one public Issue in April 1995 of 3,103,500 equity shares of Rs. 10 each at premium aggregating Rs. 1,667.13 lacs.

#### A. PROMISE VIS-À-VIS PERFORMANCE

Rs. In lacs

For the year ended March 31	Particulars			
		Total Income	PAT	Dividend (%)
1994-95	Projected	1,851	163	20
	Actual	2,152	175	10
	Variation %	16%	7%	(50%)
1995-96	Projected	3,493	395	25
	Actual	3,942	528	10
	Variation %	13%	54%	(60%)
1996-97	Projected	6,029	866	30
	Actual	5,014	310	10
	Variation %	(17%)	(64%)	(67%)
1997-98	Projected	6,836	1,122	40
	Actual	6,154	320	10
	Variation %	(10%)	(72%)	(75%)

#### Reasons for variation in promises v/s performance

##### 1994-95

The actual sales were higher at Rs. 2,152 lacs as against the projected sales of Rs. 1,851 lacs, resulting in a positive variation of 16%. However, profit was higher by 7% over projected levels at Rs. 175 lacs. The primary factor was higher export sales of home furnishings during the year. The dividend declared was 10% instead of 20% as projected, primarily to conserve the Company's resources.

##### 1995-96

The Company recorded a sale of Rs. 3,943 lacs, a 13% increase over the projected level of sales. The profitability is significantly higher at Rs. 528 lacs, registering a 54% increase over the projected level. However, the new project did not contribute significantly to the sales during the year as it went into commercial production only in March 1996. The significant growth of exports of vegetable dyed home furnishings made up for the loss of sales on account of this delay. With a view to conserving company's resources, the Company declared a dividend of 10% against the earlier projected level of 25%.

**1996-97**

The year registered sales at Rs. 5,014 lacs as against the projected level of Rs. 6,028 lacs, thus registering a fall of 17% from projections. The shortfall was entirely on account of lack of market

response for the Company's natural dyes in powder form. The sales of dyes were projected at Rs. 1,691 lacs with operating profit of Rs. 489 lacs being contributed by this segment of business. Consequently, due to negligible sales of dyes, the business segment did not earn any operating profit and the Net Profit declined 36% against the projected level of Rs. 866 lacs. However, the loss in sales was partly made up by increase in exports of home furnishings and sale of architectural products in the Indian market. With a view to conserving company's resources, the Company declared a dividend of 10% against the earlier projected level of 30%.

**1997-98**

During FY97-97 also, there was negligible response from for the Company's vegetable dyes, whose sales were projected at Rs. 1,951 lacs. However, the other segments of the Company compensated for the loss of sales of vegetable dyes with the net fall being contained to 10% against the projected sales. The negligible sales of vegetable dyes was also the primary factor for the reduced PAT as against the projected PAT. Consequently, the dividend declared was limited to 10%.

**LISTED VENTURES OF PROMOTERS (IF ANY) - PROMISE VIS-À-VIS PERFORMANCE**

There are no other listed ventures of Promoters.

## 15. BASIS FOR ISSUE PRICE

### Qualitative Factors:

- The Company is a continuously profit making & Dividend paying since 1990, PAT and Dividend paid for last 5 years are given below :

Rs. in Lacs					
Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
PAT	838.60	450.46	518.17	560.75	1413.41
Dividend (%)	5%	5%	5%	5%	15%

- The Company has ISO 9002: 2000 for Quality Management System and ISO 14001:1996 for Environmental Management System certifications by KPMG for the Company's manufacturing facility at Sahibabad Industrial Area, Ghaziabad, Uttar Pradesh.
- The Company owns Brands viz. Vista, Vista Home Fashions and Vista Floor Fashions for Architectural and Home Furnishing range of products and "Le Pashmina" for Fashion Accessories range.
- The Company has been awarded "Golden Status" in July 1999 by Directorate General of Foreign Trade in recognition of long standing contribution to Exports.
- The Company has a process patent for producing dyestuffs from plant material valid for a period of 20 years from the date of issue, i.e. July 15, 1994
- The Company has received several Awards and recognition for Exports performance etc. as detailed below:

Year	Award / Recognition	Reason
1985	Shiromani Award from Indian Business Council	Export of Handloom Textile
1975-76, 1977-78, 1981-82, 1982-83, 1984-85 AND 1995-96	Handloom Export Promotion Council, Chennai	Export
1983-84, 1984-85, 1987-88, 1988-89, 1989-90	Government of Uttar Pradesh	State Export Award
1987-88	Bronze Trophy from Texprocil	Export
1995-96, 1996-97	Udyog Bandhu Award from Chamber of Indian Trade & Industry	Outstanding Export Performance
1995-96	Certificate of Merit by Ministry of Commerce	Outstanding Export Performance in Handloom Fabrics
1997-98	Gold Medal by Ministry of Textiles	Outstanding Exports
2000-01	Lalit Doshi Memorial Award from SICOM	Best performing Unit

- The Company's Profit after Tax for the 3 months period ended June 30, 2005 has grown to Rs.451 lacs as against FY 2005 (full year) Profit after tax of Rs.1413.41 lacs. The Annualised EPS of Rs.25.64 per share for the period ended June 30, 2005 discounts an offer price of Rs.120/- by 4.68 times.

### Quantitative Factors:

#### 1. Adjusted Earnings Per Share

	EPS (Rs.)	Weight
a) 2002-03	7.41	1
b) 2003-04	8.34	2
c) 2004-05	21.04	3
<b>d) Weighted Average EPS</b>	<b>14.535</b>	

**2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 120/- per share**

Particulars	
a) Based on 2004-05 EPS of Rs. 21.04	5.703
b) Based on weighted average EPS of Rs.14.535	8.255
c) Textiles (Composite) Industry P/E *	
i) Highest - Bombay Dyeing	58.3
ii) Lowest - Hindoostan Spinning Mills	0.3
iii) Average	6.3

\* Source: Capital Markets Volume XX/13, Aug 29 - Sep 11, 2005.

There are no comparable companies in the Industry as most of the Companies are engaged in Yarn Spinning and Weaving whereas Alps is engaged in not only these but also adding value by making Home Furnishing products from In house fabric Production.

**Accounting Ratios of some of the Companies in the same Industry group:**

	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
Bombay Dyeing	4.1	58.3	4.9	88.6
Ruby Mills Ltd.	7.9	31.9	7.8	105.3
Soma Textiles	6.0	8.0	27.5	34.8
Loyal Textile	30.4	10.9	21.3	159.2

\*Source: Capital Markets Volume XX/13, Aug 29 - Sep 11, 2005

**3. Return on Net Worth**

			RONW %	Weight
a) 2002-03			8.80	1
b) 2003-04			9.15	2
c) 2004-05			19.12	3
<b>Weighted Average</b>			<b>14.07</b>	

4. Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS for FY 2004-05 of Rs. 21.04 is 18.61%.

5. Net Asset Value

Particulars	Rs. /per share
a) As at March 31, 2005	111.51
b) After Issue	113.07
c) Issue Price	120

6. The face value of the shares of the Company is Rs.10/- per share and the Issue Price of Rs.120/- per share is 12 times of the face value of the shares of the Company.

7. The Lead Manager believes that the Issue Price of Rs. 120/- per share is justified in view of the above qualitative and quantitative parameters. The Investors may also want to peruse the risk factors and the financials of the Company as set out in the Auditors Report in the Prospectus to have a more informed view about the investment proposition.

## **16. OUTSTANDING LITIGATIONS OR DEFAULTS**

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, [its Subsidiaries], its Directors or its Promoter or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiaries, Promoters or Directors.

### **Labour Cases**

#### **Cases filed against the Company**

##### **Mr. Deepak Kumar Jha vs. ALPS Industries Limited (Reference no. 1415/19 GB Ref 94/2003)**

Mr. Deepak Kumar Jha was appointed as a weaver in the weaving department and his services were terminated on October 13, 2001 by the Company for habitual absenteeism. Mr. Deepak Kumar Jha has alleged that his services were terminated on December 12th 2001 and Mr. Deepak Kumar Jha has contended for restatement with back wages. The matter has been referred by the State Government to the Labour Court ,1st Ghaziabad. The next date for hearing is scheduled for September 1, 2005. The approximate liability as on March 31st 2005 is Rs. 97,500.

##### **Mr. Desmond Fredrick vs. ALPS Industries Limited (Adjudication Case no. 33/2004)**

Mr. Desmond Fredrick was appointed as a weaver in the weaving department and his services were terminated on August 9th 2001 by the Company for habitual absenteeism. Mr. Desmond Fredrick has alleged that his services were terminated for undue reason and Mr. Desmond Fredrick has contended for restatement with back wages. The matter has been referred by the state government to the Labour Court 1st Ghaziabad. The next date for hearing is scheduled for September 5th 2005. The approximate liability as on March 31st 2005 is Rs. 1,10,000.

##### **Ms. Lalita Thakkur vs. ALPS Industries Limited (Adjudication Case no. 234/2002)**

Ms. Lalita Thakkur was appointed as a checker in the made-ups department and she resigned on on May 7th 1999. Ms. Lalita Thakkur thereafter has alleged that she was forcefully asked to resign and approached the state government for reinstatement and back wages. The matter has been referred by the state government to the Labour Court 2nd, Ghaziabad. The next date for hearing is scheduled for September 7th 2005. The approximate liability as on March 31st 2005 is Rs. 1,72,500.

##### **Mr. Ram Pal vs. ALPS Industries Limited (Adjudication Case no. 160/2003)**

Mr. Ram Pal was appointed as a senior operator / reliever in the weaving department and his services were terminated on October 25th 2001 for physically abusing and assaulting the shift in charge. Mr. Ram Pal approached the state government for reinstatement with back wages. The matter has been referred by the state government to the Labour Court 1st, Ghaziabad. The next date for hearing is scheduled for November 4th 2005. The approximate liability as on March 31st 2005 is Rs. 1,02,500.

##### **Mr. Khemchand vs. ALPS Industries Limited (CP No. 90/2002)**

Mr. Khemchand was appointed as a senior operator / reliever in the weaving department and his services were terminated on October 25th 2001 for physically abusing and assaulting the shift in charge. Mr. Khemchand approached the state government for reinstatement with back wages. The conciliation proceeding has been completed by the State Government.. Order of reference and/or rejection is awaited. The approximate liability as on March 31st 2005 is Rs. 1,02,500.

##### **Mr. Narendar Kumar vs. ALPS Industries Limited (CP No. 14/2002)**

Mr. Narendar Kumar was appointed as a weaver in the weaving department and his services were terminated on October 25th 2001 for physically abusing and assaulting the shift in charge. Mr. Narendar Kumar approached the state government for reinstatement with back wages. The next date of hearing is September 27, 2005. The approximate liability as on March 31st 2005 is Rs. 1,02,500.

##### **Mr. Parmatma Kumar vs. ALPS Industries Limited (Adjudication case No. 227/2001)**

Mr. Parmatma Kumar was appointed as a helper in the made-ups department and his services were terminated on January 30th 1998 for absenteeism. Mr. Parmatma Kumar has alleged that his services were terminated on February 7th 1998 and has approached the state government for reinstatement with back wages. The conciliation proceeding has been completed by the State Government. Order of reference and/or rejection is awaited. The approximate liability as on March 31st 2005 is Rs. 1,87,500.



**Mr. Premchand vs. ALPS Industries Limited (Reference No. 308- 12 GB Ref 362/2000)**

Mr. Premchand was appointed as a helper in the made-ups department and his services were terminated for absenteeism. Mr. Premchand has alleged that his services were terminated on January 13th 1998 and has approached the state government for reinstatement with back wages. The matter has been referred by the state government to the Labour Court 1st, Ghaziabad. The next date for hearing is scheduled for November 4, 2005. The approximate liability as on March 31st 2005 is Rs. 1,87,500.

**Mr. Mithun Singh vs. ALPS Industries Limited (12580 dated September 18th 2003)**

Mr. Mithun Singh was appointed as a back sizer in the weaving department and his services were terminated for gross misconducts after conducting domestic enquiry of the Company. Mr. Mithun Singh has approached the state government for reinstatement with back wages. The matter is pending with the state government for conciliation proceedings. The approximate liability as on March 31st 2005 is Rs. 57,900.

**Mr. Praveen Kumar vs. ALPS Industries Limited (CP Case No. 295/2002 )**

Mr. Praveen Kumar was appointed as a checker in the made-ups department and his services were terminated on February 15th 2002 for various misconducts including absenteeism. Mr. Praveen Kumar has approached the state government for reinstatement with back wages. The matter is pending with the state government for conciliation proceedings. The approximate liability as on March 31st 2005 is Rs. 97,500.

**Civil Cases**

**Cases filed by the Company**

**Alps Industries Limited vs. Zhejiang Weilal Import and Export Co. Ltd (Suit no. 98/03)**

The Company had placed an order for supply of 675 kg silk yarn. That accordingly as per the terms and conditions agreed between the Company and the defendant company the Company paid a sum of US\$ 5,718.75 through its banker State Bank of India as part advance payment. The defendant company failed to deliver the same. The Company made repeated requests after which the company filed a civil suit with the honourable District Judge, Tis Hazari, Delhi on May 17th 2003. The plaintiff has prayed to the Court for a decree for a sum of US\$ 5,718.75 amounting to Rs. 2,75,000 along with interest at the rate of 18% per annum. Proceeding completed and orders are awaited.

**Alps Industries Limited vs. Prem Nath Auto Limited and Ashok Leyland (Complaint no. 326 / 1997)**

The Company had purchased a generator set manufactured by the Ashok Leyland installed through its authorized distributor M/s. Continental Generators Private Limited vide challan dated May 23rd 1990 after payment of full consideration. There was also a guarantee in respect of the said generator set for a inali of one year. An annual maintenance contract was entered into Prem Nath Auto Limited September 23rd 1992. Prem Nath Auto visited the offices of the Company on July 2nd 1997 and August 6th 1997 and issued an 'OK' certificate for the same. Further Prem Nath Auto Limited again notified an 'OK' certificate for the same in September 4th 1997. Subsequently on September 7th 1997, Mr. Jagdish Kumar Sharma died while operating the generator set due damage of the generator set. The Company filed an application with the state consumer dispute redressal commission praying for a sum of Rs. 11,00,000 and 24% interest from September 7th 1997 till actual date of payment. The defendants refuted the same. The case is scheduled for September 13, 2005.

**Alps Industries vs. Modele Collections**

The Company had supplied some decorative material to M/s. Modele Collections for an amount of Rs. 8, 50,000/- (Rupees Eight Lakhs Fifty Thousand Only) . M/s. Modele collection issued ten cheques towards the outstanding payment of the abovementioned amount in the month of March to April 1993. All the aforesaid cheques were drawn on Canara Bank, Saki Naka, Bombay. The Company submitted the aforesaid cheques in its banker "State Bank of India", Ghaziabad on July 18, 1993 for their due encashment. However, the same was returned as UNPAID (dishonour) with the remark FUNDS INSUFFICIENT along with the Bank Memo dated July 20, 1993. Accordingly, two Notices dated August 16, 1993 were sent to M/s. Modele Collections to make the requisite payment of the aforesaid amount. Failing to honour the same, the Company filled a criminal complaint on October 7, 1993 under section 138 of Negotiable Instrument Act in the Court of District Magistrate, Ghaziabad. The court by its order dated August 22, 1996 held that the case be dismissed. Aggrieved from the order the Company filed an appeal with the High Court, Allahbad. The next date for hearing is scheduled for September 5, 2005.

**Alps Industries vs. Mr. H.J.Yagnik  
(Suit no. 709 of 1999)**

Mr. H.J.Yagnik was employed as Regional Sales Manager, Mumbai with the Company at its Bombay office. During May 1998, it came to light that the defendant had collected amounts during March 1997 to May 1998 from a number of customers amounting to Rs. 1,35,651/- ( Rupees One Lakh Thirty Five Thousand Six Hundred And Fifty One Only). However, he had neglected and failed to deposit the same with the Company. A suit for recovery was filed with the High Court of Mumbai and it was prayed that the Mr. H.J.Yagnik be ordered to pay to the Company the sum of Rs. 2, 72, 488/- with further interest at rate of 18% on the Principal Amount of Rs. 2, 45, 596/- from the date of the suit till payment and realization.

**Alps Industries vs. Ms. Reetu Aggarwal & Others  
(Suit No. 183 of 2002)**

The Company supplied on consignment basis Pashmina shawls and Pashmina blended shawls to the business entity "Desire by Rana's Sarees". The parties executed a Retailer Agreement dated September 7, 2000 and September 25, 2000. The goods were invoiced during January to March 2001 for an amount of Rs. 141,705/-. The respondent has failed to pay the total outstanding amount of Rs. 141,705/- despite demands made by the Company. The Company has invoked the Arbitration Clause of the Retailer Agreement due to the failure on the part of the respondents to clear the outstanding despite repeated demands made by the Company. The High Court by its order dated December 8, 2003, was pleased to allow the petition of the Company under Section 11 of the Arbitration and Conciliation Act 1996 and appointed Mr. Dhanesh Relan, Advocate as the Arbitrator for adjudication of the claim petition and the proceedings has been completed and award is awaited.

**Alps Industries vs. M/s. Romi International  
(Suit no. 3111 of 1998)**

The Company had supplied to M/s. Romi International curtain rods vide Invoice No. ID 92 dated April 6, 1995 for Rs. 63, 050/-. The party had accepted the abovementioned invoice and handed over the cheque of Rs. 57,160 toward the full and final payment. On the presentation of the cheque no. 282661 to Company's banker "State Bank of India", Mumbai drawn on South Indian Bank, Nariman Point, Mumbai, the same was dishonoured due to "STOP PAYMENT" by the Drawer. The company had served a notice on the party to make the aforesaid outstanding payment. Failing to honour the same, the Company filled a civil complaint with City Civil Court at Mumbai.

**Alps Industries vs. M/s B. Braun Medical India Limited  
(Suit no. 3304 of 1996)**

The Company had supplied to M/s B. Braun Medical India Limited Venetian Blinds amounting to Rs. 26,486 inclusive of the Sales Tax as per the fax message dated January 15, 1996 and was cancelled on January 20, 1996. However, M/s B. Braun Medical India Limited received the material on January 19, 1996 and did not make the due payment after receiving the delivery of the same. The Company filed suit for recovery for an amount of Rs. 26, 486 with City Civil Court, Mumbai and prayed that the M/s B. Braun Medical India Limited be ordered to pay to the Company an amount of Rs. 26, 530 together with further interest of 18% p.a. on the principal amount of Rs. 25, 805/- from the date of filling the suit.

**Alps Industries vs. M/s. Sandeep Enterprises  
(Summary Suit no. 783 of 1998)**

The Company had supplied to M/s. Sandeep Enterprises curtain rods vide invoice no.VS118 and VS353 dated may 7, 1995 and July 28, 1995 amounting to Rs. 23,647/-. . The curtain rods were supplied to the party and the party acknowledged the payment for the same. However, M/s. Sandeep Enterprises has not made any payment for the outstanding amount due after repeated demand. The company has filled the suit for recovery against M/s. Sandeep Enterprises in the City Civil Court, Mumbai and prayed that the M/s. Sandeep Enterprises be ordered to pay to the Company an amount of Rs. 26, 485 together with further interest of 18% p.a. on the principal amount of Rs. 23,647/- from the date of filling the suit.

**Alps Industries vs. M/s.A.1 Enterprise  
(suit no. 2652 of 1998)**

The Company had supplied coated fabric to M/s. A.1 Enterprises for an amount of Rs. 30,424/- as on March 31, 1996 out of which the party has a paid an amount of Rs. 12,000 through six cheques amounting to Rs. 2,000/- each remaining balance of Rs. 18,424. M/s. A.1 Enterprises has failed to make the payment of the outstanding amount despite of the repeated demand. M/s. A.1 Enterprises, further made a payment of Rs. 2,000/- vide cheque no. 836363 dated June 2, 1997 of Oriental Bank of Commerce, Mumbai. On presentation of the same to the Company's Banker, the same was dishonored due to "EFFECTS NOT CLEAR". The Company filed suit for recovery for an amount of Rs. 27,529/- with the City Civil Court, Mumbai and prayed that the M/s. A.1 Enterprises be ordered to pay to the Company an amount of Rs. 27,529/- together with further interest of 18% p.a. on the principal amount of Rs. 20,424/- from the date of filling the suit.

**Alps Industries Vs Mr. Santosh Jambodkar  
(Summary suit no. 783 of 1998)**

Mr. Santosh Jambodkar was employed as Sales Executive, Mumbai with the Company at its Bombay office. During May 1998, it came to light that the defendant had collected amounts during May 1997 from a number of customers amounting to Rs. 25,800/- Rupees twenty five thousand five hundred only) . However, he had neglected and failed to deposit the same with the Company. A suit for recovery was filed with the City Civil Court of Mumbai and it was prayed that the Mr. Santosh Jambodkar be ordered to pay to the Company the sum of Rs. 25,800/- with further interest at rate of 18% on the Principal Amount of Rs. 2 4,000/-from the date of the suit till payment and realization.

**Alps Industries Vs. Elegant Enterprises  
(Suit no.959 of 1999)**

Elegant Enterprise vide a letter dated April 23, 1996 had placed an order for the supply of P/F False ceiling and other material for Air India Building. A cheque of Rs. 20, 000/- was sent on account of advance payment. The company raised two Invoices, being invoice no. ID/1457 dated May 21, 1996 for Rs. 32, 447/- and invoice no. 1695 dated may 22, 1996 for an amount of Rs. 78, 852/- making a total of Rs. 1, 11, 299/-. Out of this, Rs. 20,000 was paid in advance leaving a balance of Rs. 91, 299/-. However, M/s. Elegant Enterprise has not made any payment for the outstanding amount due after repeated demand. The Company has filed a suit for recovery in the High Court at Bombay and prayed to the pay the above mentioned amount with interest of 18% on the principle amount of Rs. 91, 299/-.

**Civil cases filed against the Company**

**Shri Krishna Enterprises Vs. Alps Industries Limited**

The company placed an order of 1 digital moisture meter worth Rupees 21, 500/- plus other taxes and a advance of ten percent was to be issued before the supply. In between the company required another item Probe to be used with the 1 digital moisture and the party was asked to supply the same for which they had shown their inability. Since 1 digital moisture meter could be utilized only with the probe the Company did not release ten percent advance to the said party. However, the party supplied the digital moisture meter without the fulfillment of the terms and condition of the order and hence the company refused to take the delivery. The party filed the case under reference no. RTP 140/ 1997 with MRTP, Delhi in October 1997. The next hearing is fixed for September28, 2005.

**Office of the Development Commissioner For Handlooms, New Delhi Vs. Alps Industries Limited**

The staff of office of the Development Commissioner For Handlooms, New Delhi visited alps industries limited , Sahibabad on January 28, 1999 and made an observation that a particular quality of a fabric "Jewel Square" which was being made for further manufacturing of comforters being exported is not permitted as per the Handlooms ( Reservation Of Articles For Production ) Act, 1985 and as per the provisions under the above Act filed an FIR with the local Police Station. Since as per the above Act only fabric is restricted if sold as it is in the market and not the final product "Comforter" being exported by the Company, therefore, the Police filed their final report in the favour of the Company to the Judicial Magistrate, Ghaziabad and the case was decided in the favour of the Company. However, later the department again filed an appeal in the civil court, Ghaziabad and the matter is under process. The next date for hearing is scheduled for September 6, 2005.

**The Board Of Trustees Of The Port Of Bombay Vs.1. Alps Industries Ltd 2. M/s. Transworld Shipping Services (India) Pvt. Ltd.  
(Suit no. 2561 of 1984)**

The Company had imported 325 drums of chemicals during 1984-85. The Shipping agent failed to clear the goods in time. The Bombay Port Trust auctioned the goods and has claimed the recovery of the remaining charges of Rs. 4, 51,554.01 along with the interest of 15% p.a. from the Company, that however has been refuted by the Company in the written statement filed with the High Court at Bombay. The next date is not yet fixed by the High Court.

**Fairbuild Fabricators Engineers & Contractors Vs. Alps Industries Limited  
(Complaint Case No. 58 of 2005/1866)**

The Fairbuild Fabricators Engineers & Contractors, Chandigarh have filed a complaint against the company and M/s. Jain Furnishing, Chandigarh with the District Consumer Disputes Redressl Forum, Chandigarh. The aforesaid party alleged that the company have supplied the MS and Aluminum Curtain Rods with the assurance of compliance of DNIT specifications and claimed a sum of Rs. 3,02,875/- towards the losses. The first hearing of the case was on 24.03.2005. The company is defending the complaint as no purchase order was received and no material was supplied to complainant party directly. The next date for hearing have been fixed for September 20, 2005 for arguments.

**T.P Roy Chowdhury & Co. Pvt. Ltd. Vs. Alps Industries Limited  
(Complaint Case No. 162 of 2005)**

In this case the company supplied the flooring material to M/s. T. Roy Chaudhury & Co. Pvt. Ltd., Chennai. The material get effected by terminate due to defective soil. However the buyer claim the losses from the company and filed the complaint with District Consumer Dispute Redressal Forum, Chennai. The next date for hearing have been fixed for September 2, 2005 for filing of reply.

**Assam Industrial Development Corporation Limited and Assam State Weaving and Manufacturing Company Limited vs. ALPS Industries Limited and ALPS Textiles Private Limited (Money suit no. 180 of 2001)**

The Company entered into an memorandum of understanding dated September 21st 1999 with the Government of Assam more specifically with the Assam Industrial Development Corporation Limited (AIDC) to take on lease a weaving unit. The said unit was owned by Assam State Weaving and Manufacturing Company Limited (ASWMC), which was a subsidiary of AIDC. The Company incorporated a new company called ALPS Textiles Private Limited in Guwahati to carry out this lease arrangement. A formal lease agreement was signed on May 9th 2000 in respect of the factory of ASWMC located at Katimari Pathar near Nagaon Town having 250 power looms for manufacturing grey fabrics. The lease arrangement inter alia stipulated a monthly rental of Rs. 2,50,000 for the lease period of 5 years. The Company was to bear all the running and maintenance expenses and it was also understood that the expenses on repairs to machinery to bring them to working condition was to be borne by the lessor. The Company occupied the premises on June 1st 2000. In the month of November 2000, the Company divested its entire interest in shareholding and management in ALPS Textiles Private Limited to one Mr. D J Barua and informed AIDC and ASWMC by letter of this development. ALPS textiles had paid dues to employees prior to the disinvestment by the Company. The unit could not be run by the new management and ultimately the entire unit was repossessed by AIDC and ASWMC in the presence of the magistrate at Nagaon on July 2nd 2001. AIDC and ASWMC issued a show cause notice to both ALPS Textiles Private Limited and the Company as to why an amount of Rs. 32,50,000 (being lease rent at the rate of Rs. 2,50,000 per month for 13 months between June 1st 2000 and June 30th 2001. They also demanded some arrears of wages and some electricity dues aggregating some 27,30,000. The Company tried to negotiate with AIDC without success, AIDC and ASWMC filed a suit (no.180 of 2001) in the court of Civil Judge (Senior Division) no.1, Kamrup, Guwahati against both ALPS Textiles Private Limited and the Company for a total claim of Rs. 1,56,00,000, which included an amount of Rs. 1,17,50,000 towards future lease rent from July 2001 to May 8th 2005, in addition to Rs. 32,50,000 as lease rental for the 13 months in which the units possession was not with ASWMC and AIDC and future interest at the rate of 20% per annum from July 2nd 2001. In this suit there was no claim for unpaid wages which was reflected in the show cause notice. The next hearing of the case is scheduled for September 20, 2005.

**ALPS Industries Limited and others vs. Assam State Weaving and Manufacturing Company Limited and others (T.S. No. 247/2001)**

The Company has filed a counter against ASWMC and AIDC claim as case no. 247 in the court of Civil Judge (Senior Division) no.1, Kamrup, Guwahati. The basic premise of the company is that it has no responsibility for any dues as the agreement for lease was entered into with Alps Textiles Private Limited in which the company has no interest at the time of the termination of the lease arrangement. The Company has prayed for a temporary injunction restraining the defendants from proceeding against the Company. The next hearing of the case is scheduled for September 13, 2005.

**Sri Sahadev Sharma vs. Alps Textiles Private Limited and another (Money Suit No. 29 of 2003)**

The Company entered into an memorandum of understanding dated September 21st 1999 with the Government of Assam more specifically with the Assam Industrial Development Corporation Limited (AIDC) to take on lease a weaving unit. The said unit was owned by Assam State Weaving and Manufacturing Company Limited (ASWMC), which was a subsidiary of AIDC. The Company incorporated a new company called ALPS Textiles Private Limited in Guwahati to carry out this lease arrangement. A formal lease agreement was signed on May 9th 2000 in respect of the factory of ASWMC located at Katimari Pathar near Nagaon Town having 250 power looms for manufacturing grey fabrics. The plaintiff, i.e., Mr. Sahadev Sharma was providing security services in the region. The plaintiff received a letter from ALPS Textiles Limited vide letter dated November 25th 2000 from the Managing Director of ALPS Textiles Limited accepting the offer of the plaintiff for providing security services with effect from January 1st 2001. The Plaintiff and ALPS Textiles Limited entered into an agreement for the same on November 29th 2000. Subsequently the Plaintiff has filed a money suit at the civil judge senior division, Kamrup, Guwahati for recovery of amount of Rs. 1,30,200. The company has however contended that the Company had relinquished its majority shareholding in the Company from December 2nd 2000 and hence is not liable for the same. The case is pending and the next date of hearing is on September 9, 2005.

## **Criminal Matter**

### **Cases filed by the company**

#### **Alps Industries vs. Mr. H. J. Yagnik**

Mr. H. J. Yagnik was employed as Regional Sales Manager, Mumbai with the Company at its Bombay office. During May 1998, it came to light that the defendant had collected amounts during March 1997 to May 1998 from a number of customers amounting to Rs. 1,35,651/- ( Rupees One Lakh Thirty Five Thousand Six Hundred And Fifty One Only).

However, he had neglected and failed to deposit the same with the Company. A Criminal complaint no. 188/ S/ 1998 was filed with the Andheri Court , Mumbai under section 408 Of The Indian Penal Code and prayed that the accused be ordered to pay to the Company the sum of Rs. 1,35,651/-.

#### **Alps Industries Limited Vs. Prasanjeet Bakshi, Biswajeet Bakshi and Nishit Bakshi (suit no. 397 / 2003)**

Mr. Prasanjeet Bakshi had joined the company on December 24, 2002 as Manager (Natural Product) and he was given over all responsibility for the production of finished products , sourcing of raw material and overall administrative control over Natural Product Department. Mr. Prasanjeet Bakshi started procuring raw materials from two firms owned by his relatives with a malafide intension and made some advance payments to them against which the supply not received and major shortage was found in the other supply. The matter was taken up with the above parties but they did not refund the money in spite of the company's follow up. Later when the company found that the parties are personally related to Mr. Prasanjeet Bakshi, he was asked to get the refund. However, instead he left the company without any information. Later on, the company filed an FIR with the local police station, Sahibabad. On august 11, 2003 for the recovery of the amount and to take suitable action against them. The matter is pending in the court of judicial magistrate, Ghaziabad and the next date for hearing is scheduled for September 14, 2005.

### **Customs and Excise Litigation**

#### **ALPS Industries Limited vs. Commissioner of Central Excise, Ghaziabad**

The Company has a 100% export oriented unit located at 57/2, Site IV, Industrial Area, Sahibabad, District Ghaziabad, Uttar Pradesh. The Company was importing certain chemicals to be used as consumables in the process of manufacture of fabrics. No import duty was paid on these chemicals in view of the 100% EOU status. The Company was also supplying the fabric both processed and unprocessed in the domestic tariff area. The Company was paying excise duty as applicable at the time of clearance of these fabrics in the DTA. The Customs and Excise Department, Ghaziabad has claimed from the company 50% customs duty on the chemicals so imported for the supplies of fabric made in the domestic tariff area, as reduced by the excise duty paid by the Company. The contention of the department is that these chemicals are raw materials and not consumables as claimed by the Company. A show cause notice dated March 26th 2002 was issued to the Company claiming this differential amount of Rs.. 6,03,89,280 for the period from 1997-98 to November 2001. The Company replied to this show cause notice and has, inter alia given certificates of Indian Institute of Technology, Delhi, Department of Textile Technology as well as Northern India Textile Research Association, Delhi in support of its contention that the imported items were only consumables used in the manufacture of finished products. Besides this the Company also claims that the chemicals in question were used only in the manufacture of processed fabric, while the show cause notice took into account all the DTA sales comprising both processed and unprocessed fabric. The Commissioner of Central Excise, Ghaziabad, however confirmed the demand of duty on April 30th 2004 vide in original number 10/Commr/GZB/2004. The Company appealed against this order to the Customs, Excise and Service tax Appellate Tribunal bearing number E/stay/2564/04-NB(A) in Appeal No. E/3920/04-NBA. The final order is passed by Customs, Excise and Service tax Appellate Tribunal (CESTAT) on April 15, 2005. As per the order our liability ceases to Rs. 43,41,912 for the period 01.04.2001 to 30.11.2001 + interest from 12.05.2001 till date of its final payment. However, we have filed an application for Rectification of Mistakes (ROM) against the above CESTAT's order, which has been accepted by the concern authority and Commissioner, Central Excise Ghaziabad has been instructed to look into the matter.

## **17. GOVERNMENT APPROVALS/ LICENSES/ PERMISSIONS:**

The Company has received all the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business except as stated elsewhere in this Prospectus. The Company will take steps in compliance with applicable laws to obtain any other governmental licenses or permissions required to undertake any of its proposed activities.

The Company has received the following Government approvals/licenses/permissions:

### **Incorporation and other statutory compliances**

1. Certificate of Incorporation No. 20-3544 of 1972 dated May 11th 1972 in the name of Alps Textiles (Private) Limited with the Registrar of Companies, Uttar Pradesh at Kanpur.
2. Fresh Certificate of Incorporation dated September 2nd 1994 consequent to conversion of Private Limited Company to Public Limited Company from Alps Textiles (Private) Limited to Alps Textiles Limited
3. Fresh Certificate of Incorporation dated November 15th 1994 consequent to change of name from Alps Textiles Limited to Alps Industries Limited.
4. License for Private Bonded Warehouse dated December 26th 2003 valid upto December 31st 2006 vide letter dated December 26th 2003 issued by Central Excise Division 3, Ghaziabad.
5. Unique Identification No. NDWAZ20010441 for Overseas Direct Investment in Creative Blends Inc, USA , a Wholly Owned Subsidiary in USA under the automatic Route in terms of the Foreign Exchange Management Act, 1999 Notification No. 19/RB-2000 dated May 3rd 2000
6. Certificate of Recognition No. 752 as Trading House dated July 17th, 1996 issued by the Directorate General of Foreign Trade in accordance with the provisions of the Exim Policy.
7. Certificate of Recognition No. 043 as Golden Trading House dated July 7th, 1997 issued by the Directorate General Of Foreign Trade in accordance with the provisions of the Exim Policy 1997-2002.
8. License for use of boilers dated 25th May 2005 issued by the Assistant Director of Boilers, Uttar Pradesh Boilers at Kanpur, vide Boiler No. UP 5984 valid up to May 19th, 2006.
9. License for use of boilers dated June 28th, 2005 issued by the Assistant Director of Boilers, Uttar Pradesh Boilers at Kanpur, vide Boiler No. UP 5836 valid up to June 24th, 2006
10. License no. 128/3495/LIC/OM dated 18th February 1995 issued by Commissionerate, Oulgaret-Commune Panchayat, Pondicherry u/s 121 of the Pondicherry Village and Commune Panchayats Act, 1973 for Unit- V at Pondicherry valid upto March 31, 2006.
11. Registration and license to work a factory issued by the Chief Inspector of Factories, U.P., no. GZB3927 valid upto December 31st, 2005 for Unit I manufacturing facility.
12. Registration and license to work a factory issued by the Chief Inspector of Factories, U.P., no. GZB2351 valid upto December 31st, 2005 for Unit III manufacturing facility
13. Registration and license to work a factory issued by the Chief Inspector of Factories, U.P., no. GZB-3491 valid upto December 31st, 2005 for Unit IV manufacturing facility.
14. License no. -12(17) 2652 U.P. 4103 dated April 25th, 1996 issued by the Chief Controller Of Explosives under the Petroleum Act, 1934 to import and store petroleum in installation valid until December 31st 2005.
15. Registration-cum-Membership certificate No.4-219/94-100%EOU/14 B dated February 22nd 1995 issued by Ministry of Commerce, Government of India, Noida, Ghaziabad of the Noida Export Processing Zone valid upto March 31st, 2006
16. Green Card No. 560 dated 2000 issued by the Joint Development Commissioner, Noida Export processing Zone, Ministry of Commerce valid upto March 31st 2006.
17. Importer-Exporter Certificate Code No. 0588004014 dated April 1st 1988 issued by the Asst. Director General of Foreign Trade.
18. Registration-cum-Membership certificate No. MM/MY/7109-A dated December 27th 2004 issued by Secretary, the Cotton Textiles Export Promotion Council valid upto December 31st 2009.
19. Registration-cum-Membership certificate No. 36656/N/95 issued by the Apparel Export Promotional Council Registration valid up to 30th March 2006.
20. Renewal of registration of Trademark No. 482768 dated December 17th 2004 issued by the Registrar of Trade Mark in class 20 for a period of seven years from December 15th, 2001.

21. License no. 189495 of 15-07-1994 issued by the Controller of Patent under the provisions of the Patent Act, 1970 for a period of 20 years from July 15th 1994.
22. Letter of Permission No. PER:473 (1994)/ECB/520 (94) dated December 18th, 1994 and Foreign Collaboration approval letter No. issued for the manufacture of cotton yarn, fabrics, natural dyes under 1005 Export Oriented Unit under issued by the Department of Industrial Development, Secretariat for Industrial Assistance.
23. Registration under Employees State Insurance Act for Unit I, ESIC Code No. 21-34498-67
24. Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952 for Unit I, PF Code No. UP/MT/30726
25. Registration under Employees State Insurance Act for Unit II, ESIC Code No. 21-34498-67.
26. Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952 for Unit II, PF Code No. UP/MT/30726
27. Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952 for Unit III, PF Code No. UP/15516
28. Registration under Employees State Insurance Act for Unit IV, ESIC Code No. 21484-11
29. Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952 for Unit IV, PF Code No. UP/MT/21103
30. Registration under Employees State Insurance Act for Unit V, ESIC Code No. 55-21302-100
31. Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952 for Unit V, PF Code No. PC/655
32. Contract Labour Registration bearing registration no. 256/2002 dated August 23rd, 2002 issued by the Additional Labour Commissioner Uttar Pradesh, Ghaziabad, valid till surrendered.
33. Contract Labour Registration bearing registration no. 88/DCL/04 dated December 9th , 2004 issued by the Regional Dy. Labour Commissioner Government of Uttaranchal valid till surrendered.
34. No Objection Certificate No. DIC/EI.1/82/94 to establish unit at B-16O161, Industrial Estate, Mettupalayam, Pondicherry issued by the Government of Pondicherry, District Industries Centre-dated August 23, 1994 valid until surrendered.
35. Consent letter no. 446 dated May 7, 205 for power connection for the proposed project at 1A, Sector 10, Integrated Industrial Estate, Ranipur, Haridwar.

**Income Tax:**

36. PAN Number - AAACA7569D issued by the Director of Income Tax (Systems), Income Tax Department.

**Excise :**

37. Central Excise Registration Certificate No. AAACA7569DXM002 dated December 9th 2002 issued by the Deputy Commissioner, Central Excise, under Rule 9 of the Central Excise Rules, 2002 for Unit IV manufacturing facility situated at Plot No. 57/2, Site IV, Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh.
38. Central Excise Registration Certificate No. AAACA7569DXM003 dated January 1st 2003 issued by the Assistance Commissioner, Central Excise, under Rule 9 of the Central Excise Rules, 2002 for manufacturing facility at A-2, Loni Road, Industrial Area, Opp. Mohan Nagar, Ghaziabad, Uttar Pradesh - 201 007.
39. Central Excise Registration Certificate No. AAACA7569DXM004 dated January 1st 2003 issued by the Assistance Commissioner, Central Excise, under Rule 9 of the Central Excise Rules, 2002 for manufacturing facility at A-3, Loni Road, Industrial Area, Opp. Mohan Nagar, Ghaziabad, Uttar Pradesh - 201 007.
40. Central Excise Registration Certificate No. AAACA7569DXM005 dated January 1st 2003 issued by the Assistance Commissioner, Central Excise, under Rule 9 of the Central Excise Rules, 2002 for manufacturing facility at B-2, Loni Road, Industrial Area, Opp. Mohan Nagar, Ghaziabad, Uttar Pradesh - 201 007.
41. Central Excise Registration Certificate No. AAACA7569DXM001 with date of receipt of application on December 20th 2001, issued by the Superintendent of Central Excise, under Rule 9 of the Central Excise (No. 2) Rules, 2001 for manufacturing facility at B-160 & B-161, Industrial Estate, Mettupalayam, Pondicherry - 605 009.

**Sales Tax:**

42. Central Sales Tax Registration No. 8343/PRC dated December 15th 1994 under section 7(1) / 7 (2) of the Central Sales Tax Act, 1956 issued by the Deputy Commercial Tax Officer, Pondicherry.
43. Central Sales Tax Registration No.GD 5037404 dated July 1st 1972 issued by the Assistant Commissioner, Sales Tax, Ghaziabad valid until surrendered for Unit A-2, B-2, A-3 and site 4 Units.

44. Uttar Pradesh Sales Tax No. GD 0050192 dated July 1st 1972 issued by the Assistant Commissioner, Sales Tax, Ghaziabad valid until surrendered for Unit A-2, B-2, A-3 and site 4 Units.
45. Uttar Pradesh Sales Tax No. GD 2691(R) July 26th 1988 issued by the Assistant Commissioner, Sales Tax, Ghaziabad valid until surrendered for Unit A-2, B-2, A-3 and site 4 Units.
46. Certificate of Registration dated December 16th 1994 as a dealer issued by the Deputy Commercial Tax Officer under Section 22 of the Pondicherry General Sales Tax Act, 1967.

**Environment:**

47. Approval issued by the Uttar Pradesh Pollution Control Board under section 21/22 of the Air (Pollution Control and Prevention) Act, 1981 dated February 16, 2005 for Plot no 57/2 and 58/1, Site IV valid till December 31st, 2006.
48. Approval issued by the Uttar Pradesh Pollution Control Board under section 25/26 of the Water (Pollution Control and Prevention) Act, 1974 dated February 16, 2005 for Plot no 57/2 and 58/1, Site IV valid until December 31st, 2006.
49. Approval issued by the Uttar Pradesh Pollution Control Board under section 21/22 of the Air (Pollution Control and Prevention) Act, 1981 dated February 16, 2005 for A-2 Loni Road, Industrial Area, Mohan Nagar, Ghaziabad valid until December 31st, 2006.
50. Approval issued by the Uttar Pradesh Pollution Control Board under section 25/26 of the Water (Pollution Control and Prevention) Act, 1974 dated February 16, 2005 for A-2 Loni Road, Industrial Area, Mohan Nagar, Ghaziabad valid until December 31st, 2006.
51. Approval issued by the Uttaranchal Environment Protection & Pollution Control Board under section 21/22 of the Air (Pollution Control and Prevention) Act, 1981 dated July 2nd 2005 for 1A, Sector 10, Integrated Industrial Estate, Ranipur, Haridwar.
52. Certificate of Registration No. IN2002-18 to ISO 90001:2000(E) dated February 21, 2003 issued by the BestCERT Quality Registrars Ltd, Gardner, Massachusetts 01440 USA valid till February 21, 2006 for Environment.

**Quality**

53. Certificate of Registration No. IN2003-01 to ISO 14001:1996 dated March 7, 2003 issued by the BestCERT Quality Registrars Ltd, Gardner, Massachusetts 01440 USA valid till March 7, 2006 for Quality.

**LETTER OF INETENT/INDUSTRIAL LICENSE AND DECLARATION OF THE CENTRAL GOVERNMENT/RBI ABOUT NON-RESPONSIBILITY FOR FINANCIAL SOUNDNESS OR CORRECTNESS OF STATEMENTS**

It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

**INVESTMENT APPROVALS**

As per Notification No. FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

**Pending Government Approvals:**

1. for the Existing Business:

Approval / Consent	Agency	Status
Approval for treatment, storage etc of the hazardous wastes at Unit IV	UPPCB	Application has been made on May 12, 2005.

2. for the proposed project:

Approval / Consent	Agency	Status
License under Factories Act	Chief Inspector of Factories, Uttaranchal	Application has been made on January 24, 2005. The license will be issued after the completion certificate of Factory Building is submitted.



## 18. RISK ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSALS (MP) THEREOF

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and the Investors may lose all or part of their investments.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

### A. Internal to the Company

1. The Company is a defendant in a number of legal proceedings that, if determined against the Company, could have a material adverse impact on the Company's results of operations and financial condition.

#### **Criminal cases that the Company is involved in:**

##### **Alps Industries vs. Mr. H. J. Yagnik**

Mr. H. J. Yagnik was employed as Regional Sales Manager, Mumbai with the Company at its Bombay office. During May 1998, it came to light that the Mr. Yagnik had collected amounts during March 1997 to May 1998 from a number of customers amounting to Rs. 1,35,651/- ( Rupees One Lakh Thirty Five Thousand Six Hundred And Fifty One Only).

However, he had neglected and failed to deposit the same with the Company. A Criminal complaint no. 188/ S/ 1998 was filed with the Andheri Court , Mumbai under section 408 of The Indian Penal Code and prayed that the accused be ordered to pay to the Company the sum of Rs. 1,35,651/-.

##### **Alps Industries Limited Vs. Prasanjeet Bakshi, Biswajeet Bakshi and Nishit Bakshi (suit no. 397 / 2003)**

Mr. Prasanjeet Bakshi had joined the company on December 24, 2002 as Manager (Natural Product) and he was given over all responsibility for the production of finished products, sourcing of raw material and overall administrative control over Natural Product Department. Mr. Prasanjeet Bakshi started procuring raw materials from two firms owned by his relatives with a malafide intention and made some advance payments to them against which the supply was not received and major shortage was found in the other supply. The matter was taken up with the above parties but they did not refund the money in spite of the Company's follow up. Later when the Company found that the parties are personally related to Mr. Prasanjeet Bakshi, he was asked to get the refund. However, instead he left the Company without any information. Later on, the Company filed an FIR with the local police station, Sahibabad. On August 11, 2003 the Company filed a criminal complaint for the recovery of the amount and to take suitable action against them. The matter is pending in the Court of Judicial Magistrate, Ghaziabad. The next date for hearing is scheduled for September 14, 2005.

The Company is a defendant in a number of other legal proceedings incidental to the business and operations. The Company is also subject to claims against itself arising from Customs and Excise disputes and other disputed demands. These legal proceedings are pending at different levels of adjudication before various Courts, Tribunals, Enquiry Officers and Appellate Tribunals. As of March 31, 2005, the total contingent liabilities not provided for in the books of accounts were Rs. 8337.58 lacs, out of which the Company's contingent liabilities in respect of these legal proceedings and claims not acknowledged as debts were Rs. 222.05 lacs. Should any new developments arise, such as a change in Indian law or rulings against the Company by Appellate Courts or Tribunals, the Company may need to make provisions in the financial statements, which may increase its expenses and current liabilities.

Furthermore, if a claim is determined against the Company and payment of the entire disputed amount or a portion thereof is required to be made, it could have a material adverse effect on the results of the Company's operations and cash flows.

For more information regarding litigation involving the Directors or the Company, see "Outstanding Litigations" on page 82 of this Prospectus, a summary of which is given below:

Sr. No.	Particulars	No. of Cases	Total Amount (Rs.)
1.	Labour Cases	10	12,17,900
2.	Civil Cases	19	1,94,23,133
3.	Criminal Cases	2	1,35,651
4.	Customs & Excise Cases	1	43,41,912
	<b>Total</b>	<b>32</b>	<b>2,51,18,596</b>

2. The Company has not been able to meet some of the projections as stated in the IPO offer document. The promises given in the offer document and the actual performance is given as under:

Rs. in lacs

For the year ended March 31	Particulars			
		Total Income	PAT	Dividend (%)
1994-95	Projected	1,851	163	20
	Actual	2,152	175	10
	Variation %	16%	7%	(50%)
1995-96	Projected	3,493	395	25
	Actual	3,942	528	10
	Variation %	13%	54%	(60%)
1996-97	Projected	6,029	866	30
	Actual	5,014	310	10
	Variation %	(17%)	(64%)	(67%)
1997-98	Projected	6,836	1,122	40
	Actual	6,154	320	10
	Variation %	(10%)	(72%)	(75%)

Management Perception: The reasons for the variation in the actual performance are given in the section entitled 'Promise vs. Performance' mentioned on page no. 78 of this offer document.

3. The Company, as part of the Project cost, is importing second hand machinery from Turkey at a cost of Rs. 3,779.47 lacs out of the total plant and machinery cost of Rs. 6,763 lacs. The Company may be unable to service the machinery or may not be able to obtain spare parts therefore on a timely basis, which may affect the operational efficiency of the proposed unit.

**Management Perception:** IIT Delhi was appointed for the inspection of the plant and technology and they have certified that the technology is current and the same is expected to remain competitive over the next decade. Hence no difficulty is envisaged in availability of spares.

4. The Company has an export obligation of USD 219 lacs, against import of machinery at concessional import duties under Export Promotion Capital Goods (EPCG) scheme, which has to be exported within 8 years from the date of commencement of commercial production from the Haridwar unit. Total duty saved by the Company on account of availing concessional imports amounts to Rs. 1297 lacs. In case the Company is not able to honour its export obligations, the Company may face penalties/strictures from the concerned regulatory authority.
5. The major raw material required for the proposed spinning unit is cotton, the availability of which is dependent on good monsoon and agro-climatic condition. The price of cotton is also subject to fluctuations, which may impact the profitability of the Company.

Further, non availability of required raw material for textile or any other item of production in appropriate quantity and right quality at the right time may lead to cancellation of orders from abroad.

**Management Perception:** The Company has experience of more than three decades in buying cotton. Further, the selling prices of cotton fabric and made-ups tend to move in line with change in cotton prices.

6. The total cost of the Project is Rs.10,767 lacs. The Company proposes to fund Rs. 8,971 lacs for the Project by way of bank borrowings and the balance through equity. The Project is not appraised by any one and there will be no monitoring of the project by independent authorities. Any delay in implementation of the Project and/or the Issue may result in time/cost overruns, higher bank borrowings and may impact the profitability of the Company.

**Management Perception:** The Company has a history of 32 years and has acquired skills, experience and manpower for implementation of the Project in a time bound manner.

7. The proposed Project is the largest in the Company's history. The Company and the management do not have prior experience in setting up a Project of such a size. Any delay in the implementation of the Project may impact the future profitability of the Project.

**Management Perception:** The Company is already operating a spinning mill undertaking both ring spinning and open end spinning. IIT Delhi with a number of persons having long experience in textiles are assisting the company in supervision of dismantling the plant overseas and its subsequent erection at Project site. The implementation schedule has been drawn up in consultation with agencies involved in the Project implementation. Hence, the Company is confident of meeting the Project schedule.

8. The Company also operates in the business of fashion accessories and needs to keep abreast with the rapid changes in buying habits, buyers' requirements and fashion trends.

**Management Perception:** The Company has experience of more than three decades in international market of fashion products. A professional marketing team maintains close relationship with buyers overseas, and they, in turn, have their own design teams specifying the products required by them. Having integrated manufacturing operations enables the Company to respond to any changes in fashion trends quickly.

9. The Company's manufacturing activities are highly labour intensive and dependent on availability of skilled and unskilled labour in large numbers. Large labour intensive operations call for good monitoring and maintenance of relations. Non-availability of labour and/or any disputes between the labour and the Management may affect the business operations of the Company.

**Management Perception:** The Company has experience of more than three decades in handling manpower in large numbers. The Project is located in an industrial estate at Haridwar, a town where availability of labour is not a problem.

10. One of the group companies, Alps Textfab Pvt. Ltd. (Alps Textfab) is in a similar line of business, which may create a conflict of Business Interest

**Management Perception:** Alps Textfab is engaged in fabric processing only. The processing undertaken by Alps Textfab is not in competition with the Company's activities as the Company undertakes processing for in-house fabric meant for use in conversion of made ups whereas Alps Textfab undertakes processing for third parties on job work basis purely as a fabric processing facility. The new venture of the Company is processing only fiber dyeing and yarn spinning. Hence, no conflict of interest can arise.

11. The Company imports certain raw materials. Since the cost of these raw materials is denominated in US Dollars, any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupee is likely to affect Company's input cost. Therefore the Company is exposed to losses due to currency fluctuations.

**Management Perception:** The Company has substantial exports denominated in various foreign currencies. Thus the Company enjoys a natural hedge from exchange fluctuation risks.

12. The Company has not provided for the following contingent liabilities as on March 31, 2005

Bills Discounted with Banks	740.99
Counter guarantees given in favour of Company's bankers for guarantees given by them	13.75
Letter of credits opened in favour of customer for which good are yet to be received	165.95
Estimated amount of capital contracts remaining unexecuted	5114.26
Claims not acknowledged as debts by the Company.	222.05
Outstanding forward contract	2080.58

**Management Perception:** The above Contingent Liabilities are in the normal course of business, hence no provision is required.

13. The Company is yet to obtain the following permissions:

**Existing Business:**

Approval / Consent	Agency	Status
Approval for treatment, storage etc of the hazardous wastes at Unit IV	UPPCB	Application has been made on May 12, 2005.

**Proposed project:**

Approval / Consent	Agency	Status
License under Factories Act	Chief Inspector of Factories, Uttaranchal	Application has been made on January 24, 2005. The license will be issued after the completion certificate of Factory Building is submitted.

14. There are restrictive covenants in certain short-term and long-term debt facilities provided by the Company's lenders. There are restrictive covenants in agreements entered into with certain banks and financial institutions for short-term loans and long-term borrowings. These restrictive covenants require the Company to seek prior permission of the said banks / financial institutions for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger/amalgamation/restructuring, change in management, declaring dividends, term of appointment of Managing Director, etc. These restrictive covenants may affect some or all of the rights of the Company's shareholders.

15. The following companies forming part of the promoter/promoter group are loss-making companies:

Sr. No	Name of the company	Losses for the year ended (Rs. Lacs)		
		31st March 2005	31st March 2004	31st March 2003
1)	Alps Processors Private Limited		1.01	
2)	Alps Infin Private Limited		1.34	
3)	Peek Finvest Private Limited		4.17	0.11
4)	Roseate Finvest Private Limited		1.87	
5)	Supreme Finvest Private Limited		3.40	
6)	Saurabh Floriculture Private Limited	0.40	0.58	
7)	Padam Precision Dies & Components Private Limited			0.01
8)	Careen Fintech Private Limited		2.08	
9)	Coronation Spinning (India) Private Limited		0.77	

#### B. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

- The Company operates in a globally competitive business environment. Growing competition may force the Company to reduce the prices of its products and services, which may reduce its revenues and margins and/or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

**Management Perception:** The Company has long experience in managing business in globally competitive environment and has been exporting since 1974 and has given good account of itself in the liberalization regime of 1990s. The Company undertakes R&D activities continuously to improve process efficiency and create value added distinctive products to keep itself ahead of the competition.

- Any change in regulatory environment in relation to manufacturing in the country or for marketing its products within and outside the country will significantly impact the business of the Company.

**Management Perception:** The Company keeps itself abreast of the various developments in relation to the regulatory environment and gears itself in order to comply with such regulatory changes. Further, the Company is ISO 9001:2000(E) and ISO 14001:1996 certified and it works in the area of environment friendly products thus mitigating the risk of adverse changes in regulatory environment for the Company.

- The Company faces the risk of its consignments getting 'arrested' due to wrong/faulty documentation or delinquent shipping by the agents, in respect of the import and exports of the Company.

**Management Perception:** The Company has qualified people looking after exports/imports and ensure proper documentation for the same. However wrong/faulty documentation by external agents, parties may lead to the Company's consignments being arrested by the respective authorities.

- The value of the USD has been depreciating vis-à-vis the Indian Rupee resulting in decrease in profit margins on export sales.

**Management Perception:** The Company manufactures value added products using natural dyes thus insulating itself from extreme price pressures.

- The Company may face competition from other established companies and future entrants into the industry. The Company also faces significant competition from countries such as China which also have cheap labour and significant production capacities. In the post quota regime, commencing from January 1, 2005, the Company may face threats of dumping low value items which may impact the Company's overall performance.

**Management Perception:** The Company's products enjoy the unique eco-friendly appeal due to use of natural dyes. The use of natural dyes comes from application of patented process technology resulting from in-house research on standardization of natural dyes.

- Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports its raw material and/or exports its products to, will have an impact on the Company's profitability.

**Management Perception:** The Company's exports and imports are spread across various countries. Whenever such policy changes affect the Company's business, the Company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain its business.

- The Company currently benefits from various income tax exemptions and deductions, which are applicable for Companies having export income. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase the Company's future tax liabilities and reduce the profits of the Company in future.

- The Company's performance is linked to the stability of policies and political situation in India as well as the countries with which the Company has business relations.

9. If the Company fails to comply with environmental laws and regulations or face environmental litigation, its results of operation may be adversely affected.

**Management Perception:** The Company is a ISO 14001:1996 certified Company and is well versed with procedures to adhere to all environmental norms. Its concern for environment is also evident from its research in the area of development and application of natural dyes.

**Notes:**

- Pre-issue Net worth of the Company as on March 31, 2005 is Rs. 7,498.19 Lacs
- Size of the Present issue - Public issue of 41,50,000 equity shares of Rs.10/- each for cash at premium of Rs. 110/- per share aggregating Rs. 4980 Lacs.
- The average cost of acquisition of Equity Shares held by Promoters of the Company is as under :

Promoter	Average cost of Acquisition per share (Rs)
Mr. K K Agarwal	Rs. Nil
Mr. Sandeep Agarwal	Rs. 23.71

- Book value of the Equity Shares of the Company as on March 31, 2005 is Rs. 111.51
- Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 80 before making an investment in this Issue.
- Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai (BSE) (the Designated Stock Exchange).
- Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
- Related party transactions are given below:

**Rs. in Lacs**

Name of the Party	Nature of relationship	Nature of transaction	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Alps Texfab Pvt Ltd	Associate concern	Purchase	33.31	0.34	-	2.52
		Sales	14.54	9.24	2.48	28.71
		Exp. Incurred/ Reimbursed	-	0.16	7.34	0.04
Alps Infin Pvt. Ltd	Associate concern	Purchase	-	-	3.00	-
Improve Interior. Com Ltd	Associate concern	Exp. Incurred/ Reimbursed	-	1.42	-	-
		Purchase of Capital Goods	54.00	-	-	-
Memoirrs Fashion Pvt Ltd	Associate concern	Purchase	0.14	-	-	-
		Sales	22.32	-	-	-
		Exp. Incurred/ Reimbursed	19.03	-	-	-
Ambros Pashmina Pvt Ltd	Associate concern	Purchase	196.38	-	-	-
Creative Blends Inc.	Subsidiary	Sales	228.98	-	-	-
		Purchase	-	-	0.46	-
		Loans & Adv.	34.63	77.74	58.32	-
Mr. K. K. Agarwal	Chairman	Salary including reimbursement	9.69	6.38	-	-
Mr. Sandeep Agarwal	Managing Director	Salary including reimbursement	7.65	8.19	9.49	10.03

- All information shall be made available by the Lead Manager and the Company to the Public or Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever.

## 19. DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance officer of the Company. All grievances relating to the Present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

### Investors' grievances redressal mechanism

The Registrar to the Issue namely M/s. Alankit Assignments Ltd. will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrar to the issue in attending to the grievances of the investors. The Company assures that the Board in respect of the complaints, if any, to be received, shall adhere to the following schedules-

	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Ajay Gupta, Company Secretary cum AGM (Legal), as Compliance Officer who would directly deal with SEBI officer with respect to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer will be available at the Registered Office of the Company.

There are no pending investors' complaints as on August 31, 2005.

## PART II

### A. GENERAL INFORMATION

#### CONSENTS:

The written consents of Directors, Company Secretary, Auditors, Legal Advisors, Lead Manager to the Issue, Registrar to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Uttar Pradesh at Kanpur as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

M/s. R. K. Govil & Co., Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also of the tax-benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of a copy of this Prospectus for Registration with the Registrar of Companies, Uttar Pradesh at Kanpur.

#### EXPERT OPINION

The Company has not obtained any expert opinions related to the present issue, except the opinion of the Company's auditors, M/s R. K. Govil & Co., Chartered Accountants on the benefits available to the investors.

#### CHANGES IN THE BOARD DURING THE LAST THREE YEARS

There are no changes in the Board during preceding three years.

#### CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There has been no change in auditors of the Company during the preceding 3 years

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on September 30, 2004 and the resolution passed by the Board in its meeting held on April 10, 2004.

#### INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter No.F-8/6/SE/79 dated July 21, 1983 and as amended vide their letter No. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

#### APPLICATION OF SECTION 269SS OF THE INCOME TAX ACT, 1961.

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheque or an account payee draft, if the amount payable is Rs.20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

#### DENOMINATION OF SHARE CERTIFICATES

As the trading of the Company's shares will be undertaken in dematerialized form only, the Company shall issue the shares to all applicants who provide their demat account details in dematerialized form only. However an investor will have an option to hold the shares in Physical form or demat form. The Registrar to the Issue will issue to the said Allottee a single certificate for all the shares allotted to the said applicant in case an investor requests for rematerialization of his shares. This will save dematerialization costs for the applicant.

#### ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
UTI Securities Ltd. SEBI Regn. No. INM000007458 MAPIN No. UIN 100000489 Dheeraj Arma, 1st Floor , Anant Kanekar Marg, Bandra (East) Mumbai - 400 051. Tel: 91-22- 5551 5801 / 5551 5804 Fax: 91-22- 5502 3194 Email: alps@utisel.com	Alankit Assignments Limited SEBI Regn. No. INR000002532 MAPIN No. UIN 100021535 205-208, Anarkali Market, Jhandewalan Extension, New Delhi - 110 055. Tel: (011) 5154 0060-63 Fax: (011) 5154 0064 Email: alps@alankit.com

<p><b>AUDITORS</b></p> <p>M/s R. K. Govil &amp; Co., Chartered Accountants 4-Kiran Enclave, Behind Hotel Samrat, G. T. Road, Ghaziabad.</p>	<p><b>LEGAL ADVISOR TO THE ISSUE</b></p> <p>M/s. Crawford Bayley &amp; Co. 4th Floor, State Bank Buildings, N.G.N. Vaidya Marg, Fort, Mumbai - 400 023.</p>
<p><b>BANKERS TO THE COMPANY</b></p> <p><b>State Bank Of India</b></p> <p>Overseas Branch, 9th Floor, Jawahar Vyapaar Bhawan, 1 Tolstoy Marg, New Delhi - 110 001</p> <p><b>Bank of Baroda</b></p> <p>International Business Branch, 1st Floor, 16 Parliament Street, New Delhi -110001</p> <p><b>ING Vysya Bank Ltd.</b></p> <p>G-35, Connaught Circus, Connaught Place, New Delhi-110001</p> <p><b>ABN AMRO Bank N.V.</b></p> <p>DLF Centre, Sansad Marg, New Delhi - 110001</p>	<p><b>BANKERS TO THE ISSUE</b></p> <p><b>ICICI Bank Limited</b></p> <p>Capital Markets Division 30, Mumbai Samachar Marg, Mumbai - 400 001.</p> <p><b>HDFC Bank Limited</b></p> <p>Regional Office, Financial Institutions &amp; Government Business Group B 6/3, Safdarjung Enclave, DDA Commercial Complex, Opp. Deer Park New Delhi - 110 029.</p>

**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Mr. Ajay Gupta**

Company Secretary & AGM (Legal),

**Alps Industries Limited**

57/2, Site - IV, Industrial Area,  
Sahibabad, Ghaziabad - 201010

Tel.: (0120) 2896022-24

Fax: (0120) 2896041

e-mail: [ajaygupta@alpsindustries.com](mailto:ajaygupta@alpsindustries.com)

**The Investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue /post-issue problems such as non-receipt of refund orders / demat credits not made etc.**

**BROKERS TO THE ISSUE**

All members of the recognised Stock Exchanges would be eligible to act as Brokers to the Issue.



## B. FINANCIAL INFORMATION

### Auditors Report

#### The Board of Directors

**Alps Industries Limited,**  
B-2, Loni Road Industrial Area,  
Ghaziabad-201007.

We have examined and found correct the Audited Accounts of M/s Alps Industries Limited for the past six financial years ended on March 31 2001, 2002 2003, 2004 and 2005. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

- a. The restated profits of the Company for the financial years ended March 31 2001, 2002 2003, 2004 and 2005 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Account appearing in Annexure III and IV respectively to this report.
- b. The restated assets and liabilities of the Company as at March 31 2001, 2002 2003, 2004 and 2005 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes on Accounts appearing in Annexure IV to this report.
- c. We have examined the cash flow statement relating to the Company for the year ended 31st March 2005 appearing in Annexure V to this report.
- d. The rates of dividends paid by the Company in respect of the financial years ended March 31 2001, 2002 2003, 2004 and 2005 are as shown in Annexure VI to this report.
- e. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
  1. Performance Ratios as appearing in Annexure VII to this report
  2. Capitalization Statement as at 31st March 2005 as appearing in Annexure VIII to this report
  3. Statement of tax shelters as appearing in Annexure IX to this report
  4. Details of other income as appearing in Annexure X to this report
  5. Details of sundry debtors as appearing in Annexure XI to this report
  6. Details of loans and advances made to persons or Companies in whom/in which Directors are interested as appearing in Annexure XII to this report
  7. Details of unsecured loans as appearing in Annexure XIII to this report
  8. Details of secured loans as appearing in Annexure XIV to this report
  9. Details of transactions with related parties as appearing in Annexure XV to this report
  10. Details of aggregate value and market value of quoted investments as appearing in Annexure XVI to this report
  11. Details of expenditure incurred on the project as appearing in Annexure XVII to this report
  12. Details of qualifications appearing in the audit Report as given in Annexure XVIII to this report
  13. Details of changes in Significant Accounting Policies as given in Annexure XIX to this report

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes on Account attached in Annexure III & IV respectively to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For **R. K. Govil & Co.**,  
Chartered Accountants

**Rajesh. K. Govil**  
Partner  
Membership No. 13632

Date : September 1, 2005  
Place : Ghaziabad

## Annexure - I

## Statement of Profit &amp; Loss Account

Rs. in lacs

Particulars	For year ended on				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
<b>INCOME</b>					
<b>SALES</b>					
Of Products Manufactured by the Company	11393.72	11717.54	12898.27	15184.77	17500.63
Of products Traded by the Company	181.03	271.64	387.89	284.87	455.01
Increase/ (Decrease) in stocks	388.53	381.75	447.68	453.67	428.92
Other Income	10.96	11.79	25.46	33.47	19.92
<b>Total</b>	<b>11974.24</b>	<b>12382.72</b>	<b>13759.30</b>	<b>15956.78</b>	<b>18404.50</b>
<b>EXPENDITURE</b>					
Material Consumed	694136	7993.20	8823.31	10798.52	12325.48
Manufacturing Expenses	1453.56	1241.03	1435.83	1521.85	1623.58
Personnel Expenses	424.70	371.52	443.73	393.86	396.12
Other Operating Expenses	893.57	802.33	985.60	919.23	685.90
Excise Duty	161.30	135.98	99.21	218.62	966.12
Misc. and Deferred Revenue Exp. W/Off	106.98	184.72	191.09	193.75	189.32
<b>Total</b>	<b>9981.47</b>	<b>10728.78</b>	<b>11978.77</b>	<b>14045.83</b>	<b>15670.05</b>
Profit before Interest, Depreciation and Tax	1992.77	1653.94	1780.53	1910.95	2734.45
Depreciation	502.71	401.07	486.58	513.89	562.63
Profit before Interest and Tax	1490.06	1252.87	1293.95	1397.06	2171.82
Interest & Finance Charges	568.98	558.87	561.36	592.43	653.41
Loss on sale of Investment/Assets	62.18	8.54	4.42	18.88	–
Net Profit Before Tax	858.90	685.46	728.17	785.75	1518.41
Provision For Taxation					
Current Tax	20.30	50.00	55.00	65.00	85.00
Deferred Tax	–	185.00	155.00	160.00	20.00
Net Profit After Tax	838.60	450.46	518.17	560.75	1413.41
Proposed Dividend & Depreciation Written Back	–	738.75	–	–	–
Prior Period Item	136.56	36.74	90.67	1.93	7.45
Net profit after tax after adjusting prior period item	702.04	1225.95	427.50	558.82	1420.86

## Annexure - II

## Statement of Assets and Liabilities

Rs. in lacs

	Particulars	As at				
		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
<b>A</b>	<b>FIXED ASSETS</b>					
	Gross Block	7250.79	8921.49	9330.69	10009.28	11042.83
	Less: Depreciation	1804.43	1540.65	2020.69	2504.31	3022.54
	Net Block	5446.36	7380.84	7310.00	7504.97	8020.29
	Less: Revaluation Reserve	16.02	10.62	5.22	–	–
	Net Block after adjustment for Revaluation Reserve	5430.34	7370.22	7304.78	7504.97	8020.29
	Capital Work in Progress	410.65	308.77	287.93	368.49	4562.09
	Total Fixed Assets (A)	5840.99	7678.99	7592.71	7873.46	12582.38
<b>B</b>	<b>INVESTMENTS (B)</b>	153.71	119.16	250.46	177.96	46.66
<b>C</b>	<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
	Inventories	3510.14	3990.07	4576.96	5263.50	6297.29
	Sundry Debtors	1569.61	1403.11	1575.15	1563.28	1951.80
	Cash and bank Balance	161.46	113.16	124.70	178.59	209.23
	Loans and Advance	647.85	410.71	246.47	367.57	734.77
	Total (C )	5889.06	5917.05	6523.28	7372.94	9193.09
<b>D</b>	<b>LIABILITIES AND PROVISIONS</b>					
	Secured Loans	4001.46	4860.97	6487.13	6373.70	10218.49
	Unsecured Loans	935.18	906.46	376.71	331.74	1281.43
	Current Liabilities	1188.02	1276.59	1194.02	1314.09	1439.01
	Provisions	156.92	92.91	89.95	109.44	200.01
	Deferred Tax liability	–	850.00	1005.00	1165.00	1185.00
	Total (D)	6281.58	7986.93	9152.81	9293.97	14323.94
<b>E</b>	<b>NET WORTH (A+B+C-D)</b>	5602.18	5728.27	5213.64	6130.39	7498.19
<b>F</b>	<b>REPRESENTED BY:</b>					
	Equity Share Capital	619.88	619.88	619.88	672.38	672.38
	Preference share capital	950.00	950.00	–	–	–
	Reserves and Surplus	4467.19	4775.93	5105.99	5779.66	7085.51
	Less Revaluation Reserves	16.02	10.62	5.22	–	–
	Net Reserve and Surplus	4451.17	4765.31	5100.77	5779.66	7085.51
	Miscellaneous Expenditure	402.85	606.92	507.01	321.65	259.70
	<b>NET WORTH (A+B-C)</b>	5602.18	5728.27	5213.64	6130.39	7498.19

## **Annexure - III**

### **Significant Accounting Policies:**

#### **I. ACCOUNTING POLICIES:**

##### **BASIS FOR PREPARATION OF ACCOUNTS**

The Financial Statements are prepared on Going concern basis under the historical cost convention on accrual basis unless specification stated and in accordance with applicable Accounting standards.

##### **USE OF ESTIMATES**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

##### **REVENUE RECOGNITION**

Sales are recognized on completion of sales of goods and are recorded net of trade discounts,

Rebates and inclusive of excise duty & exchange fluctuation

##### **FIXED ASSETS**

All fixed assets are stated at cost. Preoperative expenses including trial run expenses, net of revenue and borrowing cost directly attributable to acquisition, erection or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

##### **DEPRECIATION**

The depreciation on the fixed assets have been provide on straight Line Method, as per schedule XIV of the companies Act 1956 except in case of the company's unit stated at 57/2 Site-IV Industrial Area Sahibabad, Ghaziaabd, where the depreciation on Plant & Machinery have been charged on " Continuous Process Plant" Cost of leasehold industrial plots are being amortised over their unexpired lease period.

##### **CAPITAL WORK-IN-PROGRESS**

All cost of construction, acquisition, installation, erection etc. including preoperative expenses directly related to the Fixed Assets, not yet commissioned, have been shown under the head capital work-in-progress, which on completion shall be allocated to the respective Assets.

##### **INVESTMENTS**

Investments are ordinarily stated at cost. Provisions for diminution is made to recognize any decline, other than temporary.

##### **INVENTORIES**

Raw Materials, stores and spares are valued at cost (FIFO method) except cotton, which is valued at weighted average cost.

Finished and Semi Finished goods produced & purchased, are valued at lower of cost or net realizable value. (The categorization of Semi Finished goods has been based on the location of the goods.)

##### **TERMINAL BENEFITS**

The provision for Gratuity liability has been made in accordance with the actuarial valuation.

The provision for the Leave Encashment has been made on the basis of earned leave accrued to employees.

##### **RESEARCH AND DEVELOPMENT**

Research & Development expenses of revenue nature are charged to Profit & Loss Account and those of capital nature are shown in Capital Work In Progress or as an addition to Fixed Assets.

##### **MISCELLANEOUS EXPENDITURE**

Preliminary expenses & capital issue expenses are being amortized over a period of ten years.

Deferred Revenue Expenditures includes Product Research & Development, Design Development, Sampling Expenses and Human Resources Development Expenses, are being written of over the period during which the benefits are expected to accrue.

##### **FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency, which are not settled on the date of Balance Sheet and are not covered by forward exchange contracts, are translated into Rupees taking into account on the prevailing exchange rates. Any income or expenses arising out of fluctuations is charged to the profit and loss account except where they relate to fixed assets, are adjusted to the cost of such assets. The company takes the forward cover on the basis of the Export orders, to cover the Foreign Exchange risk.

##### **EXPORT BENEFITS**

All export benefits are accounted for on accrual basis.

## ANNEXURE - IV

### Notes On Account:

#### 1. Contingent Liabilities:

		Rs. in Lacs	
	Particulars	As on March 31, 2005	As on March 31, 2004
(a)	Bills Discounted with Banks	740.99	664.88
(b)	Counter guarantees given in favour of Company's bankers for guarantees given by them	13.75	19.16
(c)	Letter of credits opened in favour of customer for which goods are yet to be received	165.95	24.88
(d)	Estimated amount of capital contracts remaining unexecuted	5114.26	22.50
(e)	Claims not acknowledged as debts by the Company.	222.05	27.10
(f)	Outstanding forward contract	2080.58	435.33

- 2 Capital work in progress is included the expenditure incurred for ongoing spinning project at Sector-10, Integrated Industrial Estate, BHEL, Roshnabad Road, Haridwar, Uttaranchal.
- 3 Investment in subsidiary M/s Creatives Blends Inc has been sold at par on the balance sheet date. The value has been reclassified as "receivables" in the Balance Sheet. The remittances against the amount will be accounted as and when received. In view of the fact that this company has ceased to be a subsidiary company its balance sheet is not been appended/consolidated in these accounts.
- 4 The management is of the opinion that its International transactions are at arm's length price. Thus the requirement of transfer pricing legislation U/S 92-92F of the Income Tax Act 1961 will not have any impact on tax Liability.
- 5 Deferred Tax resulting from temporary nature of taxing differences between book and taxable profit is accounted for at the current rate of tax as applicable. The liability has been adjusted for reduction in rates of corporate tax as per recent budget.
- 6 Sales and Raw Material consumption includes captive consumption of fabric at Window Covering / Home Furnishing Division.
- 7 The confirmations from certain trade debtors, loans and advances given and trade creditors have not been obtained and in the absence of such confirmation the entries recorded in the books have been relied upon and therefore, such balances are as per books of accounts of the company and subject to reconciliation.
- 8 In respect of the Unclaimed Dividend as mentioned under Section 205C of the Companies Act, 1956, for the F.Y. 1996-97 Rs. 0.48 Lacs (Previous Year 0.26 Lacs) are credited to the Investor Education and Protection Fund.
- 9 In the opinion of the management, all current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
10. Assets is carried at balance sheet are more than its recoverable amount, no provision is required to be made as per the accounting standard (AS) 28 " Impairment of assets" as Impairment loss.
- 11 The Details of company's segments wise financial results are as under:

**Primary Segments**

Rs. in Lacs

Particulars	Segments					
	Home Furnishing & Fashion Accessories		Window Covering, Wooden Floorings		Total	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Segment Revenues	16004.91	13845.28	1950.73	1624.36	17955.64	15469.64
Less: Inter						
Segment Revenue	160.64	119.30	–	–	160.64	119.30
Net Segment Revenue	15844.27	13725.98	1950.73	1624.36	17795.00	15350.34
Segment Results	1897.66	1203.51	254.22	141.20	2151.88	1344.71
Less: Financial Expenses	607.65	544.84	45.76	47.59	653.41	592.43
Add: Other Income	19.61	31.18	0.33	2.29	19.94	33.47
Profit Before Tax	1309.62	689.85	208.79	95.90	1518.41	785.75
Capital Employed	7227.06	6048.04	1456.13	1247.34	8683.19	7295.38

**Secondary Segments**

Rs. in lacs

Particulars	Segments					
	Domestic		Export		Total	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Segment Revenues	13182.81	11011.23	4772.83	4458.41	17955.64	15469.64

**11. Managerial Remuneration**

Rs. in Lacs

Particulars	Year ended on March 31, 2005	Year ended on March 31, 2004
Salaries & Allowances	8.93	8.14
Perquisites	1.10	1.35
<b>Total</b>	<b>10.03</b>	<b>9.49</b>

**12. Auditors' Remuneration**

Rs in Lacs

Particulars	Period ended Dec 31, 2005	Year ended March 31, 2004
Statutory Audit fee	4.50	2.16
Other services	1.50	1.00
<b>TOTAL</b>	<b>6.00</b>	<b>3.16</b>

14 Previous Year figures have been regrouped/reclassified wherever necessary.

**ANNEXURE - V**

**Cash Flow Statement:**

Rs. in lacs

Particulars	March 31, 2005 (12 months)	March 31, 2004 (12 months)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>1518.41</b>	<b>785.75</b>
<b>Adjustments for:</b>		
Depreciation	562.63	513.89
Other Income	(19.94)	(33.47)
Interest Expenses	653.41	592.43
Loss on Sale of Assets	21.67	18.88
Miscellaneous expenses written off	189.32	193.75
	<u>2925.50</u>	<u>2071.23</u>
<b>Operating profits before working capital changes</b>	<b>2925.50</b>	<b>2071.23</b>
<b>Adjustments for:</b>		
Inventories	(1033.79)	(686.54)
Trade & Other Receivables	(755.72)	(109.23)
Trade Payable & Other Liabilities	215.49	448.55
	<u>1351.48</u>	<u>1724.01</u>
<b>Cash generated from operations</b>	<b>1351.48</b>	<b>1724.01</b>
Interest Paid	(653.41)	(592.43)
Income tax paid	(85.00)	(65.00)
	<u>613.07</u>	<u>1066.58</u>
Cash Flow Before Extraordinary Items	<b>613.07</b>	<b>1066.58</b>
Extraordinary items (Prior Year Adjustment)	7.45	(1.93)
<b>Net cash from Operating Activities (A)</b>	<b>620.52</b>	<b>1064.65</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital work in progress	(4196.60)	(80.56)
Purchase of fixed assets (net)	(1213.66)	(757.62)
Sale of Fixed Assets	117.04	24.66
Sale/(Purchase) of Investment	131.30	72.50
Other Income	19.94	33.47
Deferred revenue expenditure	(127.37)	(8.39)
	<u>(5269.35)</u>	<u>(715.94)</u>
<b>Net cash used for Investing Activities (B)</b>	<b>(5269.35)</b>	<b>(715.94)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital/Share Premium	0.00	210.00
Net Proceeds/Repayments of long term loans	4794.48	(467.39)
Dividend including dividend tax	(115.01)	(37.43)
	<u>4679.47</u>	<u>(294.82)</u>
<b>Net cash from Financing Activities (C)</b>	<b>4679.47</b>	<b>(294.82)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>30.64</b>	<b>53.89</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>178.59</b>	<b>124.70</b>
<b>Cash and Cash equivalents at end of the year</b>	<b>209.23</b>	<b>178.59</b>

Note: Figures in ( ) denotes cash outflow

**ANNEXURE - VI****Statement of dividend paid:****Rs. in Lacs**

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
<b>On Equity share capital</b>					
Paid up equity share capital	619.88	619.88	619.88	672.38	672.38
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %	20	5	5	5	15
Amount of Dividend	123.98	30.99	30.99	33.18	100.86
Corporate Dividend tax	12.64	-	3.97	4.25	14.15

**ANNEXURE - VII****Performance Ratios:****Rs. in Lacs**

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Earnings per share (Rs.)	11.71	5.23	7.41	8.34	21.02
Return On Net Worth* (%)	14.56	6.78	8.80	9.15	19.12
Net Asset Value/Book value Per share (Rs.)	80.38	77.08	84.11	91.17	111.52

\* Profit after Income Tax but before deferred tax taken.

1. Earnings per share (Rs.) = Profit available to equity shareholders/No. of equity shares
2. Return on Net worth (%) = Profit after taxation/Net worth \* 100
3. Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares

**ANNEXURE - VIII****Capitalization Statement:****Rs. in Lacs**

Particulars	Pre Issue		Post Issue
	As at March 31, 2004	As at March 31, 2005	At the upper band of Rs. 120 per share
<b>Total Debt:</b>			
Short Term Debt	3030.12	3455.37	3455.37
Long Term Debt	3675.32	8044.55	13176.22
<b>Shareholders Funds:</b>			
Share Capital	672.38	672.38	1087.38
Reserves & surplus	5779.66	7085.51	11650.51
Less: Misc. expenditure	321.65	259.70	442.70
Total Shareholders Funds	6130.39	7498.19	12295.19
<b>Long Term Debt/ Shareholders funds</b>	0.60	1.07	1.07

Note: Post Issue figures are estimated and given by the Management



Annexure - IX

Statement of Tax Shelters

Rs. in lacs

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Profit before current and deferred taxes, as restated (A)	858.89	685.46	728.17	785.74	1518.41
Tax rate, % (E)	39.55	35.70	36.75	35.875	36.5925
Tax impact	339.69	244.71	267.60	281.88	555.62
Adjustments					
Permanent differences					
Deduction u/s 80HHC of the Income Tax Act	44.85*	9.83	0.92	2.52	-
Deduction u/s 80IB/80IA of the Income Tax Act	20.68*	6.76	4.73	-	-
Deductions u/s 10A/10B of the Income Tax Act	337.69	-	100.04	89.49	446.68
Other adjustments	(-) 78.99	(-) 32.45	(-) 47.96	12.62	(-) 33.08
<b>Total (B)</b>	<b>258.70</b>	<b>(-) 15.86</b>	<b>58.23</b>	<b>79.39</b>	<b>413.60</b>
Temporary differences					
Difference between book depreciation and tax depreciation	301.69	544.97	549.53	600.20	872.71
Research & Development expenditure	319.28	84.83	2.00	-	-
<b>Total (C)</b>	<b>620.97</b>	<b>629.30</b>	<b>551.53</b>	<b>600.20</b>	<b>872.71</b>
<b>Net Adjustment (B+C)</b>	<b>879.67</b>	<b>613.44</b>	<b>609.76</b>	<b>679.59</b>	<b>1286.31</b>
Tax saving thereon	339.69	219.00	224.09	243.80	84.93
<b>Net tax payable as per income tax returns (D=A-B-C)</b>	<b>17.10*</b>	<b>25.71</b>	<b>43.51</b>	<b>38.08</b>	<b>84.93</b>

Notes : 1. The figures for all the above years are as per the Returns of Income filed and for the Year ending 31.03.2005 as per the audited accounts, as the Income Tax Return for A.Y. 2005-06 is yet to be filed.

2. Not considered due to insufficient profits.

\* Minimum Alternate Tax U/S 115 JB

Annexure - X

Details of Other income

Rs. in lacs

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Income from Interest	1.95	1.92	1.14	4.70	3.06
Miscellaneous income	9.01	9.87	24.32	28.76	16.88
<b>Total</b>	<b>10.96</b>	<b>11.79</b>	<b>25.46</b>	<b>33.46</b>	<b>19.94</b>

Annexure - XI

Sundry Debtors:

Rs. in lacs

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Debtors outstanding for a period exceeding six months	101.06	65.14	47.92	40.37	64.40
Others	1468.55	1337.97	1527.23	1522.91	1887.39
<b>Total</b>	<b>1569.61</b>	<b>1403.11</b>	<b>1575.15</b>	<b>1563.28</b>	<b>1951.79</b>

**Annexure - XII**

**Loans & Advances:**

There are no loans to Companies in which Directors are interested.

**ANNEXURE - XIII**

**Unsecured Loans:**

Rs. in lacs

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
From bodies corporate	35.00	5.28	5.55	25.94	1.25
Security from Staff & Customers	39.04	45.36	7.14	16.82	17.15
Fixed Deposits	56.14	69.21	60.37	52.22	59.89
Redeemable Non-Convertible Debentures	500.00	–	–	–	–
Others	305.00	786.61	303.65	236.76	1203.14
<b>Total</b>	<b>935.18</b>	<b>906.46</b>	<b>376.71</b>	<b>331.74</b>	<b>1281.43</b>

**ANNEXURE - XIV**

**Secured Loans:**

Rs. in lacs

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Term loan	2422.11	2612.62	3766.00	3343.58	6763.12
Working Capital Loan	1579.35	2248.35	2721.13	3030.12	3455.37
<b>Total</b>	<b>4001.46</b>	<b>4860.97</b>	<b>6487.13</b>	<b>6373.70</b>	<b>10218.49</b>

**Principal Terms of Sanctioned Loans and Assets Charged as Security**

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
1	<p><b>Working capital</b>  <b>State Bank of India,</b>  <b>Overseas Branch,</b>  <b>Jawahar Vyapar Bhawan,</b>  <b>Tolstoy Marg, New Delhi</b></p> <p>Fund Based Rs. 3500.00                      Non Fund Based 500.00</p> <p>Sanction letter no.OB/RM(AMT-I) /2004-05/344 dated 18.12.2004</p> <p>Repayment terms:                      Repayable on demand and are available for one year.</p>	<p>CC:12.10 %                      FCNR (B):LIBOR+2%</p> <p>EPC:7.10%                      FBD:7.10%</p>	<p>2911.44                      111.90</p>	<ul style="list-style-type: none"> <li>● First pari-passu charge on current assets including receivables</li> <li>● And also secured by way of second charge on immovable properties which are also charged to Term Lenders on First pari-passu basis (All immovable properties as per Note - I)</li> <li>● Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> <li>● Corporate guarantee of Alps Infin Pvt. Ltd</li> </ul>

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
	<p><b>Bank of Baroda, International Business Branch, Sansad Marg,New Delhi</b></p> <p>Fund Based Rs. 750.00 Non Fund Based 200.00</p> <p>Sanction letter no.IBB:ADV:998 dated 12.03.2004</p> <p>Repayment terms: Repayable on demand and are available for one year.</p>	<p>CC:13.00 % FCNR (B): LIBOR+6.50% PCFC: LIBOR Plus 3.50% EPC:6.50% FBD:6.50%</p>	<p>502.19 67.80</p>	<ul style="list-style-type: none"> <li>● First pari-passu charge on current assets including receivables</li> <li>● And also secured by way of second charge on immovable properties which are also charged to Term Lenders on First pari-passu basis (All immovable properties as per Note - I)</li> <li>● Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwa</li> <li>● Corporate guarantee ofl Alps Infin Pvt. Ltd</li> </ul>
	<p><b>ABN AMRO Bank DLF Centre, Sansad Marg, New Delhi</b></p> <p>Fund Based Rs. 600.00 Non Fund Based 400.00</p> <p>Sanction letter no.CA/04/0890 dated 20.05.2004</p> <p>Repayment terms:</p> <p>Repayable on demand and are available for one year</p>	<p>CC:11.00 % WCDL:9.50% EPC:8.00% FBD:8.00%</p>	<p>454.21 –</p>	<ul style="list-style-type: none"> <li>● First pari-passu charge on current assets including receivables</li> <li>● And also secured by way of second charge on immovable properties which are also charged to Term Lenders on First pari-passu basis (All immovable properties as per Note - I)</li> <li>● Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> </ul>
	<p><b>ING Vysya Bank Limited Mercantile House, 15 KG Marg, New Delhi</b></p> <p>Fund Based Rs. 600.00</p> <p>Non Fund Based NIL</p> <p>Sanction letter no. EC SBU/008/2005-06 dated 20.04.2004 Repayment terms:</p> <p>Repayable on demand and are available for one year.</p>	<p>CC:9.50 % WCDL:9.50% EPC:7.25% FBD:7.25%</p>	<p>328.52</p>	<ul style="list-style-type: none"> <li>● First pari-passu charge on current assets including receivables</li> <li>● And also secured by way of second charge on immovable properties which are also charged to Term Lenders on First pari-passu basis (All immovable properties as per Note - I)</li> <li>● Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> </ul>

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
2	<b>Term Loans</b> <b>I D B I</b> Rs. 1150 Lacs Rupee Term loan  Sanction letter no. 1152/IV/PFD/ Dated 9th October, 2000 Repayment terms 32 Quarterly repayable till 01.10.2010 <b>I D B I</b> Rs. 500 Lacs Rupee Term loan Sanction letter no. CFDII.7392 dated 10th October,2003 Repayment terms 32 Quarterly repayable till 01.10.2014 <b>State Bank of Travancore, Commercial Branch,New Delhi</b> 1)USD.20.00 Lacs-FCL  Sanction letter no. CR57/ALPS/01/2002 Dated 26.09.2002 5 Half Yearly payable till 29.07.2005 Repayment terms 5 Half Yearly payable till 29.07.2004  <b>State Bank of Patiala, Chandralok Building, 36, Janpath, New Delhi</b> a) Rs.500.00 Lacs Rupee term loan b) Rs.600.00 Lacs Rupee c) Rs.400.00 Lacs Rupee  Sanction letter no. CB/AMT-IV/BK/1939 dated September 1, 2003 and CB/AMT-IV/BK dated March 3,2005 <b>Repayment terms</b> a) 48 monthly till July 1,2008 b) 36 Monthly till June 1,2008 c) 36 Monthly till October 1,2008	11.00%  (Less: subsidy under TUFs Scheme @ 5%)  11.00% (Less: subsidy under TUFs Scheme @5%)  LIBOR (6Months)  10.85% 8.25% 8.50%	1014.52  500.00  USD 4.00 Lacs + 250 bps% Equ. to Rs 175.00  Rs.406.22 Lacs Rs.287.66 Lacs Rs.400.00 Lacs	<ul style="list-style-type: none"> <li>• First pari-passu charge on Fixed Assets of the company</li> <li>• And also secured by way of second charge on current assets of the company</li> <li>• Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> </ul> <p>-----Do-----</p> <ul style="list-style-type: none"> <li>• First pari-passu charge on Fixed Assets of the company</li> <li>• First pari-passu charge on Fixed Assets of the company</li> <li>• And also secured by way of second charge on current assets of the company</li> <li>• Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> </ul>

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
	<p><b>ING Vysya Bank Limited</b>  <b>Mercantile House,15 KG Marg,</b>  <b>New Delhi</b>            Rs.400.00 Lacs Rupee term loan            Sanction letter no.            EC-SBU/008/2005-06</p> <p><b>Repayment terms</b>            a) Monthly repayable till            December 31, 2006            Technology Information,            Forecasting &amp; Assessment Council</p> <p>Rs.200.00 Lacs Rupee term loan            Sanction letter no.  <b>Repayment terms</b>            a) Quarterly till 28.02.2006</p> <p><b>UCO Bank</b>  <b>Defence Colony New Delhi</b>            Rs.94.80 Lacs Rupee term loan</p> <p>Sanction letter no. DEF/ADV/2002            -03/ALPS dated 13.02.03            Repayment terms            a) Quarterly till 31.12.2006</p> <p><b>The Bank of Rajasthan Ltd</b>            Rs. 700.00 Lacs Rupee term loan</p> <p>Sanction letter no. San.            13/2004-05 dated 03.03.05</p> <p>Repayment terms            a) Monthly till 30.06.2008</p>	<p>8.50%</p> <p>Soft Loan</p> <p>14.00%</p> <p>9%</p>	<p>Rs 302.80</p> <p>Rs.60.00 lacs</p> <p>Rs.57.68 lacs</p> <p>700.00</p>	<ul style="list-style-type: none"> <li>• First pari-passu charge on Fixed Assets of the company</li> <li>• Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Sandeep Agarwal</li> </ul> <p>Specific charge on the equipments purchased under the scheme</p> <p>Specific charge on the machinery purchased under the loan</p> <ul style="list-style-type: none"> <li>• First pari-passu charge on Fixed Assets of the company</li> <li>• Personal guarantees of promoter Directors. Viz; Mr. K.K.Agarwal &amp; Mr. Sandeep Agarwal</li> </ul>

The company has received the following sanction of Term Loan for new dyed spinning yarn project at Sector-10, Integrated Industrial Estate BHEL, Roshnabad Road, Haridwar, Uttaranchal.

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
1.	<p><b>State Bank of India,</b>  <b>Overseas Branch,</b>  <b>Jawahar Vyapar Bhawan,</b>  <b>Tolstoy Marg, New Delhi</b>            Rs. 3371 lacs</p> <p>Sanction letter no.OB/RM(AMT-I)/            2004-05/344 dated 18.12.2004            Repayment terms:</p> <p>Term loan is repayable in 20            quarterly instalments beginning            from 1.12.2007.</p>	<p>7.75% p.a.</p> <p>(Less: subsidy under            TUFSS Scheme @ 5%)</p>	<p>1126.75 lacs</p>	<ul style="list-style-type: none"> <li>• First pari-passu charge over fixed assets of the company with other term lenders.</li> <li>• Second pari-passu charge over current assets of the company.</li> <li>• Personal Guarantee of Shri K.K. Agarwal and Shri Sandeep Agarwal.</li> <li>• Corporate Guarantee of Alps Infin Pvt.Ltd</li> </ul>

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Amt. Out-standing as on March 31, 2005	Details of Security
2	<b>The Jammu &amp; Kashmir Bank Ltd, Rajindra Place New Delhi</b> Rs. 3000 lacs  Sanction letter no.JKB/CAD/2004-4336 dated 30.10.2004 Repayment Terms: 32 quarterly installments beginning after three years from first disbursement	7.75% p.a.  (Less: subsidy under TUFs Scheme @ 5%)	905.68 lacs	Pari-passu with other participant in the project.  Personal Guarantee of Mr.K.K.Agarwal and Mr.Sandeep Agrawal Counter Guarantee of the company.
3	<b>Syndicate Bank, Corporate Finance Branch, R.K.Puram, New Delhi</b> Rs.2196 lacs  Sanction letter no. CFB/9095:897:SL: 2004 Repayment Terms: 32 quarterly installments beginning from October 2005.	7.75% p.a.  (Less: subsidy under TUFs Scheme @ 5%)	351.72 lacs	First Charge on Pari-passu basis on the entire fixed assets of the company with other term lenders.  Personal Guarantee of Mr.K.K.agarwal and Mr.Sandeep Agarwal
4	<b>State Bank of Patiala, Commercial Branch, 2nd Floor, Chandralok Building, 36, Janpath, New Delhi</b> Rs.500 lacs  Sanction letter no. CB/AMT-IV/BK/2614 Repayment Terms: 32 quarterly installments beginning after 24 months from commencement of disbursement	7.75% p.a.  (Less: subsidy under TUFs Scheme @ 5%)	729.32 lacs	First Pari-passu charge on all fixed assets of the company .  Personal Guarantee of Mr.K.K.agarwal and Mr.Sandeep Agarwal

#### NOTE- I

##### Unit-I

All those Pieces and Parcels of Lands admeasuring 7352 sq. yards bearing Plot No. A-3, situated at Loni Road Industrial Area, Opp. Mohan Nagar, Site-II, Ghaziabad, Tehsil Dadri, District Ghaziabad in the State of U.P and bounded as under :

- On or towards the North by - Plot No. 6 & 7
- On or towards the South by - 80' wide road
- On or towards the East by - Plot No.A-4
- On or towards the West by - Plot No.A-2

together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

##### Unit-II

All those Pieces and Parcels of Lands admeasuring 6688.33 sq. mtrs bearing Plot No. B-2, situated at Loni Road Industrial Area, Opp. Mohan Nagar, Site-II, Ghaziabad, District Ghaziabad in the State of U.P and bounded as under :

- On or towards the North by - 80' wide Road No. 3
- On or towards the South by - Plot No. 23
- On or towards the East by - Plot No.B-3
- On or towards the West by - Plot No.B-1

together with all buildings and structures thereon and all plant and machinery attached to the ea

#### **Unit-III**

All those Pieces and Parcels of Lands admeasuring 7710 sq. yards bearing Plot No. A-2, situated at Loni Road Industrial Area, Opp. Mohan Nagar, Site-II, Ghaziabad, District Ghaziabad in the State of U.P and bounded as under:-

- On or towards the North by - Open land
- On or towards the South by - 80' wide road
- On or towards the East by - Plot No.A-3
- On or towards the West by - Plot No.A-1

together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

#### **Unit-IV**

All those pieces and parcels of land admeasuring 23350 sq. yards bearing Plot No. 57/2 situated at Sahibabad Industrial Area, Site-IV, District Ghaziabad in the State of Uttar Pradesh and bounded as under:-

- On or towards the North by - 150' wide master plan road.
- On or towards the South by - Plot No.A-3 & A-2
- On or towards the East by - Plot No.58/3 & 58/1
- On or towards the West by - Plot No.57/1

together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

#### **Unit-V**

All those pieces and parcels of land admeasuring 1296 sq. yards bearing Plot No. B-160 and B-161 situated at PIPDIC Industrial Estate, Mettupalayam, in the State of Pondicherry and bounded as under:-

- On or towards the North by - Plot No.B-162
- On or towards the South by - Plot No.B-159
- On or towards the East by - Road
- On or towards the West by - Plot No.B-169 & B-170

Together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

#### **Unit-VI**

All those pieces and parcels of land admeasuring 1,11,066 sq. mtr bearing Plot 1A & 1B at Sector-10, Integrated Industrial Estate BHEL.,Roshnabad Road,Haridwar,Uttaranchal

Together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

**Annexure - XV**

**Related Party Transactions:**

**(I) List of Related Parties**

	<b>Name of the Related Party</b>	<b>Relationship</b>
1	Alps Texfab Pvt Ltd	Associate concern
2	Alps Infin Pvt. Ltd	Associate concern
3	Improve Interior. Com Ltd	Associate concern
4	Alps Processers Pvt. Ltd	Associate concern
5	Careen Fintec (P.) Ltd	Associate concern
6	Coronation Spinning India (P) Ltd	Associate concern
7	Padam Precision Dies & Component Pvt. Ltd	Associate concern
8	Peek Finvest (P) Ltd.	Associate concern
9	Perfect Finmen Services (P) Ltd	Associate concern
10	Roseate Finvest Pvt. Ltd	Associate concern
11	Supreme Finvest Pvt. Ltd	Associate concern
	<b>Key Managerial Personnel</b>	
1	Mr. K. K. Agarwal	Chairman
2	Mr. Sandeep Agarwal	Managing Director

**Details of Transactions with Related Parties:**

**II) Transactions with Related Parties**

<b>Name of the Party</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>March 31, 2002</b>	<b>March 31, 2003</b>	<b>March 31, 2004</b>	<b>March 31, 2005</b>
Alps Texfab Pvt Ltd	Associate concern	Purchase	33.31	0.34	–	2.52
		Sales	14.54	9.24	2.48	28.71
		Exp. Incurred/ Reimbursed	–	0.16	7.34	0.04
Alps Infin Pvt. Ltd	Associate concern	Purchase	–	–	3.00	–
Improve Interior. Com Ltd	Associate concern	Exp. Incurred/ Reimbursed	–	1.42	–	–
		Purchase of Capital Goods	54.00	–	–	–
Memoirrs Fashion Pvt Ltd	Associate concern	Purchase	0.14	–	–	–
		Sales	22.32	–	–	–
		Exp. Incurred/ Reimbursed	19.03	–	–	–
Ambros Pashmina Pvt Ltd	Associate concern	Purchase	196.38	–	–	–
		Sales	228.98	–	–	–
Creative Blends Inc.	Subsidiary	Purchase	–	–	0.46	–
		Sales	34.63	77.74	58.32	–
		Loans & Adv.	5.00	–	–	–
Mr. K. K. Agarwal	Chairman	Salary including reimbursement	9.69	6.38	–	–
Mr. Sandeep Agarwal	Managing Director	Salary including reimbursement	7.65	8.19	9.49	10.03



**ANNEXURE - XVI****Investments:****Long-term investments**

For the year ended	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
-Trade (Quoted)	2.21	2.16	2.16	1.66	1.66
-Trade (Unquoted)	89.50	70.00	70.00	45.00	45.00
-In subsidiary company (unquoted)	62.00	47.00	178.30	131.30	–
<b>Total</b>	<b>153.71</b>	<b>119.16</b>	<b>250.46</b>	<b>177.96</b>	<b>177.96</b>

**Quoted investments**

Kay Pulp & Paper Mills Limited	Book Value	1.34	1.34	1.34	1.34	1.34
	Market value	0.23	0.24	0.27	0.23	0.27
Parasrampuriah Synthetics Ltd	Book Value	0.22	0.22	0.22	0.22	0.22
	Market value	*	*	*	*	*
Ambala Cements Ltd.	Book Value	0.05	–	–	–	–
	Market value	0.01	–	–	–	–
Global Syntex (Bhilwara) Ltd	Book Value	0.10	0.10	0.10	0.10	0.10
	Market value	0.11	0.10	0.10	0.11	0.11
Zurich India Mutual Fund	Book Value	0.50	0.50	0.50	–	–
	Market value	0.71	0.79	0.74	–	–

\* Market value not available since there was no trading

**ANNEXURE - XVII**

The Company had incurred the expenditure on the Proposed Project up to August 25, 2005 as depicted below. The same has been certified by M/s R.K.Govil & Co., Chartered accountants vide their certificate dated September 1, 2005

Deployment of Funds	Rs. in Lacs
Land & Site Development	623.00
Buildings	2409.60
Plant, equipment and machinery	6126.45
Miscellaneous Fixed assets	42.59
Pre-operative expenses	442.82
Margin Money for Working Capital	72.00
Public Issue Expenses	16.40
<b>Total</b>	<b>9732.86</b>

Note: The expenditure are also included the advance given to suppliers/contractors

Sources of Funds	Rs. in Lacs
Internal Accruals	980.18
Unsecured loan from Promoters, their relatives & Associates	1469.47
Term Loans (Under TUFs)	7283.21
<b>Total</b>	<b>9732.86</b>

**ANNEXURE - XVII**

There have been no qualifications in the Audit report for the preceding five years.

**ANNEXURE - XIX****Changes in the Significant Accounting Policies**

There is no change in accounting policies during the last five preceding years.

**For R. K. Govil & Co.,**  
Chartered Accountants

**Rajesh.K. Govil**  
Partner  
Membership No. 13632

Date : September 1, 2005  
Place : Ghaziabad

## **C. STATUTORY AND OTHER INFORMATION**

### **MINIMUM SUBSCRIPTION:**

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issues on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act 1956.

### **EXPENSES OF THE ISSUE**

The expenses of the Issue payable by Alps Industries Limited inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors & Tax Consultants, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will be met out of the proceeds of the present issue.

### **FEES PAYABLE TO THE LEAD MANAGER**

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copies of which are available for inspection at the Registered Office of the Company.

### **FEES PAYABLE TO THE REGISTRAR TO THE ISSUE**

The fees payable to the Registrar to the Issue will be as set out in Memorandum of Understanding entered into with them kept open for inspection at the Registered Office of Alps Industries Limited.

The Registrar will be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders/ letter(s) of allotment/share certificate(s) by registered post.

### **UNDERWRITING COMMISSION**

The issue not being underwritten, there is no underwriting commission.

### **BROKERAGE**

Brokerage for the issue will be upto 1.5 % of the issue price of the Equity Shares, which would be paid by Alps Industries Ltd. on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

### **INTEREST OF PROMOTERS AND DIRECTORS**

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/ transferred to the Companies, firms and trust, in which they are interested as directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by ALPS with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Managing Director is interested to the extent of remuneration paid to him for services rendered to the Company. Further, the other Directors are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Prospectus, the Company has not entered into any Contract, Agreements or arrangements during the preceding two years from the date of the Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these Contracts, Agreements or arrangements which are proposed to be made to them.

### **PREVIOUS PUBLIC OR RIGHTS ISSUES (During the last five years)**

The Company has not made any public issue during the preceding five years.

### **COMMISSION OR BROKERAGE ON PREVIOUS ISSUES**

Alps Industries Limited has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

### **ISSUE OF SHARES OTHERWISE THAN FOR CASH**

Alps Industries Limited has not issued any equity shares for consideration other than cash other than those mentioned elsewhere in the Prospectus.

### **ISSUE OF DEBENTURES, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS**

Alps Industries Limited has not made any public or rights Issue of Debentures, Redeemable Preference Shares or any other instruments.

### **OPTION TO SUBSCRIBE**

As on the date of this document, there are no pending options to subscribe to equity shares or convertible instruments pending conversion into equity shares of any kind.

### **PURCHASE OF PROPERTY**

Except as stated in "Objects of the Issue" in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material. The Company has not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

### **REAPPOINTMENT OF MR. SANDEEP AGARWAL AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS FROM FEBRUARY 1, 2004**

#### 1) Salary and Commission:

- (a) Salary: Rs. 75000/- per month
- (b) Commission: At a rate to be determined by the Board each year. Provided further that the aggregate amount of remuneration payable to the appointee in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 to 309 of the Companies Act, 1956

#### 2) Perquisites :

- (a) Furnished residential accommodation inclusive of facilities such as electricity, water and gas.
- (b) Full reimbursement of all medical expenses for self and family.
- (c) Leave travel facility for self and family once a year.
- (d) Fees of Clubs subject to a maximum of two Clubs.
- (e) Personal accident and medical insurance.
- (f) Contributions to Provident Fund, Superannuation or Annuity Fund
- (g) Gratuity as per law
- (h) Encashment of leave at the end of tenure of office.
- (i) Free passage for self and family together with cost of transportation of household items at the end of tenure of office.
- (j) Provision for car for use on Company's business and telephone at residence will not be considered as perquisites. Long distance telephone calls and use of car for personal purposes will be billed by the Company.
- (k) Reimbursement of entertainment, traveling and other expenses actually incurred for business of the Company.

#### 3) Minimum Remuneration :

If in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of salary, perquisites, allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII of the Companies Act, 1956. Provided further that following perquisites which are also allowed to him shall not be included in the computation of this ceiling :

- (a) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- (b) Gratuity as per law.
- (c) Encashment of leave at the end of the tenure.

## **D. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

Main Provisions of Articles of Association of Alps Industries Ltd.

### **SHARE CAPITAL**

3. The Share Capital of the Company as per clause V of the Memorandum of Association shall be Equity Shares of Rs. 10/- (Rupees Ten) each and preference shares, whether convertible or non convertible, redeemable or otherwise and whether cumulative or otherwise of Rs. 10/- (Rupees Ten ) each with such rights, terms & conditions as mentioned in Clause V of the Memorandum of Association of the Company.

### **SHARES AND CERTIFICATES**

4. The Shares in the capital shall be numbered progressively according to their several denominations. Every forfeited or surrendered share shall, continue to bear the number by which the same was originally distinguished.
  5. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.
  6. (1) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation (which ever is earlier) the board decides to increase the capital of the Company by the issue of new shares, then subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to those directions, such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit to the capital upon those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given, if he declines to accept the share offered, the Board may dispose of them in such manners as it thinks most beneficial to the Company.  
(2) Notwithstanding anything contained in clause (1) hereof the further shares therein referred to may be offered to any persons whether or not those persons include the persons referred to in clause (1) in any manner whatever either :
    - (a) If a special resolution to that effect is passed by the Company in general meeting or
    - (b) Where no such special resolution is passed, if votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person or, where proxies are allowed, by proxies exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on the application made by the Board in this behalf that the proposal is most beneficial to the Company.  
(3) Nothing in clauses (1) and (2) of this Article shall apply to the increase of the subscribed capital caused by exercise of option attached to debentures issued or loans raised by the Company or to subscribe for shares in the company in the cases permitted by sub- clause (b) of sub-section (3) of Section 81 of the Act.
7. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of Directors, who may allot or otherwise dispose of the same at such terms and conditions and at such terms as the Directors thinks fit and (subject to the provisions of Sections 78 and 79 of the Act) either at a premium or at par or discount.  
Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
  8. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.
  9. (1) The money, if any, which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

- (2) Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented, by his share or shares which may, for time being, remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.
10. Except as required by law or order by a court of competent jurisdiction no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent future or partial interest in any share or any interest in any fractional part of a share (except only by these presents or by law otherwise provided or any other rights in respect of any share, except in an absolute right to the entirety thereof in the registered holder.
11. None of the funds of the Company shall be applied in the purchase of any shares of Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.
12. (a) The certificates of titles to shares and duplicate thereof when necessary shall be issued under the seal of the Company.
- (b) Subject to the provision of Sec. 114, 115 & Regulation 40 to 43 of table 'A' in Schedule 1 to the Act and any directions in this regard, the Board may issue share warrants, on such terms and conditions as may deem fit.
- (c) The Company may exercise the power of conversion of its shares into stock and in that case Regulations 37 to 39 to table 'A' in Schedule 1 to the Act shall apply. This clause shall not be applicable in the event of dematerialisation of the scrips with the permission of the Securities and Exchange Board of India, National Securities Depository Ltd., and/or any other authority for the time being in force, in which event the rules relating to such dematerialisation as prescribed by the appropriate authorities shall apply.
13. Every member shall be entitled to one certificate for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares, but in respect of each additional certificate, there shall be paid to the Company a fee of Rs. 2/- (Rupees Two) or such less sum as the Directors may determine. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in any case or generally waive the charging of such fees. This clause shall not be applicable in the event of dematerialisation of the scrips with the permission of the Securities and Exchange Board of India, National Securities Depository Ltd., and/or any other authority for the time being in force, in which event the rules relating to such dematerialisation as prescribed by the appropriate authorities shall apply.
14. If any certificate be worn out or defaced, then, upon production thereof to the Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the directors and on such indemnity as the directors deem adequate being given a new certificate in lieu thereof shall be given to the registered holder of the shares to which such lost or destroyed certificate shall relate, "Provided that no fee shall be charged for sub-division or consolidation of shares into lots of the market unit of trading or for issue of share certificates in replacement of those that are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised." This clause shall not be applicable in the event of dematerialisation of the scrips with the permission of the Securities and Exchange Board of India, National Securities Depository Ltd., and/or any other authority for the time being in force, in which event the rules relating to such dematerialisation as prescribed by the appropriate authorities shall apply.
15. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares 5 (five) per cent of the price at which the shares are issued, and in the case of debentures 2.5 (two and a half) percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly paid shares or debentures or partly in one way and partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

## **CALLS**

16. The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments, thereof made payable at fixed times and each member shall pay the amount of every call so made by him to the person and at the time and place appointed by the Directors. A call may be made payable by instalments.

17. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed, not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call be paid.
18. The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call of any of the members who owing to residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
19. If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part.
20. If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or instalments at fixed times, whether on account of the amount of shares or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.
21. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of shareholders of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.
22. The Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance, or so much thereof as, from time to time, exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the members paying such sum in advance and the Directors agree upon Moneys so paid in excess of the amount of calls shall not rank for dividends or participate in profits. The directors may at any time repay the amount so advanced upon giving to such member three month's notice in writing.

#### **TRANSFER AND TRANSMISSION OF SHARES**

45. (a) The instrument of transfer of any shares in the Company shall be executed both by the transferee and the transferor and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.
- (b) The Company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped of the Company, and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the company alongwith the certificate relating to the shares or debentures or if no such certificate is in existence alongwith the letter of allotment of shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has been lost, the company may register on such terms as to indemnity or otherwise as the Board may think fit.
- (c) An application for the registration of the transfer of any shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in accordance with section 110 of the Act.
- (d) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.
- (e) Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by the operation of law.

- (f) Nothing in this article shall prejudice the power of the Board of Directors to refuse to register the transfer of any share to a transferee whether a member or not.
- (g) A common form for transfer of shares shall be used.
46. Subject to the provision of section 154 of the Act, the Board shall have power on giving not less than 7 (seven) days' previous notice by advertisement in a newspaper circulating in the district in which the registered office of the company is situated to close the transfer books, the register of members or register of debenture holders at such times and for such period or periods, not exceeding in the aggregate forty five days in each year, as it may seem expedient.
47. Subject to the provisions of Section 111 of the Act, the Board of Directors after assigning any reason, may, within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account unless the Company has a lien on the shares. In case of refusal to transfer shares the Company shall within one month, from the date on which the instrument of transfer was lodged with the Company send to the transferee and transferor notice of the refusal to register such transfer, for any refusals the Articles of Association must be amended in accordance with the provision of clause (c) of sub section (4) of section 22A of the Securities Contracts (Regulation) Act.
48. The executors or administrators or holders of a succession certificate or the legal representatives of a deceased not being one or two or more joint holders shall be only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors, administrators or holders of succession certificate or the legal representatives unless they shall have first obtained Probate or letters of administration or Succession Certificate or other legal representation as the case may be, from a duly constituted court in the union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or letter of Administration or Succession Certificate upon such terms as indemnity or otherwise as the Board, in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member as a member.
49. Subject to the provisions of the preceding two Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of shares or elect to have some person nominated by him and approved by the Board registered as such holder provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares.
50. The person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he was registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise a right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with, subject to section 205A of the Act.
51. Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.
52. No fee shall be payable to the Company in respect of the transfer or transmission permission for sub-division/consolidation of share certificates which the Board of Directors is authorised to do of any shares in the company.
53. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right title or interest to prohibiting registration.

54. If a dispute in relation to transfer/transmission is pending the right for bonus issue, rights issue or dividend payments shall be kept in abeyance till the determination of title to shares in accordance with provision of Sec. 205A of the Companies Act, 1956.
55. Subject to the provisions of Section 58A, 292 and 293 of the Act and regulations made through and directions issued by the RBI and of these Articles, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance or calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company.
56. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by resolution passed at meeting of the Board (and not by circular resolution) by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debenture-stock and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.
57. Any debentures, debenture-stock or other securities may be issued at discount, premium or otherwise and subject to the provisions of the Act, may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of directors and otherwise, Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.
58. If any uncalled capital of the Company is included in or charged by any mortgage of securities, the directors may subject to the provisions of the Act and these presents make calls on members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
59. The Company shall comply with all the provisions of the Act, in respect of the mortgages or charges created by the Company and the registration thereof and the transfer of the debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.
60. If the directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charges or securities over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **POWER OF THE BOARD**

125. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and do provided that the Board shall not exercise any power to do any act or thing which is directed or otherwise required whether by the Act or in other statute or by the Memorandum of Association of the Company or by these Articles or otherwise to be exercised or done by the Company, in General Meeting provided further that in exercising any such power or doing any such act or thing. The Board shall be subject to the provisions in that behalf contained in the Act or any other Act or in the Memorandum of Association of the company or these Articles or any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if those regulations had not been made.
126. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the directors shall have the following powers, that is to say power:-
  - (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company.
  - (2) To pay and charge to the capital account of the company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act.
  - (3) Subject to Sections 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company property rights or privileges which the company is authorised to acquire at or for such price or consideration and on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory.



- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partly in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully as paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages, or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging the Company or in which it is interested or any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian Law or according to any foreign law and either in India or abroad, and observe, perform or challenge any award made thereon.
- (9) To Act on behalf of the Company in all matters relating to bankrupts or insolvents.
- (10) To make and give receipts, release and other discharges for money payable to the company and for the claims and demands of the Company.
- (11) Subject to the provisions of Section 292, 293, 295, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company, upon such security (not being shares of this company), or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investment shall be made and held in the company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements shall be agreed upon.
- (13) To determine from time to time, who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, release contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the company, a share in the profits of the company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the company.
- (15) To provide for the welfare of directors, ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependants or connection of such persons by building or contributing to the building or houses, dwelling or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance, subject to the limits laid down by Section 293 and 293A of the Act as the Board shall think fit and subject to provisions of the Act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable, benevolent, religious, scientific, national or other institutions bodies and objects which shall have any moral or other claim to support or and by the company, either by reason of locality of operation or of public and general utility or otherwise.
- (16) Subject to the provisions of the Act to appoint and at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors scientists, technicians, engineers, consultants legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their power and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and

from time to time, to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think.

- (17) To comply with the requirements of any local law which in their opinion it shall in the interest of the company, be necessary or expedient to comply with.
- (18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board and to fix their remuneration.
- (19) Subject to Section 292 and 293 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorise the member for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the board thinks fit and may at any time remove any person so appointed and may annual or vary such delegation.
- (20) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be the attorney of the company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may, from time to time, think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company or the shareholders, directors, director nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorneys may contain such powers for the protection or convenience of persons dealing with such attorney as the Board may think fit and may contain powers enabling any such delegate or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (21) Subject to Section 294, 294-AA, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (22) Subject to Section 293 of the Act, to sell, lease or otherwise dispose of any of the properties or undertakings of Company.
- (23) Subject to the provisions of Companies Act, 1956, the Board may pay such remuneration to Chairman / Vice Chairman of the Board upon such conditions as they think fit.

#### **VOTES OF MEMBERS**

81. No member shall be entitled to vote either personally or by proxy for another member at any General Meeting of a class of shareholders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has any right of lien and has exercised the same.
82. (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.  
(b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of Companies Act, 1956.
83. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all of his votes or cast in the same way all the votes he use.
84. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy; if any member be a minor the vote in respect of his shares shall be cast by his guardian or any one of his guardians, if more than one.
85. (1) Subject to the provisions of these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorised in accordance with Section 187 of the Act, and such

representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respects exercise the rights of a member and shall be reckoned as a member for all purposes.

- (2) Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorised by it and any committee or guardian may appoint such proxy. The proxy, so appointed shall not have any right to speak at the meetings.
  - (3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instruments of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
  - (4) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either the forms set out in Schedule IX of the Act.
  - (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.
86. (1) No objection shall be made to the validity of any vote, except at meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll.
- (2) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
87. Subject to the provisions of Section 193 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings there at and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours, in each day, as the directors may determine for the inspection of any member without charge. The minutes aforesaid shall be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman to sign as aforesaid within that period, by a director duly authorised by the board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.

## **DIRECTORS**

88. Subject to sections 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve including nominee Director.
89. The first Directors of the Company are:
1. Sh. Krishan Kumar Aggarwal
  2. Sh. Vijay Kumar Aggarwal
  3. Sh. Suresh Kumar Aggarwal
  4. Mrs. Sudha Aggarwal
  5. Mrs Pratibha Aggarwal
90. Subject to Section 313 of the Act, the Board of Directors of the Company may appoint an alternate director to act for a director (hereinafter in this Article called "the original director") during the absence for a period of not less than three months from the State in which the meetings of the board are ordinarily held.
91. The Directors shall have power, at any time and from time to time, to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person as appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

92. The Directors also have power, at any time and from time to time, to appoint any other qualified person to be additional director as an addition to the Board so that the total number of directors shall not at any time exceed the maximum fixed in these Articles. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting, but shall be eligible for re-election at such meeting.
93. The company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of directors on the Board of Directors of the Company as may be agreed and from time to time, remove and reappoint/replace them and to fill in the vacancy caused by such directors otherwise ceasing to hold office. Such nominated directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The director appointed under this Article is hereinafter referred to as "Institutional Director"
94. Any Trust Deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be a director of the Company and may empower such trustees or holders of debentures or debenture-stock, from time, to time remove any director so appointed. A director appointed under this Article is herein referred to as a "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A debenture director shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be agreed between the Company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained but however he shall be counted in determining the number of retiring directors.
95. No share qualifications will be necessary for being appointed as or holding the office of a director of the Company.
96. Subject to the provisions of Sections 198, 309, 311 and other applicable provisions of the Act, the remuneration payable to the Directors of the company may be as fixed by the Board of Directors of the company as the company in General Meeting shall, from time to time, determine subject to the overall limit as specified under the Act. The other relevant terms and conditions as may be decided by the Board of Directors from time to time.
- 96.A Subject to the provisions of Section 310 and other applicable provisions of the Companies Act, 1956, the Sitting fees of each Director for attending the meeting of the Board or Committee thereof shall be upto such sum as may be permitted under the relevant provisions of the Companies Act as may from time to time, be fixed by the Board for each such meeting of the Board or Committee thereof attended by him.
97. The Directors may, subject to limitation provided by the Act allow and pay to any Directors who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to place for the purpose of attending a meeting of the Board or Committee thereof such sum as the directors may consider fair compensation for travelling expenses, in addition to his fees for attending such meeting as above specified.
98. Subject to the provisions of the Act and these Articles, if any directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a director as a member of any committee formed by the directors) the Board may arrange with such director for such special remuneration for such extra services or special exertions or efforts by way of a fixed sum or otherwise and which may be either in addition to or in substitution for his remuneration above provided.
99. The continuing directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed the directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning general meeting of the Company act as long as number is below the minimum.
100. The office of a Director shall ipso facto be vacated on happening of any of the event provided for in Section 283 of the Act.
101. Subject to the provisions of Section 297 of the Act, a director, shall not be disqualified from contracting with the company either as vendor purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with a private company of which such director is member or director be avoided nor shall the director so contracting or being such member or so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding office or of the fiduciary relation thereby established.

102. Every director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice renewable in last month of each financial year of the company as provided for in section 299, (2) (b) of the Act. That director is a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or the firm provided that such general notice is given at a meeting of the Board of Directors or the Director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the Board after it is given. Provided that this Article will not apply to any contract or arrangement entered into or to be entered into between the company and any other company where any of the directors of the Company or two or more of them together holds or hold not more than 2% (Two Percent) of the paid up share capital in the other company.
103. A director of a company may be or become a director of any company promoted by the company or in which he may be interested as vendor, member or otherwise and no such director may be accountable for any benefit received as director or member of such company.
104. Subject to provisions of Section 300 of the Act, no director shall as a director take part in the discussions of or vote at any contract or arrangement in which he is in any way whether directly or indirectly concerned or interested nor shall his presence be count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.
105. Except as otherwise provided by these articles all the directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

#### **ROTATION OF DIRECTORS**

106. At the first annual general meeting of the company, all the directors (except those who are not liable to retire by rotation) and at the annual general meeting of the Company in every subsequent year one-third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one third shall retire from office.
107. Subject to section 256 of the Act, the directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.
108. A retiring director shall be eligible for re-election.
109. Subject to provisions of the Act, the Company at the General Meeting at which a director retires in manner aforesaid may fill up to vacated office by electing a person thereto.
- 110 (a) If the place of retiring director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
  - (b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to the fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless :
    - (i) At that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost; or
    - (ii) The retiring director has, by a notice in writing addressed to the Company or the Board, expressed his unwillingness to be so re-appointed; or
    - (iii) He is not qualified for appointment; or
    - (iv) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or
    - (v) The proviso to sub-section (2) of the Section 263 of the Act is applicable to the case.

111. Subject to the provisions of Section 252, 258 and 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of directors and may alter their qualifications and the company may (subject to the provisions of Section 284 of the Act) remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been so removed.
112. (a) No person, not being a retiring director, shall be eligible for election to the office of director at any General Meeting unless he or some other member intending to propose him has at least fourteen clear days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office and he for the purpose has deposited with the Company Rs. 500/- (Rupees five hundred) as a security alongwith the notice as required under section 257 of the Companies Act, 1956,
- (b) On the receipt of the notice referred to in clause (a) of this Article the Company shall inform its members of the Candidature of a person for the office of director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notice upon the member if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the district in which the registered office of the Company is situated of which one is published in the English language and the other in the regional language.
113. (a) Every director (including a person deemed to be a director by virtue of the explanation of sub-section (1) of section 303 of the Act), Managing Director, Manager or Secretary of the company shall, within twenty days of his appointment to or as the case may be relinquishment of any of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (i) of Section 303 of the Act.
- (b) Every director and every person deemed to be a director of the company by virtue of sub-section (10) of Section 307 of the Act, and every manager shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

#### **FORFEITURE AND LIEN**

24. If any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
25. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment on or before the time and at the place appointed the shares in respect of which such call was made or instalment is payable to be forfeited.
26. If the requisition of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
27. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to notice or to make such entry so aforesaid.
28. Any share so forfeited shall be deemed to be property of the Company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.
29. The Board of Directors, may at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of annual the forfeiture thereof on such conditions as they think fit.
30. Any member whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the company all calls, instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at 12 (twelve) % per annum and Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

31. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
32. A duly verified declaration in writing that the declarant is a director or secretary of the company and that certain shares in the company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposal.
33. The company shall have first and paramount lien upon all the shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares solely or jointly with any other person to the company whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article thereof is to have full effect and lien shall extend to all dividends from time to time, declared in respect of such shares subject to section 205 of the Companies Act. Unless otherwise agreed, the registrations of a transfer of shares shall operate as a waiver of the Company's lien, if any on such shares.
34. For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executors or administrators or his committee curators bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.
35. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
36. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
37. Upon any sale, re-allotment or other disposal under the provisions of the proceeding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.

#### **SECRECY**

165. No member shall be entitled to visit or inspect any works or the Company without the permission of the Directors or to require discovery of any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the Company and which in opinion of the Directors it would be inexpedient in the interest of the Company to disclose.

#### **WINDING UP**

162. The liquidator on any winding-up (whether, voluntary, under supervision of the court or compulsory) may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidators, with the like sanction, shall think fit.

#### **INDEMNITY AND RESPONSIBILITY**

163. Subject to the provisions of Section 201 of the Act, every Director, manager, officer or servant of the Company or any person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out

of the funds of the Company against all claims and it shall be the duty of the directors to pay out of the funds of the Company all bonfire costs, charges, losses and damages which any such persons may incur or become liable to, by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties except such if any, as he shall incur or sustain through or by his own wilful Act, neglect or default including expenses and in particular and so not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or Auditor in defending any proceedings whether civil or criminals in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the act in which relief is granted to him by the Court.

164. Subject to the provisions of the Act, no Director, Auditor or other officer of the Company shall be liable for the act, receipts neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the director for or on behalf of the Company or for the insufficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damages arising from the bankruptcy, insolvency or tortuised act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement omissions, default or oversight on his part or for any other loss damage or misfortune whatsoever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

#### **E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts not being contracts entered in the ordinary course of business carried on by Alps Industries Limited, which are or may be deemed material contracts have been attached to the copy of this Prospectus delivered to the Registrar of Companies, Uttar Pradesh at Kanpur, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Alps Industries Limited at B-2, Loni Road Industrial Area, Opp. Mohan Nagar, Ghaziabad - 201 007 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Prospectus to until the date of closing of the issue.

#### **MATERIAL CONTRACTS**

1. Memorandum of Understanding dated January 03, 2005 with UTI Securities Limited, appointing them as Lead Manager to the issue.
2. Memorandum of Understanding dated January 14, 2005 signed with Alankit Assignments Ltd., appointing them as Registrar to the issue.
3. Tripartite Agreement dated 28th February 2000 between the Company, Alankit Assignments Ltd. and NSDL.
4. Tripartite Agreement dated 8th August 2000 between the Company, Alankit Assignments Ltd. and CDSL.

#### **DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Alps Industries Limited.
2. Certificate of Incorporation No. 20-3544 of 1972 dated May 11th 1972 in the name of Alps Textiles (Private) Limited with the Registrar of Companies, Uttar Pradesh at Kanpur. Fresh Certificate of Incorporation dated September 2nd 1994 consequent to conversion of Private Limited Company to Public Limited Company from Alps Textiles (Private) Limited to Alps Textiles Limited and dated November 15th 1994 consequent to change of name from Alps Textiles Limited to Alps Industries Limited.
3. Resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on September 30, 2004.
4. Resolution Passed by the Board at their meeting held on April 10, 2004 for the proposed Public Issue.
5. Consent from the Directors, Compliance Officer, Auditor, Lead Manager, Registrar to the issue, Bankers to the issue, Bankers to the Company, and Legal Advisor to the Company to act in their respective capacities.
6. Tax Benefit Certificate dated August 8, 2005 from M/s. R. K. Govil & Co., Auditors of the Company.
7. Auditor's report dated September 1, 2005 included in the Prospectus and copies of the Balance Sheet referred in the said report.
8. Copy of the Auditors Certificate dated September 1, 2005 regarding the Sources and Deployment of Funds as on August 25, 2005.
9. Copies of Initial Listing Application made to the National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE).
10. Copies of in-principal approvals dated August 3, 2005 and August 18, 2005 received from NSE & BSE respectively.
11. SEBI Letter No. CFD/DIL/ISSUES/V/48130/2005 dated August 29, 2005.



## **PART III**

### **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We, the directors of Alps Industries Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation.

### **SIGNED BY THE DIRECTORS**

Mr. K. K. Agarwal

Mr. Sandeep Agarwal

Mr. G. K. Arora

Mr. J. P. Kundra

Mr. Rakesh Gupta

Dr. M. L. Gulrajani

Place : Ghaziabad

Date : September 1, 2005

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