STRICTLY CONFIDENTIAL – DO NOT FORWARD

IMPORTANT: The following disclaimer applies to the placement document available on the website of Alok Industries Limited (the "**Company**") (the "**Placement Document**"), and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Placement Document. In accessing the Placement Document, you agree to be bound by the following terms and conditions, including any modifications to such terms and conditions at any time on receipt of any information from us as a result of such access.

This Issue and the distribution of this Placement Document is being done in reliance on Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. This Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors. Further, this Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Confirmation of Your Representation: In order to be eligible to view the attached Placement Document or make an investment decision with respect to the securities being offered, prospective investors must be located outside the United States. You have accessed this Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to Axis Bank Limited, Anand Rathi Advisors Limited, Central Bank of India, Edelweiss Capital Limited, Fortune Financial Services (India) Limited, ICICI Securities Limited, IDBI Capital Market Services Limited, Motilal Oswal Investment Advisors Limited, PNB Investment Services Limited and SBI Capital Markets Limited (the "**BRLMs**") that: (1) you are not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"); (2) the securities offered hereby have not been registered under the Securities Act; AND (3) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission.

The Placement Document has been made available to you in electronic form. You are reminded that documents transmitted *via* this medium may be altered or changed during the process of transmission and consequently none of the Company, the BRLMs and / or their affiliates or any person who controls any of them, or any of their respective directors, officers, employees or agents or any affiliates of any such person, accepts any liability or responsibility whatsoever in respect of any discrepancies between the Placement Document in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The Placement Document and notice are being furnished in connection with an offering exempt from or not subject to registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Placement Document. You are reminded that the information in the Placement Document is not complete and may be changed.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND

APPLICABLE STATE SECURITIES LAWS. THE SECURITIES ARE OFFERED OR SOLD OUTSIDE OF THE UNITED STATES IN COMPLIANCE WITH THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Company of the securities or the BRLMs to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a BRLM or any affiliate of such BRLM is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such BRLM or any of its eligible affiliates on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Placement Document on the basis that you are a person into whose possession this Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

ACTIONS THAT YOU MAY NOT TAKE: YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (2) REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THESE INSTRUCTIONS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this Placement Document is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Placement Document
Not for Circulation
Serial Number: [●]
Date: March 26, 2010

Strictly Confidential

ALOK
INDUSTRIES LIMITED
™ INTEGRATED TEXTILE SOLUTIONS

ALOK INDUSTRIES LIMITED

Alok Industries Limited (the "Company") was incorporated on March 12, 1986 by way of a certificate of incorporation dated March 12, 1986 as 'Alok Textile Private Limited', a private limited company under the provisions of the Companies Act, 1956. Subsequently, by way of a fresh certificate of incorporation dated November 17, 1992, the name of our Company was changed to 'Alok Textiles Industries Private Limited'. Our Company was thereafter converted into a public limited company on February 11, 1993 by way of a certificate of incorporation dated February 11, 1993. Consequently, by way of a fresh certificate of incorporation dated November 8, 2000, our Company's name was changed to 'Alok Industries Limited'. Our Company's corporate identification number is L17110MH1986PLC039194.

Our Company is issuing 182,100,248 equity shares of face value Rs. 10/- each at a price of Rs. 23.32 per equity share including a premium of Rs. 13.32 per Equity Share, aggregating to Rs. 4,246.57 million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS"). THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED UNDER THE SEBI REGULATIONS).

Invitations, offers and sales of equity shares in this Issue ("**QIP Shares**") shall only be made pursuant to this Placement Document, the Confirmation of Allocation Note and the Application Form. The distribution of Placement Document or the disclosure of its contents without the Company's prior consent to any person, other than Qualified Institutional Buyers (as defined in the SEBI Regulations) and persons retained by Qualified Institutional Buyers to advise them with respect to their purchase of the QIP Shares, is unauthorized and prohibited. Each prospective Investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. See also the section "Issue Procedure".

This Placement Document has not been reviewed by the Securities and Exchange Board of India (the "**SEBI**"), the Reserve Bank of India (the "**RBI**"), the National Stock Exchange of India Limited (the "**NSE**"), the Bombay Stock Exchange Limited (the "BSE", and together with the NSE, the "**Stock Exchanges**") or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Issue of QIP Shares proposed to be made pursuant to this Placement Document is meant solely for QIBs on a private placement basis. The QIP Shares have not been approved or disapproved by SEBI or any other regulatory authority.

Investments in equity and equity-related securities involve a degree of risk and prospective Investors should not invest in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective Investors are advised to carefully read the section titled "Risk Factors" beginning on page 28 of this Placement Document before making an investment decision in this Issue. Each prospective Investor is advised to consult its advisors about the particular consequences of an investment in the QIP Shares being issued pursuant to this Placement Document.

The information on the Company's website or any website directly or indirectly linked to the Company's website does not form part of this Placement Document and prospective Investors should not rely on such information contained in, or available through, such websites.

All of the Company's outstanding Equity Shares are listed on the Bombay Stock Exchange Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares of the Company on the BSE and the NSE on March 19, 2010, was Rs. 22.45 and Rs. 22.40 per Equity Share respectively. Applications shall be made for the listing of the QIP Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the QIP Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the Company or the QIP Shares.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of this Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document will be filed with the Stock Exchanges. A copy of the Placement Document will also be delivered to the Securities and Exchange Board of India (the "**SEBI**") for record purposes.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY THE COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THIS ISSUE OF THE QIP SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The QIP Shares issued pursuant to this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the QIP Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For further information please refer to the section titled "Distribution and Solicitation restrictions" and "Transfer Restrictions" beginning on page 120 and page 119 respectively of this Placement Document.

This Placement Document is dated March 26, 2010.

BOOK RUNNING LEAD MANAGERS				
AXIS BANK LIMITED	**ANAND RATHI ADVISORS LIMITED**	**CENTRAL BANK OF INDIA**	**EDELWEISS CAPITAL LIMITED**	**FORTUNE FINANCIAL SERVICES (INDIA) LIMITED**
ICICI SECURITIES LIMITED	**IDBI CAPITAL MARKET SERVICES LIMITED**	**MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED**	**PNB INVESTMENTS SERVICES LIMITED**	**SBI CAPITAL MARKETS LIMITED**

TABLE OF CONTENTS

NOTICE TO INVESTORS

The Company confirms that, to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to the Company and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to the Company, its Subsidiaries, its Associates, its Joint Ventures and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to the Company, its Subsidiaries, its Associates, its Joint Ventures and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company, its Subsidiaries, its Associates, its Joint Ventures and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. The Book Running Lead Managers have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of its members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Managers, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the Book Running Lead Managers or on any person affiliated with the Book Running Lead Managers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Company, its Subsidiaries, its Associates, its Joint Ventures and the merits and risks involved in investing in the QIP Shares.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Company or the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The QIP Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The distribution of this Placement Document and the Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company or the Book Running Lead Managers, which would permit an offering of the QIP Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the QIP Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the QIP Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For more details, please see "Placement and Lock Up".

In making an investment decision, prospective investors must rely on their own examination of the Company, its Subsidiaries, its Associates, its Joint Ventures and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither the Company nor the Book Running Lead Managers are making any representation to any offeree or purchaser of the QIP Shares regarding the legality of an investment in the QIP Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the QIP Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII of the SEBI Regulations and that it is not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities. Each purchaser of

QIP Shares in this Issue also acknowledges that it has been afforded an opportunity to request from the Company and review information relating to the Company and the Equity Shares.

The information on the website of our Company, www.alokind.com, or on the websites of the Book Running Lead Managers, does not constitute nor form part of this Placement Document.

This Placement Document contains summaries of certain documents. All such summaries are qualified in their entirety by the terms and conditions of such documents.

Representations by Investors

References herein to "you" are to the prospective Investors in the Issue.

By subscribing to any QIP Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Book Running Lead Managers as follows:

- you are a qualified institutional buyer as defined in Regulation 2(1)(zd) of the SEBI Regulations ("**QIB**"), have a valid and existing registration under applicable laws of India (as applicable), and undertake to acquire, hold, manage or dispose of any QIP Shares that are Allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI Regulations;

- you are not a U.S. Person and you are acquiring the QIP Shares in an offshore transaction in compliance with Regulation S;

- if you are Allotted QIP Shares pursuant to the Issue, you shall, for a period of one year from Allotment, sell the QIP Shares so acquired only on the floor of a recognised stock exchange;

- if you are a resident in any other country other than India, you are permitted by all applicable laws to acquire QIP Shares in such country;

- you are aware that the QIP Shares have not been, and will not be, registered under the SEBI regulations or under any other law in force in India;

- this Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Placement Document has been filed with the Stock Exchanges for record purposes and has been displayed on the websites of the Company and the Stock Exchanges;

- you are entitled to subscribe for the QIP Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the QIP Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this Placement Document) and will honour such obligations;

- you confirm that, either: (i) you have not participated in or attended any Investor meetings or presentations by the Company or its agents ("**Company Presentations**") with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are, therefore, unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly, you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

- neither the Company nor the Book Running Lead Managers are making any recommendation to you, nor advising you regarding the suitability of any transactions you may enter into in connection with the Issue; your participation in the Issue is on the basis that you are not and will not be a client of the Book Running Lead Managers have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity;

- you are aware and understand that the QIP Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the QIP Shares shall be on a discretionary basis;

- you have made, or have been deemed to have made, as applicable, the representations set forth in the section "Transfer Restrictions";

- you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety;

- in making your investment decision (i) you have relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) you have made your own assessment of the Company, its Subsidiaries, its Associates, its Joint Ventures, the Equity Shares and the terms of the Issue, (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters, and (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the QIP Shares;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the QIP Shares and you and any accounts for which you are subscribing the to QIP Shares (i) are each able to bear the economic risk of an investment in the QIP Shares, including a complete loss thereof, (ii) will not look to the Company and/or the Book Running Lead Managers for all or part of any such loss or losses that may be suffered, (iii) have no need for liquidity with respect to the investment in the QIP Shares, and (iv) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the QIP Shares;

- where you are acquiring the QIP Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the QIP Shares for each managed account and to make (and you hereby make) the representations, acknowledgements and agreements herein for and on behalf of each such managed account, reading the reference to "you" to include such managed accounts;

- you are not a promoter of the Company and are not a person related to the promoters, either directly or indirectly and your Bid does not directly or indirectly represent any of the Promoters or Promoter Group of the Company;

- you have no rights under a shareholders' agreement or voting agreement with the promoters or persons related to the promoters, no veto rights or right to appoint any nominee director on the Board of Directors of the Company other than such rights acquired in the capacity of a lender not holding any Equity Shares of the Company, which shall not be deemed to be a person related to the promoter;

- you have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to Bid and hold QIP Shares so Allotted together with any Equity Shares of the Company held by you prior to the Issue, you further confirm that your holding upon the Issue of the QIP Shares shall not exceed the level permissible as per any applicable regulations;

- the Bids submitted by you would not eventually result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover Code**");

- to the best of your knowledge and belief, together with other QIBs in the Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50% of the Issue. For the purposes of this representation:

a. the expression “belongs to the same group” shall be interpreted by applying the concept of “companies under the same group” as provided in sub-section (11) of Section 372 of the Companies Act, 1956, as amended; and

b. “control” shall have the same meaning as is assigned to it by clause (1)(c) of Regulation 2 of the Takeover Code;

- you shall not undertake any trade in the QIP Shares credited to your Depository Participant account until such time that the final listing and trading approval for the QIP Shares is issued by the Stock Exchanges;

- you are aware that applications will be made to the Stock Exchanges for in-principle approval for listing and admission of the QIP Shares for trading on the Stock Exchanges’ market for listed securities and that the application for the final listing and trading approval will be made only after the Allotment of the QIP Shares, and there can be no assurance that such final approval will be obtained on time or at all;

- you are aware and understand that the Book Running Lead Managers will have entered into a memorandum of understanding with the Company whereby each of the Book Running Lead Managers has, subject to the satisfaction of certain conditions set out therein, undertaken to use its best efforts to seek to procure placement for the QIP Shares;

- the contents of this Placement Document are exclusively the responsibility of the Company, neither the Book Running Lead Managers nor any person acting on their behalf have, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or the Company or any other person and none of the Book Running Lead Managers, the Company or any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the QIP Shares, is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the QIP Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Book Running Lead Managers or the Company; and the Book Running Lead Managers will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- certain statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. We assume no responsibility to update any of the forward-looking statements contained in this Placement Document;

- you understand that the Book Running Lead Managers have no obligation to purchase or acquire all or any part of the QIP Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its respective obligations or any breach of any representations or warranties by the Company, whether to you or otherwise;

- you agree to indemnify and hold the Company and Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements in this section; you agree that the indemnity set forth in this paragraph shall survive the resale of the QIP Shares by you or on behalf of your managed accounts;

- you are a sophisticated Investor who is seeking to purchase the QIP Shares for your own investment and not with a view to distribution;

- each of the representations, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment of the QIP Shares; and

- the Company, the Book Running Lead Managers, their respective affiliates and others will rely on the foregoing representations, warranties, acknowledgements and agreements which are given to the Book Running Lead Managers for their benefit and that of the Company and are irrevocable.

Off-Shore Derivative Instruments

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "**FII Regulations**"), foreign institutional Investors as defined in the SEBI Regulations (referred to as "**FIIs**"), including FII affiliates of the Book Running Lead Managers, may issue, or otherwise deal in, off-shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against QIP Shares allocated in the Issue (all such off-shore derivative instruments referred to herein as "**P-Notes**"), for which they may received compensation from the purchasers of such instruments. P-Notes may only be issued to entities which are regulated by appropriate foreign regulatory authorities, subject to compliance with "know your client" requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than to such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning any P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto. In terms of the FII Regulations, with effect from May 22, 2008, no sub-account of a FII is permitted to directly or indirectly issue P-Notes.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligations of, claims on, or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to the Company. The Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of, or claim on, the Book Running Lead Managers. FII affiliates of the Book Running Lead Managers may purchase, to the extent permissible under law, QIP Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective Investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective Investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Disclaimer Clause of the Stock Exchanges

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges, however, do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document; or

2. warrant that the Company's QIP Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Company, its management or any scheme or project of the Company.

Further, such submission should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any QIP Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges 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 for any other reason whatsoever.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA, CURRENCY OF PRESENTATION AND EXCHANGE RATES

Certain Conventions

All references to "you" are to the prospective Investors of the Equity Shares issued pursuant to this Issue. References in this Placement Document to "India" are to the Republic of India and the "Government" or the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Financial Data

Our audited stand-alone and consolidated financial statements as of and for the years ended March 31, 2009, March 31, 2008 and March 31, 2007 included in this Placement Document ("**Audited Financial Statements**") have been audited by M/s. Gandhi & Parekh. The respective audit reports of M/s. Gandhi & Parekh on the Audited Financial Statements are included in this Placement Document.

M/s. Gandhi & Parekh has also conducted a limited review of our unaudited standalone & consolidated financial information as of and for the half-year ended September 30, 2009 ("**Unaudited Half-Year Financial Information**") in the manner and format required by our listing agreements with the Indian Stock Exchanges.

Our Company, its Indian Subsidiaries, its Indian Associates and its Indian Joint Ventures prepare their financial statements in accordance with Indian GAAP. Indian GAAP differs in certain respects from IFRS and U.S. GAAP. We have not provided a reconciliation of our financial statements to U.K. GAAP or to IFRS in this Placement Document. For further information please refer to the chapter titled "Risk Factors" beginning on page 28 of this Placement Document.

In this Placement Document, certain monetary thresholds have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Unless stated otherwise, the financial data in this Placement Document is derived from our financial statements prepared in accordance with Indian GAAP. Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "fiscal year" or "Fiscal" are to the twelve-month period ended on March 31 of that year.

Market Data / Industry Data

Market data and certain industry forecasts used throughout this Placement Document have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Book Running Lead Managers make any representation as to the accuracy of that information. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates.

Currency of Presentation

All references in this Placement Document to "Rupees", "Rs.", "Indian Rupees" and "INR" are to Indian Rupees, the official currency of India. All references to "US$", "U.S. Dollar", "US Dollars", "USD" or "$" are to United States Dollars, the official currency of the United States of America.

Exchange Rates

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) based on the reference rates released by the Reserve Bank of India. In 1994, the Rupee was permitted to float fully for the first time. The exchange rate as at March 11, 2010 was Rs. 45.47 = USD 1. (*Source: Reference rate as released by the Reserve Bank of India*). No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates or at all.

	Year ended December 31			
	Period End	**Average**	**High**	**Low**
	(Rs. Per USD 1.00)			
2003	45.61	46.55	48.02	45.27
2004	43.58	45.33	46.46	43.39
2005	45.07	44.11	46.33	43.3
2006	44.23	45.33	46.95	44.07
2007	39.41	41.29	44.61	39.27
2008	48.45	43.40	50.52	39.27
2009	46.68	48.35	52.06	45.91
2010 (as on February 26, 2010)	46.23	46.13	46.81	45.36
Quarter ends				
First Quarter 2008	39.97	39.78	40.77	39.27
Second Quarter 2008	42.95	41.70	43.15	39.89
Third Quarter 2008	46.94	43.75	46.94	41.89
Fourth Quarter 2008	48.45	48.76	50.52	46.88
First Quarter 2009	50.95	49.76	52.06	48.37
Second Quarter 2009	47.87	48.67	50.53	46.84
Third Quarter 2009	48.04	48.42	49.40	47.54
Fourth Quarter 2009	46.68	46.63	47.86	45.91

Source: www.rbi.org.in

FORWARD LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial condition and results of operations, business plans, including potential acquisition and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our order book, revenue and profitability, planned projects and other matters discussed in this Placement Document regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, among others:

- our ability to service our debt;
- restrictive covenants in our financing agreements;
- our ability to manage our recent and proposed diversification;
- foreign exchange rates;
- competition in the industry in which the Company operates;
- adverse weather and natural disasters; and
- general economic and business conditions in India and other countries.

Additional factors that could cause actual results, performances or achievements to differ materially include, but are not limited to, those discussed under the sections "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business".

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure Investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Alok Industries Limited is a company incorporated with limited liability under the laws of India. All of the Company's Directors (other than Mr. Timothy Ingram who is a foreign national) and senior management are residents of India and the assets of the Company are substantially located in India. As a result, it may not be possible for Investors to effect service of process upon the Company or such persons outside India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("Civil Code"). Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes, other charges of a similar nature or of a fine or other penalties and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded was excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval of the Reserve Bank of India to repatriate outside India any amount recovered pursuant to the execution of such a judgment. In addition, any judgment denominated in a foreign currency would be converted into Indian rupees on the date of the judgment and not on the date of payment.

DEFINITIONS AND ABBREVIATIONS

In this Placement Document, all references to "Rupees", "Rs." or "INR" refer to Indian Rupees, the official currency of India; references to the singular also refer to the plural and reference to a gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" mean "100 thousand" and the word "million" means "10 lakh" and the word "crores" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

Company related terms

Term	Description
AOA/ Articles / Articles of Association	Articles of Association of our Company.
Associates	Associates as per AS 23 namely Grabal Alok (UK) Limited, Ashford Infotech Private Limited and Alspun Infrastructure Limited
Auditors	M/s. Gandhi & Parekh, the statutory auditors of our Company.
Board / Board of Directors	The Board of Directors of our Company or a Committee authorized to act on their behalf.
B Bonds	US$ 55 million 1% B convertible bonds due 2010 convertible into Equity Shares of our Company.
Corporate Office	Peninsula Towers, "A" Wing, Peninsula Corporate Park, G. K. Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.
Director(s)	A director on the Board of our Company
Joint Ventures	Joint Ventures as per AS 27 namely Aurangabad Textiles & Apparels Park Limited and New City of Bombay Manufacturing Limited
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company.
our Company / the Company / Issuer / Alok / We / Us / Our	Except as stated otherwise, refers to Alok Industries Limited, a company incorporated under the Act having its Registered Office at B-43 Mittal Tower, Nariman Point, Mumbai 400-021, India.
Promoters	Promoters of our Company *i.e.* Mr. Ashok B. Jiwrajka; Mr. Dilip B. Jiwrajka; and Mr. Surendra B. Jiwrajka.
Promoter Group	The Promoter Group of our Company as defined under the SEBI Regulations including but not limited to certain current shareholders of our Company *i.e.* Chandrakumar Bubna, Chandrakala A. Jiwrajka, Pramila D. Jiwrajka, Geeta S. Jiwrajka, Narbada B. Jiwrajka, Jayshree Jivrajka, Vinod Jivrajka, Santosh Jiwrajka, Kiran Jiwrajka, Alok Finance Private Limited, Grabal Alok Impex Limited, Alok Knit Exports Limited, Nirvan Holdings Private Limited, Jiwrajka Investment Private Limited, Niraj Realtors & Shares Private Limited, Jiwrajka Associates Private Limited, Ashok Realtors Private Limited.
Registered Office	B-43 Mittal Tower, Nariman Point, Mumbai 400-021, India.
ROC / RoC	Registrar of Companies, Maharashtra at Mumbai
Subsidiaries	The subsidiaries of our Company including our direct Subsidiaries *i.e.* (1) Alok Apparels Private Limited; (2) Alok H & A Limited; (3) Alok Inc.; (4) Alok Industries International Limited; (5) Alok Infrastructure Limited; (6) Alok International Inc. (7) Alok Land Holdings Private Limited; and (8) Alok Retail (India) Limited and our indirect Subsidiaries *i.e.* (1) Alok Aurangabad Infratex Private Limited; (2) ALOK European retail s.r.o.; (3) Alok HB Hotels Private Limited; (4) Alok HB Properties Private Limited; (5) Alok New City Infratex Private Limited; (6) Alok Realtors Private Limited; (7) Kesham Developers and Infotech Private Limited; (8) Mileta a.s.; and (9) Springdale Information and Technologies Private Limited.

Issue related terms

Term	Description
Allocated or Allocation	The allocation of QIP Shares, following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, for the purposes of issuing Confirmation of Allocation Notes, in consultation

Term	Description
	with the Book Running Lead Managers and in compliance with Chapter VIII of the SEBI Regulations.
Allotment / Allotted	Unless the context otherwise requires, the issue and allotment of QIP Shares pursuant to this Issue.
Allottee(s)	Investors to whom QIP Shares are allotted pursuant to the Issue.
Bid	An indication of QIBs' interest, including all revisions and modifications thereto, as provided in the Bid cum Application Form, to subscribe for QIP Shares in this Issue.
Bid Closing Date	The date on which the Company (or the Book Running Lead Managers, on behalf of the Company) shall cease the acceptance of the Bid cum Application Forms.
Bid cum Application Form	The form pursuant to which a QIB shall submit a Bid, including any revisions thereof.
Bid Opening Date	The date on which the Company (or the Book Running Lead Managers, on behalf of the Company) shall commence the acceptance of the Bid cum Application Forms.
Book Running Lead Managers	Axis Bank Limited; Anand Rathi Advisors Limited; Central Bank of India, Edelweiss Capital Limited; Fortune Financial Services (India) Limited; ICICI Securities Limited, IDBI Capital Market Services Limited; Motilal Oswal Investment Advisors Limited, PNB Investment Services Limited; and SBI Capital Markets Limited.
CAN or Confirmation of Allocation Note	The note or advice or intimation to not more than 49 QIBs confirming the Allocation after determination of the Issue Price.
Closing Date	On or about March 23, 2010, the date on which the Allotment is expected to be made.
Companies Act	The Companies Act, 1956, as amended.
Cut-off Price	The Issue Price of the QIP Shares which shall be finalized by the Company, in consultation with the Book Running Lead Managers.
Equity Shares	Equity Shares of our Company having a face value of Rs. 10 each.
Escrow Account(s)	Escrow accounts opened by the Company with the Escrow Banks in terms of the Escrow Agreement.
Escrow Agreement	Agreement dated March 17, 2010 amongst our Company, the Book Running Lead Managers and the Escrow Banks.
Escrow Banks	Axis Bank Limited, DBS Bank Limited and IDBI Bank Limited.
Floor Price	The floor price of Rs. 23.32 per Equity Share calculated in accordance with Regulation 85 of the SEBI Regulations.
Investors	A prospective investor in this Issue being a QIB and eligible to Bid in accordance with Chapter VIII of the SEBI Regulations.
Issue	The offer and sale of the QIP Shares to QIBs, pursuant to Chapter VIII of the SEBI Regulations.
Issue Price	A price per Equity Share of Rs. 23.32, finalised by our Company in consultation with the Book Running Lead Managers.
Issue Size	The issue of 182,100,248 QIP Shares aggregating to Rs. 4,246.57 million.
Listing Agreement	Listing agreements entered into between (i) our Company and the BSE; and (ii) our Company and the NSE.
MoU / Memorandum of Understanding	The Memorandum of Understanding dated March 17, 2010 entered into between the Book Running Lead Managers and the Company.
NSE	The National Stock Exchange of India Limited.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to QIBs, as applicable.
Placement Document	The Placement Document dated March 26, 2010 issued in accordance with Chapter VIII of the SEBI Regulations.
Preliminary Placement Document	The Preliminary Placement Document dated March 22, 2010 issued in accordance with Chapter VIII of the SEBI Regulations.
QIB or Qualified Institutional Buyer	A Qualified Institutional Buyer as defined under Regulation 2(1)(zd) of the SEBI Regulations.
QIP Shares	The Equity Shares being offered to Investors in this Issue.
Regulation S	Regulation S, as defined under the Securities Act.

Term	Description
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Securities Act	The U.S. Securities Act of 1933, as amended.
Stock Exchanges	The BSE and the NSE.
U.S. Person	"U.S. Person" as defined in Regulation S.

Business and industry related terms

Term	Description
POY	Partially Oriented Yarn
PTA	Purified Terephthalic Acid
MEG	Mono Ethylene Glycol
FDY	Fully Drawn Yarn
TiO2	Titanium DiOxide
DEG	Di-Ethylene Glycol
DTY	Double Texturising Yarn
HTM	Heat Transfer Medium
TPA	Tons Per Annum
MW	Mega Watt
KL	Kilo Liters
CFM	Cubic Feet Per Minute
TR	Tonnage of Refrigeration

General and conventional terms

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1974.
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
Asst.	Assessment.
Act	The Companies Act, 1956 as amended from time to time.
BSE	The Bombay Stock Exchange Limited.
BIFR	Board for Industrial and Financial Reconstruction.
CAGR	Compounded Annual Growth Rate.
CAIIB	Certified Associate of the Indian Institute of Bankers.
CARE	Credit Analysis & Research Limited.
CDSL	Central Depository Services (India) Limited.
Contract Labour Act	Contract Labour (Regulation & Abolition Act), 1970.
CRISIL	CRISIL Limited.
DP	Depository Participant.
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
EBIDTA	Earnings before Interest Depreciation, Tax and Amortization.
EGM	Extra-Ordinary General Meeting.
EPCG Scheme	Export Promotion Capital Goods Scheme.
EPF Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952.
EPS	Earnings Per Share.
FCCBs	Foreign Currency Convertible Bonds.
FCNR	Foreign Currency (Non-Resident) Account Scheme.
FEMA	Foreign Exchange Management Act, 1999, and the subsequent amendments thereto.
FICCI	Federation of Indian Chambers of Commerce and Industry.
FII	Foreign Institutional Investor as defined Under SEBI (Foreign

Term	Description
	Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FY/ Fiscal	Year ended March 31.
GDP	Gross Domestic Product.
GIR No.	General Index Reference Number.
Indian Boiler Act	Indian Boiler Act No. V, 1923.
ISIN	International Securities Identification Number allotted by the Depository.
IT Act	Income Tax Act, 1961, as amended from time to time.
N. A.	Not applicable.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act.
NI Act	Negotiable Instrument Act, 1881 as amended from time to time.
NRE	Non- Resident (External) Rupee Account Scheme.
NRO	Non-Resident Ordinary Rupee Account Scheme.
NSE	National Stock Exchange of India Limited.
NSDL	National Securities Depository Limited.
OCB(s)	Overseas Corporate Body(ies).
PAN	Permanent Account Number.
PAT	Profit after Tax.
PLR	Prime Lending Rate.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934.
SEBI	Securities and Exchange Board of India.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with amendments issued subsequent to that date.
UIN	Unique Identification Number.
Water Act	Water (Prevention and Control of Pollution) Act, 1974.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under the sections "Risk Factors", "Use of Proceeds", "Placement and Lock-up", "Issue Procedure" and "Description of the Shares".

Issuer	Alok Industries Limited
Issue Price per QIP Share	Rs. 23.32
Issue Size	The issue of 182,100,248 QIP Shares aggregating to Rs. 4,246.57 million
Equity Shares of the Company outstanding prior to the Issue	605,698,030 Equity Shares (Including 22,316 Equity Shares, partly paid-up to the extent of Rs. 5 per Equity Share)
Equity Shares of the Company outstanding after the Issue	787,798,278 Equity Shares
Listing	The Company shall make applications to each of the Stock Exchanges to obtain in-principle approvals for the listing of the QIP Shares offered through this Placement Document.
Transferability Restrictions	**The QIP Shares being allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the floor of a recognised stock exchange.**
Closing	The Allotment of the QIP Shares offered pursuant to this Issue is expected to be made on or about March 23, 2010 (the "Closing Date").
Ranking	The QIP Shares are subject to the provisions of the Company's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including rights in respect of dividends. Subject to compliance with the applicable regulations, the shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date. Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held.
Use of Proceeds	We intend to use the net proceeds of the Issue after deduction of Issue expenses for long term working capital margin and capex requirements or any other uses as may be permissible under applicable law and for such purposes as may be approved by the Board of Directors. Please refer to the section "Use of Proceeds".
Lock-up	Except for certain exceptions, our Company has agreed not to, without the prior written consent of the Book Running Lead Managers, issue Equity Shares or securities convertible into or exchangeable for Equity Shares for a period of 180 days from the date of Allotment in the Issue. Further, except for certain exceptions, our Promoters and certain persons forming part of our Promoter Group have agreed not to, without the prior written consent of the Book Running Lead Managers, sell or otherwise dispose off their Equity Shares in our Company for a period of 180 days from the date of Allotment in the Issue. For details, please refer to the section "Placement and Lock-up" beginning on page 117 of this Placement Document.
Risk Factors	Prior to making an investment decision, prospective investors should carefully consider the matters discussed in the section titled "Risk Factors" beginning on page 28 of this Placement Document.
Security codes:	
ISIN	INE270A01011
BSE Code	521070
NSE Code	ALOKTEXT – EQ

SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and the financial statements that appear elsewhere in this Placement Document. In addition, you should carefully consider the risks discussed under "Risk Factors" for an understanding of the risks associated with a purchase of the QIP Shares.

Overview

Our Company is one of India's leading integrated textile manufacturers. With more than two decades of involvement in the textile industry, our Company is present across the textile value chain i.e. from spinning to made – ups as well as garments and polyester yarn.

Our Company has five major divisions *i.e.* cotton yarn, apparel fabrics (woven and knitted), home textiles (made-ups and terry towel), garments and polyester yarn. In addition to the above, our Company, through its Subsidiaries and Associates, is carrying on the business of cash and carry for apparels and home textile products, international retailing and realty. Our presence across the textile value chain can be best depicted by the following graphic

In our core business, our Company's vertically integrated facilities and flexibility of operations enables us to produce cotton and cotton blended fabrics in various counts and construction and a wide range of finishes. Our Company has started manufacturing organic cotton products, retailed by large department stores in the UK and USA, which apart from benefitting the organic cotton growing farmer, also brings in higher realizations. Our global size, modern technology in equipments, integrated plants and manufacturing flexibility coupled with our product development team and competent marketing force facilitates a deep understanding of customer needs and its satisfactory fulfilment. This product, customer and market diversification also ensures risk mitigation and stability of earnings and places our Company at a competitive advantage over other players in the industry.

Our core competency lies in manufacturing of quality textile products and assuring our customers of product consistency and timely delivery schedules at international prices. Over a period of time our Company has been the recipient of several awards and trophies including trophies by Texprocil for our Company's export performance.

For the year ended March 31, 2009, our Company's total revenue was Rs. 29,769.32 million and our Company's profit after tax was Rs. 1,883.89 million. As at March 31, 2009, our Company's total assets were Rs. 91,595.69 million and our Company's net worth was Rs. 16,073.60 million.

For the six month ended September 30, 2009, our Company's total revenue was Rs. 17,897.55 million and our Company's profit after tax after was Rs. 858.65 million. As at September 30, 2009, our Company's total assets were Rs. 98,052.93 million and our Company's net worth was Rs. 21,524.99 million.

Our Company is headquartered in Mumbai, Maharashtra and has twelve manufacturing facilities across three locations in India including Navi Mumbai, Silvassa and Vapi. As of December 31, 2009, our Company employs approximately 13,200 employees across these locations and 5,800 employees on contract labour basis.

Competitive Strengths

The Company identifies the following as its competitive strengths:

- Integrated operations and economies of scale;
- State of the art equipment and technology;
- Locational advantages;
- Cost effectiveness;
- Diversified customer base;
- Product design and development; and
- Forefront of the organic cotton initiative in India.

Business Strategy

- Strengthening the product portfolio;
- Expanding geographic reach;
- Become a 'nominated supplier' to global customers;
- Inorganic growth opportunities;
- Expansion of our cash and carry business through our Subsidiary, Alok H & A Limited; and
- Become an employer of choice.

SUMMARY FINANCIAL INFORMATION

The following summary data relating to the three years ended March 31, 2007, 2008 and 2009 and half year ended September 30, 2009 should be read in conjunction with Financial Statements included elsewhere in this Placement Document.

The summary income statement data, balance sheet data and cash flow statement data as at and for the three years ended March 31, 2007, 2008 and 2009 set forth below has been derived from the Company's audited stand-alone and consolidated financial statements and schedules thereto for the three years ended March 31, 2007, 2008 and 2009 and limited review of stand-alone & consolidated results for the half-year ended September 30, 2009, which have been prepared in accordance with Indian GAAP as applicable at the time of their initial preparation and have been audited and reviewed by Gandhi & Parekh, the Company's independent statutory auditors.

The Standalone Balance Sheet as at March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. Million)

Particulars	schedule	2008-09	2007-08	2006-07
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	1,969.75	1,871.75	1,703.72
Share Application Money		1,375.00	-	-
Share Warrants		102.00	1,101.60	-
Reserves and Surplus	2	14,103.85	11,339.99	8,540.72
		17,550.60	**14313.34**	**10244.44**
Loan Funds				
Secured	3	62,562.42	48,241.57	28,330.46
Unsecured	4	3,401.09	9,431.55	5,037.15
		65,963.51	**57,673.12**	**33,367.61**
Deferred Tax Liability (Refer Note No. 7 of Part 'B' of schedule 19)		3,079.68	2,104.76	1,418.18
TOTAL FUNDS EMPLOYED		**86,593.79**	**74,091.22**	**45,030.22**
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	45,344.55	33,717.26	23,457.25
Less : Depreciation		(7,088.50)	(4,767.49)	(3,703.97)
Net Block		38,256.05	28,949.77	19,753.28
Capital Work-in-Progress / Incidental Expenditure during construction	6	21,582.63	9,963.16	6,084.77
Investments	7	4,785.78	6,189.59	2,194.92
Foreign Currency Translation Monetory Account		111.95	-	-
Current Assets, Loans And Advances				
Inventories	8	9,438.40	6,875.76	4,644.64
Sundry Debtors	9	8,841.92	6,077.12	5,445.17
Cash and Bank Balances	10	3,449.46	16,737.52	7,852.95
Loans and Advances	11	5,129.50	4,084.97	1,983.81
Total Current Assets, Loans And Advances		**26,859.28**	**33,775.37**	**19,926.57**
Less: Current Liabilities And Provisions				
Current Liabilities	12	4,713.96	4,421.79	2,554.62
Provisions	13	287.94	364.88	374.70
Total Current Liabilities And Provisions		**5,001.90**	**4,786.67**	**2,929.32**
NET CURRENT ASSETS		**21,857.38**	**28,988.70**	**16,997.25**
TOTAL APPLICATION OF FUNDS		**86,593.79**	**74,091.22**	**45,030.22**

SIGNIFICANT ACCOUNTING POLICIES AND
NOTES TO ACCOUNTS 19

The Standalone Profit & Loss Account for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. Million)

Particulars	schedule	2008-09	2007-08	2006-07
INCOME				
Income from Operations	14	29,769.32	21,704.05	18,246.80
Other Income	15	208.09	679.41	372.97
Increase in Stocks of Finished Goods and Process Stock	16	3,856.71	1,014.34	653.35
Total Revenue		**33,834.12**	**23,397.80**	**19,273.12**
EXPENDITURE				
Purchase of Traded Goods		1,052.57	2,986.17	984.12
Manufacturing and Other Expenses	17	24,555.44	14,497.84	13,845.13
Interest (net)	18	3,041.24	1,318.33	890.40
Depreciation / Amortisation		2,334.81	1,619.64	1,230.40
PROFIT BEFORE TAX		**2,850.06**	**2,975.82**	**2,323.07**
Provision for Current Tax		(329.78)	(336.74)	(259.40)
MAT Credit Entitlement		286.50	41.20	11.10
Deferred Tax		(897.95)	(681.30)	(417.20)
Fring Benefit Tax		(17.49)	(12.50)	(8.95)
(Short)/Excess Provision for Income Tax in respect of earlier years		(7.45)	-	(1.61)
PROFIT AFTER TAX		**1,883.89**	**1,986.48**	**1,647.00**
Add : Balance brought forward from previous year		2,961.95	2,161.83	1,298.40
AMOUNT AVAILABLE FOR APPROPRIATION		**4,845.84**	**4,148.31**	**2,945.40**
APPROPRIATIONS				
Add : Excess provision for Dividend of earlier year		1.71	1.90	3.95
Less : Transfer to General Reserve		-	(190.00)	(500.00)
Transfer to Debenture Redemption Reserve		(1,908.32)	(735.48)	-
Proposed Dividend		-	-	-
- on Equity Shares		(147.74)	(224.61)	(238.52)
- on Preference Shares (paid/provided)		-	-	(7.37)
Corporate Dividend Tax thereon		(25.11)	(38.17)	(41.63)
BALANCE CARRIED TO BALANCE SHEET		**2,766.38**	**2,961.95**	**2,161.83**
EARNINGS PER SHARE (in Rs.)				
(Refer Note no. 8 of part B of Schedule 19)				
Basic		9.64	11.40	9.70
Diluted : Before considering effect of Right Issue		8.35	8.93	8.72
After considering effect of Right Issue		3.49	-	-
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

The Standalone cash flow statement for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. Million)

PARTICULARS		2008-09	2007-08	2006-07
A]	**Cash Flow from Operating Activities**			
	Net Profit Before Tax	2,849.95	2,975.82	2,323.07
	Adjustments for:			
	Depreciation / Amortisation	2,334.90	1,619.64	1,230.40
	Unrealised loss / (gain) on Cash and cash equivalent	-	(2.80)	15.30
	Excess of Cost over Fair value of current Investments	6.76	0.35	4.85
	Exchange rate difference	-	-	-
	Dividend Income	(1.71)	(2.95)	(2.69)
	Interest Paid (net)	3,041.24	1,318.33	890.40
	(Profit) / Loss on sale of fixed assets (net)	(17.40)	(31.30)	0.92
	(Profit) / Loss on sale of current investments (net)	22.40	(1.86)	(2.40)
	Operating Profit before working capital changes	**8,236.14**	**5,875.24**	**4,459.85**
	Adjustments for			
	Increase in Inventories	(2,562.60)	(2,231.16)	(1,063.12)
	Increase in Trade Receivables	(2,764.80)	(631.87)	(1,899.87)
	Decrease/(Increase) in Loans and Advances	(807.18)	(1,869.31)	(504.12)
	Increase in Current Liabilities	8.90	1,848.43	782.41
	Cash Generated from operations	**2,110.46**	**2,991.33**	**1,775.15**
	Income Taxes Paid	(371.11)	(480.60)	(217.10)
	Net cash Generated from Operating Activities	**1,739.35**	**2,510.73**	**1,558.05**
B]	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(23,103.07)	(16,238.91)	(8,416.77)
	Sale / adjustments of fixed assets	86.24	1,575.73	89.79
	Purchase of Investments	(2,196.94)	(564.85)	(1,736.70)
	Sale of Investments	1,576.44	850.89	1,329.90
	Margin Money Deposits Matured/(placed)	629.05	986.40	(631.80)
	Dividends Received	1.71	2.95	2.69
	Interest Received	664.20	1,109.84	527.57
	Share Application money paid	1,995.25	(4,279.31)	(1,393.60)
	Inter Corporate Deposits (granted) / refunded - net	33.51	(58.10)	101.90
	Net cash used in Investing Activities	**(20,313.61)**	**(16,615.36)**	**(10,127.02)**
C]	**Cash flow from Financing Activities**			
	Proceeds from issue of Equity Share Capital (including premium) (Net)	-	95.20	125.69
	Share Application money received (Net)	1,375.00	-	-
	Issue of Share Warrants	-	1,101.60	-
	Proceeds from borrowings (Net)	8,178.48	25,441.60	11,922.59
	Dividend Paid (Including Tax thereon)	(261.14)	(276.97)	(239.36)
	Interest Paid	(3,377.03)	(2,388.70)	(1,333.78)
	Net cash Generated from Financing Activities	**5,915.31**	**23,972.73**	**10,475.14**
	Net Increase in Cash and Cash equivalents (A+B+C)	**(12,658.95)**	**9,868.10**	**1,906.17**
	Cash and Cash equivalents			
	at the beginning of the Year	**15,434.57**	**5,566.47**	3,660.30
	at the end of the Year	**2,775.62**	**15,434.57**	5,566.47
	Net (Decrease) / Increase in Cash and Cash equivalents	**(12,658.95)**	**9,868.10**	**1,906.17**

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement
and end of the period and is considered as part of investing activity.

(Rs. Million)

4 Cash and Cash equivalents includes :	March 31, 2009	March 31, 2008	March 31, 2007
Cash and Bank Balances	3,449.46	16,737.52	7,852.95
Less: Margin Money Deposit*	673.83	1,302.95	2,289.28
Unrealised loss / (gain) on foreign currency	-	-	2.80
Total Cash and Cash equivalents	**2,775.62**	**15,434.57**	**5,566.47**

* Margin money being restricted for its use have been excluded from cash and cash equivalent and grouped under the investment activity.

5 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".

The Consolidated Balance Sheet as at March 31, 2009, 2008 and 2007 are as set forth below:

(Rs. Million)

Particulars	Schedule	2008-09	2007-08	2006-07
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	1,969.75	1,871.75	1,703.72
Share Application Money		3,290.60	-	-
Share Warrants		102.00	1,101.60	-
Reserves and Surplus	2	13,943.95	11,331.73	8,526.66
		19,306.30	**14305.08**	**10230.38**
Minority Interest		55.68	237.50	-
Loan Funds				
Secured	3	65,399.35	48,852.76	28,330.33
Unsecured	4	4,165.35	9,486.86	5,037.18
		69,564.70	**58,339.62**	**33,367.51**
Deferred Tax Liability		3,081.24	2,153.30	1,488.12
TOTAL FUNDS EMPLOYED		**92,007.92**	**75,035.50**	**45,086.01**
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		47,050.81	35,077.64	23,457.08
Less : Depreciation		(7,974.54)	(5,631.70)	(3,703.97)
Net Block		**39,076.27**	**29,445.94**	**19,753.11**

Capital Work-in-Progress / Incidental expenditure during construction	6	23,769.99	10,251.81	6,662.48
Investments	7	4,639.42	3,452.76	800.17
Goodwill On Consolidation		492.16	-	-
Foreign Currency Translation Monetary Account		111.96	-	-
Deferred Tax Assets		17.20	51.03	69.94
Current Assets, Loans And Advances				
Inventories	8	10,686.95	7,712.52	4,644.64
Sundry Debtors	9	9,137.77	6,382.49	5,445.17
Cash and Bank Balances	10	4,274.32	17,051.41	7,853.74
Loans and Advances	11	6,653.20	6,522.19	2,786.54
Total Current Assets, Loans And Advances		**30,752.24**	**37,668.61**	**20,730.09**
Less: Current Liabilities And Provisions				
Current Liabilities	12	6,533.30	5,458.88	2,555.03
Provisions	13	318.02	375.77	374.75
Total Current Liabilities And Provisions		**6,851.32**	**5,834.65**	**2,929.78**
NET CURRENT ASSETS		**23,900.92**	**31,833.96**	**17,800.31**
TOTAL APPLICATION OF FUNDS		**92,007.92**	**75,035.50**	**45,086.01**

Consolidated profit and loss account for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

	(In Million)			
Particulars	**schedule**	**2008-09**	**2007-08**	**2006-07**
INCOME				
Income from Operations	14	30,907.83	22,820.10	18,246.79
Other Income	15	459.58	690.81	373.17
Increase in Stocks of Finished Goods and Process Stock	16	4,269.39	1,038.27	653.35
Total Revenue		**35,636.80**	**24,549.18**	**19,273.31**
EXPENDITURE				
Purchase of Traded Goods		1,216.91	2,986.18	984.12
Manufacturing and Other Expenses	17	26,275.35	15,705.11	13,845.74
Interest (net)	18	3,410.28	1,331.32	890.39
Depreciation / Amortisation		2,401.53	1,661.92	1,230.40
PROFIT BEFORE TAX		**2,332.72**	**2,864.65**	**2,322.66**
Provision for Current Tax		(343.82)	(347.62)	(259.46)
MAT Credit Entitlement		286.50	41.20	11.10
Deferred Tax		(884.78)	(674.98)	(417.21)
Fring Benefit Tax		(17.87)	(12.64)	(8.95)
(Short)/Excess Provision for Income Tax in respect of earlier years		(7.45)	-	(1.61)
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		**1,365.31**	**1,870.61**	**1,646.53**
Add: Share of (Loss) / Profit from Associates		(680.51)	0.29	-
Minority Interest		68.42	25.49	-
Dilution in share of Minority Interest		(12.71)	-	-
PROFIT AFTER TAX		**740.51**	**1,896.39**	**1,646.53**
Add : Balance brought forward from previous year		2,871.45	2,161.42	1,298.40
AMOUNT AVAILABLE FOR APPROPRIATION		**3,611.97**	**4,057.81**	**2,944.93**
APPROPRIATIONS				
Add : Excess provision for Dividend of earlier year		1.73	1.90	3.95
Less : Transfer to General Reserve		-	(190.00)	(500.00)
Transfer to Debenture Redemption Reserve		(1,943.05)	(735.50)	-
Proposed Dividend				
- on Equity Shares		(147.74)	(224.61)	(238.52)

- on Preference Shares (paid/provided)		-	-	(7.37)
Corporate Dividend Tax thereon		(25.11)	(38.17)	(41.57)
BALANCE CARRIED TO BALANCE SHEET		**1,497.80**	**2,871.45**	**2,161.42**
EARNINGS PER SHARE (in Rs.)				
(Refer Note no. 11 of part B of Schedule 19)				
Basic		3.81	10.88	9.70
Diluted : Before considering effect of Right Issue		3.26	8.52	8.72
After considering effect of Right Issue		1.38	-	-

The consolidated cash flow statement for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

		(Rs. Million)		
	PARTICULARS	**2008-09**	**2007-08**	**2006-07**
A]	**Cash Flow from Operating Activities**			
	Net Profit Before Tax	2,332.72	2,864.65	2,322.76
	Adjustments for:			
	Depreciation / Amortisation	2,401.53	1,661.92	1,230.40
	Unrealised loss / (gain) on Cash and cash equivalent	-	(2.80)	15.30
	Excess of Cost over Fair value of current Investments	6.76	0.35	4.80
	Exchange rate difference	-	(34.90)	(13.66)
	Dividend Income	(1.71)	(2.96)	(2.69)
	Interest Paid (net)	3,410.28	1,331.32	890.39
	(Profit) / Loss on sale of fixed assets (net)	(23.35)	(10.76)	0.92
	(Profit) / Loss on sale of current investments (net)	32.50	(1.86)	(2.40)
	Operating Profit before working capital changes	**8,158.73**	**5,804.96**	4,445.82
	Adjustments for			
	Increase in Inventories	(2,974.35)	(3,067.88)	(1,063.14)
	Increase in Trade Receivables	(2,755.31)	(937.20)	(1,899.89)
	Decrease/(Increase) in Loans and Advances	207.77	(3,432.03)	(1,306.74)
	Increase in Current Liabilities	792.41	2,888.79	782.82
	Cash Generated from operations	**3,429.25**	**1,256.64**	**958.87**
	Income Taxes Paid	(435.44)	(510.28)	(217.10)
	Net cash Generated from Operating Activities	**2,993.81**	**746.36**	**741.77**
B]	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(25,573.16)	(16,494.59)	(8,994.42)
	Sale / adjustments of fixed assets	272.57	1,560.11	89.80
	Purchase of Investments	(2,747.15)	(2,754.80)	(1,958.18)
	Sale of Investments	1,427.07	850.89	1,329.90
	Capital Reserve on increase of stake in subsidiaries	-	123.14	-

	Increase / (decrease) in Minority Interests	-	237.50	-
	Margin Money Deposits Matured/(placed)	630.27	982.47	(2,289.30)
	Dividends Received	1.71	2.96	2.69
	Interest Received	773.28	1,186.74	527.58
	Share Application money paid	(213.05)	(750.89)	222.61
	Inter Corporate Deposits (granted) / refunded - net	0.43	(58.10)	101.90
	Net cash used in Investing Activities	**(25,428.03)**	**(15,114.57)**	**(10,967.42)**
C]	**Cash flow from Financing Activities**			
	Proceeds from issue of Equity Share Capital (including premium) (Net)	-	1,231.35	125.69
	Share Application money received (Net)	3,290.60	-	-
	Redemption of Preference Share Capital	-	-	-
	Issue of Share Warrants	-	1,101.60	-
	Proceeds from borrowings (Net)	11,113.12	24,971.91	11,922.65
	Dividend Paid (Including Tax thereon)	(261.05)	(276.96)	(239.46)
	Interest Paid	(3,855.25)	(2,482.38)	(1,333.78)
	Net cash Generated from Financing Activities	**10,287.42**	**24,545.52**	**10,475.10**
	Net (Decrease) /Increase in Cash and Cash equivalents (A+B+C)	**(12,146.80)**	**10,177.31**	**249.45**
	Cash and Cash equivalents			
	at the beginning of the Year	15,744.56	5,567.25	5,317.80
	at the end of the Year	3,597.76	15,744.56	5,567.25
	Net (Decrease) / Increase in Cash and Cash equivalents	**(12,146.80)**	**10,177.31**	**249.45**

RISK FACTORS

An investment in the QIP Shares involves a high degree of risk and you should not invest any funds in this Issue unless you can afford to take the risk of losing all or a part of your investment. You should carefully consider all the information in this Placement Document, including but not limited to the risks and uncertainties described below, before making an investment in the QIP Shares. The occurrence of any of the following events, or a combination thereof, could have a material adverse effect on our business, results of operations, financial condition and prospects and could cause the market price of our Company's Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section. The risks and uncertainties described in this section are those that our management believes are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those that we are not aware of or deem immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Equity Shares.

Prior to making an investment decision, prospective Investors should carefully consider all the information contained in this Placement Document, including the sections entitled "Our Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 80 and 48 respectively, of this Placement Document as well as other financial information contained in this Placement Document.

The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

In this section "our Company" refers to the Company, while "we", "us" and "our" refers to our Company, its Subsidiaries, its Associates and its Joint Ventures on a consolidated basis to the extent applicable.

Risks related to our Company and our business

1. ***Our Company has a substantial amount of indebtedness, which, in the event of inadequate accruals may pose constraints in servicing our debt***

   As of December 31, 2009, our Company had Rs. 79,099.24 million of outstanding debt. Our ratio of total debt (net of cash and bank balances) to equity as on that day stood at 3.31. For further details on our indebtedness, please refer to the section titled "Capitalization and Indebtedness" beginning on page 46 of this Placement Document.

   Our Company's ability to meet our debt service obligations and to repay the outstanding borrowings will depend primarily upon the cash flow generated by its business. There can be no assurance that our Company will generate sufficient cash to enable it to service its existing or proposed borrowings, comply with covenants or fund other liquidity needs. Adverse developments or a reduced perception of our Company's creditworthiness in credit markets could increase its debt service costs and the overall cost of funds. If our Company fails to meet its debt service obligations or financial covenants required under the financing documents, the lenders could, if so stated in the financial documents, declare our Company to be in default under the terms of its borrowings, accelerate the maturity of its obligations, enforce the security interest, take possession of our Company's assets *etc.* There can be no assurance that, in the event of any such acceleration, our Company will have sufficient resources to repay these borrowings.

2. ***Some of our Subsidiaries and Associates have incurred losses during the last three financial years***

   Some of our Subsidiaries and Associates have incurred losses in the recent past. The details of losses incurred by our Subsidiaries and Associates are set out below:

(*Rs. in million*)

Subsidiaries and Associates	Six month period ended September 30, 2009 (Unaudited)	For the year ended		
		March 31, 2009	March 31, 2008	March 31, 2007
Subsidiaries				
Alok Apparels Private Limited	(33.67)	(28.72)	(4.96)	-
Alok Land Holdings Private Limited	(0.02)	(0.23)	(1.93)	-
Alok Realtors Private Limited	(0.04)	(2.71)	(0.35)	-
Alok Auranagabad Infratex Private Limited	(0.07)	(0.05)	-	-
Mileta a. s.	(5.38)	(346.69)	(63.68)	-
Alok Industries International Limited	137.79	147.27	(5.00)	(0.39)
Alok Inc.	(0.20)	1.18	0.54	0.12
Alok Retail (India) Limited	(52.68)	(41.19)	(0.05)	-
Alok European retail s.r.o	(0.81)	(5.83)	-	-
Alok HB Properties Private Limited	(0.02)	(0.05)	-	-
Alok HB Hotels Private Limited	(0.02)	(0.05)	-	-
Alok New City Infratex Private Limited	(0.02)	(0.05)	-	-
Associates				
Alspun Infrastructure Limited	(0.04)	(1.06)	(0.05)	-
Grabal Alok (UK) Limited	339.36	(1705.65)	(1965.80)	-
Ashford Infotech Private Limited	(0.02)	0.97	0.58	-

In the event that our Subsidiaries and / or Associates incur losses or continue to incur losses, our consolidated results of operations and financial condition will continue to be adversely affected.

3. ***Our Company's contingent liabilities, amounting to Rs. 3015.97 million, could adversely affect our financial condition***

As of September 30, 2009, our Company has contingent liabilities amounting to Rs. 3015.97 million. In the event that our Company is unable to meet these contingent liabilities, as and when they become due, our Company's business and financial condition may be adversely affected.

(*Rs. in million*)

Particulars	Six month period ended September 30, 2009 (Unaudited)
Customs duty on shortfall in export obligation in accordance with EXIM Policy.	Amount unascertained
Guarantees given by banks on behalf of our Company	471.74
Corporate guarantees given to banks for loans taken by Subsidiaries	2147.20
Bills discounted	396.58
Litigation	0.45
Total	3015.97

For further details of our contingent liabilities, please refer to the section titled "Financial Statements" beginning on page 148 of this Placement Document.

4. ***Currency rate fluctuations could have an adverse effect on our financial results***

As at December 31, 2009, our Company had borrowings in currencies other than INR of an amount equal to approximately Rs. 9637.50 million, representing 12.18 % of our Company's borrowings. Our Company also imports various equipment for its facilities for which it makes payments in foreign currency. Accordingly, depreciation of the INR against the U.S. dollar and other currencies may adversely affect our Company's financial position and results of operations by increasing the INR cost of servicing and repaying our foreign borrowings and spending.

Our Company is exposed to foreign exchange risks by virtue of being an exporter of products whereby an appreciation of the INR against the U.S. Dollar could adversely impact receivables.

While our Company may enter into forward contracts or other derivative instruments in order to appropriately mitigate risks on account of currency fluctuation, there can be no assurance that the risks arising out of fluctuations by the INR against the US dollar can be fully mitigated.

5. ***Certain Equity Shares of our Company held by our Promoters and Promoter Group are pledged***

As on February 26, 2010, 91.10 % of our Promoters and Promoter Group holding in our Company *i.e.* 33.53 % of the total paid-up equity share capital of our Company has been pledged in favour of various banks, NBFCs and institutions. Further, as per the documentation executed between our Promoters and Promoter Group with such banks, NBFCs and institutions, these entities have the right to obtain a pledge on further Equity Shares in the case of certain events, including *inter alia* if the value of the pledged Equity Shares is insufficient. In the event of non-compliance with certain terms of the pledge agreements entered into by our Promoters and Promoter Group with such banks, NBFCs and institutions, these banks and financial institutions may invoke their respective pledges on these Equity Shares, which may result in dilution of our Promoters' stake in our Company. For further details please refer to the section titled "Principal Shareholders" beginning on page 105 of this Placement Document.

6. ***We have entered into loan agreements which impose restrictive covenants on us and enable third parties to exercise control over our business***

The agreements and instruments governing our existing indebtedness contain several restrictions and limitations, including but not limited to restrictions on issuance of shares or other securities, incurring further indebtedness, creating further encumbrances on assets, disposing of assets, undertaking new projects, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits, incorporating subsidiary companies, amending our Memorandum and / or Articles of Association, affecting a change in control.

In addition, some of these financing agreements contain financial covenants, which may require us or the specific borrower entity to maintain, amongst other things, a specified debt to equity ratio, debt service coverage ratio, other leverage ratios and maintenance of collateral. Further, in the event of default in repayment, certain agreements provide for conversion of the outstanding amount of the loan or part thereof into Equity Shares of our Company, at the option of the lenders. Most of our financing arrangements are secured by specific immovable and movable assets. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could lead to defaults or cross defaults and as such, repayments of outstanding indebtedness and termination of such financing agreements. Further, in the event of default, we may have to compulsorily redeem / repay our respective indebtedness.

There can be no assurance that we will be successful in obtaining any consent in the future, including consents that may be necessary for us to implement our business and expansion plans. The consent of our existing lenders for incurring additional debt or issuing equity may be required and there can be no assurance that such consent will be granted. If such consents are withheld it may restrict our Company's ability to further develop and expand its business.

7. ***A failure / inability to manage our Company's growth could disrupt our business and reduce profitability***

Over the past few years, our Company has expanded its capacities and has grown in terms of sales and profitability. For further details on such expansions and growth, please refer to the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 80 and 48 respectively of this Placement Document respectively. Such continued growth will place significant demands on our Company and will require it to continuously evolve and improve its operational, financial and internal controls across the organisation.

An inability to keep up with the demands of such growth could disrupt our Company's business thereby reducing profitability.

8. ***Our core business being textiles, any slowdown in this industry and consequent reduction in demand for our products could have a negative effect on our business***

Our future success depends on the continued demand for our products in the market. The textile industry may be sensitive to changes in economic conditions, cyclicality and unforeseen events, including recession, inflation or other adverse occurrences. Any event that results in decreased demand in the market could have an adverse effect on our business and financial condition and results of operations.

9. ***There were shortfalls in the performance of our Company when compared to the promises made by our Company in relation to its initial public offering in 1993 and rights offering of Equity Shares in 1997***

Our Company undertook its initial public offering of Equity Shares in 1993, a rights offering of Equity Shares in 1997, a rights offering of secured fully convertible debentures in 2001 and a rights offering of Equity Shares in 2009. There were shortfalls in the performance of the initial public offering and the rights offering undertaken in 1997, when compared with the projections made in the respective offer documents on the following parameters:

Initial Public Offering – 1993

- Sales of Rs. 558.20 million against a projection of Rs. 594.70 million in FY 1994;
- PBDIT of Rs. 35.20 million against a projection of Rs. 38.60 million in FY 1994;and
- Time overrun of five months for the weaving project.

Rights Issue – 1997

- PBDIT of Rs. 145.80 million against a projection of Rs. 152.40 million in FY 1997;
- Cost overrun of Rs. 83.50 million over an estimated project cost of Rs. 4.80 million; and
- Time overrun of six months in processing project and eight months in knitting project.

10. ***We have limited experience in non-textile sectors which may affect our ability to operate these businesses or implement our strategies in these sectors successfully***

Given our limited experience in non-textile sectors, it is possible that we may not be able to anticipate or evaluate business risks, especially in a volatile economic scenario. Our strategy of penetrating these sectors involves understanding different market dynamics and building-up in-house expertise and resources for the same. Our Company, on October 12, 2009, incorporated a wholly-owned subsidiary, Alok H&A Limited, to carry on the cash and carry business. Our Company has invested Rs. 360.5 million in Alok H&A Limited as on December 31, 2009. Further, pursuant to a subscription agreement dated January 28, 2010 and shareholders' agreement dated January 28, 2010, each between Asiabridge Fund I, LLC, our Company and Alok H&A Limited, our Company has agreed to subscribe to 5,500,000 fully compulsorily convertible debentures aggregating to Rs. 550 million. Failure to implement these strategies successfully could affect our consolidated performance. For further details on our foray into non-textile sectors, please refer to the section titled "Our Business" beginning on page 80 of this Placement Document.

11. ***Our inability to identify, understand or cater to evolving industry trends, changing customer tastes and preferences may adversely affect our business***

To remain competitive and to meet our customers' needs in our businesses, we continuously innovate and invest in new technologies or processes. Our inability to identify and understand contemporary and evolving trends could adversely affect our business. In the export market, the demand is based on the prevailing trends in European countries and the USA, the major export regions for our Company. Our Company's manufacturing facilities need to be flexible to deliver quick changeovers and handle a variety of fabrics to meet with such trends.

12. ***Our failure to compete effectively in the highly competitive global textile market could result in the loss of customers, which could have an adverse impact on our operations***

We need to compete on a global scale to gain and retain market share. Our customers have global standards for product quality and delivery schedules. In meeting such standards, our Company faces competition in the domestic market from both the organised and unorganised sectors. Failure to continuously adhere to these global standards in quality, cost and delivery parameters could result in adverse customer perception thereby resulting in a reduction, or cancellation of orders. These competitive pressures may increase as more companies come up with similar strategies to enter and capture market share.

13. ***Shortages of raw materials or volatility of raw material prices may adversely affect the operations and businesses of our Company***

Net material consumption cost, which consists of cotton, cotton yarn, polyester chips and partially oriented yarn (POY), has constituted 47.81% of our Company's total sales for the six month period ended September 30, 2009 and 49.05 %, 51.68 % and 57.21 % of our Company's total sales for FY 2009, FY 2008 and FY 2007 respectively. Failure to procure appropriate quantities of these raw materials in a timely manner and at reasonable prices may adversely impact the cost and quality of our products with a consequent negative impact on our Company's business and financial results.

14. ***Our operations are subject to varied business risks and there may be inadequate insurance coverage to cover our economic losses as well as certain other risks including those pertaining to claims by third parties and litigation***

Our operations are subject to various risks and hazards which may adversely affect our profitability, including natural calamities, breakdown of operations, failure or substandard performance of network equipment, third party liability claims, labour disturbances, employee frauds, infrastructure failure and terrorist activities.

Though we have, in our opinion, taken adequate safeguards to protect our assets from various perceived risks, it is possible that our insurance may not provide adequate coverage in certain circumstances. These may include claims by third parties and litigation. Also, insurance policies are usually subject to certain deductibles, exclusions and limits on coverage.

For further details, please refer to the section titled "Our Business – Insurance" on page 80 of Placement Document. We cannot assure you that the operation of our business will not be affected by any of the incidents and hazards listed above. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make payments that may adversely affect our financial condition and results of operations.

15. ***Our Company has a pending insurance claim of Rs. 399.69 as on March 19, 2010. Any short recovery of this claim may adversely impact our financial results***

On August 16, 2007, a fire broke out at our Texturising Unit at Saily, Silvassa. Our Company filed a claim of Rs. 2,177.28 million (Rs. 1,906.68 million for building, machinery, inventory and Rs. 270.60 million for loss of profit) with our consortium of insurers, the lead insurer being United India Insurance Company Limited. Our Company has received interim relief amounting to Rs. 1,777.59 million. The claim is currently under final assessment. In the event that we are unable to recover the balance amount in full we may be required to provide for the short payment that may adversely impact our financial results.

16. ***Our Company's aggregate export obligations under the EPCG scheme as at December 31, 2009, amounting to Rs. 34,226.90 million, may not be fulfilled, which could result in a retrospective levy of import duty with penalty which may adversely affect our Company's financial results***

Our Company has assumed export obligations against licenses issued under the EPCG scheme. As at December 31, 2009, the aggregate amount of our Company's outstanding export obligations was Rs. 34,226.90 million to be achieved by FY 2017. For further details of the total outstanding export obligations of our

Company under these EPCG licenses, please refer to the section titled “Our Business”, beginning on page 80 of this Placement Document. The result of failing to meet the above commitment would be a retrospective levy of import duty with penalty on items previously imported at concessional duty which may adversely affect our Company’s financial results.

17. ***We are dependent on our management team and key personnel, and the loss of any key team member may adversely affect our business performance***

Our business is managed by a core management team that supervises the day-to-day operations, strategy and growth of our business. Our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified people at various levels. In the event that one or more members of our key management team are unable or unwilling to continue in their present positions or if we fail to successfully manage our employee needs, such persons may be difficult to replace and our business, prospects, financial condition and results of operations could be adversely affected.

18. ***If our Company is not able to obtain, renew or maintain the permits and approvals required to operate our business, this may have a material adverse effect on our business***

Our Company requires certain permits and approvals to operate its businesses and / or facilities, including such permits required by the environmental regulatory authorities. Some of the licenses of environmental consents, petroleum storage licenses and factory licenses have expired. Although our Company has made renewal applications in respect of these expired licenses, there can be no assurance that the relevant authorities will issue any such permits or approvals in the time-frame anticipated by us or at all.

In addition, our business operations require us to obtain certain approvals, licenses, registrations and permits, for which our Company has not yet made an application. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application/ renewals made by us in the future.

Failure by our Company to renew, maintain or obtain the required permits and approvals, and technology licenses in a timely manner or at all may interrupt our Company’s operations or delay or prevent the implementation of our capacity expansion programme and may have a material adverse effect on our Company’s results of operations, financial condition and prospects.

19. ***If our Company fails to comply with environmental laws and regulations, or faces environmental litigation, its costs may increase or revenues may decrease***

Our Company may incur substantial costs to comply with requirements of environmental laws and regulations. In addition, currently unknown environmental problems or conditions may be discovered.

Environmental laws and regulations are gradually becoming more stringent and are being brought in line with international standards. It is possible that some of our Company’s current plants and operations may not be compliant with such future regulations and standards. In such a case, our Company would need to incur costs in order to make such facilities regulation compliant, which would then adversely impact our Company’s profitability. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted.

Some of our Company’s operations are subject to risks generally associated with manufacture and equipment, which can cause personal injury, loss of life, environmental damage and damage to property.

The measures implemented in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our Company’s compliance costs may significantly exceed our estimates. If our Company fails to meet such environmental requirements, our Company may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against our Company as well as orders that could limit or halt our Company’s operations and could include us being required to incur substantial clean up costs. There can be no assurance that our Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, other liabilities and related litigation, may adversely affect our business, prospects, financial condition and results of operations.

Also, there is a risk that such changes may necessitate a temporary cessation of operations in some of our plants while they are brought up to the desirable standards. If such an occasion does arise, our Company may be adversely impacted both in terms of top-line and bottom-line.

20. We may be unable to adequately protect our intellectual property since certain of our trade marks, logos and other intellectual property are currently not registered and therefore do not enjoy any statutory protection. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights

We currently have 57 trade mark applications pending under the provisions of the Trade Marks Act, 1999. We cannot assure that we will be able to register these trade marks or that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and any third party claim on any of our unprotected brands may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and a favourable outcome cannot be guaranteed. We may not be able to detect any unauthorised use or take appropriate and timely steps to enforce or protect our intellectual property. We also can provide no assurance that the unauthorised use by any third parties of these trade marks will not damage our business prospects, reputation and goodwill.

21. We may engage in future acquisitions, investments, strategic partnerships or other ventures that may harm its performance or change its business strategy

Our growth strategy may involve acquiring or making investments in similar or related businesses, subsidiaries, technologies, or products, or entering into strategic partnerships with parties who can provide access to new markets and new products. In the past, we have relied on expanding some of our service offerings and gaining new clients through strategic acquisitions. It is possible that in the future, we may not succeed in acquiring suitable entities on reasonable terms or may have difficulty in accessing the capital required to finance potential acquisitions or be able to consummate any acquisition. In such a case, our future growth prospects, especially through the inorganic route, may be adversely impacted.

22. Our Company's business is capital intensive and our inability to meet our financing requirements for our future expansion projects may adversely affect our Company's growth and operations

Our Company's business is capital-intensive and investments in capacities, new technologies and processes are among the key factors that would contribute to our future growth and profitability. Our inability to raise funds to meet the future capital requirements may adversely affect our growth and operations.

23. Our Company is subject to high working capital requirements and our inability to fund these requirements in a timely manner may adversely impact our financial performance

Our Company's working capital requirement is high due to a higher holding level of inventory and debtors. Inability of our Company to raise corresponding working capital in line with the growth of the Company's operations may result in adversely affecting our operations and financial performance.

24. Under-utilisation of expanded capacities may adversely impact our financial performance

Our Company has undertaken expansion of its production capacities based on its estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected orders due to factors including adverse economic scenario, change in demand, change in fashion, *etc.*, our Company's capacities may not be fully utilised thereby adversely impacting our financial performance.

25. Our shareholders, (i) IL&FS Private Equity Trust through its scheme, the Leverage India Fund, (ii) South Asian Regional Apex Fund, (iii) IVC Employees Welfare Trust, have certain affirmative voting rights and transfer rights under our Shareholders Agreement

Pursuant to the terms of our Shareholders Agreement, our shareholders, (i) IL&FS Private Equity Trust through its scheme, the Leverage India Fund, (ii) South Asian Regional Apex Fund, and (iii) IVC Employees Welfare Trust have certain affirmative voting rights in the shareholders' meetings of our Company, including *inter alia* in relation to the amendment of the Memorandum and Articles of Association of our Company, alteration of the authorized or paid up share capital of our Company, any issue of Equity Shares by our Company, any material deviations of more than 20% to the annual budget *etc.* Further, these shareholders also have certain rights with regard to transfer of Equity Shares including, *inter alia*, right of first offer in the event of a further issue of Equity Shares by our Company, tag-along rights in the event of a sale of all or any of the Equity Shares held by any of the Promoters *etc*.

26. The investment of Rs. 450 million by Asiabridge Fund I, LLC in Alok H&A Limited is subject to the terms and conditions contained in the subscription agreement and shareholders' agreement each dated January 28, 2010

Pursuant to a subscription agreement and shareholders' agreement each dated January 28, 2010, between Asiabridge Fund I, LLC ("**AFI**"), our Company and Alok H&A Limited, our Company has agreed to subscribe to 5,500,000 fully compulsorily convertible debentures, having a face value of Rs. 100 each ("**FCCDs**"), aggregating to Rs. 550 million in three tranches *i.e.* 1,375,000 FCCDs, 1,375,000 FCCDs and 2,750,000 FCCDs and AFI has agreed to subscribe to 4,500,000 FCCDs aggregating to Rs. 450 million in three tranches *i.e.* 1,125,000 FCCDs, 1,125,000 FCCDs and 2,250,000 FCCDs.

As per the terms of the aforesaid subscription agreement, our Company is required to subscribe to each tranche of FCCDs prior to AFI's subscription to each tranche of FCCDs. Further, such subscription by AFI to each tranche of FCCDs is to be preceded by independent conditions precedent to be met with by Alok H&A Limited, including *inter alia* receipt of requisite approvals, attainment of objectives set out in the agreed business plans etc. In addition to this subscription agreement, as per the terms of the aforesaid shareholders' agreement, AFI has various rights with respect to Alok H&A Limited including *inter alia* monitoring and compliance rights, management rights etc. Further, our Company has undertaken not to reduce its equity shareholding in Alok H&A Limited to less than 51%.

Any failure by our Company and / or Alok H&A Limited to comply with the terms of the aforesaid subscription agreement and shareholders' agreement could result in the termination of these agreements causing AFI to withdraw its investment in Alok H&A Limited which could impair our recent foray into the cash and carry business as well as adversely affect our consolidated results of operations and financial condition.

27. There are potential conflicts of interest with and within our Promoter Group entities

Our Promoters and our Promoter Group have equity interests or investments in the following entities that may offer services that are related to our business, *i.e.* the textiles business.

Sr. No.	Promoter Group Entities
1.	Grabal Alok Impex Limited
2.	Alok Knit Exports Limited
3.	Alok Denims (India) Private Limited
4.	Jiwrajka Associates Private Limited
5.	Pramita Creation Private Limited
6.	M/s. Alok Textile Traders
7.	M/s. D. Surendra & Co
8.	M/s. Nirvan Exports
9.	M/s. Pramatex Enterprises

There may be conflicts of interest in addressing business opportunities and strategies where these entities are also involved. In addition, new business opportunities may be directed to these entities instead of our Company. Our Company may also be prevented from entering into certain businesses which relate to our business and which may be important for our future growth, as our Promoters or members of our Promoter Group may already have interests in such businesses.

28. Our Company's operations involve hiring of contract labour, which involves compliance with various applicable regulations, the non-compliance of which may have financial implications

In order to retain flexibility and keep our fixed overhead to the minimum, in line with industry practice, we appoint contractors who in turn engage on-site contract labourers for performance of our low skill operations. From a regulatory perspective, we face the risk that on an application made by the contract labourers, the appropriate court / tribunal may direct us that the contract labourers are required to be regularized or absorbed, and / or that we pay certain contributions in this regard that can adversely impact our financial performance.

29. Our Company's business and financial results could be adversely affected by strikes or work stoppages by our employees or employees of our customers

Strikes, agitations or work stoppages can adversely affect the results of our Company's operations. We operate in a labour intensive industry, consequently, work stoppages or slow-downs or other instances of industrial unrest, if any, may adversely affect our production, which in turn, may have a material adverse effect on our Company's business.

30. Our Company's continued operations are critical to our business and any shutdown of our manufacturing facilities may have a material adverse effect on our business and financial results

Our Company's manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

Our customers rely significantly on the timely delivery of our products and hence the continuity of our operations is critical to our business. Any disruption to our operations due to breakdown, fire, natural calamity, *etc.* may adversely affect our operations. Further, any insurance cover we have may not be adequate to indemnify our Company for our losses entirely.

31. Inability to successfully complete the projects undertaken on time and within budget may adversely impact our financial performance

Our Company is currently in the midst of various expansion projects. Our Company runs an inherent risk of non-completion of these projects or completion at an additional cost. This may result in an adverse impact on our financial performance.

32. Any failure in the SAP based ERP system could adversely impact the business of our Company

Any disruption in the functioning of our existing ERP system, which is based on SAP, could disrupt our ability to track, record and analyze the work in progress, cause loss of data and disruption in operations including, among others, an ability to assess the progress of the projects, process financial information or manage creditors/debtors or engage in normal business activities. This may have an adverse effect on our operations.

33. Our business trend is such that our last quarter (January – March) exhibits maximum sales. Decrease in our sales during this quarter could impact our financial performance

Our business generally exhibits an upward trend due to higher sourcing in the last quarter of our Financial Year, during which, historically, we have reported higher sales. Any substantial decrease in sales for this quarter could impact our financial condition and results of operations.

Risks related to India

34. The global economic downturn may adversely affect our business, liquidity and results of operations

As widely reported, financial markets in the United States, Europe and Asia experienced significant disruptions in recent periods, including, among other things, extreme volatility in the securities markets, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of assets. While these conditions impaired our ability to access credit markets and finance our operations, we cannot assure you that there will not be a further deterioration in financial markets and confidence in major economies. Our business is also adversely affected by decreases in the general level of economic activity, such as decreases in business, exports and consumer spending. As of September 30, 2009, exports form 34.13 % of our total sales, of which the United States and Europe account for approximately 17.89%. We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions in India and other countries. While the global economic downturn has not yet resulted in lower exports for our Company, our reliance on the United States and Europe and the continuation or worsening of this downturn or general economic condition could have an adverse effect on our business, liquidity and results of operations.

35. Changes in trade policies may affect us

Any change in policies by the countries, in terms of tariff and non-tariff barriers, to which we export our products, may have an adverse effect on our profitability.

36. Reduction in Government incentives could have an adverse effect on our results of operations

Our Company currently enjoys certain fiscal benefits on account of policies of the Government of India, including concessional duty imports and incentives relating to Duty Entitlement Pass Book licenses ("**DEPB Licenses**") on account of our export sales. DEPB licenses are issued as a form of export incentive scheme to neutralise the incidence of customs duty on imported contents of export products. Any change in the policies of the Government of India or reduction in this assistance could have an adverse effect on our results of operations.

37. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

38. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect our financial conditions

According to a report released by the Reserve Bank of India, India's foreign exchange reserves totalled US$ 278.357 million as at February 26, 2010. A decline in this reserve could impact the valuation of the local currency and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance and the market price of our Equity Shares.

39. We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

40. There may be less company information available in Indian securities markets than securities markets in more developed countries

There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of Investors, brokers and other participants than that of markets in other more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed countries, which could adversely affect the market for our Equity Shares.

41. Our business and activities will be regulated by the Competition Act, 2002

The Indian Parliament has enacted the Competition Act, 2002 ("**Competition Act**") under the auspices of the Competition Commission of India to prevent business practices from having an adverse effect on competition, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action, whether or not formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Competition Act and the Competition Commission of India will affect industries in India. Any application of the Competition Act to us may be unfavourable and may have an adverse effect on our business and results of operations.

42. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares***

Sale of Equity Shares by any shareholder may give rise to tax liability in India. For a discussion of this risk factor, please refer to the section titled "Taxation" beginning on page 138 of this Placement Document.

43. ***You may be restricted in your ability to exercise pre-emptive rights under Indian law and be diluted in your ownership position***

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares which would be affected, unless the company has obtained government approval to issue without such rights. If the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority of such jurisdiction, you will be unable to exercise your pre-emptive rights unless we make such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in us may be reduced.

44. ***We are subject to regulatory and legal risk which may adversely affect our business***

Our operations are subject to regulations framed by various regulatory authorities in India and other jurisdictions, including regulations relating to foreign investment in India. Compliance with many of the regulations applicable to us across jurisdictions including any restrictions on investments and other activities currently being carried out by our Company involve a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected.

We are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that these laws will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance.

45. ***Terrorist attacks or war or conflicts involving countries in which we operate or where our customers are located could adversely affect the financial markets and adversely affect our business***

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the U.S. and the EU, may adversely affect Indian and worldwide financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced, or are currently experiencing internal unrest. Such events could also create a perception that investments in companies such as ours involve a higher degree of risk than investments in companies in other countries in our geo-political region. This, in turn, could have a material adverse effect on the market for securities of such companies, including our Equity Shares. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

46. ***Natural calamities could have a negative impact on the Indian economy and harm our Company's business***

India, Bangladesh, Indonesia and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a *tsunami* in recent years. Some of these countries have also experienced pandemics. The extent and severity of these natural disasters and pandemics determines their impact on these economies. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the economies in which we have operations, which could adversely affect our business and the price of our

Equity Shares.

47. ***An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on our business and results of operations***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries in which our end markets are located, which could have an adverse effect on our business. The outbreaks of the H1N1 virus globally in 2009, Severe Acute Respiratory Syndrome in Asia in 2003 and the outbreak of avian influenza, or bird flu, across Asia and Europe, have adversely affected a number of countries. We can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on our business.

48. ***Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations***

Some of our operations are subject to risks generally associated with manufacture and equipment, which can cause personal injury, loss of life, environmental damage and damage to property.

The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our operations and could include us being required to incur substantial clean up costs.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, other liabilities and related litigation, may adversely affect our business, prospects, financial condition and results of operations.

49. ***We may be subject to material change in regulation***

Our Company is subject to changes in Indian corporate laws as well as to the changes in the government regulations, policies and accounting principles. Any changes in the regulatory framework affecting our Company including capital adequacy requirements would adversely affect the profitability of our Company's business, its future financial performance and the price of its Equity Shares.

50. ***The market value of an investment in our QIP Shares may fluctuate due to the volatility of the Indian securities markets***

The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Such fluctuations and volatility could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. Moreover, there have been occasions when secondary market operations have been interrupted and/or affected due to temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

The level of regulation and monitoring of the Indian securities markets and the activities of Investors, brokers and other participants is not as stringent compared to more mature economies. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in other countries.

51. Changes in the policies of the Government of India or political instability could delay the further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact our Company's business and prospects

The role of the Indian central and state governments in the Indian economy has remained significant over the years. Since 1991, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business.

The current Government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Any political instability could delay the reform of the Indian economy, which could materially adversely impact our business.

52. Currency exchange rate fluctuations may affect the value of the QIP Shares

Fluctuations in the exchange rate between the Rupee and the U.S. dollar will affect the dollar equivalent of the Rupee price of the Equity Shares on the Indian Stock Exchanges, as well as the U.S. dollar value of the proceeds a holder would receive upon the sale in India of any Equity Shares. Equity Shareholders may not be able to convert Rupee proceeds into U.S. dollars or any other currency, and there is no guarantee of the rate at which any such conversion will occur, if at all.

53. Investors may have difficulty enforcing judgments against our Company or its management

Our Company is a limited liability company incorporated under the laws of India. Most of our Company's Directors and executive officers and some of its advisors and experts named in this Placement Document are residents of India. Further, a substantial portion of our Company's assets and the assets of such persons are located in India. As a result, it may not be possible for Investors to affect service of process upon our Company or such persons in jurisdictions outside India or to enforce judgments obtained against it or such persons outside India. For further details, please refer to the section titled 'Enforcement of Civil Liabilities' beginning on page 13 of this Placement Document.

54. Significant differences exist between Indian GAAP and other accounting principles such as IFRS, UK GAAP and US GAAP, which may be material to an Investor's assessments of our Company's financial condition

The Indian GAAP financial statements included in this Placement Document are prepared and presented in conformity with Indian GAAP consistently applied during the periods stated in those reports, except as otherwise provided therein, and no attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles with which prospective Investors may be familiar in other countries, such as IFRS, UK GAAP and US GAAP. You should rely upon your own examination of us, the terms of the Issue and the financial information contained in this Placement Document.

Risks related to this Issue and the Equity Shares

55. Conversion of our Company's outstanding B Bonds and any future issues or sales of our Company's Equity Shares may dilute the Investors' shareholding and significantly affect the trading price of the Equity Shares

Our Company currently has 475 B Bonds outstanding, aggregating to US$ 23,750,000. Pursuant to the Press Note dated February 15, 2010 issued by the Ministry of Finance, our Company has by way of an application dated February 23, 2010, subsequently amended on February 25, 2010, applied to the RBI for adjustment of the current conversion price of Rs. 68.39 per B Bond to the higher of (i) Rs. 23.35; or (ii) the floor price to be determined in line with the current pricing guidelines for FCCBs. In the event that this approval is granted by the RBI, the conversion of our Company's outstanding B Bonds, subject to shareholders' approval, at either of the prices set forth above will result in a decrease of our Company's diluted EPS, which could consequently affect the trading price of the Equity Shares. In addition any future issue of Equity Shares by our Company may lead to a dilution of the Investors' shareholding or affect the market price of our Equity Shares. Similarly, the disposal of Equity Shares by any of our Company's major shareholders, or the perception that such issues or sales may occur, may significantly affect the trading price of the Equity Shares.

56. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the QIP Shares

The offer price of the QIP Shares being issued in this Issue will be determined by our Company in consultation with the Book Running Lead Managers based on the Bids received in compliance with Chapter VIII of the SEBI Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your QIP Shares at or above the offer price and, as a result, you may lose all or part of your investment. The price at which the QIP Shares will trade after this Issue will be determined by the market and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses which we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, Investors in QIP Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

57. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect an Equity Shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time

Our Company is subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limits on our Company's circuit breakers are set by the NSE and the BSE. The NSE and the BSE do not inform our Company of the percentage limit of such circuit breakers and may change it without our Company's knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

58. An Investor will not be able to sell any of the QIP Shares purchased in this Issue other than across a recognised Indian stock exchange for a period of 12 months from the date of the allotment of the QIP Shares

As provided in the SEBI Regulations, QIBs purchasing QIP Shares in the Issue shall be permitted to sell such QIP Shares solely on the Stock Exchanges and may not enter into any off-market trading in respect of these QIP Shares for a period of twelve months from the date of the issue of the QIP Shares in the Issue. We cannot assure you that this restriction will not have an effect on the selling price of the QIP Shares issued in this Issue.

59. There is no assurance that the QIP Shares offered by way of this Issue will be listed on the BSE and the NSE in a timely manner or at all and any trading closures at the BSE and the NSE may adversely affect the trading price of the Equity Shares

Pursuant to Indian regulations, certain actions must be completed before the QIP Shares being issued in this Issue can be listed and trading may commence. In accordance with Indian law and practice, permission for listing of the QIP Shares will not be granted until those QIP Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuance of QIP Shares to be submitted. There could be a delay or failure in listing the QIP Shares in BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your QIP Shares.

The regulation and monitoring of Indian securities markets and the activities of Investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

60. Future issues by our Company or sale of Equity Shares by some of our current shareholders could affect the price of our Equity Shares in the secondary market

A future issue of shares by our Company or the sale of shares by any of our major shareholders, or the perception that such issues or sales may occur, may significantly affect the trading price of the Equity Shares, other than obtaining consent from some of our shareholders, some of our lenders prior to altering our capital structure and any regulatory consent that may be required under applicable law, there are no restrictions on our Company's ability to issue Equity Shares, and there can be no assurance that our Company will not issue Equity Shares.

61. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have experienced recent volatility, with the BSE index declining by almost 50.0% over the second half of 2008 and early part of 2009 and showing significant increases thereafter. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

MARKET PRICE INFORMATION

The Equity Shares of the Company are listed and traded on the BSE and the NSE. The stock market data presented below is given for BSE and the NSE separately.

As of March 12, 2010, 605,698,030 Equity Shares (including 22,316 Equity Shares, partly paid-up to the extent of Rs. 5 per Equity Share) were issued and outstanding. The Equity Shares are listed on the BSE and NSE. As the Equity Shares are actively traded on the BSE and NSE, the stock market data has been given separately for each of these Stock Exchanges. The Equity Shares have been listed on the BSE since November, 1993 and on the NSE since April, 1996.

The table set forth below is for the periods that indicate the high and low prices of the Equity Shares of the Company and also the volumes of trading activity. On March 19, 2010, the closing price of the Equity Shares of the Company on BSE was Rs. 22.45 per Equity Share and on NSE was Rs. 22.40 per Equity Share.

The high, low and average market prices of the Equity Shares of the Company during the preceding three years:

BSE							
FY	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
2009	June 5, 2009	29.50	11,522,291	March 23, 2009	11.55	618,698	19.88
2008	January 1, 2008	107.75	1,493,162	November 28, 2008	13.55	164,335	59.82
2007	December 31, 2007	105.90	2,267,497	March 5, 2007	50.45	336,893	77.58

(Source: www.bseindia.com)

NSE							
FY	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
2009	June 5, 2009	29.45	32,980,247	March 23, 2009	11.55	1,732,490	19.88
2008	January 1, 2008	107.75	3,431,024	October 27, 2008	13.60	1,057,359	59.88
2007	December 31, 2007	105.90	6,162,807	March 5, 2007	50.30	1,257,166	77.55

(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Placement Document:

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
February 2010	February 2, 2010	27.55	2,502,244	February 5, 2010	23.00	2382566	24.93
January 2010	January 25, 2010	27.90	5,105,732	January 4, 2010	23.00	3403023	25.45
December 2009	December, 31 2009	23.70	3,535,601	December, 1 2009	20.15	894312	21.90
November 2009	November 19, 2009	22.30	1,901,784	November, 3 2009	18.00	1359737	20.00
October 2009	October 5,	24.15	3,975,208	October 29,	18.85	1307472	21.28

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
	2009			2009			
September 2009	September 18, 2009	24.45	6,919,961	September 2, 2009	22.00	2,451,282	23.03

(Source: www.bseindia.com)

NSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
February 2010	February 1, 2010	27.20	6,908,382	February 23, 2010	22.95	3,976,775	24.93
January 2010	January 25, 2010	28.00	12,007,247	January 4, 2010	23.00	7,950,166	25.58
December 2009	December 31, 2009	23.70	6,461,859	December 1, 2009	20.10	2,359,826	21.93
November 2009	November 19, 2009	22.30	4,306,590	November 3, 2009	18.05	2,888,428	20.05
October 2009	October 5, 2009	24.10	8,064,776	October 29, 2009	18.85	2,536,341	21.30
September 2009	September 7, 2009	25.00	7,462,428	September 2, 2009	22.00	6,932,340	23.03

(Source: www.nseindia.com)

The market price on February 1, 2010, the first working day following the Board meeting in which the Issue was approved

(in Rs.)

Date	**BSE**				**NSE**			
	Open	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
February 1, 2010	26.20	27.20	25.90	26.40	26.00	27.20	25.90	26.35

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	**BSE (No. of Equity Shares)**	**NSE (No. of Equity Shares)**
February 2010	44,523,952	91,148,255
January 2010	99,509,263	200,376,266
December 2009	45,024,797	94,039,185
November 2009	28,503,572	59,048,122
October 2009	40,786,488	81,153,995
September 2009	91,216,314	186,871,200

(Source: www.nseindia.com, www.bseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue will be Rs. 4,246.57 million. We intend to use the net proceeds of the Issue, after deducting the Issue expenses, for long term working capital margin and capex requirements or any other uses as may be permissible under applicable law and for purposes as approved by Board of Directors.

In accordance with the policies instituted by the Board, our management will have flexibility in deploying the net proceeds received by us from the Issue. Pending utilization for the purpose described above, we intend to temporarily invest funds in various instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with applicable laws as well as the investment policies as approved by the Board from time to time.

CAPITALIZATION AND INDEBTEDNESS

The following table shows, as at December 31, 2009 on an unaudited basis:

- our actual capitalization and indebtedness on a standalone basis; and
- our capitalization and indebtedness on a standalone basis as adjusted for the Issue.

This table should be read in conjunction with our unaudited standalone financial statements as of and for the period ended September 30, 2009 and our audited standalone financial statements as of and for the financial years ended March 31, 2009, March 31, 2008 and March 31, 2007 and the related notes, the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" beginning on pages 48 and 28 of this Placement Document, respectively, and other financial statements and information contained elsewhere in this Placement Document.

	As at December 31, 2009	
	Unaudited	As adjusted for the Issue
	(Rs. in million)	
Loan Funds:		
Secured	73,675.27	73,675.27
Unsecured	5,423.97	5,423.97
Total debt	79,099.24	79,099.24
Shareholders' funds:		
Share capital	6,056.56*	7,877.56*
Securities premium	6,378.32	8,803.90
Other reserves and surplus	9,707.53	9,707.53
Total Shareholders' funds (excluding loan funds)	22,142.41	26,388.99
Total capitalisation	101,241.65	105,488.23

** includes 152,051 Equity Shares, partly paid-up to the extent of Rs. 5 per Equity Share*

DIVIDEND POLICY

We generally declare and pay dividend in the fiscal year following the year as to which they relate. Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years subject to compliance of Companies (Declaration of Dividend out of Reserves) Rules, 1975, Companies (Transfer of Profits to Reserves) Rules, 1975 or out of both.

Our Company has a track record of paying dividend consistently for the last 18 years since FY 1992.

The table below sets forth the details of the dividends declared by the Company on its Equity Shares during the last three fiscal years:

Particulars	**For the year ended**		
	March 31, 2009	**March 31, 2008**	**March 31, 2007**
Rate of Dividend	7.5%	12.00%	14.00%
Dividend Amount (Rs. in million)	147.74	224.61	238.52
Tax on above dividend (Rs. in million)	25.11	38.17	40.54
Dividend per Equity Share (Rs.)	0.75	1.20	1.40

SEBI has vide its letter no. SMDRP/NSDL/3254/00 dated February 18, 2000 issued a directive that shares issued by companies should be *pari passu* in all respects including dividend entitlement.

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of the Company or dividend amounts, if any, in the future. The form, frequency and amount of future dividends will depend on our revenues, cash flows, financial condition (including capital position) and other factors and shall be at the discretion of our Board and subject to the approval of our shareholders.

For a summary of certain Indian consequences of dividend distributions to shareholders, see the section “Taxation”. For a description of our regulation of dividends, see the section “Description of the Shares – Dividend”.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our financial statements included in this Placement Document. You should also read the section entitled "Risk Factors" beginning on page 48 of this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company and unless otherwise stated, is based on our standalone financial statements, which have been prepared in accordance with Indian GAAP and the Companies Act. Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal" are to the twelve-month period ended March 31 of that year.

Overview

Our Company is one of India's leading integrated textile manufacturers. With more than two decades of involvement in the textile industry, our Company is present across the textile value chain i.e. from spinning to made – ups, terry towel as well as garments (Woven and Knitted) and polyester yarn.

Our Company has five major divisions i.e. Cotton Yarn, Apparel Fabrics (Woven and knitted), Home Textiles (Made-ups and Terry Towel), Garments and Polyester Yarn. In addition to the above, our Company, through its Subsidiaries and Associates, is carrying on the business of cash and carry for apparels, accessories and home textile products, international retailing and realty.

The overview of the standalone financial performance of our Company:

(**Rs. in million**)

Particulars	6 Month Ended September 09 (Unaudited)	2008-09	2007-08	2006-07	3 year CAGR (%)
Net Sales	17,897.55	29769.32	21704.05	18,246.80	27.73%
Exports	6107.94	10,545.08	10,368.84	6,417.11	28.19%
EBITDA	5,022.01	8226.11	5913.79	4,443.87	36.05%
PBT	1,302.49	2850.06	2975.83	2,323.07	10.76%
PAT	858.65	1883.89	1986.48	1,647.00	6.95%
Tangible Net Worth	21,524.99	17550.60	14313.34	10244.44	30.89%
Earnings per share – Basic	1.75 *	9.64	11.40	9.70	(0.31%)
Book Value per share	35.57	89.10	76.47	60.13	21.73%

** not annualised*

Significant developments subsequent to September 30, 2009

1. Our Company, on October 12, 2009, incorporated a wholly-owned Subsidiary, Alok H & A Limited, to carry on the cash and carry business. In this regard, we had, by way of a business transfer agreement dated December 16, 2009 between Alok Retail (India) Limited and Alok H & A Limited, transferred as a going concern, the business of wholesaling, distributing, franchising and cash and carry business of Alok Retail (India) Limited to Alok H & A Limited for a lump sum consideration of Rs. 360.00 million.

   Our Company has invested Rs. 360.50 million in Alok H & A Limited as on December 31, 2009. Further, pursuant to a subscription agreement and shareholders' agreement each dated January 28, 2010 between Asiabridge Fund I, LLC, our Company and Alok H & A Limited, our Company and Asiabridge Fund I, LLC have agreed to subscribe to 5,500,000 fully compulsorily convertible debentures and 4,500,000 fully compulsorily convertible debentures respectively, aggregating to Rs. 1,000 million.

2. In order to facilitate our cash and carry business, Alok H & A Limited has entered into various dealership agreements on an exclusive basis with dealers for the sale of various garments, home textiles, accessories *etc.* The products sold by these dealerships shall be under our brand name 'H & A' or our other brand names including *inter alia* Cotton Island, Editions *etc*. Currently, we have 154 dealerships in India.

3. Our Company currently has 475 B Bonds outstanding, aggregating to US$ 23,750,000. Pursuant to the Press Note dated February 15, 2010 issued by the Ministry of Finance, our Company has by way of an application dated February 23, 2010, subsequently amended on February 25, 2010, applied to the RBI for adjustment of the current conversion price of Rs. 68.39 per B Bond to the higher of (i) Rs. 23.35; or (ii) the floor price to be

determined in line with the current pricing guidelines for FCCBs.

4. As on December 31, 2009, Alok Infrastructure Limited has acquired 100% of the equity shareholding of both Kesham Developers and Infotech Private Limited and Springdale Information and Technologies Private Limited, thereby acquiring eight floors of Ashford Centre, a commercial premises in Lower Parel for Rs. 1,245.00 million for the purposes of setting up an office for our Company and / or its Subsidiaries and / or its Associates.

5. By way of a postal ballot resolution dated March 6, 2010, the shareholders of our Company have passed a resolution to (i) shift the Registered Office of the Company from B-43 Mittal Tower, Nariman Point, Mumbai 400-021, India to Survey No. 17/5/1 and 521/1, Village Rakholi and Saily, Silvassa – 396230, Union Teritory of Dadra and Nagar Haveli and the consequent change in the Clause II of the Memorandum of Association. This change in the address of the Registered Office from one state to another is subject to the approval of the Company Law Board and our Company is in the process of making an application to the Company Law Board for this change in the address of the Registered Office; (ii) authorised our Board to borrow sums of money for and on behalf of our Company, provided that the money so borrowed (apart from temporary loans obtained from time to time by our Company in the ordinary course of business) shall not exceed Rs. 90,000 million; and (iii) increase the authorised share capital of our Company from Rs. 6,500 million (comprising 650,000,000 Equity Shares) to Rs. 9,000 million (comprising 900,000,000 Equity Shares).

6. Further, by way of a circular resolution passed by our Board on March 11, 2010, our Board has sought the approval of our shareholders to (i) revise the conversion price our B Bonds in accordance with the provisions of the Press Note dated February 15, 2010 issued by the Ministry of Finance; and (ii) grant upto 25,000,000 equity stock options to the eligible present and future employees and Directors of our Company in one or more tranches in accordance with the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

7. The unaudited standalone working results of our Company reviewed by Statutory Auditors for the period from October 1, 2009 to December 31, 2009 are as follows:

(Rs. in million except for EPS)

Particulars	Amount
Net Sales / Income from operations	10721.65
Other Income	5.89
Increase/ (Decrease) in stock in trade and work in progress	3424.99
Total Income	**14152.53**
Total Expenditure	**10847.78**
Consumption of Raw Materials	8088.32
Employees' Cost	438.92
Other expenditure	2320.53
Profit before Interest & Depreciation/ Amortisation (EBIDTA)	**3304.76**
Depreciation/ Amortisation	903.87
Profit before Interest and Tax	2400.89
Interest	1530.88
Profit from ordinary activities before tax	870.01
Tax Expenses – Current	(148.26)
Deferred Tax	(153.30)
Fringe Benefit Tax	(4.90)
Net Profit from ordinary activities after Tax	**563.55**
Basic EPS & Diluted EPS (in Rs.)	**0.93***

** not annualised*

8. Key Highlights of Finance Bill 2010

- The Counter Veiling Duty (CVD) on Polyester products has been raised from 8% to 10%.

- Excise duty on polyester products i.e. man made fibres, yarn, PTA & DMT and polyester chips has been increased from 8% to 10%

- Interest subvention of 2% on pre shipment credit has been extended till 31st March 2011.

- The Government has allocated additional amount of Rs. 2,400 crores under TUFs
- The MAT rate has been increased for corporate from 15% to 18%. However, the surcharge has been reduced to 7.5% from existing 10%. As a result, the effective tax rate for corporate under MAT has increased from 16.95% to 19.89%.

Factors Affecting Results of Our Operation

Our financial condition and results of operations are affected by following factors

General Economic Conditions

We are likely to be affected by general economic conditions prevailing in the country where we operate and also the countries where we export. Growth rates of the economy and income levels of consumers are one of the determinants of demand in the textile industry. The International Monetary fund (IMF) estimates that the global economy is expected to grow by 4% in 2010.

Over the past few months, macroeconomic indicators point to stability and recovery.

Amidst the global economic slowdown, Asian economies, led by China and India, have grown, though not at the same pace as in the recent past. Most emerging Asian economies are export-driven, and hence susceptible to global recessionary pressures; however, economic indicators, including manufacturing output, point to Asian economies recovering much faster than their European or American counterparts.
The US and European region continue to be a major export market for our Company. A slowdown in these economies translates to lower consumer spending and a consequent risk of lower textile exports to those markets. Our Company is looking to mitigate this risk by spreading the geographical reach for all the product offerings thereby broadening the export client base.

Indian textile industry

The Indian textiles and apparel market has grown from US$ 46 billion in 2005-06 to about US$ 67 billion in 2008-09.The break up for the year 2009 (E) is given hereunder:

Source: Technopak Analysis dated March 11, 2010

Textile capacities in the developed economies have shrunk during the last few years, mainly due to high production and labour costs. On the other hand, Asian countries like India, China, Bangladesh, Vietnam and Cambodia have the advantages of relatively abundant raw material supplies and low wage costs. Asian textile manufacturers in general are likely to capture more of the global market share in the coming years, given their increasing technological capabilities, capacities to service large volume orders and competitive pricing. Further, the removal of textile quotas internationally has created potentially significant market opportunities for textile manufacturers from countries with relatively lower production costs. According to the Ministry of Textile, Government of India, following the removal of quotas, India's textile and apparel exports are projected to increase from nearly US$13 billion in 2005 to over US$50 billion by 2010, representing a CAGR of 31% and a market share of 10% of global trade by 2010. The approach by the Government augurs well for the growth and support of textile industry by way of Scheme for Integrated Textile Parks (SITP), Technology Up gradation Fund Scheme (TUFS), Special Economic Zones (SEZ), and Cluster Development. We expect that we will continue to benefit from this macro shift in textile sourcing.

Product and Product Mix

Our results of operations are impacted by the product and market mix within the textile value chain.

Our Company has focused on new product offerings in order to gain customer and market share. In Wovens, our Company has moved up the value chain, making 'finer count' yarn dyed fabric that is used for high-end shirting. In bottom weights (used for the manufacture of trousers) production levels have increased, with finishes such as peach finish, wrinkle-free finish and stain & oil-free finishes.

Our Company has also forayed into work wear fabrics, specialized ventures ideally suited for industrial customers like the armed forces, aviation companies, fire departments, hospitals, the hospitality sector and the infrastructure industry. These specialty fabrics would include High visibility fabrics, Fire retardant fabrics, Soil release and repel fabrics, Infra-red resistant fabrics, Water resistant fabrics, Anti – bacterial fabrics, Insect repellent fabrics, Aroma finish fabrics, *etc*.

In the knitting segment, our Company has increased its range in knits to encompass high value-add yarn dyed knits and fleece, which are used for sweatshirts. In addition our Company develops fabric samples with a mix of yarns including cotton and polyester with new age fibers like Lurex, Tencel, Modal, *etc*. in different designs in its endeavour to create new markets. Our Company's constant efforts to develop new customers and new markets have enabled us to penetrate the new business segments.

In Home Textiles our Company has a full fledged design and product development team that is in regular interaction with the customers and offer them home textile products in different prints, designs and yarn count. In keeping with our philosophy to explore new product segments and markets our Company also commissioned the Terry Towel unit at Vapi.

The markets in which we operate are characterized by changes or introduction of new products or variants. Customer preferences in this market could vary, and inability to respond effectively to changes in the preferences could put our products at a competitive disadvantage.

The table below depicts the break-up of Income from Operations on standalone basis:

(Rs. in million)

	Half year ended September 30, 2009 (Unaudited)		**Twelve months ended March 31, 2009**		**Twelve months ended March 31, 2008**		**Twelve months ended March 31, 2007**	
	Total	**% to total sales (%)**	**Total**	**% to total sales (%)**	**Total**	**% to total sales (%)**	**Total**	**% to total sales (%)**
Cotton and Cotton spinning	1116.58	6.24%	1,111.00	3.73%	2,940.55	13.55%	841.36	4.61%
Apparel Fabric								
Woven	6855.70	38.31%	14,496.01	48.69%	7,546.66	34.77%	8,033.31	44.03%
Knitting	694.73	3.88%	1,479.77	4.97%	1,256.99	5.79%	790.13	4.33%
Job Work	48.22	0.27%	119.80	0.40%	144.15	0.66%	144.80	0.79%
Sub-Total	**7598.65**	**42.46%**	**16095.58**	**54.07%**	**8947.80**	**41.23%**	**8,968.24**	**49.15%**
Home textile	3367.48	18.82%	4,985.40	16.75%	3,890.20	17.92%	3,345.90	18.34%
Garment	729.86	4.08%	1,385.81	4.66%	995.60	4.59%	290.34	1.59%
POY and Texturising	5084.98	28.41%	6,191.53	20.80%	4,929.90	22.71%	4,800.96	26.31%

	Half year ended September 30, 2009 (Unaudited)		Twelve months ended March 31, 2009		Twelve months ended March 31, 2008		Twelve months ended March 31, 2007	
	Total	% to total sales (%)	Total	% to total sales (%)	Total	% to total sales (%)	Total	% to total sales (%)
Total	**17897.55**	**100%**	**29769.32**	**100.00%**	**21704.05**	**100.00%**	**18,246.80**	**100.00%**

The table below depicts the break-up of Income from Operations on Consolidated basis:

(Rs. in million)

	Half year ended September 30, 2009 (Unaudited)		Twelve months ended March 31, 2009		Twelve months ended March 31, 2008		Twelve months ended March 31, 2007	
	Total	% to total sales (%)	Total	% to total sales (%)	Total	% to total sales (%)	Total	% to total sales (%)
Cotton and Cotton spinning	1116.58	5.93%	1,111.00	3.59%	2,940.55	12.89%	841.36	4.61%
Apparel Fabric								
Woven	6,855.70	36.41%	14,496.01	46.90%	7,546.61	33.07%	8,033.31	44.03%
Knitting	694.73	3.69%	1,479.77	4.79%	1,256.99	5.51%	790.13	4.33%
Job Work	48.22	0.26%	119.80	0.39%	144.20	0.63%	144.80	0.79%
Other Subsidiary Co's	933.04	4.95%	1,042.11	3.37%	1,116.05	4.89%	-	-
Sub-Total	**8531.69**	**45.31%**	**17,137.69**	**55.45%**	**10,063.85**	**44.10%**	**8,968.24**	**49.15%**
Home textile	3367.48	17.88%	4,985.40	16.13%	3,890.20	17.05%	3,345.90	18.34%
Garment	729.86	3.88%	1,385.81	4.48%	995.60	4.36%	290.34	1.59%
POY and Texturising	5,084.98	27.00%	6,191.53	20.03%	4,929.90	21.60%	4,800.96	26.31%
Income from Construction activity	-	-	96.40	0.31%	-	-	-	-
Total	**18830.59**	**100%**	**30,907.83**	**100.00%**	**22,820.10**	**100.00%**	**18,246.80**	**100.00%**

Growth of new customers and increased sales to existing customers

Our revenues are dependant on growth of new customers and increase in sales to existing customers. We seek to leverage our long-term relationships with our existing customers to gain new customers. The number of customers of our Company has increased over a period of time. The table below depicts the growth in the number of countries where we export our products on standalone basis.

Particulars	Unit	Half year ended September 30, 2009 (Unaudited)	2009	2008	2007
Total Sales	Rs. in million	17897.55	29769.32	21704.05	18,246.80
Exports	Rs. in million	6107.94	10,545.08	10,368.84	6,417.11
Share of Total Sales	%	34.13%	35.42	47.77	35.17
Share of Exports to USA	%	31	43	11	50
Countries Exported	Nos.	52	57	56	48

Although the USA remains an important exports market for our Company, the Company recognizes that an over-dependence on one market poses considerable risk. Thus, over the past few years, Our Company has been exploring business opportunities in Europe, South-East Asia, Africa and South America.

Raw material availability and cost

Cotton, Cotton Yarn, Fabric and POY are the primary raw material that we use to produce Cotton Yarn, Fabrics, Home-Textiles, Garments and Texturised Yarn. Net material consumption as a % to our total income were about 56.06%, 50.11%, 48.71% and 47.76% for Fiscal 2007, 2008, 2009 and half-year ended September 30, 2009 respectively on stand-alone basis.

Cotton is a major raw material input for our Company. Adverse price fluctuations in cotton have a negative impact on our Company's bottom line.

Partially Oriented Yarn (POY) and Polyester Chips is another key raw material for our polyester yarn business. A petrochemical derivative, POY costs are linked to the price of crude oil and are pegged to international prices. Upward movements in the cost of POY, increase our Company's raw material costs. The Company manufactures POY for in-house conversion to draw Texturised yarn (DTY) and thereby partially mitigates the price fluctuation risk. Also, given that our Company is a substantial player in the DTY manufacturing segment our Company can negotiate bulk procurement discounts for POY and Polyester chips.

Competition and pricing pressures

We operate in a competitive market environment. We compete with global competitors to retain and gain market share. Our Company also faces competition in the domestic market from both the organised and unorganised sectors.

While the removal of quantitative restrictions has increased the market share of developing countries, such as India, Bangladesh, China and Indonesia, it has also resulted in significant price competition among suppliers from these countries. Our Company's continuing ability to anticipate and respond to pricing and other competitive pressures in the textile industry will be critical to its results of operations in the coming years. Through a diversified product portfolio, quality approach, manufacturing flexibility, modern technology and an expanded marketing network, our Company attempts to overcome these competitive pressures however, these pressures may increase as more companies come up with similar strategies to enter and capture market share.

Fluctuations in interest rates and availability of credit

Our Company has undertaken capacity expansions to tap the growth opportunities. A major potion of these expansions has been funded under the Technology Upgradation Funds Scheme (TUFS) which provides interest reimbursement and capital subsidy to textile players with a relatively lower interest cost. Availability of sufficient working capital credit is critical for carrying on our operations smoothly. Also, fluctuations in the interest rates may have an impact on cost of our borrowings.

Capacity Expansion

Our revenues and net profit have increased with our capacity expansions over the last several years, and we may further expand our capacity to meet increased demand and our growth objectives. Our business is capital-intensive and investments in capacities, new technologies and processes are among the key factors that would contribute to our future growth and profitability.

After the completion of our expansion plans, we expect to benefit from increased economies of scale and improved efficiency, which will have a positive impact on our gross margins. However, these expansions will also increase our interest and depreciation expenses.

Further, Our Company has undertaken expansion of its production capacities based on its estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected orders due to factors including adverse economic scenario, change in demand, change in fashion, *etc*., our capacities may not be fully utilised thereby adversely impacting our financial performance.

Fluctuations in currency exchange rates.

Our Company is exposed to foreign exchange risks by virtue of being an exporter of products and also because our Company has availed of foreign exchange currency loans. We also import various equipment for our facilities for which we make payment in foreign currency. Accordingly, depreciation of the Rupee against the U.S. dollar and other currencies may adversely affect our financial position and results of operations by increasing the Rupee cost of servicing and repaying our foreign borrowings and spending. Though the dollar's appreciation this year has brought some relief to the exporters, the benefits of a weaker rupee have been offset by the global economic slowdown.

Towards minimizing the impact of currency fluctuations, our Company has a foreign currency management system in place to mitigate the effect of fluctuations in foreign currency.

Government Incentives

We benefit from a number of government incentives that are available to us as a textile and/or export company. These incentives are in the form of subsidies, lower duties on imports of machineries, and duty draw backs on exports of certain items. These incentives are subject to change as a result of changes in applicable laws or other regulatory authorities. Changes have occurred in the past and are likely to occur in the future and any such changes could materially affect our profitability. The following are the primary incentives which have a material impact on our results of operations:

- ***Technology Upgradation Fund Scheme ("TUFS")***

  The Ministry of Textiles, Government of India, launched TUFS for the textile and jute industry for a five-year period from April 1, 1999 to March 31, 2004. It was extended until March 31, 2007. The union budget announced on February 28, 2007 has extended the TUFS to March 31, 2012. The TUFS provides for a reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgrading in conformity with this scheme.

- ***Export Promotion Capital Goods ("EPCG") Scheme***

  Our Company has imported a major quantum of capital goods under the EPCG scheme. Under the scheme, the imports are allowed at a concessional rate of duty which is to be off-set through export of finished product to the extent of five times of the value of the duty saved within a period of eight years from the date of imports. We have imported certain of our equipment under license pursuant to the EPCG scheme. Under this scheme we are required to refund an amount to the Government of India equivalent to the duty benefit enjoyed by us under this scheme, plus interest, if we fail to make the required exports within the required time period. However, so far our Company has been able to fully meet its export obligations.

- ***Duty Drawback Scheme***

  Exporters are allowed a refund of the excise and customs duty payable on raw materials under the duty drawback scheme in order to make the products more competitive in the international market. The rate of draw backs varies from product to product and is subject to change at the discretion of the government.

DISCUSSION ON RESULTS OF OUR STAND-ALONE OPERATION

The following discussion is based on our stand-alone financial statements for the FY 2009, 2008 and 2007. The following discussion on the financial operations and performance should be read in conjunction with stand-alone audited financial results of our Company for the years ended 31 March 2007, 2008 and 2009 and stand-alone Limited Review for six months period ended September 30, 2009. The summary statement of profit & losses is as under:

(Rs. in million)

Particulars	2009	% to Total Income	2008	% to Total Income	2007	% to Total Income
Income						
Income from Operations	28511.55	95.11%	18532.31	82.79%	17,214.98	92.46%
Sale Of Traded Goods	1,257.77	4.20%	3,171.74	14.17%	1,031.82	5.54%
Total Sales	29769.32	99.31%	21704.05	96.96%	18,246.80	98.00%
Other Income	208.09	0.69%	679.41	3.04%	372.97	2.00%
Total Income	**29977.41**	**100.00%**	**22383.46**	**100.00%**	**18,619.77**	**100.00%**
Expenditure						
Raw Material Consumed	17405.77	58.06%	9245.35	41.30%	10,107.86	54.29%
Purchase Of Traded Goods	1052.57	3.51%	2,986.17	13.34%	984.12	5.29%
(Increase) / Decrease In	(3856.71)	(12.87%)	(1014.34)	(4.53%)	(653.35)	(3.51%)

Particulars	2009	% to Total Income	2008	% to Total Income	2007	% to Total Income
Inventories						
Net Material Consumption	**14601.63**	**48.71%**	**11,217.18**	**50.11%**	**10,438.63**	**56.06%**
Staff Costs	1102.48	3.68%	780.09	3.49%	479.75	2.58%
Operating & Other Expenses	6047.19	20.17%	4472.40	19.98%	3,257.52	17.49%
Profit Before Interest, Depreciation & Tax	**8226.11**	**27.44%**	**5913.79**	**26.42%**	**4,443.87**	**23.87%**
Interest & Finance Charge (Net)	3041.24	10.15%	1318.33	5.89%	890.40	4.78%
Depreciation / Amortization	2334.81	7.79%	1619.64	7.24%	1,230.40	6.61%
Profit Before Tax	**2850.06**	**9.51%**	**2975.82**	**13.29%**	**2,322.07**	**12.47%**
Provision For Tax - Current Tax	337.23	1.12%	336.74	1.50%	261.01	1.40%
- MAT Credit Entitlement	(286.50)	(0.96%)	(41.20)	(0.18%)	(11.10)	(0.06%)
-Deferred Tax	897.95	3.00%	681.30	3.04%	417.20	2.24%
-Fringe Benefit Tax	17.49	0.06%	12.50	0.06%	8.95	0.05%
Profit After Tax	**1883.89**	**6.28%**	**1986.48**	**8.87%**	**1,647.00**	**8.85%**

Comparison of the financial performance of FY 2009 with FY 2008

- ***Net sales*** grew from Rs. 21,704.05 million in FY 2008 to Rs. 29,769.32 million in FY 2009 — a rise of 37.16% over the previous year. Export Sales grew 1.70% to reach 10,545.08 million from Rs. 10,368.84 million during the same period. The growth in sales can be attributed to the 79.88 %, 28.15%, 39.19% and 25.59% increase in sales of the apparel fabric division, Home textile division, Garments division, and POY division respectively. The cotton and cotton yarn division's contribution to the total sales was at 3.73% in FY 2009 (previous year 13.55% of total sales) and garment division at 4.66% in FY 2009 (previous year 4.59% of total sales). During FY 2009, the Apparel Fabric division had the highest share of business (54.07% of total sales as compared to previous years 41.23% of total sales), followed by POY & Texturising (20.80% of total sales as compared to previous years 22.71% of total sales) and Home Textiles (16.75% of total sales as compared to previous years 17.92% of total sales).

Other income decreased from Rs. 679.41 million in FY 2008 to Rs. 208.09 million in FY 2009, mainly on account of forex gain of Rs 501.40 million in FY 2008.

- ***Net material consumption*** increased to Rs. 14,601.63 million in FY 2009 (Rs. 11,217.18 million in FY 2008). In FY 2009, material consumption as a percentage to total income was at 48.71% (50.11% in FY 2008). This improvement has been due to the benefits of our Company's backward integration initiatives, as also a more value added product mix.

- ***Staff cost:*** Our Company's people costs have grown by 41.33% from Rs.780.09 million in FY 2008 to Rs. 1,102.48 million in FY 2009, on account of normal salary and wages increments and addition to our Company's headcount necessitated by its expanding operations.

- ***Operating & Other expenses*** have increased from Rs. 4,472.40 million in FY 2008 to Rs.6,047.19 million in FY 2009 on account of the higher power – fuel and freight charges in FY 2009 due to increase in manufacturing capacities.

- ***Depreciation:*** Due to our Company's expansion initiatives, its gross fixed assets (including capital work-in-progress) has grown from Rs. 43,680.42 million in FY 2008 to Rs. 66,927.17 million in FY 2009. Consequently, depreciation for the year has grown from Rs. 1,619.64 million in FY 2008 to Rs. 2,334.81 million in FY 2009 — an increase of 44.16%.

- ***Interest and finance charges:*** During FY 2009, our Company incurred Rs. 3,041.24 million as interest and finance charges, compared to Rs. 1,318.33 million in FY 2008. Our Company's borrowings have increased from Rs. 57,673.12 million in FY 2008 to Rs. 65,963.51 million in FY 2009 on account of expansions; therefore, this increase in interest costs. Interest and finance charges as a percentage to total income stood at 10.15% (5.89% in FY 2008).

- ***Tax:*** Our Company's tax impact for the year stood at Rs. 966.17 million — 2.34% less than the amount provided during FY 2008 (Rs. 989.34 million).

- ***Net profit after tax*** marginally decreased by 5.16% over last year to reach Rs. 1,883.89 million in FY 2009 (Rs. 1,986.48 million in FY 2008).

Comparison of the financial performance of FY 2008 with FY 2007

- ***Net sales*** grew from Rs. 18,246.80 million in FY 2007 to Rs. 21,704.05 million in FY 2008 — a rise of 18.95% over the previous year. Export Sales grew 61.58% to reach 10,368.84 million from Rs. 6,417.11 million during the same period. The growth in sales can be attributed to 249.50% increase in sales of the cotton and cotton yarn division and 242.91% increase in sales of garments division The cotton and cotton yarn division's contribution to the total sales was at 13.55% in FY 2008 (previous year 4.61% of total sales) and garment division at 4.59% in FY 2008 (previous year 1.59% of total sales). During FY 2008, the Apparel Fabric division had the highest share of business (41.23% of total sales as compared to previous years 49.15% of total sales), followed by POY & Texturising (22.71% of total sales as compared to previous years 26.31% of total sales) and Home Textiles (17.92% of total sales as compared to previous years 18.34% of total sales).

- ***Other income*** increased from Rs. 372.97 million in FY 2007 to Rs. 679.41 million in FY 2008, mainly on account of Rs. 104.40 million received as part settlement of insurance claims and Rs. 501.40 million in FY 2008 on account of foreign exchange gain.

- ***Net material consumption*** increased to Rs. 11,217.18 million in FY 2008 (Rs. 10,438.63 million in FY 2007). In FY 2008, material consumption as a percentage to total income was at 50.11% (56.06% in FY 2007). This improvement has been due to the benefits of our Company's backward integration initiatives, as also a more value added product mix.

- ***Staff cost:*** Our Company's people costs have grown by 62.60% from Rs. 479.75 million in FY 2007 to Rs. 780.09 million in FY 2008, on account of normal salary and wages increments and addition to our Company's headcount necessitated by its expanding operations.

- ***Operating & Other expenses*** have increased from Rs. 3,257.52 million in FY 2007 to Rs.4,472.40 million in FY 2008. Operating & Other expense as a percentage to total income was 19.98% in FY 2008 as compared to 17.49% in FY 2007 on account of the higher power – fuel and freight charges in FY 2008 due to increase in manufacturing capacities.

- ***Depreciation:*** Due to our Company's expansion initiatives, its gross fixed assets (including capital work-in-progress) has grown from Rs. 29,542.02 million in FY 2007 to Rs. 43,680.42 million in FY 2008. Consequently, depreciation for the year has grown from Rs. 1,230.40 million in FY 2007 to Rs. 1,619.64 million in FY 2008 — an increase of 31.64%.

- ***Interest and finance charges:*** During FY 2008, our Company incurred Rs. 1,318.33 million as interest and finance charges, compared to Rs. 890.40 million in FY 2007. Our Company's borrowings have increased from Rs. 33,367.61 million in FY 2007 to Rs. 57,673.12 million in FY 2008 on account of expansions and investment in Subsidiaries; therefore, this increase in interest costs. Interest and finance charges as a percentage to total income stood at 5.89% (4.78% in FY 2007).

- ***Tax:*** Our Company's tax impact for the year stood at Rs. 989.34 million — 46.34% more than the amount provided during FY 2007 (Rs. 676.06 million). This is in line with the increased profits that our Company has generated during FY 2008.

- ***Net profit after tax*** grew by 20.61% over last year to reach Rs. 1,986.48 million in FY 2008 (Rs. 1,647.00 million in FY 2007) on account of increase in sales turnover.

DISCUSSION ON RESULTS OF OUR CONSOLIDATED OPERATION

The following discussion is based on our consolidated financial statements for the FY 2009, 2008 and 2007. Our Company has started preparing consolidated accounts w.e.f. FY 2006-2007. However, the contribution of

Subsidiaries to the top-line and bottom-line of our Company has been negligible in the last two financial years *i.e.* FY 2006-2007 and FY 2007-2008.

The following discussion on the financial operations and performance should be read in conjunction with consolidated audited financial results of our Company for the years ended 31 March 2007, 2008 and 2009 and limited review for the six months period ended September 30, 2009. The summary statement of profit & losses is as under:

(Rs. in million)

Particulars	2009	% to Total Income	2008	% to Total Income	2007	% to Total Income
Income						
Income from Operation	30,907.83	98.53%	22,820.10	97.06%	18,246.79	98.00%
Other Income	459.58	1.47%	690.81	2.94%	373.17	2.00%
Total Income	**31,367.41**	**100.00%**	**23,510.91**	**100.00%**	**18,619.96**	**100.00%**
Expenditure						
Raw Material Consumed	18,504.61	58.99%	10,115.44	43.02%	10,107.86	54.29%
Purchase Of Traded Goods	1,216.91	3.88%	2,986.18	12.70%	984.12	5.29%
(Increase) / Decrease In Inventories	(4,269.39)	(13.61%)	(1,038.27)	(4.42%)	(653.35)	(3.51%)
Net Material Consumption	**15,452.13**	**49.26%**	**12,063.35**	**51.31%**	**10,438.63**	**56.06%**
Staff Costs	1,483.47	4.73%	1,101.16	4.68%	482.21	2.59%
Operating & Other Expenses	6,287.27	20.04%	4,488.51	19.09%	3,255.66	17.48%
Profit Before Interest, Depreciation & Tax	**8,144.54**	**25.96%**	**5,857.89**	**24.92%**	**4,443.46**	**23.86%**
Interest & Finance Charge (Net)	3,410.28	10.87%	1,331.32	5.66%	890.39	4.78%
Depreciation / Amortization	2,401.53	7.66%	1,661.92	7.07%	1,230.40	6.61%
Profit Before Tax	**2,332.72**	**7.44%**	**2,864.65**	**12.18%**	**2,322.66**	**12.47%**
Provision For Tax - Current Tax	351.27	1.12%	347.62	1.48%	261.07	1.40%
- MAT Credit Entitlement	(286.50)	(0.91%)	(41.20)	(0.18%)	(11.10)	(0.06%)
-Deferred Tax	884.78	2.82%	674.98	2.87%	417.21	2.24%
-Fringe Benefit Tax	17.87	0.06%	12.64	0.05%	8.95	0.05%
Profit After Tax Before Minority Interest	**1,365.31**	**4.35%**	**1,870.61**	**7.96%**	**1,646.53**	**8.84%**
Share of (Loss) / Profit from Associates	(680.51)	(2.17%)	0.29	0.00%	-	-
Minority Interest	55.71	0.18%	25.49	0.11%	-	-
Profit After Tax	**740.51**	**2.36%**	**1,896.39**	**8.07%**	**1,646.53**	**8.84%**

Comparison of the consolidated financial performance of FY 2009 with FY 2008

- ***Net sales*** grew from Rs. 22,820.10 million in FY 2008 to Rs. 30,907.83 million in FY 2009 — a rise of 35.44% over the previous year. Export Sales grew 1.70% to reach 10,545.08 million from Rs. 10,368.84 million during the same period. The growth in sales can be attributed to the 70.29 %, 28.15%, 39.19% and 25.59% increase in sales of the apparel fabric division, Home textile division, Garments division, and POY division respectively. The cotton and cotton yarn division's contribution to the total sales was at 3.59% in FY 2009 (previous year 12.89% of total sales) and garment division at 4.48% in FY 2009 (previous year 4.36% of total sales). During FY 2009, the Apparel Fabric division had the highest share of business (55.45% of total sales as compared to previous years 44.10% of total sales), followed by POY & Texturising (20.03% of total sales as compared to previous years 21.60% of total sales) and Home Textiles (16.13% of total sales as compared to previous years 17.05% of total sales).

- ***Other income*** decreased from Rs. 690.81 million in FY 2008 to Rs. 459.58 million in FY 2009, mainly on account of forex gain of Rs. 503.40 million in FY 2008.

- ***Net material consumption*** increased to Rs. 15,452.13 million in FY 2009 (Rs. 12,063.35 million in FY 2008). In

FY 2009, material consumption as a percentage to total income was at 49.26% (51.31% in FY 2008). This improvement has been due to the benefits of our Company's backward integration initiatives, as also a more value added product mix.

- ***Staff cost:*** Our Company's people costs have grown by 34.72% from Rs.1,101.16 million in FY 2008 to Rs. 1,483.47 million in FY 2009, on account of normal salary and wages increments and addition to our Company's headcount necessitated by its expanding operations.

- ***Operating & Other expenses*** have increased from Rs. 4,488.51 million in FY 2008 to Rs.6,287.27 million in FY 2009 on account of the higher power – fuel and freight charges in FY 2009 due to increase in manufacturing capacities.

- ***Depreciation:*** Due to our Company's expansion initiatives, its gross fixed assets (including capital work-in-progress) has grown from Rs. 45,329.45 million in FY 2008 to Rs. 70,820.80 million in FY 2009. Consequently, depreciation for the year has grown from Rs. 1,661.92 million in FY 2008 to Rs. 2,401.53 million in FY 2009 — an increase of 44.50%.

- ***Interest and finance charges:*** During FY 2009, we incurred Rs. 3,410.28 million as interest and finance charges, compared to Rs. 1,331.32 million in FY 2008. Our borrowings have increased from Rs. 58,339.62 million in FY 2008 to Rs. 69,564.70 million in FY 2009 on account of expansions; therefore, this increase in interest costs. Interest and finance charges as a percentage to total income stood at 10.87% (5.66% in FY 2008).

- ***Tax:*** Our tax impact for the year stood at Rs. 967.42 million — 2.68% less than the amount provided during FY 2008 (Rs. 994.01 million).

- ***Net profit after tax*** decreased by 60.95% over last year to reach Rs. 740.51 million in FY 2009 (Rs. 1,896.43 million in FY 2008).

Comparison of the consolidated financial performance of FY 2008 with FY 2007

- ***Net sales*** grew from Rs. 18,246.79 million in FY 2007 to Rs. 22,820.10 million in FY 2008 — a rise of 25.06% over the previous year. Export Sales grew 61.58% to reach 10,368.84 million from Rs. 6,417.11 million during the same period. The growth in sales can be attributed to the increase in sales of the cotton and cotton yarn division in particular as compared to the previous year due to increase in exports in this division and growth in the topline of the garment division of the Company as compared to the previous year. The cotton and cotton yarn division's contribution to the total sales was at 12.89% in FY 2008 (previous year 4.61% of total sales) and garment division at 4.36% in FY 2008 (previous year 1.59% of total sales). During FY 2008, the Apparel Fabric division had the highest share of business (44.10% of total sales as compared to previous years 49.15% of total sales), followed by POY & Texturising (21.60% of total sales as compared to previous years 26.31% of total sales) and Home Textiles (17.05% of total sales as compared to previous years 18.34% of total sales).

- ***Other income*** increased from Rs. 373.17 million in FY 2007 to Rs. 690.81 million in FY 2008, mainly on account of Rs. 104.40 million received as part settlement of insurance claims.

- ***Net material consumption*** increased to Rs. 12,063.35 million in FY 2008 (Rs. 10,438.63 million in FY 2007). In FY 2008, material consumption as a percentage to total income was at 51.31% (56.06% in FY 2007). This improvement has been due to the benefits of our Company's backward integration initiatives, as also a more value added product mix.

- ***Staff cost:*** Our Company's people costs have grown by 128.36% from Rs. 482.21 million in FY 2007 to Rs. 1,101.16 million in FY 2008, on account of normal salary and wages increments and addition to our Company's headcount necessitated by its expanding operations.

- ***Operating & Other expenses*** have increased from Rs. 3,255.66 million in FY 2007 to Rs.4,488.53 million in FY 2008. Operating & Other expense as a percentage to total income was 19.09% in FY 2008 as compared to 17.48% in FY 2007 on account of the higher power – fuel and freight charges in FY 2008 due to increase in manufacturing capacities.

- ***Depreciation:*** Due to our Company's expansion initiatives, its gross fixed assets (including capital work-in-progress) has grown from Rs. 30,119.56 million in FY 2007 to Rs. 45,329.45 million in FY 2008. Consequently, depreciation for the year has grown from Rs. 1,230.40 million in FY 2007 to Rs. 1,661.92 million in FY 2008 — an increase of 35.07%.

- ***Interest and finance charges:*** During FY 2008, we incurred Rs. 1,331.32 million as interest and finance charges, compared to Rs. 890.39 million in FY 2007. Our borrowings have increased from Rs. 33,367.51 million in FY 2007 to Rs. 58,339.62 million in FY 2008 on account of expansions and investment in Subsidiaries; therefore, this increase in interest costs. Interest and finance charges as a percentage to total income stood at 5.66% (4.78% in FY 2007).

- ***Tax:*** Our tax impact for the year stood at Rs. 994.04 million — 47.01% more than the amount provided during FY 2007 (Rs. 676.13 million). This is in line with the increased profits that our Company has generated during FY 2008.

- ***Net profit after tax*** grew by 15.17% over last year to reach Rs. 1,896.39 million in FY 2008 (Rs. 1,646.53 million in FY 2007) on account of increase in sales turnover.

DISCUSSION ON HALF-YEAR RESULTS ENDED SEPTEMBER 30, 2009 ON STAND-ALONE BASIS

(Rs. in million)

Particulars	**For 6 months ended September 30, 2009 (Unaudited)**	
	Amount	**% of Total Income**
Income		
Sales Of Products Manufactured By The Company (Net Of Excise)	17317.65	96.66%
Sale Of Traded Goods	579.90	3.24%
Total Sales	**17,897.55**	**99.90%**
Other Income	18.38	0.10%
Total Income	**17,915.93**	**100.00%**
Expenditure		
Raw Materials Consumed	6,735.19	37.59%
Purchase Of Traded Goods	680.40	3.80%
(Increase) / Decrease In Inventories	1140.71	6.37%
Net Material Consumption	**8,556.30**	**47.76%**
Staff Costs	597.66	3.34%
Operating & Other Expenses	3,739.07	20.87%
Profit Before Interest, Depreciation & Tax	**5,022.90**	**28.04%**
Interest & Finance Charge (Net)	2,090.46	11.67%
Depreciation / Amortization	1,629.96	9.10%
Profit Before Tax	**1,302.48**	**7.27%**
Provision For Tax - Current Tax	231.63	1.29%
- MAT Credit Entitlement	-	-
-Deferred Tax	212.20	1.18%
-Fringe Benefit Tax		
Profit After Tax Before Extraordinary Items	**858.65**	**4.79%**
Extraordinary Items	-	-
Profit After Tax After Extraordinary Items	**858.65**	**4.79%**

In the six months period ended September 30, 2009, our Company had net sales of Rs 17,897.55 million. The expenditure as a percentage to net sales was in line with FY 2009. The total borrowings for the six months period ended September 30, 2009 was Rs. 69,025.86 million as compared to Rs. 65,963.51 million for the FY 2009. Consequently the interest expenses for the six months period ended September 30, 2009 stood at Rs. 2,090.46 *i.e.11.67*% of the net sales. The depreciation expense as a percentage to net sales stood at 9.10%. This is on account of increase in gross block (incl. capital work-in-progress) from Rs. 66,927.17 million in FY 2009 to Rs. 72,565.54 million during the six months period ended September 30, 2009.
As a result of the factors set forth above our Company's net profit after extraordinary items stood at Rs. 858.65 million which is 4.79% of the net sales.

DISCUSSION ON HALF-YEAR RESULTS ENDED SEPTEMBER 30, 2009 ON CONSOLIDATED BASIS

(Rs. in million)

Particulars	For 6 months ended September 30, 2009 (Unaudited)	
	Amount	**% of Total Income**
Income		
Sales Of Products Manufactured By The Company (Net Of Excise)	18830.59	99.01%
Other Income	188.40	0.99%
Total Income	**19018.99**	**100%**
Expenditure		
Raw Materials Consumed	6843.34	35.98%
Purchase Of Traded Goods	1215.78	6.39%
(Increase) / Decrease In Inventories	1096.72	5.77%
Net Material Consumption	**9155.84**	**48.14%**
Staff Costs	807.91	4.25%
Operating & Other Expenses	3873.09	20.36%
Profit Before Interest, Depreciation & Tax	**5182.15**	**27.25%**
Interest & Finance Charge (Net)	2363.72	12.43%
Depreciation / Amortization	1669.26	8.78%
Profit Before Tax	**1149.16**	**6.04%**
Provision For Tax - Current Tax	242.59	1.28%
- MAT Credit Entitlement	**-**	**-**
-Deferred Tax	213.83	1.12%
-Fringe Benefit Tax	-	-
Profit After Tax Before Minority Interest	**692.74**	**3.64%**
Share of (Loss) / Profit from Associates	(141.60)	(0.74%)
Minority Interest	1.10	**0.01%**
Profit After Tax	**552.24**	**2.90%**

In the six months period ended September 30, 2009, we had net sales of Rs 18830.59 million. The expenditure as a percentage to net sales was in line with FY 2009. The total borrowings for the six months period ended September 30, 2009 was Rs. 74864.82 million as compared to Rs. 69564.70 million for the FY 2009. Consequently the interest expenses for the six months period ended September 30, 2009 stood at Rs. 2,363.72 *i.e.12.43*% of the net sales. The depreciation expense as a percentage to net sales stood at 8.78%. This is on account of increase in gross block (incl. capital work-in-progress) from Rs. 70820.80 million in FY 2009 to Rs. 76666.63 million during the six months period ended September 30, 2009.

As a result of the factors set forth above we had net profit after minority interest at Rs. 552.24 million which is 2.90% of the net sales.

FINANCIAL CONDITION AND LIQUIDITY ON STAND-ALONE BASIS

(Rs. in million)

Particulars	FY 2009	FY 2008	FY 2007
Net cash provided/(Used) by			
Operating activities	1739.35	2510.73	1558.05
Investing activities	(20313.61)	(16615.36)	(10127.02)
Financial activities	5915.31	23972.73	10,475.14
Net cash surplus	**(12658.95)**	**9868.10**	**1906.17**

During the FY 2009, our Company generated cash from operations of Rs. 1,739.35 million. Our Company incurred net outflow of Rs. 20,313.61 million on investing activities, due to Rs. 23,103.07 million deployed in fixed assets acquisition and Rs. 1,995.25 million was generated by way refund of share application money. The net inflow from financial activities amounted to Rs.5,915.31 million. The net decrease in cash as a result for the year was Rs.12,658.95 million.

During FY 2008, the Company generated cash from operations of Rs. 2,510.73 million. The Company incurred net outflow of Rs. 16,615.36 million on investing activities mainly in fixed assets as part of the ongoing expansion programme. The cash balance has improved over the previous year and provides your company good liquidity.

During FY 2007, the Company generated cash from operations of Rs. 1,558.05 million. The Company raised Rs. 10127.02 million from financing activities and invested Rs. 8,416.77 million in fixed assets as part of the ongoing expansion programme. The cash balance has improved over the previous year and provides your company good liquidity.

Liabilities and Sources of Financing
The following table sets forth our stand alone secured and unsecured loans:

(Rs. in million)

	Un-audited	**Audited**		
	Half year ended September 30, 2009 (Unaudited)	**FY 2009**	**FY 2008**	**FY 2007**
Secured loan	64607.15	62562.42	48241.57	28,330.46
Unsecured loan	4418.70	3401.09	9431.55	5,037.15
Total Borrowings	**69025.85**	**65963.51**	**57673.12**	**33,367.61**

The following table sets forth a summary of the maturity profile for our outstanding long term debt obligations as of March 31, 2009:

(Rs. in million)

Payments due by period	**Amount**
Repayment within one year	2301.30
After one year and upto two years	3816.50
After two year and upto five years	2,7288.50

Liabilities and Sources of Financing

The following table sets forth our consolidated secured and unsecured loans:

(Rs. in million)

	Half year ended September 30, 2009 (Unaudited)	**FY 2009**	**FY 2008**	**FY 2007**
Secured loan	67335.03	65,399.35	48,852.76	28,330.33
Unsecured loan	7529.79	4,165.35	9,486.86	5,037.18
Total Borrowings	**74864.82**	**69,564.70**	**58,339.62**	**33,367.51**

The following table sets forth a summary of the maturity profile for our outstanding long term debt obligations as of March 31, 2009:

(Rs. in million)

Payments due by period	**Amount**
Repayment within one year	2,339.00
After one year and upto two years	2,967.00
After two year and upto five years	22,870.80

LIQUIDITY & CAPITAL RESOURCES

We finance our capital requirements through cash generated from operations, debt & equity. As of December 31, 2009, our outstanding borrowings were Rs 79099.22 million. We believe that we have sufficient resources available to us to meet our planned capital requirements. The current capital expenditure is to be funded through mixture of internal accruals and debt.

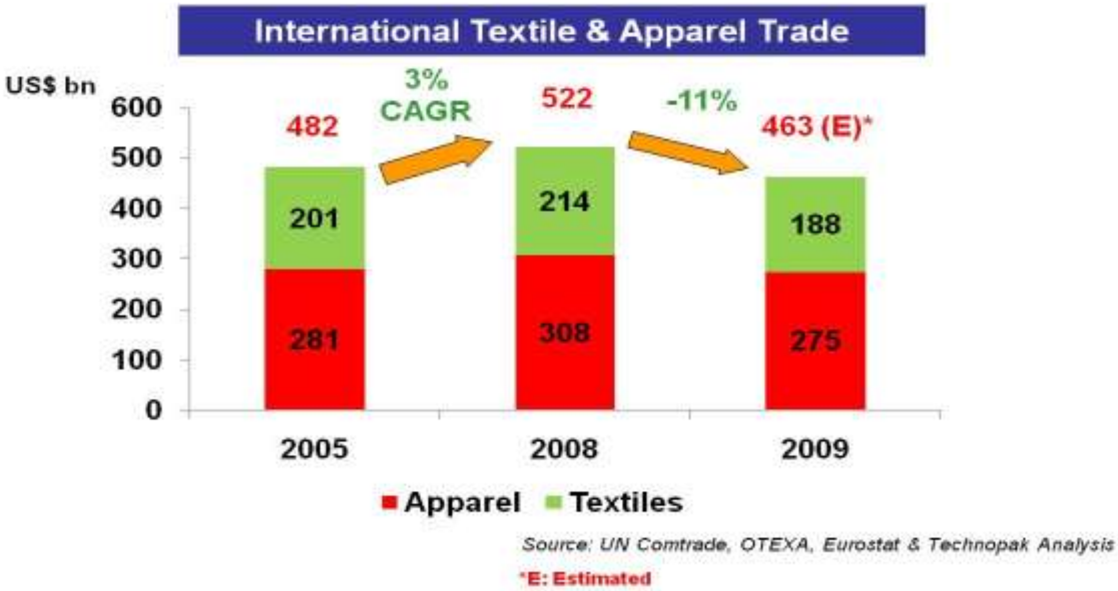
INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Managers or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

OVERVIEW OF GLOBAL TEXTILE AND APPAREL TRADE

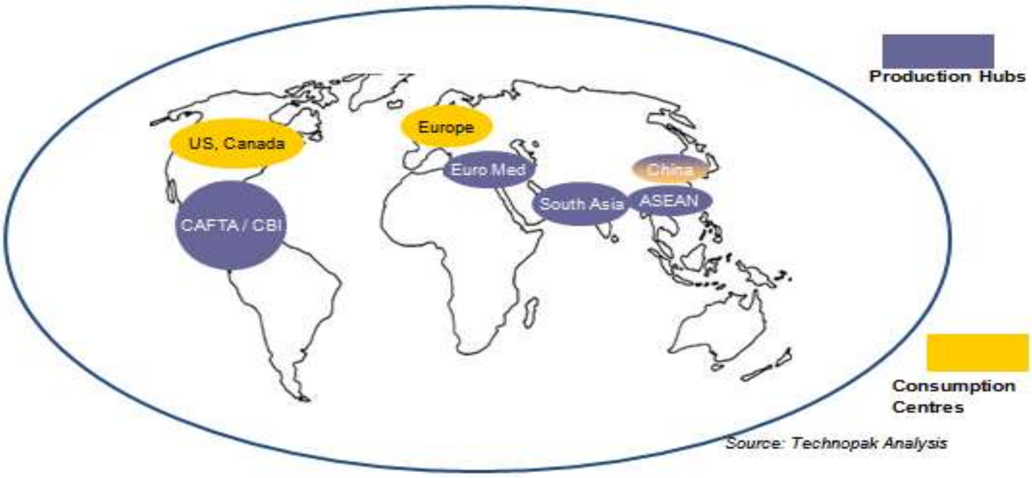
Global Textile and Apparel Trade

The Global textile and apparel trade is estimated at USD 463 Bn and is expected to reach USD 805 Bn by 2015. The International textile and apparel market has grown at a decent pace in the last one decade. There was some correction in the global textile and apparel trade in 2008-09 due to the global economic crisis resulting in slower growth. However the industry is recovering in the last 2 months and is expected to stabilize and grow further in future.

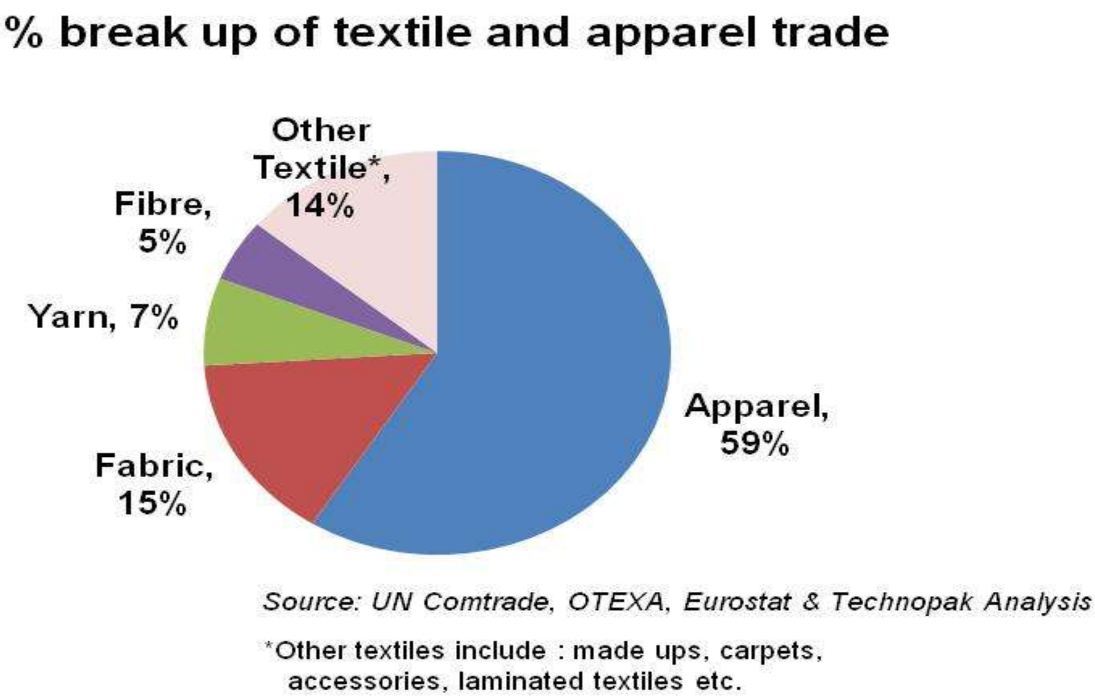


Global Apparel Consumption and Production Hubs

The global textile & apparel industry has witnessed significant changes in the last decade such as elimination of quotas, manufacturing shift to lower cost base, emerging Asian markets and increasing globalization. All these factors have acted as key catalyst in the growth story of the global textile and apparel industry. The global textile and apparel trade has also grown in this period primarily due to increasing shift of sourcing of textile and apparel to Asian countries. As a result, the production and consumption centres are getting more distinguished with more and more of production moving out of developed countries to the Asian countries. While US, Europe and Japan remain as the biggest consumers of apparel, emerging economies like China and India are also emerging as significant consumption centres along with being important production hubs.



Apparel trade constitutes the biggest category of global trade with 59% share. EU and US are the biggest destinations for apparel exports



OVERVIEW OF INDIAN TEXTILE AND APPAREL INDUSTRY

The Indian Textile and Apparel Industry is an integrated sector and occupies a significant position in Global Trade. It not only processes high value products such as fabrics, garments and made-ups but also grows its own raw materials (cotton, jute, silk and wool). The textile industry is served by the organized, modern and mechanized mill sector, the small scale largely unorganized power loom sector and the highly fragmented handloom (hand spinning and hand weaving) sector. India is one of the few countries that has presence across the entire value chain of the textiles and clothing business starting from raw material (fiber), spinning, weaving/knitting, processing to highest value added products – garments and made ups.

Textile industry is an important industry in India and accounts for all of the following:

- 26% of the manufacturing sector,
- 14% of the total industrial production
- 18% of industrial employment, (Direct employment is 38 million)
- 17% of the total export earnings
- 6% to the GDP

Source: Technopak Analysis, report dated March 11, 2010

India's position in world trade is also equally important. India is…

- 3rd largest producer of raw cotton
- 2nd largest producer of cotton yarn.
- 2nd largest producer of cellulosic fibre / yarn
- 2nd largest producer of silk.
- 4th largest producer of synthetic fibre / yarn.
- Largest producer of jute

Source: Technopak Analysis, report dated March 11, 2010

Major Advantages

The following are the major advantages inherent in the Indian textile sector:

- Growing Domestic Market
  Domestic apparel market of US$ 33 bn is growing @ 18% since the last 5 years.
  Source: Technopak Analysis, report dated March 11, 2010

- Cost Advantage
  India has a lower labour cost for textile manufacturing compared to the developed economies for example; labour cost in India is US$ 0.7 per hr while in developed countries average labour cost is around US$ 20 per hr (*Source: Technopak Analysis, report dated March 11, 2010)*. This helps in lower cost of production and is one of the reasons for India being a preferred sourcing destination

- Skilled Labour Availability
  Availability of well qualified and English speaking managerial staff and Good Design skills also augurs well for competency of Indian textile industry.

- Raw Material Availability
  Good availability of raw cotton, yarn and fabric further helps in economies of scale for production

- Integrated Set Up
  Presence of entire textile value chain viz. fibre, spinning, weaving, knitting, processing, garmenting, helps India in having more control and self dependency across the supply chain. The industry is self reliant to the extent that the entire value chain from raw materials to made up garments is contained within the country.

Indian textile and apparel market

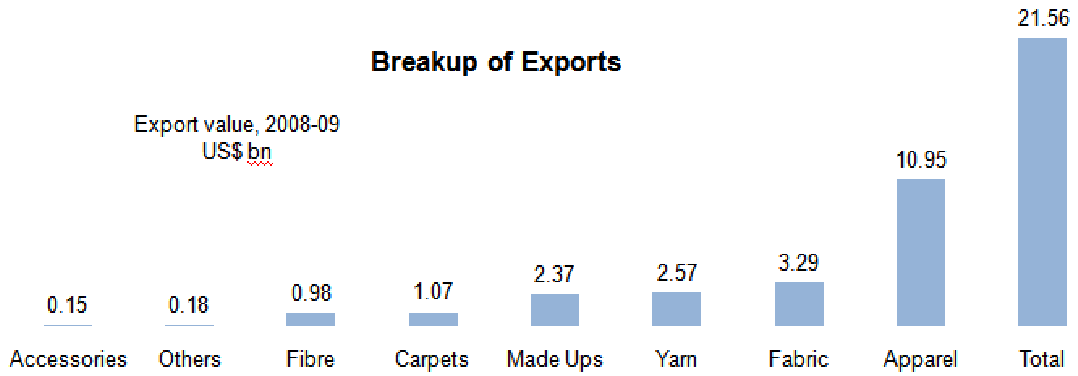
The total Indian textile and apparel market is estimated to be around US$ 67 bn in 2009. In last 5 years, total market size has grown at more than 10% annually. The industry is expected to grow further at a much higher pace primarily driven by strong domestic consumption, which has remained robust despite the recent global economic downturn.

India's exports are also expected to grow substantially going forward. This positive outlook is mainly driven by the following factors:

- Increase in domestic consumption and subsequent opportunity in new markets like China, Russia, Brazil
- Sourcing shift of buyers in US, EU and Japan from nearby countries towards lower cost countries in Asia
- Opportunity provided by sourcing shift from China

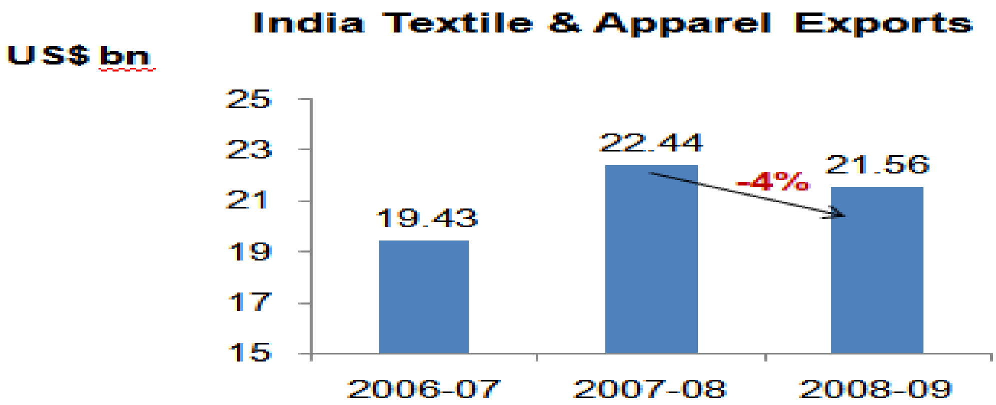
India Export Market

India's exports of textile and apparel were US$ 21.5 bn in 2008-09, comprising 4.4% of global textile and apparel trade. In terms of export breakup apparel constitutes the majority of Indian exports with approx 50% of share. The other major product categories are fabric and yarn.



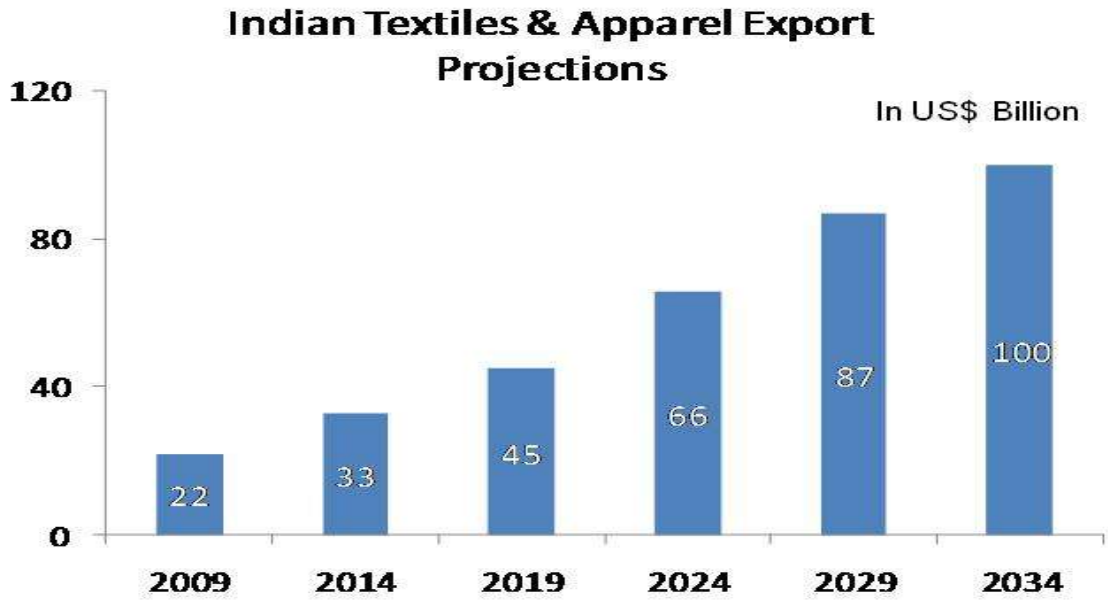
Source: Technopak Analysis, report dated March 11, 2010

India's overall exports of textile and apparel fell by 4% in value terms in 2008-09 over 2007-08 after increasing by 15% in 2007-08 over 2006-07. The decline was primarily due to the global demand slump in 2008-09.



Source: Technopak Analysis, report dated March 11, 2010

India has also emerged as an attractive source destination in the past few years. Most of the top global apparel retailers like GAP, Nautica, Target and M&S have their sourcing network in India. Current exports of approx. US$ 22 billion is expected to touch ~US$ 90-100 billion in the next 25 years.

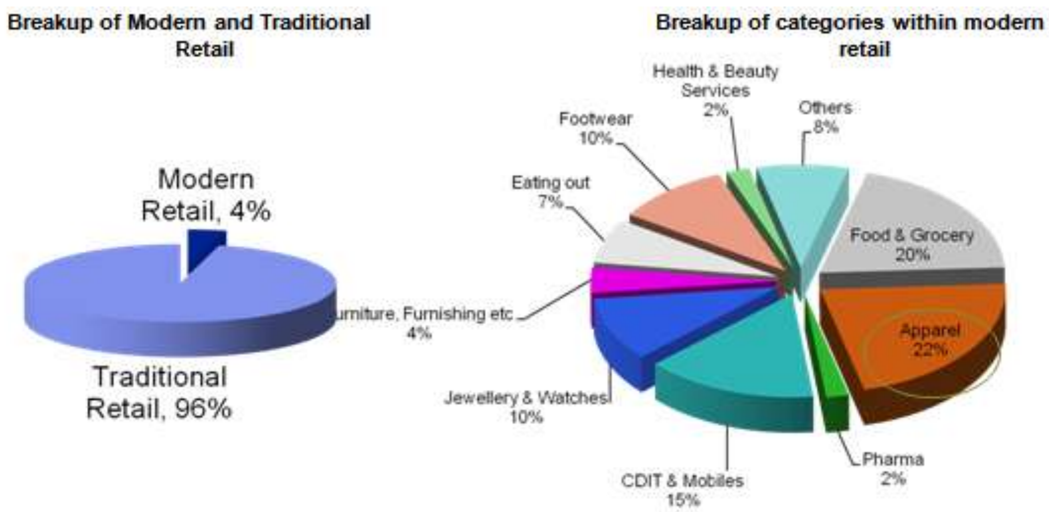


Source: Technopak Analysis, report dated March 11, 2010

India Domestic Market

Apparel market

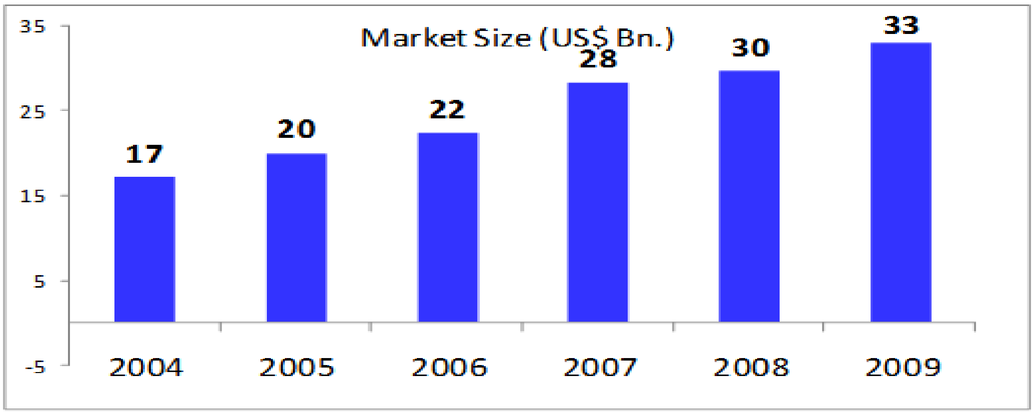
Apparel constitutes about 22% of India's modern retail market valued at US$18 Billion. This market is growing further with entry of multinational players in apparel market and also increasing focus of Indian companies on the domestic market.



Source: Technopak Analysis, report dated March 11, 2010

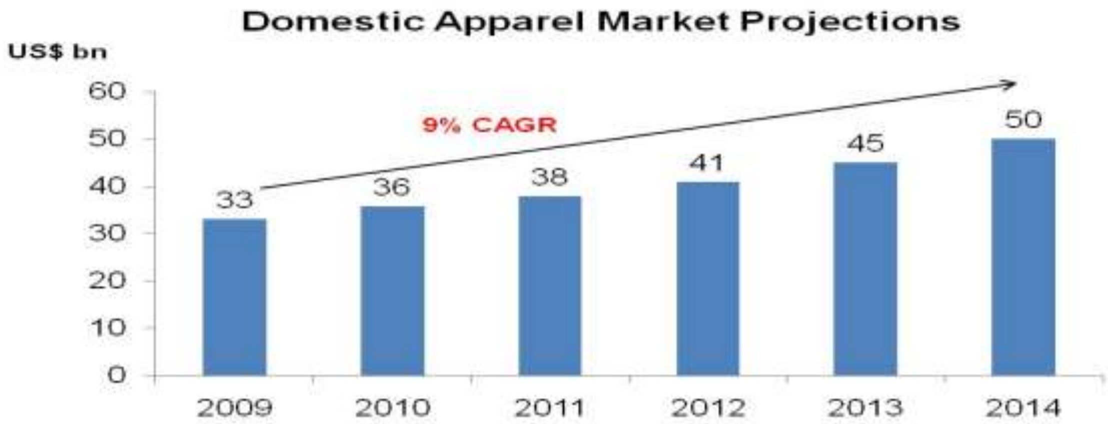
Currently, the Apparel retail market in India is at estimated at Rs. 154,500 crore (US$ 33 bn). The market has grown at a CAGR of 18% in the last 5 years. The market grew by 13% (in US$ terms) in 2009 which is a substantial growth considering phases of de-growth in several countries.

Indian Apparel Market Numbers



Source: Technopak Analysis, report dated March 11, 2010

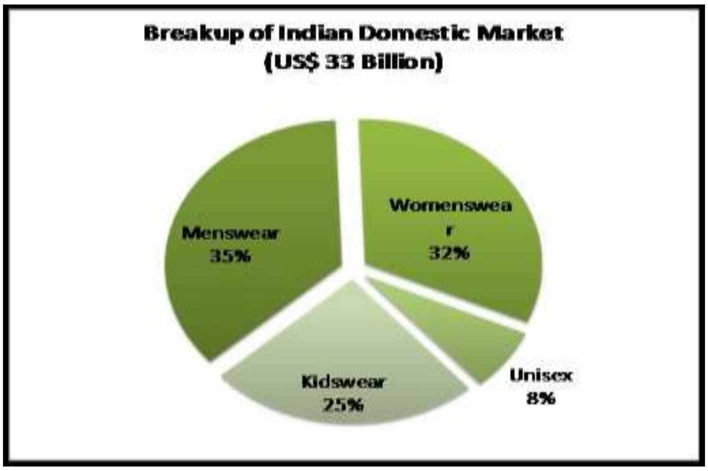
With global economy picking up and faster growth prospects in future, India's current domestic consumption of US$ 33 billion is expected to touch ~US$ 50 billion over next 5 years (growing at around 9% per year).



Source: Technopak Analysis, report dated March 11, 2010

Apparel Market breakup

The menswear market continued to form the majority of the market with 35% share growing @ 11.7%. Women's wear consists of 32% of the market by value. The market share of menswear and women's wear was constant in 2009 as compared to 2008. The kidswear segment (25% share), grew @ 16% being the highest growing segment in apparel market. (*Source: Technopak Analysis, report dated March 11, 2010*)

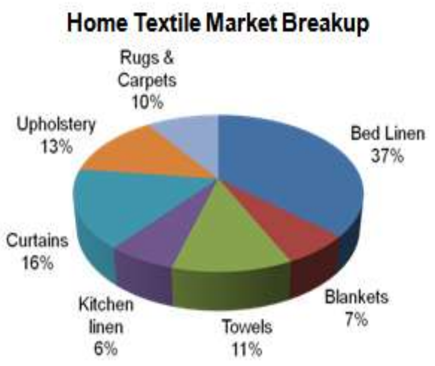


Men's Wear	Value (Mn US$)	Women's Wear	Value (Mn US$)	Unisex Wear	Value (Mn US$)
Shirts	4,461	Ethnic Dresses	2,541	Jeans	772
Suits/ Blazers	1,053	Sarees	5,091	Sweaters	859
Trousers	3,119	T-shirts	106	Active Sports Wear	239
T-shirts	965	Tops (Woven)	176	Socks	342
Casual Jackets	267	Suits/ Coats	78	Tie/ Scarves	119
Nightwear	485	Trousers/ Skirts	394	Total	2,331
Undergarments	875	Lingerie	1,721	Kids Wear	
Woollens - Shawls	113	Woollens – Shawls	256	Kids Wear (0-15 years)	4,903
Lungis/ Dhotis	784	Nightwear	469	School Uniform	3,418
Total	12,123	Total	10,831	Total	10,652
Total Domestic Market size ~ US$ 33 Billion					

Source: Technopak Analysis, report dated March 11, 2010

Home Textiles Market

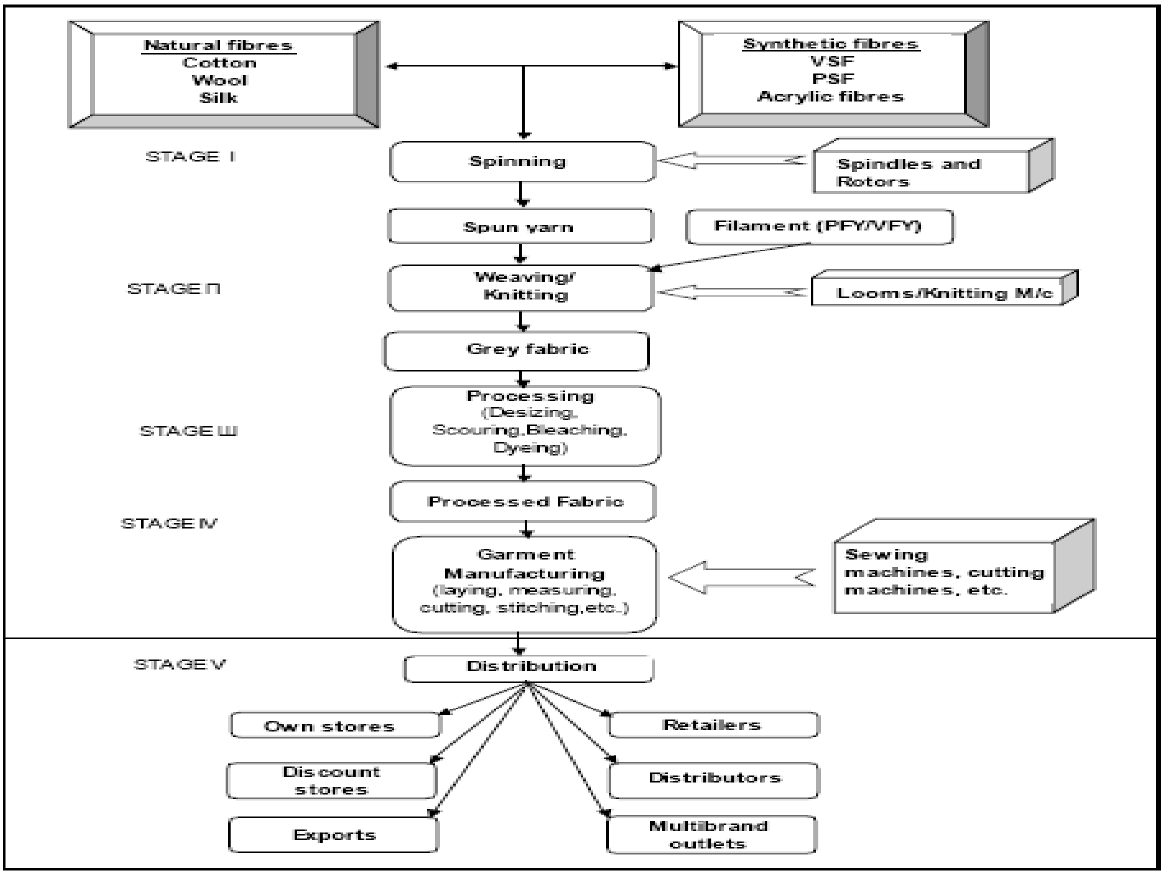
The domestic home textiles market is estimated to be US$ 2.5 bn. The market has the potential to grow up to US$ 5 bn in next 5 years. (*Source: Technopak Analysis, report dated March 11, 2010)*



Source: Technopak Analysis, report dated March 11, 2010

India Textile Value Chain Overview

The broad based vertically integrated textiles industry consumes a diverse range of textiles fibers, and yarns to produce various types of products for the domestic and export markets. Natural fibers like Cotton, Wool *etc*. Synthetic fibers like Polyester, Rayon *etc*. form the primary raw materials for the textile industry. The textile value chain begins with ‘spinning’ which converts fibers into yarns. The yarns are then converted into fabrics through weaving/ knitting. The fabric undergoes various processes like scouring, bleaching, mercerizing, dyeing/printing, washing, finishing, *etc*. to produce processed fabric that is suitable for manufacturing apparels or home textiles. The chemical process for manufacturing fabrics with properties like anti-crease, oil repellence, water repellence, *etc*, are undertaken in the processing stage. In the final stage of ‘garmenting’, that is, before the processed fabric is converted into a ready-to-wear garment, a series of sub-stages such as laying, cutting, stitching, *etc.* are involved. The garments are finally marketed through a range of distribution channels in the domestic market or are exported.



Note: VSF: Viscose Staple Fiber, PSF: Polyester Staple Fiber, PFY: Polyester Filament Yarn, VFY: Viscose Filament Yarn

Fibre

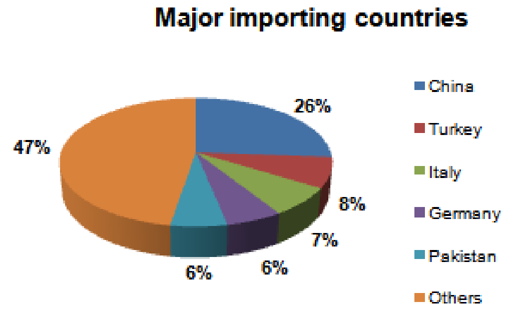
A fiber is the smallest part of a fabric. It is an individual, fine, hair – like substance. Fibers have a comparatively high ratio of length to width, thus ensuring the flexibility required for manufacturing and end use. Differences among the textiles fibers result from their different chemical compositions, the arrangement of their molecules as well as their external feature like shape. Fibers can be categorized as **Natural** (Cotton, linen, Wool, Silk) and **Man-made** (Polyester, Spandex, Rayon *etc*)

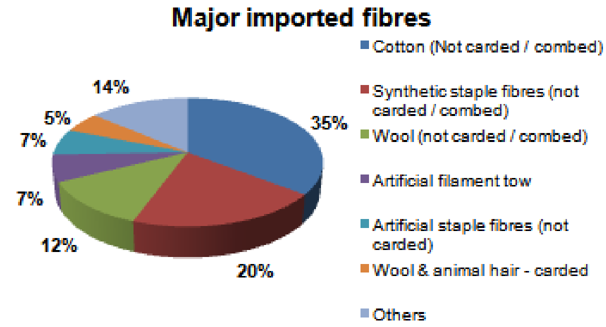
Natural fiber - Raw Cotton: Cotton is one of the principal crops of India and plays a vital role in the Indian economy.

Man-made fiber: The industry comprises fiber and filament yarn manufacturing units. Manmade fibers are used for the production of blended fabrics and 100 percent non-cotton fabrics. These fabrics are used for the production of both ready made garments and home textiles.

Global fibre trade

The global fibre trade was valued at $27 bn in 2008. Fibre trade declined by 11% compared to the previous year. China is the biggest fibre importing country followed by Turkey. (*Source: Technopak Analysis, report dated March 11, 2010)*



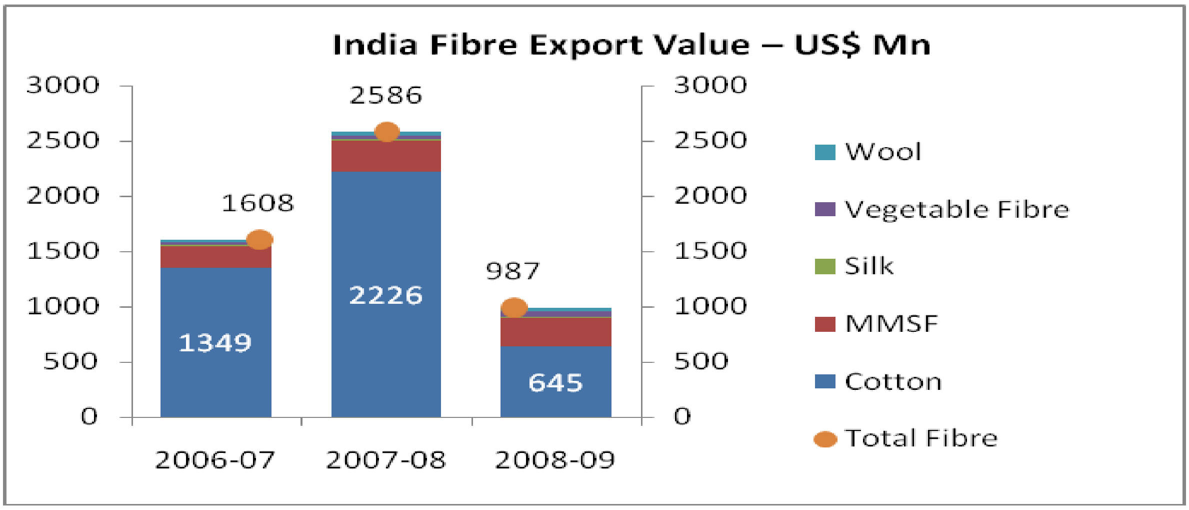


Source : UN Comtrade

Cotton and Synthetic staple fibres are the most imported fibres globally. The wool and animal hair forms the smallest share of about 5%.

India fibre exports & production

India exported US$ 987 mn of fibre in 2008-09. Total fibre exports declined by more than 60% from India in 2008-09. Cotton is the biggest exported category with 81% of exports by volume.



Source: Technopak Analysis, report dated March 11, 2010

Fibre Production in India

Fibre (mn kgs)	2004-05	2005-06	2006-07	2007-08	CAGR
Cotton	4131	4097	4760	5355	9%
Viscose staple fibre	248	229	247	280	4%
Polyester staple fibre	644	628	792	880	11%
Acrylic staple fibre	128	108	97	81	-14%
Polypropylene staple fibre	3	3	3	3	0%
Total MMF	1023	968	1139	1244	7%
Silk	17	17	18	18	4%
Flax & Jute	1576	1461	1522	1823	5%
Wool & Animal fibres	45	45	45	45	0%
Total Fibre	6791	6588	7485	8486	8%

Domestic Fibre Consumption

Fibre (mn kgs)	2004-05	2005-06	2006-07	2007-08	CAGR
Cotton	3316	3723	3945	4097	7%
Viscose staple fibre	225	228	237	250	4%
Polyester staple fibre	623	611	675	739	6%
Acrylic staple fibre	126	112	107	95	-9%
Polypropylene staple fibre	10	9	13	14	12%
Total MMF	984	960	1033	1099	4%
Silk	25	25	24	26	2%
Flax & Jute	1596	1495	1435	1978	7%
Wool & Animal fibres	126	132	141	112	-4%
Total Fibre	6047	6336	6577	7312	7%

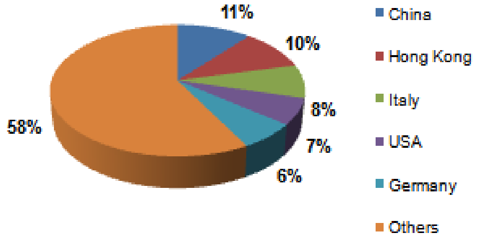
Source: Technopak Analysis, report dated March 11, 2010

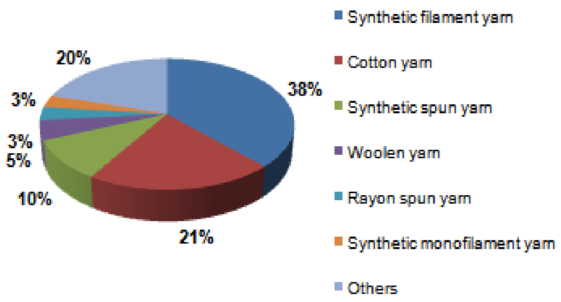
Yarn

Fibers when grouped and twisted together into a continuous stands are called yarns. The yarns are then used to make various textile materials; for example, woven fabrics, knitted fabrics and lace. Yarns are classified into 2 main categories: **Spun** and **Filament**

Global yarn trade

The total yarn traded globally is US$ 36 bn. Yarn imports decreased by 14% in 2008 compared to 2007. China & Hong Kong is the biggest yarn importing country followed by Italy. Synthetic filament yarn and cotton yarn are the most imported yarn categories globally. (*Source: Technopak Analysis, report dated March 11, 2010*)

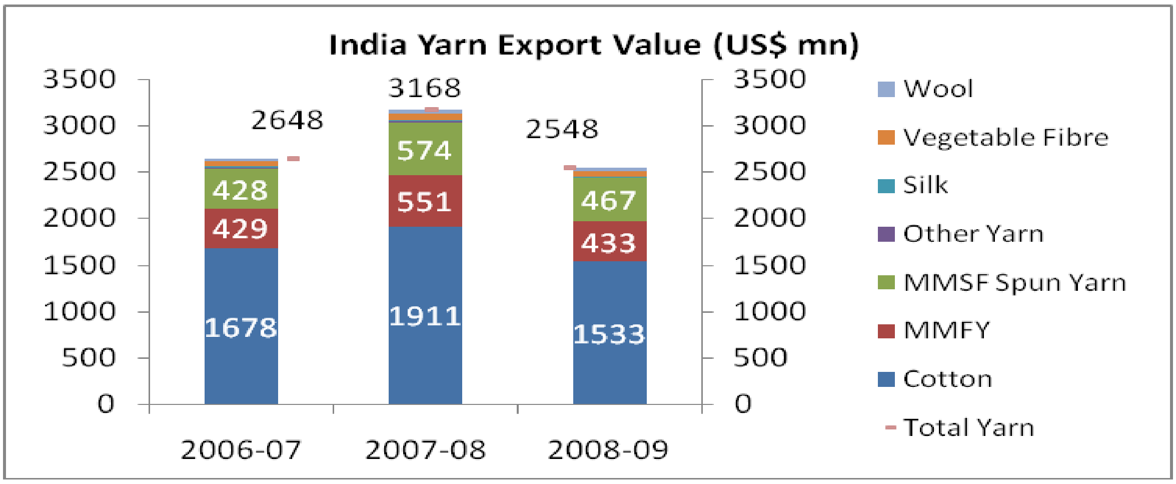




Source : UN Comtrade

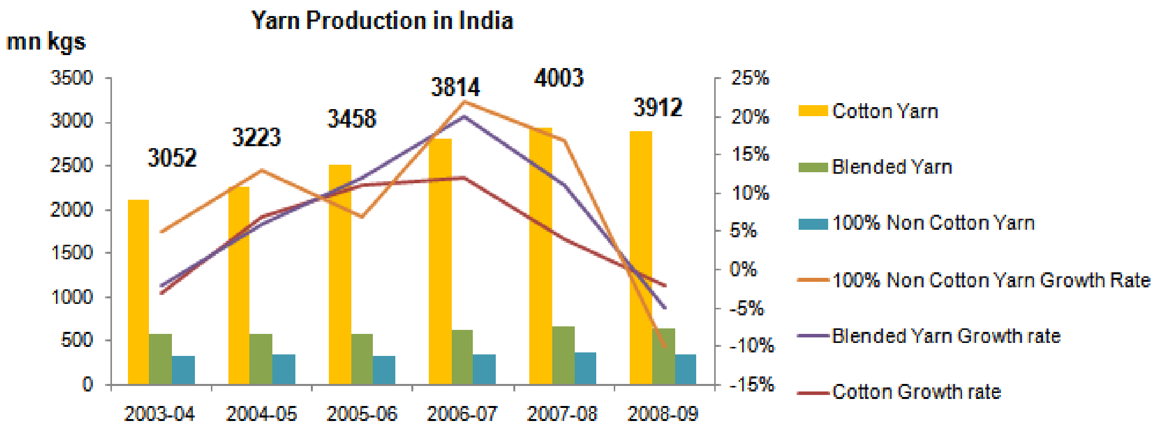
India yarn exports and production

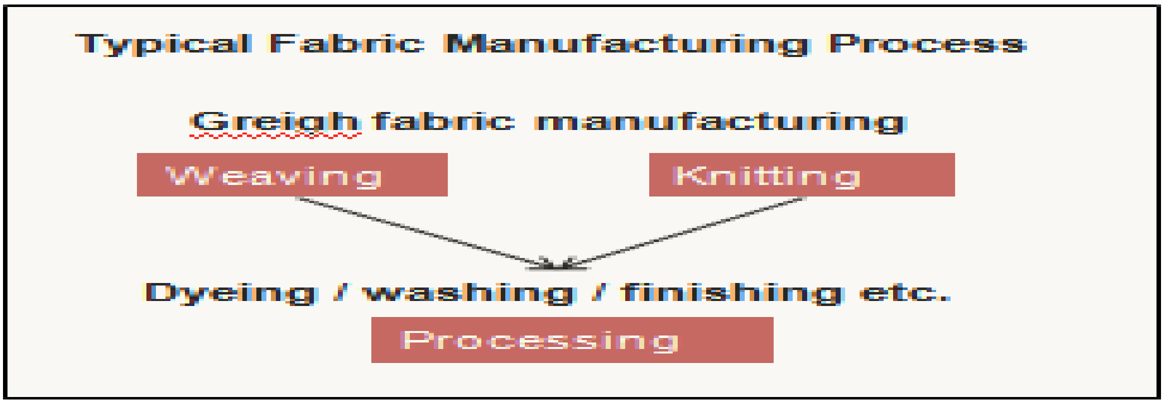
India exported $ 2.5 bn of yarn in 2008-09. Exports declined in 2008-09 by approx 20%. Cotton is the biggest exported category with 60% of exports by value. Man made fibres are the fastest growing category in volume and value. Biggest export destinations are Turkey and Bangladesh



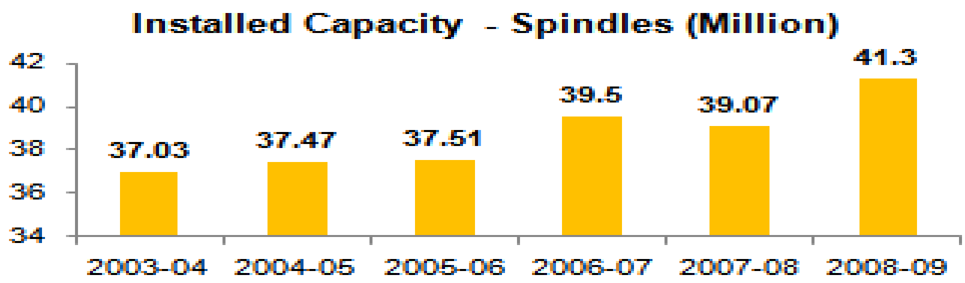
Source: Technopak Analysis, report dated March 11, 2010

The spun yarn production has increased over the years with a slight dip in production last year due to demand slowdown. Capacities of spinning have also increased slightly.





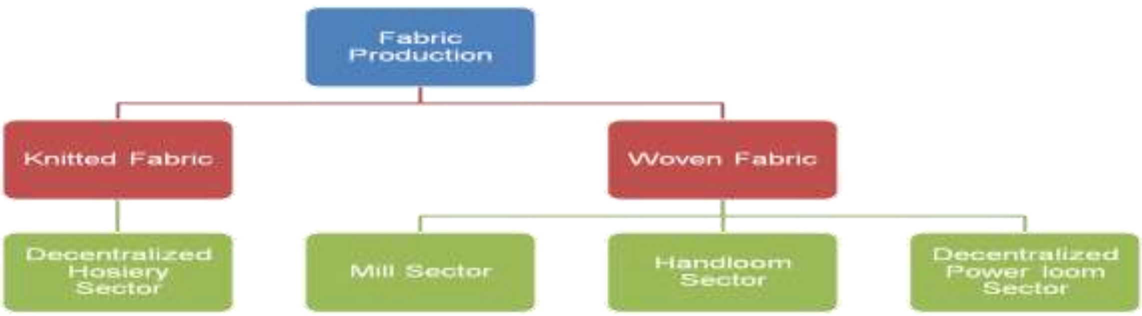
Source: Technopak Analysis, report dated March 11, 2010



Source : Ministry of Textiles, Technopak Analysis

Fabric

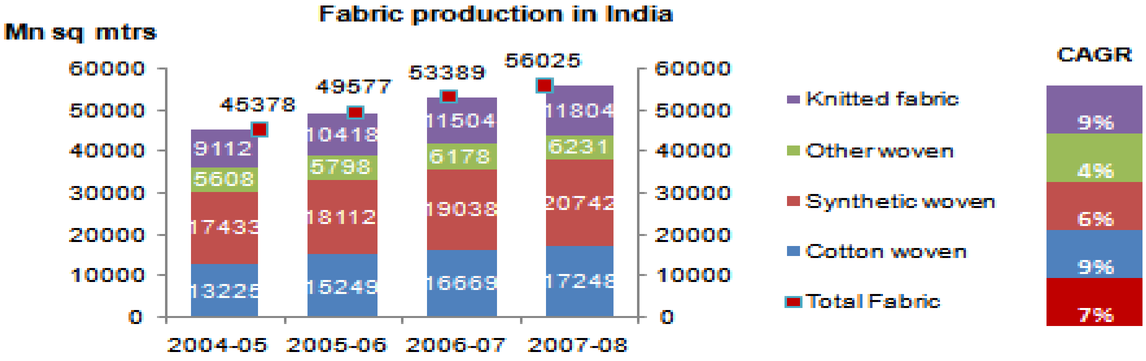
The Indian Fabric Industry is classified into Woven Fabric and Knitted Fabric. The classification in detail appears as under:

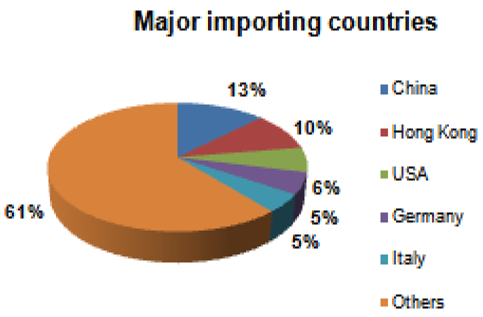


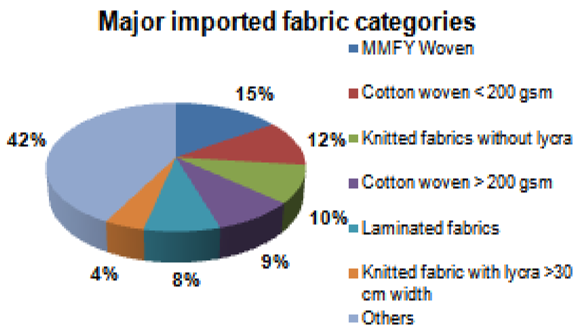
Global fabric trade

The total fabric traded globally is US$ 78 bn. Fabric imports decreased by 14% in 2008 compared to 2007, similar to yarn trade. China & Hong Kong is the biggest fabric importing country followed by US. *(Source: Technopak Analysis, report dated March 11, 2010)*

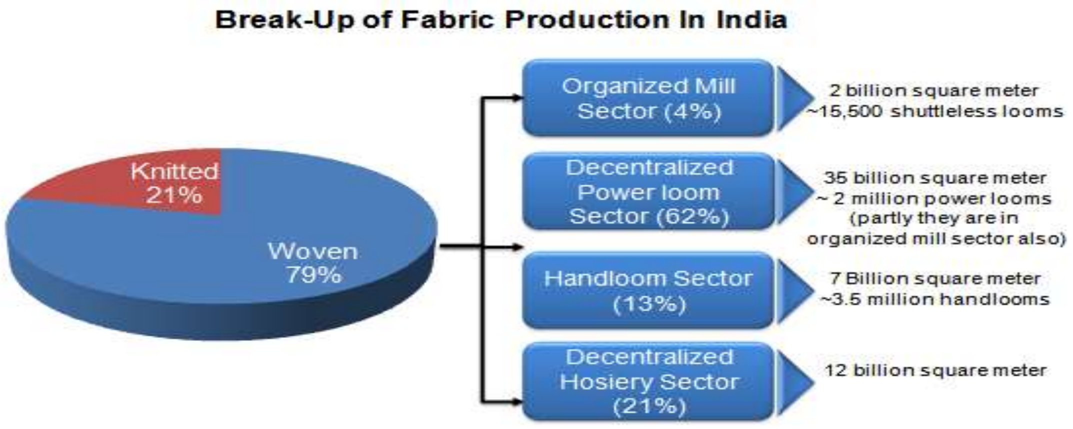
Woven fabrics of synthetic filament yarn and cotton woven fabrics are the most imported fabric categories globally.







Source : UN Comtrade

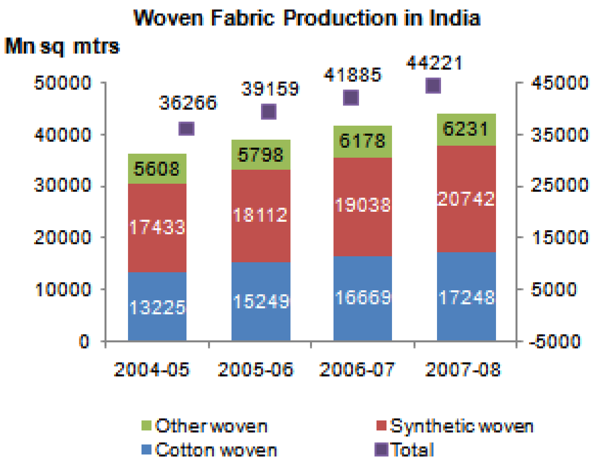


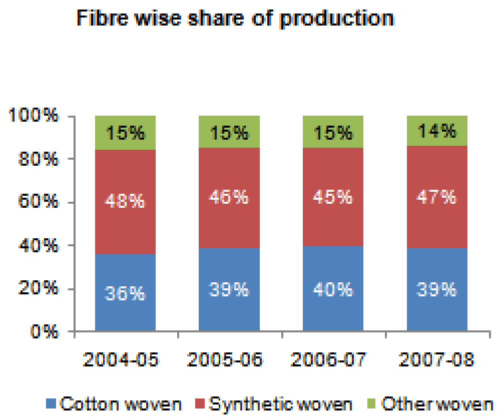
Source: DGCIS, Ministry of Textiles
values are rounded off

Production of fabric has grown over the last 4 years @ 7% annually. Knitted fabric and cotton woven fabric production has grown maximum @9%. The installed capacity of organized looms has decreased with increase in unorganized looms suggesting further fragmentation of the industry.

Source: Technopak Analysis, report dated March 11, 2010

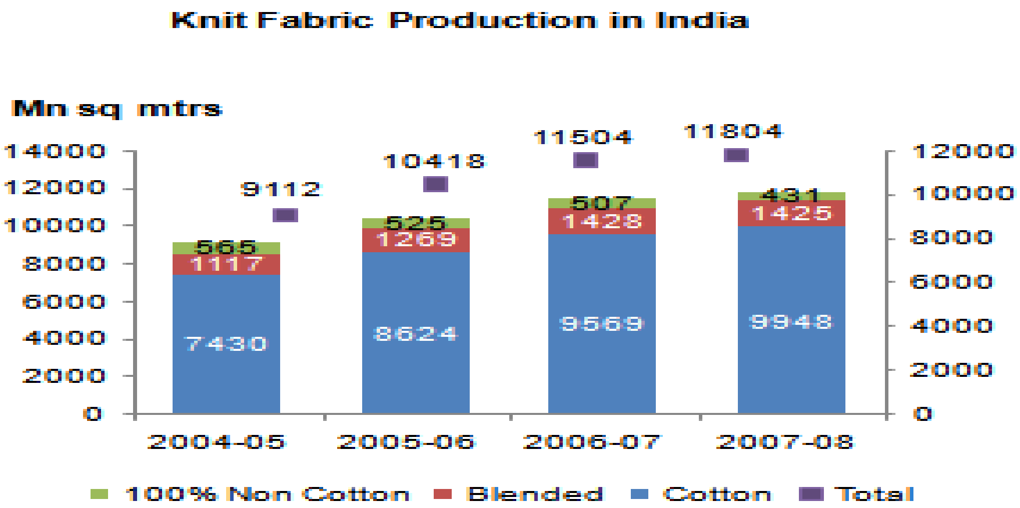
The production of woven fabric has increased over the years. Woven fabric production has grown @ 7% annually since 2004-05 with cotton woven fabric production growing faster than other categories. The share of cotton fabrics has also subsequently increased slightly since 2004-05.





Source: Technopak Analysis, report dated March 11, 2010

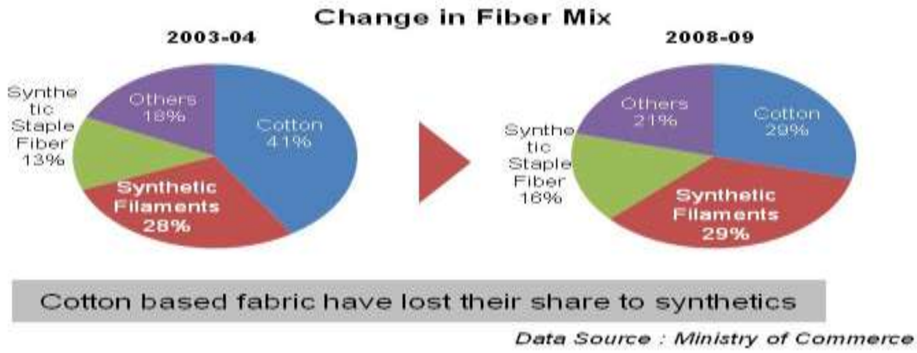
In last 5 years, total knit fabric production has grown with a CAGR of 9%. The growth has been mainly due to increased production of 100% Cotton and Blended fabric. While production of 100% Non-Cotton Knit fabric has declined in last 4 years @ 9%. Further, Knit fabric production is estimated to grow @ 12% annually to 22,758 mn sq mtrs by 2012-13

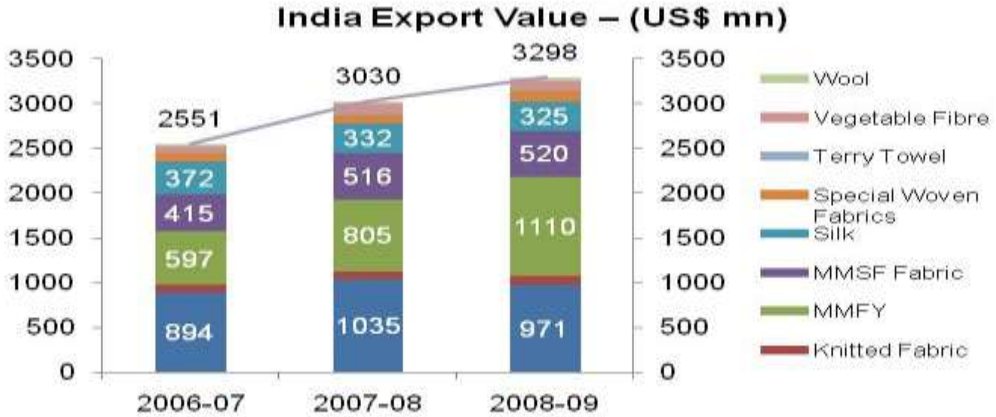


Source: Technopak Analysis, report dated March 11, 2010

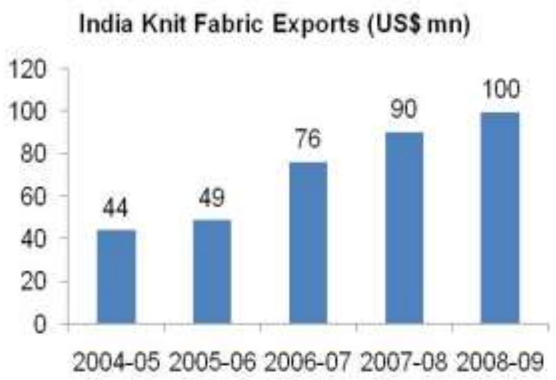
India exports US$ 3 bn of fabric. The maximum share of exports comprise of cotton and man made woven fabrics (~75%). The fastest growing categories are knitted fabrics and woolen fabrics, although they are small in size. UAE and US are the major export destinations for India.

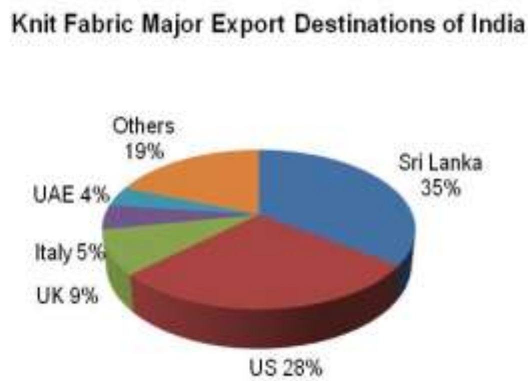
The exports of woven fabric increased in 2008-09. Woven fabric exports have grown @ 14% in the last 2 years in value terms. The fibre mix has also changed over the years with more export demand for synthetic fabrics than cotton fabrics. Over the years, Cotton based fabric have lost their share to synthetics.





Source: Technopak Analysis, report dated March 11, 2010





Source: Technopak Analysis, report dated March 11, 2010

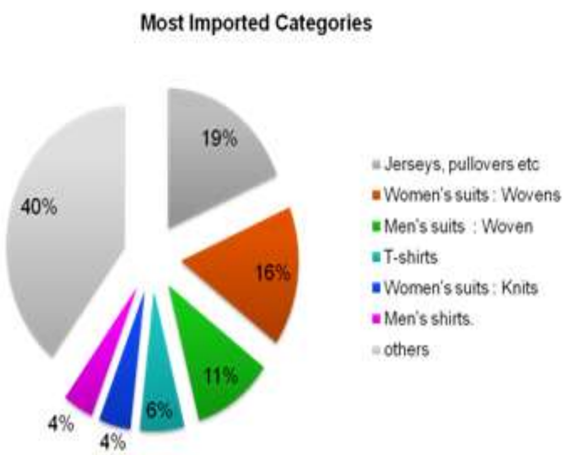
Apparel

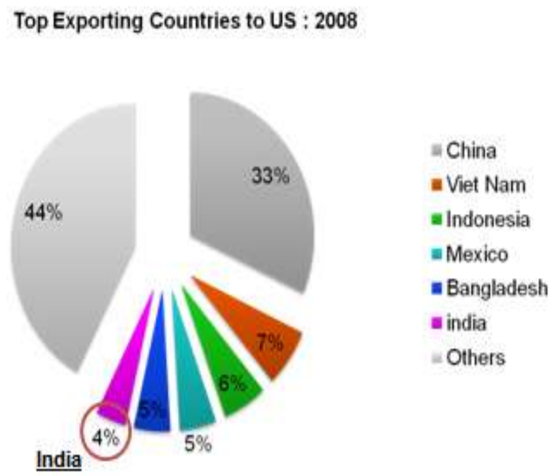
Apparel is the last stage of the textile manufacturing chain. Apparel sector contributes significantly to employment generation and export earnings of India besides meeting the domestic demand for garment.

Global apparel trade

The global trade of apparel is estimated to be around US$ 275 bn in 2009. The global trade declined from US4 308 bn in 2008, primarily due to the economic slowdown. Biggest apparel consuming markets are the US and the EU.

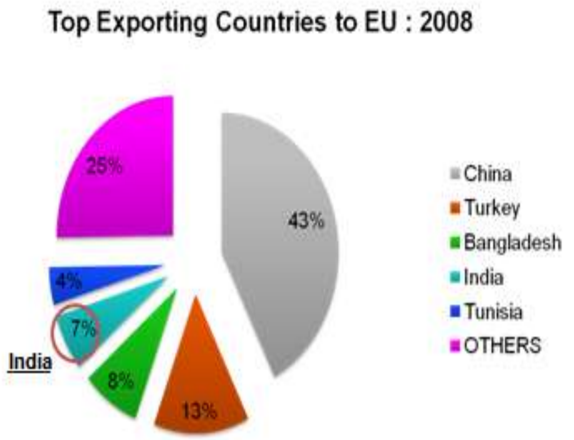
The major apparel categories imported by US include Jerseys, pullovers and women's suits. China is the largest exporter to US with 33% share in total import. India has a share of approx 4%
Following chart shows the most imported apparel category in US.

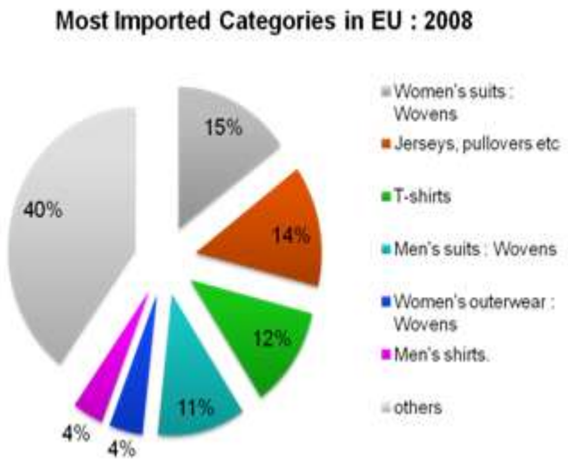




Source: Technopak Analysis, report dated March 11, 2010

For the EU market, China was the largest exporter to EU with 42% share in total import. India has a share of 6.5 %.Women's suits and jerseys form the majority of imports in EU.

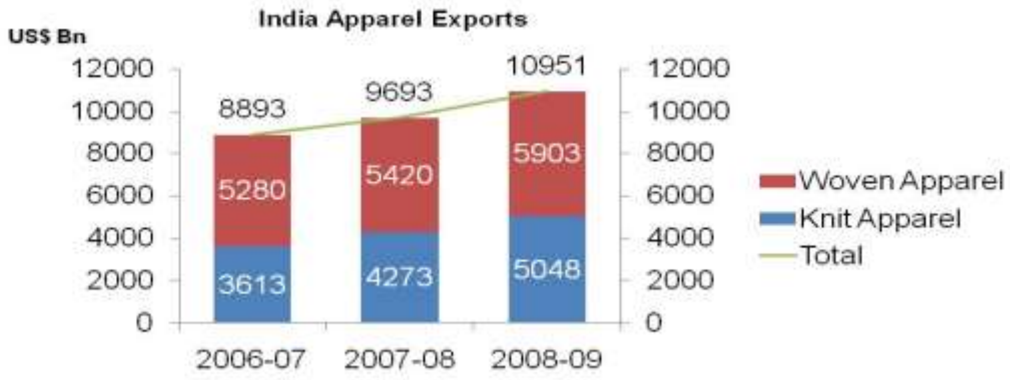




Source: Technopak Analysis, report dated March 11, 2010

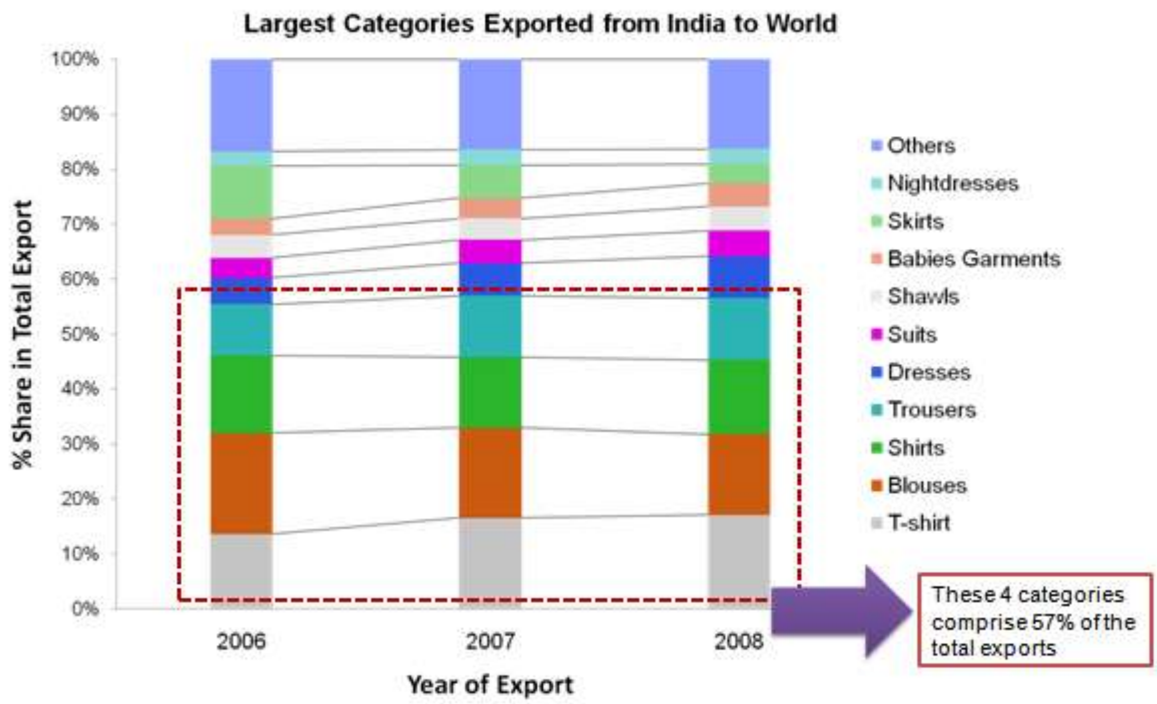
Indian apparel industry: export & manufacturing

India exported approx.US$ 11 Bn worth of apparel to the world in 2008-09, which grew by approx. 13% over previous year.



Source: Technopak Analysis, report dated March 11, 2010

The largest categories exported from India in terms of value are T Shirts, blouses, shirts and trousers



Source: Technopak Analysis, report dated March 11, 2010

Key issues and Government Policies

Key Issues

Overall the Indian textile industry faces some key issues and challenges which need to be addresses for sustaining growth of the sector. The key issues and challenges are summarized in below mentioned points:

- Raw Material:
  Increasing productivity and improving quality is also a major aspect that needs attention for Indian to remain competitive in the global market

- Infrastructure Development & Technological Up gradation:
  India also needs to upgrade manufacturing technology and improve support infrastructure for the manufacturing industry, in order to improve efficiencies. Infrastructure in existing textile clusters need to be improved at a fast pace through cluster development initiatives.

- Market Development:
  Another major challenge for India is finding new markets for the India's apparel exports apart from the

traditional markets of US & EU. Also developing Brand India and expanding reach of Indian brands globally is a major area that needs improvement.

- Human Resource Development:
  The over development and training of labour is also important for India to sustain its position as a preferred supplier for global markets and also for catering to the increasingly demanding domestic market.

- Fund Generation:
  Indian textile industry suffers form lack of scales at company level due to high fragmentation. Hence attracting large funds for expansion is a major challenge for the industry

Government Policies

The government has also been constantly providing good support to the industry for solving the key issues faced by the industry. Policy initiatives, incentives and schemes have helped the industry in various capacities. Some of the important initiatives of the Government are discussed below:

Technology Up gradation Fund Scheme (TUFS)

TUFS has been one the successful initiatives undertaken by the Government in 1999 and continues till date. It is a special scheme to incentivize technological upgradation of textile and apparel industry in India. The scheme provides significant capital assistance for investment in land, factory building, pre-operative expenses, margin money for working capital, Energy Saving Devices, Effluent Treatment Plants, Water Treatment Plants, Quality Control and R&D. Under the scheme 5% interest Re-imbursement is available for all sectors except Spinning Sector (@ 4%). In addition, 10% Capital Subsidy for Specified Machines of Processing, Garment & Technical Textiles is also given. As on September 30, 2009, Government has released TUFS subsidy of Rs 8665.4 crores and sanctioned amount worth Rs 79383 crores.

Scheme for Integrated Textile Parks (SITP)

Though the Indian textiles industry has some inherent advantages, infrastructure bottlenecks have been a prime area of concern. To take advantage of the post Multi-Fibre Arrangement (MFA) scenario, the Apparel Parks for Exports Scheme (APES) and the Textiles Centre Infrastructure Development Scheme (TCIDS) were launched in 2002 to provide world class export infrastructure at important textiles centres.

The performance of both the schemes was restrained by the nature of assistance permitted. Therefore, both were merged into a new scheme called the 'Scheme for Integrated Textile Park (SITP)' in 2005 to neutralize the weakness of fragmentation of various sub-sectors of the textiles industry and non-availability of quality infrastructure.

Objective of the scheme: The primary objective of the scheme is to provide the industry with world-class infrastructure facilities for setting up textile units. The scheme facilitates textile units to meet international environmental and social standards. These parks would incorporate facilities for spinning, sizing, texturing, weaving, processing, apparels and embellishments and is based on the public private partnership (PPP) model.

As on November 12, 2009, 40 textile parks have been approved under the scheme with total grant of Rs. 681 crores released for development of the parks.

Cluster Development

The Ministry of Textiles has also undertaken cluster development initiatives with the objective of developing infrastructure in major textile clusters in India and to assist SME’s in upgrading their capabilities and boost their productivity. The major clusters developed under the initiative include the following:

- Powerloom clusters (Bhiwandi and Erode)
- Handloom clusters (Varanasi and Sibsagar)
- Handicraft clusters (Moradabad and Narasapur)

FDI Promotion

The Ministry of Textiles is also making efforts to attract Foreign Direct Investment in the Indian Textile sector. For this purpose Ministry of Textiles has organized roadshows and seminars in major developed countries like Italy, France, Germany, Switzerland and Japan, reaching out to the entrepreneurs in those countries to invest in India. 100% FDI is allowed in textile and apparel manufacturing.

Other Initiatives

Some of the other important policy initiatives include the following:

- Jute Technology Mission: Scheme to upgrade infrastructure, productivity, technology, market and human resource for development of the Indian Jute industry.
- Reduction in ad valorem central value-added tax
- Tax incentives like exemption from certain service tax
- Export promotion schemes
- Duty drawback, duty entitlement schemes (DEPB), advance authorization and other schemes for providing relief on import duties on raw materials for export based products.
- EPCG scheme:
    - Zero duty for import of capital goods by textile units, provided the nit has not availed of TUFS. (compared to duty of 20-36% under normal imports)
    - Import duty of only 3% for capital goods for those not eligible for “zero duty” EPCG scheme.

BUSINESS

In this section "our Company" refers to the Company, while "we", "us" and "our" refers to our Company and its Subsidiaries.

Overview

Our Company is one of India's leading integrated textile manufacturers. With more than two decades of involvement in the textile industry, our Company is present across the textile value chain i.e. from spinning to made – ups as well as garments and polyester yarn.

Our Company has five major divisions *i.e.* cotton yarn, apparel fabrics (woven and knitted), home textiles (made-ups and terry towel), garments and polyester yarn. In addition to the above, our Company, through its Subsidiaries and Associates, is carrying on the business of cash and carry for apparels and home textile products, international retailing and realty. Our presence across the textile value chain can be best depicted by the following graphic

In our core business, our Company's vertically integrated facilities and flexibility of operations enables us to produce cotton and cotton blended fabrics in various counts and construction and a wide range of finishes. Our Company has started manufacturing organic cotton products, retailed by large department stores in the UK and USA, which apart from benefitting the organic cotton growing farmer, also brings in higher realizations. Our global size, modern technology in equipments, integrated plants and manufacturing flexibility coupled with our product development team and competent marketing force facilitates a deep understanding of customer needs and its satisfactory fulfilment. This product, customer and market diversification also ensures risk mitigation and stability of earnings and places our Company at a competitive advantage over other players in the industry.

Our core competency lies in manufacturing of quality textile products and assuring our customers of product consistency and timely delivery schedules at international prices. Over a period of time our Company has been the recipient of several awards and trophies including trophies by Texprocil for our Company's export performance.

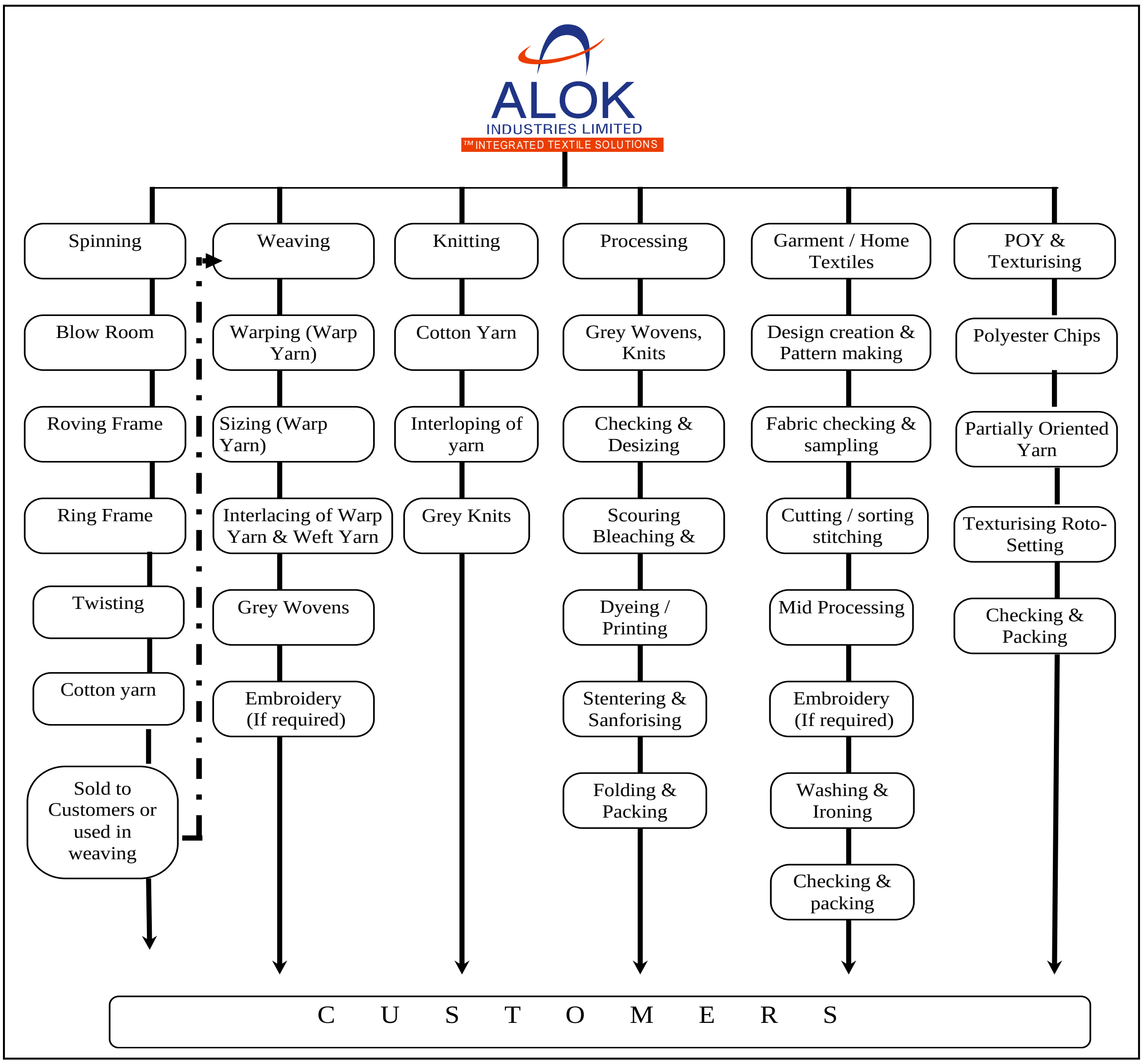
For the year ended March 31, 2009, our Company's total revenue was Rs. 29,769.32 million and our Company's profit after tax was Rs. 1,883.89 million. As at March 31, 2009, our Company's total assets were Rs. 91,595.69 million and our Company's net worth was Rs. 16073.60 million.

For the six month ended September 30, 2009, our Company's total revenue was Rs. 17,897.55 million and our Company's profit after tax after was Rs. 858.65 million. As at September 30, 2009, our Company's total assets were Rs. 98,052.93 million and our Company's net worth was Rs. 21,524.99 million.

Our Company is headquartered in Mumbai, Maharashtra and has twelve manufacturing facilities across three locations in India including Navi Mumbai, Silvassa and Vapi. As of December 31, 2009, our Company employs approximately 13,200 employees across these locations and 5,800 employees on contract labour basis.

Manufacturing process

A schematic overview of the manufacturing process for various products that our Company manufactures is given below:



Spinning

Spinning is the process of manufacturing spun yarn from cotton and staple fiber like polyester and viscose. The yarn manufacturing process includes opening, picking, carding, drawing, roving, and ring spinning in the production of carded yarn. For combed yarn, three steps culminating in combing are included after the carding operations. Polyester Cotton blended yarn can also be produced in cotton spinning system.

Weaving

Weaving is a process of forming fabric by the interlacing of warp and weft yarn. Warp yarn (commonly known as ends) runs along the length of the fabric and weft yarn (also known as fillings / picks) run at right angle to the warp yarn *i.e.* across the fabric. The fundamental weaves are plain, twill and satin, all other weaves, employ one of these basic weaves in their composition. Weaving includes the following manufacturing process steps:

Warping → Sizing → Weaving → Checking → Folding → Packing

Processing

Yarn Dyeing

Yarn is dyed in high-pressure yarn dyeing machines. During dyeing in cone / cheese form, the dye liquor flows inside out and outside in from the dye packages and by repeating this number of times the shade is built-up and dyes are fixed on yarn by alkaline solution. The excess loose colour is then washed out for obtaining better fastness. Normally cotton yarns are dyed with reactive dyes or vat dyes to obtain brilliance and fastness. The cones are then pressure dried by means of super saturated steam pressure.

Fabric Processing

The processing of *greige* woven fabrics involves inspection for unwanted threads *etc*. The fabric is then sent for de-sizing/singeing and scouring where the starch, oil, grease *etc*. are removed from the fabric, which is then bleached to remove the natural colouring matter. The bleached fabric is mercerised to increase its lustre and also to increase its affinity to dyes. The fabric is then dyed on dyeing machines after which the dyed cloth is dried, finished and stretched to the required width. The fabric can also be printed by applying colours in definite, repeated patterns depending on the design requirement. It is then finished by giving complete shrinkage control and dimensional stability

In case of knit processing, although the steps involved are similar to those of woven processing, great care has to been taken for handling the knitted fabric, as it cannot be subject to any kind of stretch or tension in any of the processes. The processing of knitted fabrics can be carried out in two forms *viz.*, tubular or open width. The processing is done upto the dyeing stage in tubular form only, and thereafter, for printing, the fabric can be processed in open width form or in tubular form.

The basic raw materials required for processing of fabrics are dyes and chemicals, which comprise of caustic soda, colours, dyes, hydrogen peroxide, detergents *etc*. The requirement of dyes depends on the type of printing and dyeing shades. Looking to the growing concern over the use of AZO based dyes in processing, the company ensures that all the dyes and chemicals used in the processing are eco-friendly.

Made Ups

Our Company converts part of its wider width processed fabrics into Made-Ups. The manufacturing process of Made–Ups would begin with checking of fabrics received from the Process House Before being issued for production. While a typical Made up set generally consumes about six meters of fabric, it may vary as per the requirement of customers. The stages involved in the Made Up unit are as follows:

Fabric Checking ➔ Design Creation / Pattern Making ➔ Cutting and Sorting ➔ Stitching ➔ Embroidery (if required) ➔ Inspection & Quality Control ➔ Packing ➔Folding

Garments

Our Company procures fabric from its Process House which is then checked before issuing to Production Department. Designing is an important factor in the ready-made garments industry. The garments are designed either as per the latest trends in the fashion world or the design is received from the buyer according to which samples are prepared. The sample is then sent to the buyer for approval. After receipt of the approval, the design is given for bulk production. The summarized process is as follows:

Fabric Checking ➔ Design Creation / Pattern Making ➔ Sampling ➔ Cutting and Sorting ➔ Stitching➔ Inspection➔ Folding ➔ Packing

POY

Our Company uses the melt spinning process in the manufacture of POY. In melt spinning, the fiber-forming substance *i.e.* polymer chips is melted for extrusion through the spinneret and then directly solidified by cooling. The polymer is melted and pumped through a spinneret (die) with numerous holes (one to thousands). The molten fibers are cooled, solidified, and collected on a take-up wheel. Stretching of the fibers in both the molten and solid states provides for orientation of the polymer chains along the fiber axis. This process of stretching the fiber is called drawing. Drawing is typically accomplished by passing the filament around a series of drum or rolls. Each drum is increased in speed to stretch the filament.

Continuous Polymerization

While the process defined above for POY is currently in use, our Company as a backward integration measure is setting up continuous polymerization plant for manufacture of POY. Under this process, polyester polymer is produced using PTA (Purified Terephthalic Acid) and MEG (Mono Ethylene Glycol) as the main raw materials. By reacting these ingredients in the continuous polymerization plant, a polymer melt is formed that can be used for making polyester filament yarn (POY and FDY) and textile grade chips. Textile grade chips can be used for further processing in manufacturing of POY, FDY or staple fiber.

In addition to the main raw materials, other additives such as TiO_2, Catalyst and DEG are used for making textile grade polymer. Electrical power and fuel oil (or natural gas) is required as main sources of energy. Power is used for driving the rotating parts in the plant and Fuel oil (or natural gas) is used for heating of the HTM vaporizers, which provide heating of process systems.

Texturising

Texturising is a thermo mechanical process to make POY more suitable for manufacturing of fabric by permanent re-orientation of its molecular structure and providing better and superior texture to the yarn. The POY threads are first passed through a yarn feed device where it is stretched to the required denier. It then goes through the first heater for initial set-up. It is then passed through a cooling panel and a friction disc unit where it is twisted and untwisted about 25-30 times. It then passes through another set of rollers stabilizing heater and then through a third set of feed rollers and then finally through oil rollers. Ultimately the yarn is wound on the paper cones running on the take up roller. The yarn now becomes suitable for twisting, weaving (only for weft) and knitting.

For making the yarn suitable to use as warp yarn (in weaving), roto yarn is produced. For producing roto yarn, interlacing jets are fitted next to second set of feed rollers in the yarn path. Compressed air is blown while passing through the jets, wherein the filaments are intertwined by a series of prescribed short periodic compact nodes (nips) without causing any radical disarrangement of the filaments. The yarn becomes suitable for using as warp yarn for weaving application. It also eliminates downstream operations like twisting or sizing thereby reducing cost of warp yarn for weaving application.

The basic raw material and finished products in each of these divisions are tabulated below.

Division / Product	Key Raw Materials	Output
Spinning	▪ Cotton ▪ Polyester Staple Fibre	▪ Cotton yarn ▪ Blended Yarn
Weaving	▪ Cotton yarn ▪ Viscose, polyester and rayon yarns	▪ Wider width *greige* fabric for home textiles ▪ Apparel width *greige* fabrics for garments
Processing	▪ *Greige* fabric ▪ Dyes and chemicals ▪ Water	▪ Wider Width finished fabric for home textiles ▪ Apparel width finished fabric for garments in different finishes
Yarn Dyeing	▪ *Greige* yarn ▪ Dyes and colours	▪ Dyed Yarn
Made-ups	▪ Wider width fabric	▪ Sheet-sets, duvets, comforters, blankets, quilts, bed-in-a-bag, Curtains in prints, solids, embroidery, sateens, flannel, Jacquards, dobbies, yarn-dyed
Garments	▪ Apparel width fabric	▪ Knitted / woven garments for ladies and gents for sportswear, active wear, casual wear and sleepwear
POY	▪ Purified Terephthalic Acid (PTA) ▪ Mono Ethylene Glycol (MEG) ▪ Polyester Chips	▪ Partially Oriented Yarn
Texturising	▪ POY	▪ Texturised Yarn

Products & Markets

Our Company's products are either used for captive consumption (as a part of the textile chain) or sold to the following target markets:

Products	Markets
Cotton Yarn	▪ Direct Exports ▪ Domestic weaving mills
Apparel Fabrics – Woven & Knits	▪ Garment exporters in India / converter countries ▪ Domestic garment manufacturer / traders / retailers
Home Textiles - Sheet sets, Comforters, *etc.*	▪ Direct Exports ▪ Domestic Market
Garments	▪ Direct Exports ▪ Domestic Market
Polyester Yarn - POY and Texturised yarn	▪ Direct Exports ▪ Domestic Market

Competitive Strengths

Our principal competitive strengths are as follows:

1. Integrated Operations and Economies of Scale

Our Company's operations are vertically integrated across the textile value chain. Our facilities are also versatile enough to allow us the flexibility to produce cotton, polyester, and viscose blended fabrics in various counts and construction. This in turn has enabled our Company to meet the time, quantity and quality requirement of our customers. By virtue of our integrated operations from cotton procurement to spinning and weaving, making of apparel and home textile fabrics, made-ups and garments, our Company derives benefits of economies of scales and quality control. This along with our wide product range makes our Company a preferred partner for sourcing of textile goods.

Being vertically integrated from fibre to garments/made-ups has also helped our Company to de-risk variations in input cost thereby improving margins over a period of time.

Our Company's large production capacity in each of its divisions as on December 31, 2009: about 300,096 ring frame spindles, about 3,792 open end rotors, about 1,873 shuttleless looms, and 92 texturising machines at Silvassa, 6 continuous processing ranges at Vapi, *etc.* provides advantages of economies of scale. The large volumes ensure bulk quantity discounts on purchases and wide spread of overheads result in reduced cost per unit. We believe that our Company's high level of modernization, trained work force and managerial expertise results in a consistently high level of productivity.

Global buyers today are increasingly looking to consolidating their sourcing strategy. This would mean sourcing from fewer countries and fewer vendors. Our Company therefore, we believe, is a preferred vendor because of our size, integrated operations and modern facilities.

2. State of the art equipment and technology

Our Company has invested in modern technology and equipment across all areas of its operations. Our management believes that our Company's manufacturing technology is on par with global competitors.

Our technology while ensuring that labour requirement is minimal facilitates quick turnaround times, innovative finishes like aroma finish, insect repellent finish, anti bacterial finish, soil resistant finish *etc.*, flexibility to adapt to changing fashion trends, consistency in quality *etc.*

Additionally, Our Company also keeps abreast with the latest changes in technology by attending international fairs & various other seminars & expositions and regular interactions with existing machinery suppliers.

3. Locational Advantages

Our Company's plants are located at Navi Mumbai, Silvassa and Vapi. These centres have, over the recent past, developed into textile manufacturing hubs, on par with the traditional hubs of Ahmedabad, Surat and Tirupur. Vapi and Silvassa are well-connected by road and rail to the rest of the country and are in close proximity to major Indian ports at Mumbai and Nhava Sheva, while Navi Mumbai is, to all intents and purposes, an extended suburb of Greater Mumbai. This facilitates the movement of raw material into the factory locations (from Mumbai and Nhava Sheva ports in case of imports and from Madhya Pradesh, Maharashtra and Gujarat in case of key indigenous raw materials). The proximity to premier Indian ports and the international airport at Mumbai also facilitates the export of our finished goods to various countries – a matter of considerable importance given that about 35% - 40% of our turnover is exported. Mumbai (the Indian commercial and financial capital) is approximately 200 kilometers from Vapi and 180 kilometers from Silvassa; thus these locations are proximate to a major Indian metropolis.

4. Cost Effectiveness

Our Company's manufacturing facilities are located at Silvassa, where power cost is approximately Rs 3.00 per unit, which is amongst the lowest in the country. This coupled with the captive power sub-station at Silvassa & Vapi and other various power saving devices ensures optimum utilization and minimum waste resulting in low power cost. Our Company has set up utilities including *inter alia* captive power generation at our manufacturing facilities at Silvassa & Vapi. In Vapi we have installed a co-generation plant and at Silvassa we draw power directly from a grid to our sub-station and as a back-up we have a captive power plant. Our Company is also setting up a captive power plant of 50 MW at Silvassa, which will assist our Company in meeting current power requirements and ensure an adequate supply of power for Company's ongoing expansion plans.

With the installation of modern equipment, the manpower requirement of the company is comparatively lower than industry standards. The Company's labour cost to capacity ratio is competitive and the manpower cost as a percentage to total income is about 3.7%.

We believe that our Company's infrastructure facilities are adequate to meet the current and ongoing expansion plans.

5. Diversified Customer Base

Our Company has a well-diversified customer base, both in India and overseas. In the Indian market, our Company supplies its products to well-known retailers and garment and home textile manufacturers and exporters. In the overseas markets, our company is the nominated / preferred vendor for several brands / retailers. Besides USA, our company has a diversified market spread over countries in EU, South-East Asia, Africa and South America. The table below traces our Company's export performance.

Particulars	Unit	Six month period ended September 30, 2009 (Unaudited)	2009	2008	2007
Total Sales	Rs. in million	17,897.55	29,769.32	21,704.05	18,246.80
Exports	Rs. in million	6,107.94	10,545.08	10,368.84	6,417.11
Share of Total Sales	%	34.13	35.42	47.77	35.17
Share of Exports to USA	%	31	43	11	50
Countries Exported	Nos.	52	57	56	48

6. Product design and development

Design development and sampling form an integral part of our Company's operations and considered as effective tools for converting an enquiry into an order. Our Company has design studios across all its plants supported by qualified designers from reputed fashion design institutes such as the National Institute of Fashion Technology and JD Institute of Fashion Technology. The jacquard knitting and weaving machines are directly connected to computers for design generation. New designs are developed on a daily basis in each of our divisions to add to our library of over 30,000 designs in numerous varieties of solids prints, jacquards, dobbies *etc*. This vibrant design development and our extensive design database pitches us as a trendsetter in the market, giving us the opportunity to cash in on the initial premium.

Our Company has also focused on new product offerings in order to gain customer and market share. In wovens, our Company has moved up the value chain, making 'finer count' yarn dyed fabric that is used for high-end shirting. In bottom weights (used for the manufacture of trousers) production levels have increased, with finishes such as peach finish, wrinkle-free finish and stain and oil-free finishes.

Our Company has also recently forayed into work wear fabrics; specialized fabrics ideally suited for customers like research, the armed forces, aviation companies, industrial customers, fire departments, health care, construction, oil refineries, petrol pumps, welding industry, coal mines, the hospitality sector and the infrastructure industry. These specialty fabrics would include high visibility fabrics, Fire retardant fabrics, stain guard, anti static, 3x dry, brushed fabric, petrol pumps, Soil release and repel fabrics, Infra-red resistant fabrics, Water resistant fabrics, Anti – bacterial fabrics, Insect repellent fabrics, Aroma finishes fabrics, *etc*.

In the knitting segment, our Company has increased the range to include high value-add yarn dyed knits and fleece, which are used for sweatshirts. In addition our Company develops fabric samples with a mix of yarns including cotton and polyester with new age fibers like Lurex, Tencel, Modal, *etc*. in different designs in its endeavour to create new markets. Our Company's constant efforts to develop new customers and new markets have enabled us to lately penetrate the lingerie goods segment too in terms of manufacturing knitted fabric for lingerie makers.

In Home Textiles our Company has a full fledged design and product development team that is in regular interaction with the customers and offer them home textile samples in different prints, designs and yarn count. In keeping with our philosophy to explore new product segments and customers our Company has increased its product offering by adding terry towel to its portfolio. These terry towels are being manufactured at our unit at Vapi.

7. Forefront of the organic cotton initiative in India

Our Company has been at the forefront of the organic cotton initiative in India.

'Sustainable cotton' is a socially responsible version of cotton, which is projected to grow significantly in the coming years. It involves paying a fair price to the cultivator, redistributing part of the value addition (from cotton to branded end product) down the value chain to the farmer and helping him to reduce his input costs. It works through three aspects — increasing cultivation yields, increasing total and per unit realizations and reducing the input costs.

Cultivation yields can be increased through focused R&D knowledge widely disseminated to the farmer. Input costs can be reduced by reducing the farmer's dependence on chemical fertilisers and pesticides. And, per unit realizations can be increased by equitably re-distributing the premium that the world is willing to pay for organically grown cotton products.

To develop the 'organic cotton' initiative in India and stimulate the transition to supply and demand of the organic and sustainable cotton industry, our Company has tied up with various organic and fair trade cotton projects for various purposes including inter-alia:

- To provide a secure supply of organic fair-trade cotton to meet customer needs
- To provide a secure market to small cotton farmers by creating recognition among textile customers
- To facilitate meaningful communication between customers and farmers
- To ensure that farmers receive at least the minimum price for fair-trade organic cotton, which would at least cover their cost of production
- To provide pre-financing opportunities to the farmers during the time of sowing

Our Company has started manufacturing organic cotton products, retailed by large department stores in the UK and USA, which apart from benefiting the organic cotton growing farmer, also brings in higher realizations.

Strategy

The key elements of our strategy are as follows:

Our Company's growth strategies over the short and medium term are based on the following factors.

1. Strengthening the Product Portfolio

It is our Company's endeavour to constantly develop new products and finishes to capture our customers' requirements both within its traditional product framework as well as for new specialty fabrics.

While our Company has traditionally been dealing with the fashion market, off late however, our Company has also ventured into the work wear and protective wear market usually meant for institutional customers like the armed forces, aviation companies, fire departments, oil refineries, hospitals, the hospitality sector and the infrastructure industry.

In recent expansions, our Company has acquired technology inputs and capabilities to produce high quality and diversified fabrics and textile products. Over a period of time these should greatly contribute to developing and enhancing our Company's product diversification strategies.

2. Expanding Geographic Reach

About 40% of our Company's products are directly exported to about 70 countries across the world. A substantial portion of our Company's domestic sales are also made to Indian garment exporters and converters, who, in turn, supply to major international labels and brands.

Whereas the US does remain a major market of our Company's exports, our Company has, over a period of time, explored opportunities in other international markets: both for growth as well as to de-risk itself from an over-dependence on a single export market. Apart from the US (where our Company sells about 25% - 30% of its exports), our Company also sells in about 70 countries spread across North and Latin America, Europe, Africa, UAE and Asian countries like Bangladesh, Sri Lanka, *etc*.

Our Company will continue exploring opportunities in various countries where it can supply value added textile products to enhance its geographic reach. This will be a strategy that our Company will adopt in the near and middle term.

The domestic market also offers opportunities in term of sub-geographic penetration and product/market diversification. Our company will seek to grow its marketing reach domestically to explore hither to untapped markets and segments as part of its strategy to mitigate market risk and widen growth prospects.

3. Become a 'Nominated Supplier' to Global Customers

Over the recent past, a trend that is emerging is that of large global customers looking at increasing the efficiency of their supply chain by consolidating their vendors and relying on large vendors who would have the capability to service large volume orders on time and within stringent quality parameters. Our Company, with its capacities in design and manufacturing and with quality control practices, makes such sourcing cost effective and efficient for its customers.

Therefore, as part of its growth strategy, our Company is making conscious efforts to move up the value chain with its customers and become a 'nominated supplier' to some of the global brands. This would also have the additional advantage of being able to procure large ticket orders from such customers.

4. Inorganic Growth Opportunities

Textile capacities in the developed economies are shrinking, mainly due to high production and labour costs. These entities, however, offer synergies in terms of the product range, marketing network and technology knowledge. In India, too, the industry is gradually seeing a trend of consolidation, where large players with their scale of operations, market reach, reputation for quality and on-time delivery, are taking centre-stage, especially for exports.

Our Company recognises that inorganic growth opportunities would be a 'growth and value driver' in its future strategic plans. To that effect, our Company *via* its wholly owned Subsidiary, Alok Industries International Limited, has acquired 79.62% stake in Mileta a.s. in Horice, Czech Republic, a leading vertical textile manufacturing company with weaving, administration and processing facilities in the Czech Republic. We have benefitted from this acquisition on account of Mileta's technology skills in yarn dyed fabrics and hemming. The Mileta range of products includes amongst others, handkerchiefs, high quality shirting, batistes and voiles, as well as a complete line of functional table linen and bed linen. Through the acquisition of Mileta a.s., our Company has also acquired brands such as Mileta, Erba, Cottonova, Lord Nelson, Wall Street *etc*. as well as gained access to Mileta's marketing network in Europe, Russia and Africa. Our Company shall, in the future, explore such inorganic growth opportunities wherever they are synergistic and cost-effective.

5. Expansion of our cash and carry business through our Subsidiary

Our Company, on October 12, 2009, incorporated a wholly-owned Subsidiary, Alok H & A Limited, to carry on the cash and carry business. In this regard, we had, by way of a business transfer agreement dated December 16, 2009 between Alok Retail (India) Limited and Alok H & A Limited, transferred as a going concern, the business of wholesaling, distributing, franchising and cash and carry business of Alok Retail (India) Limited to Alok H & A Limited for a lump sum consideration of Rs. 360 million.

Our Company has invested Rs. 360.5 million in Alok H & A Limited as on December 31, 2009. Further, pursuant to a subscription agreement and shareholders' agreement each dated January 28, 2010 between Asiabridge Fund I, LLC, our Company and Alok H & A Limited, our Company and Asiabridge Fund I, LLC have agreed to subscribe to 5,500,000 fully compulsorily convertible debentures and 4,500,000 fully compulsorily convertible debentures respectively, aggregating to Rs. 1,000 million.

In order to facilitate our cash and carry business, Alok H & A Limited has entered into various dealership agreements on an exclusive basis with dealers for the sale of various garments, home textiles, accessories *etc.* The products sold by these dealerships shall be under our brand name 'H & A' or our other brand names including *inter alia* Cotton Island, Editions *etc*. Currently, we have 154 dealerships in India.

6. Become an Employer of Choice

We place particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our global strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent on a global basis through the right mix of recruitment and retention strategies.

Divisions

Our Company has broadly organized its divisions into following categories.

1. Apparel Fabrics

Our Company has considerably scaled up its weaving, knitting, knit processing and apparel width processing facilities at Silvassa and Vapi towards achieving its objective of being a global textile player.

Our Company offers a range of tailor made services to garment exporters and domestic garment manufacturers, wholesalers, traders and retailers both directly and through distribution networks. These services include design development, weaving, knitting and finishing as per specifications. Due to our adherence to quality, control and delivery parameters, we believe our Company has emerged as one of the preferred partners for sourcing of textile merchandise.

2. Home Textiles

In 2003, our Company ventured into home textiles for the manufacturing of bed sheets, fitted sheets, pillow covers, quilt covers and duvet covers primarily for exports. Our Company has installed modern wider width air jet / rapier shuttle less weaving looms at Silvassa, state of the art continuous wide width processing plants at Vapi and yarn dyeing facilities. Our Company has also set up made-up stitching units at Silvassa and Vapi.

Our Company has tied up with AISLE 5, LLC a New York based company to manufacture and distribute bathing, sleeping, dining and home décor textile products. Such products include sheets, pillow cases, blankets, duvets, robes, bathmats, towels, table linens and decorative pillows to be distributed to supermarket retail stores in the United States and Canada.

Looking to the future high growth areas, especially in value added bed linen and home textile products, our Company has set-up a terry towel unit to further capitalize on this emerging opportunity.

3. *Cotton Yarn*

With the expansion of our apparel fabrics and home textile divisions, our Company's requirement of cotton yarn has increased considerably. In order to avoid total dependence on the market for cotton yarn, our Company commenced its own spinning facilities in 2005-06. Today, our company is amongst the largest cotton yarn manufacturer in the country with 300,096 spindles installed and operational at Silvassa.

4. *Texturising*

Our Company commenced its polyester yarn manufacturing operations in February 1989 by setting up a texturising division with an installed capacity of 511 tpa at Silvassa. Over the years the capacity of the texturising division has been expanded considerably and currently is about 114,000 tpa with 92 machines installed.

5. *POY*

The basic raw material for texturising is partially oriented yarn (POY). Our Company as a backward integration measure has set up a POY capacity of 54,000 tpa in November 2006. It is further enhancing its POY capacity mainly for the following reasons:

a) To source speciality yarn like micro filament yarn for manufacturing of micro roto texturised yarn, which fetches better margins.

b) Texturising is a low margin and volume driven business. With backward integration, our Company will be able to reduce the cost of raw material and thus improve its margin.

As an initiative of backward integration in POY, our Company has set up a continuous polymerization unit at Silvassa with an installed capacity of 182,500 tpa. This has helped our Company to reduce the lead time for procuring raw materials resulting in lower raw material cost.

6. *Garments*

Our Company started garment stitching by setting up a unit of 100 stitching machines at Navi Mumbai, in November 2002 for manufacturing Woven and knitted garments with an eye on the export market. Our Company's integrated manufacturing facilities distinguish us from an independent garment manufacturer. Our Company has since expanded garmenting capacities by setting up a new unit at Silvassa.

Facilities

Our Company's main operations are located in India and its principal facilities include twelve manufacturing plants across three locations in India including Navi Mumbai, Silvassa and Vapi.

No.	Unit	Leasehold/ Freehold
1.	Hemming Unit at Village Rakholi, Silvassa	Freehold
2.	Weaving, Knitting and Texturising Unit at Village Rakholi and Saily, Silvassa:	Freehold
3.	Garment Unit at Village Saily, Silvassa,	Freehold
4.	Weaving Unit at Village Dadra, Silvassa	Freehold
5.	Spinning Unit at Village Silvassa	Freehold
6.	Balitha Unit Processing I	Freehold
7.	Balitha Unit Processing II	Freehold
8.	Terry Towel Unit	Freehold
9.	Bhiwandi Factory	Freehold
10.	Process House at Navi Mumbai	Leasehold

Capacity

The table below sets out our installed capacity as of December 31, 2009:

Division	Units	Capacities as on December 31, 2009	Capacities under implementation	Post Expansion Capacities
SPINNING	Tons (Spindles)	58,500 (300,096)	17,960 (111,744)	76,460 (411,840)
HOME TEXTILES				
Processing	mn. Mtrs	82.50	-	82.50
Weaving	mn. Mtrs	68.00	-	68.00
Terry Towels	Tons	6,700	-	6,700
APPAREL FABRICS				
Processing Woven	mn. Mtrs	105.0	16.80	121.8
Weaving	mn. Mtrs	93.00	-	93.0
Knits	Tons	18,200	-	18,200
GARMENTS	mn. Pcs.	22.0	-	22.0
POLYESTER YARN	Tons (Machines)	114,000 (92)	56,000 (48)	170,000 (140)
POY	Tons	182,500	146,000	328,500
FDY	Tons	-	65,700	65,700

Raw materials

The raw material requirements of the various divisions of our Company are given below:

Particulars	Production capacity		Conversion Factor	Raw material required		
	Unit	**Quantity**		**Raw material type**	**Unit**	**Quantity**
Spinning	Tons	58,500	1.4:1	Fiber	Tons	81,900.00
Home Textiles:						
Weaving	Mn. Mtrs.	68.00	2.50 kgs = 1mtrs	Yarn	Tons	27,200.00
Wider Width Processing	Mn. Mtrs.	82.50	1:1	Grey Fabric	Mn. Mtrs.	82.50
Made ups	Mn. Pcs.	13.75	6 mtrs = 1 Pcs	Finished fabrics	Mn. Mtrs.	82.50
Terry Towel:						
Terry weaving	Tons	6,700	1.05:1	Yarn	Tons	7,011
Terry Towel Processing	Tons	6,700	1.03:1	Grey Terry Fabric	Tons	6,871
Terry Towel Making up	Tons	6,700	1:1	Finished Terry Fabric	Tons	6,700
Apparel Fabrics:						
Weaving	Mn. Mtrs.	93.00	4 kgs = 1 mtrs	Yarn	Tons	23,250.00
Woven Processing	Mn. Mtrs.	105.00	1:1	Grey Fabric	Mn. Mtrs.	105.00
Knitting	Tons	18,200	1:1	Yarn	Tons	18,200
Knit Processing	Tons	18,200	1:1	Grey Knit Fabric	Tons	18,200
Yarn Dyeing	Tons	3,000	1.21:1	Grey Yarn	Tons	3,618
Garments	Mn. Pcs.	22.00		Finished Woven Fabrics	Mn. Mtrs.	27.50
				Finished Knit Fabrics	Tons	10,500
Polyester Yarn:						
Texturising	Tons	114,000	1:1.06	POY	Tons	107,547
POY	Tons	182,500	1:1	MEG/PTA	Tons	182,500

Spinning

The main raw material for the spinning unit is raw cotton, which is available indigenously. Our Company has forged relationships with large raw material stockists in India. The complete cotton requirement is covered by procuring cotton from traders and ginners during the cotton season. Our Company has also entered into contracts with farmers for the supply of organic and fair trade cotton.

Weaving

The main raw material for the weaving unit is cotton, viscose, polyester and rayon yarns of various counts, which are available indigenously. Our Company procures its yarn from various manufacturers or their agents in India besides importing certain specialty counts. Our Company also procures polyester and viscose staple fibers for manufacturing blended yarns. The staple fiber is available indigenously from well known suppliers.

In addition to yarn, our Company also purchases fabrics in bulk quantities from other organized mills and the power loom sector to meet its requirement.

Knitting

The raw material required for manufacturing knitted fabrics is mostly cotton yarn of 20s, 30s, 34s and 40s count and 80 /150 Denier texturised yarn in case of polyester. The requirement is based on the product mix and prevailing fashion. Our Company has contracts with major yarn manufacturers and suppliers besides its own production for the supply of cotton yarn. The polyester yarn is procured from our own texturised yarn division

Processing

The basic raw material required for processing of fabrics is dyes and chemicals, which comprises of caustic soda, colour dyes, hydrogen peroxide and detergents, all of which are available indigenously from various manufacturers and suppliers. The requirement of dyes depends on the type of printing and dyeing shades. Looking to the growing concern over the use of carcinogenic dyes in processing, our Company ensures that all the dyes and chemicals used in processing are eco-friendly. Our Company is presently procuring dyes and chemicals either directly from manufacturers or through their distributors and agents.

Made Up & Garments

The basic raw material requirement for our made-up and garment unit is fabrics. Our Company primarily uses its own fabrics, but also at times outsources from domestic suppliers as and when required.

POY / PTY

The basic raw material required for manufacturing POY is a polyester chip, which is available indigenously. Our Company procures chips from established domestic suppliers. Upon the commissioning of our continuous polymerization plant our Company would use PTA / MEG as the basic raw material for production of POY. In house capacity of POY will be the raw material for the texturising unit.

Utilities

The existing utilities for the various divisions of our Company are tabulated below:

Division	Maximum Power	Water	Air conditioning	Compressed air
Spinning - Silvassa	31.50 MW	3,900 KL per day	-	3,800 CFM
Weaving - Silvassa	11.88 MW	3,425 KL per day	-	34,000 CFM
Weaving - Dadra	0.27 MW	100 KL per day	-	-
Weaving - Bhiwandi	0.31 MW	10 KL per day	-	40 CFM
Knitting - Silvassa	0.57 MW	100 KL per day	-	2,000 CFM
Process House – Vapi I (Home Textiles)	2.60 MW	5,110 KL per day	66 TR	800 CFM

Division	Maximum Power	Water	Air conditioning	Compressed air
Process House – Vapi II (Apparel Fabrics) (Knit Fabrics) (Yarn Dyeing)	1.99 MW	3,900 KL per day	-	700 CFM
Process House – Pawane, Navi Mumbai	1.14 MW	2,400 KL per day	-	500 CFM
Terry Towel plant - Vapi	7.12 MW	3,840 KL per day	-	6,632 CFM
CP & POY - Silvassa	9.5 MW	675 KL per day	1,000 TR	3,000 CFM @ 7-8 kg/cm2 6,000 CFM @ 3.5 kg/cm2 2,000 CFM @ 1.0 kg/cm2
Texturising - Silvassa	9.5 MW	500 KL per day	-	From centralized compressor installation for weaving, knitting, POY & Texturising
Embroidery – Mahape, Navi Mumbai	0.29 MW		-	200 CFM
Embroidery - Silvassa	1.38 MW	20 KL per day	481 TR	602 CFM
Made ups and Garment - Silvassa	1.19 MW	400 KL per day	-	200 CFM
Made ups - Vapi	0.13 MW	15 KL per day	-	-
Garment - Turbhe, Navi Mumbai	0.48 MW		-	14 CFM
Alok Apparels - Silvassa	0.29 MW	163 KL per day	-	170 CFM
Hemming - Silvassa	0.07 MW			

Material Subsidiaries and Joint Ventures and their businesses

Our Company through its Subsidiaries and Associates is engaged in the business of domestic cash and carry business and international retail. Our Company also has interests in realty through its Subsidiaries. A summary of the investments made by our Company in our Subsidiaries and Joint Ventures is as follows:

(Rs. in million)

Sr. No.	Particulars	Total Investment* September 30, 2009	Total Investment* March 31 ,2009
1	Alok Industries International Limited	1874.65**	3,681.2
2	Alok Infrastructure Limited	0.50	0.50
3	Alok Land Holdings Private Limited	5.0	5.0
4	Alok Apparels Private Limited	100.0	100.0
5	Alok Retail (India) Limited	0.50	0.50
6	Aurangabad Textiles & Apparels Park Limited	155.0	155.0
7	New City of Bombay Manufacturing Limited	715.0	715.0
8	Alok Inc.	0.45	0.45
9	Grabal Alok Impex Limited	39.90	39.90
	Total	**2891.00**	**4697.55**

** Includes equity share capital, preference shares and share application money*
*** On account of refund of share application money / redemption of preference shares*

International Retailing

In its bid to establish an international presence, our Company through a 100% subsidiary Alok Industries International Limited (AIIL) acquired a substantial stake (41.72%) in Grabal Alok (UK) Limited (formerly known as Hamsard 2353 limited). As of September 30, 2009, our Company has invested Rs. 1,874.65 million in Alok Industries International Limited (Rs. 1,872.48 million through preference shares and Rs. 2.17 million through equity shares). As of September 30, 2009, AIIL has, in turn, invested, Rs. 3331.55 million in Grabal Alok (UK) Limited, Rs. 373.8 million in Mileta a.s. and Rs. 357.5 million in Grabal Alok International Limited and others respectively through combination of equity and debt.

As on December 31, 2009, Grabal Alok (UK) Limited has 215 retail stores under the brand name "Store Twenty One" and 'QS', around Scotland, England & Wales in the UK vending value for money ranges for mens wear, women wear, children wear, foot wear, home ware, accessories *etc*. The stores are now being repositioned to move from being a discount retailer to a value retailer and they are also setting up shop-in-shop in tandem with large format stores in order to widen their reach.

Realty

Our subsidiary, Alok Infrastructure Limited is engaged in the business of purchasing and taking on lease or exchange, build, develop, maintain, cultivate, sale, exchange and deal with moveable and immovable properties, construction buildings *etc*.

As on September 30, 2009, our Company has invested Rs. 0.5 million as equity share capital in Alok Infrastructure Limited.

Alok Infrastructure Limited has invested Rs. 1,940.8 million in Alok Realtors Private Limited (its 100% subsidiary) and Rs. 679.35 million in Ashford Infotech Private Limited (50% stake with the other 50% being held by the Ashford group) as on September 30, 2009. These investments were funded out of our Company's investment as well as debt and internal accruals of Alok Infrastructure Limited. Alok Realtors Private Limited has acquired 641,589 sq. ft. of commercial office premises in Peninsula Business Park, Lower Parel, Mumbai for Rs. 12,250.00 million (including Rs. 7,000 million by way of debt and Rs. 5,250 million by way of equity) (Rs. 11,000.00 million acquisition cost and Rs. 1,250.00 million as preliminary and pre-operative expenses). As on date, Alok Realtors Private Limited has paid an amount of Rs. 6,800.00 million (Rs. 6,250.0 million towards acquisition cost and Rs. 550.00 million as stamp duty). The construction of the same is at advance stage and the project is expected to be completed by December 2010.

Ashford Infotech Private Limited has acquired 7 acres of land at Nahur, Mumbai where it proposes to develop a residential complex with a saleable area of about 1.10 million sq. ft. by way of a joint venture with the Ashford Group. The total project is estimated to be about Rs. 4,500.00 million and the project is expected to be completed by March 2012.

As on December 31, 2009, Alok Infrastructure Limited has acquired 100% of the equity shareholding of both Kesham Developers and Infotech Private Limited and Springdale Information and Technologies Private Limited, thereby acquiring eight floors of Ashford Centre, a commercial premises in Lower Parel for Rs. 1,245.00 million for the purposes of setting up an office for our Company and / or its Subsidiaries and / or its Associates.

Except as stated above, we are not proposing to undertake any further real estate projects and are currently in the process of selling these properties / stake in the aforesaid companies and realize our company's investments.

Sales and marketing

We have established marketing offices at Mumbai, Bangalore, Chennai, Delhi, Sri Lanka, Bangladesh, Czech Republic, UK and USA (New York and Dallas). Our Company's customer profile for apparel fabric and home textiles include garment exporters in India and converter countries, export and international buying houses, overseas brands, retailers and importers, domestic wholesalers and traders. Our polyester yarn is sold through a network of domestic agents as well as exported to Latin American countries.

The distribution channels used by our Company for the marketing of its products are set out below:

Products / Market Segments	Distribution Channel
Home Textiles –Direct exports	Alok → International Buying Houses/ Retailers/ Overseas Manufacturer
Apparel fabrics (Woven & Knits) for Garment Exporters- Domestic and overseas	Alok → Domestic / Overseas Garment Manufacturer / Exporters / International Buying Houses/ Retailers

	Alok → Institutional Buyers (Work Wears, Defence, Hospitals, Oil Refineries etc.)
Apparel Fabrics (Woven & Knits)-Domestic Market	Alok → Marketing Agents / Wholesalers/ Trader → Small Garment Manufacturer / Retailer.
Garments- Direct Exports	Alok → International Buying Houses/ Retailers
Polyester Yarn – Domestic Market / Exports	Alok → Marketing Agents → Powerloom Weavers

Competition

Our Company due to our varied product lines cannot be directly compared with any particular company. However, within each of the product segment, our Company faces competition from the various players as given below:

Segment	Competitors
Cotton Yarn	Rajasthan Spinning, Vardhaman Spinning, Nahar Spinning, *etc*.
Texturised Yarn	Bhilosa Synthetics Limited, Welspun Polyester Limited, Reliance Industries Limited, Indo-Rama, JBF, *etc*.
Apparel Fabrics – Wovens	Vardhaman Textiles, Century Textiles & Industries Limited, Nahar Industrial Enterprises Limited, Arvind Limited., JCT Limited and un-organized power loom sector, *etc*.
Apparel Fabrics – Knits	Krishna Lifestyle Technologies Limited, Pratibha Syntex Limited, New Fab, Maral Industries, Chiripal Industries Limited and various Tirupur based manufacturers.
Garments (Knits and woven)	Garment exporters like Bombay Rayon Fashions Limited, Sonal Garments, Creative Garments, Midas Touch Exports, Texport Garments, Richa & Co., Gokaldas & Co., and others.
Home Textiles (Bed Linen, *etc*)	Bombay Dyeing Mills Limited, Welspun India, GHCL, Indo-Count, Creative Mombus Fabrics Limited, Orient Craft Limited, and un-organized players.

Corporate Social Responsibility

Philosophy

Our Company understands the importance of building and sustaining prosperity without depleting and despoiling nature. Our Company believes in 'growing smart', through investing in process innovations that lead to increased efficiency in the use of materials. It has committed resources in aligning new, clean technology with production in order to produce textiles without damaging or diminishing the natural environment.

Our Company believes that environment and economics do not necessarily need to be in conflict. Investing more in renewable energies and technologies that combat pollution, foster growth and protection are not just socially responsible behaviour, they make sound economic sense, especially in the long run. Therefore, as a philosophy, the Company has a strong bias for active measures that help in the protection of the environment — going beyond the levels demanded by regulatory processes and guidelines.

Our Company's Corporate Social Responsibility (CSR) agenda reflects its social conscience and commitments to the community and society at large. Its CSR activities can be broadly grouped as under.

Community Development

Our Company looks to adopt measures that help to raise the quality of life in the communities where it operates. Our Company partners with government bodies, local administration, and village panchayats to the benefit the residents of the rural areas and tribal belt of Dadra & Nagar Haveli. Our Company employs tribal women for operating looms and stitching machines after due orientation through intensive training, thereby providing them sustained livelihood.

Education

Our Company's community-based development project called Early Learning Centre to help educate the community's children is one such initiative nearing completion at Silvassa. Our Company also helps in refurbishing and supporting poor schools in its area of operations. Our Company is also now proposing to set-up a school in Silvassa under the Central Board of Secondary Education (CBSE) curriculum.

Charitable Hospital and Medical Care

Our Company has been invited to partner the government in taking over a 50 bed primary health centre-cum-hospital in Dadra & Nagar Haveli. The health centre delivers healthcare services to an estimated one million patients annually.

Other Activities

Our Company actively participates in periodic blood donation camps and is in the forefront to offer help to the local administration in the event of floods and other natural calamities.

Creating a Sustainable Environment

The Company's manufacturing plants are energy efficient, environmentally friendly and rated for their sustainable designs. Our Company has installed best in class effluent treatment systems in order to minimise any pollution impact that may take place during its manufacturing process.

The plants at Silvassa fall under the restricted zone and do not involve any process with toxic effluents. The main effluent is domestic in nature and hence the treatment consists of filtration through sand beds in a sewage tank prior to disposal in village stream.

The Vapi processing plant has an advanced effluent treatment plant (ETP) with primary, secondary and tertiary treatment facilities. The effluent generated from the process house due to various processing activities is finally treated in the ETP to make treated wastewater suitable for disposal in the sea. This treated waste water has no suspended solids and our Company discharges the same into the estuary of Kolak River through a 9 km. long pipeline.

The Navi Mumbai process plant also has a fairly modern ETP for treatment of effluents discharged by the processing activities. The primary treatment of effluents is conducted in the ETP and discharged into the Common Effluent Treatment Plant co-sponsored by the World Health Organization (WHO).

Water Treatment & Conservation

Our Company is keenly aware of its responsibilities as a corporate citizen, especially when it comes to the responsible usage of water and water treatment. A number of processes ensure that the discharge of water at the plants do not have any trace of suspended solids, after which it is pumped through nine kilometres of pipeline from the plant area into deep sea waters. The Company has also installed reverse osmosis (RO) plants at its manufacturing sites, thus ensuring the optimum level of water recycling. Moreover, active measures are undertaken for rain water harvesting and recharging of ground water, thereby creating a sustainable and renewable environmental resource. The organisation is also actively involved in transforming brown fields in the plant vicinity into green zones, which, in turn, help in recharging the ground water system.

Energy Conservation

In our Company's plants, exhaust fans are driven by wind-power and the Company has actively used solar energy to provide lighting solutions.

Export obligation

Our Company has imported a major quantum of capital goods under the EPCG scheme. Under the scheme, the imports are allowed at a concessional rate of duty which is to be off-set through export of finished product to the extent of five times of the value of the duty saved within a period of eight years from the date of imports. Failure to achieve this export obligation entails payment of the duty saved amount alongwith interest at the specified rates.

Human resources

As at December 31, 2009, our Company had over 13,200 employees on its roll and over 5,800 on contract labour basis. In addition to salary and allowances, we provide benefits to our employees, such as medical reimbursement, housing or rent assistance, educational loans, health-care and retirement benefits depending upon the position of the employee.

Insurance

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with industry standards in the countries in which we operate.

Quality Assurance

Our Company has been successful in developing and maintaining a very healthy customer base, which include some of the global textile brands. This has been made possible by incorporating well defined quality systems in our working. We have an established, strong Quality Assurance (QA) department, which oversees the quality of processes followed in the plants as well as the quality of work-in-progress. Our Quality Control (QC) department inspects all the incoming materials and also the final product for adherence to all laid down specifications. Close co-ordination between these two departments and their interaction with manufacturing ensures a steady supply of high quality output from our plants. All quality related parameters are captured live through the Quality module in SAP at all our plants.

In recognition of our quality standards, we have certified our products for:

1. OEKO TEX Product I (certification for use of materials, not harmful for human beings)
2. GOTS/OE (Global Organic Textile System : Certification for use of organic cotton)
3. ECO CERT certification (Certification for use of Eco friendly materials)
4. KRAV (Certification for use of Organic & Fair Trade cotton)
5. SWAN certification – a Nordic eco-labelling certification

Apart from the above, our Company's products have been certified for "EU Flower" (Certification required for some EU countries for non-utilisation of harmful substances).

Other than the above product certifications, our manufacturing plants have also been certified for Business Social Compliance Initiative (BSCI) registration and Fair Trade.

All our facilities are currently certified under ISO 9000 from International Organisation of Standards for our Systems standardisation, IMS (Integrated Management System), a consolidated certification for ISO 9001:2000, (upgraded standardisation certification), QMS (Quality Management System), ISO 14001:2004 (upgraded certification of standards including testing laboratories), OHSAS 18001:2007 for Operational Health & Safety Assessment System and SA 8000:2008 for Social Accountability.

BOARD OF DIRECTORS AND MANAGEMENT

As per our Articles of Association, we are required to have 12 directors on our Board of Directors. Our Articles of Association permit certain investors to appoint one or more directors to our Board of Directors while any amount due is outstanding to them. Further, our Board of Directors may appoint any person as an additional director, but such additional director shall hold office only up to the date of the next Annual General Meeting unless appointed by our shareholders. Our Articles of Association allow the Board of Directors to appoint an alternate director to act as a director during his or her absence for a period of not less than three months from the State in which Board meetings are ordinarily held.

Pursuant to the Companies Act, not less than two-thirds of the total number of our directors shall be persons whose period of office is subject to retirement by rotation and one-third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every Annual General Meeting. The directors to retire are those who have longest held their office since their last appointment. A retiring director is eligible for re-election. Our directors are not required to hold any qualification shares.

The following table sets forth details regarding the Board of Directors as at the date of this Placement Document:

Sr. No.	Name, Address, Designation, Occupation and Term	DIN	Nationality	Age
1.	Mr. Ashok B. Jiwrajka (s/o Mr. Bhagirathmal Jiwrajka) Flat No. 301, Krisnakunj, 3rd floor, Plot No. FP-170, Shivaji Park, Road No. 5, Mahim, Mumbai – 400 016 Designation: Executive Chairman Occupation: Industrialist Term: 5 years with effect from March 10, 2008	00168350	Indian	59 years
2.	Mr. Dilip B. Jiwrajka (s/o Mr. Bhagirathmal Jiwrajka) Flat No. 6, 6th Floor, Bay View, Khan A. G Road, Worli Sea Face, Worli, Mumbai - 400 025. Designation: Managing Director Occupation: Industrialist Term: 5 years with effect from March 10, 2008	00173476	Indian	53 years
3.	Mr. Surendra B. Jiwrajka (s/o Mr. Bhagirathmal Jiwrajka) 901, Palm Beach, Pochkhanwala Road, Worli, Mumbai 400 018 Designation: Joint Managing Director Occupation: Industrialist	00173525	Indian	51 years

Sr. No.	Name, Address, Designation, Occupation and Term	DIN	Nationality	Age
	Term: 5 years with effect from March 10, 2008			
4.	Mr. Chandrakumar Bubna (S/ o Mr. Govindram Bubna) 124/5, Krishna Kunj, Sainik Farm, Central Avenue, New Delhi – 100 062 Designation: Executive Director Occupation: Industrialist Term: 5 years with effect from May 1, 2009	00611031	Indian	56 years
5.	Mr. Ashok G. Rajani (S/o Mr. Giridardas Rajani) 101/102, Red Rose Apts, Pochkhanwala Rd, Mumbai 400 018. Designation: Independent Director Occupation: Industrialist Term: Liable to retire by rotation.	00267748	Indian	60 years
6.	Mr. K. R. Modi (S/o Mr. Ratanchand Modi), 901, Pushpanjali, Prabhadevi, Mumbai – 400 025 Designation: Independent Director Occupation: Advocate and Solicitor Term: Liable to retire by rotation.	00261506	Indian	67 years
7.	Mr. K. D. Hodavdekar (S/o Mr. D.B.Hodavdekar) A-163, Twin Tower, Prabhadevi, Mumbai – 400 025 Designation: Independent Director (Nominee of IDBI) Occupation: Chief General Manager Term: As decided by IDBI	00406556	Indian	58 years
8.	Mr. Timothy Ingram (s/o Mr. Stanley Charles Ingram) 30, Buckingham Gate, London SW1E 6NN	01430613	British	61 years

Sr. No.	Name, Address, Designation, Occupation and Term	DIN	Nationality	Age
	England Designation: Non-Executive Director (Nominee director of Caledonia Investments plc) Occupation: CEO of Caledonia Investments plc Term: As decided by Caledonia Investments plc			
9.	Mr. Rakesh Kapoor (s/o Mr. Vishwanath Kapoor) Plot No B: - 21, Flat No:- 104, IFCI Colony, Ramprashtra, Ghaziabad. Designation: Independent Director (Nominee Director of IFCI) Occupation: Chief General Manager Term: As decided by IFCI	00015358	Indian	54 years
10.	Mr. A. B. Dasgupta (s/o Late Sailesh Chandra Gupta Dasgupta) C. L. 92 Salt Lake, Sector II, Kolkatta – 700091 Designation: Independent Director (Nominee Director of IDBI) Occupation: Retd. Term: As decided by IDBI	02476594	Indian	69 years
11.	Mr. David Rasquinha (s/o Albert Ignatius Late Rasquinha) 902, Wallace Apartments 1, Slater Road, Grand Road (West), Mumbai – 400 007 Designation: Independent Director (Nominee Director of EXIM Bank) Occupation: Chief General Manager Term: As decided by EXIM Bank	01172654	Indian	48 years
12.	Mrs. Thankom T. Mathew	00025326	Indian	56 years

Sr. No.	Name, Address, Designation, Occupation and Term	DIN	Nationality	Age
	(wife of Thomas Mathew) A – 1, Jeevan Jyot, Setalwad Lane, Nepeansea Road, Mumbai – 400 036 Designation: Independent Director (Nominee Director of Life Insurance Corporation of India) Occupation: Executive Director (New Projects / CPIO) Term: As decided by Life Insurance Corporation of India			

Relationships between our Directors

None of the Directors are related to each other, except Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka, who are brothers.

Brief Biography of our Directors

Mr. Ashok B. Jiwrajka is the Executive Chairman of the Company. He completed his schooling and college from Mumbai. Immediately after his graduation, he joined the family partnership firm and incorporated our Company in 1986. Mr. Jiwrajka has over three decades of experience in textiles. His functions as the Executive Chairman include envisioning our Company's strategic initiatives and overseeing the home textiles business.

Mr. Dilip Jiwrajka is the Managing Director of our Company. He completed his schooling and college from Mumbai. Subsequently, he completed his post-graduation in business entrepreneurship and management. He began his career as a management trainee and thereafter he started the business of trading in textiles as sole selling agent for Bombay Dyeing for the Readymade Garment Sector. Starting with a partnership firm, he incorporated Alok Industries Limited in 1986. His functions as the Managing Director include envisioning our Company's growth strategy, responsibility for the apparel fabric and garment divisions and overseeing the finance, administration and overall working of our Company and its group companies.

Mr. Surendra Jiwrajka is the Joint Managing Director of our Company. He completed his schooling and college from Mumbai. Immediately after his graduation, he joined the family partnership firm and incorporated Alok Industries Limited in 1986. Mr. Jiwrajka has over two decades of experience in Textiles. His functions as the joint managing director include envisioning our Company’s growth strategy, overseeing the manufacturing, marketing functions of the polyester and spinning businesses and project implementation of our Company.

Mr. Chandra Kumar Bubna is the executive director of our Company. He is commerce graduate and associated with the textile industry in the field of marketing for more than two decades. He manages our Company’s marketing operations for the northern region and is also actively involved in planning and executing our Company's marketing strategies.

Mr. Ashok G. Rajani is a B.Com Graduate. He is the Founder Chairman of the M/s Midas Touch Group and Midas Touch Apparel Private Limited, an Indian garment exporting company. He is experienced in the field of garment manufacturing and exports and is associated with various garment and textile organizations. He was the Chairman of the Export Promotion Committee of the Apparel Export Promotion Council and is a member on its Executive Committee. He was the President of The Clothing Manufacturers Association of India and has also been on the Board of Governors of the National Institute of Fashion Technology.

Mr. K. R. Modi is an Advocate and Solicitor by profession with over 40 years experience. His academic qualifications include a Bachelor Degree in Arts and Law. He is a Senior Partner with M/s. Kanga & Company, a firm of Advocates & Solicitors in Mumbai and is an independent director on our Board.

Mr. K. D. Hodavdekar has been nominated as a Director by IDBI Limited. He is a post graduate in Commerce. During his career in IDBI Bank Limited over three decades, he has assumed responsibilities in diverse areas of banking operations in Corporate Loan Appraisals, Project Lending and Credit Administration. He has headed major branch offices of IDBI Bank and was Zonal Manager of Western Region. Before taking over the present challenging task as Chief General Manager and Head of Resolutions, he has handled the amalgamation of erstwhile United Western Bank with IDBI Bank Limited as its Chief General Manager – in charge.

Mr. Timothy Ingram is the representative of Caledonia Investments plc. He completed his Masters in Arts in Economics from Cambridge University, an MBA from INSEAD Business School and is a Fellow of the Chartered Institute of Bankers. He was appointed as Chief Executive of Caledonia Investments plc in June 2002. Caledonia Investments is a FTSE-250 investment company taking large stakes in other businesses, both in the UK and internationally. He began his career in banking with Grindlays Bank (now part of ANZ Bank and Standard Chartered Bank subsequently) in 1969 and had his first CEO experience running a bank in the Congo (then called Zaire) in the mid 1970s. He was then put in charge of a number of banks in various parts of the world and in 1989 took charge of ANZ's corporate bank in Australia. He returned to the UK in 1991 to run First National Finance Corporation which was taken over by Abbey National in 1995. He joined the Abbey National Board in 1996 and left Abbey National in 2002, becoming CEO of Caledonia Investments.

Mr. Rakesh Kapoor has been nominated as a Director by IFCI Limited. He is a B.Sc. (Hons.) Chemistry, PGDM from AIMA and has completed a certificate course in International Marketing from IIFT. He has 10 years experience with the corporate sector in process, production control / project exports and has worked with IFCI in various capacities for 22 years. He is the Chief General Manager of IFCI and has handled business development, project appraisals, NPA resolutions, corporate debt restructuring *etc*. Presently he is on deputation with IFCI Factors Limited as Managing Director, a subsidiary of IFCI Limited which is into factoring business.

Mr. A. B. Dasgupta is a B.Com graduate (Calcutta University) and ICWA (Inter) and CAIIB. He joined State Bank of India as Probation Officer in the mid sixties and retired as General Manager (Commercial Banking) after 34 years of service w.e.f. January 1, 2001. As a General Manager (Commercial Banking), he controlled the entire range of strategic exposure of the Bank in an important circle, having a large number of critical industries and companies as clients in the sectors of steel, power, fertilizer, automobile and automobile ancillaries, textiles *etc*. The active responsibility areas included financial planning and quantitative control of growth implementations with its implied rationalistic decision making strategies. Earlier, for nearly 4 years he headed the Banking Operations and Audit department at SBI Corporate head quarters with concomitant manifestations as can be imagined in the largest bank of India. The responsibilities included overseeing of the external audit of SBI, involving about 500 audit firms, as well as ensuring compliance with various accounting standard and including that of RBI and BASEL norms.

Mr. David Rasquinha secured a first class degree in Economics from Bombay University and followed it up with a post graduate qualification in Business Management from the XLRI, Jamshedpur where he was awarded the Gold Medal in Economics. He is a qualified assessor for the CII – Exim Award for Business Excellence, a Total Quality Management award based on the TQM model of the European Foundation for Quality Management. He heads the Project & Trade Finance Group of the EXIM Bank, He joined EXIM Bank in 1985 and since then he has wide ranging exposure to the broad field of export credit, having worked in the areas of Treasury, Multilateral Agency Funded Projects, Planning & Research, Risk Management, Trade Finance and Project Finance. He was a member of an EXIM Bank team that conducted a feasibility study for setting up an export credit agency for the Gulf co-operation Council countries. He served as a member on the Working group set up by Reserve Bank of India for working capital finance to software units. From 1999 – 2004, he served as Resident Representative at the Bank's Washington DC Representative Office.

Mrs. Thankom T. Mathew has been nominated as a Director by Life Insurance Corporation of India. She has completed her M.SC. She is working in LIC an Executive Director (New Projects) / CPIO.

Borrowing Powers of Our Board of Directors

Pursuant to a resolution dated March 6, 2010, passed by the shareholders of our Company in accordance with the provisions of the Companies Act, our Board has been authorised to borrow sums of money for and on behalf of our

Company, provided that the money so borrowed (apart from temporary loans obtained from time to time by our Company in the ordinary course of business) shall not exceed Rs. 90,000 million.

Interest of our Directors

All of our directors may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of other remuneration and / or reimbursement of expenses payable to them. Our executive directors also may be deemed interested to the extent of remuneration paid to them for services rendered as our officers or employees.

All of our Directors may also be regarded as interested in any Equity Shares and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. All our Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees.

All of our directors may be deemed to be interested in the contracts, agreements and / or arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners. Additionally, Mr. K. R. Modi, being a partner of M/s. Kanga & Company, is also interested to the extent of benefits arising out of the charges payable by our Company to Kanga & Company for rendering legal services to our Company.

Except as otherwise stated in this Placement Document and our statutory registers, we have not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Placement Document in which any of our directors are interested directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements and / or arrangements which are proposed to be made with them. Our directors have not taken any loans from us.

Shareholding of Directors

The following table sets forth the shareholding of our Directors as on February 26, 2010.

Name	Number of Equity Shares	Shareholding Percentage
Mr. Ashok B. Jiwrajka	20,046,734	3.31%
Mr. Dilip B. Jiwrajka	20,283,103	3.35%
Mr. Surendra B. Jiwrajka	21,071,001	3.48%
Mr. Chandrakumar Bubna	3,07,255	0.05%
Mr. K R Modi	4,612	0.00%
Mr. Ashok Rajani	35,100	0.00%
Mr. Rakesh Kapoor	200	0.00%
Mr. David Rasquinha	2,000	0.00%
Total..	61,750,005	10.19%

Remuneration of our Executive Directors

The following table sets forth all compensation paid to our Executive Directors for the fiscal year ended March 31, 2009.

Name	Salary & Perquisites	Commission	All Other Allowances	Total
	(Rs. in million)			
Mr. Ashok B. Jiwrajka	18.00	12.50	---	30.50
Mr. Dilip B. Jiwrajka	18.00	12.50	---	30.50
Mr. Surendra B. Jiwrajka	18.00	12.50	---	30.50
Mr. Chandrakumar Bubna	18.00	12.50	---	30.50

Remuneration of our Non-Executive Directors

The non-executive Directors of our Company do not draw any remuneration from our Company, other than sitting fees of Rs. 20,000/- per meeting for attending a Board meeting or a meeting of a committee constituted by the Board of Directors. Further, no commission is payable / paid to the non - executive Directors out of the net profits of the Company.

Key management Personnel

Name	Designation	Date of Joining
Sunil O. Khandelwal	Chief Financial Officer	June 1, 1989
K.H. Gopal	President (Corporate Affairs) & Company Secretary	July 22, 1994
Rohit Seru	President – Marketing (Apparel Fabrics)	April 4, 2006
R Rajaram	President (Processing & systems)	November 1, 2007
Shaji Varghese	Head - Information Technology	March 17, 2005
S. S. Aich	Chief Executive Officer	January 3, 2009
R. B. Mahapatra	Vice President	August 1, 1994
Sapan K. Mukerjee	Chief Executive Officer – Spinning	January 19, 2006
Romi Agarwal	Chief Executive Officer – Garments	October 15, 2007
Sanjay Deora	Chief Executive Officer – Terry Towels	December 11, 2009

All the abovementioned key managerial personnel are permanent employees of our Company.

Corporate Governance

Our Company has complied with the provisions of the Listing Agreement in respect of corporate governance, especially with respect to broad basing of our Board of Directors and constituting committees. As on February 28, 2010, Alok's Board comprised of twelve Directors. The Board has four Executive Directors, of which the Executive Chairman, Managing Director and Joint Managing Director are also promoter Directors. In addition, the Board has seven non-executive independent Directors and one non- executive Director, including five Directors who are nominees of various financial institutions. The composition of the Board satisfies the conditions that SEBI has laid down in this regard. During the period April 1, 2009 to February 28, 2010, the Board of our Company met four times on April 29, 2009, July 29, 2009, October 29, 2009 and January 29, 2010. The maximum gap between any two Board meetings was less than four months.

There are five Board level committees in our Company, which have been constituted and function in accordance with the relevant provisions of the Act and the Listing Agreement. These are the (i) Audit Committee, (ii) Shareholders'/Investors' Grievances Committee; (iii) Remuneration Committee; (iv) Executive Committee; and (v) Rights Issue Committee. Brief particulars of each committee, its scope, and composition have been set out herein below.

(i) Audit Committee

Members

Name of Director	Category	Status
Mr. Ashok G. Rajani	Independent Director	Member
Mr. K. R. Modi	Independent Director	Member
Mr. Rakesh Kapoor	Independent Director	Chairman
Mr. Dilip B. Jiwrajka	Managing Director	Member

The Audit Committee is comprised of the above named Directors. All the members of our Audit Committee have accounting and financial management expertise. Our Audit Committee met 4 times during the course of April 2009 – February 2010 on April 29, 2009, July 29, 2009, October 29, 2009 and January 29, 2010.

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

Scope and terms of reference

The scope of the Audit Committee is defined under Clause 49 of the Listing Agreement and the provisions of the Act. The Audit Committee acts as a link between the management, the statutory, cost and internal auditors and the Board of Directors and oversees the financial reporting process.

(ii) Shareholders'/Investors' Grievances Committee

Members

Name of Director	Category	Status
Mr. Ashok G. Rajani	Independent Director	Chairman
Mr. Ashok B. Jiwrajka	Executive Chairman	Member
Mr. Dilip B. Jiwrajka	Managing Director	Member
Mr. Surendra B. Jiwrajka	Joint Managing Director	Member

The Shareholders' / Investors' Grievances Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends.

Scope and Terms of Reference

The Shareholders' / Investors' Grievances Committee was constituted in terms of the mandatory requirement of Clause 49 of the Listing Agreement to look into the redressal of grievances of investors like non-receipt of share certificates, non-receipt of balance sheet, non-receipt of dividend warrants *etc.*

(iii) Remuneration Committee

Members

Name of Director	Category	Status
Mr. Ashok G. Rajani	Independent Director	Chairman
Mr. Dilip B. Jiwrajka	Managing Director	Member

The Remuneration Committee determines our remuneration policies for managerial personnel under applicable regulations which include remuneration policies for executive Directors and their relatives who work in the Company, including any pension rights and compensation payments. The Remuneration Committee makes recommendations to our Board of Directors regarding remuneration payable to our Executive Directors.

(iv) Executive Committee

Our Board of Directors has delegated the authority to supervise and monitor the day-to-day activities of our Company to an Executive Committee. The Executive Committee comprises of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka.

(v) Rights Issue Committee

Our Board of Directors had constituted a Rights Issue Committee on October 27, 2008 for finalization of the terms and all other consequential conditions pertaining to the Rights Issue. The Committee comprises of Mr. Dilip B. Jiwrajka, Mr. Surendra B. Jiwrajka, Mr. K. R. Modi, Mr. K. D. Hodavdekar and Mr. Timothy Ingram.

PRINCIPAL SHAREHOLDERS

The following table contains information as of February 26, 2010 concerning the shareholding pattern of our Company:

Current shareholding pattern of the Company as on February 26, 2010

Category Code	Category of Shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	
(A)	**Shareholding of Promoter and Promoters Group**							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	8	64183016	63301989	10.60	10.60	59108792	92.09
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	8	158028155	157411055	26.09	26.09	143956662	91.10
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	**16**	**222211171**	**220713044**	**36.69**	**36.69**	**203065454**	**91.38**
2	Foreign							
(a)	Individuals (Non-Resident							
	Individuals/Foreign Individuals	4	695180	638180	0.11	0.11	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	**4**	**695180**	**638180**	**0.11**	**0.11**	**0.00**	**0.00**
	Total of Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**20**	**222906351**	**221351224**	**36.80**	**36.80**	**203065454**	**91.10**
(B)	**Public shareholding**						**NA**	**NA**
1	**Institutions**						**NA**	**NA**
(a)	Mutual Funds/UTI	11	28791755	28791555	4.75	4.75		
(b)	Financial Institutions/Banks	7	893650	893550	0.15	0.15		
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	2	14676181	14676181	2.42	2.42		
(e)	Insurance Companies	5	37169569	37169569	6.14	6.14		
(f)	Foreign Institutional Investors	34	140199841	140199841	23.15	23.15		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Any Other (Specify)	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	59	221730996	**221730696**	**36.61**	**36.61**		
2	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	1697	43101606	43085206	7.12	7.12		
(b)	Individuals- i. Individual shareholders holding nominal share-							

	capital up to Rs.1lakh	110762	67934065	67578844	11.22	11.22		
	ii. Individual shareholders holding nominal share-capital in excess of Rs.1 lakh	1137	39817597	39771597	6.57	6.57		
©	Any Other							
	i. Clearing Members	297	1926641	1926641	0.32	0.32		
	ii. Market Maker	135	1551185	1551185	0.26	0.26		
	iii.Non Resident Indians	1364	4688282	4664582	0.77	0.77		
	iv.Ovreseas Corporate Bodies	2	10000	10000	0.00	0.00		
	v.Trusts	5	23700	23700	0.00	0.00		
	vi. HUF	858	2007607	2007007	0.33	0.33		
	Sub-Total (B)(2)	**116257**	**161060683**	**160618762**	**26.59**	**26.59**		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**116316**	**382791679**	**382349458**	**63.20**	**63.20**	**NA**	**NA**
	Total (A)+(B)	**116336**	**605698030**	**603700682**	**100.00**	**100.00**		
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0	0.0	0.0	**NA**	**NA**
	GRAND TOTAL(A)+(B)+ (C)	**116336**	**605698030**	**603700682**	**100.0**	**100.0**		

(I)(b) **Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group'**

Sr no	**Name of the shareholder**	**Number of shares held**		**Shares pledged or otherwise encumbered**		
		Number	**As a % of grand total (A+B+C)**	**Number**	**As a percentage**	**As a % of grand total (A)+(B)+(C) of sub-clause 1(a)**
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)=(V)/(III)*100**	**(VII)**
1	Ashok B. Jiwrajka	20046734	3.31	17346734	86.53	2.86
2	Dilip B. Jiwrajka	20283103	3.35	18431873	90.87	3.04
3	Surendra B. Jiwrajka	21071001	3.48	21071001	100.00	3.48
4	Chandrakumar Bubna	307255	0.05	58600	19.07	0.01
5	Chandrakala A. Jiwrajka	482003	0.08	480466	99.68	0.08
6	Pramila D. Jiwrajka	1203423	0.20	1202193	99.90	0.20
7	Geeta S. Jiwrajka	415525	0.07	415525	100.00	0.07
8	Narbada B. Jiwrajka	373972	0.06	102400	27.38	0.02
9	Jayshree Jivrajka	319090	0.05	0	0.00	0.00
10	Vinod Jivrajka	319090	0.05	0	0.00	0.00
11	Santosh Jiwrajka	28500	0.00	0	0.00	0.00
12	Kiran Jiwrajka	28500	0.00	0	0.00	0.00
13	Nirvan Holdings Private Limited	11379501	1.88	11379501	100.00	1.88
14	Niraj Realtors & Shares Private Limited	59372184	9.80	56824584	95.71	9.38
15	Jiwrajka Investment Private Limited	7231991	1.19	7231891	100.00	1.19
16	Ashok Realtors Private Limited	957792	0.16	957792	100.00	0.16
17	Alok Knit Exports Limited	878226	1.45	8782268	100.00	1.45

		8				
18	Grabal Alok Impex Limited	17559382	2.90	17559382	100.00	2.90
19	Jiwrajka Associates Private Limited	34168567	5.64	23434774	68.59	3.87
20	Alok Finance Private Limited	18576470	3.07	17786470	95.75	2.94
	TOTAL	**222906351**	**36.80**	**203065454**	**91.10**	**33.53**

The following table contains information as of February 26, 2010 concerning each person in the public category, who beneficially owns 1% or more of our Equity Shares:

Sr no	Name of the shareholder	Number of shares	% to total paid up capital
1.	Caledonia Investments PLC (FDI)	45184354	7.46
2.	Caledonia Investments PLC	45064650	7.44
3.	Life Insurance Corporation of India	26384136	4.36
4.	Sloane Robinson LLP A/c. SR Global (Mauritius) Limited (Class B- Asia)	15821592	2.61
5.	IL&FS Trust Company Limited A/c IL&FS Private Equity Trust -Leverage India Fund	12602457	2.08
6.	CLSA (Mauritius) Limited	10063002	1.66
7.	Norges Bank A/c. Government Petroleum Fund	9542721	1.58
8.	Sundaram BNP Paribas Mutual Fund	8890732	1.47
TOTAL		**173553644**	28.65

ISSUE PROCEDURE

Set forth below is a brief summary intended to present a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of QIP Shares in the Issue. The procedure followed in the Issue may differ from the one mentioned below and prospective investors are assumed to have appraised themselves of such procedure from the Company or the Book Running Lead Managers. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. For further details, see the sections "Distribution and Solicitation Restrictions" and "Transfer Restrictions".

Summary of SEBI Regulations for a Qualified Institutional Placement

Under Chapter VIII of the SEBI Regulations, pursuant to which this Issue is being made, a listed company in India may issue equity shares, fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants or any other security (other than warrants), which are convertible into or exchangeable with equity shares at a later date in a qualified institutional placement to QIBs, as defined under sub-Regulation 2(1)(zd) of the SEBI Regulations, provided that:

- a special resolution approving the Issue has been passed by its shareholders
- equity shares of the same class of such company are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution; and
- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange.

At least 10% of the equity shares issued to QIBs must be allotted to mutual funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs. A QIB has been specifically defined under Regulation 2 (1)(zd) of the SEBI Regulations.

Investors are not allowed to withdraw their Bids after the closure of the Issue.

There is a minimum pricing requirement under the SEBI Regulations. The issue price of the equity shares shall not be less than the average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "relevant date" referred to above means the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of the company decides to open the issue and "stock exchange" means any of the recognized stock exchanges on which equity shares of the issuer are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within twelve months from the date of the shareholders' resolution approving the qualified institutional placement. The equity shares issued pursuant to the qualified institutional placement must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations. The placement document is a private document provided to not more than 49 investors through serially numbered copies and is required to be placed on the website of the concerned stock exchanges and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. A copy of the placement document is required to be filed with the SEBI for record purposes within 30 days of the allotment of the equity shares.

Pursuant to the provisions of Section 67 of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.

The minimum number of allottees for each qualified institutional placement shall not be less than:

- two, where the issue size is less than or equal to Rs. 2.5 billion; and
- five, where the issue size is greater than Rs. 2.5 billion.

No single allottee shall be allotted more than 50% of the issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee.

The aggregate of the proposed qualified institutional placement and all previous qualified institutional placements made in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year. The issuer shall furnish a copy of the Placement Document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a qualified institutional placement shall not be sold for a period of one year from the date of Allotment except on the floor of a recognized stock exchange.

A special resolution approving the qualified institutional placement has been passed by the shareholders of the Company through postal ballot on March 6, 2010.

On March 17, 2010, the Company received the in-principle approval of the Stock Exchanges under Clause 24(a) of the listing agreements. The Company has also filed a copy of this Placement Document with the Stock Exchanges.

Issue Procedure

1. The Company and the Book Running Lead Managers shall circulate the serially numbered Placement Document either in electronic form or physical form to a maximum of 49 QIBs.

2. The Book Running Lead Managers shall deliver to the QIBs a Bid cum Application Form. The list of QIBs to whom the Bid cum Application Form is delivered shall be determined by the Company in consultation with the Book Running Lead Managers. **Unless this Placement Document and the Bid cum Application Form is numbered serially and addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made**. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit the Bids through the Bid cum Application Form during the bidding period to the Book Running Lead Managers.

4. QIBs have to indicate the following in the Bid:

   a. Complete official name of the QIB to whom QIP Shares are to be Allotted;
   b. Number of QIP Shares Bid for;
   c. Price at which they offer to apply for the QIP Shares, provided that the QIBs may also indicate that they are agreeable to submit a Bid in respect of the QIP Shares at the "**Cut-off Price**", which shall be any price as may be determined by the Company in consultation with the Book Running Lead Managers at or above the minimum price calculated in accordance with Regulation 85 of the SEBI Regulations (the "**Floor Price**"), which for this Issue, is Rs. 23.32; and
   d. Depository account details to which the QIP Shares should be credited.

Note: Each eligible sub-account of an FII will be considered as an individual QIB and separate forms would be required from each such sub-account for submitting Bids.

5 Once the Bid cum Application Form is submitted by a QIB, such Bid cum Application Form constitutes an irrevocable offer and the same is not permitted to be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Bid cum Application Form.

6. Upon the receipt of Bid cum Application Form, the Company in consultation with the Book Running Lead Managers shall decide both the Issue Price for the QIP Shares, which shall be at or above the Floor Price, and the number of QIP Shares to be issued. The Company shall notify the Stock Exchanges of the Issue Price. On determining the Issue Price and the QIBs to whom Allocation shall be made, such QIBs shall be sent the Confirmation of Allocation Note ("**CAN**") along with a serially numbered Placement Document either in electronic form or through physical delivery. The decision of the Company and the Book Running Lead Managers in this regard shall be at their sole and absolute discretion. The CAN shall contain details including the number of QIP Shares Allocated to the QIB, the details of the amounts payable by the QIB for Allotment of the QIP Shares in its name and the Pay-In Date as applicable to the respective QIB. The dispatch of the CAN by the Company shall be deemed to constitute a binding obligation on the QIBs to pay the entire Issue

Price for all the QIP Shares Allotted to such QIB.

7. QIBs shall make payment of the application monies to the Escrow Accounts by the Pay-In-Date as specified in the CAN sent to the respective QIBs.

8. Upon receipt of the application monies from the QIBs, the authorised representative of the Company will approve the Allotment of the QIP Shares pursuant to a Board resolution. The Company shall not allot QIP Shares to more than 49 QIBs to whom an invitation or offer has been made. The Company will inform the Stock Exchanges of the details of the Allotment.

9. After passing the Allotment resolution and prior to crediting the QIP Shares into the depository participant accounts of the Eligible QIBs, the Company shall apply to the Stock Exchanges for in-principle approval for listing and trading of the QIP Shares.

10. After receipt of the in-principle approval of the Stock Exchanges, the Company shall credit the QIP Shares issued pursuant to this Issue into the Depository Participant accounts of the respective QIBs.

11. The Company will then apply for the final trading and listing permissions from the Stock Exchanges.

12. The QIP Shares that have been Allotted and credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading permissions from both the Stock Exchanges.

13. The Stock Exchanges shall notify the Company of the final listing and trading permissions, which is ordinarily available on their respective websites, and the Company shall communicate the receipt of the final listing and trading permissions from the Stock Exchanges to the QIBs who have been Allotted the QIP Shares. The Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the listing and trading permissions from either of the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to appraise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2 (1)(zd) of the SEBI Regulations, and not otherwise excluded pursuant to Regulation 86 (1)(b) of Chapter VIII of the SEBI Regulations, are eligible to invest.

Currently, under Regulation 2 (1)(zd) of the SEBI Regulations, a QIB means:

- a mutual fund, venture capital fund or foreign venture capital investor registered with SEBI;
- a foreign institutional investor or sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI;
- a public financial institution as defined in section 4A of the Companies Act;
- a scheduled commercial bank;
- a multilateral or bilateral development financial institution;
- a state industrial development corporation;
- an insurance company registered with the Insurance Regulatory and Development Authority ;
- a provident fund with minimum corpus of Rs. 250 million;
- a pension fund with minimum corpus of Rs. 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of a Government of India published in the Gazette of India.
- insurance funds set up and managed by army, navy or air force of the Union of India.

Please note that pursuant to amendments to the SEBI regulations, a sub-account of an FII that is a foreign corporate or foreign individual is no longer included under the definition of a QIB.

Under Regulation 86 (1)(b) of the SEBI Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a promoter or any person related to the promoter(s) of the Company. For this purpose, any QIB who has all or any of the following rights shall be deemed to be a person related to the promoters:

- rights under a shareholders' agreement or voting agreement entered into with the promoters of the Company or persons related to the promoters of the Company;
- veto rights; or
- the right to appoint a nominee director to the Board of the Company,

unless a QIB has acquired any of these rights in its capacity as a lender to the Company and such QIB does not hold any shares in the Company.

FIIs are permitted to participate through the portfolio investment scheme in this Issue.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of an FII investing in our QIP Shares on behalf of its sub-accounts, the investment on behalf of each sub- account shall not exceed 10% of the Company's total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual.

Currently, the aggregate FII holding in the Company cannot exceed 40% of the total issued capital of the Company. With the approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however, as of the date of this Placement Document, no such resolution has been recommended to the Company's shareholders for approval.

The Company and the Book Running Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations which may occur after this Placement Document is filed with the Stock Exchanges. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to Bid. QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code.

Note: Affiliates or associates of the Book Running Lead Managers, who are QIBs may participate in the Issue in compliance with applicable laws.

Bids made by asset management companies or custodians of mutual funds shall state the names of the concerned schemes for which the Bids are made. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Application and Bidding

Bid cum Application Form

QIBs shall only use the serially numbered Bid cum Application Form supplied by the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including any revisions of a Bid) pursuant to the terms of this Placement Document.

By making a Bid (including revisions thereof) for QIP Shares pursuant to the terms of this Placement Document, each QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections and paragraphs "Notice to Investors – Representation by Investors", "Distribution and Solicitation Restrictions" and "Transfer Restrictions":

1. The QIB confirms that it is a Qualified Institutional Buyer ("**QIB**") in terms of Regulation 2 (1)(zd) of the SEBI Regulations, and has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The QIB confirms that it is not a promoter and is not a person related to the promoters, either directly or indirectly, and its Bid does not directly or indirectly represent the promoter or promoter group or persons related to the promoters of the Company;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the

promoters or persons related to the promoters, no veto rights or rights to appoint any nominee director to the Board of the Company other than that acquired in its capacity as a lender and it does not hold any Equity Shares of the Company which shall not be deemed to be a person related to the promoters;

4. The QIB has no right to withdraw its Bid after the Bid Closing Date;

5. The QIB confirms that if allotted QIP Shares pursuant to the Issue, it shall not, for a period of one year from Allotment, sell the QIP Shares so acquired otherwise than on the floor of a recognised stock exchange;

6. The QIB confirms that it is eligible to Bid and hold QIP Shares so allotted along with any Equity Shares held by it prior to the Issue. The QIB further confirms that its holding of the Equity Shares does not and shall not exceed the level permissible as per any applicable regulations applicable to it;

7. The QIB confirms that the Bids will not eventually result in triggering an open offer under the Takeover Code;

8. That to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. The expression "belongs to the same group" shall be interpreted by applying the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act; and

    b. "Control" shall have the same meaning as is assigned to it by clause (1)(c) of Regulation 2 of the Takeover Code.

9. The QIB shall not undertake any trade in the QIP Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the QIP Shares are issued by both the Stock Exchanges.

The submission of Bid cum Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Submission of Bid cum Application Form

All Bid cum Application Forms shall be duly completed with information including the name of the QIB, the price and the number of QIP Shares bid. The Bid cum Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name	:	Axis Bank Limited
Address	:	Central Office, Maker Tower F, 11th floor, Cuffe Parade, Colaba, Mumbai – 400 005, Maharashtra, India
Contact Person	:	Mr. Dipen Kapadia/ Mr Amit Shah
Email	:	alokind@axisbank.com
Phone	:	+91 22 6707 1312
Fax	:	+91 22 2216 2467

Name	:	Anand Rathi Advisors Limited
Address	:	11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India
Contact Person	:	Mr. Rahul Porwal
Email	:	alokqip@rathi.com
Phone	:	+91 22 4047 7000
Fax	:	+91 22 4047 7070

Name	:	Central Bank of India
Address	:	Merchant Banking Division, 1st floor, Bajaj Bhavan, Nariman Point, Mumbai – 400 021, Maharashtra, India
Contact Person	:	Mr. S. P. Dhal
Email	:	cmmbd@centralbank.co.in

Phone	:	+91 22 6638 7756
Fax	:	+91 22 2282 0989

Name	:	Edelweiss Capital Limited
Address	:	14th Floor, Express Towers, Nariman Point, Mumbai – 400 021, Maharashtra, India
Contact Person	:	Ms. Sujaya Moghepadhye / Ms. Dipti Samant
Email	:	alok.qip@edelcap.com
Phone	:	+91 22 4086 3535
Fax	:	+91 22 4086 3610

Name	:	Fortune Financial Services (India) Limited
Address	:	K.K. Chambers, 2nd floor, Sir. P. T. Marg, Fort, Mumbai – 400 001, Maharashtra, India
Contact Person	:	Mr. D. H. Shinde
Email	:	alokqip@ffsil.com
Phone	:	+91 22 2207 7931
Fax	:	+91 22 2207 2948

Name	:	ICICI Securities Limited
Address	:	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India
Contact Person	:	Mr. Anil Ladha
Email	:	alok.qip@icicisecurities.com
Phone	:	+91 22 2288 2460
Fax	:	+91 22 2282 6580

Name	:	IDBI Capital Market Services Limited
Address	:	5th floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021, Maharashtra, India
Contact Person	:	Mr. Piyush Bansal / Mr. Keyur Desai
Email	:	alok.qip@idbicapital.com
Phone	:	+91 22 4322 1212 / 1297
Fax	:	+91 22 2283 8782

Name	:	Motilal Oswal Investment Advisors Private Limited
Address	:	113/114, 11th Floor, Bajaj Bhavan, Nariman Point, Mumbai 400 021, Maharashtra, India
Contact Person	:	Mr. R. Anand / Mr. Nitin Gera
Email	:	alokqip@motilaloswal.com
Phone	:	+91 22 3980 4380
Fax	:	+91 22 3980 4315

Name	:	PNB Investment Services Limited
Address	:	10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi – 10 049, India
Contact Person	:	Mr. Sunil Malhotra
Email	:	sunilmalhotra@pnbisl.com
Phone	:	+91 22 2262 1122 / 1123
Fax	:	+91 22 2262 1124

Name	:	SBI Capital Markets Limited
Address	:	202, Maker Tower E, Cuffe Parade, Mumbai – 400 005. Maharashtra, India
Contact Person	:	Mr. Antony Kottackal
Email	:	alok.qip@sbicaps.com
Phone	:	+91 22 2217 8300
Fax	:	+91 22 2218 6367

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the Bid.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids (including the revision of their Bids) through the Bid cum Application Form within the bidding period to the Book Running Lead Managers who shall maintain the book.

Price discovery and Allocation

The Company, in consultation with the Book Running Lead Managers, shall finalize the Issue Price of the QIP Shares which shall be at or above the Floor Price.

After finalization of the Issue Price, the Company shall update the Preliminary Placement Document with the Issue details and file this Placement Document with the Stock Exchanges.

Method of Allocation

The Company shall determine the Allocation for the purposes of sending CANs, in consultation with the Book Running Lead Managers on a discretionary basis, in compliance with Chapter VIII of the SEBI Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be determined at the sole and absolute discretion of the Company in consultation with the Book Running Lead Managers to a maximum of 49 QIBs. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF QIP SHARES IS DISCRETIONARY AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID BIDS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR THE BOOK RUNNING LEAD MANAGERS IS OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

(a) two, where the issue size is less than or equal to Rs. 2.5 billion; or
(b) five, where the issue size is greater than Rs. 2.5 billion.

Provided that no single Allottee shall be Allotted more than 50% of the aggregate amount of the Issue Size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" please see "Application Process - Application Form".

An invitation or offer shall not be made to more than 49 QIBs.

Confirmation of Allocation Note

Based on the Bids received, the Company in consultation with the Book Running Lead Managers, in its sole and absolute discretion, will decide the list of QIBs to whom the CAN shall be sent. The CAN will contain details of the QIP Shares Allocated to them and the details of the amounts payable by them by the Pay-In Date for Allotment of the QIP Shares in their respective names. Additionally, the CAN will include details of the bank account for transfer of funds to be done electronically, the Pay-In Date and the probable designated date ("Designated Date"), being the date of credit of the QIP Shares to the investor's account, as applicable to the respective QIBs.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery.

The dispatch of the serially numbered Placement Document and the CAN to a QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Company and the Book Running Lead Managers and to pay the entire Issue Price for all the QIP Shares Allocated to such QIB.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUBACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

QIBs are advised to instruct their Depository Participant to accept the QIP Shares that may be Allocated/Allotted to them pursuant to this Issue.

Bank Account for Payment of Application Money

The Company has opened the Escrow Accounts with the Escrow Banks in terms of the arrangement between the Company, the Book Running Lead Managers and the Escrow Banks. The QIBs will be required to deposit the entire amount payable for the QIP Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring any of the Escrow Accounts within the time stipulated in the CAN, the Bid of the QIB and the CAN is liable to be cancelled.

In case of cancellations or default by the QIBs, the Company, in consultation with the Book Running Lead Managers, has the right to reallocate the QIP Shares at the Issue Price among existing or new QIBs at its sole and absolute discretion, subject to compliance with the requirement of ensuring that the Bid cum Application Forms are not sent to more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of "Alok Industries Limited - QIP Escrow Account -" as per the payment instructions provided in the CAN.

QIBs may make payment only through electronic fund transfer.

Note: Payment through cheques should only be through cheques payable at Mumbai.

Designated Date and Allotment of QIP Shares

(a) The Company will endeavour to complete the Allotment of QIP Shares by the probable Designated Date for those QIBs who have paid subscription money as stipulated in the respective CANs. The QIP Shares will not be allotted unless the QIBs pay the Issue Price in the Escrow Accounts as stated above.

(b) The QIP Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the QIP Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

(c) The Company reserves the right, at its sole and absolute discretion, to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

(d) Following Allotment and credit of QIP Shares into the QIBs Depository Participant account, the Company will apply for final listing and trading approvals from the Stock Exchanges.

(e) Each Escrow Bank shall not release the monies lying to the credit of the respective Escrow Account to the Company until such time that the Company delivers to each Escrow Bank the approval of the Stock Exchanges for the listing and trading of the QIP Shares offered in this Issue.

(f) In the unlikely event of any delay in the Allotment or credit of QIP Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Company or the Book Running Lead Managers.

Submission to SEBI

The Company shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Application Form.** Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Bid cum Application Form is liable to be rejected on this ground.**

Our Right to Reject Bids

The Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Company and the Book Running Lead Managers in relation to the rejection of a Bid shall be final and binding.

QIP Shares in dematerialized form with NSDL or CDSL

The Allotment of QIP Shares in this Issue shall be only in a de-materialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

(a) A QIB applying for QIP Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

(b) Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

(c) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with the NSDL and the CDSL. All the stock exchanges where the QIP Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(d) The trading of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

(e) The Company will not be responsible or liable for the delay in the credit of QIP Shares due to errors in the Bid cum Application Form or on part of the QIBs.

PLACEMENT AND LOCK-UP

Memorandum of Understanding

The Book Running Lead Managers have entered into an MoU, pursuant to which the Book Running Lead Managers have agreed to use their best efforts to procure subscribers to such number of QIP Shares, the aggregate subscription amount of which shall be up to Rs. 4,600 million, to QIBs, pursuant to Chapter VIII of the SEBI Regulations.

The MoU contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the QIP Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such QIP Shares, the ability of the shareholders of the QIP Shares to sell their QIP Shares or the price at which the shareholder of the QIP Shares will be able to sell their QIP Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no QIP Shares issued pursuant to the Issue will be offered in India or overseas, to the public or any member of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own account, enter into asset swaps, credit derivatives or other derivative transactions relating to the QIP Shares issued pursuant to the Issue at the same time as the offer and sale of such QIP Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such QIP Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase QIP Shares and be allocated QIP Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the Book Running Lead Managers (such consent not to be unreasonably withheld), for a period of up to 180 days from the date of Allotment of the QIP Shares, (a) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares, whether any such transaction is to be settled by delivery of Equity Shares or other such securities convertible into Equity Shares, in cash or otherwise; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares whether any such transaction is to be settled by delivery of Equity Shares or other securities convertible into Equity Shares, in cash or otherwise; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares or such other securities convertible into Equity Shares, in cash or otherwise. This restriction shall not apply to the Issue, allotment and delivery by the Company of the QIP Shares pursuant to the Issue, Equity Shares that may be issued as a result of conversion of the B Bonds and any Equity Shares issued under any proposed employee stock option scheme.

The Promoters and certain persons forming part of the Promoter Group and currently holding Equity Shares in our Company have agreed that they will not without the prior written consent of the Book Running Lead Managers (such consent not to be unreasonably withheld), for a period of up to 180 days from the date of Allotment of the QIP Shares (a) offer, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares whether any such transaction is to be settled by delivery of Equity Shares or other such securities convertible into Equity Shares, in cash or otherwise. However, nothing stated in this paragraph shall apply to any existing or future pledge on the Equity Shares of the Company; (b) enter into any swap or other agreement or transaction that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares whether any such transaction is to be settled by delivery of Equity Shares or other such securities convertible into Equity Shares, in cash or otherwise; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares or such other securities convertible into Equity Shares, in cash or otherwise. This restriction shall not apply to a pledge or the exercise of any pledge that was made by the Promoters and Promoter Group prior to the date of the MoU and any inter-se transfer of Equity Shares amongst our Promoters and Promoter Group.

TRANSFER RESTRICTIONS

Purchasers of the QIP Shares in this Issue are not permitted to sell the QIP Shares for a period of one year from the date of Allotment except on the floor of a recognised stock exchange.

Subject to the foregoing:

Each purchaser of the QIP Shares issued pursuant to this Issue outside the United States pursuant to Regulation S will be deemed to have represented, acknowledged and agreed with the Company and the Book Running Lead Managers that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

- It is authorised to consummate the purchase of such QIP Shares in compliance with all applicable laws and regulations.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that such QIP Shares have not been and will not be registered under the U.S. Securities Act.
- It certifies that either (A) it is, or at the time such QIP Shares are purchased will be, the beneficial owner of the QIP Shares and it is not a U.S. person and is located outside the United States (within the meaning of Regulation S) or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time such QIP Shares are purchased will be, the beneficial owner of the QIP Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S).
- It agrees that it will not offer, sell, pledge or otherwise transfer such QIP Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.
- It acknowledges that our Company and the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of the QIP Shares are no longer accurate, it will promptly notify us.
- It is not an affiliate of our Company or a person acting on behalf of an affiliate,

Our Company will not recognize any offer, sale, pledge or other transfer of the QIP Shares issued pursuant to this Issue made other than in compliance with the above-stated restrictions.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

Certain Distribution and Solicitation Restrictions

The distribution of this Placement Document and the offer, sale or delivery of the QIP Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the QIP Shares or the possession, circulation or distribution of this Placement Document or any other material relating to us or the QIP Shares in this Issue in any jurisdiction where action for the purpose is required. Accordingly, the QIP Shares in this Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the QIP Shares proposed to be issued pursuant to this Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Regulations. Each subscriber of the QIP Shares in the Issue will be required to make, or to be deemed to have made, as applicable, the acknowledgments and agreements as described under "Transfer Restrictions".

European Economic Area (Members of the European Union, Iceland, Norway and Liechtenstein)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any QIP Shares contemplated by this document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any QIP Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of QIP Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any QIP Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any QIP Shares to be offered so as to enable an investor to decide to purchase any QIP Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

This Preliminary Placement Document has not been and the Placement Document will not be delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. Accordingly: (i) the Offering Shares may not be offered or sold in Hong Kong by means of any document other than to persons who are "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and the Securities and Futures (Professional Investor) Rules made thereunder or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) no person may issue any invitation, advertisement or other

document relating to the Offering Shares whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder.
You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore

The Preliminary Placement Document has not been and the Placement Document will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the QIP Shares may not be offered or sold, nor may the QIP Shares be the subject of an invitation for subscription or purchase, nor may the Preliminary Placement Document, the Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the QIP Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the QIP Shares are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the QIP pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
(2) where no consideration is or will be given for the transfer; or
(3) where the transfer is by operation of law.

United Kingdom

The Book Running Lead Managers have represented, warranted and agreed that:

- they have only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by them in connection with the issue or sale of any QIP Shares in this Issue in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the QIP Shares included in this Issue in, from or otherwise involving the United Kingdom.

United States

The QIP Shares in this Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the QIP Shares issued in this Issue are being offered and sold outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. Please refer to "Transfer Restrictions".

In addition, until 40 days after the first date upon which the QIP Shares were bona fide offered to the public, an offer of the securities within the United States by a dealer may violate the registration requirements of the Securities Act.

As used in this paragraph and the immediately preceding two paragraphs, the term "United States" has the meaning give to it by Regulation S under the Securities Act. In addition, until 40 days after the first date upon which the QIP Shares were *bona fide* offered to the public, an offer of the securities within the United States by a dealer may violate the registration requirements of the Securities Act. As used in this paragraph and the immediately preceding two paragraphs, the terms "United States" and "U.S. person" have the meanings give to them by Regulation S under the Securities Act.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company or the Book Running Lead Managers, or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The SEBI Act granted SEBI the powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading and regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

Stock Exchange Regulations

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"). The SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

Listing of securities

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreements of the respective stock exchanges. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("**SAT**") established under the SEBI Act to set aside the suspension. SEBI has the power to veto stock exchange decisions in this regard. SEBI also has the power to amend such listing agreements and the by-laws of the stock exchanges in India.

Clause 49 of the Listing Agreement provides that if a non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

The Listing Agreement requires that all listed companies are required to ensure a minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for the purpose of continuous listing.

The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957; (ii) have 20 million or more outstanding shares; (iii) have a market capitalisation of Rs. 10 billion or more and the minimum public shareholding to be maintained by such companies is 10%. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place varying individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Delisting of Securities

SEBI has recently, pursuant to a notification dated June 10, 2009, notified the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Guidelines**").

The Delisting Guidelines are applicable to: (i) voluntary delisting of securities by promoters of a company from some or all stock exchanges on which such security are listed; (ii) any acquisition of shares of a company (either by a promoter or by any other person) or a scheme or arrangement, consequent to which the public shareholding in such company falls below the minimum limits specified in the listing conditions or listing agreement that may result in delisting of securities; (iii) cases where a person in control of the management is seeking to consolidate his holdings in a company in a manner that would result in the public shareholding in the company falling below the limit specified in the listing conditions or in the listing agreement that may have the effect of the company being delisted; and (iv) companies which may be compulsorily delisted by the stock exchanges on account of, among other things, violation of stock exchange by-laws. Following a compulsory delisting, a company, its whole time directors, its promoters and the firms promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting.

No company can apply for permission to delist: (i) pursuant to a buy back of equity shares or a preferential allotment made by a company or (ii) unless a period of three years has elapsed since the listing of that class of equity shares on any recognized stock exchange. Furthermore, if any instruments issued by the company which are convertible into the same class of equity shares that are sought to be delisted are outstanding, delisting is disallowed.

The Delisting Guidelines allow a company to delist its equity shares from all or only recognized stock exchanges on which they are listed, provided an exit opportunity is given to shareholders. However the Delisting Guidelines provide that an exit opportunity need not be given to the shareholders in cases where the securities continue to be listed on a stock exchange having nationwide trading terminals. Presently, only the BSE and the NSE have nationwide trading terminals. When an exit option is required, the Delisting Guidelines require a promoter or an acquirer intending to delist securities of a company to obtain the prior approval of the shareholders by a special resolution, make a public announcement in the manner provided for in the Delisting Guidelines and make an in-principle application to and obtain final approval of the stock exchanges within one year of the passing of the shareholders resolution for delisting. A proposed delisting where no exit option is required to be given does not require a shareholders resolution and a resolution of the board of directors is sufficient.

The floor price for delisting will be determined by calculating the average of the weekly high and low of the closing prices during the last 26 weeks or two weeks preceding the date on which the recognized stock exchanges were notified. The offer must fulfil the criteria prescribed in the Delisting Guidelines to be successful. Upon closure of the offer process, all shareholders whose equity shares are verified will be paid the final price stated in the public announcement within 10 working days.

Further, the Ministry of Finance has, on June 10, 2009, proposed certain amendments to the Securities Contracts (Regulation) Rules, 1957 ("**MoF Notification**") in relation to voluntary and compulsory delisting, to bring them in line with the Delisting Guidelines. The MoF Notification shall become effective from the date that it is published in the Official Gazette. Due to their recent issuance, the applicability of the Delisting Guidelines and MoF Notification have not been tested in any manner and hence it is possible that some of the clauses may be amended to make either the Delisting Guidelines or the MoF Notification more effective or clarify any ambiguities contained therein. Investors are also requested to consult their advisors before taking any steps under the Delisting Guidelines.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Regulations, and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subjected to civil and criminal liability for misstatements in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. Prior to the repeal of certain rules in mid-1992, the Controller of Capital Issues of the Government regulated the prices at which companies could issue securities. The SEBI Regulations now permit companies to freely price their issues of securities. All companies, including public limited companies, are required under the Companies Act to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts, which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include sections pertaining to corporate governance and the management's discussion and analysis. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish un-audited financial statements on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the ICAI. The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (Subsidiaries only) and provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts from April 1, 2002.

As at April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as at April 1, 2004 accounting standards set by the ICAI will regulate accounting for impairment of assets. The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Further, the Companies Bill was re-introduced in the Lok Sabha on August 3, 2009 and is currently pending before a Parliamentary Standing Committee to simplify laws dealing with formation, mergers and acquisitions and winding up of companies.

Indian Stock Exchanges

There are currently 19 recognized stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Indian Government under the SCRA. Recently, pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from August 19, 2005 the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE switched over from an open outcry trading system to an online trading network in May 1995 and has today expanded this network to over 349 cities in India. As at November 2009, the BSE had 1,005 members, comprising 173 individual members, 809 Indian companies and 23 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As on February 28, 2010, there were 4,970 listed companies (excluding permitted companies) and 7,974 scrips listed and trading on the BSE and the estimated market capitalization of stocks trading on the BSE was Rs. 59,035.14 billion. In February 2010, the average daily turnover on the BSE was Rs. 41.25 billion. As on February 28, 2010, the BSE had 15,519 trader work stations spread over 324 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide, online, satellite-linked, screen-based trading facilities for market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. As on February 28, 2010, there were 1,461 companies listed and 1,342 companies available for trading on the NSE, and the estimated market capitalization of stocks trading on the NSE was Rs. 57,553.05 billion. In February 2010, the average daily turnover on the NSE was Rs. 122.57 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. As at November, 2009, the market capitalisation of the NSE was approximately Rs. 50,248 billion. With a wide network in major metropolitan cities, screen based trading, a central monitoring system and greater transparency, the NSE has lately recorded high volumes of trading.

Internet-Based Securities Trading and Services

SEBI approved Internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE and the BSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday through Friday, between 9:00 a.m. and 3:30 p.m. The NSE and the BSE are closed on public holidays. Pursuant to a circular dated October 23, 2009, the SEBI has permitted all the recognized stock exchanges to set their trading hours (in the cash and derivatives segments), subject to the conditions that, the trading hours are between 9 a.m. and 5 p.m. and such stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, in 1995, the BSE replaced its open outcry system with the BSE On-line Trading ("**BOLT**") facility. This totally automated screen based trading system was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in facilitating settlement cycles and improving efficiency in back-office work.

Electronic trading was introduced in India by the NSE , which developed its technology in-house. The NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system, which is called the "National Exchange for Automated Trading" ("**NEAT**") is a fully automated screen based trading system, which adopts the principle of an order driven market. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from Rs. 23,654 million (US$ 207 million) in 2000-2001 to Rs. 110,104,822 million in 2008-2009.

The NSE faired very well in 2007 in terms of traded volumes in futures and options taken together, improving its worldwide ranking from 15th in 2006 to 9th in 2007. The traded volumes in the derivatives segment of the NSE saw an increase of 95% in 2007 over the figure in 2006.

Stock Market Indices

There is an array of indices of stock prices on the NSE. The popular indices are the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX 100.

The following two indices are generally used for tracking the aggregate price movements on the BSE.

- The BSE Sensitive Index, or Sensex, consists of listed shares of 30 large market capitalisation companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India.

- The BSE 100 Index (formerly the BSE National Index) contains listed shares of 100 companies including the 30 companies in the Sensex. The BSE 100 Index was introduced in January 1989 with the fiscal year ended March 31, 1984 as its base year.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to certain obligations. The Takeover Code is under constant review by the SEBI and was last amended on November 6, 2009. Since we are an Indian listed company, the provisions of the Takeover Code apply to us.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54%, 74% or 90% of the shares or voting rights (together with the company's equity shares or voting rights, if any, already held by such acquirers) in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31st (the Company in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, any person together with persons acting in concert with it who holds 15% or more but less than 55% or 55% or more, but less than 75% of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2% of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (the Company in turn is required to disclose the same to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within twenty one days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as at March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within seven days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within seven days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares of a promoter or a person forming part of the promoter group taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15% or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company, would be required to make a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and a public announcement is required to be made within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which a company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15%, or more, but less than 55% of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights (with post acquisition shareholding or voting rights not exceeding 55%) in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55% or more but less than 75% of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR, less than 90% of the shares or voting rights in the company) in a company cannot acquire additional shares either by himself or with or through a person acting in concert entitling him to exercise voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5%of the voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75%.

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert) to increase its holding to the maximum level possible, i.e. up to the delisting threshold (75% or 90%, as the case may be).

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcement as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In the case of shares which are frequently traded, the minimum offer price shall be the highest of:

    a. the negotiated price under the agreement for the acquisition of shares or voting rights in the company;

    b. the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or

    c. the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20% of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, inter alia, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15% in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance on succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian Government or a State Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

In addition, other than disclosures and open offer requirements of the Takeover Code, the holders of American Depository Receipts or Global Depository Receipts who are entitled to exercise voting rights on the shares underlying such depository receipts would be required to make an open offer when they cross the prescribed thresholds of shareholding under the Takeover Code.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("**Insider Trading Regulations**"), have been notified by SEBI to prohibit and penalize insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchanges when in possession of unpublished price-sensitive information. The terms "insider" and "unpublished price-sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of a company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to recent amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

The Insider Trading Regulations requires any person who holds more than 5% of the outstanding shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person on becoming such holder within:

(i) receipt of intimation of allotment of shares; or
(ii) acquisition of shares or voting rights, as the case may be.

On a continuous basis any person who holds more than 5% of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and any change in shareholding or voting rights (even if such change results in the shareholding falling below 5%) and any such change in such holding since the last disclosure was made, where such change exceeds 2% of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of either: (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken in derivatives by such person in such company within two working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors, officers and designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, inter alia, reporting requirements have also been extended to dependants of directors and designated employees of the company.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act, which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Rules and Regulations, 1996, which provide, inter alia, for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. The Depositories Act requires that every person subscribing to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India. Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialization" of securities, SEBI has set up a working group which is comprised of foreign institutional investors, custodians, stock exchanges, mutual funds and the National Securities Depository Limited to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, the SEBI notified scrips of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors, and other institutional investors and has also notified compulsory dematerialised trading in specified scrips for all retail investors. Subsequently SEBI has significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialised form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company shall give the option to subscribers and / or shareholders to receive security certificates or hold securities in dematerialised form with a depository. However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements for reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner. The transfer of beneficial ownership shall be effected through the records of the depository. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository.

The Companies Act compulsorily provides that Indian companies making initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialised form in accordance with the provisions of the Depositories Act and the Regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of the Memorandum and Articles of Association, the Companies Act and certain related legislation of India.

General

The authorized capital of the Company is Rs. 9,000 million divided into 900,000,000 Equity Shares of Rs. 10/- each. As of the date of this Placement Document, 605,698,030 Equity Shares of Rs.10/- each were issued and outstanding (including 22,316 Equity Shares, partly paid-up to the extent of Rs. 5 per Equity Share).

Dividend

Under the Companies Act, unless the board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified in the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company determined in accordance with the provisions of the Companies Act or out of the undistributed profits or reserves of previous fiscal years or out of both, arrived at in accordance with the provisions of the Companies Act. Under the Articles of Association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Pursuant to a recent amendment to the Listing Agreement, listed companies are required to declare and disclose their dividends on per share basis only. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as at the record date for which such dividend is payable. In addition, the board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while unpaid calls on any of his shares are outstanding.

Dividends must be paid within thirty days from the date of the declaration and any dividend that remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money that remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the Company to the Investor Education and Protection Fund established by the Government and thereafter any claim with respect thereto will lapse.

Under the Companies Act a company may pay a dividend in excess of 10% of its paid-up capital in respect of any fiscal year, out of the profits of that financial year only after it has transferred to its reserves a certain percentage of its profits for that year ranging between 2.50% and 10% depending on the percentage of dividend proposed to be declared in that year. The Companies Act further provide that if the profit for a year is insufficient, the dividend for that year may be declared out of accumulated profits from previous years which have been transferred to reserves, subject to certain conditions prescribed under those legislations.

Capitalisation of Reserves

The Company's Articles of Association permit the Company by a resolution of the shareholders in a general meeting to resolve in certain circumstances that certain amounts standing to the credit of certain reserves or securities premium can be capitalized by the issue of fully paid bonus shares or by crediting shares not fully paid-up with the whole or part of any sum outstanding. Bonus shares must be issued pro rata to the amount of capital paid-up on existing shareholdings.

Any issue of bonus shares by a listed company would be subject to the guidelines issued by the SEBI. The relevant SEBI Regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless a similar benefit is extended to the holders of such convertible securities, through a proportionate reservation of shares. Further, in order to issue bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption thereof and should have sufficient reason to believe that it has not defaulted in respect of any statutory dues of the employees. The declaration of bonus shares in lieu of a dividend cannot be made. A bonus issue may be made out of free reserves built out of genuine profits or securities premium collected in cash and not from reserves created by revaluation of fixed assets.

The issue of bonus shares must take place within fifteen days from the date of approval by the board, if the articles of association of a company do not require such company to seek shareholders' approval for capitalisation of profits or reserves for making bonus issues. If a company is required to seek shareholders' approval for capitalisation of profits or reserves for making bonus issues, then the bonus issue should be implemented within two months from the date of the board meeting wherein the decision to issue bonus shares was taken subject to shareholders' approval.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company can increase its share capital by issuing new shares. Such new shares must be offered to existing shareholders registered on the record date in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than fifteen days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to us. The offer is deemed to include a right exercisable by the person concerned to renounce the shares in favour of any other person provided that the person in whose favour such shares have been renounced is approved by the Board in their absolute discretion.

However, under the provisions of the Companies Act, new shares may be offered to any persons, whether or not those persons include existing shareholders, if a special resolution to that effect is passed by the shareholders of the company in a general meeting. The issue of the QIP Shares pursuant to this Issue has been approved by a special resolution of the Company's shareholders and such shareholders have waived their pre-emptive rights with respect to such QIP Shares.

The Articles provide that the Company may in a general meeting, from time to time increase its capital by the creation of new shares and may consolidate or sub-divide its share capital, convert all or any of its fully paid-up Equity Shares into stock and reconvert that stock into fully paid-up Equity Shares or cancel Equity Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its share capital.

The Articles also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

Preference Shares

The Preference Shares do not confer any further rights to participate in the Company's profits or assets. Holders of Preference Shares are not entitled to vote at general meetings of the Company except where the dividend due on such capital has remain unpaid:

(i) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and

(ii) in the case of non cumulative preference shares, either in respect of a period of not less than two years or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

Under the Companies Act, the Company may issue redeemable preference shares but (i) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

The Company must hold its annual general meeting each year within 15 months of the previous annual general meeting, unless extended by the Registrar of Companies at the request of the Company for any special reason.

The Board of Directors may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10% of the paid-up capital of the Company. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote, in the case of an annual general meeting, and from shareholders holding not less than 95% of the paid-up capital of the Company in the case of any other general meeting. Currently, the Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in the region of registered office of the Company. General meetings are generally held at Mumbai. The quorum for a general meeting of the Company is five shareholders personally present.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum, buy-back of shares under the Companies Act, giving loans or extending guarantee in excess of limits prescribed under the Companies Act, and guidelines issued thereunder, are required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital of the company. Voting is by show of hands, unless a poll is ordered by the Chairman of the meeting or demanded by shareholder or shareholders holding at least 10% of the voting rights in respect of the resolution or by those holding paid-up capital of at least Rs.50,000. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require the vote of three-fourth of the members present and voting. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. The Companies Act provides that to amend the Articles of Association, a special resolution is required to be passed in a general meeting. Certain instances, including change in the name of the company, reduction of share capital, approval of variation of rights of special classes of shares and dissolution of the company require a special resolution.

A shareholder may exercise his voting rights by proxy to be given in the form provided by the Articles. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the Company may appoint a proxy. A proxy shall not vote except on a poll and does not have a right to speak at meetings. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings, who shall not be deemed a proxy. Such an authorised representative can vote in all respects as if a member, including on a show of hands and a poll.

The Companies Act allows for a company to issue shares with differential rights as to dividend, voting or otherwise subject to certain conditions prescribed under applicable law. In this regard, the laws require that for a public company to issue shares with differential voting rights the company must have had distributable profits in terms of the Companies Act for a period of three immediately preceding financial years, the company has not defaulted in filing annual accounts and annual returns for the immediately preceding three years , the Articles of Association of the company allow for the issuance of such shares with differential voting rights and such other conditions set forth in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001.

Convertible Securities/Warrants

The Company may issue from time to time debt instruments that are partly and fully convertible into Shares and/or warrants to purchase Shares.

Register of Shareholders and Record Dates

The Company is obliged to maintain a register of shareholders at its registered office or with the approval of its shareholders by way of a special resolution and with prior intimation to the Registrar of Companies at some other place in the same city. The Company recognizes as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In the case of shares held in physical form, transfers of shares are registered on the register of shareholders upon lodgement of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into the Company's records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding forty five days in any one year or thirty days at any one time at such times, as the Board may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the Stock Exchanges on which the Company's outstanding shares are listed, the Company may, upon at least seven working days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Under the Companies Act, the Company is also required to maintain a register of debenture holders.

Annual Report and Financial Results

The Company's audited financial statements for the relevant financial year, the directors' report and the auditors' report (collectively the "Annual Report") must be laid before the annual general meeting. These also include certain other financial information of the Company, a corporate governance section and management's discussion and analysis and are made available for inspection at the Company's registered office during normal working hours for 21 days prior to the annual general meeting.

Under the Companies Act, the Company must file the Annual Report with the Registrar of Companies within 30 days from the date of the annual general meeting . As required under the Listing Agreement, six copies are required to be sent to the BSE and the NSE as soon as they are issued. The Company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the Company is situated.

The Company files certain information on-line, including its Annual Report, quarterly financial results, report on corporate governance and the shareholding pattern statement and such other statements, information and reports as may be specified by the SEBI from time to time, in accordance with the requirements of the Listing Agreement.

Transfer of Shares

Shares held through depositaries are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositaries and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depositary are exempt from stamp duty.

The SEBI requires that for trading and settlement purposes , the Company's Shares be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange

The Company's Shares are freely transferable, subject only to the provisions of the Companies Act under which, if a transfer of Shares contravenes the SEBI provisions or the regulations issued under it or the SICA or any other similar law, the Indian Company Law Board may, on an application made by the company, an investor or the

SEBI , direct a rectification of the register of records. If a company without sufficient cause refuses to register a transfer of shares within two months from the date of which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal . Pursuant to the Listing Agreement, in the event the Company has not effected the transfer of Shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Company is required to compensate the aggrieved party for the opportunity loss caused during the period of delay. The Companies Act provides that the shares or debentures of the public listed company (such as the Company) shall be freely transferable. The Company's Articles of Association provide for certain restrictions on the transfer of shares, including granting power to the board of directors in certain circumstances, to refuse to register or acknowledge transfer of shares or other securities issued by the Company. However, to the extent that the provisions of the Articles are in conflict with any of the provisions of the Companies Act, the Companies Act shall prevail. Further, under the Companies Act, the enforceability of these transfer restrictions is unclear.

Acquisition by the Company of its own Shares

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders voting on the matter in accordance with the Companies Act and is also sanctioned by the High Court of Judicature at the city where the company's registered office is situated. Moreover, subject to certain conditions, a company is prohibited from giving whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company. However, pursuant to certain amendments to the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back should be authorised by the Articles of Association of the company;
- a special resolution has been passed in the general meeting of the company authorising the buy-back ;
- the buy-back is limited to 25% of the total paid-up capital and free reserves;
- the ratio of debt owed by the company is not more than twice the capital and free reserves after such buy-back; and
- the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations , 1998.

The second condition mentioned above would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorised by the board of directors of the company. Further, a company buying back its securities is not permitted to buy -back any securities for a period of one year from the buy-back or to issue new securities for six months from the buy-back date. Every buy-back has to be completed within a period of one year from the date of passing of the special resolution or resolution of the Board as the case may be.

A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back.

The company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, if the company is listed and wishes to buy-back its shares or specified securities for the purpose of delisting its shares or specified securities or in the event of non-compliance with certain other provisions of the Companies Act.

Liquidation Rights

Subject to the rights of creditors, workmen, statutory creditors and of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of a winding up of the Company, the holders of the Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Shares. All surplus assets after payments due to workmen, statutory creditors, and secured and unsecured creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such shares respectively at the commencement of the winding-up.

TAXATION

To,
Board of Directors,
Alok Industries Limited
Tower 'A', Peninsula Corporate Park,
G. K. Marg, Lower Parel,
Mumbai 400 013.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to Alok Industries Limited ('the Company') and to the shareholders of the Company under the Income tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For **Gandhi & Parekh**
Chartered Accountants

Devang B. Parekh
Partner
Membership No.:105789

Place : Mumbai
Date : March 11, 2010

Annexure to Statement of Tax Benefits

The following key tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

SPECIAL TAX BENEFITS

1. **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**
   There are no special tax benefits available to the Company.

2. **SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**
   There are no special tax benefits available to the Shareholders of the Company.

GENERAL TAX BENEFITS

1. **Key benefits available to the Company under the Income Tax Act, 1961 ("the Act")**

A) BUSINESS INCOME:

a) Depreciation:

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the Act.

In case of new machinery or plant that is acquired by the company (other than ships and aircrafts), the company is entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs as per section 32 (2) subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73 of the Act

b) Amortization of Preliminary Expenses:

As per Section 35D of the Act, the company is eligible for deduction in respect of preliminary expenses incurred in connection with the extension of an industrial undertaking or setting up of a new industrial units, of an amount equal to 1/5^{lh} of such expenses every year for a period of 5 years subject to conditions specified in that section.

c) Deductions under Chapter VI-A of the Act:

As per Section 80-IB(4) of the Act, the Company is eligible for deduction of an amount equal to specified per cent of the profit and gains derived by specified undertaking for 10 assessment years subject to the fulfillment of the conditions specified in that section.

As per section 80G of the Act, the Company is entitled to claim deduction of an specified amount in respect of eligible donations subject to the fulfillment of the conditions specified in that section.

d) MAT Credit:

As per Section 115JAA(1A) of the Act, the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under section 115JB for that assessment year. Such MAT credit is available for set-off upto 10 years succeeding the assessment year in which the MAT credit arises.

B) CAPITAL GAINS:

a) i) **Long Term Capital Gain (LTCG)**
LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23 D) of section 10 or a Zero coupon bond held by an assesses for more than 12 months.
In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

ii) **Short Term Capital Gain (STCG)**
STCG means capital gain arising from the transfer of capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a Zero coupon bonds, held by an assessee for 12 months or less.
In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

b) LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (SIT) and subject to conditions specified in that section.
Income by way of long term capital gain exempt u/s 10(38) is to be taken into account in computing the Book profit and income tax payable under section 115JB of the Act.

c) As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
As per section 112 of the Act, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% Education and Secondary & Higher Education Cess on tax *(if* any) (hereinafter referred to as applicable Surcharge and Education Cess and Secondary & Higher Education Cess)
However as per section 112(1), if such tax payable on transfer of listed securities or units or Zero coupon bonds exceed 10% of the LTCG, without indexation benefit, the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

d) As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), arc subject to tax at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess) provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income.

e) STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).

f) As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

g) As per section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 years.

h) As per section 54EC of the Act, capital gains arising from the transfer of a long term capital asset shall be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions special therein:

- National Highway Authority of India constituted under Section 3 of National Highway Authority of India Act, 1988
- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1856

If only part of the capital gains is reinvested, the exemption shall be proportionately available.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion. As per this section, the investment in the Long Term Specified Asset cannot exceed 50 lakh rupees.

C) OTHER INCOME:

Dividend (both interim and final), if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt from tax under Section 10(35) of the Act.

Tax Benefits available from Income of Trust registered as Association of Persons

Where the assessee is a member of an association of persons or body of individuals (other than a company or a co-operative society or a society registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India), income-tax shall not be payable by the assessee in respect of his share in the income of the association or body computed in the manner provided in section 67A.

Where the association or body is chargeable to tax on its total income at the maximum marginal rate or any higher rate under any of the provisions of this Act, the share of a member computed as aforesaid shall not be included in his total income.

Where no income-tax is chargeable on the total income of the association or body, the share of a member computed as aforesaid shall be chargeable to tax as part of his total income and nothing contained in this section shall apply to the case.

The tax benefit pertaining to company outlined above (para 2) are general and all the benefit may not be availed by/available to the company.

2. Key benefits available to the Members of the Company under the Act.

2.1 Resident Members

a) Dividend income:

Dividend (both interim and final) if any, received by the resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

b) Capital gains:

i) Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefit is also available to a resident shareholder being an individual or a HUF.

ii) As per Section 54F of the Act, LTCG arising from transfer of shares transferred other than through stock exchanges shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c) Clubbing of Income:

Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.

d) Security Transaction Tax

In terms of Section 36(1)(xv), deduction shall be allowed while computing business income of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profit and gains of business or profession”.

2.2 Non-Resident Indians / Members Other than FIIs & Foreign Venture Capital Investors

a) Dividend Income:

Dividend (both interim and final), if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act,

b) Capital gains:

Benefits outlined in paragraph 2.1(b) (except 2.1(b)(iii)) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

c) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident investor.

d) Special provisions in case of non-resident Indians in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act.

i) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand parents, were born in undivided India.

ii) Specified foreign exchange assets include shares of an Indian company which is acquired/purchased/subscribed by NRI in convertible foreign exchange.

iii) As per section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under section 10(38)) from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure or allowance or deductions under chapter VI-A shall be allowed from such income.

iv) As per section 115E of the Act, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).

v) As per section 115F of the Act, LTCG arising on transfer of a foreign exchange asset shall be exempt in case net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

vi) As per section 115G of the Act, in case total income of a NRI consists only of income/LTCG from such foreign exchange asset/specified asset and tax thereon has been deducted at source in accordance with the Act, then, it shall not be necessary for a NRI to file return of income under Section 139(1) of the Act.

vii) As per section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he may furnish a declaration in writing to the assessing officer, along with his return of income under section 139 of the Act for the assessment year in which he is first assessable as a resident, to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

viii) As per the provisions of Section 115I of the Act, Non – Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

ix) As per section 115J of the Act, the NRI can opt not be governed by the provisions of chapter XII-A for any assessment year by furnishing return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of this chapter shall not apply, in which case the other provisions of the income tax act shall apply.

2.3 Foreign Institutional Investors (Flls)

a) Dividend Income:

Dividend (both interim *and* final), if any, received by the shareholder from the domestic company shall be exempt from tax under Section 10(34) read with Section 115O of the Act

b) Capital Gains:

i) As per Section 115AD of the Act, income (other than income by way of dividends referred to Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). No deduction in respect of any expenditure/allowance shall be allowed from such income.

ii) As per Section 115AD of the Act, capital gains arising from transfer of securities shall be taxable as follows:

- As per Section 111A of the Act, STCG arising on transfer of securities where such transaction is chargeable to STT shall be taxable at the rate of 15% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess)

- STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess).
- LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act,
- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable Surcharge and Education Cess and Secondary & Higher Education Cess). The indexation benefit shall not be available while computing the capital gains.

iii) Benefit of exemption under Section 54EC of the Act shall be available as outlined in Paragraph l(B)(h) above.

c) Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements entered into by the Government of India with the country of residence of the non-resident investor,

2.4 Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

2.5 Tax Benefits available to Venture Capital Companies/Funds

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking,

is exempt from income tax. However, the income distributed by the Venture Capital companies/funds to its investors would be taxable in the hands of the recipients.

3. Benefits available to the shareholders of the Company under the Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within tile meaning of Section 2(ea) of the Wealth Tax Act, 1957 hence, wealth tax is not applicable on shares held in a company.

4. The Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift tax.

However, any transfer of shares made subsequent to October 1, 2009 without adequate consideration to an individual or HUF will be taxable in the hands of the transferee under the newly inserted clause (vii) under section 56(2) of the Income Tax Act, 1961 subject to prescribed conditions.

5. Security Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Act

Notes:

a) All the above benefits are as per the current tax laws and will be available only to the sole/first named holder in case the shares are held by joint holders. Some or all of the tax consequences may be modified or amended by future amendments to the tax laws.

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

c) 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 issue.

d) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

e) The above statement is prepared based on Finance Bill, 2009..

GENERAL INFORMATION

(1) The Company was incorporated on March 12, 1986 by way of a certificate of incorporation dated March 12, 1986 as Alok Textile Private Limited, a private limited company under the provisions of the Companies Act, 1956. Subsequently, by way of a fresh certificate of incorporation dated November 17, 1992, the name of our Company was changed to Alok Textiles Industries Private Limited. Our Company was thereafter converted into a public limited company on February 11, 1993 by way of a certificate of incorporation dated February 11, 1993. Consequently, by way of a fresh certificate of incorporation dated November 8, 2000, our Company's name was changed to Alok Industries Limited. The corporate identification number is L17110MH1986PLC039194.

(2) For the main objects of the Company please refer to the Memorandum of Association of the Company.

(3) Copies of the Memorandum and Articles of Association of the Company will be available for inspection during usual business hours on any weekday between 11.00 a.m. to 1.00 p.m. (except Saturdays and public holidays) at the Company's registered office.

(4) The issue of the QIP Shares was authorised by shareholders of the Company pursuant to postal ballot on March 6, 2010. The terms of the offering and the issue of the shares were approved by resolutions of the Board passed on January 29, 2010.

(5) The Company shall apply for in-principle approval to list the QIP Shares on the BSE and the NSE.

(6) The Company has obtained all consents, approvals and authorisations required in connection with the Issue.

(7) There has been no material adverse change in the financial or trading position of the Company and its subsidiaries taken together as a whole since March 31, 2009 and no material adverse change in the financial position or prospects of the Company and its subsidiaries taken together as a whole since March 31, 2009.

(8) Neither the Company nor any of its Subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the Issue nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.

(9) The standalone and consolidated financial statements of the Company as at and for the three years March 31, 2007, March 31, 2008 and March 31, 2009 as set out in this Placement Document have been audited by M/s. Gandhi & Parekh.

(10) Neither the Company nor any other company in which it has a direct or indirect holding of more than 50% has acquired or is holding the Company's Equity shares.

(11) The Company is not aware of the existence of any natural or legal persons who/which, directly or indirectly, severally or jointly, exercise or could exercise control over the Company.

(12) The Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

(13) The Floor Price for the Issue is Rs. 23.32 per Equity Share calculated in accordance with the provisions of Chapter VIII of the SEBI Regulations, as certified by the Statutory Auditors of the Company.

INDEPENDENT ACCOUNTANTS

M/s. Gandhi & Parekh have audited the standalone & consolidated financial statements of the Company as of and for the years ended March 31, 2007, 2008 and 2009.

M/s.Gandhi & Parekh have conducted Limited review of the standalone & consolidated financial statements of the Company as at September 30, 2009.

FINANCIAL STATEMENTS

Auditors' Report on the Standalone Financial Statements

To,
The Board of Directors
Alok Industries Limited

1] We have audited the attached Standalone Balance Sheet of Alok Industries Limited ("the Company"), as at **March 31, 2009, 2008 and 2007** and also the Standalone Profit and Loss Account and the Standalone Cash Flow Statement for each of the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2] The figures disclosed in the financial statements are extracted from the respective year's audited financial statements and our opinion on the financial statements stated herein as stated in the opinion for each of the years. In forming an opinion for each of the year's, we conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3] As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. This Annexure is extracted from the audit report of the respective years.

4] Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the respective years;

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

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

(iv) In our opinion, the Balance Sheets, Profit and Loss Accounts and Cash Flow Statements dealt with by the report of each year's report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(v) On the basis of written representations received from the directors, as on March 31, 2009, 2008 and 2007 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified at the end of each year from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

(vi) We draw attention to note no: 12 of part 'B' Schedule '19' regarding investment in subsidiary company, aggregating to Rs.3681.22 million (March 31, 2009) and Rs.3442.83 million (March 31, 2008) considered good for the reasons stated in the note and note no: 14 of part 'B' of Schedule '19' of Financial Statements as at March 31, 2009 regarding insurance claim receivables amounting to Rs.806.34 million (March 31, 2009) and Rs.907.36 million (March 31, 2008), considered recoverable for the reasons stated in the note.

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts of the respective years read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheets, of the state of affairs of the Company as at March 31, 2009, 2008 and 2007;

(b) in the case of the Profit and Loss Accounts, of the profit for the year ended March 31, 2009, 2008 and 2007; and

(c) in the case of the Cash Flow Statements, of the cash flows of the Company for the year ended on March 31, 2009, 2008 and 2007.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner

Place : Mumbai.
Date : March 11, 2010

Membership No. 105789

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Industries Limited on the financial statements for the year ended **March 31, 2009, 2008 and 2007**.

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

(b) As explained to us, considering the nature of fixed assets, physical verification of major portion of fixed assets as at March 31, 2009, 2008 and 2007 was conducted by the management during each of financial the year, which is reasonable having regard to the size of the company and nature of its business. On the basis of explanations received and documents produced to us for our verification, in our opinion, the net variance found on physical verification were not significant and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during each of the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

(ii) (a) As explained to us, inventories (except stocks lying with third parties and in transit, confirmation/ subsequent receipt have been obtained in respect of such inventory) have been physically verified during each of the year by the management at reasonable intervals.

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

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanation given to us, the Company has neither granted nor taken loans secured or unsecured/ Deposits to/from parties covered in the register maintained under section 301 of the Act for the year ended March 31, 2009 & 2008. Therefore, the provisions of clause 4(iii) of the Order are not applicable to the Company for the respective years, except for the ended March 31,2007, the Company has granted loans, secured unsecured/Deposits to 4 parties covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs.40.70 million and the year end balance were nil.

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

(v) In our opinion and according to the information and explanation given to us, there are no contracts entered in the register maintained as referred to in section 301 of the Act for the year March 31, 2009 & 2008. Therefore, the provisions of clause 4(v) of the Order are not applicable to the Company for the respective years. For the year March 31, 2007, In our opinion and according to information & explanation given to us, the company has entered the required particulars of contracts or arrangements in the register maintained as referred to in section 301 of the Act. In our Opinion and according to information & explanation given to us, the transactions made pursuant of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at a prices which are generally reasonable, having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and according to the information and explanation given to us no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other tribunal.

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

(viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of the Company's textile products to which the said rules are made applicable, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are complete and accurate.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty, cess were outstanding, as at each year end, for a period of more than six months from the date they became payable.

(b) According to the information & explanation given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess that have not been deposited on account of any disputes.

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

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

(xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

(xv) According to the information and explanation given to us, during the financial year March 31, 2009, the Company has given corporate guarantee for loan taken by its subsidiaries, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company. However, in our opinion, according to the information & explanation given to us, during the financial year March 31 2008, 2007, the company has not given any guarantee for loans taken by others from banks and financial institutions. Therefore, the provisions of clause 4(xv) of the order are not applicable to the Company for the year March 31, 2008 & 2007.

(xvi) On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company has, prima-facie, applied the term loans for the purposes for which they were obtained, other than amounts temporarily invested pending utilisation of the funds for the intended use.

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

(xviii) During each of the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the order are not applicable to the Company.

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

(xx) The company has not raised any money by public issue during each of the year. However, during the financial year March 31, 2009, the company has vide offer letter dated March 19, 2009 offered to its existing share holders on Right Basis 408,723,061 equity shares of Rs. 10/- each at a premium of Re. 1/- per share. The Right issue opened on March 31, 2009 and closed on April 22, 2009. As at balance sheet date the Company received application money of Rs. 1374.99 million**.** End use is disclosed in Note No. 4 of part 'B' Schedule 19. For the year March 31, 2007, the Company has disclosed the end use of money raised through FCCB issue in note no. 5 of Part 'B' of Schedule '19', which has been verified by us.

(xxi) To the best of our knowledge and belief and according to the information & explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that cause the financial statements to be materially misstated.

This report is for inclusion in the preliminary/final placement document being issued by the Company in connection with the proposed placement of equity shares under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009, as amended and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Gandhi & Parekh
Chartered Accountants

Place : Mumbai.
Date : March 11, 2010

Devang B. Parekh
Partner
Membership No. 105789

The Standalone Balance Sheet as at March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. in million)

Particulars	schedule	2008-09	2007-08	2006-07
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	1,969.75	1,871.75	1,703.72
Share Application Money		1,375.00	-	-
Share Warrants		102.00	1,101.60	-
Reserves and Surplus	2	14,103.85	11,339.99	8,540.72
		17,550.60	**14313.34**	**10244.44**
Loan Funds				
Secured	3	62,562.42	48,241.57	28,330.46
Unsecured	4	3,401.09	9,431.55	5,037.15
		65,963.51	**57,673.12**	**33,367.61**
Deferred Tax Liability		3,079.68	2,104.76	1,418.18
(Refer Note No. 7 of Part 'B' of schedule 19)				
TOTAL FUNDS EMPLOYED		**86,593.79**	**74,091.22**	**45,030.22**
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	45,344.55	33,717.26	23,457.25
Less : Depreciation		(7,088.50)	(4,767.49)	(3,703.97)
Net Block		38,256.05	28,949.77	19,753.28
Capital Work-in-Progress /				
Incidental Expenditure during construction	6	21,582.63	9,963.16	6,084.77
Investments	7	4,785.78	6,189.59	2,194.92
Foreign Currency Translation Monetary Account		111.95	-	-
Current Assets, Loans And Advances				
Inventories	8	9,438.40	6,875.76	4,644.64
Sundry Debtors	9	8,841.92	6,077.12	5,445.17
Cash and Bank Balances	10	3,449.46	16,737.52	7,852.95
Loans and Advances	11	5,129.50	4,084.97	1,983.81
Total Current Assets, Loans And Advances		**26,859.28**	**33,775.37**	**19,926.57**
Less: Current Liabilities And Provisions				
Current Liabilities	12	4,713.96	4,421.79	2,554.62
Provisions	13	287.94	364.88	374.70
Total Current Liabilities And Provisions		**5,001.90**	**4,786.67**	**2,929.32**
NET CURRENT ASSETS		**21,857.38**	**28,988.70**	**16,997.25**
TOTAL APPLICATION OF FUNDS		**86,593.79**	**74,091.22**	**45,030.22**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

The Standalone Profit & Loss Account for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. in million)

Particulars	schedule	2008-09	2007-08	2006-07
INCOME				
Income from Operations	14	29,769.32	21,704.05	18,246.80
Other Income	15	208.09	679.41	372.97
Increase in Stocks of Finished Goods and Process Stock	16	3,856.71	1,014.34	653.35
Total Revenue		**33,834.12**	**23,397.80**	**19,273.12**
EXPENDITURE				
Purchase of Traded Goods		1,052.57	2,986.17	984.12
Manufacturing and Other Expenses	17	24,555.44	14,497.84	13,845.13
Interest (net)	18	3,041.24	1,318.33	890.40
Depreciation / Amortisation		2,334.81	1,619.64	1,230.40
PROFIT BEFORE TAX		**2,850.06**	**2,975.82**	**2,323.07**
Provision for Current Tax		(329.78)	(336.74)	(259.40)
MAT Credit Entitlement		286.50	41.20	11.10
Deferred Tax		(897.95)	(681.30)	(417.20)
Fringe Benefit Tax		(17.49)	(12.50)	(8.95)
(Short)/Excess Provision for Income Tax in respect of earlier years		(7.45)	-	(1.61)
PROFIT AFTER TAX		**1,883.89**	**1,986.48**	**1,647.00**
Add : Balance brought forward from previous year		2,961.95	2,161.83	1,298.40
AMOUNT AVAILABLE FOR APPROPRIATION		**4,845.84**	**4,148.31**	**2,945.40**
APPROPRIATIONS				
Add : Excess provision for Dividend of earlier year		1.71	1.90	3.95
Less : Transfer to General Reserve		-	(190.00)	(500.00)
Transfer to Debenture Redemption Reserve		(1,908.32)	(735.48)	-
Proposed Dividend		-	-	-
- on Equity Shares		(147.74)	(224.61)	(238.52)
- on Preference Shares (paid/provided)		-	-	(7.37)
Corporate Dividend Tax thereon		(25.11)	(38.17)	(41.63)
BALANCE CARRIED TO BALANCE SHEET		**2,766.38**	**2,961.95**	**2,161.83**
EARNINGS PER SHARE (in Rs.)				
(Refer Note no. 8 of part B of Schedule 19)				
Basic		9.64	11.40	9.70
Diluted : Before considering effect of Right Issue		8.35	8.93	8.72
After considering effect of Right Issue		3.49	-	-
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

The Standalone cash flow statement for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. in million)

	PARTICULARS	2008-09	2007-08	2006-07
A]	**Cash Flow from Operating Activities**			
	Net Profit Before Tax	2,849.95	2,975.82	2,323.07
	Adjustments for:			
	Depreciation / Amortisation	2,334.90	1,619.64	1,230.40
	Unrealised loss / (gain) on Cash and cash equivalent	-	(2.80)	15.30
	Excess of Cost over Fair value of current Investments	6.76	0.35	4.85
	Exchange rate difference	-	-	-
	Dividend Income	(1.71)	(2.95)	(2.69)
	Interest Paid (net)	3,041.24	1,318.33	890.40
	(Profit) / Loss on sale of fixed assets (net)	(17.40)	(31.30)	0.92
	(Profit) / Loss on sale of current investments (net)	22.40	(1.86)	(2.40)
	Operating Profit before working capital changes	**8,236.14**	**5,875.24**	**4,459.85**
	Adjustments for			
	Increase in Inventories	(2,562.60)	(2,231.16)	(1,063.12)
	Increase in Trade Receivables	(2,764.80)	(631.87)	(1,899.87)
	Decrease/(Increase) in Loans and Advances	(807.18)	(1,869.31)	(504.12)
	Increase in Current Liabilities	8.90	1,848.43	782.41
	Cash Generated from operations	**2,110.46**	**2,991.33**	**1,775.15**
	Income Taxes Paid	(371.11)	(480.60)	(217.10)
	Net cash Generated from Operating Activities	**1,739.35**	**2,510.73**	**1,558.05**
B]	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(23,103.07)	(16,238.91)	(8,416.77)
	Sale / adjustments of fixed assets	86.24	1,575.73	89.79
	Purchase of Investments	(2,196.94)	(564.85)	(1,736.70)
	Sale of Investments	1,576.44	850.89	1,329.90
	Margin Money Deposits Matured/(placed)	629.05	986.40	(631.80)
	Dividends Received	1.71	2.95	2.69
	Interest Received	664.20	1,109.84	527.57
	Share Application money paid	1,995.25	(4,279.31)	(1,393.60)
	Inter Corporate Deposits (granted) / refunded - net	33.51	(58.10)	101.90
	Net cash used in Investing Activities	**(20,313.61)**	**(16,615.36)**	**(10,127.02)**
C]	**Cash flow from Financing Activities**			
	Proceeds from issue of Equity Share Capital (including premium) (Net)	-	95.20	125.69
	Share Application money received (Net)	1,375.00	-	-
	Issue of Share Warrants	-	1,101.60	-
	Proceeds from borrowings (Net)	8,178.48	25,441.60	11,922.59
	Dividend Paid (Including Tax thereon)	(261.14)	(276.97)	(239.36)
	Interest Paid	(3,377.03)	(2,388.70)	(1,333.78)
	Net cash Generated from Financing Activities	**5,915.31**	**23,972.73**	**10,475.14**
	Net Increase in Cash and Cash equivalents (A+B+C)	**(12,658.95)**	**9,868.10**	**1,906.17**
	Cash and Cash equivalents			
	at the beginning of the Year	**15,434.57**	**5,566.47**	3,660.30
	at the end of the Year	**2,775.62**	**15,434.57**	5,566.47
	Net (Decrease) / Increase in Cash and Cash equivalents	**(12,658.95)**	**9,868.10**	**1,906.17**

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the period and is considered as part of investing activity.

(Rs. in million)

4	Cash and Cash equivalents includes :	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
	Cash and Bank Balances	3,449.46	16,737.52	7,852.95
	Less: Margin Money Deposit*	673.83	1,302.95	2,289.28
	Unrealised loss / (gain) on foreign currency	-	-	2.80
	Total Cash and Cash equivalents	**2,775.62**	**15,434.57**	**5,566.47**

* Margin money being restricted for its use have been excluded from cash and cash equivalent and grouped under the investment activity.

5 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".

ALOK INDUSTRIES LTD.

SCHEDULE FORMING PART OF STANDALONE BALANCE SHEET AS AT MARCH 31, 2009, 2008 AND 2007

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '1'			
CAPITAL			
Authorised :			
FY 2008-09 650,000,000 FY 2007-08 275,000,000 FY 2006-07 210,000,000 Equity shares of Rs.10/- each	6,500.00	2,750.00	2,100.00
FY 2008-09 NIL, FY 2007-08 25,000,000 FY 2006-07 90,000,000 Preference shares of Rs.10/- each	-	250.00	900.00
	6,500.00	**3,000.00**	**3,000.00**
FY 2008-09 19,69,74,969FY 2007-08 18,71,74,969 FY 2006-07 17,03,71,974 Equity shares of Rs.10/- each fully paid up	1,969.75	1,871.75	1,703.72
Total	**1,969.75**	**1,871.75**	**1,703.72**

NOTES :

a) During FY 2008-09 - 9,800,000,FY 2007-08 - 16,802,995,FY 2006-07 - 12,903,518equity shares were issued as under:

i] FY 2008-09 Nil, FY 2007-08 15,869,202, FY 2006-07 - 1,755,978 equity shares of Rs.10/- each were issued on conversion of FY 2008-09 Nil, FY 2007-08 459 FY 2006-07 - 55, 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to FY 2008-09 Nil, FY 2007-08Rs. 977.38 million, FY 2006-07 - 108.19 million.

ii] FY 2006-07 11,147,540 equity shares of Rs.10/- each were issued on conversion of 68,000,000, 10% Optionally Convertible Preference Shares of Rs. 10/- each at a premium aggregating to Rs. 568.54 million on excercising of option by the holders thereof)

iii] FY 2007-08 933,793 equity shares of Rs.10/- each were issued on preferential allotment to promoter group at a premium aggregating to Rs. 85.92 million.

iv] FY 2008-09 9,800,000 Equity shares of Rs. 10/- each were issued on conversion of 9,800,000 warrants to promoters at a premium of Rs. 901.67 million.

b) Of the above shares :

i] 745,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.

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

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '2'			
RESERVES AND SURPLUS			
Capital Reserve			
Balance as per last Balance Sheet	0.31	0.31	0.31
Capital Redemption Reserve			
Balance as per last Balance Sheet	22.00	22.00	22.00
Securities premium account			
Balance as per last Balance Sheet	5,068.00	4,004.70	3,327.97
Add : Received during the year	901.67	1,063.30	676.73
	5,969.67	5,068.00	4,004.70
General Reserve			
Balance as per last Balance Sheet	2,150.36	1,950.00	1,450.00
Add: Transferred from Profit and Loss Account		190.00	500.00
Add: Transfer from Foreign Currency Monetary Item Revaluation Reserve (Refer Note No. 16 of Part 'B' of schedule 19)	149.45		
Add: Transitional effect of Leave Encashment Net of deferred tax (Refer Note No. 9 of Part 'B' of schedule 19)		10.36	
	2,299.81	2,150.36	1,950.00
Debenture Redemption Reserve			
Balance as per last Balance Sheet	1,137.36	401.88	401.88
Add: Transferred from Profit and Loss Account	1,908.32	735.48	-
	3,045.68	1,137.36	401.88
Surplus in Profit and Loss Account	2,766.38	2,961.95	2,161.83
	14,103.85	**11,339.99**	**8,540.72**

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '3'			
SECURED LOANS			
a. Debentures			
8.75% Redeemable Non Convertible Debentures	-	-	500.00
9.00% Redeemable Non Convertible Debentures	-	-	200.00
9.30% Redeemable Non Convertible Debentures	-	200.00	-
10.00% Redeemable Non Convertible Debentures	-	1,200.00	-
10.15% Redeemable Non Convertible Debentures	-	400.00	-
10.25% Redeemable Non Convertible Debentures	1,000.00	1,000.00	-
10.50% Redeemable Non Convertible Debentures	-	-	-
10.75% Redeemable Non Convertible Debentures	-	200.00	-
13.00% Redeemable Non Convertible Debentures	3,150.00	-	-
	4,150.00	3,000.00	700.00
b. Term Loans			
(1) From Financial Institutions			
-Rupee Loans	1,580.00	1,718.51	1,317.18
-Foreign currency loans	2,285.31	1,083.02	1,100.68
	3,865.31	2,801.53	2,417.86
(2) From banks			
-Rupee Loans	42,243.18	32,388.71	18,964.86
-Foreign currency loans	5,272.69	4,259.39	466.93
	47,515.87	36,648.10	19,431.79
	51,381.18	39,449.63	21,849.65
c. From Banks on Cash Credit Accounts, Working capital demand loans etc	6,991.63	5,728.52	5,689.18
[Including FY 2008-09 Rs. 1467.36 million, FY 2007-08 Rs. 1398.08 million, FY 2006-07 Rs. 345.93 million demand loan in foreign currency]			
d. Loans under Hire Purchase/Lease Arrangements	39.61	63.42	91.63
Total	**62,562.42**	**48,241.57**	**28,330.46**

1) All the debentures outstanding as at March 31, 2009, 2008 and 2007 are / were secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujrat

2) Term loans are secured as under :

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs. 1751.46million for F.Y.2008-09, Rs.2024.13 million for F.Y.2007-08, and Rs.1954.39 million for F.Y.2006-07 and Rs. 28335.37 million for F.Y.2008-09, Rs.26892.88 million for F.Y.2007-08 and Rs. 16387.00 million for F.Y.2006-07 respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's bankers towards working capital requirements and (iii) the personal guarantees of three promoter directors.

b) Term loan from banks to the extent of Rs. 1767.78 million for F.Y.2008-09, Rs.1528.14 million for F.Y.2007-08 and Rs.1873.19 million for F.Y.2006-07 is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.

c) Term loans from the Banks and Financial Institutions to the extent of Rs. 4089.14 million for F.Y. 2008-09, Rs.2252.14 million for F.Y.2007-08 and Rs.1095.38 million for F.Y.2006-07 and Rs. 840.11 million for F.Y.2008-09, Rs.777.41 million for F.Y.2007-08 and Rs.463.44 million for F.Y.2006-07 respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company’s term lenders and towards working capital requirements (ii) the personal guarantee of three Promoter Directors of the Company.

d) Term loans from the Banks to the extent of Rs. 188.77 million for F.Y.2008-09, Rs.155.78 million for F.Y.2007-08 and Rs. NIL for F.Y.2006-07 are secured by (i) subservient charge on all assets of the Company excluding Land and Building (ii) Pledge of company's investmentin a subsidiary viz. Alok Industries International Limited (ii) the personal guarantee of three Promoter Directors of the Company.

e) Term loan from the Bank to the extent of Rs. 13134.80 million for F.Y.2008-09, Rs.5819.15 million for F.Y.2007-08 and Rs. NIL for F.Y.2006-07 are secured by subservient charge on all present and future moveable fixed assets, stocks and receivables of the Company subject to prior chargein favour of the company’s term lenders and working capital bankers.

f) Term loan from Financial Institution of Rs. 1273.75 million for F.Y.2008-09,Rs. NIL for F.Y.2007-08,and Rs. NIL for F.Y.2006-07 is secured by (i) subservient charge on all the present and future moveable fixed assets of the company except land and building

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

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

(Rs. in million)

PARTICULARS	**AS AT 31.03.2009**	**AS AT 31.03.2008**	**AS AT 31.03.2007**
SCHEDULE '4'			
UNSECURED LOANS			
(a) Fixed Deposits			2.93
(b) Term Loans and Advances			
From Banks and Financial Institutions			
- Rupee Loans	2,180.34	8,299.81	1,170.52
- Foreign currency loans	10.69	183.08	499.22
	2,191.03	8,482.89	1,669.74
(c)Other Loans and Advances			
- From Banks			1,335.75
(d) FY 2008-09 475, FY 2007-08 475, FY 2006-07 934 1% Foreign Currency Convertible Bonds(FCCBs) [See Note no. 5 of part B of Schedule 19]	1,210.06	948.66	2,028.73
Total	**3,401.09**	**9,431.55**	**5,037.15**

NOTES:

1. **Term Loan from banks**

a) Includes commercial paper of Rs. Nil for F.Y.2008-09, Rs.NIL for F.Y.2007-08 and Rs. 800.00 million for F.Y.2006-07 maximum amount outstanding at any time during F.Y.2008-09 Rs.NIL, during F.Y.2007-08 Rs.1100.00 million, and during F.Y. 2006-07 Rs.800.00 million)

b) To the extent of Rs. 1149.97 million for F.Y.2008-09, Rs.1599.95 million for F.Y.2007-08 and Rs.NIL for F.Y.2006-07are secured by Personal Guarantee of three Promoter Directors

2. Short term Foreign Currency Loan Rs. Nilfor F.Y.2008-09, Rs.150.12 million for F.Y.2007-08 and Rs.434.42 million for F.Y.2006-07 from Banks are secured by (i) Personal Guarantee of three Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the Company in case of default.

SCHEDULE '5' - FIXED ASSETS

(Rs. in million)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		AS AT 01.04.08	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.09	AS AT 01.04.08	FOR THE YEAR #	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.09		AS AT 31.03.09	AS AT 31.03.08
	OWN ASSETS :											
1	Freehold Land	384.30	196.88	-	581.18	-	-	-	-		581.18	384.31
2	Leasehold Land	5.60	-	-	5.60	1.03	0.06	-	1.09	*	4.51	4.47
3	Factory Building	7,182.25	3,190.59	-	10,372.84	485.06	267.37	-	752.43		9,620.41	6,824.76
4	Office Premises	265.40	-	-	265.40	14.14	4.33	0.00	18.47		246.93	251.28
5	Plant and Machinery	24,211.51	7,930.96	16.52	32,125.95	3,951.54	1,901.95	7.51	5,845.98	@	26,279.97	20,464.98
6	Computer and Peripherals	175.61	46.86	2.63	219.84	74.98	29.09	1.90	102.17		117.67	103.96
7	Office Equipment	59.38	18.26	0.07	77.57	13.00	4.60	0.01	17.59		59.98	47.54
8	Furniture and Fittings	374.51	144.13	60.75	457.89	76.59	26.19	3.18	99.60		358.29	305.54
9	Vehicles	54.40	0.49	2.83	52.06	19.34	4.99	1.28	23.05		29.01	35.03
10	Tools and Equipment	199.26	161.95	-	361.21	20.44	16.18	-	36.62		324.58	178.84
	Sub - Total	**32,912.22**	**11,690.12**	**82.80**	**44,519.54**	**4,656.12**	**2,254.76**	**13.88**	**6,897.00**		**37,622.53**	**28,600.71**
	LEASED ASSETS :											
1	Plant and Machinery	223.80	-	-	223.80	62.36	16.49	-	78.85		144.95	161.43
2	Computer and Peripherals	2.20	-	-	2.20	2.00	0.12	-	2.12		0.08	0.32
	Sub - Total	**226.00**	**-**	**-**	**226.00**	**64.36**	**16.61**	**-**	**80.97**	**-**	**145.03**	**161.75**
	INTANGIBLE ASSETS										-	-
1	Computer Software	28.62	19.88	-	48.50	5.72	8.49	-	14.21		34.30	26.44
2	Trademarks / Brands	550.41	-	-	550.41	41.28	55.04	-	96.32		454.09	509.13
	Sub - Total	**579.03**	**19.88**	**-**	**598.91**	**47.00**	**63.53**	**-**	**110.53**	**-**	**488.39**	**535.57**
	Total	**33,717.26**	**11,710.00**	**82.80**	**45,344.45**	**4,767.50**	**2,334.90**	**13.88**	**7,088.50**	**-**	**38,255.95**	**29,298.03**

Notes :

1. Plant and Machinery acquired on lease includes Rs.81.20 million (Previous year Rs. 81.20 million) incurred by company for installation etc.
2. Plant and Machinery includes Rs.1664.60 million (Previous year Rs.NIL) being increase in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 550.40 million (Previous year Rs. 550.40 million) WDV Rs. 454.20 million (Previous year Rs. 509.10 million) which are not registered in the name of the company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

\+ Depreciation Includes depreciation transfer to pre operative expenses Rs. Nil (Previous Year.1.20 million)

@ Includes Rs. 1.10 million depreciation on Exchange Rate Differnce capitalised for the financial year 07-08 and debited to General Reserve

SCHEDULE '5' - FIXED ASSETS

(Rs. in million)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		ASAT 01.04.07	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	ASAT 31.03.08	ASAT 01.04.07	FOR THE YEAR+	DEDUCTIONS/ ADJUSTMENTS	ASAT 31.03.08	ASAT 31.03.08	ASAT 31.03.07
	OWN ASSETS :										
1	Freehold Land	247.56	136.74	-	384.30	-	-	-	-	384.30	247.56
2	Leasehold Land	5.60	-	-	5.60	0.96	0.07	-	1.03 *	4.57	4.64
3	Factory Building	5,211.05	2,653.41	682.21	7,182.25	360.16	196.22	71.32	485.06	6,697.19	4,850.88
4	Office Premises	265.40	-	-	265.40	9.83	4.33	-	14.14	251.26	255.57
5	Plant and Machinery	16,932.68	8,665.33	1,386.50	24,211.51	3,130.32	1,295.34	474.13	3,951.53	20,259.98	13,802.36
6	Computer and Peripherals	128.88	55.10	8.37	175.61	62.18	17.04	4.24	74.98	100.63	66.70
7	Office Equipment	35.46	25.29	1.37	59.38	10.53	2.95	0.48	13.00	46.38	24.92
8	Furniture and Fittings	247.66	135.65	8.79	374.51	53.76	25.13	2.30	76.59	297.92	193.90
9	Vehicles	58.84	1.03	5.48	54.40	16.26	5.58	2.50	19.34	35.06	42.58
10	Tools and Equipment	98.12	108.75	7.60	199.26	12.66	8.94	1.16	20.44	178.82	85.46
	Sub - Total	**23,231.25**	**11,781.31**	**2,100.32**	**32,912.22**	**3,656.66**	**1,555.60**	**556.13**	**4,656.11**	**28,256.11**	**19,574.58**
	LEASED ASSETS :										
1	Plant and Machinery	223.80	-	-	223.80	45.67	16.68	-	62.35	161.45	178.13
2	Computer and Peripherals	2.20	-	-	2.20	1.65	0.35	-	2.00	0.20	0.55
	Sub - Total	**226.00**	**-**	**-**	**226.00**	**47.32**	**17.03**	**-**	**64.35**	**161.65**	**178.68**
	INTANGIBLE ASSETS										
1	Computer Software	-	28.62	-	28.62	-	5.72	-	5.72	22.90	-
2	Trademarks / Brands	-	550.41	-	550.41	-	41.28	-	41.28	509.13	-
	Sub - Total	**-**	**579.03**	**-**	**579.03**	**-**	**47.00**	**-**	**47.00**	**532.03**	**-**
	Total	**23,457.25**	**12,360.34**	**2,100.32**	**33,717.26**	**3,703.98**	**1,619.64**	**556.13**	**4,767.49**	**28,949.77**	**19,753.26**

Notes :

1. Plant and Machinery acquired on lease includes Rs.81.2 million (Previous year Rs. 81.2 million) incurred by company for installation etc.
2. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 550.40 million (Previous year Rs. Nil) WDV Rs. 509.10 million (Previous year Rs. Nil) which are not registered in the name of the company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

\+ Depreciation Includes depreciation transfer to pre operative expenses Rs.1.20 million (Previous Year.Nil)

SCHEDULE '5' - FIXED ASSETS

(Rs. in million)

SR. NO.	DESCRIPTION OF ASSETS	GROSSBLOCK				DEPRECIATION					NETBLOCK	
		AS AT 01.04.06	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	ASAT 31.03.07	ASAT 01.04.06	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	ASAT 31.03.07		ASAT 31.03.07	ASAT 31.03.06
	OWN ASSETS :											
1	Freehold Land	215.90	59.86	28.20	247.56	-	-	-	-		247.56	215.90
2	Leasehold Land	5.60	-	-	5.60	0.90	0.06	-	0.96	*	4.64	4.70
3	Factory Building	3,028.00	2,184.03	0.98	5,211.05	213.76	146.77	0.37	360.16		4,850.89	2,814.24
4	Office Premises	265.40	-	-	265.40	5.50	4.33	-	9.83		255.57	259.90
5	Plant and Machinery	9,917.64	7,064.69	49.65	16,932.68	2,119.10	1,011.24	0.02	3,130.32		13,802.36	7,798.54
6	Computer and Peripherals	91.10	38.66	0.88	128.88	46.60	16.46	0.88	62.18		66.70	44.50
7	Office Equipment	22.80	12.66	-	35.46	6.70	3.83	-	10.53		24.93	16.10
8	Furniture and Fittings	153.20	94.49	0.03	247.66	36.90	16.87	0.02	53.76		193.90	116.30
9	Vehicles	54.20	10.00	5.36	58.84	10.00	7.76	1.50	16.26		42.58	44.20
10	Tools and Equipment	45.90	52.22	-	98.12	6.60	6.06	-	12.66		85.46	39.30
	Sub - Total	**13,799.74**	**9,516.61**	**85.10**	**23,231.25**	**2,446.06**	**1,213.38**	**2.79**	**3,656.65**		**19,574.60**	**11,353.68**
	LEASED ASSETS :											
1	Plant and Machinery	223.80	-	-	223.80	29.00	16.67	-	45.67		178.13	194.80
2	Computer and Peripherals	2.20	-	-	2.20	1.30	0.35	-	1.65		0.55	0.90
	Sub - Total	**226.00**	**-**	**-**	**226.00**	**30.30**	**17.02**	**-**	**47.32**		**178.68**	**195.70**
	Total	**14,025.74**	**9,516.61**	**85.10**	**23,457.25**	**2,476.36**	**1,230.40**	**2.79**	**3,703.97**		**19,753.28**	**11,549.38**

Notes :

1. Deduction from Plant and Machinery includes Rs.49.5 million (net) [(Previous year Rs.28.00 million (net)] being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
2. Plant and Machinery acquired on lease includes Rs.81.2 million incurred by company for installation etc.
3. Freehold land includes Rs.51.00 million being cost of freehold land at Silvassa acquired by the company, which is presently registered in the personal names of the directors of the Company since the same being agricultural land. The Company is taking steps to obtain permission from the relevant authorities to convert the land as non-agricultural land and transfer the same in the Company's name.
4. Deduction to Leased Assets - Vehicles includes Rs.8.0 million, accumulated depreciation Rs.1.8 million transferred to own assets on excerising of purchase option at the end of the hire purchase agreement period.
5. Addition to Plant and Machinery during the year is net of capital subsidy of Rs.52.6 million.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '6'			
CAPITAL WORK IN PROGRESS			
Capital Expenditure On Projects	17,950.15	9,154.97	4,794.08
Advance For Capital Expenditure	3,632.48	808.19	1,290.69
	21,582.63	**9,963.16**	**6,084.77**

Capital expenditure incurred on Projects includes :
i]Rs. 755.00 million for F.Y. 2008-09,Rs. 206.90 million for F.Y.2007-08 and Rs. 195.89 million for F.Y. 2006-07 on account of pre-operative expenses (Refer Note No. 11 of part B of schedule 19)
ii]Rs. 17,195.15 million for F.Y.2008-09 , Rs. 8,948.07 million for F.Y.2007-08 and Rs. 4,598.19 for F.Y. 2006-07 on account of cost of construction material and plant and machinery under erection.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '7'			
INVESTMENTS			
A) LONG TERM INVESTMENTS (At cost / carrying amount unless otherwise stated) - fully paid			
In Equity shares			
In Subsidiary Companies - Unquoted (Trade)			
Alok Inc. [FY 2008-09 50 , USD 2007-08 50, FY 2006-07 50 Equity Shares of USD 200 each]	0.45	0.45	0.45
Alok Industries International Limited [FY 2008-09 50,000 FY 2007-08 50,000 FY 2006-07 50,000 Equity Shares of USD 1 each]	2.17	2.17	2.17
(Pledged against finance availed)			
Alok International Inc. [FY 2008-09 1,000 Equity Shares of USD 1/- each]	0.04	-	-
Alok Apparel Private Limited [FY 2008-09 10,00,000, FY 2007-08 10,00,000 Equity Shares of Rs.10/- each]	10.00	10.00	-
Amigo Sports Private Limited (Formerly known as Alok Clothing Private Limited) [FY 2008-09 Nil, FY 2007-08 50,000 Equity Shares of Rs.10/- each]	-	0.50	-
Alok Retail (India) Limited (Formerly known as Alok homes & Apparel Private Limited) [50,000 Equity Shares of Rs.10/- each]	0.50	0.50	-
Alok Land Holdings Private Limited [FY 2008-09 5,00,000 FY 2007-08 2,50,000 Equity Shares of Rs.10/- each]	5.00	2.50	-
Alok Infrastructure Limited [FY 2008-09 50,000 FY 2007-08 50,000 FY 2006-07 50,000 Equity Shares of Rs. 10/-each]	0.50	0.50	0.50
	18.66	**16.62**	**3.12**
In Joint Venture			
Aurangabad Textiles & Apparel Parks Limited * [FY 2008-09 10,19,200 Equity Shares of Rs.10/- each]	155.00	-	-
New City Of Bombay Mfg. Mills Limited * [FY 2008-09 44,93,300 Equity Shares of Rs.10/- each]	715.00	-	-

	870.00	**-**	**-**
Others - Unquoted (Trade)			
Shirt Company (India) Pvt. Limited [FY 2008-09 33,333, FY 2007-08 2,33,333, FY 2006-07 5,00,000 Equity Shares of Rs.10/- each]	5.00	35.00	75.00
'The Greater Bombay Co-operative Bank Limited [FY 2006-07 4,000 Equity Shares of Rs.25/- each]	-	-	0.10
Saraswat Co-operative Bank Limited [1,000 Equity Shares of Rs.10/- each]	-	-	0.01
Dombivali Nagrik Sahakari Bank Limited. [FY 2008-09 10,000, FY 2007-08 10,000 FY 2006-07 40,000 Equity Shares of Rs. 50/- each]	0.50	0.50	2.00
Kalyan Janata Sahakari Bank Limited [FY 2008-09 10,000, FY 2007-08 10,000 FY 2006-07 42,020 Equity Shares of Rs. 25/- each]	0.25	0.25	1.05
	5.75	**35.75**	**78.16**
Others - Quoted (Trade) fully paid			
Grabal Alok Impex Limited [FY 2008-09 19,00,000, FY 2007-08 19,00,000 FY 2006-07 19,00,000 Equity Shares of Rs.10/- each (Pledged against finance availed)	39.90	39.90	39.90
In Preference Shares			
In Associates Company			
Alok Industries International Limited [1%, cumulative redemable preference shares redeemable after 10 years from the date of allotments with a put and call option at the end of each year. [FY 2008-09 9,09,27,170 FY 2007-08 50,74,240 FY 2006-07 50,74,240Equity Shares of USD 1 each]	3,679.05	220.50	220.50
B) CURRENT INVESTMENTS (At lower of cost or fair vale)			
In Equity Shares			
Peninsula Land Ltd.	-	-	7.43
[FY 2007-08 20,000 equity shares of Rs.10/- each]			
	-	-	7.43
In Bonds			
Unquoted, fully paid			
FY 2007-08 5 , 7.50% Bank of India - Series VIII bonds of Rs. 10,00,000/- each	-	5.00	5.00
FY 2007-08 10 ,FY 2006-07 10, 8.90% Industrial Development Bank Of India Of Rs. 10,00,000/- Each	-	10.00	10.00
FY 2007-08 100 , 7.60% Syndicate Bank - Series IX bonds of Rs. 10,00,000/- each	-	100.00	100.00
FY 2007-08 30, 9.20% Central Bank of India Tier II Bonds Series XII	-	30.00	-
FY 2007-08 20, 9.25% Dena Bank Non-convertible Redeemable Subordinated Bonds (Tier II Bonds Series IX)	-	20.00	-
FY 2007-08 2, 7.39% Power Grid Corporation Bonds Of Rs. 10,00,000/- Each	-	1.95	-
FY 2007-08 2, 7.10% Power Grid Corporation Bonds Of Rs. 10,00,000/- Each	-	1.82	-
FY 2006-07 2, 9.50% Binani Cement Ltd.	-	-	2.05
FY 2006-07 1, 8.00% Dalmia Cement Ltd.	-	-	1.00
FY 2006-07 2, 8.10% Dalmia Cement Ltd.	-	-	1.97
FY 2006-07 1, 7.15% Indian Oil Corporation	-	-	0.97
FY 2006-07 1, 10.00% Jaiprakash Hydro Power Limited	-	-	1.07
	-	168.77	122.06
In Debentures - Unquoted			

FY 2007-08 1, 7.40% Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs.10,00,000/- each	-	1.00	-
FY 2007-08 1, 7.50%Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs.10,00,000/- each	-	0.97	-
FY 2007-08 1,7.50%Non Convertible Debentures of Citicorp Finance India Limited of Rs. 10,00,000/- each	-	1.01	-
	-	2.98	-
In Mutual Funds - Unquoted			
Birla Sunlife Cash Manager - Growth	-	-	100.00
[FY 2006-07 54,31,830.53 units of Rs.10/- each]			
ING ATM Fund - Growth	-	-	3.50
[FY 2006-07 3,50,000 units of Rs.10/- each]			
LIC MF Liquid Fund - Dividend	-	-	200.08
[FY 2006-07 1,82,27,577 units of Rs.10/- each]			
Optimix Income Growth Multi Manager - 30% Growth	-	-	2.50
[FY 2006-07 2,47,524.75 units of Rs.10/- each]			
SBI - One India Fund - Growth	-	-	4.08
[FY 2006-07 4,00,000 units of Rs.10/- each]			
Canbank Fixed Maturity Plan - Growth	-	20.00	20.00
[FY 2007-08 20,00,000 FY 2006-07 20,00,000 units of Rs.10/- each]			
AXIS Infrastructure Fund	56.93	-	-
[FY 2008-09 51,033.333 units of Rs.10/- eac]			
Birla Sun Life Saving Fund	10.04	-	-
[FY 2008-09 9,81,758.919 units of Rs. 10/- each]			
SBI Magnum Insta Cash Fund	0.02	0.02	-
[FY 2008-09 1,372.31 FY 2007-08 1,288.32 units of Rs. 10/- each FY 2008-09 Rs. 22,986/- FY 2007-08 Rs. 21,580/-)]			
Principal PNB Long Term Equity Fund 3 Year Plan - Series II	5.61	12.16	-
[FY 2008-09 12,50,000, FY 2007-08 12,50,000 units of Rs.10/- each]			
Mirea Asset Gilt Fund Investment Plan - Institutional Growth	9.82	-	-
[FY 2008-09 9,86,679.822 units of Rs. 10/- each]			
	82.42	32.18	330.16
C) Share Application Money			
To Subsidiary companies			
Alok Industries International Limited	-	3,220.16	815.81
Alok Infrastructure Limited	-	1,916.01	577.79
Alok Apparel Private Limited	90.00	90.00	-
Alok Land Holidngs Private Ltd	-	79.23	-
	90.00	5,305.40	1,393.60
Others			
Aurangabad Textiles & Apparel Parks Limited	-	65.00	-
New City Of Bombay Mfg. Mills Limited	-	302.50	-
	-	367.50	-
TOTAL	**4,785.78**	**6,189.59**	**2,194.92**
Note:			
1) Quoted Investment : Aggregate cost / carrying value	39.90	39.90	47.30
: Aggregate market value	87.30	182.40	263.90
2) Unquoted Investment : Aggregate cost / carrying value	3,785.88	476.80	754.00

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '8'			
INVENTORIES [At Cost or Net Realisable value whichever is lower]			
Stores, Spares, Packing Materials and others	253.33	188.03	262.20
Stock-intrade :			
Raw Materials	1,261.87	2,621.24	1,330.29
Process Stock	5,522.03	2,312.18	1,748.73
Finished Goods / Traded Goods	2,401.17	1,754.31	1,303.42
	9,185.07	6,687.73	4,382.44
	9,438.40	**6,875.76**	**4,644.64**

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '9'			
SUNDRY DEBTORS (Unsecured)			
Debts Outstanding for a period exceeding six months	165.77	382.72	240.62
Other Debts	8,715.13	5,730.94	5,243.16
Gross	**8,880.90**	**6,113.66**	5,483.78
Less : Provision	38.98	36.54	38.61
TOTAL	**8,841.92**	**6,077.12**	**5,445.17**
Considered Good	8,841.92	6,077.12	5,445.17
Considered Doubtful	38.98	36.54	38.61
	8,880.90	**6,113.66**	**5,483.78**

NOTE : Sundry Debtors includes Rs. 193.80 million for F.Y.2008-09, Rs.357.10 million for F.Y.2007-08 and Rs.299.30 million towards contractual obligations on account of Export Incentives Receivables.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '10'			
CASH AND BANK BALANCES			
Cash on hand	3.47	2.84	4.78
Cheque on Hand	-	-	399.67
Bank Balances :			
a) With Scheduled Banks :			
- In Cash Credit Accounts	18.64	53.59	-
- In Current Accounts	784.20	116.42	125.15
- In Deposit Accounts [including interest accrued thereon FY 2008-09 Rs. 8.84 millionFY 2007-08 Rs. 170.90 million FY 2006-07 Rs. 66.20 million]	950.15	14,862.13	4,403.65
- In Margin Money Deposits	673.83	1,302.95	2,289.28

<u>b) With Others</u>			
- In Current Account	764.42	0.14	0.25
- In Deposit Accounts	254.75	399.45	630.17
[Maximum amount outstanding at any time during the FY 2008-09 Rs. 1812.50 million FY 2007-08 Rs. 899.60 million FY 2006-07 Rs 6063.70 million]			
	3,449.46	**16,737.52**	**7,852.95**

Cash and Bank balance includes

1) Rs. 926.30 million for F.Y.2008-09, Rs.8,647.80 million for F.Y.2007-08, Rs. NIL for F.Y.2006-07 kept in bank deposits, pending utilisation towards project.

2) Rs. 265.70 million for F.Y.2008-09, Rs.874.90 million for F.Y.2007-08 and Rs.1878.80 million for F.Y.2006-07 towards 100% LC margin against import of Plant & Machinery

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '11'			
LOANS AND ADVANCES			
[Unsecured considered good]			
Advances recoverable in cash or in kind or for value to be received	4,495.85	3,639.98	1,869.75
Loans - Inter Corporate Deposits	86.49	120.00	61.90
Deposits	48.78	97.10	39.65
Balances with Central Excise Collectorate	1.35	1.79	1.41
Mat Credit Entitlement	338.80	52.30	11.10
Advance Tax (Net of provision for tax)	158.23	173.80	-
	5,129.50	**4,084.97**	**1,983.81**

Loans and Advances includes :

a) Rs. 937.20 million for F.Y.2008-09, Rs.581.83 million for F.Y.2007-08 and Rs.640.04 million for F.Y.2006-07 towards Modvat credit balances to be utilised in the subsequent years

b) Rs. 1415.78 million for F.Y. 2008-09, Rs. 1231.58 million for F.Y.2007-08 and 641.94 million for F.Y.2006-07 towards interest / capital subsidy receivable under the TUF scheme of Government of India

c) Rs. 19.83 million for F.Y.2008-09, Rs.78.57 million for F.Y.2007-08 and Rs.17.71 million for F.Y.2006-07 being deposits towards office/residential premises taken on rental basis.

d) Rs. 2.21 million for F.Y.2008-09, Rs.3.30 million for F.Y.2007-08, Rs.0.80 million for F.Y.2006-07 due from officers of the Company[maximum amount outstanding during the year Rs. 3.30 million for F.Y.2008-09, Rs.4.30 million for F.Y.2007-08 and Rs.3.30 million for F.Y.2006-07]

e) Rs. 806.33 million for F.Y.2008-09, Rs.907.36 million for F.Y.2007-08 and Rs.Nil for F.Y. 2006-07 towards insurance claim receivable (See Note No. 14 of part B of schedule 19)

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '12'			
CURRENT LIABILITIES :			
Sundry Creditors [including Acceptances FY 2008-09 Rs. 1041.30 million FY 2007-08 Rs. 1398.80 million, FY 2006-07 Rs.869.50 million)]			
Total Outstanding dues to :			
- Micro Enterprises and Small Enterprises *	2.93	3.13	24.10
- Creditors other than Micro Enterprises and Small Enterprises	3,670.22	3,965.33	2,256.31
	3,673.15	3,968.46	2,280.41
Unclaimed Dividend	4.36	3.83	3.73
Interest Accrued But not due on loans	580.29	251.98	212.48
Advance from customers	456.16	197.52	58.00
	4,713.96	**4,421.79**	**2,554.62**

* As per information available with the Company

Notes

Sundry Creditors includes Rs.6.27 million for F.Y.2008-09, Rs.0.12 million for F.Y.2007-08 and Rs.3.49 million for F.Y.2006-07 being overdrawn bank balances as per books consequent to issue of cheques at the period end though the banks have positive balances as on that date.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '13'			
PROVISIONS			
Provision for Gratuity and Leave Encashment	97.61	52.67	47.57
Proposed Dividend	147.74	224.61	238.52
Provision for Tax on Dividend	25.11	38.17	40.54
Provision for Taxation (net of advance tax payments)	17.48	49.43	48.07
	287.94	**364.88**	**374.70**

ALOK INDUSTRIES LTD.

SCHEDULE FORMING PART OF STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2009, 2008 AND 2007

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '14'			
SALES			
Sales - Local	19,452.23	11,823.95	12,224.10
Sales - Export	9,887.72	9,937.16	6,225.37
	29,339.95	**21,761.11**	**18,449.47**
Export Incentive	657.36	431.68	191.74
	29,997.31	**22,192.79**	**18,641.21**
Less : Excise Duty	347.71	632.98	539.19
	29,649.60	**21,559.82**	**18,102.02**
Job Work Charges Collected	119.72	144.24	144.78
	29,769.32	**21,704.05**	**18,246.80**

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '15'			
OTHER INCOME			
Dividend Income :			
On Long Term Investments	1.52	2.69	1.60
On Current Investments	0.19	0.27	1.09
	1.71	2.95	2.69
Miscellaneous Income	174.30	105.05	1.38
Profit on sale of Current Investments (Net)	-	1.86	2.40
Profit on sale of Fixed Assets (Net)	17.40	31.30	-
Exchange Rate difference (Net)	-	501.55	335.41
Provision for Doubtful Debts and advances written back	13.90	32.35	11.78
Sundry Credit Balances written back	0.78	4.35	19.30
TOTAL	**208.09**	**679.41**	**372.97**

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '16'			
INCREASE IN STOCKS OF FINISHED GOODS AND PROCESS STOCK			
CLOSING STOCK			
Finished Goods / Traded Goods	2,401.17	1,754.31	1,303.42
Process Stock	5,522.03	2,312.18	1,748.73
	7,923.20	4,066.49	3,052.15
LESS : TRANSFERRRED *			
-			
Finished Goods / Traded Goods	-	-	10.70
Process Stock	-	-	28.60
	-	-	39.30
LESS : OPENING STOCK			
Finished Goods / Traded Goods	1,754.31	1,303.42	1,190.03
Process Stock	2,312.18	1,748.73	1,169.47
	4,066.49	3,052.16	2,359.50
TOTAL	**3,856.71**	**1,014.34**	**653.35**

*Being unutilised inventory on completion of project includes transfer of Inventory
Above stock excludes inventory amounting to Rs. 417.27 million manufactured during FY 2007-08 and destroyed due to fire. (Refer Note No. 14 of part B of schedule 19)

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '17'			
MANUFACTURING AND OTHER EXPENSES			
Raw Material Consumed	17,405.77	9,245.35	10,107.86
Payment to and Provisions for Employees :			
Salaries, Wages and Bonus	1,025.62	711.22	436.02
Contribution to Provident Fund and Other Funds	42.00	26.82	17.09
Employees Welfare Expenses	34.86	42.06	26.64
	1,102.48	780.09	479.75
Operational and Other Expenses			
Stores and Spares Consumed	491.67	326.98	171.90
Packing Materials Consumed	420.85	352.76	350.12
Power and Fuel	2,118.91	1,215.53	897.44
ProcessingCharges	279.05	316.15	206.86
Labour Charges	280.00	207.66	191.53
Excise Duty	34.89	51.96	(4.27)
Donation	11.55	18.27	20.51
Freight, Coolie and Cartage	462.32	531.61	308.39
Legal and Professional Fees	147.61	59.71	195.66
Rent	157.32	85.27	31.97
Rates and Taxes	44.91	26.20	45.47
<u>Repairs and Maintenance</u>			

Plant and Machinery	55.30	32.91	16.20
Factory Building	9.42	7.74	9.89
Others	30.27	28.35	14.23
	94.99	69.00	40.33
Commission on Sales	160.15	106.37	99.63
Provision for Doubtful Debts and Advances	16.32	30.40	20.78
Exchange Rate difference (Net)	45.48		
Loss of assets due to Fire (Refer Note No. 14 of part B of Schedule 19)	-	91.05	-
Bad debts and other advances written off	-	-	1.95
Directors Remuneration	72.00	56.00	24.00
Directors Fees and Commission	50.86	50.42	50.37
Auditors Remuneration			
Audit Fees	2.65	1.58	1.20
Tax Audit Fees	0.15	0.10	0.10
Certification Fees	0.10	0.20	0.20
	2.90	1.88	1.50
Insurance	58.83	35.08	45.78
Loss on Sale of Fixed Assets (net)	-	-	0.92
Loss on Sale of Investment (net)	22.38	-	-
Excess of Cost over Fair value of current Investments	6.76	0.35	4.85
Miscellaneous Expenses	1,067.44	839.75	551.86
(Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.)			
TOTAL	**24,555.44**	**14,497.84**	**13,845.13**

(Rs. in million)

PARTICULARS	**2008-09**	**2007-08**	**2006-07**
SCHEDULE '18'			
INTEREST (NET)			
Interest Paid :			
On Debentures	650.44	163.29	127.56
[Net of interest Subsidy FY 2006-07 Rs. 12.00 million]			
On Fixed Loan	1,810.75	1,404.88	644.73
[Net of interest Subsidy FY 2008-09 Rs. 1424.60 million FY 2007-08 Rs. 1191.90 million, FY 2006-07 Rs. 355.10 million]			
On Cash Credit Accounts, etc.	1,244.26	860.00	645.68
	-	-	-
	3,705.45	2,428.17	1,417.97
Less :Interest Received on Loans, Deposits etc.	664.20	1,109.84	527.57
[Tax Deducted at Source FY 2008-09 Rs. 194.97 million FY 2007-08 Rs. 192.97 million, FY 2006-07 Rs. 72.20 million]			
TOTAL	**3,041.24**	**1,318.33**	**890.40**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Schedule '19'

A) SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2009

1. Basis of Preparation of Financial Statements

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

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Revenue Recognition

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

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

4. Fixed Assets

a) **Own Assets:**
Fixed Assets are stated at cost of acquisition or construction including directly attributable cost. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

b) **Assets taken on lease**:

1) Finance Lease:

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

2) Operating Lease:

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

5. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

6. Capital Work- in-Progress

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

7. Depreciation / Amortisation

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

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

c) Trade marks are amortised over a period of ten years from the date of capitalization

d) Computer software is amortised for a period of five years from the date of capitalization.

8. Foreign Currency Transactions

a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

b) Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and hitherto, the resultant exchange differences were recognized in profit and loss account. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 issued on March 31, 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond March 31, 2011 **(Refer Note 16 of part B of schedule 19).**

iii. Exchange differences relating to long-term monetary items that have been recognized in the Profit and Loss Account during the previous year ended March 31, 2008 have been reversed from the opening balance of General Reserve and accounted for in accordance with (i) and (ii) above.

iv. All other exchange differences are dealt with in the Profit and Loss Account.

v. Non-monetary items denominated in foreign currency are carried at historical cost.

c) Exchange difference relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or March 31, 2011 whichever is earlier

9. Inventories

Items of Inventories are valued on the basis given below:

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

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

10. Employee Benefits (Refer Note No. 9 of Part B of Schedule 19)

a) Defined Contribution Plan
Company's contribution paid/ payable for the year to defined contribution retirement benefit scheme is charged to Profit and Loss Account.

b) Defined Benefit Plan and other long term benefit plan
Company's liabilities towards defined benefit scheme and other long term benefit plans are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortized on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, the present value is available refunds and reduction in future contribution to the scheme.

c) Short Term Employee Benefits

Short term employee benefits expected to be paid in exchange for the services rendered by the employee are recognised undiscounted during the period the employee renders the services, these benefits include incentive, bonus.

11. Accounting of CENVAT credit

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

12. Government Grants

Grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.

13. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

14. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax (FBT). Current tax and deferred tax are accounted for in accordance with Accounting Standard 22 (AS-22) on "Accounting for Taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income-tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI.

15. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

16. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 (AS-28) "Impairment of Assets". An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

18. Issue Expenses

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

19. Accounting for Derivatives

The Company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading or speculation purposes.

Interest Rate Swaps, Currency Option and Currency Swaps, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies".

B) NOTES TO ACCOUNTS

1 **Contingent Liabilities in respect of :**

(Rs. in million)

Sr. No.	Particulars	FY 2008-09	FY 2007-08	FY 2006-07
A	Customs duty on shortfall in export obligation in accordance with EXIM Policy (The company is hopeful of meeting the export obligation within the stipulated period)	Amount Unascertained	Amount Unascertained	Amount Unascertained
B	Pending Litigation	0.43	-	-
C	Guarantees given by banks on behalf of the Company	479.36	331.90	84.09
D	Corporate Guarantees given to bank for loans taken by Subsidiary Companies	2142.47	-	-
E	Bills discounted	864.46	228.90	619.58

2 **Capital Commitments**

(Rs. in million)

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	874.61	3196.68	3126.04

3 **Related Party Disclosure**

a) Name of related parties and nature of relationship

As per Accounting Standard 18 (AS-18) "Related Party Disclosures", Company's related parties disclosed as below:

1) Names of related parties and description of relationship.

Associates

Alok Denims (India) Private Limited
Alok Finance Private Limited
Alok Knit Exports Limited
Alok Textile Traders
Ashok B. Jiwrajka (HUF)
Ashok Realtors Private Limited
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Limited
Grabal Alok International Limited
Vaibhav Knit Fab
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.)
Gogri Properties Private Limited
Green Park Enterprises
Honey Comb Knit Fabrics
Jiwrajka Associates Private Limited
Jiwrajka Investment Private Limited
Niraj Realtors & Shares Private Limited
Nirvan Exports
Nirvan Holdings Private Limited
Pramatex Enterprises
Pramita Creation Private Limited
Surendra B. Jiwrajka (HUF)
Tulip Textiles
Alspun Infrastructure Ltd.
Ashford Infotech Private Limited

Subsidiaries

Alok Inc.
Alok Industries International Ltd.
Alok Retail (India) Limited (Formerly known as Alok Homes & Apparel Private Limited)
Alok Land Holdings Private Limited
Alok Aurangabad Infratex Private Limited
Alok International, Inc.
Alok Infrastructure Limited
Alok Apparels Private Limited
Amigo Sport Private Limited (Formerly known as Alok Clothing Private Limited)
Alok New City Infratex Private Limited
Alok Realtors Private Limited
Alok HB Hotels Private Limited

	Alok European Retail S.R.O. Mileta, a.s.	Alok HB Properties Private Limited
III	**Joint Venture** Aurangabad Textiles & Apparel Parks Limited New City Of Bombay Mfg. Mills Limited	
IV	**Key Management Personnel**	Ashok B. Jiwrajka Chandrakumar Bubna — Directors Dilip B. Jiwrajka Surendra B. Jiwrajka Alok A. Jiwrajka
V	**Relatives of Key Management Personnel**	Prita D. Jiwrajka S. P. Bubna

2) Nature of transaction with Associates, Joint Venture, Subsidiaries, Key Management Personnel & Relatives of Key Management Personnel.

(Rs. in million)

Transaction	**Financial Year(April – March)**	**Associates**	**Subsidiary**	**Joint Venture Companies**	**Key Management Personnel**	**Relatives of Key Management Personnel**
a) Share Application Money						
Balance as at 1 April	2008 – 09	-	-	-	-	-
	2007 – 08	-	-	-	-	-
	2006 – 07	-	-	-	-	-
Received During the year	2008 – 09	652.00	-	0.00	273.00	-
	2007 – 08	-	-	-	-	-
	2006 – 07	-	-	-	-	-
Balance as at 31st March	2008 – 09	652.00	-	0.00	273.00	-
	2007 – 08	-	-	-	-	-
	2006 – 07	-	-	-	-	-
b) Loans and Advances						
Balance as at 1st April	2008 – 09	-	30.22	-	-	-
	2007 – 08	9.51	0.58	-	-	-
	2006 – 07	40.71	-	-	-	-
Granted during the year (Net)	2008 – 09	-	280.50	-	-	-
	2007 – 08	-	30.22	-	-	-
	2006 – 07	-	0.58	-	-	-
Received / Adjustment during the year	2008 – 09	-	-	-	-	-
	2007 – 08	9.51	0.58	-	-	-
	2006 – 07	31.21	-	-	-	-
Balance as at March 31	2008 – 09	-	310.72	-	-	-
	2007 – 08	-	30.22	-	-	-
	2006 – 07	9.51	0.58	-	-	-
c) Investments						
Balance as at 1st April	2008 – 09	39.90	237.12	-	-	-
	2007 – 08	39.90	223.62	-	-	-
	2006 – 07	39.90	-	-	-	-

Invested during year	2008 – 09	-	3460.59	870.00	-	-
	2007 – 08	-	13.50	-	-	-
	2006 – 07	-	223.62	-	-	-
Balance as at March 31	2008 – 09	39.90	3697.71	870.00	-	-
	2007 – 08	39.90	237.12	-	-	-
	2006 – 07	39.90	223.62	-	-	-
d) <u>Share Application Money</u>						
Balance as at 1st April	2008 – 09	-	5305.41	-	-	-
	2007 – 08	-	1393.61	-	-	-
	2006 – 07	-	-	-	-	-
Invested/(Received Back)during year	2008 – 09	-	(1756.86)	-	-	-
	2007 – 08	-	3911.80	-	-	-
	2006 – 07	-	1393.61	-	-	-
Share Allotted	2008 – 09	-	3458.45	-	-	-
	2007- 08	-	-	-	-	-
	2006 - 07	-	-	-	-	-
Balance as at March 31	2008 – 09	-	90.10	-	-	-
	2007 – 08	-	5305.41	-	-	-
	2006 – 07	-	1393.61	-	-	-
e) <u>Sundry Debtors</u>						
Balance as at March 31	2008 – 09	408.74	287.26	-	-	-
	2007 – 08	178.97	7.01	-	-	-
	2006 – 07	-	-	-	-	-
f) <u>Sundry Creditors</u>						
Balance as at March 31	2008 – 09	33.31	153.67	-	-	-
	2007 – 08	16.95	-	-	-	-
	2006 – 07	-	-	-	-	-
g) <u>Turnover</u>						
Sales of Goods	2008 – 09	1088.99	490.66	-	-	-
	2007 – 08	1098.46	7.82	-	-	-
	2006 – 07	301.07	-	-	-	-
h) <u>Expenditure</u>						
Purchase of goods	2008 – 09	115.50	10.53	-	-	-
	2007 – 08	43.51	0.71	-	-	-
	2006 – 07	20.86	-	-	-	-
Purchase of Fixed Assets	2008 – 09	-	1746.89	-	-	-
	2007 – 08	0.15	1347.22	-	-	-
	2006 – 07	-		-	-	-
Rent	2008 – 09	-	4.11	-	-	-
	2007 – 08	2.04	-	-	-	-
	2006 – 07	2.04	-	-	-	-
Remuneration	2008 – 09	-	-	-	122.00	2.84
	2007 – 08	-	-	-	106.00	0.24
	2006 – 07	-	-	-	74.37	0.49
Marketing Service Charges	2008 – 09	-	67.21	-	-	-
	2007 – 08	-	17.78	-	-	-
	2006 – 07	-	3.74	-	-	-
Interest paid	2008 – 09	3.67	-	-		-
	2007 – 08	4.27	-	-	-	-

	2006 – 07	-	-	-	-	-
i) <u>Dividend Paid</u>	2008 – 09	6.85	-	-	-	-
	2007 – 08	7.99	-	-	-	-
	2006 – 07	6.14	-	-	-	-
j) <u>Income</u>						
Dividend	2008 – 09	1.52	-	-	-	-
	2007 – 08	1.90	-	-	-	-
	2006 – 07	1.43	-	-	-	-
Sale of Fixed Assets and Stores & Spares	2008 – 09	-	81.42	-	-	-
	2007 – 08	1.02	0.62	-	-	-
	2006 – 07					
Rent	2008 – 09	-	-	-	-	-
	2007 – 08	2.04	-	-	-	-
	2006 – 07	0.12	-	-	-	-
Reimbursement of Rent	2008-09					
	2007-08	-	4.27	-	-	-
	2006-07					

Note: 1) Related party relationship is as identified by the company and relied upon by the Auditors.
2) Previous year figures are given in brackets.

1. Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under:

(Rs. in million)

Transaction	F.Y.2008-09	F.Y.2007-08	F.Y.2006-07
a) **<u>ShareApplication Money</u>**			
Received during the year			
Associates			
Jiwrajka Associates Private Ltd.	152.00	-	-
Niraj Realtors & Shares Private Ltd.	264.00	-	-
c) **<u>Loans and advances</u>**			
Granted during the year (Net) -			
Subsidiary			
Alok Retail (India) Limited	71.93	-	-
Received/Adjusted during the year (net)-			
Associates			
Grabal Alok Impex Limited	-	8.01	28.21
Subsidiary			
Granted during the year (Net)			
Alok Industries International Limited	-	0.27	0.27
Alok Inc.	-	0.17	0.31
d) **Investment**			
Invested During the year(Net)-			
Subsidiary			
Invested During the year (Net)-			
Alok Industries International Limited	3458.55	-	222.67
Alok Apparels Private Limited	-	10.00	-
Alok Land Holdings Private Limited	-	2.50	-
Joint Venture			
Aurangabad Textiles & Apparel Parks Limited	715.00	-	-

e) **Share Application Money**			
Given During the year (Net)-			
Subsidiary			
Alok Industries International Limited	-	2404.35	-
Alok Infrastructure Limited	(1,916.01)	1338.22	-
Share Allotted During the year			
Alok Industries International Limited	3,458.55	-	-
Subsidiary			
Given During the year (Net)-			
Alok Industries International Limited	-	-	815.81
Alok Infrastructure Private Limited	-	-	577.79
			-
f) **Turnover**			
Associates-			
Grabal Alok Impex Limited	283.19	332.13	271.22
Grabal Alok (UK) Limited	805.80	586.39	-
Subsidiary			
Alok International Inc.	226.72	-	-
Mileta, a.s.	215.77	179.93	-
g) **Expenditure**			
Purchase of Goods:			
Associates-			
Alok Apparels Pvt.Ltd.	10.53	-	-
Grabal Alok Impex Limited	115.50	43.51	20.86
Purchase of Fixed Assets:			
Associates	-	-	-
Grabal Alok Impex Limited			
Subsidiary			
Alok Infrastructure Private Limited	1746.89	1309.84	-
Rent:			
Associates-			
Alok Apparels Pvt.Ltd.	4.11	-	-
Alok Denims (India) Private Limited	-	2.04	2.04
Interest :			
Associates - Grabal Alok Impex Limited	3.67	4.27	-
Marketing Service Charges			
Alok Inc.	19.66	17.78	3.74
Alok International Inc.	47.55	-	-
Remuneration:			
Key Management Personnel-			
Ashok B. Jiwrajka	30.50	26.50	18.59
Chandrakumar Bubna	30.50	26.50	18.59
Dilip B. Jiwrajka	30.50	26.50	18.59
Surendra B. Jiwrajka	30.50	26.50	18.59
Relatives of Key Management Personnel-			
Prita D. Jiwrajka			
Dividend Paid			
Associates-			
Grabal Alok Impex Limited	-	7.99	6.14
h) **Income**			
Dividend:			
Associates-			
Grabal Alok Impex Limited	-	1.90	1.43

i)	**Rent received:** Associates- Alok Denims (India) Private Limited Subsidiary Alok Infrastructure Private Limited	- 	- 0.57	0.12
j)	**Reimbursement of Rent** Subsidiary Alok Apparels Private Limited	-	4.27	-

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

i) Loans and Advances to associates, firms or companies in which directors are interested Rs. Nil (F.Y. 07-08 and F.Y.08-09) and Rs.8.1 million- F.Y.06-07 is not considered as it is repayable on demand and interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

Name of the Company	**No. of equity shares**	**Face Value (Rupees)**
Grabal Alok Impex Limited		
FY 2008-09	5,710,368	57,103,680
FY 2007-08	5,710,368	57,103,680
FY 2006-07	5,710,368	57,103,680

c. Joint Venture

In compliance with the Accounting Standard 27 on 'Financial Reporting of interest in Joint Ventures' as notified by the (Companies Accounting Standards) Rules, 2006, the Company has interests in the following jointly controlled entities, which are incorporated in India.

(Rs. in million)

Name of the Companies	**% of Shareholding**	**Amount of interest based on Unaudited Accounts for the year ended March 31, 2009**				
		Assets	**Liabilities**	**Income**	**Expense**	**Contingent Liability**
New City of Bombay Mfg. Mills Limited	49.00%	320.82	9.40	29.71	4.11	NIL
Aurangabad Textile and Apparel Park Limited	49.00%	69.94	2.28	116.29	108.72	NIL

4 **Right Issue**

a) The company vide offer letter dt. March 19, 2009 offer 408,723,061 equity shares of Rs. 10/- each at a premium of Re. 1/- per share to its existing share holders

Particulars	**Total amount due (per Share)**		**Towards share capital (per share)**		**Towards securities premium (per share)**		**Total amount (Rs. in million)**	**Due on (after the date of allotment, at the option of the company)**
	Method 1	**Method 2**	**Method 1**	**Method 2**	**Method 1**	**Method 2**		
On Application	6.00	11.00	5.00	10.00	1.00	1.00	3675.95	Along with application
On First & Final Call	5.00	-	5.00	-	-	-	820.00	___________
	11.00	**11.00**	**10.00**	**10.00**	**1.00**	**1.00**	**4495.95**	

b) The utilisation of the right issue proceeds aggregating to Rs. 4,495.95 million will be as under:

(Rs. in million)

Particulars	**Amount**
Right Issue Expenses	205.90

Long Term Working Capital Margin requirements	3850.05
General Corporate Purpose	440.00
	4,495.95

c) Application money received till March 31, 2009

(Rs. in million)

Particulars	Amount
From Promoters / Promoter Group	925.00
From Others	449.99
	1,374.99

d) The company has utilised the application money received from promoters/promoters groups towards its long term working capital requirements.

e) The issue closed on April 22, 2009, the company has allotted :

Particulars	No of shares
Fully paid	244,719,930
Partly paid	164,003,131
	408,723,061

5 475 FCCBs – FY 2008-09, 475 FCCBs – FY 2007-08, and 934 FCCBs – FY 2006-07 are carried forward from earlier year and pending conversion/ redemption as at the year end aggregating to Rs.1,210.06 million in FY 2008-09, Rs. 948.70 million in FY 2007-08, and Rs. 2,028.73 million in FY 2006-07 are disclosed under "Unsecured Loans" (Schedule 4). The total proceeds on this account have been fully utilised during the earlier years.

6 The Company has acquired plant and machinery and computers on lease aggregating to Rs. 144.76 million on hire purchase in nature of finance lease. The company capitalised the said assets at their fair value as the lease are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

(Rs. in million)

Due	Total minimum lease payments outstanding			Future interest on outstanding			Present value of minimum lease payments		
	2008-09	**2007-08**	**2006-07**	**2008-09**	**2007-08**	**2006-07**	**2008-09**	**2007-08**	**2006-07**
Within one year	23.62	28.27	32.98	1.91	3.47	5.52	21.71	24.80	27.45
Later than one year and not later than 5 years	23.52	47.14	74.96	0.28	2.19	5.66	23.24	44.95	69.30
Later than 5 years	-	-	-	-	-	-	-	-	-

7 **Deferred Taxation**

Deferred Tax asset and liability arising on account of timing differences are as under:

(Rs. in million)

		31.03.2009	31.03.2008	31.03.2007
I)	**Deferred Tax Liability (DTL)**			
i)	Depreciation	3,113.38	2,150.45	1,488.12
		3,113.38	**2,150.45**	**1,488.12**
II)	**Deferred Tax Asset (DTA)**			
i)	Other items	20.39	24.45	30.20
ii)	FCCB issue Expenses	13.31	21.24	39.74
		33.70	45.69	69.94
(I-II)	**Total Deferred Tax Liability (Net)**	**3079.68**	2104.76	1,418.18

8 **Earnings per share (EPS)**

(Rs. in million)

		31.03.2009	31.03.2008	31.03.2007

			31.03.2009	31.03.2008	31.03.2007
a.	Nominal value of equity shares per share (In Rupees)		10	10	10
b.	**Basic EPS**				
	Net Profit after Tax		1891.18	1,986.52	1,648.61
	Less : Preference Dividend		-	-	(8.41)
	Net Profit Available for Equity Shareholders (Basic)		**1891.18**	**1,986.52**	**1,640.21**
	Weighted average number of Equity Shares Dilutive (Nos.)		196,250,037	174,233,536	168,860,618
	Basic Earnings per share (Rupees)		**9.64**	**11.40**	**9.70**
c.	**Dilutive EPS**				
		31.03.2009		**31.03.2008**	**31.03.2007**
		Before considering Right Issue	**After considering Right Issue**		
	Net Profit Available for Equity Shareholders (Basic)	1891.18	1891.18	1,986.52	1,640.21
	Add : Interest payable on FCCB (Net of Tax)	-	-	-	109.15
	Add : Preference Dividend Payable	-	-	-	8.44
	Add: Depreciation	1.88	1.88	0.22	-
	Net profit available for Equity Shareholders – (Dilutive)	**1,893.06**	**1,893.06**	**1,986.74**	**1757.80**
	Weighted average number of Equity Shares Basic (Nos.)	196,250,037	196,250,037	174,233,536	168,860,618
	Add : Effect of potential equity shares on right issue (Nos)	-	326,721,496		
	Add : Effect of potential equity shares on conversion of				
	a. OCPS (Nos)	-	-	-	1,213,258
	b. Share Application Money Utilised (Nos)	11,519,303	-	-	-
	c. Share warrants (Nos.)	1,724,932	1,724,932	19,800,000	-
	d. FCCBs (Nos)	17,265,961	17,265,961	28,461,359	31,311,247
	Weighted average number of Equity Shares Dilutive (Nos.)	226,760,233	541,962,426	222,494,895	201,385,123
	Diluted Earnings per share (Rupees)	**8.35**	**3.49**	**8.93**	**8.72**

9 **Employee benefit plans:**

i) Defined contribution plans:
Amounts recognized as expenses towards contributions to provident fund, superannuation and other similar funds by the Company are FY 2008-09 Rs. 95.40 million, FY 2007-08 Rs. 47.90 million.

ii) Defined benefit plans:

a) **Gratuity Plan:** The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

b) **Compensated absences:** Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan as required under AS 15 (Revised)

(Rs. in million)

Particulars	**Gratuity (funded) as on 31.03.2009**	**Gratuity (funded) as on 31.03.2008**
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	36.30	24.67
Current Service Cost	13.12	8.95
Interest Cost	3.84	2.64
Actuarial (Gain)/loss	(8.46)	0.14
Benefits Paid	(2.74)	(1.29)
Closing Defined Benefit Obligation	42.06	35.10
Change in Fair Value of assets		
Opening in Fair value of assets	16.05	11.35
Expected Return on Plan Assets	1.75	1.23
Actuarial gain	0.13	0.10
Contribution by Employer	7.24	4.66
Benefits Paid	(2.74)	(1.29)
Closing Fair Value of Plan Assets	22.43	16.05
Net Liability	19.63	19.05

Expense to be recognized in statement of Profit and Loss Account

(Rs. in million)

	For the year ended March 31, 2009	**For the year ended March 31, 2008**
Current Service Cost	13.12	8.95
Interest on Defined Benefit Obligation	3.84	2.64
Expected Return on Plan Assets	(1.75)	(1.23)
Net Actuarial Gain	8.59	1.44
Total Included in Employment Expenses	23.79	11.60
Actual Return on Plan Assets	1.88	1.33
Category of Assets as on March 31, 2009 Insurer Managed Fund	22.43	16.05

The assumptions used in accounting for the gratuity are set out below:

	For the year ended March 31, 2009	**For the year ended March 31, 2008**
Discount rate	7.75%	8.00%
Rate of increase in compensation levels of covered employees	7.50%	6.00%
Expected Rate of return on plan assets	8.00%	8.00%

10 **Segment Reporting**

a) Primary Segment: Geographical Segment

The company, considering its high level of international operations and present internal financial reporting based on geographical location of customer, has identified geographical segment as primary segment.
The geographic segment consists of:

a) Domestic (Sales to Customers located in India)
b) International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The company believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the company's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made

(Rs. in million)

Particulars	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**	**For the year ended March 31, 2007**
Operating Revenue (including job work charges)			
Domestic	19,224.23	11,335.21	11,829.69
International	10,545.09	10,368.84	6,417.11
	29,769.32	21,704.05	18,246.80
Profit before Interest & tax (segment results unallocable)	5,891.19	4,294.16	3,213.47
Less: Interest and finance Charges (Net)	3,041.24	1,318.33	890.40
Tax	966.22	989.30	676.07
Profit after Tax	1,883.73	1,986.53	1,647.00

b) Secondary Segment: Business Segment

The company is operating into a single business i.e. Textile and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting"

11 In the opinion of the Board, carrying value of all Current assets, loans and advances and other receivables is not less than their realizable value in the ordinary course of business.

12 The company has invested in a subsidiary company viz; Alok Industries International Limited aggregating to Rs 3681.22 million- March 31,2009, Rs. 3442.83 million- March 31,2008 (including share application money) as at year end, which is a strategic long-term investment.

a) The subsidiary company has made investment in Alok European Retail, s.r.o. (AER), a 100% subsidiary, of Rs. 0.64 million and granted an advance aggregating Rs. 7.37 million. As per the audited financials statements as at March 31, 2009, the AER has incurred losses. The subsidiary company, for the time being, does not intend to continue with the business plans of investing further in this subsidiary and out of abundant caution, has made provision towards diminution in the value of investment of Rs. 0.64 million and for doubtful advances Rs. 7.37 million which would be adjusted, if any, based on future operational results of the subsidiary company. Accordingly, the investment in and advances to such subsidiary stand fully provided for.

b) The subsidiary company has made investment in its subsidiary viz; Mileta, a.s. aggregating Rs. 397.96 million- March 31,2009, Rs. 204.69 million- March 31,2008 and given interest free loan aggregating to Rs. 582.38 million- March 31,2009, Rs. 249.60 million-March 31,2008 which is outstanding as at the year end. Mileta has accumulated losses at the year end. However, it continues to have positive net worth. The subsidiary company has embarked upon renovation of the basic production facilities and expects to achieve higher turnover, reduced costs and consequently the profitability. On that basis, investment in Mileta and the loan amount as at the year end is considered good and recoverable.

c) The subsidiary company has investment in an associate viz; Grabal Alok (UK) Limited aggregating to Rs. 3546.65 million-March 31,2009 , Rs. 2216.30 million- March 31, 2008 which is a strategic long-term investment. The company has also invested in FY 2008-09 Rs. 380.62 million in another associate viz; Grabal Alok International Limited and given interest free loan of Rs. 167.28 million-March 31,2009, Rs. 298.41 million- March 31,2008, which has entirely invested such amounts in Grabal Alok (UK) Limited. The accounts have been prepared based upon the financial support of the Company and the future growth plan of embarking upon more trendy stores and wider reach in the market by opening new stores, though the net worth at the year end had been eroded. GAUKL continues to implement the growth plans with aggressive cost reduction programs which is expected to yield positive results. Accordingly the directors of GAUKL expect the initiative to deliver the expected sales growth and profitability in the subsequent years. On that basis, in the opinion of the AIIL, the aforesaid investments and the loan amounts outstanding as at March 31, 2009 are considered good and recoverable.

d) Advance subscription by subsidiary company towards investments includes:

(i) Rs. 66.74 million being subscription money paid by the subsidiary towards equity capital of Aisle 5 LLC (Aisle5), which is the business of development, marketing and licensing of trade brands, in respect of which the shares are yet to be allotted. Aisle5 has incurred losses during the year and has accumulated losses at the period end as per the unaudited financials compiled by the management. However, it continues to have positive net worth and expects to achieve higher sales on the basis of the client-wise projections prepared by its management which will result into profits in the following one or two years. On that basis, in the opinion of the Subsidiary Company, the advance given to Aisle5 as at March 31, 2009 is considered good.

(ii) Rs. 382.13 million, being subscription money paid to PowerCor LLC towards 5% Group B Membership interest, which is considered by the subsidiary to be a strategic investment. The membership interest is yet to be allotted. The said company is yet to commence its operations and has exclusive rights to market, commercialise and sell specific software used in development and implementation of certain products. On that basis, in the opinion of the Company, the aforesaid subscription advance is considered as good.

On the above basis in opinion of the Company the investment in subsidiary company viz Alok Industries International Limited is considered good.

13

a) The Company, during the year based on the Announcement of The Institute of Chartered Accountants of India "Accounting for Derivatives" along with the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Polices" has accounted for derivative forward contracts at fair values.

On that basis, changes in the fair value of the derivative instruments as at March 31, 2009 aggregating to Rs. 168.47 million and as at March 31, 2008 Rs. 99.46 million have been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of counter parties.

b) Derivative contracts entered into by the company for hedging currency and interest rate related risks. Nominal amounts of derivative contracts entered into by the Company and outstanding as at each year end is given below with Category wise break-up.

(Rs. in million)

No.	Particulars	March 31, 2009	March 31, 2008	March 31, 2007
1	Interest Rate Swaps	1,175.22	1,199.40	6563.90
2	Currency Swaps	406.05	1,064.85	2207.66
3	Options	118.43	281.07	11679.57
	Total	**1699.70**	**2,545.32**	**26451.13**

c) All derivative and financial instruments acquired by the company are for hedging purpose only.

d) The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below :

a. Amount receivable in foreign currency on account of the following

(in million)

Particulars		**Rupees**	**Amount in foreign currency**	**Foreign Currency**
Debtors	FY 2008-09	734.13	14.41	USD
	FY 2007-08	1129.41	28.27	USD
	FY 2008-09	390.98	5.37	GBP
	FY 2007-08	188.36	2.36	GBP
	FY 2008-09	95.29	1.41	EUR
	FY 2007-08	23.73	0.38	EUR
Cash & Bank Balance				
	FY 2008-09	254.75	5.00	USD
	FY 2007-08	1663.06	41.63	USD

b. Amount payable in foreign currency on account of the following

(in million)

Particulars		**Rupees**	**Amount in foreign currency**	**Foreign Currency**
Secured Loan	FY 2008-09	6,405.01	126.01	USD
	FY 2007-08	3725.39	103.30	USD
	FY 2008-09	721.28	1,139.76	JPY
	FY 2007-08	405.88	2268.56	JPY
	FY 2008-09	724.47	10.85	EUR
	FY 2007-08	1178.57	1380.77	EUR
Interest accrued but not due on loans				
	FY 2008-09	209.01	4.10	USD

Particulars		Rupees	Amount in foreign currency	Foreign Currency
	FY 2007-08	139.85	3.50	USD
	FY 2008-09	6.69	0.10	EUR
	FY 2007-08	9.57	0.16	EUR
Unsecured Loan	FY 2008-09	1,220.75	23.96	USD
	FY 2007-08	1115.58	27.93	USD
	FY 2008-09	-	-	EUR
	FY 2007-08	16.20	0.26	EUR

14 The Company during the year March 31, 2008 consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs. 2177.2 million including for loss of profit and accounted the same in the books of account.

During the year, the insurer released payment of Rs. 250.00 million (Previous Year Rs. 1100.00 million) (including for loss of profit) pending finalisation of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs. 806.34 million-March 31,2009, Rs. 907.36 million-March 31,2008 is carried forward under Loans and Advances (Schedule 11) which would be adjusted on receipt of the final claim amount. However, during the year March 31,2008 the Company has charged an amount aggregating to Rs.91.05 million to the Profit & Loss Account being the excess amount of book value of the damaged assets and the insurance claim filed for those assets.

15 The company in accordance with the resolution passed by members by way of postal ballot on November 28, 2008 hived off it's retail business to a 100% subsidiary, namely Alok Retail (India) Limited w.e.f.1st December, 2008.

16 In line with the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 – 'Effect of changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.

Accordingly with retrospective effect from April 1, 2007 exchange difference on all long term monetary items are :

i) To the extent such items are used for financing fixed assets, added to/subtracted from the cost of those fixed assets and depreciated over balance useful life of the asset.
ii) In other cases accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of such long term monetary item but not beyond March 31, 2011.

In effect of the above the company has

i) Added to General Reserve Rs.247.85 million (net of tax Rs. 149.45 million), which was recognised in the Profit & Loss Account in previous financial year ended March 31, 2008.
ii) Added to fixed assets/ capital work-in-progress Rs. 1664.67 million being exchange difference on long term monetary items relatable to acquisition of fixed assets.
iii) Charged to Profit & Loss Account Rs. 65.54 million.
iv) Carried forward Rs. 111.96 million in the 'Foreign Currency Monetary Item Translation Difference Account' being the amount remaining to be amortised as at March 31, 2009.

As a result of the above change in Accounting Policy the net profit before tax for the year is higher by Rs. 1521.89 million (net of tax Rs. 1004.60 million).

17 The amounts in balance Sheet, Profit and Loss account and cash flow statement are rounded off to the nearest decimal and denominated in million of rupees.

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

LIMITED REVIEW REPORT

To,
The Board of Directors,
Alok Industries Limited,
Mumbai

We have reviewed the accompanying statement of unaudited standalone Balance Sheet(Annexure-I) of Alok Industries Limited (" the Company") as at September 30,2009 and the consolidated profit & loss account(Annexure-II) for the period ended on that date annexed thereto. These statements are the responsibility of the Company's Management and have been approved by the Board of Directors in their meeting held on October 29, 2009. Our responsibility is to issue a report on these financial statements based on our review.

We draw attention to note no: 1 to this Review Report regarding investment in subsidiary company aggregating to Rs. 1874.65 million, considered good for the reasons stated in the note, note no: 2 this Review Report regarding insurance claim receivable amounting to Rs.806.34 million, considered recoverable for the reasons stated in the note and note no:3 regarding inability to calculate the impact on Dilutive EPS for the reason stated in the note.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited consolidated financial statements prepared on the basis stated above, that it contains any material misstatement.

This Report is solely for your information and for inclusion in the offer document in the offer document being issued by the Company in connection with the proposed placement of equity shares under Chapter VIII read with Schedule XVIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner
M. No. 105789

Place : Mumbai
Date : March 11, 2010.

Notes:

1 **Investment in Subsidiaries:**

i. The company has invested in a subsidiary company viz; Alok Industries International Limited aggregating to Rs. 1874.65 million (March 31, 2009: 3681.20 million) (including share application money) as at period end, which is a strategic long-term investment.

a) The subsidiary company has made investment in its subsidiary viz; Mileta, a.s. aggregating Rs. 373.83 million [March 31, 2009 Rs. 397.96 million] and outstanding interest free loan aggregating Rs. 650.30 million [March 31, 2009 Rs. 582.38 million] which is outstanding as at the period.
Based on reviewed accounts, Mileta has accumulated losses at the period end. However, it continues to have positive net worth. The manufacturing facility and brands of the said subsidiary constitute a strategic long term investment. With the active support of the Company, Mileta has embarked upon a business growth plan with renovation of the basic production facilities and cost control, which has already started yielding results. On the basis of objective assessment of expected cash flows made by the management of the Company, the carrying value of investment made and loans given is considered good and recoverable and no provision for diminution/ non recoverability is made this stage.

b) The subsidiary company has investment in an associate viz; Grabal Alok (UK) Limited aggregating to Rs. 3331.55 million (March 31, 2009 Rs. 3471.70 million) and loan of Rs.224.18 million (March 31, 2009 Rs.Nil). The subsidiary company has also invested Rs. 357.54 million (March 31, 2009 Rs. 380.62 million) and given interest free loan of Rs.210.68 million (March 31, 2009 Rs167.28 million) to another associate viz; Grabal Alok International Limited, which has entirely invested such amounts in Grabal Alok (UK) Limited. By cost control measures and revamp of business/ increased turnover, losses have been curtailed for the half year ending September 30, 2009 as compared to previous year, based on unaudited management accounts. The said company continues to implement the growth plans by increasing the number of trendy stores for wide customer reach and cost reduction programs, which are expected to yield positive results. Based on the above objective assessment of expected cash flows, the management considers the aforesaid investments and the loan amounts outstanding as at September 30, 2009 as good and recoverable.

c) The Subsidiary Company has invested Rs. 62.70 million (March 31, 2009 Rs. 66.74 million) in 22 senior units of Aisel 5 LLC (Aisel 5), which is in the business of development, marking and licensing of trade brands. Aisle5 has incurred losses during the period ended March 31, 2009 and has accumulated losses as at March 31, 2009 as per the unaudited financials compiled by the management. However, it continues to have positive net worth and expects to achieve higher sales on the basis of the client-wise projections prepared by its management which will result into profits in the following one or two years. On that basis, in the opinion of the Subsidiary Company, the advance given to Aisle5 as at September 30, 2009 is considered good.

d) The subsidiary Company has invested Rs. 354.42 million (March 31,2009 Rs.382.12 million), in Power Cor LLC towards 5% Group B Membership interest, which is considered by the subsidiary to be a strategic investment. The said company is yet to commence its operations and as such it is premature to re-assess the potential of this venture, pending full clarity on the status of their business plans. Based on the information available, in the opinion of the subsidiary company no provision is considered necessary for the diminution other than temporary.

ii. The company has invested in a subsidiary company viz; Alok Inc aggregating to Rs.2.14 million (March 31, 2009: million) and outstanding interest free loan of Rs.1.69 million (March 31, 2009 Rs 1.78 million) as at period end. The Management of the said subsidiary company discontinued its business and the board of directors has approved initiating the process for winding up of the Company. The Board of Director is confident of realizing the assets and discharging its liabilities without incurring any significant losses vis-à-vis the carrying values. On the above basis in opinion of the Company the investment in subsidiary company viz Alok Industries International Limited & Alok Inc is considered good and recoverable.

2 The Company during the year March 31, 2008, consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs. 2177.22 million including for loss of profit and accounted the same in the books of account.

During the period, the insurer released payment of Rs. Nil (March 31, 2009 Rs. 250 million) (Including for loss of profit) pending finalisation of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs.806.34 million (Previous Year Rs. 806.34 million) is carried forward under Loans and Advances which would be adjusted on receipt of the final claim amount.

Subsequent to September 30, 2009, the company has received Rs.427.59 million against insurance claim lodged.

3 Based on notification from Ministry of Finance dated February 15, 2010, the Company has submitted has approached Reserve Bank of India to obtain the permission to revise the conversion price of FCCBs, issued prior to November 27, 2008 to the conversion price as per new pricing norms. Pending such approval, the effect of conversion prices of FCCBs on Dilutive EPS is not ascertainable.

UNAUDITED STAND-ALONE BALANCE SHEET AS AT SEPTEMBER 30, 2009

(Rs. in million)

	PARTICULARS	AS AT 30.09.2009
I	**SOURCES OF FUNDS**	
	Shareholders' Funds	
	Capital	6,051.78
	Reserves and Surplus	15,473.21
		21,524.99
	Loan Funds	
	Secured	64,607.15
	Unsecured	4,418.70
		69,025.85
	Deferred Tax Liability	3,291.93
	TOTAL FUNDS EMPLOYED	**93,842.77**
II	**APPLICATION OF FUNDS**	
	Fixed Assets	
	Gross Block	62,213.31
	Less: Depreciation	8,714.68
	Net Block	53,498.63
	Capital Work-in-Progress	10,352.23
	Investments	2,967.06
	Foreign Currency Translation Monetary Account	68.17
	Current Assets, Loans And Advances	
	Inventories	10,586.59
	Sundry Debtors	10,534.27
	Cash and Bank Balances	5,645.79
	Loans and Advances	4,400.19
	Total Current Assets, Loans And Advances	**31,166.84**
	Less: Current Liabilities And Provisions	
	Current Liabilities	4,015.85
	Provisions	194.31
	Total Current Liabilities And Provisions	**4,210.16**
	Net Current Assets	**26,956.68**
	TOTAL APPLICATIONOF FUNDS	**93,842.77**

The table below sets forth our Company's unaudited stand-alone financial results for the six months ended September 30, 2009.

(Rs. in million)

	PARTICULARS	6 Months ended September 30, 2009
	INCOME	
1	Net Sales / Income from operations	17,897.55
2	Other Income	18.38
	Increase / (Decrease) in Stock in trade and work in progress	(1,140.71)
3	**Total Income**	**16,775.22**
4	**EXPENDITURE**	
	Consumption of raw material	7,415.58
	Employees cost	597.66
	Other Expenditure	3,739.07
	Profit Before Interest & Depreciation	**5,022.91**
5	Depreciation / Amortisation	1,629.96
	Profit Before Interest & Tax	**3,392.95**
6	Interest	2,090.46
7	**Profit from ordinary activities Before Tax**	**1,302.49**
8	Tax expenses - Current	(231.63)
	- Deferred	(212.20)
9	**Profit For The Year**	**858.65**
10	Earning Per Share (Rs.) : (not annualised)	
	Basic	1.75
	Diluted	1.72

Auditors' Report on the Consolidated Financial Statements

To,
The Board of Directors
Alok Industries Limited

1. We have audited the attached Consolidated Balance Sheet of **Alok Industries Limited** ("the Company"), its Subsidiaries (the Company and its subsidiary collectively referred to as the "Group"), Joint Venture and Associates, as at **March 31, 2009, 2008, 2007** and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. The figures disclosed in the financial statements are extracted from the respective year's audited financial statements and our opinion on the financial statements stated herein as stated in the opinion for each of the years. In forming an opinion for each of the year's, we conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Venture". as notified by the Company (Accounting Standards) Rules 2006 (issued by the Institute of Chartered Accountants of India for the year ended March 31, 2008 and 2007).

4. a) We did not audit the financial statements of certain subsidiaries namely Alok Inc., Alok Industries International Ltd., Alok International Inc., Alok European Retail S.R.O., Mileta, a.s. whose financial statements reflect:

(Rs. in million)

Year/ Period	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Total assets (net)	5970.53	3798.50	1024.37
Total Revenues	1439.80	1293.98	(0.27)
Net cash inflows / (outflow)	21.44	208.55	0.10

These financial statements are audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries and associates, is based solely on the report of the other auditors

b. Further, we did not audit the financial statements of associates namely Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.) whose financial statements reflect loss of Rs.679.99 million for the year March 31,2009. This financial statement is audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries and associates, is based solely on the report of the other auditors.

c. Further, the financial statements of subsidiaries, associates & Joint Ventures, namely Alok Aurangabad Infratex Private Ltd, Alok New City Infratex Private Ltd, Ashford Infotech Private Ltd, Aurangabad Textiles & Apparel Parks Ltd, New City Of Bombay Mfg. Mills Ltd whose financial statements reflect:

(Rs. in million)

Year/ Period	**March 31, 2009**	**March 31, 2008**
Total assets (net)	380.90	1.00
Total Revenues	53.00	Nil
Total Profit / (Loss)	(0.08)	(0.61)
Net cash inflows / (outflow)	185.40	1.00

These financial statements are unaudited, we have relied upon the unaudited financial statements as provided by the company's management for the purpose of consolidated financial statements.

5. For the year ended March 31, 2009 and 2008, we draw attention to note no: 15 of part B of Schedule 19 regarding investment in and loans granted to subsidiary company and associates, considered good for the reasons stated in the note and note no: 17 of part B of Schedule 19 regarding insurance claim receivable amounting to Rs. 806.34 million and Rs. 907.36 million respectively, considered recoverable for the reasons stated therein.

6. Based on our audit, and on consideration of report of other auditors on separate financial statements / management certification and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009, 2008 and 2007;

   (b) in the case of the Consolidated Profit and Loss Account, of the profits for the year ended on March 31, 2009, 2008 and 2007; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on March 31, 2009, 2008 and 2007.

This report is for inclusion in the preliminary/ final placement document being issued by the Company in connection with the proposed placement of equity shares under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009, as amended and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Gandhi & Parekh
Chartered Accountants

Devang B. Parekh
Partner
Membership No. 105789

Place : Mumbai.
Date : March 11, 2010.

The Consolidated Balance Sheet as at March 31, 2009, 2008 and 2007 are as set forth below:

(Rs. in million)

PARTICULARS	Schedule	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	1,969.75	1,871.75	1,703.72
Share Application Money		3,290.60	-	-
Share Warrants		102.00	1,101.60	-
Reserves and Surplus	2	13,943.95	11,331.73	8,526.66
		19,306.30	**14305.08**	**10230.38**
Minority Interest		55.68	237.50	-
Loan Funds				
Secured	3	65,399.35	48,852.76	28,330.33
Unsecured	4	4,165.35	9,486.86	5,037.18
		69,564.70	**58,339.62**	**33,367.51**
Deferred Tax Liability		3,081.24	2,153.30	1,488.12
TOTAL FUNDS EMPLOYED		**92,007.92**	**75,035.50**	**45,086.01**
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		47,050.81	35,077.64	23,457.08
Less : Depreciation		(7,974.54)	(5,631.70)	(3,703.97)
Net Block		**39,076.27**	**29,445.94**	**19,753.11**
Capital Work-in-Progress / Incidental expenditure during construction	6	23,769.99	10,251.81	6,662.48
Investments	7	4,639.42	3,452.76	800.17
Goodwill On Consolidation		492.16	-	-
Foreign Currency Translation Monetary Account		111.96	-	-
Deferred Tax Assets		17.20	51.03	69.94
Current Assets, Loans And Advances				
Inventories	8	10,686.95	7,712.52	4,644.64
Sundry Debtors	9	9,137.77	6,382.49	5,445.17
Cash and Bank Balances	10	4,274.32	17,051.41	7,853.74
Loans and Advances	11	6,653.20	6,522.19	2,786.54
Total Current Assets, Loans And Advances		**30,752.24**	**37,668.61**	**20,730.09**
Less:Current Liabilities And Provisions				
Current Liabilities	12	6,533.30	5,458.88	2,555.03
Provisions	13	318.02	375.77	374.75
Total Current Liabilities And Provisions		**6,851.32**	**5,834.65**	**2,929.78**
NET CURRENT ASSETS		**23,900.92**	**31,833.96**	**17,800.31**
TOTAL APPLICATION OF FUNDS		**92,007.92**	**75,035.50**	**45,086.01**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	**19**			

Consolidated profit and loss account for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. in million)

PARTICULARS	schedule	2008-09	2007-08	2006-07
INCOME				
Income from Operations	14	30,907.83	22,820.10	18,246.79
Other Income	15	459.58	690.81	373.17
Increase in Stocks of Finished Goods and Process Stock	16	4,269.39	1,038.27	653.35
Total Revenue		**35,636.80**	**24,549.18**	**19,273.31**
EXPENDITURE				
Purchase of Traded Goods		1,216.91	2,986.18	984.12
Manufacturing and Other Expenses	17	26,275.35	15,705.11	13,845.74
Interest (net)	18	3,410.28	1,331.32	890.39
Depreciation / Amortisation		2,401.53	1,661.92	1,230.40
PROFIT BEFORE TAX		**2,332.72**	**2,864.65**	**2,322.66**
Provision for Current Tax		(343.82)	(347.62)	(259.46)
MAT Credit Entitlement		286.50	41.20	11.10
Deferred Tax		(884.78)	(674.98)	(417.21)
Fring Benefit Tax		(17.87)	(12.64)	(8.95)
(Short)/Excess Provision for Income Tax in respect of earlier years		(7.45)	-	(1.61)
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		**1,365.31**	**1,870.61**	**1,646.53**
Add: Share of (Loss) / Profit from Associates		(680.51)	0.29	-
Minority Interest		68.42	25.49	-
Dilution in share of Minority Interest		(12.71)	-	-
PROFIT AFTER TAX		**740.51**	**1,896.39**	**1,646.53**
Add : Balance brought forward from previous year		2,871.45	2,161.42	1,298.40
AMOUNT AVAILABLE FOR APPROPRIATION		**3,611.97**	**4,057.81**	**2,944.93**
APPROPRIATIONS				
Add : Excess provision for Dividend of earlier year		1.73	1.90	3.95
Less : Transfer to General Reserve		-	(190.00)	(500.00)
Transfer to Debenture Redemption Reserve		(1,943.05)	(735.50)	-
Proposed Dividend				
- on Equity Shares		(147.74)	(224.61)	(238.52)
- on Preference Shares (paid/provided)		-	-	(7.37)
Corporate Dividend Tax thereon		(25.11)	(38.17)	(41.57)
BALANCE CARRIED TO BALANCE SHEET		**1,497.80**	**2,871.45**	**2,161.42**
EARNINGS PER SHARE (in Rs.)				
(Refer Note no. 11 of part B of Schedule 19)				
Basic		3.81	10.88	9.70
Diluted : Before considering effect of Right Issue		3.26	8.52	8.72
After considering effect of Right Issue		1.38	-	-
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

The consolidated cash flow statement for the year ended March 31, 2009, 2008 and 2007 are as set forth below :

(Rs. in million)

	PARTICULARS	2008-09	2007-08	2006-07
A]	**Cash Flow from Operating Activities**			
	Net Profit Before Tax	2,332.72	2,864.65	2,322.76
	Adjustments for:			
	Depreciation / Amortisation	2,401.53	1,661.92	1,230.40
	Unrealised loss / (gain) on Cash and cash equivalent	-	(2.80)	15.30
	Excess of Cost over Fair value of current Investments	6.76	0.35	4.80
	Exchange rate difference	-	(34.90)	(13.66)
	Dividend Income	(1.71)	(2.96)	(2.69)
	Interest Paid (net)	3,410.28	1,331.32	890.39
	(Profit) / Loss on sale of fixed assets (net)	(23.35)	(10.76)	0.92
	(Profit) / Loss on sale of current investments (net)	32.50	(1.86)	(2.40)
	Operating Profit before working capital changes	**8,158.73**	**5,804.96**	4,445.82
	Adjustments for			
	Increase in Inventories	(2,974.35)	(3,067.88)	(1,063.14)
	Increase in Trade Receivables	(2,755.31)	(937.20)	(1,899.89)
	Decrease/(Increase) in Loans and Advances	207.77	(3,432.03)	(1,306.74)
	Increase in Current Liabilities	792.41	2,888.79	782.82
	Cash Generated from operations	**3,429.25**	**1,256.64**	**958.87**
	Income Taxes Paid	(435.44)	(510.28)	(217.10)
	Net cash Generated from Operating Activities	**2,993.81**	**746.36**	**741.77**
B]	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	(25,573.16)	(16,494.59)	(8,994.42)
	Sale / adjustments of fixed assets	272.57	1,560.11	89.80
	Purchase of Investments	(2,747.15)	(2,754.80)	(1,958.18)
	Sale of Investments	1,427.07	850.89	1,329.90
	Capital Reserve on increase of stake in subsidiaries	-	123.14	-
	Increase / (decrease) in Minority Interests	-	237.50	-
	Margin Money Deposits Matured/(placed)	630.27	982.47	(2,289.30)
	Dividends Received	1.71	2.96	2.69
	Interest Received	773.28	1,186.74	527.58
	Share Application money paid	(213.05)	(750.89)	222.61
	Inter Corporate Deposits (granted) / refunded - net	0.43	(58.10)	101.90
	Net cash used in Investing Activities	**(25,428.03)**	**(15,114.57)**	**(10,967.42)**
C]	**Cash flow from Financing Activities**			
	Proceeds from issue of Equity Share Capital (including premium) (Net)	-	1,231.35	125.69
	Share Application money received (Net)	3,290.60	-	-
	Redemption of Preference Share Capital	-	-	-
	Issue of Share Warrants	-	1,101.60	-
	Proceeds from borrowings (Net)	11,113.12	24,971.91	11,922.65
	Dividend Paid (Including Tax thereon)	(261.05)	(276.96)	(239.46)
	Interest Paid	(3,855.25)	(2,482.38)	(1,333.78)
	Net cash Generated from Financing Activities	**10,287.42**	**24,545.52**	**10,475.10**
	Net (Decrease) /Increase in Cash and Cash equivalents	**(12,146.80)**	**10,177.31**	**249.45**

(A+B+C)			
Cash and Cash equivalents			
at the beginning of the Year	15,744.56	5,567.25	5,317.80
at the end of the Year	3,597.76	15,744.56	5,567.25
Net (Decrease) / Increase in Cash and Cash equivalents	**(12,146.80)**	**10,177.31**	**249.45**

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress between the commencement and end of the period and is considered as part of investing activity.

(Rs. in million)

4 Cash and Cash equivalents includes :	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Cash and Bank Balances	4,274.32	17,051.41	7,853.74
Less: Margin Money Deposit*	(676.56)	(1,306.84)	(2,289.29)
Unrealised loss / (gain) on foreign currency	-	-	2.80
Total Cash and Cash equivalents	**3,597.76**	**15,744.56**	**5,567.25**

* Margin money being restricted for its use have been excluded from cash and cash equivalent and grouped under the investment activity.

5 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 'AS-3' Cash Flow Statements".

ALOK INDUSTRIES LTD.

SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2009, 2008 AND 2007

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '1'			
CAPITAL			
Authorised :			
FY 2008-09 650,000,000 FY 2007-08 275,000,000 FY 2006-07 210,000,000 Equity shares of Rs.10/- each	6,500.00	2,750.00	2,100.00
FY 2008-09 NIL, FY 2007-08 25,000,000 FY 2006-07 90,000,000 Preference shares of Rs.10/- each	-	250.00	900.00
	6,500.00	**3,000.00**	**3,000.00**
Issued and Subscribed :			
Equity Share Capital			
FY 2008-09 19,69,74,969 FY 2007-08 18,71,74,969 FY 2006-07 17,03,71,974 Equity shares of Rs.10/- each fully paid up	1,969.75	1,871.75	1,703.72
Total	**1,969.75**	**1,871.75**	**1,703.72**

NOTES :

a) During FY 2008-09 - 9,800,000, FY 2007-08 - 16,802,995, FY 2006-07 - 12,903,518 equity shares were issued as under:

i] FY 2008-09 Nil, FY 2007-08 15,869,202, FY 2006-07 - 1,755,978 equity shares of Rs.10/- each were issued on conversion of FY 2008-09 Nil, FY 2007-08 459 FY 2006-07 - 55, 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to FY 2008-09 Nil, FY 2007-08 Rs. 977.38 million, FY 2006-07 - 108.19 million.

ii] FY 2006-07 11,147,540 equity shares of Rs.10/- each were issued on conversion of 68,000,000, 10% Optionally Convertible Preference Shares of Rs. 10/- each at a premium aggregating to Rs. 568.54 million on excercising of option by the holders thereof)

iii] FY 2007-08 933,793 equity shares of Rs.10/- each were issued on preferential allotment to promoter group at a premium aggregating to Rs. 85.92 million.

iv] FY 2008-09 9,800,000 Equity shares of Rs. 10/- each were issued on conversion of 9,800,000 warrants to promoters at a premium of Rs. 901.67 million.

b) Of the above shares :

i] 745,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserve.

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

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '2'			
RESERVES AND SURPLUS			
Capital Reserve			
Balance as per last Balance Sheet	0.31	0.31	0.31
Capital Reserve (on Consolidation)			
Balance as per last Balance Sheet	123.14	-	-
Add : Addition on account of additional investment	1.67	123.14	-
	124.81	123.14	-
Capital Redemption Reserve			
Balance as per last Balance Sheet	22.00	22.00	22.00
Securities premium account			
Balance as per last Balance Sheet	5,068.00	4,004.70	3,327.97
Add : Received during the year	901.67	1,063.30	676.73
	5,969.67	5,068.00	4,004.70
General Reserve			
Balance as per last Balance Sheet	2,150.36	1,950.00	1,450.00
Add: Transferred from Profit and Loss Account	-	190.00	500.00
Add: Transfer from Foreign Currency Monetary Item Revaluation Reserve	149.45		
Add: Transitional effect of Leave Encashment	-	10.36	-
	2,299.81	2,150.36	1,950.00
Debenture Redemption Reserve			
Balance as per last Balance Sheet	1,137.36	401.88	401.88
Add: Transferred from Profit and Loss Account	1,943.04	735.48	-
	3,080.40	1,137.36	401.88
Foreign Currency Translation Reserve	949.15	(40.89)	(13.65)
Surplus in Profit and Loss Account	1,497.80	2,871.45	2,161.42
Total	**13,943.95**	**11,331.73**	**8,526.66**

(Rs. in million)

PARTICULARS	AS AT	AS AT	AS AT

	31.03.2009	31.03.2008	31.03.2007
SCHEDULE '3'			
SECURED LOANS			
a. Debentures			
6.00% Redeemable Non Convertible Debentures	2,000.00	-	-
8.75% Redeemable Non Convertible Debentures			500.00
9.00% Redeemable Non Convertible Debentures			200.00
9.30% Redeemable Non Convertible Debentures	-	200.00	-
10.00% Redeemable Non Convertible Debentures	-	1,200.00	-
10.15% Redeemable Non Convertible Debentures	-	400.00	-
10.25% Redeemable Non Convertible Debentures	1,000.00	1,000.00	-
10.50% Redeemable Non Convertible Debentures	-	-	-
10.75% Redeemable Non Convertible Debentures	-	200.00	-
13.00% Redeemable Non Convertible Debentures	3,150.00	-	-
	6,150.00	3,000.00	700.00
b. Term Loans			
(1) From Financial Institutions			
-Rupee Loans	1,580.00	1,898.39	1,317.16
-Foreign currency loans	2,285.32	1,083.03	1,100.67
	3,865.32	2,981.42	2,417.83
(2) From banks			
-Rupee Loans	42,478.02	32,388.71	18,964.79
-Foreign currency loans	5,388.29	4,259.39	466.91
	47,866.31	36,648.10	19,431.70
(3) From Others			
-Rupee Loans	430.00	430.00	-
	430.00	430.00	-
	52,161.63	40,059.52	21,849.53
c. From Banks on Cash Credit Accounts, Working capital demand loans etc [Including FY 2008-09 Rs. 1467.36 million, FY 2007-08 Rs. 1398.08 million, FY 2006-07 Rs. 345.93 million demand loan in foreign currency]	7,047.24	5,728.45	5,689.16
d. Loans under Hire Purchase/Lease Arrangements	40.49	64.79	91.64
Total	**65,399.35**	**48,852.76**	**28,330.33**

1. All the debentures outstanding as at March 31, 2009, 2008 and 2007 are / were secured by pari passu charge on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujrat.

2. **Term loans are secured as under :**

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs. 1751.46 million for F.Y.2008-09, Rs.2024.13 million for F.Y.2007-08, and Rs.1954.39 million for F.Y.2006-07 and Rs. 28450.98 million for F.Y.2008-09, Rs.26892.88 million for F.Y.2007-08 and Rs. 16387.00 million for F.Y.2006-07 respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's bankers towards working capital requirements and (iii) the personal guarantees of three promoter directors.

b) Term loan from the bank to the extent of Rs. 234.83 million for F.Y.2008-09, Rs.179.88 million for F.Y.2007-08, and Rs.NIL million for A.Y.2006-07 is secured by (i) a first charge created/ to be created on the entire present and future movable fixed assets of the company (ii) mortgage of immovable properties located at falandi-Silvassa (iii) the personal guarantee of three Promoter Directors of the Company.

c) Term loan from banks to the extent of Rs. 1767.78 million for F.Y.2008-09, Rs.1528.14 million for F.Y.2007-08 and Rs.1873.19 million for F.Y.2006-07 is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.

d) Term loan from the banks to the extent of Rs.Nil million for F.Y.2008-09 , Rs.Nil million for F.Y.2007-08 and Rs.76.13

million for F.Y.2006-07 are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge created/ to be created in favour of company's term lenders and working capital bankers (iii) the personal guarantee of three Promoter Directors of the Company.

e) Term loans from the Banks and Financial Institutions to the extent of Rs. 4089.14 million for F.Y. 2008-09, Rs.2252.14 million for F.Y.2007-08 and Rs.1095.38 million for F.Y.2006-07 and Rs. 840.11 million for F.Y.2008-09, Rs.777.41 million for F.Y.2007-08 and Rs.463.44 million for F.Y.2006-07 respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company's term lenders and towards working capital requirements (ii) the personal guarantee of three Promoter Directors of the Company.

f) Term loans from the Banks to the extent of Rs. 188.77 million for F.Y.2008-09, Rs.155.78 million for F.Y.2007-08 and Rs. NIL for F.Y.2006-07 are secured by (i) subservient charge on all assets of the Company excluding Land and Building (ii) Pledge of company's investment in a subsidiary viz. Alok Industries International Limited (ii) the personal guarantee of three Promoter Directors of the Company.

g) Term loan from the Bank to the extent of Rs. 13134.80 million for F.Y.2008-09, Rs.5819.15 million for F.Y.2007-08 and Rs. NIL for F.Y.2006-07 are secured by subservient charge on all present and future moveable fixed assets, stocks and receivables of the Company subject to prior charge in favour of the company's term lenders and working capital bankers.

h) Term Loan from others to the extent of Rs. 430.00 million for F.Y.2008-09,Rs.430.00 million for F.Y.2007-08 and Rs.Nil for F.Y.2006-07 is secured by, a pari passu first charge on all present & future current assets, movable properties, right under project agreements, lease rental contracts at Mumbai & Silvassa.

i) Term loan from Financial Institution of Rs. 1273.75 million for F.Y.2008-09,Rs. NIL for F.Y.2007-08,and Rs. NIL for F.Y.2006-07 is secured by (i) subservient charge on all the present and future moveable fixed assets of the company except land and building

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

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

(Rs. in million)

PARTICULARS	**AS AT 31.03.2009**	**AS AT 31.03.2008**	**AS AT 31.03.2007**

SCHEDULE '4' UNSECURED LOANS			
(a) Fixed Deposits	-	-	2.93
(b) Term Loans and Advances			
From Banks and Financial Institutions			
-Rupee Loans	2,180.34	8,299.81	1,170.52
-Foreign currency loans	774.95	183.08	499.22
	2,955.29	8,482.89	1,669.74
(c)Other Loans and Advances			
From Banks			1,335.76
(d) FY 2008-09 475, FY 2007-08 475, FY 2006-07 934 1% Foreign Currency Convertible Bonds (FCCBs) [See Note no. 8 of part B of Schedule 19]	1,210.06	948.70	2,028.73
(e) From Directors	-	0.03	0.02
(f) From Others	-	55.24	-
Total	**4,165.35**	**9,486.86**	**5,037.18**

1. **Term Loan from banks**

a) Includes commercial paper of Rs. Nil for F.Y.2008-09, Rs.NIL for F.Y.2007-08 and Rs. 800.00 million for F.Y.2006-07 maximum amount outstanding at any time during F.Y.2008-09 Rs.NIL, during F.Y.2007-08 Rs.1100.00 million, and during F.Y. 2006-07 Rs.800.00 million)

b) To the extent of Rs. 1149.97 million for F.Y.2008-09, Rs.1599.95 million for F.Y.2007-08 and Rs.NIL for F.Y.2006-07 are secured by Personal Guarantee of three Promoter Directors

2. Short term Foreign Currency Loan Rs. Nil for F.Y.2008-09, Rs.150.12 million for F.Y.2007-08 and Rs.434.42 million for F.Y.2006-07 from Banks are secured by (i) Personal Guarantee of three Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the Company in case of default.

SCHEDULE '5'
FIXED ASSETS

(Rs. in million)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK
		AS AT 01.04.06	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.07	AS AT 01.04.06	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.07	AS AT 31.03.07
	OWN ASSETS :									
1	Freehold Land	215.91	59.86	28.20	247.57	-	-	-	-	247.57
2	Leasehold Land	5.6	-	-	5.60	0.86	0.06	-	0.92 *	4.68
3	Factory Building	3028.03	2,184.02	0.99	5,211.06	213.04	147.53	0.37	360.20	4,850.86
4	Office Premises	265.42	-	-	265.42	5.50	4.33	-	9.83	255.59
5	Plant and Machinery	9917.66	7,064.67	49.85	16,932.48	2,118.16	1,012.25	-	3,130.41	13,802.07
6	Computer and Peripherals	91.12	38.66	0.86	128.92	46.58	16.47	0.91	62.14	66.78
7	Office Equipment	22.78	12.69	-	35.47	6.72	3.83	-	10.55	24.92
8	Furniture and Fittings	153.23	94.42	-	247.65	36.88	16.92	-	53.80	193.85
9	Vehicles	54.24	9.90	5.36	58.78	9.99	7.76	1.51	16.24	42.54
10	Tools and Equipment	45.86	52.24	-	98.10	6.58	6.07	-	12.65	85.45
	Sub - Total	**13799.85**	**9516.46**	**85.26**	**23231.05**	**2,444.31**	**1,215.22**	**2.79**	**3,656.74**	**19,574.3**
	LEASED ASSETS :									
1	Plant and Machinery	223.8	-	-	223.80	28.98	16.68	-	45.66	178.14
2	Computer and Peripherals	2.20	-	-	2.20	1.35	0.33	-	1.68	0.52
3	Vehicles	8.40	-	8.37	0.03	1.86	(1.87)	0.10	(0.11)	0.14
	Sub - Total	**234.40**	**-**	**8.37**	**8.37**	**32.19**	**15.14**	**0.10**	**47.23**	**178.80**
	Total	**14034.25**	**9516.46**	**93.63**	**23,457.08**	2,476.50	1,230.36	2.89	3,703.97	19,753.11

Notes :

1. Deduction from Plant and Machinery includes Rs.49.5 million (net) [(Previous year Rs.28.00 million (net)] being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
2. Plant and Machinery acquired on lease includes Rs.81.2 million incurred by company for installation etc.
3. Freehold land includes Rs.51.00 million being cost of freehold land at Silvassa acquired by the company, which is presently registered in the personal names of the directors of the Company since the same being agricultural land. The Company is taking steps to obtain permission from the relevant authorities to convert the land as non-agricultural land and transfer the same in the Company's name.
4. Deduction to Leased Assets - Vehicles includes Rs.8.0 million ,accumulated depreciation Rs.1.8 million transferred to own assets on exercising of purchase option at the end of the hire purchase agreement period.
5. Addition to Plant and Machinery during the year is net of capital subsidy of Rs.52.6 million.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

SCHEDULE '5'
FIXED ASSETS

(Rs. in million)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		AS AT 01.04.07	Addition on Acquisition of subsidiary	Additions	Deductions/ Adjustments	As At 31.03.08	As At 01.04.07	on acquisition of subsidiary	For The Year +	Deductions / Adjustments	As At 31.03.08	As At 31.03.08	AS AT 31.03.07
	OWN ASSETS :												
1	Freehold Land	247.57	9.03	274.06	-	530.66	-	-	-	-	-	530.66	247.57
2	Leasehold Land	5.60	-	-	-	5.60	0.92	-	0.06	-	0.98 *	4.62	4.68
3	Factory Building	5,211.06	338.29	2,694.48	679.62	7,564.21	360.2	251.44	196.41	68.44	739.61	6,824.60	4,850.86
4	Office Premises	265.42	-	-	-	265.42	9.83	-	4.33	-	14.16	251.26	255.59
5	Plant and Machinery	16,932.48	918.64	8,766.40	1,628.80	24,988.72	3,130.41	767.77	1,336.05	710.45	4,523.78	20,464.94	13,802.07
6	Computer and Peripherals	128.92	-	61.09	8.37	181.64	62.14	-	17.53	4.24	75.43	106.21	66.78
7	Office Equipment	35.47	-	26.40	1.37	60.50	10.55	-	2.98	0.48	13.05	47.45	24.92
8	Furniture and Fittings	247.65	-	143.41	8.79	382.27	53.8	-	25.32	2.3	76.82	305.45	193.85
9	Vehicles	58.81	-	2.87	5.58	56.10	16.13	-	5.57	2.5	19.20	36.90	42.68
10	Tools and Equipment	98.10	-	108.76	7.60	199.26	12.65	-	8.94	1.16	20.43	178.83	85.45
	Sub - Total	23,231.08	1,265.96	12,077.47	2,340.13	34,234.38	3,656.63	1,019.21	1,597.19	789.57	5,483.46	28,750.92	19,574.45
	LEASED ASSETS :												
1	Plant and Machinery	223.80	-	-	-	223.80	45.66	-	16.68	-	62.34	161.46	178.14
2	Computer and Peripherals	2.20	-	-	-	2.20	1.68	-	0.35	-	2.03	0.17	0.52
	Sub - Total	226.00	-	-	-	226.00	47.34	-	17.03	-	64.37	161.63	178.66
	INTANGIBLE ASSETS												
1	Computer Software	-	38.73	30.43	2.31	66.85	-	38.48	6.42	2.31	42.59	24.26	-
2	Trademarks / Brands	-	-	550.41	-	550.41	-	-	41.28	-	41.28	509.13	-
	Sub - Total	-	38.73	580.84	2.31	617.26	-	38.48	47.70	2.31	83.87	533.39	-
	Total	**23,457.08**	**1,304.69**	**12,658.31**	**2,342.44**	**35,077.64**	**3,703.97**	**1,057.69**	**1,661.92**	**791.88**	**5,631.70**	**29,445.94**	**19,753.11**

Notes :

1. Plant and Machinery acquired on lease includes Rs.81.2 million incurred by company for installation etc.
2. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 550.40 million WDV Rs. 509.10 million which are not registered in the name of the company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

\+ Depreciation Includes depreciation transfer to pre operative expenses Rs.1.20 million

SCHEDULE '5'
FIXED ASSETS

(Rs. in million)

Sr. No.	Description Of Assets	GROSS BLOCK					DEPRECIATION						NET BLOCK	
		As At 01.04.08	Addition On Acquisition Of Subsidiary	Additions	Deductions/ Adjustments	As At 31.03.09	As At 01.04.08	On Acquisition Of Subsidiary	For The Year #	Deductions / Adjustments	As At 31.03.09		As At 31.03.09	As At 31.03.08
	OWN ASSETS :													
1	Freehold Land	530.66	-	292.20	-	822.86	-	-	-	-	-		822.86	530.66
2	Leasehold Land	5.60	-	-	-	5.60	0.98	-	0.06	-	1.04	*	4.56	4.62
3	Factory Building	7,564.21	-	3,294.64	-	10,858.85	739.61	-	278.14	-	1,017.75		9,841.10	6,824.60
4	Office Premises	265.42	-	-	-	265.42	14.16	-	4.33	-	18.49		246.93	251.26
5	Plant and Machinery	24,988.72	1.83	8,265.49	299.76	32,956.28	4,523.78	-	1,953.90	52.90	6,424.78	@	26,531.50	20,464.94
6	Computer and Peripherals	181.64	-	49.08	1.47	229.25	75.43	-	30.09	1.55	103.97		125.28	106.21
7	Office Equipment	60.50	-	19.68	-	80.18	13.05	-	4.73	-	17.78		62.40	47.45
8	Furniture and Fittings	382.27	-	175.78	-	558.05	76.82	-	28.47	-	105.29		452.76	305.45
9	Vehicles	56.10	-	0.49	2.83	53.76	19.20	-	4.99	1.28	22.91		30.85	36.90
10	Tools and Equipment	199.26	-	161.93	-	361.19	20.43	-	16.18	-	36.61		324.58	178.83
	Sub-Total	34,234.38	1.83	12,259.29	304.06	46,191.44	5,483.46	-	2,320.89	55.73	7,748.62		38,442.82	28,750.92
	LEASED ASSETS :													
1	Plant and Machinery	223.80	-	-	-	223.80	62.34	-	16.49	-	78.83		144.97	161.46
2	Computer and Peripherals	2.20	-	-	-	2.20	2.03	-	0.12	-	2.15		0.05	0.17
	Sub - Total	226.00	-	-	-	226.00	64.37	-	16.61	-	80.98		145.02	161.63
	INTANGIBLE ASSETS												-	-
1	Computer Software	66.85	-	19.95	3.84	82.96	42.59	-	8.99	2.96	48.62		34.34	24.26
2	Trademarks / Brands	550.41	-	-	-	550.41	41.28	-	55.04	-	96.32		454.09	509.13
	Sub - Total	617.26	-	19.95	3.84	633.37	83.87	-	64.03	2.96	144.94		488.43	533.39
	Total	**35,077.64**	**1.83**	**12,279.24**	**307.90**	**47,050.81**	**5,631.70**	**-**	**2,401.53**	**58.69**	**7,974.54**		**39,076.27**	**29,445.94**

Notes :

1. Plant and Machinery acquired on lease includes Rs.81.20 million incurred by company for installation etc.
2. Plant and Machinery includes Rs.1664.60 million being increase in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Intangible assets consisting of Trade Marks / Brands aggregating to Rs. 550.40 million WDV Rs. 454.20 million which are not registered in the name of the company. The Company is taking necessary steps to get these Trade Marks / Brands registered in its name.

Depreciation for the period includes Rs. 3.4 million being depreciation related to pre acquisition period of increase in stake of subsidiary company.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

@ Includes Rs. 1.10 million depreciation on Exchange Rate Difference capitalized for the financial year 07-08 and debited to General Reserve

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '6'			
CAPITAL WORK IN PROGRESS			
Capital Expenditure On Projects	18,230.36	9,328.49	4,795.29
Advance For Capital Expenditure	5,539.63	923.32	1,867.19
Total	**23,769.99**	**10,251.81**	**6,662.48**

Capital expenditure incurred on Projects includes :

i] Rs. 755.00 million for F.Y. 2008-09,Rs. 206.90 million for F.Y.2007-08 and Rs. 195.89 million for F.Y. 2006-07 on account of pre-operative expenses

ii] Rs. 17,475.40 million for F.Y.2008-09 , Rs.8,948.10 million for F.Y.2007-08 and Rs. NIL for F.Y. 2006-07 on account of cost of construction material and plant and machinery under erection.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '7'			
INVESTMENTS			
A) LONG TERM INVESTMENTS (At cost / carrying amount unless otherwise stated) - fully paid			
In Equity shares			
Others - Unquoted (Trade)			
Shirt Company (India) Pvt. Limited [FY 2008-09 33,333, FY 2007-08 2,33,333, FY 2006-07 5,00,000 Equity Shares of Rs.10/- each]	5.00	35.00	75.00
Dombivali Nagrik Sahakari Bank Limited. [FY 2008-09 10,000, FY 2007-08 10,000 FY 2006-07 40,000 Equity Shares of Rs. 50/- each]	0.50	0.50	2.00
Kalyan Janata Sahakari Bank Limited [FY 2008-09 10,000, FY 2007-08 10,000 FY 2006-07 42,020 Equity Shares of Rs. 25/- each]	0.25	0.25	1.05
Alspun Infrastructure Limited [FY 2008-09 75,000, FY 2007-08 25,000 Equity shares of Rs.10 each]			
(Including goodwill on acquistion of stake of Associates Rs. 0.40 million)	0.75	0.33	-
Less: Share in current year loss	(0.56)	-	-
	0.19	0.33	-
Grabal Alok (UK) Limited [FY 2008-09 237,197,008 FY 2007-08 184,131,580 Ordinary Shares of GBP 0.001 each]	3,546.65	2,198.67	-
(Including goodwill on acquistion of stake of Associates Rs. 2298.47 million)			
Less: Share in current year loss	(679.19)	-	
	2,867.46	2,198.67	-

Ashford Infotech [50,000 Equity Share of Rs.10 each]	0.79	0.49	-
Add / Less: Share in current years Profit / (loss) *	(0.79)	0.30	
	-	0.79	
	2,873.40	2,235.54	78.05
Others - Quoted (Trade) fully paid			
Grabal Alok Impex Limited			
[FY 2008-09 19,00,000, FY 2007-08 19,00,000, FY 2006-07 19,00,000 Equity Shares of Rs.10/- each]	39.90	39.90	39.90
(Pledged against finance availed)			
In Preference Shares			
In Associates Company			
FY 2008-09 7,470,552 Preference shares in Grabal Alok International Limited of USD 1/- each.	380.62	-	
B) CURRENT INVESTMENTS (At lower of cost or fair vale)			
In Equity Shares			
Peninsula Land Ltd.	-	-	7.40
[20,000 equity shares of Rs.10/- each]			
In Bonds			
Unquoted, fully paid			
FY 2007-08 5 , 7.50% Bank of India - Series VIII bonds of Rs. 10,00,000/- each	-	5.00	5.00
1 (Previous year Nil), 7.75% M&M Finance Limited. Bond of Rs.10,00,000/- each	-	-	-
2000 (Previous year Nil) 6.00% Bajaj Auto Finance Limited Bond Of Rs. 500/- Each	-	-	-
FY 2006-07 2, 9.50% Binani Cement Ltd.	-	-	2.05
FY 2006-07 1, 8.00% Dalmia Cement Ltd.	-	-	1.00
FY 2006-07 2, 8.10% Dalmia Cement Ltd.	-	-	1.97
200 (Previous year Nil), 6.00% ICICI Bank Limited Bond Of Rs. 5,000/- Each	-	-	-
1 (Previous year Nil), 7.25% ICICI Bank Limited Bond of Rs.10,00,000/- each	-	-	-
1 (Previous year Nil), 8.98% National Capital Region Planning Board Bond of Rs.10,00,000/- each	-	-	-
FY 2007-08 10 ,FY 2006-07 10, 8.90% Industrial Development Bank Of India Of Rs. 10,00,000/- Each	-	10.00	10.00
FY 2006-07 1, 7.15% Indian Oil Corporation	-	-	0.97
FY 2006-07 1, 10.00% Jaiprakash Hydro Power Limited	-	-	1.07
1 (Previous Year Nil) 8.49% Power Finance Corporation Bond of Rs.10,00,000/- each	-	-	-
6 (Previous Year Nil) 8.73% Power Grid Corporation Bond of Rs.10,00,000/- each	-	-	-
1 (Previous Year Nil) 9.45% Citi Financial Consumer Finance Limited of Rs.10,00,000/- each	-	-	-
1 (Previous Year Nil) 9.80% Citi Financial Consumer Finance Limited of Rs.10,00,000/- each	-	-	-
1 (Previous Year Nil) 9.24% L&T Finance Limited Bond of Rs.10,00,000/- each	-	-	-
FY 2007-08 100 , 7.60% Syndicate Bank - Series IX bonds of Rs. 10,00,000/- each	-	100.00	100.00
FY 2007-08 2, 7.39% Power Grid Corporation Bonds Of Rs. 10,00,000/- Each	-	1.83	-
FY 2007-08 2, 7.10% Power Grid Corporation Bonds Of Rs. 10,00,000/- Each	-	1.82	-
FY 2007-08 20, 9.25% Dena Bank Non-convertible Redeemable Subordinated Bonds (Tier II Bonds Series IX)	-	20.00	-
FY 2007-08 30, 9.20% Central Bank of India Tier II Bonds Series XII	-	30.00	-

	-	168.65	122.06
In Debentures - Unquoted			
FY 2007-08 1, 7.40% Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs.10,00,000/- each	-	1.00	-
FY 2007-08 1, 7.50% Non Convertible Debentures of Mahindra & Mahindra Finance Limited of Rs.10,00,000/- each	-	0.99	-
FY 2007-08 1, 7.50% Non Convertible Debentures of Citicorp Finance India Limited of Rs. 10,00,000/- each	-	1.01	-
	-	3.00	-
In Mutual Funds - Unquoted			
Birla Sunlife Cash Manager - Growth [FY 2006-07 54,31,830.53 units of Rs.10/- each]	-	-	100.00
ING ATM Fund - Growth [FY 2006-07 3,50,000 units of Rs.10/- each]	-	-	3.50
LIC MF Liquid Fund - Dividend [FY 2006-07 1,82,27,577 units of Rs.10/- each]	-	-	200.06
Optimix Income Growth Multi Manager - 30% Growth [FY 2006-07 2,47,524.75 units of Rs.10/- each]	-	-	2.50
SBI - One India Fund - Growth [FY 2006-07 4,00,000 units of Rs.10/- each]	-	-	4.09
Canbank Fixed Maturity Plan - Growth [FY 2007-08 20,00,000 FY 2006-07 20,00,000 units of Rs.10/- each]	-	20.00	20.00
AXIS Infrastructure Fund [FY 2008-09 51,033.333 units of Rs.10/- eac]	56.93	-	-
Birla Sun Life Saving Fund [FY 2008-09 9,81,758.919 units of Rs. 10/- each]	10.04	-	-
SBI Magnum Insta Cash Fund [FY 2008-09 1,372.31 FY 2007-08 1,288.32 units of Rs. 10/- each]	0.02	0.02	-
Principal PNB Long Term Equity Fund 3 Year Plan - Series II [FY 2008-09 12,50,000, FY 2007-08 12,50,000 units of Rs.10/- each]	5.61	12.15	-
Mirea Asset Gilt Fund Investment Plan - Institutional Growth [FY 2008-09 9,86,679.822 units of Rs. 10/- each]	9.81	-	-
	82.41	32.17	330.15
C) Share Application Money			
To Subsidiary companies			
Mileta A. S. (2,36,017 Ordinary Shares of CZK 1000/- each)	-	-	222.61
	-	-	222.61
Associate companies			
Alspun Infrastructure Limited	141.20	106.00	-
Ashford Infotech Private Ltd	677.85	500.00	-
	819.05	606.00	-
Others			
Aurangabad Textiles & Apparel Parks Limited	-	65.00	-
New City Of Bombay Mfg. Mills Limited	-	302.50	-
	-	367.50	-
D) Others			
PowerCor [Subscription towards 5% Group B Membership interest]	377.30	-	-
Aisle 5 LLC [22 senior units of the equity capital]	66.74	-	-
TOTAL	**4,639.42**	**3,452.76**	**800.17**

Note:			
1) Quoted Investment : Aggregate cost / carrying value	39.90	39.90	47.30
: Aggregate market value	87.30	182.40	263.90
2) Unquoted Investment : Aggregate cost / carrying value	3,336.45	2,439.37	754.00

* Share of loss restricted to the original cost of investment as per equity method of accounting for associates under AS-23 ' Accounting for Investments in Associates in Consolidated Financial Statements'

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '8'			
INVENTORIES [At Cost or Net Realisable value whichever is lower]			
Stores, Spares, Packing Materials and others	253.79	188.30	262.21
Accessories	2.41	0.75	-
Stock in trade :			
Raw Materials	1,378.72	2,732.10	1,330.28
Process Stock	6,083.98	2,629.28	1,748.73
Finished Goods / Traded Goods	2,968.05	2,152.99	1,303.42
Merchandise	-	8.73	-
	10,430.75	7,523.10	4,382.43
Stock-in-transist	-	0.37	-
TOTAL	**10,686.95**	**7,712.52**	**4,644.64**

(Rs. in million)

PARTICULARS	ASAT 31.03.2009	ASAT 31.03.2008	ASAT 31.03.2007
SCHEDULE '9'			
SUNDRY DEBTORS (Unsecured)			
Debts Outstanding for a period exceeding six months	165.77	382.72	240.62
Other Debts	9,010.97	6,036.33	5,243.16
Gross	**9,176.74**	**6,419.05**	5,483.78
Less : Provision	38.97	36.56	38.61
	9,137.77	**6,382.49**	**5,445.17**
Considered Good	9,137.77	6,382.49	5,445.17
Considered Doubtful	38.97	36.56	38.61
TOTAL	**9,176.74**	**6,419.05**	**5,483.78**

NOTE : Sundry Debtors includes Rs. 193.80 million for F.Y.2008-09, Rs.357.10 million for F.Y.2007-08 and Rs.299.30 million towards contractual obligations on account of Export Incentives Receivables.

(Rs. in million)

PARTICULARS	ASAT 31.03.2009	ASAT 31.03.2008	ASAT 31.03.2007
SCHEDULE '10'			
CASH AND BANK BALANCES			
Cash on hand	7.91	34.81	4.78
Cheque on Hand			399.67
Bank Balances :			
<u>a) With Scheduled Banks :</u>			

- In Cash Credit Accounts	18.65	53.60	-
- In Current Accounts	1,043.84	175.39	125.84
- In Deposit Accounts [including interest accrued thereon FY 2008-09 Rs. 8.84 millionFY 2007-08 Rs. 170.90 million FY 2006-07 Rs. 66.20 million]	1,303.84	14,908.08	4,403.64
- In Margin Money Deposits	676.56	1,306.84	2,289.29
b) With Others			
- In Current Account	785.74	1.11	0.35
- In Deposit Accounts	437.78	571.27	630.17
[Maximum amount outstanding at any time during the FY 2008-09 Rs. 1812.50 million FY 2007-08 Rs. 899.60 million FY 2006-07 Rs 6063.70 million]			
FD Interest Receivable	-	0.31	
TOTAL	**4,274.32**	**17,051.41**	**7,853.74**

Cash and Bank balance includes
1) Rs. 926.30 million for F.Y.2008-09, Rs.8,647.80 million for F.Y.2007-08, Rs. NIL for F.Y.2006-07 kept in bank deposits, pending utilisation towards project.
2) Rs. 265.70 million for F.Y.2008-09, Rs.874.90 million for F.Y.2007-08 and Rs.1878.80 million for F.Y.2006-07 towards 100% LC margin against import of Plant & Machinery

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '11'			
LOANS AND ADVANCES			
[Unsecured considered good]			
Advances recoverable in cash or in kind or for value to be received	5,821.87	6,044.96	2,671.63
Loans - Inter Corporate Deposits	119.57	120.00	61.92
Deposits	107.70	98.81	40.48
Balances with Central Excise Collectorate	1.35	1.77	1.41
Mat Credit Entitlement	339.34	52.30	11.10
Advance Tax (Net of provision for tax)	256.52	204.35	
Interest accrued but not due	6.85	-	
TOTAL	**6,653.20**	**6,522.19**	**2,786.54**

Loans and Advances includes :

a) Rs. 937.20 million for F.Y.2008-09, Rs.581.83 million for F.Y.2007-08 and Rs.640.04 million for F.Y.2006-07 towards Modvat credit balances to be utilised in the subsequent years

b) Rs. 1435.83 million for F.Y. 2008-09, Rs.1,237.50 million for F.Y.2007-08 and 641.94 million for F.Y.2006-07 towards interest / capital subsidy receivable under the TUF scheme of Government of India

c) Rs. 20.51 million for F.Y.2008-09, Rs.78.57 million for F.Y.2007-08 and Rs.17.71 million for F.Y.2006-07 being deposits towards office/residential premises taken on rental basis.

d) Rs. 2.21 million for F.Y.2008-09, Rs.3.30 million for F.Y.2007-08, Rs.0.80 million for F.Y.2006-07 due from officers of the Company[maximum amount outstanding during the year Rs. 3.30 million for F.Y.2008-09, Rs.4.30 million for F.Y.2007-08 and Rs.3.30 million for F.Y.2006-07]

e) Rs. 806.33 million for F.Y.2008-09, Rs.907.36 million for F.Y.2007-08 and Rs.Nil for F.Y. 2006-07 towards insurance claim receivable (See Note No. 17 of part B of schedule 19)

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '12'			
CURRENT LIABILITIES :			
Sundry Creditors [including Acceptances FY 2008-09 Rs. 1041.30 million FY 2007-08 Rs. 1398.80 million, FY 2006-07 Rs.869.50 million)]			
Total Outstanding dues to :			
- Micro Enterprises and Small Enterprises *	2.93	3.13	24.10
- Creditors other than Micro Enterprises and Small Enterprises	5,149.56	5,001.32	2,256.72
	5,152.49	5,004.45	2,280.82
Unclaimed Dividend	4.36	3.83	3.73
Interest Accrued But not due on loans	580.29	251.98	212.49
Advance from customers	796.16	198.62	58.01
TOTAL	**6,533.30**	**5,458.88**	**2,555.03**

* As per information available with the Company

Notes

Sundry Creditors includes Rs.6.27 million for F.Y.2008-09, Rs.0.12 million for F.Y.2007-08 and Rs.3.49 million for F.Y.2006-07 being overdrawn bank balances as per books consequent to issue of cheques at the period end though the banks have positive balances as on that date.

(Rs. in million)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2007
SCHEDULE '13'			
PROVISIONS			
Provision for Gratuity and Leave Encashment	98.96	52.65	47.57
Proposed Dividend	147.74	224.61	238.52
Provision for Tax on Dividend	25.11	38.17	40.54
Provision for Taxation (net of advance tax payments)	45.75	60.20	48.12
Provision for FBT	0.46	0.14	-
TOTAL	**318.02**	**375.77**	**374.75**

ALOK INDUSTRIES LTD.

SCHEDULE FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009, 2008 AND 2007

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '14'			
SALES			
Sales - Local	20,754.92	12,932.75	12,224.10
Sales - Export	9,718.28	9,943.57	6,225.36
	30,473.20	**22,876.32**	**18,449.46**
Export Incentive	662.73	432.36	191.74
	31,135.93	**23,308.68**	**18,641.20**
Less : Excise Duty	347.71	632.88	539.19
	30,788.22	**22,675.80**	**18,102.01**
Job Work Charges Collected	119.61	144.30	144.78
	30,907.83	**22,820.10**	**18,246.79**

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '15'			
OTHER INCOME			
Dividend Income :			
On Long Term Investments	1.52	2.69	1.60
On Current Investments	0.19	0.27	1.09
	1.71	2.96	2.69
Interest from bank	-	3.88	-
Insurance Claim received	-	0.73	1.39
Miscellaneous Income	241.44	130.48	-
Profit on sale of Current Investments (Net)	-	1.86	2.40
Profit on sale of Fixed Assets (Net)	23.35	10.76	-
Exchange Rate difference (Net)	166.34	503.44	335.61
Provision for Doubtful Debts and advances written back	13.90	32.35	11.78
Interest from Bank (FDR)	11.42	-	-
Interest on others	0.52	-	-
Rent Received	-	-	-
Scrap Sales	0.05	-	-
Sundry Credit Balances written back	0.85	4.35	19.30
TOTAL	**459.58**	**690.81**	**373.17**

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '16'			
INCREASE IN STOCKS OF FINISHED GOODS AND PROCESS STOCK			
CLOSING STOCK			
Finished Goods / Traded Goods	2,968.05	2,152.99	1,303.42
Process Stock	6,083.98	2,629.28	1,748.73
Stock in transit	-	0.37	-
	9,052.03	4,782.64	3,052.15
LESS : TRANSFERRRED			

-			
Finished Goods / Traded Goods	-	-	10.70
Process Stock	-	3.86	28.60
	-	3.86	39.30
LESS : OPENING STOCK			
Finished Goods / Traded Goods	2,152.99	1,702.06	1,190.03
Process Stock	2,629.28	2,038.45	1,169.47
Stock in transit	0.37	-	-
	4,782.64	3,740.51	2,359.50
TOTAL	**4,269.39**	**1,038.27**	**653.35**

Includes Inventory of a subsiadry company Rs. 688.36 million acquired on 2nd April,2007

Above stock excludes inventory amounting to Rs. 417.27 million manufactured during FY 2007-08 and destroyed due to fire. (Refer Note No. 17 of part B of schedule 19)

(Rs. in million)

PARTICULARS	**2008-09**	**2007-08**	**2006-07**
SCHEDULE '17'			
MANUFACTURING AND OTHER EXPENSES			
Raw Material Consumed	18,504.61	10,115.44	10,107.86
Payment to and Provisions for Employees :			
Salaries, Wages and Bonus	1,400.30	1,031.43	438.28
Contribution to Provident Fund and Other Funds	44.38	27.29	17.28
Employees Welfare Expenses	38.79	42.44	26.65
	1,483.47	1,101.16	482.21
Operational and Other Expenses			
Stores and Spares Consumed	492.75	327.04	171.90
Packing Materials Consumed	420.85	352.76	350.12
Power and Fuel	2,122.45	1,216.17	897.44
Processing Charges	287.44	317.18	206.86
Labour Charges	280.15	207.90	191.53
Excise Duty	34.89	51.96	(4.27)
Donation	11.57	18.27	20.51
Exchange Rate Difference	46.96	-	-
Freight, Coolie and Cartage	471.94	531.77	308.39
Legal and Professional Fees	158.66	70.64	196.29
Rent	190.13	92.31	31.97
Rates and Taxes	58.92	30.06	45.49
Repairs and Maintenance			
Plant and Machinery	55.46	32.92	16.20
Factory Building	9.64	7.74	9.89
Others	33.99	33.56	14.23
	99.09	74.22	40.33
Commission on Sales	171.36	106.45	99.63
Provision for Doubtful Debts and Advances	16.32	30.30	20.78
Bad debts and other advances written off	-	-	1.95
Travelling Expenses	7.26	-	-
Loss by Fire (Refer Note No. 17 of part B of Schedule 19)	-	91.05	-
Directors Remuneration	72.00	56.00	24.00
Directors Fees and Commission	50.86	50.42	50.37
Auditors Remuneration			
Audit Fees	5.15	2.37	1.43
Tax Audit Fees	0.18	0.10	0.10
Certification Fees	0.10	0.20	0.20

	5.43	2.67	1.73
Insurance	59.52	35.44	45.84
Loss on Sale of Fixed Assets (net)	-	-	0.92
Loss on Sale of Investment (net)	32.50	-	-
Excess of Cost over Fair value of current Investments	6.76	0.35	4.85
Provision for Diminution in value of investment	4.35	-	-
Miscellaneous Expenses	1,185.11	825.55	549.05
(Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.)			
TOTAL	**26,275.35**	**15,705.11**	**13,845.74**

(Rs. in million)

PARTICULARS	2008-09	2007-08	2006-07
SCHEDULE '18' **INTEREST (NET)**			
Interest Paid :			
On Debentures	711.93	163.29	127.56
[Net of interest Subsidy FY 2006-07 Rs. 12.00 million]			
On Fixed Loan	2,095.65	1,478.01	644.73
[Net of interest Subsidy FY 2008-09 Rs. 1424.60 million FY 2007-08 Rs. 1191.90 million, FY 2006-07 Rs. 355.10 million]			
Other Interest	17.63	16.67	-
On Cash Credit Accounts, etc.	1,245.64	860.09	645.68
Premium of Redemption of Debentures	112.71	-	-
	4,183.56	2,518.06	1,417.97
Less : Interest Received on Loans, Deposits etc.	773.28	1,186.74	527.58
[Tax Deducted at Source FY 2008-09 Rs. 194.97 million FY 2007-08 Rs. 192.97 million, FY 2006-07 Rs. 72.20 million]			
TOTAL	**3,410.28**	**1,331.32**	**890.39**

SIGNIFICANT ACCOUNTING POLICIES AND SELECTIVE NOTES TO ACCOUNTS

Schedule '19'

(a) SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2009

1. Basis of Preparation of Financial Statements

The consolidated financial statements of Alok Industries Limited, its Subsidiaries, Associates and Joint Venture are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

2. Principles of Consolidation

The consolidated financial statements relate to Alok Industries Limited, its subsidiaries and associates ("the Group"). The consolidated financial statements (drawn up to the same reporting date as of the Company, except in the case of Grabal Alok (UK) Limited where the financial statements have been drawn up to March 28, 2009) have been prepared on the following basis.

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses as per Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Company (Accounting Standards) Rules 2006.

b) The Financial Statements of the Joint Venture entities have been considered on a line by line basis by adding together the book value like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses, by using "Proportionate Consolidation" method, the investment in Joint Venture entities over a holding company's portion of equity is recognized as a capital reserve/goodwill, as per Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture" as notified by the Company (Accounting Standards) Rules 2006.

c) The consolidated financial statements include the share of profit / loss of associate companies in which the investor has significant influence and which is neither a subsidiary nor a joint venture, which are accounted under the "Equity Method" as per which the share of profit of the associate Company has been added to the cost of investment, and its share of pre-acquisition profits/losses is reflected as Capital Reserve/Goodwill in the carrying value of Investment in accordance with Accounting Standard 23 on Accounting for Investment in Associates in Consolidated Financial Statement as notified by Company (Accounting Standards) Rules 2006.

d) The excess of cost to the Company of its investment in subsidiary companies, the Joint Venture entities over its share of equity of the subsidiary companies at the dates, on which the investments are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies, Joint Venture entities as on the date of investment is in excess of cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

e) Minority Interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

f) Consolidated Financial Statement have been prepared using uniform accounting policies for like transaction & other events in similar circumstances, however in case of depreciation it was not practicable to use uniform accounting policy, however, in the case of a subsidiary Company 'Mileta, a.s.' having gross block of assets of Rs. 1,123.70 million i.e. 2.39% in F.Y.2008-09 and Rs.1,112.50 million in F.Y.2007-08 i.e 3.17% of group fixed assets and depreciation on the same for the year is Rs. 60.00 million i.e. 2.50% and Rs.44.00 million i.e 2.65% of total depreciation has been calculated on written down value method.

g) As per Accounting Standard Interpretation (ASI) 15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and / or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

3. **Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialize.

4. **Revenue Recognition**

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

b) Revenue from construction contracts is recognised by adopting "Percentage Completion Method". It is stated on the basis of physical measurement of work actually completed at the balance sheet date, taking into account contract price and revision thereto.

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

5. **Fixed Assets**

a) **Own Assets:**
Fixed Assets are stated at cost of acquisition or construction including directly attributable costs. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

b) Assets taken on lease:

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

2) Operating Lease:
Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

6. **Investments**

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

7. **Capital Work-in-Progress**

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

8. **Depreciation / Amortization**

e) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

f) Cost of leasehold land is amortized over the period of lease.

g) Trademarks are amortized over the period of ten years from the date of capitalization.

h) Computer Software is amortized over the period of five years from the date of capitalization.

9. **Foreign Currency Transactions**

Income or Expenses in foreign currencies are converted at the exchange rate prevailing on the date of the transaction. Non-monetary foreign currency items are carried at cost using the exchange rate prevailing on the date of transaction.

Monetary items are reported using closing rate of exchange prevailing at the end of the year.

In case of subsidiaries, the operations of which are considered as integral, the balance sheet items have been translated at closing rate except share capital and fixed assets, which have been translated at the transaction date. The income and expenditure items have been converted at the average rate of the year. Exchange gain / (loss) is recognized in the Profit and Loss Account.

In case of subsidiaries, the operations of which are considered as non-integral, the balance sheet items are translated at closing rate prevailing rate at the end of the year and items of income and expenditure have been translated at the average rate for the year. Exchange gain/ (loss) on conversion is recognized under "Foreign Currency Translated Reserve".

10. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
2. Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts.
3. Process stock and Finished Goods: At weighted average cost or net realizable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

11. Employee Benefits (Refer Note No. 12 of Part B of Schedule 19)

a) Defined Contribution Plan
Company's contribution paid / payable for the year to define contribution retirement benefit scheme is charged to Profit and Loss account.

b) Defined Benefit Plan and other long term benefit plan
Company's liabilities towards defined benefit scheme are determined using the projected unit credit method. Actuarial valuation under projected unit credit method are carried out at Balance Sheet date, Actuarial gains/losses are recognised in Profit and Loss Account in the period of occurance of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested otherwise it is amortized on straight line basis over running average periods until the benefits become vested. The retirement benefit obligation is recognised in Balance Sheet represents present value of the defined benefit obligations as adjusted for unrecognized past service cost and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, the present value is available refunds and reduction in future contribution to the scheme.

c) Short Term Employee Benefits
Short term employee benefits expected to be paid in exchange for the services rendered by the employee are recognised undiscounted during the period the employee renders the services, these benefits include incentive, bonus.

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

13. Government Grants

Grants, in the nature of interest / capital subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognized in the Profit and Loss Account in the year of accrual / receipt.

14. **Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

15. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax (FBT). Current tax and deferred tax are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income-tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by ICAI .

16. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

17. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS) 28 "Impairment of Assets". An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

18. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

19. Issue Expenses

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

20. Accounting for Derivatives

The Company uses derivative instruments to hedge its exposure to movements in foreign exchange rates, interest rates and currency risks. The objective of these derivative instruments is to reduce the risk or cost to the Company and is not intended for trading or speculation purposes.

Interest Rate Swaps, Currency Option and Currency Swaps, in the nature of firm commitment and highly probable forecast transactions, entered into by the Company for hedging the risks of foreign currency exposure (including interest rate risk) are accounted based on the principles of prudence as enunciated in Accounting Standard 1(AS 1) "Disclosure of Accounting Policies".

B) SELECTIVE NOTES TO ACCOUNTS

1. **The subsidiary / fellow subsidiary companies considered in the consolidated financial statements are:**

Sr. No.	Name of the subsidiaries and fellow subsidiaries	Country of Incorporation	Ownership Interest 31.03.2009	Ownership Interest 31.03.2008	Ownership Interest 31.03.2007
A	Alok Infrastructure Limited+	**India**	100%	100%	100%
B	Alok Land Holdings Private Limited	**India**	100%	100%	-
C	Alok Realtors Private Limited	**India**	100%	100%	-
D	Alok Retail (India) Limited (Formerly known as Alok Homes & Apparel Private Limited)*	**India**	100%	100%	-
E	Alok Apparels Private Limited	**India**	100%	100%	-
F	Amigo Sports Private Limited (Formerly known as Alok Clothing Private Limited) (Ceased to be a subsidiary w. e. f. 23rd December 2008)	**India**	-	100%	-
G	Alok New City Infratex Private Limited	**India**	100%	100%	-
H	Alok Aurangabad Infratex Private Limited	**India**	100%	100%	-
I	Alok HB Hotels Private Limited	**India**	100%	-	-
J	Alok HB Properties Private Limited	**India**	100%	-	-
K	Alok Industries International Limited	**British Virgin Island**	100%	100%	100%
L	Alok Inc.	**USA**	100%	100%	100%
M	Alok International Inc. (w. e. f.5th May 2008)	**USA**	100%	-	-
N	Mileta, a. s. (w. e. f. 16th July 2008)	**Czech Republic**	79.62%	60%	-
O	Alok European Retail, s.r.o.	**Czech Republic**	100%	-	-

+ The status of the Company has been changed from "Private Limited" to "Public Limited" w.e.f. October 13, 2008

***** The Company in accordance with the resolution passed by members by way of postal ballot on November 28, 2008 hived off it's retail business to a 100% subsidiary, namely Alok Retail (India) Limited w.e.f. December 1, 2008.

2. **Joint Venture companies considered in the consolidated financial statements are:**

Sr. No.	Name of the associates	Country of Incorporation	Ownership Interest 31.03.2009
A	Aurangabad Textile and Apparel Park Limited*	**India**	49.00%
B	New City of Bombay Mfg. Mills Limited*	**India**	49.00%

* w. e. f. 16th January, 2009

The Following amounts are included in the Consolidated Financial Statements in respect of Joint Venture Companies on "proportionate consolidation" method. As per Accounting Standard 27 on "Financial Reporting of Interest in Joint Venture"

(Rs. in million)

Particulars	**FY 2008-09**
ASSTES	
Fixed Assets	1.79
Inventories	0.12
Sundry Debtors	65.52
Cash and Bank Balances	268.58
Loans and Advances	54.59
LIABILITIES	
Current Liabilities	1.07
Provision	8.66
INCOME	
Sales	45.95
Other Income	7.10
EXPENSES	
Manufacturing and Other Expenses	45.88
Interest	0.01
Depreciation	0.02
Provision for Tax	4.11

3. **The associate companies considered in the consolidated financial statements are:**

Sr. No.	Name of the associates	Country of Incorporation	Ownership Interest 31.03.2009	Ownership Interest 31.03.2008	Ownership Interest 31.03.2007
A	Grabal Alok (UK) Limited (Formerly known as Hamsard 2353 Ltd.) (w. e. f. January 23, 2009,41.56% and March 27, 2009, 41.72%)	**United Kingdom**	41.72%	43.72%	-
B	Ashford Infotech Private Limited	**India**	50.00%	50.00%	-
C	Alspun Infrastructure Limited	**India**	50.00%	50.00%	-

4. **Contingent Liabilities in respect of:**

(Rs. in million)

Sr. No.	Particulars	FY 2008-09	FY 2007-08	FY 2006-07
A	Customs duty on shortfall in export obligation in accordance with EXIM Policy (The Company is hopeful of meeting the export obligation within the stipulated period)	Amount Unascertained	Amount Unascertained	Amount Unascertained
B	Guarantees given by banks on behalf of the Company	**483.39**	**335.49**	**84.14**
C	Corporate Guarantees given to bank for loans taken by Subsidiary Companies	**2142.47**	**-**	**-**
D	Bills discounted	**864.46**	**228.90**	**619.58**
E	Arrears of fixed cumulative dividend on Preference shares (Not subject to deduction of Income-tax)	**36.28**	**2.00**	**0.32**
F	Pending Litigation	**0.43**	-	-

5. **Capital Commitments**

(Rs. in million)

Particulars	2008-09	2007-08	2006-07
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	**12,040.24**	**3,403.86**	**3126.04**

6. **Related Part Disclosure**

a. Names of related parties and nature of relationship

As per Accounting Standard (AS) 18 “Related Party Disclosures”, Company's related parties disclosed as below:

1. Names of related parties and description of relationship

I Associates

Alok Denims (India) Private Limited.
Alok Finance Private Limited
Alok Knit Exports Limited
Alok Textile Traders
Alspun Infrastructure Limited
Ashok B. Jiwrajka (HUF)
Ashok Realtors Private Limited.
Ashford Infotech Private Limited
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Limited
Grabal Alok International Limited
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.)
Green Park Enterprises
Gogri Properties Private Limited
Honey Comb Knit Fabrics
Jiwrajka Associates Private Limited
Jiwrajka Investment Private Limited
Niraj Realtors & Shares Private Limited
Nirvan Exports
Nirvan Holdings Private Limited
Pramatex Enterprises
Pramita Creation Private Limited
Surendra B. Jiwrajka (HUF)
Tulip Textiles
Vaibhav Knit Fab

II	**Joint Venture** Aurangabad Textiles & Apparel Parks New City Of Bombay Mfg. Mills Limited		
III	**Key Management Personnel**	Ashok B. Jiwrajka Chandra Kumar Bubna Dilip B. Jiwrajka Surendra B. Jiwrajka	Directors
		Alok A. Jiwrajka	
IV	**Relatives of Key Management Personnel**	Prita D. Jiwrajka S. P. Bubna	

2. Nature of transaction with Associates, Joint Venture, Key Management Personnel & Relatives of Key Management Personnel

(Rs. in million)

Transaction	Financial Year (April – March)	Associates	Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel
a) Share Application Money					
Balance as at 1 April	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
Received During the year	2008 – 09	2567.60	0.00	273.00	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
Balance as at 31st March	2008 – 09	2567.60	0.00	273.00	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
b) Unsecured Loans					
Balance as at 1st April	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
Taken during the year (Net)	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	**	-
Repaid / Adjustment during the year	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
Balance as at March 31	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	**	-
c) Loans and Advances					
Balance as at 1st April	2008 – 09	298.40	-	-	-
	2007 – 08	811.70	-	-	-
	2006 – 07	40.70	-	-	-
Granted during the year (Net)	2008 – 09	167.30	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	802.20	-	-	-

Received / Adjustment during the year	2008 – 09	298.40	-	-	-
	2007 – 08	513.30	-	-	-
	2006 – 07	31.20	-	-	-
Balance as at March 31	2008 – 09	167.30	-	-	-
	2007 – 08	298.40	-	-	-
	2006 – 07	811.70	-	-	-
d) <u>Investments</u>					
Balance as at 1st April	2008 – 09	2,239.32	-	-	-
	2007 – 08	39.90	-	-	-
	2006 – 07	39.90	-	-	-
Invested during year	2008 – 09	1,729.08	870.00	-	-
	2007 – 08	2,199.42	-	-	-
	2006 – 07	-	-	-	-
Balance as at March 31	2008 – 09	3,968.39	870.00	-	-
	2007 – 08	2,239.32	-	-	-
	2006 – 07	39.90	-	-	-
e) <u>Share Application Money</u>					
Balance as at 1st April	2008 – 09	606.00	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	-	-	-	-
Invested during year	2008 – 09	213.05	-	-	-
	2007 – 08	606.00	-	-	-
	2006 – 07	-	-	-	-
Balance as at March 31	2008 – 09	819.05	-	-	-
	2007 – 08	606.00	-	-	-
	2006 – 07	-	-	-	-
e) <u>Sundry Debtors</u>					
Balance as at March 31	2008 – 09	410.26	-	-	-
	2007 – 08	151.60	-	-	-
	2006 – 07	-	-	-	-
f) <u>Sundry Creditors</u>					
Balance as at March 31	2008 – 09	39.47	-	-	-
	2007 – 08	17.00	-	-	-
	2006 – 07	-	-	-	-
g) <u>Turnover</u>					
Sales of Goods	2008 – 09	1,182.80	-	-	-
	2007 – 08	918.50	-	-	-
	2006 – 07	301.10	-	-	-
h) <u>Expenditure</u>					
Purchase of goods	2008 – 09	116.66	-	-	-
	2007 – 08	43.50	-	-	-
	2006 – 07	20.90	-	-	-
Purchase of Fixed Assets	2008 – 09	-	-	-	-
	2007 – 08	0.20	-	-	-
	2006 – 07	-	-	-	-

Rent	2008 – 09	-	-	-	-
	2007 – 08	2.00	-	-	-
	2006 – 07	2.00	-	-	-
Remuneration	2008 – 09	-	-	1,24.84	0.60
	2007 – 08	-	-	106.20	0.20
	2006 – 07	-	-	74.20	0.40
Interest paid	2008 – 09	3.67	-	-	-
	2007 – 08	4.30	-	-	-
	2006 – 07	-	-	-	-
i) **<u>Dividend Paid</u>**	2008 – 09	6.85	-	-	-
	2007 – 08	7.99	-	-	-
	2006 – 07	6.14	-	-	-
j) **<u>Income</u>**					
Dividend	2008 – 09	1.52	-	-	-
	2007 – 08	1.90	-	-	-
	2006 – 07	1.40	-	-	-
Sale of Fixed Assets and Stores & Spares	2008 – 09	-	-	-	-
	2007 – 08	1.00	-	-	-
	2006 – 07				
Rent	2008 – 09	-	-	-	-
	2007 – 08	-	-	-	-
	2006 – 07	0.10	-	-	-

**** Rs.24,000/-**

Note:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
- Previous year figures are given in brackets.

3. Out of the above items, transactions in excess of 10% of the total Related Party transactions are as under:

(Rs. in million)

Transaction			F.Y.2008-09	F.Y.2007-08	F.Y.2006-07
a)		**<u>Share Application Money</u>**			
		Received during the year			
		Associates			
		Alok Finance Private Ltd.	407.40	-	-
		Jiwrajka Associate Private Ltd.	515.90	-	-
		Jiwrajka Investment Private Ltd.	486.50	-	-
		Niraj Realtors & Shares Private Ltd.	591.60	-	-
		Nirvan Holdings Private Ltd.	449.20	-	-
			2450.60	-	-
b)		**<u>Unsecured Loans</u>**			
		Repaid/Adjustment/(Received) during the period (Net)			
		Key Management Personnel			
		Ashok B. Jiwrajka	-	-	-
		Dilip B. Jiwrajka	-	-	-
		Surendra B. Jiwrajka	-	-	-
			-	-	-
c)		**<u>Loans and advances</u>**			

	Granted during the period (Net) -			
	Associates			
	Grabal Alok International Limited	167.28	8.01	-
		167.28	8.01	-
	Received/Adjusted during the period (net)-			
	Associates			
	Grabal Alok Impex Limited	-		28.20
	Grabal Alok International Limited	298.41	503.80	-
		298.41	503.80	28.20
d)	**Investment**			
	Invested During the period (Net)-			
	Associates			
	Alspun Infrastructure Ltd.	0.50	0.25	-
	Ashford Infotech Pvt. Ltd.	-	0.50	-
	Grabal Alok (UK) Limited	1,347.95	2,198.70	-
	Grabal Alok International Limited	380.62	-	-
		1,729.08	2,199.45	-
	Joint Venture			
	New City of Bombay Mfg. Mills Limited	155.00	-	-
	Aurangabad Textiles & Apparel Parks Limited	715.00	-	-
		870.00	-	-
e)	**Share Application Money**			
	Given During the period (Net)-			
	Associates			
	Alspun Infrastructure Ltd.	35.20	106.00	-
	Ashford Infotech Pvt. Ltd.	177.85	500.00	-
		213.05	606.00	-
f)	**Turnover**			
	Associates-			
	Grabal Alok Impex Limited	373.19	332.10	271.20
	Grabal Alok (UK) Limited	809.62	586.40	-
		1,182.80	918.50	271.20
g)	Expenditure			
	Purchase of Goods:			
	Associates-			
	Grabal Alok Impex Limited	116.66	43.50	20.90
	Purchase of Fixed Assets:			
	Associates - Grabal Alok Impex Limited	-	0.20	-
	Rent:			
	Associates-			
	Alok Denims (India) Private Limited	-	2.00	2.00
		116.66	45.70	22.90
	Interest :			
	Associates - Grabal Alok Impex Limited	3.67	4.30	-
	Remuneration:			
	<u>Key Management Personnel-</u>			
	Ashok B. Jiwrajka	30.50	26.50	18.50
	Chandrakumar Bubna	30.50	26.50	18.50
	Dilip B. Jiwrajka	30.50	26.50	18.50
	Surendra B. Jiwrajka	30.50	26.50	18.50
		122.00	106.00	74.00
	<u>Relatives of Key Management Personnel-</u>			
	Prita D. Jiwrajka	0.60	0.20	-
h)	Dividend Paid			
	Associates-			
	Grabal Alok Impex Limited	6.85	7.99	6.14
i)	**Income**			
	Dividend:			
	Associates-			
	Grabal Alok Impex Limited	1.52	1.90	1.40

		Rent received: Associates- Alok Denims (India) Private Limited	-	-	0.10

4.

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

i) Loans and Advances to associates, firms or companies in which directors are interested Rs. Nil (F.Y. 07-08 and F.Y.08-09) and Rs.8.1 million- F.Y.06-07 is not considered as it is repayable on demand and interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

Name of the Company	**No. of equity shares**	**Face Value (Rupees)**
Grabal Alok Impex Limited		
FY 2008-09	5,710,368	57,103,680
FY 2007-08	5,710,368	57,103,680
FY 2006-07	5,710,368	57,103,680

7. **Right Issue**

a) The Company vide offer letter dt. March 19, 2009 offered 408,723,061 equity shares of Rs. 10/- each at a premium of Rs. 1/- per share to its existing share holders

(Rs. in million)

Particulars	**Total amount due (per Share)**		**Towards share capital (per share)**		**Towards securities premium (per share)**		**Total amount (Rs. in million)**	**Due on (after the date of allotment, at the option of the Company)**
	Method 1	**Method 2**	**Method 1**	**Method 2**	**Method 1**	**Method 2**		
On Application	6.00	11.00	5.00	10.00	1.00	1.00	3675.95	Along with application
On First & Final Call	5.00	-	5.00	-	-	-	820.00	__________
	11.00	**11.00**	**10.00**	**10.00**	**1.00**	**1.00**	**4495.95**	

b) The utilisation of the right issue proceeds aggregating to Rs. 4,495.95 million will be as under:

(Rs. in million)

Particulars	**Amount**
Right Issue Expenses	205.90
Long Term Working Capital Margin requirements	3850.05
General Corporate Purpose	440.00
	4,495.95

c) Application money received till March 31, 2009

(Rs. in million)

Particulars	**Amount**
From Promoters / Promoter Group	925.00
From Others	449.99
	1,374.99

d) The Company has utilised the application money received from promoters/promoter group towards its long term working capital requirements.

e) The issue closed on April 22, 2009, the Company has allotted :

Particulars	No of shares
Fully paid	244,719,930
Partly paid	164,003,131
	408,723,061

8. 475 FCCBs - FY 2008-09 , 475 FCCBs - FY 2007-08, and 934 FCCBs - FY 2006-07 are carried forward from earlier year and pending conversion/ redemption as at the year end aggregating to Rs 1,210.06 million - FY 2008-09 , Rs. 948.70 million - FY 2007-08, and Rs. 2,028.73 million - FY 2006-07 are disclosed under "Unsecured Loans" (Schedule 4). The total proceeds on this account have been fully utilised during the earlier years.

9. The group has acquired plant and machinery and computers and vehicle on lease aggregating to Rs. 146.09 million - FY 2008-09, Rs. 144.71 million - FY 2007-08 and Rs. 144.71 million - FY 2006-07 on hire purchase in nature of finance lease. The Company capitalized the said assets at their fair value as the leases are in the nature of finance leases as defined in AS 19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

(Rs. in million)

Due	Total minimum lease payments outstanding			Future interest on out standings			Present value of minimum lease payments		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
Within one year	24.21	31.6	32.98	1.98	3.8	5.52	22.23	27.8	27.45
Later than one year and not later than 5 years	23.91	51.2	74.96	0.29	2.5	5.66	23.61	48.8	69.30
Later than 5 years	-	-	-	-	-	-	-	-	-

10. **Deferred Taxation**

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

(Rs. in million)

Sr. No.	Particulars	31.03.2009	31.03.2008	31.03.2007
I)	**Deferred Tax Liability (DTL)**			
i)	Depreciation	3,114.95	2,153.30	1,488.12
ii)	Preliminary Expenses	33.69	-	-
		3,081.24	2,153.30	1,488.12
II)	**Deferred Tax Asset (DTA)**			
i)	Other items	0.12	24.54	30.20
ii)	Business / Depreciation loss as per I. T. Act, 1961	17.08	5.25	-
iii)	FCCB issue Expenses	0.00	21.24	39.74
		17.20	**51.03**	**69.94**
(I-II)	**Total Deferred Tax Liability (Net)**	**3064.04**	**2,102.27**	**1418.18**

11. **Earnings per share (EPS)**

(Rs. in million)

			31.03.2009	31.03.2008	31.03.2007
A	Nominal value of equity shares per share (In Rupees)		10	10	10
B	**Basic EPS**				
	Net Profit Available for Equity Shareholders		747.96	1,896.39	1,639.15
	Weighted average number of Equity Shares Basic (Nos.)		196,250,037	174,233,536	168,860,618
	Basic Earnings per share (Rupees)		**3.81**	**10.88**	**9.70**
C	**Dilutive EPS**	**31.03.2009**		**31.03.2008**	**31.03.2007**

	Before considering Right Issue	After considering Right Issue		
Net Profit Available for Equity Shareholders	747.96	747.96	1,896.39	1,639.74
Add : Interest payable on FCCBs and exchange rate difference on FCCB (Net of Tax)	-	-	-	109.15
Add: Preference Dividend Payable (Net of tax)	-	-	-	8.44
Add: Depreciation	1.88	1.88	0.22	-
Net profit available for Equity Shareholders – (Dilutive)	749.84	749.84	1,896.61	1,755.83
Weighted average number of Equity Shares Basic (Nos.)	196,250,037	196,250,037	174,233,536	168,860,618
Add : Effect of potential equity shares on right issue (Nos)	-	326,721,496		
Add : Effect of potential equity shares on conversion of				
e. Share Application Money Utilised (Nos)	15,345,330	3,826,027	-	-
f. Share warrants (Nos.)	1,724,932	1,724,932	19,800,000	-
g. FCCBs (Nos)	17,265,961	17,265,961	28,461,359	31,311,247
h. OCPS (Nos)	-	-	-	1,213,258
Weighted average number of Equity Shares Dilutive (Nos.)	230,586,260	545,788,453	222,494,895	201,385,123
Diluted Earnings per share (Rupees)	**3.26**	**1.38**	**8.52**	**8.72**

12. **Employee benefit plans:**

i. Defined contribution plans:

Amounts recognized as expenses towards contributions to provident fund, superannuation and other similar funds by the Company are Rs. 44.38 million - FY 2008-09, Rs. 32.50 million - FY 2007-08 and Rs. 17.28 million- FY 2006-07.

ii. Defined benefit plans:

(a) **Gratuity Plan:** The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

(b) **Compensated absences:** Employees' entitlement to compensated absences in future periods based on unavailed leave as at balance sheet date, as per the policy of the Company, is expected to be a long term benefit and is actuarially valued.

The following table sets out the status of the gratuity plan for the year ended March 31, 2009 as required under AS 15 (Revised)

(Rs. in million)

Particulars	**Gratuity (funded) as on March 31,2009**	**Gratuity (funded) as on March 31,2008**
<u>Change in Defined Benefit Obligation</u>		
Opening Defined Benefit Obligation	36.41	24.67
Current Service Cost	13.29	8.93
Interest Cost	3.85	2.64
Actuarial loss	(7.98)	1.35
Benefits Paid	(2.74)	(1.29)
Closing Defined Benefit Obligation	**42.83**	**36.30**
<u>Change in Fair Value of assets</u>		
Opening Fair value of assets	16.05	11.35
Expected Return on Plan Assets	1.80	1.23
Actuarial Gain	0.04	0.10

Contribution by Employer	7.24	4.66
Benefits Paid	(2.74)	(1.29)
Closing Fair Value of Plan Assets	**22.39**	**16.05**
Net Liability	**20.44**	**20.41**

Expense to be recognized in statement of Profit and Loss Account

(Rs. in million)

Particulars	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**
Current Service Cost	13.29	8.9
Interest on Defined Benefit Obligation	3.85	2.64
Expected Return on Plan Assets	(1.75)	(1.23)
Net Actuarial Gain	9.19	1.34
Total Included in Employment Expenses	**24.57**	**11.65**
Actual Return on Plan Assets	**1.93**	1.33
Category of Assets as on March 31, 2009 Insurer Managed Fund	**22.39**	**16.05**

The assumptions used in accounting for the gratuity are set out below:

Particulars	**For the year ended March 31, 2009**	**For the year ended March 31, 2008**
Discount rate	7.75%	8.00%
Rate of increase in compensation levels of covered employees	7.50%	6.00%
Expected Rate of return on plan assets	8.00%	8.00%

13. **Segment Reporting**

a) Primary Segment: Geographical Segment

The group, during the year, considering its higher level of international operations and present internal financial reporting based on geographical location of customer, has identified geographical segment as primary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the group for comparative purpose in brackets.

The geographic segment consist of:

a) Domestic (Sales to Customers located in India)

b) International (Sales to Customers located outside India).

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment.

The group believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the group's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(Rs. in million)

Particulars	**FY 2008-09**	**FY 2007-08**	**FY 2006-07**
Operating Revenue (including job work charges)			
India	20,526.82	12,444.17	11,829.69
Rest of World	10,381.01	10,375.93	6,417.10
Total	30,907.83	22,820.10	18,246.79
Profit before minority Interest & share of profit of associates	1,365.31	1,870.65	1,646.63

Minority Interest	55.71	25.47	-
Share of profit of associates	(680.51)	0.29	-
Profit after Tax	740.51	1896.43	1,646.53

2. **Secondary Segment: Business Segment**
   The Group during the year was having single segment as reportable segment as per AS 17 "Segment Reporting". Hence there is no Secondary segment to be reported.

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

15. The company has invested in a subsidiary company viz. Alok Industries International Limited (AIIL). In turn AIIL has made investment/given advances to it`s subsidiary companies viz. Alok European Retail, s.r.o (AER) and Mileta a.s. AIIL, for the time being, does not intend to continue with the business plans of investing into AER.

Mileta a.s. has accumulated losses at the year end. However it continues to have positive net worth. It has also embarked upon renovation of the basic production facilities and expects to achieve higher turnover, reduced costs and consequently the profitability. On that basis, Investment in Mileta a.s. and loan amount given to subsidiary company is considered good by AIIL.

The AIIL has made an investment in an associate viz; Grabal Alok (UK) Limited (GAUKL) aggregating to Rs. 3,546.65 million - FY 2008-09, Rs. 2,216.30 million - FY 2007-08, Rs. Nil - FY 2006-07 which is a strategic long-term investment. The AIIL has also invested Rs. 380.62 million FY 2008-09, Rs. Nil FY 2007-08, Rs. Nil FY 2006-07 in another associate viz; Grabal Alok International Limited and given interest free loan of Rs. 167.28 million - FY 2008-09, Rs. 298.41 million - FY 2007-08, which has entirely invested such amounts in Grabal Alok (UK) Limited. The accounts have been prepared based upon the financial support of the Company and the future growth plan of embarking upon more trendy stores and wider reach in the market by opening new stores, though the net worth at the year end had been eroded. GAUKL continues to implement the growth plans with aggressive cost reduction programs which is expected to yield positive results. Accordingly the directors of GAUKL expect the initiative to deliver the expected sales growth and profitability in the subsequent years. On that basis, in the opinion of the AIIL, the aforesaid investments and the loan amounts outstanding as at March 31, 2009 are considered good and recoverable.

AIIL has given following advances subscription towards investments:

(i) Rs. 66.74 million - FY 2008-09 being subscription money paid by AIIL towards equity capital of Aisle 5 LLC (Aisle5), which is the business of development, marketing and licensing of trade brands, in respect of which the shares are yet to be allotted. Aisle5 has incurred losses during the year and has accumulated losses at the year end as per the unaudited financials compiled by the management. However, it continues to have positive net worth and expects to achieve higher sales on the basis of the client-wise projections prepared by its management which will result into profits in the following one or two years. On that basis, in the opinion of the AIIL, the investment given to Aisle5 as at March 31, 2009 is considered good.

(ii) Rs. 382.13 million, being subscription money paid to Power Cor LLC towards 5% Group B Membership interest, which is considered by AIIL to be a strategic investment. The membership interest is yet to be allotted. The said company is yet to commence its operations and has exclusive rights to market, commercialise and sell specific software used in development and implementation of certain products. On that basis, in the opinion of the AIIL, the aforesaid subscription advance is considered as good.

On the above basis in opinion of the Company the investment in subsidiary company viz Alok Industries International Limited is considered good.

16. a) The Company, during the year based on the Announcement of the Institute of Chartered Accountants of India "Accounting for Derivatives along with the principles of prudence as enunciated in Accounting Standard (AS) 1 "Disclosure of Accounting Policies" has accounted for derivative forward contracts at fair values.

On that basis, changes in the fair value of the derivative instruments as at March 31, 2009 aggregating to Rs. 168.47 million and Rs. 99.46 million as at March 31,2008 have been debited to the Profit and Loss Account. The charge on account of derivative losses has been computed on the basis of MTM values based on the report of counter parties.

b) Derivative contracts entered into by the Company for hedging currency and interest rate related risks. Nominal amounts of derivative contracts entered into by the Company and outstanding as at each year end is given below with category wise break-up.

(Rs. in million)

Sr. No.	Particulars	March 31, 2009	March 31, 2008	March 31, 2007
1	Interest Rate Swaps	1,175.22	1,199.40	6,563.90
2	Currency Swaps	406.05	1,064.85	2,207.66
3	Options	118.43	281.07	11,679.57
	Total	**1699.70**	**2,545.32**	**26,451.13**

c) All derivative and financial instruments acquired by the Company are for hedging purpose only.

d) The year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

i) Amount receivable in foreign currency on account of the following

(In million)

Particulars		Rupees	Amount in foreign currency	Foreign Currency
Debtors	FY 2008-09	1103.43	135.49	USD
	FY 2007-08	1459.72	36.49	USD
	FY 2008-09	392.51	5.39	GBP
	FY 2007-08	188.36	2.36	GBP
	FY 2008-09	97.06	1.44	EUR
	FY 2007-08	23.73	0.38	EUR
	FY 2008-09	299.30	119.72	CZK
Cash & Bank Balances	FY 2008-09	459.11	9.01	USD
	FY 2007-08	1697.51	42.51	USD
	FY 2008-09	72.96	29.19	CZK
	FY 2007-08			CZK
Loans and Advances	FY 2007-08	6.30	0.20	USD

ii) Amount payable in foreign currency on account of the following

(In million)

Particulars		Rupees	Amount in foreign currency	Foreign Currency
Secured Loans	FY 2008-09	6,405.01	126.01	USD
	FY 2007-08	3,725.39	103.3	USD
	FY 2008-09	721.28	1,139.76	JPY
	FY 2007-08	405.88	797.8	JPY
	FY 2008-09	-	-	-
	FY 2007-08	209.30	2.63	GBP
	FY 2008-09	868.97	12.96	EUR
	FY 2007-08	1,178.57	18.7	EUR
Interest accrued but not due on loans				
	FY 2008-09	209.01	4.10	USD
	FY 2007-08	9.57	0.16	USD
	FY 2008-09	6.69	0.10	EUR
	FY 2007-08	139.85	3.50	EUR
Unsecured Loan	FY 2008-09	1,985.00	39.00	USD
	FY 2007-08	1,170.84	29.28	USD
	FY 2008-09	-	-	-
	FY 2007-08	16.20	0.26	EUR

17. The Company during the FY 2007-08 consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs. 2177.2 million including for loss of profit and accounted the same in the books of account.

During the year, the insurer released payment of Rs. 250.00 million (Previous Year Rs. 1100.00 million) (including for loss of profit) pending finalisation of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs. 806.34 million FY 2008-09, Rs. 907.36 million FY 2007-08 is carried forward under Loans and Advances (Schedule 11) which would be adjusted on receipt of the final claim amount. However, during the year March 31,2008 the Company has charged an amount aggregating to Rs.91.05 million to the Profit &Loss Account being the excess amount of book value of the damaged assets and the insurance claim filed for those assets.

18. In line with the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 – 'Effect of changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the Standard by the notification.

Accordingly with retrospective effect from April 1, 2007 exchange difference on all long term monetary items are :

i) To the extent such items are used for financing fixed assets, added to/subtracted from the cost of those fixed assets and depreciated over balance useful life of the asset.
ii) In other cases accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of such long term monetary item but not beyond March 31, 2011.

In effect of the above the Company has in FY 2008-09

i) Added to General Reserve Rs. 247.85 million (net of tax Rs. 149.50 million) which was recognised in the Profit & Loss Account in previous financial year ended March 31, 2008.
ii) Added to fixed assets/ capital work-in-progress Rs. 1664.67 million being exchange difference on long term monetary items relatable to acquisition of fixed assets.
iii) Charged to Profit & Loss Account Rs. 65.54 million.
iv) Carried forward Rs. 111.96 million in the 'Foreign Currency Monetary Item Translation Difference Account' being the amount remaining to be amortised as at March 31, 2009.

As a result of the above change in Accounting Policy the net profit before tax for the year is higher by Rs. 1521.89 million (net of tax Rs. 1004.60 million).

19. The amounts in balance Sheet, Profit and Loss account and Cash Flow Statement are rounded off to the nearest decimal and denominated in million of rupees.

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

LIMITED REVIEW REPORT

To,
The Board of Directors,
Alok Industries Limited,
Mumbai

We have reviewed the accompanying statement of unaudited consolidated Balance Sheet(Annexure-I) of Alok Industries Limited(" the Company") and its subsidiaries, associates and joint venture companies as at September 30,2009 and the consolidated profit & loss account(Annexure-II) for the period ended on that date annexed thereto. These statements are the responsibility of the Company's Management and have been approved by the Board of Directors in their meeting held on March 11, 2010. Our responsibility is to issue a report on these financial statements based on our review.

We did not audit the financial statement of the subsidiaries, joint ventures and associates whose financial statements reflects total assets of Rs. 38,370.29 million as at September 30, 2009 and total revenue of Rs. 3307.70 million for the period ended on that date. These financial statements have been reviewed by the other auditors whose reports have been furnished to us, and our opinion so far as it relates to the amounts included in respect of these entities, is based solely on reports of those respective auditors.

We draw attention to note no: 1 to this Review Report, regarding investment in subsidiary company, considered good for the reasons stated in the note, note no: 2 this Review Report regarding insurance claim receivable amounting to Rs. 806.34 million, considered recoverable for the reasons stated in the note and note no: 3 regarding inability to calculate the impact on Dilutive EPS for the reason stated in the note.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited consolidated financial statements prepared on the basis stated above, that it contains any material misstatement.

This Report is solely for your information and for inclusion in the offer document in the offer document being issued by the Company in connection with the proposed placement of equity shares under Chapter VIII read with Schedule XVIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Gandhi & Parekh**
Chartered Accountants

Devang B. Parekh
Partner
Membership No. 105789

Place : Mumbai
Date :March 11, 2010.

Notes:

1 **Investment in Subsidiaries:**

i. The company has invested in a subsidiary company viz; Alok Industries International Limited. In turn

a) The subsidiary company has made investment in its subsidiary viz; Mileta, a.s and given loan. Based on unaudited accounts, Mileta has accumulated losses at the period end. However, it continues to have positive net worth. The manufacturing facility and brands of the said subsidiary constitute a strategic long term investment. With the active support of the Company, Mileta has embarked upon a business growth plan with renovation of the basic production facilities and cost control, which has already started yielding results. On the basis of objective assessment of expected cash flows made by the management of the Company, the carrying value of investment made and loans given is considered good and recoverable and no provision for diminution/ non recoverability is made this stage.

b) The subsidiary company has investment in an associate viz; Grabal Alok (UK) Limited and given loan. The subsidiary company has also made the investment and given interest free loan to another associate viz; Grabal Alok International Limited, which has entirely invested such amounts in Grabal Alok (UK) Limited. By cost control measures and revamp of business/ increased turnover, losses have been curtailed for the half year ending September 30, 2009 as compared to previous year, based on unaudited management accounts. The said company continues to implement the growth plans by increasing the number of trendy stores for wide customer reach and cost reduction programs, which are expected to yield positive results. Based on the above objective assessment of expected cash flows, the management considers the aforesaid investments and the loan amounts outstanding as at September 30, 2009 as good and recoverable.

c) The Subsidiary Company has invested in 22 senior units of Aisel 5 LLC (Aisel 5), which is in the business of development, marking and licensing of trade brands. Aisle5 has incurred losses during the period ended March 31, 2009 and has accumulated losses as at March 31, 2009 as per the unaudited financials compiled by the management. However, it continues to have positive net worth and expects to achieve higher sales on the basis of the client-wise projections prepared by its management which will result into profits in the following one or two years. On that basis, in the opinion of the Subsidiary Company, the advance given to Aisle5 as at September 30, 2009 is considered good.

d) The subsidiary Company has invested, which is considered by the subsidiary to be a strategic investment. The said company is yet to commence its operations and as such it is premature to re-assess the potential of this venture, pending full clarity on the status of their business plans. Based on the information available, in the opinion of the subsidiary company no provision is considered necessary for the diminution other than temporary.

ii. The company has also invested in a subsidiary company viz; Alok Inc and given interest free loan. The Management of the said subsidiary company discontinued its business and the board of directors has approved initiating the process for winding up of the Company. The Board of Director is confident of realizing the assets and discharging its liabilities without incurring any significant losses vis-à-vis the carrying values.

On the above basis in opinion of the Company the investment in subsidiary company viz Alok Industries International Limited & Alok Inc is considered good and recoverable.

2 The Company during the year March 31, 2008, consequent to the damage caused to the assets by fire at its Texturising unit located at Silvassa, computed the loss of such assets in accordance with the terms of the policy and submitted the claim together with the details to the surveyors of the insurer for an amount aggregating to Rs. 2177.22 million including for loss of profit and accounted the same in the books of account.

During the period, the insurer released payment of Rs. Nil (March 31, 2009 Rs. 250 million) (including for loss of profit) pending finalisation of the claim which has been adjusted to the claim receivable to that extent and the balance claim receivable of Rs.806.34 million (Previous Year Rs. 806.34 million) is carried forward under Loans and Advances which would be adjusted on receipt of the final claim amount.

Subsequent to September 30, 2009, the company has received Rs.427.59 million against insurance claim lodged.

3 Based on notification from Ministry of Finance dated February 15, 2010, the Company has submitted has approached Reserve Bank of India to obtain the permission to revise the conversion price of FCCBs, issued prior to November 27, 2008 to the conversion price as per new pricing norms. Pending such approval, the effect of conversion prices of FCCBs on Dilutive EPS is not ascertainable.

4 Reviewed consolidated financial statements (Balance Sheet & Profit & Loss Account) are drawn up to the same date as of the Company except in the case of Grabal Alok (UK) Ltd where the financial statements have been drawn upto September 26, 2009.

The Consolidated Balance Sheet as at September 30, 2009:

	Particulars	(Rs. in million)
I	**SOURCES OF FUNDS**	
1	**Shareholders' Funds**	
	Capital	6,051.78
	Share Application Money	1,960.70
	Share Warrants	-
	Reserves and Surplus	14,398.64
		22,411.12
2	**Minority Interest**	45.44
3	**Loan Funds**	
	Secured	67,335.03
	Unsecured	7,529.79
		74,864.82
4	Deferred Tax Liability	3,295.03
	TOTAL FUNDS EMPLOYED	**100,616.41**
II	**APPLICATION OF FUNDS**	
5	**Fixed Assets**	
	Gross Block	64,306.64
	Less : Depreciation	9,732.64
	Net Block	54,574.00
	Capital Work-in-Progress	12,359.99
6	**Investments**	4,391.00
7	**Goodwill on Consolidation**	492.16
8	**Foreign Currency Translation Monetory Account**	68.17
9	**Deferred Tax Assets**	17.32
10	**Current Assets, Loans And Advances**	
	Inventories	11,863.68
	Sundry Debtors	10,554.08
	Cash and Bank Balances	5,907.15
	Loans and Advances	5,723.09
	Total Current Assets, Loans And Advances	34,048.00
	Less: Current Liabilities And Provisions	
	Current Liabilities	5,104.20
	Provisions	230.03
	Total Current Liabilities And Provisions	5,334.23
	NET CURRENT ASSETS	28,713.77
	TOTAL APPLICATION OF FUNDS	**100,616.41**

Consolidated Profit and Loss Account for the period ended September 30, 2009

Particulars	(Rs. in million)
INCOME	
Income from Operations	18,830.59
Other Income	188.40
(Decrease) / Increase in Stocks of Finished Goods and Process Stock	(1,096.72)
TOTAL REVENUE	**17,922.27**
EXPENDITURE	
Purchase of Traded Goods	1,215.78
Manufacturing and Other Expenses	11,524.35
Interest (net)	2,363.72
Depreciation / Amortisation	1,669.26
PROFIT BEFORE TAX	**1,149.16**
Provision for Current Tax	(239.78)
Deferred Tax	(213.83)
(Short)/Excess Provision for Income Tax in respect of earlier years	(2.81)
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST	**692.74**
Add: Share of (Loss) / Profit from Associates	(141.60)
Minority Interest	1.10
PROFIT AFTER TAX	**552.24**
EARNINGS PER SHARE (in Rs.) (not Annualised)	
Basic	1.17
Diluted	1.12

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines and regulations 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 Placement Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or regulations or guidelines issued thereunder, as the case may be. The Company further certifies that all statements in this Placement Document are true and correct.

Signed by:

Dilip B. Jiwrajka
Managing Director

Sunil O. Khandelwal
Chief Financial Officer

THE COMPANY'S REGISTERED OFFICE

B-43 Mittal Tower,
Nariman Point,
Mumbai 400-021,
Maharashtra
India

THE COMPANY'S CORPORATE OFFICE

Peninsula Towers, "A" Wing,
Peninsula Corporate Park,
G. K. Marg, Lower Parel,
Mumbai – 400 013,
Maharashtra
India

BOOK RUNNING LEAD MANAGERS (represented in alphabetical order)

Axis Bank Limited Central Office, Maker Tower F, 11th floor, Cuffe Parade, Colaba Mumbai – 400 005 Maharashtra, India	**Anand Rathi Advisors Limited** 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Maharashtra, India	**Central Bank of India** Merchant Banking Division, 1st floor, Bajaj Bhavan, Nariman Point, Mumbai – 400 021 Maharashtra, India	**Edelweiss Capital Limited** 14th Floor, Express Towers Nariman Point, Mumbai – 400 021 Maharashtra, India	**Fortune Financial Services (India) Limited** K.K. Chambers, 2nd floor, Sir. P. T. Marg, Fort Mumbai – 400 001 Maharashtra, India
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India	**IDBI Capital Market Services Limited** 5th floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Maharashtra, India	**Motilal Oswal Investment Advisors Private Limited** 113/114, 11th Floor, Bajaj Bhavan Nariman Point Mumbai - 400 021, Maharashtra India	**PNB Investments Services Limited** 10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi – 110 049 India	**SBI Capital Markets Limited** 202, Maker Tower E, Cuffe Parade, Mumbai – 400 005 Maharashtra, India

INDIAN LEGAL ADVISORS TO THE ISSUE

AZB & Partners
23rd Floor, Express Towers
Nariman Point
Mumbai 400 021
Maharashtra
India

AUDITORS

M/s. Gandhi & Parekh
6, Saraswati Darshan, 2nd Floor,
Opp. New Era Cinema, S. V. Road,
Malad (West),
Mumbai 400 064
Maharashtra
India