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CORPORATE DIRECTORY

Unit I

Vista Division

A-2, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
E-mail : sales@alpsindustries.com

Unit IV

An Integrated Textile Unit

57/2, Site- IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010 (U.P.)
E-mail-alps@alpsindustries.com

Unit VII

Yarn Spinning Mill (On long term lease)

Kashipur Spinning Mills,
Near Govt. Degree College,
Kashipur Bazpur Road, Kashipur,
Distt. – Udham Singh Nagar
Uttarakhand – 244 713

Unit X

Home Furnishing Made-Ups

A-16/2, Site-IV, Industrial Area,
Sahibabad,
Distt. Ghaziabad (U.P.) - 201 010.

REGISTERED OFFICE

B-2, Loni Road Industrial Area, Opp. Mohan
Nagar, Ghaziabad - 201 007 (U.P.).
Ph. : 0120-265 7649 Fax : 0120-265 7540
E-mail : b2alps@alpsindustries.com

R&T AGENCY

Alankit Assignments Ltd.
Alankit House, 2E/21, Jhandewalan
Extn., New Delhi – 110 055 (INDIA)
Ph : 91-11-4154 0061-63,
Fax : 91-11-4154 0064, 4254 1201
Email: alankit@alankit.com

CORP. OFFICE & SHARE DEPTT.

57/2, Site-IV, Industrial Area,
Sahibabad
Ghaziabad - 201 010 (U.P.).
Fax : 0120-2895299, 2896041
E-mail : alps@alpsindustries.com

AUDITORS

P. Jain & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Ajay Gupta

Unit II

Home Furnishings

B-2, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
E-mail -b2alps@alpsindustries.com

Unit V

Vista Awnings

B-160-161, Industrial Estate
Mettupalayam, Pondicherry-605 009
Ph. : 0413 – 227 1895, 227 6749
Fax.: 0413-227 3684
E-mail – alpspon@md3.vsnl.net.in

Unit VIII

Yarn Spinning Mill (On long term lease)

Jaspur Spinning Mills,
Afjalgarh Road, Jaspur,
Distt. – Udham Singh Nagar,
Uttarakhand – 244 712

Unit XI

Automotive, Technical Fabrics And Cotton Processing Project (Under Implementation)

Village - Aminagar alias Bhoor
Baral, Teshil & Distt. Meerut,
U.P.

Unit XII

Home Furnishing Made-Ups

D-247/17, Sector-63,
Noida – (U.P.) - 201301

BANKERS

EXIM Bank
HSBC
IDBI Bank Ltd.
Jammu & Kashmir Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
Syndicate Bank
UCO Bank

e-mail : alps@alpsindustries.com
http://www.alpsindustries.com

Unit III

Fashion Accessories Division

A-3, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
Email -vista@alpsindustries.com

Unit VI

Fiber Dyeing & Eco-Friendly Yarn Spinning Mill
Plot No. 1A, Sector – 10, Roshnabad Road,
I.I.E, SIDCUL, Haridwar,
Uttarakhand – 249403
E-mail- commlharidwar@alpsindustries.com

Unit IX

High Quality Compact Yarn Spinning Mill
Plot No. 1B, Sector – 10, Roshnabad Road,
I.I.E, SIDCUL, Haridwar,
Uttarakhand – 249403

REGIONAL & MARKETING OFFICES-VISTA

AHMEDABAD : Office No. 4, 3rd Floor, Akar
Complex, Nathalal Colony, Stadium Road,
Naranpura, Ahmedabad
Mob: 09426277290

BANGALORE : 303, Ahuja Chambers of
Commerce, 3rd Floor, Kumara Krupa Road,
Bangalore – 560 001
Ph.: 080-2225 8780, 080-40914620

Telefax: 080-2225 8780
Email : alps.blr@airtelmail.in

CHENNAI: No. 36/25, Premises No.36, Krishna
Arcade, First Floor, Raja Bathar Street, T. Nagar,
Chennai – 600017

Ph. : 044-28156210
chennaialps@rediffmail.com

GHAZIABAD /DELHI – NCR : 57/2, Site IV
Industrial Area, Sahibabad, Ghaziabad – 201010
Tel: 0120- 4161822, 4161700 Fax: 0120- 2896134
E-mail: sales@alpsindustries.com

KOLKATA: Room No. 8 & 9, M.A. Business
Centre, Poddar Point Rear Street, 113, Park Street
Kolkata – 700016
Mob:09831545591

LUCKNOW: G – 24, Tej Kumar Plaza,
Hazratganj, Lucknow – 226001
Tel: 0522 – 3015452 , fax: 0522 – 3015453

MUMBAI: Flat No. 3116-3117, C-Wing, Oberoi
Estate, Chandivali Farm Road, Chandivali, Andheri (E)
Mumbai-400 072
Tel/Fax: 022-28472111

PUNE: Shop No. 54, Patil Plaza, Near Mitra
Mandal Chowk, Pune – 411009
Tel : 020-24446467, 24442088

BOARD OF DIRECTORS**Mr. K. K. Agarwal, Chairman**

Mr. K.K. Agarwal, aged 67 years, is a textile engineer. He has experience of more than 40 years in the textile and interior decorative industry. He was instrumental in exploring the export markets for the Company's products and establishing long term relations with the Company's buyers like Park B. Smith Inc., USA and Habitat, UK and France. He was the President of All India Manufacturers Organization, UP Board in 1980 and Vice President of North Zone in 1981. He was also the Founder President of All India Cotton Made-ups Association in 1990 and is a winner of Shiromani award for the export of handloom textiles in 1985 from Indian Business Council. He has been nominated as Non official member of Textile committee, nominated Member of Confederation of Textile Industry, Vice President of Northern India Textile Manufacturer Association, Member of Made-Ups Sub Committee by TEXPROCIL with regard to his experience, expertise and suggestions for the betterment of textile industry. He has also a dedicated vision for the educational/health welfare and other social activities of the society and involved in schools & colleges. He is currently the Non Executive Chairman and Promoter Director of the Company.

Mr. Sandeep Agarwal, Managing Director

Mr. Sandeep Agarwal, aged 45 years, is a commerce graduate. He joined the Company in 1989 and is presently the Managing Director of the Company. He was instrumental in diversifying into value added lines like the Vista range of interior decoratives. He has been the force behind setting up the manufacturing facilities for venetian blinds, vertical blinds, drapery rods, awnings, garden umbrellas, etc. He also developed brands like Vista, for interior decorative and Le Pashmina, for fashion accessories. One of the areas of his responsibilities includes marketing and business development. Under his leadership, the Company has set-up a nationwide distribution system for the Company's products. This has helped the Company in marketing its brands such as Vista throughout the country. The company has expanded considerably by taking up expansion of various projects at Haridwar (Uttarakhand) and Meerut (U.P.) under his acumen and dynamic leadership.

Mr. P. K. Rajput, Executive Director

Mr. P. K. Rajput, Executive Director, aged about 53 years, has been associated with the company for 14 years. He has experience of 31 years in handling Commercial and Administrative affairs with prominent groups related to Textile Industry.

Mr. Rakesh Gupta

Mr. Rakesh Gupta, Director, is a businessman and holds substantial experience in international trade. He is Non executive and Non-independent director.

Mr. Prabhat Krishna

Mr. Prabhat Krishna aged about 62 years is a B. Tech (Chem.) from IIT Delhi. He is retired from State Bank of India. He has over 35 years of experience in the areas of Banking, Forex & Corporate Finance. He is presently advisor to various Companies for Technical consultancy & Rehabilitation. He was also guest faculty to SBI training college.

Mr. Tilak Raj Khosla

Mr. Tilak Raj Khosla aged about 62 years is Arts Graduate with Subordinate Accounts Services (S.A.S). He is retired from the post of Dy. Controller of Defence Accounts in Defence Accounts Department under the Controller General of Defence Accounts under the Ministry of Defence. He has over 41 years of experience in the areas of accounts and auditing at various positions.

DIRECTORS' REPORT

To,
The Members,
Alps Industries Limited

Your Directors have pleasure in presenting the Thirty Seventh Annual Report together with the Audited Statements of Account of the Company for the Period ended on 30th June, 2009 :

Annual Accounts and Reports of the Company are for a period of 15 months, from April 1, 2008 to June 30, 2009. Therefore, these figures are not comparable with those of the previous year ended March 31, 2008.

FINANCIAL RESULTS:

Rs. in Millions

Particulars	15 months period ended on 30.06.2009	Year Ended 31.03.2008
Total Income	9917.29	6342.69
Operating Earnings/Losses before Financial Expenses, Depreciation & Amortization and Tax	(1060.68)	650.44
Finance Cost	964.28	319.97
Depreciation	394.03	178.25
Profit/Loss Before Tax	(2418.99)	152.22
Provision for Tax Including FBT	6.00	5.95
Deferred Tax	37.50	27.46
Profit/Loss After Tax	(2462.49)	118.81
Prior year Adjustment	(1.03)	(3.80)
Add: Surplus of last year	169.13	160.81
Surplus available for appropriation	(2294.39)	275.82
Appropriations		
General Reserve	—	86.50
Proposed Dividend	(17.26)	17.26
Corporate dividend Tax	(2.93)	2.93
Surplus carried to Balance Sheet	(2274.20)	169.13
Surplus available for appropriation	(2294.39)	275.82

PERFORMANCE REVIEW

During the year under review, your company has struggled to maintain a reasonable growth in the turnover of the company facing the brunt of the international slow down affecting the exports and domestic trade very adversely. India has a lot to gain by upping the competitive leverages in a vital sector like textiles. Apart from contributing around 4% of the GDP and employing nearly 35 million people, its natural comparative advantages make it an ideal candidate for significant export orientation. The WTO regime that applies to global made in textiles since 2005 is an opportunity for India that has inherent strengths. The global economic crisis did impact Indian exports. Orders were difficult to come. Some foreign buying houses went bankrupt. Exports realizations were hit. The appreciation of the rupee by almost 12% during 2007 and its continued rise during the contracting period for supplies in 2008-09 also dented the export growth. The overall country's Exports also dipped due to the rising inflationary pressures in the early part of this fiscal. What must concern us is not the decline in exports brought about by temporary phenomena but our continued failure to achieve the targets that we set for ourselves.

What one must wake up to is the fact that there are countries like China, Vietnam and Bangladesh who have posted faster export growth in post quota period. It is certainly upon us to convert our basic strengths into competitive advantage. There are, of course, major downside to export dependent economies. Job losses on account of current recession have been more acute in China and Vietnam. But it would serve no purpose not to claim our deserved place in the global market. The industry would also do well to follow their Chinese counterparts. It is time that textile exporters focused on achieving the necessary quality differentiation to beat price sensitiveness.

In the international market we have made significant progress in successfully launching our products with some of the major retailers in the U.S. as well as Europe. Despite a tough economical environment, we have been able to generate increased sales and acceptability of our products in all major markets like U.S.A., Europe, Australia & South Africa due to our variety of eco-friendly products like 100% Organic, products using Natural & vegetable Dyes & Recycled Fabric using waste material from different production processes viz., Spinning, Weaving and Cut & Sew.

Further, another significant achievement has been our foray into the Mexican market, which is a growing market, and we foresee a better opportunity to increase our penetration into this market as well as other Latin American Market.

Your Directors are pleased to inform that your company's turnover increased marginally to Rs. 9917.29 millions in the previous year from Rs. 6342.69 millions, despite such acute recessionary conditions prevailing world over, recording a growth of over 56.11%. Domestic sales also improved considerably and recorded an increase of 39.82% to Rs. 7557.17 millions. However, the exports grew over by 147.46 % to Rs. 2368.71 millions in comparison to the previous years.

We regret to mention that due to the impact of global recession and consequently acute pressure on the prices, profitability of the Company took a severe beating and ended the period with a loss of (Rs. 2462.49) millions in comparison to a net profit after tax of Rs. 118.81 millions in the previous year.

All the business segments, recorded a reasonable growth in the domestic market during the year. The largest business segment of the company viz. Home Furnishings and Fashion Accessories grew over 32.61% while Architectural Products segment demonstrated a robust growth of over 26.47% on the support of boom in realty sector in the country. The yarn segment grew the fastest on the back of additional capacities going into operation registering a stupendous growth of over 86.65%.

Quality is a continuous process at each stage of production and has to necessarily come from the passion for the same. Alps is headed by a technocrat and this has helped in spreading a total quality culture in the organization.

VISION FOR TECHNOLOGICAL GROWTH

Your company added 5520 spindles, and installed latest winding machines to further improve the quality of its yarn. The Company also added facility to spin Core Spandex yarn on two Rieter compact ring frames and commissioned yarn dyeing facility at its Haridwar plant, with a capacity of 4600kgs per day. During the period under review, we also started production of polyester yarn on 7296 spindles with a view to improve contribution and widen our product range as per market demand. We also plan to replace old open-end spinning machines with the latest machines.

In our Architectural Products Division, we have developed a wide range of stainless steel hardware products with a view to expand our product range for real estate projects. Our architectural products are marketed under the brand name "Vista".

Our Fashion Accessories products are marketed under the brand name "Le-Pashmina" in the domestic market through a nation wide distribution network. Our fashion accessories and home furnishing products find shelf places at over 1100 retail counters across country.

In the overseas markets, we export our products to USA, Europe, South Africa, Middle East, South East Asia, Australia Portugal, Taiwan, Turkey and Bangladesh.

WEAVING AND PROCESSING FACILITIES AT MEERUT

In the last Annual Report, we had informed the shareholders about our new project for weaving and processing plant at Meerut, U.P.

A part of the project has been commissioned in the current financial year. The project will start full commercial production from January, 2010.

With the completion of this project, your company will be able to cater to high fashion segment of home textiles, technical textiles and automotive textiles. The project of "Technical Textiles" has various end-uses such as black out curtains, room darkners, fabrics for special applications like high altitude protective textiles, sports wear, fabrics for tents etc.

Our technical collaboration with Suminoe Textile Co., Ltd., Japan has started yielding positive results. We have been approved by Honda Siel Cars India Ltd. for supply of fabric for their various models. Further Developments are under way for other car OEMs in the country. We expect this segment to achieve a healthy growth in the years to come.

FINANCIAL MANAGEMENT

History of over forty years, your company had been a consistently profit making company, discharging its liabilities on time, continuously growing its capacities and undertaking research and development in new areas to keep ahead of competition.

However, in the current year the Company faced unprecedented adversities, some of which are discussed in the following paras:

1. Sudden acute meltdown in the economies world over leading to severe economic downturn affecting demand world-wide and causing bankruptcy of a large number of conglomerates in the developed world.
2. Cancellation of orders by the buyers resulting in our having to negotiate with them the discounts to liquidate our inventories exclusively produced for them.
3. Increase in Minimum Support Price of cotton by the Government of India resulting in very hefty increase in cotton prices. However the increase could not be passed on to the yarn customers due to adverse economic conditions.
4. Drastic fall in the value of inventories due to lower realizable prices.
5. The Company had entered into a number of foreign exchange contracts with bankers to hedge its forex exposure. However, due to unprecedented fluctuations in the currency markets consequent to sudden meltdown worldwide, these resulted in large losses to the Company.

At the same time, the capital expenditure commitments made for its ongoing expansion of weaving and processing facilities, resulted in severe strain on working capital of the Company.

To tide over the difficulties, your Company filed a proposal for restructuring of its existing debts with all its bankers. The proposal has been approved by the CDR Empowered Group in its meeting held on August 31, 2009 under the CDR scheme. The Company is also proposing to dispose off some of its properties to add to its cash position. While most of the bankers have extended their support to the company in terms of this proposal, some banks are yet to revert thereon.

Besides the above, your company is also actively implementing various other cost reduction measures, waste reduction and optimum utilization of capacities. We are confident that with support of its bankers and tight managerial controls, the Company will restore its operations to the erstwhile healthy levels.

Besides the above, your company is also actively implementing various other cost reduction measures, optimum utilization of facilities and reducing wastages.

REFERENCE UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

As per the audited accounts of the Company for the period ending 30.06.2009, the accumulated losses of the Company as at the end of the said period amounting to Rs. 2274.20 millions have eroded more than fifty per cent of its peak net worth during the immediately preceding four financial years amounting to Rs. 2976.49 millions. the detailed report of the directors is annexed to the Notice of Annual General Meeting.

CERTIFICATION & RECOGNITIONS

Your Company continues to maintain its accreditations with various agencies like, GOTS, ISO 9001, ISO 14000 and others.

ASSOCIATE PROJECTS

ALPS USA INC.

Your Company had set up a wholly owned subsidiary Company namely Alps USA Inc., in the State of Delaware, USA in April 2007, to act as an investment vehicle for overseas acquisitions. However in the light of economic conditions in USA, the near future prospects of the company are uncertain.

ALPS ENERGY PRIVATE LIMITED

To start the power project, the Company is under the process of acquiring the land for the project. The management is perusing state government & concerned authorities to allot the balance required land at the earliest possible. Soon after allotment of land by the government, company will immediately file the project report to its Bankers and will get the necessary funds to start the implementation of the project.

SNOWFLAKES MEDITECH PVT. LTD. (FORMERLY KNOWN AS ALPS RETAIL PRIVATE LIMITED)

The Company is engaged in trading of Textile products and has achieved a sale of Rs. 105.39 Lacs with a profit of Rs.2.42 Lacs during last year. Management is in the process of identification of some economically viable project to be set up at its land at Meerut. The shareholders will be informed about the selection of project as and when it will take place.

DISINVESTMENT

In view of the difficult financial position, the Company has disposed off 1,05,000 Equity Shares of Bulland Buildmart Pvt. Ltd. in terms of the approval from the members of the Board at their meeting held on May 31, 2008.

During the year under review your company has also disinvested all its investment consisting of 99,940 shares in Alps Spandex India Limited.

GOVERNMENT POLICY INITIATIVES

The Government has recognized the adverse impact of high cotton cost, high polyester prices with strengthening of Rupee, world wide economic recession which has all contributed to a severe strain on the textile industry. With a view to provide relief, the Government has taken certain measures/relief like abolition in Basic Excise Duty on 100% Cotton Textile products i.e. Yarn, Fabric & Made-ups etc. not containing any other textile materials, and reduction in the rate of Basic Excise Duty from 8% to 4% for Textile products i.e. Yarn, Fabric & Made-ups etc., Basic Rate of Service Tax from 12% to 10% Further extension of Export Obligation period from 24 Months to 36 Months against advance authorization scheme of DGFT for the upliftment of textiles industry has been extended by the Government of India. The National Textile Policy of 2000 was an attempt to prepare the textile industry for quota free global trade. One of the key elements of the policy was the Technology Upgradation Fund Scheme (TUFS) as on March 2008 under which more than Rs. 53,000 crores has flown to the industry as loans. The original scheme has been extended upto 2012 with some new features. The total investment in technology modernization is estimated to be over Rs. 86,000 Crores upto April 2007. We already have over 3% shares in global export and we must aim at trebling in by 2020. The Government has further decided to extend the operations of the residuary provisions of Yarn, Fabrics & Made-ups Export Entitlement (Quota) Policies for a further period of one year with effect from 1st January 2009. In order to

overcome the adverse impact of global recession on production and exports the Government has announced certain measures to stimulate growth in production & exports on 07-12-2008 and 02-01-2009. Accordingly various relaxations has been proposed under Central Excise Duty, Customs Duty, Rate of Interest of Export Finance, Service Tax, Release of Additional funds, Duty Drawback Rates, DEPB Credit Rates & RBI/External Commercial Borrowing (ECB), which will benefit to the industry considerably.

DIVIDEND

Due to the operational loss suffered by the company, your directors do not propose dividend for the current financial period.

CAPITAL ISSUES

During the year under review the investors have surrendered 40 lacs zero coupon convertible warrants of Rs. 10/- each issued at a price of Rs. 65/- each, issued pursuant to the approval of the members of the Board of Directors at their meeting held on May 8, 2007 and shareholders under section 80,81, and 81(1A) of the Companies Act, 1956, at the Extra-Ordinary General Meeting held on 8th June 2007. As per the terms of the issue, the company had received 10% of the total consideration, amounting to Rs. 260.00 lacs, from the investors, at the time of allotment on June 22, 2007. As the Investors have decided not to exercise the option of converting warrants into shares, in terms of the SEBI Guidelines the application money so received has been forfeited.

During the year, the Authorized Share Capital of the company was increased from Rs 45.00 Crores to Rs 52.00 Crores, pursuant to the approval of the members of the Board of Directors at their meeting held on November 28, 2008 and shareholders under Section 94 and any other applicable provisions of the Companies Act, 1956 at the Extra-Ordinary General Meeting held on 26th December, 2008.

Further, in terms of the CDR scheme, approved by the bankers and CDR Empowered Group in its meeting held on 31st August, 2009, the Company proposes to raise additional equity by making a preferential issue of equity shares.

Further, the CDR Scheme stipulates issue of quasi equity instruments i.e. Optionally Convertible Cumulative Preference shares and Cumulative Redeemable Preference shares in favor of the lenders of the Company.

The necessary proposals for issue of equity shares on preferential basis to the promoters and their associates, FIIs and issue of Quasi Equity Instruments in favor of the bankers are being included in the agenda of the forthcoming Annual General Meeting obtain the approval of the shareholders.

INVESTOR RELATIONS

Your Board takes satisfaction from the fact that all investors' grievances, received during the period under review, have been resolved to the satisfaction of the investors within a reasonable time. M/s. Alankit Assignments Limited, the R & T Agent of the Company, has made a positive contribution to resolve the investors' grievances efficiently and effectively, whenever they arose.

CORPORATE CITIZENSHIP/ COMMUNITY DEVELOPMENT

At Alps, we think beyond business. As corporate citizens, we invest in social infrastructure, believing strongly that our business strength fuels our social contributions. To this end, Alps encourages, funds and develops numerous education, health, human capital and infrastructure initiatives. These initiatives are undertaken through partnerships with non-governmental organizations, corporates and trusts.

At the manufacturing locations, we taken care to improve the quality of life in the surrounding communities. The Community Development programs focus on key areas of health care, education and children care. Your Company also discharges its social obligations by running a charitable hospital as well as a Primary and Junior High School alongwith various amenities for the under privileged section of the society. The company has also developed a residential colony near its Haridwar plant for its workmen.

HUMAN RESOURCES

The Company values the employees at Alps. We have an excellent management track record of over 40 years. Good management and fair policies have ensured a healthy work environment and good industrial relations. We provide safe working conditions with motto of Zero accident culture in the organizations.

Information required under Section 217 (2A) of Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Rules, 1999 for the period ended 30th June, 2009 is enclosed as Annexure - 1.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure -2) hereto and forms part of this report.

DIRECTORS

In terms of the provisions of Article No. 106, 107 & 108 of the Articles of Association of the company and Sections 255 and 256 of the Companies Act, 1956. Mr. Rakesh Gupta, Non Executive and Non Independent Director retires at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

In terms of the provisions of Article No. 92 of the Articles of Association of the company and Section 260 of the Companies Act, 1956 the appointment of Mr. P. K. Rajput, Non Independent Director, Mr. Prabhat Krishna and Mr. Tilak Raj Khosla, both independent Directors of the Company, appointed as Additional Directors during the year, needs to be confirmed at the forthcoming Annual General Meeting.

During the year under review, some of the Directors, namely Mr. J.P. Kundra, Mr. G.K. Arora, Mr. Karthik Balachandran Athreya and Dr. M.L. Gulrajani resigned their position from the Board due to their preoccupation with other assignments and showing their inability to continue namely Mr. J.P. Kundra, Mr. G.K. Arora w.e.f. May 26, 2009, Mr. Karthik Balachandran Athreya, w.e.f. June 15, 2009 and Dr. M. L. Gulrajani, w.e.f. July 1, 2009

The compliance report of the corporate governance for proper composition of the Board and the Committees thereof is under process and will be completed within the prescribed timeframe.

APPOINTMENT OF EXECUTIVE DIRECTOR

In view his contribution, the Board of Directors, at their meeting held on September 22, 2009, based on the recommendations of Remuneration Committee, has recommended his appointment as Executive Director again for another term of 3 years. The necessary resolution, for the approval of the members of the Company, has been included in the Notice of the Annual General Meeting, subject to the approval of the Central Government and the prescribed authority under the CDR scheme of the Company, if required. A brief note in terms of the requirement of the Corporate Governance on the aforesaid reappointment of Whole Time Director has been included in Part -II of Annexure-3.

DIRECTORS' RESPONSIBILITY

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting period and of the profit or loss of the company for that period;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

During the part of year, your company has raised money by way of Fixed Deposits without invitation to the general public as per the requirements under Section 58-A, 58-AA and any other provisions, rules and regulations of the Companies Act, 1956. However, in terms of the resolution passed by the Board of Directors at their meeting held on January 30, 2009, your company has made premature repayments of such Fixed Deposits. The Company is no more accepting any fixed deposits. Information, as required under the Miscellaneous Non-Banking Companies (Reserve Bank) Directions 1977, is annexed.

CORPORATE GOVERNANCE

A report as per the requirements of Clause 49 of the listing agreement on the Corporate Governance practices followed by the Company and the Statutory Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an Annexure to this report. The non-mandatory information is annexed as Part-II of Annexure-3. It has always been the endeavor of your company to practice transparency in its management and disclose all requisite information to keep the public well informed of all material developments.

FORWARD LOOKING STATEMENT

The MD&A, dealing the Company's objectives and expectations, may contain 'forward looking statements' within the meaning of applicable securities laws and regulations. The actual results may differ materially from those expressed or implied, depending upon changes in global and Indian demand-supply conditions as well as changes in government regulations, tax regimes, economic and market developments, movements.

AUDITORS

M/s. P. Jain & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' OBSERVATIONS

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory, need no further explanations.

ACKNOWLEDGMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company. It is also pertinent to mention here the valuable cooperation extended by all concern in such a recession time, which has encourage the confidence of the management and promoters of the company to struggle for the revival and to set the company in its old place.

For and on behalf of the Board

K. K. Agarwal

Non –Executive Chairman

Sandeep Agarwal

Managing Director

Place : Ghaziabad

Date : September 22, 2009

ANNEXURE - 1

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 and forming part of the Directors' Report for the period June 30, 2009.

Name & Designation of the Employee	Remuneration received (Rs. in Lacs)	Nature of employment whether contractual or otherwise	Other terms and conditions	Nature of duties of the employee	Qualification and experience of the employee	Date of commencement of employment	The age of the employee	The last employment held by such employee before joining the company
Mr. Sandeep Agarwal, Managing Director	28.71	Regular Employment	Reappointed at the AGM held on 27.09.2008 on a Pay scale of Rs. 250000- 30000- Rs. 400000. alongwith other perquisite.	Overall management of the company under the control of Board of Directors.	B.Com with experience of more than 20 years.	01.01.1993	45 years.	Joined as first employment.

Note :

1. Company has paid remuneration of Rs. 1.50 Lacs alongwith other perquisites, which has been revised w.e.f. 01.02.2009 to Rs. 2.50 Lacs.
2. Due to some apparent non compliance of some conditions stated in part II of the schedule XIII of the Companies Act 1956, the Company need the approval of the Central Government authorizing the amount which is outside the specified limits based on the effective capital of the company.

ANNEXURE TO THE DIRECTORS' REPORT**(I) Statement of particulars pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.****1. Conservation of Energy**

- a. Energy conservation measures taken : Improvement in energy efficiency is a continues process at Alps and conservation of energy is given a very high priority in all our plants and offices. Energy audits are done regularly to identify the areas of improvement and steps are taken to implement the measures required for such improvement. In line with the same the process of blow room line and hydraulic pump of bale press have been modified. The effective steps have also been taken to use the power efficient appliances, utilizing waste heat and condensate recovery in boiler for dyeing process, converting spindles in energy efficient spindles. We have also commenced using of 33 KV HT line as electricity connection from UPPCL instead of 11 KV HT line, which was used previously for, cost saving.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy . : Rs. 4.00 Million.
- c. Impact of measures at (a) & (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods. : As a result of various energy conservation measures taken the company saved energy and power cost. Various proposals being implemented for reduction in energy consumption wherever we have potential to reduce the same.
- d. Total Energy Consumption and Energy Consumption per unit of production are as follows:

A. POWER AND FUEL CONSUMPTION

Sl. No.	PARTICULARS	15 MONTHS ENDED ON JUNE 30, 2009	PREVIOUS YEAR 2007-08
1.	Electricity		
a.	Purchased		
	Units (Nos.)	134,177,462	79,685,626
	Total Amount (Rs.)	463,659,863	217,739,874
	Rate/Unit (Rs.)	3.46	2.73
b.	Own Generation		
i)	Through Diesel/FO		
	Quantity (Ltrs)	1,100,270	1,679,431
	Total Amount (Rs.)	30,279,457	42,882,778
	Average Rate (Rs.)	27.52	25.53
	Generation (Units) (Nos.)	3,441,043	5,442,687
	Units per Litre of Diesel oil (Nos.)	3.13	3.24
	Cost/Unit (Rs.)	8.80	7.88
ii)	Through Steam Turbine	N.A	N.A.
2.	Coal	N.A	N.A.
3.	Furnace Oil (Excluding use on Generation of Electricity)		
	Quantity (Ltrs)	122,262	201,892
	Total amount (Rs.)	3,125,890	4,765,971
	Average Rate (Rs.)	25.57	23.61
4.	Others/Internal generation	N.A	N.A.

B. CONSUMPTION PER UNIT OF PRODUCTION

Sl. No.	PARTICULARS	YARN PER MT		MADE-UPS PER 1000 SQM		ARCHITECTURAL PRODUCTS PER 1000 SQM	
		15 MONTHS ENDED ON JUNE 30, 2009	PREVIOUS YEAR	15 MONTHS ENDED ON JUNE 30, 2009	PREVIOUS YEAR	15 MONTHS ENDED ON JUNE 30, 2009	PREVIOUS YEAR
1	ELECTRICITY (KWH)	1790.14	1787.84	34.67	34.04	843.67	845.13
2	COAL	N. A.	N.A.	N. A.	N.A.	N. A.	N.A.
3	OTHERS	N. A.	N.A.	N. A.	N.A.	N. A.	N.A.

II. TECHNOLOGY ABSORPTION: Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

A. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company. : The company has achieved the success in yarn package dyeing with natural dyes. We have also exploring to develop technology for the production of dyes using Tulsi (basil leaves) with property of dyeing & antiseptic, antibiotic, effect having a special aroma as insect repellent. Company has also runs trials to develop the dye using neem leaves, neem wood, neem chal and neem twigs with effects of antiseptic, antibiotic. The natural dyes are also developing for the dyeing on cotton, wood, silk, nylon, polyester, acrylic, jute, leather, coir, linen, soya bean, viscose fiber, milk fiber etc., including printing, polishing and dyeing of products.
2. Benefits derived as a result of the above R&D : The future outlook for vegetable dyes is very impressive and there is a large potential for vegetable dyes in countries USA, UK, Italy, South Africa, Australia, Turkey, France, Belgium, Japan, Hongkong and especially entire South Korea. To recognize the international market company had explored for the usage of natural dyes, which was also noticed at the International Symposium on Natural dyes was held at Daegu in South Korea where about nearly 50-70 countries had participated.
3. Future Plan of Action : We are also planning to increase the yield on various dyes like Thar, Amazon, Sahara, Garden with appropriate coloring matter minimizing process time, manpower, steam and power consumption. We are also in the process of dyeing garments in the future. Our main focus is to explore new raw materials for different natural colors by using some refined technology to get the purest form of colors with appropriate strength.
4. Expenditure on R&D
 - a. Capital : NIL
 - b. Recurring : Rs. 0.90 Million
 - c. Total : Rs. 0.90 Million
 - d. Total R&D Expenditure as a Percentage of total turnover : 0.01%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief made towards technology absorption, adaptation and innovation. : Imported technologies have been successfully absorbed resulting in high production level in operation. New product developments were also done to meet customers demand. Technology innovations have been successfully implemented to increase production and reduce consumption of raw materials, chemicals and utilities. Company is also installing machineries of latest technology in the new projects and also planning to replace outdated machines with latest technology.

- | | |
|--|--|
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | : Improvement in production/capacity enhancement, quality and cost reduction hereby exploring additional avenues for the marketing. Various better spinning counts will provide product differentiation having improved marketing appeal and better price realization. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished | : Nil |
| a. Technology imported | : N. A. |
| b. Year of import | : N. A. |
| c. Has technology been fully absorbed? | : N. A. |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action. | : N. A. |

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|--|
| 1. Activities relating to export initiatives taken to increase exports; development of new export markets for products and services and exports plan. | : In the international market we have made significant progress in successfully launching our products in some of the major retailers in the U.S. as well as Europe. Despite the tough economical environment, we have been able to generate increased sales and acceptability of our products in all major markets like U.S.A., Europe, Australia & South Africa due to our variety of eco-friendly products like 100% Organic, Products using Natural & vegetable Dyes & Recycled Fabric using waste material from different production processes viz., Spinning, Weaving and Cut & Sew. Further another significant achievement has been our foray into the Mexican market which is a Growing Market and we do foresee a Very Good Opportunity to increase our penetration into this Market as well as other Latin American Market. |
| 2. Total Foreign Exchange used and earned | : Used Rs. 180.10Mn in 15 months ended June 30, 2009 (Rs. 190.17Mn)

Earned Rs. 2368.71 Mn in 15 months ended June 30, 2009 (Rs. 955.67 Mn) |

IV. INFORMATION AS REQUIRED UNDER THE MISCELLANEOUS NON- BANKING COMPANIES (RESERVE BANK) DIRECTION, 1972.

- | | |
|--|-------|
| 1. Total number of depositors whose deposits have not been claimed by the depositors or paid by the company after the date on which the deposit became due for repayment or renewal, as the case may be according to the contract with the depositor or the provisions of the Directions, whichever may be applicable. | : NIL |
| 2. The total amounts due to the depositors and remaining unclaimed or unpaid beyond the due dates of repayment. | : NIL |

MANAGEMENT DISCUSSION AND ANALYSIS

I. TEXTILES INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to about 35 million people, which includes a substantial number of SC/ST, and women. The Textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power loom/hosiery and knitting sectors form the largest section of the Textile Sector. The close linkage of the Industry to agriculture and the ancient culture and traditions of the country make the Indian textile sector unique in comparison with the textile industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

CONSOLIDATION IN GLOBAL TEXTILES SPACE

Indian textiles industry is a well established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after China and USA. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator and further proves it in its 14% share of industrial production and the 16% of export revenues it generated.

Textiles industry is not limited to manufacture and export of garments. The success of Indian textiles lays in effective vertical integrations policies, which have helped operators in taming the processes, which while lying beyond simple manufacturing exercise do have a serious impact on it, for example, raw material treatment. Thus, cotton, jute, silk or wool and even synthetic material are also produced by this industry to complement and strengthen the garments manufacturing industry. Almost one quarter of the world's spindle activities is hosted in India, again positioning itself just after China. Looming is another important element that accounts for significant activity in this industry; in fact, it takes an impressive 61% share including handlooms. The country is also significant textiles fiber and yarn manufacturer on the world scene, taking on its own a 12% share of the world's production volume.

FAVOURABLE GOVERNMENT POLICIES

With a view to provide relief, the Government has taken certain measures/relief like abolition in Basic Excise Duty on 100% Cotton Textile products i.e. Yarn, Fabric, & Made-ups etc. not containing any other textile materials, and Reduction in the rate of Basic Excise Duty from 8% to 4% for Textile products i.e. Yarn, Fabric, & Made-ups etc., Basic Rate of Service Tax from 12% to 10% Further extension of Export Obligation period from 24 Months to 36 Months against advance authorization scheme of DGFT for the upliftment of textiles industry has been extended by the Government of India. The National Textile Policy of 2000 was an attempt to prepare the textile industry for quota free global trade. One of the key elements of the policy was the Technology Upgradation Fund Scheme (TUFS) as on March 2008 under which more than Rs. 53,000 crores has flown to the industry as loans. The original scheme has been extended upto 2012 with some new features. The total investment in technology modernization is estimated to be over Rs. 86,000 Crores upto April 2007. We already have over 3% shares in global export and we must aim at trebling in by 2020. The Government has further decided to extend the operations of the residuary provisions of Yarn, Fabrics & Made-ups Export Entitlement (Quota) Policies for a further period of one year with effect from 1st January, 2009. In order to overcome the adverse impact of global recession on production and exports the Government has announced certain measures to stimulate growth in production & exports on 07-12-2008 and 02-01-2009. Accordingly various relaxation has been proposed under Central Excise Duty, Customs Duty, Rate of Interest of Export Finance, Service Tax, Release of Additional funds, Duty Drawback Rates, DEPB Credit Rates & RBI/External Commercial Borrowing (ECB), which will benefit to the industry considerably.

Important developments in Indian textile industry

1. Export Promotion Capital Goods Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG license holders to opt for technological upgradation for their existing capital goods imported under the EPCG license, subject to certain prescribed conditions.

2. Advance licensing scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

3. Duty entitlement passbook ("DEPB") scheme

DEPB credit rates have been prescribed for 83 textile and clothing products. The scheme aims to neutralize the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

4. Duty drawback scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

5. Construction of Apparel International Mart

Apparel International Mart (AIM), set up by Apparel Export Promotion Council, Ministry of Textile, Government of India, is one of the unique marts of the country. AIM is the state of the art architectural marvel with a covered area of 3.5 lac sq. ft. meeting latest international standards where exporters and buyers will converge at one single point, access their requirements and conduct on the spot business. There will be 250 exclusive showrooms to showcase a wide range of products apart from 70,000 sq. ft. area earmarked for exhibition. It will act as a podium to showcase Indian apparels to the world with fully integrated multiplex for showrooms and exhibition area designed as per world-class standards.

The establishment of the AIM shall be a landmark in the history of the apparel industry in India and is expected to provide a major thrust to the export promotion efforts of the country.

II (A) SWOT ANALYSIS OF THE INDIAN TEXTILE INDUSTRY:

Strengths:

- Indian Textile Industry is an Independent & Self-Reliant industry.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation.
- Availability of Low Cost and Skilled Manpower provides competitive advantage to industry.
- Availability of large varieties of cotton fiber and has a fast growing synthetic fiber industry.
- India has great advantage in Spinning Sector and has a presence in all process of operation and value chain.
- India is one of the largest exporters of Yarn in international market and contributes around 25% share of the global trade in Cotton Yarn.
- Industry has large and diversified segments that provide wide variety of products.
- Growing Economy and Potential Domestic and International Market.
- Industry has Manufacturing Flexibility that helps to increase the productivity.

Weaknesses:

- Indian Textile Industry is highly Fragmented Industry.
- Industry is highly dependent on Cotton.
- Lower Productivity in various segments.
- There is Declining in Mill Segment.
- Lack of Technological Development that affect the productivity and other activities in whole value chain.
- Infrastructural Bottlenecks and Efficiency such as, Transaction Time at Ports and transportation Time.
- Unfavorable labor Laws.
- Lack of Trade Membership, which restrict to tap other potential market.
- Lacking to generate Economies of Scale.
- Higher Indirect Taxes, Power and Interest Rates.

Opportunities:

- Growth rate of Domestic Textile Industry is 6-8% per annum.
- Large, Potential Domestic and International Market.
- Product development and Diversification to cater global needs.
- Elimination of Quota Restriction leads to greater Market Development.
- Market is gradually shifting towards Branded Readymade Garment.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Greater Investment and FDI opportunities are available.

Threats:

- Worldwide economic recession affecting all the industries.
- Competition from other developing countries, especially China.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Elimination of Quota system will lead to fluctuations in Export Demand.
- Threat for Traditional Market for Power loom and Handloom Products and forcing them for product diversification.
- Geographical Disadvantages.
- International labor and Environmental Laws.
- To balance the demand and supply.
- To make balance between price and quality.

II (B) ANALYSIS OF STRENGTHS AND WEAKNESSES OF THE COMPANY:

Strengths

- Qualified professional team for maintaining global standards more easily.
- Most modern fabric inspection machines for smooth working efficiency.
- Fabric inspection as per ASTM & BS standard or as desired any other global standards.
- Clear focus on growing trend of Technical Textiles, bit of it as mentioned below.
- Technically qualified promoters with company's experience in yarn spinning, weaving and processing of over 35 years.
- Company's Uttarakhand units will continue to benefit from the tax incentives thereby ensuring lower tax incidence on the company.
- Uttarakhand units will also benefit from availability of quality reliable power at economical rates.

- Established marketing relationships – nationwide distribution network in India and long standing relationships with other export customers.
- Strong product differentiation due to patented technology of natural dyes and international recognition for spinning yarn from organic cotton.
- Strong technical collaboration with Japanese company for high value automotive fabrics.

Weaknesses

- Cotton is a major raw material for the company and its prices are prone to fluctuations.
- The industry demands continuous innovation and design development as is generally the case with fashion and design oriented products.
- Financial crunch due to economic slowdown.
- Legal proceedings, which, if determined against us, could adversely affect our business and financial condition.
- Any failure to keep abreast with the latest trends in the technologies may adversely affect our cost competitiveness and ability to develop new products.
- Any increase in cotton prices and any decrease in the supply of cotton may materially and adversely affect business of the Company
- Mishaps or accidents in the manufacturing facilities could result in a loss or shutdown of operations and could also cause damage to life and property.
- Export destination countries may impose varying duties on fabric or enter into free trade agreements with countries other than India. Any increase in such duties or the entry into of free trade agreements with countries other than India may adversely affect the Company.
- The Company faces significant competition in textile, fashion accessories and home furnishings markets, which could result in decreases in current and potential customers, revenue and profitability
- A par of the portion of our revenues from exports and accordingly face exchange rate risks.
- Any changes in Indian regulations or Indian government incentives, which are specific to our Company or specific to the textile, home furnishings or fashion accessories industry or any failure to obtain required regulatory approvals could adversely affect its ability to operate and growth prospects of the Company.
- Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.

Opportunities:

- Increasing awareness towards environment makes the company's organic cotton based yarn and natural dyed products uniquely attractive.
- Weakening Indian currency with strengthening Chinese currency, increasing labour costs in China and less than stable political conditions in Pakistan make India an attractive and reliable sourcing partner for international retailers.
- Overall economic growth is driving up demand in India, and the company is well positioned to benefit from this.
- The recent introduction of steel hardware has been well received in the market and the company is expanding its distribution of these products in the domestic market. Good opportunities for exports of these products also exist.

Threats:

- Shift in preference from natural fibers to manmade fibers can impact the company substantially.
- High inflation in India threatens to derail the domestic demand growth and impose heavier interest burden on the company.
- Absorption of latest processing technologies will be critical to success of automotive fabrics venture. The company is relying on the technical strength of its Japanese collaborator for this purpose.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

There are three major business segments viz. Home Furnishing & Fashion Accessories, Yarn, and Architectural Products as per the Accounting Standards 17 issued by the Institute of Chartered Accountants of India. All these segments performed reasonably well. The share of each segment in the overall turnover of the company is 43.55% for Home Furnishing & Fashion Accessories, 51.35% for Yarn and 5.10% for Architectural products. The detailed performance has already been discussed in the Directors' Report. The major segment viz. Home Furnishings and Fashion Accessories grew over 32.61% while Architectural Products segment demonstrated a robust growth of over 26.47%. The yarn segment grew the fastest on the back of additional capacities going into operation registering a growth of over 86.65%.

IV. OUTLOOK

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. Textile industry is being modernized by an exclusive scheme, which has set aside \$5bn for investment in improvisation of machinery. India can also grab opportunities in the export market. The textile industry is anticipated to generate 12mn new jobs in various sectors.

Political stability is a significant driver for sustained interest of large retailers to source their requirements from India.

Improving cotton yields are expected to keep a check on the domestic cotton prices helping the country retain competitive edge in textiles. The simultaneous weakness of Indian Rupee will also discourage excessive exports of cotton, thereby cooling the prices of this vital raw material in the domestic market.

The year 2008-09 will be the first full year of production at the recently operative compact yarn facility at Haridwar. The unit has enabled your company to cater to the premium yarn market giving improved margins.

Our new enhanced production facilities at Meerut that is about to commence commercial production shortly, the International Marketing Division is all geared up to increase Market Penetration in all their Current as well as Potential Overseas Markets and also add on to the existing Product Categories.

V. RISKS AND CONCERNS

There are various risk involved in the textile industries like weaving and processing is done in a fragmented manner by a very large unorganized sector, Labour laws and policies need a lot of reform and are stifling the growth of industry, Several plants are of small size leading to technological backwardness, poor quality controls and lower productivity. In particular to your company, yarn, the major raw material is prone to the vagaries of nature resulting in fluctuations in its prices. However, having been in the industry for the past 40 years your company has the ability to anticipate the price movements and hence hedge itself against any adverse price trends.

The continuous increase in labour costs remains a matter of concern. The costs of our main raw material continue to rise posing another challenge. These can only be countered by higher efficiency and steady improvements in productivity, which remains areas of focus for us.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company's well defined organization structure, predefined authority levels, guidelines and an extensive system of internal controls ensure optimal utilization and protection of resources and compliance with applicable laws and regulations.

Alps Industries Limited has adequate systems of internal control in place. This is to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly. The company has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis. The implementation of system audit is under process, which will improve the efficiency and reduction in cost.

The internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with policies, plans and statutory requirements. The top management and the audit committee of the board review the findings and recommendations of the internal audit panel.

VII. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review your company has struggled to maintain a reasonable growth in the turnover of the company facing the burnt of the international slow down affecting the exports and domestic trade very adversely. India has a lot to gain by upping the competitive leverages in a vital sector like textiles. Your company is also look forward to explore opportunities in the domestic trade under its Vista Division for Architectural products. We have also developed a wide range in the stainless steel hardware products related with interior decoration to match with our existing line of business to capture the wide range in the interior decoration related to real estate projects in different parts of country. All the business segments, related to domestic trade, recorded reasonable growth during the year.

VIII. MATERIAL DEVELOPMENTS ON HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

We have an excellent Management Track Record over 40 years history. Good management and fair policies have ensured a healthy work environment and good industrial relations. We provide safe working conditions with motto of Zero accident culture in the organizations. The company strongly emphasizes on its human resources and continuous training, development and motivation activities ensure that our team delivers consistently. The company believes in appointing job fit personnel so that they can achieve the desired organization objectives on time. The group strength of employees as on 30.06.2009 was 6200 (approx.).

Your Company also discharges its social obligations by running a charitable hospital as well as a Primary and Junior High School and provided computers, ceiling fans, clean drinking water supply, electricity supply and various civil works to the school, imparting education to under privileged section of our society. The company has also developed a residential colony near its Haridwar plant for its workmen.

At last but not the least, human resources are the most vital and real assets for any company.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE – PART – I

(MANDATORY REQUIREMENTS)

- (i) **Statement on company's philosophy on code of governance.** : Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders. At the core of our corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the company. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

(ii) **Board of Directors**

- : The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The Board was well structured with adequate blend of professional executives and independent Directors, which is headed by Non-Executive Chairman. Managing Director, who is also the Chief Executive Officer of the company controls the day-to-day affairs, during the year. Due to some changes in the Board, we plan to induct some members with high caliber to abreast the growth of company and to meet out the corporate governance requirements during the current period and in consonance on the same we have already inducted two Independent Director. In terms of latest SEBI circular dated April 8, 2008, it is to be mentioned that the relationship between Mr. K.K. Agrawal Non- Executive Chairman & promoter director and Mr. Sandeep Agrawal, Managing Director & promoter director is of father and son and there is no inter se relationship in other director except above.

(a) Composition and category of Directors	Nature of Directorship	Nos.
	: Promoter & Executive	1
	Promoter & Non Executive	1
	Non-Executive (Non-Independent)	2
	Non-Executive (Independent)	2
	Total	6

(b) Attendance of each Director at the BoD meetings and the last AGM/EGM :

Name of the Directors	Nature of Directorship	Relationship with other Director	Sitting fees paid during the year (Rs. in 000's)	No. of Board Meetings		Attended by	
				Held	Attended	AGM 27.09.08	EGM 26.12.08
Mr. K.K. Agarwal	Non-Executive Chairman & promoter	Father of Mr. Sandeep Agarwal	50.00	8	5	Yes	No
Mr. Sandeep Agarwal #	Executive & promoter	Son of Mr. K.K. Agarwal	Nil	8	8	Yes	Yes
Mr. G.K. Arora \$	Independent	-	45.00	8	3	No	No
Mr. Rakesh Gupta	Non Executive & non independent	-	30.00	8	7	No	No
Mr. J.P. Kundra \$	Independent	-	105.00	8	7	Yes	Yes
Dr. M.L. Gulrajani ^	Independent	-	105.00	8	7	Yes	No
Mr. P.K.RAJPUT*	Director & non independent	-	Nil	8	5	Yes	Yes
Mr. K. B. Athreya @	Independent	-	20.00	8	2	No	No
Mr. Prabhat Krishna +	Independent	-	-	-	-	No	No
Mr. Tilak Raj Khosla +	Independent	-	-	-	-	No	No

\$ Resigned w.e.f. May 26 2009

@ Resigned w.e.f. June 15 2009

^ Resigned w.e.f. July 1, 2009

+ Appointed w.e.f. July 31, 2009.

- Note:**
1. #He is Managing Director and Remuneration has been paid as per the provisions of the Companies Act, 1956. Due to the losses incurred by the company during the current period of 15 Months ended on June 30, 2009, above payment subject to necessary approval from the Central Government as required under part II of the schedule XIII of the Companies Act 1956.
 2. * Mr. P. K. Rajput was Whole Time Director of the company looking after day-to-day affairs of the company for part of the period and proposed to be appointed as Executive Director again at the forthcoming Annual General Meeting.

(c) Number of other BoDs or Board Committees in which they are a member or Chairperson of :

Name of the Director	No. of Outside Directorship Held			Outside Committees \$	
	Public	Private	Others	Member	Chairman / Chairperson
Mr. K.K. Agarwal	2	4	2	1	-
Mr. Sandeep Agarwal	2	5	1	-	-
Mr. G.K. Arora	13	3	-	13	12
Mr. Rakesh Gupta	4	-	-	-	-
Mr. J.P. Kundra	5	-	-	5	4
Dr. M.L. Gulrajani	3	-	-	1	-
Mr. P.K. Rajput	1	1	-	-	-
Mr. K. B. Athreya	1	4	1	-	-
Mr. Prabhat Krishna	1	-	-	-	-
Mr. Tilak Raj Khosla	-	-	-	-	-

\$ Includes all Committees under the Corporate Governance of the Board across all Companies in which Directorships are held.

(d) Number of BoD meetings held, dates on which held.

: No. of Meetings held : 8 : Dates - 31/05//2008 , 30/06/2008, 31/7/2008, 31/10/2008, 28/11/2008, 30/01/2009, 26/05/2009 and 30/06/2009.

(e) Details of the Directors liable to retire by rotation and proposed to be reappointed.

(i) Details of Mr. Rakesh Gupta, Non Independent Director, proposed to be reappointed.

: At the forthcoming Annual General Meeting, Mr. Rakesh Gupta, Director (DIN - 00110731) of the company is proposed to be re-appointed. He is a businessman operating out of India and holds substantial experience of international trade. The details of other directorship/interest are as under :

Sl.No.	Name of the Company	Position Held
1.	Asian Resource Ltd.	Director
2.	Pankuri Investments and Securities Ltd.	Director
3.	Associated Forex Services Ltd.	Director
4.	M.M. Pounjiiji Ltd.	Director

(ii) Details of Mr. Prabhat Krishna, Non Executive and Independent Director, proposed to be regularized.

: Mr. Prabhat Krishna (DIN - 02569624) aged about 62 years is a B. Tech (Chem.) from IIT Delhi and presently based at Delhi. He is retired from State Bank of India as Assistant General Manager. He has over 35 years of experience in the areas of Banking, Forex & Corporate Finance. He is presently advisor to various Companies for Technical consultancy & Rehabilitation. He was also guest faculty to SBI training college. The details of other directorship/interest is as under :

Sl.No.	Name of the Company	Position Held
1.	AMD Met Plast Limited	Director

(iii) Details of Mr. Tilak Raj Khosla, Non Executive and Independent Director, proposed to be regularized.

: Mr. Tilak Raj Khosla (DIN - 02724242) aged about 62 years is Arts Graduate with Subordinate Accounts Services (S.A.S) and presently based at Ghaziabad. He is retired from the post of Dy. Controller of Defence Accounts in Defence Accounts Department under the Controller General of Defence Accounts under the Ministry of Defence. He has over 41 years of experience in the areas of accounts and auditing of Defence Accounts in a various positions like Auditor, Section Officer, Accounts Officer, Sr. Accounts Officer, Asstt. C.D.A. and Dy. C.D.A. He is not holding directorship in any other company.

(iv) Appointment of Mr. P.K. Rajput as Executive Director and confirmation as a Director

: At the forthcoming Annual General Meeting, Mr. P. K. Rajput, Director (DIN - 00597342) proposed to be appointed as Executive Director and also to be confirmed. He has been serving the Company since 1995. Prior to his elevation to the Board, he was designated as VP- Commercial with the Company looking after all commercial affairs and has extensive experience of handling commercial affairs in textile companies. He is Executive Director of the Company. He has expertise in the commercial and administrative functions of the company. He is holding 30,000 shares of the company as on 30.06.2009. The details of other directorship/interest is as under :

Sl.No.	Name of the Company	Position Held
1.	Alps Spandex India Limited	Director
2.	Jhala-Koti Gunsola Power Pvt. Ltd.	Director

(iii) AUDIT COMMITTEE

(a) Brief description of terms of reference

- : (a) As specified under clause 49 of the Listing Agreement;
- (b) Review before release, the unedited quarterly operating result in the company's quarterly earnings release.
- (c) Any matter related with Annual Report;
- (d) Review of Un-audited Financial Results;
- (e) Review of Internal Audit System.
- (f) Any other specific matters referred by the Board of Directors from time to time.

(b) Composition, name of members and Chairperson.

- : 1. Mr. Prabhat Krishna – Chairman (appointed w.e.f. July 31, 2009)
- 2. Mr. Sandeep Agarwal – Member
- 3. Mr. Tilak Raj Khosla – Member (appointed w.e.f. July 31, 2009)
- 4. Dr. M. L. Gulrajani – Chairman (Resigned w.e.f. July 1, 2009)
- 5. Mr. J.P. Kundra – Member (Resigned w.e.f. May 26 2009)
- 6. Mr. G.K. Arora – Member (Resigned w.e.f. May 26 2009)

(c) Meetings and attendance during the year

: Meeting held : Seven

Present Members :		Meeting Attended
1. Mr. Sandeep Agarwal	- Member	7
2. Dr. M. L. Gulrajani*	- Chairman	6
3. Mr. J.P. Kundra#	- Member	5
4. Mr. G.K. Arora#	- Member	2

* Resigned w.e.f. July 1, 2009

Resigned w.e.f. May 26 2009.

(iv) REMUNERATION COMMITTEE

- (a) Brief description of terms of reference : (a) As specified under Clause 49 of the Listing Agreement;
- (b) Composition, name of members and Chairperson. : (b) To decide the company's policy and specific remuneration package for the Executive Directors,
- (c) Meetings and attendance during the year : (c) To decide any revision/ amendment/ addition/deletion/ re-composition in the remuneration package of the Whole Time Directors.
- (d) Remuneration policy : (d) Any matter related with the retirement benefits of the Executive and Whole Time Directors.
- (e) Details of remuneration and pecuniary benefits to all the Directors, during the 15 Months period ended on June 30, 2009 as per details given below: : 1. Mr. Prabhat Krishna – Chairman (appointed w.e.f. July 31, 2009)
- (Rs. in 000' s)

Name of the Director	Salary	Perquisites	Sitting fees	Others*	Total
Mr. K.K. Agarwal	0	0	50.00	5.00	55.00
Mr. Sandeep Agarwal	2750.00	120.66 \$	0	0.00	2870.66
Mr. G.K. Arora •	0	0	45.00	3.00	48.00
Mr. Rakesh Gupta	0	0	30.00	3.00	33.00
Mr. J.P. Kundra •	0	0	105.00	7.00	112.00
Dr. M.L. Gulrajani ^	0	0	105.00	7.00	112.00
Mr. P.K. Rajput	600.00	209.45#	0	0	809.45
Mr. K. B. Athreya ¥	0	0	20.00	2.00	22.00
Mr. Prabhat Krishna @	0	0	0	0	0
Mr. Tilak Raj Khosla @	0	0	0	0	0
TOTAL	3350.00	330.11	355.00	27.00	3058.78

\$ Reimbursement of Electricity charges.

* Out of pocket expenses for attending the meeting of Board of Directors paid by the Company.

It includes reimbursement of medical expenses, Provident fund & Lease Rent for residential premises.

¥ Resigned w.e.f. June 15, 2009 ^ Resigned w.e.f. July 1, 2009 • Resigned w.e.f. May 26 2009.

@ Appointment w.e.f. July 31, 2009

NOTES:

1. There are no pecuniary relationships or transactions of the non-executive directors vis-à-vis company except as mentioned above.
2. The shareholding of directors as on 30th June, 2009 is as under:

Details of Shareholding of Directors:

Sl. No.	Name	Shareholding	Percentage
1	Mr. K.K. Agarwal	1147460	3.35
2.	Mr. Sandeep Agarwal	651510	1.888
3.	Mr. G.K. Arora	NIL	NIL
4.	Mr. Rakesh Gupta	1830961	5.305
5.	Mr. J.P. Kundra	NIL	NIL
6.	Dr. M.L. Gulrajani	NIL	NIL
7.	Mr. P.K.Rajput	30000	0.087
8.	Mr. K. B. Athreya	3000	0.009
9.	Mr. Prabhat Krishna	NIL	NIL
10.	Mr. Tilak Raj Khasla	NIL	NIL

(v) INVESTORS' GRIEVANCES COMMITTEE

- | | |
|--|---|
| (a) Brief description of terms of reference | : (a) As specified under Clause 49 of the Listing Agreement;
(b) To review the status of Investors' Grievances and Secretarial Audit Report of each Quarter,
(c) To review the statement of transfer of shares.
(d) Any matter related with the Investors' Grievances.
(e) Any other matter as may be assigned by the Board of Directors from time to time. |
| (b) Composition, name of members and Chairperson. | : 1. Mr. Prabhat Krishna – Chairman (appointed w.e.f. July 31, 2009)
2. Mr. Sandeep Agarwal – Member
3. Mr. Tilak Raj Khosla – Member (appointed w.e.f. July 31, 2009)
4. Dr. M. L. Gulrajani – Chairman (Resigned w.e.f. July 1, 2009)
5. Mr. J.P. Kundra – Member (Resigned w.e.f. May 26 2009)
6. Mr. G.K. Arora – Member (Resigned w.e.f. May 26 2009) |
| (c) Meetings and attendance during the year | Meeting held: NIL
Present Members : N. A |
| (d) Name and designation of compliance officer. | : Mr. Ajay Gupta, Company Secretary & DGM (Legal). |
| (e) Number of shareholders' complaints received so far. | : 24 |
| (f) Number not solved to the satisfaction of shareholders. | : NIL |
| (g) Number of pending share transfers. | : NIL |

General Meeting

- | | | | | | | | | | |
|--|---|------|------|------------|------------------|------------|------------------|------------|------------------|
| (a) Location and time, where last three AGMs/EGMs held. | : Location of Last Three AGMs/EGMs:
B-2, Loni Road Industrial Area,
(Opp. Mohan Nagar) Ghaziabad, (U.P.). | | | | | | | | |
| | <table border="0"> <tr> <td style="text-align: center;">DATE</td> <td style="text-align: center;">TIME</td> </tr> <tr> <td style="text-align: center;">28/09/2007</td> <td style="text-align: center;">10.00 A.M A.G.M.</td> </tr> <tr> <td style="text-align: center;">27/09/2008</td> <td style="text-align: center;">10.00 A.M A.G.M.</td> </tr> <tr> <td style="text-align: center;">26/12/2008</td> <td style="text-align: center;">10.00 A.M E.G.M.</td> </tr> </table> | DATE | TIME | 28/09/2007 | 10.00 A.M A.G.M. | 27/09/2008 | 10.00 A.M A.G.M. | 26/12/2008 | 10.00 A.M E.G.M. |
| DATE | TIME | | | | | | | | |
| 28/09/2007 | 10.00 A.M A.G.M. | | | | | | | | |
| 27/09/2008 | 10.00 A.M A.G.M. | | | | | | | | |
| 26/12/2008 | 10.00 A.M E.G.M. | | | | | | | | |
| (b) Whether special resolutions were passed | : Yes | | | | | | | | |
| (c) Were put through postal ballot last year, details of voting pattern. | : By show of hands and Postal Ballot. | | | | | | | | |
| (d) Person who conducted the postal ballot exercise. | : Mr. S.R. Iyer | | | | | | | | |
| (e) Are proposed to be conducted through postal ballot. | : Yes | | | | | | | | |
| (f) Procedure for postal ballot. | As per Section 192A of the Companies Act, 1956 and Rules made there under. | | | | | | | | |

(vii) Disclosures

- | | |
|---|--|
| (a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large. | : In compliance of Clause 32 of the Listing Agreement and Accounting Standard – 18, the Disclosure of “Related Party Transactions” has been made in the Notes to Accounts of Financial Statements. |
| (b) Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years. | : Nil |
| (c) Compliance of Mandatory requirements under the Corporate Governance. | : As per the details mentioned in part III of the compliance report. |
| (d) Compliance of Non - Mandatory requirement under the Corporate Governance. | : As per the details mentioned in part IV of the compliance report. |
| (e) Whistle Blower Policies | : The company has implemented the Whistle Blower Policy. It is also affirmed that none of the personnel has been denied access to the Audit Committee. |

(viii) Means of Communication

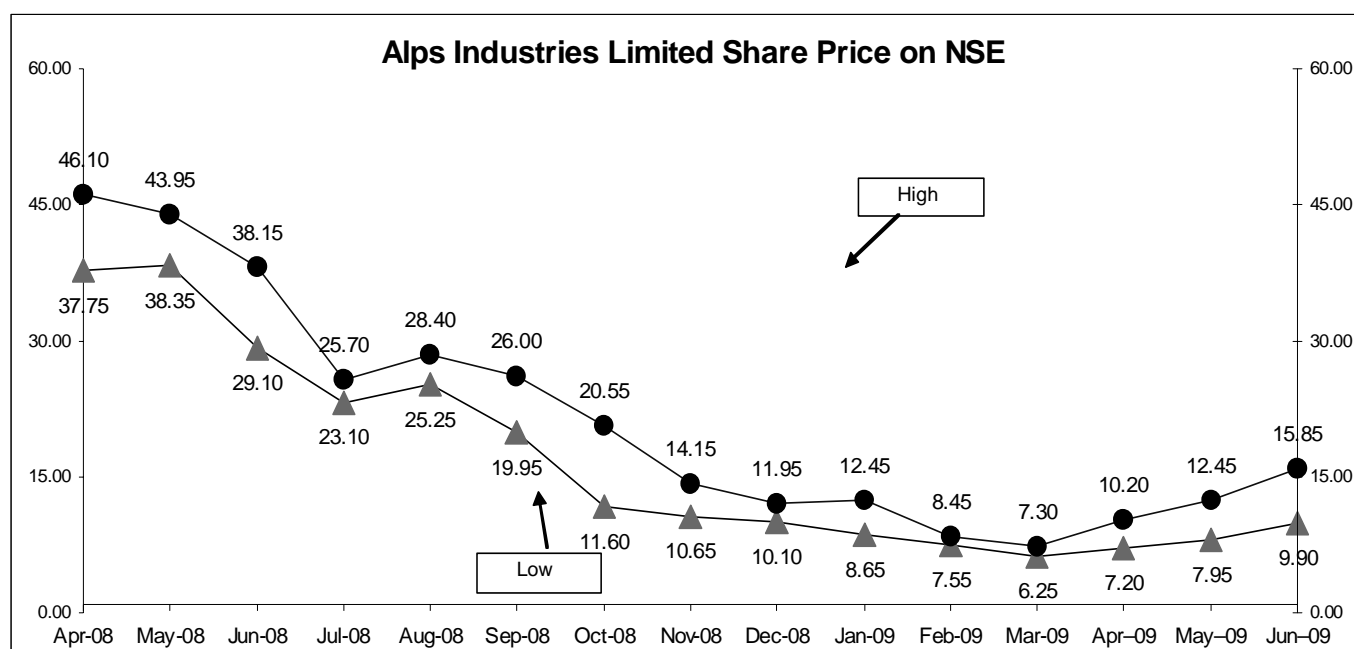
- | | |
|---|---|
| (a) Half yearly report sent to each house hold of shareholders. | : Published in the news paper apart from sending to the investors who request for the same. |
| (b) Quarterly results. | : Published in the News Paper and sent to the Stock Exchanges where Shares of the Company are listed. |
| (c) Which newspapers normally published in. | : Money Makers (English), Dainik Mahalaxmi Bhagyodaya (Hindi) |

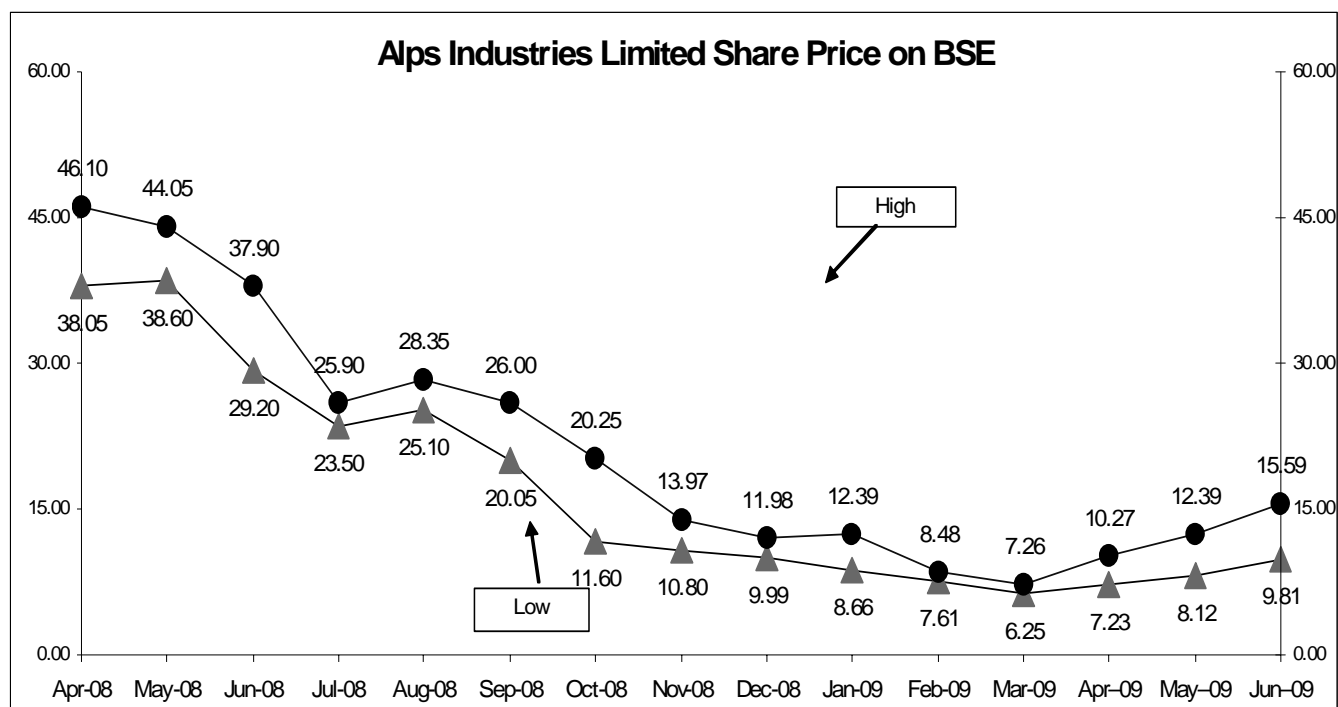
- (d) Any website, where displayed. : www.sebi.com
- (e) Whether it also display official news release : Yes
- (f) The presentations made to institutional investors or to the analysts. : The Financial Results are sent to the major investors including Institutional Investors and analysts.
- (g) Whether MD&A is a part of annual report or not. : Yes

(ix) General Shareholder information

- (a) AGM : Date, time and venue (Tentative) : Date: December 11, 2009
Day : Friday
Time: 10.00 A.M.
Venue: B-2, Loni Road Indl. Area, (Opp. Mohan Nagar), Ghaziabad, (U.P.) – 201007
- (b) Financial Calendar (Tentative) : 2009-10
Annual General Meeting : December 11, 2009
Result for quarter ending Sept 30, 2009. : Fourth Week of October 2009.
Result for quarter ending Dec 31, 2009 : Fourth Week of January 2010.
Result for quarter ending March 31, 2010. : Fourth Week of April, 2010
- (c) Date of Book Closure : 8th December, 2009 to 9th December, 2009 (Both days inclusive)
- (d) Dividend Payment Date : The Board of Directors has recommended no dividend.
- (e) Listing on Stock Exchanges : Equity Shares of the company are listed at the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd., Mumbai & GDRs of the company are listed at Luxembourg Stock Exchange.
- (f) Stock Code : NSE : ALPSINDUS - BE
BSE : 530715/ALPSIND
LSE (USISIN) : US02109V1070
- (g) Market Price Date: High, Low during each month for the :
15 months ended on June 30, 2009 in National Stock Exchange of India Limited.

S. No.	Month	National Stock Exchange of India Limited (NSE)				Bombay Stock Exchange (NSE)			
		(In Rs. per share)				(In Rs. per share)			
		Month's High Price		Month's Low Price		Month's High Price		Month's Low Price	
		Rate	Date	Rate	Date	Rate	Date	Rate	Date
1	Apr-08	46.10	21.04.08	37.75	04.04.08	46.10	21.04.08	38.05	04.04.08
2	May-08	43.95	07.05.08	38.35	30.05.08	44.05	02.05.08	38.60	30.05.08
3	Jun-08	38.15	12.06.08	29.10	30.06.08	37.90	12.06.08	29.20	30.06.08
4	Jul-08	25.70	11.07.08	23.10	03.07.08	25.90	11.07.08	23.50	03.07.08
5	Aug-08	28.40	12.08.08	25.25	01.08.08	28.35	12.08.08	25.10	01.08.08
6	Sep-08	26.00	10.09.08	19.95	30.09.08	26.00	10.09.08	20.05	20.09.08
7	Oct-08	20.55	01.10.08	11.60	27.10.08	20.25	01.10.08	11.60	27.10.08
8	Nov-08	14.15	04.11.08	10.65	28.11.08	13.97	04.11.08	10.80	28.11.08
9	Dec-08	11.95	16.12.08	10.10	03.12.08	11.98	16.12.08	9.99	03.12.08
10	Jan-09	12.45	01.01.09	8.65	29.01.09	12.39	01.01.09	8.66	30.01.09
11	Feb-09	8.45	09.02.09	7.55	27.02.09	8.48	02.02.09	7.61	27.02.09
12	Mar-09	7.30	02.03.09	6.25	12.03.09	7.26	04.03.09	6.25	12.03.09
13	Apr-09	10.20	15.04.09	7.20	01.04.09	10.27	15.04.09	7.23	01.4.09
14	May-09	12.45	29.05.09	7.95	14.05.09	12.39	29.05.09	8.12	15.05.09
15	Jun-09	15.85	05.06.09	9.90	23.06.09	15.59	05.06.09	9.81	23.06.09





(h) Shareholding Pattern as on 30.06.2009

Name of the Scrip : Alps Industries Limited

Scrip Code : NSE (ALPSINDUS – BE), BSE (530715/ALPSIND)

LSE (USISIN/ US02109V1070)

Class of Securities : Equity Shares & GDRs at LSE

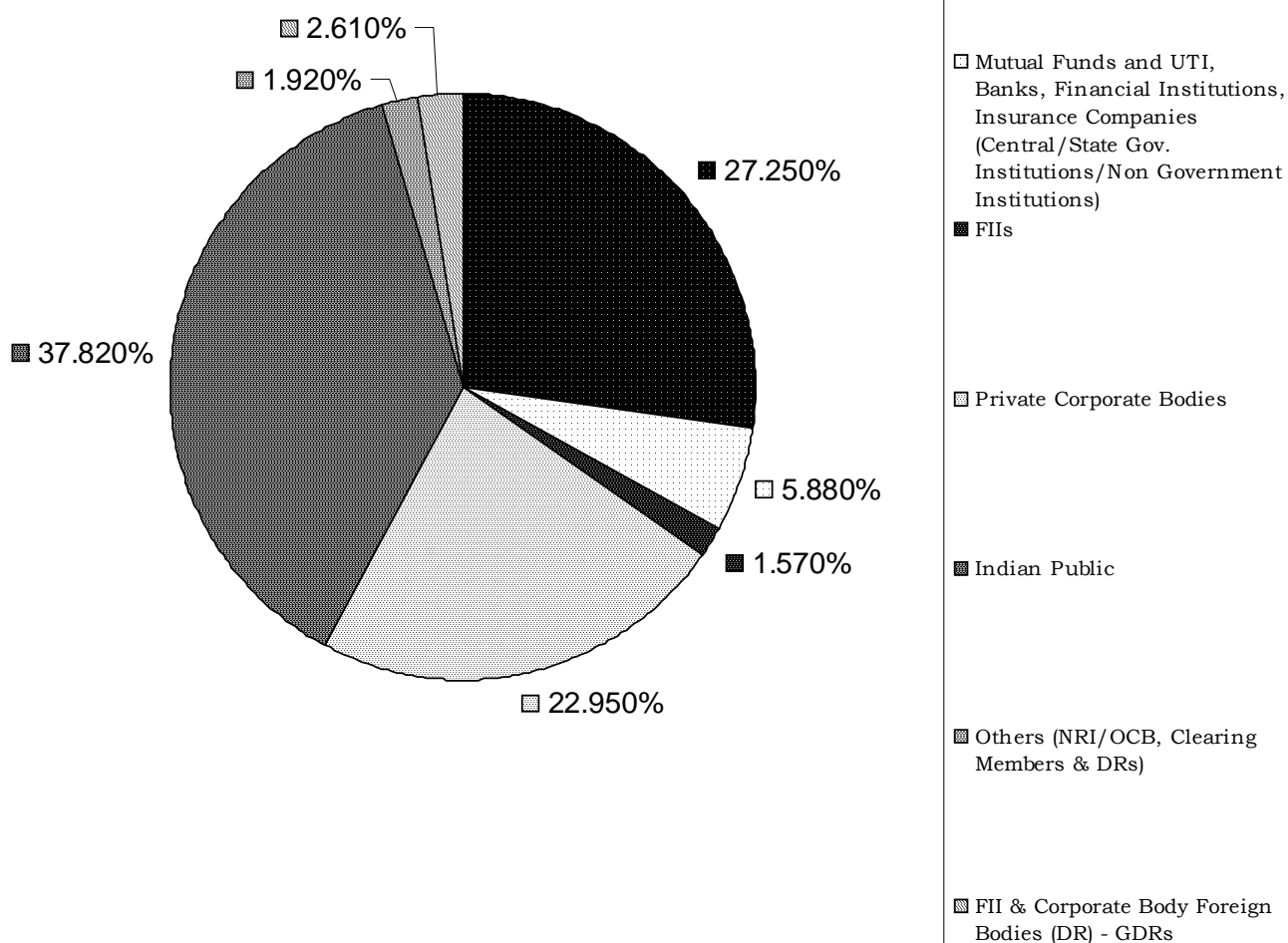
Category Code	Category of Shareholder	Number of shareholders	Total Number of Shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					Percentage of (A+B) ¹	Percentage of (A+B+C)	Number of Shares	As a Percentage IX=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Shareholding of Promoter and Promoter Group¹							
(1)	Indian							
a.	Individuals / Hindu Undivided Family (HUF)	14	2,220,220	2,219,340	6.61	6.43	750,000	33.78
b.	Central Government / State Government	-	-	-	-	-	-	-
c.	Bodies Corporate	16	5,184,410	5,179,990	15.42	15.02	2,750,000	53.04
d.	Financial Institutions / Banks	-	-	-	-	-	-	-
e.	Any Other (Specify)	-	-	-	-	-	-	-
	Sub - Total A (1)	30	7,404,630	7,399,330	22.03	21.45	3,500,000	47.27
(2)	Foreign							
a.	Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
b.	Bodies Corporate	1	2,000,000	2,000,000	5.95	5.80	-	-
c.	Institutions	-	-	-	-	-	-	-
d.	Any Other (Specify)	-	-	-	-	-	-	-
	Sub - Total A (2)	1	2,000,000	2,000,000	5.95	5.80	-	-
	Total Shareholding of promoter and promoter group [A]=A(1)+A(2)	31	9,404,630	9,399,330	27.98	27.25	3,500,000	37.22
(B)	Public shareholding ²							
(1)	Institutions							
a.	Mutual Funds/ UTI	3	400	100	0.00	0.00	-	-
b.	Financial Institutions / Banks	2	300	300	0.00	0.00	-	-
c.	Central Government/State Government(s)	1	300	300	0.00	0.00	-	-
d.	Venture Capital Funds	-	-	-	-	-	-	-
e.	Insurance Companies (If Govt. Sponsored)	2	2,028,738	2,028,738	6.04	5.88	-	-
f.	Foreign Institutional Investors (FIIs)	2	543,174	543,174	1.62	1.57	-	-
g.	Foreign Venture Capital Investors	-	-	-	-	-	-	-
h.	Any other (specify)	-	-	-	-	-	-	-
	Sub - Total B (1)	10	2,572,912	2,572,612	7.65	7.45	-	-
(2)	Non-Institutions							
a.	Body Corporate	749	7,921,681	7,920,781	23.57	22.95	-	-
b.	Individuals - (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh.	27,093	10,917,172	10,843,389	32.48	31.63	-	-
c.	(ii) Individual shareholders holding nominal share capital excess to Rs. 1 lakh.	82	2,136,122	2,136,122	6.35	6.19	-	-
d.	Any Other (NRI Repatriable)	295	511,442	475,242	1.52	1.48	-	-
	(NRI Non Repatriable) &	99	147,373	147,273	0.44	0.43	-	-
	[Trust]	2	2,768	2,768	0.01	0.01	-	-
	Sub - Total B (2)	28,320	21,636,558	21,525,575	64.37	62.69	-	-
	Total Public Shareholding (B) = B(1)+B(2)	28,330	24,209,470	24,098,187	72.02	70.14	-	-
(C)	Shares held by custodians and against which depository receipts have been issued.							
a.	FII & Corporate Body Foreign Bodies (DR) - GDRs	1	900,000	900,000	-	2.61	-	-
	Sub - Total (C)	1	900,000	900,000		2.61	-	-
	Grand Total (A+B+C)	28,362	34,514,100	34,397,517		100.00	3,500,000	10.14

Note:

- Mrs. Sanyog Agarwal, Promoter have purchased 1,00,000 shares of the company, under promoter category on 26.06.09, which is not credited in his beneficiary account as on 30.06.2009.

1. Total Foreign shareholding 32,01,989 (excluding 9,00,000 Equity Shares representing 4,50,000 GDRs) and percentage of shareholding is 9.277.
2. There is 9,00,000 GDRs holdings and there is nil holdings of ADRs.
3. In terms of SEBI Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009. It is to be mentioned that there is only one class of shares i.e. equity shares having only voting pattern. Hence information related voting pattern for more than one class of shares/security is not applicable to the company.

SHAREHOLDING PATTERN AS ON 30.06.2009



(i) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL, Index etc:

NSE CHART FOR THE YEAR 2008-09 OF ALPS INDUSTRIES LTD. Vs. S&P CNX NIFTY

Historical Stock Chart



- (h) Registrar and Transfer Agents for Demat & Physical Shares : Alankit Assignments Limited
Corporate Office, Alankit House,
2E/21, Jhandewalan Extension
New Delhi-110 055 INDIA.
- (i) Depository for GDRs
The Bank of New York Mellon
101, Barclay Street, 22nd Floor,
New York, NY 10286, USA
- (j) Share Transfer System and Investors Grievances. : In terms of the SEBI Circular for appointment of common agency as R&T Agent for Demat and Physical Shares, company has appointed the above R&T Agent. The share transfer and Investor Grievances system is in compliance with the requirement of the Stock Exchanges and as specified under the Depository Act, 1996. Company has Shareholder's Grievances Committee to review the status of various matters related with the shareholders.
- (k) Uniform procedure for dealing with unclaimed shares. : In terms of SEBI Circular No. SEBI/CFD/DIL/La/1/2009/24/04 dated April 24, 2009, for uniform procedure for dealing with the unclaimed shares of Public Issue and subsequent Bonus Issue, has been credited to Escrow Demat Suspense Account opened with NSDL/CDSL with Alankit Assignment Limited. The details of shareholding of individual allottee have been properly maintained and the share has been credited to the allottee accounts as and when he/she approaches to the Company/R&T Agent. As

on 30.06.2009, 25 number of shareholder consisting of 2,568 shares are lying in the Suspense/Escrow account - Public Issue (includes the bonus shares issued on 29.09.2006) and the 0.007% voting rights of the above accounts has been freeze. There is no change in the outstanding balance of shareholding and transactions during the period i.e. 01.04.2008 to 30.06.2009. No request was pending at the beginning and at the end of the financial year. Further no requests are pending for disposals or received by the company or registrar.

Company is also having only one class of security i.e. Equity Shares, hence no different voting pattern is applicable to the company.

- (l) Distribution of shareholding : As on 30th June, 2009

Shareholding of nominal value		Shareholders		Share Amount	
Rs.	Rs.	Number	%	Rs. In 000's	%
Upto	– 5000	23297	82.142	37598.450	10.895
5001	– 10000	2556	9.012	21298.490	6.171
10001	– 20000	1273	4.488	20142.810	5.836
20001	– 30000	408	1.439	10538.330	3.053
30001	– 40000	181	0.638	6575.980	1.905
40001	– 50000	199	0.702	9539.580	2.764
5 0001	– 100000	236	0.832	17327.330	5.020
100001	and above	212	0.747	222120.030	64.356
TOTAL		28362	100.000	345141.000	100.00

- (m) Dematerialization of shares and liquidity : 99.662% of Issued Capital is in Dematerialized form as on 30th June 2009. The shares are listed at the two stock exchanges.
- (n) Outstanding GDRs/ADRs/ Warrants or any Convertible instrument, conversion date and likely impact on equity : (i) Outstanding GDRs as on 30th June 2009 is 9,00,000 at a quoted price of USD 0.48
- (ii) The company has issued no ADRs.
- (iii) 40.00 Lacs Zero Coupon Convertible Warrants allotted on 22.06.2007 have been subscribed, as the investors have decided not to exercise the option of conversion warrants into shares, and in terms of the SEBI Guidelines, an amount of Rs. 260 Lacs has been forfeited:

Sl.No.	Name and address	Category	Zero Coupon Convertible Warrants
1.	Billsworth Investments Pvt. Ltd. 8, Cross Street #11-00, PWC Building, Singapore (048424).	Foreign Promoter- Persons acting in concert.	30,00,000
2.	Macedonia Trade & Capitals Pte. Ltd., 8, Robinson Road, # 08-00, ASO Building, Singapore 048544	Public shareholding Non Institution – Body Corporate Non- Domestic	10,00,000
	TOTAL		40,00,000

Likely impact of the outstanding GDRs on the equity:

The underlying 9,00,000 Equity Shares against the outstanding of 4,50,000 GDRs as on 30th June 2009 have been included in the present issued capital of the Company. Hence, there will not be any more increase in the issued capital by reduction/increase in the outstanding GDRs.

- (n) Plant Locations : (a) B-2, Loni Road Indl. Area, Opp. Mohan Nagar, Ghaziabad-201 007 (U.P.)
(b) A-2, Loni Road Indl. Area, Opp. Mohan Nagar, Ghaziabad-201 007 (U.P.)
(c) A-3, Loni Road Indl. Area, Opp. Mohan Nagar, Ghaziabad-201 007 (U.P.)
(d) 57/2, Site-IV Indl. Area, Sahibabad, Ghaziabad-201 010 (U.P.)
(e) B-160-161, Industrial Estate, Mettupalayam, Pondicherry-605 009
(f) Plot No. 1-A, Sector 10 Integrated Industrial Estate BHEL, Haridwar, Uttarakhand.
(g) Plot No. 1-B, Sector 10 Integrated Industrial Estate BHEL, Haridwar, Uttarakhand.
(h) Kashipur Spinning Mills, Near Govt. Degree College, Kashipur Bazpur Road, Uttarakhand.
(i) Jaspur Spinning Mills, Afzal Garh Road, Jaspur, Uttarakhand – 244 712.
(j) Village - Aminagar alias Bhoor Baral, Tehsil & Distt. Meerut, U.P.
(k) D-247/17, Sector-63, Noida – (U.P.) - 201301
- (o) Address for correspondence : Corp. Office: 57/2, Site - IV, Industrial Area, Sahibabad, Ghaziabad-201 010 (U.P.)
- (p) CEO/CFO Certification : As required under Clause 49 of the Listing Agreement, a Certificate duly signed by the CEO/CFO was placed at the meeting of Board of Directors held on 22nd September, 2009.
- (q) Secretarial Audit for Reconciliation of Capital : The Securities and Exchange Board of India has directed vide Circular No. D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total share held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid-up capital.

The said certificate duly certified by the Practicing Company Secretary, is submitted to the Stock Exchanges where the securities of the company are listed within 30 days of the end of the each quarter.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE - PART - II

NON-MANDATORY REQUIREMENTS.

1. The Board
 - (i) Non-Executive Chairman's office : The company has an office for the Non-Executive Chairman.
 - (ii) Tenure of Independent Directors. : The Company is having some independent directors with tenure of more than nine years. The company intends to retain them, keeping in view their expertise and contribution in the development of the company.
2. Remuneration Committee
 - (i) Terms of reference : Company is having a Remuneration Committee in terms of the requirements of the Schedule XIII of the Companies Act, 1956 and the necessary requirements of the Corporate Governance. It is authorized to approve and recommend the company's policies on specific remuneration packages for executive directors including pension rights and any compensation payment.
 - (ii) Constitution of the committee :

1. Mr. Prabhat Krishna	- Chairman (appointed w.e.f. July 31, 2009)
2. Mr. Sandeep Agarwal	- Member
3. Mr. Tilak Raj Khosla	- Member (appointed w.e.f. July 31, 2009)
4. Dr. M. L. Gulrajani	- Chairman (Resigned w.e.f. July 1, 2009)
5. Mr. J.P. Kundra	- Member (Resigned w.e.f. May 26 2009)
6. Mr. G.K. Arora	- Member (Resigned w.e.f. May 26 2009)
 - (iii) Presence at the meeting : Meeting held: One
Present Members:

1. Dr. M. L. Gulrajani	- Chairman
2. Mr. Sandeep Agarwal	- Member
3. Mr. J.P. Kundra	- Member
 - (iv) Presence of the Chairman of the committee at the Annual General Meeting. : The Chairman of the meeting was present at the Annual General Meetings.
3. Half Yearly Financial Results to the Shareholders. : The Financial Results sent to the members as and when demanded by the members during the financial year.
4. Audit Qualifications : There is no qualifications /reservations in the Audit Report of the Statutory Auditors, for the 15 months period ended on June 30, 2009.
5. Whistle Blower Policy : It has been implemented properly and all the concerned officials have been advised suitably.
6. Postal Ballot : It has been conducted wherever required.

7. Code of Conduct

: In terms of the requirement of the Corporate Governance, the code of conduct of the company for employees, the Board of Directors at their meeting held on October 26, 2005 has informed directors and all concerned. It used to be reviewed and updated from time to time according to the requirement of the company. It has also been displayed on the company's website www.alpsindustries.com. The necessary disclosure for compliance has been made at the meeting of Board of Directors held on May 26, 2009.

8. Disclosure for Non-Mandatory requirements

: All the major and effective Non-Mandatory requirements have been complied with.

The Members of
Alps Industries Limited
Ghaziabad.

**CERTIFICATE IN RESPECT OF COMPLIANCE
WITH THE CODE OF CONDUCT OF THE COMPANY***

I, Sandeep Agarwal, in my capacity as the Managing Director & the Chief Executive Officer of the company, do hereby certify that all Directors and Senior Executives of the company, one level below the Board have complied with and adhered the Code of Conduct as approved & prescribed by the Board of Directors of the Company.

Place: Ghaziabad

Date: September 22, 2009

For Alps Industries Ltd

**(Sandeep Agarwal)
Managing Director & CEO**

***The Code of Conduct can be viewed on the Company's website www.alpsindustries.com.**

The Members of
Alps Industries Limited
Ghaziabad.

CERTIFICATE FOR COMPLIANCE OF CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Alps Industries Limited, for the period ended on 30th June 2009, as stipulated in Clause 49 of the Listing Agreement signed by the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and based on our review & to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement, except to the Clause No. 49 (1) (A) & Clause No. 49 (1) (C) related to the composition of Board of Directors & the provisions as to Board & Committee, respectively.

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

For P. Jain & Co.
Chartered Accountants

Place : Ghaziabad
Dated : September 22, 2009

Munish Kr. Jain
Partner
Membership No. 70335

INFORMATION AS PER REQUIREMENT OF SEBI CIRCULAR NO. SMDRP/CIR14/98 DATED 29.04.1998 AND CLAUSE 32 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

1. Names and Address of The Stock Exchanges of where the Company's Securities are Listed.

S. No.	NAME	ADDRESS
1.	Bombay Stock Exchange Ltd.,	1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai- 400001.
2.	National Stock Exchange of India Ltd.,	Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex Bandra (E), Mumbai – 400 051.
3.	Luxembourg Stock Exchange	Societe de la Bourse de Luxembourg Societe Anonyme RC Luxembourg B 6222, BP 165, L-2011 Luxembourg Siege Social, 11, Avenue de la Perto Neuvo

- The Company has paid listing fees for the year 2009-2010 to both the domestic Stock Exchanges and for the calendar year 2009 towards maintenance fee to Luxembourg Stock Exchange.
- As per the latest SEBI circular no. CSD/COMP/Cir/662/2007 dated 1st August 2007, the following information are being furnished related to the 15 months period ended on June 30, 2009.

Sl. No.	Particulars	Amount (Rs. in Lacs)
1.	Loans and advances in the nature of loans to subsidiaries (by name and amount) I) Snowflakes Meditech Private Limited (Formerly known as Alps Retail Pvt. Ltd.) – Rs. 440.93 Lacs II) Alps Energy Pvt. Ltd. – Rs. 3.28 Lacs III) Alps Uttarakhand Energy Pvt. Ltd. – Rs. 6.61 Lacs (Indirect relation)	450.75
2.	Loans and advances in the nature of loans to associates by name and amount. I) Cody Direct Corp. – Rs. 4.42 Lacs 2) Alps Processers Pvt. Ltd. – Rs. 2.00 Lacs	6.42
3.	Loans and advances in the nature of loans where there is a) no repayment schedule or repayment beyond seven years or b) no interest or interest below section 372A of Companies Act by name and amount.	NIL
4.	Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.	NIL
5.	Investments by the loanee in the shares of parent company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	NIL

SUBSIDIARY COMPANIES AS ON JUNE 30, 2009.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

1.	Name of the Subsidiary Company	ALPS USA INC.	Alps Energy Private Limited	Snowflakes Meditech Pvt. Ltd. (Formerly known as Alps Retail Pvt. Ltd)	\$Alps Spandex India Limited	Alps Uttarakhand Energy Private Limited (Indirect relation)
2.	Financial Year of the Subsidiary Company ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
3.	No. of shares in the Subsidiary	15 shares of no par value	22,60,000 of Rs. 10/- each	22,60,000 of Rs. 10/- each	1,00,000 of Rs. 10/- each	50,000 of Rs. 10/- each
4.	Percentage of Holding (Equity)	100%	100%	100%	100%	100% subsidiary of Alps Energy Pvt. Ltd.
5.	Percentage of Holding (Preference)	Nil	Nil	Nil	Nil	NIL
6.	The net aggregate of profits/ (losses) of the Subsidiary Company for its financial years so far as they concern the members of the Company:					
a)	Dealt with in the account for the period ended 30 th June 2009	(710,049 USD)	Rs. 681,550	Rs. 242,111	* Not Applicable	* Not Applicable
b)	Not dealt with in the accounts for the period ended 30 th June 2009 (Loss)	Nil	NIL	NIL	* Not Applicable	* Not Applicable
7.	The net aggregate of profits/ (losses) of the Subsidiary Company for its Previous financial years since it became so far as they concern the members of the Company:					
a)	Dealt with in accounts for the period ended 30 th June 2009	(193 USD)	* Not Applicable	* Not Applicable	* Not Applicable	* Not Applicable
b)	Not dealt within accounts for the period ended 30 th June 2009 (Loss)	Nil	* Not Applicable	* Not Applicable	* Not Applicable	* Not Applicable
8.	Change in the Holding Company's interest in the subsidiary between the end of the Financial Year of the subsidiary and the end of the holding company's financial year.	No Material Change	No Material Change	No Material Change	No Material Change	No Material Change
9.	Details of any material changes which have occurred between the end of the financial year in respect of :					
a)	The Subsidiary's fixed assets	No Change	No Change	No Change	No Change	No Change
b)	Its Investment	No Change	No Change	No Change	No Change	No Change
c)	The moneys lent by it	No Change	No Change	No Change	No Change	No Change
d)	The moneys borrowed by it for any purpose other than that of meeting current liabilities	No Change	No Change	No Change	No Change	No Change

Note : * As the Companies are not in operation, no Profit & Loss account has been prepared.

\$ As the entire shareholding has been disposed off. Hence this company is subsidiary company only for the part of the year.

For and on behalf of the Board

Place: Ghaziabad
Dated September 22, 2009

K.K. Agarwal
Non Executive
Chairman & Director

Sandeep Agarwal
Managing Director

A.K. Singhal
President (Accounts & Finance)

Ajay Gupta
Company Secretary

To,
The Members of
Alps Industries Limited
Ghaziabad

**Sub: Auditors' Report on the Accounts for the period ended on 30th June 2009 in compliance
with Section 227 of the Companies Act, 1956**

1. We have audited the attached Balance Sheet of **ALPS INDUSTRIES LIMITED** as at **30th June 2009**, the Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 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 issued by the Central Government in terms of sub section 4A of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:-
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
 - c. The Balance Sheet, Profit and Loss account referred to in this report are in agreement with the books of accounts of the Company.
 - d. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the applicable accounting standards referred to in section 211(3C) of Companies Act, 1956.
 - e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(1)(g) of Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at 30th June, 2009
 - b. In the case of Profit & Loss account, of the Loss for the period ended on that date.
 - c. In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For P Jain & Co.
Chartered Accountants

Place : Ghaziabad
Date : September 22, 2009

Munish Kr. Jain
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the period ended 30th June, 2009 of Alps Industries Ltd.

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- I. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets, however, these records are in process of updation.
b. As explained to us, the management has during the year physically verified all the fixed assets. We have been informed that no material discrepancies were noticed on such physical verification during the period.
c. During the period the Company has not disposed off substantial part of the fixed assets.
- II. a. The inventory has been physically verified during the period by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
b. The Company is maintaining proper records of inventory. As explained to us the discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with the books of account.
- III. The Company has granted unsecured loans aggregating Rs. 706.67 Lac to four meber companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. The company has not taken any loans from any such party. The rate of interest & other terms & condition of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and also for the sale of goods and services. In our opinion, there is no continuing failure to correct major weaknesses in internal control procedures.
- V. (a) According to the information and explanations given to us, we are of the opinion that particulars of Contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section, wherever applicable.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at the prices, which are reasonable having regard to prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A & 58-AA or any other relevant provisions of the Companies Act, 1956, the Companies (Acceptance of Deposits) Rules, 1975 and the directives issued by the Reserve Bank of India, with regard to the deposits accepted from the public by private circulation. No order has been passed with respect to the deposits accepted from the public by private circulation by National Company Law Tribunal/Company Law Board.
- VII. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of manufacturing activity of Cotton yarn of the Company. We have broadly reviewed the accounts and records of the Company and are of the opinion that prima facie, the prescribed records are being maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- IX. a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues applicable to it with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth tax, Service Tax, Sales-tax, Custom Duty, Excise duty, Cess and other statutory dues were outstanding as at 30th June, 2009 for a period of more than six months from the date they became payable.
- c) The disputed statutory dues aggregating to Rs. 211.80 Lacs have not been deposited on account of disputed matters pending before appropriate authorities as on 30th June, 2009, are as under:

Sr. No.	Name of the Statute	Nature of Dues	Amount	Forum where Dispute is Pending
1	Central Sales Tax Act, 1956	Entry Tax	Rs. 208.43 Lacs	Hon'ble Allahabad High Court
2	Nagar Nigam Act, 1959	Sewerage Tax	Rs. 3.37 Lacs	Civil Court Ghaziabad

- X. (a) The accumulated loss of the Company as at 30 June 2009 are more than 50% of its net worth.
- (b) The Company has incurred cash loss during the current period ended on 30th June, 2009.
- XI. Based on our audit procedure and the information and explanations given to us, the Company has defaulted in respect to the payment to the secured lenders as given below: -

Nature of Dues	Period of Default	Rs. in lac
Principal	February, 2009	17.37
Interest	February, 2009	467.12
Principal	March, 2009	1404.03
Interest	March, 2009	542.97
Principal	April, 2009	116.63
Interest	April, 2009	849.50
Principal	May, 2009	57.37
Interest	May, 2009	885.36
Principal	June, 2009	6632.55
Interest	June, 2009	871.02

- XII. based on the our examination of records 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. As per the information and explanations given to us, the provisions of special statute applicable to chit fund do not apply to the company. The company is also not a Nidhi/Mutual Benefit Fund/ Society.
- XIV. In our opinion, and according to the information and explanation given to us the Company is not dealing or trading in Shares, Securities.

- XV. Based on our examination of records and the information and explanations given to us, the company has given corporate guarantees on behalf of other body corporate, to the banks during the period.
- XVI. Based on the information and explanations given to us by management the term loans have been applied for the purpose for which the loans were obtained.
- XVII. According to the information and explanation given to us and on an overall examination of the Balance sheet of the company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- XVIII. As explained to us, the company has not made any preferential allotment of shares to companies or parties covered in the Register maintained under section 301 of the Act during the period.
- XIX. According to information and explanations given to us, during the year, company has not issued debentures and accordingly, the creation of security thereof doesnot arise.
- XX. The company has not raised any money by way of public issue during the period.
- XXI. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we have been informed of such case by the management.

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Date: September 22, 2009

Munish Kr. Jain
Partner

ALPS INDUSTRIES LTD.



BALANCE SHEET

BALANCE SHEET AS ON 30TH JUNE' 2009

Sources of Funds	SCHEDULE	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs.in Lac
1 Shareholders' Funds			
Share Capital	1	3,451.41	3,451.41
Reserves and Surplus	2	2,140.18	26,313.52
Application Money-ZCCW		-	260.00
		5,591.59	30,024.93
2 Deferred Tax Liability - Net		2,066.51	1,691.51
3 Loan Funds			
Secured Loans	3	97,633.72	65,853.26
Unsecured Loans	4	882.08	4,549.61
		98,515.80	70,402.87
Total		106,173.90	102,119.31
Application of Funds			
1 Fixed Assets			
Gross block	5	66,462.54	58,887.46
Less : Depreciation		10,326.95	6,719.94
Net Block		56,135.59	52,167.52
Capital Work in Progress		13,099.23	2,492.81
2 Investments	6	1,304.05	4,988.15
3 Current Assets, Loans & Advances			
Inventories	8	20,228.41	25,073.05
Sundry Debtors	9	19,493.72	14,122.90
Cash & Bank Balances	10	2,972.99	3,010.24
Loans & Advances	11	3,900.13	6,395.60
		46,595.25	48,601.79
Less : Current Liabilities & Provisions	7	11,367.06	6,717.90
Net Current Assets		35,228.19	41,883.89
4 Misc. Expenditure/Deferred Revenue Expenditure (To the extent not written off or adjusted)	12	406.84	586.94
Total		106,173.90	102,119.31

Significant Accounting Policies and Notes on Accounts
Schedules referred to above form an integral part
of the Financial Statements

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As per our report of even date

For P. Jain & Co.

Chartered Accountants

For and on behalf of the Board

Munish Kr. Jain

Partner

Sandeep Agarwal

Managing Director

Place : Ghaziabad

A.K. Singhal

Ajay Gupta

P.K. Rajput

Date : September 22, 2009

President (Accounts & Finance)

Company Secretary

Executive Director

P & L ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 30TH JUNE' 2009

	SCHEDULE	30.06.2009 Rs. in Lac	31.03.2008 Rs. in Lac
Income			
Sales	13	99,258.77	63,522.01
Less :Excise Duty		85.87	95.10
Net Sales		99,172.90	63,426.91
Other Income		650.94	471.79
Increase(decrease)in Stock		(4,110.01)	4,301.35
		95,713.83	68,200.05
Expenditure			
Material Consumed	14	77,101.54	47,844.82
Manufacturing Expenses	15	10,841.67	7,519.00
Personnel Expenses	16	2,024.19	1,375.42
Other operating Expenses	17	5,502.75	3,086.92
Misc. and Deferred Revenue Expenditure W/off		180.10	137.58
Exchange Fluctuation		10,670.32	1,731.86
		106,320.57	61,695.60
Profit Before Depreciation, Financial Expenses & Tax		(10,606.74)	6,504.45
Less : Financial Expenses	18	9,642.83	3,199.73
Profit Before Depreciation & Tax		(20,249.57)	3,304.72
Less : Depreciation		3,940.31	1,782.50
Profit Before Tax		(24,189.88)	1,522.22
Less : Provision For Taxation-Current Tax		-	172.75
Add : Minimum Alternative Tax Credit Aviled		-	172.75
Less : Provision For FBT		60.00	59.50
Profit from operations		(24,249.88)	1,462.72
Less : Deferred Tax		375.00	274.56
Profit After Tax		(24,624.88)	1,188.16
(Less)/Add : Prior Year Adjustments		(10.36)	(38.08)
		(24,635.24)	1,150.08
Add : Surplus as per last year		1,691.29	1,608.11
Available for Appropriation		(22,943.95)	2,758.19
Appropriations			
Transfer to General Reserve		-	865.00
Proposed Dividend		(172.57)	172.57
Corporate Dividend Tax		(29.33)	29.33
Surplus carried to Balance Sheet		(22,742.05)	1,691.29
		(22,943.95)	2,758.19
Basic Earning Per Share(Rs.)			3.50
Diluted Earning Per Share(Rs.)			3.50
Significant Accounting Policies and Notes of Accounts	19		
Schedules referred to above form an integral part of Accounts			

As per our report of even date

For and on behalf of the Board

For P. Jain & Co.

Chartered Accountants

Sandeep Agarwal
Managing Director

Munish Kr. Jain
Partner

Place : Ghaziabad

A.K. Singhal

Ajay Gupta

P.K. Rajput

Date : September 22, 2009

President (Accounts & Finance)

Company Secretary

Executive Director

SCHEDULES

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac		
1. SHARE CAPITAL				
Authorised Capital				
52000000(45000000) Equity Shares of Rs.10/-each	5200.00	4500.00		
	<u>5200.00</u>	<u>4500.00</u>		
Issued , subscribed & paid up				
34514100(34514100) Equity Share of Rs.10/-each fully paid up	3451.41	3451.41		
out of the above, (16257050 Equity Share of Rs. 10/- each				
have been allotted during 2006-07 as fully paid up Bonus				
Share by capitalisation of General Reserve)				
	<u>3451.41</u>	<u>3451.41</u>		
2. RESERVES AND SURPLUS				
		Rs. in Lac		
	Balance As on 01.04.2008	Addition During the Year	Utilised During the Year	Balance As on 30.06.2009
Capital Reserve	-	260.00	-	260.00
Securities Premium	16,622.94	-	-	16,622.94
General Reserve	7,999.29	-	-	7,999.29
Profit and Loss Account	1,691.29	(24,433.34)	-	(22,742.05)
Total	26,313.52	(24,173.34)	-	2,140.18
3. SECURED LOANS				
(A) Term Loans				
Bank & Financial Institutions		66525.36		41292.84
Others		184.30		232.23
Term loans from Bank & Financial Institutions are Secured by First Pari - Passu charge created / to be created on fixed assets and second pari-passu charge on current assets of the Compnay, both present and future and by Personal Guarantees of some of the Directors.				
Term Loan from others are secured by hypothecation of specific fixed assets				
(B) Working Capital Loan from Banks:				
		30924.06		24328.19
(Secured by Hypothecation of Stocks of Raw Material, Finished and Semi Finished Goods, Consumable Stores & Spares, Book Debts and Second Pari-Passu Charge over Fixed Assets and by Personal-Guarantee of some of Directors)				
		<u>97633.72</u>		<u>65853.26</u>

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
4. UNSECURED LOANS		
Short Term Deposits		
Fixed Deposits	-	52.98
Others	882.08	4496.63
	882.08	4549.61

5. FIXED ASSETS **Rs. in Lac**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance	Addition	Deduction Sale	Total upto 30.06.2009	Opening Balance	During the year	On Deduction	Total upto 30.06.2009	As on 30.06.2009	As on 31.03.2008
Leasehold Land	1,254.41	-	-	1,254.41	39.52	44.10	-	83.62	1,170.79	1,214.89
Freehold Land	52.76	0.17	-	52.93	-	-	-	-	52.93	52.76
Building	10,190.60	1,006.13	-	11,196.73	875.47	439.23	-	1,314.70	9,882.03	9,315.13
Plant & Machinery	45,171.08	7,187.95	736.50	51,622.53	4,701.74	3,163.72	324.05	7,541.41	44,081.12	40,469.34
Brand & Trade Mark	646.07	-	-	646.07	408.23	80.71	-	488.94	157.13	237.84
Furniture & Fixture	361.59	30.70	-	392.29	93.71	26.69	-	120.40	271.89	267.88
Vehicles	449.66	59.14	25.92	482.88	93.94	55.73	9.30	140.37	342.51	355.72
Office Equipment	144.92	16.70	0.60	161.02	35.24	9.25	0.02	44.47	116.55	109.68
Computers	616.37	37.56	0.25	653.68	472.09	120.95	-	593.04	60.64	144.28
Sub Total	58,887.46	8,338.35	763.27	66,462.54	6,719.94	3,940.38	333.37	10,326.95	56,135.59	52,167.52
Previous Year	27,368.60	31,833.90	315.04	58,887.46	4,949.90	1,782.50	12.46	6,719.94	52,167.52	22,418.70

6. INVESTMENTS

Long term (fully paid unless otherwise stated)

(A) Quoted Shares

13400 (13400) Equity Shares of Rs. 10/- each of Kay Pulp & Paper Mills Ltd. (Market value-not available)	1.34	1.34
720 (720) Equity Shares of Rs. 10/- Each of Parasram Puria Synthetics Ltd. (Market value- not available)	0.22	0.22
2000 (2000) Equity shares of Rs. 10/- each of Global Syntex (Bhilwara) Ltd.(Partly of Rs. 5/- each paidup) (Market value- not available)	0.10	0.10
Nil (517032) Equity shares of Rs. 10/- each of Era Infra Engineering Co. Ltd.	-	4382.72

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
(B) Mutual Funds		
20000 (20000) unit of Rs. 10/- each of SBI One India Fund	2.00	2.00
Market Value-Rs. 171200/-		
19560(19560) unit of Franklin India High Growth Co.	2.00	2.00
Market Value - Rs. 182630/-		
100000 (100000) unit of Rs. 10/- each of SBI Infrastructure fund	10.00	10.00
Market Value- Rs. 901000/-		
2930 (2930) unit of Reliance Growth Fund	10.00	10.00
Market Value- Rs. 1012505/-		
10000 (10000) of Rs. 10/- each of UTI Infrastructure Advantage Fund-Series-I Market Value-Rs 81100/-	1.00	1.00
(C) Unquoted Shares		
Nil (105000) Equity Share of Rs. 10/- each of Bulland Builtmart Pvt. Ltd.	-	10.50
105000 (105000) Equity Share of Rs. 10/- each of Sedona Herbal Pvt. Ltd.	10.50	10.50
265000 (Nil) Reedmable Convertable Preference Share of Rs. 100/- each of Sedona Herbal Pvt. Ltd.	265.00	0.00
4500000 (4500000) Equity Shares of Rs. 1/- each of Improve Interior. Com Ltd.	45.00	45.00
2450 (Nil) Shares of Cody Direct Corp. N.P.V	4.11	-
Subsidiary Companies		
15 (15) Equity Shares at N.P.V of Alps USA Inc.	500.78	500.78
Nil (99940) Equity Shares of Rs. 10/- each Alps Spendex Inda Ltd.	-	9.99
2259990 (9990) Equity Shares of Rs. 10/- each Snowflakes Meditech Pvt. Ltd. (formerly known as Alps Retail Pvt. Ltd)	226.00	1.00
2259990 (9990) Equity Shares of Rs. 10/- each Alps Energy Pvt. Ltd.	226.00	1.00
	1304.05	4988.15
7. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors : Small & Micro Enterprises	12.02	27.48
: Others	6940.14	2253.28
Advance from Customers	251.11	396.06
Expenses Payable	1554.13	960.70
Provision for Exchange Fluctuation	2257.59	2661.12
Unclaimed Dividend	11.72	5.70
Interest Accrued But Not Due	-	8.27
Gratuity/Leave Encashment	280.35	161.52

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
Provisions		
Proposed Dividend	-	172.57
Income Tax/Wealth Tax	-	1.35
Fringe Benefit Tax	60.00	40.52
Corporate Dividend Tax	-	29.33
	11367.06	6717.90
8. INVENTORIES		
Raw Materials	12,773.56	13,393.34
Consumable Stores	263.89	378.64
Finished Goods	2,967.88	3,176.79
Semi Finished Goods	4,223.08	8,124.18
Stock-in-Transit	-	0.10
	20,228.41	25,073.05
9. SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a Period Less than six months -		
(Considered Good)	18,296.54	14,005.71
Other Debts		
Considered Good	1,197.18	117.19
Considered Doubtful	155.52	-
Less: Provision for Doubtful Debts	155.52	-
	19,493.72	14,122.90
10. CASH & BANK BALANCES		
Cash in Hand	76.27	132.76
Balances with Scheduled Banks		
In Current Accounts	736.37	1,079.92
In Fixed Deposit	2,022.63	1,706.52
In Margin Money	137.72	91.04
	2,972.99	3,010.24
11. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advance Recoverable in Cash or in Kind or		
for Value to be Received	2,496.53	5,332.70
Security Deposit	504.44	497.56
Advance Income Tax (Net of Provisions)	576.35	233.17
Minimum Alternate Tax Adjustable	322.81	332.17
	3,900.13	6,395.60
12. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	319.49	380.51
Product Development & Other-	87.35	206.43
-Deffered Revenue Expenses		
	406.84	586.94

SCHEDULES FORMING PART OF ACCOUNTS

	30.06.2009 Rs. in Lac	31.03.2008 Rs. in Lac
13. SALES		
Export	23,687.09	9,556.70
Domestic	75,571.68	53,965.31
	<u>99,258.77</u>	<u>63,522.01</u>
14. MATERIAL CONSUMED		
Opening Stock	13,393.34	10,629.03
Add: Purchases	76,481.76	50,609.13
	<u>89,875.10</u>	<u>61,238.16</u>
Less: Closing Stock	12,773.56	13,393.34
	<u>77,101.54</u>	<u>47,844.82</u>
15. MANUFACTURING EXPENSES		
Wages including Other Benefits	2,630.58	1,683.25
Contribution to Provident & Other Funds	93.85	76.34
Security & Vigilance	43.11	29.12
Food & Beverage Prov. to Workers	55.83	31.70
Consumption of Stores & Spares	1,089.82	525.14
Production Expenses	1,415.29	2,274.95
Weaving & Processing Charges	96.12	82.84
Power & Fuel	5,327.32	2,657.71
Carriage & Cartage	80.83	153.07
Research & Development Expenditure	8.92	4.88
	<u>10,841.67</u>	<u>7,519.00</u>
16. PERSONNEL EXPENSES		
Salaries including Other Benefits	1,730.41	1,222.58
Contribution to Provident & Other Funds	103.19	29.43
Gratuity	95.68	22.09
Food & Beverage Prov. to Staff	94.91	101.32
	<u>2,024.19</u>	<u>1,375.42</u>

SCHEDULES FORMING PART OF ACCOUNTS

	30.06.2009	31.03.2008
	Rs. in Lac	Rs. in Lac
17. OTHER OPERATING EXPENSES		
Rent	302.24	172.90
Rates & Taxes	52.78	27.30
Postage & Telegram	25.87	23.74
Printing & Stationery	54.44	31.59
Legal & Professional Expenses	276.37	108.75
Travelling & Conveyance - Others	251.28	225.25
Travelling & Conveyance - Directors	14.40	28.82
Telephone & Fax	71.67	64.50
Directors' Remuneration	36.80	24.76
Books & Periodicals	0.56	0.60
Fees & Subscription	33.63	25.86
General Expenses	28.87	28.69
Insurance	277.96	195.50
Payment to Auditors	10.38	8.43
Vehicle Running Expenses	180.11	122.43
Donation	0.24	3.13
Hank Yarn Obligation	11.17	9.27
Repairs & Maintenance		
Building	35.26	19.59
Machinery	21.72	15.90
Others	57.59	49.12
Loss on Sale of Assets	243.00	5.64
Selling & Distribution Expenses		
Packing & Forwarding	1,495.70	852.96
Sales Promotion & Incentives	587.81	497.71
Advertisement & Publicity	94.80	106.18
Vat / Sales Tax Paid Against W.C.T.	21.07	33.78
Freight on Exports	1,161.51	404.52
Provision for Doubtful Debts	155.52	-
	5,502.75	3,086.92
18. FINANCIAL EXPENSES		
Interest to Banks & Fin. Institutions	8,926.47	3,035.08
Others	716.36	164.65
	9,642.83	3,199.73

19. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES:**

- **BASIS FOR PREPARATION OF ACCOUNTS:**

The Financial Statements are prepared on a going concern basis under the historical cost convention, on accrual basis unless specifically stated hereinbelow and in accordance with applicable Accounting standards (AS) issued by the Institute of Chartered Accountants of India.

- **REVENUE RECOGNITION:**

Sales are recognized on completion of sale of goods and are net of trade discounts, rebates and inclusive of excise duty & exchange fluctuation but excludes tax.

- **FIXED ASSETS:**

a) All fixed assets are stated at cost, net of MODVAT/CENVAT less accumulated depreciation. Cost of fixed assets include cost of acquisition and all expenses incurred which are directly attributable, including cost of borrowings and exchange fluctuation, for bringing the assets into working condition for its intended use.

b) Cost of assets not ready to put to use before year end and advances paid for acquisition or construction of Capital Assets are being shown as 'Capital Work in Progress'.

- **DEPRECIATION :**

Depreciation on the fixed assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956

- **INVESTMENTS :**

a) Investments are carried at cost. However, provision for diminution in value is made to recognize any decline, other than temporary, in the value of investments.

b) Investments that are readily realizable and intended to hold for not more than a year are classified as Current investments. All other investments are classified as Long Term Investment.

- **INVENTORIES :**

Raw Materials and stores & spares are valued at cost. Cost of raw material is determined by using the First in First out (FIFO) method except for cotton, which is valued at weighted average cost.

Finished and Semi Finished goods produced & purchased, are valued at lower of cost or net realizable value. The identification of Semi Finished goods is being done on the basis of location of the goods.

- **BORROWING COST:**

Borrowing cost, directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, is capitalized and other borrowing cost is charged to revenue.

- **TERMINAL BENEFITS :**

The provision for gratuity liability is made in accordance with the actuarial valuation at the end of the year. The provision for earned leave/medical leaves has been made on the basis of leaves accrued to the employees.

- **RESEARCH AND DEVELOPMENT:**

Research & Development expenses of revenue nature are charged to Profit & Loss Account and those of capital nature are capitalized as Fixed Assets.

- **MISCELLANEOUS EXPENDITURE:**

Preliminary expenses & capital issue expenses are amortised over a period of ten years.

Deferred revenue expenditure includes product research & development, design development, sampling expenses and human resource development expenses and are written off over a period of five years.

- **FOREIGN CURRENCY TRANSACTIONS:**

- a) Transactions denominated in foreign currencies are generally recorded at the exchange rate prevailing at the time of the transactions.
- b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

- **IMPAIRMENT OF ASSETS :**

Carrying amount of Assets are reviewed at each balance sheet date. If there is any indication of impairment, based on internal / external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

- **TAXATION:**

- a) Provision for current income tax and fringe benefit tax are made in accordance with the provisions of the Income Tax Act, 1961.
- b) Liability for deferred tax is provided while deferred tax asset is recognized only if there is virtual certainty of their realization in future in terms of Accounting Standard on “Deferred Tax Accounting” (AS-22) issued by the Institute of Chartered Accountants of India

- **OPERATING LEASE:**

Lease payments are recognized as an expense in the Profit and Loss Account according to the terms and conditions of the respective agreement.

B. NOTES TO ACCOUNTS:

1. CONTINGENT LIABILITIES

Contingent liability exists in respect of:

Rs. in lac

Particulars	As at 30.06.2009	As at 31.03.2008
a) Guarantees issued by bankers on behalf of company.	475.62	194.93
b) Letters of Credit outstanding (trade)	23.35	970.11
c) Capital contracts remaining unexecuted (net of advances)	262.26	252.73
d) Claims against the company not acknowledged as debt.		
i. towards Revenue - Rs. 520.34 lac		
ii. towards Margin Calls - Rs. 6,921.00 lac	7441.34	242.54
e) Outstanding forward contracts	NIL	8716.70
f) Bills discounted with banks	958.29	1026.44
g) Corporate guarantees given to financial institutions/ banks on behalf of subsidiary company and associates.	4787.00*	6950.00

*Against this guarantee, a claim of US\$ 195.70 lac has been raised on the Company as a guarantor in respect of one of its subsidiary companies. The claim has been contested by the Company and the matter is sub-judice. Hence, no provision is considered necessary in the books of account.

- Deferred Tax resulting from timing difference between book and taxable profit is accounted for at the applicable current rate of tax. The deferred tax liability as on 30.06.2009 comes to Rs. 2066.51lac (Previous year Rs. 1691.51 lac).
- The unclaimed dividend amount of Rs. 0.14 lac for the financial year 2000-01 (Rs. 0.17 lac for the Financial Year 1999-2000) has been credited to the Investor Education and Protection Fund, as per the provisions of Section 205C of The Companies Act, 1956.
- In the opinion of the Management, all current assets, loans and advances have a value, on realization, in the ordinary course of business, at least equal to the amount at which they are stated.
- The names of small scale industrial undertakings, to whom the company owes money as at 30.06.2009, are as under:

M/s T. R. Cones, M/s Raja General Engineering works, M/s Abhinav Aluminium Ltd., M/s Endure System, M/s Fibre Links, M/s Modern Industrial Syndicate, M/s Uma Cartoon Box, M/s Wellworth Packers Pvt Ltd, M/s Dhir Industries, M/s Diamond Packaging Industries, M/s Monson (India) Pvt Ltd., M/s Venus polymers, M/s Superlit Motto and M/s Press Metal Industries.

The above information and that given in Schedule 7 – “Current Liabilities and Provisions” regarding small scale industrial undertakings has been determined, to the extent such parties have been identified, on the basis of information available with the company. The company has normally made payments to SSI/small & micro enterprises in due time and also no claims from these parties have been received for interest or overdue payments.

6. The segment disclosure as per Accounting Standard –17 on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India is as under:

Primary Segments

Rs. in Lac

Particulars	SEGMENTS							
	Home Furnishing & Fashion Accessories		Yarn		Architectural Products		Total	
Year	Period ended on 30/06/09	Year ended on 31/03/08	Period ended on 30/06/09	Year ended on 31/03/08	Period ended on 30/06/09	Year ended on 31/03/08	Period ended on 30/06/09	Year ended on 31/03/08
Segment Revenues	43196.15	32517.95	50932.71	27243.73	5044.04	3988.23	99172.90	63749.91
Less Inter Segment Revenue	-	210.00	-	113.00	-	-	-	323.00
Net Segment Revenue	43196.15	32307.95	50932.71	27130.73	5044.04	3988.23	99172.90	63426.91
Segment Results	(4343.83)	3208.38	(786.08)	2168.58	602.24	605.05	(4527.67)	5982.01
Less Financial Expenses	-	-	-	-	-	-	9642.83	3199.73
Less Un-allocable expenses	-	-	-	-	-	-	10670.32	1731.86
Add Other Income	-	-	-	-	-	-	650.94	471.79
Profit before tax	-	-	-	-	-	-	(24189.88)	1522.21
Capital Employed	29172.09	28870.00	57960.48	62602.68	4438.40	3264.65	91570.97	94797.33

Secondary Segments

Rs. in Lac

Particulars	SEGMENTS				Total	
	Domestic		Export			
Year	Period ended on 30/06/09	Year ended on 31/03/08	Period ended on 30/06/09	Year ended on 31/03/08	Period ended on 30/06/09	Year ended on 31/03/08
Segment Revenue	75485.81	53870.21	23687.09	9556.70	99172.90	63426.91

7. Basic & Diluted Earning Per Share has been calculated as under:

Particulars	Period ended 30/06/09	Year ended 31/03/08
Profit attributable to the Equity Shareholders (Rs. in Lacs) – (A)	N.A.	1188.16
Weighted average number of equity shares outstanding during the year – (B)	N.A.	34066013
Nominal value of equity shares (Rs.)	N.A.	10.00
Basic Earnings per share (Rs.)	N.A.	3.50
Diluted Earnings per share (Rs.)	N.A.	3.50

(The company had issued 40,00,000 Zero Coupon Convertible Warrants of Rs. 10 each at issue price of Rs. 65/- per warrant, the issue price being more than the fair value calculated in terms of Accounting Standard 20 issued by ICAI, which is anti-dilutive. Therefore, the above Zero Coupon Convertible Warrants have not been taken into consideration while calculating the Diluted EPS for the year ended 31.03.08)

8. RELATED PARTY TRANSACTIONS

Name of related parties and description of relationship as required by AS-18:

The members of the Board are interested in the following entities, covered under the Related Party Transactions, but there were no material transactions entered into with any of these entities. However, the details of transactions with each of them are given below:

Wholly owned Subsidiary Companies

: Alps Energy Pvt. Ltd.,
Alps Uttarakhand Energy Pvt. Ltd (a subsidiary of ALPS Energy Pvt Ltd).
Snowflakes Meditech private Ltd (Formerly known as ALPS Retail Pvt Ltd)
Alps USA INC.

Entities controlled by subsidiaries, key management personnel and their relatives.

: Alps Texfab (P) Ltd., Alps Processors Pvt. Ltd., Careen Fintec (P.) Ltd., Bulland Buildmart Pvt. Ltd., Coronation Spinning India (P) Ltd., Improve Interior. Com Ltd, Jhala-Koti Gunsola Power Pvt. Ltd., Pacific Texmark Pvt. Ltd. (Formerly known as Alps Infin Pvt. Ltd.), Padam Precision Dies & Component Pvt. Ltd., Peek Finvest (P) Ltd., Perfect Finmen Services (P) Ltd., Roseate Finvest Pvt. Ltd., Saurabh Floriculture (P) Ltd., Sedona Herbsals Pvt. Ltd., Supreme Finvest Pvt. Ltd., Cody Direct Corp., Alps Spandex India Limited

Key management personnel

: 1. Mr. Sandeep Agarwal
2. Mr. P.K. Rajput

Nature of Transactions	Transactions with Subsidiary Companies		Transactions with Key Management personnel, Entities controlled by them and their relatives	
	Period ended 30/06/2009	Year ended 31/03/2008	Period ended 30/06/2009	Year ended 31/03/2008
1. Sale of Goods	NIL	NIL	465.08	NIL
2. Purchase of Goods (including job work)	NIL	NIL	345.23	110.67
3. Purchase of securities	4.12	NIL	NIL	NIL
4. Purchase of Capital Assets	NIL	NIL	NIL	NIL
5. Subscription to shares capital	450.00	512.77	265.00	NIL
6. Sales of Capital Assets	251.53	NIL	NIL	NIL
5. Advances for purchase of capital Assets	NIL	NIL	NIL	NIL
6. Advances/Loans given	450.82	233.42	6.42	243.94
7. Advances/Loans taken	NIL	NIL	NIL	505.94
8. Remuneration	NIL	NIL	36.80	24.76

9. Auditors' Remuneration

Rs in Lac

Particulars	Period ended 30/06/2009	Year ended 31/03/2008
Audit Fees	10.38	8.43
Income Tax & other matters	NIL	3.00

10. Directors' Remuneration

The directors' remuneration paid is within the limits prescribed in Section 198/349 of The Companies Act, 1956. However during the period the company has incurred losses and the procedure for requisite permissions from the respective authorities is under progress.

Rs. in Lac

Particulars	Period ended 30/06/2009	Year ended 31/03/2008
Salary	33.50	22.20
Perquisites	3.30	2.56
Total	36.80	24.76

11. Additional information required under para 3 and 4 of part II of schedule VI, of the Companies Act, 1956.

A. PRODUCTION CAPACITY

Product	Unit	Licensed capacity	Installed capacity
Yarn	M.T.	52054.20	52054.20
Fabric / Made ups / Fashion Accessories	'000 SQ Mtr	37647.00	37647.00
Architectural Products	'000 SQ Mtr	178.00	178.00

B. RAW MATERIAL CONSUMPTION

Rs in Lac

Particulars	Unit	Period ended on 30th June 09		Year ended on 31st March 08	
		Qty.	Value	Qty.	Value
Cotton	M.T.	55145.29	37197.32	34002.63	19407.94
Yarn	M.T.	4400.19	2680.81	1206.68	803.78
Fabric	'000 Sq Mtr	62153.96	32358.09	55122.30	25799.54
Architectural Products	—	—	1717.73	—	1709.24
Others	—	—	3147.59	—	124.32
Total	—	—	77101.54	—	47844.82

C. FINISHED PRODUCTS
I. Opening Stock

Particulars	Unit	As on 30th June 09		As on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	2578.99	2780.65	934.50	850.39
Fabric/MadeUps/Fashion Accessories	'000 SQ Mtr	724.57	345.56	898.01	441.67
Others	-	-	50.57	-	30.75
Total	-	-	3176.78	-	1322.81

II. Production/ Purchases (Net of captive consumption)
Rs in Lac

Particulars	Unit	Period ended on 30th June 09	Year ended on 31st March 08
		Qty.	Qty.
Yarn	M.T.	52520.50	32576.37
Fabric/ Made Ups/Fashion Accessories	'000 SQ Mtr	56543.61	43404.89

III. Sales (Inclusive of Excise Duty)

Particulars	Unit	Period ended on 30th June 09		Year ended on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	53773.54	50961.76	30931.88	28161.48
Fabric/ Made Ups/Fashion Accessories	'000 SQ Mtr	54600.02	42212.22	43578.33	31291.86
Architectural Products	'000 SQ Mtr	-	5044.04	-	3988.23
Others	-	-	1040.75	-	80.44
Total	-	-	99258.77	-	63522.01

IV. Closing Stock

Particulars	Unit	As on 30th June 09		As on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	1325.95	1556.25	2578.99	2780.65
Fabric/ Made Ups/Fashion Accessories	'000 SQ Mtr	2668.16	1359.08	724.57	345.56
Others	-	-	52.55	-	50.57
Total	-	-	2967.88	-	3176.78

12. Value of Direct Imports (C.I.F. Value)

Particulars	Period ended on 30th June 09		Year ended on 31st March 08	
	Rs in Lac	% of Consumption	Rs in Lac	% of Consumption
Raw Materials	4895.93	6.35%	1009.19	2.10%
Capital Goods	12418.74	N.A.	17770.22	N.A.
Components & Spare Parts	46.10	4.23%	45.49	8.66%

13. Expenditure in Foreign Currency

Rs. in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Foreign Travels	54.37	56.09
Interest of FCL	177.92	93.59
Others	417.05	20.03

14. Earnings in Foreign Exchange

Rs. in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
F.O.B. Value of Exports	23687.09	9556.70

15. Remittance in Foreign Currency on account of dividend

Year	No. of Shares Held	No. of non resident Shareholders	Rs. in Lac	Relating to F.Y
Period ended on 30th June 09	Nil	Nil	Nil	2007-2008
Year ended on 31st March 08	2988400	13	22.41	2006-2007

16. Other Income

Rs. in lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Income from Interest	267.05	21.31
Surrender value of KIP	NIL	357.26
Profit on sale of investment	326.35	NIL
Miscellaneous Income	57.54	93.22
Total	650.94	471.79

17. The accounting year of the company has been extended from 12 months to 15 months i.e. from 01.04.2008 to 30.06.2009, as per the decision taken by Board of Directors at their meeting held on June 30, 2009. Hence, the financial statements have been prepared accordingly. In view of above the current period figures are not comparable with previous year figures.

18. At the end of the current period i.e. 30th June 2009, the accumulated losses of the company have eroded more than 50% of its peak Net Worth during the immediately preceding four financial years.

19. Due to global business down turn and losses on derivative transactions for hedging of foreign currency exchange risks and of controlling costs, during the period the Company faced problem in timely repayment of its dues towards lenders i.e. banks and financial institutions. To sort out the problem, the Company approached the Corporate Debt Restructuring Empowered Group (CDR EG), through its lenders. CDR EG approved a scheme of financial restructuring of the Company's debts on 31st Aug 2009 with a cut off date from 31st Jan 2009. The scheme so sanctioned is under implementation with all the CDR member lenders. As regards to non CDR member lenders, the sanctions on CDR guidelines are awaited.

The main reliefs under CDR scheme are as follows:

1. Part of term loan liability has been proposed to be converted into Quasi Equity instruments i.e. Optionally Convertible Cumulative Preferential Shares / Cumulative Redeemable Preferential Shares.
2. The remaining term liability repayment schedule has been restructured to be re-paid within 10 years from the cut off date.

3. Unpaid crystallised derivative losses as on the cut off date and all future derivative losses, if any, are proposed to be converted into Quasi Equity instruments i.e. Cumulative Redeemable Preferential Shares.

However sanctions from individual lenders are yet to receive as per CDR Guidelines. The financial impact of the scheme has not been considered in these books of accounts.

20. The Board of Directors at their meeting held on June 30, 2008 had recommended dividend @ 5% on equity shares amounting to Rs. 172.57 Lacs, for the financial year ended 31st March, 2008. However, the shareholders of the company, at the Annual General Meeting held on September 27, 2008, did not approve the recommendations, in view of the Company's expansion plans in hand. Consequently, the provision for dividend and taxes thereon, made in the year ended 31st March, 2008 amounting to Rs. 201.90 Lac, has been reversed during the current year and added back to reserves and surplus.
21. The company had entered into several foreign currency derivative transactions to hedge its foreign currency exposures on account of exports and imports as well as with a view to control costs. These transactions have maturity up to April 2012. These derivative options are proprietary products of banks, which do not have a ready market and as such are marked to a model, which are usually banks specific instead of being marked to market. In view of the significant uncertainties, no provisions has been considered necessary for these transactions.
22. The Company's new weaving and processing facility at Partapur, Meerut, having capacity of 55 looms and dyeing capacity of 100,000 meters per day has been partially commissioned and started production w.e.f. 5th March 2009. The facility is expected to start full operations within next six months.
23. The Company had issued 40,00,000 zero coupon convertible warrants (ZCCW) of Rs. 10 each @ Rs. 65 each. Against this, a sum of Rs. 260 lac had been received. Since the subscribers of the ZCCW have expressed their intention not to subscribe to the instrument, the above advance money received has been forfeited during the period and credited to Capital Reserve.
24. The figures given in brackets represent figures of previous year and have been regrouped and rearranged, wherever considered necessary.

As per our report of even date attached

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

For and on behalf of the Board

Sandeep Agarwal

Managing Director

Place : Ghaziabad

Date : September 22, 2009

A.K. Singhal

President (Accounts & Finance)

Ajay Gupta

Company Secretary

P.K. Rajput

Executive Director

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Alps Industries Limited for the period of 15 months ended on 30th June 2009. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreement with the Stock exchange and is based on and in agreement with the corresponding Profit and Loss Account and the Balance sheet of the Company covered by our report of September 22, 2009 to the members of the Company.

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Dated: September 22, 2009

Munish Kr. Jain
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED :

	30.06.2009 Rs. in Lac	31.03.2008 Rs. in Lac
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	(24,189.88)	1,522.22
Adjustment for :		
Depreciation	3,940.31	1,782.50
Interest etc.Received	(324.59)	(471.79)
Interest on Borrowed Capital	9,642.83	3,199.73
Loss on Sale of Assests	243.00	5.64
Loss / (Profit) on Sale of Investment	(326.35)	-
Miscellaneous Expenditure W/Off	180.10	137.58
Operating Profit Before Working Capital Changes	13,355.30	4,653.66
	(10,834.58)	6,175.88
Adjustment for Working Capital Changes		
Inventories	4,844.64	(7,169.02)
Trade & other Receivable	(2,541.53)	(8,799.27)
Trade Payable & other Liabilities	4,832.93	2,363.44
Increase in Working Capital	7,136.04	(13,604.85)
Cash Generated From Operations		
Interest Paid	(9,642.83)	(3,199.73)
Direct Taxes Paid	(375.69)	(433.58)
Cash Flow Before Extraordinary Items	(13,717.06)	(11,062.28)
Extraordinary Items (Prior Year Adjustment)	(10.36)	(38.08)
Net Cash From Operating Activities	(13,727.42)	(11,100.36)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(18,944.69)	(20,738.93)
Sale of Fixed Assets	186.89	25.05
Sale/(Purchase) of Securities (Inclusive of Subsidiaries)	4,010.45	(4,918.49)
Interest/Dividend Received	324.59	471.79
Preliminary/Product Research Expenses	-	(21.17)
Net Cash used in Investment Activities	(14,422.76)	(25,181.75)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue of Share Capital / Premium	-	1,300.00
Net proceeds / Repayment of Borrowings	28,112.93	33,202.70
Proceeds From Issue of ZCC Warrants	-	260.00
Dividend Paid (including Dividend Tax)	-	(300.73)
Addition/Transfer to Capital Reserve	-	-
Net Cash From Financing Activities	28,112.93	34,461.97
Net Increase in Cash & Cash Equivalents	(37.25)	(1,820.14)
Opening Balance of Cash and Cash Equivalents	3,010.24	4,830.38
Closing Balance of Cash and Cash Equivalents	2,972.99	3,010.24

As per our report of even date attached

For P. Jain & Co.

Chartered Accountants

For and on behalf of the Board

Sandeep Agarwal
Managing Director

Munish Kr. Jain

Partner

Place : Ghaziabad

Date : September 22, 2009

A.K. Singhal

President (Accounts & Finance)

Ajay Gupta

Company Secretary

P. K. Rajput

Executive Director

Balance Sheet Abstract and Company's General Business Profile

1. Registration details

Registration No.

0	0	3	5	4	4
---	---	---	---	---	---

 State Code

2	0
---	---

Balance Sheet date

3	0
---	---

0	6
---	---

2	0	0	9
---	---	---	---

Date Month Year

2. Capital raised during the year (Amount in Rs. '000)

Public Issue :

		N	I	L	
--	--	---	---	---	--

 Right Issue :

		N	I	L	
--	--	---	---	---	--

Bonus Issue :

		N	I	L	
--	--	---	---	---	--

 Private Placement/Others :

		N	I	L	
--	--	---	---	---	--

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities :

1	0	6	1	7	3	9	0
---	---	---	---	---	---	---	---

 Total Assets :

1	0	6	1	7	3	9	0
---	---	---	---	---	---	---	---

Sources of Funds:
Paid-up Capital :

	3	4	5	1	4	1
--	---	---	---	---	---	---

 Reserves & Surplus :

	2	1	4	0	1	8
--	---	---	---	---	---	---

Application Money :

		N	I	L	
--	--	---	---	---	--

Secured Loans :

9	7	6	3	3	7	2
---	---	---	---	---	---	---

 Unsecured Loans :

		8	8	2	0	8
--	--	---	---	---	---	---

Deferred Tax Liability :

	2	0	6	6	5	1
--	---	---	---	---	---	---

Application of Funds:
Net Fixed Assets :

6	9	2	3	4	8	2
---	---	---	---	---	---	---

 Investments :

	1	3	0	4	0	5
--	---	---	---	---	---	---

Net Current Assets :

3	5	2	2	8	1	9
---	---	---	---	---	---	---

 Misc. Expenditure :

		4	0	6	8	4
--	--	---	---	---	---	---

Accumulated Losses :

		N	I	L	
--	--	---	---	---	--

4. Performance of Company (Amount in Rs. '000)

Turnover :

9	9	8	2	3	8	4
---	---	---	---	---	---	---

 Total Expenditure :

1	2	4	0	1	3	7	2
---	---	---	---	---	---	---	---

(Including other income)
Profit/Loss before tax

+	-
✓	

2	4	1	8	9	8	8
---	---	---	---	---	---	---

 Profit/Loss after tax

+	-
✓	

2	4	6	2	4	8	8
---	---	---	---	---	---	---

Earning per share in Rs. :

		N	I	L	
--	--	---	---	---	--

 Dividend @ % :

		N	I	L	
--	--	---	---	---	--

(Basic & Dilutive EPS)

5. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

6	3	0	3	1	9	0	0
---	---	---	---	---	---	---	---

Product Description

V	E	R	T	I	C	A	L		B	L	I	N	D	S						
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--	--	--

Item Code No. (ITC Code)

6	3	0	3	9	1	0	0
---	---	---	---	---	---	---	---

Product Description

O	T	H	E	R		T	E	X	T	I	L	E								
M	A	D	E	-	U	P	S													

Item Code No. (ITC Code)

5	2	0	5	1	2	1	0
---	---	---	---	---	---	---	---

Product Description

C	O	T	T	O	N		Y	A	R	N
---	---	---	---	---	---	--	---	---	---	---

As per our report of even date attached

For Alps Industries Limited

For P. Jain & Co.
Chartered Accountants

Munish Kr. Jain
Partner

Sandeep Agarwal
Managing Director

Place : Ghaziabad
Date : September 22, 2009

A.K. Singhal
President (Accounts & Finance)

Ajay Gupta
Company Secretary

P. K. Rajput
Executive Director

Alps USA Inc.

**Financial Statements for the year ended
31st March, 2009**

508, Main Street, Wilmington, New Castle, 19804 USA.

ALPS USA INC.

Incorporation	: April 25, 2007
Number	: 070478097 – 4341527
Reserve Bank of India's Identification No.	: NDWAZ20070455
Directors	: Mr. K.K. Agarwal and Mr. Sandeep Agarwal
Business Address	: Regd. Office : 508, Main Street, Wilmington, New Castle, DE 19804 USA. Mailing Address in USA: 303, Fifth Ave., Suite 1608, New York, N.Y. 10016 Mailing Address in India: 57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad - 201 007, Uttar Pradesh, INDIA
Name & Address of the Statutory Auditors	: Mr. Rajeev Kaul, Certified Public Accountant, Pt., 366 North Broadway, Suite 410-F6, Jericho, New York, NY - 11753

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DIRECTORS' REPORT

To,
The Members,
Alps USA Inc.
Delaware, U.S.A.

Your Directors have pleasure in presenting the Second Annual Report alongwith Audited Accounts of the Company for the period ended 31st March, 2009.

FINANCIAL RESULTS

The Financial Statements for the Financial Year ended on 31st March, 2009 has been prepared. Due to slowdown in the overall economic recession, the company has incurred the operational loss of 709,856 USD.

PROJECT AND PERFORMANCE

The Company has been setup with the main object to make investment in foreign companies engaged in the business of home furnishings, fashions accessories, interior decorative products, yarn and other products as may be found to have synergy with the company's business and to trade in textiles products. Your Company will create the business relationship with other reputed Companies of related product to expand the marketing of the products. However it will take quite some time to establish the business of the company and to provide the reasonable return on investment.

FINANCIAL ARRANGEMENT

The Company has not availed any financial assistance from any bank.

SECURITIES

During the year under review your Company has sold 2,450 common stocks of Columbine Cody Corporation to Alps Industries Limited on business consideration and economic viability.

Company has also made investment in 1,285,910 and 1,259,360 Zero Coupon Non Redeemable Convertible Preference Shares of INR. 10/ each in Snowflakes Meditech Private Limited (formerly known as Alps Retail Private limited) and Alps Energy Private limited. These companies are Wholly Owned subsidiary of flagship company i.e. Alps Industries Limited.

PARENT COMPANY

Due to holding of 100% Capital, directly by Alps Industries Limited, the relationship of Wholly Owned Subsidiary is being maintained.

PUBLIC RELATIONS

The management places on record its appreciation for the valuable support extended by all banks, Government departments and investors for the support provided to the Company. The public relations were cordial with all concern.

DIVIDEND

Due to the operational losses, no Dividend has been proposed for the year. However the suitable decision in this regard will be taken keeping in view the Company's financial position and in compliance of the U.S. and Indian Laws.

DIRECTORS

There was no change in the Board of Directors of the Company during the year. In terms of the By Laws of the Company, all the

Directors are of permanent nature and non-rotational. Hence, none of the Directors have been proposed for the retirement at the forthcoming Annual General Meeting.

FIXED DEPOSITS

During the year, your company has not raised the money by way of Fixed Deposits.

AUDITORS

Mr. Rajeev Kaul Certified Public Accountant, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' OBSERVATIONS

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory need no further explanations.

ACKNOWLEDGMENTS

Your Directors place on record their appreciation for the co-operation and support provided by the Banks and various other government agencies. It is also not out of place to mention that due to the confidence and faith imposed by the investors of the company by contributing in the share capital of the Company, the roots of the company have been well established, for which your Directors place on record their appreciation.

For and behalf of the Board
Alps USA Inc.

Place : Ghaziabad, U.P., India
Date : June 8, 2009

Sandeep Agarwal
Director

**The Board of Directors
Alps USA Inc.
508, Main Street, New Castle
Wilmington, DE-19804**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Balance Sheet of Alps USA Inc. as of March 31, 2009 and the related statement of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of Alps USA Inc. management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These 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 amount 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.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial condition of Alps USA Inc., as of March 31, 2009 and the results of its operation and its cash flow for the period then ended, in accordance with generally accepted accounting principles.

For Rajeev Kaul, CPA PC
Certified Public Accountants

Date : June 8, 2009

(Rajeev Kaul)

BALANCE SHEET**BALANCE SHEET AS AT MARCH 31, 2009**

	Amount in US\$	As At 31.03.2009 Amount in US\$
ASSETS		
Current Assets		
Cash & Cash Equivalents (see schedules attached)		24,483
Total Current Assets		<u>24,483</u>
Investments (see schedules attached)		505,000
Intangible Asset	1,354	
Less : Accumulated Amortization	(386)	968
Total Assets	<u></u>	<u>530,451</u>
LIABILITIES AND SHARE HOLDERS EQUITY		
Current Liabilities		
Accounts Payable (see schedules attached)		15,500
Total Current Liabilities		<u>15,500</u>
Shareholders Equity		
(Authorised to issue 200 shares at No par value)		
Issued and subscribed 15 share at No par value		1,225,000
Additional paid in capital		(710,049)
Retained Earnings		514,951
Total Shareholders Equity		<u></u>
Total Liabilities and shareholders Equity		<u>530,451</u>

See Independent Auditors' Report

Rajeev Kaul
 Certified Public Accountant

STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended March 31, 2009

	As At 31.03.2009 Amount in US\$
Revenues	550,306
Gross Profit	<u>550,306</u>
Operating Expenses (see schedules attached)	
Amortization Expense	193
Bank Service Charges	2,394
Loss on Sale of Investment	1,217,000
Professional fees	4,325
Travel & Entertainment	36,250
Total Expenses	<u>1,260,162</u>
Profit/(Loss) Before Interest and Tax	(709,856)
Interest	-
Profit/(Loss) Before Tax	<u>(709,856)</u>
Provision for Tax	-
Profit/(Loss) After Interest and Tax	<u>(709,856)</u>
Retained Earnings - Opening Balance	(193)
Retained Earnings - Closing Balance	<u>(710,049)</u>

See Independent Auditors' Report

Rajeev Kaul
Certified Public Accountant

SCHEDULES

SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2009

	Amount in US\$	As At 31.03.2009 Amount in US\$
Cash & Cash Equivalents		
ABN Amro		10,686
Chase		13,797
Total Cash & Cash Equivalents		<u>24,483</u>
Investments		
Alps Energy Pvt. Ltd.		252,500
Alps Retail Pvt. Ltd.		252,500
Total Investment		<u>505,000</u>
Accounts Payable		
Alps Industries Ltd.		14,146
Pradeep K Gupta, CPA, PC		1,185
State of Delaware		169
Total Accounts Payable		<u>15,500</u>

See Independent Auditors' Report

Rajeev Kaul
Certified Public Accountant

NOTES TO AUDITED FINANCIAL STATEMENTS**1. Organization and Operations**

Alps USA Inc. (the "Company") was formed in Delaware on April 25, 2007. The company is a 100% owned subsidiary of Alps Industries Limited which was incorporated in India in 1972 as private limited company, subsequently converted into public limited company in 1994.

Alps Industries Limited manufactures and sells home furnishings, fashion accessories, and yarns in India. It also offers a range of architectural products under the brand name 'Vista' and fashion accessories under brand name 'Le-Pashmina'. The company's home furnishings and fashion accessories include made-ups, such as duvet sets, bed covers and sheets, quilts, pillows, cushion covers, curtains and table linens; cashmere, sheer and aromatic shawls, scarves, mufflers, stoles, wraps, and other fashion accessories; and fabrics for upholstery, including office furniture and automobile seats. Alps Industries also offers various types of yarns, including cotton yarn, synthetic and blended yarns.

2. Significant Accounting Policies

- **Accounting Principles**

The financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America using accrual basis of accounting.

- **Use of Estimates in Financial Statements**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Examples include provisions for returns, concessions and bad debts; and the length of product life cycles and buildings' lives. Actual results could differ from those estimates.

- **Cash, Cash Equivalents**

For purpose of the statement of cash flows, the Company considers highly liquid investments purchases with maturity of three months or less to be cash equivalents.

- **Pre-operating Expenses**

Expenses incurred by the subsidiary prior to the start of commercial operations and in bringing new facilities into operations have been deferred and are being amortized over 7 years up to year 2014.

- **Loan Guarantee**

Alps USA Inc. may be called upon to loan to Columbine Cody Corp a total sum of up to US \$ 500,000 in the event Columbine Cody Corporation does not have adequate liquidity to repay its loan taken from LaMont Limited. The loan from LaMont is repayable by Columbine Cody Corporation in two equal annual installments of USD 250,000 each if and only if Cody declares a net profit after tax of equal to or more than 5% of its sales turnover in its annual audited financial statements.

- **Investment**

Investment in company in which Alps USA Inc. has significant influence, but less than a controlling voting interest, are accounted using equity method. Investments are accounted for at Cost.

See Independent Auditors' Report

Rajeev Kaul
Certified Public Accountant

3. Affiliates and Transactions with Affiliates

The Company is affiliated through common ownership with Alps Insustries Limited. During the year ended March 31, 2009 the Company had the following transactions with affiliates :

Operating expenses	\$ 14,146
--------------------	-----------

As of March 31, 2009 the Company owed to Alps Industries Limited	\$ 14,146.
--	------------

See Independent Auditors' Report

Rajeev Kaul
Certified Public Accountant

CASH FLOW

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2009

	As At 31.03.2009
Amount in US\$	Amount in US\$
Operating activities	(709.856)
Depreciation and Amortization	193
Changes in Working Capital	
Increase (Decrease) in Current Liabilities	14,146
Cash provided by (used in) operating activities	<u>(695,517)</u>
Investing activities	
(Increase)/Decrease in Investments	720,000
Cash provided by / (used in) investing activities	<u>720,000</u>
Financing Activities	-
Cash provided by (used in) financing activities	<u>-</u>
Net changes in cash during the period	<u>24,483</u>
Cash at beginning	
Cash at end	24,483
Changes in cash	<u>24,483</u>

See Independent Auditors' Report

Rajeev Kaul
Certified Public Accountant

Alps Energy Pvt. Limited

**Financial Statements for the year ended
31st March, 2009**

64/1, M.B. Road, Near Community Centre, Lado Sarai, New Delhi-110 030

ALPS ENERGY PVT. LIMITED

Incorporatin	: October 30, 2007
CIN No.	: U40109DL2007PTC169994
Directors	: Mrs. Nidhi Agarwal & Mr. Ashwani Kumar Goel
Business Address	: Regd. Office : 64/1, M.B. Road, Near Community Centre, Lado Sarai, New Delhi-110030 Mailing Address: 57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad-201 007, Uttar Pradesh, INDIA
Name & Address of the Statutory Auditors	: M/s P. Jain & Company, Chartered Accountants 6, Navyug Market, Ghaziabad – 201001

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DIRECTORS' REPORT

**The Members of
Alps Energy Pvt. Ltd.,
New Delhi.**

Your Directors have pleasure in presenting the Second Annual Report alongwith Audited Accounts of the Company for the period ended 31st March, 2009.

FINANCIAL RESULTS

The financial accounts for the financial year 2008-09 has been compiled. The Commercial activities of the Company have been commenced during the year under review. However as the operations of the company yet to come in full swing in coming years, there is a profit to the tune of Rs. 6.82 Lacs during the year under review.

PROJECT AND PERFORMANCE

The various business plans and projects are under consideration, which will be further materialized shortly. Company has also launched a wholly owned subsidiary company to further diversify in similar line of activities.

To start the power project Company is under the process of acqring the land for the porject. The management is perusing state government & concerned authorities to allot the balance required land at the earliest possible. Soon after allotment of land by the government, company will immediately file the project report to its Bankers and will get the necessary funds to start the implementation of the project.

ASSOCIATED PROJECTS**ALPS UTTARAKHAND ENERGY PVT. LTD.**

The company was incorporated on March 10, 2008 bearing registration number U21015UR2008PTC032583 with the Registrar of Companies Uttar Pradesh and Uttarakand. Your company made investment by floating its wholly owned subsidiary Alps Uttarakhand Energy Private Limited to tap the potential in the energy sector in the growing Indian economy. The commercial activities of the company have not yet commenced.

JHALA-KOTI GUNSOLA POWER PVT. LTD.

Due to the holding of 49% in Jhala-Koti Gunsola Power Pvt. Ltd. having its Regd. Office at Plot No.1A, Sector-10, Roshnabad Road, I.I.E. SIDCUL, Haridwar, your company is also associated in the aforesaid company which also engaged in power sector.

FINANCIAL ARRANGEMENTS

Company has not availed any financial assistance during the year.

ISSUE OF SECURITIES

During the year under review, Company has further allotted 22,50,000 equity shares in favour of Alps Industries Limited of face value and issue price of Rs. 10/- each and 12,59,360 Zero coupon Non redeemable Convertible Preference Shares in favour of Alps USA Inc.. The authorized share capital of the company has been bifurcated into equity and preference shares in terms of the Extraordinary General Meeting of the company held on October 11, 2008.

HUMAN RESOURCES

The management places on record its appreciation for the sincere commitment to work shown by its employees. The public relations were cordial with all concern.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Amendment Rules, 1999 for the year ended 31st March, 2001 is not applicable to the company as none of the employee is drawing more than the limits specified under the said rules.

DIVIDEND

In view of the future plans of business and requirement of funds, your company is unable to declare any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As the company is not engaged in the manufacturing activities and has not commenced its commercial activities, the informations under section 217(1)(e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company.

DIRECTORS

During the period under review, Mr. Sandeep Agarwal, director has resigned and Mrs. Nidhi Agarwal has been appointed as additional director w.e.f. January 8, 2009. The regularization u/s 257 of the Companies Act 1956 of the additional directors have been proposed in the forthcoming Annual General Meeting of the Company. Further Mr. A. K. Goel, Director of the Company, shall retire by rotation, pursuant to the provisions of section 255/256 of the Companies Act, 1956, and being eligible offer himself for reappointment.

DIRECTORS' RESPONSIBILITY

In terms of the Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the members of the Board place on record the Directors' Responsibility Statement as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the company of that period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

During the year, your company has not raised any money by way of Fixed Deposits. Hence the information under the Miscellaneous Non-Banking Companies (Reserve Bank) Direction 1977, is not applicable.

AUDITORS

M/s. P. Jain & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' OBSERVATIONS

The observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory need no further explanations.

INFORMATION IN TERMS OF SEBI CIRCULAR

As per the latest SEBI circular no. CSD/COMP/Cir/662/2007 dated 1st August 2007, the following information are being furnished related to the Financial Year 2008-2009 being the subsidiary Company of Alps Industries Limited, a listed company on the Stock Exchanges:

		Rs. in Lac
Sl. No.	Particulars	Amount
1.	Loans and advances in the nature of loans to subsidiaries (by name and amount)	NIL
2.	Loans and advances in the nature of loans to associates by name and amount.	NIL
3.	Loans and advances in the nature of loans where there is a) no repayment schedule or repayment beyond seven years or b) no interest or interest below section 372A of Companies Act by name and amount.	NIL
4.	Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.	NIL
5.	Investments by the loanee in the shares of parent company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	NIL

ACKNOWLEDGMENTS

Your directors would like to express their grateful appreciation to the investors of the company by contributing in the share capital of the Company, Your Directors also wish to place on record their deep sense of appreciation for the committed contribution from all Central/ State Government Department, employees and all concern. for and on behalf of the Board

For and on behalf of the Board
Alps Energy Pvt. Ltd.

Place : New Delhi
 Dated : July 10, 2009

Nidhi Agarwal
 Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

- | | |
|--|---|
| 1. Name of the Subsidiary Company | Alps Uttarakhand Energy Private Limited |
| 2. Financial Year of the Subsidiary Company ended on | March 31, 2009 |
| 3. No. of shares in the Subsidiary | 49990 of Rs. 10/-each |
| 4. Percentage of Holding (Equity) | 100% |
| 5. Percentage of Holding (Preference) | NIL |
| 6. The net aggregate of profits/ (losses) of the Subsidiary Company for its financial years so far as they concern the members of the Company: | |
| a) Dealt with in the account for the period ended 31st March 2009 | * Not Applicable |
| b) Not dealt with in the accounts for the period ended 31st March 2009 (Loss) | * Not Applicable |
| 7. The net aggregate of profits/ (losses) of the Subsidiary Company for its Previous financial years since it became so far as they concern the members of the Company: | |
| a) Dealt with in accounts for the period ended 31st March 2009 | * Not Applicable |
| b) Not dealt within accounts for the period ended 31st March 2009 (Loss) | * Not Applicable |
| 8. Change in the Holding Company's interest in the subsidiary between the end of the Financial Year of the subsidiary and the end of the holding company's financial year. | # Not Applicable |
| 9. Details of any material changes which have occurred between the end of the financial year in respect of : | |
| a) The Subsidiary's fixed assets | # Not Applicable |
| b) Its Investment | # Not Applicable |
| c) The moneys lent by it | # Not Applicable |
| d) The moneys borrowed by it for any purpose other than that of meeting current liabilities | # Not Applicable |

For and on behalf of the Board

Nidhi Agarwal
Director**A. K. Goel**
DirectorPlace: New Delhi
Dated: July 10, 2009

To,
The Members of
Alps Energy Private Limited

**Sub.: Auditor's Report on the Accounts for the year ended on 31st March
2009 in compliance with Section 227 of the Companies Act, 1956**

We have audited the attached Balance Sheet of **ALPS ENERGY PRIVATE LIMITED** as at **31st March 2009**, Profit & Loss Account and also the Cash Flow Statement for the period 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.

We conducted our audit in accordance with 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 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.

As required by, the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in the paragraph 4 & 5 of the said order.

Further to our comments in the annexure referred to in paragraph (3) above, we report that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
3. The Balance Sheet and Profit & Loss account referred to in to his report are in agreement with the books of account of the Company.
4. In our opinion, the accounts comply with the accounting standards referred to in section 211(3C) of Companies Act, 1956.
5. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(1) (g) of Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account, together with Accounting Policies and 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:
 - I. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - II. In the case of Profit & Loss Account of the profit of the Company for the period ended on that date,
 - III. In the case of Cash Flow Statement, of the cash flow's for the period ended on that date.

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Dated: July 10, 2009

Munish Kr. Jain
Partner

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in our Report of even date of Alps Energy Pvt. Ltd)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us the management during the year physically verified all the fixed assets. We have been informed that no material discrepancies were noticed on such physical verification during the period.
(c) During the period the company has not disposed off any part of its fixed assets
- II. (a) The inventory has been physically verified during the period by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
(b) The Company is maintaining proper records of inventory. As explained to us the discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with in the books of account
- III. The Company has granted loans, secured or unsecured of Rs. 1 Lac to one member company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has taken unsecured loan of Rs. 2.90 Lac from one member being company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- V. (a) According to the information and explanations given to us, we are of the opinion that Particulars of Contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section, wherever applicable.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at the prices, which are reasonable having regard to prevailing market prices at the relevant time.
- VI. The Company has not accepted fixed deposit from public.
- VII. Maintenance of cost records has not been prescribed by the Central Govt. under clause (d) of sub section (1) of section 249 of the companies' Act 1956.
- VIII. According to the information and explanations given to us, no amounts payable in respect of Income-tax, Wealth tax, Service tax, Sales-tax, Custom duty, Excise duty, Cess and other aforesaid statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- IX. In our opinion and according to the explanations given to us, and based on the information, available the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- X. In our opinion, the Company is not a chit fund or Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XI. In our opinion, and according to the information and explanation given to us the Company is not dealing or trading in Shares, Securities, Debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies Act (Auditor's Report) Order, 2003 are not applicable to the Company.

- XII. The Company has not given any guarantee for loans taken by others from bank, financial institutions, which is prejudicial to the interest of the company.
- XIII. According to the information and explanation given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that there are no funds raised on short terms basis that have been used for long term investment.
- XIV. The Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. The price at which shares have been issued is not prejudicial to the interest of the company.
- XV. During the period covered by our Audit Report, the Company has not issued any debentures.
- XVI. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we have been informed of such case by the management.
- XVII. In our opinion, the other clauses of the order are not applicable

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Dated: July 10, 2009

Munish Kr. Jain
Partner

BALANCE SHEET
BALANCE SHEET AS AT 31ST MARCH'2009

		AS AT 31.03.2009 Rs. in Lac	AS AT 31.03.2008 Rs.in Lac
Sources of Funds	SCHEDULE		
1 Shareholders' Funds			
Share Capital	1	346.08	1.00
Reserves and Surplus		6.81	-
Applicatin Money		-	8.99
		<u>352.89</u>	<u>9.99</u>
2 Loan Funds			
Unsecured Loans	2	23.30	233.42
Total		<u>376.19</u>	<u>243.41</u>
Application of Funds			
1 Fixed Assets			
Gross Block	3	0.54	0.35
Less : Depreciation		0.03	-
Net Block		<u>0.51</u>	<u>0.35</u>
Capital Work in Progress		46.55	-
2 Investments	4	189.21	189.21
3 Current Assets, Loans & Advances			
Sundry Debtors	5	106.93	-
Cash & Bank Balances	6	0.71	1.17
Loans & Advances	7	33.11	36.32
		<u>140.75</u>	<u>37.49</u>
Less : Current Liabilities & Provisions	8	0.83	0.25
Net Current Assets		<u>139.92</u>	<u>37.24</u>
4 Misc. Expenditure/Deferred Revenue Expenditure	9	-	16.61
(to the extent Not Written Off or adjusted)			
Total		<u>376.19</u>	<u>243.41</u>

Significant Accounting Policies and Notes on Accounts 13
 Schedules referred to above form an integral part of the Financial Statements

As per our report of even date
For P. Jain & Co.
 Chartered Accountants

Munish Kr. Jain
 Partner

Place : Ghaziabad
 Dated : July 10, 2009

Kailash M. Awasthi
 Sr. Manager (Finance & Accounts)

For and on behalf of the Board

Nidhi Agarwal
 Director

A.K. Goel
 Director

P & L ACCOUNT**PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	31.03.2009 Rs. in Lac	31.03.2008 Rs. in Lac
Income			
Sales	10	106.93	-
Less : Excise Duty			
Net Sales		106.93	-
Other Income		-	-
Increase (decrease) in Stock		-	-
		<u>106.93</u>	<u>-</u>
Expenditure			
Material Consumed	11	95.00	-
Other operating Expenses	12	0.67	-
Misc. and Deferred Revenue Expenditure W/off		4.44	-
		<u>100.11</u>	<u>-</u>
Profit Before Depreciation, Financial Expenses & Tax		6.82	-
Less : Financial Expenses		-	-
Profit Before Depreciation & Tax		<u>6.82</u>	<u>-</u>
Less : Depreciation		0.01	-
Profit Before Tax		<u>6.81</u>	<u>-</u>
Less : Provision for Taxation-Current Tax		-	-
Add : Minimum Alternative Tax Credit Availed		-	-
Less : Provision for Fringe Benefit Tax		-	-
Profit from operations		<u>6.81</u>	<u>-</u>
Less : Deferred Tax		-	-
Profit After Tax		<u>6.81</u>	<u>-</u>
Less / Add : Excess Provision Written Back		-	-
Less/Add : Prior Year Adjustments		-	-
		<u>6.81</u>	<u>-</u>
Add : Surplus as per last year		-	-
Available for Appropriation		<u>6.81</u>	<u>-</u>
Surplus carried to Balance Sheet		<u>6.81</u>	<u>-</u>

Schedules referred to above form an integral part of Accounts 13
 As per our report of even date

For and on behalf of the Board

For P. Jain & Co.
 Chartered Accountants

Munish Kr. Jain
 Partner

Place : Ghaziabad
 Dated : July 10, 2009

Kailash M. Awasthi
 Sr. Manager (Finance & Accounts)

Nidhi Agarwal
 Director

A. K. Goel
 Director

SCHEDULES

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac								
1. SHARE CAPITAL										
Authorised Capital										
3000000 (5000000) Equity Shares of Rs.10/-each	300.00	500.00								
2000000 (Nil)Preference Shares of Rs.10/-each	200.00	-								
	<u>500.00</u>	<u>500.00</u>								
Issued, subscribed & paid up										
2260000 (10000) Equity Shares of Rs. 10/- each Fully Paid Up	226.00	1.00								
1200790 (Nil) Zero Coupon Non Redeemable Convertible Preference Shares of Rs. 10/- Each	120.08	-								
	<u>346.08</u>	<u>1.00</u>								
2. UNSECURED LOANS										
Others	23.30	233.42								
	<u>23.30</u>	<u>233.42</u>								
3. FIXED ASSETS										
	Rs. in Lac									

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
6. CASH & BANK BALANCES		
Cash in Hand	0.17	0.58
Balances with Scheduled Banks in Current Accounts	0.54	0.59
	0.71	1.17
7. LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)		
Advance Recoverable In Cash or in Kind or for Value to be Received	13.11	26.32
Security Deposit	20.00	10.00
	33.11	36.32
8. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Expenses Payable	0.83	0.25
	0.83	0.25
9. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
A. Preliminary Expenses	-	4.44
B. Pre-Operative Expenses	-	12.17
	-	16.61
10. SALES		
Export	-	-
Domestic	106.93	-
	106.93	-
11. MATERIAL CONSUMED		
Opening Stock	-	-
Add: Purchases	95.00	-
	95.00	-
Less: Closing Stock	-	-
	95.00	-
12. OTHER OPERATING EXPENSES		
Printing & Stationery	0.09	-
Telephone & Fax	0.03	-
General Expenses	0.22	-
Auditor Remuneration	0.33	-
	0.67	-

13. ALPS ENERGY PRIVATE LIMITED**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:**

- BASIS FOR PREPARATION OF ACCOUNTS :**

The Financial Statements are prepared on going concern basis under the historical cost convention, on accrual basis unless specifically stated here in above and in accordance with applicable Accounting standards (AS) issued by the Institute of Chartered Accountants of India. All the liabilities have been provided except of contingent nature which has been disclosed by way of note, if any.

FIXED ASSETS:

- All Fixed Assets are stated at cost, net of MODVAT/CENVAT less accumulated depreciation. Acquisition cost, any directly attributable expenditure including borrowing cost and Exchange Fluctuation for bringing the assets to working condition for it's intended use are capitalised.
- Cost of Assets not ready to put to use before year end and advances paid for acquisition or construction of Capital Assets are being shown as Capital Work in Progress.

- INVESTMENTS :**

- Investments are carried at cost. However, provision for diminution in value is made to recognize any decline, other than temporary in the value of investment.
- Investments that are readily realizable and intended to hold for not more than a year are classified as Current investments. All other investments are classified as Long Term Investment.

- MISCELLANEOUS EXPENDITURE :**

Preliminary expenses are being amortised over a period of ten years from the date of start of the business.

B. NOTES TO ACCOUNTS:

- In the opinion of the Management, all current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.
- The company is the subsidiary of M/s ALPS INDUSTRIES LTD.
- The company has promoted a subsidiary company viz, M/s Alps Uttarakhand Energy Pvt. Ltd. by subscribing 49990 Nos. fully paid Equity Shares of Rs. 10 Each.
- Related party disclosure:

During the year the following transactions were entered into by the company with holding company & other related company over parties etc. which Company's management have managerial control:

Name of the company	Relation ship	Nature of transaction	Rs. in Lac
M/s Alps Industries Ltd.	Holding Company	Unsecured Loan Received	2.90
		Equity Share issued	225.00
M/s Alps Uttarakhand Energy P. Ltd.	Subsidiary Company	Unsecured Loan Given	1.00
M/s Alps USA Inc.	Associate Company	Zero Coupon non convertible	
		Preference Share issued	120.08
M/s Jhala Koti Ghansola Power P.Ld	Associate Company	Receipt against loans & advances given earlier	14.21

5) AUDITORS REMUNERATION

Particulars	for the year ended March, 2009	for the year ended March, 2008
Audit Fees	0.17	0.10
Income Tax & Other Matters	0.16	-

As per our report of even date attached

For and on behalf of the Board

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Nidhi Agarwal

Director

Place : Ghaziabad

Date : July 10, 2009

A. K. Goel

Director

CASH FLOW

CASH FLOW STATEMENT FOR THE YEAR ENDED :

	31.03.2009 Rs. in Lac	31.03.2008 Rs. in Lac
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	6.81	-
Adjustment for Working Capital Changes:		
Trade & other Receivable	(103.72)	(36.32)
Trade Payable & other Liabilities	0.58	0.25
Net Cash From Operating Activities	(96.33)	(36.07)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	46.71	0.35
Sale / (Purchase) of Investment	-	189.21
Preliminary Expenses	(4.44)	4.44
Preoperative Expenses	(12.17)	12.17
Net Cash used in Investment Activities	30.10	206.17
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue of Share Capital	345.08	1.00
Proceeds share application money	(8.99)	8.99
Net proceeds unsecured loans	(210.12)	233.42
Net Cash From Financing Activities	125.97	243.41
Net Increase in Cash & Cash Equivalents	(0.46)	1.17
Opening Balance of Cash and Cash Equivalents	1.17	-
Closing Balance of Cash and Cash Equivalents	<u>0.71</u>	<u>1.17</u>

As per our Separate report of even date attached

For and on behalf of the Board

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Place : Ghaziabad

Date : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Nidhi Agarwal

Director

A. K. Goel

Director

Alps Uttarakhand Energy Pvt. Ltd.

**Financial Statements for the year ended
31st March, 2009**

**Registered Office : Plot No. 1A, Sector – 10, Roshnabad Road, I.I.E, SIDCUL, Haridwar,
Uttarakhand - 249403**

ALPS UTTARAKHAND ENERGY PVT. LTD

Incorporatin	: March 10, 2008
CIN No.	: U21015UR2008PTC032583
Directors	: Mr. Sandeep Agarwal, and Mr. Rajender Kumar.
Business Address	: Regd. Office : Plot No. 1A, Sector – 10, Roshnabad Road, I.I.E, SIDCUL, Haridwar, Uttarakhand – 249403 Mailing Address: 57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad - 201 010, Uttar Pradesh.
Name & Address of the Statutory Auditors	: M/s P. Jain & Co., Chartered Accountants, 6, Navyug Market, Ghaziabad – 201001, Uttar Pradesh.

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DIRECTORS' REPORT

**The Members of
Alps Uttarakhand Energy Pvt. Ltd.
Haridwar.**

Your Directors have pleasure in presenting the First Annual Report alongwith Audited Accounts of the Company for the period ended 31st March, 2009.

FINANCIAL RESULTS

The Company was incorporated on 10th March, 2008 under the Corporate Identity Number U21015UR2008PTC032583 with the Registrar of Companies, Uttar Pradesh & Uttaranchal. The Commercial activities of the Company have not yet commenced, hence no Profit & Loss Account for the year 2008-2009 has been prepared. The Balance Sheet from the date of incorporation upto 31st March, 2009 have been prepared and all the revenue expenditure for the purpose of setting up of the company's project have been treated as pre-operative expenses in line with the applicable accounting standards.

PROJECT AND PERFORMANCE

The various business plans and projects are under consideration, which will be materialized shortly in coming years.

FINANCIAL ARRANGEMENTS

Company has not availed any financial assistance during the year.

ISSUE OF SECURITIES

The Company has allotted 10,000 Equity Shares of face value and issue price of Rs. 10/- each to the subscribers of the Memorandum and Articles of Association of the Company. Alps Energy Private Limited is Wholly Owned Subsidiary Company of Alps Industries Limited resultantly making your Company a Wholly Owned Subsidiary Company of Alps Industries Limited also due to indirect relations.

HUMAN RESOURCES

The management places on record its appreciation for the valuable support extended by all banks, Government departments and investors for the support provided to the Company. The public relations were cordial with all concern.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Amendment Rules, 1999 for the year ended 31st March, 2001 is not applicable to the company as none of the employee is drawing more than the limits specified under the said rules.

DIVIDEND

During the year under review, as the commercial activities has not been commenced, no dividend has been recommended by the Board of Directors of the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As the company is not engaged in the manufacturing activities and has not commenced its commercial activities, the information under section 217(1)(e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company.

DIRECTORS

The first Directors of the Company consist of Mr. Sandeep Agarwal ,and Mr. Rajender Kumar. The regularization u/s 257 of the Companies Act 1956 has been proposed in the forthcoming Annual General Meeting of the Company. Hence, no directors are liable to be retiring by rotation.

DIRECTORS' RESPONSIBILITY

In terms of the Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the members of the Board place on record the Directors' Responsibility Statement as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, No Profit & Loss account has been prepared as the company has not commenced commercial activities during the year.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

During the year, your company has not raised any money by way of Fixed Deposits. Hence the information under the Miscellaneous Non-Banking Companies (Reserve Bank) Direction 1977, is not applicable.

AUDITORS

M/s. P. Jain & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' OBSERVATIONS

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory need no further explanations.

INFORMATION IN TERMS OF SEBI CIRCULAR

As per the latest SEBI circular no. CSD/COMP/Cir/662/2007 dated 1st August 2007, the following information are being furnished related to the Financial Year 2008-2009 being the subsidiary Company of Alps Industries Limited, a listed company on the Stock Exchanges:

		Rs. in Lac
Sl. No.	Particulars	Amount
1.	Loans and advances in the nature of loans to subsidiaries (by name and amount)	NIL
2.	Loans and advances in the nature of loans to associates by name and amount.	NIL
3.	Loans and advances in the nature of loans where there is a) no repayment schedule or repayment beyond seven years or b) no interest or interest below section 372A of Companies Act by name and amount.	NIL
4.	Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.	NIL
5.	Investments by the loanee in the shares of parent company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	NIL

ACKNOWLEDGMENTS

Your directors would like to express their grateful appreciation for the co-operation received from the investors of the company by contributing in the share capital of the Company and places on record their deep sense of appreciation for the continued support provided by them.

For and on behalf of the Board
Alps Uttarakhand Energy Pvt. Ltd.

Place : Ghaziabad
 Dated : July 10, 2009

Sandeep Agarwal
 Director

To,
The Members of
Alps Uttarakhand Energy Private Limited

**Sub. : Auditor's Report on the Accounts for the year ended on 31st March
2009 in compliance with Section 227 of the Companies Act, 1956**

We have audited the attached Balance Sheet of **ALPS UTTARAKHAND ENERGY PRIVATE LIMITED** as at **31st March 2009**, the Pre-operative Expenses Account and also the Cash Flow Statement for the period 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.

We conducted our audit in accordance with 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 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.

In our view, the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956 is not applicable.

We report that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
3. The Balance Sheet and Pre-operative Expenses Statement referred to in this report are in agreement with the books of account of the Company.
4. In our opinion, the accounts comply with the accounting standards referred to in section 211(3C) of Companies Act, 1956.
5. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(1)(g) of Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Pre-operative Expenses Statement, together with Accounting Policies and 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: -
 - I. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - II. In the case of Pre-operative Expenses account, of the Expenditure of the Company for the period ended on that date,
 - III. In the case of Cash Flow Statement, of the cash flow's for the period ended on that date.

For P. Jain & Co.
Chartered Accountants

Place : Ghaziabad
Dated : July 10, 2009

Munish Kr. Jain
Partner

BALANCE SHEET

BALANCE SHEET AS ON 31ST MARCH'2009

**AS AT
31.03.2009**

Sources of Funds	SCHEDULE	Rs. in Lac
1 Shareholders' Funds		
Share Capital	1	5.00
Reserves and Surplus		-
		<u>5.00</u>
2 Loan Funds		
Unsecured Loans	2	2.30
Total		<u>7.30</u>
Application of Funds		
1 Fixed Assets		
Gross Block		-
Less : Depreciation		
Net Block		-
2 Investments		
3 Current Assets, Loans & Advances		
Cash & Bank Balances	3	5.49
		<u>5.49</u>
Less : Current Liabilities & Provisions	4	0.13
Net Current Assets		<u>5.36</u>
4 Misc. Expenditure/Deferred Revenue Expenditure	5	1.94
(to the extent Not Written off or adjusted)		
Total		<u>7.30</u>
Significant Accounting Policies and Notes on Accounts	6	
Schedules referred to above form an integral part of the Financial Statements		

As per our report of even date
For P. Jain & Co.
Chartered Accountants

For and on behalf of the Board

Munish Kr. Jain
Partner

Sandeep Agarwal
Director

Place : Ghaziabad
Dated : July 10, 2009

Kailash M. Awasthi
Sr. Manager (Accounts & Finance)

Rajendra Kumar
Director

SCHEDULES
SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.09 Rs. in Lac
1. SHARE CAPITAL	
Authorised Capital	
1000000 (500000) Equity Shares of Rs. 10/-each	100.00
	<u>100.00</u>
Issued, subscribed & paid up	
50000 (50000) Equity Shares of Rs. 10/- each Fully Paid Up	5.00
	<u>5.00</u>
2. UNSECURED LOANS	
Others	2.30
	<u>2.30</u>
3. CASH & BANK BALANCES	
Cash in Hand	5.29
Balances with Scheduled Banks	
In Current Accounts	0.20
	<u>5.49</u>
4. CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	
Expenses Payable	0.13
	<u>0.13</u>
5. MISCELLANEOUS EXPENDITURE	
(To the extent not written off)	
Preliminary Expenses	1.18
Pre-Operative Expenses	0.76
	<u>1.94</u>

6. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES:**

- BASIS FOR PREPARATION OF ACCOUNTS :**

The Financial Statements are prepared on going concern basis under the historical cost convention, on accrual basis unless specifically stated here in above and in accordance with applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India.

All the liabilities have been provided except of contingent nature which has been disclosed by way of note, if any.

- MISCELLANEOUS EXPENDITURE :**

Preliminary expenses are being amortised over a period of ten years from the date of start of the business.

B. NOTES TO ACCOUNTS:

- 1) In the opinion of the Management, all current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.
- 2) Information as required by clause 4C & 4D of part II to schedules VI of the Companies' Act 1956 are not applicable.
- 3) The company is the subsidiary of M/s ALPS INDUSTRIES LTD.
- 4) The accounts have been prepared for the period from 10.3.2008 to 31.3.2009 being the first year of incorporation, hence previous year figures can not be given.
- 5) Related party disclosure:

During the year the following transactions were entered into by the company with Holding Company:

Name of the Holding company	Nature of transaction	Rs. in Lac
M/s Alps Energy Pvt. Ltd.	Unsecured Loan Received	1.00

6) AUDITORS REMUNERATION**Rs. in Lac**

Particulars	for the Period Ended on 31.03.09
Audit Fees	0.13

As per our report of even date attached

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Place : Ghaziabad

Dated : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

For and on behalf of the Board

Sandeep Agarwal

Director

Rajendra Kumar

Director

CASH FLOW

31.03.2009
Rs. in Lac
CASH FLOW STATEMENT FOR THE YEAR ENDED :
(A) CASH FLOW FROM OPERATING ACTIVITIES

Net Profit Before Tax	-
Adjustment for Working Capital Changes:	
Trade Payable & other Liabilities	0.13
Net Cash From Operating Activities	0.13

(B) CASH FLOW FROM INVESTING ACTIVITIES

Preliminary Expenses	1.18
Preoperative Expenses	0.76
Net Cash used in Investment Activities	1.94

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds From Issue of Share Capital	5.00
Net proceeds unsecured loans	2.30
Net Cash From Financing Activities	7.30
Net Increase in Cash & Cash Equivalents	5.49
Opening Balance of Cash and Cash Equivalents	-
Closing Balance of Cash and Cash Equivalents	5.49

As per our Separate report of even date attached

For and on behalf of the Board

For P. Jain & Co.

Chartered Accountants

Sandeep Agarwal
Director

Munish Kr. Jain

Partner

Place : Ghaziabad

Date : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Rajendra Kumar

Director

Balance Sheet Abstract and Company's General Business Profile

1. Registration details

Registration No.

U	2	1	0	1	5	U	R	2	0	0	8	P	T	C	0	3	2	5	8	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

2	0
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	0	9
---	---	---	---

Date Month Year

2. Capital raised during the year (Amount in Rs. '000)

Public Issue :			N	I	L			Right Issue :			N	I	L		
Bonus Issue :			N	I	L			Private Placement/Others :					5	0	0

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities :

				7	3	0
--	--	--	--	---	---	---

 Total Assets :

				7	3	0
--	--	--	--	---	---	---

Sources of Funds:

Paid-up Capital :					5	0	0	Reserves & Surplus :			N	I	L		
-------------------	--	--	--	--	---	---	---	----------------------	--	--	---	---	---	--	--

Application Money :

		N	I	L		
--	--	---	---	---	--	--

Secured Loans :			N	I	L		
-----------------	--	--	---	---	---	--	--

Deferred Tax Liability :

		N	I	L		
--	--	---	---	---	--	--

Application of Funds:

Net Fixed Assets :

		N	I	L		
--	--	---	---	---	--	--

 Investments :

		N	I	L		
--	--	---	---	---	--	--

Net Current Assets :

				5	3	6
--	--	--	--	---	---	---

 Misc. Expenditure :

				1	9	4
--	--	--	--	---	---	---

Accumulated Losses :

		N	I	L		
--	--	---	---	---	--	--

4. Performance of Company (Amount in Rs. '000)

Turnover :

		N	I	L		
--	--	---	---	---	--	--

 Total Expenditure :

			N	I	L		
--	--	--	---	---	---	--	--

(Including other income)																			
	+	-								+	-								
Profit/Loss before tax	✓				N	I	L			Profit/Loss after tax	✓				N	I	L		

Earning per share in Rs. : N I L Dividend @ % : N I L

5. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)							
--------------------------	--	--	--	--	--	--	--

[illegible]

Item Code No. (ITC Code)							
--------------------------	--	--	--	--	--	--	--

[illegible]

Item Code No. (ITC Code)							
--------------------------	--	--	--	--	--	--	--

[illegible]

As per our report of even date attached

for **Alps Uttarakhand Energy Pvt. Ltd.**

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Sandeep Agarwal

Director

Place : Ghaziabad

Date : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Rajendra Kumar

Director

SNOWFLAKES MEDITECH PVT. LTD.

(FORMERLY KNOWN AS ALPS RETAIL PVT. LIMITED)

**Financial Statements for the year ended
31st March, 2009**

64/1, M.B. Road, Near Community Centre, Lado Sarai, New Delhi-110 030

SNOWFLAKES MEDITECH PVT. LTD.
(FORMERLY KNOWN AS ALPS RETAIL PVT. LIMITED)

Incorporatin	: September 7, 2006 subsequently changed its name w.e.f. October 16, 2008
CIN No.	: U52599DL2006PTC153283
Directors	: Mrs. Nidhi Agarwal and Dr. S. M. Ishtiaque
Business Address	: Regd. Office : 64/1, M.B. Road, Near Community Centre, Lado Sarai, New Delhi-110 030. Mailing Address: 57/2, Site-IV, Industrial Area, Sahibabad, Ghaziabad - 201 007, Uttar Pradesh.
Name & Address of the Statutory Auditors	: M/s P. Jain & Co., Chartered Accountants, 6, Navyug Market, Ghaziabad – 201001, Uttar Pradesh.

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DIRECTORS' REPORT

**The Members of
Snowflakes Meditech Pvt. Ltd.,
New Delhi.**

Your Directors have pleasure in presenting the Third Annual Report alongwith Audited Accounts of the Company for the period ended 31st March, 2009.

FINANCIAL RESULTS

The financial accounts for the financial year 2008-09 has been compiled. The Commercial activities of the Company have been commenced during the year under review. However as the operations of the company yet to come in full swing in coming years, there is a profit to the tune of Rs. 2.42 Lacs during the year under review.

PROJECT AND PERFORMANCE

The Company is engaged in trading of Textile products and has achieved a sale of Rs. 105.39 Lacs with a profit of Rs.2.42 Lacs during last year. Management is in the process of identification of some economically viable project to be set up at its land at Meerut. The shareholders will be informed about the selection of project as and when it will take place.

FINANCIAL ARRANGEMENTS

The Company does not have any credit facilities from any Financial Institution/ Banks.

ISSUE OF SECURITIES

During the year under review, Company has further allotted 22,50,000 equity shares in favour of Alps Industries Limited of face value and issue price of Rs. 10/- each and 12,85,910 Zero coupon Non redeemable Convertible Preference Shares in favour of Alps USA Inc.. The authorized share capital of the company has been increased from Rs. 1.00 Crores to Rs. 5.00 Crores and bifurcation in equity and preference shares, in terms of the Extraordinary General Meeting of the company held on October 11, 2008.

PUBLIC RELATIONS

The management places on record its appreciation for the valuable support extended by all banks, Government departments and investors for the support provided to the Company. The public relations were cordial with all concern.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Amendment Rules, 1999 for the year ended 31st March, 2001 is not applicable to the company as none of the employee is drawing more than the limits specified under the said rules.

DIVIDEND

In view of the future plans of business and requirment of funds , your company is unable to declare any dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As the company is not engaged in the manufacturing activities and has not commenced its commercial activities, the informations under section 217(1)(e), read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company.

DIRECTORS

During the year under review, Mrs. Nidhi Agarwal and Dr. S. M. Ishtiaque were appointed as additional Director w.e.f. 21.01.2009. The regularization u/s 257 of the Companies Act 1956 of the additional directors have been proposed in the forthcoming Annual General Meeting of the Company.

Further Mr. K. K. Agarwal and Mr. Sandeep Agarwal have resigned from the Directorship of the Company w.e.f. 21.01.2009. The members of the Board place on record their appreciation for the valuable services provided by the aforesaid Director during the tenure of his Directorship.

DIRECTORS' RESPONSIBILITY

In terms of Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the members of the Board place on record the Directors' Responsibility Statement as under :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the company of that period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

During the year, your company has not raised any money by way of Fixed Deposits. Hence the information under the Miscellaneous Non-Banking Companies (Reserve Bank) Direction 1977, is not applicable.

AUDITORS

M/s. P. Jain & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible, have expressed their willingness to continue, if appointed. Your Directors recommend their re-appointment.

AUDITORS' OBSERVATIONS

Observations in the Auditors' Report are dealt with in Notes to Accounts at appropriate places and being self-explanatory need no further explanations.

INFORMATION IN TERMS OF SEBI CIRCULAR

As per the latest SEBI circular no. CSD/COMP/Cir/662/2007 dated 1st August 2007, the following information are being furnished related to the Financial Year 2008-2009 being the subsidiary Company of Alps Industries Limited, a listed company on the Stock Exchanges:

(Rs. in Lacs)

Sl. No.	Particulars	Amount
1.	Loans and advances in the nature of loans to subsidiaries (by name and amount)	NIL
2.	Loans and advances in the nature of loans to associates by name and amount.	NIL
3.	Loans and advances in the nature of loans where there is a) no repayment schedule or repayment beyond seven years or b) no interest or interest below section 372A of Companies Act by name and amount.	NIL
4.	Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.	NIL
5.	Investments by the loanee in the shares of parent company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	NIL

ACKNOWLEDGMENTS

Your directors convey thanks to the investors of the company by contributing in the share capital of the Company, the roots of the company have been well established, for which your Directors place on record their appreciation. It is expected that this trend will continue in future also to make a success of the project.

For and on behalf of the Board
Snowflakes Meditech Pvt. Ltd.

Place : Ghaziabad
Dated : July 10, 2009

Nidhi Agarwal
Director

To,

The Members of
Snowflakes Meditech Pvt. Ltd
(formerly known as Alps Retail Pvt. Ltd)

**Sub. : Auditor's Report on the Accounts for the year ended on 31st March
2009 in compliance with Section 227 of the Companies Act, 1956**

We have audited the attached Balance Sheet of **Snowflakes Meditech Pvt. Ltd.** (formerly known as Alps Retail Pvt. Ltd) as at **31st March 2009**, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 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.

As required by , the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified 4 & 5 on the said order.

Further to our comments in the annexure referred to in paragraph (3) above, we report that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
3. The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of account of the Company.
4. In our opinion, the accounts comply with the accounting standards referred to in section 211(3C) of Companies Act, 1956.
5. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(1)(g) of Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account, together with Accounting Policies and 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
 - b In the case of profit & loss account of the profit of the company for the year ended on that date.
 - c In the case of Cash Flow Statement, of the cash flow's for the year ended on that date.

For P. Jain & Co.
Chartered Accountants

Place : Ghaziabad
Dated : July 10, 2009

Munish Kr. Jain
Partner

ANNEXURE TO THE AUDITORS' REPORT

{Referred to in our Report of even date of Snowflakes Meditech Pvt Ltd. (formerly known as Alps Retail Pvt. Ltd.)}

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us the management during the year physically verified all the fixed assets. We have been informed that no material discrepancies were noticed on such physical verification during the period.
- (c) During the period the company has not disposed off any part of its fixed assets.
- II. (a) The inventory has been physically verified during the period by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
- (b) The Company is maintaining proper records of inventory. As explained to us the discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with in the books of account.
- III. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has taken unsecured loan of Rs. 652.46 Lac from one member being company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- V. (a) According to the information and explanations given to us, we are of the opinion that Particulars of Contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section, wherever applicable.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of Contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at the prices, which are reasonable having regard to prevailing market prices at the relevant time.
- VI. The Company has not accepted fixed deposit from public.
- VII. Maintenance of costs records has not been prescribed by the Central Govt. under clause (d) of sub section (1) of section 249 of the Companies' Act 1956.
- VIII. According to the information and explanations given to us, no amounts payable in respect of Income-tax, Wealth tax, Service Tax, Sales-tax, Custom duty, Excise duty, Cess and other aforesaid statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable
- IX. In our opinion and according to the explanations given to us, and based on the information, available the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- X. In our opinion, the Company is not a chit fund or Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XI. In our opinion, and according to the information and explanation given to us the Company is not dealing in/or trading in Shares, Securities, Debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies Act (Auditor's Report) Order, 2003 are not applicable to the Company.

- XII. The Company has not given any guarantee for loans taken by others from bank, financial institutions, which is prejudicial to the interest of the company.
- XIII. According to the information and explanation given to us and on an overall examination of the Balance sheet of the Company, We are of the opinion there are no funds raised on short terms basis that have been used for long term investment.
- XIV. The Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. The price at which shares have been issued is not prejudicial to the interest of the company.
- XV. During the period covered by our Audit report, the Company has not issued any debentures.
- XVI. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we have been informed of such cases by the management.
- XVII. In our opinion, the other clauses of the order are not applicable.

For P. Jain & Co.
Chartered Accountants

Place : Ghaziabad
Dated : July 10, 2009

Munish Kr. Jain
Partner

BALANCE SHEET

BALANCE SHEET AS AT 31ST MARCH, 2009

Sources of Funds	SCHEDULE	AS AT 31.03.2009 Rs. in Lac	AS AT 31.03.2008 Rs. in Lac
1 Shareholders' Funds			
Share Capital	1	348.64	1.00
Reserves and Surplus		2.42	-
Application Money		97.86	1.00
		<u>448.92</u>	<u>2.00</u>
2 Loan Funds			
Unsecured Loans	2	554.61	126.16
Total		<u>1,003.53</u>	<u>128.16</u>
Application of Funds			
1 Fixed Assets			
Gross Block	3	870.92	112.96
Less : Depreciation		-	-
Net Block		870.92	112.96
Capital work in Progress		157.62	-
2 Investments		-	-
3 Current Assets, Loans & Advances			
Sundry Debtors	4	105.39	-
Cash & Bank Balances	5	12.75	13.28
		<u>118.14</u>	<u>13.28</u>
Less : Current Liabilities & Provisions	6	157.95	0.65
Net Current Assets		<u>(39.81)</u>	<u>12.63</u>
4 Misc. Expenditure/Deferred Revenue Expenditure (to the extent Not Written off or adjusted)	7	14.80	2.57
Total		<u>1,003.53</u>	<u>128.16</u>

Significant Accounting Policies and Notes on Accounts 12
Schedules referred to above form an integral part of the Financial Statements

As per our report of even date
For P. Jain & Co.
Chartered Accountants

Munish Kr. Jain
Partner

Place : Ghaziabad
Dated : July 10, 2009

Kailash M. Awasthi
Sr. Manager (Accounts & Finance)

For and on behalf of the Board

Nidhi Agarwal
Director
Dr. S.M. Ishtique
Director

P & L ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2009

	SCHEDULE	31.03.09 Rs. in Lac	31.03.08 Rs. in Lac
Income			
Sales	8	105.39	-
Less : Excise Duty		-	-
Net Sales		105.39	
Other Income		-	-
Increase (decrease) in Stock		-	-
		<u>105.39</u>	<u>-</u>
Expenditure			
Material Consumed	9	100.00	-
Other operating Expenses	10	0.79	-
Misc. and Deferred Revenue Expenditure W/off		2.06	-
		<u>102.85</u>	<u>-</u>
Profit Before Depreciation, Financial Expenses & Tax		2.54	-
Less : Financial Expenses	11	0.12	-
		<u>2.42</u>	<u>-</u>
Profit Before Depreciation & Tax			
		2.42	-
Less : Depreciation		-	-
Profit Before Tax		2.42	-
Less : Provision for Taxation-Current Tax		-	-
Add : Minimum Alternative Tax Credit Availed		-	-
Less : Provision for Fringe Benefit Tax		-	-
Profit from operations		2.42	-
Less : Deferred Tax		-	-
Profit After Tax		2.42	-
(Less)/Add : Excess Provision Written back		-	-
(Less)/Add : Prior Year Adjustments		-	-
		<u>2.42</u>	<u>-</u>
Add : Surplus as per last year		-	-
Available for Appropriation		2.42	-
Surplus carried ot Balance Sheet		2.42	-
Significant Accounting Polices and Notes of Account	12		

Schedules referred to above form an integral part of Accounts

As per our report of even date

For and on behalf of the Board

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Place : Ghaziabad

Dated : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Nidhi Agarwal

Director

Dr. S.M. Ishtique

Director

SCHEDULES

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac								
1. SHARE CAPITAL										
Authorised Capital										
3000000 (1000000) Equity Shares of Rs. 10/-each	300.00	100.00								
2000000 (Nil) Preference Shares of Rs. 10/-each	200.00									
	<u>500.00</u>	<u>100.00</u>								
Issued, subscribed & paid up										
2260000 (10000) Equity Shares Of Rs. 10/- Each Fully Paid Up	226.00	1.00								
1226390 (Nil) Zero Coupon Non Redeemable Convertible Preference Shares Of Rs. 10/- Each	122.64	-								
	<u>348.64</u>	<u>1.00</u>								
2. UNSECURED LOANS										
Others	554.61	126.16								
	<u>554.61</u>	<u>126.16</u>								
3. FIXED ASSETS										
	Rs. in Lac									

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
6. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors : Small & Micro Enterprises	-	-
: Others	157.62	-
Expenses Payable	0.33	0.65
	<u>157.95</u>	<u>0.65</u>
7. MISCELLANEOUS EXPENDITURE		
(To The Extent Not Written off or Adjusted)		
Preliminary Expenses	-	2.06
Pre-Operative Expenses	14.80	0.51
	<u>14.80</u>	<u>2.57</u>
8. SALES		
Domestic	105.39	-
	<u>105.39</u>	<u>-</u>
9. MATERIAL CONSUMED		
Opening Stock	-	-
Add: Purchases	100.00	-
	<u>100.00</u>	<u>-</u>
Less: Closing Stock	-	-
	<u>100.00</u>	<u>-</u>
10. OTHER OPERATING EXPENSES		
Printing & Stationery	0.01	-
Legal & Professional Expenses	0.10	-
Fees & Subscription	0.04	-
General Expenses	0.27	-
Auditors Remuneration	0.33	-
Selling & Distribution Expenses		
Sales Promotion & Incentives	0.04	-
	<u>0.79</u>	<u>-</u>
11. FINANCIAL EXPENSES		
Interest To Banks & Fin. Institutions	-	-
Others	0.12	-
	<u>0.12</u>	<u>-</u>

SNOWFLAKES MEDITECH PVT. LTD. (Formerly Known as Alps Retail Pvt. Ltd.)

12. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

• **BASIS FOR PREPARATION OF ACCOUNTS :**

The Financial Statements are prepared on going concern basis under the historical cost convention, on accrual basis unless specifically stated here in above and in accordance with applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India.

All the liabilities have been provided except of contingent nature which has been disclosed by way of note, if any.

FIXED ASSETS :

- All Fixed Assets are stated at cost, net of MODVAT/CENVAT less accumulated depreciation. Acquisition cost, any directly attributable expenditure including borrowing cost and Exchange Fluctuation for bringing the assets to working condition for it's intended use are capitalised.
- Cost of Assets not ready to put to use before year end and advances paid for acquisition or construction of Capital Assets are being shown as Capital Work in Progress.

• **MISCELLANEOUS EXPENDITURE :**

Preliminary expenses are being amortised over a period of ten years from the date of start of the business.

B. NOTES TO ACCOUNTS:

- In the opinion of the Management, all current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.
- The company is the subsidiary of M/s ALPS INDUSTRIES LTD.
- Related party disclosure:

During the year the following transactions were entered into by the company with the holding company & other related company over, parties etc. which Company's management have managerial control:

Name of the company	Relation ship	Nature of transaction	Rs. in Lac
M/s Alps Industries Ltd.	Holding Company	Advances taken for purchase of capital assets	400.93
		Equity Share Issued	225.00
		Transfer of Capital Assets to the Co.	251.53
M/s Alps USA Inc.	Associate Company	Zero Coupon-Non Convertible	122.64
	Preference Shares Issued.		

4) AUDITORS REMUNERATION

Rs. in Lac

Particulars	For the year ended 31st March,2009	For the year ended 31st March,2008
Audit Fees	0.17	0.10
Income Tax & Other Matters	0.16	-

As per our report of even date attached

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

Place : Ghaziabad

Dated : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Nidhi Agarwal

Director

S.M. Ishtique

Director

CASH FLOW**CASH FLOW STATEMENT FOR THE YEAR ENDED :****31.03.2009****31.03.2008****Rs. in Lac****Rs. in Lac****(A) CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit Before Tax	2.42	-
Adjustment for Working Capital Changes:		
Trade Payable & other Liabilities	157.30	0.27
Trade receivables & Others	(105.39)	
Net Cash From Operating Activities	54.33	0.27

(B) CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	915.58	112.96
preoperative Expenses	12.23	0.33
Net Cash used in Investment Activities	927.81	113.29

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds From Issue of Share Capital	347.64	-
Proceeds share application money	96.86	-
Net proceeds / Repayment of unsecured borrowings	428.45	126.16
Net Cash From Financing Activities	872.95	126.16
Net Increase in Cash & Cash Equivalents	(0.53)	13.14
Opening Balance of Cash and Cash Equivalents	13.28	0.14
Closing Balance of Cash and Cash Equivalents	<u>12.75</u>	<u>13.28</u>

As per our report of even date attached

For P. Jain & Co.

Chartered Accountants

For and on behalf of the Board

Munish Kr. Jain

Partner

Nidhi Agarwal

Director

Place : Ghaziabad

Date : July 10, 2009

Kailash M. Awasthi

Sr. Manager (Accounts & Finance)

Dr. S.M. Ishtique

Director

Balance Sheet Abstract and Company's General Business Profile

1. Registration details

Registration No.	U	5	2	5	9	9	D	L	2	0	0	6	P	T	C	1	5	3	2	8	3	State Code	5	5
Balance Sheet date	3	1	0	3	2	0	0	9	Date	Month	Year													

2. Capital raised during the year (Amount in Rs. '000)

Public Issue :			N	I	L			Right Issue :			N	I	L		
Bonus Issue :			N	I	L			Private Placement/Others :			3	4	7	6	4

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities :	<input type="text"/>	<input type="text"/>	1	0	0	3	5	3	Total Assets :	<input type="text"/>	<input type="text"/>	1	0	0	3	5	3	
Sources of Funds:																		
Paid-up Capital :	<input type="text"/>	<input type="text"/>		3	4	8	6	4	Reserves & Surplus :	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		2	4	2	
Application Money :	<input type="text"/>	<input type="text"/>	<input type="text"/>			9	7	8	6									
Secured Loans :	<input type="text"/>	<input type="text"/>			N	I	L			Unsecured Loans :	<input type="text"/>	<input type="text"/>		5	5	4	6	1
Deferred Tax Liability :	<input type="text"/>	<input type="text"/>			N	I	L											
Application of Funds:																		
Net Fixed Assets :	<input type="text"/>	<input type="text"/>	1	0	2	8	5	4	Investments :	<input type="text"/>	<input type="text"/>		N	I	L			
Net Current Assets :	<input type="text"/>	<input type="text"/>			-	3	9	8	1	Misc. Expenditure :	<input type="text"/>	<input type="text"/>	<input type="text"/>		1	4	8	0
Accumulated Losses :	<input type="text"/>	<input type="text"/>			N	I	L											

4. Performance of Company (Amount in Rs. '000)

Turnover : (Including other income)	<div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div>1</div><div>0</div><div>5</div><div>3</div><div>9</div></div> </div>	Total Expenditure :	<div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div></div><div>1</div><div>0</div><div>2</div><div>9</div><div>7</div></div> </div>
Profit/Loss before tax	<div style="display: flex; align-items: center;"> + - <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 60px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div>✓</div><div></div></div> </div> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div></div><div></div><div></div><div>2</div><div>4</div><div>2</div></div> </div> </div>	Profit/Loss after tax	<div style="display: flex; align-items: center;"> + - <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 60px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div>✓</div><div></div></div> </div> <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div></div><div></div><div></div><div>2</div><div>4</div><div>2</div></div> </div> </div>
Earning per share in Rs. : (Basic & Dilutive EPS)	<div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div></div><div></div><div>0</div><div>.</div><div>1</div><div>1</div></div> </div>	Dividend @ % :	<div style="border: 1px solid black; padding: 2px; display: inline-block; width: 80px; text-align: center;"> <div style="display: flex; justify-content: space-between;"><div></div><div></div><div>N</div><div>I</div><div>L</div><div></div><div></div></div> </div>

5. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	<input type="text"/>
Product Description	<input type="text"/>
Item Code No. (ITC Code)	<input type="text"/>
Product Description	<input type="text"/>
Item Code No. (ITC Code)	<input type="text"/>
Product Description	<input type="text"/>

As per our report of even date attached

for **Snowflakes Meditech Pvt. Ltd.**

For P. Jain & Co.
Chartered Accountants

Munish Kr. Jain
Partner

Place : Ghaziabad
Dated : July 10, 2009

Kailash M. Awasthi
Sr. Manager (Accounts & Finance)

Nidhi Agarwal
Director

S.M. Ishtique
Director

CONSOLIDATED

**Financial Statements for the period ended
30th June, 2009**

To,
The Board of Directors of
Alps Industries Limited and Its Subsidiaries
Ghaziabad.

**Sub: Auditors' Report on the Accounts for the period ended on 30th June 2009 in compliance with
Section 227 of the Companies Act, 1956**

1. We have audited the attached Consolidated Balance Sheet of ALPS INDUSTRIES LIMITED (the Company) and its subsidiaries (collectively called 'ALPS Group') as at 30th June, 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 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. (a) We did not audit the financial statement of Alps USA Inc. whose financial statements reflect the groups share of total assets of Rs. 0.63 lac as at 30th June, 2009 and total revenue of Rs. 603.72 lac and total cash flow of Rs.340.48 lac to the period ended 30th June, 2009. These financial statements have been audited by other auditor for the year ended 31st March, 2009, whose reports have been furnished to us by the companies management and our opinion is based solely on the reports of the other auditor. The US\$ is translated into INR calculated at 1 US\$ equivalent to INR 47.87.
(b) The subsidiary companies financial statements from 1st April, 2009 to 30th June, 2009 are based on unaudited financial information and as certified by the management on which we have relied for the purpose of our examination of the consolidated financial statements. (reference is invited to Note No. 23 of Schedule 20).
4. Subject to the matter referred to in paragraph 3(b) above, we report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of reports of other auditor on the separate financial statement of Alps USA Inc. 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 give a true and fair view in conformity with the accounting principles generally accepted in India
 - (a) In the case of Consolidated Balance Sheet, of the state of affairs of the ALPS Group as at 30th June, 2009
 - (b) In the case of Consolidated Profit & Loss Account, of the loss of the ALPS Group for the period ended on that date; and
 - (c) In the case of Consolidated Cash Flow Statement, of the cash flow's of the ALPS Group for the period ended on that date.

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Date: September 22, 2009

Munish Kr. Jain
Partner

BALANCE SHEET

BALANCE SHEET AS AT 30TH JUNE, 2009

Sources of Funds	Schedule	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs.in Lac
1 Shareholders Funds			
Share Capital	1	3,451.41	3,451.41
Reserves and Surplus	2	1,895.70	26,302.37
Application Money-ZCCW		-	260.00
Application Money		97.86	12.99
		<u>5,444.97</u>	<u>30,026.77</u>
2 Deferred Tax Liability - Net		2,066.51	1,691.51
3 Loan Funds			
Secured Loans	3	97,633.72	65,853.26
Unsecured Loans	4	892.07	4,549.61
		<u>98,525.79</u>	<u>70,402.87</u>
Total		<u>106,037.27</u>	<u>102,121.15</u>
Application of Funds			
1 Fixed Assets			
Gross block	5	67,334.00	59,000.77
Less : Depreciation		10,326.99	6,719.94
Net Block		<u>57,007.01</u>	<u>52,280.83</u>
Capital Work in Progress		13,304.64	2,492.81
Goodwil		-	2.24
2 Investments	6	535.49	5,149.22
3 Current Assets, Loans & Advances			
Inventories	8	20,228.42	25,073.05
Sundry Debtors	9	19,706.04	14,122.90
Cash & Bank Balances	10	3,016.44	3,040.31
Loans & Advances	11	3,341.86	6,059.64
		<u>46,292.76</u>	<u>48,295.90</u>
Less : Current Liabilities & Provisions	7	11,526.68	6,719.60
	-	-	-
Net Current Assets		<u>34,766.08</u>	<u>41,576.30</u>
4 Misc. Expenditure/Deferred Revenue Expenditure	12	424.05	619.75
(to the extent Not Written off or Adjusted)			
Total		<u>106,037.27</u>	<u>102,121.15</u>
Significant Accounting Policies and Notes on Accounts	19		
Schedules referred to above form an integral part of the Financial Statements			

As per our report of even date

For P. Jain & Co.

Chartered Accountants

Munish Kr. Jain

Partner

For and on behalf of the Board

Sandeep Agarwal

Managing Director

Place : Ghaziabad

Date : September 22, 2009

A. K. Singhal

President (Accounts & Finance)

Ajay Gupta

Company Secretary

P.K. Rajput

Executive Director

P & L ACCOUNT**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE' 2009**

	SCHEDULE	30.06.09 Rs. in Lac	31.03.08 Rs. in Lac
Income			
Sales	13	99,471.09	63,522.01
Less :Excise Duty		85.87	95.10
Net Sales		99,385.22	63,426.91
Other Income		650.94	471.79
Increase(decrease)in Stock		(4,110.01)	4,301.35
		<u>95,926.15</u>	<u>68,200.05</u>
Expenditure			
Material Consumed	14	77,296.54	47,844.82
Manufacturing Expenses	15	10,841.65	7,519.00
Personnel Expenses	16	2,024.19	1,375.42
Other operating Expenses	17	6,106.43	3,086.92
Misc. and Deferred Revenue Expenditure W/Off		186.72	137.58
Exchange Fluctuation		10,406.89	1,731.86
		<u>106,862.42</u>	<u>61,695.60</u>
Profit Before Depreciation, Financial Expenses & Tax		<u>(10,936.27)</u>	<u>6,504.45</u>
Less : Financial Expenses	18	9,644.60	3,199.73
		<u>(20,580.87)</u>	<u>3,304.72</u>
Profit Before Depreciation & Tax		<u>(20,580.87)</u>	<u>3,304.72</u>
Less : Depreciation		3,940.32	1,782.50
Profit Before Tax		<u>(24,521.19)</u>	<u>1,522.22</u>
Less : Provision For Taxation-Current Tax		-	172.75
Add : Minimum Alternative Tax Credit Availed		-	172.75
Less : Provision For FBT		60.00	59.50
		<u>(24,581.19)</u>	<u>1,462.72</u>
Profit from operations		<u>(24,581.19)</u>	<u>1,462.72</u>
Less : Deferred Tax		375.00	274.56
Profit After Tax		<u>(24,956.19)</u>	<u>1,188.16</u>
(Less)/Add : Prior Year Adjustments		(10.36)	(38.08)
		<u>(24,966.55)</u>	<u>1,150.08</u>
Add : Surplus as per last year		<u>1,691.29</u>	<u>1,608.11</u>
Available for Appropriation		<u>(23,275.26)</u>	<u>2,758.19</u>
Appropriations			
Transfer to General Reserve		-	865.00
Proposed Dividend		(172.57)	172.57
Corporate Dividend Tax		(29.33)	29.33
Surplus carried to Balance Sheet		<u>(23,073.36)</u>	<u>1,691.29</u>
		<u>(23,275.26)</u>	<u>2,758.19</u>
Basic Earning Per Share(Rs.)		-	3.50
Diluted Earning Per Share(Rs.)		-	3.50
Significant Accounting Policies and Notes of Accounts	19		
Schedules referred to above form an integral part of Accounts			
As per our report of even date			For and on behalf of the Board
For P. Jain & Co.			
Chartered Accountants			
Munish Kr. Jain			Sandeep Agarwal
Partner			Managing Director
Place : Ghaziabad	A.K. Singhal	Ajay Gupta	P.K. Rajput
Dated : September 22, 2009	President (Accounts & Finance)	Company Secretary	Executive Director

SCHEDULES

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac		
1. SHARE CAPITAL				
Authorised Capital 52000000(45000000) Equity Shares of Rs.10/-each	5,200.00	4,500.00		
	<u>5,200.00</u>	<u>4,500.00</u>		
Issued , subscribed & paid up				
34514100(34514100) Equity Share of Rs.10/-each fully paid up out of the above, (16257050 Equity Share of Rs. 10/- each have been allotted during 2006-07 as fully paid up Bonus Share by capitalisation of General Reserve)	3,451.41	3,451.41		
	<u>3,451.41</u>	<u>3,451.41</u>		
2. RESERVES AND SURPLUS				
		Rs. in Lac		
	Balance as on 01.04.2008	Addition During the Period	Utilised During the Period	Balance as on 30.06.2009
Capital Reserve	-	260.00	-	260.00
Securities Premium	16,622.94	-	-	16,622.94
General Reserve	7,999.29	-	-	7,999.29
Profit And Loss Account	1,691.29	(24,764.65)	-	(23,073.36)
Exchange Fluctuation Reserve	(11.15)	97.98	-	86.83
Total	26,302.37	(24,406.67)	-	1,895.70
3. SECURED LOANS				
(A) Term Loans				
Bank & Financial Institutions		66,525.36		41,292.84
Others		184.30		232.23
Term loans from Bank & Financial Institutions are Secured by First Pari - Passu charge created / to be created on Fixed Assets and second pari-passu charge on current assets of the Company, both present and Future and by Personal Guarantees of some of the Directors. Term Loan from others are secured by hypothecation of specific fixed assets				
(B) Working Capital Loan from Banks:		30,924.06		24,328.19
(Secured by Hypothecation of Stocks of Raw Material, Finished and Semi Finished Goods, Consumable Stores & Spares, Book Debts and Second Pari-Passu Charge over Fixed Assets and by Personal-Guarantee of some of Directors)				
		<u>97,633.72</u>		<u>65,853.26</u>

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
4. UNSECURED LOANS		
Fixed Deposits	-	52.98
Others	892.07	4,496.63
	892.07	4,549.61

5. FIXED ASSETS Rs. in Lac

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance	Addition	Deduction Sale	Total upto 30.06.2009	Opening Balance	During the year	On Deduction	Total upto 30.06.2009	As on 30.06.2009	As on 31.03.2008
Leasehold Land	1,367.37	757.96	-	2,125.33	39.52	44.10	-	83.62	2,041.71	1,327.85
Freehold Land	52.76	0.17	-	52.93	-	-	-	-	52.93	52.76
Building	10,190.60	1,006.13	-	11,196.73	875.47	439.23	-	1,314.70	9,882.03	9,315.13
Plant & Machinery	45,171.08	7,187.95	736.50	51,622.53	4,701.74	3,163.72	324.04	7,541.42	44,081.11	40,469.34
Brand & Trade Mark	646.07	-	-	646.07	408.23	80.71	-	488.94	157.13	237.84
Furniture & Fixture	361.59	30.70	-	392.29	93.71	26.69	-	120.40	271.89	267.88
Vehicles	449.66	59.14	25.92	482.88	93.94	55.73	9.30	140.37	342.51	355.72
Office Equipment	145.27	16.89	0.60	161.56	35.24	9.28	0.02	44.50	117.06	110.03
Computers	616.37	37.56	0.25	653.68	472.09	120.95	-	593.04	60.64	144.28
Sub Total	59,000.77	9,096.50	763.27	67,334.00	6,719.94	3,940.41	333.36	10,326.99	57,007.01	52,280.83
Previous Year	27,368.60	31,947.21	315.04	59,000.77	4,949.90	1,782.50	12.46	6,719.94	52,280.83	22,418.70

6. INVESTMENTS
I Long Term (Fully Paid Unless otherwise Stated)
(a) Quoted Shares

13400 (13400) Equity Shares of Rs. 10/- each of Kay Pulp & Paper Mills Ltd. (Market Value-Not Available)	1.34	1.34
720 (720) Equity Shares of Rs. 10/- each of Parasram Puria Synthetics Ltd. (Market Value- Not Available)	0.22	0.22
2000 (2000) Equity Shares of Rs. 10/- each of Global Syntex (Bhilwara) Ltd.(Partly of Rs. 5/- each Paidup) (Market Value- Not Available)	0.10	0.10
Nil (517032) Equity Shares of Rs. 10/- Each of Era Infra Engineering Co. Ltd.	-	4,382.72

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
(b) Mutual Funds		
20000 (20000) Unit of Rs. 10/- each of Sbi One India Fund	2.00	2.00
Market Value-Rs. 171200/-		
19560 (19560) Unit of Franklin India High Growth Co.	2.00	2.00
Market Value - Rs. 182630/-		
100000 (100000) Unit of Rs. 10/- each of Sbi Infrastructure Fund	10.00	10.00
Market Value- Rs. 901000/-		
2930 (2930) Unit of Reliance Growth Fund	10.00	10.00
Market Value- Rs. 1012505/-		
10000 (10000) of Rs. 10/- each of Uti Infrastructure Advantage Fund-Series-I	1.00	1.00
Market Value-Rs. 81100/-		
(c) Unquoted Shares		
Nil (105000) Equity Share of Rs. 10/- each of Bulland Builtmart Pvt. Ltd.	-	10.50
105000 (105000) Equity Share of Rs. 10/- each of Sedona Herbal Pvt. Ltd.	10.50	10.50
265000 (Nil) Reedmable Conertable Preference Share Of Rs. 100/- Each of Sedona. Herbal Pvt. Ltd.	265.00	-
4500000 (4500000) Equity Shares of Rs. 1/- each of Improve Interior. Com Ltd.	45.00	45.00
2450 (2450) Shares of Cody Direct Corp. N.P.V	4.12	489.63
343000 (343000) Equity Shares of Rs. 10/- each of Gunsola	184.21	
184.21		
Hydro Power Pvt. Ltd.		
II Current Investment	-	-
	535.49	5,149.22

7. CURRENT LIABILITIES & PROVISIONS

A. Current Liabilities

Sundry Creditors	: Small & Micro Enterprises	12.02	27.48
	: Others	7,098.17	2,253.28
Advance From Customers		251.11	396.06
Expenses Payable		1,555.72	962.39
Provision For Exchange Fluctation		2,257.59	2,661.12
Unclaimed Dividend		11.72	5.70
Interest Accrued But Not Due		-	8.27
Gratuity/Leave Encashment		280.35	161.52

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 30.06.09 Rs. in Lac	AS AT 31.03.08 Rs. in Lac
B. Provisions		
Proposed Dividend	-	172.57
Income Tax/Wealth Tax	-	1.35
Fringe Benefit Tax	60.00	40.52
Corporate Dividend Tax	-	29.33
Minority Shareholders Interest	-	0.01
	<u>11,526.68</u>	<u>6,719.60</u>
8. INVENTORIES		
Raw Materials	12,773.56	13,393.34
Consumable Stores	263.89	378.64
Finished Goods	2,967.88	3,176.79
Semi Finished Goods	4,223.09	8,124.18
Stock-in-transit	-	0.10
	<u>20,228.42</u>	<u>25,073.05</u>
9. SUNDRY DEBTORS (UNSECURED, CONSIDERED GOODS)		
Debts Outstanding for a Period Less Than Six Months - (Considered Good)	18,508.86	14,005.71
Other Debts		
Considered Good	1,197.18	117.19
Considered Doubtful	155.52	-
Less: Provision for Doubtful Debts	155.52	-
	<u>19,706.04</u>	<u>14,122.90</u>
10. CASH & BANK BALANCES		
Cash in Hand	83.21	144.12
Balances with Scheduled Banks		
In Current Accounts	772.89	1,098.63
In Fixed Deposit	2,022.62	1,706.52
In Margin Money	137.72	91.04
	<u>3,016.44</u>	<u>3,040.31</u>
11. LOANS & ADVANCES (UNSECURED, CONSIDERED GOODS)		
Advance Recoverable in Cash or in Kind or for value to be Received	1,918.26	4,986.74
Security Deposit	524.44	507.56
Advance Income Tax (Net of Provisions)	576.35	233.17
Minimum Alternate Tax Adjustable	322.81	332.17
	<u>3,341.86</u>	<u>6,059.64</u>
12. MISCELLANEOUS EXPENDITURE		
(To the Extent Not Written off or Adjusted)		
Preliminary Expenses	321.11	391.66
Product Development & other- -Deferred Revenue Expenses	102.94	228.09
	<u>424.05</u>	<u>619.75</u>

SCHEDULES FORMING PART OF ACCOUNTS

	30.06.09 Rs. in Lac	31.03.08 Rs. in Lac
13. SALES		
Export	23,687.09	9,556.70
Domestic	75,784.00	53,965.31
	<u>99,471.09</u>	<u>63,522.01</u>
14. MATERIAL CONSUMED		
Opening Stock	13,393.34	10,629.03
Add: Purchases	76,676.76	50,609.13
	<u>90,070.10</u>	<u>61,238.16</u>
Less: Closing Stock	12,773.56	13,393.34
	<u>77,296.54</u>	<u>47,844.82</u>
15. MANUFACTURING EXPENSES		
Wages Including other Benefits	2,630.58	1,683.25
Contribution to Provident & other Funds	93.85	76.34
Security & Vigilance	43.11	29.12
Food & Beverage Prov. to Workers	55.83	31.70
Consumption of Stores & Spares	1,089.82	525.14
Production Expenses	1,415.28	2,274.95
Weaving & Processing Charges	96.12	82.84
Power & Fuel	5,327.31	2,657.71
Carriage & Cartage	80.83	153.07
Research & Development Expenditure	8.92	4.88
	<u>10,841.65</u>	<u>7,519.00</u>
16. PERSONAL EXPENSES		
Salaries Including other Benefits	1,730.41	1,222.58
Contribution to Provident & others Funds	103.19	29.43
Gratuity	95.68	22.09
Food & Beverage Prov. to Staff	94.91	101.32
	<u>2,024.19</u>	<u>1,375.42</u>

SCHEDULES FORMING PART OF ACCOUNTS

	30.06.09 Rs. in Lac	31.03.08 Rs. in Lac
17. OTHER OPERATING EXPENSES		
Rent	302.24	172.90
Rates & Taxes	52.78	27.30
Postage & Telegram	25.87	23.74
Printing & Stationery	54.56	31.59
Legal & Professional Expenses	278.55	108.75
Travelling & Conveyance - Others	268.64	225.25
Travelling & Conveyance - Directors	14.40	28.82
Telephone & Fax	71.76	64.50
Directors' Remuneration	36.80	24.76
Books & Periodicals	0.56	0.60
Fees & Subscription	33.67	25.86
General Expenses	29.41	28.69
Insurance	277.96	195.50
Auditors Remuneration	10.79	8.43
Vehicle Running Expenses	180.44	122.43
Donation	0.24	3.13
Hank Yarn Obligation	11.17	9.27
Repairs & Maintenance		
Building	35.26	19.59
Machinery	21.72	15.90
Others	57.59	49.12
Loss on Sale of Assets	243.00	5.64
Loss on Sale of Investment	582.58	-
Selling & Distribution Expenses		
Packing & Forwarding	1495.70	852.96
Sales Promotion & Incentives	587.81	497.71
Advertisement & Publicity	94.80	106.18
Vat / Sales Tax Paid Against W.C.T.	21.07	33.78
Freight on Exports	1161.54	404.52
Provision For Doubtful Debts	155.52	-
	<u>6106.43</u>	<u>3086.92</u>
18. FINANCIAL EXPENSES		
Interest To Banks & Fin. Institutions	8926.47	3035.08
Others	718.13	164.65
	<u>9644.60</u>	<u>3199.73</u>

19. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

- **BASIS FOR PREPARATION OF ACCOUNTS:**

The Financial Statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements, as laid down under the Accounting Standard on consolidated financial statements issued by The Institute of Chartered Accountants of India and on going concern basis under the historical cost convention, on accrual basis.

The financial statements of Alps Industries Ltd., the parent company, Snowflakes Meditech Pvt. Ltd (formally known as Alps Retail Pvt. Ltd.), Alps USA Inc., Alps Energy Pvt. Ltd. (along with its subsidiary Alps Uttarakhand Energy Pvt. Ltd., have been combined on line by line basis by adding together book values of like items of assets, liabilities etc. and by eliminating intra-group balances.

The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Minority interest has been excluded. Minority interest represents that part of the assets of subsidiaries that are not owned but indirectly controlled by the parent company.

- **REVENUE RECOGNITION:**

Sales are recognized on completion of sale of goods and are net of trade discounts, rebates and inclusive of excise duty and exchange fluctuation, but excludes tax.

- **FIXED ASSETS:**

a) Fixed assets are stated at cost, net of MODVAT/CENVAT less accumulated depreciation. Cost of fixed assets includes the cost of acquisition and all expenses incurred which are directly attributable, including cost of borrowings and exchange fluctuation, to bringing the assets into working condition for its intended use.

b) Cost of assets not ready to put to use before year end and advances paid for acquisition or construction of capital assets are shown as 'Capital Work in Progress'.

c) Goodwill comprises the excess of purchase consideration paid over the fair value of the net assets of the acquired company.

- **DEPRECIATION :**

Depreciation on the fixed assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

- **INVESTMENTS :**

a) Investments are carried at cost. However, provision for diminution in value is made to recognize any decline, other than temporary in the value of investment.

b) Investments that are readily realizable and intended to be hold for not more than a year are classified as Current investments. All other investments are classified as Long Term Investment.

- **INVENTORIES :**

Raw Materials and stores & spares are valued at cost. Cost of raw material is determined by using the First in First out (FIFO) method except for cotton, which is valued at weighted average cost.

Finished and Semi Finished goods produced and purchased, are valued at lower of cost or net realizable value. The identification of Semi Finished goods is done on the basis of location of the goods.

- **BORROWING COST:**

Borrowing cost, directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, is capitalized and other borrowing cost is charged to revenue.

- **TERMINAL BENEFITS :**

The provision for Gratuity liability is made in accordance with the actuarial valuation at the end of the year. The provision for earned leave/medical leaves has been made on the basis of leaves accrued to the employees.

- **RESEARCH AND DEVELOPMENT:**

Research & Development expenses of revenue nature are charged to Profit and Loss Account and those of capital nature are capitalized as Fixed Assets.

- **MISCELLANEOUS EXPENDITURE:**

Preliminary expenses & capital issue expenses are amortised over a period of ten years.

Deferred revenue expenditure includes product research and development, design development, sampling expenses and human resource development expenses and are written off over a period of five years.

- **FOREIGN CURRENCY TRANSACTIONS:**

- a) Transactions denominated in foreign currencies are generally recorded at the exchange rate prevailing at the time of the transactions.
- b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or translation is recognised in the profit & loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.
- e) The translation of financial statement of foreign subsidiary from the respective local currency to functional currency of the Company is performed for the balance sheet accounts using the exchange rate in effect at the balance sheet date and the resulting difference is presented as Foreign Currency Translation Reserve included in Reserve & Surplus.

- **IMPAIRMENT OF ASSETS :**

Carrying amount of Assets are reviewed at each balance sheet date. If there is any indication of impairment, based on internal / external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

- **TAXATION:**

- a) Provision for Current Income Tax and Fringe Benefit Tax are made in accordance with the provisions of the Income Tax Act, 1961.
- b) Liability for deferred tax is provided while deferred tax asset is recognized only if there is virtual certainty of their realization in future in terms of Accounting Standard on "Deferred Tax Accounting" (AS-22) issued .by the Institute of Chartered Accountants of India.

- **OPERATING LEASE:**

Lease payments are recognized as an expense in the Profit and Loss account according to the terms and conditions of the respective agreement.

B. NOTES TO ACCOUNTS:

1. CONTINGENT LIABILITIES

Contingent liability exists in respect of:

Rs. in lac

Particulars	As at 31.06.2009	As at 31.03.2008
a) Guarantees issued by bankers on behalf of company.	475.62	194.93
b) Letters of Credit outstanding (trade)	23.35	970.11
c) Capital contracts remaining unexecuted (net of advances)	262.26	252.73
d) Claims against the company not acknowledged as debt.		
a. towards Revenue - Rs. 520.34 lac		
b. towards Margin Calls - Rs. 6,921.00 lac	7441.34	242.54
e) Outstanding forward contracts	NIL	8716.70
f) Bills discounted with banks	958.29	1026.44
g) Corporate guarantees given to financial institutions/ banks on behalf of subsidiary companies and associates.	4787.00*	6950.00

*Against this guarantee, a claim of US\$ 195.70 lac has been raised on the parent company as a guarantor matching with the claim made on the subsidiary, being the transacting company. The claim has been contested by the Company and the matter is sub-judice. Hence, no provision is considered necessary in the books of account.

- Deferred tax resulting from timing difference between the book and taxable profit is accounted for at the applicable current rate of tax. The deferred tax liability as on 30.06.2009 comes to Rs. 2066.51 lac (Previous year Rs. 1691.51 lac).
- The unclaimed dividend amount of Rs. 0.14 lac for the financial year 2000-01 (Rs. 0.17 lac for the Financial Year 1999-2000) has been credited to the Investor Education and Protection Fund, as per the provisions of Section 205C of the Companies Act, 1956.
- In the opinion of the Management, all current assets, loans and advances have a value, on realization, in the ordinary course of business, at least equal to the amount at which they are stated.
- The consolidation of financial statement of Alps USA Inc. is being done on the basis of statement prepared in accordance with the accounting policies applicable at group companies in India.
- The names of small scale industrial undertakings, to whom the company owes money as at 30.06.2009, are as under:

M/s T. R. Cones, M/s Raja General Engineering works, M/s Abhinav Aluminium Ltd., M/s Endure System, M/s Fibre Links, M/s Modern Industrial Syndicate, M/s Uma Cartoon Box, M/s Wellworth Packers Pvt Ltd, M/s Dhir Industries, M/s Diamond Packaging Industries, M/s Monson (India) Pvt Ltd., M/s Venus polymers, M/s Superlit Motto and M/s Press Metal Industries.

The above information and that given in Schedule 7 – “Current Liabilities and Provisions” regarding small scale industrial undertakings has been determined, to the extent such parties have been identified, on the basis of information available with the company. The company has normally made payments to SSI/small and micro enterprises in due time and also no claims from these parties have been received for interest or overdue payments.

7. The segment disclosure as per Accounting Standard –17 on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India is as under:

Primary Segments
Rs. in Lac

Particulars	SEGMENTS							
	Home Furnishing & Fashion Accessories		Yarn		Architectural Products		Total	
Year	Period Ended on 30th June 09	Year Ended on 31st March 08	Period Ended on 30th June 09	Year Ended on 31st March 08	Period Ended on 30th June 09	Year Ended on 31st March 08	Period Ended on 30th June 09	Year Ended on 31st March 08
Segment Revenues	43408.47	32517.95	50932.71	27243.73	5044.04	3988.23	99385.22	63749.91
Less Inter Segment Revenue	-	210.00	-	113.00	-	-	-	323.00
Net Segment Revenue.	43408.47	32307.95	50932.71	27130.73	5044.04	3988.23	99385.22	63426.91
Segment Results	(4334.85)	3208.38	(786.08)	2168.58	602.24	605.05	(4518.69)	5982.01
Less Financial Expenses	-	-	-	-	-	-	9644.60	3199.73
Less Un-allocable expenses	-	-	-	-	-	-	11008.84	1731.86
Add Other Income	-	-	-	-	-	-	650.94	471.79
Profit before tax	-	-	-	-	-	-	(24521.19)	1522.21
Capital Employed	29163.11	28870.00	57960.48	62602.68	4438.40	3264.65	91561.99	94797.33

Secondary Segments
Rs. in Lac

Particulars	SEGMENTS				Total	
	Domestic		Export			
Year	Period Ended on 30th June 09	Year Ended on 31st March 08	Period Ended on 30th June 09	Year Ended on 31st March 08	Period Ended on 30th June 09	Year Ended on 31st March 08
Segment Revenue	75485.81	53870.21	23687.09	9556.70	99172.90	63426.91

8. **Basic & Diluted Earning Per Share** has been calculated as under:

Particulars	Period ended on 30th June 09	Year ended on 30st March 08
Profit attributable to the Equity shareholders (Rs. in Lacs) – (A)	N.A.	1188.16
Weighted average number of equity shares outstanding during the year - (B)	N.A.	34066013
Nominal value of equity shares (Rs.)	N.A.	10.00
Basic Earnings per share (Rs.)	N.A.	3.50
Diluted Earnings per share (Rs.)	N.A.	3.50

(The company had issued 40,00,000 Zero Coupon Convertible Warrants of Rs. 10 each at issue price of Rs. 65/- per warrant, the issue price being more than the fair value calculated in terms of Accounting Standard 20 issued by ICAI, which is anti-dilutive. Therefore, the above Zero Coupon Convertible Warrants have not been taken into consideration while calculating the Diluted EPS for the year ended 31.03.08.)

9. HOLDINGS OF ALPS INDUSTRIES LIMITED IN IT'S SUBSIDIARIES:

Name of the Subsidiary	Country of Incorporation	Holding as on 30TH June 2009
Alps Energy Pvt. Ltd	India	99.90%
Alps Retail Pvt. Ltd.	India	99.90%
Alps USA INC.	USA	100%
Alps Uttarakhand Energy Pvt. Ltd.*	India	99.98%

* Alps Uttarakhand Energy Pvt. Ltd. is a wholly owned subsidiary of Alps Energy Pvt. Ltd.

All the companies are directly or indirectly wholly owned subsidiaries of Alps Industries Ltd.

10. The financial statements of the foreign subsidiary company are translated into INR calculated at 1 USD equivalent to INR 47.87 (Previous year USD 1 = Rs. 39.97).

11. Related Party Transactions

Name of related parties and description of relationship as required by AS-18:

The members of the Board are interested in the following entities, covered under the Related Party Transactions, but there were no material transactions entered into with any of these entities. However the details of transactions with each of them are given below:

Wholly owned Subsidiary Companies	: Alps Energy Pvt. Ltd., Alps Uttarakhand Energy Pvt. Ltd (a subsidiary of ALPS Energy Pvt Ltd). Snowflakes Meditech private Ltd (Formerly known as ALPS Retail Pvt Ltd) Alps USA INC.
Parent Company	Alps Industries Ltd.
Entities controlled by subsidiaries, key management personnel and their relatives.	: Alps Textfab (P) Ltd., Alps Processors Pvt. Ltd., Careen Fintec (P.) Ltd., Bulland Buildmart Pvt. Ltd., Coronation Spinning India (P) Ltd., Improve Interior. Com Ltd, Jhala-Koti Gunsola Power Pvt. Ltd., Pacific Texmark Pvt. Ltd. (Formerly known as Alps Infin Pvt. Ltd.), Padam Precision Dies & Component Pvt. Ltd., Peek Finvest (P) Ltd., Perfect Finmen Services (P) Ltd., Roseate Finvest Pvt. Ltd., Saurabh Floriculture (P) Ltd., Sedona Herbals Pvt. Ltd., Supreme Finvest Pvt. Ltd., Cody Direct Corp. Alps Spandex India Limited.
Key management personnel	: 1. Mr. Sandeep Agarwal 2. Mr. P.K. Rajput

Rs. in Lac

Nature of Transaction	Transactions with Key Management Personnel, Entities controlled by them and their relatives	
	Period ended on 30th June 09	Year ended on 31st March 08
1. Sale of Goods	465.08	Nil
2. Purchase of Goods (including job work)	345.23	110.67
3. Purchase of securities	Nil	Nil
4. Purchase of Capital Assets	Nil	Nil
5. Subscription to Shares Capital	265.00	Nil
6. Sales of Capital Assets	Nil	Nil
7. Advances for purchase of Capital Assets	Nil	Nil
8. Advances/Loans given	6.42	243.94
9. Advances/Loans taken	Nil	505.94
10. Remuneration	36.80	24.76

12. Auditors' Remuneration

Rs in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Audit Fees	10.80	8.80
Income Tax & other matters	Nil	3.00

13. Directors' Remuneration

The directors' remuneration paid is within the limits prescribed in Section 198/349 of the Companies Act, 1956. However, during the period the company has incurred losses and the procedure for requisite permissions from the respective authorities is under progress.

Rs. in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Salary	33.50	22.20
Perquisites	3.30	2.56
Total	36.80	24.76

14. Additional information required under Para 3 and 4 of part II of schedule VI, of the Companies Act, 1956.

A. PRODUCTION CAPACITY

Product	Unit	Licenced capacity	Installed capacity
Yarn	M.T.	52054.20	52054.20
Fabric/Made Ups/Fashion Accessories	'000 SQ Mtr	37647.00	37647.00
Architectural Products	'000 SQ Mtr	178.00	178.00

B. RAW MATERIAL CONSUMPTION

Rs in Lac

Particulars	Unit	Period ended on 30th June 09		Year ended on 31st March 08	
		Qty.	Value	Qty.	Value
Cotton	M.T.	55145.29	37197.32	34002.63	19407.94
Yarn	M.T.	4400.19	2680.81	1206.68	803.78
Fabric	'000 Sq Mtr	62153.96	32358.09	55122.30	25799.54
Architectural Products	---	-	1717.73	---	1709.24
Others	---	-	3147.59	---	124.32
Total	---	-	77101.54	---	47844.82

C. FINISHED PRODUCTS

I. Opening Stock

Particulars	Unit	As on 30th June 09		As on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	2578.99	2780.65	934.50	850.39
Fabric/MadeUps/Fashion Accessories	'000 SQ Mtr	724.57	345.56	898.01	441.67
Others	---	---	50.57	---	30.75
Total	---	-	3176.78	---	1322.81

II. Production/ Purchases (Net of captive consumption)

Rs in Lac

Particulars	Unit	Period ended on 30th June 09	Year ended on 31st March 08
		Qty.	Qty.
Yarn	M.T.	52520.50	32576.37
Fabric/ Made Ups/Fashion Accessories	'000 SQ Mtr	56834.46	43404.89

III. Sales (Inclusive of Excise Duty)

Particulars	Unit	Period ended on 30th June 09		Year ended on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	53773.54	50961.76	30931.88	28161.48
Fabric/ Made Ups/Fashion Accessories	'000 SQ Mtr	54890.87	42424.54	43578.33	31291.86
Architectural Products	'000 SQ Mtr	---	5044.04	---	3988.23
Others	---	---	1040.75	---	80.44
Total	---	---	100471.09	---	63522.01

IV. Closing Stock

Particulars	Unit	As on 30th June 09		As on 31st March 08	
		Qty.	Value	Qty.	Value
Yarn	M.T.	1325.95	1556.25	2578.99	2780.65
Fabric/Made Ups/Fashion Accessories	'000 SQ Mtr	2668.16	1359.08	724.57	345.56
Others	---	---	52.55	---	50.57
Total	---	---	2967.88	---	3176.78

15. Value of Direct Imports (C.I.F. Value)

Particulars	Period ended on 30th June 09		Year ended on 31st March 08	
	Rs in Lac	% of Consumption	Rs in Lac	% of Consumption
Raw Materials	4895.93	6.35%	1009.19	2.10%
Capital Goods	12418.74	NA	17770.22	NA
Components & Spare Parts	46.10	4.23%	45.49	8.66%

16. Expenditure in Foreign Currency
Rs. in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Foreign Travels	54.37	58.39
Interest of FCL	177.92	93.59
Others	417.05	20.03

17. Earnings in Foreign Exchange
Rs. in Lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
F.O.B. Value of Exports	23687.09	9556.70

18. Remittance in Foreign Currency on account of dividend

Year	No. of Shares Held	No. of non resident Shareholders	Rs. in Lac	Relating to F.Y
Period ended on 30th June 09	Nil	Nil	Nil	2007-2008
Year ended on 31st March 08	2988400	13	22.41	2006-2007

19. Other Income

Rs. in lac

Particulars	Period ended on 30th June 09	Year ended on 31st March 08
Income from Interest	267.05	21.31
Surrender value of KIP	Nil	357.26
Profit on sale of investment	326.35	Nil
Miscellaneous Income	57.54	93.22
Total	650.94	471.79

20. The accounting year of the parent company Alps Industries Limited has been extended from 12 months to 15 months i.e. from 01.04.2008 to 30.06.2009. The accounts of the subsidiary companies have also been prepared for fifteen months i.e. from 01.04.08 to 30.06.09 to fall in line of the parent company for the purposes of consolidation. The accounts of the subsidiary companies are duly audited for the year ended on 31st March 09 and the transactions during the subsequent period of three months are unaudited. In view of this current period, figures are not comparable with those of the previous year.
21. At the end of the current period i.e. 30th June 2009, the accumulated losses of the parent Company have eroded more than 50% of its peak Net Worth during the immediately preceding four financial years.
22. Due to global business down turn and losses on derivative transactions for hedging of foreign currency exchange risks and of controlling costs, during the period, the parent Company faced problems in timely repayment of its dues towards lenders i.e. banks and financial institutions. To sort out the problem the Company approached the Corporate Debt Restructuring Empowered Group (CDR EG), through its lenders. CDR EG approved a scheme of financial restructuring of the Company's debts on 31st Aug 2009 with a cut off date from 31st Jan 2009. The scheme so sanctioned is under implementation with all the CDR member lenders. As regards to non CDR member lenders, the sanctions on CDR guidelines are awaited.

The main reliefs under CDR scheme are as follows:

1. Part of term loan liability has been proposed to be converted into Quasi Equity instruments i.e. Optionally Convertible Cumulative Preferential Shares / Cumulative Redeemable Preferential Shares.
2. The remaining term liability repayment schedule has been restructured to be re-paid within 10 years from the cut off date.
3. Unpaid crystallized derivative losses as on the cut off date and all future derivative losses, if any, are proposed to be converted into Quasi Equity instruments i.e. Cumulative Redeemable Preferential Shares.

However, sanctions from the individual lenders are yet to be received as per CDR Guidelines. The financial impact of the scheme has not been considered in these books of accounts.

23. The Board of Directors of parent Company had recommended dividend @ 5% on equity shares amounting to Rs. 172.57 Lac, for the financial year ended 31st March, 2008. However, the shareholders of the Company, at Annual General Meeting held on September 27, 2008, did not approve the recommendations in view of the Company's expansion plans in hand. Consequently, the provision for dividend and taxes thereon, made in the year ended 31st March, 2008, amounting to Rs. 201.90 Lac, has been reversed during the current year and added back to Reserves and Surplus.
24. The parent Company had entered into several foreign currency derivative transactions to hedge its foreign currency exposures on account of exports and imports as well as with a view to control costs. These transactions have maturity up to April 2012. These derivative options are proprietary products of banks, which do not have a ready market and as such are marked to a model, which are usually banks specific instead of being marked to market. In view of the significant uncertainties, no provision has been considered necessary for these transactions.
25. The parent company's new weaving and processing facility at Partapur, Meerut having capacity of 55v looms and dyeing capacity of 100,000 meters per day has been partially commissioned and started production w.e.f. 5th March 2009. The facility is expected to start full operations within next six months.

26. The Company had issued 40,00,000 zero coupon convertible warrants (ZCCW) of Rs. 10 each @ Rs. 65 each. Against this, a sum of Rs. 260 lac had been received. Since the subscribers of the ZCCW have expressed their intention not to subscribe to the instrument, the above advance money received has been forfeited during the period and credited to Capital Reserve.
27. The figures given in brackets represent figures of previous year and have been regrouped and rearranged, wherever considered necessary.

As per our report of even date attached
For P. Jain & Associates
Chartered Accountants

For and on behalf of the Board

Sandeep Agarwal

Managing Director

Munish Kr. Jain
(Partner)

Place : Ghaziabad
Date : September 22, 2009

A. K. Singhal

President (Accounts & Finance)

Ajay Gupta

Company Secretary

P. K. Rajput

Executive Director

CASH FLOW**AUDITOR'S CERTIFICATE**

We have examined the attached Consolidated Cash Flow Statement of Alps Industries Limited for the period of 15 months ended on 30th June 2009. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreement with the Stock exchange and is based on and in agreement with the corresponding Profit and Loss Account and the Balance sheet of the Company covered by our report of September 22, 2009 to the members of the Company.

For P. Jain & Co.
Chartered Accountants

Place: Ghaziabad
Dated: September 22, 2009

Munish Kr. Jain
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED :

	Rs. in Lac 30.06.2009	Rs. in Lac 31.03.2008
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	(24,521.19)	1,522.22
Adjustment for :		
Depreciation	3,940.32	1,782.50
Interest etc. Received	(324.59)	(471.79)
Interest on Borrowed Capital	9,644.60	3,199.73
Loss on Sale of Assests	243.00	5.64
Loss / (Profit) on Sale of Investment	256.23	-
Miscellaneous Expenditure W/off	195.70	137.58
Operating Profit Before Working Capital Changes	<u>(10,565.93)</u>	<u>6,175.88</u>
Adjustment for Working Capital Changes		
Inventories	4,844.63	(7,169.02)
Trade & other Receivable	(2,531.54)	(8,463.31)
Trade Payable & other Liabilities	4,990.86	2,364.75
Increase in Working Capital	7,303.95	(13,267.58)
Cash Generated From Operations		
Interest Paid	(9,644.60)	(3,199.73)
Direct Taxes Paid	(375.69)	(433.58)
Cash Flow Before Extraordinary Items	<u>(13,282.27)</u>	<u>(10,725.01)</u>
Extraordinary Items (Prior Year Adjustment)	(10.36)	(38.08)
Net Cash From Operating Activities	<u>(13,292.63)</u>	<u>(10,763.09)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(19,906.00)	(20,852.24)
Sale of Fixed Assets	186.89	25.05
Sale/(purchase) of securities (inc. of subsidiaries)	4,357.50	(5,090.71)
Accusition of minorities share in subsidiearies	0.01	(1.00)
Interest/Dividend received	324.59	471.79
Preliminary/Product Research Expenses	-	(53.98)
Net Cash used in Investment Activities	<u>(15,037.01)</u>	<u>(25,501.09)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue of Share Capital / Premium	-	1,300.01
Net proceeds / Repayment of Borrowings	28,112.92	33,202.70
Proceeds From Issue of ZCC Warrants	-	260.00
Proceeds From application money agt. Equity Shares	84.87	11.99
Dividend Paid (including Dividend Tax)	-	(300.73)
Addition/Transfer to Capital Reserve		
Net Cash From Financing Activities	28,207.79	34,473.97
Effect of Exchange Rate Changes in Cash and Cash Equivalents	97.98	-
Net Increase in Cash & Cash Equivalents	(121.85)	(1,790.21)
Opening Balance of Cash and Cash Equivalents	3,040.31	4,830.52
Closing Balance of Cash and Cash Equivalents	<u>3,016.44</u>	<u>3,040.31</u>

As per our report of even date attached

For P. Jain & Associates

Chartered Accountants

Munish Kr. Jain

(Partner)

Place: Ghaziabad

Date : September 22, 2009

A. K. Singhal

President (Accounts & Finance)

Ajay Gupta

Company Secretary

P. K. Rajput

Executive Director

For and on behalf of the Board

Sandeep Agarwal

Managing Director

Balance Sheet Abstract and Company's General Business Profile

1. Registration details

Registration No.

0	0	3	5	4	4
---	---	---	---	---	---

 State Code

2	0
---	---

 Balance Sheet date

3	0
---	---

0	6
---	---

2	0	0	9
---	---	---	---

 Date Month Year

2. Capital raised during the year (Amount in Rs. '000)

Public Issue :

		N	I	L		
--	--	---	---	---	--	--

 Right Issue :

		N	I	L		
--	--	---	---	---	--	--

 Bonus Issue :

		N	I	L		
--	--	---	---	---	--	--

 Private Placement/Others :

		N	I	L		
--	--	---	---	---	--	--

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities :

1	0	6	0	3	7	2	7
---	---	---	---	---	---	---	---

 Total Assets :

1	0	6	0	3	7	2	7
---	---	---	---	---	---	---	---

Sources of Funds:
 Paid-up Capital :

	3	4	5	1	4	1
--	---	---	---	---	---	---

 Reserves & Surplus :

	1	8	9	5	7	0
--	---	---	---	---	---	---

 Application Money :

			9	7	8	6
--	--	--	---	---	---	---

 Secured Loans :

9	7	6	3	3	7	2
---	---	---	---	---	---	---

 Unsecured Loans :

		8	9	2	0	7
--	--	---	---	---	---	---

 Deferred Tax Liability :

	2	0	6	6	5	1
--	---	---	---	---	---	---

Application of Funds:
 Net Fixed Assets :

7	0	3	1	1	6	5
---	---	---	---	---	---	---

 Investments :

		5	3	5	4	9
--	--	---	---	---	---	---

 Net Current Assets :

3	4	7	6	6	0	8
---	---	---	---	---	---	---

 Misc. Expenditure :

		4	2	4	0	5
--	--	---	---	---	---	---

 Accumulated Losses :

	N	I	L			
--	---	---	---	--	--	--

4. Performance of Company (Amount in Rs. '000)

Turnover :

1	0	0	0	3	6	1	6
---	---	---	---	---	---	---	---

 Total Expenditure :

1	2	4	5	5	7	3	5
---	---	---	---	---	---	---	---

 (Including other income)
 Profit/Loss before tax

+	-
✓	

2	4	5	2	1	1	9
---	---	---	---	---	---	---

 Profit/Loss after tax

+	-
✓	

2	4	9	5	6	1	9
---	---	---	---	---	---	---

 Earning per share in Rs. :

		N	I	L		
--	--	---	---	---	--	--

 Dividend @ % :

		N	I	L		
--	--	---	---	---	--	--

 (Basic & Dilutive EPS)

5. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

6	3	0	3	1	9	0	0
---	---	---	---	---	---	---	---

 Product Description

V	E	R	T	I	C	A	L		B	L	I	N	D	S								
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--	--	--	--	--

 Item Code No. (ITC Code)

6	3	0	3	9	1	0	0
---	---	---	---	---	---	---	---

 Product Description

O	T	H	E	R		T	E	X	T	I	L	E										
M	A	D	E	-	U	P	S															

 Item Code No. (ITC Code)

5	2	0	5	1	2	1	0
---	---	---	---	---	---	---	---

 Product Description

C	O	T	T	O	N		Y	A	R	N
---	---	---	---	---	---	--	---	---	---	---

As per our report of even date attached

for **ALPS INDUSTRIES LIMITED**

For P. Jain & Co.
Chartered Accountants

Munish Kr. Jain
Partner

Sandeep Agarwal
Managing Director

Place : Ghaziabad

A. K. Singhal

Ajay Gupta

P.K. Rajput

Dated : September 22, 2009 President (Accounts & Finance)

Company Secretary

Executive Director