

**27TH
ANNUAL
REPORT
2000-2001**

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APM INDUSTRIES LIMITED

APM INDUSTRIES LIMITED**BOARD OF DIRECTORS**

R K RAJGARHIA
Chairman & Managing Director

P N KAPUR

R L TOSHNIWAL

K R GUPTA

S G RAJGARHIA

H R SHARMA
Executive Director

AUDITORS

Chaturvedi & Co.

BANKERS

Punjab National Bank
State Bank of Bikaner & Jaipur

SOLICITORS

Khaitan & Partners

HEAD OFFICE

2-Brabourne Road
Calcutta - 700 001

CORPORATE OFFICE

1009-Ansal Bhawan
16-Kasturba Gandhi Marg
New Delhi - 110 001

REGISTERED OFFICE & WORKS

SP-147, RIICO Industrial Area
Bhiwadi
Dist. Alwar (Rajasthan)

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APM INDUSTRIES LIMITED**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 27th Annual General Meeting of the Members of APM Industries Limited will be held on Saturday, the 29th day of September, 2001 at 11.30 A.M. at the Registered Office & Works of the Company at SP-147, RIICO Industrial Area, Bhiwadi, Dist. Alwar (Rajasthan) to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri R K Rajgarhia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P N Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Chaturvedi & Co., Chartered Accountants, who are eligible for re-appointment as Auditors of the Company and to fix their remuneration.

Registered Office : For and on behalf of the Board
SP-147, RIICO Industrial Area,
Bhiwadi, Dist. Alwar (Rajasthan)

New Delhi
July 31, 2001

R K RAJGARHIA
Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN FORTY EIGHT (48) HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from 18.9.2001 to 29.9.2001 (both days inclusive).

3. The Dividend, if declared, will be paid to those members whose name appear.

- a) as members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 17th September, 2001 and

- b) as Beneficial Owners as at the end of the business on 17th September, 2001, as per the list to be furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited in respect of the Shares held in electronic form.

4. a) Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends upto the financial year 1994-1995 to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said years are requested to claim the amount from Registrar of Companies, West Bengal, "Nizam Palace", 2nd Floor, 234/4 - AJC Bose Road, Kolkata - 700 020.

- b) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrants, so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claims. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie in respect of such amount.

5. Members are requested to note that facility of dematerialisation of Equity Shares with National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) has been made operative and security has been allotted International Securities Identification Number (ISIN) is INE170D01017.

APM INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 27th Annual Report and Audited Accounts for the year ended March 31, 2001.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2000-2001	1999-2000
Gross Turnover	13360	11897
Gross Profit	749	669
Less :-		
Depreciation*	1125	
Less: Transfer from		
General Reserve	683	442
Provision for Tax	27	55
Profit after tax	280	386
Add :-		
Balance brought forward	338	341
Surplus available for appropriation	618	727
Appropriations:-		
Proposed Dividend	35	52
Corporate Dividend Tax	3	12
General Reserve	—	200
Debenture Redemption Reserve	125	125
Balance carried to Balance Sheet	455	338
	618	727
Earning per share (in Rs.)	6.48	8.93
Cash Earning per share (in Rs.)	16.71	14.21

*The company has been providing depreciation on Plant & Machinery of Spinning Units at the rates applicable to Continuous Process Plant. This has been changed to rates applicable on shift basis. Consequent to this change, additional charge of depreciation amounting to Rs.683 lacs relating to prior years has been provided for by withdrawing an equivalent amount from General Reserve. Depreciation for the year is higher by Rs.168 lacs due to this change.

PERFORMANCE

Your Company has shown satisfactory results during the year under review. The sale is higher by 12.3% from Rs.118.97 Crores to Rs.133.60 Crores.

Production is up from 10490 MT to 11606 MT, an increase of more than 10.64% over the preceding year. Turnover by volume has also improved by 8.9% from 10588 MT to 11530 MT this year.

MODERNISATION-CUM-BALANCING PROGRAMME

The Company has successfully implemented modernisation-cum-balancing equipment scheme undertaken under TUF Scheme of Government of India. Benefits from the same have already started accruing to the Company.

PROSPECTS

The prospects for the current year are very uncertain. The Textile Industry especially Blended Yarn sector is in deep recession. The main reason is due to severe slow down in Exports. Export surplus is being diverted to the domestic market. The company hopes that exports will pick up and with the expected good monsoon, the domestic demand will also revive.

DIVIDEND

Your Directors are pleased to recommend a Dividend of 8% for the year ended 31st March, 2001.

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

Information with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956, is annexed as Annexure - I to this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees, as required under section 217(2A) of the Companies Act, 1956 is annexed as Annexure - II to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 the Board of Directors hereby state:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
2. That the Directors have 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 and of the profit or loss of the Company for that period.
3. 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.
4. That the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri R K Rajgarhia and Shri P N Kapur retire from office by rotation and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

AUDITORS

M/s Chaturvedi & Co., Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

APPRECIATION

Your Directors gratefully acknowledge the support given by Financial Institutions, Banks, Govt. of Rajasthan and other statutory bodies during the year under review. Our thanks are also due to shareholders and customers for their continued confidence.

Your Directors also place on record their appreciation to employees for their dedicated performance.

For and on behalf of the Board

New Delhi
July 31, 2001

R K RAJGARHIA
Chairman & Managing Director

APM INDUSTRIES LIMITED

ANNEXURE - I TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

Energy Conservation Measures Taken

- The Company has replaced the existing bulbs of 60 Watt by 9 Watt Energy Saving CFL Lights in residential areas.
- The Company has also installed 2 Nos. Suction Motor invertors on Auto coners.
- The Company is also continuing with the energy conservation measures taken in earlier years.
- The details of total Energy consumption and consumption per unit of production are given below in Form 'A'. The power consumption per kg., has been reduced during the year.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development

The Company has given special emphasis for upgradation of R&D activities for new products development in areas like Acrylic/Polyester yarn in Hosiery Sector and other yarns as per requirement of Corporate Sector and making improvement in the quality of products.

Benefits derived as a result of R&D

Above efforts enabled the Company to produce quality products to supply yarn to corporate sector.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

This information is contained in Notes forming part of Accounts in Schedule - 18.

FORM 'A' FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY

	Unit	2000-2001	1999-2000
A POWER AND FUEL CONSUMPTION			
1 Electricity			
Purchased unit	Unit in lacs	88.16	78.29
Total amount	Rs. In lacs	390.57	308.19
Rate	Rs./Unit	4.43	3.94
2 Own Generation			
a) Through Diesel Generator	Unit in lacs	74.47	145.15
Unit per Litre of Diesel	Unit	3.62	3.64
Cost	Rs./Unit	3.79	2.94
b) Through HFO Generator	Unit in lacs	167.94	82.72
Unit per Litre of HFO/Diesel	Unit	3.97	3.90
Cost	Rs./Unit	2.62	2.46
3 Coal (Grade B, C, D & E)			
Quantity	MT	195	1365
Total cost	Rs. in lacs	5.32	35.02
Average rate	Rs./MT	2724.58	2565.57
4 Diesel			
Quantity	Ltrs. In lacs	20.93	41.76
Total cost	Rs. In lacs	282.59	439.65
Average rate	Rs./Ltrs.	13.50	10.53
5 Furnace Oil			
Quantity	Ltrs. In lacs	41.97	19.31
Total cost	Rs. In lacs	416.32	179.92
Average rate	Rs./Ltrs.	9.92	9.32
B CONSUMPTION PER UNIT OF PRODUCTION*			
1 Electricity		285	292
2 Coal B, C, D & E Grade		1.68	13.01

* Production unit, per 100 kgs.

ANNEXURE - II TO DIRECTORS' REPORT

Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

A) Employed throughout the year under review and were in receipt of remuneration aggregating to not less than Rs.12,00,000/- per annum.

Sl.	Name	Designation	Remune- ration (Rs.)	Qualifi- cation	Experience (No. of years)	Age	Date of Commencement of Employment	Last employment
1	R K Rajgarhia	Chairman & Managing Director	1683100	B. Com	42	63	01.08.94	Orient Steel & Industries Limited

B) Employed for the part of the year and were in receipt of remuneration aggregating to not less than Rs.1,00,000/- p.m.

NIL

NOTES:

- 1) The nature of employment is Contractual.
- 2) Remuneration shown above includes salary, allowances, monetary value of perquisites and Company's contribution to Provident Fund.

APM INDUSTRIES LIMITED

AUDITORS' REPORT

To
The Members,
APM INDUSTRIES LTD.

We have audited the attached Balance Sheet of APM Industries Ltd. as at 31st March, 2001 and also the Profit & Loss Account of the company for the year ended on that date, annexed hereto and report that :-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - (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 account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - (i) in case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2001; and;
 - (ii) in case of the Profit & Loss Account, of the profit of the company for the year ended on that date.

For CHATURVEDI & CO.
Chartered Accountants

Place : New Delhi
Date : July 4, 2001

(T.N. CHATURVEDI)
Partner

ANNEXURE TO THE REPORT OF THE AUDITORS' TO THE MEMBERS OF APM INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies (Amendment) Act, 1988 and on the basis of such checks as we considered appropriate, we further state that :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets were physically verified by the management at the end of the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, raw materials, stores and spares parts.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on physical verification and book records were not material and have been properly dealt with in the books of account.

6. In our opinion and according to the information and explanation given to us, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The company has taken unsecured loans from directors and companies under the same management as defined under Section 301 and sub-section (1-B) of the section 370 of the Companies Act, 1956. The rate of interest and terms and conditions of such loans are prima facie not prejudicial to the interest of the company.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and/or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
9. Interest free loans and advances in the nature of loans given by the company to its employees are being recovered as per stipulation wherever made.
10. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- (Rupee Fifty Thousand Only) or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which similar transactions have been made with other parties and the company's business needs and exigencies.
12. As explained to us, the company has a procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for loss arising on the items so determined.
13. The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.
14. In our opinion, reasonable records have been maintained by the company for the sale or disposal of scrap. The company does not have any by-product.
15. The company has an Internal Audit System commensurate with the size and nature of its business. Independent firm of Chartered Accountants has been appointed for this purpose.
16. Maintenance of cost records has been prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 and as explained to us, such records have been maintained by the company. However, no detailed examination of such records in the accounts has been carried out by us.
17. The company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. As explained to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on 31st March, 2001, for a period of more than six months.
19. According to the information and explanations given to us, and on the basis of records examined by us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985, as amended.

For CHATURVEDI & CO.
Chartered Accountants

Place : New Delhi
Dated : July 4, 2001

(T.N. CHATURVEDI)
Partner