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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

COMPANY SECRETARY

ALOK KUCHHAL

AUDITORS

Chaturvedi & Co.

BANKERES

Punjab National Bank
State Bank of Bikaner & Jaipur

SOLICITORS

Khaitan & Partners

HEAD OFFICE

2-Brabourne Road
Kolkata - 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 28th Annual General Meeting of the Members of APM Industries Limited will be held on Saturday, the 21st day of September, 2002 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, 2002, 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.
3. To appoint a Director in place of Shri H R Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R L Toshniwal, 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.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule-XIII and all other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby accorded to the re-appointment of Shri H R Sharma, as Executive Director of the Company for a period of five (5) years w.e.f. March 1, 2002 upon the terms and conditions including remuneration as set out in the explanatory statement with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII of the Companies Act, 1956 or any amendment thereto as may be agreed between Board of Directors and Shri H R Sharma".

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

By Order of the Board

New Delhi
July 29, 2002

ALOK KUCHHAL
Company Secretary

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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to special business under item No.6 as set out above is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from 11.09.2002 to 21.09.2002, both days inclusive.

4. The Dividend, if declared, will be paid to those members whose names 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 10th September, 2002 and

b) as Beneficial Owners as at the end of the business on 10th September, 2002, as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the Shares held in electronic form.

5. In accordance with the Finance Act, 2002, the Dividend will be taxable in the hands of the recipient. In case of resident individual shareholders, where the Dividend amount exceeds Rs.1,000/- or such other limit as may be notified and effective on the date of payment of dividend. Income Tax will be deducted at source from the Dividend payable, unless Form No.15G (in duplicate) or tax exemption certificate, where applicable, is submitted to the Company before 10th September, 2002.

6. 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) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of 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.

7. The Company's share capital had been dematerialized under ISIN "INE170D01017", with both the Depository i.e. NSDL and CDSL. Shareholders who have not dematerialized their shares may opt the same accordingly.

APM INDUSTRIES LIMITED**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.6**

Shri H R Sharma was appointed as Executive Director of the Company w.e.f. March 1, 1997 for a period of five years, which term expired on February 28, 2002. The Board at its meeting held on January 25, 2002 re-appointed Shri H R Sharma as Executive Director of the Company for a further period of five years w.e.f. March 1, 2002 subject to the approval of members.

The principal terms and conditions governing the payment of remuneration of Shri H R Sharma w.e.f. March 1, 2002 are as under:

a) Salary:

- 1) Rs.50,000 (Rupees Fifty thousand) per month in the scale of Rs.50,000 - 5,000 - 70,000.
- 2) Bonus/Exgratia as may be payable to Senior Executives of the Company but not exceeding 20% of basic salary.

b) Perquisites**PART-A****i) Housing**

Rent-free furnished residential accommodation with free water, electricity and gas, the monetary value of which will be evaluated as per Rules 3 of the Income Tax Rules, 1962.

OR

In case own premises are occupied, then reimbursement of a sum which is fair and reasonable rent of such premises but not exceeding 60% of basic salary,

OR

If rented premises are occupied then reimbursement of the actual rent, taxes, repairs, maintenance etc., incurred in respect of the said premises, the total cost to the Company should not exceed 60% of the basic salary.

ii) Medical benefits for self and family

Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one-month salary per year or three months salary in a period of three years.

iii) Leave

Leave and leave encashment as per rules of the Company.

iv) Leave Travel Allowance/Concession

For self and family once in a year in accordance with the rules of Company.

v) Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

PART-B**i) Provident Fund**

The Company's contribution towards Provident Fund as per rules of the Company.

ii) Gratuity

Not exceeding half month salary for each completed year of service according to the Company's Scheme

PART-C**i) Conveyance**

The Company will provide to Shri H R Sharma, Executive Director, a Car with driver partly for official use and partly for private purpose. The Car provided for private purpose will be considered as perquisites as per Income Tax Rules.

ii) Telephone

The Company shall provide telephone at residence. Personal long distance telephone calls shall be billed by the Company.

He shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Shri H R Sharma being concerned is interested in the resolution.

The Board recommends the proposed resolution for your approval.

Registered Office:

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

By Order of the Board

New Delhi
July 29, 2002

ALOK KUCHHAL
Company Secretary

APM INDUSTRIES LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the 28th Annual Report and Audited Accounts for the year ended on March 31, 2002.

FINANCIAL RESULTS

	(Rs. In lacs)	
	2001-2002	2000-2001
Gross Turnover	12592	13360
Gross Profit	530	749
Less: -		
Depreciation	494	442
Provision for Tax		
- Current Tax	3	27
- Deferred Tax	6	—
Profit after tax	27	280
Add: -		
Balance brought forward	456	338
Transferred from Debenture Redemption Reserve	250	—
Surplus available for appropriation	733	618
Appropriations: -		
Proposed Dividend	22	35
Corporate Dividend Tax	—	3
Debenture Redemption Reserve	—	125
Balance carried to Balance Sheet	711	455
	733	618

PERFORMANCE

The year under review was very recessionary and margins were under pressure. In spite of an increase of 5.88% in production from 11606 MT in 2000-2001 to 12288 MT in 2001-2002, the turnover decreased from Rs.13,360 lacs to Rs.12,592 lacs. Therefore, the net profit was only Rs.27 lacs.

MODERNIZATION-CUM-BALANCING PROGRAMME

The company continues to modernize its equipment under Technology Upgradation Fund Scheme (TUFS). The benefits are accruing to the company.

ISO-9001-2000

Your Company has been granted the Quality System Certificate ISO-9001-2000 for the period from 13th May, 2002 to 12th May, 2005 for the manufacture and supply of yarn made of Polyester, Viscose, Acrylic Fibre and Blends thereof.

PROSPECTS

In the current year the market is expected to improve. Your Directors therefore expect better performance.

DIVIDEND

Your Directors are pleased to recommend Dividend @ 5% on Equity Shares for the year ended on 31st March, 2002.

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

The prescribed details as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are annexed hereto as Annexure and form part of the Report.

PARTICULARS OF EMPLOYEES

The statement showing particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended), is not given as no employee was in receipt of remuneration equal to or exceeding Rs.24,00,000/- (Rupees Twenty Four Lacs only) per annum, if employed for the full year or Rs.2,00,000/- (Rupees Two Lacs only) per month, if employed for a part of the year.

DIRECTORS RESPONSIBILITY STATEMENT

In term of provisions 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 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 and of the profit or loss of the Company for that period.
3. 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.
4. That the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri H R Sharma and Shri R L Toshniwal are liable to retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS AND THEIR OBSERVATIONS

M/s Chaturvedi & Company, Chartered Accountants, the auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Auditors observations in their Report are self-explanatory and, therefore, do not call for any further comments.

CORPORATE GOVERNANCE

Listing Agreement with the Stock Exchanges have been amended to include Corporate Governance code as per SEBI Directives. The said Corporate Governance code will become applicable to your Company by March 2003. Your Company has already initiated steps to put in place the system of Corporate Governance and all the mandatory provisions will be fully complied with before the deadlines prescribed. An Audit Committee and a Share holders/Investors Grievance Committee of the Board have already been set up.

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 for employees for their dedicated performance.

For and on behalf of the Board

New Delhi
July 29, 2002

R K RAJGARHIA
Chairman & Managing Director

APM INDUSTRIES LIMITED**ANNEXURE 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 existing copper Blast by Electronic Blast in Tube lights.
- The Company has installed 11 Nos. Suction Motor invertors on Auto coners and 03 Nos. Invertors in Speed Frames.
- The Company has also installed Energy Saving Ring Frame Spindles in O2 machines, replaced Tin Pulleys with ABS Pulleys in O1 R/Frame, reduced 50% Tube lights on Savio Autoconer Machines.
- The Company is also continuing with the Energy Conservation measures taken in earlier years.
- Details of total Energy consumption and consumption per unit of production are given below in Form 'A'. 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 developments as per requirement of market. The Company has developed Acrylic/ Polyester Yarn for use in Hosiery garments, furnishing fabric and other yarn as per requirement of corporate sector for manufacturing fabric for export 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	2001-2002	2000-2001
A POWER AND FUEL CONSUMPTION			
1 Electricity			
Purchased unit	Unit in lacs	141.32	88.16
Total amount	Rs. in lacs	622.72	390.57
Rate	Rs./Unit	4.41	4.43
2 Own Generation			
a) Through Diesel Generator	Unit in lacs	27.38	74.47
Unit per Litre of Diesel	Unit	3.61	3.62
Cost	Rs./Unit	4.32	3.79
b) Through HFO Generator	Unit in lacs	168.75	167.94
Unit per Litre of HFO/Diesel	Unit	3.84	3.97
Cost	Rs./Unit	2.31	2.62
3 Coal (Grade B, C, D & E)			
Quantity	MT	392	195
Total cost	Rs. in lacs	11.77	5.32
Average rate	Rs./MT	3001.02	2724.58
4 Diesel			
Quantity	Ltrs. in lacs	8.10	20.93
Total cost	Rs. in lacs	123.53	282.59
Average rate	Rs./Ltrs.	15.25	13.50
5 Furnace Oil			
Quantity	Ltrs. in lacs	43.39	41.97
Total cost	Rs. in lacs	369.41	416.32
Average rate	Rs./Ltrs.	8.51	9.92
B CONSUMPTION PER UNIT OF PRODUCTION*			
1 Electricity		275	285
2 Coal B, C, D & E Grade		3.19	1.68
* Production unit, per 100 kgs.			

For and on behalf of the Board

New Delhi
July 29, 2002

R K RAJGARHIA
Chairman & Managing Director

APM INDUSTRIES LIMITED**AUDITORS' REPORT**

**The Members,
APM INDUSTRIES LTD.**

1. We have audited the attached Balance Sheet of APM Industries Ltd. as at 31st March, 2002 and the Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 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, 2002, 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 : June 29, 2002

(**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, 2002**

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 and is on the same basis as followed in the previous year.
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, 2002, 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 : June 29, 2002

(**T.N. CHATURVEDI**)
Partner