

29th

A

ANNUAL

REPORT

2002-2003

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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

R R BAGRI

H R SHARMA
Executive Director

AUDITORS

Chaturvedi & Co.

BANKERES

Punjab National Bank
State Bank of Bikaner & Jaipur

SOLICITORS

Khaitan & Partners

HEAD OFFICE

2-Brabourne Road
Kolkata - 700 001

COMPANY SECRETARY

F C GOEL

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 29th Annual General Meeting of the Members of APM Industries Limited will be held on Saturday, the 27th day of September, 2003 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 2003, 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 K R Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S G Rajgarhia, 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 Shri R R Bagri, who was appointed as an Additional Director by the Board of Directors of the Company Under Section 260 of the Companies Act, 1956 and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to the provisions of the listing agreement and other statutory provisions and subject to the necessary approval of the respective Stock Exchanges and other statutory authorities, if any, the equity shares of the Company be de-listed from Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take necessary steps to give effect to this resolution and to do all necessary and incidental acts in this regard and also to agree to the terms and conditions, if any, as stipulated by the Stock Exchange(s) in this connection".

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

By Order of the Board

New Delhi
July 31, 2003

F C GOEL
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. The relative Explanatory Statement Under Section 173 of the Companies Act, 1956 in respect of Special business under item No.6 to 7 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 16, 2003 to September 27, 2003 (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 September 15, 2003 and
 - b) as Beneficial Owners as at the end of the business on September 15, 2003, 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. 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.
6. 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 R R Bagri was appointed by the Board of Director as an Additional Director of the Company w.e.f. 24.01.2003 pursuant to section 260 of the Companies Act, 1956. Shri R R Bagri will hold office as Director upto the conclusion of the ensuing Annual General Meeting.

Shri R R Bagri is a qualified Engineer with degree's of B.E. (Civil & Mech) and M.S. (San) from New York, USA. He is at present Managing Director of M/s Clear Water Limited and he has varied experience of more than 36 years

A notice has been received from a member proposing his candidature for the office of a Director.

None of the Director is interested or concerned in the said resolution.

The Board recommends the proposed resolution for your approval.

Item No.7

Equity shares of your Company are presently listed in four (4) Stock Exchanges i.e. Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited, The Stock Exchange, Mumbai and The Calcutta Stock Exchange Association Limited.

As per the Securities and Exchange Board of India (De-listing of Securities) Guidelines - 2003, the Company can de-list its securities from the Stock Exchanges by following the procedure prescribed in

the guidelines. Further, as long as its securities are listed in the Stock Exchanges having nation wide trading terminals viz., NSE or BSE, there is no need for the Company to give an exit opportunity to the shareholders in terms of Clause 5.2 of the said guidelines.

The listing fees paid to Jaipur, Delhi and Calcutta Stock Exchange is not commensurate with trading volumes of shares. The trading of the shares mainly takes place in BSE.

It is therefore, proposed to de-list Company's securities from Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited in line with the aforesaid guidelines to save the recurring expenditure of listing fee, without affecting the interest of investors of the Company and also without affecting the liquidity of the securities.

The Directors, therefore, recommend this resolution to de-list securities of the Company from the above three Stock Exchanges.

None of your directors is interested in the proposal.

Registered Office: By Order of the Board
SP-147, RIICO Industrial Area,
Bhiwadi, Dist. Alwar (Rajasthan)

New Delhi
July 31, 2003

F C GOEL
Company Secretary

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

Your Directors have pleasure in presenting the 29th Annual Report and Audited Accounts for the year ended on March 31, 2003.

FINANCIAL RESULTS

	(Rs. In lacs)	
	2002-2003	2001-2002
Gross Turnover	13554	12592
Gross Profit	772	530
Less:-		
Depreciation	501	494
Provision for Tax		
- Current Tax	57	3
- Deferred Tax	(23)	6
Profit after tax	237	27
Add: -		
Balance brought forward	711	456
Transferred from Debenture Redemption Reserve	250	250
Surplus available for appropriation	1198	733
Appropriations: -		
Proposed Dividend	22	22
Corporate Dividend Tax	2	-
Balance carried forward	1174	711
	1198	733

PERFORMANCE & PROSPECTS

Your Company has shown satisfactory results during the year under review. Although the production was lower by 4% from 12288 MT to 11930 MT, sales and net profit are higher due to change in product mix. Sales increased by 8% from Rs.12592 Lacs to Rs.13554 Lacs. Net Profit was higher from Rs.27 lacs to Rs.237 Lacs.

The company expects a further improvement in the operating results of the current year.

MODERNIZATION-CUM-BALANCING PROGRAMME

The Company continues to modernize its Plant and Machinery under Technology Upgradation Fund Scheme (TUFS) with accompanying benefits. It is also installing a second unit of the Power Division with a capacity of 2.5 MW. This unit is expected to be commissioned by the end of current year.

DIVIDEND

Your Directors are pleased to recommend Dividend @ 5% on Equity Shares for the year ended on 31st March 2003.

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, is annexed as Annexure - I to this 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 have been followed and that no material departures have been made from the same.
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 of the Company for the year ended on that date.
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

During the year, Shri R R Bagri was appointed as an Additional Director on January 24, 2003. He holds office until the conclusion of this Annual General Meeting and is eligible for reappointment. The Company has received a notice U/S 257 of the Companies Act, 1956 from one of its members proposing his candidature as Director, subject to retirement by rotation.

Shri K R Gupta and Shri S G Rajgarhia are liable to retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS AND THEIR OBSERVATIONS

M/s Chaturvedi & Co., 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.

DE-LISTING

In view of the negligible trading of its equity shares on the Jaipur, Delhi and The Kolkata Stock Exchanges, it is proposed to get company's securities de-listed from the said Exchanges. The Company would be able to save on the additional time and cost involved in complying with the provisions of listing agreements with these Stock Exchanges. A special resolution for this purpose has been included in the agenda of the ensuing Annual General Meeting. Your directors recommend that the resolution be passed unanimously.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance of all mandatory provisions of "Corporate Governance" as provided in the listing agreements with the Stock Exchanges.

A separate report on Corporate Governance alongwith Auditors Certificate on its compliance, is annexed as Annexure - II to this report

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 31, 2003

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 installed Suction Motor Inverter in Speed Frame and Carding Department, replaced V-belts to Flat Belt with Flat Pulley, replaced bigger size Rings by smaller size and energy efficient spindles in Ring Frame Department, reduced the weight of doubling spindles.

The above measures taken will help to reduce the Energy Consumption.

Details of total Energy consumption and consumption per unit of production are given below in Form 'A'.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Efforts made in R&D and Technology Absorption are given below in Form 'B'.

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

	<u>Unit</u>	<u>2002-2003</u>	2001-2002
A POWER AND FUEL CONSUMPTION			
1 Electricity			
Purchased unit	Unit in lacs	131.89	141.32
Total amount	Rs. In lacs	582.10	622.72
Rate	Rs./Unit	4.41	4.41
2 Own Generation			
a) Through Diesel Generator	Unit in lacs	44.69	27.38
Unit per Litre of Diesel/LDO	Unit	3.76	3.61
Cost	Rs./Unit	3.59	4.32
b) Through HFO Generator	Unit in lacs	164.60	168.75
Unit per Litre of Diesel/HFO	Unit	3.84	3.84
Cost	Rs./Unit	2.98	2.31
3 Coal (Grade B, C, D & E)			
Quantity	MT	673.00	392.00
Total cost	Rs. in lacs	21.39	11.77
Average rate	Rs./MT	3177.17	3001.02
4 Diesel/LDO			
Quantity	Ltrs. In lacs	12.12	8.10
Total cost	Rs. In lacs	159.11	123.53
Average rate	Rs./Ltrs.	13.13	15.25
5 Furnace Oil			
Quantity	Ltrs. In lacs	42.70	43.39
Total cost	Rs. In lacs	477.37	369.41
Average rate	Rs./Ltrs.	11.18	8.51
B CONSUMPTION PER UNIT OF PRODUCTION*			
1 Electricity		289.00	275.00
2 Coal B, C, D & E Grade		5.69	3.19
* Production unit, per 100 kgs.			

FORM 'B'**RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****Research & Development:**

* The Company has been giving special emphasis on upgradation of R&D activities for development of new products and cost reduction. The Company has developed products for furnishing and knitted garments.

Benefits derived as a result of R&D:

* Above efforts enabled the Company to produce value added products and save on cost.

For and on behalf of the Board

New Delhi
July 31, 2003

R K RAJGARHIA
Chairman & Managing Director



APM INDUSTRIES LIMITED**ANNEXURE-II TO DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT****1. Company's philosophy on Code of Governance**

The Company strongly believes in fair, efficient and transparent business operation, fairness to all stakeholders in the Company, proper disclosure of relevant financial and non-financial information and enhancing shareholder value on a continuing basis.

2. Board of Directors

As at March 31, 2003 the Board consisted of 7 Members. The composition and category of Directors on the Board of the Company were as under: -

Sl. No.	Name of the Directors	Category of Directors	No. of Board Meetings		No. of Other Director-Ships**	Committee		Last AGM Attended
			Held	Attended		Member-Ships	Chairman-Ships	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Shri R K Rajgarhia	Chairman & Managing Director	4	4	5	-	1	Yes
2	Shri R L Toshniwal	Non Executive & Independent	4	3	5	2	-	No
3	Shri P N Kapur	Non Executive & Independent	4	3	2	3	2	Yes
4	Shri K R Gupta	Non Executive & Independent	4	4	1	3	1	Yes
5	Shri S G Rajgarhia	Non Executive	4	4	5	3	2	Yes
6	Shri R R Bagri*	Non Executive & Independent	-	-	3	1	-	-
7	Shri H R Sharma	Executive	4	4	-	1	-	Yes

* Shri R R Bagri is appointed as an Additional Director by the Board in its meeting held on 24.01.2003

** Excludes Directorships in Private Limited Companies.

Shri R K Rajgarhia and Shri S G Rajgarhia are related to each other as brothers.

Independent Directors are Directors, who apart from receiving Directors' sitting fees do not have any pecuniary relationship or material transactions with the Company, its promoters or its management, which in the judgement of the Board, may affect independence of the judgement as a Director.

Board Meetings and Attendance

The Corporate Governance policy requires the Board to meet at least 4 times in a year with a maximum gap of 4 months between any two meetings. The details of Board Meetings held during the year are as under:-

Sl. No.	Date of Board Meetings	Board's Strength	No. of Directors present
1	29.06.2002	6	6
2	29.07.2002	6	6
3	30.10.2002	6	6
4	24.01.2003	6	4

Brief resume of Directors offering for appointment/reappointment

During the year, Shri R R Bagri was appointed as an Additional Director w.e.f. January 24, 2003. Shri K R Gupta and Shri S G Rajgarhia, Directors, retire by rotation, and being eligible offer themselves for reappointment. Their brief particulars are: -

1. Shri R R Bagri, aged 59 years, is a qualified Engineer with degree's of B.E. (Civil & Mech) and M.S. (San) from New York, USA. He is at present Managing Director of M/s Clear Water Limited and brings with him varied experience of more than 36 years.
2. Shri K R Gupta, M. Com, aged 69 years, is associated with the Company since 1992. After having worked in the Income Tax Department for about 35 years in various capacities, he retired as Member, Central Board of Direct Tax, New Delhi. Presently, he is working as a Tax Consultant.
3. Shri S G Rajgarhia, aged 57 years, is an Engineer with degree's of B.Tech (Hon.) and SM (MIT). He is at present Managing Director of M/s Orient Abrasives Limited and brings with him varied experience of more than 33 years.

3. Audit Committee

The terms of reference of the Audit Committee apart from those specified under Clause 49 of the Listing Agreement with the Stock Exchanges broadly pertain to review of business practices, review of investment policies, review of compliances and review of systems and controls.

The Audit Committee consists of four Non-Executive Directors namely Shri P N Kapur, as Chairman and Shri R L Toshniwal, Shri K R Gupta and Shri S G Rajgarhia as Members.

The Audit Committee met three times during 2002 - 2003 on 29.06.2002, 30.10.2002 and 21.03.2003. Shri P N Kapur, Shri K R Gupta and Shri S G Rajgarhia were present in all the 3 meetings and Shri R L Toshniwal was present in 2 meetings.

4. Remuneration Committee (non-mandatory)

Matters of remuneration of executive directors are considered by the Board of Directors of the Company, with the interested executive director, not participating/voting. The terms of the remuneration of executive directors are approved by the shareholders at the general body meeting. Therefore, no separate remuneration committee has been constituted.

Only non-executive independent directors are paid sitting fees for attending the Board/Committee meetings within the limits prescribed under the Companies Act, 1956.

The details of remuneration paid to directors in the Financial Year 2002-2003 are given below: -

REMUNERATION OF DIRECTORS FOR 2003

Sl. No.	Name of the Directors	Salary	Perquisites and other benefits	Performance Bonus/Commission	Sitting Fee	Total
1	Shri R K Rajgarhia	17,28,000	36,463	-	-	17,64,463
2	Shri R L Toshniwal	-	-	-	15,000	15,000
3	Shri P N Kapur	-	-	-	42,000	42,000
4	Shri K R Gupta	-	-	-	48,000	48,000
5	Shri S G Rajgarhia	-	-	-	21,000	21,000
6	Shri H R Sharma	9,14,586	1,35,362	-	-	10,49,948
7	Shri R R Bagri	-	-	-	-	-

APM INDUSTRIES LIMITED**5. Shareholders/Investors Grievance Committee**

The shareholders/Investors Grievance Committee of Directors is headed by Shri P N Kapur, Non-Executive Director. The other members of the committee are Shri K R Gupta and Shri H R Sharma.

Name and designation of compliance officer - Shri V K Singhal, Dy. Company Secretary.

89 Shareholders' complaints regarding non-receipt of Annual Report, Dividend etc., were received during the year 2002-2003 and all of them have been attended too.

There was no pending share transfers as on 31.03.2003.

6. General Body Meeting

Location and time, where last three Annual General Meetings were held and particulars of special resolution, if any are as under.

Year	Location	Date	Time
2002	SP-147 RIICO Industrial Area,	21.09.2002	11.30 A.M.
2001	Bhiwadi	29.09.2001	11.30 A.M.
2000	Dist. Alwar (Rajasthan)	26.09.2000	12.00 Noon

No resolutions have been put through postal ballot so far. Similarly, there are no resolutions, which are required to be put through postal ballot at this Annual General Meeting.

7. Disclosures

- There are no materially significant related party transactions, which may have potential conflict with the interests of the Company at large.
- There is no pecuniary relationship or transaction with the Non-Executive independent Directors.
- There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

8. Means of Communication

The quarterly (unaudited) results are normally published in Financial Express (Delhi Edition) and Seema Sandesh (Jaipur Edition).

9. General Shareholder Information**A. Annual General Meeting: -**

Date : September 27, 2003 (Saturday)
Time : 11.30 A.M.
Venue : Registered Office: - SP - 147, RIICO Industrial Area, Bhiwadi, Dist. Alwar (Rajasthan)

B. Financial Calendar

April 1st to March 31st.

C. Date of Book Closure

From September 16, 2003 to September 27, 2003 (both days inclusive).

D. Dividend payment date

On or before 25th day of October, 2003

E. Registrars and Share Transfer Agent

M/s Skyline Financial Services Pvt. Ltd.,
123 - Vinoba Puri, Lajpat Nagar - II, New Delhi - 110 024
Tel : 26833777
Fax : 26918352
E-mail : snag@del6.vsnl.net.in

F. Listing on Stock Exchanges: -

Name of the Stock Exchanges in which the shares of the Company are currently listed for trading:

Stock Exchange

Jaipur Stock Exchange Association Limited
Delhi Stock Exchange Association Limited
The Stock Exchange, Mumbai
Calcutta Stock Exchange Association Limited

The Listing fees for the year 2002 - 2003 have been paid to the above Stock Exchanges.

Scrip Code at The Stock Exchange, Mumbai

ISIN No.

523537
INE-170D01017

G. Shareholding Pattern of the Company as on 31st March, 2003

Category	No. of Shares Held	%age of share-holding
A PROMOTER'S HOLDING		
a) NRI Promoters (including OCBs)	-	-
b) Indian promoters, relatives and associates	2899784	67.09
Sub-Total	2899784	67.09
B NON-PROMOTERS HOLDING		
Institutional Investors: -		
a) Mutual Funds and UTI	-	-
b) Banks, Financial Institutions, Insurance Companies, Central/ State Govt. Institutions/Non-government Institutions (including Foreign Financial Institutions).	50	0.00
c) FIs -	-	-
Sub-Total	50	0.00
Others: -		
a) Corporate bodies	140661	3.25
b) Indian Public	1281777	29.66
c) NRIs -	-	-
d) Any other - Bank	-	-
Sub-Total	1422438	32.91
Grand Total	4322272	100.00