

30th

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NNUAL

REPORT

2003-2004

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.

BANKERS
Punjab National Bank
State Bank of Bikaner & Jaipur

SOLICITORS
Khaitan & Partners

HEAD OFFICE
2-Brabourne Road
Kolkata - 700 001

CORPORATE OFFICE
910, Chiranjiv Tower,
43, Nehru Place,
New Delhi - 110 019

COMPANY SECRETARY
F C GOEL

REGISTERED OFFICE & WORKS
SP-147, RIICO Industrial Area
Bhiwadi
Dist. Alwar (Rajasthan)

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 30th Annual General Meeting of the Members of APM Industries Limited will be held on Wednesday, the 29th day of September, 2004 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 2004, 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 R L Toshniwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

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

"RESOLVED THAT the vacancy in Directorship caused by the retirement of Shri P N Kapur who has not offered himself for re-appointment because of indifferent health, be not filled up at the ensuing Annual General Meeting".

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

"RESOLVED THAT in accordance with 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 R K Rajgarhia, as Chairman & Managing Director of the Company for a period of five (5) years w.e.f. August 1, 2004 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 R K Rajgarhia".

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

New Delhi
July 30, 2004

By Order of the Board

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. Explanatory Statement Under Section 173 (2) of the Companies Act, 1956 relating to Special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 22, 2004 to September 29, 2004 (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 29, 2004 and
 - b) as Beneficial Owners as at the end of the business on September 21, 2004, as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the Shares held in electronic form.
5. Pursuant to Section 205C by the Companies (Amendment) Act, 1999 the Company has already transferred all unclaimed dividends upto the Financial Year 1995-1996 to the General Revenue Account of the Central Government and the amount of dividend for the financial year ended 31st March, 1997 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 on due dates.

Members who have not encashed the dividend warrants, so far for the financial year ended 31st March, 1997 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, 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.5

Shri P N Kapur, Director retires by rotation at the ensuing Annual General Meeting. But he has not offered himself for reappointment because of indifferent health. It is proposed that the vacancy caused by his retirement be not filled up at the Annual General Meeting.

According to Section 256 of the Companies Act, 1956 it needs to be expressly resolved at the General Meeting not to fill up the vacancy in case it is desired that the vacancy be not filled up. The proposed resolution is for the same. It is recommended that the resolution be passed unanimously.

None of the Directors, except Shri P N Kapur, is concerned or interested in the said resolution.

Item No.6

Shri R K Rajgarhia was appointed as Chairman & Managing Director of the Company w.e.f. August 1, 1999 for a period of five years which term expired on July 31, 2004. The Board of Directors at its meeting held on July 30, 2004 re-appointed Shri R K Rajgarhia as Chairman & Managing Director of the Company for a further period of five years w.e.f. August 1, 2004 subject to the approval of shareholders.

The principal terms and conditions governing the payment of remuneration of Shri R K Rajgarhia w.e.f. August 1, 2004 are as under:

1. **Salary:** Rs.90,000 (Rupees Ninety thousand only) per month w.e.f. August 1, 2004 with annual increase every year as may be decided by the Board.
2. **Commission:** At the rate of 1% of the net profit of the Company for any financial year (as computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956).
3. **Perquisites & Allowances:** In addition, he shall be entitled to the following perquisites: -
 - i) **Housing:** House Rent Allowance @ 60% of salary per month.
 - ii) Provision of furnishings and expenses pertaining to Gas, Electricity, Water and other utilities including repair will be borne/reimbursed by the Company.
 - iii) Expenses pertaining to security guards/watchmen, gardener, servants etc., shall be borne/reimbursed by the Company.
 - iv) **Medical Reimbursement:** Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family.
 - v) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year to and from any place in India or outside India.
 - vi) **Club fees:** Fees in respect of Clubs will be subject to maximum of two Clubs.
 - vii) **Personal Accident Insurance:** Premium not to exceed Rs.5,000/- per annum.
 - viii) **Conveyance:** Free use of the Company's car with driver.
 - ix) **Telephone:** Telephone at residence. Personal long distance calls shall be billed by the Company.
4. **Gratuity:** Payable at a rate not exceeding half a month's salary for each completed year of services as per rules of the Company.

NOTE: Contribution to Gratuity will not be included in the computation of the remuneration to the extent these are not taxable under the Income Tax Act, 1961.

5. **Leave:** As per the rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.

Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.

6. **Minimum Remuneration:** In the event of inadequacy or absence of profits in any financial year during his tenure, Shri R K Rajgarhia, will be entitled to the above remuneration along with the perquisites/benefits mentioned above as and by way of minimum remuneration subject not to exceed the limits specified in Schedule - XIII.

For all other terms and conditions not specifically spelled out above, the rules and orders of the Company will apply.

None of the Directors except Shri R K Rajgarhia and Shri S G Rajgarhia, is concerned or interested in the said resolution.

The Board recommends the proposed resolution for your approval.

Details of the Director seeking reappointment in the forthcoming Annual General Meeting

BRIEF RESUME OF DIRECTOR OFFERING FOR REAPPOINTMENT

Name of the Director	Shri R L Toshniwal
Date of birth	22.11.1933
Date of appointment	09.06.1980
Expertise in specific functional area	Shri R L Toshniwal is an Industrialist with about 45 years of experience and associated with the company since 1980. He is at present Chairman & Managing Director of M/s Banswara Syntex Limited. He has been President of Rajasthan Textile Mills Association and also Chairman of The Synthetic & Rayon Textile Export Promotion Council. Several times, he has been elected as Chairman of Indian Spinners Association. He has also been a committee member of Indian Cotton Mills' Federation.
Qualification	M.Sc (Text) from Leeds University, United Kingdom, in 1957
List of other Directorship held	Banswara Syntex Limited Banswara Fabrics Limited Banswara Textile Mills Limited Jaipur Polyspin Limited Mefcom Agro Industries Limited Rastogi Estate & Construction Co. Pvt. Limited
Chairman/member of the Committee of the Board of Directors of the company	Audit Committee - Member
Chairman/member of the committee of Directors of other companies.	Jaipur Polyspin Limited Audit Committee-Member

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

New Delhi
July 30, 2004

By Order of the Board

F C GOEL
Company Secretary

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the 30th Annual Report and Audited Accounts for the year ended on March 31, 2004.

FINANCIAL RESULTS

	2003-2004	(Rs. In lacs)	2002-2003
Gross Turnover	13980		13554
Gross Profit	765		772
Less: -			
Depreciation	510		501
Provision for Tax			
- Current Tax	28		57
- Deferred Tax	(45)		(23)
Profit after tax	272		237
Add: -			
Balance brought forward	1174		711
Transferred from Debenture Redemption Reserve			250
Surplus available for appropriation	1446		1198
Appropriations: -			
Proposed Dividend	22		22
Corporate Dividend Tax	2		2
Balance carried forward	1422		1174
	1446		1198

PERFORMANCE & PROSPECTS

Your company's operating efficiency is quite satisfactory. The operating results are dependent on the market conditions and prices of raw materials. The performance in the year under review is similar to the previous year.

In the current year also the market conditions have not changed significantly. However, your Directors expect an improvement after the abolition of quotas by the end of 2004. The company's performance should also improve as a result of expansion and modernization.

MODERNIZATION-CUM-BALANCING PROGRAMME

The Company continues to modernize its Plant and Machinery under Technology Upgradation Fund Scheme (TUFS). The second unit of the Power Division with a capacity of 2.5 MW started its commercial production on 08.04.2004. The benefits are accruing to the company. The company has further undertaken modernization cum expansion programme to increase the production capacity from 37952 spindles to 41984 Spindles during the current year.

DIVIDEND

Your Directors are pleased to recommend a Dividend @ 5% on Equity Shares for the year ended on 31st March 2004 for consideration of the members at the forthcoming Annual General Meeting.

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

Shri R L Toshniwal is liable to retire by rotation and being eligible, offers himself for re-appointment. A brief resume is given in the Notice to the Annual General Meeting. Your Directors recommend his re-appointment at the ensuing Annual General Meeting.

Shri P N Kapur retires by rotation and has not offered himself for re-appointment because of indifferent health. Your Directors place on record their sincere appreciation for the services rendered by him, during his tenure on the Board. It is proposed that the vacancy caused by his retirement be not filled up at the ensuing Annual General Meeting.

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 company has received a certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with the section 224(1B) of the Companies Act, 1956. The Board recommends their reappointment.

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

DE-LISTING OF SHARES

In line with the resolution passed at the Annual General Meeting of the company held on September 27, 2003, applications for delisting of shares were made to The Delhi Stock Exchange Association Limited (DSE), Jaipur Stock Exchange Association Limited (JSE) and The Calcutta Stock Exchange Association Limited (CSE). Delisting was considered after taking into account various factors, including the impact of listing fee and the volume of trading on the Stock Exchanges.

After complying with the requirements of the Stock Exchanges, equity shares of your company have been delisted from DSE and JSE. However, approval from CSE is still awaited.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis on the matters relating to the business performance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual 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 30, 2004

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 higher capacity Air Compressor, inverters in Suction Fan of Auto Coners, Ring Frame Variable Speed Pulley (Variator), replaced bigger size Rings and Spindles by smaller size and energy efficient spindles in Ring Frame, reduced the weight of existing spindles by changing taper ratio & reduced Ring dia.

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 - 19**.

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

	Unit	2003-2004	2002-2003
A POWER AND FUEL CONSUMPTION			
1 Electricity			
Purchased unit	Unit in lacs	163.74	131.89
Total amount	Rs. In lacs	699.53	582.10
Rate	Rs./Unit	4.27	4.41
2 Own Generation			
a) Through Diesel Generator	Unit in lacs	16.00	44.69
Unit per Litre of Diesel/LDO	Unit	3.72	3.76
Cost	Rs./Unit	4.95	3.59
b) Through HFO Generator	Unit in lacs	183.64	170.77
Unit per Litre of Diesel/HFO	Unit	4.12	3.98
Cost	Rs./Unit	2.76	2.87
3 Coal (Grade B, C, D & E)			
Quantity	MT	910.77	673.00
Total cost	Rs. In lacs	29.91	21.39
Average rate	Rs./MT	3284.39	3177.17
4 Diesel/LDO			
Quantity	Ltrs. In lacs	4.49	12.12
Total cost	Rs. In lacs	81.48	159.11
Average rate	Rs./Ltrs.	18.13	13.13
5 Furnace Oil			
Quantity	Ltrs. In lacs	44.37	42.70
Total cost	Rs. In lacs	492.49	477.37
Average rate	Rs./Ltrs.	11.10	11.18
B CONSUMPTION PER UNIT OF PRODUCTION*			
1 Electricity		309.00	289.00
2 Coal B, C, D & E Grade		7.88	5.69
* 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 new products for exporters of fabrics & furnishings.

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 30, 2004

R K RAJGARHIA
Chairman & Managing Director

ANNEXURE – II TO DIRECTORS' REPORT CORPORATE GOVERNANCE

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, 2004 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 Director Ships in other public companies	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	7	7	5	-	1	Yes
2	Shri R L Toshniwal	Non Executive & Independent	7	3	5	2	-	No
3	Shri P N Kapur	Non Executive & Independent	7	2	-	-	1	No
4	Shri K R Gupta	Non Executive & Independent	7	7	1	2	2	Yes
5	Shri S G Rajgarhia	Non Executive	7	6	5	3	2	Yes
6	Shri R R Bagri	Non Executive & Independent	7	7	3	2	-	Yes
7	Shri H R Sharma	Executive	7	7	-	1	-	Yes

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	12.05.2003	7	6
2	13.06.2003	7	5
3	31.07.2003	7	6
4	23.09.2003	7	5
5	29.10.2003	7	5
6	14.01.2004	7	6
7	30.01.2004	7	6

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 K R Gupta, as Chairman and Shri R L Toshniwal, Shri R R Bagri and Shri S G Rajgarhia as Members.

The Audit Committee met three times during 2003 – 2004 on 13.06.2003, 29.10.2003 and 30.01.2004. Shri K R Gupta was present in all the three meetings, Shri R L Toshniwal and Shri S G Rajgarhia were present in two meetings and Shri R R Bagri was present in one meeting.

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 2003-2004 are given below: -

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	43,323	-	-	17,71,323
2	Shri R L Toshniwal	-	-	-	15,000	15,000
3	Shri P N Kapur	-	-	-	9,000	9,000
4	Shri K R Gupta	-	-	-	33,000	33,000
5	Shri S G Rajgarhia	-	-	-	24,000	24,000
6	Shri R R Bagri	-	-	-	24,000	24,000
7	Shri H R Sharma	9,35,765	37,460	-	-	9,73,225

