

**31<sup>st</sup>**

**A**

**ANNUAL**

**REPORT**

**2004-2005**

**APM INDUSTRIES LIMITED**

## APM INDUSTRIES LIMITED

### BOARD OF DIRECTORS

**R K RAJGARHIA**  
Chairman & Managing Director

**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

### HEAD OFFICE

2-Brabourne Road  
Kolkata - 700 001

### CORPORATE OFFICE

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

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### COMPANY SECRETARY

**F C GOEL**

### 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 31<sup>st</sup> Annual General Meeting of the Members of APM Industries Limited will be held on Friday, the 30<sup>th</sup> day of September, 2005 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 31<sup>st</sup> March 2005, 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 R Bagri, 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 modifications, the following resolution as an special resolution: -

"RESOLVED THAT pursuant to the provisions of clause 49 of the Listing Agreement with the stock exchanges and relevant provisions of the Companies Act, 1956 and Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorized to fix the amount of sitting fees payable to the non-executive Directors of the Company from time to time, subject to the ceiling prescribed by the Central Government in this regard, for attending the meetings of the Board of Directors or Committees thereof."

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

New Delhi  
July 29, 2005

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 as required Under Section 173(2) of the Companies Act, 1956 in respect of Item No.5 is Annexed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 15, 2005 to September 22, 2005 (both days inclusive).
4. The Dividend, if declared, will be paid to those members whose names appear.
  - a) on the Register of Members as on September 22, 2005 in respect of shares held in physical mode and
  - b) as Beneficial Owners as at the end of the business on September 14, 2005, 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 1996 – 1997 to the General Revenue Account of the Central Government and the amount of dividend for the financial year ended 31<sup>st</sup> March, 1998 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 31<sup>st</sup> March 1998 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 AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

The amended Clause 49 of the Listing Agreement requires that all fees/compensation to be paid to non-executive directors shall be approved by the members prior to such payment.

At present the non-executive directors of the Company are being paid only sitting fees for attending the meetings of the Board of Directors or committees thereof and they are not compensated in any other form, in the wake of the above amendment it has become imperative to seek approval of the shareholders for payment of sitting fees. Although the revised clause comes into effect from December 31, 2005 only it is unlikely that any other general meeting of shareholders shall be held before that date. Through the above resolution the Board of Directors would be given liberty to fix the sitting fees not exceeding the limits prescribed under the Companies Act. At present the limit prescribed under rule 10B of Companies (Central Government's) General Rules and Forms, 1956 is Rs.20,000 per meeting. The sitting fees being paid to your non-executive directors at present are Rs.3,000 per Board/Committee meetings attended by them.

All your directors except Shri R K Rajgarhia and Shri H R Sharma may be deemed to be concerned or interested in the resolution.

Your directors recommend 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 R Bagri
Date of birth	01.04.1944
Date of appointment	24.01.2003
Qualification	B.E. (Civil & Mech.) and M.S. (San) from New York, USA
Expertise in specific functional area	Shri R R Bagri is a qualified engineer. He is at present Managing Director of M/s Clear Water Limited and he has varied experience of more than 38 years.
List of other Directorship held	Clear Water Limited APM Industries Limited Kajaria Ceramics Limited Faridabad Papers Mills Limited Bagri Udyog Pvt. Limited
Chairman/member of the Committee of the Board of Director of the Company	Audit Committee - Member Share holder/Investors Grievance Committee-Member
Chairman/member of the committee of Directors of other companies.	Kajaria Ceramics Limited-Remuneration Committee

**Registered Office:**

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

By Order of the Board

New Delhi  
July 29, 2005

**F C GOEL**  
Company Secretary

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

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report and Audited Accounts for the year ended on March 31, 2005.

**FINANCIAL RESULTS****(Rs. In lacs)**

	2004-2005	2003-2004
Gross Turnover	15819	13980
Gross Profit	900	765
Less: -		
Depreciation	518	510
Provision for Tax		
- Current Tax	30	28
- Deferred Tax	30	(45)
- Income tax related to earlier years	(15)	-
Profit after tax	337	272
Add: -		
Balance brought forward	1421	1174
Surplus available for appropriation	1758	1446
Appropriations: -		
Proposed Dividend	22	22
Corporate Dividend Tax	3	2
Balance carried forward	1733	1422
	1758	1446

**PERFORMANCE & PROSPECTS**

Your Company has shown satisfactory results during the year under review. The sales increased by 13.16% from Rs.13,980 lacs to Rs.15,819 lacs. Net profit was higher by 23.90% over the previous year.

The Company expects a further improvement in the operating results of the current year as a result of expansion-cum-modernization.

**MODERNIZATION-CUM-BALANCING PROGRAMME**

The Company continues to modernize its Plant and Machinery under Technology Upgradation Fund Scheme (TUFS). The benefits are accruing to the Company. The production capacity shall be increased from 39104 spindles to 43136 Spindles during the current year.

**DIVIDEND**

Your Directors are pleased to recommend a Dividend @ 5% on Equity Shares for the year ended on 31<sup>st</sup> March 2005 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, are 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 compliance of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation related to material departures.
2. That they 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 they 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 they have prepared the annual accounts on a going concern basis.

**DIRECTORS**

Shri R R Bagri 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.

**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.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of corporate Governance as stipulated under clause 49 of the listing Agreement with the Stock Exchanges, 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 of the employees for their dedicated performance.

For and on behalf of the Board

New Delhi  
July 29, 2005

**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 Flat Belts in place of V-Belts in TFO Machines, installed 3 HP Motor in place of 7.50 HP Motor in Dust Collection Unit of Humidity Plant, started running of Fan Motor intermittently in place continuous running of Speed Frame department, use of one pneumafil fan unit for 2 cards in place of 1 unit for each cards and replaced bigger size Rings and spindles to smaller size and energy efficient spindles in Ring Frame.

On account of the aforesaid steps/measures, considerable savings have been achieved in consumption of energy and other utilities.

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

**B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

Efforts made in R&D and Technology Absorption are given 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**

	Unit	2004-2005	2003-2004
<b>A POWER AND FUEL CONSUMPTION</b>			
<b>1 Electricity</b>			
Purchased unit	Unit in lacs	36.01	163.74
Total amount	Rs. in lacs	178.76	699.53
Rate	Rs./Unit	4.96	4.27
<b>2 Own Generation</b>			
a) Through Diesel Generator	Unit in lacs	5.02	16.00
Unit per Litre of Diesel/LDO	Unit	3.86	3.72
Cost	Rs./Unit	5.88	4.95
b) Through HFO Generator	Unit in lacs	342.45	183.64
Unit per Litre of Diesel/HFO	Unit	4.21	4.12
Cost	Rs./Unit	2.95	2.76
<b>3 Coal (Grade B, C, D &amp; E)</b>			
Quantity	MT	516.36	910.77
Total cost	Rs. in lacs	19.21	29.91
Average rate	Rs./MT	3720.45	3284.39
<b>4 Diesel/LDO</b>			
Quantity	Ltrs. in lacs	1.57	4.49
Total cost	Rs. in lacs	32.74	81.48
Average rate	Rs./Ltrs.	20.91	18.13
<b>5 Furnace Oil</b>			
Quantity	Ltrs. in lacs	81.02	44.37
Total cost	Rs. in lacs	942.80	492.49
Average rate	Rs./Ltrs.	11.64	11.10
<b>B CONSUMPTION PER UNIT OF PRODUCTION*</b>			
1 Electricity		304.00	309.00
2 Coal B, C, D & E Grade		4.20	7.88
* 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 and fancy yarn.

**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 29, 2005

**R K RAJGARHIA**  
Chairman & Managing Director



## APM INDUSTRIES LIMITED

**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 on March 31, 2005, the Board is comprised of 6 Members. The composition of the Board of Directors meets with the requirements of Listing Agreement. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which they are Directors.

The composition of the Board is 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	6	6	5	-	1	Yes
2	Shri R L Toshniwal	Non Executive & Independent	6	3	5	2	-	No
3	Shri K R Gupta	Non Executive & Independent	6	6	1	1	3	Yes
4	Shri S G Rajgarhia	Non Executive	6	6	5	4	2	Yes
5	Shri R R Bagri	Non Executive & Independent	6	6	3	3	-	Yes
6	Shri H R Sharma	Executive	6	6	-	1	-	Yes

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

**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	25.05.2004	7	5
2	18.06.2004	7	5
3	30.07.2004	7	6
4	28.10.2004	6	6
5	21.01.2005	6	5
6	31.01.2005	6	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, investment policies, compliances, 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 four times during 2004 - 2005 (on 18.06.2004, 30.07.2004, 28.10.2004 and 31.01.2005). Shri K R Gupta, Shri R R Bagri and Shri S G Rajgarhia were present in all the four meetings and Shri R L Toshniwal was present in three 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 2004 - 2005 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	17,57,265	21,600	4,14,000	-	21,92,865
2	Shri R L Toshniwal	-	-	-	18,000	18,000
3	Shri K R Gupta	-	-	-	30,000	30,000
4	Shri S G Rajgarhia	-	-	-	30,000	30,000
5	Shri R R Bagri	-	-	-	30,000	30,000
6	Shri H R Sharma	9,46,536	30,960	-	-	9,77,496

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

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

Name and designation of Compliance Officer - Shri V K Singhal, Dy. Company Secretary.

38 Shareholders' complaints regarding non-receipt of Annual Report, Dividend etc., were received during the year 2004 - 2005 and all of them have been attended too.

There was no pending share transfers as on 31.03.2005.

**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
2004	SP-147 RIICO Industrial Area,	29.09.2004	11.30 A.M.
2003	Bhiwadi	27.09.2003	11.30 A.M.
2002	Dist. Alwar (Rajasthan)	21.09.2002	11.30 A.M.

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 penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority for non-compliance of any matter relating to capital markets, during the last three years.

**8. Means of Communication**

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

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

Date : September 30, 2005 (Friday)  
Time : 11.30 A.M.  
Venue : Registered Office: -SP - 147 RIICO Industrial Area, Bhiwadi Dist. Alwar (Rajasthan)

**B. Financial Calendar for 2005-06**

Adoption of Quarterly Results Ended	In the month of
30 <sup>th</sup> June, 2005	July, 2005
30 <sup>th</sup> September, 2005	October, 2005
31 <sup>st</sup> December, 2005	January, 2006
31 <sup>st</sup> March, 2006 (Audited Annual Accounts)	April, 2006 (June 2006)

**C. Date of Book Closure**

From September 15, 2005 to September 22, 2005 (both days inclusive).

**D. Dividend payment date**

On or before October 28, 2005

**E. Listing on Stock Exchange at: -**

The Stock Exchange, Mumbai Scrip Code 523537  
The Calcutta Stock Exchange Association Limited\* 011151

\*The Company's application for delisting is yet to be disposed off by The Calcutta Stock Exchange Association Limited. Hence the shares technically continue to remain listed on the said stock exchange.

The Listing fees for the year 2005- 2006 have been paid to the above Stock Exchanges.

Demat ISIN No. in NSDL and CDSL for equity shares INE-170D01017

**F. Shareholding Pattern of the Company as on 31st March, 2005**

Category	No. of Shares held	%age of share-holding
a) Promoters/persons acting in concern	2897423	67.03
b) Banks, Financial Institutions, Insurance Companies	50	0.00
c) NRIs/QCBs	698	0.02
d) Other Corporate bodies	143752	3.33
e) Indian Public	1280349	29.62
<b>Total</b>	<b>4322272</b>	<b>100.00</b>

**G. Distribution of shareholding as on 31st March, 2005**

Range		Shareholders		Shares	
No. of shares		Number	% to Total Holders	Number	% to Total Capital
Upto	500	12557	97.51	885054	20.48
501	1000	197	1.53	175527	4.06
1001	2000	47	0.37	73413	1.70
2001	3000	16	0.12	40781	0.94
3001	4000	5	0.04	18070	0.42
4001	5000	5	0.04	23689	0.55
5001	10000	10	0.08	70643	1.63
10001	and above	40	0.31	3035095	70.22
	Total	12877	100.00	4322272	100.00