

32nd ANNUAL REPORT

(1-10-1997 — 31-3-1999)

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APEX INTERTECH LIMITED
(Formerly known as INALSA LIMITED)

BOARD OF DIRECTORS

Mr. DEEPAK SINGH
Chairman and Mg. Director

Mr. KRISHAN KALRA
Managing Director

Mr. S.K. SHARMA
Whole-time Director

PRINCIPAL BANKERS

State Bank of Hyderabad
New Delhi

Syndicate Bank
New Delhi

AUDITORS

V. Sahai & Co.
New Delhi

REGD. OFFICE & HEAD OFFICE

Surya Kiran
19, Kasturba Gandhi Marg
New Delhi - 110 001

SHARE TRANSFER AGENTS

In-House Share Registry
3, Community Centre,
Naraina Indl. Area, Phase-I
(Near Payal Cinema)
New Delhi-110 028
Tel.: 5792013, 5792014
Fax: 5792011

Members/Shareholders are requested to correspond directly with our Share Transfer Agents at their address given above for any matter related to shares. It would save time and help us in expediting the matters.

FACTORIES

9/51, Kirti Nagar Indl. Area,
New Delhi - 110 015

10/62, Kirti Nagar Indl. Area,
New Delhi - 110 015

K-28, Udyog Nagar Industrial Area, Nangloi,
Delhi - 110 041

BRANCH OFFICES

Delhi

Ghaziabad

Jaipur

Jalandhar

Kanpur

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NOTICE (Cont'd.)

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to Mr. Deepak Singh from time to time and to take such steps as may be necessary to give effect to this resolution.

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION :

RESOLVED THAT sanction and consent be and is hereby accorded to the re-appointment of Mr. Krishan Kalra, Director and Sr. Vice President of the Company and redesignating him as Managing Director of the Company for a further period of 5 years w.e.f. 15.6.1998 (i.e. upto 14.6.2003) upon the terms and conditions set-out in the Appointment Letter dated 29.05.1998 and be paid remuneration by way of salary, perquisites, allowances and commission payable upto the maximum limit of 5% of the net profits of the Company as laid down by Section 309(3) of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any year during the tenure of office of Mr. Krishan Kalra as Managing Director, the Company may pay to Mr. Krishan Kalra, remuneration by way of salary, perquisites and allowances not exceeding the ceiling laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 including any Statutory modification or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to Mr. Krishan Kalra from time to time and to take such steps as may be necessary to give effect to this resolution.

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION :

RESOLVED THAT notice of intention to propose Mr. S.K.Sharma for appointment as a Director having been received from a member under Section 257 of the Companies Act, 1956, Mr. S.K.Sharma who was appointed as an Additional Director of the Company under

Article 110 of the Articles of Association of the Company and who holds office upto the date of Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 be and is hereby appointed a Director of the Company and designated as Whole-Time Director for a period of two years w.e.f. 1st June 1999 on the terms and conditions set out in the appointment letter dated 31st May 1999 and remuneration upto the maximum limit laid down by Section 309(3) of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any year during the tenure of office of Mr. S.K.Sharma as Whole-Time Director, the Company may pay to Mr. S.K. Sharma, remuneration by way of salary, perquisites and allowances not exceeding the ceiling laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 including any Statutory modification or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to Mr. S.K.Sharma from time to time and to take such steps as may be necessary to give effect to this resolution.

By Order of the Board
For **APEX INTERTECH LIMITED**

PLACE : NEW DELHI
DATED : 24.06.1999

(S.K.SHARMA)
DIRECTOR

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and such a proxy need not be a member of the Company. Proxies in order to be effective must be filed with the Company at its Registered Office not later than 48 hours before the Meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business under Items 3 to 7 to the notice is annexed hereto.

NOTICE (Cont'd.)

3. Members are requested to notify immediately any change in their address and for any matter concerned or related to shares to the Company or directly with our Share Transfer Agents at In-house Share Registry, 3, Community Centre, Naraina Industrial Area, Phase-I, New Delhi-28.
4. Members are requested to bring their copies of Annual Report and Accounts to the Meeting.
5. Members wishing to ask for information about the Accounts and Operations of the Company are requested to write one week in advance to the Company at Surya Kiran, 19, K.G. Marg, New Delhi 110 001 to the attention of Mr. Deepak Singh, Managing Director so as to enable the Company to keep the information ready.
6. Those Members who have so far not encashed their dividend warrants for the financial year ended 31st March, 1996 may claim or approach the Company for the payment.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed the dividend warrants for the said year are requested to claim the amount from the Registrar of Companies, NCT of Delhi & Haryana, 2nd Floor, Paryavaran Bhawan, CGO Complex, Lodi Road, New Delhi 110 003.

Explanatory Statement

Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in the Notice convening the Annual General Meeting.

Item No.3

In terms of the provisions of Section 297/299 of the Companies Act, 1956, contracts in which some of the Directors of the Company are interested require to be approved by the Board of Directors. Further in terms of Section 300(1) interested Directors are not allowed to participate or vote on matters in which they are interested. This resulted in a lack of quorum of un-interested

Directors with relation to approval of transactions carried out by the Company with M/s.Apex International.

In view of this the transactions between the Company and M/s.Apex International which could not be approved by the Board of Directors due to the aforesaid reasons are being placed before the Members for their approval/ratification.

Mr. Deepak Singh and Mr. Krishan Kalra, Managing Directors are interested in this resolution.

Item No.4

The Company's share are presently listed at Delhi, Mumbai, Jaipur, Ludhiana and Ahmedabad Stock Exchanges. The shares are infrequently traded on Jaipur, Ludhiana and Ahmedabad Stock Exchanges, there have been no transactions for months together. However, the shares are actively traded on Delhi and Mumbai Stock Exchanges as a permitted security.

With the advent to electronic transaction, an investor can buy/sell his securities in any of the Exchange(s) in country without any problem. In view of this, it is proposed to delist the shares of the Company from Ahmedabad, Ludhiana and Jaipur Stock Exchange, as a cost saving measure.

As per the requirement of Listing Agreement, it is proposed to obtain the approval of the shareholders to the proposed delisting of shares by a Special Resolution, whereafter the prescribed procedure will be followed to obtain the delisting.

None of the Directors is concerned or interested in the resolution.

Item No.5 & 6

The Board of Directors at their meeting held on 29th May 1998 has reappointed Mr. Deepak Singh and Mr. Krishan Kalra as Managing Directors of the Company for further period of 5 years w.e.f. 15.6.98 (i.e. upto 14.6.2003) subject to the approval of the members at the next General Meeting of the Company. The re-appointment and remuneration payable to Mr. Deepak Singh and Mr. Krishan Kalra, Managing Directors

NOTICE (Cont'd.)

were approved on the terms and conditions in the appointment letters issued to the two Managing Directors both dated 29th May 1998.

The reappointment of the two Managing Directors was made under the provisions of Schedule XIII to the Companies Act and in accordance with applicable provisions, approval of the shareholders is now sought for these reappointments.

Copies of Company's letter to Mr. Deepak Singh and Mr. Krishan Kalra referred to in the resolutions will be available for inspection by any member at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day.

Mr. Deepak Singh and Mr. Krishan Kalra, Managing Directors are the interested Directors in these resolutions.

Item No.7

Mr. S.K. Sharma was appointed as an Additional Director as per Article 110 of the Articles of Association of the Company and as such he will hold office upto the next Annual General Meeting. Mr. S.K.Sharma is engaged with the Company since 1980, first as Manager, Admn. and later as consultant on Labour matters.

A consolidated remuneration within limits prescribed under the provisions of Companies

Act including Schedule XIII to the said Act is proposed to be paid to the Whole Time Director and remuneration payable to Mr. S.K.Sharma is in line with uniform remuneration package of Senior Managerial Personnel of the Company and is also in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

A special notice under Section 257 signifying intention to propose Mr.S.K.Sharma for appointment as a Director has been received and your directors are of the opinion that appointment of Mr. S.K.Sharma as a Whole Time Director will be in the best interest of the Company and therefore, recommend the resolution at item No.7 of the convening notice for approval.

Copy of Company's letter to Mr. S.K.Sharma referred to in the resolution detailing the remuneration and terms and conditions of the appointment will be available for inspection by any member at the Regd. Office of the Company between 10.00 a.m. to 12.00 Noon on any working day.

Mr. S.K.Sharma, Director is interested in this resolution.

By Order of the Board
For **APEX INTERTECH LIMITED**

PLACE : NEW DELHI
DATED : 24.06.1999

(S.K.SHARMA)
DIRECTOR

DIRECTORS' REPORT

The Directors hereby present the 32nd Annual Report along with audited accounts of the company for the 18 month period ended 31 March 1999.

FINANCIAL RESULTS

The unfortunate diversification that your Company undertook in 1993 in the field of Flexible Metal Hoses continued to leave its mark on the Company's operations. Even though the division was hived off in June 1997, the losses incurred till that time as well as the locked up investments in the division's land and building and shareholding in the joint venture company resulted in a severe liquidity crunch which affected the overall operations of the Company. In order to alleviate this situation the Company divested its 45 per cent shareholding in the Flexitubes joint venture. However, even this did not generate sufficient resources to enable the Company to satisfactorily carry on with its balance operations. Therefore, the management had to reluctantly take a decision to divest its Consumer Durables Division.

As a result of the above mentioned disinvestments the sales turnover of the Company reduced from Rs.165.15 crores during the previous 18 month period to Rs.63.65 crores during the period under review. This turbulent phase in the operations has led to the Company incurring an operating loss of Rs.2.75 crores for the period under review. After accounting for Finance and interest charges amounting to Rs.6.10 crores the total cash loss was Rs.8.85 crores. It is for the first time in the history of the company that such a huge loss has been incurred. However, considering the fact that the company is now free from its unsuccessful diversifications, it is expected that the financial results for the coming years should show an improvement.

DIVIDEND

In view of the loss situation, your Directors are not in a position to recommend any dividend on both equity and preference shares.

OPERATIONS

During the last Annual General Meeting, the Directors had informed you that the Flexitubes Division of the

company had been transferred, as a running concern, to Inalsa Flexonics Ltd., which was a joint venture between Senior Engineering Investments AG, Switzerland and your Company with a share-holding of 55% and 45% respectively.

During the period under review your Company has taken the second step in completing the hiving off transaction by divesting its 45% interest in the joint venture.

As mentioned above, despite the divestment of its Flexitubes operation, your Company continued to face liquidity problems and was therefore forced to hive off its Consumer Durables Division.

At the close of business hours on 31 December 1998 this division was transferred, as a running concern, to Inalsa Appliances Ltd., in which your Company or its directors have no interest. The transfer of the Consumer Durables division to Inalsa Appliances Ltd., also involved the transfer of the INALSA trade mark and trade name. Consequently the name of your Company has been changed to "Apex Intertech Ltd". Details of the consideration received by the company are given in the "Notes to the Accounts". This disinvestment should result in a significant reduction of the working capital requirements of the Company. All the operating divisions of the Company suffered a reduction in their turnover due to the general recessionary conditions prevailing both in the domestic and export markets and on account of the Company's inability to provide adequate working capital.

The Company shall henceforth be concentrating on the manufacturing and marketing of Bicycle Components, Deep Well Hand Pumps and Cold Chain Equipment. These activities are primarily export oriented and the Company has had a long and successful track record in all these areas.

FOREIGN EXCHANGE EARNINGS

Your company continued to remain a net foreign exchange earner. Against an outflow of only Rs.1.56 crores, the company's foreign exchange earnings during the period totalled to Rs.18.66 crores.

DIRECTORS' REPORT (Cont'd.)

Y2K COMPLIANCE

The Company has taken necessary steps to ensure that it is Y2K compliant before 1 January 2000.

DIRECTORS

The Directors condole the sad demise of Shri Virendra Laroia, a Director of the Company and place on record their appreciation for the valuable services rendered by him.

Mr. S.K. Bijlani, Mrs. Sumitra Charat Ram and Mr. P.S. Dadhwal resigned from the Board of Directors of the Company. The Board places on record its appreciation for the valuable services rendered by them during their tenure as Directors.

Mr. S.K. Sharma was co-opted as an Additional Director on 30 April, 1999. He was appointed Whole-Time Director of the Company on 31 May, 1999. He will hold office upto the date of the forthcoming Annual General Meeting.

Mr. Deepak Singh & Mr. Krishan Kalra were re-appointed by the Board of Directors, at the meeting held on 29 May, 1998 as Chairman/President and Director/Sr. Vice President respectively for a further period of 5 years starting from 15 June, 1998 to 14 June, 2003. The appointments and remuneration payable to them are subject to approval by the members in the general meeting.

CAPITAL

The Authorised Share Capital of the Company was increased from Rs. 900 lacs to Rs. 1200 lacs made up of 60,00,000 Equity Shares of Rs. 10 each and 6,00,000 Non Convertible Redeemable Cumulative Preference Shares of Rs. 100 each.

The Company issued and allotted preference shares of Rs. 2.0 lacs and redeemed preference shares of Rs. 4.0 lacs during the period under review.

FIXED DEPOSITS

As on 31 March, 1999 the Company was holding a sum of Rs. 40.37 lacs on account of Fixed Deposits from the public. As on that date, deposits amounting to Rs. 20,000 pertaining to two depositors remained

unclaimed. However, no demand for refund of any deposit remained unpaid as on 31 March, 1999.

PARTICULARS OF EMPLOYEES

In view of the latest amendment to the Companies Act, there is no employee of the Company whose particulars are required to be given in terms of Section 217 (2A) of the Companies Act, 1956.

AUDITORS' REPORT

Observations made in the Auditors Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

The Company has not been able to provide for approx. Rs. 12.17 lacs towards gratuity liability. This is however not a statutory requirement and the Company is meeting its liability as and when required. There is no default on this account.

LISTING OF SECURITIES OF THE COMPANY

The Equity shares of the Company are listed on Delhi (Regional) Mumbai, Ahmedabad, Jaipur and Ludhiana Stock Exchanges. The listing fee for the year 1999-2000 has been paid to the above Stock Exchanges.

ACKNOWLEDGEMENTS

The Directors wish to place on record their gratitude to the Company's Principals, Shareholders, Bankers, Financial Institutions, Dealers and its Business Associates for their continued support. The Directors also wish to place on record their appreciation of the devoted services rendered by all Company personnel.

BY ORDER OF THE BOARD
for APEX INTERTECH LIMITED

Place : New Delhi
Date : 24.6.1999

(DEEPAK SINGH)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the 18 month period ended 31st March, 1999.

A. Conservation of Energy

- a) energy conservation measures taken : The energy requirement for manufacturing operations is not large and the power consumption is within reasonable limits. Hence no special measures were necessary.
- b) additional investments proposals, if any, being implemented for reduction of consumption of energy : NIL
- c) impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production. : Not applicable
- d) total energy consumption and energy consumption per unit of production : Not applicable

B. Technology Absorption

- e) efforts made in technology absorption as per Form B : Form 'B' enclosed

C. Foreign Exchange earning & outgo

- f) activities relating to exports, initiatives taken to increase exports, development of new export market for products and services; and export plans. :
 - The Company is registered as an Exporter with Engineering Export Promotion Council of India and Plastic & Linoleum Export Promotion Council.
 - The Company has been recognised as an Export House by the Government of India, Ministry of Commerce, New Delhi.
 - Foreign visits are undertaken by the Company's personnel to promote exports.
 - Participation in trade fairs to promote exports
- (g) total foreign exchange used and earned :
 - Foreign Exchange used equivalent to Rs.1,56,20,736.
 - Foreign Exchange earned equivalent to Rs.18,66,21,325

Form 'B'

Form for disclosure of particulars with respect to absorption of Research and Development (R & D)

- 1. Specific areas in which R & D carried out by the Company : Improvement of processes, productivity and quality; reduction of manufacturing costs and control on rejections; development of new products/models.
- 2. Benefits derived as result of the above R & D : Over all improvement in performance of products; reduction in production costs; control on return of defectives; optimization of product design to minimise material consumption, improve performance and aesthetics and increase productivity and reliability.
- 3. Future Plan of action : To continue work in design and development of new models and products; to constantly review quality and performance of existing products for appropriate modifications, etc.