

**35<sup>th</sup>**

**A**

**ANNUAL**

**REPORT**

**2008-2009**

**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

### COMPANY SECRETARY

F C GOEL

### REGISTERED OFFICE & WORKS

SP-147, RIICO Industrial Area  
Bhiwadi Dist. Alwar  
(Rajasthan) - 301019

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**NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members of APM Industries Limited will be held on **Saturday, the 26<sup>th</sup> day of September, 2009 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 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R R Bagri, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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**

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and Schedule - XIII and other applicable provisions of the Companies Act, 1956 approval of the members 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, 2009 upon the terms and conditions set out below:-"

- A) Basic Salary: Rs.1,25,000 (Rupees one lac twenty five thousand only) per month w.e.f. August 1, 2009 in the grade of Rs.1,25,000 – Rs.10,000 – Rs.1,65,000.
- B) Commission: 1% on the net profit of the Company computed in the manner laid down in the Companies Act, 1956.
- C) Perquisites & Allowances: In addition, he shall be entitled to the following perquisites and allowances:-
  - i) House Rent Allowance @ 60% of salary per month.
  - ii) Provision of furnishings and expenses pertaining to supply of Gas, Electricity, Water and other utilities including repair will be borne/reimbursed by the Company.
  - iii) Expenses pertaining to services of a guard/watchmen, a gardener and a servant employed at his residence shall be borne/reimbursed by the Company.
  - iv) Medical expenses actually incurred for self, wife and dependent subject to the condition that the total cost to the company shall not exceed one month's salary per year or three month's salary in a period of 3 years.
  - v) Reimbursement of actual travelling expenses for self and family for proceeding on leave once in a year to and from any place in India or outside India.

- vi) Reimbursement of membership fees in respect of Clubs will be subject to maximum of two Clubs.
- vii) Personal Accident Insurance Premium subject to limit of Rs.5,000/- per annum.
- viii) Free use of the Company's car with driver for company's work as well as for personal purposes.
- ix) Telephone at residence at company's cost.
- x) Gratuity @ half month's basic salary for each completed year of services.
- xi) Leave and leave encashment as per rules of the company.

- D) Minimum remuneration: In the event of loss or inadequacy of profit in any financial year during the tenure of Shri R K Rajgarhia as Chairman & Managing Director, he shall be entitled to receive and be paid the remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limits as specified under Part II, Section II of Schedule XIII of the Companies Act, 1956 for a period of three years from the date of appointment.

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to take such steps as may be necessary, proper and expedient to give effect to this resolution".

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

"RESOLVED THAT the members of the company do hereby accord their approval under section 314 (1) and other applicable provision of the Companies act, 1956, to the promotion of Shri Ajay Rajgarhia, Son of Shri R K Rajgarhia, Chairman & Managing Director of the company, who holds an office of profit in the company, for holding and continuing to hold the office or place of profit as Vice President (Business Development) or such other designation as the management may assign in due course under a contract of service and at such remuneration as the Board of Directors may fix subject to a maximum remuneration not exceeding Rs.50,000 per month inclusive of basic salary, allowances, perquisites and other benefits in whatsoever form given".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to vary the terms of appointment including remuneration in due course without approval of the members provided that the total remuneration including all perquisites and allowances accruing from such office of profit shall not exceed Rs.50,000 per month".

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

By Order of the Board

New Delhi  
July 31, 2009

**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.4 & 5 is Annexed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **September 16, 2009 (Wednesday)** to **September 23, 2009 (Wednesday)** (both days inclusive).
4. Pursuant to Section 205C by the Companies (Amendment) Act, 1999 the Company has already transferred all unclaimed dividends upto the Financial Year 2000 – 2001 to the General Revenue Account of the Central Government and the amount of dividend for the financial year ended 31<sup>st</sup> March, 2002 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, 2002 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.**

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

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

#### Item No.4

Shri R K Rajgarhia was appointed as Chairman & Managing Director of the Company w.e.f. August 1, 2004 for a period of five years which term expired on July 31, 2009. The Board of Directors have 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, 2009, and approved the payment of remuneration as recommended by Remuneration Committee and as proposed in the resolution, subject to the approval of shareholders.

Under Section 309 of the Companies Act, 1956, this appointment requires members' approval by way of an ordinary resolution. However, in terms of Schedule XIII to provide for minimum remuneration in the event of loss or inadequacy of profits in any financial year, a special resolution is required to be passed by the members approving payment of remuneration for a period of 3 years. The proposed special resolution combines both for appointment and payment of minimum remuneration.

The information required to be given as per paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 in the context of above appointment is given below:

#### i) GENERAL INFORMATION

1. Nature of industry  
The company's activities can be classified under the Textile Industry, manufacturing man made fibres Spun yarns.
2. Date of commencement of commercial production  
The commercial production commenced in January 15, 1981.
3. In case of new companies, expected date of commencement of activities – Not applicable
4. The financial performance for the year ended March 31, 2009

	(Rs. In lacs)
Net sales	18290.00
Net profit	106.00
EPS	2.45

5. Export performance and net foreign exchange collaboration  
Export turnover marginally decreased from previous year i.e. Rs.2,035 Lacs to Rs.1,996 Lacs.
6. Foreign investments or collaborators, if any – Not applicable

#### ii) INFORMATION ABOUT THE APPOINTEE

1. Background details  
Shri R K Rajgarhia, aged 71 years, is a successful industrialist having over 49 years of experience in the field of textile industry. He is the promoter director of the company and holding post of Chairman & Managing Director. He is looking after overall activities of the company.
2. Past remuneration  
The remuneration paid to him during the Financial Year 2008-09 is Rs.17.57 lacs.
3. Recognition or awards  
No such awards
4. Job profile and his suitability  
Shri R K Rajgarhia is looking after the overall activities of the company and management. Considering his skill, your Board is of the opinion that the service of Shri R K Rajgarhia as Chairman and Managing Director is required to be availed for allround growth and development of the company.
5. Remuneration proposed  
The remuneration proposed to be paid to Shri R K Rajgarhia is set out in the resolution.

6. Comparative remuneration profile with respect to industry.

No such data is available with the company. But the Board is of the view that the remuneration paid/to be paid by the company is totally in line with the performance made by the company under his dedicated services.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any

Shri R K Rajgarhia's pecuniary relationship is limited to the remuneration receives in the capacity of Chairman & Managing Director.

He is related to Shri Ajay Rajgarhia, Vice President (Business Development) as father.

**iii) OTHER INFORMATION:**

1. Reason of loss or inadequate profits

For the present the profit of the company are adequate to pay the remuneration as proposed. However, there could be events or external factors beyond the control of the company which would influence company's profitability. Hence it is necessary to provide for minimum remuneration to adequately compensate the Chairman & Managing Director in case of any such eventuality.

2. Steps taken or proposed to be taken for improvement

The profit of the company during the year is adequate and it is expected that the company will perform satisfactorily in the coming years.

3. Expected increase in productivity and profits in measurable terms

The sales increased by 11.63% from Rs.16,482 lacs to Rs.18,399 lacs. Net profit was higher by 51.43% over the previous year.

**ii) DISCLOSURES:**

The remuneration package is already explained in the foregoing paragraph. The report on Corporate Governance which forms part of this annual Report also gives various details related to remuneration and contract of service as required.

The appointment and the remuneration have been approved by the Remuneration Committee and the Board of Directors in their respective meetings held on 31.07.2009.

None of the Director's except Shri R K Rajgarhia and Shri S G Rajgarhia is interested or concerned in the said resolution.

The Board recommends the proposed resolution for your approval.

**Item No.5**

Shri Ajay Rajgarhia, aged about 42 years, is having specialization in the field of finance as he is M.B.A. from William E Simon Graduate School of Business Management University of Rochester, USA. He is the Son of Shri R K Rajgarhia, the Chairman & Managing Director. He was appointed as Vice President (Business Development) from 01.07.1995 by the Board of Directors. He has been contributing tremendous efforts towards development of exports and further expansion. The Board of Directors in their meeting held on 31.07.2009 decided to increase his remuneration w.e.f. October 1, 2009 and seek members' approval by way of special resolution as required by section 314 (1) of the Companies Act, 1956 for paying him upto Rs.50,000 per month.

The proposed special resolution is for the same. Your directors recommend passing of the resolution with requisite majority.

None of the Directors except Shri R K Rajgarhia is concerned or interested in the resolution.

**Item No.2**

**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 42 years. |
| List of other Directorship held   | : Clear Water Limited<br>APM Industries Limited<br>Kajaria Ceramics Limited<br>Faridabad Papers Mills Limited<br>Bagri Udyog Pvt. Limited                   |
| Chairman/member of the Committee of the Board of Directors of the Company | : – Audit Committee – Member<br>– Share holder / Investors<br>Grievance Committee-Member<br>– Remuneration 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)

New Delhi  
July 31, 2009

By Order of the Board

**F C GOEL**  
Company Secretary

# APM INDUSTRIES LIMITED

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 35<sup>th</sup> Annual Report and Audited Accounts for the year ended on March 31, 2009.

### FINANCIAL RESULTS

	2008-2009	2007-2008
Gross Turnover	18399	16482
Gross Profit	599	497
Less: -		
• Depreciation	439	430
• Provision for Tax		
- Current Tax	23	9
- Deferred Tax	31	(7)
- Mat credit entitlement	-	(5)
Profit after tax	106	70
Add: -		
• Balance brought forward	2611	2541
Surplus available for appropriation	2717	2611
<b>Appropriations: -</b>		
• Balance carried forward	2717	2611

### OPERATIONS

Your Company has shown satisfactory results during the year under review. The sales increased by 11.63% from Rs.16,482 lacs to Rs.18,399 lacs. Net profit was higher by 51.43% over the previous year.

### EXPORTS

Your Company's export turnover marginally decreased from previous year i.e. Rs.2,035 Lacs to Rs.1,996 Lacs. The company hopes to increase export turnover in the current year.

### EXPANSION AND MODERNIZATION

The Company continues to modernize its Plant and Machinery under Technology Upgradation Fund Scheme (TUFS). The company proposes to install some balancing equipments which would help in producing higher value added products. The production capacity will also be increased from 48320 spindles to 49280 Spindles during the current year.

### PROSPECTS

The Company expects to improve both sales and profitability in the current year as a result of expansion-cum-modernization programme and expected better market conditions.

### DIVIDEND

In view of the need to conserve financial resources, no dividend has been recommended by the Board of Directors.

### 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.
2. That they have selected such accounting policies and applied them consistently and made judgments 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 the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are 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 whole hearted support given by the Customers, suppliers, shareholders, employees, governments, financial institutions, banks, and we look forward to their continued cooperation and best wishes in our endeavour to steer your company towards greater heights.

For and on behalf of the Board

New Delhi  
July 31, 2009

**R K RAJGARHIA**  
Chairman & Managing Director

**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 taken following Energy Conservation Measures to save the Energy.

1. Installation of Power Capacitors at specific machine's motors and 200 KVR additional capacitors at automatic power factor improvement panel by which the power factor improved from 0.97 to 0.99.
2. Replacement of 02 Nos. 7.5 HP Pumps with 01 No. 10 HP pump in one autoclave machine.
3. Replacement of 06 Nos. mono block pumps of Effluent Treatment Plant with Energy efficient pumps.
4. Conversion of Direct On Line starter to Star Delta in Ring frame variators of unit-II.

5. Replacement of 02 Nos. 30 HP Submersible pumps of Tube well to 20 HP Energy efficient submersible pumps
6. Installation of Electronic Chock in place of copper ballast in staff colony.

**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**

The activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans have been discussed under the head 'Exports' in Director's Report.

The information in respect of Foreign Exchange earning and outgo is contained in Item 12 (f) & (g) in Schedule – 18 annexed to the Balance Sheet.

**FORM 'A'**

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

		Unit	2008-2009	2007-2008
<b>A</b>	<b>POWER AND FUEL CONSUMPTION</b>			
	<b>1 Electricity</b>			
	Purchased unit	Unit in lacs	440.78	435.79
	Total amount	Rs. In lacs	1844.57	1868.14
	Rate	Rs./Unit	4.18	4.29
	<b>2 Own Generation</b>			
	a) Through Diesel Generator	Unit in lacs	0.99	4.51
	Unit per Litre of Diesel	Unit	3.29	3.64
	Cost	Rs./Unit	9.44	8.02
	b) Through HFO Generator	Unit in lacs	6.33	20.02
	Unit per Litre of Diesel/HFO	Unit	3.83	4.05
	Cost	Rs./Unit	4.49	5.85
	<b>3 Coal (Grade B, C, D &amp; E)/ Petcock</b>			
	Quantity	MT	2284.83	2281.65
	Total cost	Rs. in lacs	174.74	132.50
	Average rate	Rs./MT	7647.65	5807.29
	<b>4. Diesel</b>			
	Quantity	Ltrs. In lacs	0.67	1.45
	Total cost	Rs. In lacs	20.27	41.65
	Average rate	Rs./Ltr.	30.42	28.63
	<b>5. Furnace Oil</b>			
	Quantity	Ltrs. In lacs	1.29	4.73
	Total cost	Rs. In lacs	24.58	106.67
	Average rate	Rs./Ltr.	19.04	22.43
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION*</b>			
	Electricity		337.00	365.00
	Coal B, C, D & E Grade/Pet coke		17.17	18.08

**FORM 'B'**

**RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

**A. Research & Development:**

**Specific areas in which R&D carried out by the company:**

\* The Company has been giving special emphasis on development of new products and cost reduction. The Company has developed new products for exporters of yarn, fabrics, furnishings and Readymade garments, keeping in touch with latest trend of fabrics & ready made garment exports. The company has also developed new varieties of yarn for direct export to various countries as well as for domestic markets.

**Benefits derived as a result of R&D:**

\* Product improvement, cost reduction and improvement in customer satisfaction.

**Future course of action:**

\* To develop new varieties and shades as per market requirements.

**Expenditure on R&D:**

\* No specific expenditure exclusively on R&D has been incurred.

**B. Technology Absorption, Adaptation and Innovation:**

**Efforts made:**

\* The indigenous technology available is continuously being upgraded.

**Benefit derived:**

\* Improvement in the overall performance of the company.

**Particulars of imported technology:**

\* Not applicable

For and on behalf of the Board

New Delhi  
July 31, 2008

**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 operations, 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, 2009, 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.

During the year 2008 – 09 five Board meetings were held on 28.05.2008, 20.06.2008, 31.07.2008, 31.10.2008 and 30.01.2009

The composition of the Board of Directors and the attendance at the Board meeting during the year are 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	5	5	4	-	1	Yes
2	Shri R L Toshniwal	Non Executive & Independent	5	1	4	-	1	No
3	Shri K R Gupta	Non Executive & Independent	5	5	1	1	5	Yes
4	Shri S G Rajgarhia	Non Executive	5	5	5	2	2	Yes
5	Shri R R Bagri	Non Executive & Independent	5	5	3	3	-	Yes
6	Shri H R Sharma	Executive	5	5	-	1	-	Yes

The non-executive directors, except Shri S G Rajgarhia do not have any material pecuniary relationship with the company. Shri S G Rajgarhia's pecuniary relationship to the company is limited to the extent of his shareholding in it and the sitting fees received by him. He may also be deemed to have some pecuniary interest with respect to transactions of sale and purchase of materials with the Companies in which he is a director, brief details of which are disclosed in the notes to the financial statements under the head "related party disclosures" under Schedule 18 of the Annual Report.

Shareholding of non-executive directors in the company as on the date of report is:

Name of the Director	No. of shares	Percentage
Shri S G Rajgarhia	114770	2.66

### 3. Audit Committee

The terms of reference of the Audit Committee, cover areas specified under Clause 49 of the Listing Agreement, such as:-

- To review the operating results and the internal audit reports.
- To suggest internal control measures after discussion with the internal auditors and to oversee their implementation.
- To review the annual financial statements with the management.
- To recommend appointment of auditors and to fix their remuneration.
- And other matters as provided in the clause 49.

During the year 2008 – 09 five Audit Committee meetings were held on 28.05.2008, 20.06.2008, 31.07.2008, 31.10.2008 and 30.01.2009.

The constitution of the committee and the attendance of the members are as under:-

Sl.No.	Name	Category	No. of Meetings	
			Held	Attended
1	Shri K R Gupta	Non Executive & Independent	5	5
2	Shri S G Rajgarhia	Non Executive	5	5
3	Shri R R Bagri	Non Executive & Independent	5	5

Shri K R Gupta, is the Chairman of the Committee. The Company Secretary acts as the Secretary of the Committee.

### 4. Remuneration Committee

The remuneration committee was constituted in the year 2008 comprising of Shri K R Gupta (Chairman), Shri R R Bagri and Shri R L Toshniwal, all being independent and non-executive directors. The committee met once on 30.01.2009 to approve the remuneration of Shri R K Rajgarhia.

The non-executive directors are paid sitting fees for the Board and Committee meetings attended by them. The non-executive directors are not paid remuneration in any other form.

The details of remuneration paid to Chairman & Managing Director and Executive Director during 2008 – 2009 are as under:-

Sl. No.	Name of the Directors	Salary	Perquisites and other benefits	Total
1	Shri R K Rajgarhia	17,57,416	-	17,57,416
2	Shri H R Sharma	12,56,746	9,360	12,66,106

The details of sitting fee paid to the other Directors during 2008 – 2009 are as under :-

Sl. No.	Name of the Directors	Sitting Fee	Total
1	Shri R L Toshniwal	3,000	3,000
2	Shri K R Gupta	63,500	63,500
3	Shri S G Rajgarhia	53,000	53,000
4	Shri R R Bagri	63,500	63,500

**5. Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee of Directors is headed by Shri K R Gupta, Non-Executive & Independent 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.

13 Shareholders' complaints were received during the year 2008 – 2009 and all of them have been resolved.

There were no pending share transfers as on 31.03.2009.

**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
2008	SP-147 RIICO Industrial Area,	30.09.2008	11.30 A.M.
2007	Bhiwadi	29.09.2007	11.30 A.M.
2006	Dist. Alwar (Rajasthan)	30.09.2006	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. Code of Conduct**

The company has formulated and implemented a Code of Conduct for Board Members and senior management of the company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the company.

**8. CEO/CFO Certification**

Shri R K Rajgarhia, Chairman & Managing Director and Shri H R Sharma, Executive Director have given the above certificate pertaining to financial year 2008 – 09 to the Board of Directors which was taken note of at the Board meeting.

**9. Disclosures**

- There are no materially significant related party transactions, which may have potential conflict with the interests of the Company at large.
- The company's financial statements are prepared as per the Accounting Standards and the accounting principles generally accepted in India.
- The risk assessment and minimization is an on going process within the company. The company has laid down the procedures to inform Board members about the risk assessment and minimization procedures. The audit committee/board reviews the risk assessment and control process in the company periodically.
- The company has not raised any money through Public Issue, Rights Issue or Preferential Issue etc.
- There have 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.
- There is no pecuniary relationship or transaction with the Non-Executive independent Directors.
- The management discussion and analysis report is given as a separate statement in the Annual Reports and forms part of the Directors Report.

**10. Compliance with mandatory/Non-mandatory Requirements**

The company has complied with all the applicable mandatory requirements given in the listing agreement.

**11. Means of Communication**

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

**12. General Shareholder Information**

**A. Annual General Meeting: -**

Date : September 26, 2009 (Saturday)  
 Time : 11.30 A.M.  
 Venue : SP - 147 RIICO Industrial Area, Bhiwadi Dist. Alwar (Rajasthan)

**B. Financial Calendar for 2009-10**

Adoption of Quarterly Results Ended	In the Month of
30 <sup>th</sup> June, 2009	July, 2009
30 <sup>th</sup> September, 2009	October, 2009
31 <sup>st</sup> December, 2009	January, 2010
31 <sup>st</sup> March, 2010 (Audited Annual Accounts)	April, 2010 (June 2010)

# APM INDUSTRIES LIMITED

## C. Date of Book Closure

From **September 16, 2009** to **September 23, 2009** (both days inclusive).

## D. Listing on Stock Exchange at: -

Bombay Stock Exchange Limited  
Scrip Code  
523537

The Listing fees for the year 2009 – 2010 have been paid to the above Stock Exchange.  
Demat ISIN No. in NSDL and CDSL for equity shares INE-170D01017

## E. Shareholding Pattern of the Company as on 31st March, 2009.

Category	No. of Shares held	%age of share-holding
a) Promoters/persons acting in concern	2712982	62.77
b) Banks, Financial Institutions, Insurance Companies	7179	0.17
c) NRIs/OCBs	3241	0.07
d) Other Corporate bodies	111601	2.58
e) Indian Public	1487269	34.41
<b>Total</b>	<b>4322272</b>	<b>100.00</b>

## F. Distribution of shareholding as on 31st March, 2009.

Range No. of shares	Shareholders		Shares	
	Number	% to Total Holders	Number	% to Total Capital
Upto 500	10533	96.54	757350	17.52
501 1000	196	1.80	158517	3.67
1001 2000	86	0.79	133201	3.08
2001 3000	22	0.20	55174	1.28
3001 4000	12	0.11	43112	1.00
4001 5000	9	0.08	42514	0.98
5001 10000	12	0.11	89582	2.07
10001 And above	40	0.37	3042822	70.40
<b>Total</b>	<b>10910</b>	<b>100.00</b>	<b>4322272</b>	<b>100.00</b>

## G. Share Transfer System

Share transfers in physical form are registered by the Registrars and returned to the respective transferees within a period ranging from two to three weeks, provided the documents lodged with the Registrars/Company are complete in all respects.

## H. Dematerialization of shares

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

## I. Share Dematerialized record

The following data indicates the extent of dematerialization of Company's shares as on 31<sup>st</sup> March, 2009.

No. of shares dematerialized 1706860 39.49% of the total share capital  
No. of shareholders in D-mat Form 3204 29.37% of the total No. of shareholders

## J. Market Share Price Data (Rs.)

Month		Bombay Stock Exchange Limited	
		High	Low
April	2008	22.95	17.70
May	2008	24.35	19.25
June	2008	22.40	16.00
July	2008	24.85	17.00
August	2008	25.40	18.60
September	2008	22.60	15.90
October	2008	20.60	12.50
November	2008	16.80	11.00
December	2008	14.49	11.00
January	2009	16.47	13.06
February	2009	16.80	12.85
March	2009	13.98	8.63

**K. Registered Office and Plant Location of the Company**

APM Industries Limited  
SP-147 RIICO Industrial Area  
Bhiwadi  
Dist. Alwar (Rajasthan) – 301 019  
Tel. : 01493 – 220433  
Fax : 01493 – 220228  
Email : [os.bhiwadi@orientsyntax.com](mailto:os.bhiwadi@orientsyntax.com)

**L. Investors Correspondence**

Shareholders can make correspondence at the following addresses both for Demat and Physical transfer work and other grievances, if any:

**1. Corporate office**

APM Industries Limited  
910 – Chiranjiv Tower  
43 – Nehru Place  
New Delhi – 110 019  
Tel : 011 – 26441015 – 17  
Fax : 011 – 26441018  
E-mail : [orientapm@bol.net.in](mailto:orientapm@bol.net.in)  
[os.delhi@orientsyntax.com](mailto:os.delhi@orientsyntax.com)

**2. Registrars and Share Transfer Agent**

M/s Skyline Financial Services Pvt. Limited  
246, 1<sup>st</sup> Floor  
Sant Nagar, East of Kailash  
New Delhi – 110 065  
Tel : 011 – 26292682 – 83  
Fax : 011 – 26292681  
E-mail : [admin@skylinerta.com](mailto:admin@skylinerta.com)

**AUDITORS' CERTIFICATE**

To

The Shareholders of  
APM Industries Limited

We have examined the compliance of conditions of Corporate Governance by APM Industries Limited for the year ended March 31, 2009, as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For Chaturvedi & Co.**  
Chartered Accountants

**(Pankaj Chaturvedi)**  
Partner  
Membership No. 91239

New Delhi  
July 31, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the Company is manufacturing and marketing of synthetic blended yarn. The management discussion and analysis is given below:

a) **Industry structure and development**

Large numbers of textile manufacturers in India have expanded their production capacities. The Government of India has further helped the textile industry by continuing the Technology Upgradation Fund Scheme (TUFS) for the 11<sup>th</sup> Five Year Plan.

Due to the depreciation of the Rupee, exports have become profitable once again. Also, because petroleum prices have come down, fibre prices have also become cheaper. This has provided a competitive edge to the Blended Yarn Industry as well as spurred exports.

Since textile is the second largest employment generating industry in the country, the Government is continuously extending its support for the growth of this segment.

b) **Opportunities, threats/risks and concerns**

Low cost of labour in India and other Asian countries will attract more textile business from developed countries. The current stable political climate, trade friendly economic laws, balanced and growing economy gives a further confidence to the buyers. Also, the availability of dyed viscose in the country allows the Indian industry to deliver more variety.

The threats to the Industry are fluctuating foreign exchange rate, volatile crude oil and coal prices, non-availability of trained manpower and unpredictable demand and supply of textile products.

c) **Segment-wise performance**

The Company has only one line of business, namely, manufacturing of Synthetic Blended Yarn. The Company has no activity outside India except export of yarn manufactured in India; therefore, there is no geographical segment.

d) **Outlook**

Last year, we had introduced several measures to improve performance, which has shown results. The company plans to continue with these measures, and also concentrate on modernization-cum-balancing of equipments. This would result in higher production and help in producing more value added products. Coupled with expected better market condition, this would increase the sales and profitability of the company.

e) **Internal control system**

The company has a professional internal control system, which provides adequate safeguards and effective monitoring of transactions. The company has a strong internal audit system and independent Internal Auditor. The Internal Auditor reports to the Chairman & Managing Director and the Audit Committee of the Board. Personnel of the Internal Auditor conduct periodical audits in all the areas to ensure that the company's control mechanism is properly followed and all statutory requirements are duly complied with.

f) **Discussion on financial performance with respect to operating performance**

The operating performance of the Company has been discussed in Directors Report under the head Financial Results, Operations and Prospects.

g) **Developments in human resources and industrial relations**

Your Company's progress is a reflection and outcome of the human resources it has. Your company has fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously improve on their efficiency. The industrial relations remained cordial throughout the year.

h) **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions may be "forward looking" within the meaning of applicable laws or regulations. Actual results may differ materially from those expressed or implied.

For and on behalf of the Board

New Delhi  
July 31, 2009

**R K RAJGARHIA**  
Chairman & Managing Director

**AUDITORS' REPORT**

**To The Members of  
APM INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **APM INDUSTRIES LIMITED**, as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement 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 conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance 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 the 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 those books.
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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 said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR CHATURVEDI & CO.**  
Chartered Accountants  
**(PANKAJ CHATURVEDI)**  
Partner  
Membership No 91239

New Delhi  
May 26, 2009

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- i.
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. A major portion of the fixed assets has been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- ii.
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- iii.
  - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of the clause (iii) (b), (iii)(c) and (iii)(d) Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
  - b. The Company has taken unsecured loan from a director and a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 49,328,165 and yearend balance was Rs. 48,023,883.
  - c. In our opinion and according to the information and explanations given to us, the rate of interest of loans taken is not prima facie prejudicial to the interest of the Company.
  - d. The Company is regular in repaying the principal amount and interest thereon, wherever stipulated/ on demand.

- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v.
  - a. In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - b. In our opinion according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under. No order against the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are neither required to nor have we carried out any detailed examination of such accounts and records.
- ix.
  - a. According to the information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.
  - c. According to information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute excepting those mentioned hereunder:

S. No	Name of the Statute	Nature of Dues	Amount in Rs.	Forum where dispute is pending
2.	Entry Tax, Rajasthan	Entry Tax	7,147,807	Rajasthan High Court.

- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on a short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR CHATURVEDI & CO.**  
Chartered Accountants  
**(PANKAJ CHATURVEDI)**  
Partner  
Membership No 91239

New Delhi  
May 26, 2009

# APM INDUSTRIES LIMITED

## BALANCE SHEET

AS AT MARCH 31, 2009

Particulars	Schedule Nos.	As At		As At
		Rs.	March 31, 2009 Rs.	March 31, 2008 Rs.
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	43,222,720	43,222,720	
Reserves and Surplus	2	1,044,973,680	323,936,273	367,158,993
<b>Loan Funds</b>				
Secured Loans	3	569,333,782	611,030,944	
Unsecured Loans	4	70,846,741	71,779,528	682,810,472
<b>Deferred Tax Liability (Net)</b>			44,405,000	41,336,966
(Refer Note 7 of Schedule 18)			<u>1,772,781,923</u>	<u>1,091,306,431</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	1,895,121,134	1,157,632,621	
Less : Depreciation		617,329,446	570,576,847	
Net Block		1,277,791,688	587,055,774	
Add : Capital Work-in-progress		0	7,081,518	594,137,292
<b>Investments</b>	6		17,597,416	17,597,416
<b>Current Assets, Loans and Advances</b>				
Inventories		230,254,218	296,189,891	
Sundry Debtors		190,733,707	216,850,141	
Cash and Bank Balances		6,378,570	6,296,125	
Other Current Assets		9,014,856	12,006,302	
Loans & Advances		137,135,910	135,156,539	
		<u>573,517,261</u>	<u>666,498,998</u>	
<b>Less : Current Liabilities &amp; Provisions</b>	8			
Current Liabilities		81,914,400	175,117,882	
Provisions		14,210,042	11,809,393	
		<u>96,124,442</u>	<u>186,927,275</u>	
<b>Net Current Assets</b>			477,392,819	479,571,723
			<u>1,772,781,923</u>	<u>1,091,306,431</u>
<b>Accounting Policies</b>	17			
<b>Notes to Accounts</b>	18			

As per our report of even date annexed

for and on behalf of the Board

For CHATURVEDI & CO.  
Chartered Accountants

(PANKAJ CHATURVEDI)  
Partner

F C GOEL  
Company Secretary

H R SHARMA  
Executive Director

K R GUPTA  
Director

R K RAJGARHIA  
Chairman & Managing Director

Place : New Delhi  
Date : May 26, 2009

**PROFIT & LOSS ACCOUNT**  
FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Schedule Nos	For the year ended March 31, 2009 Rs.	For the year ended March 31, 2008 Rs.
<b>INCOME</b>			
Sales	9	1,839,940,822	1,648,209,988
Less: Excise Duty		10,976,338	16,445,052
Net Sales		<u>1,828,964,484</u>	1,631,764,936
Other Income	10	12,394,652	10,918,451
Increase / (Decrease) in Stocks	11	(63,443,253)	62,634,007
		<u>1,777,915,883</u>	<u>1,705,317,394</u>
<b>EXPENDITURE</b>			
Raw material consumed	12	1,168,784,393	1,138,197,383
Manufacturing and operating expenses	13	274,923,761	273,320,008
Personnel expenses	14	164,320,645	150,728,093
Financial expenses	15	50,130,994	51,007,995
Administrative and selling expenses	16	59,828,749	42,410,543
Depreciation -Gross		52,855,950	
Less : Charged to Revaluation Reserve		<u>8,992,346</u>	43,015,324
		<u>43,863,604</u>	<u>43,015,324</u>
		<u>1,761,852,146</u>	<u>1,698,679,346</u>
<b>Profit before Taxation</b>		16,063,737	6,638,048
Provision for Taxation			
- Current Tax		1,800,000	530,000
- Deferred Tax (Credit)		3,068,034	(706,532)
- Fringe Benefit Tax		539,342	384,907
- Wealth Tax		14,300	12,000
- MAT Credit Entitlement		-	(530,000)
<b>Profit after Taxation</b>		<u>10,642,061</u>	<u>6,947,673</u>
Balance brought forward		<u>261,057,766</u>	<u>254,110,093</u>
Balance available for Appropriation		<u>271,699,827</u>	<u>261,057,766</u>
<b>Balance Carried to Balance Sheet</b>		<u>271,699,827</u>	<u>261,057,766</u>
<b>Earning Per Share (In Rs.)</b>			
Basic and diluted		2.46	1.61
<b>Accounting Policies</b>	17		
<b>Notes to Accounts</b>	18		

As per our report of even date annexed

for and on behalf of the Board

**For CHATURVEDI & CO.**  
Chartered Accountants

**(PANKAJ CHATURVEDI)**  
Partner

**F C GOEL**  
Company Secretary

**H R SHARMA**  
Executive Director

**K R GUPTA**  
Director

**R K RAJGARHIA**  
Chairman & Managing Director

Place : New Delhi  
Date : May 26, 2009

# APM INDUSTRIES LIMITED

## SCHEDULE FORMING PART OF THE BALANCE SHEET

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
70,00,000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
3,00,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued</b>		
44,43,416 Equity shares of Rs.10/- each	44,434,160	44,434,160
<b>Subscribed and Paid up</b>		
43,22,272 Equity shares of Rs.10/- each	43,222,720	43,222,720
	<u>43,222,720</u>	<u>43,222,720</u>
<b>Note</b>		
1,50,000 Equity shares were allotted in earlier years to the promoters of the Company for consideration other than cash pursuant to clause at page 2 of the Memorandum of Association for taking over of business undertaking.		
<b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
Share Premium Account	24,311,925	24,311,925
Capital Reserve	31,000	31,000
Revaction Reserve	719,387,692	
Less : Depreciation	<u>8,992,346</u>	710,395,346
General Reserve		
Balance at the beginning of the year	38,535,582	45,002,858
Less : Transitional Liability in respect of employee benefits	<u>—</u>	<u>6,467,276</u>
Profit and Loss Account	271,699,827	261,057,766
	<u>1,044,973,680</u>	<u>323,936,273</u>
<b>SCHEDULE: 3 SECURED LOANS</b>		
<b>Term Loans (under TUF Scheme)</b>		
The Industrial Development Bank of India	77,653,340	101,606,672
State Bank of Bikaner & Jaipur	184,613,093	189,267,745
Punjab National Bank	70,626,650	83,912,465
<b>Working Capital Loans (Banks)</b>		
Rupee Loan	220,455,975	223,333,571
Export Packing Credit	15,232,989	11,140,000
<b>Other Loans</b>		
Vehicle Loans	751,735	1,770,491
	<u>569,333,782</u>	<u>611,030,944</u>
<b>Notes:</b>		
1. Term loans are secured by joint mortgage by deposit of title deeds of the Company's immovable properties situated at Bhiwadi and charge on all immovable and movable assets, both present and future, except book debts subject to prior charge created on specified movable assets in favour of Company's bankers ranking pari-passu for working capital facilities and guaranteed by Chairman & Managing Director of the Company.		
2. Working capital loans are secured by hypothecation of inventories, book debts, receivables and other movable assets and also by second charge on Company's immovable properties situated at Bhiwadi ranking pari-passu between the Banks/ Financial Institutions and guaranteed by Chairman & Managing Director of the Company.		
3. Vehicle Loans are secured by hypothecation/ Lien of the respective vehicles.		
4. Term loans repayable within one year <b>Rs. 56,233,340/-</b> (Rs 49,204,000/-)		
5. Vehicle Loans repayable within one year <b>Rs. 575,193</b> (Rs 830,095)		
<b>SCHEDULE:4 UNSECURED LOANS</b>		
From Director	15,857,244	10,596,051
From Bodies Corporate	54,989,497	61,183,477
	<u>70,846,741</u>	<u>71,779,528</u>

**SCHEDULE 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at April 1, 2008 (At Cost) (Rs.)	Additions (Rs.)	Addition on account of revaluation (Rs.)	sales/adjust ments (Rs.)	Total As At March 31, 2009 (At Cost) (Rs.)	Up to March 31, 2008 (Rs.)	For the year (Rs.)	sales/ adjustments (Rs.)	Up to March 31, 2009 (Rs.)	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
<b>Lease hold Land</b>	1,879,084	-	719,387,692	1,266,776	720,000,000	641,057	8,949,078	472,604	9,117,531	710,882,469	1,238,027
<b>Building</b>											
- Spinning Division	104,145,772	1,764,211	-	-	105,909,983	23,091,092	3,059,641	-	26,150,733	79,759,250	81,054,680
- Power Plant Division I	2,309,095	-	-	-	2,309,095	662,368	77,124	-	739,492	1,569,603	1,646,727
- Power Plant Division II	1,995,607	-	-	-	1,995,607	266,064	66,653	-	332,717	1,662,890	1,729,543
	108,450,474	1,764,211	-	-	110,214,685	24,019,524	3,203,418	-	27,222,942	82,991,743	84,430,950
<b>Plant &amp; Machinery</b>											
- Spinning Division	892,021,066	19,211,421	-	4,194,845	907,037,642	488,496,238	32,073,573	3,985,103	516,584,708	390,452,934	403,524,828
- Power Plant Division I	58,561,612	0	-	-	58,561,612	26,317,299	3,092,053	-	29,409,352	29,152,260	32,244,313
- Power Plant Division II	67,324,735	0	-	-	67,324,735	14,150,113	3,554,746	-	17,704,859	49,619,876	53,174,622
	1,017,907,413	19,211,421	-	4,194,845	1,032,923,989	528,963,650	38,720,372	3,985,103	563,698,919	469,225,070	488,943,763
<b>Furniture &amp; Fixtures</b>	10,156,279	233,616	-	-	10,389,895	6,112,301	533,263	-	6,645,564	3,744,331	4,043,978
<b>Office Equipments</b>	9,891,139	4,310,590	-	137,808	14,063,921	7,025,234	743,106	126,016	7,642,324	6,421,597	2,865,905
<b>Vehicles</b>	9,348,232	245,050	-	2,064,638	7,528,644	3,815,081	706,713	1,519,628	3,002,166	4,526,478	5,533,151
	1,157,632,621	25,764,888	719,387,692	7,664,067	1,895,121,134	570,576,847	52,855,950	6,103,351	617,329,446	1,277,791,688	587,055,774
For previous year	1,046,036,174	125,454,018	-	13,857,571	1,157,632,621	540,346,684	43,015,324	12,785,161	57,056,847	587,055,774	
Capital work-in-progress:											
Building											23,385
Plant & Machinery											3,325,022
Office Equipment											3,733,111
<b>Total</b>											7,081,518
<b>GRAND TOTAL</b>										1,277,791,688	594,137,292

**Note**

- Fixed Assets / Capital Work in Progress include borrowing cost of Rs 635,616 (Previous Year Rs 3,749,082) capitalised during the year.
- (a) Lease hold land was revaluated as on 12-05-2008 by government approved professional valuer.  
(b) Depreciation for the year Rs. 52,855,950 includes Amortisation on revalued lease hold land Rs. 8,992,346.

# APM INDUSTRIES LIMITED

				As At March 31, 2009 Rs.	As At March 31, 2008 Rs.
<b>SCHEDULE 6 : INVESTMENT</b>					
<b>PARTICULARS</b>					
	<b>Closing Quantity</b>	<b>Opening Quantity</b>	<b>Face Value</b>		
<b>LONG TERM INVESTMENTS OTHER THAN TRADE</b>					
<b>In Government securities</b>					
i. National Saving Certificates (Pledged with Sales Tax Department)				16,000	16,000
ii. Post Office Saving Bank (Pledged with Excise Department )				31,110	31,110
				<u>47,110</u>	<u>47,110</u>
<b>In Fully paid equity shares (Quoted)</b>					
i. Bhilwara Spinners Ltd.	100	(100)	10	508	508
ii. Deepak Spinners Ltd.	100	(100)	10	765	765
iii. G.S.L. (India) Ltd.	50	(50)	10	1,819	1,819
iv. Hind Syntex Ltd.	100	(100)	10	2,642	2,642
v. Indo Rama Synthetics (I) Ltd.	10	(10)	10	76	76
vi. Spentex industries Ltd.	9	(9)	10	77	77
vii. Rajasthan Spng. & Wvg. Mills. Ltd.	195	(195)	10	1,831	1,831
viii. Sangam India Ltd.	158	(158)	10	1,951	1,951
ix. Shree Rajasthan Syntex Ltd.	50	(50)	10	1,043	1,043
x. State Bank of Bikaner & Jaipur	8600	(860)	10	464,400	464,400
xi. Visaka Industries Ltd.	10	(10)	10	194	194
xii. GVK Power & Infrastructure Ltd.	5000	(5000)	1	155,000	155,000
				<u>630,306</u>	<u>630,306</u>
<b>LONG TERM INVESTMENT TRADE</b>					
<b>In Fully paid equity share (Unquoted)</b>					
V.S. Lignite Power Private Ltd.	577778	577778	10	5,777,780	5,777,780
<b>In Fully paid redeemable preference shares (Unquoted)</b>					
V.S. Lignite Power Private Ltd. (0.01% cumulative redeemable preference shares)	1114222	1114222	10	11,142,220	11,142,220
				<u>16,920,000</u>	<u>16,920,000</u>
Total Investments				<u>17,597,416</u>	<u>17,597,416</u>
Market value of quoted equity shares				<u>1,811,943</u>	<u>4,524,344</u>
<b>SCHEDULE 7 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>CURRENT ASSETS</b>					
<b>Inventories</b>					
Raw Materials [Including Goods in Transit Rs 3,792,573 (Rs 10,074,636)]				78,240,168	76,793,433
Finished Goods				112,258,673	156,438,645
Stock In Process				30,851,108	50,338,071
Stores and Spares				8,412,601	12,351,756
Waste Material				491,668	267,986
				<u>230,254,218</u>	<u>296,189,891</u>
<b>SUNDRY DEBTORS</b>					
(Unsecured, considered good unless otherwise stated)					
Debts outstanding for a period exceeding six months:					
- Considered Good				4,996,022	3,923,364
- Considered Doubtful				661,200	786,600
Other Debts				185,737,685	212,926,777
				<u>191,394,907</u>	<u>217,636,741</u>
Less : Provision for Doubtful Debts				661,200	786,600
				<u>190,733,707</u>	<u>216,850,141</u>

**APM INDUSTRIES LIMITED**

	As At March 31, 2009 Rs.	As At March 31, 2008 Rs.
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	161,951	284,944
Balance with Scheduled Banks:		
- In Current Account	115,338	88,740
- In Fixed Deposit Account	5,598,715	5,296,690
- Unclaimed Dividend Account	460,866	565,288
Remittance in Transit	41,700	60,463
	<b>6,378,570</b>	<b>6,296,125</b>
<b>OTHER CURRENT ASSETS</b>		
Claims & other Receivable	5,579,914	6,606,829
Export Incentive Receivable	3,434,942	5,399,473
	<b>9,014,856</b>	<b>12,006,302</b>
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received		
For Purchase of Capital Assets	5,506,554	6,144,720
Other Advances	21,547,546	26,075,936
Deposits	15,408,260	6,803,312
Interest Receivable	777,196	2,402,617
Balance With Excise Department	84,597,213	86,362,760
Advance Tax/Income Tax deducted at source (Net of provisions)	8,769,141	6,837,194
MAT Credit Entitlement	530,000	530,000
	<b>137,135,910</b>	<b>135,156,539</b>
	<b>573,517,261</b>	<b>666,498,998</b>
<b>SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
Total outstanding due to Micro, Small & Medium Enterprises: (Refer Note 3 of schedule 18)	-	-
Outstanding dues to small scale industrial undertakings	-	-
Total outstanding due to creditors other than Micro, Small & Medium Enterprises:		
Due to supplies of materials	27,704,110	41,253,774
Due to others	34,136,951	91,829,259
Other Liabilities	19,248,622	38,419,436
Investors Education and Protection Fund (#)		
Not Due- Unclaimed dividends	460,866	565,522
Security deposits	363,851	263,363
Interest accrued but not due	-	2,786,528
	<b>81,914,400</b>	<b>175,117,882</b>
(#) The figure do not include any amounts, due and outstanding to be credited to Investor Education and Protection Fund.		
<b>PROVISIONS</b>		
Employee Benefits	14,095,742	11,797,393
Wealth Tax	14,300	12,000
Fringe Benefit Tax	100,000	-
(Net of Advance)	<b>14,210,042</b>	<b>11,809,393</b>
	<b>96,124,442</b>	<b>186,927,275</b>

# APM INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Rs.	Rs.	Rs.	Rs.
<b><u>SCHEDULE 9: SALES</u></b>				
Finished goods		1,800,727,510		1,615,042,089
Export Benefit		20,688,420		16,771,876
Waste/Scrap		18,524,892		16,396,023
		<u>1,839,940,822</u>		<u>1,648,209,988</u>
<b><u>SCHEDULE 10: OTHER INCOME</u></b>				
Miscellaneous receipts		26,754		28,245
Profit on sale of investment		-		63,130
Dividend		86,040		86,140
Surplus on sale of fixed assets (Net)		9,506,599		5,553,591
Excess provisions / Balances written back		2,775,259		5,187,345
		<u>12,394,652</u>		<u>10,918,451</u>
<b><u>SCHEDULE:11 INCREASE/(DECREASE) IN STOCK</u></b>				
<b>STOCK IN TRADE (Closing)</b>				
Stock in process	30,851,108		50,338,071	
Finished goods	112,258,673		156,438,645	
Waste material	<u>491,668</u>	<u>143,601,449</u>	<u>267,986</u>	<u>207,044,702</u>
<b>STOCK IN TRADE (Opening)</b>				
Stock in process	50,338,071		41,428,205	
Finished goods	156,438,645		102,613,442	
Waste material	<u>267,986</u>	<u>207,044,702</u>	<u>369,048</u>	<u>144,410,695</u>
		<u>(63,443,253)</u>		<u>62,634,007</u>
<b><u>SCHEDULE 12: RAW MATERIAL CONSUMED</u></b>				
Opening Stock		76,793,433		62,615,587
Purchases		<u>1,171,710,390</u>		<u>1,152,404,300</u>
		1,248,503,823		1,215,019,887
Sales/Adjustments (Refer Note 12 of Schedule 18)		1,479,262		29,071
Closing Stock		<u>78,240,168</u>		<u>76,793,433</u>
		<u>1,168,784,393</u>		<u>1,138,197,383</u>
<b><u>SCHEDULE:13 MANUFACTURING AND OPERATING EXPENSES</u></b>				
Stores and spares consumed		22,095,865		18,966,892
Packing material consumed		21,826,146		21,060,998
Power and fuel		205,711,138		215,293,826
Variation in Excise duty on Finished Goods stock		2,418,820		(522,964)
Repairs to:				
- Building	1,033,688		575,377	
- Plant & Machinery	20,582,052		15,592,636	
- Others	<u>1,256,052</u>	<u>22,871,792</u>	<u>2,353,243</u>	<u>18,521,256</u>
		<u>274,923,761</u>		<u>273,320,008</u>

**APM INDUSTRIES LIMITED**

	For the year ended March 31, 2009 Rs.	For the year ended March 31, 2008 Rs.
<b><u>SCHEDULE 14 : PERSONNEL EXPENSES</u></b>		
Salary, Wages and Bonus	143,406,571	132,192,406
Employees Welfare	6,759,680	6,173,225
Contribution to Provident & Other Funds	14,154,394	12,362,462
	<b>164,320,645</b>	<b>150,728,093</b>
<b><u>SCHEDULE 15 : FINANCIAL EXPENSES</u></b>		
<b>Interest</b>		
On Term Loans	21,942,638	24,655,329
On Others	40,994,921	35,459,135
	<b>62,937,559</b>	<b>60,114,464</b>
<b>Less: Interest Earned</b>		
From Banks [Tax deducted at source <b>Rs 65,091</b> (Rs 58,329)]	(477,479)	(411,072)
From Customers [Tax deducted at source <b>Rs 3,571,920</b> (Rs 2,967,911)]	(16,490,630)	(16,892,797)
	<b>45,969,450</b>	<b>42,810,595</b>
Premium on forward exchange contracts relating to Foreign Currency Loan	-	2,137,682
Finance /Bank Charges	4,161,544	6,059,718
	<b>50,130,994</b>	<b>51,007,995</b>
<b><u>SCHEDULE 16: ADMINISTRATIVE &amp; SELLING EXPENSES</u></b>		
<b>Administrative Expenses</b>		
Rent	1,018,470	1,006,264
Rates & Taxes	780,286	563,696
Insurance charges ( Net of claims & receipt)	2,347,140	(259,297)
Auditors' Remuneration (Refer to note no. 9 of schedule no. 18)	408,801	455,914
Miscellaneous Expenses	11,230,280	8,820,185
Charity & Donation	14,714	43,000
Directors Remuneration (Refer to Note 8 of Schedule no. 18)	3,014,162	3,095,870
Directors sitting fee	183,000	102,000
Foreign Exchange Fluctuation	128,156	206,511
<b>Total (A)</b>	<b>19,125,009</b>	<b>14,034,143</b>
<b>Selling Expenses</b>		
Freight, delivery, octroi & handling charges	13,149,283	8,044,057
Commission on sale	9,169,640	6,862,366
Provision for Doubtful Debtors	1,062,788	-
Brokerage and cash discount	14,798,469	8,312,502
Rebate, claims & other selling expenses	2,523,560	5,157,475
<b>Total (B)</b>	<b>40,703,740</b>	<b>28,376,400</b>
<b>Grand Total (A+B)</b>	<b>59,828,749</b>	<b>42,410,543</b>

# APM INDUSTRIES LIMITED

## SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

### a) BASIS OF ACCOUNTING

- i) Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows the mercantile system of accounting & recognizes the income & expenditure on accrual basis. Claims for interest on customers for delayed payments which is accounted for on acceptance basis as the exact quantum, in respect thereof, cannot be ascertained with reasonable Accuracy. This accounting policy has been consistently applied by the company.

### b) Fixed Assets

Fixed assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and borrowing costs related to such acquisition or construction.

### c) Depreciation

- i) Depreciation on fixed assets is provided for on the Straight Line method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/disposals are provided on pro-rata basis.
- ii) Cost of leasehold Land is being amortized over the period of lease of 99 years.
- iii) In case of revalued lease hold land, amortization is calculated on revalued cost based on remaining period of lease i.e. 80 years and the portion related to the revalued quantum is adjusted against revaluation reserve.
- iv) The Plant & Machinery of Spinning Unit and Power Plant Division is considered as continuous process plant, hence depreciation is provided accordingly.
- v) Assets costing less than Rs. 5,000 individually are fully depreciated at the end of the year

### d) Investments

Investments are classified in to current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are valued at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

### e) Inventories

Inventories have been valued at lower of cost or net realizable value. For ascertaining the cost, following method has been adopted-

Raw materials	At weighted average cost
Stores and spares	At weighted average cost
Stocks in Process	At estimated cost
Finished Goods	At actual cost
Waste Materials	At net realizable value

Cost of raw material, stores and spares is net of cenvat credit, wherever applicable. Cost of finished goods includes direct cost, factory overheads and excise duty, wherever applicable. The Company has made provision for cost of obsolescence or depletion in value, wherever applicable. Material purchased on ex-godown basis but not received till the date of Balance Sheet are considered as goods in transit.

### f) Revenue Recognition

- i) Revenue from sales is recognized on despatch of goods from the factory/depot. Sales are inclusive of excise duty but exclusive of sales tax.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of claim of interest on customers for delayed payments, it is recognized on acceptance of the claim by the customers.
- iii) Dividend income is recognized when company's right to receive dividend is established.

### g) Foreign Currency Transactions

- i) Transactions denominated in the foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies, other than those covered by forward exchange contracts, are translated in to rupee equivalent at the rates of exchange prevailing on the Balance Sheet date. In the case of forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract.
- iii) All exchange differences arising on settlement /conversion of foreign currency transactions are recognized as income or as expenses in the profit and loss account, except in cases where they relate to the acquisition of fixed assets, in which case they are adjusted in the carrying cost of the asset.

**h) Employee Benefits**

- i) The contribution towards Provident Fund is made to the Statutory Authorities and is charged to the profit and loss account.
- ii) Liability towards unavailed earned leaves to employees is provided on the basis of actuarial valuation performed by an independent actuary at the year end.
- iii) In accordance with the payment of Gratuity Act 1972, the company provides for gratuity covering eligible employees on the basis of an actuarial valuation as at the year end and funded with gratuity fund administered by the group gratuity scheme with the Life Insurance Corporation of India ('LIC').

**i) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of the qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue in the period in which they are incurred. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Assets that are ready for their intended use when acquired are not considered as qualifying assets.

**j) Segment Reporting**

The business of the company, at present, consists of single product viz. yarn and therefore, there are no reportable Segments as per accounting standard (AS-17) "Segment Reporting".

**k) Leases**

Finance leases or similar arrangement, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a basis, which reflect the time pattern of such payment appropriately.

**l) Earnings per Share (EPS)**

The earnings considered in ascertaining the company's EPS comprise the Net Profit or Loss for the period after tax and extra ordinary items. The basic EPS is computed on the basis of weighted average number of equity shares outstanding during the year. The number of shares for computation of diluted EPS comprises of weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year unless they are issued at a later date. The diluted potential equity shares are adjusted for the proceeds receivable assuming that the shares are actually issued at fair value. The number of shares and potentially dilutive shares are adjusted for shares splits/reverse share splits (consolidation of shares) and bonus shares, as appropriate.

**m) Taxes on Income**

Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the current rate of tax in accordance with provisions of the Income Tax Act, 1961.

Deferred tax Assets and Liabilities are recognized for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses under tax laws to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit & Loss Account in the year of change.

**n) Grants/Subsidies**

General grants/subsidies are recognized where there is reasonable assurance that the company shall comply with the conditions attached to them and when such benefits have been earned by the company and is reasonably certain that the collection may be made. Grants/Subsidies related to revenue are provided as a credit to the Profit & Loss Statement or are deducted in reporting the related expenses.

**o) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to the present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**p) Impairment of Assets**

The carrying values of assets of the cash-generating units at each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**q) Contingent Liabilities**

Contingent liabilities are determined on the basis of available information and are disclosed by way of Notes to Accounts.

# APM INDUSTRIES LIMITED

## SCHEDULE FORMING PART OF THE ACCOUNTS

### SCHEDULE 18 : NOTES TO ACCOUNTS

#### 1 Contingent liabilities not provided for:-

Particulars	Year ended	
	March 31, 2009 Rupees	March 31, 2008 Rupees
Unexpired letters of credit [Net of margins Rs.5,584,540 (Previous year Rs. 5,168,105)]	10,415,460	15,045,174
Bills discounted	14,589,381	14,046,003
Bank Guarantees (Net of Margins Rs.12,490)	Nil	Nil
Excise Duty	806,204	806,204

2. Estimated amount of contracts remaining to be executed on capital account [Net of advances Rs. 5,506,554 (Previous Year Rs. 6,144,720)] not provided for Rs. 55,423,885 (Rs.62,509,260).

3. There are no dues to Micro, Small and Medium Enterprises as at March 31, 2009. This information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

#### 4. Related party disclosures

a) The following are the related parties of the company

Companies under common control with whom transactions have taken place during the year:

Orient Abrasives Limited  
Perfectpac Limited  
Rajgarhia Leasing &- Financial Services Private Limited.

Companies under common control with whom no transactions have taken place during the year:

AJR Fiscal Private Limited  
Axis Cottex Private Limited  
Essvee Fiscal Private Limited  
Faridabad Paper Mills Limited

Key Management Personnel & their relatives

R.K.Rajgarhia, Chairman and Managing Director  
H.R.Sharma, Executive Director  
Ajay Rajgarhia  
Prabha Rajgarhia  
Aditi Rajgarhia  
R.K.Rajgarhia & sons (HUF)

b) Summary of the transactions with the related parties is given below:

Nature of relationship/transactions	Companies under common control		Key management Personnel and their relatives	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Sale made by the Company	1,576,057	-	-	-
Purchase made by the Company	5,807,613	5,687,329	-	-
Loans taken	61,150,000	46,950,000	7,725,000	28,200,000
Repayment of loans	57,125,000	33,075,000	3,600,000	19,125,000
Interest paid on loans	3,388,568	2,892,537	1,281,373	996,786
Remuneration to Key Management Personnel	-	-	3,023,522	3,105,230
Rent	-	-	1,008,960	996,640
Remuneration to Others	-	-	197,280	197,280
Balance outstanding at the year end	32,292,008	37,317,602	15,857,244	10,596,051

c) Sitting fee paid to the Directors is disclosed under Schedule 16 of the Profit and Loss Account .

d) No amount has been provided as doubtful debts or written off or written back during the year in respect of debts due from or to above related parties.

#### 6. Earning Per Share

(a) Calculation of weighted average number of Equity Shares of Rupees 10 each

	Year ended March 31, 2009	Year ended March 31, 2008
Number of Shares at the beginning of the year	4,322,272	4,322,272
Shares issued during the year	-	-
Weighted average number of equity shares outstanding during the year	4,322,272	4,322,272
(b) Net profit after tax available for equity share holders (Rs)	106,42,061	69,47,674
(c) Basic and Diluted Earnings per Share (In Rs.)	2.46	1.61

7. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) issued by the ICAI, the Company has accounted for deferred taxes during the year. Following are the major components of deferred tax assets / (liabilities):

Component	Deferred tax Asset/ (liability) as at April 1, 2008	Current year charge / (credit)	Deferred tax Asset/ (liability) as at March 31, 2009
(i) Difference in depreciation between Accounting books and Tax Return	(58,131,610)	(12,916,094)	(71,047,704)
(ii) Provision for employees benefits/ Doubtful debts	6,430,073	2,548,708	8,978,781
(iii) Losses carried forward	10,364,571	7,299,352	17,663,923
<b>Total (Net)</b>	<b>(41,336,966)</b>	<b>3,068,034</b>	<b>44,405,000</b>

**8. Managerial Remuneration**

Managerial Remuneration under section 198 of the Companies Act, 1956 paid /payable during the financial year to the Chairman & Managing Director and Executive Director.

	Chairman & Managing Director		Executive Director	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Salary & allowances	1,757,416	1,905,167	1,256,746	1,190,703
Contribution to Provident Fund	-	-	9,360	9,360
<b>Total</b>	<b>1,757,416</b>	<b>1,905,167</b>	<b>1,266,106</b>	<b>1,200,603</b>

In schedule 16, Directors' Remuneration does not include Monetary value of perquisites and contribution to provident fund.

**9. Auditors Remuneration :-**

**Payment to Statutory Auditors**

	Year ended March 31, 2009	Year ended March 31, 2008
Audit fee	193,577	197,192
Tax Audit fee	47,584	43,259
Limited Review of Results	33,708	33,708
In other capacity		
(a) For Company Law Matter	38,605	39,326
(b) For Taxation Matters	34,193	58,989
(c) For certification work	1,655	1,124
Reimbursement of expenses	27,319	51,696
<b>Total (A)</b>	<b>376,641</b>	<b>425,294</b>

**Payment to Cost Auditors**

(a) Audit Fee	29,000	26,000
(b) Reimbursement of expenses	3,160	4,620
<b>Total</b>	<b>32,160</b>	<b>30,620</b>
<b>Grand Total (A+B)</b>	<b>408,801</b>	<b>455,914</b>

**10. Employee Benefit:**

Effective April 01, 2007, the company adopted the revised accounting standard 15 "Employee Benefits" (AS - 15) issued by the Institute of Chartered Accountants of India.

Funded status of the Gratuity Plan and the amount recognized as required by AS 15 is set out below:

	For the Year ended March 31, 2009	
	Gratuity	Leave encashment / Compensated Absences
Obligations at year beginning	16,102,290	4,055,153
Service Cost - Current	2,259,490	840,727
Interest Cost	1,288,183	324,412
Actuarial (gain) / loss	2,145,090	764,820
Benefit Paid	(2,452,365)	(1,446,437)
Obligations at year end	19,342,688	4,538,675
<b>Change in plan assets</b>		
Plan assets at year beginning, at fair value	8,360,050	-
Expected return on plan assets	764,945	-
Actuarial gain / (loss)	(111,094)	-
Contributions	3,224,082	-
Benefits paid	(2,452,362)	-
<b>Plan assets at year end, at fair value</b>	<b>9,785,621</b>	<b>-</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Present value of the defined benefit obligations at the end of the year	19,342,688	4,538,675
Fair value of the plan assets at the end of the year	9,785,621	-
<b>Liability recognised in the Balance Sheet</b>	<b>9,557,067</b>	<b>4,538,675</b>
<b>Defined benefit obligations cost for the year</b>		
Service Cost - Current	2,259,490	840,727
Interest Cost	1,288,183	324,412
Expected return on plan assets	(764,945)	-
Actuarial (gain) / loss	2,256,184	764,820
<b>Net defined benefit obligations cost</b>	<b>5,038,912</b>	<b>1,929,959</b>

The principal assumptions used in determining post employment benefit obligations are as below:

	Gratuity 2009 (In %)	Leave Encashment 2009 (In %)
Discount Rate	8.00	8.00
Future salary increases	5.00	5.00
Expected return on plan assets	9.15	0.00

**11. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956:**

**a. Particulars in respect of Production, Sales and Stocks:**

Class of goods	Unit	Licenced capacity	Installed capacity (Spindles)	Production	Opening Stock		Closing Stock	
					Qty (Kgs)	Value (Rs.)	Qty (Kgs.)	Value (Rs.)
					Man-Made Fiber's Spun Yam	Kgs	NA	48,320
			(48,320)	(12,619,257)	(831,118)	(102,613,442)	(1,252,518)	(156,438,645)

# APM INDUSTRIES LIMITED

## b. Raw Material Consumption:

Class of Goods	Unit	*Qty. ( In Kgs.)		Value ( In Rupees)	
		year ended		year ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
1. Viscose Staple Fibre	Kgs	2,679,295	2,770,714	311,665,047	331,953,988
2. Polyester Fibre	Kgs	9,787,024	9,216,571	650,956,457	603,582,692
3. Acrylic Fibre	Kgs	1,190,720	1,260,686	142,338,586	148,183,122
4. Cotton Waste	Kgs	2,868	1,454	159,939	61,518
5. Polyester Filament Yarn	Kgs	31,579	4,762	2,589,385	390,903
6. Dyes and Chemicals	Kgs			61,074,979	54,025,160
				1,168,784,393	11,381,97,383

\* Figures are net of sale of raw material

## c. Turnover of Products:

Class of Goods	Unit	*Qty. ( In Kgs.)		Value ( In Rupees)	
		year ended		year ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Man Made Fibres Spun Yarn	Kgs	13,549,672*	12,190,426	1,800,727,510	1,615,042,089

\*Excluding shrotage/ Wastage & loss by fire/theft of 1651 kgs (7431 kgs)

## d. Value of imported & indigenous Raw Materials and stores & spares and packing Material consumed and percentage of each of the total consumption.

Particulars	year ended		year ended	
	March 31, 2009		March 31, 2008	
	Value	%	Value	%
1. Raw Material				
Imported	-	-	-	-
Indigenous	1,168,784,393	100	1,138,197,383	100
Total	1,168,784,393	100	1,138,197,383	100
2. Stores, Spares & Packing Material				
Imported	950,734	2.16	1,237,699	3.09
Indigenous	42,971,277	97.84	38,790,191	96.91
Total	43,922,011	100.00	40,027,890	100.00

## e. CIF Value of Imports

	Year ended March 31, 2009	Year ended March 31, 2008
(i) Stores and spares and Packing Materials	811,362	1,198,323
(ii) Capital Goods		Nil
Total	811,362	1,198,323

## f. Expenditure in Foreign Currency (On Accrual Basis)

	Year ended March 31, 2009	Year ended March 31, 2008
(i) Interest	Nil	3,350,211
(ii) Provision on forward exchange contract	Nil	2,137,682
(iii) Foreign Traveling Expenses	163,863	Nil

## g. Earning in Foreign Exchange :

	Year ended March 31, 2009	Year ended March 31, 2008
	146,272,375	138,894,863

12. Profit / Loss on the sale of raw material gets adjusted in the raw material consumed account. However, the amount of the profit / loss is not material.

13. Figures of previous year have been regrouped or rearranged wherever found necessary.

14. Schedules 1 to 18 form an integral part of the accounts and have duly been authenticated.

As per our report of even date annexed

for and on behalf of the Board

For CHATURVEDI & CO.  
Chartered Accountants

(PANKAJ CHATURVEDI)  
Partner

F C GOEL  
Company Secretary

H R SHARMA  
Executive Director

K R GUPTA  
Director

R K RAJGARHIA  
Chairman & Managing Director

Place : New Delhi  
Date : May 26, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I) Registration Details**

- Registration Number	L21015RJ1973PLCO15819
- State Code	17 (Rajasthan)
- Balance Sheet Date	31 <sup>st</sup> March, 2009

**II) Capital raised during the year (Amount in Rs. Thousands)**

(Amount in thousand)

a) Public Issue	Nil
b) Right Issue	Nil
c) Bonus Issue	Nil
d) Private Placement	Nil

**III) Position of mobilisation and deployment of Funds (Amount in Rs. Thousands)**

a) Total Liabilities	1772782
b) Total assets	1772782

**Source of Funds**

a) Paid-up Capital	43223
b) Reserves & Surplus	1044974
c) Secured Loans	569334
d) Unsecured Loans	70846
e) Deferred Tax Liabilities	44405
f) Deferred Payment Credit	Nil
g) Share Warrants	Nil

**Application of Funds**

a) Net Fixed Assets	1277791
b) Investments	17598
c) Net Current Assets	477393
d) Misc. Expenditure	Nil

**IV) Performance of Company (Amount in Rs. Thousands)**

a) Turnover (Gross)	1839941
b) Total Expenditure	1761852
c) Profit / Loss before Tax	16064
d) Profit /Loss after Tax	10642
e) Earning per share in Rs.	2.46
f) Dividend rate (%)	Nil
g) Basic	2.46
h) Diluted	2.46

**V) Generic Name of three principal products of the company (as per monetary terms)**

1) Item Code No.(ITC Code)	550912
Product description :	Manmade Fibre, spun Yarn, Acrylic Yarn, Viscose Yarn

Signature on schedule 1 to 18

As per our report of even date annexed

for and on behalf of the Board

**For CHATURVEDI & CO.**  
Chartered Accountants

**(PANKAJ CHATURVEDI)**  
Partner

**F C GOEL**  
Company Secretary

**H R SHARMA**  
Executive Director

**K R GUPTA**  
Director

**R K RAJGARHIA**  
Chairman & Managing Director

Place : New Delhi  
Date : May 26, 2009

# APM INDUSTRIES LIMITED

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 (Rs)	As at March 31, 2008 (Rs.)
<b>Cash Flows from Operating Activities:-</b>		
Net Profit for the year before Taxation	16,063,737	6,638,048
Adjustments for:		
Depreciation and amortisation	43,863,604	43,015,324
Excess Provision Written Back	(2,775,259)	(5,187,345)
Loss/ (profit) on sale of fixed assets	(9,506,599)	(5,553,591)
Dividend Income	(86,040)	(86,140)
Bad Debts Written off	1,062,788	0
Interest and Finance Expenses	50,130,994	51,007,994
Loss/(Profit) on sale of Investment	-	(63,130)
<b>Operating profit before working capital changes</b>	<b>98,753,225</b>	<b>89,771,159</b>
<b>Changes in assets and liabilities</b>		
(Increase)/Decrease in trade and other receivables	25,734,081	(44,172,410)
(Increase)/Decrease in Inventories	65,935,673	(78,398,091)
Increase/(Decrease) in current liabilities	(85,238,690)	56,480,339
<b>Cash provided by operating activities</b>	<b>105,184,289</b>	<b>23,680,998</b>
Taxes (Paid) / Received	(4,183,289)	(3,868,489)
<b>Net cash provided by operating activities</b>	<b>101,001,000</b>	<b>19,812,509</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(18,045,204)	(83,839,940)
Sale of Fixed Assets	11,067,315	6,626,001
Purchase of investments	-	(16,810,370)
Dividend received	86,040	86,140
<b>Net cash used in investing activities</b>	<b>(6,891,849)</b>	<b>(93,938,169)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in Long Term borrowings	(41,893,799)	14,744,938
Increase/(Decrease) in working capital and other borrowings	(736,150)	112,861,835
Dividend paid	(104,656)	(2,199,362)
Tax on Dividend	-	(303,099)
Interest and other finance charges paid	(51,292,101)	(49,406,156)
<b>Net cash (used in) provided by financing activities</b>	<b>(94,026,706)</b>	<b>75,698,156</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>	<b>82,445</b>	<b>1,572,496</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>6,296,125</b>	<b>4,723,629</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,378,570</b>	<b>6,296,125</b>

### Notes

- The cash flow has been prepared under the indirect method, as set out, in the Accounting standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflow.
- previous year figures have been regrouped and recast wherever necessary to conform to current year classification.
- Cash & Cash Equivalents

	March 31, 2009	March 31, 2008
Cash in Hand	161,951	284,944
Balances with Scheduled Banks		
- In Current Accounts	115,338	88,740
- In Fixed Deposits	5,598,715	5,296,690
- In unclaimed dividend account	460,866	565,288
Remittance in transit	41,700	60,463
	<b>6,378,570</b>	<b>6,296,125</b>

As per our report of even date annexed

for and on behalf of the Board

**For CHATURVEDI & CO.**  
Chartered Accountants

**(PANKAJ CHATURVEDI)**  
Partner

**F C GOEL**  
Company Secretary

**H R SHARMA**  
Executive Director

**K R GUPTA**  
Director

**R K RAJGARHIA**  
Chairman & Managing Director

Place : New Delhi  
Date : May 26, 2009

# APM INDUSTRIES LIMITED

Regd. Office : SP-147, RIICO Industrial Area, Bhiwadi, Dist, Alwar (Raj.)

## PROXY FORM

I/We ..... of  
..... in the district of  
..... being member/s of the  
above named company hereby appoint .....  
of ..... in the district of .....  
or failing him ..... of ..... in the  
district of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the **35th**  
Annual General Meeting of the Company to be held on **Saturday, the 26th day of September, 2009 at 11.30 A.M.** at  
**SP-147, RIICO Industrial Area, Bhiwadi, Dist. Alwar (Rajasthan)** and at any adjournment thereof.

Signed this ..... day of ..... 2009

Signature .....

Folio No./ DP ID No. and Client ID No. ....

No. of Shares held .....

Affix Revenue Stamp
---------------------------

**NOTE** : The proxy must be returned so as to reach the registered office of the company not less than 48 hours before the time fixed for holding the aforesaid meeting.

----- TEAR HERE -----

# APM INDUSTRIES LIMITED

Regd. Office : SP-147, RIICO Industrial Area, Bhiwadi, Dist, Alwar (Raj.)

## ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Hall.
--

I hereby record my presence at the **35th** Annual General Meeting of the Company held on **Saturday, the 26th day of September, 2009, at 11.30 A.M.** at **SP-147, RIICO Industrial Area, Bhiwadi, Dist. Alwar (Rajasthan)**.

Full Name of the Member ( in Block Letters) .....

Full Name of Proxy, if applicable .....

Folio No. / DP ID No. and Client ID No. ....

No. of Shares held .....

Signatures of Member /Proxy .....

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