

BOARD'S REPORT

To

The Members**APM Industries Limited**

The Board of Directors are pleased to present the 45th Annual Report of the Company, together with the Audited Financial Statements for the financial year (FY) ended March 31, 2019.

1. FINANCIAL SUMMARY

Particulars	(Rs in Lakhs)	
	2018-19	2017-18
Total Revenue	27365	28464
Total Expenses	26554	26662
Profit Before Tax	811	1802
Less: Tax (including deferred tax)	77	548
Profit for the period	734	1254
Other Comprehensive income	21	(1)
Total comprehensive profit for the year	755	1253
Retained earnings:-		
Balance brought forward	11397	10273
Total Comprehensive income for the year	734	1254
Adjustment on account of Demerger	(296)	-
Amount transfer to general reserve	(5000)	-
Equity Dividend	(216)	(108)
Tax on equity dividend	(44)	(22)
Balance carried forward	6575	11397

Note: 1. The financial result has been prepared in accordance with the Indian accounting standard (Ind. As) specified in the Companies (Indian Accounting standard) Rules - 2015 (as amended) under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

2. Pursuant to the Scheme of Arrangement ('the scheme') under Section 230 to 232 of the Companies Act, 2013 between APM Industries Ltd. (AIL) ('Demerged Company') and APM Finvest Ltd. (AFL) ('Resulting Company') as approved by the National Company Law Tribunal (NCLT), Jaipur on May 24, 2019.

- All the properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Finance and Investment undertaking of AIL as on the appointed date (April 01, 2018) have been transferred to AFL at their respective book values as appearing in the books of accounts of AIL.
- The difference between the values of assets and liabilities transferred amounting to Rs. 7283 lakhs (including 200 lakhs investment in AFL) pursuant to the scheme is appropriated and adjusted against reserves as decided by the Board of Directors of AIL, pursuant to the scheme.
- As consideration for the transfer and vesting of the finance and investment undertaking, AFL has issued 1 equity share of face value of Rs. 2/- at par to the shareholders of AIL for every 1 Share of Rs. 2/- held by them on the record date, June 18, 2019 in AIL.

3. Pursuant to the scheme as approved by NCLT, APM Finvest Ltd., ceased to be subsidiary of AIL from the appointed date i.e. April 01, 2018. Accordingly, the Company is not required to present its consolidated financial statements as on and for the year ended March 31, 2019.

4. In view of the Demerger of Finance and Investment undertaking with effect from April 01, 2018 (the appointed date), the figures of the year ended March 31, 2019 do not include the figures of Finance and Investment undertaking. Hence, these figures are not comparable with the figures of corresponding year ended March 31, 2018.

2. STATE OF COMPANY AFFAIRS & OPERATIONS

Our Company operates in two business segment - Yarn & Finance and Investment till 31.03.2018. Pursuant to the scheme of arrangements under Section 230 to 232 of the Companies Act, 2013, between APM Industries Ltd. ('Demerged Company') and APM Finvest Ltd. ('Resulting

Company') as approved by NCLT, Jaipur, the operations of the Finance and Investment divisions has been demerged w.e.f. 01.04.2018, hence in the financial year 2018-19 the Company operates only under one segment, i.e., yarn.

The Profit Before Tax and Profit After Tax for the year under review for the yarn business amounted to Rs. 811 lakhs and Rs. 734 lakhs respectively as compared to Rs. 1209 lakhs and Rs. 720 lakhs in the previous financial year.

The performance of the Company has been comprehensively discussed in the 'Management Discussion and Analysis Report' forming part of this Annual Report.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of your Company during the year under review except transfer of Finance and Investment undertaking to APM Finvest Ltd. with effect from 01.04.2018.

4. TRANSFER TO RESERVES

The Company has transferred Rs. 5000 lakhs to the General Reserves during the current financial year.

5. EXPORTS

During the Financial Year 2018-19, the export turnover was NIL as compared to Rs. 76 lakhs in the previous year due to global recession.

6. EXPANSION AND MODERNIZATION

The Company continues to modernize its plant and machinery and adding balancing equipment. The production capacity remains 55,584 spindles during the Financial Year 2018-19.

The Company has replaced 4 automatic cone winding machines with 3 imported automatic cone winding machines. The Company has further installed, 1 speed frame machine, 4 two for one twisters, 1 gas fired boiler & other balancing equipment for moderation of plant & machinery.

The Company has also installed sewing thread dyeing & cone/ tube winding machine having a capacity 30 MT/ month & developed a new product (sewing thread).

The Company has further planned to instal 1800 KW ground/rooftop solar power plant, replacing 33 KV Power Supply System to 132 KV Power Supply System and energy efficient heat recovery and heating solution for dyeing process to save energy cost. This would enable the Company to save cost of production & increased profitability.

7. DIVIDEND

The Board of Directors recommend dividend of Rs. 0.50 per equity share (i.e. 25%) on face value of Rs. 2/- each for the financial year 2018 - 19, subject to approval of the members.

The above proposal for declaration of dividend forms part of the Notice of the 45th Annual General Meeting and the relevant Resolution is recommended for the members' approval therein.

8. SCHEME OF ARRANGEMENT

The Scheme of Arrangement among APM Industries Limited ("Demerged Company") and APM Finvest Limited ("Resulting Company") and their respective shareholders and creditors in accordance with Sections 230-232 of the Companies Act, 2013 for the demerger of 'Finance & Investment Undertaking' ("Demerged Undertaking") of APM Industries Limited ("Demerged Company") and subsequent amalgamation of Demerged Undertaking with its wholly owned subsidiary APM Finvest Limited ("Resulting Company") has been approved by the Hon'ble National Company Law Tribunal ("Tribunal"), Jaipur Bench vide its order dated 24th May, 2019 and the appointed date was April 01, 2018.

The Board of Directors of the Resulting Company allotted 2,16,11,360 (Two Crore Sixteen Lakh Eleven Thousand Three Hundred and Sixty) Equity Shares of Rs.2/- (Rupees Two) each, distinctively numbered from 1 (one) to 2,16,11,360 (Two Crore Sixteen Lakh Eleven Thousand Three Hundred and Sixty) (both inclusive), to the shareholders of the Demerged Company whose name appear in the Register of Members of APM Industries Limited as on the Record Date i.e. June 18, 2019 in the following ratio:-

"1 (One) Equity Shares of face value of Rs. 2 (Rupees Two) each at par in Resulting Company for every 1 (One) Equity Shares of face value of Rs. 2 (Rupees Two) each held by them in Demerged Company."

9. CAPITAL STRUCTURE

Authorised Share Capital

As on the date of Board Report, the authorised Equity Share Capital of the Company has been decreased from Rs. 7,00,00,000/- to Rs. 4,50,00,000/- on account of demerger of 'Finance & Investment Undertaking' of APM Industries Limited. Consequently, as at March 31, 2019 the authorized Equity Share Capital was Rs. 4,50,00,000/- comprising of 2,25,00,000 equity shares of Rs. 2/- each and Preference Share Capital was Rs. 3,00,00,000/- comprising of 3,00,000 preference shares of Rs. 100/- each.

Paid up Share Capital

The Paid-up share capital as at March 31, 2019 stands at Rs. 4,32,22,720/- comprising of 2,16,11,360 equity shares of Rs. 2/- each fully paid up.

10. SUBSIDIARY

The Company had one wholly owned subsidiary namely "APM Finvest Limited "registered with Reserve Bank of India as Non-Banking Financial Company. As per the Scheme of Arrangement becoming effective w.r.t. demerger among APM Industries Limited ('Demerged Company') and APM Finvest Limited ('Resulting Company') and their shareholders and creditors for demerger of Finance and Investment Undertaking of Demerged Company and subsequent amalgamation with the Resulting Company, the entire pre scheme allotted equity share capital of APM Finvest Limited which was held by the Demerged Company either itself or through its nominee, shall stand cancelled.

With respect to the scheme of de-merger, APM Finvest Limited is not the wholly owned subsidiary of APM Industries Ltd. with effect from April 01, 2018.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment, Re-appointment and Resignation

Shri Shri Gopal Rajgarhia will retire at the ensuing Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment. Brief resume of Shri S G Rajgarhia with other details as stipulated in Regulation 36(3) of the SEBI Listing Regulations, 2015, are provided in the Notice convening the 45th AGM.

Ms. Jyoti Upadhyay, Company Secretary and Compliance Officer, has resigned from the Company with effective from March 16, 2019. In order to fill the vacancy caused due to the resignation of Ms. Jyoti Upadhyay, the Board in its Meeting held on May 29, 2019 has appointed Ms. Neha Jain as the Company Secretary and Compliance Officer and also designated her as Key Managerial Personnel of the Company.

Shri Khushi Ram Gupta and Shri Ram Ratan Bagri, Non Executive Independent Directors of the Company completed their first term as Independent Director on March 31, 2019. Pursuant to the provisions of Companies Act, 2013, Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors vide resolution dated February 26, 2019, approved the re-appointment of Shri Khushi Ram Gupta and Shri Ram Ratan Bagri as Non Executive Independent Director for a second term w.e.f. April 01, 2019 up to March 31, 2024, subject to the approval of the members of the Company by Special Resolution.

Declaration by Independent Directors

All Independent Directors have given declaration that they meet the criteria of independence as provided under Section 149 of the Act and Regulation 16 of the SEBI Listing Regulations, 2015.

Annual Performance Evaluation of the Board

A statement on annual evaluation by the Board of its performance and performance of its Committees as well as Individual Directors forms part of the Corporate Governance Report attached to this report.

Meetings of the Board

During the FY 2018-19, six (6) meetings of the Board of Directors were held. The details of Board Meetings and the attendance of Directors are provided in the Corporate Governance Report, attached to this Report.

12. DEPOSIT UNDER CHAPTER V OF THE COMPANIES ACT, 2013

During the financial year, the Company has not accepted any deposits within the meaning of Section 73 & 76 of the Companies Act, 2013, read with the Rules made thereunder, and therefore, no amount of principal or interest on deposit was outstanding as of the Balance Sheet date.

13. AUDITORS & AUDIT REPORTS

Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s. Chaturvedi & Partners, Chartered Accountants (Firm Registration No. 307068E), were appointed as the Company's Statutory Auditors by the shareholders at their 43rd AGM held on September 25, 2017, for a period of five years i.e. till the conclusion of 48th AGM. The appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

In accordance with the Companies (Amendment) Act, 2017, enforced on May 7, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM. Hence, the appointment of M/s. Chaturvedi & Partners, Chartered Accountants has not been placed for ratification as Statutory Auditors before the members at ensuing AGM.

The reports of Statutory Auditors on Financial Statements for the financial year 2018-19 forms part of the Annual Report. There are no qualifications, reservations, adverse remarks, disclaimer or emphasis of matter in the Auditors' Reports.

Secretarial Auditor

In terms of provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. RSM & Co., Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report is attached as **Annexure-1** to this report and does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditor

Shri Naresh Kumar Goel, Cost Accountant (Membership No. 9876), carried out the cost audit for applicable business during the year. The Board has, on the recommendation of the Audit Committee, re-appointed him as Cost Auditor of the Company for the financial year 2019-20.

The remuneration payable to the Cost Auditors is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to Shri Naresh Kumar Goel, Cost Accountant is included at Item No.6 of the notice convening the Annual General Meeting.

Pursuant to Section 148 of the Act, your Company carries out an annual audit of cost accounts. The Cost Audit Report of your Company for financial year 2018, was filed with the Ministry of Corporate Affairs through Extensive Business Reporting Language (XBRL) by Shri Naresh Kumar Goel, Cost Accountant. Further, the cost accounts and records as required to be maintained under Section 148 of the Act are duly made and maintained by the Company.

Internal Auditor

In terms of provisions of Section 138 of the Companies Act, 2013, the Board of Directors has re-appointed M/s M M Sharma & Co., Chartered Accountants (Firm Registration No. 001797N), as an Internal Auditors of the Company, for the financial year 2019-20.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable explanation relating to material departures;
- the Directors had 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 i.e. March 31, 2019 and of the profit of the Company for the year ended March 31, 2019;
- the Directors had 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; the Directors have prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively, and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. INTERNAL FINANCIAL CONTROLS

The details on Internal Financial Control System and their adequacy are provided in the Management Discussion and Analysis Report of the Company, which forms part of the Annual Report.

16. DETAILS OF FRAUDS REPORTED BY AUDITORS

There were no frauds reported by the Statutory Auditors under the provisions of Section 143(12) of the Companies Act, 2013 and the Rules made there under.

17. DISCLOSURES OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its operations in future.

18. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ('CSR') Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with the applicable rules made there under, the Company has a duly constituted CSR Committee. The details of the Committee are provided in the Corporate Governance Report of the Company, which forms part of the Annual Report.

CSR Policy

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the web link: <http://apmindustries.co.in/wp-content/uploads/2017/08/Policy-CSR.pdf>

CSR initiatives undertaken during the financial year 2018-19

The Annual Report on CSR Activities undertaken by Company during the financial year 2018-19, is annexed as **Annexure-2** which forms part of this Report.

During the financial year 2018-19, the Company has spent Rs. 53.73 lakh on CSR activities.

19. COMMITTEES OF BOARD

The Company has the following committees of the Board of Directors and the details pertaining to such committees are mentioned in the Corporate Governance Report, which forms part of the Annual Report.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

20. LISTING OF SECURITIES

As on the date of this report, the Company has its Equity Shares listed on the BSE Limited. The Company has paid the Annual Listing

Fees for the financial year 2019-20 for all its listed securities to the Stock Exchange.

21. NOMINATION AND REMUNERATION POLICY

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. The Nomination and Remuneration Policy is enclosed in **Annexure-3** as a part of this report in compliance with Section 134(3) of the Companies Act, 2013.

The Nomination and Remuneration Policy of the Company is available on the website of the Company at <http://apmindustries.co.in/wp-content/uploads/2019/08/Policy-NRC.pdf>

22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company had formulated a policy on Related Party Transactions ('RPTs'), dealing with the review and approval of RPTs. Prior omnibus approval is obtained for RPTs which are of repetitive nature. All RPTs are placed before the Audit Committee for review and approval.

All RPTs entered into during FY 2018-19 were in the ordinary course of business and on arm's length basis. No material RPTs were entered into during FY 2018-19 by the Company as defined in the Policy on RPTs. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC 2 is not applicable. Your Directors draw attention of the members to Note No. 50 to the Financial Statements which sets out the Related Party disclosures.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed details as required under Section 134(3) (m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are annexed as **Annexure-4** to this Report.

24. PARTICULARS OF EMPLOYEES

Disclosure with respect to the remuneration of Directors and Employees as required under Section 197 (12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is annexed as **Annexure-5** which forms part of this Report.

In terms of the second proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company upto the date of the 45th Annual General Meeting.

25. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a), the extract of the Annual Return as on March 31, 2019 in Form No. MGT – 9 is attached as **Annexure-6** to this Report. Additionally, your Company has also placed a copy of annual return for the financial year 2017-18 on its website at http://apmindustries.co.in/wp-content/uploads/2019/08/AR_2018.pdf.

26. CORPORATE GOVERNANCE

As a responsible corporate citizen, the Company is committed to maintain the highest standards of Corporate Governance and believes in adhering to the best corporate practices prevalent globally.

A detailed Report on Corporate Governance pursuant to the requirements of Regulation 34 read with Schedule V of the SEBI Listing Regulations, 2015, is attached to this Report as **Annexure-7**. A certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance, as stipulated in Clause E of Schedule V to the SEBI Listing Regulations, 2015 is attached to the Corporate Governance Report.

The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management for the year ended March 31, 2019. A certificate from the Managing Director confirming the same is attached to the Corporate Governance Report.

A certificate from the Managing Director and CFO confirming correctness of the financial statements, adequacy of internal control measures, etc. is also attached to the Corporate Governance Report.

27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the financial year 2018-19, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Report as **Annexure-8**.

28. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and Employees by adopting Whistle Blower Policy which is available on the website of the Company and web link thereto is <http://apmindustries.co.in/wp-content/uploads/2017/08/Policy-WBM.pdf>

29. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

Details of loans, guarantees/ securities and investments along with the purpose for which the loan, guarantee or security is proposed to be utilized by the recipient have been disclosed in Notes to the Financial Statements.

30. MATERIAL CHANGES AND COMMITMENTS

Due to the Scheme of Arrangement w.r.t Demerger, the 'Finance and Investment undertaking' of the APM Industries Limited has been demerged and subsequent amalgamation with APM Finvest Limited. Accordingly, all assets and Liabilities of Finance and Investment undertaking of the Company have been transferred to APM Finvest Limited.

31. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company confirms compliance with the applicable requirements of Secretarial Standards 1 and 2.

32. ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors, pursuant to the provisions of the Act and Listing Regulations.

The performance of the Board was evaluated by the entire Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was evaluated after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc. The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January 2017.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors, was evaluated. The Board and the NRC reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In the Board meeting that followed the meeting of the Independent Directors and meeting of the NRC, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

33. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has Zero Tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment'

at workplace, and is fully committed to uphold and maintain the dignity of every woman executive working in the Company. The Company's Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

Further, the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. INVESTOR SERVICES

In its endeavour to improve investor services, your Company has taken the following initiatives:

- An Investors Section on the website of the Company (www.apmindustries.co.in) has been created.
- There is a dedicated e-mail id csapmindustriesltd@gmail.com for sending communications to the Company Secretary.

Members may lodge their requests, complaints and suggestions on this e-mail as well.

35. ACKNOWLEDGMENTS

Your Directors acknowledge with gratitude the cooperation and assistance received from the Central and State Government Authorities. Your Directors thank the Shareholders, Financial institutions, Banks/ other Lenders, Customers, Vendors and other business associates for the confidence reposed in the Company and its management and look forward to their continued support. The Board places on record its appreciation for the dedication and commitment of the employees at all levels, which has continued to be our major strength. We look forward to their continued support in the future.

For and on behalf of the Board

Rajendra Kumar Rajgarhia
Chairman
DIN : 00141766

Place : New Delhi
Dated: August 01, 2019