

APAR INDUSTRIES LTD.

POWERING AHEAD!

56 YEARS OF POWERFUL PERFORMANCE
"TOMORROW'S PROGRESS TODAY"

Apar Industries Limited | Annual Report 2013-14



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with

any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Corporate Information

Board of Directors

Dr. N. D. Desai	<i>Chairman</i>
Dr. N. K. Thingalaya	
Mr. F. B. Virani	
Mr. Kushal N. Desai	<i>Managing Director</i>
Mr. C. N. Desai	<i>Joint Managing Director</i>
Mr. H. N. Shah	<i>Upto the close of business hours on 30th May, 2014</i>
Mr. Rajesh Sehgal	
Mr. Sanjiv Maheshwari	<i>Upto 29th May, 2014</i>
Mr. Suyash Saraogi	<i>Additional Director w.e.f. 30th May, 2014</i>
Ms. Nina Kapasi	<i>Additional Director w.e.f. 30th May, 2014</i>

Audit Committee

Mr. H. N. Shah	<i>Chairman, upto the close of business hours on 30th May, 2014</i>
Dr. N. K. Thingalaya	<i>Chairman, w.e.f. 30th May, 2014</i>
Mr. F. B. Virani	
Mr. Rajesh Sehgal	
Mr. Kushal N. Desai	<i>w.e.f. 30th May, 2014</i>
Mr. Suyash Saraogi	<i>w.e.f. 30th May, 2014</i>
Ms. Nina Kapasi	<i>w.e.f. 30th May, 2014</i>

Auditors

M/s. Sharp & Tannan
Chartered Accountants,
Mumbai.

Chief Financial Officer

Mr. V. C. Diwadkar

Company Secretary

Mr. Sanjaya Kunder

Bankers

- Union Bank of India
- Syndicate Bank
- ING-Vysya Bank Ltd.
- IDBI Bank Limited
- ICICI Bank Ltd.
- State Bank of India
- Standard Chartered Bank
- Indian Bank
- Bank of Baroda
- Axis Bank Ltd.
- Credit Agricole – Corporate & Investment Bank

Registered Office

301, Panorama Complex, R. C. Dutt Road,
Vadodara – 390 007 (Gujarat).
Tel : (+ +91) (0265) 2339906, 2331935
Fax : (+ +91) (0265) 2330309
E-mail : com_sec@apar.com • Website : www.apar.com
CIN : L91110GJ1989PLC012802

Corporate Office

Apar House, Bldg. No. 5, Corporate Park,
Sion – Trombay Road, Chembur, Mumbai – 400 071.
Tel : (+ +91) (022) 25263400, 67800400
Fax : (+ +91) (022) 25246326
E-mail : corporate@apar.com • Website : www.apar.com

Registrar & Share Transfer Agent

M/s. MCS Share Transfer Agent Limited
Neelam Apartment, 88, Sampatrao Colony, Chhapan Bhog,
Alkapuri, Vadodara – 390 007 (Gujarat).
Tel : (+ +91) (0265) 2339397, 2350490
Fax : (+ +91) (0265) 2341639
E-mail : mcsltdbaroda@yahoo.com • Website : www.mcsdel.com



Financial Highlights for last five years (Consolidated)

(₹ in crores)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
PROFIT AND LOSS ACCOUNT DATA :-					
Sales (Net of Excise)	4,633	4,651	3,595	3,033	2,236
% of Growth	(0)	29	19	36	(15)
Exports	1,555	1,413	1,025	744	624
Materials, Operating and other costs	4,269	4,282	3,332	2,775	2,090
Employee cost	67	57	48	40	32
Depreciation	27	24	22	21	19
Interest and Discounting charges*	145	135	116	45	33
Profit before tax, exceptional & Extraordinary Items	129	155	79	154	102
% of Growth	(16)	97	(49)	51	-
Taxation	39	40	3	58	22
Profit after tax (PAT)	90	115	76	96	79
Exceptional items	1	5	2	-	1
Extraordinary Items - net of tax	-	-	-	-	60
Minority interest	(0)	(1)	(1)	(1)	7
Balance of Profit	89	109	73	95	24
% of Growth	(19)	50	(23)	290	-
BALANCE SHEET DATA:-					
Share Capital	38	38	38	32	32
Reserves & Surplus	658	588	485	319	252
Net worth	696	626	523	351	283
Minority interest	2	2	1	1	0
Loan Funds	314	135	210	136	162
Deferred Tax (Net)	22	10	13	9	7
Total Liabilities	1,034	773	747	497	454
Gross Block	541	436	355	328	309
Net Block	356	288	207	184	181
Investments including Goodwill on Consolidation	21	21	0	0	0
Net Current assets	657	464	540	312	271
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	-	-	-
Total Assets	1,034	773	747	497	454
KEY RATIOS:-					
PAT to Sales (%)	1.91	2.35	2.03	3.14	1.09
Return on Net Worth (%)	13.54	19.86	17.15	30.03	30.57
Asset Turns (Revenue to total Assets)	1.76	2.06	1.91	2.05	1.55
Return on Capital Employed (%) **	30.43	38.10	31.23	41.75	24.65
Debt to Equity Ratio	0.13	0.08	0.13	0.21	0.36
Earning per Equity Share (Basic) ₹	23.30	28.45	19.15	29.48	7.56
Rate of dividend % p.a.	52.50%	52.50%	40%	60%	50%
Book value per Equity Share ₹	180.72	162.62	136.03	108.68	87.63
Share Price as on 31st March (BSE)	144.70	108.45	161.85	214.90	197.50

* Interest and Discounting charges for FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 includes Bank charges for borrowing and applicable net gain/loss on foreign currency transaction and translation

** Excluding extraordinary items



NOTICE

NOTICE is hereby given that the **TWENTY FIFTH** Annual General Meeting of the Equity Shareholders of **APAR INDUSTRIES LIMITED** will be held in the Conference Room, Gujarat Employers' Organisation (GEO), Trident Complex, D-Wing 34-35, 3rd Floor, Opposite Geri, Race Course, Vadodara – 390 007 (Gujarat) on Friday, August 1, 2014 at 2.00 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements including consolidated financial statements comprising the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and cash flow for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company.
3. To appoint a Director in place of Dr. N. D. Desai (DIN – 00005285), who offers to retire by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Special Business

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. N. K. Thingalaya (holding DIN 00019226), Director of the Company who was appointed as director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019."
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Clause 49 of the Listing Agreement, Shri F. B. Virani (holding DIN 00062278), Director of the Company who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years up to the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019."

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Clause 49 of the Listing Agreement, Shri Suyash Saraogi (holding DIN 00727967), who was appointed as an Additional Director by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years up to the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019."

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014





(including any statutory modification(s) or re-enactment thereof for the time being in force), and Clause 49 of the Listing Agreement, Smt. Nina Kapasi (holding DIN 02856816), who was appointed as an Additional Director by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years up to the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019."

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri T. M. Rath, the Cost Auditor, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the annexure to the Notice convening this Meeting.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 23rd Annual General Meeting of the Members of the Company held on 9th November, 2012 under Section 293(1) (d) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions if any, of the Companies Act, 2013 or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") for borrowing in Indian Rupees and/or foreign currencies for the purposes of business

of the Company from time to time, any sum or sums of money, on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from temporary loans including working capital facilities obtained or to be obtained from the Company's bankers in the ordinary course of business) including rupee equivalent of foreign currency loans (such rupee equivalent being calculated at the exchange rate prevailing as on the date of the relevant foreign currency agreement) may exceed, at any time, the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of the Company and its free reserves shall not at any time, exceed the sum of ₹500 crores (Rupees Five Hundred Crores only)."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 17th Annual General Meeting held on 10th August, 2006 under Section 293(1)(a) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions if any, of the Companies Act, 2013 or any other law for time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company for creating mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company, as may be necessary on all or such of the assets/properties of the Company both present and future, in such manner as the Board may decide, together with power to take over the management of the Company in certain events, to or in favour of the Indian or foreign Financial Institutions, Investment Institutions and their subsidiaries, banks, mutual funds, trusts and other corporate bodies, (hereinafter referred to as the "lending agencies"), Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, financial assistance/facilities, debentures, bonds and other instruments together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption,

costs, charges, expenses and all other monies payable by the Company to the trustees under the trust deed and to the lending agencies under their respective agreements/loan agreements/debenture trust deeds to be entered into by the Company in respect of the said borrowings from time to time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with the lending agencies/trustees, the documents for creating the aforesaid mortgages, charges, and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the

terms and conditions of the aforesaid documents and to do all such acts, deeds and things and to execute all such documents from time to time as may be necessary for giving effect to the above Resolution."

Registered Office:

301, Panorama Complex,
R. C. Dutt Road, Vadodara 390 007.

**By order of the Board,
For Apar Industries Limited**

Place : Mumbai

Date : May 30, 2014

Sanjaya Kunder
Company Secretary

NOTES:

1. A member entitled to attend and vote is also entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of himself/herself. Such a proxy need not be a member of the Company. The proxy form duly completed and signed should be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
3. Members are requested to note that the Company's Equity Shares are under compulsory demat trading for all investors, as per the provisions of the SEBI circular dated May 29, 2000. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
4. The register of members and share transfer books for the Equity Shares of the Company shall remain closed from Saturday, 26th July, 2014 to Friday, 1st August, 2014, both days inclusive.
5. Members desirous of obtaining information/details about the accounts are requested to write to the Company at least one week before the Meeting, so that proper information can be made available at the time of Meeting.

6. Members holding shares in electronic form may note that bank particulars registered against their depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents, M/s. MCS Share Transfer Agent Ltd. (MCS) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates among others. Such changes are to be advised only to the Depository Participant of the members with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/MCS.
7. The brief details of Directors seeking appointment/reappointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas as required in terms of Clause 49 of the Listing Agreement of the Stock Exchanges are also annexed hereto and forming part of the Notice.
8. A statement pursuant to Section 102(1) of the Companies Act 2013 relating to the special business to be transacted at the meeting is annexed hereto.
9. Relevant documents referred to in the accompanying Notice are open for inspection at the registered office of the Company during office hours on all working days except Sundays between 11.00 A.M. and 4.00 P.M. up to the date of the ensuing Annual General Meeting and at the Meeting, during the Meeting hours.
10. Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorising





their representative(s) to attend and vote on their behalf at the Meeting.

11. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend accounts of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and, thereafter, no payments shall be made by the Company or by the IEPF in respect of any such amounts. The amount of unpaid/unclaimed final dividend up to the financial year ended March 31, 2006 and the interim dividend for 2006-07 on Equity Shares paid on 20.11.2006 have been transferred to IEPF. The unpaid/unclaimed dividend amount of Equity Shares of the Company paid on 21.08.2007 (Final dividend – 2006-07) and 19.11.2007 (Interim dividend – 2007-08) are due for transfer to the said fund in the months of October, 2014 and January, 2015 respectively. Members who have not yet encashed their warrant(s) are requested to make their claims to the Company without any delay.

Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 8th August, 2013 (date of last Annual General Meeting) on the website of the Company (www.apar.com), as also on the website of the IEPF viz. (www.iepf.gov.in)

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.
13. Members may avail of the nomination facility as provided under Section 72 of the Companies Act, 2013.
14. (a) As stated in Para No. 7(d) of the Directors' Report, the Company has not attached the Annual Accounts, Reports and other Statements pursuant to Section 212 (1) of the Companies Act, 1956, in respect of – (a) Petroleum Specialities Pte. Ltd., Singapore (PSPL), wholly-owned subsidiary (WOS) of the Company;

(b) Quantum Apar Speciality Oils Pty. Ltd., Australia, subsidiary of PSPL, and (c) Apar ChemateK Lubricants Ltd. subsidiary of the Company with the Annual Report of the Company for the financial year ended March 31, 2014 in accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India (MCA) vide circular no. 2/2011 Dtd. 8th February, 2011. The Company has fulfilled all the conditions of the said circular in the Annual Report attached herewith.

- (b) A statement showing information in aggregate of the said subsidiary companies in compliance with the aforesaid general circular of Ministry of Corporate Affairs has been attached with the financial statements and forms a part of this Annual Report.

15. The Annual Report of the Company, circulated to the Members of the Company, will be made available on the Company's website at www.apar.com.
16. The Company has already initiated/ implemented the "Green Initiative" during the year 2010-11, as per the circular numbers 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and Annual Reports to the shareholders. The e-mail addresses as made available in your respective Depository Participant (DP) accounts and downloaded from NSDL/CDSL will be deemed to be your e-mail address for serving notices/documents including those covered under Section 136 read with Section 20 of the Companies Act, 2013.

The Notice of AGM and the copies of audited financial statements, Directors' Report, Auditors' Report among others shall also be displayed on the Company's website at www.apar.com and the other requirements of the aforesaid MCA circular shall be duly complied with. Members holding shares in electronic mode are, therefore, requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their e-mail addresses by sending an e-mail to investorservices@apar.com quoting their registered ledger folio number. Shareholders can register their email address, by sending an e-mail at investorservices@apar.com quoting their Folio No. /DP ID – Client ID in order to facilitate the Company to serve the documents through the electronic mode.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NOS. 5 and 6:

Dr. N. K. Thingalaya and Shri F. B. Virani are Independent Directors of the Company and have held the position as such for more than 5 (five) years.

It is proposed to appoint Dr. Thingalaya and Shri Virani as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Dr. Thingalaya and Shri Virani are not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received declarations from them that they satisfy the criteria of independence as prescribed both under Section 149 (6) of the Act and under Clause 49 of the Listing Agreement.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing candidature of each of Dr. Thingalaya and Shri Virani for the office of Directors of the Company.

Dr. N. K. Thingalaya holds a doctoral degree in Economics from the University of Bombay. He has served at various senior managerial positions at Syndicate Bank and retired as Chairman & Managing Director of the bank with 31 years of rich experience in the country's banking sector. He has also served as a consultant to the World Bank on a research project titled "Innovation in banking" and was also appointed by the RBI as the Chairman of the Working Group for Restructuring Regional Rural Banks.

Shri F. B. Virani is a B.E. – Chemical Engineering from Department of Chemical Technologies, University of Bombay. He did his M.S. – Chemical Engineering from the Stevens Institute of Technology, Hoboken, New Jersey, USA. He did his M.B.A. from Rutgers, the State University of New Jersey, USA. He has 42 years of corporate sector experience, both private and public sectors, in the areas of chemical/petrochemical and energy businesses. He has vast experience in handling chemical projects for GILC, IPCL and a number of American companies. He was instrumental in pioneering infrastructural development for gas distribution network for the Gujarat Gas Company Limited during his tenure as a Managing Director there for 10 years.

Name of the companies in which they hold directorship and

membership/chairmanship of board, committees, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges are provided in a statement annexed to this notice forming part of the Annual Report.

In the opinion of the Board, Dr. Thingalaya and Shri Virani fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management. Copy of the draft letter for their appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday.

Except Dr. Thingalaya and Shri Virani, being appointees, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, about the resolutions set out at item nos. 5 and 6. This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends the Ordinary Resolutions set out at item nos. 5 and 6 for the approval of the shareholders of the Company.

ITEM NOS. 7 and 8:

The Board of Directors of the Company pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company appointed Shri Suyash Saraogi and Smt. Nina Kapasi as Additional Directors of the Company with effect from 30th May, 2014 and they would hold office up to the date of the ensuing Annual General Meeting.

It is proposed to appoint Shri Saraogi and Smt. Kapasi as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Shri Saraogi pursued two degrees concurrently and successfully completed - Bachelor of Science in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania and





Bachelor of Science in Economics from the Wharton School. He was enrolled in the Jerome Fisher Programme in Management and Technology at the University of Pennsylvania, Philadelphia. He graduated Summa Cum Laude (highest honours) and won the Otto Van Wolf Award for academic excellence. He holds a senior managerial position at Reliance Industries Ltd.

Smt. Kapasi, is a Member of the Institute of Chartered Accountants of India (ICAI) and Law Graduate presently practicing on taxation, audit and managing consultancy. She is the member of core group of Bombay Chartered Accountants Society and speaker at Seminars and workshops organized by ICAI, BCAS, CITC, WIRC and other forums. She is the contributor of Articles in magazines and newspapers of professional interest and in BCA - Referencer including Economic Times, Times of India, Vyapar, Outlook Money, Dignity Dialogue, Chitrallekha.

Name of the companies in which they hold directorship and membership/chairmanship of board, committees, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided in a statement annexed to this Notice forming part of the Annual Report.

Shri Saraogi and Smt. Kapasi are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as a Director. The Company has received a declaration from them that they meet with the criteria of independence as prescribed both under Sub-Section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The Company has received valid notice and requisite deposit from a member of the Company under Section 160 of the said Act, proposing their candidature for the office of Director.

In the opinion of the Board, Shri Saraogi and Smt. Kapasi fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as an Independent Director of the Company and are independent of the management. Copy of the draft letter for appointment of Shri Saraogi and Smt. Kapasi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday.

In view of the above background and rich experience of Shri Saraogi and Smt. Kapasi, it will be in the interest of the Company

to continue them as Independent Directors of the Company. The Board of Directors therefore recommends the resolutions as set out at item nos. 7 and 8 of the Notice for approval of the members.

Except Shri Saraogi and Smt. Kapasi, being appointees, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at item nos. 7 and 8 of the Notice. This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO. 9:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Shri T. M. Rathie the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 for an amount not exceeding ₹1,20,000 for conducting audit of the cost records of oil, conductors and cable products of the Company for FY2014-15.

In accordance with the Provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of Directors/key managerial personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the Notice.

The Board, therefore, commends the resolution for acceptance by the members.

ITEM NOS. 10 and 11:

The item nos. 10 and 11 of the Notice relates to authorising the Board of Directors of the Company to borrow monies apart from temporary loans including working capital facilities obtained or to be obtained from Company's bankers in the ordinary course of business in excess of paid-up share capital and free reserves of the Company and to mortgage/charge the moveable/immoveable properties of the Company.

In terms of provisions of Section 180(1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting,

borrow monies apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves.

The members in their 23rd Annual General Meeting held on 9th November, 2012 had, pursuant to Section 293(1)(d) of the Companies Act, 1956 as applicable at that time, authorised the Board of Directors of the Company to borrow from time to time, a sum of money not exceeding ₹500 crores (Rupees Five Hundred Crores only). At the 17th Annual General Meeting of the Company held on 10th August, 2006, the Board of Directors were authorised to mortgage/charge the moveable/immoveable properties of the Company from time to time.

The existing resolutions under Section 293(1) (d) and Section 293(1) (a) of the Companies Act, 1956 would be valid only for a period of one year from the notification of provisions of Section

180 of the Companies Act, 2013. Hence, fresh resolutions under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 as set out in agenda item nos. 10 and 11 of the Notice are proposed for approval of the shareholders.

The Board, therefore, recommends the above special resolutions at agenda item nos. 10 and 11 for your approval.

None of the Directors, key managerial personnel of the Company and their relatives are concerned or interested in the resolution.

Registered Office: 301, Panorama Complex,
R. C. Dutt Road, Vadodara 390 007.

Place : Mumbai
Date : May 30, 2014

**By order of the Board,
For Apar Industries Limited**

Sanjaya Kunder
Company Secretary

Details of Directors seeking appointment/reappointment at the ensuing Annual General Meeting.

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of Director	Dr. N. D. Desai	Dr. N. K. Thingalaya	Shri F. B. Virani
Date of birth	22.05.1940	04.11.1937	26.06.1945
Date of appointment	28.09.1989	27.07.2001	27.07.2001
Expertise in specific functional areas	Electrical engineering	Banking	Chemical engineering
Qualifications	B.Sc. (Honours), London, M.S. (Electrical engineering) Ph.D., Pennsylvania, U.S.A., Sigma XI, A.A.M.I.E.E.	Ph. D. (Economics)	B.E. (Chemical engineering) M.S. (Chemical engineering) (USA) M.B.A. (USA)
List of other companies in which directorship held as on 31.03.2014.	1. Apar ChemateK Lubricants Ltd. 2. Apar Corporation Pvt. Ltd. 3. Scope Pvt. Ltd. 4. Apar Investments, INC 5. Apar Investment (Singapore) Pte. Ltd.	1. Lamina Foundries Limited	NONE
Chairman/Member of the committee of other public companies on which the individual is a director as on 31.03.2014.	–	1. Lamina Foundries Limited - Remuneration Committee - Audit Committee	NONE
Number of shares held in the Company as on 31st March, 2014	73,71,861	Nil	7,500
Relationship between directors inter se	Related to – Shri K. N. Desai (Son) and Shri C. N. Desai (Son)	Nil	Nil





Name of Director	Shri Suyash Saraogi	Smt. Nina Kapasi
Date of birth	07.01.1967	30.11.1959
Date of appointment	30.05.2014	30.05.2014
Expertise in specific functional areas	Startup, operational turnaround and running operations in petroleum distribution and telecom sectors	Taxation, audit and managing consultancy
Qualifications	B.S. (Mechanical engineering and applied mechanics) (University of Pennsylvania), B.S. (Economics) (Wharton School)	Chartered Accountant
List of other companies in which directorship held as on 31.03.2014.	Nil	Ramdev Trading & Investment Pvt. Ltd.
Chairman/Member of the committee of other public companies on which the individual is a director as on 31.03.2014.	Nil	Nil
Number of shares held in the Company	Nil	Nil
Relationship between directors inter se	None	None

Directors' Report

Dear Shareholders,

Your Directors have immense pleasure in submitting the 25th Annual Report of the Company together with the audited annual accounts showing the financial position of the Company for the year ended 31st March, 2014.

1. Financial results

Consolidated results include the results of (a) Petroleum Specialities Pte. Ltd., Singapore (PSPL), a Wholly-Owned Subsidiary (WOS) of the Company (b) Apar ChemateK Lubricants Ltd., a Subsidiary Company and (c) Quantum Apar Speciality Oils Pty. Ltd., Subsidiary of PSPL.

₹ In Crores

Particulars	Company		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Sales turnover (after deduction of excise duty)	4,483.20	4,532.19	4,632.93	4,650.69
Other income	4.47	7.70	4.47	2.25
Profit for the year before finance cost, depreciation / amortisation, tax expenses and exceptional items	276.39	303.09	301.89	313.50
Deducting there from:				
- Depreciation / amortization	26.89	23.86	27.02	24.01
Finance Costs	145.81	134.31	145.48	134.57
Profit before adjustment of exceptional items, taxation and minority interest	103.69	144.92	129.39	154.92
Exceptional items	0.86	4.62	0.86	4.62
Profit before taxation for the year	102.83	140.30	128.53	150.30
Deducting there from:				
- Tax expenses	34.04	38.14	38.62	40.17
Net profit for the year after taxation and before minority interest	68.79	102.16	89.91	110.13
Adjustment of:				
- Minority Interest (profit)/loss	-	-	-0.26	-0.68
Net profit after taxation and above adjustments	68.79	102.16	89.65	109.45
Add: Profit brought forward from previous year	158.55	104.12	227.70	160.14
(Less) : Loss of Amalgamating Subsidiary	-	-5.76	-	+0.08
Amount available for appropriations	227.34	200.52	317.35	269.67
Appropriation made by the Board of Directors:				
- General reserve	20.00	18.34	21.00	-18.34
Dividends on Equity Shares :				
- Proposed dividend at ₹ 5.25 (52.50%) per share (previous year ₹ 5.25 (52.50%))	20.20	20.20	20.20	20.20
- Income tax on dividends	3.43	3.43	3.43	3.43
- Leaving balance of profit carried to balance sheet	183.71	158.55	272.72	227.70
Earnings per equity share (EPS)				
- Basic & diluted before & after extraordinary items	17.88	26.56	23.30	28.45





2. Dividend

Considering the financial results achieved during the year under review as compared to the previous year, the Board of Directors has recommended the dividend for FY 2013-14 on the capital of 38,470,431 Equity Shares of the face value of ₹10/- each fully paid @ ₹5.25 (52.50%) per share [(previous year ₹5.25 (52.50%) per share.)]

This dividend amounting ₹20.20 crores is payable after declaration by shareholders at the ensuing Annual General Meeting (AGM) and you are requested to declare the same.

3. Management Discussion and Analysis/ Outlook

The growth in the domestic power sector in FY 2014 was constrained given the uncertainties around fuel supply, financial condition of discoms, challenges of land acquisition, water linkages and environmental clearances which had a direct impact on your Company. However, given the impetus expected from the new government at the Centre with regards acceleration of reforms, we see a brighter phase on the horizon. We are happy to report that your Company has, during the year, taken strong strategic initiatives to strengthen our position further so that we can be well prepared as the sector turns.

Your company is the 3rd largest conductor manufacturer and the fourth largest transformer oil manufacturer in the world. Our growing exports, strong technical capabilities, higher focus on R&D and improved operational efficiency has enabled your company to consolidate our leadership position in our major product segments, conductors and Specialty and Transformer oils. As a result, we have continued to grow and expand over the last few years despite trying times in the Indian power sector.

Our continuous in-house R&D efforts and strategic tie-ups have spurred development of many new technology products for your Company like Extra high voltage transformer oils, high temperature conductors, e-beam cables and new generation optical fibre cables (OFC). These higher margin products, with good growth prospects and fewer competitors will drive the company's growth and profitability going forward.

The year gone by saw your Company complete expansion of capacities to drive growth in high value products. The Athola conductors plant, focused on high quality products for the export markets, is already operating at full capacity of 3,000 Mt per month and the Khatalwad cable plant has been fully commissioned. The new businesses have seen a positive response with first orders already placed. Going forward, we see acceleration in these new higher margin segments spurring growth in India and abroad.

The opportunities and outlook that exist for your Company are as follows:

(a) Industry structure, development, opportunities, threats, outlook and risk and concerns

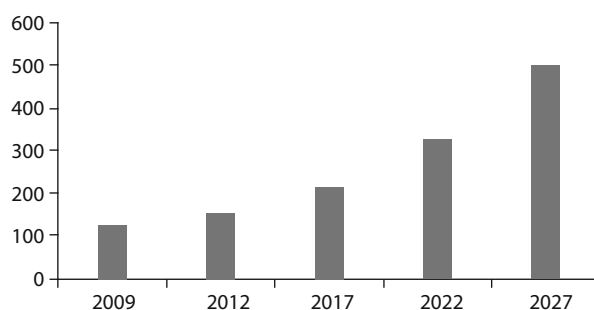
Global scenario

As per Industry report by Ministry of Heavy Industries and Public Enterprises, global electricity consumption is growing at 2.4% to reach 29000TWh by 2030. This is expected to drive global electrical equipment market at 2% growth to reach US\$ 6,600bn by 2030. India, as of now, contributes only 1% to global exports of electrical equipments with strong potential to increase share going forward.

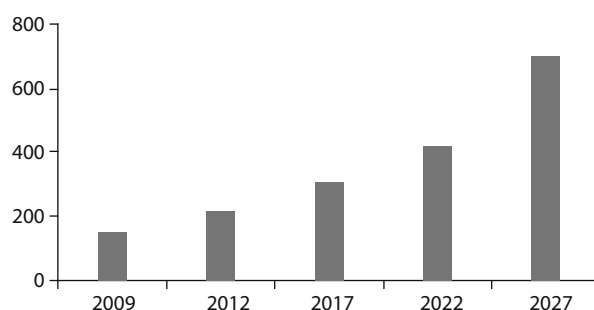
Indian market

The size of the domestic market in generation equipment is expected to reach US\$ 25-30bn by 2022 (from US\$ 5.7bn in 2011) driven by huge power demand expected for the growing Indian economy. As a result, the Transmission & Distribution (T&D) equipment industry is estimated to grow to US\$ 70-75bn (from US\$ 18.5bn in 2011). This translates into a CAGR of around 14%. According to an Industry report by FICCI, in association with Booz & Co., there is huge opportunity in the domestic T&D sector with investment required in the industry pegged at USD 35bn out of which USD 19bn will be from Power Grid Corporation of India Limited (PGCIL) and remaining USD 16bn will be secured from private players.

Projected Demand for Power In India (GW)



Projected Capacity Requirement (GW)



Source: Transmission and Distribution in India, Report by PGCIL

As per Industry report from Engineering Review, peak demand in India is expected to increase to more than 500,000 MW by 2027 for which Installed generation capacity of about 700,000 MW is required.



However, the recent policy jam in the sector has resulted in slower than expected progress. The 12th Five Year Plan (2012-2017) targeted a capacity addition in power generation of 88,537 MW and addition of transmission lines of 165,000 Circuit Kilometers (CKT). In the completed 2 years of the 12th plan, 33,000 MW of generating capacity has been added, representing 37% of the planned addition. In the same period, 32,000 CKT of transmission lines has been added, representing 19.5% of the planned addition.

Business performance

Our company derives 71.14% of its revenue from the power sector, with the major demand drivers coming from infrastructure expansion in transmission and distribution. In the last two years, the government has been plagued with policy paralysis, and the consequential damages of this have affected the power sector the most. From the figures shown above, the implementation of transmission lines is only 19.5% vs. a pro-rata implementation of 40%. This is also reflective of the order position of the conductor industry in general, which received its lowest level of orders in FY2014. Powergrid, the largest implementation agency for transmission lines was conspicuous by its absence. While as many as 120 transmission projects have stalled or delayed due to Right of Way (RoW) and many other clearances.

The Indian economy in general continued its downward spiral with industrial growth hitting its lowest point in the second half of FY2014. The ensuing economic uncertainty, fluctuations in exchange rate and the tight liquidity situation in the market all added to significant operating challenges.

As a consequence, the financial year ending March 31st 2014 was one of the most difficult years that the Company had to face.

Despite these challenges, the Company registered a revenue of ₹4,483.20 crores (net of excise duty) as against ₹4,532.19 crores in the previous year on standalone basis. Your Company's exports increased to ₹1,409.12 crores during the year as compared to ₹1,294.66 crores in the previous year as the Company sought opportunities overseas in the backdrop of slowing industrial

and power sector demand in India. The company exported its products to over 100 countries across the world till date.

Besides focusing on exports, your Company achieved control on operating costs, continued to improve its hedging strategy on foreign exchange and closely monitored sales versus credit, limiting the risks from the uncertainty of the current business environment.

Margins from manufacturing activities during the year under review were ₹276.39 crores as against ₹303.09 crores in the previous year on standalone basis.

Power transmission as a sector has not been able to keep pace with the rising power demand and generation capacity in the country. According to an Industry report by FICCI in association with Booz & Co., ideally 50% of the amount invested in power generation should be invested in power transmission; however, in India, this figure stands at a mere 30%. In order to make up for this investment deficit, 1.3 to 1.4 times the investment made in power generation must be made in power transmission going forward.

With a clear electoral mandate in place, Mr. Modi laid emphasis on power and infrastructure development as one of his priorities. FDI inflows in the sector have taken a back seat over the last few years mainly due to non-conducive economic policies, clogging up of the approval process for large projects and prohibitive tax policies. These are issues we hope the new government would resolve.

Overall, there is a high level of confidence that targets of the 12th Five Year Plan will be achieved. With planned 88GW of generation capacity expansion in 12th Plan and sorting of fuel availability issues, significant increase in transmission capacity is immediately needed to ensure power availability to the end customer. According to Industry report by FICCI in association with Booz & Co., overall \$35bn investment is planned in transmission sector in current plan. Given the clear backlog in the implementation of Transmission projects, the sector should see aggressive expansion in the next 3 years.

(i) Transformer and specialty oil segment

This division contributed 51.83% of the Company's revenue. Details of Sales revenues and segmental profit (standalone basis) are:

₹ in crores

Particulars	Company			Consolidated		
	2013-14	2012-13	Variation (%)	2013-14	2012-13	Variation (%)
Turnover	2,253.14	1,926.31	(+) 17.0	2,402.87	2,039.36	(+) 17.8
Segment profit	167.11	113.16	(+) 47.7	192.48	123.42	(+) 56.0
Export	719.45	655.43	(+) 9.7	865.80	773.68	(+) 11.9



For the current year the Specialty Oil division grew total global sales volume to 327,393 KL from a volume previous year of 299,866 KL. This represents a growth of 9.2% in terms of volume for the year. Volumes have grown at 8.6% on a CAGR basis for the last five years. This performance is commendable given the difficult business environment in which there was a slowdown in the power sector, automotive sector and general sluggishness in industrial growth.

The company was able to improve margins from a higher sale of performance products across the sub segments of transformer oils, industrial and automotive oils. The company implemented a disciplined foreign exchange hedging policy and tight credit controls, which limited sales but reduced exposure to clients with cash flow problems.

The Net sales of "Agip" brand of automotive lubricants manufactured by the company with a license and technical know-how from ENI-S.p.A of Italy increased to ₹184.59 crores in comparison to ₹181.38 crores in the previous year. Even though volume growth was muted due to a slowdown in the automotive sector and tight liquidity conditions, the margins expanded substantially due to improved cost controls and productivity in manufacturing and formulations in addition to an increase in sales of a better mix of performance products. Profit before tax of Apar ChemateK Lubricants Limited (a subsidiary company) during the year under review increased 11-fold to ₹6.25 crores compared to ₹0.57 crore in the previous year.

Profit before tax and finance cost for the transformer and specialty oil segment increased by a whopping 56% to ₹192.48 crores compared to ₹123.42 crores last year on consolidated basis

Risks and concerns

The company is exposed to the volatility in the prices of its raw materials & in the foreign exchange rates. However, in order to mitigate its risks, the Company continues to exercise prudence in its inventory control & hedging strategies. The Power sector suffered from policy paralysis, resulting in several projects getting either delayed or deferred. This increased the unpredictability of the business resulting in higher inventory and receivables. The company had to implement strict credit controls to limit exposure to customers having cash flow issues. This has resulted in a potential loss of sales. In spite of the new government at the center, it could take over 12 months to get the momentum back in the power, automotive and industrial sectors.

(ii) Conductor division

₹ in crores

Particulars	2013-14	2012-13	Variation (%)
Turnover	1,624.53	2,226.30	(-) 27.0
Segment profit	115.36	197.08	(-) 41.5
Export	449.32	579.49	(-) 22.5

The conductor division had a difficult year in FY2014. As mentioned in section 3(a), the power sector suffered from policy paralysis and the transmission sector was most adversely affected resulting in only 19.5% completion compared to the pro-rata 40% execution of the 12th Five Year Plan.

Power Grid, the largest executor of transmission line projects in the country placed almost no new orders for conductors in the year. This resulted in a substantially smaller addressable market, increased competition and lower margins.

The company reacted to the domestic situation by switching its focus to exports. The order book as on 1st April, 2014 stood at ₹1,952 crores and orders in pipeline stood at ₹185 crores, consisting of 57% export/ deemed export orders and 43% domestic, in contrast to an order book of ₹1,132 crores on 1st April, 2013 consisting of 22.4% export orders and 77.6% domestic.

Various steps were taken to improve the operational efficiency in order to boost productivity and reduce costs, making Apar one of the cheapest high technology conductor manufacturers in the world.

Your company is one of the few to pass the technical tender screening for high temperature low sag (HTLS) conductors and is among the two vendors for HTLS and four vendors for high temperature superconductors (HTS) conductors. Your company also received first order for higher margin HTLS conductors this year for ACCC conductors.

Efforts in developing market for high performance conductors are resulting in positive results & the pace of progress is expected to gain momentum with a dynamic government, inclined towards technologically superior products, coming into power.

The conductor division has restructured its business on account of changing market dynamics. With a focus on exports, we commissioned a new plant in Athola, Silvassa (which is already running at full capacity of 3000 Mt per month) and discontinued our manufacturing activities in Himachal Pradesh. With orders from Power Grid also expected to pick up in the second half of FY2015, growth in the conductor segment looks set for a turnaround.



Risks and concerns

Increase in costs particularly on account of Aluminium premiums has been an area of concern, the company entered into supply contracts for the coming year in order to mitigate the same. Delay in execution of various customers' projects has resulted in muted growth of fresh orders as well as cancellation of existing orders. However, the company has garnered a robust order book, with the capability of offsetting the effect of delayed orders with quicker delivery orders.

(iii) Uniflex cables division

₹ in crores

Particulars	2013-14	2012-13	Variation (%)
Turnover	601.40	418.53	(+) 43.7
Segment profit/(Loss)	0.59	(0.86)	–
Export	240.35	59.74	(+) 302.3

The cable segment witnessed a substantial increase in revenues led by strong growth in exports, delivering a profit with improvement in segment level margin.

During the year, there were several changes and expansions made in this division. The E-beam facility with both accelerators and associated handling equipment were commissioned. Major part of the equipment for Elastomeric cables was shifted from the old plant at Umbergaon to the new state of the art facility at Khatalwad doubling production capacity. The company took many steps to improve operational efficiency and de-bottlenecking.

The expansion of the Optical Fibre capacity was completed in Umbergaon and Khatalwad. Approvals from major clients such as Railways, Defense, Bharath Broad Band Limited (BBNL), BSNL etc. were obtained. With the increased capacity at Khatalwad, the company expects a major change in the mix of products it will produce in the future. Prospects for OFC have improved post orders from BBNL and expansion in network expected from telecom operators.

These measures were a necessary step for the company to improve profitability given that the major power cables sub segment is still plagued with over capacity and low margins. The focus of this division going forward will be to improve the profitability of the business through a change in product mix rather than aggressive increase in revenues. With the new government at the centre, there is an expected increase in spending in railways and defense through local manufacturers, improving prospects for E-beam cables.

Risks and concerns

The excess capacity in the Industry & the lack of reforms in the distribution segment have resulted in sluggish demand for LT & HT Cables and depressed price levels. Commercial terms from many EPC contractors are neither financially viable nor secure, limiting sales to a great extent. Infrastructure spending in Railways and Defense has been low in the last 2 years resulting in smaller than expected addressable market. With the change in government, this situation is likely to improve in the next 12 -15 months.

(b) Operations of subsidiaries:

(i) Petroleum Specialities Pte. Ltd, Singapore (PSPL), a Wholly Owned Subsidiary (WOS):

During the year under review, Net sales of PSPL was US\$ 54.64 Million as against US\$ 44.21 Million in the previous year and Profit after tax stood at US\$ 2.23 Million as against US\$ 1.64 Million in the previous year.

Quantum Apar Speciality Oils Pty. Ltd., Australia (Quantum) where PSPL holds 65% equity has reported Net sales of AUD 10.01 Million as against AUD 9.50 Million in the previous year and Profit after tax of AUD 0.04 Million as against AUD 0.16 Million in the previous year.

(ii) Apar ChemateK Lubricants Limited (ACLL), subsidiary :

During the year under review, ACLL has reported total Income of ₹16.95 crores as against ₹30.08 crores in the previous year and earned a Net Profit after tax of ₹4.14 crores as against ₹0.49 crore in the previous year. It has declared dividend of ₹1/- per share of the face value of ₹10/- each.

(c) Cautionary statement

The statements made in the Management Discussion & Analysis section, describing the Company's goals, expectations and predictions among others do contain some forward looking views of the management. The actual performance of the Company is dependent on several external factors, many of which are beyond the control of the management viz. growth of Indian economy, continuation of industrial reforms, fluctuations in value of Rupee in the foreign exchange market, volatility in commodity prices, applicable laws / regulations, tax structure, domestic / international industry scenario, movement in international prices of raw materials and economic developments within the country among others.



(d) Internal control systems (ICS) and their adequacy

The Company established adequate ICS in respect of all the divisions of the Company. The ICS are aimed at promoting operational efficiencies and achieving savings in cost and overheads in all business operations. The System Application and Product (SAP), a world class business process integration software solution, which was implemented by the Company at all business units (including Cable unit) has been operating successfully.

For tightening and more effective internal control systems and risk management, the Company continued the engagement of M/s. KPMG India Pvt. Ltd., Chartered Accountants as Internal Auditors of the Company.

The system cum internal audit reports of the Internal Auditors are discussed at the Audit Committee meetings and appropriate corrective steps have been taken.

Further, all business segment prepare their annual budget, which are reviewed along with performance at regular intervals.

(e) Development of human resources

The Company promotes an open and transparent working environment to enhance teamwork and build business focus. The Company equally gives importance to the development of human resource (HR). It updates its HR policy in line with the changing HR culture in the industry as a whole. In order to foster excellence and reward those employees who perform well, the Company practices performance / production linked incentive schemes and introduced Employees Stock Option Scheme as detailed in an attachment to this report.

The Company also takes adequate steps for in-house training of employees and maintaining a safe and healthy environment.

4. Directors

Dr. N. D. Desai, Director shall retire by rotation at the ensuing annual general meeting of the Company and he, being eligible, offers himself for re-appointment.

Pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013, Dr. N. K. Thingalaya and Shri F. B. Virani are proposed to be re-appointed as Independent Directors of the Company to hold office for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019. The Company has received notices under Section 160 of the Companies Act, 2013 proposing their candidature as Directors.

The Board of Directors of the Company at its meeting held on 30th May, 2014 appointed Shri Suyash Saraogi and Smt. Nina Kapasi as Additional Directors. Pursuant to Section 161 (1) of the

Companies Act, 2013, they will hold the office as Directors up to the date of the ensuing Annual General Meeting. The Company has received notices under Section 160 of the Companies Act, 2013 proposing their candidature as Directors.

Your Directors are seeking re-appointment / appointment of Dr. Thingalaya, Shri Virani, Shri Saraogi and Smt. Kapasi as Independent Directors of the Company for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019.

Details of the proposal for re-appointment / appointment of Dr. Desai, Dr. Thingalaya, Shri Virani, Shri Saraogi and Smt. Kapasi are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 and Statement pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges as annexed to the Notice of the 25th Annual General Meeting.

The Board recommends re-appointments / appointments of all the above Directors.

Shri Sanjiv Maheshwari, the Director of the Company has resigned from the Board with effect from 29th May, 2014 and Shri H. N. Shah has resigned as Director of the Company with effect from close of the Business hours on 30th May, 2014.

The Board accepted their resignations and place on record their appreciation for the valuable guidance and advice provided by Shri Sanjiv Maheshwari and Shri H. N. Shah during their tenure as Directors of the Company.

5. Directors' responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with regard to directors' responsibility statement, it is hereby confirmed that -

- i. In the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards were followed along with proper explanation relating to material departures, if any.
- ii. Appropriate accounting policies were selected and applied consistently and judgments and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review.
- iii. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



iv. The annual accounts were prepared on a going concern basis.

6. Audit

M/s. Sharp & Tannan, Chartered Accountants, Mumbai, Statutory Auditors of the Company shall be retiring at the ensuing Annual General Meeting, and they being eligible, offer themselves for re-appointment. The Audit Committee of Directors at its meeting held on 30th May, 2014 recommended re-appointment of M/s. Sharp & Tannan as Statutory Auditors of the Company for the FY 2014-15.

7. Other Information

a. Green initiative

To support the "Green initiative" taken by the Ministry of Corporate Affairs (MCA), to contribute towards a greener environment, the Company has already initiated / implemented the same from the year 2010-11. As permitted by Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the MCA, delivery of notices / documents and Annual Reports etc. are being sent to the shareholders by electronic mode wherever possible.

Further, the Company has started using recyclable steel drums in place of wooden pallets in its Conductors Divisions in order to protect the environment and reduce costs for the Company.

b. Corporate Social Responsibility (CSR)

With the strong belief in the principle of Trusteeship, Apar Group continues to serve the community through a focus on education, healthcare and mid-day meal initiatives.

The Board of Directors constituted a Corporate Social Responsibility (CSR) Committee in terms of the provisions of Section 135(1) of the Companies Act, 2013 on 30th May, 2014. This CSR Committee shall review and restate the Company's CSR policy in order to make it more comprehensive and aligned with the activities specified in Schedule VII of the Companies Act, 2013.

During the year, the Company has contributed to the –

- i. Sister Nivedita Foundation, Rajkot for their "Sister Nivedita School on Wheel" programme.
- ii. Gujarat Methodist Church Cardiac Care & Research Society, Nadiad, for the purchase of Heart Lung Machine.
- iii. Indian Development Foundation, Mumbai for the construction of IDF Centre for Excellence at Bangalore.
- iv. Global Foundation, Mumbai for the support of causes of disability, education, health and support to underprivileged

children, education for peace and other community work undertaken by them.

c. Attached to and forming part of this report are the following:

- i) Particulars relating to Employee Stock Option Scheme.
- ii) Particulars of Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.
- iii) Particulars relating to conservation of energy, technology absorption, research and development and foreign exchange earnings and outgo.
- iv) Report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance.
- v) Statement containing brief financial details of the subsidiaries.

d. In accordance with the General Circular dated February 8, 2011 issued by Ministry of Corporate Affairs, granting exemption under Section 212(8) of the Companies Act, 1956, the Company has not attached the Balance Sheet, Profit & Loss Accounts and other documents of its wholly owned foreign subsidiaries viz. Petroleum Specialities Pte. Ltd., Singapore as well as its subsidiary Quantum Apar Speciality Oils Pty. Ltd., Australia, and Apar ChemateK Lubricants Limited, a subsidiary of the Company. As per the terms of Circular, a statement containing brief financial details of the said subsidiaries for the year ended March 31, 2014 are included in the Annual Report and shall form part of this report. The annual accounts of the said subsidiaries and the related information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the registered office of the Company.

e. As on March 31, 2014, there was no fixed deposit remained unclaimed.

8. Acknowledgement

Your Directors wish to place on record their sincere appreciation for continuous co-operation, support and assistance provided by stakeholders, financial institutions, banks, government bodies, technical collaborators, customers, dealers and suppliers of the Company. Your Directors also wish to place on record their appreciation for the dedicated services rendered by the loyal employees of the Company.

For and on behalf of the Board

Place : Mumbai
Date : May 30, 2014.

Dr. N. D. Desai
Chairman

Annexure I to the Directors' Report

Employee Stock Option

Members' approval was obtained at the Annual General Meeting held on August 9, 2007 for introduction of Employees Stock Option Scheme to issue and grant up to 16,16,802 Options and it was implemented by the Company. The Options have been granted to employees in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines). The Employees Stock Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme.

The disclosures stipulated under the SEBI Guidelines are:

a. Options granted by the Compensation Committee	:	175,150
b. Exercise price	:	₹207.05 per Option
c. Options vested	:	175,150
d. Options exercised	:	Nil
e. The total number of shares arising as a result of exercise of Options	:	Nil
f. Options lapsed	:	139,407
g. Variation in terms of Options	:	See note 1 below
h. Money realised by exercise of Options	:	Nil
i. Total number of Options in force	:	35,743
j. Employee wise details of Options granted in 2007 to:		
i. Senior Management Personnel / Directors		
(a) Shri H. N. Shah	:	7,500 *
(b) Dr. N. K. Thingalaya	:	4,000 *
(c) Shri F. B. Virani	:	4,000 *
(* 2/3rd of the Options granted have been lapsed)		
ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year	:	Nil
iii. Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	Nil
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 Earnings Per Share	:	₹17.88

Notes :

- 1) 175,150 Options at the exercise price of ₹259.75 granted on January 23, 2008 were cancelled on May 27, 2008. The cancellation was necessary due to substantial reduction in the price of shares in the secondary market and simultaneously therewith the above detailed Options were granted. The confirmation of the shareholders for the said cancellation and subsequent grant were sought at the 19th Annual General Meeting held on August 29, 2008.
- 2) As the exercise of Options would be made at the market linked price of ₹207.05, the issuance of equity shares pursuant to exercise of Options will not affect the profit and loss account of the Company.
- 3) The Company obtained in-principle approval for the listing of the entire 1,616,802 equity shares to be issued and allotted on exercise of Options as and when exercised under the scheme.
- 4) The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed at the Annual General Meeting held on 9th August, 2007. The Certificate would be placed at the Annual General meeting for inspection by members.
- 5) 139,407 Options which were not exercised by the employees within the prescribed time period as per the Scheme have been lapsed.





Annexure II to the Directors' Report

Information pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2014.

Names	Age (Years)	Designation / Nature of duty	Qualifications	Experience (Years)	Remuneration (₹)	Date of commencement of employment	Last employment and designation
Mr. Kushal N. Desai	47	Managing Director	B.Sc. (Hons.), (Ele. Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	25	17,193,936	24.03.1999	GE Lighting (India) Ltd. - President
Mr. C. N. Desai	42	Joint Managing Director	B.Sc. (Hons.), (Chem. Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	20	17,255,843	29.05.1993	—

Notes :

- The remuneration includes salary, allowances, commission paid to Directors, reimbursement of leave travel and medical expenses / benefits, company's contribution to provident fund, leave encashment and other perquisites in respect of motor car, accomodation and telephone etc.
- Above directors are related to each other. None of the employees of the Company is related to any of the Directors.
- All appointments are contractual and terminable by notice on either side.

Annexure III to the Directors' Report

ENERGY STATEMENT

Information as per 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 and forming part of the Directors' Report for the year ended 31st March, 2014.

I. Conservation of Energy:

1) Energy Conservation measures taken and continuing on regular basis:

Conductor Division:

- | | |
|--|--|
| <ul style="list-style-type: none"> i) Replaced 450 numbers of HPMV/HPSV by LED light for plant lighting. ii) Started using waste wood in ageing furnace as alternative to coal fuel. iii) Replaced furnace oil by RLNG Gas in Aluminium melting section. iv) Installed 500 KVAR APFC Panel for power factor improvements. v) Installed LED lighting on shop floor and in administration | <ul style="list-style-type: none"> building for less electricity consumption & Power demand saving. vi) Replacement of mechanical clutch system for take up of 37 strand RST and 91 strand RST machine to energy efficient variable A.C. tension system. vii) Installed new skip machine with separate electrical drive system with Gear Box for capstan electrical power saving to replace less productive and energy exhaustive tubular machine. viii) Installed energy efficient CFL light fixtures in shed of U189. ix) Maintained power factor above 0.995 and average 0.998 through the year and received incentive in the power bill. x) Installed VFD panel with motor for Traverse/Take up unit of one Tubular stranding machine. |
|--|--|



Oil Division:

- i) Replaced the inefficient light fitting with the efficient light fittings in the plant with same lumens output.
- ii) Maintained power factor above 0.995 throughout the year and received incentives in the power bill.
- iii) Compressed air leakages reduced from 31.25% to below 10% and saved the cost.
- iv) Installed VFD for the feeding lines of small pack filling machines.
- v) Installed VFD for 300CFM air compressor and saved the unloading power.
- vi) Installed 40KVA lighting saver unit and saved the cost.
- vii) Condensate tanks lifted above the ground to reduce the heat losses, also condensate recovery increased from 59% to 74%.
- viii) Automation carried out for blending operation so as to optimize the blending mixing time.
- ix) Specific power consumption of Air compressor reduced by converting from reciprocating to screw type compressor with VFD and saved the cost.
- x) 30785 KWH solar power generated, reduced the carbon emissions.
- xi) Rain water collected through water harvesting and used in the boiler for steam generation.

Cable Division:

- i) Power trading carried out during the year resulted into achievement of Incentive in the power bill.
- ii) Maintained power factor above 0.98 through the year to optimize power consumption.
- iii) Introduced A.C. VFD drive at 150mm extruder, 30-Bobbin laying up machine, 37-stranding machine, CV line capstan & take-up, Printing Line-1 Take-Up to reduce power consumption.
- iv) Overhauling of old equipments to improve productivity and reduce power consumption.
- v) Rectification of steam leakages thereby reducing consumption of Natural gas.
- vi) E-beam & Elasto plant underground soft water circulation system modified without affecting the water quality to

reduce water consumption.

- vii) Air regulator provided in all air wiper to reduce compressed air consumption.

2) Additional Investment proposals, if any, being implemented for reduction of consumption of energy:

- i) Power conservation through VFD panel & coal based ageing furnace modifications.
- ii) Conversion of Boiler burner from Furnace Oil to CNG.
- iii) To adopt new energy efficient blending technology for blending operations.
- iv) To modify condensate recovery system and its storage to minimize energy losses.
- v) Replacement of inefficient light fittings with the efficient/energy conservation light fittings in the plant.
- vi) To install VFD on Air Compressors to optimize energy consumption. To start Compressed air audit to reduce wastage of compressed air and thus save energy.
- vii) Automation of filling lines with timers for the Filling pumps to reduce power consumption.
- viii) Investment proposed for up gradation of extrusion lines for energy saving by converting DC system to AC system.
- ix) Replacing of Tubular machine by Skip machine for steel stranding.
- x) Installation of screw type air compressor in place of existing reciprocating compressor to reduce the power consumption.
- xi) Savings in air compressor load by proper positioning of suction filters.
- xii) Replacement of inefficient light fittings with the efficient energy conservation light fittings in the plant.
- xiii) To improve the pumping efficiency in the plant.
- xiv) Lighting saver unit of capacity 75KVA to be installed to save the lighting power.

3) Impact of measures at (1) and (2) above:

- i) Electrical energy savings.
- ii) Less failure of equipments / motors.
- iii) More up time resulting into more productivity.
- iv) Reduction in furnace oil consumption.



4) Total Energy Consumption and Energy Consumption per unit of production:

(A) Power and Fuel Consumption:

(i) Electricity:

	2013-14	2012-13
(a) Purchased units	39,666,580	38,372,700
Total Amount (₹/crore)	21.97	20.76
Rate/Unit (₹)	5.54	5.41
(b) Own Generation		
Through Diesel Generator (Units)	419,336	1,153,968
Average Units generated per liter of diesel oil	2.75	2.46
Average Cost of Unit (₹)	19.90	16.67

(ii) Furnace Oil:

Quantity (KL)	7,026	8,157
Total Amount (₹/crores)	28.77	32.48
Average Rate/KL. (₹)	40,946	39,822

(iii) Natural Gas:

Quantity (M3)	1,138,435	374,335
Total Amount (₹/crores)	4.53	1.33
Average Rate/M3. (₹)	39.79	35.43

(B) Consumption per unit of production (Average per unit consumption on total production of each division is included in the table below):

	2013-14			2012-13		
	Electricity (Units)	Furnace Oil (liters)	Natural Gas (M3)	Electricity (Units)	Furnace Oil (liters)	Natural Gas (M3)
(i) Refinery Division :						
Per KL output of Oil	8.16	1.15	–	8.46	1.29	–
(ii) Conductors Division :						
Per MT output of Aluminum/Alloy Conductors	192	63	7	209	71	8
(iii) Cable Division:						
Per Km. of cable	125	–	101	133	–	135

Reasons for change in consumption: change in Product mix



II. Technology Absorption and Research & Development

1. RESEARCH AND DEVELOPMENT (R&D):

(i) Specific areas in which R & D is carried out by the Company:

- a) Development of new types of up-rating conductors, with utility in re-conductoring with enhanced power transmission capacity. AI-59, TAL, STAL developed and has been commercially produced. Development and commercial production and execution of GZTACSR and ACCC Conductors.
- b) Critical type testing of GZTACSR and ACCC conductors at foreign laboratories for reliability and validation.
- c) Set-up of Independent laboratory with NABL accreditation for testing and research of conductor properties with additional set-up for complete conductor testing for mechanical and electrical behavior of conductor at elevated temperature.
- d) Adopted licensed software PLS-CAD lite for design and calculation of conductor characteristics.
- e) Created dedicated technical team for conductor and line designing and solutions to customers.
- f) In-line Eddy current system for flaw detection in Aluminum alloy wire production towards defect free line materials.
- g) R&D Oil unit (DSIR Recognised) has selectively carried out improvement in quality of specific lubricants.
- h) Extensive training is given to selected senior officers which has resulted in a scientific analysis of customer complaints to avoid repetition of the same in future.
- i) Both laboratories at Rabale and at Silvassa have been NABL accredited and Rabale laboratory surveillance audit is carried out.
- j) The Company has carried out research and development majorly in development of specialty elastomeric, XLPE, foam compounds for electron beam irradiation, recycling of PTFE scrap, thin wall automotive wires, PVC building wires, pressure tight cables, hybrid rubber cables with integrated

fiber optics, tactical fiber optics, electron beam irradiated solar and windmill cables, heavy and low tow cables for Indian Navy etc.

(ii) Benefits derived as a result of the R&D:

- a) New product development for up-rating and 4th generation specialized high performance conductor.
- b) Product accepted by the customer.
- c) Commercial production has been commenced.
- d) Benefits in Custom Duty, Central Excise and Income Tax.
- e) Commercial Orders received for under water cables and thin wall elastomeric cables and its successful execution has opened up good opportunities during the year. Other products have also reached stage for commercial ordering.

(iii) Future plan of action:

- a) Development of dull finish conductor for the new markets.
- b) Set-up of additional special test facility which are limited globally and constraint for our testing.
- c) Set up facility for non-contact diameter measuring to improve process and quality and reducing cost.
- d) Design and Development of hardware for OHTL.
- e) To continue to carry on the R&D activity and try to absorb it to reduce cost especially the E-beam cables.
- f) To further develop finer particle PTFE powder and explore PTFE recycling business in the paint, printing ink, moulding applications etc.
- g) Development of 33 KV Elastomeric cables.
- h) Development of good quality rust preventive oils for industrial use.

(iv) Expenditure on R&D:

- a) Capital = ₹0.67 crore
- b) Revenue = ₹2.90 crore
- c) Total = ₹3.57 crore
- d) Total R&D Expenditure as a percentage of total turnover = 0.08%.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Technology imported (in last five years)	Year of Import	Has technology been fully absorbed
License to use proprietary knowhow, formulae, trademarks and trade names relating to manufacture & sale of lubricating Oils, greases and other special Lubricants for industrial, automotive and marine applications.	2013	Yes
License to manufacture high performance conductor (ACCC)	2012	Being absorbed

III. Foreign Exchange Earnings and Outgo:

1. Activities related to exports:

Efforts are continuing to increase exports of all products.

2. Total Foreign Exchange used and earned:

(i) Total foreign exchange used:

(₹ in crore)

	2013-14	2012-13
(a) Raw Materials (CIF)	2,978.18	2,240.69
(b) Stores & Spares	1.72	0.36
(c) Capital Goods	14.21	13.76
(d) Others	59.79	66.27
	3,053.90	2,321.08

(ii) Total foreign exchange earned:

(₹ in crore)

	2013-14	2012-13
(a) Physical Exports (FOB)	1,367.14	1,282.54
(b) Deemed Exports (eligible for export incentives)	14.25	0.09
(c) Others	56.52	93.18
	1,437.91	1,375.81



Corporate Governance Report

Corporate Governance Philosophy

Apar Industries Limited ("the Company") believes in conducting its affairs in a fair, transparent and professional manner and maintaining the good ethical standards in its dealings with all its constituents.

The Company is committed to follow good Corporate Governance practices, which include having professional Directors on the Board, adopting pragmatic policies, effective systems and procedures and subjecting business processes to audits and checks, compliant with the required standards.

The driving force behind the Company's management is **"Tomorrow's progress today"** and backed by **"A culture of high - tech practices and quality"**. Apar's quality policy for ISO-9001 is **"To satisfy customer needs and retain leadership by manufacturing and supplying quality products and services through continuous improvement by motivated employees"**.

The policies and actions of the Company are in line with the applicable guidelines on Corporate Governance with an endeavour to enhance value for shareholders. Pursuant to Clause 49 of the Listing Agreement of Stock Exchanges, the following details are presented:

Board of Directors

1. The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Board of Directors has more

than 50% Non-executive Directors and the Chairman, being Non-Executive Director and Promoter, half of the total number of Directors are Independent Directors. None of the Directors on the Board is a member on more than 10 committees and chairman of more than five committees as specified in Clause 49 across all companies in which he is a director. All the members of the Board are eminent individuals with excellent qualifications, professional expertise and extensive experience, and they have made outstanding contributions to the industry.

The Board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves quarterly / half-yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The agenda for the Board Meeting covers items set out as guidelines in Clause 49 of the Listing Agreement to the extent they are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

2. The Board of Directors meet at least four times a year with maximum time gap of four months between any two meetings to review the Company's performance and financial results, and more often, if considered necessary.



3. The composition of the Board of Directors and details with regard to them are as follows as on 31st March, 2014:

Name of Directors	Category	No. of directorships in other public companies. *	No. of committee memberships in other public companies	No. of committee chairmanships in other public companies
Dr. N. D. Desai	Chairman (Non- Executive)	1	–	–
Dr. N. K. Thingalaya	Non-Executive & Independent	1	2	2
Mr. F. B. Virani	Non-Executive & Independent	–	–	–
Mr. Kushal N. Desai	Managing Director	1	1	1
Mr. C. N. Desai	Joint Managing Director	1	1	–
Mr. H. N. Shah	Non-Executive & Independent #	1	1	–
Mr. Rajesh Sehgal	Non-Executive Director	1	2	–
Mr. Sanjiv Maheshwari	Non-Executive & Independent @	–	–	–

* The directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies and deemed public companies, Section 8 Companies Act, 2013 and private limited companies.

Resigned with effect from close of the business hours on 30th May, 2014.

@ Resigned with effect from 29th May, 2014.

Note: Mr. Suyash Saraogi and Smt. Nina Kapasi have been appointed as Additional Directors to hold the office of Independent Director with effect from 30th May, 2014.

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 1956 except Mr. Kushal N. Desai and Mr. Chaitanya N. Desai who are brothers and Dr. N. D. Desai who is their father.

4. During the FY 2013-14, four Board Meetings were held. The dates on which the Board Meetings were held are as follows:

May 31, 2013, August 8, 2013, October 25, 2013 and February 6, 2014.

General Meetings

The last Annual General Meeting (24th AGM) was held on August 8, 2013 at 2.30 P.M. at the auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, near GEB Head Office, Race Course, Vadodara – 390 007.

Following are the details of attendance of Directors at the aforesaid Board Meetings and AGM held during the financial year.

Name of Directors	No. of Board Meetings held during the tenure of the Directors	No. of Board Meetings attended	Last AGM attended
Dr. N. D. Desai – Chairman	4	4	Yes
Dr. N. K. Thingalaya	4	4	Yes
Mr. F. B. Virani	4	4	Yes
Mr. Kushal N. Desai	4	4	Yes
Mr. C. N. Desai	4	4	Yes
Mr. H. N. Shah #	4	4	Yes
Mr. Rajesh Sehgal	4	4	Yes
Mr. Sanjiv Maheshwari @	4	4	Yes

Resigned with effect from close of the business hours on 30th May, 2014.

@ Resigned with effect from 29th May, 2014.

Audit Committee

The Company has constituted an Audit Committee of Directors in accordance with the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The Audit Committee includes three Independent Directors.


Term of Reference:

The Audit Committee acts as the link between the Statutory and the Internal Auditors and the Board of Directors.

The broad terms of reference of the Audit Committee include, reviewing with the management, the quarterly / half-yearly and annual financial results / statements, adequacy of internal control systems and internal audit functions, overseeing the Company's financial reporting process, recommending the appointment and removal of External and Internal Auditors, etc. In terms of the Companies Act, 2013, the following terms of reference have also been included in the Audit Committee with effect from 30th May, 2014 over and above, the existing terms of reference:

- (i) The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;

- (ii) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the Auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.

Composition: The composition of the Audit Committee and attendance of Directors at the Meetings are given hereunder:

During the FY 2013-14, four Audit Committee Meetings were held. The dates on which the Audit Committee Meetings were held are as follows:

May 31, 2013, August 8, 2013, October 25, 2013 and February 6, 2014.

Name of Directors	Category	No. of Meetings held during the tenure of Director	No. of Meetings attended
Shri H. N. Shah# – Chairman	Independent & Non-Executive	4	4
Dr. N. K. Thingalaya	Independent & Non-Executive	4	4
Shri F. B. Virani	Independent & Non-Executive	4	4
Shri Rajesh Sehgal	Non-Executive	4	4

Resigned with effect from close of the business hours on 30th May, 2014.

Note: At the Board Meeting held on 30th May, 2014 Audit Committee has been reconstituted comprising of Dr. N. K. Thingalaya, as Chairman, Shri F.B. Virani, Shri Rajesh Sehgal, Shri Kushal N. Desai, Shri Suyash Saraogi and Smt. Nina Kapasi as Members.

All the members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

The representatives of the Statutory Auditors are permanent invitees of the Audit Committee Meetings. They have attended all the meetings during the year.

Nomination and Compensation-cum-Remuneration Committee:

The existing Compensation-cum-Remuneration Committee was reconstituted and re-designated as Nomination and Compensation-cum-Remuneration Committee with effect from 30th May, 2014.

Terms of Reference: The broad terms of reference of the reconstituted and re-designated Nomination and Compensation-cum-Remuneration Committee include, over and above the

administration and other related matters of the Employee Stock Option Plan, the approval of remuneration payable to managerial personnel in accordance with the provisions of Part II and Section II of Schedule XIII of the Companies Act, 1956 and under any other law as also the following:

- i. Identifying the persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every Director's performance;
- ii. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy, relating to the remuneration for the Directors, key Managerial Personnel and other employees.

Composition: Compensation-cum-Remuneration Committee of the Board consists of four Directors, viz. Dr. N. K. Thingalaya - Chairman, Shri H. N. Shah, Shri F. B. Virani and Shri Rajesh Sehgal.



During the FY 2013-14, before its reconstitution and renaming, Compensation-cum-Remuneration Committee meeting was held on 31st May, 2013.

Name of Directors	Category	No. of Meetings held during the tenure of Director	No. of Meetings attended
Dr. N. K. Thingalaya - Chairman	Independent & Non-Executive	1	1
Shri H. N. Shah #	Independent & Non-Executive	1	1
Shri F. B. Virani	Independent & Non-Executive	1	1
Shri Rajesh Sehgal	Non-Executive	1	1

Resigned with effect from close of the business hours on 30th May, 2014.

Note: At the Board Meeting held on 30th May, 2014 the existing Compensation-cum-Remuneration Committee was reconstituted and re-designated as Nomination and Compensation-cum-Remuneration Committee. The said Committee comprises Dr. N.K.Thingalaya, as Chairman, Shri F.B. Virani, and Shri Rajesh Sehgal as Members.

Remuneration policy, details of remuneration and other terms of appointment of Director:

The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodical basis.

The remuneration policy is in consonance with the existing industry practices.

Details of remuneration paid to all the Directors :

1. The Non-executive Directors receive the sitting fees for attending the Board and Committee Meetings, as the case may be;
2. The break-up of remuneration paid / payable to the Managing Directors for the FY 2013-14 is as under:

Name of Directors	Mr. Kushal N. Desai	Mr. C. N. Desai
Position	Managing Director	Joint Managing Director
Salary (₹)	4,074,776	3,944,213
Commission (₹)	10,780,253	10,780,253
Perquisites / Allowances (₹)	2,338,907	2,531,377
Total (₹)	17,193,936	17,255,843
Stock Option Granted (Nos.)	Nil	Nil
Service Contract	3 years from 01/01/2012 to 31/12/2014	3 years from 01/01/2012 to 31/12/2014
Notice Period	1 Month	1 Month

3. In terms of Section 309(1) of the Companies Act, 1956, Dr. N. D. Desai, a Non-Executive Chairman has been paid ₹5,100,000 including monetary value of facilities during the period from April 1, 2013 to March 31, 2014 for his professional services to the Company towards his fees and ₹10,780,253 as commission;
4. In terms of Section 309(1) of the Companies Act, 1956, Shri H. N. Shah, a Non-executive Professional Director has been paid for his professional services to the Company ₹3,300,000 towards his fees including monetary value of facilities during the period from April 1, 2013 to March 31, 2014

The professional fees of above two directors have been fixed by the Board after considering their professional expertise and experience in the respective fields, loyalty and professional fees structure prevalent in the industry;

5. Remuneration paid to Non-Executive Directors for attending the meetings of Board of Directors and Committees is given below:

Name of Directors	Sitting Fees (Gross) (₹)	No. of Equity Shares held in the Company	No. of Stock Options granted
Dr. N. D. Desai	1,32,500	7,539,733*	Nil
Dr. N. K. Thingalaya	1,27,500	—	4,000**
Mr. F. B. Virani	1,27,500	7,500	4,000**
Mr. H. N. Shah	1,87,500	2,970	7,500**
Mr. Sanjiv Maheshwari	80,000	582	Nil

* Includes shares held as Trustee ** Of these, 2/3rd of the Options lapsed.



Share Transfer and Shareholders' Grievance-cum-Stakeholders Relations Committee :

The existing Share Transfer and Shareholders' Grievance Committee was reconstituted and re-designated as Share Transfer and Shareholders' Grievance-cum-Stakeholders Relations Committee with effect from 30th May, 2014.

Terms of Reference: This Committee was constituted with the objective of overseeing the redressal of investors' complaints pertaining to transfers/transmission of shares, issue of duplicate share certificates, non-receipt of dividend/interest, dematerialisation (Demat) of shares, and all other related matters concerning investors and to consider and resolve the grievances of Security- holders of the Company.

Composition: The Share Transfer & Shareholders' Grievance Committee before its reconstitution and re-designation met three times during the financial year, i.e. on May 31, 2013, October 25, 2013 and February 6, 2014.

The composition of Committee and attendance of Directors at these meetings are given below:

Name of Directors	Category	No. of Meetings held	No. of Meetings attended by Directors
Dr. N. D. Desai – Chairman	Non-Executive Director	3	3
Mr. C. N. Desai	Executive Director	3	3
Mr. H. N. Shah #	Independent & Non- Executive	3	3

Resigned with effect from close of the business hours on 30th May, 2014.

Note : At the Board Meeting held on 30th May, 2014, existing Share Transfer and Shareholders' Grievance Committee was reconstituted and re-designated as Share Transfer and Shareholders' Grievance-cum-Stakeholders Relations Committee comprising of Dr. N. D. Desai, as Chairman, Shri C. N. Desai and Shri Suyash Saraogi as Members.

Share Transfer System

1. The Board of Directors has delegated the power of approval of share transfers to the Company Secretary and Deputy Secretary of the Company jointly, who approve the share transfers regularly on a fortnight basis, and gist of the transfers are placed before the Share Transfer & Shareholders' Grievance Committee, periodically.

Compliance Officer:

Mr. Sanjaya Kunder, Company Secretary,
Apar Industries Limited,
Apar House, Corporate Park,
Sion-Trombay Road, Chembur, Mumbai – 400 071.

2. Status of complaints for the period April 1, 2013 to March 31, 2014.

1. No. of complaints received	1
2. No. of complaints resolved	1
3. No. of complaints not solved to the satisfaction of the investors as at 31st March, 2014.	Nil
4. Complaints pending as at 31st March, 2014.	Nil
5. No. of share transfers pending for approval as at 31st March, 2014.	Nil

Corporate Social Responsibility (CSR) Committee:

In terms of the provisions of Section 135(1) of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee with effect from 30th May, 2014.

The said Committee consists of the following Directors:

1. Dr. N. D. Desai, Chairman
2. Shri F. B. Virani, Independent Director
3. Shri C. N. Desai, Joint Managing Director

Terms of Reference:

The broad terms of reference of the Corporate Social Responsibility (CSR) Committee are :

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall include the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and;
- (c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Risk assessment and minimisation procedures

The Company has laid down procedure to inform the Members of the Board about the risk assessment and minimisation procedures. These procedures are periodically placed and are reviewed by the Audit Committee and Board of Directors.

Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance prescribed by Clause 49 of the Listing Agreement with Stock Exchanges, which is attached herewith.



Disclosures:

a) General Body Meeting:

The details of the last three Annual General Meetings (AGM) of shareholders of the Company held are as under:

i. Annual General Meetings (AGM):

AGM	Date & Time	Location	Details of special resolutions
24th	August 8, 2013 at 2.30 P.M.	The auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	No special resolution.
23rd	November 9, 2012 at 12.00 noon	The auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	1. Re-appointment of Mr. Kushal N. Desai as Managing Director and Chief Executive Officer of the Company for a period of three years from 1st January, 2012 to 31st December, 2014 and payment of remuneration and commission. 2. Re-appointment of Mr. Chaitanya N. Desai as Joint Managing Director of the Company for a period of three years from 1st January, 2012 to 31st December, 2014 and payment of remuneration and commission.
22nd	August 24, 2011 at 10.30 A.M.	The auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	No special resolution.

b) Related party transactions:

The details of all significant transactions with related parties are periodically placed before the Audit Committee. The relevant details of all transactions with related parties given in Note No. 35 of the audited Accounts for the FY 2013-14, form a part of this report also. There are no materially significant related party transactions of the Company, which have potential conflict with the interests of the Company at large. These transactions were entered in the ordinary course of business and on arms length basis.

c) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties or strictures have been imposed on it during the last three years.

d) The statutory financial statements of the Company are non-qualified.

e) Means of communication:

Quarterly / Half-Yearly / Yearly Financial Results: Generally published in Gujarat edition of The Business Standard, an English daily newspaper and Loksatta a Gujarati daily

newspaper. Financial Results of the Company are displayed on the Company's website: www.apar.com

f) Management Discussion & Analysis is covered under the separate head of the Directors' Report of 2013-2014.

g) The Company has complied with mandatory requirement of Corporate Governance provisions and has not adopted non-mandatory requirements except that the Non-Executive Chairman is entitled to maintain Chairman's Office at Company's expense and allowed re-imbursement of expenses incurred in performance of his duties.

h) Reconciliation of Share Capital Audit (RSCA) :

A qualified practicing Company Secretary carried out on quarterly basis, a Reconciliation of Share Capital Audit (RSCA) to reconcile the total dematted share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and physical share capital with the total issued and listed share capital. The RSCA Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.



GENERAL INFORMATION:

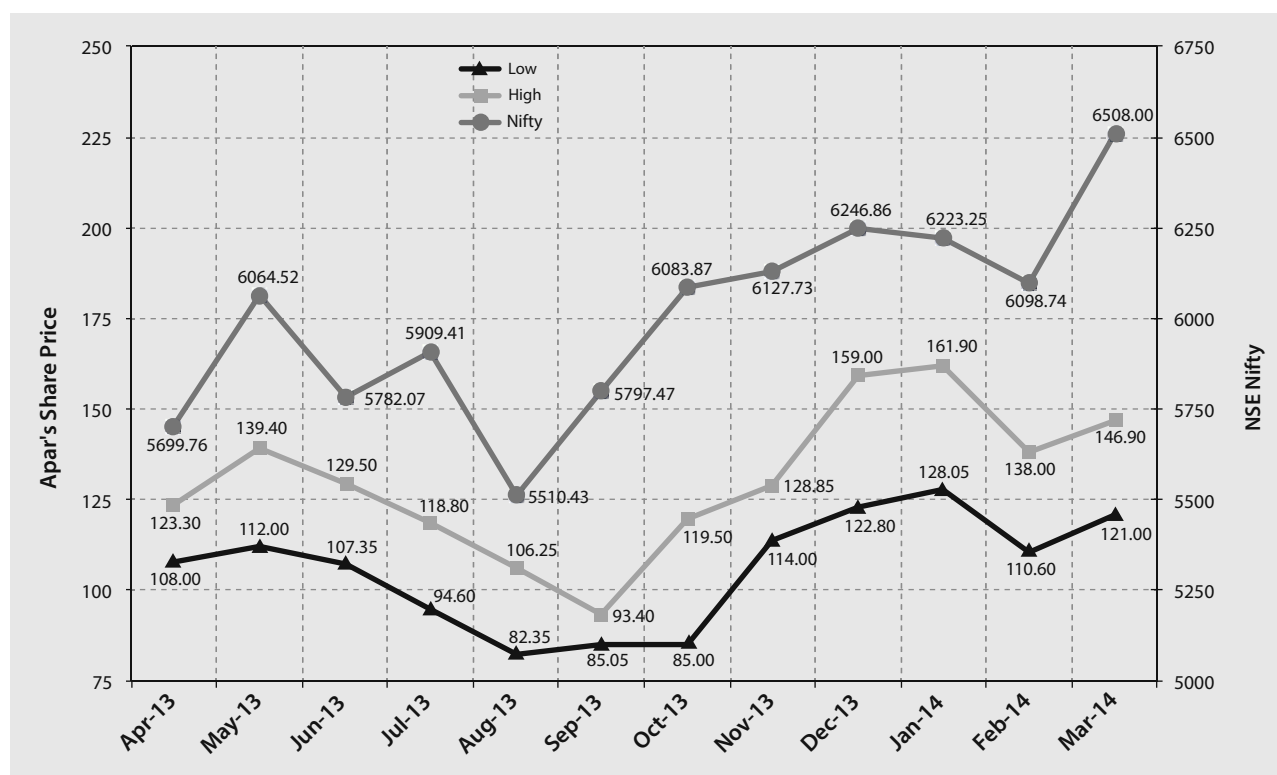
1. Annual General Meeting	:	
Day, Date and Time	:	Friday, August 1, 2014 in the Conference Room, Gujarat Employers' Organisation (GEO), Trident Complex, D-wing, 34-35, 3rd Floor, opp. Geri, Race Course, Vadodara 390 007.
2. Financial Calendar for 2014-15	:	
Financial year ending	:	31st March.
First Quarter Results (June, 2014)	:	On or before 14th August, 2014.
Half-Yearly Results (September, 2014)	:	On or before 14th November, 2014.
Third Quarter Results (December, 2014)	:	On or before 14th February, 2015.
Approval of Annual Accounts (2014-15)	:	On or before 30th May, 2015.
3. Book Closure Dates	:	Saturday, 26th July, 2014 to Friday, 1st August, 2014 (both days inclusive).
4. Dividend Payment	:	Dividend Warrants will be dispatched after the AGM, but before the expiry of statutory period of 30 days from the date of the AGM.
5. Registered Office	:	301, Panorama Complex, R. C. Dutt Road, Vadodara 390 007.
6. Listing of Shares on the Stock Exchanges	:	The Equity Shares of the Company are listed on – - BSE Ltd. (BSE) - Scrip Code No. 532259 Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. - National Stock Exchange of India Limited (NSE) - Scrip Code - APARINDS "Exchange Plaza", Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051. The Company has paid the due listing fees to both the Stock Exchanges.

7. Stock price data for the financial year April, 2013 to March, 2014 prevailed at the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE):

Year	Month	BSE			NSE		
		High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
2013	April	123.60	109.25	80,406	123.30	108.00	248,027
	May	138.80	111.60	189,558	139.40	112.00	400,359
	June	129.40	107.55	51,224	129.50	107.35	241,101
	July	112.50	95.05	50,155	118.80	94.60	196,490
	August	99.15	83.00	366,543	106.25	82.35	103,626
	September	107.00	85.60	24,361	93.40	85.05	83,808
	October	119.90	86.10	1,487,888	119.50	85.00	615,947
	November	130.00	113.40	117,893	128.85	114.00	231,909
	December	158.70	120.55	208,975	159.00	122.80	429,591
	January	166.00	129.20	204,331	161.90	128.05	444,685
2014	February	139.00	110.05	198,701	138.00	110.60	510,944
	March	146.90	121.00	191,221	146.90	121.00	440,370

8. Stock performance :

i) The performance / movement of price of the Company's Equity Share as compared to NSE Nifty Index is given in the chart below:



9. Registrar for Share Transfer and : *MCS Share Transfer Agent Limited

Depository

Neelam Apartment,

88, Sampatrao Colony, Chhapan Bhog, Alkapuri, Vadodara – 390 007.

Ph. Nos. (0265) 2339397, 2350490

Fax No. (0265) 2341639

E-mail: mcsLtdbaroda@yahoo.com & mcsvadodara@rediffmail.com

* Registrar and Share Transfer activities of the Company have been shifted from MCS Limited to MCS Share Transfer Agent Limited with effect from 23rd December, 2013. The Company and the said MCS Share Transfer Agent Limited, Vadodara have entered into the fresh agreement i.e. Memorandum of Understanding (MOU) with effect from 23rd December, 2013.

10. Distribution of Shareholding as at 31st March, 2014:

Range of Equity Shares	No. of Equity Shareholders	% of Equity Shareholders	No. of Equity Shares held	% of Shareholding
1 - 500	26,039	95.93	1,314,903	3.42
501 - 1,000	528	1.94	401,225	1.04
1,001 - 2,000	281	1.03	413,642	1.08
2,001 - 3,000	81	0.30	204,797	0.53
3,001 - 4,000	45	0.17	158,712	0.41
4,001 - 5,000	30	0.11	140,720	0.37
5,001 - 10,000	70	0.26	490,356	1.27
10,001 - 50,000	51	0.19	950,409	2.47
50,001 - 100,000	7	0.02	585,838	1.52
100,000 and Above	13	0.05	33,809,829	87.89
Total	27,145	100.00	38,470,431	100.00





11. Shareholding Pattern as at 31st March, 2014:

Category	No. of Equity Shares held	% Holding
Promoters / Persons Acting in concert	24,043,427	62.49
Banks, Financial Institutions and Insurance Companies	409	0.00
Mutual funds	2,223,399	5.78
Foreign Institutional Investors	1,995,647	5.19
NRIs / OCBs	97,356	0.25
Corporate Bodies	1,187,593	3.09
Resident Individuals	3,951,099	10.28
Foreign Investors (Templeton Strategic Emerging Markets Fund III, L.D.C. and Shinny Limited, Mauritius – CLSA Group)	4,971,501	12.92
Total	38,470,431	100.00

12. Dematerialization of Shares and liquidity:

As at March 31, 2014 approx. 99.35% of total Equity Share Capital is held in electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's Equity Shares are compulsorily traded in the electronic form at the Stock Exchanges. Requests for dematerialisation of shares are processed and confirmed to NSDL and CDSL by the Registrar, MCS Share Transfer Agent Limited. The Equity Share ISIN is INE372A01015.

13. Transfer of Unclaimed / Undelivered Equity Shares of the Company into "Demat Suspense Account":

The Company has transferred the Unclaimed / Undelivered Equity Shares in terms of Clause 5A II of the Listing Agreement of the Stock Exchanges into "Demat Suspense Account" opened for the purpose pursuant to Securities and Exchange Board of India (SEBI) circular dated 16-12-2010. The details of Unclaimed / Undelivered Shares in the "Demat Suspense Account" as on March 31, 2014 is as follows:

Sr. No.	Description	No. of Cases	No. of Shares
i)	Aggregate number of shareholding and the outstanding shares in the Unclaimed Suspense Account at the beginning of the year i.e. April 1, 2013.		
	- On 16.01.2014	1,485	10,053
	- On 28.03.2014	1,360	23,863
		2,845	33,916
ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2013-2014.	1	4
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2013-2014.	1	4
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. March 31, 2014.	2,844	33,912

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

14. Cost Audit :

The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 have submitted their Cost Audit Reports for the Financial Year ended 31st March, 2013. The said Cost Audit Reports were filed in XBRL mode with MCA Authorities on 25th September, 2013 (due date of filing was 30th September, 2013).

The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2014 is 30th September, 2014



15. Employee Stock Options :

A total of 175,150 Options have been granted. Each Option, upon exercise of the same, would give rise to one equity share of ₹10/- each fully paid up. The Details of the Options granted / vested are as under:

Date of Grant (the Options granted on January 23, 2008 at ₹259.75 were cancelled and subsequently, fresh same number of Options granted on May 27, 2008 at exercise price of ₹207.05 per Option)	May 27, 2008
Total Options granted	175,150
Date of vesting of Options	May 27, 2009 (1/3rd of the above Options granted)
	May 27, 2010 (further 1/3rd of the above Options granted)
	May 27, 2011 (Balance 1/3rd of the above Options granted)
Total Options vested	175,150
Total Options lapsed	139,407

No employee has exercised any Option granted to him / her.

16. Plant locations :

Divisions	Locations
a) Conductors Division	a) Silvassa*
b) Oil Division	b) Rabale and Silvassa*
c) Cable Division	c) Umbergaon and Khatalwad (Gujarat)

* Union territory of Dadra and Nagar Haveli

17. Address for communication :

Shareholders' Grievances / Correspondence should be addressed to the Company at the Registered Office of the Company at 301, Panorama Complex, R. C. Dutt Road, Vadodara - 390 007.
Ph. (0265) 2331935, 2339906
Fax (0265) 2330309.
E-mail :
Investor Grievance Redressal cell : com_sec@apar.com

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees and Directors. The said Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2014, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and all Vice Presidents and Functional Heads of the Company as on March 31, 2014.

Place : Mumbai

Date : 30th May, 2014.

Kushal N. Desai

Managing Director and CEO

Auditors' Certificate

To
The Members
Apar Industries Limited
301, Panorama Complex,
R.C. Dutt Road,
Varodara – 390 007.

Dear Sirs,

We have examined the compliance of conditions of Corporate Governance by Apar Industries Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clauses. 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

SHARP & TANNAN

Chartered Accountants

Firm's Registration No.109982W

by the hand of

MILIND P. PHADKE

Partner

Membership No.033013

Mumbai, 30th May, 2014



Financial Section





Independent Auditors' Report

To the Members of
Apar Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Apar Industries Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 read with the General Circular No.15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs with respect to Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in Clauses 4 and 5 of the Order.
2. As required by Section 227(3) of the Companies Act, 1956, we report that:
 - (a) we have obtained all 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 read with the General Circular No.15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs with respect to Section 133 of the Companies Act, 2013; and
 - (e) on the basis of the written representations received from directors of the Company as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No.109982W

by the hand of

MILIND P. PHADKE

Partner

Mumbai, 30th May, 2014

Membership No.033013

Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 of our report of even date)

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of all fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management during the year, which in our opinion, is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed of any substantial part of its fixed assets during the year, so as to affect its going concern status.
- (ii) (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, 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, which were not material, 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 and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clauses 4(iii) (b), (c) and (d) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has taken unsecured loans from ten parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of loans outstanding during the year and the year-end balances of such loans was ₹7.01 crore and ₹6.93 crore respectively.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company, are prima facie, not prejudicial to the interest of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company is regular in repayment of principal and interest, where stipulations have been made. In cases where there are no stipulations and repayment of both principal and interest are stated at call, the Company is regular in the payment of principal and interest as and when demanded.
- (iv) In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, where applicable, have been complied with. We are informed that no order 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 its size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing activities and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us, in our opinion, the Company has been regular in depositing 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 other statutory



Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 of our report of even date)

dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts were in arrears as at 31st March, 2014, for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of sales tax, service tax, custom duty, excise duty, and cess as at 31st March, 2014, which have not been deposited on account of dispute, are as under:

Name of the Statute	Nature of the disputed dues	Amount ₹. crore*	Period to which the amount relates	Forum where disputes are pending
The Central Sales Tax Act, 1956, Local Sales Tax Acts and Works Contract Tax Act	Tax, interest and penalty	0.01	2003-04 2005-06 2009-10	Commercial Tax Officer
		0.12	1998-99 2001-02 to 2003-04	Assistant Commissioner
		0.02	2010-11 2011-12	Deputy Commissioner
		6.29	2002-03 to 2009-10	Commissioner VAT
		0.01	2010-11	Appellate Authority Commercial Tax Tribunal
		5.34	1998-99 and 2008-09	
		0.15	2009-10	High Court
The Central Excise Act, 1944, the Customs Act, 1962 and Service tax under the Finance Act, 1994	Duty, service tax, interest and penalty	0.64	2004-05 to 2010-11	Commissionerate (Appeals)
		5.56	1997-98 to 2000-01, 2004-05 to 2009-10, 2011-12 to 2012-13	CESTAT / Tribunal
		2.50	1993-94, 1998-99 to 2003-04, 2005-06 to 2006-07	High Court
		5.30	1995-96 to 2001-02	Supreme Court

(*net of pre-deposit paid in getting the stay / appeal admitted)



Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 of our report of even date)

- (x) The Company has no accumulated losses as at 31st March, 2014 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in the repayment of dues to banks. The Company did not have any outstanding dues to any financial institutions. The Company has not issued any debentures. Accordingly, the Clause 4(xi) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the Clause 4(xii) of the Order is not applicable to the Company.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The Company has invested surplus fund in mutual funds. According to the information and explanations given to us, proper records have been made of the transactions and contracts and timely entries have been made therein. The investments in mutual funds have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not issued any guarantee for loans taken by others from banks or financial institutions. Accordingly, the Clause 4(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the Clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- (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 Companies Act, 1956, during the year. Accordingly, the Clause 4(xviii) of the Order is not applicable to the Company.
- (xix) The Company has not issued any debentures during the year. Accordingly, the Clause 4(xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the Clause 4(xx) of the Order is not applicable to the Company.
- (xxi) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on the Company and no fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No.109982W

by the hand of

MILIND P. PHADKE

Partner

Mumbai, 30th May, 2014

Membership No.033013



Balance Sheet As at 31st March, 2014

(₹ in crore)

	Note No.	As at 31-March-14	As at 31-March-13
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS:			
(a) Share capital	2	38.47	38.47
(b) Reserves and surplus	3	568.30	521.73
		606.77	560.20
2. NON-CURRENT LIABILITIES:			
(a) Long-term borrowings	4	70.13	32.94
(b) Deferred tax liabilities (net)	5	22.53	10.95
(c) Other-long term liabilities	6	6.65	13.79
(d) Long-term provisions	7	2.85	2.58
		102.16	60.26
3. CURRENT LIABILITIES:			
(a) Short-term borrowings	8	707.99	940.32
(b) Trade payables	9	1,386.40	1,503.82
(c) Other current liabilities	10	97.26	117.19
(d) Short-term provisions	11	24.29	24.22
		2,215.94	2,585.55
TOTAL		2,924.87	3,206.01
ASSETS			
1. NON-CURRENT ASSETS:			
(a) Fixed assets			
(i) Tangible assets	12	334.66	239.62
(ii) Intangible assets	12	3.08	2.69
(iii) Capital work-in-progress	12	18.08	45.10
(iv) Intangible assets under development	12	-	0.28
		355.82	287.69
(b) Non-current investments	13	28.49	28.49
(c) Long-term loans and advances	14	44.64	45.72
		428.95	361.90
2. CURRENT ASSETS:			
(a) Current investments	15	1.50	79.62
(b) Inventories	16	1,010.44	740.85
(c) Trade receivables	17	1,044.21	793.56
(d) Cash and bank balances	18	227.23	1,032.09
(e) Short-term loans and advances	19	164.19	131.46
(f) Other current assets	20	48.35	66.53
		2,495.92	2,844.11
TOTAL		2,924.87	3,206.01
Significant accounting policies	1		
Contingent liabilities and commitments	31		

The accompanying notes form an integral part of financial statements

As per our report attached

For and on behalf of the Board of Directors

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

Managing Director &

Chief Executive Officer

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in crore)

	Note No.	2013-14	2012-13
INCOME:			
Revenue from operations (gross)	21	4,955.12	4,895.09
Less: Excise duty		471.92	362.90
Revenue from operations (net)		4,483.20	4,532.19
Other income	22	4.47	7.70
TOTAL REVENUE (i)		4,487.67	4,539.89
EXPENSES:			
Cost of raw materials and components consumed	23	3,500.42	3,555.91
Purchases of stock-in-trade	24	77.35	29.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(7.72)	(19.70)
Employee benefits expense	26	59.17	51.81
Other expenses	27	585.57	621.12
Exceptional items	28	0.86	4.62
		4,215.65	4,243.09
Less: Transfer to capital assets		3.51	1.67
TOTAL EXPENSES (ii)		4,212.14	4,241.42
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (i-ii)		275.53	298.47
Depreciation and amortisation expense		26.89	23.86
Finance costs	29	145.81	134.31
PROFIT BEFORE TAX		102.83	140.30
TAX EXPENSES:			
Current tax		23.48	39.00
Deferred tax		11.57	(0.86)
Taxes of earlier years		(1.01)	-
TOTAL		34.04	38.14
PROFIT FOR THE YEAR		68.79	102.16
Earnings Per Equity share (face value ₹10 each):			
(a) Basic	30	17.88	26.56
(b) Diluted		17.88	26.56
Significant Accounting Policies	1		

The accompanying notes form an integral part of financial statements

As per our report attached

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Sanjaya R. Kunder

Company Secretary



Cash Flow Statement for the year ended 31st March, 2014

(₹ in crore)

	2013-14	2012-13
A. Cash flows from Operating Activities :		
Profit before taxes	102.83	140.30
Adjustments for:		
Depreciation and amortisation expense	26.89	23.86
(Profit)/loss on sale of fixed assets (net)	0.07	0.23
Unrealised exchange loss/(gain)	11.32	10.20
Investment written-off	-	0.02
Profit on sale of investments	(3.61)	(1.56)
Dividend on investments	(0.86)	(6.14)
Interest income (net)	(18.55)	(7.45)
	15.26	19.16
Operating profit before working capital changes in :	118.09	159.46
(Increase)/decrease in trade and other receivables	(291.74)	28.53
(Increase)/decrease in inventories	(269.59)	(74.60)
Increase/(decrease) in trade and other payables	(149.48)	330.30
	(710.81)	284.23
Cash generated from/(used in) operations	(592.72)	443.69
Direct taxes paid (net of refunds)	(19.68)	(28.71)
Net cash from/(used in) operating activities	(612.40)	414.98
B. Cash flows from investing activities :		
Purchase of fixed assets	(100.02)	(106.15)
Sale of fixed assets	5.81	0.79
Purchase of shares in subsidiary	-	(24.85)
Investment in Mutual funds (net)	81.73	(78.06)
Dividend received	0.86	6.14
Net cash from/(used in) investing activities	(11.62)	(202.13)



Cash Flow Statement for the year ended 31st March, 2014

(₹ in crore)

	2013-14	2012-13
C. Cash flows from financing activities :		
Proceeds/(repayments) from/of fixed deposits (net)	3.25	(2.28)
Proceeds/(repayments) from short-term borrowings	(227.66)	3.41
Proceeds/(repayments) of long-term borrowings	36.97	1.71
Interest received/(paid) - net	30.18	9.52
Dividend paid	(20.15)	(15.34)
Tax on dividends	(3.43)	(2.50)
Net cash from/(used in) financing activities	(180.84)	(5.48)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(804.86)	207.37
Cash and cash equivalents at the beginning of year	1,032.09	824.58
Add: Transferred on amalgamation	-	0.14
Cash and cash equivalents at the end of year	227.23	1,032.09

Notes :

- 1) Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
- 2) Purchase of fixed assets includes movement of capital work-in-progress during the year.
- 3) Cash and cash equivalents represents cash and bank balances and include margin money of ₹136.06 crore; (Previous year ₹841.48 crore) and unrealised loss of ₹0.20 crore ; (Previous year ₹0.45 crore) on account of translation of foreign currency bank balances.
- 4) Previous year's figures have been regrouped wherever necessary.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

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H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary





Notes Accompanying to the Financial Statements

Note 1 Significant Accounting Policies

1. Basis of Preparation of financial statements:-

The financial statements are prepared on accrual basis under the historical cost convention and comply in all material aspects with the generally accepted accounting principles in India, the Accounting Standards prescribed under Section 211(3C) of the Companies Act, 1956 and the applicable provisions thereof.

2. Use of estimates:-

The preparation of financial statements is in conformity with generally accepted accounting principles ('GAAP') which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed assets, Depreciation and Amortisation:-

- (i) Fixed assets are stated at cost of acquisition / construction (net of CENVAT) less accumulated depreciation. Cost includes purchase price and other costs attributable to acquisition / construction of fixed assets.
- (ii) Depreciation on assets is provided at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 (except as stated in (iii) below):
 - (a) On written down value method except in respect of building and plant and machinery purchased after 30.4.1987, which are depreciated on straight line method.
 - (b) Capital Expenditure in respect of which ownership does not vest with the Company is amortized over a period of five years. Leasehold land is amortized over the period of lease.
 - (c) Certain items of plant and machinery which have been considered to be continuous process plant by the management are depreciated at the prescribed rates.
 - (d) In respect of Cable division all assets are depreciated on straight line method.
- (iii) In the cases where the estimated useful life of the asset is less as compared to useful life estimated in Schedule XIV of the Companies Act, 1956, such assets are depreciated at rates higher than those prescribed under Schedule XIV of the Companies Act, 1956.

Asset	Rate
Factory building at Nalagarh	Over the lease period of 8 years

- (iv) In respect of assets costing less than ₹5,000 each and temporary structures, 100% depreciation is provided in the year of addition.
- (v) Borrowing costs attributable to acquisition/construction of qualifying assets within the meaning of the Accounting Standard (AS) 16 on 'Borrowing Costs' are capitalised as a part of the cost of fixed assets.
- (vi) Pre-operation expenses including trial run expenses (net of revenue) are capitalised.

4. Impairment of assets: -

The Company assesses, at each balance sheet date, whether there is any indication of impairment of the carrying amount of the Company's assets. An impairment loss is recognised in the Statement of profit and loss wherever the carrying amount of the assets exceeds its estimated recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor. Impairment losses are recognised in the Statement of profit and loss. The impairment loss recognised in prior accounting period is reversed if there has been change in recoverable amount.

5. Investments: -

All long-term investments are stated at cost. Provision for diminution in value of long-term investments is made if it is other than temporary in nature. Current investments are valued at lower of cost and market value.

6. Inventories :-

Inventories are valued at lower of standard cost or net realizable value. Cost includes material cost, cost of labour and attributable manufacturing overheads. Cost of materials is arrived at on weighted average basis. Inventory of scrap is valued at estimated realisable value. Inventories of finished goods include excise duty as applicable.

7. Government grants: -

- (i) Government grants are recognised in the financial statements when they are received and there is reasonable assurance that the Company will comply with the conditions attached to them.

Notes Accompanying to the Financial Statements

Note 1 Significant Accounting Policies (Contd.)

- (ii) Government grants, which are in the nature of refundable interest free loans received from government/semi-government authorities, are credited to secured/unsecured loans.
- (iii) Government grants which are in the nature of subsidies received from government/semi-government authorities and which are non-refundable are credited to reserves.

8. Employee stock options:-

In respect of the employee stock options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortized over vesting period.

9. Voluntary retirement schemes:-

Compensations paid under voluntary retirement schemes are amortized over a period not exceeding 5 years, up to 31st March, 2010. The expenses incurred after 31st March, 2010 are charged to Statement of profit and loss.

10. Enterprise resource planning cost:

Cost of implementation of ERP Software including all related direct expenditure is amortized over a period of 5 years on successful implementation.

11. Share issue expenses:

Share issue expenses are written off against share premium account if any or amortized over a period of 5 years.

12. Revenue recognition: -

- (i) Sale of goods is recognised on despatch to customers and on date of shipment in case of exports. Sales exclude amounts recovered towards sales tax and excise duty and is net of returns.
- (ii) In respect of service activities, income is recognised as and when services are rendered.
- (iii) Price variation claims are accounted in accordance with the terms of contract and/or upon admittance by customers.
- (iv) Dividend income on investment is recognised when the right to receive payment is established.
- (v) Lease rental on operating lease is accounted on accrual basis.

13. Post-employment benefits:

Defined Contribution Plans: In respect of the Company's provident fund scheme, the Company makes specified monthly contributions towards employee provident fund directly to the Government under the Employees Provident Fund Act, 1952 and is not obliged to bear the shortfall, if any, between the return on investments made by the Government from the contributions and the notified interest rate. In respect of the Company's approved superannuation scheme, the Company makes specified contributions to the superannuation fund administered by the Company and the return on investments is adequate to cover the commitments under the scheme. The Company's contribution paid/payable under these schemes is recognised as expense in the Statement of profit and loss during the period in which the employee renders the related service.

Defined Benefit Plans: In respect of the Company's gratuity and leave wages schemes, the present value of the obligation under such scheme is determined based on actuarial valuation using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligation is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of profit and loss. Long-term compensated absences are provided for based on actuarial valuation, made at the year end, by independent actuaries.

14. Translation of foreign currency :-

- (i) The Company translates foreign currency transactions during the year, at the conversion rates prevailing on transaction dates.
- (ii) Monetary items remaining unsettled at the year end are translated/reported at the year end rate. Exchange differences arising on such revaluation are recognised in the Statement of profit and loss.
- (iii) Non-Monetary items (other than fixed assets) are reported at the exchange rate at which they are accounted.
- (iv) In case of forward contracts, premium on the forward contracts is recognised as income or expense over the life of the contract.
- (v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.



Notes Accompanying to the Financial Statements

Note 1 Significant Accounting Policies (Contd.)

15. Derivative Contracts:-

Derivative contract entered into, to hedge commodity/forex unexecuted firm commitment and highly probable forecast transaction are recognised in the Financial Statement at fair value as on Balance sheet date. The gains or losses arising out of fair valuation of derivative contracts are recognised in the Statement of profit and loss or Balance sheet as the case may be after applying the test of hedge effectiveness. The gain or losses are recognised as 'Hedge Reserve' in the Balance Sheet when the hedge is effective and where the hedge is ineffective the same is recognised in the Statement of profit and loss. The gains and losses on roll over or cancellation of derivative contract which qualify as effective hedge are recognised in the Statement of profit and loss in the same period in which the hedge item is accounted.

16. Export benefits/Incentives:-

The Company accounts for excise duty rebate on deemed and physical exports, duty entitlements and Focus benefits on physical exports on accrual basis. Premium on special import licence is credited in the accounts as and when realised. The benefits in the form of entitlements to Advance Licenses for duty free import of raw materials in respect of exports made are accounted when such imports are made. The benefits in the form of entitlements to status holders licenses are accounted when licenses are utilised.

17. Claims against the Company not acknowledged as debts:-

The demands under disputed show cause notices / orders of statutory authorities are provided in the accounts on the basis of management's estimate and the balance, if any are included in contingent liability.

18. Taxes on income:-

- Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.
- Deferred tax is recognised on timing differences between the accounted income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.
- Deferred tax assets relating to unabsorbed depreciation / business losses are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

19. Provision for contingencies:-

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Disclosure of contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When likelihood of such outflow is remote, no provision or disclosure is made. Provision arising from litigations, assessments by statutory authorities, etc. is made when the Company based on legal advice wherever necessary estimates that the liability has been incurred and the amount can be reasonably estimated.

20. Accounting for interest in joint ventures:-

Interest in joint ventures (i.e., jointly controlled entity) are accounted for as follows:

- income on investment in incorporated jointly controlled entity is recognised when the right to receive the same is established.
- investment in such joint venture is carried at cost after providing for any permanent diminution in value.

21. Borrowing costs:-

- Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve month) to get ready for its intended use or sale.
- All other borrowing costs are recognised as expense in the period in which they are incurred.

22. Lease accounting:-

Operating lease rentals are expensed with reference to lease terms and other considerations.



Notes Accompanying to the Financial Statements

Note 2 Share Capital

	(₹ in crore)	
	31 March 2014	31 March 2013
Authorised		
91,998,750 Equity shares of ₹10 each	92.00	92.00
(Previous year 91,998,750 Equity shares of ₹10 each)		
Issued		
38,470,431 Equity shares of ₹10 each	38.47	38.47
(Previous year 38,470,431 Equity shares of ₹10 each)		
Subscribed and Paid up		
38,470,431 Equity shares of ₹10 each fully paid	38.47	38.47
(Previous year 38,470,431 Equity shares of ₹10 each fully paid)		
Total	38.47	38.47

Notes :

- a. Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Equity Shares

	31 March 2014		31 March 2013	
	No. of Shares	₹ crore	No. of Shares	₹ crore
At the beginning of the period	38,470,431	38.47	35,972,394	35.97
Issued during the year	-	-	*24,98,037	2.50
Outstanding at the end of the period	38,470,431	38.47	38,470,431	38.47

*Issued during the year to shareholders of erstwhile Uniflex Cables Limited as per the Scheme of Amalgamation

- b. Terms/rights attached to equity shares

- The Company has one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2014, the amount of per share dividend recognised as distributions to equity shareholders is ₹5.25, (Previous year ₹5.25).
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. Details of Shareholders holding more than 5% shares in the company

	31 March 2014		31 March 2013	
	No. of Shares	% of holdings in the class	No. of Shares	% of holdings in the class
Equity shares of ₹10 each fully paid				
Dr. N. D. Desai	7,371,861	19.16%	6,914,222	17.97%
Kushal N. Desai	7,378,528	19.18%	6,920,778	17.99%
Chaitanya N. Desai	7,367,360	19.15%	6,909,610	17.96%
Templeton Strategic Emerging Markets Fund III, L.D.C.	3,636,363	9.45%	3,636,363	9.45%
Reliance Capital Trustee Co Ltd. A/c. Reliance Diversified Power Sector Fund	1,931,313	5.02%	1,914,238	4.97%
Shinny Limited, Mauritius	-	-	2,635,138	6.85%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Notes Accompanying to the Financial Statements

Note 2 Share Capital (Contd.)

d. Shares reserved for issue under options

The Company provides share-based payment to its employees. During the year ended 31st March, 2014, an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Members' approval was obtained at the Annual General Meeting held on 9th August, 2007 for introduction of Employee Stock Option Scheme to issue and grant upto 1,616,802 options, but the Board has granted 175,150 options till date.

	31 March 2014	31 March 2013
i. Outstanding at the beginning of the year	175,150	175,150
ii. Vested during the year	-	-
iii. Forfeited during the year	75,856	-
iv. Exercised during the year	-	-
v. Outstanding at the end of the year	99,294	175,150
vi. Exercisable at the end of the year	99,294	175,150

Note 3 Reserves and Surplus

(₹ in crore)

	31 March 2014	31 March 2013
Capital Reserve		
Balance as per the last Balance sheet	23.77	24.99
Add: Transferred on amalgamation of a subsidiary	-	0.16
: Difference between share capital of erstwhile MCWPL and Investment in books	-	(1.38)
Closing balance	23.77	23.77
Capital Redemption Reserve	14.75	14.75
Securities Premium Account		
Balance as per the last Balance sheet	176.35	175.21
Add : Transferred on amalgamation of a subsidiary	-	1.14
Closing Balance	176.35	176.35
Cash Flow Hedging Reserve		
Balance as per the last Balance sheet	(1.69)	(16.58)
Add: (Deduction)/Addition during the year (net)	1.41	14.89
Closing Balance	(0.28)	(1.69)
General Reserve		
Balance as per the last Balance sheet	150.00	130.00
Add: Amount transferred from the Statement of profit and loss	20.00	18.34
: Deferred tax asset created in respect of erstwhile MCWPL	-	1.66
Closing Balance	170.00	150.00
Surplus/(deficit) in the Statement of profit and loss		
Balance as per last Balance sheet	158.55	104.12
Add : Transferred on amalgamation of a subsidiary as on 1st April, 2012	-	(5.76)
Add: Profit for the year	68.79	102.16
Less: Appropriations		
Proposed final equity dividend (amount per share ₹5.25 (Previous year ₹5.25))	(20.20)	(20.20)
Tax on proposed dividend	(3.43)	(3.43)
Transfer to General Reserve	(20.00)	(18.34)
Total appropriations	(43.63)	(41.97)
Net surplus in the Statement of profit and loss	183.71	158.55
Total Reserves and Surplus	568.30	521.73



**Note 4 Long-Term Borrowings***(₹ in crore)*

	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	Non-Current	Current	Non-Current	Current
Secured Loans				
Term loans				
Foreign currency loan from banks (Refer Note below)	55.13	8.99	27.15	-
Unsecured Loans				
Deposits				
Public deposits	14.35	4.77	5.54	10.49
Deposits from directors	0.65	0.01	0.25	0.50
	70.13	13.77	32.94	10.99

Note:

- The Foreign Currency term loan from Credit Agricole C & I Bank, Singapore is secured by exclusive charge on the assets acquired by the Company with the proceeds of the facility.
- The Foreign Currency Term Loan from Union Bank of India, Hong Kong is secured by first charge by way of equitable mortgage by deposit of title deeds of Company's Athola properties and exclusive hypothecation charge on the assets acquired by the Company with the proceeds of the facility situated at other locations.
- Terms of repayment of term loan- In August 2014 ₹8.99 crore, in August, 2015 ₹8.99 crore, in May, 2016 ₹9.59 crore, in August, 2016 ₹11.98 crore, in May, 2017 ₹10.79 crore and in May, 2018 ₹13.78 crore.

Note 5 Deferred Tax Liabilities (Net)*(₹ in crore)*

	31 March 2014	31 March 2013
Deferred tax liability arising on account of timing difference in:		
Book and tax depreciation	30.13	20.95
Deferred tax assets arising on account of timing difference in:		
Allowances for doubtful debts and advances	(4.96)	(5.13)
Provision for gratuity and leave salary	(1.19)	(1.03)
Voluntary retirement scheme	(1.45)	(1.58)
Expenses allowable on payment basis	-	(2.26)
	22.53	10.95

Note 6 Other Long-Term Liabilities*(₹ in crore)*

	31 March 2014	31 March 2013
Advance from customers	4.67	11.95
Deposits from dealers	1.98	1.84
	6.65	13.79

**Note 7 Long-Term Provisions***(₹ in crore)*

	31 March 2014	31 March 2013
Provision for employee benefits		
Provision for gratuity- In respect of employees	-	0.03
Provision for gratuity- In respect of directors	0.52	0.45
Provision for leave benefits (Refer Note 33)	2.33	2.10
	2.85	2.58

Note 8 Short-Term Borrowings*(₹ in crore)*

	31 March 2014	31 March 2013
Secured Loans		
Working capital loans from banks (Refer Notes below)		
Rupee loans	2.58	0.02
Packing credit loan in foreign currency from banks	140.70	44.14
	143.28	44.16
Unsecured Loans		
Packing credit loan in foreign currency from banks	81.86	41.53
Buyer's Credit in foreign currency	478.42	850.38
Loans and Advances from related parties repayable on demand	-	0.08
Public deposits	0.58	0.32
Deposits from directors	3.85	3.85
	707.99	940.32

Note:

Working capital loans from banks (secured) ₹143.28 crore are secured by :

- hypothecation of specified stocks, specified book debts of the Company.
- first charge by way of equitable mortgage by deposit of title deeds of Company's specified immovable properties, both present and future.

Note 9 Trade Payables*(₹ in crore)*

	31 March 2014	31 March 2013
Trade payables (including acceptances) (Refer Note below)		
Due to micro and small enterprises	7.79	3.27
Due to other than micro and small enterprises	1,351.30	1,475.18
Due to subsidiary companies	27.31	25.37
	1,386.40	1,503.82

Notes Accompanying to the Financial Statements

Note :

The disclosure as per The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act).

(₹ in crore)

	31 March 2014	31 March 2013
(a) (i) Delayed payments due - Principal amount	-	-
(ii) Interest due on the above.	-	-
(b) Total interest paid on all delayed payments during the year under the provision of the Act	-	-
(c) Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	-	-
(d) Interest accrued but not due	-	-
(e) Total interest due but not paid	-	-

Note:

(The above information regarding micro and small enterprises has been determined on the basis of information available with the Company.)

Note 10 Other Current Liabilities

(₹ in crore)

	31 March 2014	31 March 2013
Current maturities of long-term borrowings		
Current portion of long-term loan (Refer Note 4)	8.99	-
Public deposits	4.77	10.49
Deposits from directors	0.01	0.50
Interest accrued but not due on borrowings	6.38	11.73
Investor Education and Protection Fund (Refer Note (a) below)		
Unclaimed dividend	0.68	0.64
Creditors for capital expenditure	4.31	5.12
Statutory dues towards Government	8.29	5.48
Other payables (Refer Note (b) below)	63.83	83.23
	97.26	117.19

Note:-

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March, 2014.

(b) Other payables includes security deposit, book overdraft and advance from customers.

Note 11 Short-Term Provisions

(₹ in crore)

	31 March 2014	31 March 2013
Provision for employee benefits		
Liability to the Employee Gratuity Fund (Refer Note 33)	0.00	0.02
Provision for leave benefits (Refer Note 33)	0.66	0.57
	0.66	0.59
Other provisions		
Proposed dividend	20.20	20.20
Provision for tax on proposed dividend	3.43	3.43
	23.63	23.63
	24.29	24.22



Notes Accompanying to the Financial Statements

Note	12	Fixed Assets	(₹ in crore)												
			Gross Block				Depreciation				Net Block				
			As at 01-04-2013	Transfer on Amalgamation	Additions	Deductions	Other Adjustment	As at 31-03-2014	Upto 31-03-2013	Transfer on Amalgamation	For the year	Deductions/ Adjustment	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
(i) Tangible assets															
		Land- Freehold	17.14	-	8.65	-	-	25.79	-	-	-	-	-	25.79	17.14
		Land-Leasehold	12.14	-	-	-	-	12.14	1.25	-	0.15	-	1.40	10.74	10.89
		Building (Refer Note below)	98.64	-	30.36	(7.38)	-	121.62	22.82	-	3.56	(7.38)	19.00	102.62	75.82
		Plant and machinery (Refer Note below)	273.68	-	78.35	(14.81)	2.69	339.91	146.95	-	19.66	(9.05)	157.56	182.35	126.73
		Furniture and fixtures	7.18	-	2.51	(0.07)	-	9.62	5.53	-	0.45	(0.07)	5.91	3.71	1.65
		Equipments	13.44	-	3.16	(0.15)	-	16.45	9.12	-	1.31	(0.12)	10.31	6.14	4.32
		Motor vehicles	6.05	-	1.35	(0.48)	-	6.92	2.98	-	1.01	(0.38)	3.61	3.31	3.07
		Sub total (i)	428.27	-	124.38	(22.89)	2.69	532.45	188.65	-	26.14	(17.00)	197.79	334.66	239.62
(ii) Intangible assets															
		Specialised software	5.43	-	1.14	-	-	6.57	3.25	-	0.70	-	3.95	2.63	2.18
		Non compete fee	0.54	-	-	-	-	0.54	0.03	-	0.05	-	0.08	0.45	0.51
		Sub total (ii)	5.97	-	1.14	-	-	7.11	3.28	-	0.75	-	4.03	3.08	2.69
		Total (i+ii)	434.24	-	125.52	(22.89)	2.69	539.56	191.93	-	26.89	(17.00)	201.82		
		31 March 2013	347.06	6.83	77.98	(2.02)	4.39	434.24	165.40	3.71	23.86	(1.04)	191.93		
(iii) Capital work-in-progress-Tangible assets															
		Buildings												261	21.12
		Plant and machinery												1547	23.98
		Sub total (iii)												18.08	45.10
(iv) Intangible assets under development															
		Specialised software												-	0.28
		Sub total (iv)												-	0.28
		Grand Total												355.82	287.69

Note

- Includes expenditure on Research and development ₹0.67, (Previous year ₹0.42 crore) for Plant and machinery and ₹ nil, (Previous year ₹2.46) for Building. (Refer Note 32 (A))
- In line with Notification No G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India in respect of accounting periods commencing on or after the 1st April, 2011 for an enterprise which had earlier exercised the option under paragraph 46 and at the option of any other enterprise, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset. Accordingly, ₹2.69 crore (Previous year ₹4.39 crore) have been capitalised to Plant and machinery. (Refer Note 1(14)(v)) The unamortised amount of such exchange differences, as on 31st March, 2014 is ₹6.83 crore (Previous year ₹4.61 crore)

Notes Accompanying to the Financial Statements

Note 13 Non-Current Investments

	(₹ in crore)	
	31 March 2014	31 March 2013
A. Investment in Equity Instruments		
In subsidiary companies		
- 100,000; (Previous year 100,000) Ordinary shares of S\$ 1 each fully paid in Petroleum Specialities Pte. Limited, Singapore	0.26	0.26
- 6,598,069 ; (Previous year 6,598,069) Equity shares of Apar Chematek Lubricants Limited of ₹10 each, fully paid up	28.23	28.23
	28.49	28.49
Aggregate book value of unquoted investments	28.49	28.49
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-

Note 14 Long-Term Loans and Advances

	(₹ in crore)	
	31 March 2014	31 March 2013
Unsecured, considered good		
Capital advances	9.24	10.77
Security deposit	5.69	3.82
Others loans and advances	22.72	24.14
Income tax paid against disputed demands	6.99	6.99
Total	44.64	45.72

Note 15 Current Investments

	Units as at 31 March 2014	31 March 2014 ₹ crore	Units as at 31 March 2013	31 March 2013 ₹ crore
Investments in Liquid funds				
Union KBC Fixed Maturity Plan Series 7- Growth	500,000.00	0.50	-	-
Union KBC Fixed Maturity Plan Series 7- Growth Direct Plan	1,000,000.00	1.00	-	-
Union KBC Liquid Fund Growth	-	-	152,680.21	17.81
Union KBC Ultra Short term Debt Fund	-	-	181,688.96	19.50
IDBI Liquid Fund	-	-	340,586.82	42.31
Total		1.50		79.62
			(₹ in crore)	
			31 March 2014	31 March 2013
Aggregate market value of quoted investments			1.60	80.52
			1.60	80.52



Notes Accompanying to the Financial Statements

Note 16 Inventories

	(₹ in crore)	
	31 March 2014	31 March 2013
Raw materials and components	503.02	301.45
Raw materials-in transit	270.42	216.38
Work-in-progress	88.64	81.21
Finished goods	119.38	118.60
Stock-in-trade	8.16	8.98
Stock-in-trade -in transit	0.52	0.20
Stores and spares	20.30	14.03
Total	1,010.44	740.85

Note 17 Trade Receivables

	(₹ in crore)	
	31 March 2014	31 March 2013
Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	0.03	0.03
Unsecured, considered good	26.89	22.51
Unsecured, considered doubtful	14.60	15.81
	41.52	38.35
Less: Allowances for doubtful debts	14.60	15.81
	26.92	22.54
Other receivables (Refer Note below)		
Secured, considered good	0.49	0.92
Unsecured, considered good	1,016.80	770.10
	1,017.29	771.02
Total	1,044.21	793.56

Note - Includes receivable from subsidiaries/ down-stream subsidiaries

	(₹ in crore)	
	31 March 2014	31 March 2013
Due from a subsidiary		
Quantum Apar Speciality Oils Pty Ltd.	7.63	9.48
	7.63	9.48



Notes Accompanying to the Financial Statements

Note 18 Cash and Bank Balances

	(₹ in crore)	
	31 March 2014	31 March 2013
Cash and cash equivalents		
Balances with banks:		
On current accounts	74.11	179.75
On deposits with original maturity of less than three months	12.25	2.16
On unclaimed dividend account (Refer Note (i) below)	0.68	0.64
Cash on hand	0.10	0.20
Cheques on hand	2.95	-
Funds in transit	1.08	7.56
	91.17	190.31
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	-	0.30
Margin money deposit (Refer note (ii) below)	136.06	841.48
	136.06	841.78
	227.23	1,032.09

Note:

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2014.

(ii) Against letters of credit for Company's import of raw materials and working capital loans.

Note 19 Short-Term Loans and Advances

	(₹ in crore)	
	31 March 2014	31 March 2013
Unsecured, considered good		
Loan and advances to related parties	0.00	0.00
Others		
Advances recoverable in cash or in kind or for value to be received	109.98	94.41
Balances with statutory/government authorities	54.21	37.05
Total	164.19	131.46
Loans to related party		
AIL Benefit Trust	0.00	0.00
	0.00	0.00

Note 20 Other Current Assets

	(₹ in crore)	
	31 March 2014	31 March 2013
Interest accrued but not due on fixed deposits	6.15	23.14
Interest accrued but not due on security deposits	0.02	0.02
Assets held for sale	0.02	0.02
Receivable from AIL Benefit Trust		
- Original value of investment	83.44	83.44
- Provision for diminution in value	(55.55)	(55.55)
	27.89	27.89
Other receivable	14.27	15.46
Total	48.35	66.53



Notes Accompanying to the Financial Statements

Note 21 Revenue from Operations

	(₹ in crore)	
	31 March 2014	31 March 2013
Sale of products		
Finished goods	4,784.29	4,802.29
Raw materials	36.30	30.03
Traded goods	82.87	26.88
Total	4,903.46	4,859.20
Sale of services	2.66	1.36
Other operating revenue		
Others	49.00	34.53
Total	49.00	34.53
Revenue from operations (gross)	4,955.12	4,895.09
Less : Excise duty	471.92	362.90
Revenue from operations (net)	4,483.20	4,532.19

Note 21.1 Details of products sold

	(₹ in crore)	
	31 March 2014	31 March 2013
Finished goods sold		
Transformer oils/Special Grade -Pharmaceutical Oils/Other Specialities Oils - (including R.P.Oils)	2,457.03	2,069.69
AAC/AAAC/ACSR- Conductor, Aluminium Rods	1,676.85	2,291.68
Cables	650.41	440.92
	4,784.29	4,802.29
Raw materials sold		
Base Oils and additives	31.98	25.94
Ferrous metal and Non-ferrous metals	4.32	4.09
	36.30	30.03
Traded goods sold		
Thermoplastic Elastomers	17.76	14.60
Lubricants	14.56	11.70
Aluminium and GSW Steel Wire, etc.	50.43	0.51
others	0.12	0.07
	82.87	26.88
	4,903.46	4,859.20

Note 22 Other Income

	(₹ in crore)	
	31 March 2014	31 March 2013
Dividend income from AIL Benefit Trust	0.86	0.65
Dividend received from subsidiary company	-	5.45
Dividend on short-term investment in liquid funds	-	0.04
Net gain on sale of short-term investment in liquid funds	3.61	1.56
	4.47	7.70



Notes Accompanying to the Financial Statements

Note 23 Cost of Raw Materials and Components consumed

	(₹ in crore)	
	31 March 2014	31 March 2013
Inventory at the beginning of the year	517.84	465.20
Add: Purchases	3,756.02	3,608.55
	4,273.86	4,073.75
Less: Inventory at the end of the year	773.44	517.84
Cost of raw materials and components consumed	3,500.42	3,555.91

Note 23.1 Details of Raw Materials and Components consumed

	(₹ in crore)	
	31 March 2014	31 March 2013
Non-ferrous metals	1,405.22	1,752.52
Ferrous metals	108.34	160.29
Chemicals	54.57	49.26
Base Oils	1,735.10	1,499.34
XLPE- Compound	35.24	12.65
Others	161.95	81.85
	3,500.42	3,555.91

Note 24 Purchases of Stock-in-trade

	(₹ in crore)	
	31 March 2014	31 March 2013
Thermoplastic Elastomers	14.50	16.76
Lubricants	12.49	12.03
Aluminium and GSW Steel Wire, etc.	50.26	0.54
Others	0.10	0.00
	77.35	29.33

Note 25 Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade

	(₹ in crore)	
	31 March 2014	31 March 2013
Inventories at the end of the year		
Finished goods	119.38	118.60
Work-in-progress	88.64	81.21
Traded goods	8.68	9.17
	216.70	208.98
Inventories at the beginning of the year		
Finished goods	118.60	112.80
Work-in-progress	81.21	72.72
Traded goods	9.17	3.76
	208.98	189.28
	(7.72)	(19.70)



Notes Accompanying to the Financial Statements

Note 25.1 Details of Inventory

	(₹ in crore)	
	31 March 2014	31 March 2013
Finished goods		
Transformer oils/Special Grade -Pharmaceutical Oils/Other Specialities Oils - (including R.P.Oils)	53.58	50.39
AAC/AAAC/ACSR- Conductors	33.53	39.06
Cables	32.27	29.15
	119.38	118.60
Work-in-progress		
Oil	14.24	10.05
Conductor	32.57	39.81
Cables	41.83	31.35
	88.64	81.21
Traded goods		
Thermoplastic Elastomers	4.33	5.54
Lubricants	4.35	3.63
	8.68	9.17

Note 26 Employee Benefits Expense

	(₹ in crore)	
	31 March 2014	31 March 2013
Salaries, wages and bonus	52.28	45.05
Contribution to provident and other funds (Refer Note 33)	3.81	3.94
Staff welfare expenses	3.08	2.82
	59.17	51.81

Note 27 Other Expenses

	(₹ in crore)	
	31 March 2014	31 March 2013
Consumption of stores and spares	13.72	13.94
Packing materials	152.42	154.20
Excise duty adjustment of finished goods stock	2.18	2.33
Storage charges	8.81	10.48
Power, electricity and fuel	56.40	56.84
Processing charges, fabrication and labour charges	50.45	40.07
Freight and forwarding charges	145.23	186.52
Rent	1.94	1.86
Rates and taxes	4.01	3.67
Insurance	7.03	5.66
Repairs and maintenance		
Plant and machinery	3.17	2.44
Buildings	1.34	0.59
Others	3.17	2.73
Advertising and sales promotion	1.63	1.07
Sales commission	26.87	26.18
Travelling and conveyance	9.99	7.43
Printing and stationery	1.52	1.20
Legal and professional fees	7.93	6.37
Directors' sitting fees	0.07	0.06



Notes Accompanying to the Financial Statements

Note 27 Other Expenses (Contd.)

	(₹ in crore)	
	31 March 2014	31 March 2013
Commission to Chairman, Managing Director and Joint Managing Director	3.23	4.41
Discount and rebates	7.76	7.55
Lease rental	0.22	0.32
Donation	0.47	2.01
Royalty	7.52	3.37
Marketing fees	16.61	27.08
Bank charges and commission	9.01	7.95
Exchange differences (net)	1.30	3.11
Bad debts and advances written-off	3.35	13.67
Less: Allowances for doubtful debts utilised	(0.08)	(3.01)
	3.27	10.66
Allowances for doubtful debts and advances	4.06	5.49
Loss on sale of fixed assets (net)	0.07	0.23
Miscellaneous expenses	34.17	25.30
	585.57	621.12

Note 27.1 Miscellaneous Expenses (includes Auditors' Remuneration)

	(₹ in crore)	
	31 March 2014	31 March 2013
As auditor:		
Audit fee	0.24	0.24
Other services (certification fees)	0.14	0.16
Reimbursement of expenses	0.01	0.01
Cost auditor's remuneration		
For Audit fees	0.01	0.01
	0.40	0.42

Note 28 Exceptional Items

	(₹ in crore)	
	31 March 2014	31 March 2013
Voluntary Retirement Compensation	0.86	4.62
	0.86	4.62



Notes Accompanying to the Financial Statements

Note 29 Finance Costs

	(₹ in crore)	
	31 March 2014	31 March 2013
Interest expenses		
Interest expenses	50.61	74.91
Bank charges for borrowing	14.60	16.77
Applicable net loss on foreign currency transactions and translation	149.76	124.99
	214.97	216.67
Interest income on		
Bank deposits	(66.74)	(77.21)
Others	(2.42)	(5.15)
	(69.16)	(82.36)
	145.81	134.31

Note 30 Earnings Per Share (EPS)

Sr. No.	Particulars	31 March 2014	31 March 2013
1	Profit after tax and before extraordinary items- in ₹ in crore	68.79	102.16
2	Profit after tax and extraordinary items- in ₹ in crore	68.79	102.16
3	Weighted Number of Equity Shares outstanding during the year	3.85	3.85
4	Nominal Value of Equity Shares in ₹	10.00	10.00
5	Earnings Per Share - in ₹		
	Basic and Diluted (before extraordinary items)	17.88	26.56
	Basic and Diluted (after extraordinary items)	17.88	26.56

Note 31 Contingent Liabilities and Commitments

	(₹ in crore)	
	31 March 2014	31 March 2013
A) Contingent liabilities not provided for:		
(a) Claims against the Company not acknowledged as debts -		
(i) Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities:		
Excise duty (also refer note (iii) below)	7.19	4.65
Service tax	0.20	0.20
Customs duty	4.81	2.90
Sales tax	12.72	10.54
(ii) Arbitration award regarding dispute of alleged contractual non-performance by the Company, against which the Company is in appeal before Bombay High Court.	8.66	7.94
(iii) Interest on delayed payment of excise duty, (which duty payment was revenue neutral) on certain deemed exports. Department has filed appeal in the Supreme Court against High Court Order in Company's favour.	4.45	4.45
(iv) Labour matters	7.43	6.80
(v) Others	6.35	6.07

Notes Accompanying to the Financial Statements

Note 31 Contingent Liabilities and Commitments (Contd.)

		(₹ in crore)	
		31 March 2014	31 March 2013
(b)	Guarantee given by the Company for credit facilities enjoyed by Petroleum Specialities Pte. Ltd., a wholly-owned subsidiary	-	54.29
(c)	Bills of exchange discounted	243.64	206.61
(d)	Taxation:		
	Disputed demands of income tax	6.99	6.99
B)	Capital commitments		
	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	14.47	13.93

Note 32 Research and Development Expenses :

		(₹ in crore)	
		31 March 2014	31 March 2013
(A)	R & D Center-OIL (Rabale - DSIR Recognised)		
(a)	Salary, wages and other benefits	1.63	1.45
	Consumables and Other expenses	0.13	0.28
	sub-Total	1.76	1.73
(b)	Capital expenditure		
	Building	-	2.11
	Plant and machinery	0.64	0.32
	Total	0.64	2.43
		2.40	4.16
(B)	R & D Center-Conductor (Silvassa)		
(a)	Salary, wages and other benefits	-	-
	Consumables and other expenses	0.60	0.96
	sub-Total	0.60	0.96
(b)	Capital expenditure		0.96
	Building	-	-
	Plant and machinery	-	-
	Total	-	-
		0.60	0.96
(C)	R & D Center-Cable (Khatalwad)		
(a)	Salary, wages and other benefits	0.21	0.07
	Consumables and other expenses	0.33	0.26
	sub-Total	0.54	0.33
(b)	Capital expenditure		
	Building	-	0.35
	Plant and machinery	0.03	0.10
	Total	0.03	0.45
		0.57	0.78
	Grand Total (A+B+C)	3.57	5.90



Notes Accompanying to the Financial Statements

Note 33 Gratuity and other post-employment benefit plans

(₹ in crore)

	31 March 2014	31 March 2013
Defined Contribution Plan		
Contributions to Defined Contribution Plan, recognised as expense for the year are as under:		
Employer's Contribution to Government managed Provident Fund and Family Pension Fund.	2.07	1.94
Employer's Contribution to Superannuation Fund.	0.82	0.71

Defined Benefit Plan

The Employees' Gratuity Fund Scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

(i) Changes in Defined Benefit Obligation during the year

(₹ in crore)

	31 March 2014		31 March 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation at beginning of the year	5.74	2.67	5.41	2.82
Current Service Cost	0.34	0.39	0.42	0.44
Interest Cost	0.37	0.20	0.47	0.22
Actuarial (gain) / loss	0.36	0.51	0.59	(0.01)
Benefits paid	(1.25)	(0.78)	(1.15)	(0.80)
Defined Benefit obligation at end of the year	5.56	2.99	5.74	2.67

(ii) Changes in fair value of Plan Assets

Fair value of plan assets at beginning of the year	5.69	5.00
Expected return on plan assets	0.39	0.43
Actuarial gain / (loss)	(0.10)	(0.06)
Employer Contribution	0.84	0.78
Benefit paid	(1.26)	(0.78)
Fair value of plan assets at year end	5.56	5.69
Actual return on plan assets	0.29	0.37

(iii) Net Asset / (liability) recognised in the Balance Sheet as at 31st March, 2014

Fair Value of plan assets	5.56	-	5.69	-
Present value of obligation	5.56	(2.99)	5.74	(2.67)
Amount recognised in balance sheet	0.00	(2.99)	0.05	(2.67)
Recognised under:				
Long term Provision (Refer Note 7)	-	(2.33)	0.03	(2.10)
Short term Provision (Refer Note 11)	0.00	(0.66)	0.02	(0.57)
Total	0.00	(2.99)	0.05	(2.67)

(iv) Expense recognised during the year

Current Service Cost	0.34	0.39	0.42	0.44
Interest Cost	0.37	0.20	0.47	0.22
Expected return on plan assets	(0.39)	-	(0.43)	-
Net Actuarial (gain) / loss	0.48	0.51	0.65	(0.01)
Net Cost	0.80	1.10	1.11	0.65



Notes Accompanying to the Financial Statements

(v) Actuarial assumptions

	31 March 2014		31 March 2013	
	Gratuity (Funded) 1994-96 (Ultimate)	Leave Encashment (Unfunded) 1994-96 (Ultimate)	Gratuity (Funded) 1994-96 (Ultimate)	Leave Encashment (Unfunded) 1994-96 (Ultimate)

Mortality Table (LIC)

Discount rate (per annum)	9.38%	9.38%	8.50%	8.50%
Expected rate of return on plan assets (per annum)	8.70%	-	8.60%	-
Rate of escalation in salary (per annum)	5%	5%	5%	5%
Attrition rate	2%	2%	2%	2%

(vi) Broad Category of Plan Assets relating to Gratuity as a percentage of total Plan Assets

Particulars:	31 March 2014 Percentage (%)	31 March 2013 Percentage (%)
Public Securities	23	20
Special Deposit Schemes	-	-
State Govt. Securities	-	-
Private Sector Securities	77	80
	100	100

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

Note 34 Interest in a Joint Venture

	(₹ in crore)	
	31 March 2014	31 March 2013
I) Equity and liabilities		
1. Share Capital	-	-
2. Reserve and Surplus	-	-
3. Long-term Provisions	-	-
4. Current Liabilities		
(a) Trade Payable	-	-
(b) Other Current Liabilities	-	-
(c) Short-term Provisions	-	-
II) Assets		
1. Fixed Assets		
(a) Tangible assets	-	-
(b) Intangible assets	-	-
2. Deferred tax assets/(liability) (net)	-	-
3. Long-term Loans and Advances	-	-
4. Current assets		
(a) Inventories	-	-
(b) Trade Receivable	-	-
(c) Cash and cash equivalents	-	-
(d) Short-term Loans and Advances	-	-

Notes Accompanying to the Financial Statements

Note 34 Interest in a Joint Venture (Contd.)

	(₹ in crore)	
	31 March 2014	31 March 2013
III) Income		
1. Revenue from operations	-	6.48
2. Other income	-	0.01
IV) Expenses		
1. Purchase of traded goods	-	0.93
2. Changes in inventories of stock-in-trade	-	0.16
3. Employee benefits Expense	-	1.52
4. Depreciation and amortisation expense	-	0.06
5. Other expenses	-	4.39
6. Profit Before Tax	-	(0.46)
7. Tax expense	-	(0.15)
8. Net profit/(loss)	-	(0.31)
V) Other matters		
1. Contingent Liabilities	-	-
2. Capital Commitments	-	-

Note 35 Related Party Disclosures

A. List of Related Parties

a). Subsidiary Companies:

- (1). Petroleum Specialities Pte. Ltd., Singapore
- (2). Quantum Apar Speciality Oil Pty. Ltd. (subsidiary of Petroleum Specialities Pte. Ltd.)
- (3). Apar ChemateK Lubricants Ltd. (w.e.f. 26th September, 2012)

b). Joint Venture Company:

Apar ChemateK Lubricants Ltd. (Upto 25th September, 2012, became subsidiary w.e.f. 26th September, 2012)

c). Key Managerial Personnel:

Mr. K. N. Desai - Managing Director
Mr. C. N. Desai - Joint Managing Director

d). Chairman having significant influence:

Dr. N. D. Desai - Non Executive Chairman

e). Relatives of Key Managerial Personnel

Mrs. M. N. Desai
Mrs. Noopur Kushal Desai
Mr. Rishabh K. Desai
Ms. Gaurangi K. Desai
Mrs. Jinisha C. Desai
Master Devharsh C. Desai
Ms. Nitika C. Desai
Mrs. Vineeta R. Srivastava
Mr. Rajeev Srivastava
Ms. Krishangi R. Srivastava



Notes Accompanying to the Financial Statements

Note 35 Related Party Disclosures (Contd.)

f). Entities over which significant influence is exercised by key management personnel/individuals having significant influence:

Apar Corporation Private Ltd.	Kushal Chaitanya N. Desai Family Trust
Scope Private Limited and its' subsidiaries, viz	Chaitanya N. Desai Family Trust
a) Apar Investment (Singapore) Pte. Ltd.	Catalis World Private Ltd.
b) Apar Investment Inc.	Gayatri Associates
Kushal N. Desai Family Trust	AIL Benefit Trust
Apar Technologies Private Ltd.	

B. Related Party Transactions

(i) Subsidiary companies:

		(₹ in crore)	
Sr. Transactions		31 March 2014	31 March 2013
No.			
1	Purchase of Raw materials	204.23	124.02
2	Sale of finished goods/ Raw materials	22.95	26.11
3	Dividend from Subsidiary	-	5.45
4	Guarantee charges received from Petroleum Specialities Pte. Ltd.	0.09	1.11
5	Reimbursement (received) of expenses	0.01	0.02
6	Marketing and other services received from subsidiary	16.61	17.04
7	Guarantees given by the Company on behalf of Petroleum Specialities Pte. Ltd.	-	54.29
8	Balance outstanding as on 31.03.2014		
	a) Payable to subsidiary for supply of raw materials, security deposit and services	27.31	25.37
	b) Receivable from subsidiary company for supply of raw material, finished goods, capital goods, dividend and services	7.63	9.48

(ii) Joint Venture Company (Apar ChemateK Lubricants Limited):

1	Marketing fees	-	10.29
2	Sale of goods	-	1.86

(iii) Key Managerial Personnel :

1	Interest paid	0.38	0.38
2	Directors' remuneration	3.44	4.25
3	Dividends paid (payment basis)	7.26	5.51
4	Sitting fees	-	0.00
5	Outstanding as on 31.03.2014		
	Loans and deposits payable	3.75	3.75

(iv) Chairman having significant influence

1	Interest paid	0.08	0.08
2	Director's commission	1.08	1.47
3	Legal and professional fees	0.51	0.51
4	Sitting fees	0.01	0.01
5	Dividends paid (payment basis)	3.63	2.75
6	Outstanding as on 31.03.2014		
	Loans and deposits payable	0.76	0.85



Notes Accompanying to the Financial Statements

Note 35 Related Party Disclosures (Contd.)

(v) Relatives of Key Managerial Personnel:

		(₹ in crore)	
Sr. Transactions No.		31 March 2014	31 March 2013
1	Interest paid	0.25	0.47
2	Dividends paid (payment basis)	0.01	0.00
3	Outstanding as on 31.03.2014		
	Loans and deposits payable	2.42	3.32

(vi) Entities over which key management personnel/individual having significant influence

		(₹ in crore)	
Sr. Transactions No.		31 March 2014	31 March 2013
1	Interest paid	0.00	0.00
2	Rent paid	0.63	0.63
3	Dividends paid (payment basis)	1.00	0.77
4	Outstanding as on 31.03.2014		
	Loans and deposits payable	-	0.08

C. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

		(₹ in crore)	
		31 March 2014	31 March 2013
(i) Purchase of raw materials			
-	Petroleum Specialities Pte. Ltd.	204.23	123.87
(ii) Sale of finished goods/ raw materials			
-	Petroleum Specialities Pte. Ltd.	-	14.53
-	Quantum Apar Speciality Oils Pty Ltd.	22.95	11.52
(iii) Dividend Received from Subsidiary			
-	Petroleum Specialities Pte. Ltd.	-	5.45
(iv) Guarantee charges from			
-	Petroleum Specialities Pte. Ltd.	0.09	1.11
(v) Marketing and other services received from			
-	Apar ChemateK Lubricants Limited (As Subsidiary company)	16.61	17.04
(vi) Guarantees given by the Company on behalf of subsidiary companies			
-	Petroleum Specialities Pte. Ltd.	-	54.29
(vii) Interest paid			
-	Dr. N. D. Desai	0.08	0.08
-	Kushal N. Desai	0.05	0.05
-	Chaitanya N. Desai	0.33	0.33
-	Rishabh K. Desai	0.06	0.09
-	Vineeta R. Srivastava	-	0.15
(viii) Dividends paid (payment basis)			
-	Dr. N. D. Desai	3.63	2.75
-	Kushal N. Desai	3.63	2.76
-	Chaitanya N. Desai	3.63	2.75
(ix) Legal and professional fees			
-	Dr. N. D. Desai	0.51	0.51



Notes Accompanying to the Financial Statements

Note 35 Related Party Disclosures (Contd.)

(x) Rent paid		
- Apar Corporation Private Ltd.	0.63	0.63
(xi) Marketing fees		
- Apar ChemateK Lubricants Ltd. (As Joint Venture Company)	-	10.29
(xii) Director remuneration		
- Kushal N. Desai	1.72	2.11
- Chaitanya N. Desai	1.73	2.14
- Dr. N. D. Desai	1.08	1.47
(xiii) Sitting fees		
- Kushal N. Desai	-	0.00
- Chaitanya N. Desai	-	0.00
- Dr. N. D. Desai	0.01	0.01

Note 36 Segment Information

The Company's operations predominantly relate to manufacture of Conductors, Transformer/Speciality Oils and Power/ Telecom cables which businesses have been identified as primary segments based on the Company's risk profile and internal reporting structure.

a. Primary Segments (Business Segments)

FY 2013-14	(₹ in crore)					
Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total
Revenue						
External sales (net of excise duty)	1,616.86	2,251.52	596.92	17.90	-	4,483.20
Other income	0.00	-	-	4.47	-	4.47
Inter-Segment Sales	7.67	1.62	4.48	-	(13.77)	-
Total revenue	1,624.53	2,253.14	601.40	22.37	(13.77)	4,487.67
Segment results before finance costs and tax	115.36	167.11	0.59	1.75		284.81
Less: Finance costs						145.81
Less: Other unallocated expenditure net of unallocable income						36.17
Profit before tax						102.83
Tax expense						34.04
Profit after tax						68.79
Capital employed						
Segment assets	972.48	1,370.48	496.58	7.45	-	2,846.99
Unallocable corporate and other assets						77.90
Total Assets						2,924.89
Segment liabilities	671.55	1,057.50	217.55	2.02	-	1,948.62
Unallocable corporate and other liabilities						33.51
Total liabilities						1,982.13
Capital expenditure	35.88	12.24	49.61	-	-	97.73
Capital expenditure -Unallocable						2.29
Depreciation and Amortisation expense	8.62	5.89	10.24	-	-	24.75
Depreciation and Amortisation- Unallocable						2.14



Notes Accompanying to the Financial Statements

Note 36 Segment Information (Contd.)

FY 2012-13							(₹ in crore)
Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total	
Revenue							
External sales (net of excise duty)	2,195.02	1,918.29	403.79	15.09	-	4,532.19	
Other income	0.04	5.45	0.00	2.21	-	7.70	
Inter-Segment Sales	31.24	2.57	14.74	0.01	(48.56)	-	
Total revenue	2,226.30	1,926.31	418.53	17.31	(48.56)	4,539.89	
Segment results before finance costs and tax	197.08	113.16	(0.86)	1.14		310.52	
Less: Finance costs						134.31	
Less: Other unallocated expenditure net of unallocable income						35.91	
Profit before tax						140.30	
Tax expenses						38.14	
Profit after tax						102.16	
Capital employed							
Segment assets	1,099.94	1,568.50	385.94	7.80		3,062.18	
Unallocable corporate and other assets						143.83	
Total Assets						3,206.01	
Segment liabilities	942.88	1,366.65	154.82	2.29	-	2,466.64	
Unallocable corporate and other liabilities						34.39	
Total liabilities						2,501.03	
Capital expenditure	32.27	21.75	51.29	-		105.31	
Capital expenditure -Unallocable						0.84	
Depreciation and Amortisation expense	9.81	4.60	7.20	-		21.61	
Depreciation and Amortisation- Unallocable						2.25	

b. Secondary Segments (Geographical Segments)

	(₹ in crore)	
	31 March 2014	31 March 2013
Segment Revenue		
- Within India*	3,074.08	3,237.53
- Outside India	1,409.12	1,294.66
	4,483.20	4,532.19

* include deemed exports ₹14.25 crore (Previous year ₹0.09 crore)

	(₹ in crore)	
	31 March 2014	31 March 2013
Segment Assets		
- Within India	2,578.39	2,842.56
- Outside India	346.50	363.45
	2,924.89	3,206.01

- The Company's tangible fixed assets are located entirely in India.



Notes Accompanying to the Financial Statements

c. Segment revenue and results

The expenses which are not directly attributable to the business segment are shown as unallocable corporate/other expenses (net of miscellaneous income).

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consists principally of fixed assets, debtors and inventories.

Segment liabilities primarily include creditors and other liabilities.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Note 37 Derivative instruments and unhedged foreign currency exposure

Type of Instruments	Nos.	Mt.	Amount \$/Euro/ GBP in crore	₹ in crore
(I) (a). In respect of commodity futures/option at London Metal Exchange (in Mt.) - USD	71.00 (47.00)	19,485.00 (7,943.00)	3.75 (1.74)	224.91 (94.69)
(b). In respect of foreign currency forward contracts - buy contracts - USD	103.00 (182.00)		14.81 (26.66)	887.46 (1,447.17)
Forward contracts - buy contracts - EURO	2.00 -		0.20 -	11.98 -
Interest Swap	1.00 -		0.00 -	0.18 -
Forward contracts - USD Sell & Euro Buy	- (10.00)		- (1.20)	- (64.89)
Forward contracts - Euro Sell & USD Buy	- (4.00)		- (0.23)	- (15.87)
(II) All the derivative instruments entered by the Company during the year were for hedging purposes and not for any speculative purposes.				
(III) Unhedged foreign currency exposures				
In US \$ - Payable (net)			7.64 (4.42)	457.73 (240.11)
In Euro - Receivable (net)			0.01 -	0.66 -
(iv) Premium in case of forward contracts not expired and pertaining to the future period				14.89 (21.46)

(Figures in brackets are in respect of previous year)

Note 38 Value of imports (calculated on CIF basis)

	(₹ in crore)	
	31 March 2014	31 March 2013
Raw materials and Components	2,978.18	2,240.69
Stores and spare parts	1.72	0.36
Capital goods	14.21	13.76
	2,994.11	2254.81

Note: Imports through canalising agencies and items of foreign origin purchased locally are excluded.



Notes Accompanying to the Financial Statements

Note 39 Expenditure in foreign currency

	(₹ in crore)	
	31 March 2014	31 March 2013
Professional fees	0.67	1.31
Royalty	3.12	2.61
Interest and bank charges	30.60	37.55
Commission and foreign travel	21.91	22.91
Others	1.58	0.43
	57.88	64.81

Note 40 Imported and indigenous raw materials, components and spare parts consumed

	% of total Consumption 31 March 2014	Value (₹ crore) 31 March 2014	% of total Consumption 31 March 2013	Value (₹ crore) 31 March 2013
Raw materials				
Imported at landed cost (including duty and clearing charges incurred in India)	82.87	2,900.94	63.42	2,254.53
Indigenous	17.13	599.48	36.58	1,301.38
	100.00	3,500.42	100.00	3,555.91
Components and spare parts				
Imported (at landed cost)	12.53	1.72	2.44	0.33
Indigenous	87.47	12.00	97.56	13.61
	100.00	13.72	100.00	13.94

Note 41 Net dividend remitted in foreign exchange

	(₹ in crore)	
	31 March 2014	31 March 2013
a). No of shareholders	1	1
b). No. of shares held	3,636,363	3,636,363
c). Year of dividend	2012-13	2011-12
d). Amount remitted - ₹	1.91	1.46

Note 42 Earning in foreign currency

	(₹ in crore)	
	31 March 2014	31 March 2013
Export of goods (calculated on FOB basis)	1,367.14	1282.54
Deemed exports	14.25	0.09
Dividend from Subsidiaries	-	5.45
Others (Freight, insurance and interest)	56.52	87.73
	1,437.91	1375.81



Notes Accompanying to the Financial Statements

Note 43

As per the Accounting Standard (AS), 28 Impairment of Assets, the Company has reviewed the potential generation of economic benefit from its fixed assets and accordingly, necessary impairment loss has been provided in the financial statements.

Note 44

₹'0' indicate amount less than ₹50,000

Note 45

Figures for previous year have been regrouped, wherever necessary.

Signatures to Note 1 to 45

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

*Managing Director &
Chief Executive Officer*

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary



Statement pursuant to exemption received under Section 212(8)
of the Companies Act, 1956 relating to subsidiary companies

Sr. No.	Particulars	Petroleum Specialities Pte. Limited, Singapore		Quantum Apar Speciality Oils Pty. Limited, Australia		Apar ChemateK Lubricants Limited, India
		In USD	₹ in Crore	In AUD	₹ in Crore	₹ in Crore
(a)	Capital	59,101	0.26	300,000	1.03	6.77
(b)	Reserve	13,733,074	82.49	466,321	3.41	6.54
(c)	Total Assets	15,376,734	92.25	3,696,258	20.37	15.10
(d)	Total Liabilities	1,584,559	9.50	2,929,937	15.93	1.79
(e)	Details of investment	-	-	-	-	-
	(Except in case of investment in Subsidiaries)					
(f)	Turnover	54,202,050	333.74	10,084,932	56.70	16.95
(g)	Profit before taxation	2,610,031	20.12	54,442	0.79	6.25
(h)	Provision for taxation	381,861	2.35	14,309	0.12	2.11
(i)	Profit after taxation	2,228,170	17.77	40,133	0.67	4.14
(j)	Proposed dividend	Nil	Nil	Nil	Nil	₹1 per share

As on 31.03.2014 : 1 U.S. Dollar(USD) = ₹59.9200, 1 Australian Dollar(AUD) = ₹55.3811





Independent Auditors' Report

To the Board of Directors of

Apar Industries Limited

We have audited the accompanying consolidated financial statements of **APAR Industries Limited** (the 'Company') and its subsidiaries (the Company, its subsidiaries constitute the 'Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 Consolidated Financial Statements specified by the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and on the basis of the separate audited financial statements of the Apar Group included in the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the

accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that on the basis of the information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of certain subsidiaries, as noted below, the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Apar Group as at 31st March, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Apar Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Apar Group for the year ended on that date.

Other Matters

We did not audit the financial statements of certain subsidiaries whose financial statements have been audited by other auditors and whose reports have been furnished to us and insofar as it relates to the amounts included in respect of the subsidiaries are based solely on the reports of the other auditors. The details of total assets, total revenues and net cash flows in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditors:

	₹ crore		
	Total assets	Total revenues	Net Cash flows
Foreign subsidiaries	112.55	390.57	(19.38)

Our opinion is not qualified in respect of these matters.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner

Mumbai, 30th May, 2014

Membership No.033013



Consolidated Balance Sheet

As at 31st March, 2014

(₹ in crore)

	Note No.	As at 31-March-14	As at 31-March-13
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS:			
(a) Share capital	2	38.47	38.47
(b) Reserves and surplus	3	657.75	588.16
		696.22	626.63
2. MINORITY INTEREST			
		1.82	1.78
3. NON-CURRENT LIABILITIES:			
(a) Long-term borrowings	4	70.13	32.94
(b) Deferred tax liabilities (net)	5	22.46	10.31
(c) Other-long term liabilities	6	6.65	13.79
(d) Long-term provisions	7	3.07	2.81
		102.31	59.85
4. CURRENT LIABILITIES:			
(a) Short-term borrowings	8	707.99	940.32
(b) Trade payables	9	1,367.26	1,484.07
(c) Other current liabilities	10	98.07	121.54
(d) Short-term provisions	11	24.32	24.25
		2,197.64	2,570.18
TOTAL		2,997.99	3,258.44
ASSETS			
1. NON-CURRENT ASSETS:			
(a) Fixed assets			
(i) Tangible assets	12	334.92	239.86
(ii) Intangible assets	12	3.11	2.72
(iii) Capital work-in-progress	12	18.08	45.10
(iv) Intangible assets under development	12	-	0.28
		356.11	287.96
(b) Goodwill on consolidation		20.65	20.65
(c) Long-term loans and advances	13	45.32	50.03
		422.08	358.64
2. CURRENT ASSETS:			
(a) Current investments	14	1.50	79.62
(b) Inventories	15	1,017.04	751.48
(c) Trade receivables	16	1,103.57	813.78
(d) Cash and bank balances	17	230.61	1,054.93
(e) Short-term loans and advances	18	174.84	133.46
(f) Other current assets	19	48.35	66.53
		2,575.91	2,899.80
TOTAL		2,997.99	3,258.44
Significant Accounting Policies	1		
Contingent Liabilities And Commitments	29		

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

For and on behalf of the Board of Directors

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

Managing Director &

Chief Executive Officer

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in crore)

	Note No.	2013-14	2012-13
INCOME:			
Revenue from operations (gross)	20	5,104.85	5,013.59
Less: Excise duty		471.92	362.90
Revenue from operations (net)		4,632.93	4,650.69
Other income	21	4.47	2.25
TOTAL REVENUE (i)		4,637.40	4,652.94
EXPENSES:			
Cost of raw materials and components consumed	22	3,605.84	3,645.82
Purchases of stock-in-trade		77.35	29.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(7.72)	(19.62)
Employee benefits expense	24	66.79	57.26
Other expenses	25	596.76	628.32
Exceptional items	26	0.86	4.62
		4,339.88	4,345.73
Less: Transfer to capital assets		3.51	1.67
TOTAL EXPENSES (ii)		4,336.37	4,344.06
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (i-ii)		301.03	308.88
Depreciation and amortisation expense		27.02	24.01
Finance costs	27	145.48	134.57
PROFIT BEFORE TAX		128.53	150.30
TAX EXPENSES			
Current tax		27.60	40.80
Deferred tax		12.16	(0.63)
Taxes of earlier years		(1.14)	-
TOTAL		38.62	40.17
PROFIT AFTER TAX BUT BEFORE MINORITY INTEREST FOR THE YEAR		89.91	110.13
Minority Interest (Profit)/loss		(0.26)	(0.68)
PROFIT FOR THE YEAR		89.65	109.45
Earnings Per Equity share (face value ₹10 each):			
(a) Basic	28	23.30	28.45
(b) Diluted		23.30	28.45
Significant Accounting Policies	1		

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

For and on behalf of the Board of Directors

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

Managing Director &

Chief Executive Officer

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary



Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in crore)

	2013-14	2012-13
A. Cash flows from Operating Activities :		
Profit before taxes	128.53	150.30
Adjustments for:		
Depreciation and amortisation expense	27.02	24.01
(Profit)/loss on sale of fixed assets (net)	0.07	0.22
Foreign currency translation reserve	1.94	0.85
Unrealised exchange loss/(gain)	10.86	9.76
Investment written off	-	0.02
Profit on sale of investments	(3.61)	(1.56)
Dividend on investments	(0.86)	(0.69)
Interest income (net)	(18.88)	(7.18)
	16.54	25.43
Operating profit before working capital changes in :	145.07	175.73
(Increase)/decrease in trade and other receivables	(342.31)	49.52
(Increase)/decrease in inventories	(265.56)	(67.95)
Increase / (decrease) in trade and other payables	(151.97)	329.70
	(759.84)	311.27
Cash generated from/(used in) operations	(614.77)	487.00
Direct taxes paid (net of refunds)	(17.26)	(33.67)
Net cash from/(used in) operating activities	(632.03)	453.33
B. Cash flows from investing activities :		
Purchase of fixed assets	(100.13)	(106.21)
Sale of fixed assets	5.81	0.79
Purchase of shares in subsidiary	-	(24.85)
Investment in Mutual funds (net)	81.73	(78.06)
Dividend received	0.86	0.69
Net cash from/(used in) investing activities	(11.73)	(207.64)



Cash Flow Statement for the year ended 31st March, 2014

(₹ in crore)

	2013-14	2012-13
C. Cash flows from financing activities :		
Proceeds/(repayments) from/of fixed deposits (net)	3.25	(2.28)
Proceeds/(repayments) from short-term borrowings	(227.66)	(8.26)
Proceeds/(repayments) of long-term borrowings	36.97	1.71
Interest received/(paid) (net)	30.51	3.67
Dividend paid	(20.20)	(15.34)
Tax on dividends	(3.43)	(2.50)
Net cash from/(used in) financing activities	(180.56)	(23.00)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(824.32)	222.69
Cash and cash equivalents at the beginning of year	1,054.93	831.93
Cash and cash equivalents on acquisition of subsidiaries	-	1,054.93
Cash and cash equivalents at the end of year	230.61	1,054.93

Notes :

- 1) Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
- 2) Purchase of fixed assets includes movement of capital work-in-progress during the year.
- 3) Cash and cash equivalents represents cash and bank balances and include margin money of ₹136.06 crore; (Previous year ₹841.48 crore) and unrealised loss of ₹0.20 crore ; (Previous year ₹0.45 crore) on account of translation of foreign currency bank balances.
- 4) Previous year's figures have been regrouped wherever necessary.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

Managing Director &

Chief Executive Officer

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary





Notes Accompanying to the Consolidated Financial Statements

Note 1 Significant Accounting Policies

1. Basis of Preparation of financial statements:-

The financial statements are prepared on accrual basis under the historical cost convention and comply in all material aspects with the generally accepted accounting principles in India, the Accounting Standards prescribed under Section 211 (3C) of Companies Act, 1956 and the applicable provisions thereof.

2. Use of estimates:-

The preparation of financial statements is in conformity with generally accepted accounting principles ('GAAP') which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods

3. Basis of preparation and principles of consolidation:-

The Consolidated Financial Statements relate to Apar Industries Limited (the Company) and its subsidiary companies, viz., Petroleum Specialities Pte. Ltd., a company incorporated in Singapore and its down-stream subsidiary, viz., Quantum Apar Speciality Oils Pty. Ltd., a company incorporated in Australia, Apar Chematek Lubricants Ltd., a company incorporated in India, (hereinafter referred to as the "Group").

The Consolidated Financial Statements have been prepared on the following basis:

(i) Subsidiaries

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after eliminating intra group balances, intra group transactions and also resulting unrealized profits or losses. The consolidation procedures are in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements', notified by the Companies (Accounting Standards) Rules, 2006.

The excess of the cost to the company of its investment in subsidiary / Associate companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary / Associates companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

Minority interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

In case of foreign subsidiaries, revenue items are consolidated at the average exchange rates that prevailed during each month of the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains and losses arising on conversion are recognised in the Exchange fluctuation reserve.

The financial statements of the subsidiary / Joint Venture considered for consolidation are drawn up to the same reporting date as that of the Company.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's stand alone financial statements.

(ii) Associates

Investments in entities in which the parent company or any of its subsidiaries has significant influence but not a controlling interest, are reported according to the equity method i.e. investment is initially recorded at cost, identifying any goodwill arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated profit and loss account includes the investor's share of the results of the operations of the investee.

(iii) Joint Venture

Interest in a jointly controlled entity is accounted using proportionate consolidation method.

4. Fixed assets, Depreciation and Amortization:-

- (i) Fixed assets are stated at cost of acquisition / construction (net of CENVAT) less accumulated depreciation. Cost includes purchase price and other costs attributable to acquisition / construction of fixed assets.

Notes Accompanying to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (Contd.)

- (ii) Depreciation on assets is provided at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 (except as stated in (iii) below):
 - (a) On written down value method except in respect of building and plant and machinery purchased after 30th April, 1987, which are depreciated on straight line method.
 - (b) Capital Expenditure in respect of which ownership does not vest with the Company is amortized over a period of five years. Leasehold land is amortized over the period of lease.
 - (c) Certain items of plant and machinery which have been considered to be continuous process plant by the management are depreciated at the prescribed rates.
 - (d) In respect of Cable division all assets are depreciated on straight line method.

- (iii) In the cases where the estimated useful life of the asset is less as compared to useful life estimated in Schedule XIV of the Companies Act, 1956, such assets are depreciated at rates higher than those prescribed under Schedule XIV of the Companies Act, 1956.

Asset	Rate
Factory building at Nalagarh	Over the lease period of 8 years

- (iv) In respect of assets costing less than ₹5,000 each and temporary structures, 100% depreciation is provided in the year of addition.
- (v) Borrowing costs attributable to acquisition/construction of qualifying assets within the meaning of the Accounting Standard (AS) 16 on 'Borrowing Costs' are capitalised as a part of the cost of fixed assets.
- (vi) Pre-operation expenses including trial run expenses (net of revenue) are capitalised.

5. Impairment of assets: -

The Group assesses, at each balance sheet date, whether there is any indication of impairment of the carrying amount of the Group's assets. An impairment loss is recognised in the Statement of profit and loss account wherever the carrying amount of the assets exceeds its estimated recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor. Impairment losses are recognised in the Statement of profit and loss. The impairment loss recognised in prior accounting period is reversed if there has been change in recoverable amount.

6. Investments: -

Investments other than in subsidiaries, Associates and Joint Ventures have been accounted as per Accounting Standard (AS) 13 'Accounting for Investments'.

7. Inventories:-

Inventories are valued at lower of standard cost or net realizable value. Cost includes material cost, cost of labour and attributable manufacturing overheads. Cost of materials is arrived at on weighted average basis. Inventory of scrap is valued at estimated realisable value. Inventories of finished goods include excise duty as applicable.

8. Government grants: -

- (i) Government grants are recognised in the financial statements when they are received and there is reasonable assurance that the Company will comply with the conditions attached to them.
- (ii) Government grants, which are in the nature of refundable interest free loans received from government/semi-government authorities, are credited to secured/unsecured loans.
- (iii) Government grants which are in the nature of subsidies received from government/semi-government authorities and which are non-refundable are credited to reserves.

9. Employee stock options:-

In respect of the employee stock options, the excess of fair price on the date of grant over the exercise price is recognised as deferred compensation cost amortized over vesting period.





Notes Accompanying to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (Contd.)

10. Voluntary retirement schemes:-

Compensations paid under voluntary retirement schemes are amortized over a period not exceeding 5 years, up to 31st March, 2010. The expenses incurred after 31st March, 2010 are charged to Statement of profit and loss.

11. Enterprise resource planning cost:

Cost of implementation of ERP Software including all related direct expenditure is amortized over a period of 5 years on successful implementation.

12. Share issue expenses:

Share issue expenses are written off against share premium account if any or amortized over a period of five years.

13. Revenue recognition: -

- i) Sale of goods is recognised on despatch to customers and on date of shipment in case of exports. Sales exclude amounts recovered towards sales tax and excise duty and is net of returns.
- (ii) In respect of service activities, income is recognised as and when services are rendered.
- (iii) Price variation claims are accounted in accordance with the terms of contract and/or upon admittance by customers.
- (iv) Dividend income on investment is recognised when the right to receive payment is established.
- (v) Lease rental on operating lease is accounted on accrual basis.

14. Post-employment benefits:

Defined Contribution Plans: In respect of the Company's provident fund scheme, the Company makes specified monthly contributions towards employee provident fund directly to the Government under the Employees Provident Fund Act, 1952 and is not obliged to bear the shortfall, if any, between the return on investments made by the Government from the contributions and the return on notified interest rate. In respect of the Company's approved superannuation scheme, the Company makes specified contributions to the superannuation fund administered by the Company and the return on investments is adequate to cover the commitments under the scheme. The Company's contribution paid/payable under these schemes is recognised as expense in the Statement of profit and loss during the period in which the employee renders the related service.

Defined Benefit Plans: In respect of the Company's gratuity and leave wages schemes, the present value of the obligation under such scheme is determined based on actuarial valuation using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligation is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of profit and loss. Long-term compensated absences are provided for based on actuarial valuation, made at the year end, by independent actuaries.

15. Translation of foreign currency:-

- (i) The Group translates foreign currency transactions during the year, at the conversion rates prevailing on transaction dates.
- (ii) Monetary items remaining unsettled at the year end are translated/reported at the year end rate. Exchange differences arising on such revaluation are recognised in the Statement of profit and loss.
- (iii) Non-Monetary items (other than fixed assets) are reported at the exchange rate at which they are accounted.
- (iv) In case of forward contracts, premium on the forward contracts is recognised as income or expense over the life of the contract.
- (v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

16. Derivative Contracts:-

Derivative contract entered into, to hedge commodity/forex unexecuted firm commitment and highly probable forecast transaction are recognised in the Financial Statements at fair value as on Balance sheet date. The gains or losses arising out of fair valuation of derivative contracts are recognised in the Statement of profit and loss or Balance sheet as the case may be after applying the test of hedge effectiveness. The gain or losses are recognised as 'Hedge Reserve' in the Balance sheet when the hedge is effective

Notes Accompanying to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (Contd.)

and where the hedge is ineffective the same is recognised in the Statement profit and loss. The gains and losses on roll over or cancellation of derivative contract which qualify as effective hedge are recognised in the Statement of profit and loss in the same period in which the hedge item is accounted.

17. Export benefits/Incentives:-

The Group accounts for excise duty rebate on deemed and physical exports and duty entitlements/focus benefits on physical exports on accrual basis. Premium on special import licence is credited in the accounts as and when realised. The benefits in the form of entitlements to Advance Licenses for duty free import of raw materials in respect of exports made are accounted when such imports are made. The benefits in the form of entitlements to status holders licenses are accounted when licenses are utilised.

18. Claims against the Group not acknowledged as debts:-

The demands under disputed showcause notices / orders of statutory authorities are provided in the accounts on the basis of management's estimate and the balance, if any are included in contingent liability.

19. Taxes on income:-

- (a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.
- (b) Deferred tax is recognised on timing differences between the accounted income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.
- (c) Deferred tax assets relating to unabsorbed depreciation / business losses are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- (d) Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

20. Provision for contingencies:-

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Disclosure of contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When likelihood of such outflow is remote, no provision or disclosure is made. Provision arising from litigations, assessments by statutory authorities, etc. is made when the Group based on legal advice wherever necessary estimates that the liability has been incurred and the amount can be reasonably estimated.

21. Borrowing costs

- (a) Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve month) to get ready for its intended use or sale.
- (b) All other borrowing costs are recognised as expense in the period in which they are incurred.

22. Lease accounting:-

Operating lease rentals are expensed with reference to lease terms and other considerations.



Notes Accompanying to the Consolidated Financial Statements

Note 2 Share Capital

	(₹ in crore)	
	31 March 2014	31 March 2013
Authorised		
91,998,750 Equity shares of ₹10 each	92.00	92.00
(Previous year 91,998,750 Equity shares of ₹10 each)		
Issued		
38,470,431 Equity shares of ₹10 each	38.47	38.47
(Previous year 38,470,431 Equity shares of ₹10 each)		
Subscribed and Paid up		
38,470,431 Equity shares of ₹10 each fully paid	38.47	38.47
(Previous year 38,470,431 Equity shares of ₹10 each fully paid)		
Total	38.47	38.47

Notes :

- a. Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Equity Shares

	31 March 2014		31 March 2013	
	No of Shares	₹ crore	No of Shares	₹ crore
At the beginning of the period	38,470,431	38.47	35,972,394	35.97
Issued during the year	-	-	*24,98,037	2.50
Outstanding at the end of the period	38,470,431	38.47	38,470,431	38.47

*Issued during the year to shareholders of erstwhile Uniflex Cables Limited as per the Scheme of Amalgamation

- b. Terms/rights attached to equity shares

- The Company has one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2014, the amount of per share dividend recognised as distributions to equity shareholders is ₹5.25, (Previous year ₹5.25).
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. Details of Shareholders holding more than 5% shares in the company

	31 March 2014		31 March 2013	
	No of Shares	% of holdings in the class	No of Shares	% of holdings in the class
Equity shares of ₹10 each fully paid				
Dr. N. D. Desai	7,371,861	19.16%	6,914,222	17.97%
Kushal N. Desai	7,378,528	19.18%	6,920,778	17.99%
Chaitanya N. Desai	7,367,360	19.15%	6,909,610	17.96%
Templeton Strategic Emerging Markets Fund III, L.D.C.	3,636,363	9.45%	3,636,363	9.45%
Reliance Capital Trustee Co Ltd. A/c. Reliance Diversified Power Sector Fund	1,931,313	5.02%	1,914,238	4.97%
Shinny Limited, Mauritius	-	-	2,635,138	6.85%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Notes Accompanying to the Consolidated Financial Statements

Note 2 Share Capital (Contd.)

d. Shares reserved for issue under options

The Company provides share-based payment to its employees. During the year ended 31st March, 2014, an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Members' approval was obtained at the Annual General Meeting held on 9th August, 2007 for introduction of Employee Stock Option Scheme to issue and grant upto 1,616,802 options, but the Board has granted 175,150 options till date.

	31 March 2014	31 March 2013
i. Outstanding at the beginning of the year	175,150	175,150
ii. Vested during the year	-	-
iii. Forfeited during the year	75,856	-
iv. Exercised during the year	-	-
v. Outstanding at the end of the year	99,294	175,150
vi. Exercisable at the end of the year	99,294	175,150

Note 3 Reserves and Surplus

	31 March 2014	31 March 2013
(₹ in crore)		
Capital Reserve		
Balance as per the Balance sheet	23.77	24.99
Add : Transferred on amalgamation of a subsidiary	-	0.16
: Difference between share capital of erstwhile MCWPL and Investment in books	-	(1.38)
Closing balance	23.77	23.77
Capital Redemption Reserve	14.75	14.75
Securities Premium Account		
Balance as per the last Balance sheet	176.35	175.21
Add: Transferred on amalgamation of a subsidiary	-	1.14
Closing Balance	176.35	176.35
Cash Flow Hedging Reserve		
Balance as per the last Balance sheet	(1.69)	(16.58)
Add: (Deduction)/Addition during the year (net)	1.41	14.89
Closing Balance	(0.28)	(1.69)
Currency Fluctuation Reserve	(0.56)	(2.72)
General Reserve		
Balance as per the last Balance sheet	150.00	130.00
Add : Amount transferred from the Statement of Profit and loss	21.00	18.34
: Deferred tax asset created in respect of erstwhile MCWPL	-	1.66
Closing Balance	171.00	150.00
Surplus/(deficit) in the Statement of profit and loss		
Balance as per the last Balance sheet	227.70	160.14
Add : Transferred on amalgamation of a subsidiary as on 1st April, 2012	-	0.08
Add : Profit for the year	89.65	109.45
Less : Appropriations		
Proposed final equity dividend (amount per share ₹5.25 (Previous year ₹5.25))	(20.20)	(20.20)
Tax on proposed dividend	(3.43)	(3.43)
Transfer to General Reserve	(21.00)	(18.34)
Total appropriations	(44.63)	(41.97)
Net surplus in the Statement of profit and loss	272.72	227.70
Total Reserves and Surplus	657.75	588.16



Notes Accompanying to the Consolidated Financial Statements

Note 4 Long-Term Borrowings

	(₹ in crore)			
	31 March 2014	31 March 2014	31 March 2013	31 March 2013
	Non-Current	Current	Non-Current	Current
Secured Loans				
Term loans				
Foreign currency loan from banks (Refer Note below)	55.13	8.99	27.15	-
Unsecured Loans				
Deposits				
Public deposits	14.35	4.77	5.54	10.49
Deposits from directors	0.65	0.01	0.25	0.50
	70.13	13.77	32.94	10.99

Note:

- The Foreign Currency term loan from Credit Agricole CI Bank, Singapore is secured by exclusive charge on the assets acquired by the Company with the proceeds of the facility.
- The Foreign Currency Term Loan from Union Bank of India, Hong Kong is secured by first charge by way of equitable mortgage by deposit of title deeds of Company's Athola properties and exclusive hypothecation charge on the assets acquired by the Company with the proceeds of the facility situated at other locations.
- Terms of repayment of term loan- In August 2014 ₹8.99 crore, in August, 2015 ₹8.99 crore, in May, 2016 ₹9.59 crore, in August, 2016 ₹11.98 crore, in May, 2017 ₹10.79 crore and in May, 2018 ₹13.78 crore

Note 5 Deferred Tax Liabilities (Net)

	(₹ in crore)	
	31 March 2014	31 March 2013
Deferred tax liability arising on account of timing difference in:		
Book and tax depreciation	30.15	20.39
Deferred tax assets arising on account of timing difference in:		
Allowances for doubtful debts and advances	(4.96)	(5.13)
Provision for gratuity and leave salary	(1.28)	(1.11)
Voluntary retirement scheme	(1.45)	(1.58)
Expenses allowable on payment basis	-	(2.26)
	22.46	10.31

Note 6 Other Long-Term Liabilities

	(₹ in crore)	
	31 March 2014	31 March 2013
Advance from customers	4.67	11.95
Deposits from dealers	1.98	1.84
	6.65	13.79



Notes Accompanying to the Consolidated Financial Statements

Note 7 Long-Term Provisions

	(₹ in crore)	
	31 March 2014	31 March 2013
Provision for employee benefits		
Provision for gratuity- In respect of employees	-	0.03
Provision for gratuity- In respect of directors	0.52	0.45
Provision for leave benefits	2.55	2.33
	3.07	2.81

Note 8 Short-Term Borrowings

	(₹ in crore)	
	31 March 2014	31 March 2013
Secured Loans		
Working capital loans from banks (Refer Notes below)		
Rupee loans	2.58	0.02
Packing credit loan in foreign currency from banks	140.70	44.14
	143.28	44.16
Unsecured Loans		
Packing credit loan in foreign currency from banks	81.86	41.53
Buyer's Credit in foreign currency	478.42	850.38
Loans and Advances from related parties repayable on demand	-	0.08
Public deposits	0.58	0.32
Deposits from directors	3.85	3.85
	707.99	940.32

Note:

Working capital loans from banks (secured) ₹143.28 crore are secured by :

- hypothecation of specified stocks, specified book debts of the Company.
- first charge by way of equitable mortgage by deposit of title deeds of Company's specified immovable properties, both present and future.

Note 9 Trade Payables

	(₹ in crore)	
	31 March 2014	31 March 2013
Trade payables (including acceptances)		
Due to micro and small enterprises	7.79	3.27
Due to other than micro and small enterprises	1,359.47	1,480.80
	1,367.26	1,484.07



Notes Accompanying to the Consolidated Financial Statements

Note 10 Other Current Liabilities

	(₹ in crore)	
	31 March 2014	31 March 2013
Current maturities of long-term borrowings		
Current portion of long term loan (Refer Note no.4)	8.99	-
Public deposits	4.77	10.49
Deposits from directors	0.01	0.50
Interest accrued but not due on borrowings	6.38	11.73
Investor Education and Protection Fund (Refer Note (a) below)		
Unclaimed dividend	0.68	0.64
Creditors for capital expenditure	4.31	5.12
Statutory dues towards Government	8.91	6.50
Other payables (Refer Note (b) below)	64.02	86.56
	98.07	121.54

Note:-

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March, 2014.

(b) Other payables includes security deposit, book overdraft and advance from customers.

Note 11 Short-Term Provisions

	(₹ in crore)	
	31 March 2014	31 March 2013
Provision for employee benefits		
Liability to the Employee Gratuity Fund	0.00	0.02
Provision for leave benefits	0.69	0.60
	0.69	0.62
Other provisions		
Proposed dividend	20.20	20.20
Provision for tax on proposed dividend	3.43	3.43
	23.63	23.63
	24.32	24.25



Notes Accompanying to the Consolidated Financial Statements

Note 12 Fixed Assets

	(₹ in crore)											
	Gross Block					Depreciation			Net Block			
	As at 01-04-2013	Transfer on Acquisition	Additions	Deductions	Other Adjustment	As at 31-03-2014	Upto 31-03-2013	Transfer on Acquisition	Deductions/ Adjustment	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
(i) Tangible assets												
Land- Freehold	17.14	-	8.65	-	-	25.79	-	-	-	-	25.79	17.14
Land-Leasehold	12.14	-	-	-	-	12.14	1.25	-	-	1.40	10.74	10.89
Building (Refer Note below)	98.64	-	30.36	(7.38)	-	121.62	22.83	-	(7.38)	19.01	102.61	75.81
Plant and machinery (Refer Note below)	274.33	-	78.35	(14.77)	2.69	340.60	147.65	-	(9.08)	158.25	182.35	126.68
Furniture and fixtures	7.24	-	2.51	(0.07)	-	9.68	5.56	-	(0.07)	5.95	3.73	1.68
Equipments	14.12	-	3.24	(0.16)	-	17.20	9.56	-	(0.13)	10.82	6.38	4.56
Motor vehicles	6.15	-	1.35	(0.48)	-	7.02	3.05	-	(0.38)	3.70	3.32	3.10
Sub total (i)	429.76	-	124.46	(22.86)	2.69	534.05	189.90	-	(17.04)	199.13	334.92	239.86
(ii) Intangible assets												
Specialised software	5.47	-	1.14	-	-	6.61	3.26	-	-	3.96	2.65	2.21
Non compete fee	0.54	-	-	-	-	0.54	0.03	-	-	0.08	0.46	0.51
Sub total (ii)	6.01	-	1.14	-	-	7.15	3.29	-	-	4.04	3.11	2.72
Total (i+ii)	435.77	-	125.60	(22.86)	2.69	541.20	193.19	-	(17.04)	203.17		
31 March 2013	354.97	0.40	78.07	(2.06)	4.39	435.77	170.02	0.22	(1.07)	193.19		
(iii) Capital work-in-progress-Tangible assets												
Buildings											2.61	21.12
Plant and machinery											15.47	23.98
Sub total (iii)											18.08	45.10
(iv) Intangible assets under development												
Specialised software											-	0.28
Sub total (iv)											-	0.28
Grand Total											356.11	287.96

Note

- Includes expenditure on Research and development ₹0.67 crore, (Previous year ₹0.42 crore) for Plant and machinery and ₹nil, (Previous year ₹2.46 crore) for Building. (Refer Note 30 (A))
- In line with Notification No G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India in respect of accounting periods commencing on or after the 1st April, 2011 for an enterprise which had earlier exercised the option under paragraph 46 and at the option of any other enterprise, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset. Accordingly, ₹2.69 crore (Previous year ₹4.39 crore) have been capitalised to Plant and machinery. (Refer note 1(15)(vi)). The unamortised amount of such exchange differences, as on 31st March, 2014 is ₹6.83 crore (Previous year ₹4.61 crore)



Notes Accompanying to the Consolidated Financial Statements

Note 13 Long-Term Loans and Advances

	(₹ in crore)	
	31 March 2014	31 March 2013
Unsecured, considered good		
Capital advances	9.24	10.77
Security deposit	5.69	3.82
Others loans and advances	23.40	28.45
Income tax paid against disputed demands	6.99	6.99
Total	45.32	50.03

Note 14 Current Investments

	Units as at 31 March 2014	31 March 2014 ₹ crore	Units as at 31 March 2013	31 March 2013 ₹ crore
Investments in Liquid funds				
Union KBC Fixed Maturity Plan Series 7- Growth	500,000.00	0.50	-	-
Union KBC Fixed Maturity Plan Series 7- Growth Direct Plan	1,000,000.00	1.00	-	-
Union KBC Liquid Fund Growth	-	-	152,680.21	17.81
Union KBC Ultra Short term Debt Fund	-	-	181,688.96	19.50
IDBI Liquid Fund	-	-	340,586.82	42.31
Total		1.50		79.62

	(₹ in crore)	
	31 March 2014	31 March 2013
Aggregate market value of quoted investments	1.60	80.52
	1.60	80.52

Note 15 Inventories

	(₹ in crore)	
	31 March 2014	31 March 2013
Raw materials and components	509.62	312.08
Raw materials-in transit	270.42	216.38
Work-in-progress	88.64	81.21
Finished goods	119.38	118.60
Stock-in-trade	8.16	8.98
Stock-in-trade-in transit	0.52	0.20
Stores and spares	20.30	14.03
Total	1,017.04	751.48



Notes Accompanying to the Consolidated Financial Statements

Note 16 Trade Receivables

(₹ in crore)

	31 March 2014	31 March 2013
Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	0.03	0.03
Unsecured, considered good	26.89	22.51
Unsecured, considered doubtful	14.60	15.81
	41.52	38.35
Less: Allowances for doubtful debts	14.60	15.81
	26.92	22.54
Other receivables		
Secured, considered good	0.49	0.92
Unsecured, considered good	1,076.16	790.32
	1,076.65	791.24
Total	1,103.57	813.78

Note 17 Cash and Bank Balances

(₹ in crore)

	31 March 2014	31 March 2013
Cash and cash equivalents		
Balances with banks:		
On current accounts	77.50	202.58
On deposits with original maturity of less than three months	12.25	2.16
On unclaimed dividend account(Refer Note (i) below)	0.68	0.64
Cash on hand	0.09	0.21
Cheque on hand	2.95	-
Funds in transit	1.08	7.56
	94.55	213.15
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	-	0.30
Margin money deposit (Refer Note (ii) below)	136.06	841.48
	136.06	841.78
	230.61	1,054.93

Note:

- (i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2014.
- (ii) Against letters of credit for Company's import of raw materials and working capital loans.



Notes Accompanying to the Consolidated Financial Statements

Note 18 Short-Term Loans and Advances

	(₹ in crore)	
	31 March 2014	31 March 2013
Unsecured, considered good		
Loan and advances to related parties	0.00	1.56
Others		
Advances recoverable in cash or in kind or for value to be received	117.10	94.85
Balances with statutory/government authorities	57.74	37.05
Total	174.84	133.46
Loans to related parties		
AIL Benefit Trust	0.00	0.00
Apar Technologies Private Ltd.	-	1.56
	0.00	1.56

Note 19 Other Current Assets

		(₹ in crore)	
	₹ in crore	31 March 2014	31 March 2013
Interest accrued but not due on fixed deposits		6.15	23.14
Interest accrued but not due on security deposits		0.02	0.02
Assets held for sale		0.02	0.02
Receivable from AIL Benefit Trust			
- Original value of investment	83.44		83.44
- Provision for diminution in value	(55.55)		(55.55)
		27.89	27.89
Other receivable		14.27	15.46
Total		48.35	66.53

Note 20 Revenue from Operations

	(₹ in crore)	
	31 March 2014	31 March 2013
Sale of products		
Finished goods	4,931.34	4,916.23
Raw materials	36.30	30.03
Traded goods	82.87	26.87
Share of Joint Venture (Refer Note 31(b))	-	1.33
Total	5,050.51	4,974.46
Sale of services	2.66	1.36
Other operating revenue		
Others	51.68	37.77
Total	51.68	37.77
Revenue from operations (gross)	5,104.85	5,013.59
Less : Excise duty	471.92	362.90
Revenue from operations (net)	4,632.93	4,650.69



Notes Accompanying to the Consolidated Financial Statements

Note 21 Other Income

	(₹ in crore)	
	31 March 2014	31 March 2013
Dividend income from AIL Benefit Trust	0.86	0.65
Dividend on short-term investment in liquid funds	-	0.04
Net gain on sale of short term investment in liquid funds	3.61	1.56
	4.47	2.25

Note 22 Cost of Raw Materials and Components consumed

	(₹ in crore)	
	31 March 2014	31 March 2013
Inventory at the beginning of the year	528.46	482.40
Add: Purchases	3,857.42	3,691.88
	4,385.88	4,174.28
Less: Inventory at the end of the year	780.04	528.46
Cost of raw materials and components consumed	3,605.84	3,645.82

Note 23 Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade

	(₹ in crore)	
	31 March 2014	31 March 2013
Inventories at the end of the year		
Finished goods	119.38	118.60
Work-in-progress	88.64	81.21
Traded goods	8.68	9.17
	216.70	208.98
Inventories at the beginning of the year		
Finished goods	118.60	112.80
Work-in-progress	81.21	72.72
Traded goods	9.17	3.84
	208.98	189.36
	(7.72)	(19.62)

Note 24 Employee Benefits Expense

	(₹ in crore)	
	31 March 2014	31 March 2013
Salaries, wages and bonus	59.40	48.64
Contribution to provident and other funds	4.20	4.20
Staff welfare expenses	3.19	2.90
Share of Joint Venture (Refer Note 31(b))	-	1.52
	66.79	57.26



Notes Accompanying to the Consolidated Financial Statements

Note 25 Other Expenses

	(₹ in crore)	
	31 March 2014	31 March 2013
Consumption of stores and spares	13.72	13.94
Packing materials	152.42	154.61
Excise duty adjustment of finished goods stock	2.18	2.33
Storage charges	8.17	12.59
Power, electricity and fuel	56.41	56.84
Processing charges, fabrication and labour charges	50.45	39.82
Freight and forwarding charges	169.53	186.52
Rent	2.06	2.09
Rates and taxes	4.09	3.67
Insurance	7.67	5.88
Repairs and maintenance		
Plant and machinery	3.22	2.44
Buildings	1.34	0.59
Others	3.19	2.78
Advertising and sales promotion	1.65	11.57
Sales commission	27.14	26.11
Travelling and conveyance	12.95	8.83
Printing and stationery	1.59	1.23
Legal and professional fees	10.62	8.96
Directors' sitting fees	0.07	0.06
Commission to Chairman, Managing Director and Joint Managing Director	3.23	4.41
Discount and rebates	3.61	7.50
Lease rental	0.89	0.32
Donation	0.47	2.01
Royalty	7.52	3.37
Marketing fees	-	5.15
Bank charges and commission	9.32	9.51
Exchange differences (net)	1.30	3.11
Bad debts and advances written-off	3.35	13.67
Less: Allowances for doubtful debts utilised	(0.08)	(3.01)
	3.27	10.66
Allowances for doubtful debts and advances	4.06	5.49
Loss on sale of fixed assets (net)	0.07	0.22
Miscellaneous expenses	34.55	31.32
Share of Joint Venture (Refer Note 31(b))	-	4.39
	596.76	628.32

Note 26 Exceptional Items

	(₹ in crore)	
	31 March 2014	31 March 2013
Voluntary Retirement Compensation	0.86	4.62
	0.86	4.62



Notes Accompanying to the Consolidated Financial Statements

Note 27 Finance Costs

	(₹ in crore)	
	31 March 2014	31 March 2013
Interest expenses		
Interest expenses	50.64	75.20
Bank charges for borrowing	14.60	16.77
Applicable net loss on foreign currency transactions and translation	149.76	124.99
	215.00	216.96
Interest income on		
Bank deposits	(66.74)	(77.20)
Others	(2.78)	(5.19)
	(69.52)	(82.39)
	145.48	134.57

Note 28 Earnings Per Share (EPS)

Sr. No.	Particulars	31 March 2014	31 March 2013
1	Profit after tax and before extraordinary items- in ₹ in crore	89.65	109.45
2	Profit after tax and extraordinary items- in ₹ in crore	89.65	109.45
3	Weighted Number of Equity Shares outstanding during the year	3.85	3.85
4	Nominal Value of Equity Shares in ₹	10.00	10.00
5	Earnings Per Share - in ₹		
	Basic and Diluted (before extraordinary items)	23.30	28.45
	Basic and Diluted (after extraordinary items)	23.30	28.45

Note 29 Contingent Liabilities and Commitments

	(₹ in crore)	
	31 March 2014	31 March 2013
A) Contingent liabilities not provided for:		
(a) Claims against the Company not acknowledged as debts -		
(i) Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities:		
Excise duty (also refer note (iii) below)	7.19	4.65
Service tax	0.20	0.20
Customs duty	4.81	2.90
Sales tax	12.72	10.54
(ii) Arbitration award regarding dispute of alleged contractual non-performance by the Company, against which the Company is in appeal before Bombay High Court.	8.66	7.94
(iii) Interest on delayed payment of excise duty, (which duty payment was revenue neutral) on certain deemed exports. Department has filed appeal in the Supreme Court against High Court Order in Company's favour.	4.45	4.45
(iv) Labour matters	7.43	6.80
(v) Others	6.35	6.07
(b) Bills of exchange discounted	243.64	206.61
(c) Taxation:		
Disputed demands of income tax	6.99	6.99
B) Capital commitments		
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	14.47	13.93

Notes Accompanying to the Consolidated Financial Statements

Note 30 Research and Development Expenses :

		(₹ in crore)	
		31 March 2014	31 March 2013
(A)	R & D Center-OIL (Rabale - DSIR Recognised)		
(a)	Salary, wages and other benefits	1.63	1.45
	Consumables and other expenses	0.13	0.28
	sub-Total	1.76	1.73
(b)	Capital expenditure		
	Building	-	2.11
	Plant and machinery	0.64	0.32
	Total	0.64	2.43
	Total	2.40	4.16
(B)	R & D Center-Conductor (Silvassa)		
(a)	Salary, wages and other benefits	-	-
	Consumables and other expenses	0.60	0.96
	sub-Total	0.60	0.96
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	-	-
	Total	0.60	0.96
(C)	R & D Center-Cable (Khetalwad)		
(a)	Salary, wages and other benefits	0.21	0.07
	Consumables and other expenses	0.33	0.26
	sub-Total	0.54	0.33
(b)	Capital expenditure		
	Building	-	0.35
	Plant and machinery	0.03	0.10
	Total	0.03	0.45
	Total	0.57	0.78
	Grand Total (A+B+C)	3.57	5.90

Note 31

- a) The subsidiaries (which along with Apar Industries Limited, the parent, constitute the Group) considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as on 31st March, 2014	% voting power held as on 31st March, 2013
Petroleum Specialities Pte. Ltd.	Singapore	100.00	100.00
Quantum Apar Speciality Oils Pty. Ltd. - (Subsidiary of Petroleum Specialities Pte. Ltd.)	Australia	65.00	65.00
Apar ChemateK Lubricants Limited (became subsidiary w.e.f. 27th September, 2012)	India	97.50	97.50

- b) Interests in Joint Ventures

The Group's interests in jointly controlled entity (incorporated Joint Venture) is:

Name of the Company	Country of Incorporation	% of ownership interest as at 31st March, 2014	% of ownership interest as at 31st March, 2013
Apar ChemateK Lubricants Limited (became subsidiary w.e.f. 27th September, 2012)	India	97.50	97.50



Notes Accompanying to the Consolidated Financial Statements

Note 31 (Contd.)

(₹ in crore)

Sr. Transactions No.	As at 31 March 2014	As at 31 March 2013
I) Equity and liabilities		
1. Share Capital	-	-
2. Reserve and Surplus	-	-
3. Long term Provisions	-	-
4. Current Liabilities		
(a) Trade Payable	-	-
(b) Other Current Liabilities	-	-
(c) Short-term Provisions	-	-
II) Assets		
1. Fixed Assets		
(a) Tangible assets	-	-
(b) Intangible assets	-	-
2. Deferred tax assets/(liability) (net)	-	-
3. Long- term Loans and Advances	-	-
4. Current assets		
(a) Inventories	-	-
(b) Trade Receivable	-	-
(c) Cash and cash equivalents	-	-
(d) Short-term Loans and Advances	-	-
III) Income		
1. Revenue from operations	-	6.48
2. Other Income	-	0.01
IV) Expenses		
1. Purchase of traded goods	-	0.93
2. Changes in inventories of stock-in-trade	-	0.08
3. Employee benefits Expense	-	1.52
4. Depreciation and amortisation expenses	-	0.03
5. Other expenses	-	4.39
6. Profit Before Tax	-	(0.46)
7. Tax expense	-	(0.15)
8. Net Profit/(loss)	-	(0.31)
V) Other matters		
1. Contingent Liabilities	-	-
2. Capital Commitments	-	-

Note 32 Related Party Disclosures

A. List of Related Parties

a). Joint Venture Company:

Apar ChemateK Lubricants Ltd. (upto 26th September, 2012)

b). Key Managerial Personnel:

Mr. K. N. Desai - Managing Director

Mr. C. N. Desai - Joint Managing Director

Mr. G. Sudhakar - Director - Petroleum Specialities Pte. Limited

c). Chairman having significant influence:

Dr. N. D. Desai - Non Executive Chairman





Notes Accompanying to the Consolidated Financial Statements

Note 32 Related Party Disclosures (Contd.)

d). Relatives of Key Managerial Personnel

Mrs. M. N. Desai
 Mrs. Noopur Kushal Desai
 Mr. Rishabh K. Desai
 Ms. Gaurangi K. Desai
 Mrs. Jinisha C. Desai
 Master Devharsh C. Desai
 Ms. Nitika C. Desai
 Mrs. Vineeta R. Srivastava
 Mr. Rajeev Srivastava
 Ms. Krishangi R. Srivastava

e). Entities over which significant influence is exercised by key management personnel/individuals having significant influence:

Apar Corporation Private Ltd.	Kushal Chaitanya N. Desai Family Trust
Scope Private Limited and its' subsidiaries, viz	Chaitanya N. Desai Family Trust
a) Apar Investment (Singapore) Pte. Ltd.	Catalis World Private Ltd.
b) Apar Investment Inc.	Gayatri Associates
Kushal N. Desai Family Trust	AIL Benefit Trust
Apar Technologies Private Ltd.	Quantum Chemical Pty. Ltd.

B. Related Party Transactions

(i) Joint Venture Company (Apar ChemateK Lubricants Limited):

		(₹ in crore)	
Sr. No.	Transactions	31 March 2014	31 March 2013
1	Marketing fees	-	10.29
2	Sale of goods	-	1.86

(ii) Key Managerial Personnel :

1	Interest paid	0.38	0.38
2	Directors' remuneration	3.65	4.46
3	Dividends paid (payment basis)	7.26	5.51
4	Sitting fees	-	0.00
5	Outstanding as on 31.03.2014		
	Loans and deposits payable	3.75	3.75

(iii) Chairman having significant influence

1	Interest paid	0.08	0.08
2	Director's commission	1.08	1.47
3	Legal and professional fees	0.51	0.51
4	Sitting fees	0.01	0.01
5	Dividends paid (payment basis)	3.63	2.75
6	Outstanding as on 31.03.2014		
	Loans and deposits payable	0.76	0.85

Notes Accompanying to the Consolidated Financial Statements

Note 32 Related Party Disclosures (Contd.)

(iv) Relatives of Key Managerial Personnel:

		(₹ in crore)	
Sr. Transactions No.		31 March 2014	31 March 2013
1	Interest paid	0.25	0.47
2	Dividends paid (payment basis)	0.01	0.00
3	Outstanding as on 31.03.2014		
	Loans and deposits payable	2.42	3.32

(v) Entities over which key management personnel/individual having significant influence

		(₹ in crore)	
Sr. Transactions No.		31 March 2014	31 March 2013
1	Interest paid	0.00	0.04
2	Rent paid	0.74	0.73
3	Arranging Fees	0.02	0.18
4	Dividends paid (payment basis)	1.00	0.77
5	Management Fees	1.79	1.84
6	Outstanding as on 31.03.2014		
	Loans and deposits payable	0.00	0.08
	Loans and advances receivable	2.41	1.56

C. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

		(₹ in crore)	
		31 March 2014	31 March 2013
(i) Interest paid			
- Dr. N. D. Desai		0.08	0.08
- Kushal N. Desai		0.05	0.05
- Chaitanya N. Desai		0.33	0.33
- Rishabh K. Desai		0.06	0.09
- Vineeta R. Srivastava		-	0.15
- Apar Investment Inc.		0.00	0.04
(ii) Dividends paid (payment basis)			
- Dr. N. D. Desai		3.63	2.75
- Kushal N. Desai		3.63	2.76
- Chaitanya N. Desai		3.63	2.75
(iii) Legal and professional fees			
- Dr. N. D. Desai		0.51	0.51
(iv) Rent paid			
- Apar Corporation Private Ltd.		0.63	0.63
- Apar Technologies Private Limited		0.11	0.10
(v) Marketing fees			
- Apar Chematek Lubricants Ltd.		-	10.29
(vi) Director remuneration			
- Kushal N. Desai		1.72	2.11
- Chaitanya N. Desai		1.73	2.14
- Dr. N. D. Desai		1.08	1.47
- Mr. G. Sudhakar - Director - Petroleum Specialities Pte. Ltd.		0.21	0.21

Notes Accompanying to the Consolidated Financial Statements

Note 32 Related Party Disclosures (Contd.)

	(₹ in crore)	
	31 March 2014	31 March 2013
(vii) Sitting fees		
- Kushal N. Desai	-	0.00
- Chaitanya N. Desai	-	0.00
- Dr. N. D. Desai	0.01	0.01
(viii) Arranging fees		
- Apar Investment Inc	0.02	0.18
(ix) Managment fees		
- Quantum Chemical Pty Ltd.	1.79	1.84

Note 33 Segment Information

The Company's operations predominantly relate to manufacture of Conductors, Transformer/Speciality Oils and Power/ Telecom cables which businesses have been identified as primary segments based on the Company's risk profile and internal reporting structure.

a. Primary Segments (Business Segments)

FY 2013-14							(₹ in crore)
Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total	
Revenue							
External sales (net of excise duty)	1,616.86	2,401.25	596.92	17.90	-	4,632.93	
Other income	0.00	-	-	4.47	-	4.47	
Inter-Segment Sales	7.67	1.62	4.48	-	(13.77)	-	
Total revenue	1,624.53	2,402.87	601.40	22.37	(13.77)	4,637.40	
Segment results before finance costs and tax	115.36	192.48	0.59	1.75		310.18	
Less: Finance costs						145.48	
Less: Other unallocated expenditure net of unallocable income						36.17	
Profit before tax						128.53	
Tax expense						38.62	
Profit after tax						89.91	
Capital employed							
Segment assets	972.48	1,443.56	496.58	7.45	-	2,920.07	
Unallocable corporate and other assets						77.90	
Total Assets						2,997.97	
Segment liabilities	671.55	1,039.37	217.55	2.02	-	1,930.49	
Unallocable corporate and other liabilities						33.51	
Total liabilities						1,964.00	
Capital expenditure	35.88	12.35	49.61	-	-	97.84	
Capital expenditure -Unallocable						2.29	
Depreciation and Amortisation expense	8.62	6.03	10.24	-	-	24.89	
Depreciation and Amortisation- Unallocable						2.13	



Notes Accompanying to the Consolidated Financial Statements

Note 33 Segment Information (Contd.)

FY 2012-13							(₹ in crore)
Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total	
Revenue							
External sales (net of excise duty)	2,195.02	2,036.79	403.79	15.09	-	4,650.69	
Other income	0.04	-	0.00	2.21	-	2.25	
Inter-Segment Sales	31.24	2.57	14.74	0.01	(48.56)	-	
Total revenue	2,226.30	2,039.36	418.53	17.31	(48.56)	4,652.94	
Segment results before finance costs and tax	197.08	123.42	(0.86)	1.14		320.78	
Less: Finance costs						134.57	
Less: Other unallocated expenditure net of unallocable income						35.91	
Profit before tax						150.30	
Tax expense						40.17	
Profit after tax						110.13	
Capital employed							
Segment assets	1,099.94	1,620.93	385.94	7.80		3,114.61	
Unallocable corporate and other assets						143.83	
Total Assets						3,258.44	
Segment liabilities	942.88	1,353.24	154.82	2.29	-	2,453.23	
Unallocable corporate and other liabilities						34.39	
Total liabilities						2,487.62	
Capital expenditure	32.27	21.81	51.29	-		105.37	
Capital expenditure -Unallocable						0.84	
Depreciation and Amortisation expense	9.81	4.75	7.20	-		21.76	
Depreciation and Amortisation- Unallocable						2.25	

b. Secondary Segments (Geographical Segments)

	(₹ in crore)	
	31 March 2014	31 March 2013
Segment Revenue		
- Within India*	3,077.46	3,237.78
- Outside India	1,555.47	1,412.91
	4,632.93	4,650.69

* include deemed exports ₹14.25 crore (Previous year ₹0.09 crore)

	(₹ in crore)	
	31 March 2014	31 March 2013
Segment Assets		
- Within India	2,575.24	2,841.94
- Outside India	422.73	416.50
	2,997.97	3,258.44

-The Company's tangible fixed assets are located entirely in India.



Notes Accompanying to the Consolidated Financial Statements

Note 33 Segment Information (Contd.)

c. Segment revenue and results

The expenses which are not directly attributable to the business segment are shown as unallocable corporate/other expenses (net of miscellaneous income).

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consists principally of fixed assets, debtors and inventories.

Segment liabilities primarily include creditors and other liabilities.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable corporate assets and liabilities respectively.

Note 34

As per the Accounting Standard (AS), 28 Impairment of Assets, the Company has reviewed the potential generation of economic benefit from its fixed assets and accordingly, necessary impairment loss has been provided in the financial statements.

Note 35

₹0.00 indicate amount less than ₹50,000

Note 36

Figures for previous year have been regrouped, wherever necessary.

**Signatures to Note 1 to 36****SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

Milind P. Phadke

Partner

Membership No. 033013

Mumbai, 30th May, 2014

Kushal N. Desai

Managing Director &

Chief Executive Officer

Mumbai, 30th May, 2014

H. N. Shah

Director

V. C. Diwadkar

Chief Financial Officer

Sanjaya R. Kunder

Company Secretary



APAR INDUSTRIES LTD.

(CIN : L91110GJ1989PLC012802)

Regd. Office : 301, Panorama Complex, R. C. Dutt Road, Vadodara – 390 007 (Gujarat).

Phone : 0265-2339906, 2331935 Fax : 0265- 2330309

Email : com_sec@apar.com Website : www.apar.com

TWENTY FIFTH ANNUAL GENERAL MEETING

Friday, 1st August, 2014

PROXY FORM

I / We, being member(s), holding _____ Shares of the above named company, hereby appoint :

- (1) Name _____ Address _____
 _____ Email Id _____
 Signature _____ or failing him / her;
- (2) Name _____ Address _____
 _____ Email Id _____
 Signature _____ or failing him / her;
- (3) Name _____ Address _____
 _____ Email Id _____
 Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **25th Annual General Meeting** of the Company to be held on **Friday, August 1, 2014 at 2.00 P.M. in the Conference Room, Gujarat Employers' Organisation (GEO), Trident Complex, D-Wing 34-35, 3rd Floor, Opp. Geri, Race Course, Vadodara – 390 007 (Gujarat)** and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Optional *	
Ordinary Business :		For	Against
1.	Adoption of Accounts		
2.	Declaration of Dividend		
3.	Re-appointment of Dr. N. D. Desai who offers to retire by rotation and, being eligible offers himself for re-appointment.		
4.	Appointment of Statutory Auditors		
Special Business :			
5.	Appointment of Dr. N. K. Thingalaya as Independent Director for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019.		
6.	Appointment of Shri F. B. Virani as Independent Director for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019.		
7.	Appointment of Shri Suyash Saraogi as Independent Director for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019.		
8.	Appointment of Smt. Nina Kapasi as Independent Director for five consecutive years upto the conclusion of 30th Annual General Meeting of the Company in the calendar year 2019.		
9.	Payment of remuneration to Cost Auditors.		
10.	Special Resolution for borrowing limits under Section 180(1)(c) of the Companies Act, 2013.		
11.	Special Resolution for creation of mortgage, charge etc. of the assets / properties of the Company under Section 180(1) (a) of the Companies Act, 2013.		

Signed this _____ day of _____, 2014

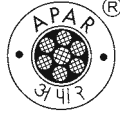
Member's Folio / DP ID – Client ID No. _____

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix
Re. 1
revenue
stamp

- Notes:**
- This Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of Meeting.
 - For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Twenty Fifth Annual General Meeting.
 - *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
 - Please complete all details including details of member(s) in above box before submission.



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TWENTY FIFTH ANNUAL GENERAL MEETING

Friday, 1st August, 2014

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting Venue)

FOLIO NUMBER:

NO. OF EQUITY SHARES:

CLIENT ID NUMBER:

DP ID NUMBER:

Name of the attending member / proxy (in block letters).....

Name of proxy (in block letters).....

(to be filled by the proxy attending instead of the member)

I hereby record my presence at the **25th Annual General Meeting of the Company to be held on Friday, 1st August, 2014 at 2.00 P.M. in the Conference Room, Gujarat Employers' Organisation (GEO), Trident Complex, D-Wing 34-35, 3rd Floor, Opp. Geri, Race Course, Vadodara – 390 007 (Gujarat).**

Member's / Proxy's Signature

- Notes:**
- 1) Please fill the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the entrance of the Meeting Hall.
 - 2) Members / Proxies are requested to bring attendance slip with them. Duplicate slips will not be issued at the venue of the Meeting.



BOOK POST

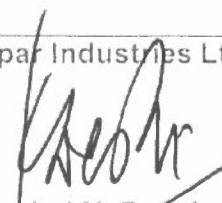
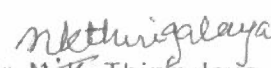


APAR INDUSTRIES LTD.

If undelivered please return to:

APAR INDUSTRIES LTD.
301, Panorama Complex, R. C. Dutt Road
Vadodara - 390007
www.apar.com

FORM AANNUAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

1.	Name of the Company	:	Apar Industries Limited Scrip Code / Symbol : BSE – 532259 NSE – APARINDS
2.	Annual Financial Statements for the year ended	:	31 ST March, 2014 (2013-2014)
3.	Type of Audit Observation	:	Unqualified
4.	Frequency of Observation a. Whether appeared first time b. Repetitive c. Since how long period	:	Not Applicable : : : :
5.	To be signed by	:	
	CEO / Managing Director	:	For Apar Industries Ltd.  Kushal N. Desai (CEO & Managing Director)
	CFO	:	For Apar Industries Ltd.  V. C. Diwadkar (Chief Financial Officer)
	Auditor of the Company	:	For Sharp & Tannan (Chartered Accountant - Reg. No. 109982W)  Milind P. Phadke (Partner) - Membership No. 033013
	Audit Committee Chairman	:	For Apar Industries Ltd.  Dr. N. K. Thingalaya (Chairman – Audit Committee)