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**APAR INDUSTRIES LTD.**

Annual Report 2010-11

# Powering Ahead

"Tomorrow's Progress Today"



**APAR INDUSTRIES LTD.**

*If undelivered please return to:*

**APAR INDUSTRIES LTD.**

301, Panorama Complex, R. C. Dutt Road

Vadodara - 390007

[www.apar.com](http://www.apar.com)

A TRISYS PRODUCT [info@trisys.com](mailto:info@trisys.com)



# 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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APAR INDUSTRIES LTD.

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

## PROXY FORM

FOLIO NO. :
CLIENT ID NO. :
DP ID NO. :

NO. OF EQUITY SHARES :
------------------------

I/We \_\_\_\_\_ of \_\_\_\_\_

being **Equity Shareholder(s)** of Apar Industries Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my / our Proxy to attend and vote for me / us and on my / our behalf

at the 22nd Annual General Meeting of the Equity Shareholders of the Company to be held on Wednesday, 24th August, 2011 at 10:30 A.M. at the Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 and at any adjournment thereof.

As witness my / our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix a  
Re. 1  
Revenue  
Stamp  
here

Signature (s) of shareholder (s)

**N. B.** This Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. The Proxy need not be a Shareholder of the Company.



APAR INDUSTRIES LTD.

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

**22ND ANNUAL GENERAL MEETING – 24TH AUGUST, 2011**

## ATTENDANCE SLIP

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

FOLIO NO. :
CLIENT ID NO. :
DP ID NO. :

NO. OF EQUITY SHARES :
------------------------

Name of the attending member (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 22nd Annual General Meeting to be held on **Wednesday, 24th August, 2011 at 10:30 A.M.** at the Auditorium of Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara-390 007.

Member's / Proxy's Signature

**Notes:** 1) Interested joint members may obtain attendance slip from the Regd. Office of the Company.

2) Members /Joint members / Proxies are requested to bring attendance slip with them. Duplicate slips will not be issued at the entrance of the Auditorium.



# 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	
Mr. Rajesh Sehgal	<i>Additional Director (w.e.f. 27th June, 2011)</i>

## AUDIT COMMITTEE

Mr. H. N. Shah	<i>Chairman</i>
Dr. N. K. Thingalaya	
Mr. F. B. Virani	
Mr. Rajesh Sehgal	<i>(w.e.f. 27th June, 2011)</i>

## COMPANY SECRETARY

Mr. Sanjaya Kunder

## AUDITORS

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

## BANKERS

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

## REGISTERED OFFICE

301, Panorama Complex,  
R.C. Dutt Road  
Vadodara – 390 007  
Tel: (+ +91) (265) 2339906, 2331935  
Fax: (+ +91) (265) 2330309  
e-mail: com\_sec@apar.com  
Website: www.apar.com

## CORPORATE OFFICE

Apar House, Corporate Park,  
Sion – Trombay Road, Chembur,  
Mumbai – 400 071.  
Tel: (+ +91) (22) 25263400, 67800400  
Fax: (+ +91) (22) 2524 6326  
e-mail: corporate@apar.com  
Website: www.apar.com

## REGISTRAR & SHARE TRANSFER AGENT

MCS Limited  
Neelam Apartment, 88, Sampatrao Colony,  
B/H Standard Chartered Bank,  
Alkapuri, Vadodara – 390 007.  
Tel: (+ +91) (265) 2339397, 2350490  
Fax: (+ +91) (265) 2341639  
e-mail: mcsltbaroda@yahoo.com

# Financial Highlights for last five years (Consolidated)

(Rs. in million)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
<b>PROFIT AND LOSS ACCOUNT DATA</b>					
Sales (Net of Excise)	30,283	22,355	26,371	17,658	15,114
% of Growth	35	(15)	49	17	36
Exports	7,442	6,236	7,899	6,874	3,157
Materials, Operating and other costs	28,129	20,901	25,717	16,467	14,047
Employee cost	375	321	256	185	159
Depreciation	205	185	147	140	100
Interest and Discounting charges	135	332	412	371	324
Profit before tax, exceptional & Extraordinary Items	1,538	1,016	5	739	686
% of Growth	51	19,083	(99)	8	26
Taxation	578	224	23	118	167
Profit after tax (PAT)	960	792	(18)	621	519
Exceptional items	-	12	17	38	38
Extraordinary Items - net of tax	-	603	-	(323)	-
Associate profit/(loss)	-	-	(58)	(13)	-
Minority interest	(7)	67	40	(4)	1
Balance of Profit	953	244	(53)	889	482
% of Growth	290	-	(106)	84	15
<b>BALANCE SHEET DATA</b>					
Share Capital	323	323	323	323	323
Reserves & Surplus	3,191	2,511	2,476	2,521	1,844
Net worth	3,514	2,834	2,799	2,844	2,167
Minority interest	5	3	79	6	-
Loan Funds	1,359	1,617	1,615	1,009	1,328
Deferred Tax (Net)	89	72	63	54	139
<b>Total Liabilities</b>	<b>4,967</b>	<b>4,526</b>	<b>4,556</b>	<b>3,913</b>	<b>3,634</b>
Gross Block	3,283	3,091	2,794	1,469	2,234
Net Block	1,862	1,811	1,793	1,107	1,604
Investments including Goodwill on Consolidation	-	-	603	374	3
Net Current assets	3,105	2,715	2,148	2,403	1,984
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	12	29	43
<b>Total Assets</b>	<b>4,967</b>	<b>4,526</b>	<b>4,556</b>	<b>3,913</b>	<b>3,634</b>
<b>KEY RATIOS</b>					
PAT to Sales (%)	3.15	1.09	(0.20)	5.03	3.19
Return on Net Worth (%)	30.03	30.57	(1.28)	37.53	26.61
Asset Turns (Revenue to total Assets)	6.39	4.97	6.27	4.74	4.61
Return on Capital Employed (%) *	21.85	24.65	5.94	24.49	23.30
Debt to Equity Ratio	0.21	0.36	0.41	0.07	0.29
Earning per Equity Share (Basic) Rs.	29.48	7.56	(1.65)	27.48	15.42
Rate of dividend % p.a.	60%	50%	-	55%	35%
Book value per Equity Share Rs.	108.68	87.63	86.22	87.08	65.68
Share Price as on 31st March (BSE)	214.90	197.50	78.05	205.70	139.20

\* Excluding extraordinary items



# Notice

NOTICE is hereby given that the **TWENTY SECOND** Annual General Meeting of the Equity Shareholders of **APAR INDUSTRIES LIMITED** will be held at the **Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007** on **Wednesday, the 24th August, 2011 at 10:30 A.M.** to transact the following business :

## Ordinary Business :

1. To receive, consider and adopt Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To confirm declaration of Interim Dividend on Equity Shares and declare final dividend on Equity Shares of the Company.
3. To appoint a Director in place of Shri F. B. Virani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kushal N. Desai, who retires by rotation and being eligible, offers himself for re-

appointment.

5. To appoint Auditors of the Company and to fix their remuneration.

## Special Business :

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

**“RESOLVED THAT** Mr. Rajesh Sehgal, who was appointed as an Additional Director of the Company with effect from 27th June, 2011, by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

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

**By Order of the Board,**  
**For Apar Industries Ltd.**

Place: Mumbai  
Date: 27th June, 2011.

**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 VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. The Register of Members and Share Transfer Books for the Equity Shares of the Company shall remain closed from Wednesday, August 17, 2011 to Wednesday, August 24, 2011, both days inclusive.
3. 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.
4. Shareholders who have not so far surrendered their old share certificates of Gujarat Apar Polymers Limited (GAPL) for exchange against the new share certificates of the

Company i.e. Apar Industries Limited (AIL) are once again requested to forward their old share certificates to the Company for exchange. In terms of the Listing Agreement with the Stock Exchanges, the Registrar and Share Transfer Agent of the Company, MCS Limited has sent necessary reminders to the concerned Shareholders in this regard. The old share certificates of GAPL have already been cancelled and are of no effect or value.

5. Members holding shares in dematerialised form, may please note that while opening a depository account with Depository Participant (DP), they have given their bank account details, which will be printed on their dividend warrants. However, if any member wants to change / correct the bank account details, he / she should communicate the same immediately to the concerned Depository Participant (DP). Members are also requested to furnish the bank account details along with MICR code of their bank to their Depository Participant so as to enable the Company to ensure payment of dividend through Electronic Clearing Service (ECS).

6. The details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting 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.
7. All documents referred to in the accompanying Notice and the Explanatory Statements are open for inspection at the Registered Office of the Company during the 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.
8. Corporate Members intending to send their Authorised Representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
9. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payment shall be made in respect of any such claims by the Fund.

The amount of unclaimed dividend upto the financial year ended March 31, 2003 has been transferred to IEPF. The unpaid / unclaimed Dividend amount of Equity Shares of the Company paid on 02.08.2004 (7th Dividend for 2003-04) and on 19.11.2004 (8th Equity Interim Dividend (First Interim) – 2004-05) are due for transfer to the said fund in the month of September, 2011 and January, 2012, respectively. Members who have not yet encashed their warrant (s) are requested to make their claims to the Company without any delay.

10. (a) As stated in Para No. 8 (b) 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) and (b) Poweroil Speciality Products FZE, Sharjah, U.A.E., Wholly Owned Subsidiaries (WOS) of the Company; (c) Quantum Apar Speciality Oils Pty. Ltd., Australia, Subsidiary of PSPL (d) Uniflex Cables Limited (UCL), a Subsidiary Company and (e) Marine Cables & Wires Private Limited, WOS of UCL, with the Annual Report of

the Company for the financial year ended March 31, 2011 in accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India (MCA). 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.
- (c) The Company shall provide a copy of the Annual Accounts and related information / reports for the year 2010-2011 of the subsidiary Companies as required under Section 212 of the Act to the shareholders on their request, free of cost, at any point of time. Further, the annual accounts of subsidiary Companies shall be available for inspection at the Registered Office and Corporate Office of the Company and that of the respective subsidiary Company.
11. The required Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto, forming part of the Notice.
12. The Company has implemented the "Green Initiative" as per Circular Nos. 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 shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL / CDSL will be deemed to be your email address for serving notices / documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website [www.apar.com](http://www.apar.com) of the Company and the other requirements of the aforesaid MCA circular will 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 email addresses by sending email to [investorservices@apar.com](mailto:investorservices@apar.com) quoting their folio number. The Shareholders can register their email address, by sending an Email at [investorservices@apar.com](mailto:investorservices@apar.com) (email ID) quoting their Folio No. / DP ID – Client ID in order to facilitate the Company to service the documents through electronic mode.



## Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

### ITEM NO. 6 :

The agenda item no. 6 of the Notice relates to the appointment of Mr. Rajesh Sehgal as an Investor Director not liable to retire by rotation.

In terms of the Subscription and Investor Rights Agreement dated 31st March, 2011 entered into between the Company and M/s. Templeton Strategic Emerging Markets Fund III, L.D.C., (Templeton), the allottee of 3,636,363 Equity Shares of Rs. 10/- each, and Article Nos. 133A and 136 of the Articles of Association of the Company, the Board of Directors of the Company has appointed Mr. Rajesh Sehgal, as an Additional Director of the Company w.e.f. 27th June, 2011 upon receipt of his nomination from Templeton.

In terms of Section 260 of the Companies Act, 1956, Mr. Rajesh Sehgal shall hold office of Director upto the date of ensuing Annual General Meeting (AGM). The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the said Act, proposing the candidature of Mr. Rajesh Sehgal for the office of Director.

Mr. Rajesh Sehgal is a Senior Executive Director in Templeton organisation since 1999. He has research responsibilities for companies in India, Africa, and the Middle East and is involved in managing the Templeton Strategic Emerging Markets Fund.

Mr. Sehgal earned his M.B.A. in business management with specialisation in finance and marketing from XLRI (India) and a B.S. with specialisation in physics. He received his CFA charter in 2005. He was awarded a post-graduate diploma in securities law from the Government Law College in Mumbai. He has earlier been awarded the International Capital Markets Qualification by the Securities Institute, London.

The Board, therefore, commends the Resolution for approval by the Members. The copy of Subscription and Investor Rights Agreement dated 31st March, 2011 and Articles of Association of the Company are available for inspection at the Registered Office of the Company on all working days except Sundays, between 11:00 A.M. and 4:00 P.M. upto the date of meeting and at the meeting, during the meeting hours.

None of the Directors of the Company, except Mr. Rajesh Sehgal, is in any way concerned or interested in the resolution.

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

**By Order of the Board,**  
**For Apar Industries Ltd.**  
**Sanjaya Kunder**  
*Company Secretary*

Place: Mumbai  
Date: 27th June, 2011.

## Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting.

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

Name of Director	Shri F. B. Virani	Shri Kushal N. Desai	Shri Rajesh Sehgal
Date of Birth	26.06.1945	21.02.1967	16.02.1971
Date of Appointment	27.07.2001	24.03.1999	27.06.2011
Expertise in specific functional areas	Chemical Engineering	Electrical Engineering	Investment/ Business Management
Qualifications	B.E.(Chem. Engg.) M.S.(Chem. Engg.) (USA) M.B.A. (USA)	B.Sc. (Hons.), (Elect.Engg.), USA B.S. in (Econ.) (Hons.), Wharton, USA.	PGDBM, CFA.
List of other Companies in which Directorship held as on 31.03.2011.	1. Dyna Cybertech Services Pvt. Ltd. 2. Uniflex Cables Ltd.	1. Apar Masat Conductors Ltd. 2. Apar ChemateK Lubricants Ltd. 3. Apar Corporation Pvt. Ltd. 4. Apar Technologies Pvt. Ltd. 5. Scope Pvt. Ltd. 6. Catalis World Pvt. Ltd. 7. Uniflex Cables Ltd. 8. Marine Cables & Wires Pvt. Ltd. 9. Petroleum Specialities Pte. Ltd., Singapore 10. Quantum Apar Speciality Oils Pty.Ltd., Australia 11. Apar Investment INC. 12. Apar Investment (Singapore) Pte. Ltd. 13. Apar Technologies Pte. Ltd., Singapore	1. HPL Additives Limited
Chairman / Member of the Committee of other Public Companies on which he is a Director as on 31.03.2011.	1. Uniflex Cables Limited - Audit Committee	1. Uniflex Cables Limited - Remuneration Committee - Shareholders/Investors Grievance Committee - Sub-Committee	1. HPL Additives Limited - Audit Committee - Compensation Committee
No. of Shares held in the Company	6,500	66,85,216	Nil
Relationship between directors inter se	Nil	Related to – Dr. N. D. Desai, (Father) and Shri C. N. Desai, (Brother)	Nil



# Directors' report

To,  
The Shareholders,

Your Directors have pleasure in submitting the 22nd Annual Report of the Company together with the audited annual accounts showing the financial position of the Company for the year ended 31st March, 2011.

## 1. A) Financial results

(Rs. in million)

Particulars	Company		Consolidated *	
	2010-11	2009-10	2010-11	2009-10
Sales turnover (after deduction of excise duty)	27,184.69	19,980.54	30,283.00	22,355.45
Other income	70.51	166.39	61.86	160.00
Profit for the year before interest, depreciation / amortisation, taxation and exceptional items	1,701.65	1,385.11	1,878.25	1,532.76
Deducting there from:				
- Depreciation / amortisation	137.09	118.79	205.16	185.13
- Interest	-32.06	195.60	134.65	331.99
<b>PROFIT BEFORE ADJUSTMENT OF EXCEPTIONAL ITEMS, TAXATION, AND MINORITY INTEREST</b>	<b>1,596.62</b>	<b>1,070.72</b>	<b>1,538.44</b>	<b>1,015.64</b>
Exceptional items	1.97	22.61	-	11.56
<b>PROFIT BEFORE TAXATION FOR THE YEAR</b>	<b>1,594.65</b>	<b>1,048.11</b>	<b>1,538.44</b>	<b>1,004.08</b>
Deducting there from:				
- Provision for taxation	536.12	186.74	578.03	223.86
Net profit for the year after taxation and before minority interest	1,058.53	861.37	960.41	780.22
Adjustment of :				
- Minority interest (profit)/loss	-	-	(7.15)	67.21
<b>NET PROFIT AFTER TAXATION AND ABOVE ADJUSTMENTS</b>	<b>1,058.53</b>	<b>861.37</b>	<b>953.26</b>	<b>847.43</b>
Extraordinary items – impairment loss on investments #	-	555.54	-	603.08
<b>Balance profit</b>	<b>1,058.53</b>	<b>305.83</b>	<b>953.26</b>	<b>244.35</b>
Add: Balance of profit brought forward from the previous year	1,027.96	998.17	948.63	980.32
<b>Amount available for appropriations</b>	<b>2,086.49</b>	<b>1,304.00</b>	<b>1,901.89</b>	<b>1,224.67</b>
<b>Appropriations made by the Board of Directors</b>				
- General reserve	110.00	87.50	110.00	87.50
<b>Dividends on equity shares</b>				
- Interim dividend at Rs 2.50 (25%) per share	80.84	-	80.84	-
- Income tax on Interim dividends	13.43	-	13.43	-
- Proposed dividend at Rs. 3.50 (35%) per share	125.90	161.68	125.90	161.68
- Income tax on dividends	20.91	26.86	20.91	26.86
Leaving balance of profit carried to balance sheet	1,735.41	1,027.96	1,550.81	948.63
<b>Earnings per equity share (EPS)</b>				
- Basic and diluted before extraordinary items	32.74	26.64	29.48	26.21
- Basic and diluted after extraordinary items	32.74	9.46	29.48	7.56

\* Consolidated results include the results of –

- a) Petroleum Specialities Pte. Ltd, Singapore (PSPL) and ## Poweroil Speciality Products FZE, Sharjah, wholly-owned subsidiaries (WOS) of the Company;

- b) Uniflex Cables Ltd (UCL), a subsidiary company  
c) Apar ChemateK Lubricants Ltd., a joint venture company  
d) Marine Cables & Wires Private Limited (MCWPL), WOS of UCL and  
e) Quantum Apar Speciality Oils Pty. Ltd., subsidiary of PSPL  
# Non-cash loss on impairment of equity investment in UCL & MCWPL  
## Since Closed.

1. B) Financial positions of the Company after considering the effect of draft scheme of the amalgamation (DRS) of UCL with the Company are as under. DRS has been submitted to BIFR for it’s final approval. (refer para 3(c)) (Rs. in million)

Particulars	Standalone (as at 31st March, 2011)		Consolidated (as at 31st March, 2011)	
	Pre-amalgamation	Post-amalgamation	Pre-amalgamation	Post-amalgamation
Sales (net of excise duty)	27,184.69	29,206.24	30,283.00	30,283.00
Profit before tax	1,594.65	1,311.83	1,538.44	1,538.44
Profit after tax	1,058.53	1,174.23	953.26	1,351.78
Earnings per share	32.74	33.71	29.48	38.81
Share Capital	323.36	348.34	323.36	348.34
Reserve and Surplus	3,423.93	3,468.47	3,190.85	3,589.37

2. Dividend:

a. Your Company has paid an interim dividend @ Rs. 2.50 (25%) per share on 32,336,031 Equity Shares of the face value of Rs. 10/- each, amounting to Rs. 80.84 Million for the financial year 2010-2011.

The members are requested to confirm the above interim dividend at the ensuing Annual General Meeting (AGM) of the Company.

b. Final Dividend:

Considering the improved financial results achieved during the year under review as compared to the previous year, the Board of Directors has recommended the final dividend for financial year 2010-11 on 35,972,394 Equity Shares of the face value of Rs.10/-each fully paid @ Rs. 3.50 (35 %) per share.

Total dividend for the financial year 2010-11 including interim dividend already paid aggregating to Rs 6.00 (60%) per equity share.

This final dividend amounting to Rs. 125.90 Million 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

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

The rapid economic growth in infrastructure in India has witnessed noticeable and prominent growth in the power sector. However, there is still a substantial gap between the targets and achievements, primarily due to implementation issues. The Eleventh Plan power generation achievement in 2010-11 was 12.2 GW which was approximately 60% of the target. In order to improve the achievement in future years, a number of strategic measures are being taken up – Ultra Mega Power Projects (UMPP), unbundling of state utilities, power trading exchanges, etc. To facilitate greater private sector participation in transmission segment through the competitive route, the Central Electricity Regulatory Commission has issued regulations for grant of transmission licenses through competitive bidding. Power Grid Corporation, the country’s central transmission utility, has planned for Rs. 81000 crore in 2010 that will be laid over the next eight years to set up transmission networks, including the evacuation of power from upcoming projects in some neighboring countries. This is in addition to the Rs. 55,000 crore that it would be investing in the current five-year plan, ending 2012, to set up a national grid of 37000 MW.

The Company’s Transformer Oil & Conductors divisions are amongst the leaders in their respective fields, and are expected to benefit significantly from the investments that are being planned in the power sector.

Margins from the manufacturing activities during FY 2010-11

were increased to Rs 1,701.65 million from Rs 1,385.11 million in the previous year. The segment-wise operations were as under:

#### i) Transformer oil and specialty oils segment

This division contributed 51.2% of the Company's revenue. Details of Sales revenue and segment profit (standalone basis) are:

	2010-11	2009-10	Variation
Turnover			
KL	# 2,59,344	# 2,47,709	(+) 11,635 (4.7%)
Rs/million	13,950.77	10,251.52	(+) 3,699.25 (36.1%)
Segment profit-			
Rs/million	1,360.07	879.54	(+) 480.53 (54.6%)

# Includes conversion by the company on customers' account.

The Oil business had a good performance during 2010-11 primarily on account of improved product mix. As the demand for products with higher quality standards are gaining popularity in the markets in which the company is operating, it has been able to avail of the opportunities on the strength of its technical expertise. The profitability has increased by about 55%.

The Company continues to exercise prudence in its choice of business & inventory control in order to mitigate the risks experienced in 2008-09. The Company has been concentrating on higher value-added products and applications rather than focus just on volume growth. As a result, growth in terms of volume has been modest at approximately 5%.

The Company expects to sustain its leadership position in the market for Transformer Oils, and increase its penetration in the other segments. While the profitability in 2011-12 may be reasonably good, it may not be as strong as the previous year because of the expected volatility in the commodity markets.

The Net sales turnover of the "Agip" brand Automotive Lubricants produced by the Company with License and Technical Know-how of ENI-S.p.A of Italy and marketed by Apar ChemateK Lubricants Ltd, (50:50 Joint Venture Company with ChemateK SpA) (ACL) stood at Rs. 1,212.08 Million for FY 11. ACL has earned a Profit of Rs. 44.61 Million during FY 2010-11 as against Profit of Rs. 49.98 Million in the previous year. The sale of Agip brand products grew by 34.7% in volume over the previous year.

#### Risk and concerns

The company is exposed to the volatility in the prices of its raw materials & in foreign exchange rate. However, in order to

mitigate its risks, the Company continues to exercise prudence in its inventory control & hedging strategies.

#### ii) Conductor division

Sales revenue in FY11 increased by 34.5% from Rs 9,857.98 million to Rs. 13,258.17 million on account of increase in volume by 29.3% from 79510 MT to 102793 MT.

Segment Level profit for the year down from Rs. 601.03 Million to Rs. 467.63 Million.

During the year, Power Grid finalised much lower tenders for conductors as compared to the past. The absence of this very significant part of the market created intensified competition in the rest of the business. Hence, margins were under pressure for the Company, and the profits were reduced. The increase in volumes helped in mitigating the impact of the margins' reduction.

During the end of the year, Power Grid has started to finalise a number of tenders, and the company has received some orders for execution in the second half of FY 12.

The order book as of April 1, for FY12 was Rs. 12,598.10 million in confirmed orders and Rs. 5,607.50 million in the pipeline. The Company will continue to experience reduced margins for the first half of FY 12.

We expect total volume to grow by over 15% in FY12 over FY11 with a corresponding increase in profitability for this segment.

The Company followed a conservative hedging strategy both on foreign exchange and metal front. All fixed price contracts were hedged on a back to back basis. The mark to market losses (MTM) on such contracts as of March 31, 2011 in accordance with announcement dated March 28, 2008, issued by the Institute of Chartered Accountants of India, amounting to Rs 280.40 million have not been provided in the accounts, as it is notional in nature and said loss would get extinguished on execution of firm sale price orders corresponding to these commodity contracts.

#### Risk and concerns

There is continued volatility in the raw material prices and in other input costs. The Company hedges the main raw materials on the London Metal Exchange & the foreign exchange exposure, in order to mitigate the risks of its operation.

b) Operations of subsidiary Uniflex Cables Ltd. (UCL) and its wholly-owned subsidiary Marine Cables & Wires Private Limited (MCWPL)

The Profitability of the Cable business continued to be poor because of the intensified competition in the industry. The margins were at historically un-remunerative levels. The various initiatives taken by the Company has enabled it to grow its volume substantially relative to the general growth in the Industry. This helped the Company to keep the losses at the similar levels as the previous year.

Net sales for the financial year 2010-11 stood at Rs. 3,112.73 million as against Rs. 1,806.18 million in the previous financial year 2009-10; increased by Rs. 1,306.55 Million (72.34%) Net loss for the financial year 2010-11 stood at Rs. 282.53 Million (standalone) as against the loss in the previous financial year 2009-10 of Rs. 274.58 Million.

The company has grown its higher margin business of special rubber and communication cables from Rs. 521 Million to Rs. 841 Million. However, the gain from this has been offset with a drop in margins in the high volume Power Cables segment, and from higher interest cost of Rs. 154.49 Million compared to Rs. 122.04 Million in the previous year.

In the FY 12, the Cable business is expected to improve in its profitability on account of better product mix, and initiatives to reduce its costs and further increase in volumes.

**c) Amalgamation of Uniflex Cables Ltd. (UCL) and Marine Cables & Wires Pvt. Ltd. (MCWPL) with the Company with transfer date 1st April, 2010.**

Pursuant to the reference made in accordance with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) to the Board for Industrial & Financial Reconstruction (BIFR) by UCL, it has been declared as Sick Industrial Company by BIFR vide its' order dated October 26, 2010 and directed UCL to file a fully tied up Draft Rehabilitation Scheme (DRS) u/s 17(3) of SICA for it's revival to Syndicate Bank who has been appointed as Operating Agency (OA) to examine the DRS. After having preliminary discussion with the management of the Company, UCL has submitted DRS to OA which include amalgamation of the UCL with the company with cut off date as 31st March, 2010 for expeditious revival. The Scheme also provides for exchange of one equity share of the face value of Rs. 10 each of the Company for ten equity shares of Rs 10 each of UCL.

After holding Joint Meeting of all the concerned parties by OA, it has submitted its' report on above DRS to BIFR on March 18, 2011. The shareholders of the Company have approved the above DRS and also the exchange ratio subject to the final approval of the BIFR which is awaited.

During the year ended March 31, 2011, MCWPL incurred loss of Rs. 10.91 million (after tax) as against profit of Rs. 6.03 million in the previous year. As directed by BIFR, MCWPL has submitted Draft Rehabilitation Scheme (DRS) which include amalgamation of the MCWPL with the company with cut off date as 31st March, 2010 to BIFR in July, 10. BIFR has appointed Syndicate Bank as Operating Agency (OA) to examine the DRS and submit its' report to BIFR. The OA report in this regard is awaited.

**d) Cautionary statement**

The statements made in the management discussion & analysis section, describing the Company's goals, expectations, or predictions etc. 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 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 etc.

**e) 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 saving 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 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 interval.

**f) Development of human resources**

The Company promotes 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 referred to in para 8 (a)(i) and as detailed in an attachment to this report. The main object of the Scheme is to create and maintain optimum performance level and profit driven culture and improve productivity.

The Company also takes adequate steps for in-house training of employees and maintaining safety and healthy environment for workers working within the factory premises.

#### 4. Issue of Further Shares

During the year under review, the Board of Directors at its meeting held on 30th March, 2011, approved the issue of 3,636,363 Equity Shares of Rs. 10/- each at a Premium of Rs. 210/- per share to Templeton Strategic Emerging Markets Fund III, L.D.C., Cayman Islands (Templeton), a Foreign investor, on Preferential Allotment basis and Shareholders of the Company at their Extra-Ordinary General Meeting (EGM) held on 29th April, 2011 approved the above issue in terms of provisions of Section 81(1A) of the Companies Act, 1956 by passing a Special Resolution to that effect.

The Committee of Board of Directors at its meeting held on 4th May, 2011, upon receipt of the full subscription amount approved the allotment of the said 3,636,363 Equity Shares of Rs. 10/- each at a Premium of Rs. 210/- per share to Templeton and consequently Issued, Subscribed and Paid-up Equity Share Capital of the Company have increased to Rs. 359,723,940/- divided into 35,972,394 Equity Shares of Rs. 10/- each fully paid.

#### 5. Directors

a) Mr. Rajesh Sehgal was appointed as an Additional Director of the Company w.e.f. June 27, 2011. He has been nominated as a Director in the capacity of an Investor Director by Templeton, in terms of the provisions of the Subscription and Investor Rights Agreement entered into between the Company and Templeton, the allottee of 3,636,363 Equity Shares of Rs. 10/- each. In pursuance of the provisions of Section 260 of the Companies Act, 1956, Mr. Sehgal will hold office as director upto the date of ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, proposing his candidature as Director, not liable to retire by rotation. The Board recommends his appointment.

b) Mr. F. B. Virani and Mr. Kushal N. Desai, Directors shall retire by rotation at the ensuing annual general meeting of the Company and they, being eligible, offer themselves for reappointment. The Board recommends the re-appointment of these Directors.

#### 6. 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, 2011, 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.

#### 7. Audit

The qualification in paragraph 2(f) of attached Auditors' Report are self-explanatory and do not call for any further comments or explanations. In this regard, attention is also invited to paragraph 3 (a) (ii) of this Report.

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 reappointment. The Audit Committee of Directors at its meeting held on 27th May, 2011 recommended reappointment of M/s. Sharp & Tannan as Statutory Auditors of the Company for the financial year 2011-12.

#### 8. Other information

- a. 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 & development and foreign exchange earnings and outgo.
- iv) Report on Corporate Governance and auditors' certificate regarding compliance of conditions of corporate governance. The Ministry of Corporate Affairs has issued "Corporate Governance Voluntary Guidelines" in December 2009. While these guidelines are recommendatory in nature, the Company is in the process of adopting these guideline gradually.
- v) Statement containing brief financial details of the subsidiaries.
- b. Ministry of Corporate Affairs vide its letter dated February 14, 2011 has informed the Company that vide its General Circular dated February 8, 2011, Companies have been granted exemption under Section 212 (8) of the Companies Act, 1956. In accordance with Circular, 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

Poweroil Speciality Products FZE, Sharjah, Uniflex Cables Limited (UCL), subsidiary of the Company and Marine Cables & Wires Private Limited, wholly-owned subsidiary of UCL. As per the terms of circular, a statement containing brief financial details of the said subsidiaries for the year ended March 31, 2011 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.

c. As on March 31, 2011 the aggregate fixed deposits of Rs. 0.059 million were due for repayment but remained unclaimed. Letters have been sent to such depositor to claim the amounts due to them.

## 9. Acknowledgement

Your Directors wish to place on record their sincere appreciation for continuous cooperation, 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: 27th June, 2011

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 upto 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 given below :

a. Options granted by the Compensation Committee	: 175,150
b. Exercise price	: Rs. 207.05 per option
c. Options vested	: 116,766
d. Options exercised	: Nil
e. The total number of shares arising as a result of exercise of options	: Nil
f. Options lapsed	: Nil
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	: 175,150
j. Employee-wise details of options granted to:	
i. Senior Management Personnel / Directors	
(a) Mr. H N Shah	: 7,500
(b) Mr. V A Gore*	: 4,000
(c) Dr. N K Thingalaya	: 4,000
(d) Mr. F.B.Virani	: 4,000
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	: Rs. 32.74

### Notes:

- 1) 175,150 options at the exercise price of Rs. 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 was 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 Rs. 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) \*Mr. V. A. Gore expired on December 2, 2009. Options granted to him would vest with his legal heirs / beneficiary.

# 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, 2011.

Names	Age (Years)	Designation / Nature of Duty	Qualifications	Experience (Years)	Remuneration (Rs.)	Date of Commencement of Employment	Last Employment and Designation
Mr. Kushal N. Desai	44	Managing Director	B.Sc. (Hons.), (Ele.Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	22	19,018,464	24.03.1999	GE Lighting (India) Ltd. President
Mr. C. N. Desai	39	Joint Managing Director	B.Sc. (Hons.), (Chem.Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	17	19,108,809	29.05.1993	—

**Notes :**

1. 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, telephone etc.
2. Above directors are related to each other. None of the employees of the Company is related to any of the Directors.
3. 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, 2011.

### I. Conservation of Energy

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

**Conductor Division:**

- i) Installation of some variable speed drives on machines.
- ii) Replacement of DC Tension System for take up to A.C. Tension system on machines.
- iii) Installation of energy efficient MHT light fixtures.
- iv) Replaced 20 numbers CFL Energy Efficient Lights 45 watt in place of 150 watt HPSV & 125 watt HPMV Lights.

- v) Replaced 5 numbers 250 watt flood lights with 150 watt flood lights in dispatch area with same lumens.

**Oil Division:**

- i) Installed six numbers power saving device for Air Conditioners.
- ii) Replaced the inefficient higher capacity motors with high efficient motors in the plant.
- iii) Replaced the inefficient 250 watt HPSV light fittings by 96 watt/72 watt CFL light fittings in the plant with same lumens output.

- iv) Commissioned process air header in front of boiler house with different lines to different plants also provided 3H.P. motor with air-compressor in ETP plant separately. This is done to reduce the running of 60H.P. motors.
  - v) Maintained power factor above 0.95 throughout the year, and received incentives in MSEDCL bill.
  - vi) Recovered steam condensate.
- 2) Additional Investment proposals, if any, being implemented for reduction of consumption of energy:**
- i) Investment proposed for power conservation through VFD panel installations.
  - ii) 20 numbers of solar street light to be provided along the boundary wall where light consumption is more.
  - iii) Dusk to dawn controller to be provided for indoor plant lighting for its automatic operation under controlled settings.
  - iv) Installation of 5 numbers power saving devices for Air conditioners.
  - v) 1 number Eddy current motor 11KW in heavy rewinding to be replaced by VFD.
  - vi) 6 numbers wind turbines ventilator to be installed in the Silvassa Oil Plant.
  - vii) Replacement of 250 watt HPSV Light fitting by 4x 24 watt (96 watt) T5 Light fitting to reduce the lighting load by 3.0KW.
  - viii) Installation of 12 numbers power saving device for the Air conditioners, which would save electricity by 40,435KWH/year & annual savings will be Rs. 1,81,950/- approximately.
- 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.

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

##### (A) Power and Fuel Consumption

	2010-11	2009-10
<b>(i) Electricity</b>		
(a) Purchased units	22,239,364	19,305,625
Total Amount (Rs./million)	86.92	81.51
Rate/Unit (Rs.)	3.91	4.22
(b) Own Generation		
Through Diesel Generator (Units)	703,643	883,759
Average Units generated per liter of diesel oil	3.09	3.14
Average Cost of Unit (Rs.)	12.01	10.55
<b>(ii) Furnace Oil:</b>		
Quantity (Kl.)	7,596	6,866
Total Amount (Rs./million)	204.69	155.98
Average Rate/Kl.(Rs.)	26,948	22,720

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

	2010-11		2009-10	
	Electricity (Units)	Furnace Oil (litres)	Electricity (Units)	Furnace Oil (litres)
<b>(i) Refinery Division :</b>				
Per KL output of Oil	10.18	1.78	11.13	1.86
<b>(ii) Properzi and AAC/ACSR/AAAC Conductors Division :</b>				
Per MT output of Aluminum/Alloy Conductors	200	70	214	79

Reasons for change in consumption:

<b>Electricity</b>	:	Oil	:	Change in Product mix
		Conductors	:	Change in product mix
<b>Furnace Oil &amp; LDO</b>	:	Oil	:	Change in Product mix
		Conductors	:	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:

- Development & commercialisation of new types of up-rating Conductors, with utility in re-conductoring with enhanced power transmission capacity. AI-59, TAL developed and has been commercially produced. ACSS is developed but commercially yet to be produced.
- Company’s In-house R&D Oil unit at Rabale, Navi Mumbai has been granted registration with the Department of Scientific & Industrial Research (DSIR), Government of India, Ministry of Science and Technology for the purposes of availing customs duty and central excise exemption & granted re-registration with NABL.
- The Company has strengthened a Six Sigma, a business management strategy using DMAIC approach in various sections of Speciality Oils division at Rabale resulting in improvement in the process efficiency, productivity and energy conservation.

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

- a) Large scale commercial production has commenced.

- b) Value addition has increased due to better product mix.
- c) New Customer requirements have been satisfied with newly developed products .

B) Benefits derived from Six Sigma

- Process efficiency, Productivity improvement, Energy Conservation, Process capability and Reduction in variation leading to Cost effectiveness.

iii) Future plan of action:

- a) Commercialisation & expansion of R&D facility at Rabale. NABL accreditation at Silvassa Oil Labarootoy,
- b) Development of new types of Conductors such as STAL and Trapazodal conductor such as ACSS/TW and ACCC/HVCRC in current financial year.
- c) Creating and developing a technical team for conductor stringing solutions for newly up-rated developed conductors and for this, additional tests facilities will also to be created for measurement of Trapezoidal wires.



#### iv) Expenditure on R&D

(Rs.)

Sr.no	Particulars	2010-11	2009-10
(A)	Salary, wages and other benefits	6,161,550	3,873,331
	Consumables and chemicals	2,789,031	596,571
	<b>Sub-Total</b>	<b>8,950,581</b>	<b>4,469,902</b>
(B)	Capital expenditure	5,865,095	11,564,360
	<b>Total (A+B)</b>	<b>14,815,677</b>	<b>16,034,262</b>

## 2. Technology Absorption, Adaptation and Innovation:

### a) Technology Imported (in last five years)

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.

### b) Year of Import

2007

### c) Has technology been fully absorbed

Yes.

## 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

(Rs. in million)

	2010-11	2009-10
<b>(i) Total foreign exchange used:</b>		
(a) Raw Materials (CIF)	12,363.03	9,694.13
(b) Stores & Spares	2.12	3.56
(c) Capital Goods	11.07	20.11
(d) Others	231.21	343.91
	<b>12,607.43</b>	<b>10,061.71</b>
<b>(ii) Total foreign exchange earned:</b>		
(a) Physical Exports (FOB)	5,451.81	5,022.53
(b) Deemed Exports (eligible for export incentives)	696.36	861.68
(c) Others	298.84	271.69
	<b>6,447.01</b>	<b>6,155.90</b>

# 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 and 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 shareholders' value. 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 5 Committees as specified in Clause 49 across all companies in which he is a director. All the members of the Board are eminent persons with excellent qualifications; professional expertise and extensive experience and they have made outstanding contributions to the industry.

2. The Board of Directors meets at least four times a year with maximum time gap of 4 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 is as follows as on 31st March, 2011:

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)	2	–	–
Dr. N.K.Thingalaya	Non-Executive & Independent	2	2	2
Mr. F. B. Virani	Non-Executive & Independent	1	1	–
Mr. Kushal N. Desai	Managing Director	3	4	2
Mr. C. N. Desai	Joint Managing Director	3	5	–
Mr. H. N. Shah	Non-Executive & Independent#	1	4	2

\* The directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies and deemed public companies, Section 25 Companies and private limited companies.

# As legally advised.

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 financial year 2010-2011, seven Board Meetings were held. The dates on which the Board meetings were held are as follows:

25th May, 2010, 2nd August, 2010, 3rd September, 2010, 25th October, 2010, 24th November, 2010, 2nd February, 2011 and 30th March, 2011.

### General Meetings

The last Annual General Meeting (21st AGM) was held on 2nd August, 2010 at 2.30 P.M. at 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	7	7	Yes
Dr. N. K. Thingalaya	7	6	Yes
Mr. F. B. Virani	7	6	Yes
Mr. Kushal N. Desai	7	6	Yes
Mr. C. N. Desai	7	7	Yes
Mr. H. N. Shah	7	6	Yes

### Audit Committee

1. 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 consists of three independent Directors. The broad terms of reference of the Audit Committee include, reviewing with the management, the quarterly 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.

2. The composition of the Audit Committee and attendance of Directors at the meetings are given hereunder:

During the financial year 2010-11, the Audit Committee met on 25th May, 2010, 2nd August, 2010, 3rd September, 2010, 25th October, 2010 and 2nd February, 2011.

Name of Directors	Category	No. of meetings held during the tenure of Director	No. of meetings attended
Dr. N. K. Thingalaya	Independent & Non-Executive	5	5
Mr. F. B. Virani	Independent & Non-Executive	5	4
Mr. H. N. Shah	Independent & Non-Executive	5	5

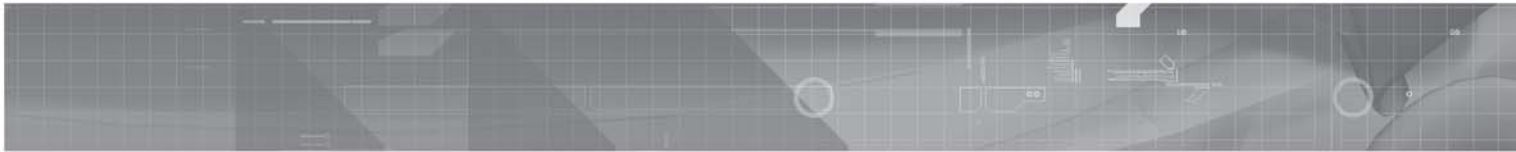
### Compensation-Cum-Remuneration Committee

**Composition:** The Compensation – cum - Remuneration Committee of the Board comprises of five directors, namely, Dr.N.K.Tingalaya- Chairman, Shri H.N.Shah, Shri F.B.Virani, Shri C.N.Desai, Shri K.N.Desai.

**Term of Reference:** The Broad terms of reference of the Compensation-cum-Remuneration Committee include, over and above the administration and other related matters of

Employee stock option Plan, the approval of remuneration payable to managerial persons in accordance with the provisions of Part II and Section II of Schedule XIII of the Companies Act, 1956 and under any other law.

During the Financial year 2010-11 Compensation – Cum - Remuneration Committee meeting was held on 2nd February, 2011.



Name of Directors	Category	No. of meetings held during the tenure of Director	No. of meetings attended
Dr. N. K. Thingalaya	Independent & Non-Executive	1	1
Mr. H.N.Shah	Independent & Non-Executive	1	1
Mr. F.B.Virani	Independent & Non-Executive	1	1
Mr. C. N. Desai	Executive Director	1	1
Mr. K.N.Desai	Executive Director	1	1

**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 practice.

**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 financial year 2010-2011 is as under:

	Mr. Kushal N. Desai	Mr. C. N. Desai
Position	Managing Director	Joint Managing Director
Salary (Rs.)	2,948,245	2,942,193
Commission (Rs.)	13,746,510	13,746,509
Perquisites / Allowances (Rs.)	2,323,709	2,420,107
Total (Rs.)	19,018,464	19,108,809
Stock Option Granted (Nos.)	Nil	Nil
Service Contract	5 years from 01/01/2007 to 31/12/2011	5 years from 01/01/2007 to 31/12/2011
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 Rs. 4,791,176/- including monetary value of facilities during the period from 1st April, 2010 to 31st March, 2011 for his professional services to the Company towards his fees and Rs. 13,746,509 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 Rs. 2,409,813/- towards his fees including monetary value of facilities during the period from 1st April, 2010 to 31st March, 2011.

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 as given below :

Name of Directors	Sitting Fees (Rs.)	No. of Equity Shares held in the Company	No. of Stock Options granted
Dr. N. D. Desai	1,37,500	69,30,692*	Nil
Dr. N. K.Thingalaya	1,05,000	–	4,000
Mr. F. B. Virani	97,500	6,500	4,000
Mr. H. N. Shah	1,80,000	2,960	7,500

\* Includes shares held as Trustee

### Share Transfer & Shareholders' Grievance Committee

1. The Board of Directors of the Company has constituted Share Transfer & Shareholders' Grievance Committee of Directors in order to meet the requirement of Clause 49 of the Listing Agreements of the stock exchanges. This Committee has been constituted with the objective of overseeing 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.

2. Share Transfer & Shareholders' Grievance Committee met three times during the financial year, i.e. on 25th May, 2010, 3rd September, 2010 and 2nd February, 2011.

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
Shri C. N. Desai	Executive Director	3	3
Shri H.N.Shah	Independent & Non- Executive	3	3

### 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 fortnight basis, and gist of 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 1st April, 2010 to 31st March, 2011.

1. No. of complaints received	3
2. No. of complaints resolved	3

3. No. of complaints not solved to the satisfaction of the investors as at 31st March, 2011.	Nil
4. Complaints pending as at 31st March, 2011.	Nil
5. No. of share transfers pending for approval as at 31st March, 2011.	Nil

#### Risk Assessment & Minimisation Procedure :

The Company has laid down procedure to inform the Members of the Board about the risk assessment and minimisation procedure. These procedures are periodically placed and are reviewed by the 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 last three Annual General Meetings (AGM) of shareholders of the Company held are as under :

#### Annual General Meetings (AGM):

AGM	Date & Time	Location	Details of Special Resolutions
21st	2nd August, 2010 at 2.30 P.M.	The Auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	Approval by the Shareholders of the Company to the issue of securities for a value of upto Rs.125 Crores in one or more tranches through a public issue and /or a private placement basis and / or Qualified Institutional Placement within the meaning of Chapter VIII of the SEBI ICDR Regulations and / or preferential issue and /or any other kind of public issue and/or private placement as may be permitted under applicable law from time to time.
20th	4th September, 2009 at 11.00 A.M.	The Auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	No Special Resolution.
19th	29th August, 2008 at 11.00 A.M.	The Auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007.	Cancellation of 175,150 options granted at the Exercise Price of Rs. 259.75 per option and issue of fresh 175,150 options (in lieu of the cancelled options) at the new Exercise Price of Rs. 207.05 per option.

### 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. 17 of Schedule No. 22 of the audited Accounts for the financial year 2010-2011, 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.

**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 3 years.

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

### e) Means of Communication :

**Quarterly / Half Yearly / Yearly Financial Results:** Generally published in Gujarat edition of "The Business Standard", English daily newspaper and "Loksatta" - Gujarati daily newspaper. Financial Results of the Company are displayed on the Company's website: [www.apar.com](http://www.apar.com)

**f)** Management Discussion & Analysis is covered under the separate head of the Directors' Report of 2010-2011.

**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 dematerialised shares held with NSDL and CDSL.

## General Information :

### 1. Annual General Meeting

Day, Date and Time : Wednesday, 24th August, 2011 at 10:30 A.M. at The Auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara 390007.

### 2. Financial Calendar for 2010-11

Financial year ending : 31st March  
 First Quarter Results (June, 2011) : On or before 14th August, 2011.  
 Half Yearly Results (September, 2011) : On or before 14th November, 2011.  
 Third Quarter Results (December, 2011) : On or before 14th February, 2012.  
 Approval of Annual Accounts (2011-12) : On or before 30th May, 2012 .

### 3. Book Closure Dates

: Wednesday, August 17, 2011 to Wednesday, August 24, 2011.  
 (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

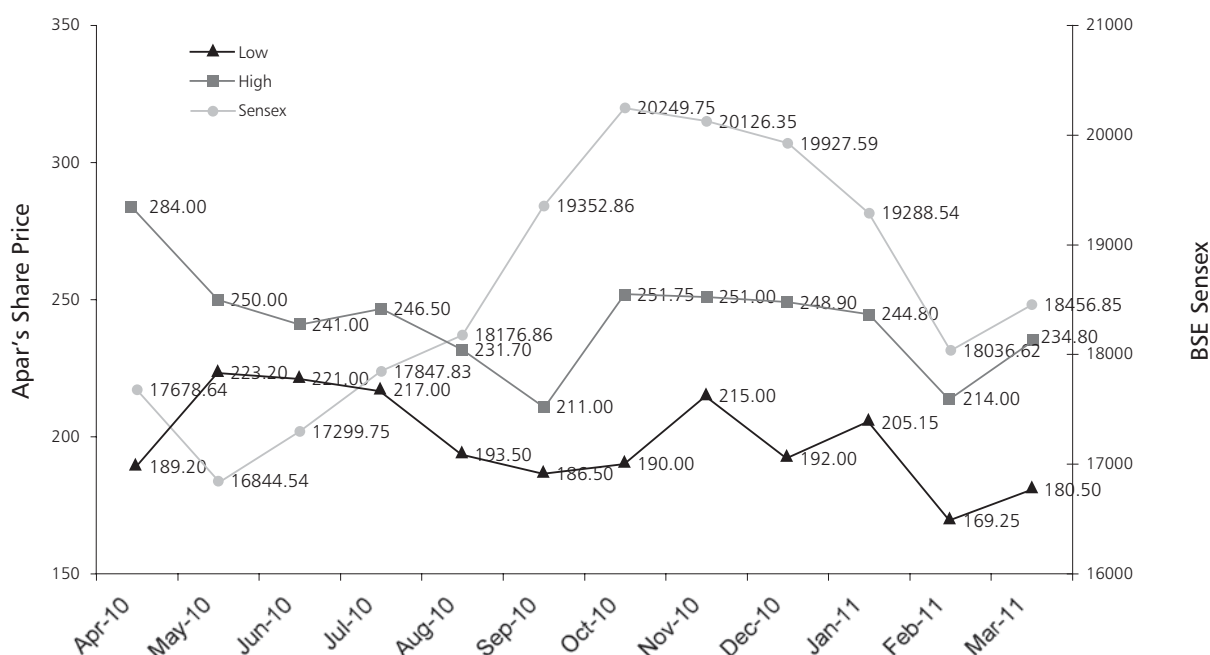
: The Equity Shares of the Company are listed on –  
**Bombay Stock Exchange Limited, Mumbai**  
 (BSE) - Scrip Code No. 532259  
 Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.  
**National Stock Exchange of India Limited**  
 (NSE) - Scrip Code - APARINDS, "Exchange Plaza",  
 Bandra- Kurla Complex, Bandra (E), Mumbai-400 051.  
 The Company has paid due listing fees of both the Stock Exchanges.

### 7. Stock Price Data for the financial year April, 2010 to March, 2011 prevailed at the Bombay Stock Exchange Ltd. (BSE) and The National Stock Exchange of India Ltd. (NSE):

Year	Month	BSE			NSE		
		High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
2010	April	284.00	189.20	28,15,263	282.70	196.20	40,18,602
	May	250.00	223.20	2,58,738	250.00	218.00	3,89,076
	June	241.00	221.00	1,88,886	243.10	220.00	2,76,585
	July	246.50	217.00	3,76,768	258.80	207.20	5,26,108
	August	231.70	193.50	2,03,154	233.00	193.25	3,08,408
	September	211.00	186.50	4,76,996	208.90	175.20	5,51,983
	October	251.75	190.00	11,90,009	251.80	185.10	16,07,239
	November	251.00	215.00	4,84,205	249.40	222.70	19,13,551
	December	248.90	192.00	2,35,895	247.50	205.35	4,97,409
	January	244.80	205.15	1,17,160	254.00	202.05	2,31,685
2011	February	214.00	169.25	1,45,757	214.90	166.60	5,22,846
	March	234.80	180.50	3,28,445	234.90	181.00	6,62,923

## 8. Stock Performance :

The performance / movement of price of the Company's Equity Share as compared to BSE Sensitive Index is given in the chart below :



## 9. Registrar for Share Transfer and Depository : MCS Limited

Neelam Apartment, 88, Sampatrao Colony,  
B/H. Standard Chartered Bank, Alkapuri, Vadodara – 390 007.  
Ph. Nos. (0265) 2339397, 2350490 • Fax No. (0265) 2341639  
E-mail: mcsltbaroda@yahoo.com

## 10. Distribution of Shareholding as at 31st March, 2011 :

Range of Equity Shares	No. of Equity Shareholders	% of Equity Shareholders	No. of Equity Shares held	% of Shareholding
1 – 500	17,683	94.69	1,037,824	3.21
501 – 1000	441	2.36	333,661	1.03
1001 – 2000	278	1.49	400,357	1.24
2001 – 3000	72	0.38	187,011	0.58
3001 – 4000	45	0.24	159,861	0.49
4001 – 5000	36	0.19	169,764	0.52
5001 – 10000	63	0.34	462,661	1.43
10001 – 50000	35	0.19	642,307	1.99
50001 – 100000	7	0.04	603,623	1.87
And Above	15	0.08	28,338,962	87.64
<b>Total</b>	<b>18,675</b>	<b>100.00</b>	<b>32,336,031</b>	<b>100.00</b>

## 11. Shareholding Pattern as at 31st March, 2011:

Category	No. of Equity Shares held	% Holding
Promoters / Persons Acting in concert	20,336,896	62.89
Banks, Financial Institutions and Insurance Companies	1,149	0.00
Mutual funds	3,185,404	9.85
Foreign Institutional Investors	2,055,595	6.35
NRIs / OCBs	221,975	0.69
Corporate Bodies	812,329	2.51
Resident Individuals	3,087,545	9.56
Foreign Investors (Shinny Limited, Mauritius – CLSA Group)	2,635,138	8.15
<b>Total</b>	<b>32,336,031</b>	<b>100.00</b>

## 12. Dematerialisation of Shares & Liquidity :

As at 31st March, 2011 approx. 99.23 % 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 or CDSL by the Registrar, MCS Limited. The Equity Share ISIN No. is INE372A01015.

## 13. Employee Stock Options :

A total of 1,75,150 Options have been granted. Each Option, upon exercise of the same, would give rise to one equity share of Rs. 10/- each fully paid up. The Details of the Options granted / vested are as under:

Date of Grant ( the options granted on 23rd January, 2008 at Rs. 259.75 : 27th May, 2008  
were cancelled and subsequently, fresh same number of options granted  
on 27th May, 2008 at exercise price of Rs.207.05 per option )

Total options granted	: 175,150
Date of vesting of options	: 27th May, 2009 (1/3rd of the above options granted) 27th May, 2010 (further 1/3rd of the above options granted)
Total Options vested	: 116,766

# No employee has exercised any option granted to him / her.

## 14. Plant Locations :

Division	Locations
a) Conductors Division	a) Silvassa* and Nalagarh (H.P.)
b) Oil Division	b) Rabale and Silvassa*

\* Union Territory of Dadra & Nagar Haveli

## 15. 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 web site.

I confirm that the Company has in respect of the financial year ended 31st March, 2011, 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 31st March, 2011.

Place: Mumbai

Date : 27th May, 2011

**Kushal N. Desai**

*Managing Director and CEO*

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## Auditors' Certificate

regarding compliance of conditions of Corporate Governance

To,

The Members

**Apar Industries Limited**

301, Panorama Complex,

R.C. Dutt Road,

Vadodara-390 007

Dear Sirs,

We have examined the compliance of conditions of Corporate Governance by Apar Industries Limited, for the year ended 31st March, 2011, 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*

Registration No.109982W

by the hand of

**Milind P. Phadke**

*Partner*

Membership No.033013

Place: Mumbai

Date: 27th May, 2011



# FINANCIAL SECTION



## Auditors' Report

To the Shareholders of  
Apar Industries Limited

We have audited the attached Balance Sheet of Apar Industries Limited as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with provisions of Section 227 of the Companies Act 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, 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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956; and
  - (e) on the basis of the written representations received from directors of the Company as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.

- (f) *The Company has not provided for mark-to-market losses on commodity forward contracts aggregating to Rs.280,401,393 as at 31st March, 2011. Consequently, after considering the deferred tax effect, the profit for the year is lower by Rs.79,889,117, the Current Liabilities and Provisions as at 31st March, 2011 have been understated by Rs. 280,401,393, the closing Reserves as at 31st March, 2011 are overstated by Rs.187,259,060 and the opening Reserves as at 1st April, 2010 are overstated by Rs.264,057,967. Had the observation made by us been considered, the profit after tax for the year would have been Rs.1,138,420,534 (as against the reported profit after tax of Rs.1,058,531,417), the Current Liabilities and Provisions would have been Rs.14,465,091,895 (as against the reported Current Liabilities and Provisions of Rs.14,184,690,502), the closing Reserves would have been Rs.3,236,668,688 (as against the reported closing Reserves of Rs.3,423,927,748) and the opening Reserves as at 1st April, 2010 would have been Rs.2,342,420,335 (as against the reported opening Reserves of Rs.2,606,478,302). (Refer Note 5 of Schedule 22)*

*Subject to our observations referred to in paragraph 2(f) above and its consequential effects on the financial statements, in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Significant Accounting Policies in Schedule '21' and the Notes to the Financial Statements in Schedule '22', give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Sharp & Tannan**  
Chartered Accountants  
Registration No.: 109982W  
by the hand of

**Milind P. Phadke**  
Partner

Mumbai, 27th May, 2011

Membership No.: 033013

## Annexure to the Auditors' Report

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

- |  |  |
|--|--|
| <p>i) a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of all fixed assets.</p> <p>b) As explained to us, these fixed assets have been physically verified by the management, in accordance with a phased programme of verification, 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.</p> <p>c) The Company has not disposed off any substantial part of its fixed assets during the year, so as to affect its going concern status.</p>  | <p>Company, are prima facie, not prejudicial to the interest of the Company.</p> <p>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.</p>   |
| <p>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.</p> <p>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.</p> <p>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.</p>   | <p>iv) In our opinion, and according to the information and explanations given to us, there is an 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 aforesaid internal control system.</p>   |
| <p>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, Paragraphs 4(iii)(b), (c) and (d) of the Order, are not applicable to the Company.</p> <p>b) According to the information and explanations given to us, the Company has taken unsecured loans from thirteen parties covered in the register maintained under Section 301 of the Companies Act, 1956. The aggregate of the maximum amount of loans outstanding during the year and the aggregate of the year-end balances of such loans was Rs. 698,905,825, and Rs. 145,423,033 respectively.</p> <p>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</p> | <p>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 so entered.</p> <p>b) In our opinion and according to the information and explanations given to us, there are no 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.</p> <p>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 there under, 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.</p> <p>vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.</p> |



## Annexure to the Auditors' Report

- 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 the products 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 is generally 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 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, 2011, 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, excise duty, custom duty and cess as at 31st March, 2011, which have not been deposited on account of a dispute, are as under:

Name of the Statute	Nature of the disputed dues	Amount Rupees*	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	83,181	1998-99	Tribunal
		61,205,190	2002-03 2003-04 2004-05 2006-07	Commissioner VAT
		99,583	2008-09	Deputy Commissioner of Taxes (Appeals)
		1,205,837	1998-99 2001-02 to 2004-05	Assistant Commissioner
		60,204	2003-04 and 2004-05	Commercial Tax Officer
The Central Excise Act, 1944, the Customs Act, 1962 and Service tax under the Finance Act, 1994	Duty, service tax and penalty	44,507,841	1999-2000 to 2001-02	Supreme Court
		35,489,508	1996-97 to 1999-2000 2001-02 2003-04 to 2006-07	CESTAT
		925,851	1993-94	DGFT, Mumbai
		36,286,978	2000-01 to 2009-10	Commissioner (Appeals)

\* Net of pre-deposit paid in getting the stay / appeal admitted

- |  |   |
|--|---|
| <p>x) The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.</p> <p>xi) According to the information and explanations given to us, in our opinion the Company has not defaulted in the repayment of dues to any financial institutions or bank as at the balance sheet date. The Company has not issued any debentures.</p> <p>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.</p> <p>xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.</p> <p>xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in securities. 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.</p> <p>xv) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantee given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.</p> <p>xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.</p> | <p>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.</p> <p>xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.</p> <p>(xix) The Company has not issued any debentures during the year. Accordingly, Paragraph 4 (xix) of the Order pertaining to creation of security or charge for debentures does not arise.</p> <p>(xx) The Company has not raised any money by public issues during the year. Accordingly, Paragraph 4 (xx) of the Order is not applicable to the Company.</p> <p>(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 or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.</p> |
|--|---|

**Sharp & Tannan**  
*Chartered Accountants*  
 Registration No.: 109982W  
 by the hand of

**Milind P. Phadke**  
*Partner*

Mumbai, 27th May, 2011

Membership No.: 033013





APAR INDUSTRIES LTD.

## Balance Sheet As at 31st March, 2011\*

(Amount in Rupees)

Schedule	As at 31.03.2011		As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	323,360,310	323,360,310
Reserves and surplus	2	3,423,927,748	2,606,478,302
			3,747,288,058
<b>Loan Funds</b>			
Secured loans	3	608,073,782	574,547,033
Unsecured loans	4	510,225,033	301,747,157
			1,118,298,815
Deferred tax liabilities (net)	5	93,477,472	80,319,908
<b>Total</b>		<b>4,959,064,345</b>	<b>3,886,452,710</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	6	1,944,573,440	1,797,823,482
Less: Depreciation		727,741,405	599,044,910
Net block		1,216,832,035	1,198,778,572
Capital work-in-progress / advances		39,215,140	9,244,166
			1,256,047,175
Fixed assets held for sale			231,928
<b>Investments</b>	7		315,540,704
<b>Current assets, loans and advances</b>			
Inventories	8	4,273,356,355	3,782,880,460
Sundry debtors	9	6,338,926,238	3,784,270,398
Cash and bank balances	10	3,832,696,353	4,697,068,673
Loans and advances	11	3,126,956,094	2,047,919,486
		17,571,935,040	
			14,312,139,017
<b>Less: Current liabilities and provisions</b>			
Current liabilities	12	13,815,389,633	11,742,427,793
Provisions	13	369,300,869	209,521,158
		14,184,690,502	
			11,951,948,951
<b>Net current assets</b>			3,387,244,538
<b>Miscellaneous expenditure</b>	14		-
(to the extent not written off or adjusted)			
<b>Total</b>		<b>4,959,064,345</b>	<b>3,886,452,710</b>
Significant Accounting Policies	21		
Notes to the Financial Statements	22		

(\* Refer Note 18 of Schedule 22)

The Schedules referred to above form an integral part of the financial statements

As per our report attached

**Sharp & Tannan**

Chartered Accountants

Registration No.: 109982W

by the hand of

**Milind P. Phadke**

Partner

Membership No. 033013

Place : Mumbai

Dated : 27th May, 2011

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

**F. B. Virani**

Director

**V. C. Diwadkar**

Chief Financial Officer

For and on behalf of the Board of Directors

**Sanjaya R. Kunder**

Company Secretary

## Profit and Loss Account For the year ended 31st March, 2011\*

(Amount in Rupees)

	Schedule	2010-2011	2009-2010
<b>INCOME</b>			
Sale of goods, services and related recoveries	15	29,836,362,653	21,675,561,475
Less : Excise duty		2,651,669,748	1,695,018,777
		27,184,692,905	19,980,542,698
Other income	16	70,505,706	166,385,829
		<b>27,255,198,611</b>	<b>20,146,928,527</b>
<b>EXPENDITURE</b>			
Operating and other expenses	17	25,564,392,659	18,974,103,833
Decrease / (Increase) in stocks	18	(10,846,959)	(212,282,284)
Depreciation and amortisation		137,092,054	118,791,962
Interest and discounting charges (net)	19	(32,059,618)	195,598,616
		<b>25,658,578,136</b>	<b>19,076,212,127</b>
Profit before taxation and exceptional items		1,596,620,475	1,070,716,400
Exceptional items	20	1,967,274	22,611,692
<b>Profit before taxation</b>		<b>1,594,653,201</b>	<b>1,048,104,708</b>
<b>Provision for taxation:</b>			
Current tax		480,000,000	192,000,000
Wealth tax		200,000	200,000
Deferred tax - charge/(credit)		13,157,564	(5,461,889)
Earlier years taxes		42,764,220	-
Profit after taxation and before extraordinary items		1,058,531,417	861,366,597
Extraordinary items (net of tax)		-	555,538,198
<b>Profit after taxation and extraordinary items</b>		<b>1,058,531,417</b>	<b>305,828,399</b>
<b>Balance of profit brought forward</b>		<b>1,027,959,509</b>	<b>998,166,339</b>
<b>Amount available for appropriations</b>		<b>2,086,490,926</b>	<b>1,303,994,738</b>
<b>Appropriations:</b>			
Transfer to General reserve		(110,000,000)	(87,500,000)
<b>Interim dividend:</b>			
On Equity shares		(80,840,078)	-
Tax on Interim dividend		(13,427,537)	-
<b>Proposed dividend:</b>			
On Equity shares		(125,903,379)	(161,680,155)
Tax on dividend		(20,910,977)	(26,855,074)
<b>Balance carried to Balance Sheet</b>		<b>1,735,408,955</b>	<b>1,027,959,509</b>
Earnings Per Share (Refer Note 21 of Schedule 22) of face value of Rs.10			
Basic and Diluted (before extraordinary items)		32.74	26.64
Basic and Diluted (after extraordinary items)		32.74	9.46
Significant Accounting Policies	21		
Notes to the Financial Statements	22		

(\*Refer Note 18 of Schedule 22)

The Schedules referred to above form an integral part of the financial statements

As per our report attached

**Sharp & Tannan**

For and on behalf of the Board of Directors

Chartered Accountants

Registration No.: 109982W

by the hand of

**Milind P. Phadke**

**Kushal N. Desai**

**F. B. Virani**

**V. C. Diwadkar**

**Sanjaya R. Kunder**

Partner

Managing Director &

Director

Chief Financial Officer

Company Secretary

Membership No. 033013

Chief Executive Officer

Place : Mumbai

Dated : 27th May, 2011



## Schedules forming part of the Financial Statements: 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 1 SHARE CAPITAL</b>		
<b>(A) Authorised:</b>		
91,998,750 Equity shares of Rs.10 each	919,987,500	919,987,500
	<b>919,987,500</b>	<b>919,987,500</b>
<b>(B) Issued and Subscribed:</b>		
32,336,031 Equity shares of Rs.10 each fully paid	323,360,310	323,360,310
	<b>323,360,310</b>	<b>323,360,310</b>

**Schedule 2 RESERVES AND SURPLUS**

<b>Capital Reserve</b>			
As per last balance sheet		4,950,746	4,950,746
<b>Capital Redemption Reserve</b>			
As per last balance Sheet		147,547,770	147,547,770
<b>Securities Premium Account</b>			
As per last balance sheet		588,520,277	588,520,277
<b>General Reserve</b>			
As per last balance sheet	837,500,000		750,000,000
Add : Transfer from profit and loss account	110,000,000		87,500,000
		947,500,000	837,500,000
<b>Surplus in profit and loss account</b>		1,735,408,955	1,027,959,509
		<b>3,423,927,748</b>	<b>2,606,478,302</b>

**Schedule 3 SECURED LOANS**

<b>From Banks :</b>			
i) Cash credit/Working capital demand loans		608,073,782	453,307,984
ii) Term loans		-	121,239,049
		<b>608,073,782</b>	<b>574,547,033</b>

**Notes:**

The Cash credit/Working capital demand loans/Pre-shipment export finance from banks are secured by:

- hypothecation of specified stocks, specified book debts of the Company and movable plant and machinery at Nalagarh Unit.
- first charge by way of equitable mortgage by deposit of title deeds of Company's specified immovable's properties, both present and future.
- first charge by way of equitable mortgage by deposit of title deeds of certain immovable's properties of Apar Corporation Private Limited, a related party.

**Schedule 4 UNSECURED LOANS**

<b>Fixed deposits*</b>			
From public	214,547,000		197,319,000
From directors	45,100,000		45,100,000
		259,647,000	242,419,000
<b>Short term loan from a bank*</b>		250,000,000	-
Loans from directors (Repayable at call)		-	19,500,000
Inter corporate deposits (Repayable at call)		578,033	39,828,157
		<b>510,225,033</b>	<b>301,747,157</b>

\*Repayable within one year Rs. 362,264,000; (Previous year Rs. 77,527,000)

## Schedules forming part of the Financial Statements: 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 5 DEFERRED TAX LIABILITY (NET)</b>		
Deferred tax liability arising on account of timing difference in:		
– Book and Tax depreciation	120,481,425	109,980,856
Deferred tax assets arising on account of timing difference in:		
– Provision for doubtful debts and advances	10,150,044	12,403,868
– Provision for gratuity and leave salary	7,584,491	6,490,728
– Voluntary retirement scheme	255,171	2,290,269
– Expenses allowable on payment basis	9,014,247	8,476,083
	(27,003,953)	29,660,948
<b>Deferred tax liability (net)</b>	<b>93,477,472</b>	<b>80,319,908</b>

<b>Schedule 6 FIXED ASSETS</b>										
	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.3.2010	Deductions	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Land - Freehold	42,388,743	-	-	42,388,743	-	-	-	-	42,388,743	42,388,743
Buildings	412,572,623	13,321,226	-	425,893,849	86,916,135	-	18,224,612	105,140,748	320,753,101	325,656,488
Plant and machinery *	1,133,720,746	67,653,966	(4,110,034)	1,197,264,677	391,315,498	(2,554,466)	99,590,802	488,351,834	708,912,844	742,405,248
Furniture, fixture and equipments	106,274,249	10,172,792	(173,200)	116,273,841	81,962,207	(99,497)	7,404,647	89,267,357	27,006,483	24,312,042
Motor vehicles	36,220,630	8,798,848	(7,190,164)	37,829,314	19,973,413	(5,741,593)	5,464,370	19,696,189	18,133,125	16,247,217
Intangible Assets										
Land - Leasehold	39,026,979	54,969,100	-	93,996,079	6,914,982	-	718,347	7,633,329	86,362,750	32,111,997
Specialised software	27,619,512	3,307,425	-	30,926,937	11,962,675	-	5,689,274	17,651,949	13,274,989	15,656,837
	<b>1,797,823,482</b>	<b>158,223,357</b>	<b>(11,473,398)</b>	<b>1,944,573,440</b>	<b>599,044,910</b>	<b>(8,395,556)</b>	<b>137,092,052</b>	<b>727,741,405</b>	<b>1,216,832,035</b>	<b>1,198,778,572</b>
Previous year	1,671,961,751	134,283,794	(8,422,063)	1,797,823,482	486,256,190	(6,003,242)	118,791,962	599,044,910		
Capital work-in-progress/ Advances									39,215,140	9,244,166
<b>Total</b>									<b>1,256,047,175</b>	<b>1,208,022,738</b>

### Notes:

\* includes Rs.5,865,095, (Previous year Rs. 11,564,360) for capital expenditure on Research and development (Refer Note 11 of Schedule 22)

**Schedules forming part of the Financial Statements: 31st March, 2011**

(Amount in Rupees)

	<b>As at 31.03.2011</b>		<b>As at 31.03.2010</b>
<b>Schedule 7 INVESTMENTS - (AT COST)</b>			
<b>Long-term, unquoted, unless otherwise stated</b>			
<b>A. Government of India securities:</b>			
- 6 Year National Savings Certificates	4,240		4,240
- 12 Year National Defence Certificates	6,000		6,000
- 6 Year National Savings Certificates (held as security by Government Departments)	7,000		7,000
		<b>17,240</b>	<b>17,240</b>
<b>B. Subsidiary companies</b>			
<b>In Equity Shares:</b>			
- 100,000; (Previous year 100,000) Ordinary shares of S\$ 1 each fully paid in Petroleum Specialities Pte Limited, Singapore		2,643,645	2,643,645
- Nil; (Previous year 1) Share of AED 150,000 each fully paid in Poweroil Speciality Products FZE, Sharjah (Refer Note 4 of Schedule 22)		-	1,967,274
- 16,353,875; (Previous year 16,353,875) Equity shares of Uniflex Cables Limited of Rs. 10 each, fully paid up (quoted) Less : Provision for diminution in value (Refer Note 6 of Schedule 22)	834,371,767 (555,538,198)		- 834,371,767 (555,538,198)
		278,833,569	278,833,569
- 2,600,000 Fully Convertible Warrants of Uniflex Cables Limited (Face value Rs. 42.50 each) partly paid Rs. 4.25 each Less: Lapsed during the year	- -	-	11,050,000 (11,050,000)
		-	-
		<b>281,477,214</b>	<b>283,444,488</b>
<b>C. Trade:</b>			
<b>In Equity Shares:</b>			
Joint Venture 3,383,625 shares (Previous year 3,383,625) of Apar Chematek Lubricants Limited of Rs. 10 each, fully paid up		33,836,250	33,836,250
<b>D. Non Trade:</b>			
4,200 shares (Previous year 4,200) of Natpur Co-operative Bank Limited of Rs. 50 each		210,000	210,000
		<b>315,540,704</b>	<b>317,507,978</b>
Aggregate book value of unquoted investments		36,707,135	38,674,409
Aggregate book value of quoted investments		278,833,569	278,833,569
Aggregate market value of quoted investments		264,932,775	278,833,569

**Short term investment in liquid fund purchased and sold during the year**

	<b>Face Value (Rs.)</b>	<b>Unit (Numbers)</b>	<b>Sales Value (Rs.)</b>
Kotak Liquid (Institutional Premium) -Daily Dividend	10	42,747,783	507,651,174
HDFC Liquid Fund Premium Plan-Daily Dividend Option Reinvest	10	154,623,441	1,895,652,465
ICICI Prudential Liquid Super Institutional Plan - Div -Daily	10	1,275,083	127,536,488
Kotak Floter Short Term-Daily Dividend	10	496,042	5,019,286
Reliance Liquid Fund - Treasury Plan-Institutional Option - Daily Dividend Option	10	6,516,216	82,537,906
L & T Freedom Income-Short Term Fund	10	34,123	500,365
Idbi Liquid Fund - Daily Dividend - Reinvestment	10	12,994,571	133,082,306
Baroda Pioneer Liquid Fund - Daily Dividend Plan	10	1,490,965	15,006,416



## Schedules forming part of the Financial Statements: 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 8 INVENTORIES</b>		
(At lower of cost and net realisable value)		
Stores and spare parts	82,973,070	80,299,795
Raw materials and components #	3,248,583,426	2,771,627,765
Work-in-progress	302,102,595	249,467,996
Finished goods *	639,697,264	681,484,904
	<b>4,273,356,355</b>	<b>3,782,880,460</b>

# Including Raw materials in transit Rs. 1,318,777,322; (Previous year Rs. 1,289,489,693)

\* Including stock of traded goods Rs. 18,767,061; (Previous year Rs. 68,759,918)

<b>Schedule 9 SUNDRY DEBTORS</b>			
Debts outstanding for a period exceeding six months			
<b>Secured</b>			
Considered good		335,356	317,545
<b>Unsecured</b>			
Considered good		301,759,791	502,336,705
Considered doubtful		30,554,016	37,338,555
		<b>332,649,163</b>	<b>539,992,805</b>
<b>Other debts - Considered good *</b>			
Secured		3,369,644	2,137,455
Unsecured		6,033,461,447	3,279,478,693
		<b>6,036,831,091</b>	<b>3,281,616,148</b>
Less: Provision for doubtful debts		30,554,016	37,338,555
		<b>6,338,926,238</b>	<b>3,784,270,398</b>

\* includes receivable from subsidiaries / down-stream subsidiaries

	31.03.2011	31.03.2010
Poweroil Speciality Products FZE	-	16,373,168
Uniflex Cables Limited	131,116,822	94,553,578
Petroleum Specialities Pte Limited	9,842,104	10,724,286
Marine Cables & Wires Private Limited	-	2,117,167
	<b>140,958,926</b>	<b>123,768,199</b>

<b>Schedule 10 CASH AND BANK BALANCES</b>			
Cash on hand		345,525	614,785
Funds in transit		27,099,138	16,000,044
Balances with scheduled banks :			
in current accounts	658,742,719		715,598,764
in deposit accounts	20,021,105		19,292,672
in margin money accounts *	3,126,257,106		3,945,331,648
		<b>3,805,020,930</b>	<b>4,680,223,084</b>
Balances with non-scheduled banks :			
in current accounts**		230,760	230,760
		<b>3,832,696,353</b>	<b>4,697,068,673</b>

\* Against letters of credits for Company's imports of raw materials

\*\* Maximum balance at any time during the year Rs. 230,760; (Previous year Rs. 230,760)

**Schedules forming part of the Financial Statements: 31st March, 2011**

(Amount in Rupees)

	<b>As at 31.03.2011</b>		<b>As at 31.03.2010</b>
<b>Schedule 11 LOANS AND ADVANCES</b>			
<b>Unsecured, considered good, unless otherwise stated</b>			
Loans and advances to subsidiary companies *		1,752,476,604	710,295,330
Advances recoverable in cash or in kind or for value to be received **			
Considered good	1,287,875,580		1,099,818,145
Considered doubtful	-		-
	1,287,875,580		1,099,818,145
Less: Provision for doubtful advances	-		-
		1,287,875,580	1,099,818,145
Balances with excise		755,378	1,080,135
Advance payments of tax, less provisions		-	172,089,392
Interest accrued but not due on deposits/margin monies		85,848,532	64,636,484
		<b>3,126,956,094</b>	<b>2,047,919,486</b>

<b>* Loans and advances to subsidiary companies</b>	<b>31.03.2011 Rupees</b>	<b>Maximum amount due at any time during the year Rupees</b>	<b>31.03.2010 Rupees</b>	<b>Maximum amount due at any time during the year Rupees</b>
Poweroil Speciality Products FZE	-	4,646,636	4,567,273	4,571,860
Uniflex Cables Limited	1,749,424,815	1,749,424,815	705,686,435	940,266,616
Petroleum Specialities Pte Limited	-	161,167	41,622	165,351
Marine Cables & Wires Private Limited	3,051,789	3,051,789	-	-

\*\* Includes Rs. 3,975,095 being excise/custom duty paid under protest (Previous year Rs. 3,975,095).  
Includes Rs. 6,110,417 being sales tax paid under protest (Previous year Rs. 6,110,417).

**Schedule 12 CURRENT LIABILITIES**

Sundry creditors (Refer Note 12 of Schedule 22)			
– Total outstanding dues of micro and small enterprises		27,589,443	10,336,317
– Total outstanding dues of other than micro and small enterprises		11,180,622,191	9,416,801,893
Subsidiary companies		12,228,195	10,749,864
Investor Education and Protection Fund (Refer Note 22 of Schedule 22)			
Unclaimed dividend		5,867,958	5,892,932
Unpaid matured deposits		59,000	761,000
Interest accrued on above		40,818	30,754
Other liabilities		2,535,468,793	2,246,951,454
Interest accrued but not due on loans		53,513,235	50,903,579
		<b>13,815,389,633</b>	<b>11,742,427,793</b>

**Schedule 13 PROVISIONS**

Provision for taxes, net of advance tax		199,655,415	-
Proposed dividend		125,903,379	161,680,155
Tax on proposed dividend		20,910,977	26,855,074
Leave encashment		20,174,918	17,265,557
Gratuity - In respect of Directors		2,656,180	2,273,058
- Balance liability to the Employees Gratuity Fund		-	1,447,314
		<b>369,300,869</b>	<b>209,521,158</b>

**Schedule 14 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)**

Voluntary Retirement Compensation			
Opening Balance			11,561,692
Add: Incurred during the year			-
Less: Amortised during the year			(11,561,692)
			-

## Schedules forming part of the Financial Statements: 31st March, 2011

(Amount in Rupees)

	2010-2011		2009-2010
<b>Schedule 15 SALE OF GOODS, SERVICES AND RELATED RECOVERIES (NET OF EXCISE)</b>			
Sales	27,477,419,938		19,730,382,311
Less: Excise duty	(2,651,669,748)		(1,695,018,777)
		24,825,750,190	18,035,363,534
Sale of traded goods		889,203,893	331,545,444
Sale of raw materials		174,035,784	591,379,623
Scrap sales		24,176,743	24,236,956
Export benefits		156,887,534	143,745,708
Rebate/refund of excise duty on deemed/physical exports		476,021,040	224,750,376
Transport charges recovered		508,789,022	441,336,266
Processing and other service charges		129,828,699	188,184,791
		<b>27,184,692,905</b>	<b>19,980,542,698</b>

### Schedule 16 OTHER INCOME

Lease rental		12,943,338	8,720,667
Profit on sale of fixed assets (net)		-	1,481,797
Provision for doubtful debts/ expenses no longer required/ sundry balances, written back		28,850,541	10,471,935
Exchange gain - Others		-	107,842,237
Dividend on short-term investment in liquid funds		1,486,404	2,441,745
Other income		27,225,423	35,427,448
		<b>70,505,706</b>	<b>166,385,829</b>

### Schedule 17 OPERATING AND OTHER EXPENSES

Raw materials and components consumed **		21,018,857,158	15,467,184,354
Purchase of traded goods		809,836,619	361,686,233
Excise duty adjustment of finished goods stock		4,913,654	(514,170)
Power, electricity and fuel		307,613,126	255,260,904
Stores, spare parts *		68,194,466	59,616,833
Packing materials		974,007,403	756,793,734
Storage charges		64,095,671	57,291,333
Processing charges, fabrication and labour charges		179,421,875	131,956,842
Repairs and maintenance :			
Buildings	1,479,504		632,508
Plant and machinery	13,450,734		12,101,319
Others	16,091,805		12,965,275
		31,022,043	25,699,102
Insurance		33,304,675	29,754,759
Rent		11,484,630	14,960,038
Rates and taxes		30,436,022	31,730,843
Payments to and provisions for employees :			
Salaries, wages and bonus **	214,511,728		175,690,388
(Refer Note 10(A) of Schedule 22)			
Contribution to provident and other funds	20,529,431		18,684,687
Provision for gratuity in respect of directors	383,122		346,982
Workmen and staff welfare expenses	14,853,264		11,761,615
		<b>250,277,545</b>	<b>206,483,672</b>



## Schedules forming part of the Financial Statements: 31st March, 2011

(Amount in Rupees)

	2010-2011		2009-2010
<b>Schedule 17 OPERATING AND OTHER EXPENSES (Contd...)</b>			
Directors' sitting fees		520,000	562,500
Commission to Chairman, Managing Director and Joint Managing Director (Refer Note 10(B) of Schedule 22)		41,239,528	20,948,661
Lease rentals		1,351,860	1,344,900
Freight outward		870,974,960	674,035,679
Commission on sales		85,424,906	93,095,234
Discounts and rebates		55,345,205	65,099,435
Advertisement expenses		619,907	876,272
Donations		6,384,201	2,747,500
Legal and professional fees		50,738,786	42,561,784
Royalty		13,615,182	62,949,838
Marketing fees		227,957,210	190,485,190
Miscellaneous expenses		192,532,897	151,574,836
Bad debts and advances written-off	16,443,910		11,751,867
Less: Provision for doubtful debts utilised	(832,433)		(9,275,000)
		15,611,477	2,476,867
Provision for doubtful debts		10,324,190	27,752,380
Bank charges and commission		168,774,466	239,688,280
Exchange loss - others		39,297,225	-
Loss on sale of fixed assets (net)		215,772	-
		<b>25,564,392,659</b>	<b>18,974,103,833</b>

\* include stores and spares consumed for repairs and maintenance of plant and machinery, not separately ascertained.

\*\* includes expenses for Research and Development (Refer Note 11 of Schedule 22).

**Schedule 18 DECREASE/(INCREASE) IN STOCKS**

Opening stock of finished goods and work-in-progress		930,952,900	718,670,616
Closing stock of finished goods and work-in-progress		941,799,859	930,952,900
		<b>(10,846,959)</b>	<b>(212,282,284)</b>

**Schedule 19 INTEREST AND DISCOUNTING CHARGES (NET)**

On fixed loans	49,069,498		61,710,217
Others	267,599,988		445,699,722
		316,669,486	507,409,939
Less: Interest earned - gross (tax deducted at source Rs. 39,774,045; (Previous year Rs.58,644,621)			
On bank deposits *	(233,042,849)		(256,475,989)
Others	(115,686,255)		(55,335,334)
		(348,729,104)	(311,811,323)
		<b>(32,059,618)</b>	<b>195,598,616</b>

\* On deposits under lien against margin monies held against letters of credit for Company's import of raw materials.

**Schedule 20 EXCEPTIONAL ITEMS**

Amortisation of Voluntary Retirement Scheme compensation		-	11,561,692
Investment (Share /Share warrant) written-off (Refer Note 4 of Schedule 22)		1,967,274	11,050,000
		<b>1,967,274</b>	<b>22,611,692</b>

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 21 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 30.04.1987, which are depreciated on straight line method.

(b) Capital expenditure in respect of which ownership does not vest with the Company is amortised over a period of five years. Leasehold land is amortised 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.

(iii) In 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 Rs. 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 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 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 profit and loss account. 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 realisable 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.

(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.





## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 21 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

(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 amortised over vesting period.

#### 9. Voluntary retirement schemes:-

Compensations paid under voluntary retirement schemes are amortised over a period not exceeding 5 years, up to March 31, 2010.

#### 10. Enterprise resource planning cost:

Cost of implementation of ERP software, including all related direct expenditure is amortised 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 amortised 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) Price variation claims are accounted in accordance with the terms of contract and/or upon admittance by customers.

(iii) Dividend income on investment is recognised when the right to receive payment is established.

(iv) In respect of service activities, income is recognised as and when services are rendered.

(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 profit and loss account 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 profit and loss account. 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 profit and loss account.

(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.

#### 15. Hedging transactions (metals):-

All gains or losses in respect of hedging transactions are recognised in the financial statements on settlement/squaring off. Commission etc. in respect of such transactions is accounted on accrual basis.

#### 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.

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 21 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

#### 17. Claims against the Company 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.

#### 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.

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>1. Contingent liabilities not provided for :</b>		
(a) Bills of exchange discounted	2,565,754,276	1,311,439,622
(b) Taxation:		
Disputed demands of income tax	39,915,009	-
(c) (i) Guarantee given by the Company for credit facilities enjoyed by Petroleum Specialities Pte Ltd., a wholly-owned subsidiary	446,000,000	673,650,000
(ii) Guarantee given by the Company for credit facilities enjoyed by Uniflex Cables Limited, a subsidiary company.	1,000,000,000	1,250,000,000
(d) 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)	43,526,440	36,817,515
Service tax	1,984,896	1,984,896
Customs duty	31,166,096	31,004,925
Sales tax	62,696,327	56,012,976
(ii) Arbitration award regarding dispute of alleged contractual non-performance by the Company, against which the Company is in appeal before Bombay High Court.	70,215,141	65,631,906
(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.	44,507,841	44,507,841
(iv) Labour matters	16,431,439	16,431,439
<b>2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	<b>74,350,256</b>	<b>5,067,466</b>



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

3. The Company has issued and allotted 3,636,363 Equity shares (10.11% post allotment) of Rs. 10 each at a premium of Rs. 210 per share on preferential allotment basis on 4th May, 2011 to Templeton Strategic Emerging Markets Fund III, L.D.C. Post allotment, the paid-up capital, of the Company has been increased to Rs. 35,97,23,940 consisting of 3,59,72,394 Equity shares of Rs. 10 each fully paid.
4. During the year, the Company has closed operations of Poweroil Speciality Products FZE, Sharjah, a wholly-owned subsidiary, as there was no likelihood of the said subsidiary reaching break-even. Consequent to closure, the Company has written-off advances and investment of Rs.3,972,864 and Rs.1,967,274 respectively.
5. The Company has entered into non-speculative commodity forward contract in order to hedge its exposure to fluctuations in the metal prices against requisite firm price sales contracts (received / to be received) for its conductor segment. The mark - to - market losses on such contracts, in accordance with the Announcement dated 28th March, 2008, issued by the Institute of Chartered Accountants of India, amounting to Rs. 280,401,393 as at 31st March, 2011 (Rs. 400,027,218 as at 31st March, 2010), has not been provided in the financial statements, as in the opinion of the management, such loss is notional in nature and the said loss would get extinguished on execution of firm sale price orders corresponding to these commodity forward contracts.
6. The Company has an equity investment of Rs. 278,833,569 (net of impairment provision of Rs. 555,538,198) in Uniflex Cables Limited ('UCL'), a subsidiary company. UCL has taken various steps to improve its productivity, debottlenecking of manufacturing facility, expansion of production line and markets, strengthening of managerial resources etc. and losses incurred by the UCL are reducing gradually. The equity investment of Rs. 278,833,569, loans and advances and debtors aggregating to Rs.1,880,541,637, (Previous year Rs. 800,240,013) are considered good.
7. The compensation committee of directors (CCD) of the Company, at its meeting held on 27th May, 2008 have granted 175,150 options at an exercise price of Rs. 207.05 per option to eligible employees/directors. The above options will vest in three installments (1/3rd each) on 27th May, 2009, 27th May, 2010 and 27th May, 2011 respectively. As of date, no employee has exercised any options. The Company has 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.
8. The exchange rate differences arising on purchases/vendor balances and those on account of sales/receivables have been grouped under 'Raw materials consumed' and 'Sales' respectively. Similarly, exchange rate differences on other transactions have been shown under 'Other expenses' or 'Other income', as the case may be. The net exchange difference gain so grouped, for the year is Rs. 57,610,176; (Previous year Rs. 187,456,828).

(Amount in Rupees)

	2010-11	2009-10
<b>9. (A) Auditors' remuneration (excluding service tax):</b>		
- For Audit fees	2,900,000	2,900,000
- Other services	100,000	1,100,000
- Out of pocket expenses	7,194	94,000
	<b>3,007,194</b>	<b>4,094,000</b>
<b>(B) Cost auditor's remuneration (excluding service tax):</b>		
For Audit fees	40,000	40,000
	<b>40,000</b>	<b>40,000</b>
<b>10. Payment to directors :</b>		
<b>A. Remuneration to directors</b>		
Directors' sitting fees	520,000	562,500
Salaries and other benefits / amenities*	10,251,131	12,517,474
Provision for gratuity (ascertained on arithmetical basis)	383,122	346,982
Commission to Chairman, Managing Director & Joint Managing Director	41,239,528	20,948,661
	<b>52,393,782</b>	<b>34,375,617</b>
<b>Note:</b>		
In the case of personal use of Company's cars, recoveries have been made from the directors on the basis of the Income-tax Rules, 1962, which the Company considers as adequate and reasonable.		
* Includes Rs.Nil, (Rs. 3,329,423) in respect of previous year.		

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

	(Amount in Rupees)	
	2010-11	2009-10
<b>B. Computation of net profit under Section 349 of the Companies Act, 1956 and commission payable to the directors:</b>		
Net profit before tax as per profit and loss account	1,594,653,198	1,048,104,710
Add:		
Depreciation charged in accounts	137,092,054	118,791,962
Directors' remuneration (other than commission)	11,154,253	13,426,956
Provision for bad debts / advances (adjusted for provisions utilised / written-back)	9,491,757	18,477,380
Share warrant application money lapsed	-	11,050,000
Directors' commission	41,239,528	20,948,661
	198,977,592	182,694,959
	1,793,630,790	1,230,799,669
Less:		
Depreciation as per Section 350	137,092,054	118,791,962
Profit on sale of investments and dividend	1,486,404	2,441,745
	138,578,459	121,233,707
<b>Net profit as per Section 198 of the Companies Act, 1956</b>	<b>1,655,052,332</b>	<b>1,109,565,962</b>
Commission upto 1% to each of Chairman, Managing Director and Joint Managing Director	*	

\* The Company considers it prudent that commission to Chairman, Managing Director and Joint Managing Director for this financial year be restricted to Rs. 41,239,528 (0.83% each) in view of Note 5.

#### 11. Research and Development expenses :

	2010-11	2009-10
(A) Salary, wages and other benefits	6,161,550	3,873,331
Consumables and chemicals	2,789,031	596,571
sub-Total	8,950,581	4,469,902
(B) Capital expenditure	5,865,095	11,564,360
<b>Total (A+B)</b>	<b>14,815,677</b>	<b>16,034,262</b>

#### 12. Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 :

	2010-11	2009-10
a) (i) Delayed payments due - Principal amount	-	96,035
(ii) Interest due on the above.	-	1,178
(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	-	18,251
(d) Interest accrued but not due	-	-
(e) Total interest due but not paid	-	1,178

(The above information and that given in Schedule "12" - Current Liabilities regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company.)



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 13. Disclosure pursuant to Accounting Standard (AS) 15 Employees Benefits: (Amount in Rupees)

	2010-11	2009-10
<b>Defined Contribution Plan</b>		
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	11,520,830	9,628,897
Employer's Contribution to Superannuation Fund	5,525,095	4,891,430

#### 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

(Amount in Rupees)

	2010-11		2009-10	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
Defined Benefit obligation at beginning of the year	33,061,155	17,265,557	27,416,902	14,062,770
Current Service Cost	2,714,721	1,436,461	2,217,256	1,347,281
Interest Cost	2,575,741	1,402,651	2,208,736	1,057,281
Actuarial (gain) / loss	725,561	3,280,036	1,586,963	3,424,161
Benefits paid	(2,865,314)	(3,209,786)	(368,702)	(2,625,936)
Defined Benefit obligation at end of the year	36,211,864	20,174,919	33,061,155	17,265,557

#### ii) Changes in fair value of Plan Assets

Fair value of plan assets at beginning of the year	31,613,841		26,452,159	
Expected return on plan assets	2,756,005		2,368,709	
Actuarial gain / (loss)	438,448	-	(179,377)	
Employer Contribution	4,268,884	3,209,786	3,341,052	2,625,936
Benefit paid	(2,865,314)	(3,209,786)	(368,702)	(2,625,936)
Fair value of plan assets at year end	36,211,864		31,613,841	
Actual return on plan assets	3,194,453		2,189,332	

#### iii) Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2011

Fair Value of plan assets	36,211,864	-	31,613,841	-
Present value of obligation	36,211,864	20,174,919	33,061,155	17,265,557
Amount recognised in balance sheet	-	20,174,919	1,447,314	17,265,557

#### iv) Expense recognised during the year

Current Service Cost	2,714,721	1,436,461	2,217,256	1,347,281
Interest Cost	2,575,741	1,402,651	2,208,736	1,057,281
Expected return on plan assets	(2,756,005)	-	(2,368,709)	-
Net Actuarial (gain) / loss	287,113	3,280,036	1,766,340	3,424,161
Net Cost	2,821,570	6,119,148	3,823,623	5,828,723

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### v) Actuarial Assumptions

(Amount in Rupees)

Mortality Table (LIC)	2010-11		2009-10	
	Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
	1994-1996 (Ultimate)	1994-1996 (Ultimate)	1994-1996 (Ultimate)	1994-1996 (Ultimate)
Discount rate (per annum)	8.25%	8.25%	7.5%	7.5%
Expected rate of return on plan assets (per annum)	8%	—	8%	—
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 on a percentage of total Plan Assets

Particulars	2010-11 Percentage (%)	2009-10 Percentage (%)
Public Securities	0.70	0.93
Special Deposit Schemes	0.00	11.60
State Govt. Securities	0.00	0.47
Private Sector Securities	99.30	87.00
	100.00	100.00

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 asset 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.

#### 14. I) Particulars of Derivative instruments outstanding as at 31st March, 2011

Type of Instrument	Nos.	Mt.	Amount \$/Euro	Amount Rs.
(a). In respect of Commodity				
futures/option at London Metal Exchange ( in Mt.) - USD	73	19,380	58,249,312	2,597,919,304
	(89)	(14,161)	(39,913,064)	(1,792,495,700)
(b). In respect of foreign currency				
forward contracts - buy contracts - USD	75		134,768,451	6,010,672,899
	(84)		(143,041,125)	(6,423,976,916)
Currency Swap - EURO/USD - EURO	-		-	-
	(2)		(1,700,000)	(102,795,600)
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)			74,600,428 (24,452,642)	3,327,179,070 (1,098,168,172)
In Euro - Payable (net)			345,490 (1,850,385)	21,765,895 (111,889,081)
IV) Premium in case of forward contracts not expired and pertaining to the future period				86,805,237 (44,357,855)

(Figures in bracket are in respect of previous year)





## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 15. Disclosure pursuant to Accounting Standard (AS) 19 Leases : (Amount in Rupees)

	2010-11	2009-10
(i) Operating lease income recognised in the profit and loss account	12,943,338	8,720,667
(ii) Depreciation recognised in the profit and loss account includes a charge on account of assets given on operating lease.	4,940,222	3,245,454
(iii) Future minimum lease income under lease agreements		
Not later than one year	15,438,000	10,164,000
Later than one year and not later than five years	35,971,765	30,075,666
Later than five years	-	-

#### iv) Assets given on operating lease (Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010	
	Gross Block	Accumulated Depreciation	Gross Block	Accumulated Depreciation
Machinery and equipment	82,628,921	8,389,108	56,345,146	3,448,886

#### v) Significant leasing arrangements

The agreements provide for early termination by the Company after giving six month's notice and restricted to sub-lease.  
Assets are given on lease for a period of five years.

#### 16. Disclosure pursuant to Accounting Standard (AS) 27 Financial Reporting of Interest in Joint Ventures (Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>I. Assets</b>		
1. Fixed Assets	1,368,840	1,542,767
2. Investments	-	-
3. Deferred Tax Liability/ (Asset) (Net)	167,395	36,151
4. Current Assets, Loans and Advances		
(a) Sundry Debtors	53,212,845	23,342,729
(b) Cash and Bank Balances	1,402,264	3,451,029
(c) Loans and Advances	16,569,128	13,646,816
<b>II. Liabilities</b>		
1. Shareholders' Funds including Reserves and Surplus	(55,201,629)	(32,893,792)
2. Loans	-	-
3. Current Liabilities and Provisions		
a) Liabilities	(16,158,667)	(8,124,068)
b) Provisions	(1,025,387)	(929,330)

(Amount in Rupees)

	2010-11	2009-10
<b>III Income</b>		
1. Service income	113,978,605	95,242,596
2. Miscellaneous Income	264,234	191,805
<b>IV Expenses</b>		
1. Operating and other expenses	(79,725,367)	(55,726,974)
2. Depreciation	(578,391)	(437,680)
3. Interest	-	(1,149,668)
4. Profit before taxation	33,939,082	38,120,080
5. Provision for taxation (including MAT, deferred taxation and fringe benefit tax)	(11,631,244)	(13,128,267)
6. Net profit	22,307,837	24,991,814
<b>V Other matters</b>		
1. Contingent Liabilities	-	-
2. Capital Commitments	-	-

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule **22** NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 17. Disclosure pursuant to Accounting Standard (AS) 18 –

##### Related party disclosures

##### A. List of Related Parties

##### a) Subsidiary Companies:

- (1) Petroleum Specialties Pte. Ltd, Singapore
- (2) Power Oil Specialities Pte. FZE Sharjah
- (3) Quantum Apar Speciality Oil Pty. Ltd. (subsidiary of Petroleum Specilaties Pte. Ltd.)
- (4) Uniflex Cables Ltd.
- (5) Marine Cables & Wires Private Limited (subsidiary of Uniflex Cables Ltd.)

##### b) Joint Venture Company:

Apar Chematek Lubricants Ltd.

##### c) Key Managerial Personnel:

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

##### d) Chairman having significant influence:

Dr. N. D. Desai - Non executive Chairman

##### e) Relatives of Key Managerial Personnel

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

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

Apar Corporation Private Ltd.	Kushal Chaitanya 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.	Apar Masat Conductors Ltd.
Kushal N. Desai Family Trust	Gayatri Associates
Apar Technologies Private Ltd.	



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### B. Related Party Transactions

##### i) Subsidiary Companies:

(Amount in Rupees)

Sr. No.	Transactions	2010-11	2009-10
1	Purchase of Raw materials	1,498,777,036	684,293,701
2	Sale of finished goods/ Raw material	1,201,469,107	442,869,559
3	Sale of capital goods	4,460,858	3,586,585
4	Cost of lease assets	27,335,567	23,445,146
5	Lease rent received	12,943,338	8,720,667
6	Job work done for Subsidiary	1,681,874	4,833,698
7	Job work done by Subsidiary	28,300,731	12,045,015
8	Reimbursement received on Deputation of Manpower	18,000,000	10,000,000
9	Reimbursement (received) of expenses	43,972	184,198
10	Interest from Uniflex Cables Ltd.	102,951,159	43,493,307
11	Guarantees given by the Company on behalf of Petroleum Specialities Pte Ltd., & Uniflex Cables Ltd.	1,446,000,000	1,923,650,000
12	Security deposit received	100,000	1,600,000
13	Interest paid	4,387,610	86,575
14	Service charges paid	-	867,823
15	Commission paid	-	1,211,355
16	Balance outstanding as on 31.03.2011		
	a) Payable to subsidiary for supply of raw materials, security deposit	13,928,195	12,349,864
	b) Receivable from subsidiary company for supply of raw material, finished goods, capital goods and services	140,958,926	123,768,199
	c) Receivable from subsidiary company for advances given	1,752,476,604	710,295,330

##### ii) Joint Venture Company (Apar Chematek Lubricants Limited):

Sr. No.	Transactions	2010-11	2009-10
1	Investment in shares	-	-
2	Interest received	-	2,299,335
3	Marketing fees	227,957,211	190,485,191
4	Balance outstanding as on 31.03.2011		
	Payable for services	106,425,691	46,685,457
	Receivable for advances given	-	371,431

##### iii) Key managerial Personnel

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	17,004,749	17,257,679
2	Directors' remuneration	38,127,273	26,830,230
3	Dividends paid (payment basis)	98,842,835	-
4	Outstanding as on 31.03.2011		
	Loans and deposits payable	37,500,000	48,500,000

##### iv) Chairman having significant influence

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	7,742,973	4,979,916
2	Director's commission	13,746,509	6,982,887
3	Legal and professional fees	4,791,176	4,691,568
4	Sitting fees	137,500	110,000
5	Dividends paid (payment basis)	50,299,543	-
6	Outstanding as on 31.03.2011		
	Loans and deposits payable	7,600,000	16,100,000

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### v) Relatives of Key Managerial Personnel

(Amount in Rupees)

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	11,091,584	7,461,317
2	Dividends paid (payment basis)	64,200	-
3	Outstanding as on 31.03.2011		
	Loans and deposits	99,745,000	143,725,000

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

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	2,296,807	3,049,408
2	Rent paid	6,300,000	6,300,000
3	Dividends paid (payment basis)	2,112,983	-
4	Shareable expense received	-	961,352
5	Outstanding as on 31.03.2011		
	Loans and deposits taken	578,033	42,328,157

#### 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

Transactions	2010-11	2009-10
(i) Purchase of Raw materials		
– Petroleum Specialities Pte. Ltd.	1,496,391,562	679,942,647
(ii) Sale of finished goods/ Raw materials		
– Petroleum Specialities Pte. Ltd.	98,013,511	124,665,670
– Quantum Apar Speciality Pty. Ltd.	-	41,541,571
– Poweroil Speciality Products FZE	9,615,768	34,958,028
– Uniflex Cables Ltd.	1,093,839,828	241,704,290
(iii) Sale of capital goods		
– Uniflex Cables Ltd.	4,460,858	3,586,585
(iv) Lease assets		
– Uniflex Cables Ltd.	27,335,567	23,445,146
(v) Lease rental		
– Uniflex Cables Ltd.	12,943,338	8,720,667
(vi) Job work done for subsidiary		
– Uniflex Cables Ltd.	1,681,874	4,833,698
(vii) Job work done by subsidiary		
– Uniflex Cables Ltd.	28,300,731	12,045,015
(viii) Reimbursement received on Deputation of Manpower		
– Uniflex Cables Ltd.	18,000,000	10,000,000
(ix) Interest received		
– Uniflex Cables Ltd.	102,951,159	43,493,307
(x) Guarantees given by the Company on behalf of subsidiary companies		
– Petroleum Specialities Pte. Ltd.	446,000,000	673,650,000
– Uniflex Cables Ltd.	1,000,000,000	1,250,000,000
(xi) Interest paid		
– Dr. N. D. Desai	7,742,973	4,979,916
– Kushal N. Desai	8,354,137	7,682,087
– Chaitanya N. Desai	8,650,612	9,575,592
– Rishabh K. Desai	3,319,535	2,813,658
– Vineeta R. Srivastava	5,841,000	3,431,671
– Petroleum speciality Pte Ltd.	4,222,569	-
– Apar Corporation Private Ltd.	2,032,904	2,694,188
(xii) Dividends paid (payment basis)		
– Dr. N. D. Desai	50,299,543	-
– Kushal N. Desai	49,734,550	-
– Chaitanya N. Desai	49,108,285	-



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 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 (Contd...)

(Amount in Rupees)

	2010-11	2009-10
(xiii) Legal and professional fees		
– Dr. N. D. Desai	4,791,176	4,691,568
(xiv) Rent paid		
– Apar Corporation Private Ltd.	6,300,000	6,300,000
(xv) Marketing fees		
– Apar Chematek Lubricants Ltd.	227,957,211	190,485,191
(xvi) Director Remuneration		
– Kushal N. Desai	19,018,463	13,358,944
– Chaitanya N. Desai	19,108,809	13,471,286
– Dr. N. D. Desai	13,746,509	6,982,887

18. Draft Rehabilitation Scheme (DRS) of Uniflex Cables Limited (UCL), a subsidiary company which, *inter alia*, includes Scheme of Amalgamation of UCL with the Company with cut-off date as 31st March, 2010 has been submitted to Board for Industrial and Financial Reconstruction (BIFR) by Operating Agency (OA) appointed by BIFR, for its final consideration. The shareholders of the Company have approved the DRS subject to the approval of BIFR and other regulatory approval. If the above Scheme of Amalgamation is approved by the BIFR following financials would be as under:

(Amount in Rupees)

Particulars	Standalone financials (as at 31.03.2011)		Consolidated financials (as at 31.03.2011)	
	Pre-amalgamation	Post amalgamation	Pre-amalgamation	Post amalgamation
Sales (net of excise duty)	27,184,692,905	29,206,241,008	30,282,997,776	30,282,997,776
Profit before tax	1,594,653,201	1,311,828,213	1,538,440,459	1,538,440,459
Profit after tax	1,058,531,417	1,174,226,325	953,257,990	1,351,777,886
Earnings per share	32.74	33.71	29.48	38.81
Share capital	323,360,310	348,340,676	323,360,310	348,340,676
Reserve and surplus	3,423,927,748	3,468,470,191	3,190,846,652	3,589,366,548

Further, DRS also envisage issue of one equity share of Rs. 10 each of the Company to the shareholders of the UCL in exchange of ten equity shares of Rs. 10 each held by them in UCL. Such allottee shall be entitled to the final dividend of Rs. 3.50 per share recommended by the directors at its meeting held on 27th May, 2011, only if, the new shares are allotted to them before the declaration of said final dividend at the ensuing 22nd Annual General Meeting.

19. Marine Cables & Wires Private Limited (MCWPL), a wholly-owned subsidiary of Uniflex Cables Limited (UCL) has been declared as a sick company by the BIFR. For its' expeditious revival, MCWPL has prepared a Draft Rehabilitation (DRS) proposal which, *inter alia*, includes a Scheme of Amalgamation with the Company, with effect from 1st April, 2010 (Transfer date). The shareholders of the Company have approved the DRS subject to the approval of BIFR and other regulatory approvals. The said draft proposal has been furnished to the Operating Agency (OA) appointed by BIFR and all concerned parties. The OA report to BIFR in this regard is awaited. The effect of the Scheme of Amalgamation will be accounted for in the financial statements on completion of the Amalgamation process.

#### 20. Disclosure pursuant to Accounting Standard (AS) 17 Segment Reporting :

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

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### a. Business Segments

(Rupees in Lacs)

Particulars	Conductor		Transformer & Speciality Oils		Others		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>REVENUE</b>										
External sales	132,274.93	97,066.65	139,147.17	102,413.40	424.84	325.37	-	-	271,846.93	199,805.43
Other income	305.26	1,513.15	258.34	27.60	126.60	98.69	-	-	690.19	1,639.44
Inter-Segment Sales	1.54	-	102.22	74.16	-	-	(103.75)	(74.16)	-	-
<b>Total Revenue</b>	<b>132,581.72</b>	<b>98,579.80</b>	<b>139,507.72</b>	<b>102,515.16</b>	<b>551.43</b>	<b>424.06</b>	<b>(103.75)</b>	<b>(74.16)</b>	<b>272,537.12</b>	<b>201,444.87</b>
<b>RESULTS</b>										
Segment result	4,676.29	6,010.25	13,600.72	8,795.37	73.18	62.87	-	-	18,350.19	14,868.50
Unallocable Corporate/ Other expenses (net of miscellaneous income)									(2,724.26)	(2,431.46)
Operating profit									15,625.95	12,437.04
Interest expense									(3,166.69)	(5,074.10)
Interest income									3,487.29	3,118.11
Profit before taxes									15,946.53	10,481.05
<b>Income tax</b>										
Current tax									(4,802.00)	(1,922.00)
Prior year tax									(427.64)	-
Deferred tax - Credit/ (Charge)									(131.58)	54.62
Profit after tax and before Extraordinary items									10,585.31	8,613.67
Extraordinary items (net) - Income/(Expenses)									-	(5,555.38)
Net of income tax									-	(5,555.38)
Profit after tax and Extraordinary items									10,585.31	3,058.29
<b>OTHER INFORMATION</b>										
Segment assets	61,846.15	56,966.39	106,436.20	85,018.84	184.16	143.08	-	-	168,466.52	142,128.31
Unallocable Corporate and Other assets									22,971.03	16,255.71
<b>Total Assets</b>									<b>191,437.55</b>	<b>158,384.02</b>
Segment liabilities	44,524.03	44,642.28	92,353.08	71,996.78	6.94	1.08	-	-	136,884.05	116,640.14
Unallocate Corporate and other liabilities									4,962.86	2,879.35
<b>Total liabilities</b>									<b>141,846.91</b>	<b>119,519.49</b>
Capital expenditure	655.34	309.97	969.19	475.32	-	-	-	-	1,624.53	785.29
Capital expenditure - Unallocable									270.29	240.37
Depreciation	757.78	720.67	418.58	295.53	-	-	-	-	1,176.36	1,016.19
Depreciation on - Unallocable									194.56	171.73
Non-cash expenses other than depreciation	-	35.84	19.67	12.81	-	-	-	-	19.67	48.65
Non-cash expenses other than depreciation - Unallocable									-	177.47





## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### b. Geographical Segments

##### i) Revenue by geographical Market:

(Rupees in Lacs)

	Conductor		Transformer & Speciality Oils		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Outside India	22,197.63	23,665.53	32,320.45	26,559.76	-	-	54,518.08	50,225.29
In India*	110,077.30	73,401.13	106,826.72	75,853.64	424.84	325.37	217,328.85	149,580.14
Total	132,274.93	97,066.65	139,147.17	102,413.40	424.84	325.37	271,846.93	199,805.43

\*Include deemed exports Rs. 6,936.59 lacs (Previous year Rs. 8,616.83 lacs).

##### ii) The Company's tangible fixed assets are located entirely in India.

##### iii) Carrying amount of Segment Assets:

(Rupees in Lacs)

	Conductor		Transformer & Speciality Oils		Others		Unallocated		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Outside India	6,916.54	2,686.13	4,280.22	3,424.55	-	-	-	-	11,196.75	6,110.68
In India	54,929.62	54,280.26	102,155.98	81,594.29	184.16	143.08	22,971.03	16,255.71	180,240.80	152,273.34
Total	61,846.15	56,966.39	106,436.20	85,018.84	184.16	143.08	22,971.03	16,255.71	191,437.55	158,384.02

##### iv) The Company's fixed assets are located entirely in India.

##### 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 consist 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.

### 21. Disclosure pursuant to Accounting Standard (AS) 20 Earnings Per Share

Sr. No.	Particulars	2010-11	2009-10
1	Profit after tax and before extraordinary items - in Rs.	1,058,531,417	861,366,597
2	Profit after tax and extraordinary items - in Rs.	1,058,531,417	305,828,399
3	Weighted Number of Equity Shares outstanding during the year	32,336,031	32,336,031
4	Nominal Value of Equity Shares in Rs.	10.00	10.00
5	Earnings per share - in Rs.		
	Basic and Diluted ( before extraordinary items )	32.74	26.64
	Basic and Diluted ( after extraordinary items )	32.74	9.46

22. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2011.

23. As per the Accounting Standard (AS), 28 Impairment of Assets, the Company has reviewed the potential generation of economic benefit from its fixed assets. Accordingly, no impairment loss is required to be provided in the financial statements.

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 24. Information for class of goods manufactured during the year:

Class of Goods	Unit	Licensed Capacity (see notes (b) and (d) below)		Installed Capacity (see notes (a) and (b) below)		Actual Production (see note (c) below)	Turnover (Gross of excise)		Stock			
		Opening		Closing								
		Quantity	No. of shifts	Quantity	No. of shifts		Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
i) Transformer Oils (see note (f))	MT	153,495* (153,495)	2 & 3	372,773 (337,351)	2 & 3	136,997 (117,582)	133,043 (111,378)	7,475,718,521 (4,500,997,236)	1,971 (1,230)	87,063,960 (59,739,103)	2,796 (1,971)	167,156,106 (87,063,960)
	** KL	182,000 (182,000)				for various types of oils covered in (i) and for other oils for which the Company is holding registration						
Special Grade Pharmaceutical Oils	MT	86,025* (70,844)	-do-			58,171 (63,192)	57,975 (62,726)	2,714,958,103 (2,291,223,450)	533 (80)	21,646,990 (3,058,809)	649 (533)	37,073,859 (21,646,990)
	** KL	102,000 (84,000)										
Other Specialities Oils (including R.P.Oils)	MT	133,253* (113,012)	-do-			66,431 (68,626)	65,589 (68,121)	4,529,137,307 (3,858,538,043)	2,334 (2,070)	169,206,194 (202,612,486)	2,840 (2,334)	229,607,527 (169,206,194)
	** KL	158,000 (134,000)										
ii) AAC, AAAC and ACSR Conductors	MT	116,000* (102,000)	3	103,679 (97,097)	3	93,270 (76,887)	94,809 (75,075)	11,717,831,122 (8,636,706,463)	3,186 (1,374)	334,807,842 (137,137,174)	1,647 (3,186)	187,092,710 (334,807,842)
iii) Aluminium rods suitable for further manufacture of ACSR/AAC/AAAC	MT	110,000* (96,000)	3	86,600 (74,988)	3	78,016 (63,399)	7,985 (3,858)	1,039,774,884 (442,917,119)	\$ (\$)	\$ (\$)	\$ (\$)	\$ (\$)
								27,477,419,938 (19,730,382,311)		612,724,986 (402,547,572)		620,930,203 (612,724,986)

\* Company's application for manufacture has been taken on record and registered by the concerned Government authorities.

\*\* Equivalent to MT.

\$ Opening and Closing Stock is included in work-in-process as the same is for captive consumption.

#### Notes:

- Installed capacities are certified by Management of the Company and not verified by the auditors as this is a technical matter.
- In cases where installed capacities exceed the licensed capacities, the Company's applications to the Government for regularisation of the same have been accepted in part only or are pending with the Government.
- Includes : (A) Conversion by the Company on customers' account, captive consumption, and sample for testing.



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 24. Information for class of goods manufactured during the year: (Contd...)

	Unit	2010-11 Quantity	2009-10 Quantity
i) Transformer Oils	KL	3,129	5,463
ii) Special Grade Pharmaceutical Oils	KL	80	13
iii) Other Specialities Oils	KL	336	241
iv) Aluminium Rods suitable for further manufacture of AAC/AAAC/ACSR	MT	70,031	59,541
B) Other Specialities Oil manufactured by a third party on behalf of the Company.	KL	913	816
C) Processed by third parties -			
i) Aluminium Wire Rods	MT	112	2,124
ii) Aluminium Conductors	MT	6,913	542

d) In some of the classes of goods listed above, the licences are available in terms of more than one unit. In such cases, the quantitative information is expressed in terms of the units in which the items are sold. Further, in the cases where the licensed capacity has also been shown in the units in which the goods are sold (alongwith the units in which the licence has been issued), the conversion has been relied on by the auditors without verification as this is a technical matter.

e) Figures in brackets pertain to the previous year.

f) In respect of item (i), the quantities stated against production, turnover and stock of goods produced are in KL, except one product i.e. Flex Oil A-Super, Greases included under the head "Other Specialities Oils".

#### 25. Information for class of goods traded during the year

Class of Goods	Unit	Purchase		Stock				Turnover	
				Opening		Closing			
		Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
Thermoplastic Elastomers	MT	141 (114)	34,174,539 (27,410,076)	40 (32)	10,288,658 (8,706,308)	38 (40)	9,473,887 (10,288,658)	143 (106)	42,466,844 (32,521,359)
Lubricants	MT	87 (29)	18,882,379 (7,175,736)	41 (39)	7,148,430 (8,735,839)	50 (41)	9,152,743 (7,148,430)	78 (27)	18,317,030 (11,495,540)
Vivatek	MT	613 (2,108)	58,536,469 (172,425,579)	579 -	51,322,830 -	1 (579)	140,431 (51,322,830)	1,191 (1,529)	119,486,566 (130,273,835)
Conductors	MT	- (446)	- (154,674,842)	- -	- -	- -	- -	- (446)	- (157,254,710)
Copper Wire	MT	1,757 -	698,243,231 -	- -	- -	- -	- -	1,757 -	708,933,454 -
			809,836,619 (361,686,233)		68,759,918 (17,442,147)		18,767,061 (68,759,918)		889,203,893 (331,545,444)

#### Note:

Figures in brackets pertain to the previous year.

## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 26. Consumption of raw materials and components

	Unit	2010-11		2009-10	
		Quantity	Rupees	Quantity	Rupees
Non-ferrous metals	MT	81,603	9,445,366,811	64,560	7,155,549,566
Ferrous metals	MT	20,911	946,314,938	16,930	731,239,609
Chemicals	MT	4,979	371,040,239	3,327	292,738,205
Base Oils	KL	261,070	10,234,183,365	244,374	7,258,715,288
Others			21,951,804		28,941,686
			21,018,857,158		15,467,184,354

**Note :** Consumption includes handling losses and differences found on physical verification of stock.

#### 27. Consumption of raw materials and components (including cost of sales of raw materials, handling losses and differences found on physical verification of stock) :

	2010-11		2009-10	
	%	Rupees	%	Rupees
Imported at landed cost (including duty and clearing charges incurred in India)	61	12,772,335,293	64	9,874,040,307
Indigenous	39	8,246,521,865	36	5,593,144,047
	100	21,018,857,158	100	15,467,184,354

**Note :** Imports through canalising agencies and items of foreign origin purchased locally are shown as part of indigenous consumption.

#### 28. Consumption of raw materials and components

(Amount in Rupees)

	2010-11	2009-11
Raw materials and Components	12,363,028,084	9,694,130,730
Stores and spare parts	2,117,245	3,561,806
Capital goods	11,070,971	20,109,471
	12,376,216,300	9,717,802,007

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

#### 29. Expenditure in foreign currency on account of :

(Amount in Rupees)

	2010-11	2009-10
Professional Fees	1,145,756	6,579,343
Royalty	14,667,305	17,835,937
Interest and Bank charges	134,793,884	243,117,590
Commission & foreign Travel	47,803,066	73,005,605
Others	5,536,470	3,364,883
	203,946,482	343,903,358



## Schedules forming part of the Financial Statements: 31st March, 2011

### Schedule 22 NOTES TO THE FINANCIAL STATEMENTS (Contd...)

#### 30. Remittance in Foreign Currency for Dividends:

(Amount in Rupees)

	2010-11	2009-10
a) No of shareholders	1	1
b) No. of shares held	3,635,138	4,294,637
c) Year of dividend	2009-10, 2010-11	2008-09
d) Amount remitted - Rs.	27,263,535	-

#### 31. Earnings in foreign exchange :

(Amount in Rupees)

	2010-11	2009-10
Export of goods calculated on FOB basis	5,451,807,734	5,022,528,855
Deemed exports	696,358,975	861,682,540
Others (Freight, Insurance & Interest)	298,847,316	271,687,885
	6,447,014,024	6,155,899,280

#### 32. Consumption of stores and spare parts (including handling losses and differences found on physical verification of stocks) :

	2010-11		2009-10	
	%	Rupees	%	Rupees
Imported at landed cost	3.10	2,117,245	5.97	3,561,806
Indigenous	96.90	66,077,221	94.03	56,055,027
	100.00	68,194,466	100.00	59,616,833

**Note :** Imports through canalising agencies and items of foreign origin purchased locally are shown as part of indigenous consumption.

#### 33. Sale of raw materials and stores and spares :

	2010-11			2009-10		
	Unit	Quantity	Rupees	Unit	Quantity	Rupees
Base Oils	KL	2,651	155,712,448	KL	5,522	188,170,341
Ferrous metal & Non-ferrous metals	MT	155	18,323,336	MT	4,898	403,209,282
			174,035,784			591,379,623

#### 34. Previous year figures have been regrouped, wherever necessary.

Signatures to Schedules 1 to 22

**Sharp & Tannan**  
Chartered Accountants  
Registration No.: 109982W  
by the hand of

**Milind P. Phadke**  
Partner  
Membership No. 033013  
Place : Mumbai  
Dated : 27th May, 2011

**Kushal N. Desai**  
Managing Director &  
Chief Executive Officer

**F. B. Virani**  
Director

**V. C. Diwadkar**  
Chief Financial Officer

**Sanjaya R. Kunder**  
Company Secretary

For and on behalf of the Board of Directors

## Cash Flow Statement For the year ended 31st March, 2011

(Amount in Rupees)

	2010-11		2009-10	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Profit before taxation, exceptional items and extraordinary items		1,596,620,475		1,070,716,400
<b>Adjustments for:</b>				
Depreciation and amortisation	137,092,054		118,791,962	
(Profit)/loss on sale of fixed assets (net)	215,772		(1,481,797)	
Unrealised exchange loss/(gain)	(122,874,579)		(288,263,448)	
Investment written off	1,967,274		-	
Dividend on investments	(1,486,404)		(2,441,745)	
Interest income	(348,729,104)		(311,811,323)	
Interest expense	316,669,486		507,409,939	
		(17,145,501)		22,203,588
Operating profit before working capital changes in :		1,579,474,974		1,092,919,987
(Increase)/decrease in trade and other receivables	(2,752,160,110)		1,028,503,930	
(Increase)/decrease in Inventories	(490,475,896)		(807,976,662)	
Increase/(decrease) in trade and other payables	2,205,839,344		(1,647,700,249)	
		(1,036,796,662)		(1,427,172,981)
Cash generated from/(used in) operations		542,678,312		(334,252,994)
Direct taxes paid (net of refunds)		(151,219,413)		(166,966,074)
<b>Net cash from/(used in) operating activities</b>		<b>391,458,899</b>		<b>(501,219,068)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(189,481,316)		(102,565,695)	
Sale of fixed assets	3,243,066		3,761,470	
Dividend received	1,486,404		2,441,745	
Loans to subsidiary (net)	(1,043,738,380)		(576,219,625)	
Interest received	327,517,056	(900,973,170)	295,926,638	(376,655,467)
<b>Net cash from/(used in) investing activities</b>		<b>(900,973,170)</b>		<b>(376,655,467)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Proceeds/(repayments) from/of fixed deposits (net)	17,228,000		52,406,500	
Proceeds/(repayments) from/of bank borrowings (net)	154,765,798		207,300,512	
Proceeds/(repayments) from short term borrowings	191,249,876		(143,504,725)	
Proceeds/(repayments) of long term borrowings	(121,239,049)		(9,078,951)	
Interest paid	(314,059,830)		(529,162,827)	
Dividend paid	(242,520,233)		-	
Tax on dividends	(40,282,611)		-	
<b>Net cash from/(used in) financing activities</b>		<b>(354,858,049)</b>		<b>(422,039,491)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(864,372,320)</b>		<b>(1,299,914,026)</b>
Cash and cash equivalents at the beginning of year		4,697,068,673		5,996,982,699
Cash and cash equivalents at the end of year		3,832,696,353		4,697,068,673

### 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 Rs. 3,126,257,106; (Previous year Rs. 3,945,331,648).
- 4) Previous year's figures have been regrouped wherever necessary.

As per our report attached

**Sharp & Tannan**

Chartered Accountants

Registration No.: 109982W

by the hand of

**Milind P. Phadke**

Partner

Membership No. 033013

Place : Mumbai

Dated : 27th May, 2011

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

For and on behalf of the Board of Directors

**F. B. Virani**

Director

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary





Schedules forming part of the Financial Statements: 31st March, 2011

Balance Sheet Abstract and Company's General Business Profile

(Part IV of Schedule VI of the Companies Act, 1956 (As amended))

1. Registration Details

Registration No.	<div>12802</div>	State Code	<div>04</div>
Balance Sheet Date	<div><div>31</div><div>03</div><div>2011</div></div>	CIN No.	<div>L91110GJ1989PLC012802</div>
	<div>DateMonthYear</div>		

2. Capital Raised during the year (Rs. Thousands)

Public Issue	<div>NIL</div>	Right Issue	<div>NIL</div>
Bonus Issue	<div>NIL</div>	Private Placement	<div>NIL</div>

3. Position of Mobilisation and Deployment of Funds (Rs. Thousands)

Total Liabilities	<div>4959064</div>	Total Assets	<div>4959064</div>
Sources of Funds			
Paid-up Capital	<div>323360</div>	Secured Loans	<div>608074</div>
Reserves and Surplus	<div>3423928</div>	Unsecured Loans	<div>510225</div>
		Deferred Tax Liability (Net)	<div>93477</div>
Application of Funds			
Net Fixed Assets	<div>1256279</div>	Investments	<div>315541</div>
Net Current Assets	<div>3387244</div>		

4. Performance of Company (Rs. Thousands)

Turnover (net of excise)	<div>27255199</div>	Total Expenditure	<div>25660546</div>
Profit before Tax	<div>1594653</div>	Profit after Tax	<div>1058531</div>
Earning Per Share in Rs.	<div>32.74</div>	Dividend Rate %	<div>60</div>

5. Generic Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
<div>2710.90</div>	Transformer & Speciality Oils
<div>7614.90</div>	AAC/AAAC/ACSR Conductors

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : 27th May, 2011

Kushal N. Desai  
Managing Director &  
Chief Executive Officer

F. B. Virani  
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		Poweroil Speciality Products FZE, Sharjah		Quantum Apar Speciality Oils Pty. Limited, Australia		Uniflex Cables Limited, India	Marine Cables & Wires Private Limited, India
		In US\$	In Rupees	In AED	In Rupees	In AUD	In Rupees	In Rupees	In Rupees
a)	Capital	59,101	2,643,645	-	-	300,000	10,294,085	249,803,660	9,469,000
b)	Reserve	8,570,655	396,013,827	-	-	75,262	4,323,235	(578,502,644)	(34,324,773)
c)	Total Assets	13,664,650	623,211,544	-	-	3,811,760	175,475,667	2,053,919,597	46,982,467
d)	Total Liabilities	5,034,894	224,554,072	-	-	3,436,498	160,858,348	2,382,618,581	71,838,240
e)	Details of investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-	-	-
f)	Turnover	60,204,182	2,783,200,194	1,113,584	13,801,196	6,686,592	289,985,337	3,150,979,559	28,150,115
g)	Profit before taxation	3,231,183	171,683,669	301,537	3,659,823	298,132	23,519,246	(282,526,885)	(11,271,863)
h)	Provision for taxation	581,792	26,665,133	-	-	83,333	3,614,001	-	-
i)	Profit after taxation	2,649,391	145,018,536	301,537	3,659,823	214,799	19,905,245	(282,526,885)	(11,271,863)
j)	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

As on 31.03.2011: 1 U.S. Dollar(USD) = Rs. 44.6000, 1 United Arab Emirates Dirham(AED) = Rs. 12.1160,

1 Australian Dollar(AUD) = Rs. 46.8088

## Auditors’ Report

To the Board of Directors on the Consolidated Financial Statements of Apar Industries Limited and its Subsidiaries

1. We have audited the attached Consolidated Balance Sheet of **Apar Industries Limited** and its subsidiaries and jointly controlled entity (‘the Apar Group’) as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. In respect of the financial statements of certain subsidiaries and jointly controlled entity, we did not carry out the audit.

These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and jointly controlled entity 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 and the jointly controlled entity, to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditors: Rupees

	Total assets	Total revenues	Net cash flows
Subsidiaries	2,147,593,727	4,306,016,745	124,812,364
Jointly controlled entity	2,156,179	264,234	(2,048,765)

4. We report that, the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 Consolidated Financial Statements and (AS) 27 Financial Reporting of Interest in Joint Ventures, 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.

5. *The Company has not provided for mark-to-market losses on commodity forward contracts aggregating to Rs.280,401,393 as at 31st March, 2011. Consequently, after considering the deferred tax effect, the profit for the year is lower by Rs.79,889,117, the Current Liabilities and Provisions as at 31st March, 2011 have been understated by Rs. 280,401,393, the closing Reserves as at 31st March, 2011 are overstated by Rs.187,259,060 and the opening Reserves as at 1st April, 2010 are overstated by Rs.264,057,967. Had the observation made by us been considered, the profit after tax for the year would have been Rs.1,033,147,107 (as against the reported profit after tax of Rs.953,257,990), the Current Liabilities and Provisions would have been Rs.14,957,898,026 (as against the reported Current Liabilities and Provisions of Rs. 14,677,496,633), the closing Reserves would have been Rs. 3,003,587,592 (as against the reported closing Reserves of Rs. 3,190,846,652) and the opening Reserves as at 1st April, 2010 would have been Rs. 2,246,278,422 (as against the reported opening Reserves of Rs. 2,510,336,388). (Refer Note 5 of Schedule 22)*
6. We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Apar Group, we are of

the opinion that the said consolidated financial statements, subject to our observations referred to in paragraph 5 above and its consequential effects on the consolidated financial statements, read together with the Significant Accounting Policies in Schedule '21' and the Notes to the Financial Statements in Schedule '22' thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Apar Group as at 31st March, 2011;
- (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Apar Group for the year ended on that date; and
- (iii) 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.

**Sharp & Tannan**  
Chartered Accountants  
Registration No: 109982W  
by the hand of

**Milind P. Phadke**  
Partner

Mumbai, 27th May, 2011

Membership No: 033013



## Consolidated Balance Sheet As at 31st March, 2011

(Amount in Rupees)

	Schedule	As at 31.03.2011		As at 31.03.2010
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share capital	1	323,360,310		323,360,310
Reserves and surplus	2	3,190,846,652		2,510,336,388
Minority Interest			3,514,206,962 5,205,433	2,833,696,698 3,213,091
<b>Loan Funds</b>				
Secured loans	3	608,073,917		915,392,232
Unsecured loans	4	750,921,997		701,170,068
Deferred taxation liabilities (net)	5		1,358,995,914 88,797,985	1,616,562,300 71,895,177
<b>Total</b>			<b>4,967,206,294</b>	<b>4,525,367,266</b>
<b>APPLICATION OF FUNDS</b>				
Goodwill on Consolidation		603,083,455		603,083,455
Less : Provision for impairment		(603,083,455)		(603,083,455)
<b>Fixed assets</b>	6		-	-
Gross block		3,282,993,818		3,090,566,782
Less: Depreciation		1,501,236,575		1,304,623,655
Net block		1,781,757,243		1,785,943,127
Capital work-in-progress/ advances		79,757,889		23,958,733
Fixed assets held for sale			1,861,515,132 231,928	1,809,901,860 731,928
Investments	7		227,240	227,240
<b>Current assets, loans and advances</b>				
Inventories	8	4,926,285,137		4,391,829,763
Sundry debtors	9	6,931,742,864		4,243,229,290
Cash and bank balances	10	4,146,623,485		4,888,242,271
Loans and advances	11	1,778,077,141		1,735,893,318
		17,782,728,627		15,259,194,642
<b>Less: Current liabilities and provisions</b>				
Current liabilities	12	14,293,272,255		12,327,727,746
Provisions	13	384,224,378		216,960,658
		14,677,496,633		12,544,688,404
<b>Net current assets</b>			3,105,231,994	2,714,506,238
<b>Miscellaneous expenditure</b>	14		-	-
(to the extent not written off or adjusted)				
<b>Total</b>			<b>4,967,206,294</b>	<b>4,525,367,266</b>
<b>Significant Accounting Policies</b>	21			
<b>Notes to the Consolidated Financial Statements</b>	22			

The Schedules referred to above form an integral part of the consolidated financial statements.

As per our report attached

**Sharp & Tannan**

Chartered Accountants

Registration No.: 109982W

by the hand of

**Milind P. Phadke**

Partner

Membership No. 033013

Place : Mumbai

Dated : 27th May, 2011

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

**F. B. Virani**

Director

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary

## Consolidated Profit and Loss Account For the year ended 31st March, 2011

(Amount in Rupees)

	Schedule	2010-2011	2009-2010
<b>INCOME</b>			
Sale of goods, services and related recoveries	15	33,156,577,694	24,168,855,270
Less : Excise duty		2,873,579,918	1,813,405,631
		30,282,997,776	22,355,449,639
Other income	16	61,864,215	160,000,638
		30,344,861,991	22,515,450,277
<b>EXPENDITURE</b>			
Operating and other expenses	17	28,503,619,501	21,221,336,083
Decrease / (Increase) in stocks	18	(37,007,214)	(238,651,383)
Depreciation and amortisation		205,160,633	185,133,303
Interest and discounting charges (net)	19	134,648,612	331,989,282
		28,806,421,532	21,499,807,285
Profit before taxation and exceptional items		1,538,440,459	1,015,642,992
Exceptional items	20	-	11,561,692
Profit before taxation		1,538,440,459	1,004,081,300
Provision for taxation:			
Current tax		518,165,133	215,053,646
Wealth tax		200,000	200,000
Deferred tax - charge/ (credit)		16,902,809	8,605,425
Earlier years taxes		42,764,220	-
Profit after taxation and before minority interest for the year		960,408,297	780,222,229
Minority Interest (Profit)/Loss		(7,150,307)	67,212,130
Profit/(loss) before extraordinary items for the year		953,257,990	847,434,357
Extraordinary items (net of tax) - Impairment of Goodwill (Refer Note 11 of Schedule 22)		-	603,083,455
Profit after taxation and extraordinary items		953,257,990	244,350,902
Balance of profit brought forward		948,635,201	980,319,528
Amount available for appropriations		1,901,893,191	1,224,670,430
Appropriations			
Transfer to General reserve		(110,000,000)	(87,500,000)
Interim Dividend:			
On Equity shares		(80,840,078)	-
Tax on Interim dividend		(13,427,537)	-
Proposed dividend:			
On Equity shares		(125,903,379)	(161,680,155)
Tax on dividend		(20,910,977)	(26,855,074)
Balance carried to Balance Sheet		1,550,811,220	948,635,201
Earnings Per Share (Refer Note 14 of Schedule 22) face value of Rs.10			
Basic and Diluted (before extraordinary items)		29.48	26.21
Basic and Diluted (after extraordinary items)		29.48	7.56
Significant Accounting Policies	21		
Notes to the Consolidated Financial Statements	22		

The Schedules referred to above form an integral part of the consolidated financial statements

As per our report attached

Sharp & Tannan

For and on behalf of the Board of Directors

Chartered Accountants

Registration No.: 109982W

by the hand of

Milind P. Phadke

Kushal N. Desai

F. B. Virani

V. C. Diwadkar

Sanjaya R. Kunder

Partner

Managing Director &

Director

Chief Financial Officer

Company Secretary

Membership No. 033013

Chief Executive Officer

Place : Mumbai

Dated : 27th May, 2011





## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 1 SHARE CAPITAL</b>		
(A) Authorised :		
91,998,750 Equity Shares of Rs.10 each	919,987,500	919,987,500
	<b>919,987,500</b>	<b>919,987,500</b>
(B) Issued, Subscribed and Fully Paid Up :		
32,336,031 Equity Shares of Rs.10 each fully paid	323,360,310	323,360,310
	<b>323,360,310</b>	<b>323,360,310</b>

### Schedule 2 RESERVES AND SURPLUS

<b>Capital Reserve</b>			
As per last balance sheet		4,950,746	4,950,746
<b>Capital Redemption Reserve</b>			
As per last balance Sheet		147,547,770	147,547,770
<b>Securities Premium Account</b>			
As per last balance sheet		588,520,277	588,520,277
<b>Foreign Currency Translation Reserve</b>		(48,483,361)	(16,817,606)
<b>General Reserve</b>			
As per last balance sheet	837,500,000		750,000,000
Add :- Transfer from profit and loss account	110,000,000		87,500,000
		947,500,000	837,500,000
Surplus in profit and loss account		1,550,811,220	948,635,201
		<b>3,190,846,652</b>	<b>2,510,336,388</b>

### Schedule 3 SECURED LOANS

<b>From Banks :</b>			
Cash credit/Working capital demand loans		608,073,917	606,653,183
Term loans		-	308,739,049
		<b>608,073,917</b>	<b>915,392,232</b>

#### Notes:

The Cash credit/Working capital demand loans/Pre-shipment Export Finance from banks are secured by:

- hypothecation of specified stocks, specified book debts of the Company and movable plant and machinery at Nalagarh Unit.
- first charge by way of equitable mortgage by deposit of title deeds of Company's specified immovable's properties, both present and future.
- first charge by way of equitable mortgage by deposit of title deeds of certain immovable's properties of Apar Corporation Private Limited, a related party.
- the term loan Rs Nil; (Previous year Rs. 308,739,049) is secured by hypothecation of specific machineries acquired out of proceeds of the loan.
- the amount payable within a year Rs.Nil; (Previous year Rs. 217,807,741)

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

		As at 31.03.2011	As at 31.03.2010
<b>Schedule 4 UNSECURED LOANS</b>			
Fixed Deposits*			
- From public	214,547,000		197,319,000
- From directors	45,100,000		45,100,000
		259,647,000	242,419,000
Short term loan from a Bank / Bank overdraft *		253,569,920	-
Loans from directors (Repayable at call)		-	269,500,000
Inter corporate deposits (Repayable at call)		237,705,077	189,251,068
		<b>750,921,997</b>	<b>701,170,068</b>

[\*Repayable within one year Rs. 365,833,920; (Previous year Rs. 775,270,000)]

### Schedule 5 DEFERRED TAX LIABILITY (NET)

Deferred tax liability arising on account of timing difference in:			
- Book and Tax depreciation		115,634,543	101,519,974
Deferred tax asset arising on account of timing differences in :			
- Provision for doubtful debts and advances	10,150,044		12,403,868
- Provision for gratuity and leave salary	7,584,491		6,490,728
- Voluntary Retirement Scheme	255,171		2,290,269
- Expenses allowable on payment basis	9,014,247		8,476,083
		27,003,953	29,660,948
		88,630,590	71,859,025
Share of Joint Venture (net) (Refer Note 9(b) of Schedule 22)		167,395	36,152
Deferred tax liability (net)		<b>88,797,985</b>	<b>71,895,177</b>

### Schedule 6 FIXED ASSETS

	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 31.3.2010	Deductions	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>Tangible Assets</b>										
Land - Freehold	42,388,743	-	-	42,388,743	-	-	-	-	42,388,743	42,388,743
Buildings	573,121,943	14,401,363	-	587,523,306	137,425,758	-	23,329,176	160,754,934	426,768,372	435,696,185
Plant and machinery*	2,180,916,066	111,641,022	(4,110,034)	2,288,447,054	1,015,946,592	(2,554,468)	159,228,832	1,172,620,956	1,115,826,098	1,164,969,474
Furniture, fixture and equipments	139,675,735	11,046,120	(239,323)	150,482,531	106,105,344	(127,980)	9,184,862	115,162,227	35,320,304	33,570,391
Motor vehicles	42,494,504	8,798,881	(7,946,784)	43,346,601	24,111,778	(5,865,264)	6,144,036	24,390,549	18,956,052	18,382,726
<b>Intangible Assets</b>										
Land-Leasehold	81,772,913	55,123,900	-	136,896,813	8,036,908	-	1,006,061	9,042,969	127,853,844	73,736,005
Specialised Software	27,619,512	3,307,425	-	30,926,937	11,962,675	-	5,689,274	17,651,949	13,274,989	15,656,837
Share of Joint Venture (Refer Note 9 (b) of Schedule 22)	2,577,366	404,466	-	2,981,833	1,034,600	-	578,391	1,612,991	1,368,842	1,542,767
	3,090,566,782	204,723,177	(12,296,141)	3,282,993,818	1,304,623,655	(8,547,712)	205,160,632	1,501,236,575	1,781,757,243	1,785,943,127
Previous year	2,794,019,409	307,474,567	(10,927,194)	3,090,566,782	1,125,847,500	(6,357,148)	185,133,303	1,304,623,655		
Capital work-in-progress/ Advances									79,757,889	23,958,733
									<b>1,861,515,132</b>	<b>1,809,901,860</b>

#### Notes:

\* includes Rs.5,865,095; (Previous year Rs.11,564,360) for capital expenditure on Research and development (Refer Note 6 of Schedule 22)



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010
<b>Schedule 7 INVESTMENTS - (AT COST)</b>			
Long-term, unquoted, unless otherwise stated			
<b>A. Government of India Securities:</b>			
i) 6 Year National Savings Certificates	4,240		4,240
ii) 12 Year National Defence Certificates	6,000		6,000
iii) 6 Year National Savings Certificates (held as security by Government Departments)	7,000		7,000
		17,240	17,240
<b>B. Non Trade:</b>			
4,200 Shares (Previous year 4,200) of Natpur Co-operative Bank Limited of Rs. 50 each		210,000	210,000
		227,240	227,240
Aggregate book value of unquoted investments		227,240	227,240
Aggregate book value of quoted investments		-	-
Aggregate market value of quoted investments		-	-

### Short-term investment in liquid funds purchased and sold during the year

	Face Value (Rs.)	Unit (Numbers)	Sales Value (Rs.)
Kotak Liquid (Institutional Premium) -Daily Dividend	10	42,747,783	507,651,174
HDFC Liquid Fund Premium Plan-Daily Dividend Option Reinvest	10	154,623,441	1,895,652,465
ICICI Prudential Liquid Super Institutional Plan - Div -Daily	10	1,275,083	127,536,488
Kotak Floter Short Term-Daily Dividend	10	496,042	5,019,286
Reliance Liquid Fund - Treasury Plan-Institutional Option - Daily Dividend Option	10	6,516,216	82,537,906
L & T Freedom Income-Short Term Fund	10	34,123	500,365
Idbi Liquid Fund - Daily Dividend - Reinvestment	10	12,994,571	133,082,306
Baroda Pioneer Liquid Fund - Daily Dividend Plan	10	1,490,965	15,006,416

(Amount in Rupees)

	As at 31.03.2011		As at 31.03.2010
<b>Schedule 8 INVENTORIES</b>			
(At lower of cost and net realisable value)			
Stores and spare parts		107,108,883	83,521,835
Raw materials and components #		3,541,195,614	3,067,334,502
Work-in-progress		489,745,870	387,015,684
Finished goods *		788,234,770	853,957,742
		4,926,285,137	4,391,829,763

# Including Raw materials in transit Rs. 1,379,048,521; (Previous year Rs. 1,355,377,914)

\* Including stock of traded goods Rs. 18,767,061; (Previous year Rs.68,759,918)

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 9 SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
<b>Secured</b>		
Considered good	335,356	317,545
<b>Unsecured</b>		
Considered good	391,819,088	610,098,639
Considered doubtful	30,554,016	38,983,204
	<b>422,708,460</b>	<b>649,399,388</b>
<b>Other debts - Considered good</b>		
Secured	3,369,644	2,137,455
Unsecured	6,536,218,776	3,630,675,651
	<b>6,539,588,420</b>	<b>3,632,813,106</b>
Less: Provision for doubtful debts	30,554,016	38,983,204
	<b>6,931,742,864</b>	<b>4,243,229,290</b>

## Schedule 10 CASH AND BANK BALANCES

Cash on hand		1,074,289	924,239
Cheques /demand drafts on hand		-	16,959,870
Funds in transit		27,099,137	16,000,044
Balances with scheduled banks :			
in current accounts	739,404,723		825,073,611
in cash credit accounts	-		-
in deposit accounts	251,155,206		80,250,117
in margin money accounts *	3,126,257,106		3,945,352,601
		<b>4,116,817,035</b>	<b>4,850,676,329</b>
Balances with non-scheduled banks :			
in current accounts**		230,760	230,760
Share of Joint Venture (Refer Note 9(b) of Schedule 22)		1,402,264	3,451,029
		<b>4,146,623,485</b>	<b>4,888,242,271</b>

\* Against letters of credits for company's imports of raw materials.

\*\* Maximum balance at any time during the year Rs. 230,760; (Previous year Rs. 230,760).



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule 11 LOANS AND ADVANCES</b>		
Unsecured, considered good, unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received **		
Considered good	1,686,513,534	1,492,373,403
Considered doubtful	-	-
	1,686,513,534	1,492,373,403
Less:- Provision for doubtful advances	-	-
	1,686,513,534	1,492,373,403
Balances with excise	755,378	1,080,135
Advance payment of taxes, less provisions	-	162,508,427
Interest accrued but not due on deposits/margin monies	88,579,850	66,284,537
Share of Joint Venture (Refer Note 9(b) of Schedule 22)	2,228,379	13,646,816
	<b>1,778,077,141</b>	<b>1,735,893,318</b>

\*\* Includes Rs. 3,975,095 being excise/custom duty paid under protest (Previous year Rs. 3,975,095).

\*\* Includes Rs. 6,110,417 being sales tax paid under protest (Previous year Rs. 6,110,417).

<b>Schedule 12 CURRENT LIABILITIES</b>			
Sundry creditors			
– Total outstanding dues of micro and small enterprises		37,513,232	22,512,241
– Total outstanding dues of other than micro and small enterprises		11,381,191,590	9,906,761,707
Investor Education and Protection Fund (Refer Note 15 of Schedule 22)			
Unclaimed dividend		5,867,958	5,892,932
Unpaid matured deposits		59,000	761,000
Interest accrued on above		40,818	30,754
Other liabilities		2,791,202,873	2,333,474,550
Book overdraft		6,498,450	17,892,568
Interest accrued but not due on loans		54,739,667	32,277,926
Share of Joint Venture (Refer Note 9(b) of Schedule 22)		16,158,667	8,124,068
		<b>14,293,272,255</b>	<b>12,327,727,746</b>

<b>Schedule 13 PROVISIONS</b>			
Gratuity - In respect of Directors		2,656,180	2,273,058
– Balance liability to the Employees Gratuity Fund		6,775,999	5,719,313
Leave encashment		24,021,089	19,503,728
Provision for taxes, net of advance tax		217,272,117	-
Proposed dividend		125,903,379	161,680,155
Tax on proposed dividend		20,910,977	26,855,074
Share of Joint Venture (Refer Note 9(b) of Schedule 22)		(13,315,363)	929,330
		<b>384,224,378</b>	<b>216,960,658</b>

<b>Schedule 14 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>			
Voluntary Retirement Compensation			
Opening Balance		-	11,561,692
Add: Incurred during the year		-	-
Less: Amortised during the year		-	(11,561,692)
		-	-

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	2010-2011		2009-2010
<b>Schedule 15 SALE OF GOODS, SERVICES AND RELATED RECOVERIES (NET OF EXCISE)</b>			
Sales	30,793,297,130		22,214,380,095
Less: Excise duty	(2,873,579,918)		(1,813,405,631)
		27,919,717,212	20,400,974,464
Sale of traded goods		889,203,893	331,545,444
Sale of raw materials		174,035,784	591,379,623
Scrap sales		24,544,798	24,707,929
Export benefits		162,476,437	157,241,124
Rebate/refund of excise duty on deemed/physical exports		476,021,040	224,750,376
Transport charges recovered		508,789,022	441,336,266
Processing and other service charges		128,209,590	183,514,413
		<b>30,282,997,776</b>	<b>22,355,449,639</b>

### Schedule 16 OTHER INCOME

Profit on sale of fixed assets (net)		-	1,354,911
Provision for doubtful debts/ expenses no longer required/ sundry balances, written back		32,970,801	12,742,493
Exchange gain - Others		-	107,842,237
Dividend on short-term investment in liquid funds		1,486,404	2,441,745
Other income		27,142,776	35,427,448
Share of Joint Venture (Refer Note 9(b) of Schedule 22)		264,234	191,805
		<b>61,864,215</b>	<b>160,000,638</b>

### Schedule 17 OPERATING AND OTHER EXPENSES

Raw materials and components consumed **		23,171,143,215	17,242,260,048
Purchase of traded goods		809,836,619	361,686,233
Excise duty adjustment of finished goods stock		3,980,167	12,744,829
Power, electricity and fuel		392,025,389	316,604,086
Stores, spare parts *		92,185,496	85,335,801
Packing materials		1,038,617,403	804,273,863
Storage charges		64,095,671	52,747,726
Processing charges, fabrication and labour charges		204,195,410	198,261,111
<b>Repairs and maintenance :</b>			
Buildings	4,708,718		5,600,522
Plant and machinery	22,440,766		23,316,162
Others	16,125,471		13,387,771
		43,274,955	42,304,455
Insurance		41,683,345	36,278,859
Rent		12,351,965	17,647,207
Rates and taxes		37,943,964	37,307,253
<b>Payments to and provisions for employees :</b>			
Salaries, wages and bonus **	328,911,161		278,108,189
Contribution to provident and other funds	28,895,219		27,353,732
Provision for gratuity in respect of directors	383,122		346,982
Workmen and staff welfare expenses	17,146,280		14,782,431
		<b>375,335,782</b>	<b>320,591,334</b>





## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

(Amount in Rupees)

	2010-2011		2009-2010
<b>Schedule 17 OPERATING AND OTHER EXPENSES (Contd...)</b>			
Directors' sitting fees		608,000	684,500
Commission to Chairman, Managing Director and Joint Managing Director		41,239,528	20,948,661
Lease rentals		1,449,640	1,344,900
Freight outward		1,157,419,709	724,478,917
Commission on sales		139,124,671	106,644,526
Discounts and rebates		59,004,659	67,805,824
Advertisement expenses		2,208,321	1,280,738
Donations		6,405,201	2,757,500
Legal and professional fees		65,789,844	51,381,377
Royalty		13,615,182	62,949,838
Marketing fees		113,978,605	95,242,595
Miscellaneous expenses		265,375,948	210,409,114
Bad debts and advances written-off	25,972,664		13,223,848
Less: Provision for doubtful debts utilised	(832,433)		(9,275,000)
		25,140,231	3,948,848
Provision for doubtful debts		10,324,190	27,752,380
Bank charges and commission		202,124,239	259,936,587
Exchange loss - others		33,201,014	-
Loss on sale of fixed assets (net)		215,772	-
Share of Joint Venture (Refer Note 9(b) of Schedule 22)		79,725,366	55,726,974
		<b>28,503,619,501</b>	<b>21,221,336,083</b>

\* include stores and spares consumed for repairs and maintenance of plant and machinery, not separately ascertained.

\*\* includes expenses for Research and Development (Refer Note 6 of Schedule 22).

### Schedule 18 DECREASE/(INCREASE) IN STOCKS

Opening stock of finished goods and work-in-progress		1,240,973,426	1,002,322,043
Closing stock of finished goods and work-in-progress		1,277,980,640	1,240,973,426
		<b>(37,007,214)</b>	<b>(238,651,383)</b>

### Schedule 19 INTEREST AND DISCOUNTING CHARGES (NET)

On fixed loans	52,542,101		100,162,272
Others	333,576,199		508,639,976
		386,118,300	608,802,248
Less: Interest earned - gross (tax deducted at source Rs. 40,774,149; (Previous year Rs. 61,106,411))			
On bank deposits *	(237,180,194)		(265,943,393)
Others	(14,289,494)		(10,869,572)
		(251,469,688)	(276,812,965)
		<b>134,648,612</b>	<b>331,989,282</b>

\* On deposits under lien against margin monies held against letters of credit for Company's import of raw materials

### Schedule 20 EXCEPTIONAL ITEMS

Amortisation of Voluntary Retirement Scheme compensation		-	11,561,692
		-	<b>11,561,692</b>

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 21 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., Poweroil Speciality Products FZE, a company incorporated in Sharjah, Uniflex Cables Limited a company incorporated in India and its down-stream subsidiary Marine Cables & Wires Private Limited, 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. It also includes 50% share in Apar Chematek Lubricants Ltd., a company incorporated in India, 50:50 Joint Venture with Chematek spa, Italy (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 unrealised 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 'Reserve 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) Joint Venture

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

##### (iii) Investment in 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.

#### 4. 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):



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 21 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- (a) in respect of assets of Uniflex Cables Limited on straight line method, and;
- (b) in respect of assets of other Divisions, 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.
- (c) Capital Expenditure in respect of which ownership does not vest with the Company is amortised over a period of five years. Leasehold land is amortised over the period of lease.
- (d) Certain items of plant and machinery which have been considered to be continuous process plant by the management are depreciated at the prescribed rates.
- (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-** Factory building at Nalagarh **Rate-** Over the lease period
- (iv) In respect of assets costing less than Rs.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 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 assess, 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 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 profit and loss account. 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, Joint Ventures and Associates have been accounted as per Accounting Standard (AS) 13 'Accounting for Investments'.

#### 7. Inventories:

Inventories are valued at standard cost basis except of a subsidiary Uniflex Cables Limited where it is valued on FIFO basis. As on 31st March, 2011, Uniflex Cables Limited is carrying 11% of Group inventories. Inventories are valued at lower of cost and net realisable value (cost of finished goods includes material cost, cost of labour and attributable manufacturing overheads) on the basis of full absorption costing. 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 amortised over vesting period.

#### 10. Voluntary Retirement Schemes:

Compensations paid under voluntary retirement schemes are amortised over a period not exceeding five years, up to 31st March, 2010.

#### 11. Enterprise Resource Planning cost:

Cost of implementation of ERP Software including all related direct expenditure is amortised 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 amortised 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.

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 21 SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- (ii) Price variation claims are accounted in accordance with the terms of contract and/or upon admittance by customers.
- (iii) Dividend income on investment is recognised when the right to receive payment is established.
- (iv) In respect of service activities, income is recognised as and when services are rendered.

#### 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 profit and loss account 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 Profit & Loss Account. 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 Profit and Loss Account.
- (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.

#### 16. Hedging transactions:

All gains or losses in respect of hedging transactions are recognised in the financial statements on settlement/squaring off. Commission etc. in respect of such transactions is accounted on accrual basis.

#### 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.

#### 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.



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

	As at 31.03.2011	As at 31.03.2010
1. Contingent liabilities not provided for :		
a) Bills of exchange discounted	2,565,754,276	1,311,439,622
b) Taxation:		
Disputed demands of income tax	57,555,862	17,640,853
c) 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)	45,042,981	38,334,056
Service tax	1,984,896	1,984,896
Customs duty	65,482,260	65,321,089
Sales tax	102,940,515	56,012,976
ii) Arbitration award regarding dispute of alleged contractual non performance by the Company, against which the Company is in appeal before Bombay High Court.	70,215,141	65,631,906
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.	44,507,841	44,507,841
iv) Labour matters	31,431,439	16,621,439
v) Others	46,986,910	46,796,910
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	84,321,524	10,371,364

- The Company has issued and allotted 3,636,363 Equity shares (10.11% post allotment) of Rs. 10 each at a premium of Rs. 210 per share on preferential allotment basis on 4th May, 2011 to Templeton Strategic Emerging Markets Fund III, L.D.C. Post allotment, the paid-up capital of the Company has been increased to Rs. 35,97,23,940 consisting of 3,59,72,394 equity shares of Rs. 10 each fully paid.
- During the year, the Company has closed operations of Poweroil Speciality Products FZE, Sharjah, a wholly-owned subsidiary, as there was no likelihood of said subsidiary reaching break-even. Consequent to closure, the Company has written-off advances and investment of Rs.3,972,864 and Rs.1,967,274 respectively.
- The Company has entered into non-speculative commodity forward contract in order to hedge its exposure to fluctuations in the metal prices against requisite firm price sales contracts (received / to be received) for its conductor segment. The mark-to-market losses on such contracts, in accordance with the Announcement dated 28th March, 2008, issued by the Institute of Chartered Accountants of India, amounting to Rs. 280,401,393 as at 31st March, 2011 (Rs. 400,027,218 as at 31st March, 2010), has not been provided in the financial statements, as in the opinion of the management, such loss is notional in nature and the said loss would get extinguished on execution of firm sale price orders corresponding to these commodity forward contracts.

#### 6. Research and Development expenses:

(Amount in Rupees)

	2010-11	2009-10
A) Salary, wages and other benefits	6,161,550	3,873,331
Consumables and chemicals	2,789,031	596,571
Sub-Total	8,950,581	4,469,902
B) Capital expenditure	5,865,095	11,564,360
TOTAL (A+B)	14,815,677	16,034,262

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### 7. I) Particulars of Derivative instruments outstanding as at 31st March, 2011

Type of Instrument	Nos.	Mt.	Amount \$/Euro	Amount INR
a) In respect of Commodity				
Futures/Option at London Metal Exchange ( in Mt.) - USD	73 (89)	19,380 (14,161)	58,249,312 (39,913,064)	2,597,919,304 (1,792,495,700)
b) In respect of foreign currency				
Forward contracts - buy contracts - USD	75 (84)		134,768,451 (143,041,125)	6,010,672,899 (6,423,976,916)
Forward contracts - sale contracts - EURO	- -		- -	- -
Currency Swap - EURO/USD - EURO	- (2)		- (1,700,000)	- (102,795,600)
Options - USD	- (1)		- (6,000,000)	- (303,960,000)
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)			78,504,688 (29,887,032)	3,501,309,066 (1,342,226,627)
In Euro - Payable (Net)			345,300 (1,850,385)	21,753,900 (111,889,081)
IV) Premium in case of forward contracts not expired and pertaining to the future period			- -	86,585,612 (4,357,855)

(Figures in bracket are in respect of previous year)

8. Draft Rehabilitation Scheme (DRS) of Uniflex Cables Limited (UCL), a subsidiary company which, *inter alia*, includes Scheme of Amalgamation of UCL with the Company with cut-off date as at 31st March, 2010 has been submitted to Board for Industrial and Financial Reconstruction (BIFR) by Operating Agency (OA) appointed by BIFR, for it's final consideration. The shareholders of the Company have approved the DRS subject to the approval of BIFR and other regulatory approval. If the above Scheme of Amalgamation is approved by the BIFR the financials would be as under:

(Amount in Rupees)

Particulars	Standalone financials (as at 31.03.2011)		Consolidated financials (as at 31.03.2011)	
	Pre-amalgamation	Post amalgamation	Pre-amalgamation	Post amalgamation
Sales (net of excise duty)	27,184,692,905	29,206,241,008	30,282,997,776	30,282,997,776
Profit before tax	1,594,653,201	1,311,828,213	1,538,440,459	1,538,440,459
Profit after tax	1,058,531,417	1,174,226,325	953,257,990	1,351,777,886
Earnings per share	32.74	33.71	29.48	38.81
Share capital	323,360,310	348,340,676	323,360,310	348,340,676
Reserve and surplus	3,423,927,748	3,468,470,191	3,190,846,652	3,589,366,548

Further, DRS also envisage issue of one equity share of Rs 10 each of the Company to the shareholders of the UCL in exchange of ten equity shares of Rs. 10 each held by them in UCL. Such allottee shall be entitled to the final dividend of Rs. 3.50 per share recommended by the directors at it's meeting held on 27th May,2011, only if, the new shares are allotted to them before the declaration of said final dividend at the ensuring 22nd Annual General Meeting.



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

9. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS) 21 Consolidated Financial Statements and Accounting Standard (AS) 27 Financial Reporting of Interest in Joint Ventures, notified by Companies (Accounting Standards) Rules, 2006.

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 March 31, 2011	% voting power held as on March 31, 2010
Petroleum Specialities Pte Ltd.	Singapore	100	100
Quantum Apar Speciality Oils Pty Ltd - (Subsidiary of Petroleum Specialities Pte Ltd.)	Australia	65	65
Poweroil Speciality Products FZE	U.A.E	100	100
Uniflex Cables Limited	India	65.47	65.47
Marine Cables & Wires Private Limited (100% subsidiary of Uniflex Cables Limited)	India	65.47	65.47

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 March 31, 2011	% of ownership interest as at March 31, 2010
Apar Chematek Lubricants Limited	India	50	50

(Amount in Rupees)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>I. Assets</b>		
1. Fixed Assets	1,368,840	1,542,767
2. Investments	-	-
3. Deferred Tax Liability/ (Asset) (Net)	167,395	36,151
4. Current Assets, Loans and Advances		
(a) Sundry Debtors	53,212,845	23,342,729
(b) Cash and Bank Balances	1,402,264	3,451,029
(c) Loans and Advances	16,569,128	13,646,816
<b>II. Liabilities</b>		
1. Shareholders' Funds including Reserves and Surplus	(55,201,629)	(32,893,792)
2. Loans	-	-
3. Current Liabilities and Provisions		
a) Liabilities	(16,158,667)	(8,124,068)
b) Provisions	(1,025,387)	(929,330)

(Amount in Rupees)

Particulars	2010-11	2009-10
<b>III Income</b>		
1. Service income	113,978,605	95,242,596
2. Miscellaneous Income	264,234	191,805
<b>IV Expenses</b>		
1. Operating and other expenses	(79,725,367)	(55,726,974)
2. Depreciation	(578,391)	(437,680)
3. Interest	-	(1,149,668)
4. Profit before taxation	33,939,082	38,120,080
5. Provision for taxation (including MAT, deferred taxation and fringe benefit tax)	(11,631,244)	(13,128,267)
6. Net profit	22,307,837	24,991,814
<b>V Other matters</b>		
1. Contingent Liabilities	-	-
2. Capital Commitments	-	-



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

10. The compensation committee of directors (CCD) of the Company, at its meeting held on 27th May, 2008 have granted 175,150 options at an exercise price of Rs. 207.05 per option to eligible employees/Directors. The above options will vest in three installments (1/3rd each) on 27th May, 2009, 27th May, 2010 and 27th May, 2011 respectively. As of date, no employee has exercised any options. The Company has 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.
11. The Company has an equity investment of Rs. 278,833,569 (net of impairment provision of Rs. 555,538,198) in Uniflex Cables Limited (UCL), a subsidiary Company. UCL has taken various steps to improve its productivity, debottlenecking of manufacturing facility, expansion of production line and markets, strengthening of managerial resources, etc., and losses incurred by the UCL are reducing gradually. The equity investment of Rs. 278,833,569, loans and advances and debtors aggregating to Rs.1,880,541,637; (Previous year Rs. 800,240,013) are considered good.
12. Disclosure Pursuant to Accounting Standard (AS) 18 Related Party Disclosures:
  - A. List of Related Parties
    - a) Joint Venture Company:  
Apar Chematek Lubricants Limited
    - b) Key Managerial Personnel:  
Mr. K. N. Desai - Managing Director  
Mr. C. N. Desai - Jt. Managing Director  
Mr. G. Sudhakar - Director - Petroleum Specialities Pte. Limited  
Mr. V. K. Bajaj - Chief Operating Officer - Uniflex Cables Limited
    - c) Chairman having significant influence:  
Dr. N. D. Desai - Non executive Chairman
    - d) Relatives of Key Managerial Personnel  
Mrs. Noopur Kushal Desai  
Mrs. Vineeta R. Srivastava  
Mr. Rishabh K. Desai  
Mrs. Jinisha C. Desai  
Ms. Gaurangi K. Desai  
Mrs. M. N. Desai  
Mr. Rajeev Srivastava  
Mr. Devharsh C. Desai  
Ms. Krishangi R. Srivastava  
Kum. Nikita C. Desai
    - f) Entities over which significant influence is exercised by key management personnel/individuals having significant influence:
 

Apar Corporation Private Limited Scope Private Limited & its' subsidiaries, viz a) Apar Investment ( Singapore ) Pte. Limited b) Apar Investment Inc. Kushal N. Desai Family Trust Apar Technologies Private Limited	Kushal Chaitanya Desai Family Trust Chaitanya N. Desai Family Trust Catalis World Private Limited Apar Masat Conductors Limited Gayatri Associates
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## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### B. Related Party Transactions

##### i) Joint Venture Company (Apar Chematek Lubricants Limited):

(Amount in Rupees)

Sr. No.	Transactions	2010-11	2009-10
1	Interest Received	-	1,149,668
2	Marketing fees	113,978,605	95,242,596
3	Balance outstanding as on 31.03.2011		
	Payable for Services	53,212,845	23,342,729
	Receivable for advances given	-	185,716

##### ii) Key managerial Personnel

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	22,111,598	17,257,679
2	Directors' remuneration	39,280,986	27,910,193
3	Sitting fees	28,000	30,000
4	Dividends paid (payment basis)	98,842,835	-
5	Outstanding as on 31.03.2011		
	Loans and Deposits payable	37,500,000	218,500,000

##### iii) Chairman having significant influence

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	8,584,617	4,979,916
2	Director's commission	13,746,509	6,982,887
3	Legal and Professional Fees	4,791,176	4,691,568
4	Sitting fees	147,500	122,000
5	Dividends paid (payment basis)	50,299,543	-
6	Outstanding as on 31.03.2011		
	Loans and Deposits payable	7,600,000	96,100,000

##### iv) Relatives of Key managerial Personnel

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	11,091,584	7,461,317
2	Dividends paid (payment basis)	64,200	-
3	Outstanding as on 31.03.2011		
	Loans and Deposits	99,745,000	143,725,000

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

Sr. No.	Transactions	2010-11	2009-10
1	Interest paid	16,662,042	10,915,032
2	Sale of goods	67,469	-
3	Rent paid	7,111,452	6,300,000
4	Arranging fees	3,969,445	-
5	Dividends paid	2,112,983	-
6	Shareable expense received	-	961,352
7	Outstanding as on 31.03.2011		
	Payable for Loans and advances given	237,617,781	133,505,837
	Receivable towards Loans and advances given	8,024,523	-

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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 (Amount in Rupees)

	2010-11	2009-10
i) Interest Received		
- Apar Chematek Lubricants Limited	-	1,149,668
ii) Interest paid		
- Dr. N. D. Desai	8,584,617	4,979,916
- Kushal N. Desai	9,300,986	7,682,087
- Chaitanya N. Desai	12,810,612	9,575,592
- Rishabh K. Desai	3,319,535	2,813,658
- Vineeta R. Srivastava	5,841,000	3,431,671
- Apar Corporation Private Limited	13,251,654	5,569,188
- Apar Investment Inc.	3,146,485	4,990,624
iii) Dividends paid		
- Dr. N. D. Desai	50,299,543	-
- Kushal N. Desai	49,734,550	-
- Chaitanya N. Desai	49,108,285	-
iv) Legal and professional fees		
- Dr. N. D. Desai	4,791,176	4,691,568
v) Rent paid		
- Apar Corporation Private Limited	6,300,000	6,300,000
- Apar Technologies Private Limited	811,452	-
vi) Marketing fees		
- Apar Chematek Lubricants Limited	113,978,605	95,242,596
vii) Director Remuneration		
- Kushal N. Desai	19,018,463	13,358,944
- Chaitanya N. Desai	19,108,809	13,471,286
- Dr. N. D. Desai	13,746,509	6,982,887
- Mr. G. Sudhakar - Director - Petroleum Specialities PTE. Limited	1,153,713	1,079,963
viii) Sitting fees		
- Dr. N. D. Desai	147,500	122,000
- Kushal N. Desai	12,000	14,000
- Chaitanya N. Desai	16,000	16,000
ix) Arranging fees		
- Apar Investment Inc.	3,969,445	-



## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### Disclosure pursuant to Accounting Standard (AS) 17-Segment Reporting

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

#### a. Business Segments

(Rupees in Lacs)

Particulars	Conductor		Transformer & Speciality Oils		Power/Telecom Cable		Others		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>REVENUE</b>												
External Sales	121,364.60	94,642.48	149,869.84	110,510.92	31,170.70	18,075.73	424.84	325.37	-	-	302,829.98	223,554.50
Other Income	296.03	1,513.15	262.04	28.57	39.31	22.38	6.39	11.49	-	-	603.78	1,575.59
Inter-Segment Sales	10,921.09	2,424.18	4,227.90	115.37	306.86	163.96	-	87.21	(15,455.86)	(2,790.71)	(0.00)	0.00
<b>Total Revenue</b>	<b>132,581.72</b>	<b>98,579.80</b>	<b>154,359.79</b>	<b>110,654.86</b>	<b>31,516.87</b>	<b>18,262.07</b>	<b>431.23</b>	<b>424.06</b>	<b>(15,455.86)</b>	<b>(2,790.71)</b>	<b>303,433.76</b>	<b>225,130.08</b>
<b>RESULT</b>												
Segment result	4,676.29	6,010.25	16,023.45	10,993.66	(1,137.77)	(1,274.62)	73.18	62.87	-	-	19,635.15	15,792.17
Unallocable Corporate/Other expenses (net of miscellaneous income)											(2,904.26)	(2,431.46)
Operating Profit											16,730.89	13,360.71
Interest Expense											(3,861.18)	(6,088.02)
Interest Income											2,514.70	2,768.13
Profit before taxes											15,384.40	10,040.81
<b>Income tax</b>												
Current tax											(5,183.65)	(2,152.54)
Prior year tax											(427.64)	-
Deferred tax - Credit/(Charge)											(169.03)	(86.05)
Profit/(loss) after tax and before share of associate's loss and minority interests											9,604.08	7,802.22
Minority Interest - (Profit)/Loss											(71.50)	672.12
Profit/(loss) after tax and before Extraordinary items											9,532.58	8,474.34
Extraordinary items (net) - Income/(Expenses) - Net of income tax											-	(6,030.83)
Profit after tax and Extraordinary items											9,532.58	2,443.51
<b>OTHER INFORMATION</b>												
Segment assets	61,846.15	56,966.39	112,564.29	88,419.35	16,474.31	16,046.45	184.16	143.08	-	-	191,068.92	161,575.27
Unallocable Corporate and Other assets											5,378.11	9,125.29
<b>Total Assets</b>											<b>196,447.03</b>	<b>170,700.56</b>
Segment liabilities	44,524.03	44,642.28	92,670.50	72,175.59	4,627.64	5,764.58	6.94	1.08	-	-	141,829.11	122,583.53
Unallocable Corporate and other liabilities											4,945.86	2,863.35
<b>Total Liabilities</b>											<b>146,774.97</b>	<b>125,446.89</b>
Capital expenditure	655.34	309.97	975.33	481.75	710.80	1,086.53	-	-	-	-	2,341.48	1,878.24
Capital expenditure - unallocable											270.29	240.37
Depreciation	757.78	720.67	438.03	316.15	661.24	642.78	-	-	-	-	1,857.05	1,679.60
Depreciation on - unallocable											194.56	171.73
Non-cash expenses other than depreciation	-	35.84	-	12.81	-	(110.50)	-	-	-	110.50	-	48.65
Non-cash expenses other than depreciation - unallocable											-	66.97

## Schedules forming part of the Consolidated Financial Statements As at 31st March, 2011

### Schedule 22 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

#### b. Geographical Segments

##### i) Revenue by geographical Market:

(Rupees in Lacs)

	Conductor		Transformer & Speciality Oils		Power/Telecom Cable		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Outside India	22,197.63	23,665.53	43,088.02	34,698.48	9,138.82	3,991.65	-	-	74,424.46	62,355.65
In India*	99,166.97	70,976.95	106,781.83	75,812.44	22,031.88	14,084.09	424.84	325.37	228,405.51	161,198.84
Total	121,364.60	94,642.48	149,869.84	110,510.92	31,170.70	18,075.73	424.84	325.37	302,829.98	223,554.50

\*Include deemed exports Rs. 6,963.59 lacs (previous year Rs. 8,616.83 lacs).

##### ii) The Company's tangible fixed assets are located entirely in India.

##### iii) Carrying amount of Segment Assets:

(Rupees in Lacs)

	Conductor		Transformer & Speciality Oils		Power/Telecom Cable		Others		Unallocated		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Outside India	6,916.54	2,686.13	10,606.41	17,444.47	201.84	420.64	-	-	-	-	17,724.79	20,551.24
In India	54,929.62	54,280.26	101,957.89	70,974.88	16,272.47	15,625.81	184.16	143.08	5,378.11	9,125.29	178,722.24	150,149.32
Total	61,846.15	56,966.39	112,564.29	88,419.35	16,474.31	16,046.45	184.16	143.08	5,378.11	9,125.29	196,447.03	170,700.56

##### iv) The Company's fixed assets are located entirely in India.

#### Segment Revenue and Result

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 consist 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.

#### 14. Disclosure pursuant to Accounting Standard (AS) 20 Earnings Per Share

Sr. No.	Particulars	2010-11	2009-10
1	Profit after tax and before extraordinary items - in Rs.	953,257,990	847,434,357
2	Profit after tax and extraordinary items - in Rs.	953,257,990	244,350,902
3	Weighted Number of Equity Shares outstanding during the year	32,336,031	32,336,031
4	Nominal Value of Equity Shares in Rs.	10.00	10.00
5	Earnings per share - in Rs.		
	Basic and Diluted (before extraordinary items)	29.48	26.21
	Basic and Diluted (after extraordinary items)	29.48	7.56

15. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2011.

16. Previous year figures have been regrouped, wherever necessary.

As per our report attached

Sharp & Tannan

For and on behalf of the Board of Directors

Chartered Accountants

Registration No.: 109982W

by the hand of

Milind P. Phadke

Kushal N. Desai

F. B. Virani

V. C. Diwadkar

Sanjaya R. Kunder

Partner

Managing Director &

Director

Chief Financial Officer

Company Secretary

Membership No. 033013

Chief Executive Officer

Place : Mumbai

Dated : 27th May, 2011



## Consolidated Cash Flow Statement

For the year ended 31st March, 2011

(Amount in Rupees)

	2010-2011		2009-2010	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Profit before taxation, exceptional items and extraordinary items		1,538,440,459		1,015,642,990
Adjustments for:				
Depreciation and amortisation	205,160,633		185,133,303	
(Profit)/loss on sale of fixed assets(net)	215,772		(1,354,911)	
Foreign currency translation reserve	(36,823,719)		(30,371,367)	
Unrealised exchange loss/(gain)	(131,975,598)		(303,433,304)	
Dividend on investments	(1,486,404)		(2,441,745)	
Interest income	(251,469,688)		(276,812,965)	
Interest expense	386,118,300		608,802,248	
		169,739,295		179,521,259
<b>Operating profit before working capital changes in :</b>		1,708,179,754		1,195,164,249
(Increase)/decrease in trade and other receivables	(2,880,410,109)		699,295,188	
(Increase)/decrease in Inventories	(534,455,374)		(756,603,274)	
increase / (decrease) in trade and other payables	2,077,676,428		(1,609,053,100)	
		(1,337,189,054)		(1,666,361,186)
<b>Cash generated from/(used in) operations</b>		370,990,700		(471,196,937)
Direct taxes paid (net of refunds)		(181,348,809)		(180,884,004)
<b>Net cash from/(used in) operating activities</b>		189,641,891		(652,080,940)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(261,176,343)		(211,861,201)	
Sale of fixed assets	3,280,675		5,075,869	
Dividend received	1,486,404		2,441,745	
Interest received	229,174,375	(27,234,889)	260,046,661	55,703,074
<b>Net cash from/(used in) investing activities</b>		(27,234,889)		55,703,074
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Proceeds/(repayments) from/of fixed deposits (net)	17,228,000		52,406,500	
Proceeds/(repayments) from/of bank borrowings (net)	1,420,734		124,176,360	
Proceeds/(repayments) from Short term borrowings	32,523,929		147,728,541	
Proceeds/(repayments) of long term borrowings	(308,739,049)		(321,578,951)	
Interest paid	(363,656,559)		(627,357,071)	
Dividend paid	(242,520,233)		-	
Tax on dividends	(40,282,611)		-	
<b>Net cash from/(used in) financing activities</b>		(904,025,788)		(624,624,621)
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		(741,618,786)		(1,221,002,487)
<b>Cash and cash equivalents at the beginning of year</b>		4,888,242,271		6,109,244,758
<b>Cash and cash equivalents at the end of year</b>		4,146,623,485		4,888,242,271

### Notes :

- 1) Consolidated 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 Rs. 3,126,257,106; (Previous year Rs. 3,945,331,648)
- 4) Previous year's figures have been regrouped wherever necessary.

As per our report attached

**Sharp & Tannan**

Chartered Accountants

Registration No.: 109982W

by the hand of

**Milind P. Phadke**

Partner

Membership No. 033013

Place : Mumbai

Dated : 27th May, 2011

**Kushal N. Desai**Managing Director &  
Chief Executive Officer**F. B. Virani**

Director

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary

For and on behalf of the Board of Directors



APAR INDUSTRIES LTD.

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

### PROXY FORM

FOLIO NO. :
CLIENT ID NO. :
DP ID NO. :

NO. OF EQUITY SHARES :
------------------------

I/We \_\_\_\_\_ of \_\_\_\_\_  
being Equity Shareholder(s) of Apar Industries Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my / our Proxy to attend and vote for me / us and on my / our behalf  
at the 22nd Annual General Meeting of the Equity Shareholders of the Company to be held on Wednesday, 24th August, 2011 at  
10:30 A.M. at the Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle,  
Vadodara – 390 007 and at any adjournment thereof.

As witness my / our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011.



Signature (s) of shareholder (s)

N. B. This Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. The Proxy need not be a Shareholder of the Company.



APAR INDUSTRIES LTD.

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

**22ND ANNUAL GENERAL MEETING – 24TH AUGUST, 2011**

### ATTENDANCE SLIP

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

FOLIO NO. :
CLIENT ID NO. :
DP ID NO. :

NO. OF EQUITY SHARES :
------------------------

Name of the attending member (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 22nd Annual General Meeting to be held on **Wednesday, 24th August, 2011 at 10:30 A.M.**  
at the Auditorium of Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara-390 007.

Member's / Proxy's Signature

**Notes:** 1) Interested joint members may obtain attendance slip from the Regd. Office of the Company.

2) Members /Joint members / Proxies are requested to bring attendance slip with them. Duplicate slips will not be issued at the entrance of the Auditorium.