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ANNUAL REPORT  
2015-16



APAR INDUSTRIES LTD.



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## 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.



# Corporate Information

## Board of Directors

Dr. N. D. Desai	Non-Executive Chairman
Mrs. Nina Kapasi	Independent Director
Dr. N. K. Thingalaya	Independent Director
Mr. F. B. Virani	Independent Director
Mr. Kushal N. Desai	Managing Director
Mr. C. N. Desai	Managing Director
Mr. Rajesh Sehgal	Non-Executive Investor Director
Mr. Suyash Saraogi	Independent Director

## Audit Committee

Dr. N. K. Thingalaya	Chairman
Mrs. Nina Kapasi	
Mr. F. B. Virani	
Mr. Rajesh Sehgal	
Mr. Kushal N. Desai	
Mr. Suyash Saraogi	

## Auditors

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

## Chief Financial Officer

Mr. V.C. Diwadkar

## Company Secretary

Mr. Sanjaya Kunder

## Bankers

- |   |                   |                            |
|---|-------------------|----------------------------|
| ■ Union Bank of India                           | ■ Syndicate Bank  | ■ Kotak Mahindra Bank Ltd. |
| ■ IDBI Bank Limited                             | ■ ICICI Bank Ltd. | ■ State Bank of India      |
| ■ Bank of Baroda                                | ■ Axis Bank Ltd.  | ■ Bank of India            |
| ■ Credit Agricole – Corporate & Investment Bank |                   |                            |

## Registered Office

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

## Corporate Office

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

## Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited  
B-102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta,  
Akota, Vadodara – 390 020 (Gujarat).  
**Tel :** (+91) (0265) 2356573, 2356794  
**TeleFax :** (+91) (0265) 2356791  
**E-mail :** vadodara@linkintime.co.in  
**Website :** www.linkintime.co.in  
**CIN :** U67190MH1999PTC118368



# Financial Highlights for last five years (Consolidated)

(₹ in crore)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>PROFIT AND LOSS ACCOUNT DATA :</b>					
Sales (Net of Excise)	5,080	5,122	4,633	4,651	3,595
% of Growth	(1)	11	[0]	29	19
Exports	1,629	1,673	1,555	1,413	1,025
Materials, Operating and other costs	4,625	4,791	4,269	4,282	3,332
Employee cost	91	79	67	57	48
Depreciation	38	31	27	24	22
Interest and Discounting charges	151	150	145	135	116
Profit before tax, exceptional & Extraordinary Items	178	73	129	155	79
% of Growth	144	[44]	[16]	97	[49]
Taxation	57	23	39	40	3
Profit after tax (PAT)	120	50	90	115	76
Exceptional items	[43]	0	1	5	2
Minority interest (Profit) / Loss	(1)	0	[0]	(1)	(1)
Balance of Profit	163	50	89	109	73
% of Growth	229	[44]	[19]	50	[23]
<b>BALANCE SHEET DATA :</b>					
Share Capital	38	38	38	38	38
Reserves & Surplus	821	691	658	588	485
Net worth	859	730	696	626	523
Minority interest	2	1	2	2	1
Loan Funds	361	361	314	135	210
Defferred Tax (Net)	31	27	22	10	13
<b>Total Liabilities</b>	<b>1,254</b>	<b>1,120</b>	<b>1,034</b>	<b>773</b>	<b>747</b>
Gross Block	650	603	541	436	355
Net Block	444	383	356	288	207
Investments including Goodwill on Consolidation / Amalgamation	10	22	21	21	0
Net Current assets	800	715	657	464	540
<b>Total Assets</b>	<b>1,254</b>	<b>1,120</b>	<b>1,034</b>	<b>773</b>	<b>747</b>
<b>KEY RATIOS :</b>					
PAT to Sales (%)	3.20	0.97	1.91	2.35	2.03
Return on Net Worth (%)	15.06	6.98	13.54	19.86	17.15
Asset Turns (Revenue to total Assets)	1.77	1.76	1.76	2.06	1.91
Return on Capital Employed (%)	27.71	20.67	30.43	38.10	31.23
Debt to Equity Ratio	0.14	0.15	0.13	0.08	0.13
Earning per Equity Share (Basic) ₹	42.29	12.87	23.30	28.45	19.15
Rate of dividend % p.a.	65.00%	35.00%	52.50%	52.50%	40.00%
Book value per Equity Share ₹	223.21	189.58	180.72	162.62	136.03
Share Price as on 31st March (BSE)	461.80	370.10	144.70	108.45	161.85





# NOTICE

**NOTICE** is hereby given that the **TWENTY SEVENTH** Annual General Meeting of the Equity Shareholders of **APAR INDUSTRIES LIMITED** (CIN - L91110GJ1989PLC012802) will be held in the **Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 (Gujarat)** on **Friday, the 5th August, 2016 at 2.15 P.M.** to transact the following business :

## Ordinary Business :

1. To receive, consider and adopt the Audited Financial statements of the Company including Consolidated Financial statements comprising the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss and Cash flow for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To confirm payment of Interim-cum-Final Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Chaitanya N. Desai (DIN – 00008091), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), as amended from time to time, the appointment of M/s. Sharp & Tannan, Chartered Accountants, (Reg. No. 109982W), who were appointed as the Auditors of the Company in the 26th Annual General Meeting of the Company for a period of 5 years upto the conclusion of 31st Annual General Meeting to be held in the year 2020 be and is hereby ratified for holding the office as Auditors of the Company from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 28th Annual General Meeting of the Company to be held in the year 2017 at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

## Special Business :

5. To consider and, if thought fit, to pass with or without

modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 (3) and all other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. T. M. Rathi, the Cost Auditor having Membership No. 3964, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 be confirmed and be paid remuneration not exceeding Rs. 1,20,000/-.

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

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

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

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

## Registered Office :

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

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

Place : Mumbai  
Date : May 25, 2016.

**Sanjaya Kunder  
Company Secretary**

## NOTES :

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

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights

may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Members are requested to bring their attendance slip along with their copy of the annual report to the Meeting.
3. Members are requested to note that the Company's equity shares are under compulsory demat trading for all class of investors, as per the provisions of the SEBI Circular dated May 29, 2000. Members are, therefore, advised in their own interest to dematerialise their physical shareholding to avoid inconvenience and for better servicing by the Company.
4. The Register of Members and Share Transfer Books for the Equity Shares of the Company shall remain closed from



Saturday, 30th July, 2016 to Friday, 5th August, 2016, both days inclusive.

5. Members desirous of obtaining information / details about the accounts, are requested to write to the Company at least one week before the meeting, so that proper information can be made available at the time of meeting.
6. The Company has changed its Registrar and Share Transfer Agent (RTA) from MCS Share Transfer Agent Limited, Kolkata to Link Intime India Private Limited (Link), Mumbai/Vadodara - w.e.f. 3rd March, 2016 for better servicing to the shareholders / investors of the Company. Members holding shares in electronic form may note that bank particulars registered against their depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agents, Link cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/Link.
7. The brief details of Director seeking re-appointment at the ensuing Annual General Meeting as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are also annexed hereto and forming part of the Notice.
8. The relative Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting are annexed hereto.
9. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Registered Office of the Company during Office hours on all working days except Sundays between 11.00 A.M. and 4.00 P.M. up to the date of the ensuing Annual General Meeting and at the meeting, during the meeting hours.
10. Corporate Members intending to send their Authorised Representative(s) to attend the Annual General Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative (s) to attend and vote on their behalf at the Meeting.
11. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Accounts of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and, thereafter, no payments shall be made by the Company or by the IEPF in respect of any such amounts. The amount of unpaid / unclaimed final dividend upto the financial year ended March 31, 2008 and the Final Dividend and Special Golden Jubilee Dividend for 2007-08 on equity shares paid on 05.09.2008 have been transferred to IEPF. No dividend was declared for the Financial Year 2008-09. The unpaid / unclaimed Dividend amount of Equity Shares of the Company paid on 10.08.2010 (Final Dividend - 2009-10) is

due for transfer to the said fund in the month of September, 2017. Members who have not yet encashed their warrant(s) are requested to make their claims to the Company without further delay.

Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 7th August, 2015 (date of last Annual General Meeting) on the website of the Company ([www.apar.com](http://www.apar.com)), as also on the website of the IEPF viz. ([www.iepf.gov.in](http://www.iepf.gov.in))

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their self-attested PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their self-attested PAN details to the Company / Link.
13. Members may avail of the nomination facility as provided under Section 72 of the Companies Act, 2013.
14. A route map showing directions to reach the venue of the 27th AGM is given at the end of this Notice as per the requirement of Secretarial Standard - 2 on "General Meeting".
15. (a) As stated in Para No. 13(e) of the Directors' Report, the Company has not attached the Annual Accounts, Reports and other Statements in respect of – (a) Petroleum Specialities Pte. Ltd., Singapore (PSPL), Wholly Owned Subsidiary (WOS) of the Company; (b) Quantum Apar Speciality Oils Pty. Ltd., Australia, Subsidiary of PSPL and (c) Petroleum Specialities FZE, Sharjah, WOS of PSPL with the Annual Report of the Company for the financial year ended March 31, 2016.  
(b) A Statement showing information in aggregate of the said subsidiary Companies in compliance with the provisions of Section 129(3) of the Companies Act, 2013 has been attached with the financial statements in Form AOC-1 and forms a part of this Annual Report.
16. The Annual Report of the Company, circulated to the Members of the Company, will be made available on the Company's website at [www.apar.com](http://www.apar.com).
17. The Company has already initiated / implemented the "Green Initiative" as per the Circulars issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices / documents and annual reports to the shareholders. The email addresses as made available in your respective Depository Participant (DP) accounts and downloaded from NSDL / CDSL will be deemed to be your email address for serving notices / documents including those covered under Section 136 read with Section 20 of the Companies Act, 2013.

The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. shall also be displayed on the Company's website at [www.apar.com](http://www.apar.com). Members holding shares in electronic mode are, therefore, requested to ensure to keep their email addresses updated with the Depository Participants.. Shareholders / Members can register their email address, by sending an Email at [investorservices@apar.com](mailto:investorservices@apar.com) by quoting their Folio No. / DP ID - Client ID in order to facilitate the Company to serve the documents through the electronic mode.



## 18. Voting through Electronic means :

Pursuant to Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to provide e-voting facility to the members in relation to the business to be transacted at the 27th Annual General Meeting to be held on Friday, 5th August, 2016 at 2.15 p.m. The facility of casting votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Ltd.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting. The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com)

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The e-voting facility will be available during the following voting period:

<b>Commencement of e-voting</b>	10.00 Hrs. of Tuesday, 2nd August, 2016
<b>End of e-voting period</b>	17.00 Hrs. of Thursday, 4th August, 2016

E-voting shall not be allowed beyond 17.00 Hours of 4th August, 2016. The e-voting module shall be disabled by CDSL for voting thereafter. During the e-voting period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the Cut-off-

Date may cast their votes electronically. The Cut-off-Date for the purpose of e-voting – 29th July, 2016.

Please read the instructions given herein below for exercising the vote.

### Instructions for E-Voting :

Members are requested to follow the below mentioned instructions to cast their vote through e-voting:

- (i) The voting period shall begin on 2nd August, 2016 and end on 4th August, 2016. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off-date of 29th July, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Characters Alpha-numeric DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for any company, then your existing password is to be used. If you are a first time user, follow the steps given in the table below.

### For Members holding shares in Demat Form and Physical Form

<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field as mentioned on the mailing address sticker.</li> <li>In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details</b>  <b>OR</b>  <b>Date of Birth (DOB)</b>	<ul style="list-style-type: none"> <li>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</li> <li>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now

reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which



they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on EVSN of **APAR INDUSTRIES LTD.**
- (xii) On the voting page, you will see Resolution Description and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "Resolutions File Link" if you wish to view the entire set of Resolutions.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If you are a Demat account holder and have forgotten your password then enter the User ID and then enter the Characters or enter the image verification code as displayed and click on Forgot Password & enter the relevant details as prompted by the system.
- (xviii) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off-date i.e. 29th July, 2016 should follow the same procedure as mentioned above for e-Voting. However, if a person is already registered with CDSL for e-voting then existing password can be used for casting vote.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Corporate Shareholders:  
Note for Non-Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding E-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - (xxii) You can opt only one mode of voting i.e. either by Physical Ballot or E-voting. If you are opting for e-voting, then do not vote by Physical Ballot also and vice versa. However, in case shareholders cast their vote by Physical Ballot and e-voting, then voting done through valid Physical Ballot shall prevail and voting done by e-voting will be treated as invalid.
  - (xxiii) The results of e-voting will be announced by the Company on its website and also informed to the stock exchanges. Kindly note that once you have cast your vote, you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.
  - (xxiv) Members will find a Ballot Form as attached along with the Annual Report. Members can also opt for casting their vote in physical form by filling the said Ballot Form and post it by Courier to the address of the Registered Office of the Company addressing to the Scrutinizer. The Courier Charges shall be borne by the Company.
  - (xxv) Mr. Hemang M. Mehta, Practicing Company Secretary, Vadodara, Gujarat (Membership No. FCS - 4965 & Certificate of Practice No. 2554) has been appointed as the Scrutinizer to scrutinize the e-voting, remote e-voting and polling paper process in a fair and transparent manner.
  - (xxvi) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" / "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the facility of e-voting.
  - (xxvii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast in the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses who are not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized





by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(xxviii) The Results declared along with the report of the Scrutinizer shall be placed on the website of the

Company at [www.apar.com](http://www.apar.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Ltd. and NSE Limited.

**Registered Office:**

Apar Industries Limited  
301, Panorama Complex,  
R. C. Dutt Road,  
Vadodara – 390 007 (Gujarat)  
**Tel.:** 0265 – 2339906, 2331935  
**Fax:** 0265 – 2330309  
**E-mail:** [com\\_sec@apar.com](mailto:com_sec@apar.com)  
**Website:** [www.apar.com](http://www.apar.com)

**Registrar and Share Transfer Agent**

Link Intime India Private Limited  
B-102 & 103, Shangrila Complex, 1st Floor,  
Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota,  
Vadodara – 390 020 (Gujarat)  
**Tel.:** 0265 – 2356573, 2356794  
**TeleFax:** 0265 – 2356791  
**E-mail:** [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)  
**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

## ANNEXURE TO NOTICE

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

**ITEM NO. 4 :**

Item No. 4 of the Notice relates to ratification of appointment of Sharp & Tannan, Chartered Accountants, as Auditors of the Company, for the financial year 2016-17.

At the 26th Annual General Meeting (AGM) of the Company held on 7th August, 2015, M/s. Sharp & Tannan (S & T), Chartered Accountants, Mumbai, (Firm's Registration No. 109982W), were appointed as the Auditors of the Company for a period of 5 years i.e. upto the conclusion of 31st Annual General Meeting to be held in the year 2020 subject to ratification of their appointment at every AGM.

S & T, have issued a certificate fulfilling their eligibility as per the criteria provided in Section 141 of the Companies Act, 2013. Based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 25th May, 2016, proposed for ratification by the shareholders, the appointment of S & T as the auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the 28th AGM of the Company to be held in the year 2017.

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

None of Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

**ITEM NO. 5 :**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. T. M. Rathi, the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 for an amount not exceeding Rs. 1,20,000/- for conducting audit of the cost records of Oil, Conductors and Cable products of the Company for the FY 2016-17.

In accordance with the Provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(iii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the

financial year ending 31st March, 2017.

None of Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

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

**Item No. 6 :**

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

It is now proposed to have a new set of Articles of Association, the provisions of which are consistent with the Companies Act, 2013 and the Companies (Amendment) Act, 2015 and Rules framed thereunder. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to replace the existing AoA by a new set of Articles.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders. A copy of the Memorandum and Articles of association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during 11.00 A.M. to 4.00 P.M. on all working days upto the date of ensuing AGM and at the meeting, during the meeting hours.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in this resolution.

**Registered Office :**

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

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

Place : Mumbai  
Date : May 25, 2016.

**Sanjaya Kunder  
Company Secretary**

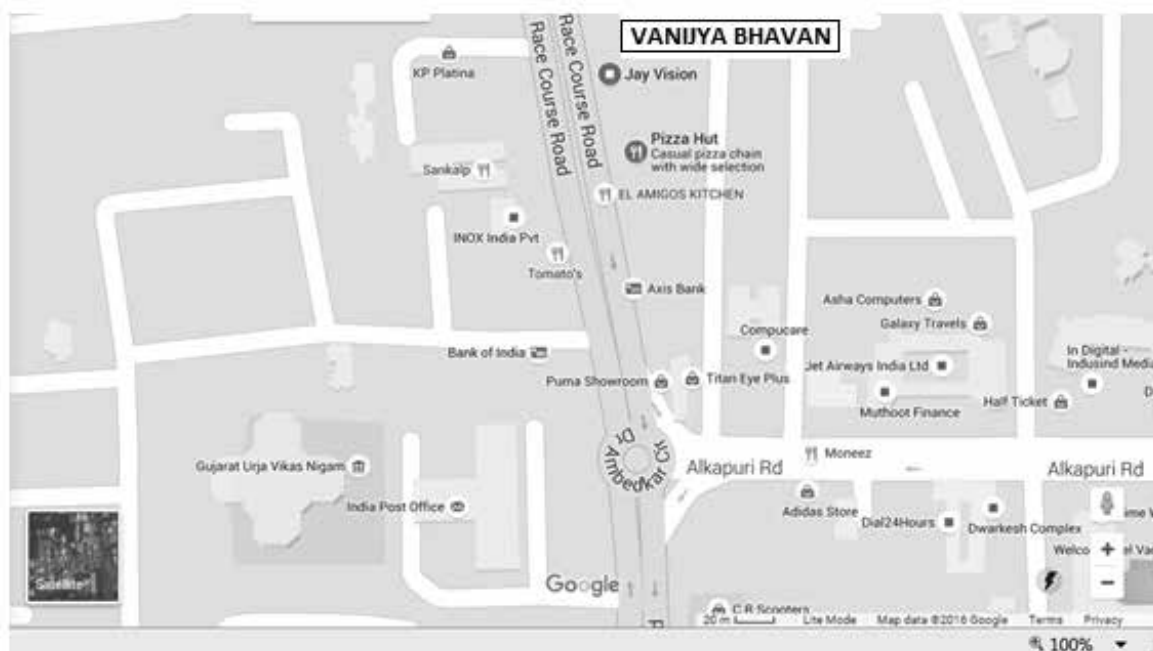


## Details of Directors seeking re-appointment at the ensuing Annual General Meeting.

{Pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015}

Name of Director	Mr. Chaitanya N. Desai
Date of Birth	15.07.1971
Date of Appointment	29.05.1993
Expertise in specific functional areas	Chemical Engineering
Qualifications	B.Sc. (Hons.), (Chem. Engg.),USA B.S. (Econ.) (Hons.), Wharton, USA.
List of other Companies in which Directorship held as on 31st March, 2016.	<ol style="list-style-type: none"> <li>1. Apar Corporation Pvt. Ltd.</li> <li>2. Scope Pvt. Ltd.</li> <li>3. Catalis World Pvt. Ltd.</li> <li>4. Apar Investments, INC</li> <li>5. Quantum Apar Speciality Oils Pty. Ltd., Australia</li> <li>6. Maithili Trusteeship Services Pvt. Ltd.</li> <li>7. Indian Electrical and Electronics Manufacturers Association</li> <li>8. Petroleum Specialities, FZE, Sharjah</li> </ol>
Chairman / Member of the Committee of other Listed / Public Companies on which the individual is a Director as on 31st March, 2016.	Nil
No. of Shares held in the Company as on 31st March, 2016.	73,67,260 (Promoter)
Relationship between directors inter se	<b>Related to –</b> Dr. N. D. Desai, (Father) and Mr. K. N. Desai, (Brother) who are Promoters

### VANIJYA BHAVAN ROAD MAP- APAR 27TH AGM





# Directors' Report

Dear Shareholders,

Your Directors have immense pleasure in submitting the 27th Annual Report of the Company together with the audited annual accounts showing the financial position of the Company for the year ended 31st March, 2016. Consolidated results include the results of (a) Petroleum Specialities Pte. Ltd., Singapore (PSPL), a Wholly-Owned Subsidiary of the Company (WOS), (b) Quantum Apar Speciality Oils Pty. Ltd., Subsidiary of PSPL and (c) Petroleum Specialities FZE, Sharjah, a WOS of PSPL.

## 1. Financial results

(₹ in crore)

Particulars	Company			Consolidated		
	2015-16	2014-15	% of Increase	2015-16	2014-15	% of Increase
<b>Sales turnover</b> (after deduction of excise duty)	5,009.95	5,010.97	-0.02%	5,080.03	5,121.86	-0.82%
Other income	3.37	8.37		3.37	1.75	
Profit for the year before finance cost, depreciation / amortisation, tax expenses and exceptional items	359.01	249.61	43.83%	366.65	253.78	44.48%
Deducting therefrom:						
- Depreciation / amortisation	37.69	31.04		37.77	31.21	
Finance Costs	151.56	150.09		151.38	149.85	
<b>Profit before adjustment of exceptional items, taxation and minority interest</b>	<b>169.76</b>	<b>68.48</b>	<b>147.92%</b>	<b>177.50</b>	<b>72.72</b>	<b>144.09%</b>
Exceptional items (Profit on sale of Trust Shares - Refer Note 20 (a) of Annual Audited Accounts)	(43.15)	0.25		(43.15)	0.25	
<b>Profit before taxation for the year</b>	<b>212.91</b>	<b>68.23</b>	<b>212.07%</b>	<b>220.65</b>	<b>72.47</b>	<b>204.48%</b>
Deducting therefrom:						
- Tax expenses	55.93	20.37		57.10	23.06	
<b>Net profit for the year after taxation and before minority interest</b>	<b>156.98</b>	<b>47.86</b>	<b>227.99%</b>	<b>163.55</b>	<b>49.41</b>	<b>231.01%</b>
<b>Adjustment of:</b>						
- Minority Interest (profit)/loss	..	..		(0.76)	0.10	
<b>Net profit after taxation and above adjustments</b>	<b>156.98</b>	<b>47.86</b>	<b>227.99%</b>	<b>162.79</b>	<b>49.51</b>	<b>228.79%</b>
Add: Profit brought forward from previous year	208.84	183.71		299.40	272.72	
Add/(Less) :Adjustment (net) on account of Amalgamation of Subsidiary w.e.f. 01st January, 2015	0.00	..		(7.57)	..	
<b>Amount available for appropriations</b>	<b>365.82</b>	<b>231.57</b>		<b>454.62</b>	<b>322.23</b>	
<b>Appropriation made by the Board of Directors:</b>						
- Transitional provisions for depreciation net of deferred tax	..	2.84		..	2.83	
- General reserve	15.00	5.00		15.00	5.00	
- Tax on Dividend paid by Subsidiary company	..	..		..	0.11	
<b>Dividends on Equity shares :</b>						
- Interim-cum-Final Dividend at Rs. 6.50 (65.00 %) per share	25.02	..		25.02	..	
- Proposed dividend at Rs. Nil (0.00 %) per share (previous year Rs. 3.50 (35.00%))	..	13.47		..	13.47	
- Income tax on dividends	5.06	1.42		5.06	1.42	
- Leaving balance of profit carried to balance sheet	320.74	208.84		409.54	299.40	
<b>Earnings per equity share (EPS)</b>						
- Basic & Diluted before & after extraordinary items	40.78	12.44		42.29	12.87	



## 2. Dividend:

Your Company has paid an interim dividend @ Rs. 6.50 (65.00 %), [including Special Dividend @ Re. 1.00 (10.00 %) on account of 100th Birth Anniversary of Late Shri Dharmsinh D. Desai, Founder of the Company] per Equity Share for the financial year 2015-2016 on 38,496,769 Equity Shares of the face value of Rs. 10/- each, amounting to Rs. 25.02 Crores for the financial year 2015-2016.

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

The Board of Directors do not recommend any Final Dividend for the Financial Year 2015-16 and accordingly, the Interim Dividend @ Rs. 6.50 (65.00 %) declared and paid in March, 2016 may be treated as Interim-cum-Final Dividend.

## 3. Amalgamation of Apar Lubricants Limited with the Company :

The Company's Wholly-owned Subsidiary, Apar Lubricants Limited (ALL) (formerly Apar ChemateK Lubricants Limited) was amalgamated with the Company by Order of the Hon'ble High Court of Gujarat dated 23rd October, 2015. The Scheme of Amalgamation has become effective from 10th November, 2015 with retrospective effect from 1st January, 2015, being the Appointed Date and the said business is now carried on as part of Company's Oil Division.

Consequent to the Amalgamation of ALL with the Company, the entire Authorised Share Capital of ALL viz 1,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10,00,00,000/- has been added to the Authorised Share Capital of the Company. Hence the Authorised Share Capital of the Company now stands at Rs. 1,019,987,500/- divided into 101,998,750 Equity Shares of Rs. 10/- each.

## 4. Transfer to Reserves:

The Company proposes to transfer an amount of Rs. 15.00 Crores to the General reserves. An amount of Rs. 409.54 Crore is proposed to be retained in the Consolidated Statement of Profit and Loss.

## 5. Management Discussion and Analysis / Outlook :

### Management Discussion and Analysis

FY16 was a pivotal year for the Indian power sector, which saw the government setting the stage for the next round of initiatives to move the sector forward. With strong focus on 24x7 power for all, revival of Discoms through UDAY, amendments to the national tariff policy and strong capital expenditure in Transmission and Distribution (transmission projects worth Rs. 1 lakh Crores were launched in the year), India's power sector is well poised for take-off.

As the benefits of these measures gradually percolate down, Apar, with 70% of its revenue coming from the power sector, and a leading presence in India's Transmission & Distribution (T&D) sector stands to strongly benefit. Apar is the fourth-largest transformer oil manufacturer in the world and among the world's top five largest conductor manufacturers. The company is a leading player in cables, largest in cables for Renewable sector. Apart from being a market leader in India, the Company has a formidable global presence, exporting to over 100 countries.

The company has built a strong basket of futuristic value-added products focussed on increasing efficiency in T&D. Already the government has announced its emphasis on building high-quality T&D infrastructure with a shift in favour of efficient transmission structures. Apar's in-house R&D initiatives and strategic tie-ups with global firms, such as CTC Global, USA, and ENI S.p.A, Italy, have resulted in a portfolio of new technology products like extra-high-voltage transformer oils, high temperature conductors, Elastomeric, E-Beam and optical fibre cables (OFC).

During the year, the Company bagged Four awards: Indian Wind Energy Forum Excellence Award for Outstanding Achievements and Leadership in the Wind industry; Indian Rooftop Solar Summit (IRSS) 2016 Award for Outstanding Contribution in the Development of the Rooftop Solar Industry; the First Few Intelligence Business Award as the Solar Cable Company of the Year and for development of New Conductor viz High Temperature Low Sag by Power Grid Corporation India Ltd.

The awards are in recognition to the Company's extensive R&D efforts.

Our leadership across businesses, higher-value-added product offerings, strong global presence, technical capabilities and continued focus on R&D, coupled with industry opportunities like turnaround of discoms, expected shift towards high-efficiency T&D network and increased investment in the renewables sector & railways will lead to Apar's profitable growth, going forward.

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

### Global scenario

The global power sector is expected to attract investments worth \$19.7 trillion from 2015 to 2040. In line with the 2°C climate change goal, concerted efforts are being made to reduce the environmental consequences of power generation. Renewable energy investment witnessed a new world record in 2015 with investment of \$286 billion flowing into green energy projects and is expected to account for half of the additional global power generation overtaking coal around 2030 to become the largest power source.

Increasing global energy production over the past decade has led to the rising need for expanding T&D networks globally. It has been estimated that new T&D infrastructure would require a cumulative investment of \$1.9 trillion by 2024 to meet the growing energy demands. This includes substations, power lines, and associated equipment and new technology. The power transformer market is projected to reach \$29.9 billion by 2020, from \$20.7 billion in 2015, at a CAGR of 7.6%. The global low voltage cable & accessories market is projected to grow to \$147.3 billion at a CAGR of 7.0% from 2015 to 2020.

The year gone by saw commodity driven economies like Australia, South Africa, other parts of Africa and the Middle East facing a cash crunch due to fall in commodity prices. These economies have huge need for T&D Investment, however the cash crunch has led to a curtailment or delay of investment spending. However, keeping these factors in mind, Apar has been strategically focussing on the domestic market in the short to medium term.





### India's path to power

India's power sector is expected to receive investments of about \$250 billion over the next 5 years to catch up and keep pace with electricity demand, which is increasing at 5% per annum. With renewable energy being a thrust area, the government has set an ambitious plan to add 175 GW of renewable energy generation capacity with addition of 100GW under Solar and 60 GW under wind energy by 2022 at total investment of \$120 billion. Transmission segment is expected to see investment of \$50 billion.

**UDAY - Government's flagship initiative to fix the weakest link in the Indian Power Sector:** The Ujwal Discom Assurance Yojna or UDAY aspires to financially turn around distribution companies by:

- Reducing the interest cost of discoms,
- Improving the operational efficiencies of discoms,
- Lowering the cost of power, and
- Enforcing financial discipline on discoms through state finances.

Under UDAY, states will take over 75% of the outstanding debt of discoms as on 30th September, 2015, over the next two years, and will issue non-SLR, including state development bonds to the respective financial institutions (FIs) holding the discom debt. The expected rate of interest on these bonds will be 8-9% versus 13-15% on existing debt, savings of Rs. 15,000 Crores per year for the discoms. The future losses of the discoms will be taken over and funded by the states progressively from 5% in FY18 to 50% by FY21. As at the end of this fiscal year, 10 states, i.e. Jharkhand, Bihar, Uttar Pradesh, Madhya Pradesh, Gujarat, Rajasthan, Haryana, Punjab, Jammu & Kashmir and Uttarakhand, had signed the respective Memorandum of Understanding to join UDAY.

Other initiatives in the T&D sector include schemes, such as Deen Dayal Upadhyaya Gram Jyoti Yojana (Rs. 75,893 Crores) and Integrated Power Development Scheme (Rs. 65,424 Crores), among others.

**Conductors:** The market for Electrical Conductors is expected to grow at 13.5% till 2018. During FY17, 7,500 MW of inter-regional transmission capacity, along with about 19,436 circuit km (ckm) of transmission lines and 3,934 MW HVDC terminal capacity are expected to be added, so as to reach the targets specified in the 12th Plan. It is estimated that during the 13th Plan period, about 62,800 circuit kilometres (ckm) of transmission lines of 400 kV and above voltage level transmission systems would be required.

**Transformers:** Transformer orders of around Rs. 13,070 Crores are expected to materialize in FY17. To achieve the targets specified in the 12th Plan, a total of 25,852 MVA of AC transformation capacity and 7,500 MW of HVDC systems are estimated to be added in FY17. During the 13th Plan period, ~1,28,000 MVA of transformation capacity of the 400 kV and above voltage level & 15,000 MW of HVDC terminal capacity is planned to be added.

**Cables:** The market has been growing steadily and is expected to touch Rs. 57,200 Crores by 2018. The wire and cables market in India comprises nearly 40% of the electrical industry. The industry is growing at a CAGR of

15% as a result of growth in the power and infrastructure segments. Rollout of 3G and broadband on a pan-India basis and revival of distribution companies will be important drivers of growth.

**Auto Lubes:** FY16 ended on a positive note for the automobile industry, with all the segments – cars, two-wheelers, CVs and tractors – posting good growth in the month of March. The Society of Indian Automobile Manufacturers (SIAM) has forecast a positive outlook for overall sales across vehicle categories for 2016-17 motorcycle sales are forecast to grow between 0-3% compared to decline in FY16, Passenger vehicle sales are projected to grow between 6-8%. Industry experts expect low fuel prices, benign interest rates and benefits from the 7th Pay Commission to drive four-wheeler volumes. A sustainable recovery in demand linked to the rural markets will be dependent on normal monsoons.

### (a) Overall Business performance

We are happy to report Apar delivered strong performance despite a challenging environment during the year which saw: a lack of long term visibility in the domestic market led to volatile ordering, a credit crunch in various commodity driven economies impacting investment in global T&D markets, coupled with falling raw material prices, and a volatile foreign exchange rate. The Company reported consolidated revenue (net of excise) of Rs. 5,080 Crores in FY16 as compared to Rs. 5,121 Crores in FY15, driven by revenue growth of over 20% in Cables and 10% in Conductors, which partially offset the decline in Specialty Oils, which was affected by the fall in crude prices. Not only were our volumes across all business segments at historical highs, there has been significant improvement in our profitability across segments. EBITDA margin increased from 5.0% to 7.2% during the year. This was primarily led by the improvement in profitability in our Specialty Oils and Cables business. The margin expansion has been possible because of better cost management and a focused approach to increase contribution of higher value-added products. The profit after tax, excluding an exceptional gain of Rs. 43 Crores from the placement of treasury stock, came in at Rs. 120 Crores as compared to Rs. 49 Crores in the previous year. The Company is undergoing capacity expansion in the Conductors and Specialty Oils segments and is at an advanced stage of planning an expansion of its Power Cables capacity. Our overall outlook remains positive as we expect both the domestic and export scenarios to improve in all our business segments.

### Business Segments

#### Conductors

#### Performance review 2015-16

(₹ in crore)

Particulars	2015-16	2014-15	Variation (%)
Turnover	2,550	2,320	10%
Segment profit / (Loss)	131	117	12%
Export	1,025	997	3%



The Conductors business reported revenue growth of 10%, driven by improved market conditions in the domestic market. Exports contributed ~ 40.3% of revenue from Conductors. Volumes for the year grew by 13% to reach 170,070 tonnes compared to 150,557 tonnes in previous year. In the export market, the biggest positive development has been the reduction of the cost difference between the London Metal Exchange and the Shanghai Metal Exchange where the peak difference was as high as \$400 per tonnes. This restores a level playing field for the company to participate in most of the export opportunities.

EBITDA per metric ton post forex adjustment for the period came in at Rs. 7,606 compared to Rs. 7,698 in the previous year, as the orders that were executed at the beginning of the year were booked at a time of aggressive pricing in the domestic market. EBITDA per metric ton post-forex adjustments for the last quarter was at Rs. 9,705 compared to Rs. 6,717 in the first quarter of the year.

The Company has been actively growing its presence in the High Efficiency Conductors (HEC) segment. HEC revenue grew to 6.2% of overall Conductor revenue in FY16, from 1.1% in FY15. During the year, we also received our biggest order of ACCC & AL59 from UPPTCL and GETCO, respectively. In both cases, these orders are in excess of Rs. 50 Crores. We have also received an order for GAP Conductors from GETCO. We successfully completed the First Longest transmission line Re-Conductoring work with ACCC Casablanca conductor for Odisha Power Transmission Corporation Ltd. Other projects

Export orders have contributed 29% of the order book. Our Conductor capacity utilization stands at 100% for the entire year.

Demand for Conductors is expected to grow strongly, driven by successful implementation of UDAY, which aims to reduce AT&C losses to 15% in 2018-19 from 32% in 2013-14, inducing huge investments in T&D infrastructure.

### Risks and concerns

The cyclical nature of the power business has an obvious impact on our performance. Project delays from the customers' side may result in underutilization of capacity even though the order book remains robust. There can be delay in debtor collections due to stress at the customers' end. Regional political instability and changes in the external environment in certain export markets affect execution of delivery. The volatility in Aluminium premiums has been an area of concern, mainly with respect to exports, and is a challenge to manage in the absence of any hedging mechanism. Efforts by various aluminium manufacturers may result in implementation of Safeguard duty which will increase the raw material prices and have a negative impact on fixed price contracts in the short to medium term. Any delay in the implementation of GST may impact the competitiveness of our new facility at Jharsuguda.

### (ii) Specialty Oil

#### Performance review 2015-16

(₹ in crore)

Particulars	Company			Consolidated		
	2015-16	2014-15	Variation (%)	2015-16	2014-15	Variation (%)
Turnover	1,771	2,115	-16%	1,841	2,251	-18%
Segment profit / [Loss]	187	98	91%	195	102	91%
Export	548	640	-17%	618	751	-18%

completed in the high efficiency segment were: Varanasi to Sarnath Substation, Chinhat-Barabanki line, Hardoi Rd-NKN line for UPPTCL and New Pirana to Pirana Feeders (ACCC DRAKE), Pirana to Jamalpur S/S (ACCC LISBON), Vinzol-Vastral (ACCC Lisbon) for Torrent Power and Bamnauli Naraina DC Line for PGCIL. We are clearly seeing that the offtake of HECs is now gradually showing a rising trend on all parameters like volume of orders, number of clients adopting these technologies, variety of HECs being deployed, as well as repeat orders of progressively larger sizes. The margins for these HECs are higher as compared to conventional conductors, and are likely to improve the profitability of the Conductor business.

The Company is setting up a Conductor plant in Jharsuguda (Orissa) of 30,000 MT capacity at an investment of Rs. 36 Crores. The plant is strategically located, given increasing generation capacity in eastern India, along with its proximity to smelters, for logistical benefits. Work on the plant is in full swing and it should be commissioned on schedule by October-17.

The segment's order book is at Rs. 1,751 Crores as of March 31, 2016, compared to Rs. 1,452 Crores as on March 31, 2015.

In Specialty Oils, revenue for the year came in at Rs. 1,841 Crores, lower than last year, primarily due to falling Crude oil prices. However, we posted 2.6% growth in aggregate volume, highest ever volume till date led by Rubber processing oil, Auto & Industrial Lubricants and White Oils.

EBITDA per KL after forex adjustment for the year increased significantly to Rs. 5,407, up from Rs. 2,722 in the previous year, which can be attributed to sale of richer product mix, disciplined pricing, good client mix and lower raw material costs.

The Company is setting up a port-based plant at Hamriyah, Sharjah, of 100,000 KL capacity at an investment of \$ 15.5 million (Rs. 100 Crores). This will add new opportunities like bulk exports and is strategically located in terms of proximity to customers.

The Auto Lubes segment continued to grow and delivered 2.9% volume growth to reach 23,480 KL, highest ever achieved despite demand from the rural sector being especially low. The net sales stood at Rs. 263 Crores compared to Rs. 273 Crores in the previous year. Profitability in the segment continues to be relatively better due to improved product mix, clients mix, disciplined pricing and



lower raw material cost. As the Company implements its strategy of expanding distribution network and continuous efforts towards increasing share of higher-margin products, we are quite confident that in the coming year we should see relatively good results for the segment.

### Risks and concerns

The Company is exposed to volatility in the prices of its raw materials and in foreign exchange rates. However, in order to mitigate its risks, the Company continues to exercise prudence in its inventory control and hedging strategies. Also, addition in global refining capacities has resulted in a mismatch in demand and supply, which has an effect on base oil prices. The prices of long-term buy contracts take time to correct in case of fluctuations in crude prices as formula prices are always backward looking. Debtors' collection period can increase on account of stressed financial condition of customers. The Company had to implement strict credit controls to limit exposure to customers facing cash flow issues. Rapid commoditization taking place at the lower end especially at technical grade white oils may have an impact on the margins. Exports markets are facing the heat as Cash strapped commodity driven developing markets are forced to cut key investments like Transmission & Distribution Investments.

### (iii) Cables division

#### Performance review 2015-16

(₹ in crore)

Particulars	2015-16	2014-15	Variation (%)
Turnover	675	560	20%
Segment profit / (Loss)	28	20	40%
Export	101	78	29%

The Cables business delivered strong revenue growth of 20%, despite lower metal, commodity and polymer prices. Revenue growth was driven by growth in our Elastomeric, and Power Cables segments. These segments grew by 68% and 24%, respectively. Copper and Aluminium processing increased by 76 % and 29 % YOY respectively - depicting the increased volumes. The EBITDA margins post forex adjustment has increased by 20 basis points, from 5.5% in FY15 to 5.7% in FY16.

Our focus on the Renewable Energy sector, both Wind and Solar, has been yielding good results. Today, we are the largest supplier in the country to the segment and are working with major companies, such as Suzlon, Wind World, Gamesa etc. Besides, orders from Defence and Railways, involving electron beam cables, are also likely to improve as several projects in both these sectors are being announced. The order book as on March 31, 2016, is up 8% to reach Rs. 199 Crores versus Rs. 184 Crores in the previous year.

The Company is also at an advanced stage of planning an expansion of its power cables capacity as demand for power cables is expected to increase, driven by the increased spending capability of discoms following successful implementation of UDAY. We also expect EBITDA in the coming year to further improve in the Cables segment as a reflection of better product mix and higher volumes.

### Risks and concerns

The excess capacity in the power cables segment impacts pricing. Collection periods can get extended and delivery schedules delayed due to lack of financial arrangements by key customers in the renewable energy sector and EPC contractors. In optical fiber cables, clientele is concentrated among a handful of telecom companies and BBNL wherein the Capex spending have been severely impacted. The cyclical nature of their tendering too, has a bearing on the order situation in the industry.

### (b)

#### Operations of subsidiaries:

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

During the year under review, Net sales of PSPL was US\$ 7.93 Million as against US\$ 24.52 Million in the previous year and Profit after tax stood at US\$ 0.65 Million as against US\$ 0.61 Million in the previous year. Operations of its down stream subsidiaries are :

#### - Quantum Apar Speciality Oils Pty. Ltd., Australia (Quantum)

PSPL holds 65% equity in Quantum. It has reported Net sales of AUD 8.38 Million as against AUD 9.02 Million in the previous year and Profit after tax of AUD 0.41 Million as against AUD 0.07 Million in the previous year.

After the end of the Financial Year, the Directors and Shareholders of the Company decided to cease the business, liquidate all the Assets and payout all the liabilities and return the net proceeds to shareholders. It is anticipated that the whole process will complete in 6 months period. Company has appointed a Distributor for sale of Petroleum Products and Lubricants in Australian & New Zealand markets.

#### - Petroleum Specialities FZE (PSF)

PSF was registered in November, 2014 as Free Zone Establishment under an Industrial License issued by Hamriyah Free Zone Authority Government of Sharjah, UAE for setting manufacturing facility for manufacture of a comprehensive range of Speciality Oils and Lubricants. During the year Share Capital of PSF increased from US\$ 40825 to US\$ 34,05,995. PSPL holds 100% equity in PSF. As at the end of March, 2016 total US\$ 10.02 million capital expenditure has been incurred for setting up the Plant. The Construction of the Plant is under progress. There has been no material change in the nature of the business of the subsidiaries. A statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

### (c)

#### Cautionary statement

The statements made in the Management Discussion & Analysis section, describing the Company's goals, expectations and predictions among others do contain some forward looking views of the management. The actual performance of the Company is dependent on several



external factors, many of which are beyond the control of the management viz. growth of Indian economy, continuation of industrial reforms, fluctuations in value of Rupee in the foreign exchange market, volatility in commodity prices, applicable laws / regulations, tax structure, domestic / international industry scenario, movement in international prices of raw materials and economic developments within the country among others.

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

The Company established adequate ICS in respect of all the divisions of the Company. The ICS are aimed at promoting operational efficiencies and achieving savings in cost and overheads in all business operations. The System Application and Product (SAP), a world class business process integration software solution, which was implemented by the Company at all business units (including Cable unit) has been operating successfully. For tightening and more effective internal control systems and risk management, the Company continued the engagement of M/s. KPMG India Pvt. Ltd., Chartered Accountants as Internal Auditors of the Company. The system cum internal audit reports of the Internal Auditors are discussed at the Audit Committee meetings and appropriate corrective steps have been taken. Further, all business segment prepare their annual budget, which are reviewed along with performance at regular intervals.

**(e) Development of human resources**

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

**6. Directors and Key Managerial Personnel :**

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

The Independent Directors hold office for a fixed term of five years.

In accordance with Section 149(7) of the Act, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI Regulations.

Details of the proposal for re-appointment of Mr. Chaitanya N. Desai are mentioned in the Statement pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges as annexed to the Notice of the 27th Annual General Meeting.

The Board recommends re-appointment of Mr. Chaitanya N. Desai as a Director of the Company.

**Board Evaluation :**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Compensation-cum-Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Share Transfer and Shareholders Grievance-cum-Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**Remuneration Policy :**

The Board has, on the recommendation of Nomination and Compensation-cum-Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

**Meetings :**

During the year five Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**7. Deposits :**

Company has not accepted deposits during the year. There were no outstanding deposits and no amount remaining unclaimed with the Company as on 31st March, 2016.

**8. Particulars of Loans, Guarantees or Investments :**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**9. Directors' Responsibility Statement :**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 :

- i. that in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the financial year ended on that date.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.





- iv. that the annual accounts have been prepared on a going concern basis.
- v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### 10. Related Party Transactions :

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

#### 11. Adoption of New Articles :

The Companies Act, 2013 and The Companies (Amendment) Act, 2015 have necessitated changes in the Articles of Association of the Company. It is accordingly, proposed that a new set of Articles of Association be adopted by the members and a Special Resolution to this effect is included at Item No. 6 in the Notice of the Annual General Meeting (AGM). The Board recommends the resolution for adoption by the Members.

#### 12. Auditors : Statutory Auditors

In terms of Section 139 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 and in terms of the Ordinary Resolution passed by the Shareholders of the Company at the 26th Annual General Meeting, M/s. Sharp & Tannan, the present Statutory Auditors of the Company have been appointed to hold office from the conclusion of the 26th AGM till the Conclusion of 31st AGM to be held in the year 2020 subject to ratification by the Members at every Annual General Meeting. An Ordinary Resolution in this respect is included in item No. 4 of the Notice of AGM and Board recommends the said Resolution.

M/s. Sharp & Tannan, have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for re-appointment as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### Cost Auditors :

Pursuant to Section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of Conductors, Oils and Cables Divisions of the Company are required to be audited by a Cost Accountant. Your Directors, on the recommendation of the Audit Committee, appointed Mr. T. M. Rathi to audit the cost accounts of the Company for the financial year 2016-17 on a remuneration of Rs. 1,20,000/-. A Resolution seeking members' ratification for the appointment and remuneration payable to Mr. T. M. Rathi, Cost Auditor is included at Item No. 5 of the Notice convening the AGM and Board recommends the said Resolution.

#### Secretarial Auditors :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Hemang M. Mehta of H. M. Mehta & Associates, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure - I". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

#### 13. Other Information :

##### a. Green Initiative

To support the "Green Initiative" under taken by the Ministry of Corporate Affairs (MCA), to contribute towards a greener environment, the Company has already initiated / implemented the same from the year 2010-11. As permitted delivery of notices / documents and annual reports etc. are being sent to the shareholders by electronic mode wherever possible.

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

##### b. Corporate Social Responsibility (CSR)

The Corporate Social Responsibility (CSR) Committee constituted by the Board of Directors in terms of the provisions of Section 135(1) of the Companies Act, 2013 reviews and restates the Company's CSR policy in order to make it more comprehensive and aligned with the activities specified in Schedule VII of the Companies Act, 2013.

With the strong belief in the principle of Trusteeship, Apar Group continues to serve the community through a focus on healthcare and upliftment of poor sections of Society, education, Food and mid-day meal for children, Environmental sustainability and Health and Welfare of Senior Citizens initiatives.

The Annual Report on CSR activities is annexed herewith as "Annexure - II".

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

- i) Particulars relating to Employee Stock Option Scheme – "Annexure - III"



- ii) Particulars of Information as per Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - a Statement showing the names and other particulars of the Employees drawing remuneration in excess of the limits set in the Rules - **"Annexure - IV (a)"** and Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - **"Annexure - IV (b)"**.
- iii) Particulars relating to conservation of energy, technology absorption, research & development and foreign exchange earnings and outgo - **"Annexure - V"**.
- iv) Report on Corporate Governance and auditors' certificate regarding compliance of conditions of corporate governance.
- v) Statement containing brief financial details of the subsidiaries in form AOC-1 which is attached to the financial statements of the Company.

**d. Extract of Annual Return :**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **"Annexure - VI"**.

- e. 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 subsidiaries, Quantum Apar Speciality Oils Pty. Ltd., Australia and Petroleum Specialities FZE, Sharjah, WOS of PSPL. As per the provisions of Section 129(3) read with Section 136 of the Companies Act, 2013, a statement containing brief financial details of the said subsidiaries for the year ended March 31, 2016 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.

Further, pursuant to provisions of Section 136 of the Act, the financial statements of the Company, Consolidated Financial Statements alongwith relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

**14. General :**

No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this Report.
3. No Managing Director of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

There were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**15. 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 : May 25, 2016.

**Dr. N. D. Desai**  
Chairman  
DIN - 00005285



# Annexure – I to the Directors' Report

Form No. MR-3

## SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Apar Industries Limited  
301, Panorama Complex,  
R. C. Dutt Road,  
Vadodara-390 007, Gujarat

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Apar Industries Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009  
- Not Applicable as the Company has not issued any securities through a Public Issue or Right issue during the financial year under review;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (made effective from 28th October, 2014);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008  
- Not Applicable, as the Company has not issued and listed on any stock exchanges any debt securities during the financial year under review;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client  
- Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009  
- Not Applicable as the Company has not delisted its equity shares from any stock exchanges during the financial year under review; and



(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

- Not Applicable as the Company has not bought back any of its securities during the financial year under review and

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Board Meeting (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), respectively.
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at Board Meetings were carried out unanimously.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with Labour Laws, Environmental Laws and other applicable laws, rules, regulations and guidelines.

For H. M. Mehta & Associates  
Company Secretaries  
Hemang M. Mehta- Proprietor  
FCS No.: 4965  
C P No.: 2554

Place: Vadodara  
Date: 19.05.2016

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To,  
The Members,  
Apar Industries Limited,  
301, Panorama Complex,  
R. C. Dutt Road,  
Vadodara-390 007,  
Gujarat

Our Secretarial Audit Report of even date is to be read along with this letter.

#### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.





## Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Vadodara  
Date: 19.05.2016

For H. M. Mehta & Associates  
Company Secretaries  
Hemang M. Mehta- Proprietor  
FCS No.: 4965  
C P No.: 2554

## Annexure - II to the Directors' Report Annual Report on Corporate Social Responsibility (CSR) Activities – 2015-16

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The Company has framed the Corporate Social Responsibility (CSR) Policy in terms of the provisions of Section 135(1) of the Companies Act, 2013.

The CSR activities of the Company mainly aims at Principle of Trusteeship, by serving the community through a focus on -

- i. Healthcare and upliftment of poor sections of society
- ii. Education,
- iii. Food and Mid-day meal for children
- iv. Environmental sustainability and,
- v. Health and Welfare of Senior Citizens

The CSR activities of the Company are more aligned with the activities specified in Schedule VII of the Companies Act, 2013.

**Weblink :**

<http://www.apar.com/pdf/financedata/our-policies/5-CSR-Policy.pdf>

2. **Composition of the CSR Committee :**

Dr. N. D. Desai	--	Chairman
Mr. F. B. Virani	--	Independent Director
Mr. K. N. Desai	--	Managing Director & Chief Executive Officer (CEO)

3. **Average Net Profit of the company for last 3 financial years :**

Average Net Profit : Rs. 107.20 Crores.

4. **Prescribed CSR Expenditure (2% of this amount as in item 3 above) :**

Rs. 2.14 Crores

5. **Details of CSR spent during the financial year :**

- a. **Total amount spent for the financial year:**  
Rs. 1.73 Crores
- b. **Amount unspent, if any;**  
Rs. 0.41 Crores.
- c. **Manner in which the amount spent during the financial year is detailed below :**



1	2	3	4	5	6	7	8
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1.Local area or other 2.specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project or Programs wise  Rs. Crore	Amount spent on the projects or programs Subheads: 1.Direct expenditure on projects or program  2.Over- heads:  Rs. Crore	Cumulative Expenditure upto to the reporting period.  Rs. Crore	Amount spent: Direct or through implementing agency  Rs. Crore
1.	Rural Development / Organic Farming / Alternative Energy / Soil Bio-Technology – Donation to Sri Chaitanya Seva Trust	Upliftment of poor sections of society particularly tribal and Adivasis.	Wada, Dist. Thane - Maharashtra	---	0.5233	0.5233	0.5233
2.	Mid Day Meal Programme – Annamrita, a Scheme providing meals to Government school children.  Donation to Iskcon Food Relief Foundation	Food and Mid Day Meal for Children	Wada & Vikramgad, Dist. Thane Maharashtra	---	0.50	0.50	0.50
3.	Health Care – Programme on Clinic on Wheels  Donation to GMCC & R Society	Health Care - Medical Van and Medical laboratory equipment	Nadiad – Gujarat	---	0.25	0.25	0.25
4.	Education – Rural School Education Programme – School on Wheels for Rural Government School.  Donation to Sister Nivedita Foundation	Education – School on Wheels, Programmes include teachers' training – scholarship for economically bright rural Girls Students – reading workshop, and environment awareness and protection etc.	Rajkot – Gujarat	---	0.05	0.05	0.05



5.	Health Care – Life Line Express Camp –  Donation to Shrimant Madhavrao Scindia Swasthya Seva Mission	Health-care – Rural Medical Facilities	Shivpuri, Gwalior-Chambal Region, Madhya Pradesh	---	0.075	0.075	0.075
6.	Education – Programme for development of human resources-  Donation to Dharmsinh Desai Foundation	Upliftment of Poor and Education to weaker section of Society	Nadiad, Gujarat	---	0.25	0.25	0.25
7.	Education to the underprivileged and specially challenged and Aids affected students, help for setting of schools, Health Care and Welfare of Senior Citizens-  Donation to Maat Pita Smruti Trust.	Education & Health and Welfare of Senior Citizens	Rajkot – Gujarat	---	0.05	0.05	0.05
8.	Upliftment of poor sections of society- Construction of Community Hall at Dhodipada, Umbergaon  Donation to Sanskriti Vikas Mandal	Upliftment of Poor and weaker section of Society	Dhodipada Ta. : Umbergaon	---	0.03	0.03	0.03
<b>TOTAL</b>					<b>1.7283</b>	<b>1.7283</b>	<b>1.7283</b>

#### 6. Reasons for spending less :

Projects have been identified and evaluated and amounts have been spent as per the need and cash flow availability of the Company. The balance unspent amount of Financial Year 2015-16 has been spent in the subsequent Financial Year.

#### 7. Responsibility Statement :

The Committee hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

sd/-  
**(Kushal N. Desai)**  
Managing Director & CEO  
DIN-00008084

sd/-  
**(Dr. N. D. Desai)**  
Chairman – CSR Committee  
DIN-00005285

# Annexure III 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 and amended to date (the SEBI Guidelines). The Nomination and Compensation-cum-Remuneration Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme.

The disclosures stipulated under the SEBI Guidelines are :

a.	Options granted by the Compensation Committee	:	175,150
b.	Exercise price	:	₹ 207.05 per option
c.	Options vested	:	175,150
d.	Options exercised	:	26,338 (options exercised upto 31st March, 2015-26,072 and on 14th May, 2015-266 options)
e.	The total number of shares arising as a result of exercise of options	:	26,338
f.	Options lapsed	:	148,812
g.	Variation in terms of options	:	See note 1 below
h.	Money realised by exercise of options	:	₹ 5,453,282.90
i.	Total number of options in force	:	Nil
j.	Employee-wise details of options granted to:		
	i. Senior Management Personnel / Directors		
	(a) Dr. N. K. Thingalaya	:	4,000*
	(b) Shri F.B.Virani	:	4,000**
	(c) Mr. V.C.Diwadkar, CFO and Mr. Sanjaya Kunder, CS have exercised 1,952 and 133 options respectively and equal number of shares were allotted. Balance options lapsed.		
	* All the Options lapsed.		
	** Of these, 2/3rd Options lapsed and 1/3rd Options exercised and equal no. of shares (1,333) allotted.		
	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	:	₹ 40.78

## Notes :

- 1) 175,150 options at the exercise price of ₹ 259.75 granted on January 23, 2008 were cancelled on May 27, 2008. The cancellation was necessary due to substantial reduction in the price of shares in the secondary market and simultaneously therewith, the above detailed options were granted. The confirmation of the shareholders for the said cancellation and subsequent grant were sought at the 19th Annual General Meeting held on August 29, 2008.
- 2) As the exercise of options would be made at the market linked price of ₹ 207.05, the issuance of equity shares pursuant to exercise of options will not affect the profit and loss account of the Company.
- 3) The Company obtained in-principle approval for the listing of the entire 1,616,802 equity shares to be issued and allotted on exercise of options as and when exercised under the scheme. The Company has also obtained listing and trading approvals from both the Stock Exchanges viz. BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in respect of entire 26,338 Equity Shares allotted to the employees under the scheme.
- 4) The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed at the Annual General Meeting held on 9th August, 2007. The Certificate would be placed at the Annual General Meeting for inspection by members.





## Annexure IV (a) to the Directors' Report

Information pursuant to Section 197 of the Companies Act, 2013, read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016.

Names	Age (Years)	Designation / Nature of Duty	Qualifications	Experience (Years)	Remuneration (₹)	Date of Commencement of Employment	Last Employment and Designation
Mr. Kushal N. Desai	49	Managing Director	B.Sc. (Hons.), (Ele.Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	27	26,979,306	24-03-1999	GE Lighting (India) Ltd. - President
Mr. Chaitanya N. Desai	44	Managing Director	B.Sc. (Hons.), (Chem.Engg.) U.S.A., B.S.Eco. (Hons) (Wharton) U.S.A.	22	27,260,114	29-05-1993	—

### Notes :

- The Remuneration includes salary, allowances, commission paid to Directors, reimbursement of leave travel and medical expenses / benefits, company's contribution to provident fund, leave encashment and other perquisites in respect of motor car, accommodation and telephone etc.
- Above directors are related to each other. None of the employees of the Company is related to any of the Directors.
- All appointments are contractual and terminable by notice on either side.
- Information regarding remuneration and particulars of other employees of the Company will be available for inspection by the members at the Corporate Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting of the company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, where upon a copy would be sent.

## Annexure IV (b) to the Directors' Report

**Details Pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014**

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	% increase/decrease (-) in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director / to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Dr. N. D. Desai,* Chairman	98% \$	46.39:1	
2.	Mr. Kushal N. Desai, Managing Director	89% \$	53.11:1	Net Sales decreased marginally by 0.02%.
3.	Mr. Chaitanya N. Desai, Managing Director	87% \$	53.66:1	However, Profit before tax (excluding exceptional gain of Rs. 43.15 cr.) increased substantially by 147.92%.



4.	Dr. N. K. Thingalaya, Independent Director**	23%	0.48:1	
5.	Mr. F. B. Virani, Independent Director**	34%	0.56:1	
6.	Mr. Suyash Saraogi, Independent Director**	124%	0.50:1	
7.	Smt. Nina Kapasi, Independent Director**	44%	0.43:1	
8.	Mr. Rajesh Sehgal, Investor Director	*** NA	NA	
9.	Mr. V. C. Diwadkar, Chief Financial Officer	15%		Net Sales decreased marginally by 0.02%. However, Profit before tax (excluding exceptional gain of ₹ 43.15 cr.) increased substantially by 147.92%.
10.	Mr. Sanjaya R. Kunder, Company Secretary	15%		

\$ Increase in remuneration is due to increase in commission amount calculated on net profit before tax (excluding exceptional gain of ₹ 43.15 crores) which is higher by 148%.

\* Dr. Narendra D. Desai decided not to receive any Consultancy Fees and re-imbursement of actual rent upto ₹ 3,00,000/- per month for a period of 5 years during his current tenure from 01.02.2016 to 31.01.2021.

\*\* Independent directors are paid only sitting fees.

\*\*\*No remuneration and sitting fees paid to the Investor Director.

- ii) The median remuneration of employees of the Company during the financial year was ₹ 5.08 lakh.
- iii) In the financial year, there was a decrease of 3.58% in the median remuneration of employees;
- iv) There were 1,186 permanent employees on the rolls of Company as on March 31, 2016;
- v) Relationship between average increase in remuneration and company performance:- Net sales decreased marginally by 0.02% and Profit after Tax (excluding exceptional gain of ₹ 43.15 crores) for the financial year ended March 31, 2016 increased by 138% whereas the decrease in median remuneration was 3.58%.
- vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:  
The total remuneration of Key Managerial Personnel increased by 72% from Rs. 3.73 crore in 2014-15 to ₹ 6.41 crore in 2015-16 whereas the Profit before Tax (excluding exceptional gain of ₹ 43.15 crore) increased substantially by 148% to ₹ 169.76 crore in 2015-16 (₹ 68.23 crore in 2014-15).
- vii)
  - a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2016 was ₹ 1,777 crore (₹ 1,420 crore as on March 31, 2015).
  - b) Price Earnings ratio of the Company was 10.92 as at March 31, 2016 and was 29.74 as at March 31, 2015.
  - c) Percentage increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year :- The Company had come out with initial public offer (IPO) in 1991. The share price of the company first listed on BSE in April, 1991 at ₹ 15.50 per share of the face value of Rs.10 per share. Share price of the Company quoted on BSE on 31st March, 2016 was ₹ 461.80 per share of Company. Percentage increase in the Net-worth of the Company was 20% as compared to previous year.
- viii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 27% whereas the increase in the managerial remuneration for the same financial year was 72%.
- ix) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Compensation-cum-Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- xi) Remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



## Annexure V to the Director's Report

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016.

#### I. Conservation of Energy :

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

###### Conductor Division :

- i) Converted 2 numbers of Aluminium RBDs to multi wire drawing machines.
- ii) Converted Thyristor base heating system to advance technological heating devices in two number heat treatment furnaces for faster and efficient temperature attainment and controls.
- iii) Converted spooling machines motors supported with VFD AC drive for better control.
- iv) Converted Aluminum rolling mill main motor from DC drive system to AC VFD for improving the energy efficiency.
- v) Skip main analog DC drive converted into VFD AC drive.
- vi) Heavy rewinding has been converted from Eddy current motor to VFD AC drive.
- vii) Replacement of HPSV/HPMV light fittings to LED for extended plant and street lightening.
- viii) Improved melting /holding furnace efficiency through better relining and putting up efficient heat recovery system.

###### Oil Division :

- i) 39619 KWH Solar power generated which reduces the carbon emissions.
- ii) Replaced the inefficient light fitting with the efficient light fittings in the plant with same lumens output.
- iii) Maintained power factor above 0.995 throughout the year.
- iv) Steam condensate recovery system is working efficiently, recovered 75% condensate.
- v) Rain water collected through water harvesting & use the same in the boiler for steam generation.
- vi) Compressed air leakages monitored regularly & maintained the leakages below 10%.
- vii) Installed 100CFM screw compressor with VFD in place of reciprocating compressor.

###### Cable Division :

- i) Various machines at power, Rubber, OFC and conductor plants converted from DC to AC.
- ii) Maintained power factor 0.99 throughout the year at all locations.
- iii) APFC panel installed for new transformer unit at Khatalwada.
- iv) Introduced tapping machine drive synchronizes with main machine at MSD machine to enhance productivity and product quality at conductor division.
- v) Replaced highway light fittings 250W HPMV with 150W metal halid 88 numbers thereby saving 70 KWH per day at Umbergaon.
- vi) Increased line speed of sioplas and 72B armouring machine by 20% each.

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

- i) Conversion of all ageing furnaces into proven advance technological heating system.
- ii) CCR Chimney exhausts blower conversion from starter base to VFD drive base.
- iii) Conversion of Aluminum Spooling from starter base to VFD AC drive.
- iv) Up gradation of extrusion lines (120, 80/60, ASACO and OFC extruders) for energy saving by converting DC system to AC system.
- v) New CCV line for 66KV to be installed and commissioned.
- vi) Installation of Sioplas line and 150 mm sheathing line for HT cable capacity enhancement.
- vii) Up gradation of wire drawing machines at unit-153 for energy saving by converting DC system to AC system.
- viii) Furnace temperature control through IGBT system which can save 13% electrical power.
- ix) Replacement of inefficient light fitting with the efficient/energy conservation light fitting in the plant.
- x) To install the 300CFM screw type Air compressor with VFD in place of reciprocating compressor to reduce the power consumption.
- xi) Installation of additional 45KW solar power generation system

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

- a) Enhanced productivity in multi-wire drawing machine-4 by 20% and saving in energy approximately 10%.
- b) Saved energy in ageing furnace approximately 13% & same to be considered in other ageing furnaces after conversion.
- c) Rolling mill main motor DC drive converted to AC drive resulted in direct saving of electrical consumption by 5% and increased in throughput due to practically zero maintenance as compared to DC drives.
- d) In street lights & plant lights energy save approximate 20% by LED lights.



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

(A) Power and Fuel Consumption:

(i) Electricity :

		2015-16	2014-15
(a)	Purchased units	59,127,483	49,485,394
	Total Amount (₹/crore)	33.53	27.44
	Rate/Unit (₹)	5.67	5.54
(b)	Own Generation Through Diesel Generator (Units)	759,216	698,858
	Average Units generated per liter of diesel oil	3.24	2.70
	Average Cost of Unit (₹)	13.63	20.63

(ii) Furnace Oil :

Quantity (KL.)	7,026	5,775
Total Amount (₹/crore)	14.92	19.39
Average Rate/KL.(₹)	21,232	33,585

(iii) Natural Gas:

Quantity (M3)	2,180,663	2,816,935
Total Amount (Rs./crore)	6.53	10.32
Average Rate/M <sup>3</sup> (₹)	29.95	36.64

(iv) LPG:

Quantity (KL.)	68,780	15,428
Total Amount (Rs./crore)	0.28	0.09
Average Rate/KL.(₹)	40.30	59.72

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

		2015-16				2014-15			
		Electricity (Units)	Furnace Oil (liters)	Natural Gas (M3)	LPG (liters)	Electricity (Units)	Furnace Oil (liters)	Natural Gas (M3)	LPG (liters)
(i)	<b>Oil Division :</b> Per KL output of Oil	9.12	1.23	-	-	8.82	1.28	-	-
(ii)	<b>Conductors Division :</b> Per MT output of Aluminum/Alloy Conductors	207	40	14	1.39	194	36	22	0.37
(iii)	<b>Cable Division:</b> Per Km. of cable	145	-	81	-	136	-	56	-

Reasons for change in consumption: change in Product mix

II. Technology Absorption and Research & Development :

1. Research and Development (R&D) :

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

- Development and establishment of special Aluminum Alloy wire rod and wire for high performance conductor for power transmission and distribution (8176 Alloy, AL 59, TAL/STAL, Mech Alloy).
- Improvement in various aluminum alloys towards high conductivity and superior performance (AL 59/ High Conductivity Alloy).



- c) Design and establishment of conductor wire, configuration, core for HTLS, low loss and cost optimization with latest technological up-gradation (TW/ Z shaped Wire, Annealing through Drawing dies and conforming process, Eco conductor).
- d) Development of critical test facility for testing and evaluation of bare OHTL conductor including HTLS for investigation and assessment of conductor performance in respect to product quality, handling and installation reliability and in-service performance (Mechanical testing by using appropriate design of clamps/ fittings/ epoxy fittings, Stress and strain test behavior through laser type non-contact micro-strain gauge, Torsional ductility test for HTLS, Torsion test on composite core, Dye penetration test facility for carbon fiber matrix composite core).
- e) Development of Intron make tensile machine with pneumatic grips for accurate testing of wires specially those very precise ductility (INVAR/AW, ACS, EHS and UHS).
- f) Development of speciality elastomeric, pressure tight cables, hybrid rubber cables with integrated fiber optics, Electron Beam irradiated Solar and Windmill cables, heavy and low tow cables for Indian Navy, Electron Beam XLPE, Tether Cables for Army.
- g) Development of Medium Voltage Covered Conductors.
- h) Development of high performance Metal working fluids/ Metal protection fluids
  - i) Semi-synthetic metal working fluids for high speed and multi machining applications.
  - ii) Rust preventive oils for hot rolled/cold rolled steel protection, precision components and high protection rust preventive oils.
- i) Development of spray oils for agricultural and horticultural applications: laboratory evaluation completed and field evaluation studies are in progress.
- j) Development of applications for the PTFE Micronized powders produced by the Cables division in ink, lubricant and coating applications. Stability studies and product performance studies are in progress.
- k) Development of high flash and long life transformer oil for transformers used in urban/mining and commercial areas with special safety norms.
- l) Development of biodegradable transformer oils with high flash meeting special requirements of safety and biodegradability.
- m) Development and optimization of Petroleum jelly product line for various applications such as oilments, balms, veternaary applications and ophthalmic applications.
- n) Development of White oils for various grades of polymer applications.
- o) Collaborative research work with DDU, Nadiad, Taylors University, Malaysia and University of Nottingham, Malaysia and Malaysian Nuclear Agency, Malaysia in nano lubricants/PTFE and other areas of research.

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

- a) Development, establishment and commercialization of all type of 4th and 5th generation high performance smart aluminum conductors for all power utilities.
- b) Premium product for the profitability of the company.
- c) Rapport towards market leader in HTLS for indigenous development.
- d) Competency enhancement of the team on design, manufacture, supply and installation of Bare OHTL conductors and competing global market.
- e) Improvement in quality and reliability of product and services.
- f) New orders awaited in FY 2016-17 for Tether and Tow Cables & E-Beam XLPE.
- g) Cost Reduction of various compounds.
- h) Energy Saving.
- i) Substitutes of import cables for defense and railway application.
- j) Product differentiation in rust preventive applications with target segment requirements.
- k) Introduction of metal working fluids for target metal working applications for auto segments.
- l) New range of transformer oils meeting high safety, long life and biodegradability requirements.
- m) New application areas in white oil usage such as Spray oils, polymer/adhesive applications.

**(iii) Future plan of action:**

- a) Development of process and product (ACS wire and Aluminum clad Invar).
- b) Additional test facility development for Sheave test, Creep Test, Aeolian vibration test.
- c) Creation of separate (re-located) independent laboratory with Government approval.
- d) To continue to carry on the R&D activity and try to absorb to reduce cost especially the E-beam cables and Medium Voltage Covered Conductors.
- e) Develop 33 KV Elastomeric cables for export market.



- f) Development of submarine cable through electron beam technology.
- g) Introduction of new testing equipment such as DGA analysis, oxidation stability methods such as DGA
- h) Increase the strength of R&D team to meet the product category developmental work
- i) To represent Company in various technical and standardizing committees.
- j) Obtaining GMP certification for the Pharmaceutical line of production facility.

**(iv) Expenditure on R&D:**

- a) Capital = ₹ 0.73 crore
- b) Revenue = ₹ 3.21 crore
- c) Total = ₹ 3.94 crore
- d) Total R&D Expenditure as a percentage of total turnover = 0.08%.

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

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

**(i) Total foreign exchange used :**

(₹ in crore)

		2015-16	2014-15
<b>(a)</b>	Raw Materials (CIF)	2,228.44	3,043.23
<b>(b)</b>	Stores & Spares	3.33	2.63
<b>(c)</b>	Capital Goods	12.73	18.05
<b>(d)</b>	Others	73.20	70.86
		<b>2,317.70</b>	<b>3,134.77</b>

**(ii) Total foreign exchange earned:**

(₹ in crore)

		2015-16	2014-15
<b>(a)</b>	Physical Exports (FOB)	1,503.56	1,512.15
<b>(b)</b>	Deemed Exports (eligible for export incentives)	114.90	151.48
<b>(c)</b>	Others	56.50	71.20
		<b>1,674.96</b>	<b>1,734.83</b>



**Annexure VI to the Directors' Report**  
**Form No. MGT-9**  
**Extract of Annual Return**

as on the financial year ended on **31.03.2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. Registration and other details :</b>			
i)	CIN	:	L91110GJ1989PLC012802
ii)	Registration Date	:	28th September, 1989
iii)	Name of the Company	:	Apar Industries Limited
iv)	Category / Sub-Category of the Company	:	Company having Share Capital (Public Limited)
v)	Address of the Registered office and contact details	:	301, Panorama Complex, R.C. Dutt Road, Vadodara – 390 007, Gujarat. Phone No. : (0265) 2339906, 2331935 Fax No. : (0265) 2330309
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390020 (Gujarat)  Phone : 0265 – 2356573, 2356794 TeleFax : 0265 – 2356791 Email : vadodara@linkintime.co.in

<b>II. Principal business activities of the company:</b>			
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Transformer & Speciality Oils	2710	35.00
2.	AAC/AAAC/ACSR Conductors	7614	51.00
3.	Power / Telecom Cable	8544	13.00
4.	Others	--	1.00

<b>III. Particulars of holding, subsidiary and associate companies :</b>					
Sr. No.	Name and address of the Company	CIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Petroleum Specialties Pte. Ltd., Singapore (PSPL), Wholly – owned subsidiary (WOS) of the Company	Foreign Company 200403112K	Subsidiary	100%	2 (87) (ii)
2.	Quantum Apar Speciality Oils Pty. Ltd., Australia, subsidiary of PSPL	Foreign Company ABN 35 120 536 816	Subsidiary	65%	2 (87) (ii)
3.	Petroleum Specialties FZE, Sharjah	13975	Subsidiary of PSPL	100%	2 (87) (ii)



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year – 01.04.2015				No. of Shares held at the end of the year – 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	22196762	--	22196762	57.659	22196762	--	22196762	57.659	0
b) Central Govt	--	--	--	--	--	--	--	--	0
c) State govt (s)	--	--	--	--	--	--	--	--	0
d) Bodies Corpo.	111278	--	111278	0.289	111278	--	111278	0.289	0
e) Banks / FI	--	--	--	--	--	--	--	--	0
f) Any Other....									
AIL Benefit Trust	1635387	--	1635387	4.248	0	--	0	--	-4.248
Maithili N. Desai Family Pvt. Trust	100000	--	100000	0.260	100000	--	100000	0.260	0
Sub-total (A) (1):-	24043427	--	24043427	62.456	22408040	--	22408040	58.208	-4.248
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corpo.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	24043427	--	24043427	62.456	22408040	--	22408040	58.208	- 4.248
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3537725	740	3538465	9.192	4275911	740	4276651	11.109	1.917
b) Banks / FI	1405	156	1561	0.004	8347	156	8503	0.022	0.018
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt(S)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	2280586	--	2280586	5.924	3304644	--	3304644	8.584	2.66
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):	5819716	896	5820612	15.120	7588902	896	7589798	19.715	4.595



2. Non-Institutions									
a) Bodies Corp. i) Indian	1973781	6587	1980368	5.144	1576449	6587	1583036	4.112	-1.032
ii) Overseas	3636363	--	3636363	9.446	3636363	--	3636363	9.446	0
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 2 Lakh	2060021	209270	2269291	5.895	2283983	200528	2484511	6.453	0.559
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	497337	--	497337	1.292	187069	--	187069	0.486	-0.806
c) Others (Specify)									
Foreign Individual	103210	6968	110178	0.286	169708	6108	175816	0.457	0.171
HUF	138879	--	138879	0.361	136609	--	136609	0.355	-0.006
Clearing Members	--	--	--	--	295479	--	295479	0.768	0.768
Trust & Foundation	48	--	48	0.000	48	--	48	0.000	0
<b>Sub-total (B)(2):</b>	<b>8409639</b>	<b>222825</b>	<b>8632464</b>	<b>22.424</b>	<b>8285708</b>	<b>213223</b>	<b>8498931</b>	<b>22.077</b>	<b>-0.347</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>14229355</b>	<b>223721</b>	<b>14453076</b>	<b>37.544</b>	<b>15874610</b>	<b>214119</b>	<b>16088729</b>	<b>41.792</b>	<b>4.248</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>38272782</b>	<b>223721</b>	<b>38496503</b>	<b>100.00</b>	<b>38282650</b>	<b>214119</b>	<b>38496769</b>	<b>100.00</b>	<b>0</b>

## (iii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year – 01.04.2015			Shareholding at the end of the year – 31.03.2016			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Dr. N. D. Desai	7271761	18.889	--	7271761	18.889	--	0
2.	Kushal N. Desai	7378428	19.166	--	7378428	19.166	--	0
3.	Chaitanya N. Desai	7367260	19.137	--	7367260	19.137	--	0
4.	Chaitanya N. Desai Family Trust – Trustee Dr. N. D. Desai	95238	0.247	--	95238	0.247	--	0
5.	Kushal Chaitanya N. Desai Family Trust – Trustee Dr. N. D. Desai	72634	0.189	--	72634	0.189	--	0
6.	Rishabh K. Desai	6081	0.016	--	6081	0.016	--	0
7.	Gaurangi K. Desai	3200	0.008	--	3200	0.008	--	0
8.	Noopur K. Desai	2160	0.006	--	2160	0.006	--	0
9.	Apar Corporation Pvt. Ltd.	110654	0.287	--	110654	0.287	--	0
10.	Scope Pvt. Ltd.	324	0.001	--	324	0.001	--	0
11.	AIL Benefit Trust	1635387	4.248	--	0	0	--	-4.248
12.	Maithili Trusteeship Services Pvt. Ltd.	300	0.001	--	300	0.001	--	0
13.	Maithili N. Desai Family Pvt. Trust	100000	0.260	--	100000	0.260	--	0
	<b>TOTAL</b>	<b>24043427</b>	<b>62.456</b>	<b>--</b>	<b>22408040</b>	<b>58.208</b>	<b>--</b>	<b>-4.248</b>


**(iii) Change in Promoters' Shareholding (Please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	At the beginning of the year	24,043,427	62.456	22,408,040	58.208
	At the end of the year			22,408,040	58.208

The total Promoters Shareholding has been reduced from 24,043,427 (62.456%) to 22,408,040 (58.208%) due to sale of 1,635,387 (4.248%) equity shares by AIL Benefit Trust (being the Promoter Group of the Company) in the Open Market.

**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	<b>For Each of the Top 10 Shareholders</b>				
1.	Templeton Strategic Emerging Markets Fund III, L.D.C.	3,636,363	9.446	3,636,363	9.446
2.	HDFC Trustee Company Limited – HDFC Predence Fund	1,694,750	4.402	2,194,750	5.701
3.	Reliance Capital Trustee Co. Ltd. A/c. Reliance Diversified Power Sector Fund	1,437,992	3.735	1,347,799	3.501
4.	Goldman Sachs India Fund Limited	960,977	2.496	1,133,091	2.943
5.	Reiffieisen – Eurasien – Aktien	978,200	2.541	978,200	2.541
6.	FIL Investments(Mauritius) Ltd.	0	0	686,639	1.783
7.	HDFC Trustee Company Ltd. HDFC MF Monthly Income Plan Long Term Plan	0	0	412,400	1.071
8.	ICICI Lombard General Insurance Company Ltd.	500,000	1.299	315,000	0.818
9.	Aadi Financial Advisors LLP	428,804	1.114	310,000	0.805
10.	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Dividend Yield Plus	0	0	288,502	0.749

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Name of the Directors			
		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	<b>Dr. N. D. Desai</b>				
	At the beginning of the year as on 01.04.2015	7271761	18.890	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease [e.g. allotment / transfer / bonus / sweat equity etc.]	--	--	--	--
	At the end of the year as on 31.03.2016	7271761	18.889	--	--





<b>2.</b>	<b>Shri Kushal N. Desai</b>				
	At the beginning of the year as on 01.04.2015	7378428	19.166	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31-03-2016	7378428	19.166	--	--
<b>3.</b>	<b>Shri Chaitanya N. Desai</b>				
	At the beginning of the year as on 01.04.2015	7367260	19.137	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	7367260	19.137	--	--
<b>4.</b>	<b>Shri F. B. Virani</b>				
	At the beginning of the year as on 01.04.2015	7833	0.020	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Less : 333 shares Sold on 19.08.2015 and Less : 500 Shares Sold on 07.12.2015	-- --	-333 -500	-- --
	At the end of the year as on 31.03.2016	7000	0.018	--	--
<b>5.</b>	<b>Shri Rajesh Sehgal</b>				
	At the beginning of the year as on 01.04.2015	--	--	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	--	--	--	--
<b>6.</b>	<b>Dr. N.K.Thingalaya</b>				
	At the beginning of the year as on 01.04.2015	--	--	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	--	--	--	--
<b>7.</b>	<b>Shri Suyash Saraogi</b>				
	At the beginning of the year as on 01.04.2015	--	--	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	--	--	--	--
<b>8.</b>	<b>Smt. Nina Kapasi</b>				
	At the beginning of the year as on 01.04.2015	--	--	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	--	--	--	--



Sr. No.	For Each of the Directors and KMP	Name of the Key Managerial Personnel			
		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>1.</b>	<b>Shri Vivek C. Diwadkar</b>				
	At the beginning of the year as on 01.04.2015	1952	0.005	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	1952	0.005	--	--
<b>2.</b>	<b>Shri Sanjaya R. Kunder</b>				
	At the beginning of the year as on 01.04.2015	133	0.000	--	--
	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	--	--	--	--
	At the end of the year as on 31.03.2016	133	0.000	--	--

**V. Indebtedness :**

Indebtedness of the Company including interest outstanding / accrued but not due for payment :

(₹ in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	269.81	224.35	-	494.16
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.60	0.31	-	0.91
<b>Total (i+ii+iii)</b>	<b>270.41</b>	<b>224.66</b>	<b>-</b>	<b>495.07</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	425.04	477.34	-	902.38
- Reduction	(450.48)	(587.73)	-	(1,038.21)
- Exchange difference (Unrealised)	2.23	0.94	-	3.17
<b>Net Change</b>	<b>(23.21)</b>	<b>(109.45)</b>	<b>-</b>	<b>(132.66)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	246.60	114.90	-	361.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.27	0.19	-	0.46
<b>Total (i+ii+iii)</b>	<b>246.87</b>	<b>115.09</b>	<b>-</b>	<b>361.96</b>



## VI. Remuneration of directors and key managerial personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in crores)

Sr. No.	Particular of Remuneration	Shri Kushal N. Desai MD & CEO	Shri C. N. Desai MD	Total Amount
	Gross Salary			
1.	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.90	0.92	1.82
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.01	0.02	0.03
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of Profit - Others, Specify.....	1.78 --	1.78 --	3.56 --
5.	Others, please specify	--	--	--
	<b>Total (A)</b>	<b>2.69</b>	<b>2.72</b>	<b>5.41</b>

### B. Remuneration to other Directors :

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount Rs.
1.	<b>Independent Directors</b>	<b>Dr. N.K. Thingalaya</b>	<b>Shri F. B. Virani</b>	<b>Shri Suyash Saraogi</b>	<b>Smt. Nina Kapasi</b>	
	- Fee for attending Board / Committee Meetings	2,42,500	2,85,000	2,52,500	2,20,000	1,000,000
	- Commission	--	--	--	--	
	- Others, please specify...	--	--	--	--	
	<b>Total B (1)</b>	<b>2,42,500</b>	<b>2,85,000</b>	<b>2,52,500</b>	<b>2,20,000</b>	<b>1,000,000</b>
2.	<b>Other Non-Executive Director</b>					
		<b>Name of Directors</b>				
		<b>Dr. N. D. Desai</b>				
	- Fee for attending Board / Committee Meetings	2,45,000				
	- Commission	17,821,417				
	- Others, please specify...	55,00,000 (Professional Fees)				
	<b>Total (B) (2)</b>	<b>23,566,417</b>				



### C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

(₹ in crore)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel
		CFO and Company Secretary & Compliance Officer
1.	<b>Gross Salary</b>	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 - Basic	0.93
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 - others	0.06
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0
2.	<b>Stock Option</b>	0
3.	<b>Sweat Equity</b>	0
4.	<b>Commission</b> - as % of Profit - Others, specify....	0 0
5.	<b>Others, please specify</b>	0
	<b>Total</b>	<b>0.99</b>

### VII. Penalties / Punishment / Compounding of offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other officers in default					
Penalty	None				
Punishment					
Compounding					



# Corporate Governance Report

## 1. Corporate Governance Philosophy :

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

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

The driving force behind the Company's management is **"Tomorrow's Progress Today"** and backed by **"A culture of High - Tech Practices and Quality"**. Apar's quality policy for ISO-9001 is **"To satisfy customer needs and retain leadership by manufacturing and supplying quality products and services through continuous improvement by motivated employees"**.

The policies and actions of the Company are in line with the applicable guidelines on Corporate Governance with an endeavour to enhance value for shareholders.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

## 2. Board of Directors :

- a. 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 Regulation 26 (1) of the SEBI (LODR) Regulations, 2015 across all listed companies in which he is a director. The Company has appointed a Woman Director pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of The Companies (Appointment and Qualification of Directors) Rules, 2014. All the members of the Board are eminent individuals with excellent qualifications; professional expertise and extensive experience and they have made outstanding contributions to the industry.

The Board periodically reviews the items required to be placed before it as per Part A of Schedule II (Regulation 17 (7) of the SEBI (LODR) Regulations, 2015 and in particular reviews and approves quarterly / half-yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The agenda for the Board Meeting covers items set out as guidelines in Regulation 17 of the SEBI (LODR) Regulations, 2015 to the extent they are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

- b. The Board of Directors meet at least four times in a year with maximum time gap of 120 days between any two meetings to review the Company's performance and financial results, and more often, if considered necessary.

- c. The composition of the Board of Directors and details with regard to them are as follows as on 31st March, 2016 :

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) No. of Shares held : 74,39,633 (including shares held as a Trustee)	--	--	--
Dr. N. K. Thingalaya	Non-Executive & Independent No. of Shares held : Nil	1	2	2
Mr. F. B. Virani	Non-Executive & Independent No. of Shares held : 7,000	--	--	--
Mr. Kushal N. Desai	Managing Director (Executive)	--	--	--





Mr. C. N. Desai	Managing Director (Executive)	--	--	--
Mr. Rajesh Sehgal	Non-Executive & Investor Director No. of Shares held : Nil	1	3	--
Mr. Suyash Saraogi	Non-Executive & Independent No. of Shares held : Nil	--	--	--
Smt. Nina Kapasi	Non-Executive & Independent No. of Shares held : Nil	--	--	--

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

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under Section 2(77) of the Companies Act, 2013, read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014 except Mr. Kushal N. Desai and Mr. Chaitanya N. Desai who are brothers and Dr. N. D. Desai who is their father.

d. During the FY 2015-16, five Board Meetings were held. The dates on which the Board meetings were held are as follows:

May 14, 2015, August 7, 2015, November 5, 2015, January 28, 2016 and March 16, 2016.

e. The last Annual General Meeting (26th AGM) was held on August 7, 2015 at 2.15 P.M. at the Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007, Gujarat.

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	Whether attended last AGM held on August 7, 2015
Dr. N.D. Desai- Chairman (NDD)	5	5	Yes
Dr. N. K. Thingalaya (NKT)	5	5	Yes
Mr. F. B. Virani (FBV)	5	5	Yes
Mr. Kushal N. Desai (KND)	5	5	Yes
Mr. C. N. Desai (CND)	5	5	Yes
Mr. Rajesh Sehgal (RS)	5	5	Yes
Mr. Suyash Saraogi (SS)	5	5	Yes
Smt. Nina Kapasi (NK)	5	5	Yes

f. Details of the Members of various committees, meetings held and attended by the Members.

Audit Committee			Nomination and Compensation-Cum-Remuneration Committee			Share Transfer & Shareholders Grievance-Cum-Stakeholders Relationship Committee			Corporate Social Responsibility (CSR) Committee		
Members of the Committee	No. of meetings held during the tenure of the member	No. of Meetings attended	Members of the Committee	No. of meetings held during the tenure of the member	No. of Meetings attended	Members of the Committee	No. of meetings held during the tenure of the member	No. of Meetings attended	Members of the Committee	No. of meetings held during the tenure of the member	No. of Meetings attended
NKT	4	4	NKT	3	3	NDD	4	4	NDD	5	5
FBV	4	4	FBV	3	3	CND	4	4	FBV	5	5
RS	4	4	RS	3	3	SS	4	4	KND	5	5
KND	4	4	-	-	-	-	-	-	-	-	-
SS	4	4	-	-	-	-	-	-	-	-	-
NK	4	4	-	-	-	-	-	-	-	-	-



### (g) Independent Directors' Meeting :

During the year under review, Independent Directors met on 28th January, 2016, inter alia, to discuss :

- (a) review of the performance of non-independent directors and the Board as a whole;
- (b) review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Directors attended the said Meeting of Independent Directors.

The Company has familiarised the Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters by way of up-dation at the Meetings of Board and Committee and paying visits in the factory and such other programmes. The details of such programmes are put up on the website of the Company at the link:

<http://www.apar.com/pdf/financedata/compositions-committees/4-Familiarisation-Programmes-for-Independent-Directors.pdf>

### 3. Audit Committee:

- (a) The Company has constituted an Audit Committee of Directors in accordance with the requirements of Section 177 of the Companies Act, 2013 and as per the requirement of Part C of Schedule II (Regulation 18 (3) of the SEBI (LODR) Regulations, 2015. The Board of Directors of the Company at their Meeting held on 30th May, 2014 have approved new terms of reference for the Audit Committee as per Section 177(4) of the Companies Act, 2013. The Audit Committee includes four Independent Directors.

#### Terms of Reference :

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

The broad terms of reference of the Audit Committee include, reviewing with the management, the quarterly / half-yearly and annual financial results / statements, adequacy of internal control systems and internal audit functions, overseeing the Company's financial reporting process, recommending the appointment and removal of external and internal auditors, etc. The terms of reference of the Audit Committee are broadly as follows:

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) review of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) formulation of Policy on Related Party Transactions.
- (viii) evaluation of internal financial controls and risk management systems;
- (ix) monitoring the end use of funds raised through public offers and related matters.

During the FY 2015-16, four Audit Committee Meetings were held. The dates on which the Audit Committee Meetings were held are as follows:

May 14, 2015, August 7, 2015, November 5, 2015 and January 28, 2016.

- (b) **Composition:** Composition, Number of Meetings held and attended by the Members are given at Para 2 (f) above.

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

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

### 4. Nomination and Compensation-Cum-Remuneration Committee.

- (a) In compliance with Section 178 of the Companies Act, 2013, the Board has reconstituted and re-designated its existing Compensation-cum-Remuneration Committee to Nomination and Compensation-cum-Remuneration Committee with effect from 30th May, 2014.

**Terms of Reference:** The Broad terms of reference of the Nomination and Compensation-cum-Remuneration Committee include, over and above the administration and other related matters of the Employee Stock Option Plan, the approval of remuneration payable to managerial personnel in accordance with the provisions of Part II and Section I of Schedule V of the Companies Act, 2013 and Part D (A) of the Schedule II (Regulation 19 (4) of the SEBI (LODR) Regulations, 2015 and under any other law, as also the following :



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

**Composition:** Composition, Number of Meetings held and attended by the Members are given at Para 2(f) above.

**(b) Remuneration policy, details of remuneration and other terms of appointment of Directors:**

The Nomination and Compensation-cum-Remuneration Committee (NCR) has formulated a Remuneration and Board Diversity Policy which, inter alia, deals with the manner of selection of Board of Directors and Key Managerial Personnel and Senior Management and their remuneration. The Policy lays down criteria for determining appointment and qualification, positive attributes and independence of Director. The policy reflects the interests of the shareholders and the company taking into consideration any specific matters, including the assignments, the responsibilities undertaken and also be competitive with the external market. The company recognizes the benefit of a Board that possesses the right balance of skills, knowledge, experience, expertise and diversity of perspective. The "Senior Management " includes members of core management team excluding Board of Directors comprising all members of management one level below the executive directors including, Key Managerial Personnel, Chief Operating Officers and all the functional heads. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis and is in consonance with the existing Industry practices.

**Terms of Appointment & Remuneration of Non-Executive Chairman :**

**Dr. Narendra D. Desai, Non-Executive Chairman :**

Period of Appointment	Dr. Narendra D. Desai, Non-Executive Chairman was re-appointed as Technical Advisor / Management Consultant of the Company for a period of 5 years w.e.f. 1st February, 2016. Shareholders approved the Special Resolutions with requisite majority through Postal Ballot & E-Voting and Results were declared on 22.01.2016.
Consultancy Fees	Dr. Narendra D. Desai decided not to receive any Consultancy Fees and re-imbursement of actual rent upto Rs. 3,00,000/- per month for a period of 5 years during his current tenure.
Commission	With effect from 1st February, 2016 for a period of 5 (five) years for each financial year commencing from the Financial Year 2015-16, he will continue to receive commission at a rate not exceeding 1% of Net Profits of the Company as computed in the manner specified under Section 198 of the Companies Act, 2013.

Details of remuneration paid to the Directors are given in the attached Form MGT-9.

**(c) Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Part D (A) of the Schedule II (Regulation 19 (4) of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of Board, the Directors individually as well as the evaluation of the working of its committees. A structured questionnaire was prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

**5. Details of Remuneration Paid To All The Directors :**

- a. The Non-executive Directors, except Investor Director, receive the sitting fees for attending the Board and Committee meetings, as the case may be and reimbursement of expenses for participation in the said Meetings.
- b. The break-up of remuneration paid / payable to the Managing Directors for the FY 2015-16 is as under:

Name of Directors	Mr. K. N. Desai	Mr. C. N. Desai
Position	Managing Director	Managing Director
Salary (₹)	9,048,578	9,226,562
Commission (₹)	17,821,417	17,821,417
Perquisites / Allowances (₹)	109,311	212,135
Total (₹)	26,979,306	27,260,114
Stock Option Granted (Nos.)	Nil	Nil



Service Contract	3 years from 01/01/2015 to 31/12/2017	3 years from 01/01/2015 to 31/12/2017
Notice Period	3 Months	3 Months

- c. In terms of the Companies Act, and as approved by the shareholders, Dr. N. D. Desai, a Non-Executive Chairman has been paid ₹ 5,500,000/- including monetary value of facilities during the period from April 1, 2015 to January 31, 2016 for his professional services to the Company towards his fees and ₹ 17,821,417/- as commission for the Financial Year 2015-16. With effect from 1st February, 2016, he has decided not to receive any consultancy fees and re-imbursement of actual rent upto ₹ 3,00,000 per month for rendering services as Technical Advisor and Management Consultant of the Company w.e.f. 1st February, 2016 for a period of 5 years.

The professional fees of above director has been recommended by the Nomination and Compensation-cum-Remuneration Committee and fixed by the Board after considering his professional expertise and experience in the respective fields, loyalty and professional fees structure prevalent in the industry.

- d. 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 (Gross) (₹)	No. of Stock Options granted
Dr. N. D. Desai	2,45,000	Nil
Dr. N. K. Thingalaya	2,42,500	Nil
Mr. F. B. Virani	2,85,000	Nil
Mr. Suyash Saraogi	2,52,500	Nil
Smt. Nina Kapasi	2,20,000	Nil

#### 6. Share Transfer & Shareholders Grievance-Cum-Stakeholders Relationship Committee :

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

**Composition:** The Share Transfer & Shareholders' Grievance-cum-Stakeholders Relationship Committee met four times during the financial year, i.e. on May 14, 2015, August 7, 2015, November 5, 2015 and January 28, 2016.

Composition, Number of Meetings held and attended by the Members are given at Para 2(f) above.

- b. **Share Transfer System :**

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

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

- d. Status of complaints for the period April 1, 2015 to March 31, 2016.

1.	No. of complaints received	1
2.	No. of complaints resolved	1
3.	No. of complaints not solved to the satisfaction of the investors as at 31st March, 2016.	Nil
4.	Complaints pending as at 31st March, 2016.	Nil
5.	No. of share transfers pending for approval as at 31st March, 2016.	Nil

- e. During the year under review, the Company changed the Registrar and Share Transfer Agent (RTA) from MCS Share Transfer Agent Limited to Link Intime India Private Limited - w.e.f. 3rd March, 2016 for better servicing to the shareholders / investors of the Company.



## 7. Corporate Social Responsibility (CSR) Committee :

The Corporate Social Responsibility (CSR) Committee consists of the following Directors :

1. Dr. N. D. Desai, Chairman
2. Mr. F. B. Virani, Independent Director
3. Mr. K. N. Desai, Managing Director

### Terms of Reference :

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

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

**Composition:** The Corporate Social Responsibility (CSR) Committee met five times during the financial year, i.e. on May 14, 2015, August 8, 2015, November 5, 2015, January 28, 2016 and March 16, 2016.

Composition, Number of Meetings held and attended by the Members are given at Para 2(f) above.

## 8. Risk Assessment & Minimisation Procedures :

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

## 9. 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 Schedule V (E) (Regulation 34 (3) of the SEBI (LODR) Regulations, 2015 which is attached herewith.

## 10. Subsidiary Companies :

The Company has formulated a Policy on Material Subsidiaries in terms of the SEBI (LODR) Regulations, 2015. The same can be accessed through weblink <http://www.apar.com/pdf/financedata/our-policies/Policy%20on%20Material%20Subsidiaries.pdf>

The Company has following Subsidiaries at present :

- i. Petroleum Specialities Pte. Ltd. Singapore (PSPL) – Wholly Owned Subsidiary
- ii. Quantum Apar Speciality Oils Pty. Ltd., Australia, Subsidiary of PSPL and
- iii. Petroleum Specialities FZE, Sharjah – Wholly Owned Subsidiary of PSPL.

On the basis of the definition of material subsidiary given in Regulation 16 of the SEBI (LODR) Regulations, 2015, the Company does not have any Material Subsidiary as on 31st March, 2016.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Board Meetings of Subsidiary Companies are tabled at the Board Meeting of the Company.

## 11. Prevention of Insider Trading :

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.



## 12. Disclosures :

### a) General Body Meeting :

The details of the 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
26th	August 7, 2015 at 2.15 P.M.	The Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 (Gujarat).	1. To consider re-appointment of Mr. Kushal N. Desai as Managing Director and Chief Executive Officer (CEO) of the Company for a period of three years w.e.f. 1st January, 2015 and payment of Remuneration to him.  2. To consider re-appointment of Mr. Chaitanya N. Desai as Managing Director of the Company for a period of three years i.e. from 1st January, 2015 to 31st January, 2015 as Joint Managing Director and from 1st February, 2015 to 31st December, 2017 as Managing Director and payment of Remuneration to him.
25th	August 1, 2014 at 2.00 P.M.	The Conference Room, Gujarat Employers' Organisation (GEO), Trident Complex, D-Wing, 34-35, 3rd Floor, Opp. Geri, Race Course, Vadodara – 390 007 (Gujarat).	1. Authority to the Board of Directors to borrow monies in excess of Paid-up Capital and Free Reserves but not exceeding a sum of Rs. 500 Crores under Section 180 (1) (c) of the Companies Act, 2013.  2. Creation of mortgage, charge etc. of the assets / properties of the Company under Section 180 (1) (a) of the Companies Act, 2013.
24th	August 8, 2013 at 2.30 P.M.	The Auditorium, Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 (Gujarat).	No Special Resolution.

### b) Postal Ballot FY 15-16 :

- I. The consent of the shareholders was obtained by means of voting by postal ballot on October 3, 2015 in respect of following Resolution as proposed in postal ballot notice dated 7th August, 2015 during the year :

#### Resolution :

Resolution under sections 391 to 394 of the Companies Act, 1956 and / or under the corresponding provisions of the Companies Act, 2013 for approval by Public Shareholders to the proposed Scheme of Amalgamation of Apar Lubricants Limited (WOS or the Transferor Company) with Apar Industries Limited (Holding Company or the Transferee Company) and their respective shareholders and creditors.

**Procedure for postal ballot :** The postal ballot process was undertaken in accordance with the provision of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Clause 35A of the Listing Agreement of the Stock Exchanges.

The Board of Directors had appointed Mr. Hemang M. Mehta of M/s. H. M. Mehta & Associates, Practicing Company Secretaries, Vadodara as the scrutiniser for conducting the postal ballot process.

#### Details of voting pattern:

Particulars	Number of Members Voted	Number of Shares Voted	% to Total Shares Voted
Total Postal Ballot received	164	85,32,774	100.00
Total Postal Ballots – Valid	162	85,32,350	99.995
Total Postal Ballots – Invalid	2	424	0.005
Postal Ballots/Votes – in favour of the Resolution	159	85,32,712	99.9992
Postal Ballots / Votes – against the Resolution	5	62	0.0008



**Date of declaration of result of postal ballot :**

The Chairman announced the result of postal ballot process on 3rd October, 2015. The above Resolution was passed with requisite majority.

**II. The consent of the shareholders was obtained by means of voting by postal ballot on January 22, 2016 in respect of following Special Resolutions as proposed in postal ballot notice dated 5th November, 2015 during the year :**
**Resolutions :**

- 1) Special Resolution under proviso (a) & (b) to sub section (4) of section 197, 188 and all other applicable provisions if any, under the Companies Act, 2013 for re-appointment of Dr. Narendra D. Desai, a Technocrat and Non-Executive Chairman of the Company as Technical Adviser / Management Consultant of the Company for a period of 5 years w.e.f. 1st February, 2016 and payment of consultancy fees and providing of other facilities.
- 2) Special Resolution under section 197, 188 and all other applicable provisions if any under Companies Act, 2013 for payment of Commission to Dr. Narendra D. Desai, Non-Executive Chairman of the Company w.e.f. 1st February, 2016 for a period of 5 (five) years, for each financial year commencing from Financial Year 2015-16 at a rate not exceeding 1% of Net Profits of the Company.

**Procedure for postal ballot :** The postal ballot process was undertaken in accordance with the provision of Section 108 and 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 together with The Companies (Management and Administration) Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors had appointed Mr. Hemang M. Mehta of M/s. H. M. Mehta & Associates, Practicing Company Secretaries, Vadodara as the scrutiniser for conducting the postal ballot process.

**Details of voting pattern:**
**Resolution No. 1 :**

Particulars	Number of Members Voted	Number of Shares Voted	% to Total Shares Voted
Total Postal Ballot received	170	25,185,663	100.00
Total Postal Ballots - Valid	170	25,185,663	100.00
Total Postal Ballots - Invalid	Nil	Nil	Nil
Postal Ballots / Votes – in favour of the Resolution	159	20,810,748	82.6293
Postal Ballots / Votes – against the Resolution	11	4,374,915	17.3707

**Resolution No. 2:**

Particulars	Number of Members Voted	Number of Shares Voted	% to Total Shares Voted
Total Postal Ballot received	170	25,185,663	100.00
Total Postal Ballots - Valid	170	25,185,663	100.00
Total Postal Ballots - Invalid	Nil	Nil	Nil
Postal Ballots / Votes – in favour of the Resolution	161	25,183,567	99.9917
Postal Ballots / Votes – against the Resolution	09	2,096	0.0083

**Date of declaration of result of postal ballot :**

The Chairman announced the result of postal ballot process on 22nd January, 2016. All the above Resolutions were passed with requisite majority. However, with respect to Resolution No. 1, Dr. Desai has decided not to receive any consultancy fees and reimbursement of actual rent upto Rs. 3,00,000 per month for rendering services as Technical Advisor and Management Consultant of the Company w.e.f. 1st February, 2016 for a period of 5 years.

**c) Postal ballot - 2016-17 (Special Resolution proposed to be conducted through Postal Ballot):**

The Special Resolution relating to Alteration of Articles of Association of the Company is proposed to be conducted through voting by Ballot Paper and E-voting.

**d) Related Party Transactions :**

The details of all significant transactions with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year are periodically placed before the Audit Committee. The relevant details of all transactions with related parties given in Note No. 34 of the audited Accounts for the FY 2015-16, form a part of this report also. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. These transactions were entered in the ordinary course of business and on arms length basis.



The Board has approved a Policy for Related Party Transactions which has been uploaded on the Company's website and can be accessed through <http://www.apar.com/pdf/financedata/our-policies/1-Policy-on-Related-Party-Transactions.pdf>

- e) 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.
- f) Reports of auditors on statutory financial statements of the Company do not contain any qualification.
- g) The CEO & MD and the CFO have issued certificate pursuant to the provisions of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015 certifying that the financial statements do not contain any untrue statements and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

**h) Means of Communication :**

Quarterly / Half Yearly / Yearly Financial Results: Generally published in Gujarat edition of "The Business Standard", an (English) nationwide daily newspaper and "Loksatta / Vadodara Samachar" a (Gujarati) daily newspaper. Financial Results and subsequent Investors / Earnings presentations of the Company are displayed on the Company's website: [www.apar.com](http://www.apar.com) and being sent to both the Stock Exchanges i.e. BSE and NSE.

- i) Management Discussion & Analysis is covered under the separate head of the Directors' Report of 2015-2016.
- j) The Company has complied with mandatory requirement of Corporate Governance provisions and has not adopted discretionary 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.
- k) The Board of Directors of the Company have appointed M/s. KPMG (India) Private Limited, Chartered Accountants as Internal Auditors of the Company and their Reports are discussed at the Audit Committee Meeting.

**l) Reconciliation of Share Capital Audit (RSCA) :**

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

**13. General Information :**

<b>a.</b>	<b>Annual General Meeting</b>	:	
	Day, Date and Time	:	Friday, 5th August, 2016 at 2.15 P.M. at The Auditorium, Vanija Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara - 390 007 (Gujarat).
<b>b.</b>	<b>Financial Calendar for 2016-17</b>	:	
	Financial year ending	:	31st March.
	First Quarter Results (June, 2016)	:	On or before 14th August, 2016.
	Half Yearly Results (September, 2016)	:	On or before 14th November, 2016.
	Third Quarter Results (December, 2016)	:	On or before 14th February, 2017.
	Approval of Annual Accounts (2016-17)	:	On or before 30th May, 2017.
<b>c.</b>	Book Closure Dates	:	Saturday, 30th July, 2016 to Friday, 5th August, 2016 (both days inclusive)
<b>d.</b>	Dividend Payment	:	Interim dividend @ Rs. 6.50 per share of Rs. 10/- was declared by the Board and Paid to the shareholders. This Interim Dividend is considered as Dividend for FY 15-16.
<b>e.</b>	Registered Office	:	301, Panorama Complex, R. C. Dutt Road, Vadodara - 390 007 (Gujarat).



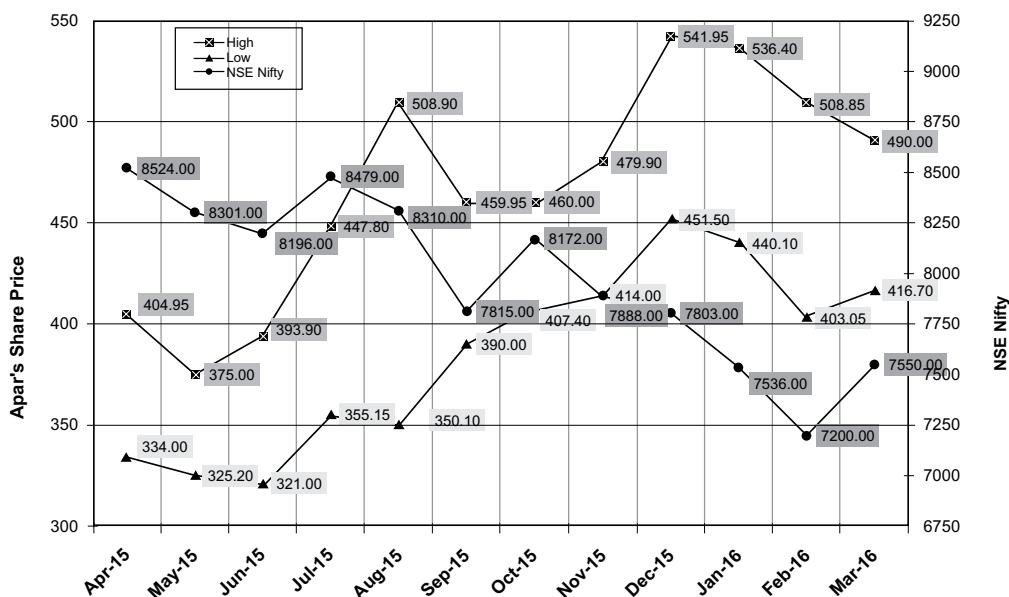
f.	Listing of Shares on the Stock Exchanges	<p>The Equity Shares of the Company are listed on –</p> <ul style="list-style-type: none"> <li>- <b>BSE Ltd. (BSE) - Scrip Code No. 532259</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.</li> <li>- <b>National Stock Exchange of India Limited (NSE) - Scrip Symbol - APARINDS</b> “Exchange Plaza”, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051.</li> </ul> <p>The Company has paid the due listing fees to both the Stock Exchanges.</p>
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- g. Stock Price Data for the financial year April, 2015 to March, 2016 prevailed at the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE):

Year	Month	BSE			NSE		
		High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
2015	April	405.00	335.00	98,466	404.95	334.00	2,97,320
	May	369.70	323.10	31,079	375.00	325.20	1,08,717
	June	393.00	320.30	75,488	393.90	321.00	2,66,248
	July	450.00	354.00	2,60,139	447.80	355.15	8,51,441
	August	508.00	350.80	5,76,132	508.90	350.10	14,87,988
	September	457.70	390.00	1,70,910	459.95	390.00	3,70,148
	October	458.00	406.50	85,104	460.00	407.40	5,14,967
	November	479.90	412.20	9,32,594	479.90	414.00	13,00,318
	December	541.60	451.00	2,50,989	541.95	451.50	8,83,610
2016	January	536.25	441.75	1,81,550	536.40	440.10	5,62,276
	February	508.00	406.00	65,866	508.85	403.05	2,98,222
	March	490.50	418.40	73,655	490.00	416.70	1,84,404

h. Stock Performance :

- i) The performance / movement of price of the Company's Equity Share as compared to NSE Nifty 50 Index is given in the chart below:





i.	<b>Registrar for Share Transfer and Depository</b>	:	<p>Link Intime India Private Limited, B-102 &amp; 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020 (Gujarat).</p> <p>Ph. Nos. (0265) 2356573, 2356794 Tele Fax. (0265) 2356791 E-mail: vadodara@linkintime.co.in</p>
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j. **Distribution of Shareholding as at 31st March, 2016 :**

Range of Equity Shares		No. of Equity Shareholders	% of Equity Shareholders	No. of Equity Shares held	% of Shareholding
1	500	22,986	95.52	11,07,473	2.88
501	1,000	501	2.08	3,75,879	0.98
1,001	2,000	286	1.19	4,19,200	1.09
2,001	3,000	76	0.31	1,89,695	0.49
3,001	4,000	41	0.17	1,46,341	0.38
4,001	5,000	34	0.14	1,56,005	0.40
5,001	10,000	64	0.27	4,43,358	1.15
10,001	and above	77	0.32	3,56,58,818	92.63
<b>Total</b>		<b>24,065</b>	<b>100.00</b>	<b>38,496,769</b>	<b>100.00</b>

k. **Shareholding Pattern as at 31st March, 2016:**

Category	No. of Equity Shares held	% Holding
Promoters / Persons Acting in concert	22,408,040	58.21
Banks, Financial Institutions and Insurance Companies	8,503	0.02
Mutual funds	4,276,651	11.11
Foreign Institutional Investors	3,304,644	8.58
NRI's / OCBs	175,816	0.46
Corporate Bodies	1,583,036	4.11
Resident Individuals	3,103,716	8.06
Foreign Investors (Templeton Strategic Emerging Markets Fund III, L.D.C.)	3,636,363	9.45
<b>Total</b>	<b>38,496,769</b>	<b>100.00</b>

l. **Dematerialization of Shares & Liquidity :**

As at March 31, 2016, 99.44 % of total Equity Share Capital is held in electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's equity shares are compulsorily traded in the electronic form at the Stock Exchanges. Requests for dematerialisation of shares are processed and confirmed to NSDL and CDSL by the Registrar, Link Intime India Private Limited. The Equity Share ISIN is INE372A01015. Members holding shares in physical mode are urged in their own interest to hold these shares in dematerialised form with any depository participant.

m. **Global Depository Receipts (GDR) / American Depository Receipts (ADR) / Warrants or any Convertible instrument, conversion dates and likely impact on Equity :**

NIL

**n. Whistle Blower Policy**

The Company has introduced 'Whistle Blower Policy (Apar's OMBUDSMEN Policy) effective from 1st March, 2014 by setting a vigil mechanism to enable anyone within the company and those dealing with the Company to voice their concern to the 'Ombudsmen of the Company' if they discover any information which he / she believe shows serious malpractice, impropriety, abuse of power and authority, financial wrongdoing or unethical conduct / practices, without fear of reprisal or victimisation, subsequent discrimination or disadvantage. The above policy provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional case.

The Audit Committee reviewed the said Policy at its Meeting held on 30th May, 2014.

**o. Plant Locations :**

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

\* Union Territory of Dadra & Nagar Haveli

**p. 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, (Gujarat)  
Ph. (0265) 2331935, 2339906  
Fax: (0265) 2330309.

**E-mail :**

**Investor Grievance Redressal cell :**

com\_sec@apar.com

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

The Company has transferred the Unclaimed / Undelivered Equity Shares in terms of Schedule VI of SEBI (LODR) Regulations, 2015 into "Demat Suspense Account" opened for the purpose pursuant to Securities and Exchange Board of India (SEBI) circular dated 16-12-2010. The details of Unclaimed / Undelivered Shares in the "Demat Suspense Account" as on March 31, 2016 is as follows :

Sr. No.	Description	No. of Cases	No. of Shares
i)	Aggregate number of shareholding and the outstanding shares in the Unclaimed Suspense Account at the beginning of the year i.e. April 1, 2015.	3,649	47,789
	Additions	3	168
	<b>Total</b>	<b>3,652</b>	<b>47,957</b>
ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2015-2016.	33	484
iii)	Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2015-2016.	33	484
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. March 31, 2016.	<b>3,619</b>	<b>47,473</b>

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

**15. Cost Audit :**

The Cost Auditors appointed by the Company pursuant to Section 148 (3) of Companies Act, 2013 and rule 6 (2) of the Companies (cost records and audit) Rules, 2014 have submitted their Cost Audit Reports for the Financial Year ended 31st March, 2015. The said Cost Audit Reports were filed in XBRL mode with MCA Authorities on 28th September, 2015 (due date of filing was 30th September, 2015).



The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2016 is within 30 days from the date of receipt of a copy of Cost Audit Report.

#### 16. Secretarial Audit :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Hemang M. Mehta of M/s. H. M. Mehta & Associates, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure - I". The Report does not contain any qualifying remark.

#### 17. Employee Stock Options :

Members' approval was obtained at the Annual General Meeting held on August 9, 2007 for introduction of Employee Stock Option Scheme to issue and grant upto 16,16,802 options and it was implemented by the Company. Out of the above options, 175,150 Options have been granted. Each Option, upon exercise of the same, would give rise to one equity share of ₹ 10/- each fully paid up. The Details of the Options granted / vested are as under:

Date of Grant (the options granted on January 23, 2008 at ₹ 259.75 were cancelled and subsequently, fresh same number of options granted on May 27, 2008 at exercise price of ₹ 207.05 per option)	May 27, 2008
Total options granted	175,150
Date of vesting of options	May 27, 2009 (1/3rd of the above options granted)  May 27, 2010 (further 1/3rd of the above options granted)  May 27, 2011 (Balance 1/3rd of the above options granted)
Total Options vested	175,150
Total Options Exercised	26,338
Total options lapsed	148,812



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

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

I confirm that the Company has in respect of the financial year ended 31st March, 2016, 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, 2016.

Place : Mumbai

Date : 25th May, 2016.

**Kushal N. Desai**  
Managing Director and CEO

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### Auditors' Certificate

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 (the 'Company'), for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period from 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.

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 of 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 the above-mentioned Listing Agreement/Listing Regulations, as applicable.

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

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

**MILIND P. PHADKE**  
Partner  
Membership No.033013

Mumbai, 25th May, 2016





## Financial Section



To the Members of  
Apar Industries Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Apar Industries Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to

the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - 1) the Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 31 of the financial statements);
    - 2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - 3) there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.109982W

by the hand of

**MILIND P. PHADKE**

Partner

Membership No. 033013

Mumbai, 25th May, 2016



## Annexure 'A' to the Independent Auditor's Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) According to the information and explanations given to us and the records examined by us, the Company has not accepted deposits during the year. Accordingly, the Paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account and records maintained by the Company specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of manufacturing activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2016 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount ₹ in crore*	Period to which the amount relates	Forum where disputes are pending
The Central Sales Tax Act, 1956, Local Sales Tax Acts and Works Contract Tax Act	Tax, Interest and Penalty	0.13	1998-99 2001-02 2003-04 2004-05 2010-11	Commercial Tax Officer
		0.09	2011-12 to 2013-14	Deputy Commissioner
		6.69	2002-03 to 2004-05 2006-07 2007-08 2009-10 2011-12	Commissioner VAT
		5.34	1998-99 2006-07 2008-09	Tribunal
		0.15	2009-10	High Court



The Central Excise Act, 1944, the Customs Act, 1962 and Service Tax under the Finance Act, 1994	Duty, Service Tax, Interest and Penalty	1.77	2004-05 to 2011-12	Commissionerate (Appeals)
		4.19	1997-98 to 2000-01 2004-05 to 2009-10	CESSTAT / Tribunal
			2011-12 to 2012-13	
		2.46	1993-94 1998-99 to 2003-04	High Court
			2005-06 to 2006-07	
		5.30	1995-96 to 2001-02	Supreme Court

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

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from Government. The Company has not issued any debentures.

(ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, on an overall basis, the term loans were applied for the purposes for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all

the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.109982W

by the hand of

**MILIND P. PHADKE**

Partner

Membership No.033013

Mumbai, 25th May, 2016



## Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

We have audited the internal financial controls over financial reporting of Apar Industries Limited (the 'Company') as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**SHARP & TANNAN**

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

**MILIND P. PHADKE**

Partner  
Membership No.033013

Mumbai, 25th May, 2016



## Balance Sheet As at 31st March, 2016

(₹ in crore)

	Note No.	As at 31-March-16	As at 31-March-15
<b>EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS:</b>			
(a) Share capital	2	38.50	38.50
(b) Reserves and surplus	3	725.96	598.42
		<b>764.46</b>	<b>636.92</b>
<b>2. NON-CURRENT LIABILITIES:</b>			
(a) Long-term borrowings	4	60.51	94.79
(b) Deferred tax liabilities (net)	5	31.27	27.55
(c) Other-long term liabilities	6	2.28	2.19
(d) Long-term provisions	7	3.54	3.70
		<b>97.60</b>	<b>128.23</b>
<b>3. CURRENT LIABILITIES:</b>			
(a) Short-term borrowings	8	263.80	386.67
(b) Trade payables	9	1,399.03	1,561.15
(c) Other current liabilities	10	122.08	120.39
(d) Short-term provisions	11	0.85	15.69
		<b>1,785.76</b>	<b>2,083.90</b>
<b>TOTAL</b>		<b>2,647.82</b>	<b>2,849.05</b>
<b>ASSETS</b>			
<b>1. NON-CURRENT ASSETS:</b>			
(a) Fixed assets			
(i) Tangible assets	12	384.84	369.29
(ii) Intangible assets	12	2.69	3.34
(iii) Capital work-in-progress	12	20.81	9.47
		<b>408.34</b>	<b>382.10</b>
(b) Goodwill on amalgamation		10.08	-
(c) Non-current investments	13	0.26	29.93
(d) Long-term loans and advances	14	45.66	43.34
		<b>464.34</b>	<b>455.37</b>
<b>2. CURRENT ASSETS:</b>			
(a) Current investments	15	109.07	0.72
(b) Inventories	16	764.59	929.39
(c) Trade receivables	17	1,071.60	1,239.17
(d) Cash and bank balances	18	89.45	37.76
(e) Short-term loans and advances	19	143.65	148.02
(f) Other current assets	20	5.12	38.62
		<b>2,183.48</b>	<b>2,393.68</b>
<b>TOTAL</b>		<b>2,647.82</b>	<b>2,849.05</b>
<b>Significant accounting policies</b>	1		
<b>Contingent liabilities and commitments</b>	31		

The accompanying notes form an integral part of financial statements

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



# Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in crore)

	Note No.	2015-16	2014-15
<b>INCOME:</b>			
Revenue from operations (gross)	21	5,482.83	5,498.26
Less: Excise duty		472.88	487.29
Revenue from operations (net)		<b>5,009.95</b>	<b>5,010.97</b>
Other income	22	3.37	8.37
<b>TOTAL REVENUE (i)</b>		<b>5,013.32</b>	<b>5,019.34</b>
<b>EXPENSES:</b>			
Cost of raw materials and components consumed	23	3,735.65	4,012.35
Purchases of stock-in-trade	24	68.17	63.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	20.54	(89.79)
Employee benefits expense	26	90.69	69.98
Other expenses	27	739.74	713.83
Exceptional items	28	(43.15)	0.25
		<b>4,611.64</b>	<b>4,769.99</b>
Less: Transfer to capital assets		<b>0.48</b>	<b>0.01</b>
<b>TOTAL EXPENSES (ii)</b>		<b>4,611.16</b>	<b>4,769.98</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (i-ii)</b>		<b>402.16</b>	<b>249.36</b>
Depreciation and amortisation expense		37.69	31.04
Finance costs	29	151.56	150.09
<b>PROFIT BEFORE TAX</b>		<b>212.91</b>	<b>68.23</b>
<b>TAX EXPENSE:</b>			
Current tax		55.73	13.66
Deferred tax		4.07	6.49
Taxes of earlier years		(3.87)	0.22
<b>TOTAL</b>		<b>55.93</b>	<b>20.37</b>
<b>PROFIT FOR THE YEAR</b>		<b>156.98</b>	<b>47.86</b>
Earnings Per Equity share (face value ₹ 10 each)			
(a) Basic	30	40.78	12.44
(b) Diluted		40.78	12.44
<b>Significant accounting policies</b>	1		

The accompanying notes form an integral part of financial statements

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr.N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary





# Cash Flow Statement for the year ended 31st March, 2016

(₹ in crore)

		2015-16	2014-15
<b>A.</b>	<b>Cash flows from Operating Activities :</b>		
	Profit before taxation	212.91	68.23
	Adjustments for:		
	Depreciation and amortisation expenses	37.69	31.04
	(Profit)/loss on sale of shares (net)	[43.15]	-
	(Profit)/loss on sale of fixed assets (net)	0.06	0.27
	Unrealised exchange loss/(gain)	(5.87)	11.73
	Profit on sale of investments	[2.80]	[0.84]
	Dividend on investments and from subsidiaries	[0.57]	[7.53]
	Interest expense/(income) (net)	77.19	55.08
		62.55	89.75
	Operating profit before working capital changes in :	275.46	157.98
	(Increase)/decrease in trade and other receivables	180.03	(179.22)
	(Increase)/decrease in inventories	164.80	81.05
	Increase/(decrease) in trade and other payables	[183.61]	181.80
		161.23	[83.63]
	<b>Cash generated from/(used in) operations</b>	<b>436.69</b>	<b>[241.60]</b>
	Direct taxes paid (net of refunds)	[34.35]	[14.38]
	<b>Net cash from/(used in) operating activities</b>	<b>402.34</b>	<b>227.22</b>



# Cash Flow Statement for the year ended 31st March, 2016

(₹ in crore)

B.	Cash flows from investing activities :	2015-16		2014-15	
	Purchase of fixed assets	(74.35)		(57.78)	
	Sale of fixed assets	0.72		2.78	
	Sale of Shares in AIL Benefit Trust	71.04			
	Purchase of shares in subsidiary				
	- Apar Lubricants Ltd.	-		(1.45)	
	Investment in Mutual fund (net)	(101.01)		1.62	
	Dividend received	0.57		7.53	
	<b>Net cash from/(used in) investing activities</b>		<b>(103.04)</b>		<b>(47.30)</b>
C.	<b>Cash flows from financing activities :</b>				
	Proceeds/(repayments) from/of fixed deposits (net)	-		(24.21)	
	Proceeds from issue of shares (Net of expenses)	0.00		0.54	
	Proceeds/(repayments) from short term borrowings	(119.69)		(317.70)	
	Proceeds/(repayments) of long term borrowings	(9.82)		43.39	
	Interest received/(paid) - net	(74.00)		(47.84)	
	Dividend paid	(38.19)		(20.15)	
	Tax on dividends	(6.48)		(3.43)	
	<b>Net cash from/(used in) financing activities</b>		<b>(248.18)</b>		<b>(369.40)</b>
	<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(51.12)</b>		<b>(189.47)</b>
	Cash and cash equivalents at the beginning of year	37.76			
	Add: On amalgamation of Apar Lubricants Limited	0.57	<b>38.33</b>		<b>227.23</b>
	<b>Cash and cash equivalents at the end of year</b>		<b>89.45</b>		<b>37.76</b>

## Notes :

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
- Purchase of fixed assets includes movement of capital work-in-progress during the year.
- Cash and cash equivalents represents cash and bank balances and include margin money of ₹ 6.62 crore; (Previous year ₹ 5.91 crore), fixed deposit under lien ₹ 4.58 crore (Previous year Nil) and unrealised gain of ₹ 0.41 crore; (Previous year unrealised gain of ₹ 0.38 crore) on account of translation of foreign currency bank balances.
- Previous year's figures have been regrouped wherever necessary.

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

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

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



# Notes Accompanying to the Financial Statements

## Note 1 Significant Accounting Policies

### 1. Basis of Preparation of financial statements :

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost-convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except, where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

### 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) (i) Depreciation on assets is provided over the useful lives of assets as prescribed under Schedule II to the Companies Act, 2013.
- (ii) In respect of following assets, based on management experience and independent technical evaluation carried out by external technical consultants, the management has estimated useful lives, which are different then prescribed in Schedule II.

Description of Assets	Useful Life in Schedule II	Useful Life as per technical consultant
Plant and Machinery –Oil division (other than filling lines)	15 Years	20 Years
Plant and Machinery- Conductor Division	15 Years	20 Years
Plant and Machinery -Cable Division	15 Years	25 Years

- (iii) Depreciation is provided on written down value method except in respect of building and plant and machinery purchased after 30.4.1987, which are depreciated on straight line method.
- (iv) Capital expenditure in respect of which ownership does not vest with the Company is amortized over a period of five years. Leasehold land is amortised over the period of lease.
- (v) In respect of Cable division all assets are depreciated on straight line method.
- (vi) Borrowing costs attributable to acquisition/construction of qualifying assets within the meaning of the Accounting Standard (AS) 16 'Borrowing Costs' are capitalised as a part of the cost of fixed assets.
- (vii) Pre-operation expenses including trial run expenses (net of revenue) are capitalised.
- (viii) Components of an asset has been identified based on where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of asset and depreciated over useful life of that component of an asset.

### 4. Impairment of assets :

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

### 5. Investments :

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

### 6. Inventories :

Inventories are valued at lower of standard cost or net realizable value. Cost includes material cost, cost of labour and attributable



# Notes Accompanying to the Financial Statements

## Note 1 Significant Accounting Policies (Contd.)

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.
- (iii) Government grants which are in the nature of subsidies received from government/semi-government authorities and which are non-refundable are credited to reserves.

### 8. Employee stock options :

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

### 9. Voluntary retirement schemes :

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

### 10. Enterprise resource planning cost :

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

### 11. Share issue expenses :

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

### 12. Revenue recognition :

- (i) Sale of goods is recognised on despatch to customers and on date of shipment in case of exports. Sales exclude amounts recovered towards sales tax and excise duty and is net of returns.
- (ii) 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 Statement of profit and loss during the period in which the employee renders the related service.

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

### 14. Translation of foreign currency :

- (i) The Company translates foreign currency transactions during the year, at the conversion rates prevailing on transaction dates.
- (ii) Monetary items remaining unsettled at the year end are translated / reported at the year end rate. Exchange differences arising on such revaluation are recognised in the Statement of profit and loss.
- (iii) Non-Monetary items (other than fixed assets) are reported at the exchange rate at which they are accounted.
- (iv) In case of forward contracts, premium on the forward contracts is recognised as income or expense over the life of the contract.



# Notes Accompanying to the Financial Statements

## Note 1 Significant Accounting Policies (Contd.)

- (v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### 15. Derivative Contracts :

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

### 16. Export benefits/Incentives :

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

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

The demands under disputed 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 realized.

### 19. Provision for contingencies :

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

### 20. Accounting for interest in joint ventures :

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

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

### 21. Borrowing costs :

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

### 22. Lease accounting :

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



# Notes Accompanying to the Financial Statements

## Note 2 Share Capital

(₹ in crore)

	31 March 2016	31 March 2015
<b>Authorised</b>		
101,998,750 Equity shares of ₹ 10 each	102.00	92.00
(Previous year 91,998,750 Equity shares of ₹ 10 each)		
<b>Issued</b>		
38,496,769 Equity shares of ₹ 10 each	38.50	38.50
(Previous year 38,496,503 Equity shares of ₹ 10 each)		
<b>Subscribed and Paid up</b>		
38,496,769 Equity shares of ₹ 10 each fully paid	38.50	38.50
(Previous year 38,496,503 Equity shares of ₹10 each fully paid )		
<b>Total</b>	<b>38.50</b>	<b>38.50</b>

### Notes :

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

##### Equity Shares

	31 March 2016		31 March 2015	
	No of Shares	₹ crore	No of Shares	₹ crore
At the beginning of the year	38,496,503	38.50	38,470,431.00	38.47
Issued during the year	*266	0.00	26,072.00	0.03
<b>Outstanding at the end of the year</b>	<b>38,496,769</b>	<b>38.50</b>	<b>38,496,503.00</b>	<b>38.50</b>

\*Issued during the year to the Employees under Apar Industries Limited Stock Option Plan - 2007 at ₹207.05 per share.

#### b. Terms/rights attached to equity shares

- The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2016, the amount of per share final equity dividend recognised as distributions to equity shareholders is ₹ Nil, ( Previous year ₹ 3.50 ).
- During the year ended 31st March 2016, the amount of per share interim dividend recognised as distributions to equity shareholders is ₹ 6.50 (including special dividend @ ₹ 1 per share on account of 100th Birth Anniversary of late Shri Dharmsinh D. Desai, Founder of the Company), ( Previous year rupee ₹ Nil ).
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2016		31 March 2015	
	No of Shares	% of holdings in the class	No of Shares	% of holdings in the class
Equity shares of ₹ 10 each fully paid				
Dr. N. D. Desai	7,271,761	18.89%	7,271,761	18.89%
Kushal N. Desai	7,378,428	19.17%	7,378,428	19.17%
Chaitanya N. Desai	7,367,260	19.14%	7,367,260	19.14%
Templeton Strategic Emerging Markets Fund III, L.D.C.	3,636,363	9.45%	3,636,363	9.45%
HDFC Trustee Company Limited - HDFC Prudence fund	2,194,750	5.70%	1,694,750	4.40%

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

# Notes Accompanying to the Financial Statements

## Note 2 Share Capital (Contd.)

### d. Shares reserved for issue under options

The Company provides share-based payment to its employees. During the year ended 31st March 2016, an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below :

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

		31 March 2016	31 March 2015
i.	Outstanding at the beginning of the year	9,671	99,294.00
ii.	Vested during the year	-	-
iii.	Forfeited during the year	9,405	63,551.00
iv.	Exercised during the year	266	26,072.00
v.	Outstanding at the end of the year	Nil	9,671.00
vi.	Exercisable at the end of the year	Nil	9,671.00

During the year, Company has allotted 266 equity shares of ₹ 10 each to employees of the Company under Employee stock option plan 2007 at an exercise price of ₹ 207.05 per share.

The Employee stock option plan 2007 was terminated on 26th May, 2015 upon lapse of exercise period of the options.

### e. Disclosures as required by Accounting Standard (AS) 14 Accounting for Amalgamations

At the hearing held on 23rd October, 2015, the Honorable High Court of Gujarat at Judicature at Ahmedabad have sanctioned the Scheme of Amalgamation of Apar Lubricants Limited (ALL) (wholly-owned subsidiary of the Company) with Apar Industries Limited (AIL) w.e.f. 1st January, 2015 (being the Appointed Date). The effective date of the Scheme is 10th November, 2015, being the date on which Certified Copy of the High Court Order and the Scheme filed with Registrar of Companies, Gujarat.

Pursuant to the Scheme :

- The Authorised Share Capital of AIL enhanced by Rs 10 crore and now stands at Rs. 1,019,987,500 divided into 101,998,750 Equity Shares of Rs. 10 each;
- The ALL stand dissolved without winding-up; and
- The Scheme has accordingly been given effect to in the financial statements with effect from the Appointed date. All the assets and liabilities excluding fixed assets of ALL have been transferred to the "Company at the book value as recorded in books of Transferor Company. Fixed assets have been recorded at its estimated market value. The Company has followed 'Purchase Method' of accounting as per the Accounting Standard (AS) 14 'Accounting for Amalgamations' notified under Section 211 (3C) of the Companies Act, 1956 and as per the Scheme approved by the Honourable High Court.
- The net loss ₹ 0.00 crore of the Transferor Company from the appointed date i.e. 1st January, 2015 till 31st March, 2015 has been transferred to the surplus in Statement of profit and loss in the books of the Company, thereby adjusting opening reserves. This loss has been arrived at after charging amortisation of Goodwill of ₹ 0.44 crore (net of tax) for the relevant period.
- In view of amalgamation, current year figures are not strictly comparable to those of the previous year.

## Note 3 Reserves and Surplus

(₹ in crore)

	31 March 2016	31 March 2015
<b>Capital Reserve</b>		
Balance as per the last balance sheet	23.77	23.77
<b>Capital Redemption Reserve</b>		
Balance as per the last balance sheet	14.75	14.75
<b>Securities Premium Account</b>		
Balance as per the last balance sheet	176.86	176.35
Add: Premium on issue of shares [Refer Note 2(d)]	0.01	0.51
<b>Closing Balance</b>	<b>176.87</b>	<b>176.86</b>





# Notes Accompanying to the Financial Statements

(₹ in crore)

## Note 3 Reserves and Surplus (contd.)

	31 March 2016	31 March 2015
<b>Cash Flow Hedging Reserve</b>		
Balance as per the last balance sheet	(0.80)	(0.28)
Add: (Deduction)/Addition during the year (net)	0.63	(0.52)
<b>Closing Balance</b>	<b>(0.17)</b>	<b>(0.80)</b>
<b>General Reserve</b>		
Balance as per the last balance sheet	175.00	170.00
Add: Amount transferred from the Statement of profit and loss	15.00	5.00
<b>Closing Balance</b>	<b>190.00</b>	<b>175.00</b>
<b>Surplus/(deficit) in the Statement of profit and loss</b>		
Balance as per last balance sheet	208.84	183.71
Add: Transferred on Amalgamation of a subsidiary w.e.f 1st January 2015 [Refer Note 2(e)(iv)]	0.44	-
Less: Amortisation of Goodwill on amalgamation	(0.67)	-
Add : Deferred tax on amortisation of goodwill	0.23	-
Add: Profit for the year	156.98	47.86
<b>Less: Appropriations</b>		
Transitional provision for : Depreciation charge	-	(4.30)
: Deferred tax on above	(0.00)	1.46
Interim dividend [@ ₹ 6.50 per share including special dividend @ ₹ 1 per share (Previous year ₹ Nil)]	(25.02)	-
Tax on Interim dividend	(5.06)	-
Proposed final equity dividend ₹ Nil (Previous year @ ₹ 3.50 per share)	-	(13.47)
Tax on proposed dividend	-	(1.42)
Transfer to General Reserve	(15.00)	(5.00)
<b>Total appropriations</b>	<b>(45.08)</b>	<b>(22.73)</b>
<b>Net surplus In the Statement of profit and loss</b>	<b>320.74</b>	<b>208.84</b>
<b>Total Reserves and Surplus</b>	<b>725.96</b>	<b>598.42</b>

## Note 4 Long - Term Borrowings

(₹ in crore)

	31 March 2016	31 March 2016	31 March 2015	31 March 2015
	Non-Current	Current	Non-Current	Current
<b>Secured Loans</b> (Refer Note below)				
<b>Term loans</b>				
Foreign currency loan from banks	27.17	23.85	48.12	9.37
Rupees Term Loan from bank	33.34	13.33	46.67	3.33
<b>Total</b>	<b>60.51</b>	<b>37.18</b>	<b>94.79</b>	<b>12.70</b>

### Note:

- The Foreign Currency term loan from Credit Agricole CI Bank, Singapore, is secured by exclusive charge on the assets acquired by the Company with the proceeds of the facility.
- The Foreign Currency term loan from Union Bank of India, Hong Kong, is secured by first charge by way of equitable mortgage by deposit of title deeds of Company's Athola properties and exclusive hypothecation charge on the assets acquired by the Company with the proceeds of the facility situated at other locations.
- The rupees term loan from ING Vysya Bank Ltd (now Kotak Mahindra Bank) is secured by first charge by way of equitable mortgage by deposit of title deed of Company's Khatalwad properties and hypothecation of movable plant and machinery at Khatalwad excluding movable machinery hypothecated to ECB Lenders.

Terms of repayment of term loan :

- In respect of Foreign Currency Term Loans from Credit Agricole CI Bank, Singapore; in August 2016 ₹ 13.25 crore.

# Notes Accompanying to the Financial Statements

## Note 4 Long - Term Borrowings (contd.)

- In respect of Foreign Currency Term Loans from Union Bank of India, Hongkong; in May 2016 ₹ 10.60 crore; in May 2017 ₹ 11.93 crore; in May 2018 ₹ 15.24 crore.
- In respect of Rupee Term Loan from Bank in 15 quarterly installments commencing from March 2016 till September 2019, 14 installments of ₹ 3.33 crore each and last of ₹ 3.34 crore.

## Note 5 Deferred Tax Liabilities (Net)

(₹ in crore)

	31 March 2016	31 March 2015
Deferred tax liability arising on account of timing difference in:		
Book and tax depreciation	39.75	35.17
Deferred tax assets arising on account of timing difference in:		
Allowances for doubtful debts and advances	(6.45)	(5.04)
Provision for gratuity and leave salary	(1.52)	(1.56)
Voluntary retirement scheme	(0.51)	(1.02)
<b>Total</b>	<b>31.27</b>	<b>27.55</b>

## Note 6 Other Long-Term Liabilities

(₹ in crore)

	31 March 2016	31 March 2015
Deposits from dealers	2.28	2.19
<b>Total</b>	<b>2.28</b>	<b>2.19</b>

## Note 7 Long-Term Provisions

(₹ in crore)

	31 March 2016	31 March 2015
<b>Provision for employee benefits</b>		
Provision for gratuity- In respect of directors	0.74	0.62
Provision for leave benefits (Refer Note 33)	2.80	3.08
<b>Total</b>	<b>3.54</b>	<b>3.70</b>

## Note 8 Short-Term Borrowings

(₹ in crore)

		31 March 2016	31 March 2015
<b>Secured Loans</b>			
Working capital loans from banks (Refer Notes below)			
Rupee loans	-		0.00
Packing credit loan in foreign currency from banks	148.90		162.32
		148.90	162.32
<b>Unsecured Loans</b>			
Packing credit loan in foreign currency from banks		91.62	91.58
Buyer's Credit in foreign currency		23.28	132.77
<b>Total</b>		<b>263.80</b>	<b>386.67</b>

### Note:

Working capital loans from banks of ₹ 148.90 crore are secured by :

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



# Notes Accompanying to the Financial Statements

## Note 9 Trade Payables

(₹ in crore)

	31 March 2016	31 March 2015
Trade payables (including acceptances) (Refer Note below)		
Due to micro and small enterprises	9.28	5.08
Due to other than micro and small enterprises	1,389.75	1,545.48
Due to subsidiary companies	-	10.59
<b>Total</b>	<b>1,399.03</b>	<b>1,561.15</b>

Note :

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

(₹ in crore)

	31 March 2016	31 March 2015
(a) (i) Delayed payments due - Principal amount	-	-
(ii) Interest due on the above.	-	-
(b) Total interest paid on all delayed payments during the year under the provision of the Act	-	-
(c) Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under this Act	-	-
(d) Interest accrued but not due	-	-
(e) Total interest due but not paid	-	-

Note:

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

## Note 10 Other Current Liabilities

(₹ in crore)

	31 March 2016	31 March 2015
<b>Current maturities of long-term borrowings</b>		
Current portion of long-term foreign currency loan (Refer Note 4)	23.85	9.37
Current portion of long-term Rupee loan (Refer Note 4)	13.33	3.33
Interest accrued but not due on borrowings	10.98	7.84
<b>Investor Education and Protection Fund</b> (Refer Note (a) below)		
Unclaimed dividend	1.03	0.73
Creditors for capital expenditure	2.27	4.36
Statutory dues towards Government	7.34	6.39
Other payables (Refer Note (b) below)	63.28	88.37
<b>Total</b>	<b>122.08</b>	<b>120.39</b>

Note:

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March, 2016.

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

## Note 11 Short-Term Provisions

(₹ in crore)

	31 March 2016	31 March 2015
<b>Provision for employee benefits</b>		
Provision for leave benefits (Refer Note 33)	0.85	0.80
<b>Sub Total</b>	<b>0.85</b>	<b>0.80</b>
<b>Other provisions</b>		
Proposed dividend	-	13.47
Provision for tax on proposed dividend	-	1.42
<b>Sub Total</b>	<b>-</b>	<b>14.89</b>
<b>Grand Total</b>	<b>0.85</b>	<b>15.69</b>

# Notes Accompanying to the Financial Statements



Note	12	Fixed Assets										
		Gross Block					Depreciation			Net Block		
	As at 01-04-2015	Transfer on amalgama- tion **	Additions	Deductions	Other Adjustment	As at 31-03-2016	Upto 31-03-2015	For the year	Deductions/ Adjustments	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
(i) Tangible assets												
Land- Freehold	25.87		0.08	-	-	25.95	-	-	-	-	25.95	25.87
Land-Leasehold	12.14		-	-	-	12.14	1.54	0.14	-	1.68	10.46	10.60
Building (Refer Note below)	130.95		6.10	-	-	137.05	23.95	4.84	-	28.79	108.26	107.00
Plant and machinery (Refer Note below)	387.34		36.36	(1.70)	3.13	425.13	174.47	24.93	(0.93)	198.47	226.66	212.87
Furniture and fixtures	10.12	0.02	0.36	(0.00)	-	10.50	6.58	0.63	0.10	7.31	3.19	3.54
Equipments	18.13	0.23	1.63	(0.14)	-	19.85	12.65	2.00	(0.09)	14.55	5.30	5.48
Motor vehicles	8.13	0.09	2.77	(1.14)	-	9.86	4.20	1.44	(0.80)	4.84	5.02	3.93
Sub total (i)	592.68	0.34	47.31	(2.98)	3.13	640.48	223.39	33.98	(1.73)	255.64	384.84	369.29
(ii) Intangible assets												
Specialised software	7.75	0.03	0.36	-	-	8.14	4.82	0.99	-	5.81	2.33	2.93
Non compete fee	0.54		-	-	-	0.54	0.13	0.05	-	0.18	0.36	0.41
Sub total (ii)	8.29	0.03	0.36	-	-	8.68	4.95	1.04	-	5.99	2.69	3.34
Total (i+ii)	600.97	0.37	47.67	(2.98)	3.13	649.16	228.34	35.02	(1.73)	261.63	387.53	372.63
31 March 2015	539.56	-	68.53	(11.88)	4.76	600.97	201.82	31.04	(4.52)	228.34		
(iii) Capital work-in-progress-Tangible assets												
Buildings												
Plant and machinery												
Sub total (iii)												
Grand Total												

## Note:

- Includes expenditure on Research and development ₹ 0.73 , (Previous year ₹ 0.03 crore) for Plant and machinery and ₹ Nil, (Previous year ₹ Nil) for Building (Refer Note 32 (A))
- In line with Notification No G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India, in respect of accounting periods commencing on or after the 1st April, 2011 for an enterprise which had earlier exercised the option under paragraph 46 and at the option of any other enterprise, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset. Accordingly, ₹ 3.13 crore (Previous year ₹ 4.76 crore) have been capitalised to Plant and machinery (Refer Note 1(14)(iv)) The unamortised amount of such exchange differences, as on 31st March, 2016 is ₹ 12.08 crore (Previous year ₹ 10.58 crore)
- As per GN [A] 35 Guidance Note on Accounting for Depreciation in Companies issued by the ICAI, in the context of Schedule II to the Companies Act, 2013 - Component Approach, where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset. Useful life of that significant part shall be determined separately. On this basis the bricks, part of CCR-Casting & Rolling equipments has been identified as component & accordingly depreciation has been calculated. The additional impact for change in policy is ₹ 0.07 crore.



# Notes Accompanying to the Financial Statements

## Note 13 Non-Current Investments

(₹ in crore)

	31 March 2016	31 March 2015
<b>A. Investment in Equity Instruments</b>		
<b>In subsidiary companies</b>		
- 100,000; (Previous year 100,000) Ordinary shares of S\$ 1 each fully paid		
Petroleum Specialities Pte Limited, Singapore	0.26	0.26
- Nil; (Previous year 6,767,250) Equity shares of ₹ 10 each fully paid-up		
Apar Lubricants Limited [Refer Note No.2(e)]	-	29.67
	<b>0.26</b>	<b>29.93</b>
Aggregate book value of unquoted investments	0.26	29.93

## Note 14 Long-Term Loans and Advances

(₹ in crore)

	31 March 2016	31 March 2015
<b>Unsecured, considered good</b>		
Capital advances	12.99	2.39
Security deposit	4.35	4.94
Others loans and advances	28.32	29.02
Income tax paid against disputed demands	-	6.99
<b>Total</b>	<b>45.66</b>	<b>43.34</b>

## Note 15 Current Investments

	Units as at 31 March 2016	31 March 2016	Units as at 31 March 2015	31 March 2015
		₹ in crore		₹ in crore
<b>Investments in Liquid funds</b>				
Union KBC Liquid Fund Growth-Direct Plan	528,941.31	80.11	940.53	0.13
Union KBC Dynamic Bond fund -Growth	2,280,081.35	3.00	-	-
Union KBC Small and Midcap Fund Regular Plan-Growth	-	-	539,700.00	0.54
Union KBC Ultra Short Term Debt Fund-Growth-Direct Plan	-	-	384.26	0.05
IDBI Liquid Fund - Direct Plan- Growth	79,927.02	12.96		
IDBI Ultra Short Term Fund- Direct Plan- Growth	80,240.68	13.00		
<b>Total</b>		<b>109.07</b>		<b>0.72</b>

(₹ in crore)

	31 March 2016	31 March 2015
Aggregate market value of quoted investments	109.24	0.84
<b>Total</b>	<b>109.24</b>	<b>0.84</b>



## Notes Accompanying to the Financial Statements

**Note 16 Inventories**

(₹ in crore)

	31 March 2016	31 March 2015
Raw materials and components	287.22	383.96
Raw materials-in transit	169.30	218.30
Work-in-progress	88.66	86.55
Finished goods	183.24	208.69
Stock-in-trade	13.47	10.18
Stock-in-trade -in transit	0.59	1.07
Stores and spares	22.11	20.64
<b>Total</b>	<b>764.59</b>	<b>929.39</b>

**Note 17 Trade Receivables**

(₹ in crore)

	31 March 2016	31 March 2015
<b>Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	0.03	0.03
Unsecured, considered good	32.71	59.09
Unsecured, considered doubtful	18.63	14.57
	51.37	73.69
Less: Allowances for doubtful debts	18.63	14.57
<b>Sub Total</b>	<b>32.74</b>	<b>59.12</b>
<b>Other receivables</b>		
Secured, considered good	0.49	0.49
Unsecured, considered good (Refer Note below)	1,038.37	1,179.56
<b>Sub Total</b>	<b>1,038.86</b>	<b>1,180.05</b>
<b>Grand Total</b>	<b>1,071.60</b>	<b>1,239.17</b>

Note : Includes receivable from subsidiaries/ down-stream subsidiaries

(₹ in crore)

	31 March 2016	31 March 2015
<b>Due from a subsidiary</b>		
Petroleum Specialities Pte Ltd.	0.58	-
Quantum Apar Specialities Oils Pty Ltd.	5.61	7.02
Petroleum Specialities FZE	0.35	-
	<b>6.54</b>	<b>7.02</b>



# Notes Accompanying to the Financial Statements

<b>Note</b>	<b>18</b>	<b>Cash and Bank Balances</b>
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(₹ in crore)

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
On current accounts	70.64	27.61
On deposits with original maturity of less than three months	0.00	-
On unclaimed dividend account [Refer Note (i) below]	1.03	0.73
Cash on hand	0.11	0.13
Cheques on hand	1.07	1.02
Funds in transit	2.77	-
<b>Sub Total</b>	<b>75.62</b>	<b>29.49</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months [Refer Note (ii) below]	7.21	2.36
Margin money deposit [Refer Note (iii) below]	6.62	5.91
<b>Sub Total</b>	<b>13.83</b>	<b>8.27</b>
<b>Grand Total</b>	<b>89.45</b>	<b>37.76</b>

**Note :**

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2016.

(ii) Includes deposit of ₹ 4.58 crore under lien.

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

<b>Note</b>	<b>19</b>	<b>Short-Term Loans and Advances</b>
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(₹ in crore)

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Unsecured, considered good</b>		
Loans and advances to related parties	0.64	0.15
<b>Others</b>		
Advances recoverable in cash or in kind or for value to be received	94.07	108.38
Balances with statutory/government authorities	48.94	39.49
<b>Total</b>	<b>143.65</b>	<b>148.02</b>
<b>Loans and advances to related party</b>		
Petroleum Specialities Pte. Ltd (a subsidiary company)	0.58	0.15
Petroleum Specialities FZE (a subsidiary of the above company)	0.06	-
<b>Total</b>	<b>0.64</b>	<b>0.15</b>

Loans and advances to subsidiary companies	<b>31 March 2016</b> ₹ in crore	Maximum amount due at any time during the year ₹ in crore	<b>31 March 2015</b> ₹ in crore	Maximum amount due at any time during the year ₹ in crore
Petroleum Specialities Pte. Ltd (a subsidiary Company)	0.58	0.58	0.15	0.15
Petroleum Specialities FZE (a subsidiary of the above company)	0.06	0.06	-	0.00





# Notes Accompanying to the Financial Statements

## Note 20 Other Current Assets

(₹ in crore)

	31 March 2016	31 March 2015
Interest accrued but not due on fixed deposits	0.32	0.35
Interest accrued but not due on security deposits	0.02	0.05
Assets held for sale	0.02	0.02
Receivable from AIL Benefit Trust		
- Original value of investment	-	83.44
- Provision for diminution in value	-	(55.55)
	-	27.89
Other receivable	4.76	10.31
<b>Total</b>	<b>5.12</b>	<b>38.62</b>

(a) During the year, AIL Benefit Trust (beneficiary: Company) has sold entire 16,35,387 Equity shares for an average price of Rs 436 per share in the open market through stock exchanges, aggregating to consideration of Rs 71.30 crore. Profit of Rs 43.15 crore on the above sale of shares has been shown under exceptional items.

## Note 21 Revenue from Operations

(₹ in crore)

	31 March 2016	31 March 2015
<b>Sale of products</b>		
Finished goods	5,343.02	5,359.48
Raw materials	14.35	22.95
Traded goods	82.74	67.09
<b>Total</b>	<b>5,440.11</b>	<b>5,449.52</b>
<b>Sale of services</b>	11.09	6.45
<b>Other operating revenue</b>		
Others	31.63	42.29
<b>Total</b>	<b>31.63</b>	<b>42.29</b>
<b>Revenue from operations (gross)</b>	<b>5,482.83</b>	<b>5,498.26</b>
Less : Excise duty	472.88	487.29
<b>Revenue from operations (net)</b>	<b>5,009.95</b>	<b>5,010.97</b>

## Note 21.1 Details of products sold

(₹ in crore)

	31 March 2016	31 March 2015
<b>Finished goods sold</b>		
Transformer oils/Special Grade -Pharmaceutical Oils/Other Specialities Oils - (including R.P.Oils)	1,924.52	2,308.84
AAC/AAAC/ACSR- Conductor, Aluminium Rods	2,683.91	2,448.55
Cables	730.66	601.76
Thermoplastic Elastomers	3.92	0.33
<b>Sub Total</b>	<b>5,343.02</b>	<b>5,359.48</b>
<b>Raw materials sold</b>		
Base Oils and additives	13.17	19.86
Ferrous metal and Non-ferrous metals	1.11	3.09
Others	0.07	-
<b>Sub Total</b>	<b>14.35</b>	<b>22.95</b>
<b>Traded goods sold</b>		
Thermoplastic Elastomers	24.86	22.84
Lubricants	20.68	15.33
Aluminium, HTLS Hardware & GSW Steelwire, etc.	35.79	23.34
others	1.40	5.57
<b>Sub Total</b>	<b>82.74</b>	<b>67.09</b>
<b>Grand Total</b>	<b>5440.11</b>	<b>5449.52</b>



## Notes Accompanying to the Financial Statements

### Note 22 Other Income

(₹ in crore)

	31 March 2016	31 March 2015
Dividend income from AIL Benefit Trust	0.57	0.86
Dividend received from subsidiary company	-	6.67
Net gain on sale of short-term investment in liquid funds	2.80	0.84
<b>Total</b>	<b>3.37</b>	<b>8.37</b>

### Note 23 Cost of Raw Materials and Components consumed

(₹ in crore)

	31 March 2016	31 March 2015
Inventory at the beginning of the year	602.26	773.44
Add: Purchases	3,589.91	3,841.17
	4,192.17	4,614.61
Less: inventory at the end of the year	456.52	602.26
<b>Cost of raw materials and components consumed</b>	<b>3,735.65</b>	<b>4,012.35</b>

### Note 23.1 Details of Raw Materials and Components consumed

(₹ in crore)

	31 March 2016	31 March 2015
Non-ferrous metals	2,118.45	1,911.49
Ferrous metals	191.14	189.65
Chemicals	59.76	62.09
Base Oils	1,140.86	1,638.31
XLPE- Compound	59.93	79.18
Others	165.51	131.63
<b>Total</b>	<b>3,735.65</b>	<b>4,012.35</b>

### Note 24 Purchases of Stock-in-trade

(₹ in crore)

	31 March 2016	31 March 2015
Thermoplastic Elastomers	25.04	22.56
Lubricants	15.73	13.10
Aluminium, HTLS Hardware & GSW Steel Wire, etc.	25.95	21.72
Others	1.45	5.98
<b>Total</b>	<b>68.17</b>	<b>63.37</b>



# Notes Accompanying to the Financial Statements

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

(₹ in crore)

	31 March 2016	31 March 2015
<b>Inventories at the end of the year</b>		
Finished goods	183.24	208.69
Work-in-progress	88.66	86.55
Traded goods	14.05	11.25
<b>Sub Total</b>	<b>285.95</b>	<b>306.49</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	208.69	119.38
Work-in-progress	86.55	88.64
Traded goods	11.25	8.68
<b>Sub Total</b>	<b>306.49</b>	<b>216.70</b>
<b>Grand Total</b>	<b>20.54</b>	<b>(89.79)</b>

## Note 25.1 Details of Inventory

(₹ in crore)

	31 March 2016	31 March 2015
<b>Finished goods</b>		
Transformer Oils / Special Grade-Pharmaceutical Oils / Other Specialities Oils - (including R.P.Oils)	42.98	64.28
AAC/AAAC/ACSR- Conductors	107.49	113.54
Cables	31.61	30.59
Thermoplastic Elastomers	1.16	0.28
<b>Total</b>	<b>183.24</b>	<b>208.69</b>
<b>Work-in-progress</b>		
Oil	8.63	12.88
Conductor	36.35	45.71
Cables	43.62	27.96
Thermoplastic Elastomers	0.06	-
<b>Total</b>	<b>88.66</b>	<b>86.55</b>
<b>Traded goods</b>		
Thermoplastic Elastomers	10.24	7.11
Lubricants	3.81	4.14
<b>Total</b>	<b>14.05</b>	<b>11.25</b>

## Note 26 Employee Benefits Expense

(₹ in crore)

	31 March 2016	31 March 2015
Salaries, wages and bonus	79.50	61.42
Contribution to provident and other funds [ Refer Note 33]	5.62	4.71
Staff welfare expenses	5.57	3.85
<b>Total</b>	<b>90.69</b>	<b>69.98</b>



# Notes Accompanying to the Financial Statements

## Note 27 Other Expenses

(₹ in crore)

		31 March 2016	31 March 2015
Consumption of stores and spares		23.72	20.58
Packing materials		187.23	177.83
Excise duty adjustment of finished goods stock		(8.79)	8.20
Storage charges		9.35	9.07
Power, electricity and fuel		56.42	59.36
Processing charges, fabrication and labour charges		90.11	64.67
Freight and forwarding charges		184.03	186.74
Rent		1.75	2.08
Rates and taxes		3.50	5.70
Insurance		5.68	8.36
Repairs and maintenance			
Plant and machinery		3.07	2.73
Buildings		2.34	1.96
Others		4.47	3.59
Advertising and sales promotion		1.73	2.97
Sales commission		37.43	38.29
Travelling and conveyance		16.67	10.70
Printing and stationery		1.79	1.40
Legal and professional fees		9.98	9.23
Directors' sitting fees		0.12	0.09
Commission to Chairman, Managing Director and Joint Managing Director		5.35	2.00
Discount and rebates		17.62	12.92
Lease rental		2.08	0.86
CSR Activities - Donations *		1.73	0.14
Other Donations		0.13	-
Royalty		8.64	7.93
Marketing fees		-	17.37
Bank charges and commission		17.70	11.95
Bad debts and advances written-off	8.60		13.01
Less: Allowances for doubtful debts utilised	(2.29)		(0.36)
		6.31	12.65
Allowances for doubtful debts and advances		7.10	0.34
Loss on sale of fixed assets (net)		0.06	0.27
Miscellaneous expenses		42.42	33.85
<b>Total</b>		<b>739.74</b>	<b>713.83</b>

\* Gross amount required to be spent by the Company during the year on CSR Activities : ₹ 2.14 crore.

Amount spent during the year on :

(₹ in crore)

	In cash	Yet to be paid in cash	Total
CSR Activities			
i. Construction / acquisition of any asset	-	-	-
ii. On Purposes other than (i) above	1.73	0.41	2.14



# Notes Accompanying to the Financial Statements

<b>Note</b>	<b>27.1</b>	<b>Miscellaneous Expenses (includes Auditors' Remuneration)</b>
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(₹ in crore)

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>As auditor :</b>		
Audit fee	0.24	0.24
Other services	0.13	0.14
Reimbursement of expenses	0.00	0.01
<b>Cost auditor's remuneration</b>		
For Audit fees	0.01	0.01
	<b>0.38</b>	<b>0.40</b>

<b>Note</b>	<b>28</b>	<b>Exceptional Items</b>
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(₹ in crore)

	<b>31 March 2016</b>	<b>31 March 2015</b>
Voluntary Retirement Compensation	-	0.25
Profit on sale of treasury shares [Refer Note 20(a)]	(43.15)	-
<b>Total</b>	<b>(43.15)</b>	<b>0.25</b>

<b>Note</b>	<b>29</b>	<b>Finance Costs</b>
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(₹ in crore)

	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Interest expenses</b>		
Interest expenses	83.89	63.96
Bank charges for borrowing	6.58	10.34
Applicable net loss on foreign currency transactions and translation	67.79	84.67
<b>Sub Total</b>	<b>158.26</b>	<b>158.97</b>
<b>Interest income on</b>		
Bank deposits	(3.32)	(2.67)
Others	(3.38)	(6.21)
<b>Sub Total</b>	<b>(6.70)</b>	<b>(8.88)</b>
<b>Grand Total</b>	<b>151.56</b>	<b>150.09</b>

<b>Note</b>	<b>30</b>	<b>Earnings Per Share (EPS)</b>
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<b>Sr.No.</b>	<b>Particulars</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Profit after tax and before extraordinary items- in ₹ in crore	156.98	47.86
2	Profit after tax and extraordinary items- in ₹ in crore	156.98	47.86
3	Weighted Number of Equity Shares outstanding during the year	3.85	3.85
4	Nominal Value of Equity Shares in ₹	10.00	10.00
5	Earnings Per Share - in ₹		
	Basic and Diluted (before extraordinary items)	<b>40.78</b>	<b>12.44</b>
	Basic and Diluted (after extraordinary items)	<b>40.78</b>	<b>12.44</b>



# Notes Accompanying to the Financial Statements

## Note 31 Contingent Liabilities and Commitments

(₹ in crore)

		31 March 2016	31 March 2015
<b>A)</b>	<b>Contingent liabilities not provided for:</b>		
	(a) Claims against the Company not acknowledged as debts -		
	(i) Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities:		
	Excise duty (also refer note (iii) below)	6.49	7.15
	Service tax	-	0.20
	Customs duty	4.81	4.81
	Sales tax	13.27	12.88
	(ii) Arbitration award regarding dispute of alleged contractual non-performance by the Company, against which the Company is in appeal before Bombay High Court.	9.90	9.28
	(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.	5.12	4.45
	(iv) Labour matters	2.12	2.12
	(v) Others	6.65	6.47
	(b) (i) Guarantee given by the Company for credit facilities enjoyed by Petroleum Specialities Pte Ltd, a wholly-owned subsidiary	82.83	-
	(ii) Guarantee given by the Company for term loan facilities enjoyed by Petroleum Specialities FZE, a downstream subsidiary company.	76.20	-
	(c) Bills of exchange discounted	89.14	57.84
	(d) Taxation:		
	Disputed demands of income tax	-	6.99
<b>B)</b>	<b>Capital commitments</b>		
	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	23.24	5.80



# Notes Accompanying to the Financial Statements

## Note 32 Research and Development Expenses :

(₹ in crore)

<b>(A) R &amp; D Center-OIL (Rabale - DSIR Recognised)</b>		<b>31 March 2016</b>	<b>31 March 2015</b>
(a)	Salary, wages and other benefits	2.22	1.97
	Consumables and Other expenses	0.08	0.11
	<b>Sub-Total</b>	<b>2.30</b>	<b>2.08</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	0.01	0.03
	<b>Sub-Total</b>	<b>0.01</b>	<b>0.03</b>
	<b>Total</b>	<b>2.31</b>	<b>2.11</b>
<b>(B) R &amp; D Center-Conductor (Silvassa)</b>		<b>31 March 2016</b>	<b>31 March 2015</b>
(a)	Salary, wages and other benefits	-	-
	Consumables and other expenses	0.35	3.53
	<b>Sub-Total</b>	<b>0.35</b>	<b>3.53</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	0.72	-
	<b>Sub-Total</b>	<b>0.72</b>	<b>-</b>
	<b>Total</b>	<b>1.07</b>	<b>3.53</b>
<b>(C) R &amp; D Center-Cable (Khatalwad)</b>		<b>31 March 2016</b>	<b>31 March 2015</b>
(a)	Salary, wages and other benefits	0.16	0.14
	Consumables and other expenses	0.39	0.53
	<b>Sub-Total</b>	<b>0.56</b>	<b>0.67</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	-	-
	<b>Sub-Total</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>0.56</b>	<b>0.67</b>
	<b>Grand Total (A+B+C)</b>	<b>3.94</b>	<b>6.31</b>



# Notes Accompanying to the Financial Statements

## Note 33 Gratuity and other post-employment benefit plans :

(₹ in crore)

	31 March 2016	31 March 2015
<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.	3.11	2.40
Employer's Contribution to Superannuation Fund.	1.35	0.98

### Defined Benefit Plan

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

### (i) Changes in Defined Benefit Obligation during the year

(₹ in crore)

	31 March 2016		31 March 2015	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation at beginning of the year	7.10	3.88	5.56	2.99
Current Service Cost	0.60	0.50	0.46	0.40
Interest Cost	0.57	0.31	0.52	0.28
Actuarial (gain) / loss	0.34	0.61	0.98	1.10
Benefits paid	(0.24)	(2.00)	(0.42)	(0.89)
Liability transferred in /Acquisitions	0.32	0.34	-	-
Defined Benefit obligation at end of the year	8.69	3.65	7.10	3.88
<b>(ii) Changes in fair value of Plan Assets</b>				
Fair value of plan assets at beginning of the year	7.15	-	5.56	-
Expected return on plan assets	0.57	-	0.48	-
Actuarial gain / (loss)	(0.08)	-	0.27	-
Employer contribution	1.01	2.00	1.26	0.89
Benefit paid	(0.24)	(2.00)	(0.42)	(0.89)
Assets transferred in /Acquisitions	0.28	-	7.15	-
Fair value of plan assets at year end	8.69	-	-	-
Actual return on plan assets	0.49	-	0.75	-
<b>(iii) Net Asset / (liability) recognised in the Balance Sheet as at 31 March 2016</b>				
Fair Value of plan assets	8.69	-	7.15	-
Present value of obligation	(8.69)	(3.65)	(7.10)	(3.88)
Amount recognised in balance sheet	-	(3.65)	0.05	(3.88)
<b>Recognised under:</b>				
Long-term provisions (Refer Note 7)	-	(2.80)	-	(3.08)
Short-term provisions (Refer Note 11)	-	(0.85)	0.05	(0.80)
<b>Total</b>	-	<b>(3.65)</b>	<b>0.05</b>	<b>(3.88)</b>
<b>(iv) Expense recognised during the year</b>				
Current Service Cost	0.60	0.50	0.46	0.40
Interest Cost	0.57	0.31	0.52	0.28
Expected return on plan assets	(0.57)	-	(0.48)	-
Net Actuarial (gain) / loss	0.42	0.61	0.71	1.10
<b>Net Cost</b>	<b>1.01</b>	<b>1.43</b>	<b>1.21</b>	<b>1.78</b>



# Notes Accompanying to the Financial Statements

## Note 33 Gratuity and other post-employment benefit plans : (Contd.)

(v)	Actuarial assumptions	31 March 2016		31 March 2015	
		Gratuity (Funded) 1994-96 (Ultimate)	Leave Encashment (Unfunded) 1994-96 (Ultimate)	Gratuity (Funded) 1994-96 (Ultimate)	Leave Encashment (Unfunded) 1994-96 (Ultimate)
	Mortality Table (LIC)				
	Discount rate (per annum)	8.27%	8.27%	8.05%	8.05%
	Expected rate of return on plan assets (per annum)	8.27%	-	8.05%	-
	Rate of escalation in salary (per annum)	5%	5%	5%	5%
	Attrition rate	2%	2%	2%	2%
(vi)	Broad Category of Plan Assets relating to Gratuity as a percentage of total Plan Assets	31 March 2016 Percentage (%)		31 March 2015 Percentage (%)	
	Public Securities	2		5	
	Private Sector Securities	98		95	
		100		100	

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

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

## Note 34 Related Party Disclosures

### A. List of Related Parties

#### a). Subsidiary Companies:

- Petroleum Specialties Pte. Ltd, Singapore
- Quantum Apar Speciality Oil Pty. Ltd [subsidiary of Petroleum Specialties Pte. Ltd]
- Apar Lubricants Ltd (formerly Apar Chematek Lubricants Ltd )(Amalgamated w.e.f 1st January 2015)
- Petroleum Specialties FZE, Sharjah (100% subsidiary of Petroleum Specialties Pte. Ltd)

#### b). Key Managerial Personnel:

Mr. K. N. Desai - Managing Director  
Mr. C. N. Desai - Managing Director  
Mr. V. C. Diwadkar- Chief Financial Officer  
Mr. Sanjaya Kunder- Company Secretary

#### c). Chairman having significant influence:

Dr. N. D. Desai - Non Executive Chairman

#### d). Relatives of Key Managerial Personnel

Mrs. M. N. Desai  
Mrs. Noopur Kushal Desai  
Mr. Rishabh K. Desai  
Ms. Gaurangi K. Desai  
Mrs. Jinisha C. Desai  
Mr. Devharsh C. Desai  
Ms. Nitika C. Desai  
Mrs. Vineeta R. Srivastava  
Mr. Rajeev Srivastava  
Ms. Krishangi R. Srivastava  
Mrs. Vinaya S. Kunder  
Master Akshat S. Kunder  
Mrs. Arti V. Diwadkar  
Mr. Amit V. Diwadkar



# Notes Accompanying to the Financial Statements

## Note 34 Related Party Disclosures (Contd.)

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

Apar Corporation Private Ltd.  
Scope Private Limited and its' subsidiaries, viz.  
a) Apar Investment ( Singapore ) Pte. Ltd.  
b) Apar Investment Inc.  
Apar Technologies Private Ltd  
Chaitanya N. Desai Family Private Trust  
Maithili N. Desai Family Private Trust

Kushal Chaitanya N. Desai Family Trust  
Chaitanya N. Desai Family Trust  
Catalis World Private Ltd.  
Gayatri Associates  
AIL Benefit Trust  
Maithili Trusteeship Services Private Limited  
Kushal N. Desai Family Private Trust  
Narendra D. Desai Family Private Trust

(₹ in crore)

<b>B. Related Party Transactions</b>			
<b>(i) Subsidiary Companies:</b>			
<b>Sr. no.</b>	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Purchase of Raw materials	-	46.31
2	Sale of finished goods/ Raw materials	17.37	18.03
3	Dividend from Subsidiary	-	6.67
4	Guarantee given by the company on behalf of subsidiary	159.03	-
5	Guarantee commission from the subsidiary	0.07	-
6	Marketing and other services received from subsidiary	-	17.37
7	Balance outstanding as on 31.03.2016		
	a) Payable to subsidiary for supply of raw materials, security deposit and services	-	10.59
	b) Receivable from subsidiary company for supply of raw material, finished goods, capital goods, dividend and services	6.54	7.16
<b>(ii) Key Managerial Personnel :</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.35
2	Remuneration	6.41	3.73
3	Dividends paid (payment basis)	14.75	7.74
4	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	-
<b>(iii) Chairman having significant influence</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.04
2	Director's commission	1.78	0.67
3	Legal and professional fees	0.55	0.51
4	Sitting fees	0.02	0.02
5	Dividends paid (payment basis)	7.27	3.87
6	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	-
<b>(iv) Relatives of Key Managerial Personnel:</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.21
2	Dividends paid (payment basis)	0.01	0.01
3	Salary paid	0.01	-
4	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	0.00

# Notes Accompanying to the Financial Statements

## Note 34 Related Party Disclosures (Contd.)

(₹ in crore)

(v) Entities over which key management personnel/individual having significant influence			
	Transactions	31 March 2016	31 March 2015
1	Interest paid	-	-
2	Rent paid	-	0.63
3	Dividends paid (payment basis)	0.95	1.00
4	Dividend received	0.57	0.86
<b>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</b>			
		31 March 2016	31 March 2015
<b>(i) Purchase of raw materials</b>			
	- Petroleum Specialities Pte. Ltd.	-	46.31
<b>(ii) Sale of finished goods/ raw materials</b>			
	- Quantum Apar Speciality Oils Pty. Ltd.	17.08	18.03
<b>(iii) Dividend Received from Subsidiary</b>			
	- Apar Lubricants Limited	-	0.66
	- Petroleum Specialities Pte. Ltd.	-	6.01
<b>(iv) Guarantee given by the company on behalf of the following subsidiaries</b>			
	- Petroleum Specialities Pte Ltd.	82.83	-
	- Petroleum Specialities FZE	76.20	-
<b>(v) Guarantee commission from the following subsidiaries:</b>			
	- Petroleum Specialities Pte Ltd.	0.01	-
	- Petroleum Specialities FZE	0.06	-
<b>(vi) Marketing and other services received from</b>			
	- Apar Lubricants Limited (A Subsidiary company)	-	17.37
<b>(vii) Interest paid</b>			
	- Dr. N. D. Desai	-	-
	- Kushal N. Desai	-	-
	- Chaitanya N. Desai	-	0.22
	- Vivek C. Diwadkar	-	0.10
	- Gaurangi K. Desai	-	0.07
	- Rishabh K. Desai	-	-
<b>(viii) Dividends paid (payment basis)</b>			
	- Dr. N. D. Desai	7.27	3.87
	- Kushal N. Desai	7.36	3.87
	- Chaitanya N. Desai	7.36	3.87
<b>(ix) Legal and professional fees</b>			
	- Dr. N. D. Desai	0.55	0.51
<b>(x) Rent paid</b>			
	- Apar Corporation Private Ltd.	-	0.63
<b>(xi) Director remuneration</b>			
	- Kushal N. Desai	2.70	1.42
	- Chaitanya N. Desai	2.73	1.45
	- Dr. N. D. Desai	1.78	0.67
<b>(xii) Sitting fees</b>			
	- Dr. N. D. Desai	0.02	0.02
<b>(xiii) Dividend received</b>			
	- AIL Benefit trust	0.57	0.86



# Notes Accompanying to the Financial Statements

## Note 35 Segment Information

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

### a. Primary Segments ( Business Segments) FY 2015-16

(₹ in crore)

Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total
<b>Revenue</b>						
External sales ( net of excise duty)	2,541.02	1,767.53	673.01	28.39	-	5,009.95
Other income	-	0.30	-	3.07	-	3.37
Inter-Segment Sales	9.46	3.04	1.72	-	(14.22)	0.00
<b>Total revenue</b>	<b>2,550.48</b>	<b>1,770.87</b>	<b>674.73</b>	<b>31.46</b>	<b>(14.22)</b>	<b>5,013.32</b>
Segment results before finance costs and tax	130.90	187.20	27.70	2.27		348.07
Less: Finance costs						151.56
Less: Other unallocated expenditure net of unallocable income						(16.40)
Profit before tax						212.91
Tax expense						55.93
Profit after tax						156.98
<b>Capital employed</b>						
Segment assets	1,181.64	786.74	525.80	19.51	-	2,513.69
Unallocable corporate and other assets						134.14
<b>Total Assets</b>						<b>2,647.83</b>
Segment liabilities	663.82	520.86	316.32	1.52	-	1,502.52
Unallocable corporate and other liabilities						11.36
<b>Total liabilities</b>						<b>1,513.88</b>
Capital expenditure	45.51	8.38	16.32	0.88	-	71.09
Capital expenditure - Unallocable						3.26
Depreciation and Amortisation expense	11.06	9.33	14.25	0.07	-	34.71
Depreciation and Amortisation expense - Unallocable						2.99



# Notes Accompanying to the Financial Statements

## Note 35 Segment Information (Contd.)

(₹ in crore)

FY 2014-15						
Particulars	Conductor	Transformer & Speciality Oils	Power/ Telecom Cables	Others	Elimination	Total
<b>Revenue</b>						
External sales (net of excise duty)	2,315.50	2,113.31	558.83	23.33	-	5,010.97
Other income	-	6.67	-	1.70	-	8.37
Inter-Segment Sales	4.62	1.91	1.24	0.05	(7.82)	-
<b>Total revenue</b>	<b>2,320.12</b>	<b>2,121.89</b>	<b>560.07</b>	<b>25.08</b>	<b>(7.82)</b>	<b>5,019.34</b>
Segment results before finance costs and tax	117.41	98.08	20.05	2.08	-	237.62
Less: Finance costs						150.09
Less: Other unallocated expenditure net of unallocable income						19.30
Profit before tax						68.23
Tax expense						20.37
Profit after tax						47.86
<b>Capital employed</b>						
Segment assets	1342.21	971.59	456.42	12.98	-	2,783.20
Unallocable corporate and other assets						65.84
Total Assets						2,849.04
Segment liabilities	1022.73	616.94	158.54	2.06	-	1,800.27
Unallocable corporate and other liabilities						26.22
Total liabilities						1,826.50
Capital expenditure	32.63	7.15	13.25	0.74	-	53.77
Capital expenditure -Unallocable						4.01
Depreciation and Amortisation expense	8.82	6.04	13.45	0.03	-	28.34
Depreciation and Amortisation expense Unallocable						2.70



# Notes Accompanying to the Financial Statements

## Note 35 Segment Information (Contd.)

(₹ in crore)

<b>b.</b>	<b>Secondary Segments (Geographical Segments)</b>		
		<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>Segment Revenue</b>		
	- Within India*	3,451.27	3,448.42
	- Outside India	1,558.68	1,562.55
		<b>5,009.95</b>	<b>5,010.97</b>
	* include deemed exports ₹ 114.90 crore (Previous year ₹ 151.48 crore)		
		<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>Segment Assets</b>		
	- Within India	2,416.60	2,516.89
	- Outside India	231.23	332.15
		<b>2,647.83</b>	<b>2,849.04</b>
	<b>- The Company's tangible fixed assets are located entirely in India.</b>		
<b>c.</b>	<b>Segment revenue and results</b>		
	The expenses which are not directly attributable to the business segment are shown as unallocable corporate/other expenses (net of miscellaneous income).		
	<b>Segment assets and liabilities</b>		
	Segment assets include all operating assets used by the business segment and consists principally of fixed assets, debtors and inventories.		
	<b>Segment liabilities primarily include creditors and other liabilities.</b>		
	Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable corporate assets and liabilities respectively.		

## Note 36 Derivative instruments and unhedged foreign currency exposure

Type of Instruments	Nos.	Mt.	Amount \$/ Euro/GBP/JPY/ Ethiopian birr in crore	₹ in crore
(I) (a). In respect of commodity futures/option at London Metal Exchange ( in Mt.) - USD	158 (69.00)	64,580.00 (19,659.00)	10.04 (3.68)	664.88 (229.75)
(b). In respect of foreign currency forward contracts - buy contracts - USD	95.00 (107.00)		9.01 (11.12)	597.31 (695.18)
Forward contracts - buy contracts - EURO				
Interest Swap	1.00 (1.00)		0.00 (0.00)	- 0.01 (0.07)
(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)			1.27 (6.42)	84.18 (400.96)
In Euro - Receivable (net)			0.04 (0.00)	3.03 (0.04)
In GBP - Payable (net)			0.00 -	0.09 -
In JPY - Receivable (net)			0.09 -	0.05 -
In Ethiopian Birr - Receivable (net)			0.57 -	1.73 -
(IV) Premium in case of forward contracts not expired and pertaining to the future period			- -	12.73 (10.85)

(Figures in brackets are in respect of previous year)



# Notes Accompanying to the Financial Statements

Note	37	Value of imports (calculated on CIF basis)
(₹ in crore)		

	31 March 2016	31 March 2015
Raw materials and Components	2,228.44	3,043.23
Stores and spare parts	3.33	2.63
Capital goods	12.73	18.05
	<b>2,244.50</b>	<b>3063.91</b>

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

Note	38	Expenditure in foreign currency
(₹ in crore)		

	31 March 2016	31 March 2015
Professional fees	1.65	1.52
Royalty	5.00	4.83
Interest and bank charges	13.85	17.33
Commission and foreign travel	44.56	42.35
Others	4.51	2.92
	<b>69.57</b>	<b>68.95</b>

Note	39	Imported and indigenous raw materials, components and spare parts consumed
------	----	--

	% of total Consumption 31 March 2016	Value (₹ crore) 31 March 2016	% of total Consumption 31 March 2015	Value (₹ crore) 31 March 2015
<b>Raw materials</b>				
Imported at landed cost (including duty and clearing charges incurred in India)	66.00	2,465.53	80.55	3,231.77
Indigenous	34.00	1,270.13	19.45	780.58
	<b>100.00</b>	<b>3,735.65</b>	<b>100.00</b>	<b>4,012.35</b>
<b>Components and spare parts</b>				
Imported (at landed cost)	14.04	3.33	13.03	2.68
Indigenous	85.96	20.39	86.97	17.90
	<b>100.00</b>	<b>23.72</b>	<b>100.00</b>	<b>20.58</b>

Note	40	Net dividend remitted in foreign exchange
(₹ in crore)		

	31 March 2016	31 March 2015
a). No. of shareholders	1	1
b). No. of shares held	3,636,363	3,636,363
c). Year of dividend	2014-15	2013-14
	2015-16	
d). Amount remitted - 2014-15 - Dividend @ ₹ 3.50 per share	1.27	1.91
2015-16 - Interim Dividend @ ₹ 6.50 per share	2.36	-



# Notes Accompanying to the Financial Statements

## Note 41 Earnings in foreign exchange

(₹ in crore)

	31 March 2016	31 March 2015
Export of goods (calculated on FOB basis)	1,503.56	1512.15
Deemed exports	114.90	151.48
Dividend from Subsidiaries	-	6.01
Others (Freight, insurance and interest)	56.50	65.19
	<b>1,674.96</b>	<b>1734.83</b>

## Note 42

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

## Note 43

₹ '0.00' indicate amount less than ₹ 50,000

## Note 44

Figures for previous year have been regrouped, wherever necessary.

### Signatures to Note 1 to 44

#### SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary

## Independent Auditors' Report

To the Members of **Apar Industries Limited**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Apar Industries Limited (the 'Holding Company') and its subsidiary (the Holding Company and its subsidiary constitute the 'Group'), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (the 'consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated financial position, consolidated financial

performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the





consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.151.49 crore as at 31st March, 2016, total revenues of Rs. 87.15 crore and net cash outflows amounting to Rs. 14.63 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms Section 143(11) (3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'A'**; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - 1) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. [Refer Note 29 of the consolidated financial statements];
  - 2) the Group did not have any long-term contracts including derivative contracts for which there were any foreseeable losses; and
  - 3) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.109982W

by the hand of

**MILIND P. PHADKE**

Partner

Membership No.033013

Mumbai, 25th May, 2016



## Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1(f) of our report of even date)

We have audited the internal financial controls over financial reporting of **Apar Industries Limited** (the 'Company') as of 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**SHARP & TANNAN**

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

**MILIND P. PHADKE**

Partner  
Membership No.033013

Mumbai, 25th May, 2016



## Consolidated Balance Sheet As at 31st March, 2016

(₹ in crore)

	Note No.	As at 31 March 16	As at 31 March 15
<b>EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUNDS:</b>			
(a) Share capital	2	38.50	38.50
(b) Reserves and surplus	3	820.77	691.31
		<b>859.27</b>	<b>729.81</b>
<b>2. MINORITY INTEREST</b>			
		1.71	1.21
<b>3. NON-CURRENT LIABILITIES:</b>			
(a) Long-term borrowings	4	83.70	94.79
(b) Deferred tax liabilities (net)	5	31.27	27.44
(c) Other-long term liabilities	6	2.28	2.19
(d) Long-term provisions	7	3.54	4.01
		<b>120.79</b>	<b>128.43</b>
<b>4. CURRENT LIABILITIES:</b>			
(a) Short-term borrowings	8	263.80	386.67
(b) Trade payables	9	1,405.51	1,573.01
(c) Other current liabilities	10	139.10	121.03
(d) Short-term provisions	11	2.39	15.76
		<b>1,810.80</b>	<b>2,096.47</b>
<b>TOTAL</b>		<b>2,792.57</b>	<b>2,955.92</b>
<b>ASSETS</b>			
<b>1. NON-CURRENT ASSETS:</b>			
(a) Fixed assets			
(i) Tangible assets	12	385.09	369.48
(ii) Intangible assets	12	2.69	3.36
(iii) Capital work-in-progress	12	56.11	10.24
		<b>443.89</b>	<b>383.08</b>
(b) Goodwill on amalgamation		10.08	-
(c) Goodwill on consolidation		-	21.72
(d) Long-term loans and advances	13	76.55	44.79
		<b>530.52</b>	<b>449.59</b>
<b>2. CURRENT ASSETS:</b>			
(a) Current investments	14	109.07	5.26
(b) Inventories	15	774.89	944.25
(c) Trade receivables	16	1,088.84	1,267.00
(d) Cash and bank balances	17	136.96	100.47
(e) Short-term loans and advances	18	147.17	150.73
(f) Other current assets	19	5.12	38.62
		<b>2,262.05</b>	<b>2,506.33</b>
<b>TOTAL</b>		<b>2,792.57</b>	<b>2,955.92</b>
<b>Significant accounting policies</b>	1		
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	29		

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



# Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in crore)

	Note No.	2015-16	2014-15
<b>INCOME:</b>			
Revenue from operations (gross)	20	5,552.90	5,609.15
Less: Excise duty		472.87	487.29
Revenue from operations (net)		<b>5,080.03</b>	<b>5,121.86</b>
Other income	21	3.37	1.75
<b>TOTAL REVENUE (i)</b>		<b>5,083.40</b>	<b>5,123.61</b>
<b>EXPENSES:</b>			
Cost of raw materials and components consumed	22	3,792.92	4,111.50
Purchases of stock-in-trade		68.18	63.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	20.74	(89.79)
Employee benefits expense	24	91.39	79.38
Other expenses	25	744.00	705.38
Exceptional items	26	(43.15)	0.25
		<b>4,674.08</b>	<b>4,870.09</b>
Less: Transfer to capital assets		<b>0.48</b>	<b>0.01</b>
<b>TOTAL EXPENSES (ii)</b>		<b>4,673.60</b>	<b>4,870.08</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (i-ii)</b>		<b>409.80</b>	<b>253.53</b>
Depreciation and amortisation expense		37.77	31.21
Finance costs	27	151.38	149.85
<b>PROFIT BEFORE TAX</b>		<b>220.65</b>	<b>72.47</b>
<b>TAX EXPENSE:</b>			
Current tax		57.13	16.16
Deferred tax		4.07	6.44
Taxes of earlier years		(4.10)	0.46
<b>TOTAL</b>		<b>57.10</b>	<b>23.06</b>
<b>PROFIT AFTER TAX BUT BEFORE MINORITY INTEREST FOR THE YEAR</b>		<b>163.55</b>	<b>49.41</b>
Minority Interest (Profit)/loss		(0.76)	0.10
<b>PROFIT FOR THE YEAR</b>		<b>162.79</b>	<b>49.51</b>
Earnings Per Equity share (face value ₹ 10 each)			
(a) Basic	28	42.29	12.87
(b) Diluted		42.29	12.87
<b>Significant accounting policies</b>	1		

The accompanying notes form an integral part of consolidated financial statements

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



# Consolidated Cash Flow Statement for the year ended 31st March, 2016

(₹ in crore)

		2015-16		2014-15	
<b>A.</b>	<b>Cash flows from Operating Activities :</b>				
	Profit before taxation		220.65		72.47
	Adjustments for:				
	Depreciation and amortisation expense	37.77		31.21	
	(Profit)/loss on sale of shares (net)	(43.15)		-	
	(Profit)/loss on sale of fixed assets(net)	0.06		0.27	
	Foreign currency translation reserve	4.64		1.77	
	Unrealised exchange loss/(gain)	(5.87)		11.79	
	Profit on sale of investments	(2.80)		(0.89)	
	Dividend on investments and from subsidiaries	(0.57)		(0.86)	
	Interest expense/(income) (net)	77.01		54.84	
			67.09		98.13
	Operating profit before working capital changes in :		287.74		170.60
	(Increase)/decrease in trade and other receivables	179.01		(139.30)	
	(Increase)/decrease in Inventories	169.36		72.79	
	Increase / (decrease) in trade and other payables	(188.66)		212.65	
			159.70		146.14
	<b>Cash generated from/(used in) operations</b>		447.45		316.74
	Direct taxes paid (net of refunds)		(33.93)		(18.31)
	<b>Net cash from/(used in) operating activities</b>		<b>413.51</b>		<b>298.43</b>
<b>B.</b>	<b>Cash flows from investing activities :</b>				
	Purchase of fixed assets	(123.55)		(58.63)	
	Sale of fixed assets	0.72		2.78	
	Sale of shares in AIL Benefit Trust	71.04			
	Purchase of shares in subsidiary				
	- Apar Lubricants Limited	-		(1.44)	
	Investment in Mutual funds (net)	(101.01)		(2.87)	
	Dividend received	0.57		0.86	
	<b>Net cash from/(used in) investing activities</b>		<b>(152.24)</b>		<b>(59.30)</b>



# Consolidated Cash Flow Statement for the year ended 31st March, 2016

(₹ in crore)

<b>C.</b>	<b>Cash flows from financing activities :</b>				
	Proceeds/(repayments) from/of fixed deposits (net)	-		(24.21)	
	Proceeds from Issue of shares (net of expenses)	0.00		0.54	
	Proceeds/(repayments) from short term borrowings	(119.69)		(317.70)	
	Proceeds/(repayments) of long term borrowings	13.39		43.38	
	Interest received/(paid) - net	(73.82)		(47.59)	
	Dividend paid	(38.19)		(20.15)	
	Tax on dividends	(6.48)		(3.54)	
	<b>Net cash from/(used in) financing activities</b>		<b>(224.79)</b>		<b>(369.27)</b>
	<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(36.49)</b>		<b>(130.14)</b>
	<b>Cash and cash equivalents at the beginning of year</b>		<b>100.47</b>		<b>230.61</b>
	<b>Cash and cash equivalents at the end of year</b>		<b>136.96</b>		<b>100.47</b>

**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 ₹ 7.67 crore; (previous year ₹ 5.91 crore) fixed deposit under lien ₹ 4.58 Crore (Previous year Nil) and unrealised gain of ₹ 0.41 crore; (previous year unrealised gain of ₹ 0.38 crore) on account of translation of foreign currency bank balances.
- 4) Previous year's figures have been regrouped wherever necessary.

**As per our report attached****SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

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Mumbai, 25th May, 2016

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**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



# Notes Accompanying to the Consolidated Financial Statements

<b>Note</b>	<b>1</b>	<b>Significant Accounting Policies</b>
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## 1. Basis of Preparation of financial statements :

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost-convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

## 2. Use of estimates :

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

## 3. Basis of preparation and principles of consolidation :

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

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

### (i) Subsidiaries

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

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



# Notes Accompanying to the Consolidated Financial Statements

## Note 1 Significant Accounting Policies (Contd.)

### 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) (i) Depreciation on assets is provided over the useful lives of assets as prescribed under Schedule II to the Companies Act, 2013.
- (ii) In respect of following assets, based on management experience and independent technical evaluation carried out by external technical consultants, the management has estimated useful lives, which are different then prescribed in Schedule II..

Description of Assets	Useful Life in Schedule II	Useful Life as per technical consultant
Plant and Machinery –Oil division (other than filling lines)	15 Years	20 Years
Plant and Machinery- Conductor Division	15 Years	20 Years
Plant and Machinery -Cable Division	15 Years	25 Years

- (iii) Depreciation is provided on written down value method except in respect of building and plant and machinery purchased after 30.4.1987, which are depreciated on straight line method.
- (iv) Capital expenditure in respect of which ownership does not vest with the Company is amortized over a period of five years. Leasehold land is amortized over the period of lease.
- (v) In respect of Cable Division all assets are depreciated on straight line method.
- (vi) Borrowing costs attributable to acquisition/construction of qualifying assets within the meaning of the Accounting Standard (AS) 16 'Borrowing Costs' are capitalised as a part of the cost of fixed assets.
- (vii) Pre-operation expenses including trial run expenses (net of revenue) are capitalised.
- (viii) Components of an asset has been identified based on where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of asset and depreciated over useful life of that component of an asset.

### 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 Statement of profit and loss, wherever the carrying amount of the assets exceeds its estimated recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor. Impairment losses are recognised in the Statement of profit and loss . The impairment loss recognised in prior accounting period is reversed if there has been change in recoverable amount.

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

### 8. Government grants :

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





# Notes Accompanying to the Consolidated Financial Statements

Note	1	<b>Significant Accounting Policies (Contd.)</b>
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## 9. Employee stock options :

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

## 10. Voluntary retirement schemes :

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

## 11. Enterprise resource planning cost :

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

## 12. Share issue expenses :

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

## 13. Revenue recognition :

- (i) Sale of goods is recognised on despatch to customers and on date of shipment in case of exports. Sales exclude amounts recovered towards sales tax and excise duty and is net of returns.
- (ii) 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 Statement of 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 Statement of profit and 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 Statement of 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.
- (v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

## 16. Derivative Contracts :

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



# Notes Accompanying to the Consolidated Financial Statements

<b>Note</b>	<b>1</b>	<b>Significant Accounting Policies (Contd.)</b>
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and where the hedge is ineffective the same is recognised in the Statement profit and loss. The gains and losses on roll over or cancellation of derivative contract which qualify as effective hedge are recognised in the Statement of profit and loss in the same period in which the hedge item is accounted.

## 17. Export benefits/Incentives :

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

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

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

## 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 realized.

## 20. Provision for contingencies :

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

## 21. Borrowing costs :

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

# Notes Accompanying to the Consolidated Financial Statements

## Note 2 Share Capital

(₹ in crore)

	31 March 2016	31 March 2015
<b>Authorised</b>		
101,998,750 Equity shares of ₹ 10 each	102.00	92.00
(Previous year 91,998,750 Equity shares of ₹ 10 each)		
<b>Issued</b>		
38,496,769 Equity shares of ₹ 10 each	38.50	38.50
(Previous year 38,496,503 Equity shares of ₹ 10 each)		
<b>Subscribed and Paid up</b>		
38,496,769 Equity shares of ₹ 10 each fully paid	38.50	38.50
(Previous year 38,496,503 Equity shares of ₹ 10 each fully paid )		
<b>Total</b>	<b>38.50</b>	<b>38.50</b>

### Notes :

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

##### Equity Shares

	31 March 2016		31 March 2015	
	No. of Shares	₹ crore	No. of Shares	₹ crore
At the beginning of the year	38,496,503	38.50	38,470,431	38.47
Issued during the year	*266	0.00	26,072	0.03
<b>Outstanding at the end of the year</b>	<b>38,496,769</b>	<b>38.50</b>	<b>38,496,503</b>	<b>38.50</b>

\*Issued during the year to the Employees under Apar Industries Limited Stock Option Plan – 2007 at ₹ 207.50 per share.

#### b. Terms/rights attached to equity shares :

- The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31st March 2016, the amount of per share final equity dividend recognised as distributions to equity shareholders is ₹ Nil, ( Previous year ₹ 3.50 ).
- During the year ended 31st March 2016, the amount of per share interim dividend recognised as distributions to equity shareholders is ₹ 6.50 (including special dividend @ ₹ 1 per share on account of 100th Birth Anniversary of late Shri Dharmsinh D. Desai, Founder of the Company), ( Previous year ₹ Nil ).
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2016		31 March 2015	
	No. of Shares	% of holdings in the class	No. of Shares	% of holdings in the class
Equity shares of ₹ 10 each fully paid				
Dr. N. D. Desai	7,271,761	18.89%	7,271,761	18.89%
Kushal N. Desai	7,378,428	19.17%	7,378,428	19.17%
Chaitanya N. Desai	7,367,260	19.14%	7,367,260	19.14%
Templeton Strategic Emerging Markets Fund III, L.D.C.	3,636,363	9.45%	3,636,363	9.45%
HDFC Trustee Company Limited - HDFC Prudence fund	2,194,750	5.70%	1,694,750	4.40%

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



# Notes Accompanying to the Consolidated Financial Statements

## d. Shares reserved for issue under options

The Company provides share-based payment to its employees. During the year ended 31st March 2016, an Employee Stock Option Plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below::

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

		31 March 2016	31 March 2015
i.	Outstanding at the beginning of the year	9,671	99,294
ii.	Vested during the year	-	-
iii.	Forfeited during the year	9,405	63,551
iv.	Exercised during the year	266	26,072
v.	Outstanding at the end of the year	Nil	9,671
vi.	Exercisable at the end of the year	Nil	9,671

During the year, Company has allotted 266 equity shares of ₹ 10 each to employees of the Company under Employee stock option plan 2007 at an exercise price of ₹ 207.50 per share. The Employee stock option plan 2007 was terminated on 26th May, 2015 upon lapse of exercise period of the options.

## e. Disclosures as required by Accounting Standard (AS) 14 Accounting for Amalgamations

At the hearing held on 23rd October, 2015, the Honorable High Court of Gujarat at Judicature at Ahmedabad have sanctioned the Scheme of Amalgamation of Apar Lubricants Limited (ALL) (wholly-owned subsidiary of the Company) with Apar Industries Limited (AIL) w.e.f. 1st January, 2015 (being the appointed date). The effective date of the Scheme is 10th November, 2015, being the date on which Certified Copy of the High Court Order and the Scheme filed with Registrar of Companies, Gujarat.

Pursuant to the Scheme :

- (i) The Authorised Share Capital of AIL enhanced by Rs 10 crore and now stands at Rs. 1,019,987,500 divided into 101,998,750 Equity Shares of Rs. 10 each;
- (ii) The ALL stand dissolved without winding-up; and
- (iii) The Scheme has accordingly been given effect to in the financial statements with effect from the Appointed date. All the assets and liabilities excluding fixed assets of ALL have been transferred to the Company at the book value as recorded in books of Transferor Company. Fixed assets have been recorded at its estimated market value. The Company has followed 'Purchase Method' of accounting as per the Accounting Standard (AS) 14 'Accounting for Amalgamations' notified under Section 211 (3C) of the Companies Act, 1956 and as per the Scheme approved by the Honourable High Court.
- (iv) The accumulated profit and loss balance of ₹ 7.57 crore and General Reserve balance of ₹ 1.00 crore as on 31 March 2015 has been adjusted in opening Reserves and surplus under the respective heads.

<b>Note</b>	<b>3</b>	<b>Reserves and Surplus</b>
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(₹ in crore)

	31 March 2016	31 March 2015
<b>Capital Reserve</b>		
Balance as per the last balance sheet	23.77	23.77
<b>Capital Redemption Reserve</b>		
Balance as per the last balance sheet	14.75	14.75
<b>Securities Premium Account</b>		
Balance as per the last balance sheet	176.86	176.35
Add: Premium on issue of shares [Refer Note 2(d)]	0.01	0.51
<b>Closing Balance</b>	<b>176.87</b>	<b>176.86</b>
<b>Cash Flow Hedging Reserve</b>		
Balance as per the last balance sheet	(0.80)	(0.28)
Add: (Deduction)/Addition during the year (net)	0.63	(0.52)
<b>Closing Balance</b>	<b>(0.17)</b>	<b>(0.80)</b>
<b>Currency Fluctuation Reserve</b>		
<b>Closing Balance</b>	<b>6.01</b>	<b>1.33</b>
<b>General Reserve</b>		

# Notes Accompanying to the Consolidated Financial Statements

## Note 3 Reserves and Surplus (contd.)

	31 March 2016	31 March 2015
Balance as per the last balance sheet	176.00	171.00
Less: Transferred on Amalgamation of a subsidiary w.e.f. 1st January 2015 [Refer Note 2(e)(iv)]	(1.00)	-
Add: Amount transferred from the Statement of profit and loss	15.00	5.00
<b>Closing Balance</b>	<b>190.00</b>	<b>176.00</b>
<b>Surplus/(deficit) in the Statement of profit and loss</b>		
Balance as per last balance sheet	299.40	272.72
Less: Transferred on Amalgamation of a subsidiary w.e.f. 1st January 2015 [Refer Note 2(e)(iv)]	(7.57)	-
Add: Profit for the year	162.79	49.51
<b>Less: Appropriations</b>		
Transitional provision for : Depreciation charge	(0.00)	(4.30)
: Deferred tax on above	-	1.47
Tax on Dividend paid by Apar Lubricants limited	-	(0.11)
Interim dividend [@ ₹ 6.50 per share including special dividend @ ₹ 1 per share (Previous year ₹ Nil)]	(25.02)	-
Tax on Interim dividend	(5.06)	-
Proposed final equity dividend ₹ Nil (Previous year @ ₹ 3.50 per share)	-	(13.47)
Tax on proposed dividend	-	(1.42)
Transfer to General Reserve	(15.00)	(5.00)
<b>Total appropriations</b>	<b>(45.08)</b>	<b>(22.83)</b>
<b>Net surplus In the Statement of profit and loss</b>	<b>409.54</b>	<b>299.40</b>
<b>Total Reserves and Surplus</b>	<b>820.77</b>	<b>691.31</b>

## Note 4 Long-Term Borrowings

(₹ in crore)

	31 March 2016	31 March 2016	31 March 2015	31 March 2015
	Non-Current	Current	Non-Current	Current
<b>Secured Loans</b> (Refer Note below)				
<b>Term loans</b>				
Foreign currency loan from banks	50.36	23.85	48.12	9.37
Rupees Term Loan from bank	33.34	13.33	46.67	3.33
<b>Total</b>	<b>83.70</b>	<b>37.18</b>	<b>94.79</b>	<b>12.70</b>

### Note:

- The Foreign Currency term loan from Credit Agricole CI Bank, Singapore, is secured by exclusive charge on the assets acquired by the Company with the proceeds of the facility.
- The Foreign Currency term loan from Union Bank of India, Hong Kong, is secured by first charge by way of equitable mortgage by deposit of title deeds of Company's Athola properties and exclusive hypothecation charge on the assets acquired by the Company with the proceeds of the facility situated at other locations.
- The foreign currency term loan from Arab Banking Corporation (ABC) Bank, kingdom of Bahrain is secured by :
  - Mortgage over specified assets situated at Plot No. 1C-02D1, Hamriyah Free Zone, Sharjah - UAE.
  - Joint and several guarantees of Petroleum specialities PTE Ltd - Singapore and Apar Industries Limited - India.
- The rupees term loan from ING Vysya Bank Ltd (now Kotak Mahindra Bank) is secured by first charge by way of equitable mortgage by deposit of title deed of Company's Khatalwad properties and hypothecation of movable plant and machinery at Khatalwad excluding movable machinery hypothecated to ECB Lenders.

### Terms of repayment of term loan :

- In respect of Foreign Currency Term Loans from Credit Agricole CI Bank, Singapore; in August 2016 ₹ 13.25 crore.
- In respect of Foreign Currency Term Loans from Union Bank of India, Hongkong; in May 2016 ₹ 10.60 crore; in May 2017 ₹ 11.93 crore; in May 2018 ₹ 15.24 crore.
- In respect of Foreign currency term loan from ABC Bank, Kingdom of Bahrain; it has a moratorium period of 24 months and the loan will be repaid in 14 Quarterly installments ; the repayment of which will start from 29 March 2018 onwards.
- In respect of Rupee Term Loan from Bank in 15 quarterly installments commencing from March 2016 till September, 2019, 14 installments of ₹ 3.33 crore each and last of ₹ 3.34 crore.



## Notes Accompanying to the Consolidated Financial Statements

Note	5	Deferred Tax Liabilities (Net)	(₹ in crore)	
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	31 March 2016	31 March 2015
Deferred tax liability arising on account of timing difference in:		
Book and tax depreciation	39.75	35.06
Deferred tax assets arising on account of timing difference in:		
Allowances for doubtful debts and advances	(6.45)	(5.04)
Provision for gratuity and leave salary	(1.52)	(1.56)
Voluntary retirement scheme	(0.51)	(1.02)
<b>Total</b>	<b>31.27</b>	<b>27.44</b>

Note	6	Other Long-Term Liabilities	(₹ in crore)	
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	31 March 2016	31 March 2015
Deposits from dealers	2.28	2.19
<b>Total</b>	<b>2.28</b>	<b>2.19</b>

Note	7	Long-Term Provisions	(₹ in crore)	
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	31 March 2016	31 March 2015
<b>Provision for employee benefits</b>		
Provision for gratuity- In respect of directors	0.74	0.62
Provision for leave benefits	2.80	3.39
<b>Total</b>	<b>3.54</b>	<b>4.01</b>

Note	8	Short-Term Borrowings	(₹ in crore)	
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		31 March 2016	31 March 2015
<b>Secured Loans</b>			
<b>Working capital loans from banks</b> (Refer Notes below)			
Rupee loans	-		0.00
Packing credit loan in foreign currency from banks	148.90		162.32
		148.90	162.32
<b>Unsecured Loans</b>			
Packing credit loan in foreign currency from banks		91.62	91.58
Buyer's Credit in foreign currency		23.28	132.77
<b>Total</b>		<b>263.80</b>	<b>386.67</b>

**Note:**

Working capital loans from banks ₹ 148.90 crore are secured by:

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



## Notes Accompanying to the Consolidated Financial Statements

**Note 9 Trade Payables**

(₹ in crore)

	31 March 2016	31 March 2015
Trade payables (including acceptances)		
Due to micro and small enterprises	9.28	5.08
Due to other than micro and small enterprises	1,396.23	1,567.93
<b>Total</b>	<b>1,405.51</b>	<b>1,573.01</b>

**Note 10 Other Current Liabilities**

(₹ in crore)

	31 March 2016	31 March 2015
<b>Current maturities of long-term borrowings</b>		
Current portion of long-term foreign currency loan (Refer Note 4)	23.85	9.37
Current portion of long-term Rupee loan (Refer Note 4)	13.33	3.33
Interest accrued but not due on borrowings	10.98	7.84
<b>Investor Education and Protection Fund (Refer Note (a) below)</b>		
Unclaimed dividend	1.03	0.73
Creditors for capital expenditure	19.04	4.36
Statutory dues towards Government	7.54	6.94
Other payables (Refer Note (b) below)	63.33	88.44
<b>Total</b>	<b>139.10</b>	<b>121.03</b>

**Note :**

(a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31 March 2016.

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

**Note 11 Short-Term Provisions**

(₹ in crore)

	31 March 2016	31 March 2015
<b>Provision for employee benefits</b>		
Liability to the Employee Gratuity Fund	-	0.04
Provision for leave benefits	0.85	0.83
<b>Sub Total</b>	<b>0.85</b>	<b>0.87</b>
<b>Other provisions</b>		
Provision for taxes, net of advance tax	1.54	-
Proposed dividend	-	13.47
Provision for tax on proposed dividend	-	1.42
<b>Sub Total</b>	<b>1.54</b>	<b>14.89</b>
<b>Grand Total</b>	<b>2.39</b>	<b>15.76</b>

## Notes Accompanying to the Consolidated Financial Statements

Note	12	Fixed Assets	(₹ in crore)									
			Gross Block					Depreciation			Net Block	
		As at 01-04-2015	Transfer on amalgam- ation **	Additions	Deductions	Other Adjustment	As at 31-03-2016	Upto 31-03-2015	For the year	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>(i) Tangible assets</b>												
		25.87	-	0.08	-	-	25.95	-	-	-	25.95	25.87
	Land- Freehold	12.14	-	-	-	-	12.14	1.54	0.14	1.68	10.46	10.60
	Land-Leasehold	130.95	-	6.11	-	-	137.06	23.96	4.84	28.80	108.26	106.99
	Building (Refer Note below)	388.03	-	36.50	(1.71)	3.13	425.95	175.16	24.97	199.40	226.55	212.87
	Plant and machinery (Refer Note below)	10.18	0.02	0.36	[0.08]	-	10.48	6.63	0.64	7.28	3.20	3.55
	Furniture and fixtures	18.91	0.23	1.70	[0.80]	-	20.04	13.23	1.99	14.47	5.57	5.68
	Equipments	8.23	0.09	2.89	[1.25]	-	9.96	4.31	1.46	4.86	5.10	3.92
	Motor vehicles	594.31	0.34	47.64	[3.84]	3.13	641.57	224.83	34.04	256.49	385.09	369.48
	<b>Sub total (i)</b>											
<b>(ii) Intangible assets</b>												
	Specialised software	7.79	0.03	0.36	[0.04]	-	8.14	4.84	0.99	5.79	2.35	2.95
	Non compete fee	0.54	-	-	-	-	0.54	0.13	0.06	0.20	0.34	0.41
	<b>Sub total (ii)</b>	8.33	0.03	0.36	[0.04]	-	8.68	4.97	1.06	5.99	2.69	3.36
	<b>Total (i+ii)</b>	602.64	0.37	48.00	[3.88]	3.13	650.25	229.80	35.10	262.48	387.78	372.84
	<b>31 March 2015</b>	541.20		68.62	[11.94]	4.76	602.64	203.17	31.21	229.80		
<b>(iii) Capital work-in-progress-Tangible assets</b>												
	Buildings										22.24	3.71
	Plant and machinery										33.87	6.53
	<b>Sub total (iii)</b>										56.11	10.24
<b>(iv) Intangible assets under development</b>												
	Specialised software										-	-
	<b>Sub total (iv)</b>										-	-
	<b>Grand Total</b>										443.89	383.08

- a. Includes expenditure on Research and development ₹0.73, (Previous year ₹0.03 crore) for Plant and machinery and ₹nil, (Previous year ₹nil) for Building (Refer Note 30 (A))
- b. In line with Notification No G.S.R. 914(E) dated 29th December, 2011 issued by the Ministry of Corporate Affairs, Government of India in respect of accounting periods commencing on or after the 1st April, 2011 for an enterprise which had earlier exercised the option under paragraph 46 and at the option of any other enterprise, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset. Accordingly, ₹3.13 crore (Previous year ₹4.76 crore) have been capitalised to Plant and machinery (Refer Note 1(15)(v)). The unamortised amount of such exchange differences, as on 31st March, 2016 is ₹12.08 crore (Previous year ₹10.58 crore)
- c. As per GN (A) 35 Guidance Note on Accounting for Depreciation in Companies issued by the ICAI in the context of Schedule II to the Companies Act, 2013 - Component Approach, where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset. Useful life of that significant part shall be determined separately. On this basis the bricks, part of CCR-Casting & Rolling equipments has been identified as component & accordingly depreciation has been calculated. The additional impact for change in policy is ₹ 0.07 crore.





# Notes Accompanying to the Consolidated Financial Statements

## Note 13 Long-Term Loans and Advances

(₹ in crore)

	31 March 2016	31 March 2015
<b>Unsecured, considered good</b>		
Capital advances	43.91	2.39
Security deposit	4.35	4.94
Others loans and advances	28.29	30.47
Income tax paid against disputed demands	-	6.99
<b>Total</b>	<b>76.55</b>	<b>44.79</b>

## Note 14 Current Investments

	Units as at 31 March 2016	31 March 2016 ₹ in crore	Units as at 31 March 2015	31 March 2015 ₹ in crore
<b>Investments in Liquid funds</b>				
Union KBC Liquid Fund Growth-Direct Plan	528,941.31	80.11	940.53	0.13
Union KBC Dynamic Bond fund -Growth	2,280,081.35	3.00	-	-
Union KBC Small and Midcap Fund Regular Plan-Growth	-	-	539,700.00	0.54
Union KBC Ultra Short Term Debt Fund-Growth-Direct Plan	-	-	36,887.49	4.59
IDBI liquid fund-Direct Plan-Growth	79,927.02	12.96	-	-
IDBI ultra short term fund - Direct Plan - Growth	80,240.68	13.00	-	-
<b>Total</b>		<b>109.07</b>		<b>5.26</b>

(₹ in crore)

	31 March 2016	31 March 2015
Aggregate market value of quoted investments	109.24	5.59
	<b>109.24</b>	<b>5.59</b>

## Note 15 Inventories

(₹ in crore)

	31 March 2016	31 March 2015
Raw materials and components	297.72	398.82
Raw materials-in transit	169.30	218.30
Work-in-progress	88.66	86.55
Finished goods	183.04	208.69
Stock-in-trade	13.47	10.18
Stock-in-trade (in-transit)	0.59	1.07
Stores and spares	22.11	20.64
<b>Total</b>	<b>774.89</b>	<b>944.25</b>



# Notes Accompanying to the Consolidated Financial Statements

## Note 16 Trade Receivables

(₹ in crore)

	31 March 2016	31 March 2015
<b>Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	0.03	0.03
Unsecured, considered good	32.71	59.09
Unsecured, considered doubtful	18.48	14.57
	51.22	73.69
Less: Allowances for doubtful debts	18.48	14.57
<b>Sub Total</b>	<b>32.74</b>	<b>59.12</b>
<b>Other receivables</b>		
Secured, considered good	0.49	0.49
Unsecured, considered good	1,055.61	1,207.39
<b>Sub Total</b>	<b>1,056.10</b>	<b>1,207.88</b>
<b>Grand Total</b>	<b>1,088.84</b>	<b>1,267.00</b>

## Note 17 Cash and Bank Balances

(₹ in crore)

	31 March 2016	31 March 2015
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
On current accounts	117.10	90.32
On deposits with original maturity of less than three months	0.00	-
On unclaimed dividend account (Refer Note (i) below)	1.03	0.73
Cash on hand	0.11	0.13
Cheques on hand	1.07	1.02
Funds in transit	2.77	-
<b>Sub Total</b>	<b>122.08</b>	<b>92.20</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months (Refer note (ii) below)	7.21	2.36
Margin money deposit (Refer note (iii) below)	7.67	5.91
<b>Sub Total</b>	<b>14.88</b>	<b>8.27</b>
<b>Grand Total</b>	<b>136.96</b>	<b>100.47</b>

### Note :

(i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2016.

(ii) Includes deposit of ₹ 4.58 crore under lien.

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



## Notes Accompanying to the Consolidated Financial Statements

**Note 18 Short-Term Loans and Advances**

(₹ in crore)

	31 March 2016	31 March 2015
<b>Unsecured, considered good</b>		
Loans and advances to related parties	0.00	0.00
<b>Others</b>		
Advances recoverable in cash or in kind or for value to be received	98.23	100.60
Balances with statutory/government authorities	48.94	50.13
<b>Total</b>	<b>147.17</b>	<b>150.73</b>

**Note 19 Other Current Assets**

(₹ in crore)

	31 March 2016	31 March 2015
Interest accrued but not due on fixed deposits	0.32	0.35
Interest accrued but not due on security deposits	0.02	0.05
Assets held for sale	0.02	0.02
Receivable from AIL Benefit Trust		
- Original value of investment	-	83.44
- Provision for diminution in value	-	(55.55)
	-	27.89
Other receivable	4.76	10.31
<b>Total</b>	<b>5.12</b>	<b>38.62</b>

(a) During the year, AIL Benefit Trust (beneficiary; Company) has sold entire 16,35,387 Equity shares for a average price of ₹ 436 per share in the open market through stock exchanges, aggregating to consideration of ₹ 71.30 crore. Profit of ₹ 43.15 crore on the above sale of shares has been shown under exceptional items.

**Note 20 Revenue from Operations**

(₹ in crore)

	31 March 2016	31 March 2015
<b>Sale of products</b>		
Finished goods	5,411.52	5,469.63
Raw materials	14.35	22.95
Traded goods	82.74	67.09
<b>Total</b>	<b>5,508.61</b>	<b>5,559.67</b>
<b>Sale of services</b>	11.09	6.45
<b>Other operating revenue</b>		
Others	33.20	43.03
<b>Total</b>	<b>33.20</b>	<b>43.03</b>
<b>Revenue from operations (gross)</b>	<b>5,552.90</b>	<b>5,609.15</b>
Less : Excise duty	472.87	487.29
<b>Revenue from operations (net)</b>	<b>5,080.03</b>	<b>5,121.86</b>



# Notes Accompanying to the Consolidated Financial Statements

## Note 21 Other Income

(₹ in crore)

	31 March 2016	31 March 2015
Dividend income from AIL Benefit Trust	0.57	0.86
Net gain on sale of short-term investment in liquid funds	2.80	0.89
<b>Total</b>	<b>3.37</b>	<b>1.75</b>

## Note 22 Cost of Raw Materials and Components consumed

(₹ in crore)

	31 March 2016	31 March 2015
Inventory at the beginning of the year	617.12	780.04
Add: Purchases	3,642.82	3,948.58
	4,259.94	4,728.62
Less: inventory at the end of the year	467.02	617.12
<b>Cost of raw materials and components consumed</b>	<b>3,792.92</b>	<b>4,111.50</b>

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

(₹ in crore)

	31 March 2016	31 March 2015
<b>Inventories at the end of the year</b>		
Finished goods	183.04	208.69
Work-in-progress	88.66	86.55
Traded goods	14.05	11.25
<b>Sub Total</b>	<b>285.75</b>	<b>306.49</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	208.69	119.38
Work-in-progress	86.55	88.64
Traded goods	11.25	8.68
<b>Sub Total</b>	<b>306.49</b>	<b>216.70</b>
<b>Grand Total</b>	<b>20.74</b>	<b>(89.79)</b>

## Note 24 Employee Benefits Expense

(₹ in crore)

	31 March 2016	31 March 2015
Salaries, wages and bonus	80.20	70.21
Contribution to provident and other funds	5.62	5.21
Staff welfare expenses	5.57	3.96
<b>Total</b>	<b>91.39</b>	<b>79.38</b>



# Notes Accompanying to the Consolidated Financial Statements

## Note 25 Other Expenses

(₹ in crore)

		31 March 2016	31 March 2015
Consumption of stores and spares		23.72	20.58
Packing materials		187.23	177.83
Excise duty adjustment of finished goods stock		(8.79)	8.20
Storage charges		9.62	9.07
Power, electricity and fuel		56.42	59.36
Processing charges, fabrication and labour charges		90.11	64.67
Freight and forwarding charges		184.03	186.74
Rent		1.86	2.19
Rates and taxes		3.53	5.80
Insurance		5.86	8.58
Repairs and maintenance			
Plant and machinery		3.17	2.76
Buildings		2.34	1.96
Others		4.47	3.61
Advertising and sales promotion		1.76	2.98
Sales commission		37.47	38.55
Travelling and conveyance		16.81	14.19
Printing and stationery		1.79	1.45
Legal and professional fees		12.21	11.54
Directors' sitting fees		0.12	0.09
Commission to Chairman, Managing Director and Joint Managing Director		5.35	2.00
Discount and rebates		17.63	14.19
Lease rental		2.20	1.41
CSR Activities - Donations		1.73	0.14
Other donations		0.13	-
Royalty		8.64	7.93
Bank charges and commission		17.91	12.04
Bad debts and advances written-off	8.60		13.01
Less: Allowances for doubtful debts utilised	(2.29)		(0.36)
		6.31	12.65
Allowances for doubtful debts and advances		7.10	0.34
Loss on sale of fixed assets (net)		0.06	0.27
Miscellaneous expenses		43.21	34.26
		<b>744.00</b>	<b>705.38</b>

## Note 26 Exceptional Items

(₹ in crore)

	31 March 2016	31 March 2015
Voluntary Retirement Compensation	-	0.25
Profit on sale of treasury shares [Refer Note 19(a)]	(43.15)	-
<b>Total</b>	<b>(43.15)</b>	<b>0.25</b>



# Notes Accompanying to the Consolidated Financial Statements

## Note 27 Finance Costs

(₹ in crore)

	31 March 2016	31 March 2015
<b>Interest expenses</b>		
Interest expenses	83.89	64.02
Bank charges for borrowing	6.58	10.34
Applicable net loss on foreign currency transactions and translation	67.79	84.67
<b>Sub Total</b>	<b>158.26</b>	<b>159.03</b>
<b>Interest income on</b>		
Bank deposits	(3.32)	(2.67)
Others	(3.56)	(6.51)
<b>Sub Total</b>	<b>(6.88)</b>	<b>(9.18)</b>
<b>Grand Total</b>	<b>151.38</b>	<b>149.85</b>

## Note 28 Earnings Per Share (EPS)

Sr.No.	Particulars	31 March 2016	31 March 2015
1	Profit after tax and before extraordinary items- in ₹ in crore	162.79	49.51
2	Profit after tax and extraordinary items- in ₹ in crore	162.79	49.51
3	Weighted Number of Equity Shares outstanding during the year	3.85	3.85
4	Nominal Value of Equity Shares in ₹	10.00	10.00
5	Earnings Per Share - in ₹		
	Basic and Diluted (before extraordinary items)	42.29	12.87
	Basic and Diluted (after extraordinary items)	42.29	12.87

## Note 29 Contingent Liabilities and Commitments

(₹ in crore)

		31 March 2016	31 March 2015
<b>A)</b>	<b>Contingent liabilities not provided for:</b>		
	(a) Claims against the Company not acknowledged as debts -		
	(i) Demand/Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities:		
	Excise duty (also refer note (iii) below)	6.49	7.15
	Service tax	-	0.20
	Customs duty	4.81	4.81
	Sales tax	13.27	12.88
	(ii) Arbitration award regarding dispute of alleged contractual non-performance by the Company, against which the Company is in appeal before Bombay High Court.	9.90	9.28
	(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.	5.12	4.45
	(iv) Labour matters	2.12	2.12
	(v) Others	6.65	6.47
	(b) Bills of exchange discounted	89.14	57.84
	(c) Taxation:		
	Disputed demands of income tax	0.12	7.11
<b>B)</b>	<b>Capital commitments</b>		
	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	37.10	5.80



# Notes Accompanying to the Consolidated Financial Statements

## Note 30 Research and Development Expenses

(₹ in crore)

		31 March 2016	31 March 2015
<b>(A)</b>	<b>R &amp; D Center-OIL (Rabale - DSIR Recognised)</b>		
(a)	Salary, wages and other benefits	2.22	1.97
	Consumables and Other expenses	0.08	0.11
	<b>Sub-Total</b>	<b>2.30</b>	<b>2.08</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	0.01	0.03
	<b>Sub Total</b>	<b>0.01</b>	<b>0.03</b>
	<b>Total</b>	<b>2.31</b>	<b>2.11</b>
<b>(B)</b>	<b>R &amp; D Center-Conductor (Silvassa)</b>		
(a)	Salary, wages and other benefits	-	-
	Consumables and other expenses	0.35	3.53
	<b>Sub-Total</b>	<b>0.35</b>	<b>3.53</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	0.72	-
	<b>Sub Total</b>	<b>0.72</b>	<b>-</b>
	<b>Total</b>	<b>1.07</b>	<b>3.53</b>
<b>(C)</b>	<b>R &amp; D Center-Cable (Khatalwad)</b>		
(a)	Salary, wages and other benefits	0.16	0.14
	Consumables and other expenses	0.39	0.53
	<b>Sub-Total</b>	<b>0.56</b>	<b>0.67</b>
(b)	Capital expenditure		
	Building	-	-
	Plant and machinery	-	-
	<b>Sub-Total</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>0.56</b>	<b>0.67</b>
	<b>Grand Total (A+B+C)</b>	<b>3.94</b>	<b>6.31</b>

## Note 31 (a)

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21, consolidated financial statements and the subsidiaries (along with Apar Industries Limited, the Parent constitute the group) considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	% voting power held as on 31st March, 2016	% voting power held as on 31st March, 2015
Petroleum Specialities Pte Ltd.	Singapore	100.00	100.00
Quantum Apar Speciality Oils Pty Ltd - (Subsidiary of Petroleum Specialities Pte Ltd.)*	Australia	65.00	65.00
Petroleum Specialities FZE - (Subsidiary of Petroleum Specialities Pte Ltd.)	Sharjah	100.00	100.00
Apar Lubricants Limited (formerly Apar ChemateK Lubricants Ltd). (Refer Note 2 (e))	India	-	100.00



# Notes Accompanying to the Consolidated Financial Statements

## \* Events subsequent to the reporting date:

The shareholders and directors of the subsidiary, Quantum Apar Speciality Oils Pty Ltd have resolved to cease the business, liquidate all assets, pay out all liabilities and return the net proceeds to the shareholders. It is anticipated that this will be completed within the next 6 months, after which the company will be deregistered.

<b>Note</b>	<b>31 (b)</b>	<b>Additional information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as subsidiaries</b>
		<b>Statement of net assets &amp; profit or loss attributable to owners &amp; minority interest</b>

Name of the entity	Net Assets i.e. Total assets minus Total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount Rs. in crore	As % of consolidated profit or loss	Amount Rs. in crore
<b>Parent</b>				
Apar Industries limited	88.79	764.46	96.31	156.77
<b>Subsidiaries</b>				
<b>Indian</b>				
Apar Lubricants Limited*	-	-	-	-
<b>Foreign</b>				
Petroleum Specialities Pte Limited	10.79	92.91	2.88	4.69
Quantum Apar Speciality oils Pty Limited	0.37	3.21	1.33	2.17
Petroleum Specialities FZE	2.61	22.46	(0.05)	(0.08)
<b>Minority Interests in all subsidiaries</b>	0.20	1.71	(0.47)	(0.76)
<b>Adjustments / Eliminations</b>	(2.76)	(23.76)	-	-
<b>Total</b>	<b>100.00</b>	<b>860.98</b>	<b>100.00</b>	<b>162.79</b>

\* Cease to exist pursuant to Scheme of Amalgamation [Refer Note 2(e)]





# Notes Accompanying to the Consolidated Financial Statements

## Note 32 Related Party Disclosures

### A. List of Related Parties :

#### a). Key Managerial Personnel :

Mr. K. N. Desai - Managing Director  
 Mr. C. N. Desai - Managing Director  
 Mr. Rishabh Kushal Desai - Director - Petroleum Specialities FZE  
 Mr. V. C. Diwadkar- Chief Financial Officer  
 Mr. Sanjaya Kunder- Company Secretary  
 Mr. G.Sudhakar - Director -Petroleum Specialities Pte. Ltd  
 Mr. Sani William Lee - Director - Quantum Apar Speciality Oils Pty Ltd.

#### b). Chairman having significant influence :

Dr. N. D. Desai - Non Executive Chairman

#### c). Relatives of Key Managerial Personnel :

Mrs. M. N. Desai  
 Mrs. Noopur Kushal Desai  
 Ms. Gaurangi K. Desai  
 Mrs. Jinisha C. Desai  
 Mr. Devharsh C. Desai  
 Ms Nikita C. Desai  
 Mrs. Vineeta R. Srivastava  
 Mr. Rajeev Srivastava  
 Ms. Krishangi R. Srivastava  
 Mrs. Vinaya S. Kunder  
 Master Akshat S. Kunder  
 Mrs. Arti V. Diwadkar  
 Mr. Amit V. Diwadkar

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

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



# Notes Accompanying to the Consolidated Financial Statements

Note **32** Related Party Disclosures (Contd.)

## B. Related Party Transactions

(₹ in crore)

<b>(i) Key Managerial Personnel :</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.35
2	Remuneration	6.80	3.97
3	Dividends paid (payment basis)	14.75	7.74
4	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	0.00
<b>(ii) Chairman having significant influence</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.04
2	Director's commission	1.78	0.67
3	Legal and professional fees	0.55	0.51
4	Sitting fees	0.02	0.02
5	Dividends paid (payment basis)	7.27	3.87
6	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	0.00
<b>(iii) Relatives of Key Managerial Personnel:</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.21
2	Dividends paid (payment basis)	0.01	0.01
3	Outstanding as on 31.03.2016		
	Loans and deposits payable	-	0.00
<b>(iv) Entities over which key management personnel/individual having significant influence</b>			
	<b>Transactions</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
1	Interest paid	-	0.00
2	Rent paid	0.11	0.74
3	Arranging Fees	-	0.05
4	Dividends paid (payment basis)	0.95	1.00
5	Management Fees	1.42	1.72
6	Dividend received	0.57	0.86
7	Outstanding as on 31.03.2016		
	Loans and deposits payable	0.00	0.00
	Loans and advances receivable	2.73	2.90



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

(₹ in crore)

	31 March 2016	31 March 2015
<b>(i) Interest paid</b>		
- Chaitanya N. Desai	-	0.22
- Vivek C. Diwadkar	-	0.10
- Gaurangi K. Desai	-	0.07
<b>(ii) Dividends paid (payment basis)</b>		
- Dr. N. D. Desai	7.27	3.87
- Kushal N. Desai	7.36	3.87
- Chaitanya N. Desai	7.36	3.87
<b>(iii) Legal and professional fees</b>		
- Dr. N. D. Desai	0.55	0.51
<b>(iv) Rent paid</b>		
- Apar Corporation Private Ltd.	-	0.63
- Apar Technologies Private Ltd.	0.11	0.11
<b>(v) Director remuneration</b>		
- Kushal N. Desai	2.70	1.42
- Chaitanya N. Desai	2.73	1.45
- Dr. N. D. Desai	1.78	0.67
<b>(vi) Sitting fees</b>		
- Dr. N. D. Desai	0.02	0.02
<b>(vii) Arranging fees</b>		
- Apar Investment Inc	0.00	0.05
<b>(viii) Management fees</b>		
- Quantum Chemical Pty. Ltd.	1.42	1.72
<b>(ix) Dividend received</b>		
- AIL Benefit trust	0.57	0.86



# Notes Accompanying to the Consolidated Financial Statements

## Note 33 Segment Information

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

### a. Primary Segments ( Business Segments)

FY 2015-16

(₹ in crore)

Particulars	Conductor	Transformer & Speciality Oils	Power/Telecom Cables	Others	Elimination	Total
<b>Revenue</b>						
External sales ( net of excise duty)	2,541.02	1,837.61	673.01	28.39	-	5,080.03
Other income	-	0.30	-	3.07	-	3.37
Inter-Segment Sales	9.46	3.04	1.72	-	(14.22)	0.00
<b>Total revenue</b>	<b>2,550.48</b>	<b>1,840.94</b>	<b>674.73</b>	<b>31.46</b>	<b>(14.22)</b>	<b>5,083.39</b>
Segment results before finance costs and tax	130.90	194.76	27.70	2.27		355.63
Less: Finance costs						151.38
Less: Other unallocated expenditure net of unallocable income						(16.40)
Profit before tax						220.65
Tax expense						57.10
Profit after tax						163.55
<b>Capital employed</b>						
Segment assets	1,180.45	929.67	524.09	19.51	-	2,653.71
Unallocable corporate and other assets						138.87
<b>Total Assets</b>						<b>2,792.58</b>
Segment liabilities	662.63	543.49	314.60	1.52	-	1,522.24
Unallocable corporate and other liabilities						16.67
<b>Total liabilities</b>						<b>1,538.91</b>
Capital expenditure	45.51	57.59	16.32	0.88	-	120.30
Capital expenditure -Unallocable						3.26
Depreciation and Amortisation expense	11.06	9.41	14.25	0.07	-	34.78
Depreciation and Amortisation- expense Unallocable						2.99



# Notes Accompanying to the Consolidated Financial Statements

## Note 33 Segment Information (Contd.)

FY 2014-15

(₹ in crore)

Particulars	Conductor	Transformer & Speciality Oils	Power/Telecom Cables	Others	Elimination	Total
<b>Revenue</b>						
External sales (net of excise duty)	2,315.50	2,224.20	558.83	23.33	-	5,121.86
Other income	-	0.05	-	1.70	-	1.75
Inter-Segment Sales	4.62	26.81	1.24	0.05	(32.72)	-
<b>Total revenue</b>	<b>2,320.12</b>	<b>2,251.06</b>	<b>560.07</b>	<b>25.08</b>	<b>(32.72)</b>	<b>5,123.61</b>
Segment results before finance costs and tax	117.41	102.08	20.05	2.08		241.62
Less: Finance costs						149.85
Less: Other unallocated expenditure net of unallocable income						19.30
Profit before tax						72.47
Tax expense						23.06
Profit after tax						49.41
<b>Capital employed</b>						
Segment assets	1342.21	1,078.59	456.42	12.98	-	2,890.20
Unallocable corporate and other assets						65.69
<b>Total Assets</b>						<b>2,955.89</b>
Segment liabilities	1022.73	629.87	158.54	2.06	-	1,813.20
Unallocable corporate and other liabilities						26.22
<b>Total liabilities</b>						<b>1,839.43</b>
Capital expenditure	32.63	8.00	13.25	0.74	-	54.62
Capital expenditure -Unallocable						4.01
Depreciation and Amortisation expense	8.82	6.22	13.45	0.03	-	28.52
Depreciation and Amortisation-expense Unallocable						2.69

### b. Secondary Segments (Geographical Segments)

(₹ in crore)

	31 March 2016	31 March 2015
<b>Segment Revenue</b>		
- Within India*	3,451.27	3,448.45
- Outside India	1,628.75	1,673.41
	<b>5,080.03</b>	<b>5,121.86</b>

\* include deemed exports ₹ 114.90 crore (Previous year ₹ 151.48 crore)

	31 March 2016	31 March 2015
<b>Segment Assets</b>		
- Within India	230.73	2,516.84
- Outside India	2,561.85	439.05
	<b>2,792.58</b>	<b>2,955.89</b>

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



# Notes Accompanying to the Consolidated Financial Statements

## Note 33 Segment Information (Contd.)

### c. Segment revenue and results

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

### Segment assets and liabilities

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

Segment liabilities primarily include creditors and other liabilities.

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

## Note 34

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

## Note 35

₹ '0.00' indicate amount less than ₹ 50,000

## Note 36

Figures for previous year have been regrouped, wherever necessary.

Signatures to Note 1 to 36

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai, 25th May, 2016

**Kushal N. Desai**

Managing Director &

Chief Executive Officer

DIN : 00008084

Mumbai, 25th May, 2016

**Dr. N.K. Thingalaya**

Director

DIN : 00019226

**V. C. Diwadkar**

Chief Financial Officer

**Sanjaya R. Kunder**

Company Secretary



### Form AOC - I

(pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiary companies

Sr. No.	Particulars	Petroleum Specialities Pte. Limited, Singapore		Petroleum Specialities FZE, Sharjah		Quantum Apar Speciality Oils Pty. Limited, Australia	
		In USD	₹ in Crore	In USD	₹ in Crore	In AUD	₹ in Crore
(a)	Capital	59,101	0.26	3,405,995	22.69	300,000	1.03
(b)	Reserve	13,993,667	92.60	(14,771)	[0.23]	811,669	3.68
(c)	Total Assets	15,117,541	99.91	10,861,374	71.95	3,765,620	17.20
(d)	Total Liabilities	1,064,773	7.06	7,470,150	49.50	2,653,951	12.49
(e)	Details of investment (Except in case of investment in Subsidiaries)	-	-	-	-	-	-
(f)	Turnover	7,925,652	52.48	-	-	8,379,557	40.32
(g)	Profit before taxation	700,838	5.35	(12,503)	[0.08]	587,725	2.80
(h)	Provision for taxation	49,443	0.31	-	-	176,231	0.85
(i)	Profit after taxation	651,395	5.04	(12,503)	[0.08]	411,494	1.95
(j)	Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil
(k)	% of shareholding	100.00%	100.00%	100.00%	100.00%	65.00%	65.00%

1. As on 31.03.2016 : 1 U.S. Dollar(USD) = ₹ 66.2600, 1 Australian Dollar(AUD) = ₹ 47.4000
2. At the hearing held on 23rd October 2015 , the Honorable High Court of Gujarat at Judicature at Ahmedabad have sanctioned the Scheme of Amalgamation of Apar Lubricants Limited, wholly-owned subsidiary of the Company with Apar Industries Limited (AIL) w.e.f.1st January, 2015 (being the appointed date).

## FORM NO. MGT-11



## APAR INDUSTRIES LIMITED

(CIN : L91110GJ1989PLC012802)

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

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

Email : com\_sec@apar.com Website : www.apar.com

## TWENTY SEVENTH ANNUAL GENERAL MEETING

Friday, 5th August, 2016

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :  
 Registered Address :  
 E-mail Id :  
 Folio No. / Client Id :  
 DP Id :

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

1. Name :  
 Address :  
 Email Id :  
 Signature \_\_\_\_\_ or failing him / her;
2. Name :  
 Address :  
 Email Id :  
 Signature \_\_\_\_\_ or failing him / her;
3. Name :  
 Address :  
 Email Id :  
 Signature \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **27th Annual General Meeting** of the Company to be held on **Friday, August 5, 2016 at 2.15 P.M.** in the **Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007, Gujarat** and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Optional *	
Ordinary Business :		For	Against
1.	Adoption of Accounts.		
2.	Confirmation of payment of Interim-cum-Final Dividend.		
3.	Re-appointment of Mr. Chaitanya N. Desai as Director who retires by rotation and being eligible offers himself for re-appointment.		
4.	Ratification of Appointment of Statutory Auditors.		
Special Business :			
5.	Payment of remuneration to Cost Auditors.		
6.	Adoption of new set of Articles of Association of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

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



**APAR INDUSTRIES LIMITED**

(CIN : L91110GJ1989PLC012802)

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

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

Email : com\_sec@apar.com Website : www.apar.com

**TWENTY SEVENTH ANNUAL GENERAL MEETING****Friday, 5th August, 2016****ATTENDANCE SLIP**

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



FOLIO NO. :

DP ID NO. :

NO. OF EQUITY SHARES :

CLIENT ID NO. :

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

Name of proxy (in block letters) \_\_\_\_\_

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

I hereby record my presence at the **27th Annual General Meeting of the Company to be held on Friday, 5th August, 2016 at 2.15 P.M. in the Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 (Gujarat)**

-----  
**Member's / Proxy's Signature****Notes :**

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



**Form No. MGT – 12****Polling Paper**

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

<b>Name of the Company</b>	:	Apar Industries Limited
<b>Registered office</b>	:	301, Panorama Complex, R. C. Dutt Road, Vadodara – 390 007, Gujarat .

**BALLOT PAPER**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered folio No. / *Client ID No. [* Applicable to investors holding shares in dematerialized form]	
4.	Class of Share	Equity Shares

I hereby exercise my vote in respect of Ordinary / Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

<b>No.</b>	<b>Item No.</b>	<b>No. of shares held by me</b>	<b>I assent to the resolution</b>	<b>I dissent from the resolution</b>
------------	-----------------	---------------------------------	-----------------------------------	--------------------------------------

**ORDINARY BUSINESS :**

1.	To receive, consider and adopt the Audited Financial statements including Consolidated Financial statements comprising the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss and Cash flow for the year ended on that date together with Reports of Directors and Auditors thereon. <b>(Ordinary Resolution)</b>			
2.	To confirm payment of Interim-cum-Final Dividend on Equity Shares of the Company. <b>(Ordinary Resolution)</b>			
3.	To appoint a Director in place of Mr. Chaitanya N. Desai (DIN – 00008091) who retires by rotation and, being eligible offers himself for re-appointment. <b>(Ordinary Resolution)</b>			
4.	To ratify appointment of M/s. Sharp & Tannan, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of 28th AGM to be held in 2017 and authorise the Board of Directors to fix their remuneration. <b>(Ordinary Resolution)</b>			

**SPECIAL BUSINESS :**

5.	To confirm appointment and ratify payment of remuneration not exceeding Rs. 1,20,000/- to Mr. T. M. Rathi, the Cost Auditors for the Financial Year ending 31st March, 2017. <b>(Ordinary Resolution)</b>			
6.	To adopt new set of Articles of Association of the Company. <b>(Special Resolution)</b>			

Place :Vadodara

Date :

**(Signature of the shareholder)**

COURIER



**APAR INDUSTRIES LTD.**  
CIN : L91110GJ1989PLC012802

*If undelivered please return to:*

**APAR INDUSTRIES LTD.**  
301, Panorama Complex, R. C. Dutt Road, Vadodara - 390007, Gujarat

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

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