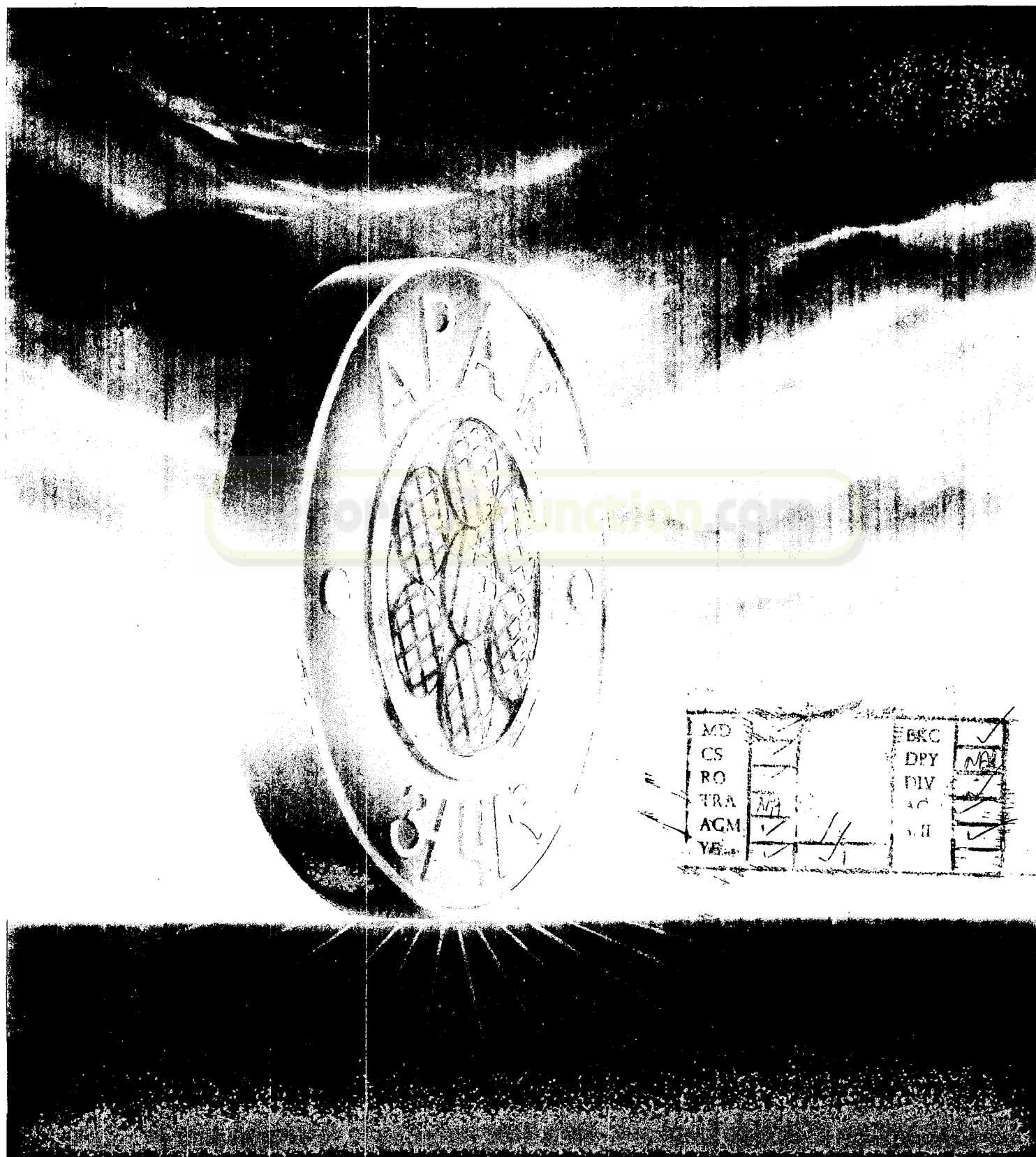


APAR INDUSTRIES LIMITED



MD		BKC	✓
CS		DPY	NA
RO		DIV	✓
TRA	NA	AC	✓
AGM	✓	SH	✓
YE	✓		✓



APAR INDUSTRIES LIMITED

(Formerly known as Gujarat Apar Polymers Limited)

9th ANNUAL REPORT 1997-98

BOARD OF DIRECTORS

Dr. N. D. Desai	<i>Chairman & Managing Director</i>
Mrs. S. D. Desai	
Mr. I. P. Gautam, IAS	
Dr. Nayan R. Desai	
Mr. V. A. Gore	<i>Nominee of I.C.I.C.I.</i>
Mr. Shardul S. Shroff	
Mr. Kushal N. Desai	<i>Joint Managing Director</i>
Mr. C. N. Desai	<i>Executive Director</i>
Mr. M. M. Patel	<i>Director (Polymers Division)</i>

COMPANY SECRETARY

Mr. D. C. Patel

AUDITORS

M/s. Arvind P. Dalal & Associates
Chartered Accountants
Mumbai

BANKERS

State Bank of India
Syndicate Bank
Union Bank of India
ING Bank
Mashreq Bank

REGISTERED OFFICE

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

CORPORATE OFFICE

Apar House, Corporate Park,
Near Swastik Chamber,
Sion - Trombay Road, Chembur,
Mumbai - 400 071.



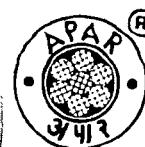
APAR INDUSTRIES LIMITED

(Formerly known as Gujarat Apar Polymers Limited)

Report  junction.com

Contents	Page No.
Notice	5
Directors' Report	7
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Notes to Accounts	30
Balance Sheet Abstract & Company's General Business Profile and Cash Flow Statement	37

9th ANNUAL REPORT 1997-98



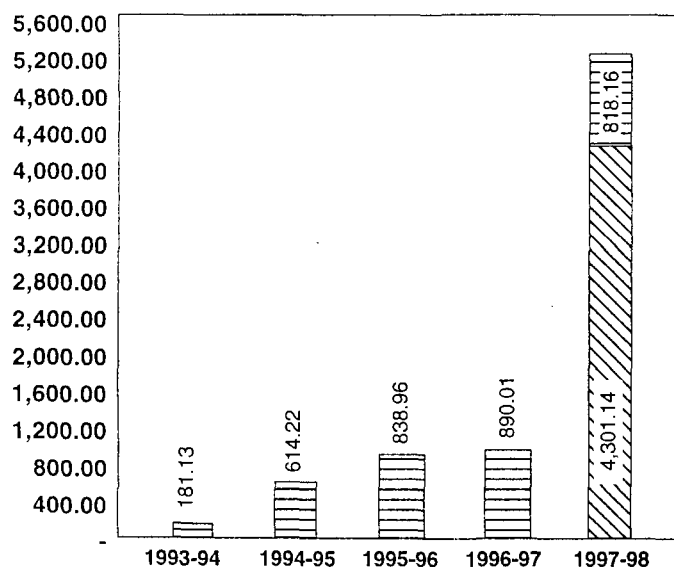
FINANCIAL HIGHLIGHTS

Rs. in Millions

Year	*1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92
ASSETS EMPLOYED							
Net fixed Assets	794.55	317.25	332.99	341.01	367.08	367.51	402.63
Investment	0.55	0.20	—	—	—	—	—
Net Current Assets	856.30	77.56	110.25	86.93	45.40	69.71	30.21
Misc. Expenditure (to the extent not written off or adjusted)	5.37	2.21	4.22	3.12	4.87	6.61	8.35
TOTAL	1,656.77	397.22	447.45	431.07	417.35	443.82	441.19
FINANCED BY							
Equity Share Capital	258.71	258.70	258.56	196.51	162.80	162.77	162.34
Share Capital - Suspense	426.92	—	—	—	—	—	—
Reserves & Surplus	147.69	(67.38)	(116.15)	(163.71)	(169.21)	(137.47)	(21.42)
Shareholders' Funds	833.32	191.33	142.40	32.80	(6.40)	25.31	140.92
Loan Funds	823.45	205.89	305.05	398.27	423.75	418.52	300.27
TOTAL	1,656.77	397.22	447.45	431.07	417.35	443.82	441.19
SALES	5,119.29	862.11	838.96	614.22	181.13	147.46	41.18
PROFIT AND APPROPRIATIONS							
Gross Profit before							
Depreciation & Tax	234.51	73.24	37.23	28.44	(30.67)	(74.81)	(126.77)
Depreciation/Amortisation	59.62	24.62	22.76	22.94	23.84	41.24	8.74
Profit before Tax	174.89	48.63	14.47	5.50	(54.51)	(116.05)	(21.42)
Tax	19.50	—	—	—	—	—	—
Profit after Tax	155.39	48.63	14.47	5.50	(54.51)	(116.05)	(21.42)
Prior Period Income	1.68	—	—	—	—	—	—
Excess provision for Depreciation written back	—	—	—	—	22.74	—	—
Profit available for appropriation	157.07	48.63	14.47	5.50	(31.77)	(116.05)	(21.42)
Dividends + Tax on Dividends	54.22	—	—	—	—	—	—
Balance (taken to Reserves & Surplus)	102.85	48.63	14.47	5.50	(31.77)	(116.05)	(21.42)

Note : *Including amounts relating to the Industrial Business of APAR LIMITED.

TURNOVER Rs. IN MILLIONS



PARTICULARS	1993-94	1994-95	1995-96	1996-97	1997-98
ALU. CONDUCTORS & OIL BUSINESS (Transferred from APAR LTD.)					4,301.14
RUBBER BUSINESS	181.13	614.22	838.96	890.01	818.16

	RUBBER BUSINESS
	ALU. CONDUCTORS & OIL BUSINESS (Transferred from APAR LTD.)



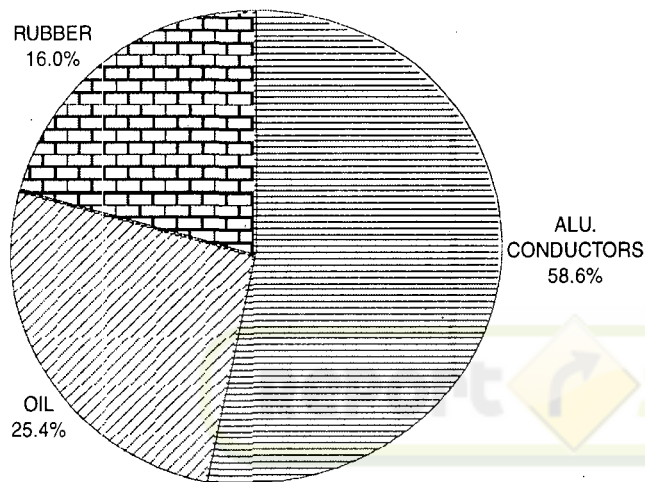
APAR INDUSTRIES LIMITED

(Formerly known as Gujarat Apar Polymers Limited)

TURNOVER BY BUSINESS (Rs. in Millions)

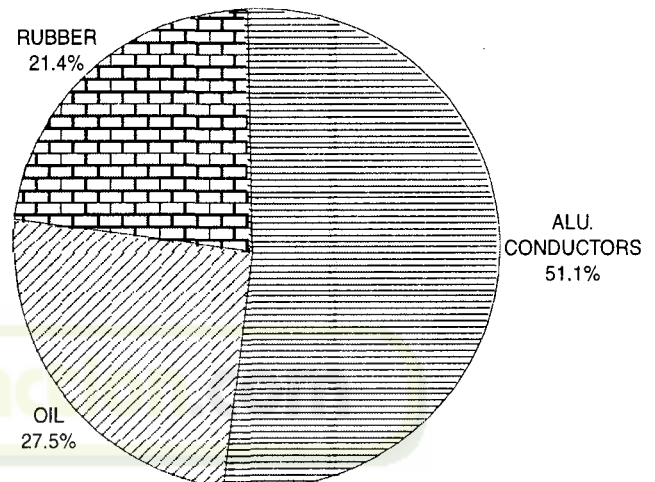
BUSINESS	1997-98
ALU. CONDUCTORS	3,000.82
OIL	1,300.32
RUBBER	818.16
TOTAL	5,119.29

Turnover by Business - 1997-98



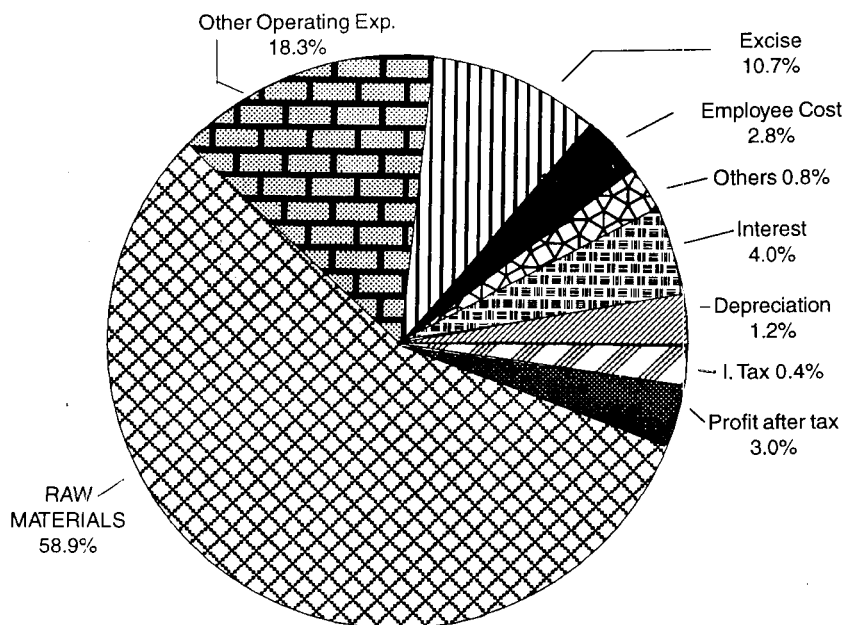
BUSINESS	1996-97
ALU. CONDUCTORS	2,060.12
OIL	1,107.68
RUBBER	862.11
TOTAL	4,029.91

Turnover by Business - 1996-97



NOTE : Alu. Conductors and Oil Business belonged to Apar Limited during 1996-97

HOW OUR INCOME WAS SPENT - 1997-98 (Rs. In Millions)



DISTRIBUTION OF INCOME - 1997-98

PARTICULARS	Rs. Millions	%
Raw Materials	3,040.14	58.9%
Other Operating Exp.	947.42	18.3%
Excise	554.14	10.7%
Employee Costs	142.22	2.8%
Others	40.03	0.8%
Interest	205.74	4.0%
Depreciation	59.62	1.2%
I. Tax	19.50	0.4%
Profit after Tax	155.39	3.0%
Total	5,164.20	100.0%

9th ANNUAL REPORT 1997-98



NOTICE

* NOTICE is hereby given that the Adjourned NINTH Annual General Meeting of the Members of APAR INDUSTRIES LIMITED, (formerly Gujarat Apar Polymers Limited), will be held at the Auditorium of The Federation of Gujarat Industries, R.C. Dutt Road, Vadodara 390 005 on Tuesday, the 8th June, 1999 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2. To declare Dividend.

SPECIAL BUSINESS:

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

"RESOLVED THAT M/S. RSM & Co., Chartered Accountants, Mumbai be and are hereby appointed as Statutory Auditors of the Company in place of M/S. Arvind P. Dalal & Associates, Chartered Accountants, to hold Office from the conclusion of this Meeting until the conclusion of next Annual General Meeting on a remuneration to be decided by the Board of Directors in consultation with them and reimbursement of out-of-pocket expenses as may be incurred by them for the purpose of Audit."

"FURTHER RESOLVED THAT M/S. V. J. Amin & Co., Chartered Accountants, Vadodara be and are hereby appointed as Branch Auditor of the Company to audit the accounts of Conductors Divisions of the Company at Vadodara and Bahutha and to hold Office from the conclusion of this Meeting until the conclusion of next Annual General Meeting on a remuneration to be decided by the Board of Directors in consultation with them and reimbursement of out-of-pocket expenses as may be incurred by them for the purpose of Audit."

* NOTE : This Notice is in continuation of the Notice dated 3rd October, 1998 convening the Ninth Annual General Meeting. The said Meeting was adjourned sine die for consideration of Agenda Items 1, 2 and 5 of the said notice which are included in this Notice.

Registered Office:

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

Vadodara, 19th April, 1999.

By Order of the Board
D.C.Patel
Company Secretary



APAR INDUSTRIES LIMITED

(Formerly known as Gujarat Apar Polymers Limited)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for the Agenda Item No. 3 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 1st June, 1999 to Friday, the 4th June, 1999, both days inclusive for the purpose of ascertaining the eligibility of shareholders to receive new equity and preference shares to be allotted in terms of the Scheme of Amalgamation and for payment of Dividend.
4. Members are requested to provide details of their Bank Account in the attached circular - cum - proforma at the earliest to enable the Company to implement Electronic Clearing Service (ECS) for dividend payment and/or to print the said details in the Dividend Warrants and Preference Share Redemption Warrants to be mailed by the Company from time to time.

ANNEXURE TO NOTICE

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

ITEM NO. 3:

The agenda item no. 3 of the Notice relates to the appointment of Auditors of the Company. The existing Auditor, M/S. Arvind P. Dalal & Associates, Chartered Accountants, Mumbai have informed the Company of the merger of their operational activities with M/S. RSM & Co., Chartered Accountants, Mumbai.

A Special Notice, under Section 190 of the Companies Act, 1956, from a Member of the Company proposing the name of M/S. RSM & Co., Chartered Accountants for appointment as Statutory Auditors of the Company, has been received. Therefore, a resolution is proposed to appoint the said firm as Auditors of the Company for auditing the Annual Accounts for the financial year 1998-99 in place of the retiring Auditor, M/S. Arvind P. Dalal & Associates.

It is proposed to appoint M/S. V. J. Amin & Co., Chartered Accountants, Vadodara as Branch Auditor to audit the Accounts of the Conductors Division of the Company at Vadodara and Bahutha for the financial year 1998-99. M/S. V.J. Amin & Co., Chartered Accountants were acting as Branch Auditor of Conductors Divisions of Apar Limited, which have now amalgamated with the Company and therefore, the proposed Resolution is for continuation of same firm as Branch Auditor of the Company.

The Board, therefore, commends the Resolution at Item No. 3 for approval of the Members.

None of the Directors of the Company is concerned or interested in the said Resolution.

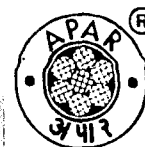
Registered Office:

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

Vadodara, 19th April, 1999.

By Order of the Board
D.C.Patel
Company Secretary

9th ANNUAL REPORT 1997-98



DIRECTORS' REPORT

Your Directors have pleasure in submitting the 9th Annual Report of the Company together with Annual Audited Accounts of the Company for the year ended 31st March, 1998, which incorporate the operational results of Industrial Business of Apar Limited which stand amalgamated with the Company with effect from 1st April, 1997.

1. Scheme of Arrangement (Scheme) :

a) Amalgamation of Industrial Business of Apar Limited (Apar) :

- i) The Hon'ble High Court of Gujarat by its order dated 18th January, 1999, has sanctioned Amalgamation in the Company of Industrial Business of Apar with effect from 1st April, 1997 as a going concern under the Scheme of Arrangement pursuant to Sections 391 to 394 of the Companies Act, 1956. The said Scheme has become effective from 19th April, 1999 retrospectively from 1st April, 1997. Simultaneously therewith, the name of the Company has been changed to "**Apar Industries Limited**".
- ii) Pursuant to the Scheme, the Industrial Business of Apar comprising of undertakings of Special Oils Refinery, Synthetic Rubbers Division, Conductors Division and specified other assets and liabilities relating to the said business as detailed in the Scheme stand transferred to the Company as a going concern.

b) Restructure of Share Capital :

Pursuant to the Scheme, the existing paid-up share capital of the Company is restructured and your Directors are taking required steps to implement the restructure before the Annual General Meeting to enable payment of dividends on the restructured capital. The details of restructure are given in the Annual Accounts and the same are summarised below :-

- i) The existing Equity Share Capital is divided between Equity and 10% Redeemable Cumulative Preference Shares on the basis that a holder of 100 Equity Shares shall be issued and allotted in substitution of his existing shares, 12 new Equity Shares of Rs. 10/- each fully paid up and 88,10% Redeemable Cumulative Preference Shares (Series I) of Rs. 10/- each fully paid up.
- ii) Consequent to the transfer of Industrial Business of Apar in terms of the Scheme, 17,691,665 Equity Shares of Rs. 10/- each fully paid up have been issued and allotted to the shareholders of Apar which shall rank pari passu with the post restructured new Equity Shares.
- iii) Equity and Preference shares issued as per (i) and (ii) above would be entitled to dividend from the Accounting Year 1997-98 and thereafter.
- iv) 25,000,000 10% Redeemable Cumulative Preference Shares of Rs. 10/- each fully paid-up (Series II) have been issued to certain members of Apar in discharge and satisfaction of their unsecured loans and advances to Industrial Business of Apar. The said shares would be entitled to dividend from the date on which the Scheme become effective.

2. Issue of New Shares and Listing :

- i) For the purposes of issue of new Equity and Preference Shares as per 1(b)(i) above and for payment of dividend, the Register of Members shall remain closed from 1st June, 1999 to 4th June, 1999 (both days inclusive). Upon allotment of new equity and preference shares as per 1(b)(i) above, the existing Equity Shares shall stand automatically cancelled.
- ii) Applications will be made to Vadodara, Ahmedabad, Delhi and Mumbai Stock Exchanges for listing of new Equity and Preference Shares (Series I).

3. Financial Results :

	(Rs. in Millions)	
	1997-98	1996-97
	[Consequent to the amalgamation referred to above, figures for the year 1997-98 are not comparable with those of the previous year.]	
Gross Income	5,164.20	896.97
Profit before interest, depreciation/amortisation and taxation	440.25	120.82
Deducting therefrom :		
Interest	205.74	47.58



APAR INDUSTRIES LIMITED

(Formerly known as Gujarat Apar Polymers Limited)

	(Rs. in Millions)	
	1997-98	1996-97
Depreciation/amortisation	59.62	24.62
Provision for Taxation	19.50	Nil
Net Profit for the year after taxation was	155.39	48.62
Adjusting therein		
The net amount of prior period items	1.68	Nil
Transfer from/(to) Debenture Redemption Reserve	4.68	(2.38)
Balance of Loss brought forward	*Nil	(149.26)
The amount available for appropriation was	161.75	(103.02)
The Directors have made the following appropriations :		
General Reserve	4.00	—
Proposed dividends on equity and preference shares	48.85	—
Tax on proposed dividends	5.37	—
Leaving Balance carried to Balance Sheet	103.53	(103.02)

* Pursuant to the Scheme, the balance of Rs. 30.68 millions standing to the credit of Share Premium Account as on 1st April 1997 has been adjusted against accumulated loss of Rs. 103.02 millions on that date and net balance loss of Rs. 72.34 millions has been adjusted against the amount of General Reserve transferred from the Transferor Company.

Under the Scheme, the following Reserves of the Transferor Company (Apar) are transferred to the Company which have been credited to respective accounts :

Capital Reserve	Rs. 1,500,000
Debenture Redemption Reserve	Rs. 15,875,000
General Reserve	Rs. 94,837,757

4. Dividend :

The Directors have pleasure of recommending maiden dividend for the financial year 1997-98 as under :

On 22,838,785 10% Redeemable Cumulative Preference Shares (Series I) at Re. 1/- per share	Rs. 22,838,785
On 20,806,045 Equity Shares at Rs. 1.25 (12.5%) per share	Rs. 26,007,556

As per the provisions of Income-tax Act, the dividends declared would not be taxable in the assessment of shareholders. You are requested to declare the aforesaid dividends at the adjourned Ninth Annual General Meeting.

5. Operations of 1997-98 :

- The Company's gross turnover and profit during the year were substantially enhanced on account of amalgamation of Industrial Business of Apar. The gross income and profit before tax for the year include Rs. 44,891 lacs and Rs. 1,526 lacs respectively which accrued to the Company on account of the said amalgamation.
- Though the year's production of Synthetic Rubber was comparable with the preceding year, the amounts of turnover and profit were affected by adverse market conditions. On account of increased financial capacity of the Company, consequent to the Scheme, the Company has taken up modifications of its Ankleshwar Plant to manufacture Synthetic Rubbers by Continuous Polymerization Technique. For this purpose, Technical Assistance Agreement has been signed with Goodyear Tire & Rubber Co., USA. The modification will enhance capacity of the Plant from 7200 MT per annum to 10,000 MT per annum which is expected to be operational in the year 2000 and will also reduce costs of utilities.

6. Prospects :

- The business during the current year (1998-99) is affected by reduced purchasing power of electricity boards on account of economic sanctions and recession in trade and industry. The profit of the year would also be affected by higher cost of imported inputs and higher costs of utilities and other inputs. Though profit for the current year is expected to be marginally lower than the preceding year, the year end results are expected to be reasonable.