

APAR INDUSTRIES LTD
Investor Update –Q3 FY 10

FINANCIAL PERFORMANCE (Standalone)				RS/MILLION		
Particulars	Q3 FY10	Q3 FY09	Variance	Nine Month FY10	Nine Month FY09	Variance
Net Sales	5200.04	6303.09	-17.5%	15102.39	18070.40	-16.4%
EBIDTA	406.82	302.89	34.3%	1142.39	746.14	53.1%
EBIDTA (%)	7.8	4.8		7.6	4.1	
PBT	291.22	-24.50		847.61	307.47	175.7%
PAT	222.16	-10.25		691.34	238.09	190.4%
EPS Rs :	6.87	-0.32		21.38	7.36	190.4%

HIGHLIGHTS -Standalone basis :

Turnover lower by : 16.4 % in 9 months FY10

PBT higher by : 175.7 % in 9 months FY10

PAT & EPS higher by : 190.4 % in 9 months FY10

SEGMENT PERFORMANCE ANALYSIS –Standalone : (Rs in Million)

Particulars	Stand alone Financial results			Stand alone Financial results			Stand alone Financial results		
	for Quarter Ended (Unaudited)			for 9 months Ended (Unaudited)			for the Year Ended (Audited)		
	31.12.2009	Var %	31.12.2008	31.12.2009	Var %	31.12.2008	31.03.2009	Var %	31.03.2008
Segment Revenue									
Conductors	2,220.16	-37.2%	3,534.49	7,438.20	-24.0%	9,793.18	13,860.16	77.3%	7,818.54
Transformer & Speciality Oils	2,988.57	7.5%	2,779.58	7,680.19	-7.2%	8,279.68	10,804.33	43.5%	7,528.22
Power & Telecom Cables	-		-	-		-	-		-
Polymers	-		-	-		-	-		1,854.28
Total	5,208.73	-17.5%	6,314.07	15,118.39	-16.3%	18,072.85	24,664.49	43.4%	17,201.04
Less: Inter - Segment Revenue	1.63	-47.7%	3.11	5.74	-55.4%	12.87	18.75	-76.2%	78.78
Revenue from Operations	5,207.10	-17.5%	6,310.96	15,112.64	-16.3%	18,059.98	24,645.74	43.9%	17,122.25
Segment Results before Interest and Tax									
Conductors	128.81	-68.1%	404.04	493.88	-23.2%	642.85	975.98	169.6%	362.08
Transformer & Speciality Oils	293.59		(279.73)	702.29		(13.09)	(377.73)	-156.0%	674.40
Power & Telecom Cables	-		-	-		-	-		-
Polymers	-		-	-		-	-		130.18
Total	422.40	239.8%	124.31	1,196.18	89.9%	629.76	598.25	-48.7%	1,166.66
Interest (net)	82.76	-17.0%	99.70	187.43	24.3%	150.80	312.49	-12.2%	355.75
Other Common expenses (net)	48.42	-1.4%	49.11	161.13	-6.0%	171.49	201.55	17.7%	171.23
Profit before Tax after exceptional items	291.22		(24.50)	847.61	175.7%	307.47	84.21	-86.8%	639.68
Tax	69.05	-584.4%	(14.26)	156.27	125.2%	69.38	31.14	-71.2%	108.00
PAT	222.17		(10.25)	691.34	190.4%	238.09	53.08	-90.0%	531.68
PAT Net Of Associate Profit/Loss									854.73
Segment Results - as % to Segment Revenue									
Conductors	5.8%		11.4%	6.6%		6.6%	7.0%		4.6%
Transformer & Speciality Oils	9.8%		-10.1%	9.1%		-0.2%	-3.5%		9.0%
Polymers	-		-	-		-	-		7.0%
Total	8.1%		2.0%	7.9%		3.5%	2.4%		6.8%
Capital Employed:									
(Segment Assets - Segment Liabilities)									
Conductors	2,156.76	-4.3%	2,253.42	2,156.76	-4.3%	2,253.42	618.91	-59.0%	1,508.00
Transformer & Speciality Oils	613.30	5.7%	580.09	613.30	5.7%	580.09	1,724.21	31.2%	1,314.01
Power & Telecom Cables	-		-	-		-	-		-
Polymers	-		-	-		-	-		-
Unallocable Corporate/Segment	-		-	-		-	-		-
Assets Less Liabilities	1,741.27	32.6%	1,312.83	1,741.27	32.6%	1,312.83	1,312.82		640.25
Total Capital Employed in Company	4,511.33	8.8%	4,146.34	4,511.33	8.8%	4,146.34	3,655.94	5.6%	3,462.26

COMPANY AS A WHOLE (STANDALONE)

FOR THE THIRD QUARTER FY2010

- Net Sales decreased from Rs.6303.09 Million to Rs 5200.04 Million; down by 17.5% over corresponding period of previous year; due to the reduction in the prices of commodity raw materials (Base oils, Aluminum etc.).
- EBIDTA increased from Rs 302.89 Million to Rs 406.82 Million ; representing a growth of Rs 103.93 Million (34.3%) over corresponding period of previous year.
- PBT increased from Rs. (–) 24.50 Million to Rs. 291.22 Million; representing a growth of Rs. 315.72 Million over corresponding period of previous year.
- PAT increased from Rs. (–) 10.25 Million to Rs. 222.16 Million; representing a growth of Rs. 232.41 Million over corresponding period of previous year.
- EPS increased from Rs (–) 0.32 to Rs. 6.87 representing a growth of Rs. 7.19 over corresponding period of previous year.

FOR THE NINE- MONTH PERIOD ENDED :

- Net Sales decreased from Rs. 18070.40 Million to Rs 15102.39 Million; lower by 16.4 % over corresponding period of previous year.
- EBIDTA increased from Rs 746.14 Million to Rs 1142.39 Million ; representing a growth of Rs 396.25 Million (53.1%) over corresponding period of previous year.
- PBT increased from Rs. 307.47 Million to Rs. 847.61 Million; representing a growth of Rs. 540.14 Million (175.7 %) over corresponding period of previous year.
- PAT increased from Rs.238.09 Million to Rs. 691.34 Million; representing a growth of Rs. 453.25 Million (190.4%) over corresponding period of previous year.
- EPS increased from Rs. 7.36 to Rs 21.38 representing a growth of Rs. 14.02 (190.4%) over corresponding period of previous year.

***GROUP CONSOLIDATED PERFORMANCE**

- Group Consolidated Sales Revenue in Q3FY10 was Rs. 5564.87 Million that includes Rs. 443.14 Million of PSPL , overseas subsidiaries.
- Group Consolidated Sales Revenue in Nine-month period was Rs.15736.11 Million that includes Rs. 789.42 Million of PSPL, overseas subsidiaries.
- Group Net Profit After Tax in Q3FY10 was Rs 273.45 Million that includes Profit of Rs 40.96 Million of PSPL; Profit of Rs 9.75 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.).
- Group Net Profit After Tax in Nine-Month period was Rs 788.34 Million that includes Profit of Rs 78.11 Million of PSPL; Profit of Rs 18.10 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.)

**excluding Uniflex Cables Ltd (UCL) since it's results yet to be declared. Above Group Consolidated Sales Revenue and Profits given without UCL's financials.*

Segment overview –Third Quarter & Nine-Month period :

Conductor :

- Sales revenue in Q3 FY10 was lower by 37.2% over the corresponding period of previous year from Rs. 3534.40 Million to Rs. 2220.16 Million. Sales revenue in this Quarter was adversely affected due to the postponement in Powergrid tenders, unhealthy market price levels and postponement of delivery schedules of certain contracts.
- Sales revenue in Nine-month period was lower by 24.0 % over the corresponding period of previous year from Rs. 9792.94 Million to Rs. 7438.20 Million. The metal prices and consequently sales prices were lower in this period compared to that in last year.
- Segment Level profit in Q3FY10 was lower by 68.1% from Rs 404.04 Million to Rs 128.81 Million. The segment level profits has been consequently affected due to drop in Revenue & unhealthy price levels.
- Segment Level profit in Nine month period was lower by 23.2 % from Rs 642.85 Million to Rs 493.88 Million.

- The Company has taken steps to reduce its costs in order to mitigate the reduction in profits. Also, the Company has been focusing on generating business in the High Temperature Conductors' segment.
- The order book as on 31st December 09 was Rs 12304 Million. Powergrid has floated new tenders, and fresh orders are expected for execution during next financial year. Domestic business has been booked, although the margins have been under pressure. The increased enquiries from the export markets, which were significantly affected due to the global crisis last year, should also result in increased future volumes for the Company.
- The Company continued its hedging strategy of covering its exposure on metal prices, without taking any speculative positions. The Marked to Market losses reduced from Rs 883.12 Million as on 30th September '09 to Rs. 549.97 Million as on 31st December '09.

Transformer and Specialty Oils

- Sales revenue in Q3FY10 was higher by 7.5 % over the corresponding period of previous year from Rs. 2779.58 Million to Rs.2988.57 Million and corresponding volume was up by 49.5 %
- Sales revenue in Nine month period was lower by 7.2% % over the corresponding period of previous year from Rs. 8279.68 Million to Rs. 7680.19 Million. Corresponding volume was up 30.7%
- Segment Level profit in Q3FY10 increased from Rs. (→) 279.73 Million to Rs 293.59 Million representing a growth of Rs 573.32 Million.
- Segment Level profit in Nine-month period increased from Rs. (→) 13.09 Million to Rs.702.29 Million representing a growth of Rs 715.38 Million.
- The quarter results and the nine months (Apr-Dec) results for the division were in line with our expectations and reflected improved customer off-take in a more favourable business environment. The growth in volumes was seen across all the business segments of Transformer oils, White oils, Industrial oils and Process oils. We expect higher volume sales trend to continue for the fourth quarter. Several projects which were either on hold, or where project execution was slow has picked up momentum. Sales volumes in our addressable markets are expected to grow in FY11 at 10 - 15%.

- The business environment is still marked by volatility both in the price of crude and exchange rates. The company has taken a very conservative view and is covering cross currency exchange risk on a regular basis. Inventory levels have also been reduced so that any sharp movement in product prices also will have a lower impact on the business.
- Base oil availability for certain specialty grades is likely to be short in Q4 due to refinery turnarounds. This could have an impact of higher base oil prices and tightening of margins. The company has taken effective steps to reduce the impact of this phenomenon.
- The company continues to focus on development of high value products. The Transformer oil segment has received significant orders for its high oxidation stability grade products meeting special application requirements of Extra High Voltage transformers, having ratings of 400 KV to 800 KV from several global transformer majors. This segment is expected to have much higher demand in the years to come as the BRIC countries, including India build high voltage transmission networks. Apar, is so far the only Indian company to have this approval from global transformer OEM's.
