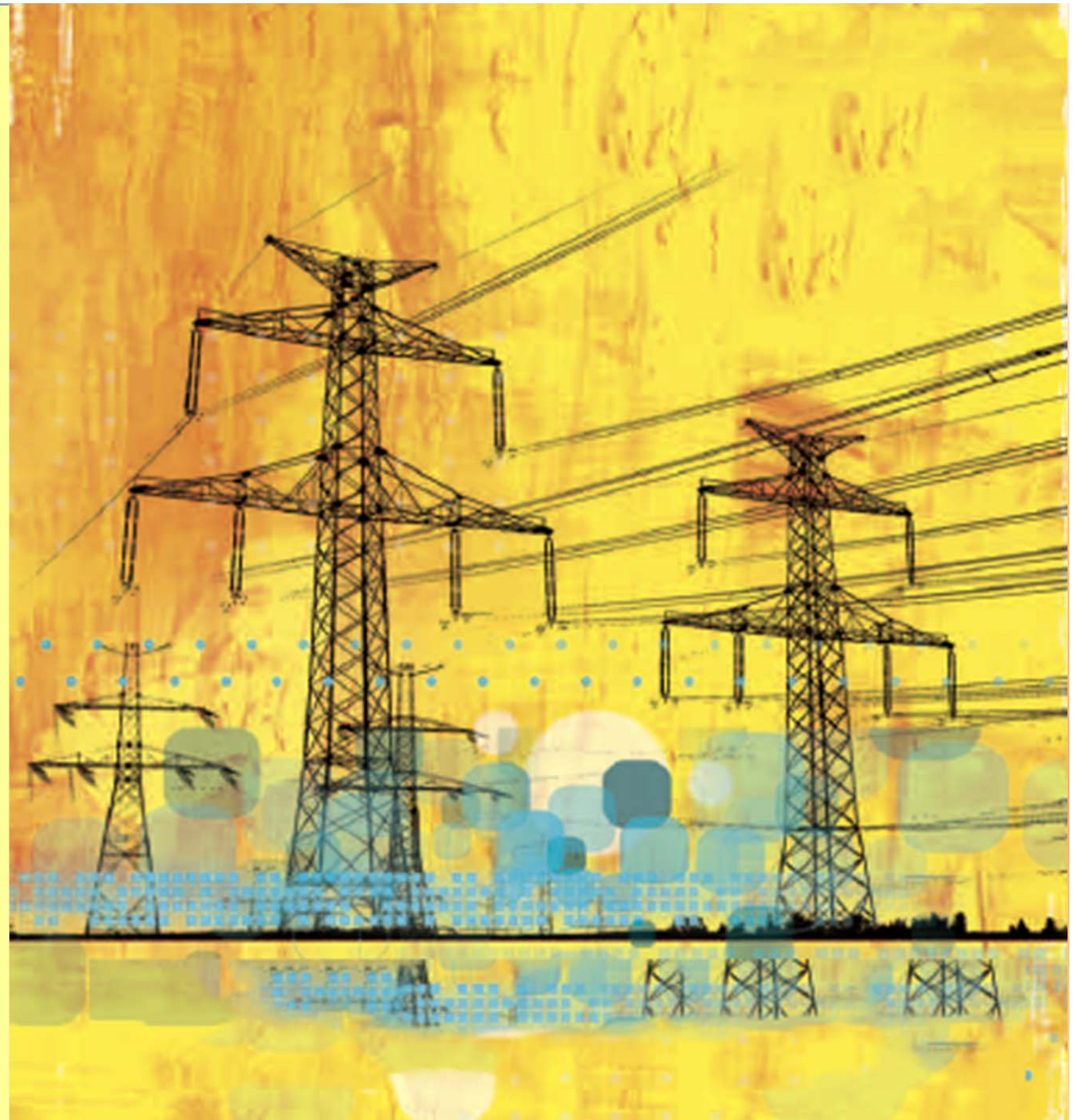
Tomorrow’s Progress Today

November 2010



A value story in the Indian Power Sector

Apar Industries Ltd. – An Overview

Specialty Oils

- Pioneer in manufacturing Transformer oils in India since 1969.
- Largest Indian player with focus on the Power Transformer segment, especially in EHV segment (220 KV to 765KV).
- Successful manufacturing & distribution tie-ups in South Africa, Australia & Turkey.
- Exports of Transformer Oils and White Oils to over 50 countries.
- Key OEM approvals of all major global transformer OEM's.
- Diversified product range of Specialty oils to reduce cyclical dependence on any single market vertical.
- License agreement with ENI to manufacture world famous AGIP lubricants, positioned at the upper end of the market.

Conductors

- Second largest manufacturer of conductors in India, amongst top few largest in the world by volume.
- Export to over 50 countries, Registered export house by Ministry of Commerce.
- Vertically integrated producer, full product range of ACSR and AAAC upto 800 KV.
- Newly introduced High Temperature conductors, will be a paradigm shift in the market in a few years.
- Key approvals from several global Utilities and EPC contractors – allows larger market participation.

About Apar

- In business since 1958 - 52 Years.
- We are a **Technology** driven **Customer Focused** company characterized by ***Reliability***, ***Adaptability***, ***Innovation*** & ***Leadership*** in our product categories.

Apar Industries Limited

- *100%* Petroleum Specialities Pte. Ltd. Singapore
  - *65%* Quantum Apar Speciality Oils Pty Limited Australia (JV)
- *50%* Apar Chematek Lubricants Limited (JV)
- *65%* Uniflex Cables India
  - *100%* Marine Cables & Wires Private Limited India
- *100%* Poweroil Specialities Product FZE UAE

Apar – Business Segments

	Speciality oils	Conductors	Cables
Business Description	Offers various products that covers power, industrial, Automobile and FMCG verticals	One of the largest conductor manufacturers in India	Markets wide range of Power and Telecommunication cables under the Brand 'Unicab'
Products	Transformer oil White oil Rubber process oil Industrial oil Automotive oil	All Aluminium Conductors Aluminium Conductor Steel Reinforced All Aluminium Alloy Conductors High temperature conductors	Elastomeric Cables Power Cables Telecom Cables
Plant & Capacity	Rabale, Silvassa Total Capacity 337,351 MTPA	Silvassa, Nalagarh, Umbergoan Total Capacity 114,597 MTPA	Umbergaon
Revenue Contribution (FY10)	*49%*	*43%*	*8%*
Capex	Investment of Rs. 15 crores – Increase effective capacity; Improve R & D infrastructure .	Investment of Rs. 50 crores – Silvassa 15 crores- 10 KMTPA Greenfiled Plant in Orissa 35 crores – 30 KMTPA	Investment of Rs. 20 crores – Electron Beam cross linked cables.

Key Highlights & Growth Drivers

1. Power transmission expected to lead the next phase of growth in the power sector – Conductor & Oil business grow linearly with Capex spend

2. Conductor Segment – Strong volume growth on the back of strong order book as project execution accelerates

3. Specialty Oil – Geared for strong volume growth / margin expansion as EHV transformer segment grows

4. Successful recent foray in lucrative automotive lubricant segment through ‘AGIP’ brand

5. Turnaround/ breaking even in power cables segment

Attractive Growth Opportunity

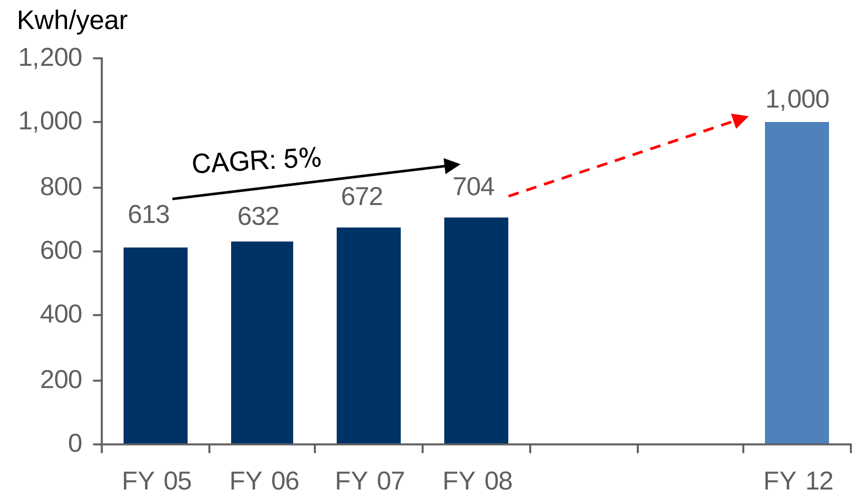
- XI th 5 year plan (FYP) has planned additional capacity of 78,700 MW
  - ~ 26,456 MW commissioned till August 2010
  - Expansion in generation to accelerate from FY12 onwards.
- Spending in Transmission lags Generation by 24-30 months.
  - Sector has been under-invested.
  - Location of Generation vs. Demand will enhance need for Transmission capacity.
- Composition of the market changing – increased participation of private players.
  - IPP's interconnection to grid, Build-Own-Operate (BOO)Transmission projects.
  - Dependence on PGCIL and SEB's to reduce.
  - Awarding of orders through negotiated deals rather than L1 position in tenders.
- Move towards higher voltage levels will benefit Transformer Oil business.
- XII th FYP proposes investment of Rs. 2400 bn in Transmission.

C Km

Transmission Lines	Existing by 10th FYP	Additions 11th FYP	Total by Mar 2012	Estimated additions in 12th FYP
765KV	2,184	5,428	7,612	25,000 to 30,000
HVDC 500KV	5,872	1,606	7,478	NA
HVDC 800/600KV	0	3,600	3,600	5,000
400KV	75,722	49,278	125,000	50,000
220KV	114,629	35,371	150,000	40,000

Source: CEA

Govt target - 1,000 kwh per capita power consumption

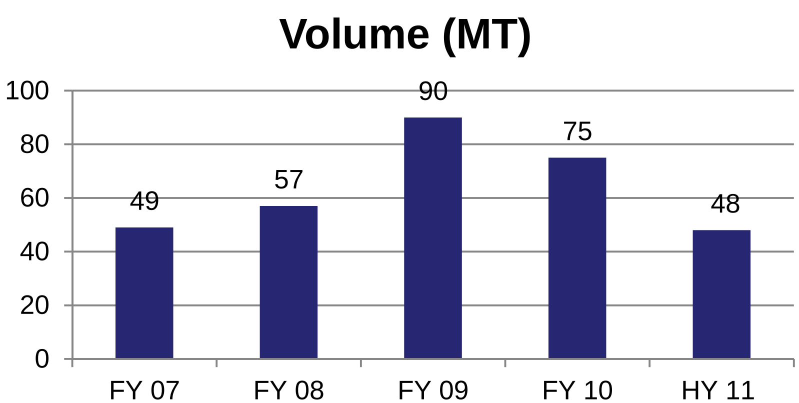


Source: CEA

Conductors Segment

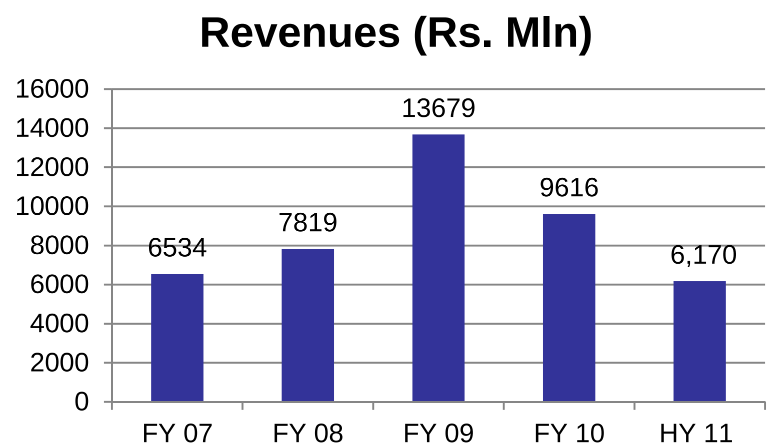
- Volume CAGR 29% (from FY06 to FY09); Revenue CAGR 46% (FY06 to FY09)
- Segmental margins in the range of 6% to 8%
- Investment in significant product development of HTC and leadership established through approvals from utilities
- Order book of Rs. 1,158 cr on 30th Sept 2010– exports contributing to ~36% of total
- Volatility due to excessive dependence on PGCIL will reduce, likely to improve revenue – earnings quality
- New plant to be located close to smelting capacity addition in Orissa
  - Will increase manufacturing competitiveness
  - Reduce logistics costs as closer to 12th Plan demand locations

Stable growth in the volumes sold



Note 1 : Fall in FY10 on account of a delay in the floating of tenders, postponement in the award of contracts by customers

Healthy growth in the revenues

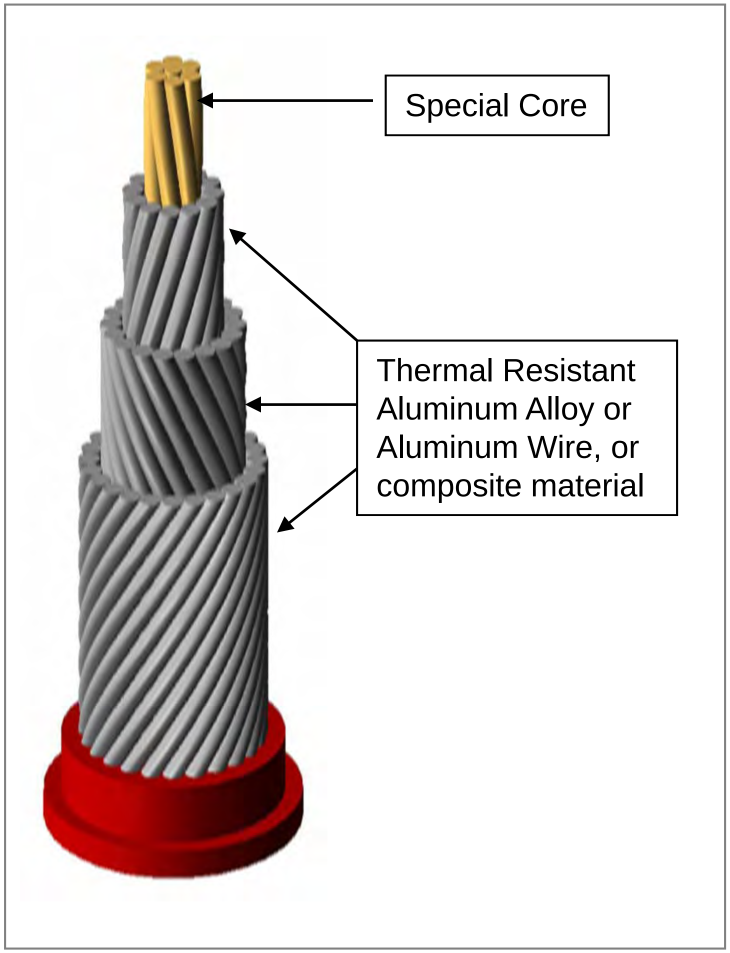


High Temperature Conductors

Changing ground realities
- Utilities facing increasingly more “Right of Way” problems.
- Need to transmit more power in a given corridor due to higher demand.
- “Reconductoring” of old lines in ageing networks as life of the conductors is over will also take place.

Advanced Solutions
- Special types of HTC using thermal resistant aluminum alloys and all annealed aluminum.
- Capable of transmitting 1.5 to 2 times that of conventional conductors.
- Advanced Countries are switching over to HTC.
- Limited market at present due to higher Capex. However, need for HTC is imminent

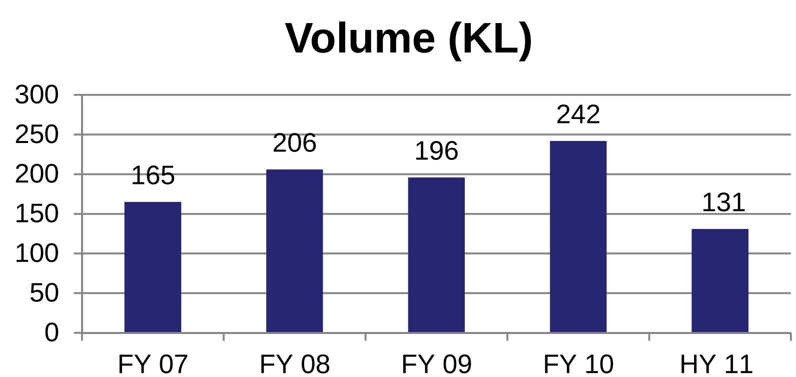
Apar is well positioned
- Technically approved by Power Grid at this stage.
- Base set of HTC’s already produced.
- POC at 4 utilities, first commercial repeat order of $700K executed successfully.
- Will allow company to differentiate itself, allow for margin expansion in the future.



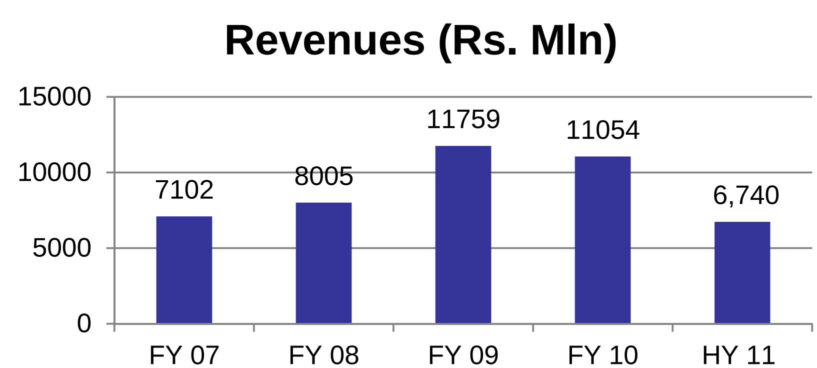
Oils Segment

- One of the largest transformer oil manufacturer in the world; continued focus in the EHV transformer segment.
- High entry barriers owing to approval process; oil is tested for 5-7 years before pre qualification.
- Oil Revenue growth in H1 FY 11 was 43.7%, Margins was up 56.5% over previous period.
- One of the few specialty oil producers in India to receive the NABL and DSIR registration for laboratories, specialized quality testing and research capabilities.
- Growing portfolio of other oils – white oils, industrial and process oils
- <u>Long term growth plan:</u>
  - Volume growth with MVA growth of transfomers.
  - Continued focus on higher rating transformer (high demand expected for 400 -765 KV class)
  - Currently well placed as one of the few companies with product approvals from global transformer OEMs and utilities including PGCIL for these ratings.

Stable growth in the volumes sold



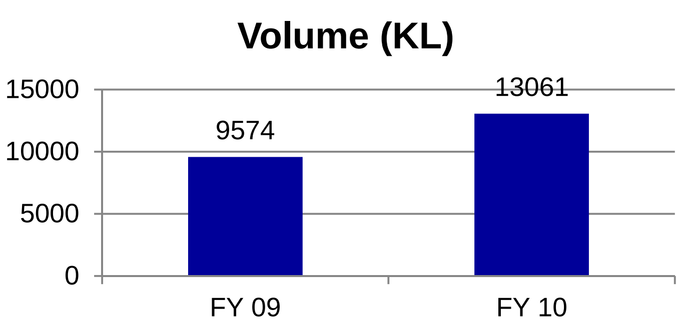
Healthy growth in the revenues

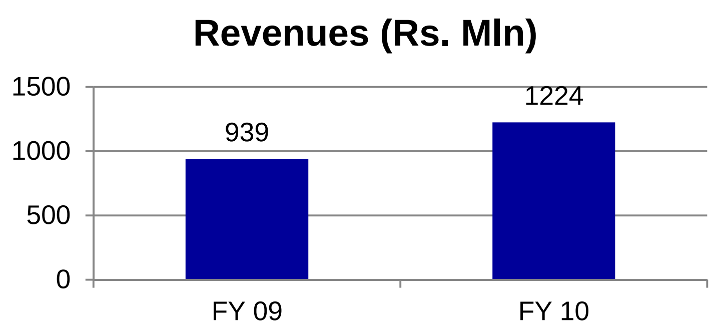


Oils Segment – Developing Agip

- ‘Agip’ brand - premium automotive lubricant is manufactured under license agreement from ENI S.p.A and distributed by a JV of which Apar owns 50%.
- Successfully positioned brand at upper end of market with key other MNCs
- Strategy to grow Agip brand and increase the product mix – yielding higher realisations and hence higher margins
- Sales turnover of “Agip” brand increased by 31% in FY10 compared to FY09 due to increased volumes

Increasing Volumes sold & Revenues of Agip





Cables Segment

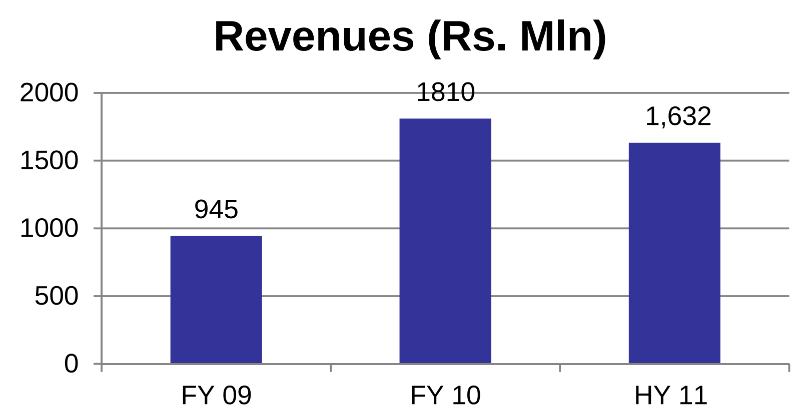
Acquisition of Uniflex Cables

- Acquisition rationale - diversify presence in the last leg of the transmission and distribution network – presence across all levels
- ISO:9001-2008 certified integrated plant at Umbergaon
- Diversified customer base with approvals from Utilities, Defense, Oil and Gas sector, Railways, major EPC contractors etc.
- Volume growth to aid in EBITDA breakeven
- As of 31st August 2010, order book of Rs. 81cr; 44% exports
- Accumulated losses of Uniflex : Rs. 103 cr; Tax losses can be claimed in the future period

Apar's turnaround strategy

Turnaround Strategy

- Decreasing **operational costs** & **'break-even threshold'** to achieve profitability at low capacity utilizations
- **De-bottlenecking** - to take advantage of demand upturn
- **Approvals** from high end customers
- **Synergy** with conductor business
- **Export opportunities -** increase client base in Africa



Note: FY09 revenues for ~8 months

Financial Summary


Consolidated Income Statement (Rs. Mln)

Income Statement	**** September 30, 2010**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Sales (net)	**12,912**	**22,355**	**26,371**	**17,658**
Other income	**19**	**160**	**62**	**56**
Expenditure:				
Material cost	10,262	17,365	22,488	13,946
Personnel cost	128	321	256	185
Manufacturing and other expenses	1,653	3,297	3,124	2,335
Interest (net)	(6)	332	412	371
Depreciation	67	185	147	140
Exceptional items – Net	2	12	17	38
Profit Before Tax	825	**1,004**	**(12)**	**700**
Profit After Tax	**583**	**780**	**(35)**	**583**

Consolidated Balance Sheet (Rs. Mln)

Particulars	**** September 30, 2010**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Shareholder's fund	3,513	2,834	2,800	2,845
Loan funds	1,502	1,617	1,614	1,009
Fixed Assets	1,250	1,811	1,793	1,107
Goodwill on Consolidation	-	-	603	-
Net Current Assets	3,529	2,715	2,148	2,403
Cash and Bank balances	*3,758*	*4,882*	*6,109*	*4,920*

** Note: All figures are on consolidated basis except for Sept 30, 2010, which is on stand-alone basis.

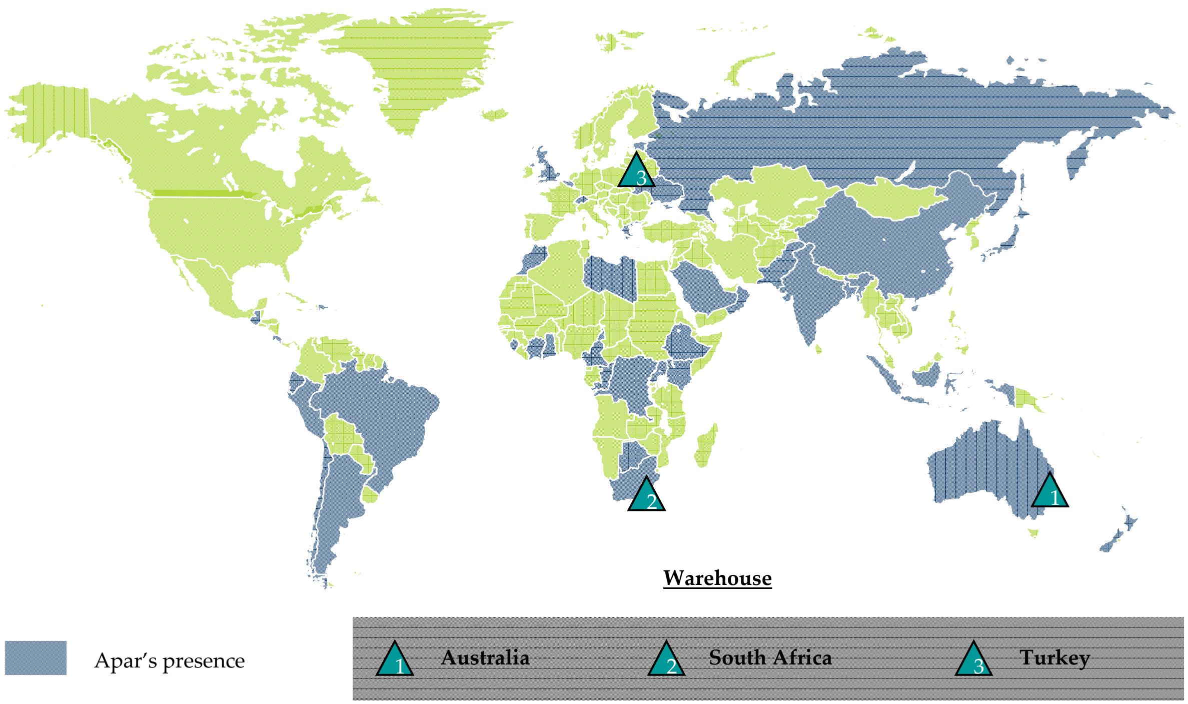
Apar – History & Timelines

History & Timelines

2008	▪ Acquired a strategic stake in Uniflex Cables Limited
2008	▪ Sold High Styrene Rubber and Nitrile Butadiene Rubber business
2007	▪ JV arrangement with CHEMATEK SPA, Italy and technology and licensee agreement with ENI, Italy
1999	▪ Conductor and Speciality Oil business was merged with Gujarat Apar Polymers Limited ; name changed to Apar Industries Limited
1989	▪ Gujarat Apar Polymers Limited was incorporated
1969	▪ Established speciality oil business with the technical know-how from Sun Oil Company (USA)
1958	▪ Conductor Division with the technical know–how from Alcan (Canada) and Properzi (Italy)

Robust Distribution System

Presence in 50 countries across the world



- Adopted a hub and spoke manufacturing and distribution model for specialty oils - allows efficient delivery cycles to global transformer OEM's across Asia, Africa and Australia

- Commissioned storage facilities in South Africa, Australia and Turkey by entering into JVs/ strategic alliances with local partners

- Over 25 company operated warehouses in India to service industrial and automotive clients effectively

Thank you!