

Investor Update
Q1 FY10

(Rs. in Million)

FINANCIAL PERFORMANCE				Audited (12 months)
Particulars	Q1 FY10	Q1 FY09	Variance	FY 09
Net Sales	5032.50	5397.42	-6.8%	24634.13
EBIDTA	328.60	319.89	2.7%	524.03
EBIDTA (%)	6.5	5.9		2.1
PBT	266.17	256.05	4.0%	84.21
PAT	244.79	191.89	27.6%	53.08
EPS Rs :	7.57	5.93	27.6%	1.64

Highlights -Standalone :

- **Turnover down by : 6.8%**
- **PBT up by : 4.0 %**
- **PAT & EPS up by : 27.6 %**

SEGMENT PERFORMANCE ANALYSIS :

Rs in Million

Particulars	Stand alone Financial results			Stand alone Financial results		
	for Quarter Ended (Unaudited)			for the Year Ended (Audited)		
	30.06.2009	Var %	30.06.2008	31.03.2009	Var %	31.03.2008
Segment Production Volumes:						
Conductors-Mt.	23,435	9.5%	21,402	97,657	61.3%	60,548
Transformer & Speciality Oils-KI	59,973	15.8%	51,811	199,094	-6.6%	213,090
Others -Mt.	-		-	-		14,126
Segment Sales Volumes:						
Conductors-Mt.	22,455	20.3%	18,672	91,603	57.3%	58,245
Transformer & Speciality Oils-KI	59,232	10.6%	53,560	199,647	-5.2%	210,507
Others -Mt.	-		-	-		14,762
Segment Revenue						
Conductors	2,841.23	3.7%	2,741.04	13,860.16	77.3%	7,818.54
Transformer & Speciality Oils	2,197.96	-16.5%	2,631.16	10,804.33	43.5%	7,528.22
Others	-		-	-		1,854.28
Total	5,039.18	-6.2%	5,372.20	24,664.49	43.4%	17,201.04
Less: Inter - Segment Revenue	2.44	-55.8%	5.51	18.75	-76.2%	78.78
Revenue from Operations	5,036.74	-6.1%	5,366.69	24,645.74	43.9%	17,122.25
Segment Results before Interest and Tax						
Conductors	169.81	53.3%	110.75	975.98	169.6%	362.08
Transformer & Speciality Oils	186.24	-21.0%	235.80	(377.73)	-156.0%	674.40
Others	-		-	-		130.18
Total	356.06	2.7%	346.55	598.25	-48.7%	1,166.66
Interest (net)	30.80	-9.5%	34.05	312.49	-12.2%	355.75
Other Common expenses (net)	59.09	4.7%	56.45	201.55	17.7%	171.23
Profit before Tax after exceptional items	266.17	3.9%	256.05	84.21	-86.8%	639.68
Tax	21.38	-66.7%	64.16	31.14	-71.2%	108.00
PAT	244.79	27.6%	191.89	53.08	-90.0%	531.68
PAT Net Of Associate Profit/Loss						854.73
Segment Results - as % to Segment Revenue						
Conductors	6.0%		4.0%	7.0%		4.6%
Transformer & Speciality Oils	8.5%		9.0%	-3.5%		9.0%
Others						7.0%
Total	7.1%		6.5%	2.4%		6.8%
Capital Employed:						
(Segment Assets - Segment Liabilities)						
Conductors	513.46	-66.4%	1,526.79	618.91	-59.0%	1,508.00
Transformer & Speciality Oils	2,202.39	30.0%	1,694.10	1,724.21	31.2%	1,314.01
Others	-		-	-		-
Unallocable Corporate/Segment Assets Less Liabilities	1,376.53		647.24	1,312.82		640.25
Total Capital Employed in Company	4,092.39	5.8%	3,868.13	3,655.94	5.6%	3,462.26

For the First Quarter :

Company on standalone basis :

- Net Sales decreased from Rs. 5397.42 Million to Rs 5032.50 Million; down by 6.8% over corresponding period of previous year due to the reduction in the prices of commodity raw materials (Base oils, Aluminum etc.).
- PBT increased from Rs.256.05 Million to Rs. 266.17 Million; representing a growth of Rs. 10.12 Million (3.9%) over corresponding period of previous year.
- PAT increased from Rs. 191.89 Million to Rs. 244.79 Million; representing a growth of Rs. 52.9 Million (27.6%) over corresponding period of previous year.
- EPS increased from Rs. 5.93 to Rs. 7.57 representing a growth of Rs. 1.64 (27.6%) over corresponding period of previous year.

Group Consolidated Performance:

- Group Consolidated Sales Turnover was Rs. 5552.25 Million that includes Rs. 150.38 Million of PSPL , overseas subsidiaries and Rs 387.0 Million of Uniflex Cales Ltd (UCL), subsidiary
- Group Net Profit After Tax was Rs 240.09 Million that includes Profit of Rs 21.04 Million of PSPL; Profit of Rs 0.69 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.) and Loss of Rs 26.44 Million of UCL.

Segment overview :

Conductor :

- Sales revenue in Q1FY10 was up 3.7% over the corresponding period of previous year from Rs. 2741.04 Million to Rs. 2841.23 Million representing a growth of Rs 100.19 Million. The corresponding volume growth was 20.26% as volume grew from 18672 MT to 22455 MT.
- Segment Level profit is up by 53.3 % from Rs 110.75 Million to Rs 169.81 Million representing a growth of Rs 59.06 Million.

- The Conductor Division had a full loading of its plants in this Quarter based on orders booked in earlier periods. The profitability of these orders were reasonably good.
- The company has made progress in the development of High Temperature Conductors which can carry more Power as compared to the conventional type of Conductors. These type of specialized conductors can be used in cases where re-conductoring (ie. New lines are replacing older ones) is being done as well where a higher amount of Power needs to be transmitted between two points where there is no additional Right of Way available. The company is making efforts to market these products in the domestic market. These products would provide a paradigm shift in terms of cost vs. benefit to utilities.
- The manufacturing of conductors used in the Cable industries has been under taken; particularly for the subsidiary company, Uniflex Cables. This would open up an additional market for the Conductor business in future where customers both in India and overseas can be serviced.
- The orders on hand as of 30th June 2009 is Rs 8340 Million and orders in the pipeline is Rs 1850 Million.
- Some of the deliveries of orders on hand have been delayed due to postponement of off-take from clients because of a slow down in execution of various projects in India & overseas. This would result in a lower production & sales for Q2 and idle capacities at the manufacturing units. Efforts are on to fill in this capacity and improve plant loading. Plant loading for the second half of the year is better.
- Power Grid, the largest buyer of transmission lines (domestically) has allocated a capex budget of Rs. 12,000 crores. The spend of conductors should be approximately Rs. 3,000 crores. Several tenders are due from PGCIL between July 2009 and March 2010.

Transformer and Specialty Oils :

- Sales revenue was down 16.5 % over the corresponding period of previous year from Rs. 2631.16 Million to Rs.2197.96 Million. However, the corresponding volume was up 10.6% as volume increased from 53560 KL to 59232 KL. The reduction in revenue was on account of the lower base oil prices relative to 1 year ago.
- Segment Level profit was down (21.0 %) over the corresponding period of previous year from Rs. 235.80 Million to Rs.186.24 Million. Q1FY09 was the best quarter that this division has had. Subsequent, all quarters in FY09 except Q2 had losses due to the adverse impact of the movement in the rupee relative to the US Dollar and the sharp drop in the prices of base oils. However, the result is substantially better than Q4FY09 which had a segment level loss of Rs. 364.64 Million.
- The business environment for the oil division has stabilized considerably, with the worst left behind. The high cost inventories that led to the losses in Q4FY09 have been largely reduced and hence the company doesn't expect any adverse impact from that.

- The current market environment is still marked with volatility in crude oil and its derivatives, and also in movement of exchange rates. The company has taken a more conservative stand to reduce the inventory cycle and also hedge the US Dollar against the rupee to a large extent through forward covers for the finished products sold in the domestic market.
- The future outlook on the division is gradually returning to normal. With the financing environment improving, we expect that the pace of implementation of power projects should improve in the months to come and correspondingly the demand for our Transformer Oils. Other user segments like the automotive sector, general manufacturing, and FMCG have also shown signs of improved offtake.
- The sale of Agip lubricants, marketed by Apar Chematek Lubricants Ltd has also improved with a growth in volume of over 70% over the same period previous year.

Operations at Uniflex Cables Ltd (a subsidiary) :

- Net Sales increased from Rs. 221.60 Million to Rs 384.47 Million; representing a growth of Rs 162.87 Million (73.4%) over corresponding period of previous year.
- Loss before tax decreased from Rs. 142.83 Million to Rs. 42.48 Million; less by Rs. 100.35 Million over corresponding period of previous year.
- EPS improved from Rs. (5.72) to Rs (1.70) over corresponding period of previous year .
- The Company has taken several steps to improve sales volume, production, productivity and quality improvement. In spite of the adverse market conditions for the cable business, improved performances is expected in the coming quarters.
