

Investor Update
Q2 FY10

FINANCIAL PERFORMANCE (Standalone)						
RS/MILLION						
Particulars	Q2 FY10	Q2 FY09	Variance	H1 FY10	H1FY09	Variance
Net Sales	4869.86	6369.89	-23.5%	9902.35	11767.31	-15.8%
EBIDTA	407.73	124.60	227.2%	736.33	444.49	65.7%
EBIDTA (%)	8.4	2.0		7.4	3.8	
PBT	290.22	75.92	282.3%	556.39	331.97	67.6%
PAT	224.38	56.44	297.5%	469.17	248.33	88.9%
EPS Rs :	6.94	1.75	297.5%	14.51	7.68	88.9%

Highlights -Standalone :

- **Turnover down by : 23.5% in Q2FY10
15.8% in H1FY10**
- **PBT up by : 282.3% in Q2FY10
67.6% in H1FY10**
- **PAT & EPS up by : 297.5% in Q2FY10
88.9% in H1FY10**

Segment performance analysis :

Rs in Millions

Segment Performance Analysis									
Particulars	Stand alone Financial results			Stand alone Financial results			Stand alone Financial results		
	for Quarter Ended (Unaudited)			for Half Ended (Unaudited)			for the Year Ended (Audited)		
	30.09.2009	Var %	30.09.2008	30.09.2009	Var %	30.09.2008	31.03.2009	Var %	31.03.2008
Segment Revenue									
Conductors	2,376.90	-32.4%	3,517.65	5,218.12	-16.6%	6,258.69	13,860.16	77.3%	7,818.54
Transformer & Speciality Oils	2,493.66	-13.1%	2,868.93	4,691.62	-14.7%	5,500.09	10,804.33	43.5%	7,528.22
Power & Telecom Cables	-		-	-		-	-		-
Others	-		-	-		-	-		1,854.28
Total	4,870.56	-23.7%	6,386.58	9,909.74	-15.7%	11,758.78	24,664.49	43.4%	17,201.04
Less: Inter - Segment Revenue	1.68	-60.5%	4.25	4.12	-57.8%	9.76	18.75	-76.2%	78.78
Revenue from Operations	4,868.88	-23.7%	6,382.33	9,905.62	-15.7%	11,749.02	24,645.74	43.9%	17,122.25
Segment Results before Interest and Tax									
Conductors	195.26	52.5%	128.06	365.08	52.9%	238.81	975.98	169.6%	362.08
Transformer & Speciality Oils	222.46	621.3%	30.84	408.70	53.3%	266.64	(377.73)	-156.0%	674.40
Power & Telecom Cables	-		-	-		-	-		-
Others	-		-	-		-	-		130.18
Total	417.72	162.9%	158.90	773.78	53.1%	505.45	598.25	-48.7%	1,166.66
Interest (net)	73.87	333.4%	17.05	104.67	104.9%	51.10	312.49	-12.2%	355.75
Other Common expenses (net)	53.63	-18.7%	65.93	112.71	-7.9%	122.38	201.55	17.7%	171.23
Profit before Tax after exceptional items	290.22	282.3%	75.92	556.39	67.6%	331.97	84.21	-86.8%	639.68
Tax	65.84	238.0%	19.48	87.22	4.3%	83.64	31.14	-71.2%	108.00
PAT	224.38	297.5%	56.44	469.17	88.9%	248.34	53.08	-90.0%	531.68
PAT Net Of Associate Profit/Loss									854.73
Segment Results - as % to Segment Revenue									
Conductors	8.2%		3.6%	7.0%		3.8%	7.0%		4.6%
Transformer & Speciality Oils	8.9%		1.1%	8.7%		4.8%	-3.5%		9.0%
Others									7.0%
Total	8.6%		2.5%	7.8%		4.3%	2.4%		6.8%
Capital Employed:									
(Segment Assets - Segment Liabilities)									
Conductors	1,151.47	-47.5%	2,194.19	1,151.47	-47.5%	2,194.19	618.91	-59.0%	1,508.00
Transformer & Speciality Oils	1,692.64	102.4%	836.26	1,692.64	102.4%	836.26	1,724.21	31.2%	1,314.01
Power & Telecom Cables	-		-	-		-	-		-
Unallocable Others	1,464.27	33.0%	1,100.96	1,464.27	33.0%	1,100.96	1,312.82		640.25
Total Capital Employed in Company	4,308.38	4.3%	4,131.41	4,308.38	4.3%	4,131.41	3,655.94	5.6%	3,462.26

For the second quarter :

Company on standalone basis :

- Net Sales decreased from Rs. 6369.89 Million to Rs 4869.86 Million; down by 23.5% 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.75.92 Million to Rs. 290.22 Million; representing a growth of Rs. 214.3 Million (282.3%) over corresponding period of previous year.
- PAT increased from Rs. 56.44 Million to Rs. 224.38 Million; representing a growth of Rs. 167.94 Million (297.5%) over corresponding period of previous year.
- EPS increased from Rs. 1.75 to Rs. 6.94 representing a growth of Rs. 5.19 (297.5%) over corresponding period of previous year.

For the half year ended

- Net Sales decreased from Rs. 11767.31 Million to Rs 9902.35 Million; down by 15.8% over corresponding period of previous year.
- PBT increased from Rs.331.97 Million to Rs. 556.39 Million; representing a growth of Rs. 224.42 Million (67.6%) over corresponding period of previous year.
- PAT increased from Rs. 248.33 Million to Rs. 469.17 Million; representing a growth of Rs. 220.84 Million (88.9%) over corresponding period of previous year.
- EPS increased from Rs 7.68 to Rs. 14.51 representing a growth of Rs. 6.83 (88.9%) over corresponding period of previous year.

Group consolidated performance:

- Group Consolidated Sales Turnover in Q2FY10 was Rs. 5393.71 Million that includes Rs. 199.93 Million of PSPL , overseas subsidiaries and Rs 387.73 Million of Uniflex Cables Ltd (UCL), subsidiary.
- Group Consolidated Sales Turnover in H1FY10 was Rs. 10,945.97 Million that includes Rs. 346.27 Million of PSPL , overseas subsidiaries and Rs 774.73 Million of Uniflex Cables Ltd (UCL), subsidiary

- Group Net Profit After Tax in Q2FY10 was Rs 206.98 Million that includes Profit of Rs 16.69 Million of PSPL; Profit of Rs 11.95 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.) and Loss of Rs 45.68 Million of UCL.
- Group Net Profit After Tax in H1FY10 was Rs 447.07 Million that includes Profit of Rs 37.15 Million of PSPL; Profit of Rs 12.64 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.) and Loss of Rs 72.12 Million of UCL.

Segment overview:

Conductor :

- Sales revenue in Q2 FY1 0 was down 32.4% over the corresponding period of previous year from Rs. 3517.65 Million to Rs. 2376.89 Million. This was mainly on account of the reduction in the raw material prices, and corresponding selling prices.
- Sales revenue in H1 FY10 was down 16.6% over the corresponding period of previous year from Rs. 6258.69 Million to Rs. 5218.12 Million.
- Segment Level profit in Q2FY10 was up by 52.5 % from Rs 128.05 Million to Rs 195.26 Million representing a growth of Rs 67.21 Million.
- Segment Level profit in H1FY10 was up by 52.9 % from Rs 238.81 Million to Rs 365.08 Million representing a growth of Rs 126.27 Million.
- Since the global crisis last year, the export business of the Conductor Division has been adversely affected. Many overseas projects have been postponed due to the lack of financial closure, resulting in reduction in demand of conductors. Also, the re-tendering of Power-grid tenders due to the reduction in excise duty, has further delayed the domestic demand of conductors.

However, the profitability of the orders executed in this quarter (booked in earlier periods) were reasonably good.

- The Company has been making significant efforts in promoting its new High Temperature Conductors. The various customers are showing good interest, and are expected to slowly try out these new products. If the High Temperature Conductors are used instead of the conventional type conductors, the customer would benefit substantially in terms of transmitting much higher power. And, the company would stand to gain being a front - runner in its development in the country.
- The orders on hand as of 30th September 2009 were Rs 7692 Million and orders in the pipeline are Rs 3777 Million.

Transformer and Specialty Oils :

- Sales revenue in Q2FY10 was down 13.1 % over the corresponding period of previous year from Rs. 2868.93 Million to Rs.2493.66 Million. However, the corresponding volume was up 35.8% as volume increased from 45513 KL to 61798 KL. The reduction in revenue was on account of the lower raw material prices relative to a year ago.
- Sales revenue in H1 FY10 was down 14.7% over the corresponding period of previous year from Rs. 5500.09 Million to Rs. 4691.62 Million. Corresponding volume was up 22.2% from 99073 KL to 121030 KL.
- Segment Level profit in Q2FY10 was up 621.3 % over the corresponding period of previous year from Rs. 30.84 Million to Rs.222.45 Million representing a growth of Rs 191.61 Million.
- Segment Level profit in H1FY10 was up 53.3 % over the corresponding period of previous year from Rs. 266.64 Million to Rs.408.70 Million representing a growth of Rs 142.06 Million.
- The half year 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 through the rest of the year.
- There has been a very sharp increase in the price of crude and consequently base oils from about \$50 per bbl to about \$70 per bbl at the end of the quarter. This has further increased to about \$80 per bbl in early October. A sharp increase in the price of base oils will have an impact on margins in the coming periods, and could result in short term margin erosion.
- The company continues to focus on new products. Through its strategic relationship with Hansen and Rosenthal, Germany, Apar has introduced for the first time in India new generation environmentally friendly low PCA oils. These type of oils have been mandated for use in all rubber / tyre products in Europe and Japan from 1st January 2010. Through a systematic process, the company expects to establish this product as the standard for low PCA oils India. The full impact of this development will be seen from January 2010 when the new standards become applicable.
- The sale of Agip lubricants sold through its joint venture company, Apar-Chematek grew in volumes by 45% over the period HY-FY09. Several new products including synthetic automotive lubricants were launched in this quarter which have been well received in the market place.

Operations at Uniflex Cables Ltd (a subsidiary) :

- Net Sales in Q2FY10 increased from Rs. 312.49 Million to Rs 390.57 Million; representing a growth of Rs 78.08 Million (24.9 %) over corresponding period of previous year.
- Net Sales in H1FY10 increased from Rs. 534.10 Million to Rs 775.04 Million; representing a growth of Rs 240.94 Million (45.1 %) over corresponding period of previous year.
- Loss before tax in Q2FY10 decreased from Rs. 115.93 Million to Rs. 71.43 Million; less by Rs. 44.5 Million over corresponding period of previous year.
- Loss before tax in H1FY10 decreased from Rs. 258.76 Million to Rs. 113.92 Million; less by Rs. 144.84 Million over corresponding period of previous year.
- EPS improved from Rs. (4.69) to Rs (2.86) in Q2FY10 and from Rs (10.41) to Rs (4.56) in H1FY10 over corresponding period of previous year.
- Company continuously taking several steps to improve sales volume, production, productivity and quality improvement. In spite of the continuous adverse market conditions for the cable business, improved performances are expected in the coming quarters
