Investor Update
Q4 FY08

FINANCIAL PERFORMANCE (Rs. in Million)

	Standalone						Consolidated		
Particulars	Q4 FY08	Q4 FY07	Variance	FY 08	FY 07	Variance	FY 08	FY 07	Variance
Net Sales	4778.63	4142.44	15.4%	17102.90	14686.03	16.5%	17665.15	15114.33	16.9%
EBIDTA	224.65	255.35	-12.0%	1151.73	1076.11	7.0%	1227.99	1110.54	10.6%
EBIDTA %)	4.7	6.2		6.7	7.3		7.0	7.3	
PBT	187.06	144.36	29.6%	1025.96	622.18	64.9%	1086.48	647.66	67.8%
PAT	152.27	107.30	41.9%	854.73	459.73	85.9%	905.61	480.52	88.5%
EPS (diluted) Rs :	4.71	3.33	41.4%	26.43	14.22	85.9%	27.48	14.82	85.4%

Highlights :

	-Standalone	- Consolidated
➢ Turnover up by :	15.4 % in Q4 FY08	
	16.5 % in FY08	16.9% in FY08
➢ PBT up by :	29.6 % in Q4FY08	
	64.9 % in FY08	67.8% in FY08
➢ PAT up by :	41.9 % in Q4FY08	
	85.9 % in FY08	88.5% in FY08
➢ EPS up by :	41.4% in Q4FY08	
	85.9% in FY08	85.4% in FY08

SEGMENT PERFORMANCE ANALYSIS :

Rs. in Lacs.

Particulars	Stand alone Financial results for Quarter Ended (Unaudited)			Stand alone Financial results For the Year Ended			CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED		
	31.03.2008	Var %	31.03.2007	31.03.2008	Var %	31.03.2007	31.03.2008	Var %	31.03.2007
Segment Production Volumes:									
Conductors-Mt.	15,802	22.0%	12,951	59,373	22.2%	48,595			
Transformer & Speciality Oils-Kl	57,339	18.9%	48,220	208,806	19.6%	174,538			
Polymers-Mt.	2,897	-38.6%	4,717	17,023	19.0%	14,304			
Segment Sales Volumes:									
Conductors-Mt.	17,331	8.1%	16,035	58,338	17.7%	49,544			
Transformer & Speciality Oils-Kl	62,326	30.3%	47,842	210,548	21.1%	173,885			
Polymers-Mt.	2,941	-24.9%	3,917	17,703	20.6%	14,679			
Segment Revenue									
Conductors	21,045.19	4.9%	20,066.69	78,234.54	19.7%	65,344.74	78,234.54	19.7%	65,344.74
Transformer & Speciality Oils	22,911.52	32.5%	17,296.13	75,282.22	12.7%	66,818.05	80,909.86	13.8%	71,103.59
Polymers	4,101.30	-3.2%	4,237.65	18,835.03	23.8%	15,208.84	18,835.03	23.8%	15,208.84
Total	48,058.02	15.5%	41,600.47	172,351.80	17.0%	147,371.63	177,979.43	17.4%	151,657.17
Less: Inter - Segment Revenue	292.11	3689%	7.71	787.83	849.5%	82.97	787.83	849.5%	82.97
Revenue from Operations	47,765.90	14.8%	41,592.76	171,563.96	16.5%	147,288.66	177,191.60	16.9%	151,574.20
Segment Results before Interest and Tax									
Conductors	857.40	-49.3%	1,690.81	3,620.77	-36.7%	5,717.94	3,620.77	-36.7%	5,717.94
Transformer & Speciality Oils	1,221.03	33.0%	917.87	9,780.97	86.9%	5,233.59	10,533.78	88.9%	5,577.14
Polymers	269.79	34.7%	200.35	1,374.74	128%	603.42	1,374.74	127.8%	603.42
Total	2,348.22	-16.4%	2,809.03	14,776.48	27.9%	11,554.95	15,529.29	30.5%	11,898.50
Interest (net)	819.29	-0.4%	822.82	3,557.45	12.8%	3,153.19	3,705.11	14.3%	3,241.94
Other Common expenses (net)	(341.73)	-163.0%	542.62	959.42	-56.0%	2,179.99	959.42	-56.0%	2,179.99
Profit before Tax after exceptional items	1,870.66	29.6%	1,443.59	10,259.61	64.9%	6,221.77	10,864.76	67.8%	6,476.57
Tax	347.91	-6.1%	370.61	1,712.35	5.4%	1,624.47	1,808.63	8.2%	1,671.37
PAT	1,522.75	41.9%	1,072.98	8,547.25	85.9%	4,597.30	9,056.13	88.5%	4,805.20
Segment Results - as % to Segment Revenue									
Conductors	4.1%		8.4%	4.6%		8.8%	4.6%		8.8%
Transformer & Speciality Oils	5.3%		5.3%	13.0%		7.8%	13.0%		7.8%
Polymers	6.6%		4.7%	7.3%		4.0%	7.3%		4.0%
Total	4.9%		6.8%	8.6%		7.8%	8.7%		7.8%
Capital Employed: (Segment Assets - Segment Liabilities)									
Conductors	15,079.98	-7.1%	16,235.40	15,079.98	-7.1%	16,235.40	15,079.98	-7.1%	16,235.40
Transformer & Speciality Oils	15,280.53	69.1%	9,034.42	15,280.53	69.1%	9,034.42	17,519.59	82.5%	9,599.54
Polymers	105.03	-98.9%	9,982.53	105.03	-98.9%	9,982.53	105.03	-98.9%	9,982.53
Unallocable Corporate/Segment Assets Less Liabilities	6,297.44	5122%	120.60	6,297.44	5122%	120.60	6,143.77	5980%	101.04
Total Capital Employed in Company	36,762.98	3.9%	35,372.95	36,762.98	3.9%	35,372.95	38,848.37	8.2%	35,918.50

Company as a Whole (standalone) :

For the Fourth Quarter :

- Net Sales increased from Rs. 4142.44 Million to Rs 4778.63 Million; representing a growth of Rs. 636.19 Million (15.4%) over corresponding period of previous year.

- PBT increased from Rs.144.36 Million to Rs. 187.06 Million; representing a growth of Rs. 42.70 Million (29.6%) over corresponding period of previous year.

- PAT increased from Rs. 107.30 Million to Rs. 152.27 Million; representing a growth of Rs. 44.97 Million (41.9%) over corresponding period of previous year.

- EPS (diluted) increased from Rs. 3.33 to Rs. 4.71 representing a growth of Rs. 1.38 (41.4%) over corresponding period of previous year.

- Adjusted consideration based on the audited account of Polymer Unit as contemplated in the Agreement for Sale as on the date of sale on 15th Feb' 08 was Rs.923.1 Million as against Rs1110 Million received by the Company. The adjustments were on account of working capital that was finally transferred as the transaction was completed. The pre-tax profit of Rs.82.5 Million and Post Tax Profit Rs.92.8 Million were reflected in the last quarter and for the Year results.

- Several one time provisions have also been made amounting to Rs.107. 2 Million for the 4th Quarter and Rs. 128.20 for the financial year which are explained in more detail in the segment analysis. Excluding these provisions, EBIDTA would have been Rs. 331.85 Million (up by Rs.76.5 Million- 30% over corresponding period of previous year) and PBT would have been Rs 294.26 Million (up by Rs. 149.90 Million-103.8% over corresponding period of previous year) for the quarter. Also, 880 MT worth of Conductors lying in the docks could be invoiced only 1st week April due to Port congestion and hence, due to delay in getting Shipping Bill, sales were affected by about Rs 100 Million.

For the Financial Year :

- Net Sales increased from Rs. 14686.03 Million to 17102.90 Million; representing a growth of Rs. 2416.87 Million (16.5%) over the previous year.

- PBT increased from Rs. 622.18 to Rs. 1025.96 Million; representing a growth of Rs. 403.78 Million (64.9%) over the previous year. This includes a one time gain from sale of Development rights for Rs. 303.70 Million during 2nd Quarter.

- Excluding the Provisions of Rs. 128.2 Million, EBIDTA and PBT would have been Rs. 1279.9 Million (up by 18.9% over the previous year) and Rs.1154.1 Million (up by 85.5% over the previous year) respectively for the financial year.

- PAT increased from Rs. 459.73 Million to Rs. 854.73 Million; representing a growth of Rs. 395 Million (85.9%) over the previous year.

- EPS (diluted) increased from Rs. 14.22 to Rs. 26.43 ; representing a growth of Rs.12.21 (85.9%) over the previous year.

<u>Group Consolidated Performance-FY08:</u>

- Group Turnover includes Rs. 689.83 Million of Petroleum Specialities (PSPL), overseas Subsidiaries in Singapore and Australia and Rs. 6.9 Million of Apar Chematek Lubricants Ltd. a 50:50 Joint Venture with Chematek, Italy.

- Group Net Profit after tax includes Profit of Rs 51.58 Million of PSPL, overseas subsidiaries; Loss of Rs 4.31 Million of Apar Chematek Lubricants Ltd.

Segment overview :

<u>Conductor</u> :

- Sales revenue in Q4FY08 was up 4.8% over the corresponding period of previous year from Rs. 2006.67 Million to Rs. 2104.51 Million. The corresponding volume growth was 8.1 % as volume grew from 16035 mts to 17331 mts.

- 880 MT worth of Conductors lying in the docks could be invoiced only 1st week April due to Port congestion and hence, due to delay in getting Shipping Bill, sales were affected by about Rs 100 Million.

- Sales Revenue for the FY08 grew by 19.7 % from Rs. 6534.47 Million to Rs.7823.45 Million. The corresponding volume growth was 17.7% as volume grew to 58388 mts from 49544 mts.

- Segment Level profit is down 49.3 % for the quarter and 36.7 % for the year . Excluding the one-time write-off for Rs .48.3 Million pertaining to old contracts segment profit would have been down 20.7 % for the quarter and 28.2% for the year.

  There are a number of reasons for this effect :

- There continued to be issues with the flow of tenders from Power Grid throughout FY08 due to problems that PGCIL has had with World Bank on counter guarantees to be given. This problem has been mitigated only in April 08 with new tenders being floated. However, in the interim period, several orders were taken against strong competition both in exports and domestically, which has resulted in reduced margins. The company expects better margins for this segment to be reflected from 3QFY09 onwards.

- The company has continued to grow its sales volume through orders from export markets. Physical exports were up 117% YoY. and deemed exports were up 78% YoY.

- During the year, the US$ has depreciated by 8.1% v/s Re. The resultant impact on the Margins was 2.4%.

- The order book as on 31st March stands at Rs. 706 crores with an order pipeline of about Rs. 299 crores.

- Capacity utilization in the Nalagarh plant, which was commissioned in FY08 has improved continuously and 4QFY08 it was 75%. The key reason for the same has been the dearth of domestic tenders.

- A third aluminum rod rolling mill was also commissioned at Silvasa during the year. This now enables the company to manufacture its entire Rod requirements internally and maintain the stringent quality standards that are required by Power Grid and key export customers. In addition, the surplus capacity will be used to sell rods in the market. The start up costs associated with this mill have impacted the profitability of the business to some extent.

- The Silvasa conductor unit was strengthened by purchase of new equipments in replacement of in-efficent old machines.

- For FY08, the management has taken write-offs amounting to Rs. 48.3 Million in the conductor segment pertaining to old contracts where they feel that recovery of the dues are not likely to take place even though strong efforts have been made over the years. These are one time in nature and pertain to transactions in the earlier financial Years..

- The future outlook for the division and the demand fundamentals for the business remain intact in the medium to long term. Power Grid and Private developers have already announced exceeding 300,000 mts in FY09, which should result in both improved sales and margins.

Transformer and Specialty Oils :

- Sales revenue in Q4FY08 on a standalone basis was up 32.5% over the corresponding period of previous year from Rs.1729.61 Million to Rs.2291.15 Million. The corresponding volume growth was 30.3 % as volume grew from 47842 KL to 62326 KL.

- Sales Revenue on a standalone basis for FY08 grew by 12.7% from Rs.6681.80 Million to Rs.7528.22 Million. Sales on a global consolidated basis for the year was Rs. 8090.98 Million, up from Rs. 7110.4 million, representing a growth of 13.8%.

- Segment Level profit is up by 33 % for the 4th quarter and 86.8 % for the year . Shipments to long terms customers were up strongly in the 4th quarter resulting in a volume gain of 30.3% over the corresponding period of the previous year on a standalone basis. The company's leadership position in the Transformer Oil business continues to drive this segments performance, as transformer shipments accelerate with the investments in the power sector.

- Provision for Rs. 58.9 Million has been made for mark to market loss on Derivative transactions (Options). Excluding this provision the Segment Profit would have been up by 97.2% for the 4th Quarter over the corresponding period of previous year and 98.1% for the year.

- Besides growth in the domestic market, the company has also seen very strong demand for its products in the overseas markets. Revenues from overseas operations and subsidiaries crossed Rs. 50 crores for the first time. The management expects 100% revenue growth in FY09 as the operations and acceptability of the Poweroil brand of transformer and specialty oil continues to grow oveseas.

- There has been a very steep rise in the prices of Base oils since Jan 08. There are several reasons for the same, but we highlight a few of the most important ones :
  - The prices of crude oil have increased from about \$100 per bbl to \$140 per bbl.
  - There is an unprecedented demand for low sulphur diesel worldwide. Vacuum Gas Oil can be used for either manufacturing diesel or base oils. The spreads that diesel has over crude are at record highs at this moment, also driving up the prices and reducing the appetite that refiners have to produce base oils.
  - The industry faces twin issues of higher raw material prices and reduced availability of base oils in general.

- Under these circumstances, the company is trying to do its best in ensuring a stable supply of finished products to its customers. Given the nature of relationships that the company has with both suppliers and its customers, it feels that it is at a comparatively better position to handle these trying circumstances than some of its competition.

- Inspite of the steep increases in prices of its base oils and finished products, the company doesn't foresee any major reduction in demand for its products given the critical and specialty nature of its applications.

- In 3QFY08, the company through its joint venture introduced the world famous Agip brand of Automotive and Industrial lubricants. The initial response to the placement of this product as a premium high performance brand has been very encouraging. The company has completed its national roll out and expects strong sales growth for Agip products in FY09. Several new high-end automotive products have been introduced by the company to further strengthen and differentiate the Agip product offering in the market place. This subsidiary has turned profitable in the Jan-March quarter, which is only the 2nd quarter of operation, a record for a newly launched brand in an otherwise very competitive market.

Polymers :

- Sales revenue of the division upto 15th February, 2008(date of sale of Unit) was Rs.1883.50 Million against Rs. 1520.88 Million in the previous year and segment level profit as on date of sale was Rs.137.47 Million against Rs.60.34 Million in the pervious year.
- One time write off of Rs 21 Million has been made pertaining to the litigations of earlier years.
- Adjusted Consideration was Rs.923.1 Million as against Rs.1110 Million received by the Company. This was on account of Working Capital that finally transferred as transaction was completed. As against a target of Rs.35.7 Million of Net Current Assets to be transferred, the actual was lower to the extent of adjustment. The adjustments have not affected the Net Profit contemplated by the Company on the transaction. The pre-tax profit arrived was Rs.82.5 Million and Post Tax Profit was Rs.92.8 Million.

Summary of Provisions/write-off :

Rs in Million

Conductor – Old Contracts	48.3
Oil – Mark to Market loss on Derivatives	58.9
Polymer –Litigations	21.0
Total	128.2

Uniflex Acquisition :

- During the last Quarter, Company has entered into Share Purchase and Shareholders Agreement with promoters of Uniflex Cables Limited,(UCL) an existing body corporate, listed at BSE to acquire management control of UCL. Business and objects of UCL are similar to that of the Company and its operations are complimentary to the Company's existing business. Existing promoters of UCL will continue as minority shareholders of UCL.

- Company has made the Open Offer to acquire upto 49,96,075 Equity shares of the face value of Rs. 10/ each representing 20% of the voting paid up equity share capital of UCL from the existing shareholders of UCL, at a price of Rs. 48.50 per share pursuant to SEBI Take over Regulations. The Public announcement for the purpose was made on 13th February, 2008 and Offer opened on 25th June, 2008 and closes on July, 14 2008

- As on the date of this report, Company has acquired 72,76,800 Equity Shares Rs. 10/- each representing 29.13% of fully diluted Equity Share Capital with voting rights. On completion of the Open offer, assuming full acceptance of the Offer, Company will hold 65.86% in the fully diluted paid up equity share capital of UCL.

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