

Investor Update
Q4 FY09

FINANCIAL PERFORMANCE (Rs. in Million)

Particulars	Standalone				Consolidated	
	Q4 FY09	Q4 FY08	FY 09	FY 08	FY 09	FY 08
Net Sales	6563.73	4778.63	24634.13	17102.90	26370.60	17658.26
EBIDTA	-223.26	224.64	524.03	1172.73	565.02	1248.99
EBIDTA (%)	-3.4	4.7	2.1	6.9	2.1	7.1
PBT	(223.26)	104.48	84.21	639.68	(12.04)	700.19
PAT	(185.01)	127.82	53.07	531.68	(53.22)	565.57
EPS Rs :	(5.72)	3.95	1.64	16.44	(1.65)	17.49

Note : *In the previous year company had Extra Ordinary Gains of Rs 298.59 Million on sale of development rights and Rs 24.45 Million on sale of Polymer Business that were excluded for the purpose of comparison.*

SEGMENT PERFORMANCE ANALYSIS :

Rs in Million

Particulars	Stand alone Financial results			Stand alone Financial results			CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED		
	for Quarter Ended (Unaudited)			for 12 months Ended (Unaudited)					
	31.03.2009	Var %	31.03.2008	31.03.2009	Var %	31.03.2008	31.03.2009	Var %	31.03.2008
Segment Production Volumes:									
Conductors-Mt.	27,759	55.1%	17,900	97,657	61.3%	60,548			
Transformer & Speciality Oils-KI	58,400	-4.3%	61,023	199,094	-6.6%	213,090			
Polymers-Mt.	-		5,257	-		14,126			
Segment Sales Volumes:									
Conductors-Mt.	28,463	71.5%	16,600	91,603	57.3%	58,245			
Transformer & Speciality Oils-KI	57,545	-7.6%	62,305	199,647	-5.2%	210,507			
Polymers-Mt.	-		5,166	-		14,762			
Segment Revenue									
Conductors	4,066.98	92.5%	2,112.64	13,860.16	77.3%	7,818.54	13,859.38	77.3%	7,818.54
Transformer & Speciality Oils	2,524.66	9.9%	2,297.11	10,804.33	43.5%	7,528.22	11,779.47	45.7%	8,083.57
Power & Telecom Cables	-		-	-		-	946.06		-
Polymers	-		402.62	-		1,854.28	-		1,854.28
Total	6,591.64	37.0%	4,812.37	24,664.49	43.4%	17,201.04	26,584.90	49.7%	17,756.38
Less: Inter - Segment Revenue	5.88	-79.9%	29.21	18.75	-76.2%	78.78	201.66	156.0%	78.78
Revenue from Operations	6,585.76	37.7%	4,783.16	24,645.74	43.9%	17,122.25	26,383.24	49.2%	17,677.60
Segment Results before Interest and Tax									
Conductors	333.13	288.5%	85.74	975.98	169.6%	362.08	976.50	169.7%	362.08
Transformer & Speciality Oils	(364.64)	-398.6%	122.10	(377.73)	-156.0%	674.40	(357.28)	-147.7%	749.68
Power & Telecom Cables	-		-	-		-	(8.66)		-
Polymers	-		24.99	-		130.18	-	-100.0%	130.18
Total	(31.51)	-113.5%	232.83	598.25	-48.7%	1,166.66	610.56	-50.8%	1,241.94
Interest (net)	161.69	97.4%	81.93	312.49	-12.2%	355.75	412.50	11.3%	370.51
Other Common expenses (net)	30.06	-35.2%	46.42	201.55	17.7%	171.23	210.10	22.7%	171.24
Profit before Tax B4 exceptional items	(223.26)	-313.7%	104.48	84.21	-86.8%	639.68	(12.04)	-101.7%	700.19
Tax	(38.25)	63.9%	(23.34)	31.13	-71.2%	107.99	41.18	-65.0%	117.62
PAT	(185.01)	-244.7%	127.82	53.08	-90.0%	531.69	(53.22)	-109.1%	582.57
PAT Net Of Associate Profit/Loss & EI	(185.01)		1,52.27	53.08		8,54.72	(53.22)		8,88.62
Segment Results - as % to Segment Revenue									
Conductors	8.2%		4.1%	7.0%		4.6%	7.0%		4.6%
Transformer & Speciality Oils	-14.4%		5.3%	-3.5%		9.0%	-3.0%		9.3%
Polymers			6.2%			7.0%			7.0%
Total	-0.5%		4.8%	2.4%		6.8%	2.3%		7.0%
Capital Employed: (Segment Assets - Segment Liabilities)									
Conductors	618.91	-59.0%	1,508.00	618.91	-59.0%	1,508.00	541.80	-64.1%	1,508.00
Transformer & Speciality Oils	1,724.21	12.8%	1,528.05	1,724.21	12.8%	1,528.05	1,927.01	10.0%	1,751.96
Power & Telecom Cables	-		-	-		-	902.58		-
Polymers	-		-	-		-	-		-
Unallocable Corporate/Segment Assets Less Liabilities	1,312.82		640.25	1,312.82		640.25	1,172.85	88%	624.88
Total Capital Employed in Company	3,655.94	-0.6%	3,676.30	3,655.94	-0.6%	3,676.30	4,544.24	17.0%	3,884.84

Company as a whole (standalone) :

For the Fourth Quarter :

- Net Sales increased from Rs. 4778.62 Million to Rs 6563.73 Million; representing a growth of Rs. 1785.10 Million (37.4%) over corresponding period of previous year.
- PBT decreased from Rs.104.48 Million to Rs. (223.26) Million; down by Rs. 324.74 Million over corresponding period of previous year.
- PAT decreased from Rs. 127.82 Million to Rs. (185.01) Million; down by Rs. 312.83 Million over corresponding period of previous year.
- EPS (diluted) decreased from Rs. 3.95 to Rs. (5.72) down by Rs. 9.67 over corresponding period of previous year.

For the Financial Year :

- Net Sales increased from Rs. 17102.90 Million to 24634.13 Million; representing a growth of Rs. 7531.23 Million (44.0%) over the previous year.
- Though the performance of the Company for first and second quarter was excellent the same for third and fourth quarter was hit badly due to the turmoil in the international market consequent to which the Indian Rupee got depreciated from Rs 39.97 to 50.66 per US Dollar and sharp, highly unexpected and unprecedented fall in the price of Crude oil from US\$ 147 to US\$ 33 per barrel.
- PBT decreased from Rs. 639.68 to Rs. 84.21 Million; down by Rs 555.47 Million (86.8%) over the previous year.
- PAT decreased from Rs. 531.68 Million to Rs. 53.07 Million; down by Rs. 478.61 Million (90.9%) over the previous year.
- EPS (diluted) decreased from Rs. 16.44 to Rs.1.64 ; down by Rs 14.80 over the previous year.
- The Board of Directors has not recommended any dividend for the financial year 2008-09 to conserve cash.

Group Consolidated Performance-FY09:

- Group Sales Turnover includes Rs. 1087.25 Million of Overseas Subsidiaries in Singapore, Australia and U.A.E.
- Group Net Profit after tax includes Profit of Rs 36.66 Million of Overseas subsidiaries; Loss of Rs 20.77 Million of Apar Chematek Lubricants Ltd. (50:50 JV with Chematek S p.A.)

Segment overview :

Conductor :

- Sales revenue in Q4FY09 was up 92.5% over the corresponding period of previous year from Rs. 2112.64 Million to Rs. 4066.98 Million. The corresponding volume growth was 71.5% as volume grew from 16,600 mts to 28,463 mts.
- Sales Revenue for the FY09 grew by 77.3 % from Rs. 7818.54 Million to Rs.13860.16 Million. The corresponding volume growth was 57.3% as volume grew to 91,603 mts from 58,245 mts.
- Segment Level profit is up by 288.5 % from Rs 85.74 Million to Rs 333.13 Million for the quarter and for the year up by 169.6% increased from Rs 362.07 Million to Rs 975.98 Million.
- This division has achieved highest sales value, volume and margin. Both the Silvassa and Nalagarh plants had full loading coupled with favourable mix of products that was scheduled for manufacture. Reduction in the excise duty from 12% to 8% from end of Feb 09 onwards has further improved the margin at Nalagarh Plant
- The company has seen an improved order flow in the second half of the year under review both from domestic as well as overseas customers. Company believe that there should not be a slowdown in order booking in the short term (1-2 years).
- The flow of tenders from PGCIL during the year was significant as against previous year and it is expected that this trend would continue during FY 09-10 as PGCIL announced its' investments plan for FY 09-10 for Rs 12000 Cr appx as compared to the actual/plan for Rs. 7500 Cr of FY 08-09.
- The order book as on 01st June 2009 was Rs 9750 Million and orders in the pipeline stood at Rs 1540 Million.

- Due to the turmoil in the financial markets , the prices of Aluminum has fallen very sharply. The company continues to hedge metal against all fixed priced orders and entered into non-speculative commodity forward contracts in order to hedge its exposure to fluctuations in the metal prices against requisite firm price sales contracts (received/to be received) . The mark to market loss(MTM) on such contracts, amounting to Rs.1713.2 Million has not been provided in the Accounts, as it is notional in nature and said loss would get extinguished on execution of firm sale price orders which are under execution. The MTM loss of such outstanding contracts as on June 23, 2009 was Rs 1040 Million. Based on the delivery schedule of these contracts, the physical delivery will extend through full April 2010. Further, due to the sharp fall in the price of Aluminum, the company has had to make substantial financial arrangements to LME brokers to secure the MTM losses in these positions until the physical delivery of the metal is taken. The consequence of this is that there will be blockage of the companies banking limits in the short term and an additional cost to the company for providing the securities. Further, due to current uncertainties abroad, there can be re-schedule of deliveries, which can result into additional cost to company and short term idle capacities at the manufacturing units.

Transformer and Specialty Oils :

- Sales revenue in Q4FY09 on a standalone basis was up 9.9% over the corresponding period of previous year from Rs. 2297.10 Million to Rs.2524.65 Million. However, the corresponding volume was down (7.6%) as volume down from 62305 KL to 57,545 KL.
- Sales Revenue on a standalone basis for FY09 grew by 43.5% from Rs. 7528.22 Million to Rs. 10804.33 Million. Sales on a global consolidated basis for the year was Rs. 11728.59 Million, up from Rs. 7976.87 Millions, representing a growth of 47%.
- Segment Level profit down --- (398.6 %) for the 4th quarter and (156.6%) for the year.

This was mainly due to

- a sharp, highly unexpected & unprecedented fall in the price of Base oils resulting into a drop in sales prices more rapid than the depletion of higher cost inventory.
- This was aggravated by the Ship carrying Company's base oil being hijacked by Somalia pirates and delayed receipt of cargo. During the intervening period of delay there was a substantial erosion of value of cargo in falling market which amounted to about US\$ 1.4 Million.
- The falling prices resulted in a sudden drop in demand due to inventory reduction and a feeling among customers that if they delay purchases, the prices will be lower.
- a sudden & unforeseen depreciation of the Re vs. US\$ resulting in forex loss of Rs. 1170.80 Million.

- The demand for our oil products had been affected in few segments. The Transformer Oil & White Oil sub segment has seen a marginal fall in sales. However, the industrial oils and rubber process oils sales have been more sharply affected, largely on account of the slow down in general industrial activity and more particularly in the automotive sector.
- Due to the uncertainty prevailing in the user industries for our oil products it will be difficult for us to provide any specific guidance. However, with the improvement in the Industrial activity, the demand for our products will be reflected, as the usage of oil products in these applications is largely inelastic in nature. The first quarter of FY09-10 for the oil division should see better sales and profitability.
- The division's overseas business has grown from Rs. 2378.35 million to Rs. 3199.6 million during the year representing a growth of 34.53 %.
- The monthly sales turnover of the "Agip" brand Automotive Lubricants produced by the Company with License and Technical Know-how of ENI-S.p.A of Italy increased by 329% but the Joint Venture Company viz. Apar ChemateK Lubricants Ltd. (50:50) also suffered loss on account of erosion in the margins due to high input costs and fall in inventory value.

Operations at Uniflex Cables Ltd (a subsidiary) :

Although, the Company became entitled to take over the management of the subsidiary from the previous management in July 2008, actually got involved in the day to day affairs of the company from September 08 onwards. After preliminary study of its' operations, steps are being taken to increase turnover and profitability. During the year under review, the Company has achieved Sales Turnover (net of taxes) of Rs. 1278.59 Million as against Rs. 1067.12 Million for the previous year ended 31st March, 2008. However, this was not sufficient to break-even & the Company has incurred a Net loss of Rs. 286.05 Million before tax out of which loss of Rs 258.75 Million was incurred in the first half of the FY 2008-09, during the period the company was managed by previous management. The operations of FY 2008-09 reflected a loss due to adjustments relating to various transactions of the prior period which were not reflected in the earlier financial statements and unfavorable market conditions & economy. Balancing machinery to improve profitability have been arranged and operations are expected to improve gradually.
