Investor Update
Q4 FY10

I. FINANCIAL PERFORMANCE (Rs. in Million)

	Standalone				Consolidated	
Particulars	Q4 FY10	Q4 FY09	FY 10	FY 09	FY 10	FY 09
Net Sales	4,878.15	6,563.73	19,980.54	24,634.13	22,355.45	26,370.60
EBIDTA	240.98	(223.26)	1,385.11	524.03	1,532.77	565.02
EBIDTA (%)	4.9%	-3.4%	6.9%	2.1%	6.9%	2.1%
PBT	200.50	(223.26)	1,048.10	84.21	1,004.08	(12.04)
PAT	170.03	(185.01)	861.37	53.07	847.43	(53.22)
EPS Rs :	5.26	(5.72)	26.64	1.64	26.21	(1.65)

HIGHLIGHTS -Standalone basis :

Turnover lower by: 18.9% in FY10

EBIDTA higher by : 164.3% in FY10

PBT higher by : 1144.6% in FY10

PAT & EPS higher by : 1522.9 % in FY10

Note : * *During the fourth quarter and year under review , the Company has provided (non-cash charge) Rs 555.54 Million for Impairment in equity Investment of Uniflex Cables Ltd, a subsidiary company on account of its losses and consequent erosion of net worth(refer para VI). PBT, PAT & EPS are before providing this Extra-ordinary item.*

II. SEGMENT PERFORMANCE ANALYSIS :

Rs in Lacs

Segment Performance Analysis									
Particulars	Stand alone Financial results for Quarter Ended (Unaudited)			Stand alone Financial results for Year Ended (Audited)			CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED		
	31.03.2010	Var %	31.03.2009	31.03.2010	Var %	31.03.2009	31.03.2010	Var %	31.03.2009
Segment Revenue									
Conductors	24,197.83	-40.5%	40,669.84	98,579.80	-28.9%	138,598.58	98,579.80	-28.9%	138,598.58
Transformer & Speciality Oils	25,713.27	1.8%	25,246.56	102,515.16	-5.1%	108,043.34	110,654.86	-6.1%	117,794.66
Power & Telecom Cables	-		-	-		-	18,262.07		9,460.55
	-		-	-		-	-		-
Total	49,911.10	-24.3%	65,916.40	201,094.96	-18.5%	246,641.92	227,496.73	-14.4%	265,853.79
Less: Inter - Segment Revenue	16.73	-71.6%	58.82	74.16	-60.5%	187.53	2,790.71	36.5%	2,044.34
Revenue from Operations	49,894.38	-24.2%	65,857.58	201,020.80	-18.4%	246,454.39	224,706.02	-14.8%	263,809.45
Segment Results before Interest and Tax									
Conductors	1,071.41	-67.8%	3,331.36	6,010.25	-38.4%	9,759.81	6,010.25	-38.4%	9,759.81
Transformer & Speciality Oils	1,772.44		(3,646.39)	8,795.37		(3,777.30)	10,993.66		(3,572.58)
Power & Telecom Cables							(1,274.61)		(167.08)
	-		-	-			-		-
Total	2,843.85		(315.04)	14,805.63	147.5%	5,982.51	15,729.31	161.3%	6,020.15
Interest (net)	81.65	-95.0%	1,616.92	1,955.99	-37.4%	3,124.89	3,319.89	-19.5%	4,124.99
Other Common expenses (net)	757.24	151.9%	300.63	2,368.59	17.5%	2,015.52	2,368.60	17.5%	2,015.52
Profit before Tax b4 Extraordinary items	2,004.97		(2,232.58)	10,481.05	1145%	842.10	10,040.81		(120.36)
Tax	304.67		(382.46)	1,867.38	499.8%	311.35	2,238.59	856.4%	234.06
PAT B4 Extraordinary items	1,700.30		(1,850.12)	8,613.67	1523%	530.75	7,802.22		(354.42)
PAT Net Of above adjustments							8,474.34		(532.23)
Segment Results - as % to Segment Revenue									
Conductors	4.4%		8.2%	6.1%		7.0%	6.1%		7.0%
Transformer & Speciality Oils	6.9%		-14.4%	8.6%		-3.5%	9.9%		-3.0%
							-7.0%		-1.8%
Total	5.7%		-0.5%	7.4%		2.4%	6.9%		2.3%
Capital Employed:									
(Segment Assets - Segment Liabilities)									
Conductors	12,324.10	99.1%	6,189.14	12,324.10	99.1%	6,189.14	11,488.19	112.0%	5,417.98
Transformer & Speciality Oils	13,022.07	-24.5%	17,242.06	13,022.07	-24.5%	17,242.06	16,247.94	-15.7%	19,270.11
Power & Telecom Cables	-		-	-		-	11,113.61	23.1%	9,025.80
Polymers	-		-				-		-
Unallocable Corporate/Segment Assets Less Liabilities	15,411.32	17.4%	13,128.17	15,411.32	17.4%	13,128.17	8,296.90	-29.3%	11,728.47
Total Capital Employed in Company	40,757.49	11.5%	36,559.36	40,757.49	11.5%	36,559.36	47,146.63	3.8%	45,442.36

* *During the fourth quarter and year under review , the Company has provided (non-cash charge) Rs 555.54 Million for Impairment in equity Investment of Uniflex Cables Ltd, a subsidiary company on account of its losses and consequent erosion of net worth(refer para VI). PBT, PAT & EPS are before providing this Extra-ordinary item.*

III. COMPANY AS A WHOLE (STANDALONE) :

A. For the Fourth Quarter :

- Net Sales decreased from Rs. 6563.73 Million to Rs 4878.15 Million; down by 25.7% over corresponding period of previous year. This was due to reduction in raw material prices, consequent reduction in sale prices and lower sales volume of Conductors.
- PBT (before extra-ordinary item) improved from (-) Rs 223.26 Million to Rs. 200.50 Million; representing a growth of Rs. 423.76 Million over corresponding period of previous year. Extra-ordinary item represent provision (non-cash charge) made for impairment in equity investment in Uniflex Cables Ltd, a Subsidiary Company (UCL) for Rs 555.54 Milion on account of its' losses and consequent erosion of its' net worth.
- PAT improved from (-) Rs 185.01 Million to Rs. 170.03 Million; representing a growth of Rs. 355.04 Million over corresponding period of previous year
- EPS (diluted) improved from (-) Rs. 5.72 to Rs. 5.26 Million; representing a growth of Rs. 10.98 over corresponding period of previous year

B. For the Financial Year :

- Net Sales decreased from Rs. 24634.13 Million to Rs 19980.54 Million; down by 18.9% over the previous year. This was mainly due to reduction in raw material prices, consequent reduction in sale prices.
- PBT (before extra-ordinary item) increased from of Rs 84.21 Million to Rs. 1048.10 Million; representing a growth of Rs. 963.89 Million (1144.6%) over previous year.
- PAT increased from of Rs 53.07 Million to Rs. 861.37 Million; representing a growth of Rs. 808.30 Million (1522.9%) over previous year.
- EPS (diluted) increased from Rs. 1.64 to Rs. 26.64 ; representing a growth of Rs. 25.00 1522.9%) over the previous year.
- The Board of Directors has recommended dividend of Rs 5/- (50%) per equity share of Rs 10/- each fully paid for the financial year 2009-10.

VI Group Consolidated Performance-FY10:

- Group Sales Turnover includes turnover of Rs. 1015.04 Million of Overseas Subsidiaries in Singapore and U.A.E. and Rs 1807.57 Million of UCL.

- Group Net Profit after tax includes Profit of Rs 140.19 Million of Overseas subsidiaries; Profit of Rs 24.99 Million of Apar Chematek Lubricants Ltd. (a 50:50 JV Company with Chematek S p.A.) and Loss of Rs 226.66 Million of UCL

V Segment overview :

A. Conductor :

- Sales revenue in Q4FY10 was down by 40.5% over the corresponding period of previous year from Rs. 4066.91 Million to Rs. 2419.78 Million.

- Sales Revenue in FY10 was down by 28.9 % from Rs. 13859.86 Million to Rs.9857.98 Million. The corresponding volume was down by 16.3% from 89708 MT to 75067 Mt

- Segment Level profit was down by 67.8% from Rs 333.13 Million to Rs 107.14 Million for the quarter and for the year down by 38.4% from Rs 975.98 Million to Rs 601.02 Million.

- ,There were several factors that resulted in lower performance as stated above :-
  a. Second half FY10 had lower order execution as there were delays/ re-schedulement of several orders that had been booked. Some of this is attributable to delayed financial closures (from FY09 crisis post Sept. 2008) or project delays due to customer having right of way issues. However, the postponement of these orders execution will result in a substantially higher volume in FY11.
  b. There were delays in both tenders and awarding contracts from Power Grid which has also resulted in these getting shifted into FY11.
  c. After the 2008 financial crisis, the demand for conductors was affected in the short term. It resulted in a very competitive environment, where the company was out-priced in bidding for some contracts.

- However, the order book as of 1st April for FY11 is Rs. 10832.4 Million in confirmed orders and Rs. 2865 Million in the pipeline. We expect total volume to grow by over 30% in FY11 over FY10 with a corresponding increase in profitability for this segment. Approximately 75% of these orders (confirmed and pipeline) will be executed in FY11.

- The company has followed a conservative hedging strategy both on foreign exchange and metal front. All fixed price orders have been hedged on a back to back basis. The mark to market losses as of 31st March 2010 are Rs 400.03 Million and are largely due to a single large export order which has delivery schedule that runs through the end of calendar year 2011.

B. Transformer and Specialty Oils :

- Sales revenue in Q4FY10 on a standalone basis was increased marginally by 1.8 % over the corresponding period of previous year from Rs. 2524.65 Million to Rs.2571.33 Million. The corresponding volume was also marginally increased by 3.2% as volume increased from 57571 KL to 59417 KL.

- Sales Revenue on a standalone basis in FY10 was down by 5.1% from Rs. 10804.33 Million to Rs. 10251.51 Million. However, the corresponding volume increased from 199672 KL to 247709 KL on standalone basis representing a growth of 24.1%. Sales Revenue on a global consolidated basis for the year was Rs. 11065.49 Million.

- Segment Level profit in Q4FY10 improved substantially from (-) Rs 364.64 Million to Rs 177.24 Million representing a growth of Rs 541.88 over the corresponding period of previous year.

- Segment Level profit for FY10 improved from (-) Rs 377.73 Million to Rs 879.54 Million representing a growth of Rs 1257.27 Million over the previous year.

- After the business suffered very badly in Q3FY09 and Q4FY09, there was strong turnaround both in terms of volume and margins during the financial year 2009-10. This can be attributed to growth in sales across Transformer oil, White oils and Industrial Oil sub-segments both in the domestic and exports markets.

- In the case of transformer oils, the sales mix further improved for high performance oils targeted at EHV customers of 220 KV to 765 KV power transformers both in domestic and overseas markets. This has led to better profitability of the business.

- The company expects continued growth of at least 15% in the transformer oil segment for the next 3-4 years based on the ongoing expansions in the power sector in India. More specifically, the growth in the EHV segment as the transmission networks are built is expected to be strong, where the company has a clear leadership position with approvals from major transformer OEM's and Utilities like Power Grid Corporation Ltd.

- The company has also established itself as the largest marketer in India of new generation eco-friendly non-labelled rubber process oils for the tire sector that meet the new European and Japanese standards.

- The company imports over 90% of its base oils. There has been continuous volatility in base oil prices and in foreign exchange rates. To protect itself, the company has been quoting prices only on a monthly basis or using the IEEMA price - variation forumula for long term deals. It has also been following a hedging strategy to cover foreign exchange exposure as soon as it prices inventory for sale, there by converting $ payables to Re at the similar exchange rates it uses for pricing products. There is a cost for taking forward covers which the company needs to absorb. However, given the current volatility, it believes that this is a prudent strategy to follow, resulting in more earnings stability.

- The Net 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 and marketed by Apar ChemateK Lubricants

Ltd, (50:50 Joint Venture Company with ChemateK SpA) (ACL) increased substantially by 31.1%. ACL has earned a Profit of Rs 49.98 Million during the FY 2009-10 as against Loss of Rs 41.54 Million in the previous year.

VI <u>Operations at Uniflex Cables Ltd (a subsidiary</u>)(UCL) :

- The Company got involved in day to day management of UCL, since September 2008 and thereafter , it has taken several steps in the area of productivity improvement, debottlenecking of manufacturing facility, expansion of production lines & markets, strengthening of managerial resources etc.This has resulted in UCL being prepared for facing long term challenges and steps taken during the year for improvement of operations were reflected in its' increased Net Sales during the last four month period (Dec 09 to March 10) of Rs 876.1 Million against total Net sales of Rs 1806.18 Million for the whole of financial year 2009-10 and reduced Net Loss of Rs. 51.47 Million in the last quarter of FY 2009-10 against the average loss per quarter of Rs 74.32 Million in the preceding three quarter of the financial year 2009-10. However, this was not sufficient to break–even & UCL has incurred a Net Loss of Rs. 274.5 Million before tax as against a loss of Rs. 286.05 Million for the previous year ended 2008-09.

- UCL faced a very competitive environment in which there was severe margin erosion in the face of diminishing demand. However, in second half of FY10, the demand for power cables has improved considerably. This has resulted in better sales and margins have improved to some extent, but still not fully recovered to the extent pre-Sept 2008 levels. UCL, has however, streamlined production, invested in upgrading equipment, manpower and processes and expects to do over Rs 2750 Million in net sales in FY11, with a cash break-even level of profitability.

- Considering the present net worth position of UCL company deem it prudent to provide for diminution in the value of equity investment in UCL. Accordingly, the company has provided(non cash charge) Rs 555.4 Million in its 2009-10 Accounts.

****