

Investor Update
Q2 FY11

FINANCIAL PERFORMANCE

Rs in Million

Particulars	Q2 FY11	Q2 FY10	Variance	H1 FY11	H1 FY10	Variance	FY 10 (Audited)
Net Sales	6,671.96	4,869.86	37.0%	12912.10	9902.35	30.4%	19,980.54
EBIDTA	519.01	407.73	27.3%	887.76	736.33	20.6%	1,385.11
PBT	485.59	290.22	67.3%	825.36	556.39	48.3%	1,048.11
PAT	342.53	224.38	52.7%	582.68	469.17	24.2%	861.37
EPS Rs :	10.59	6.94	52.7%	18.02	14.51	24.2%	26.64

Highlights -Standalone :

- Turnover up by : 37.0% in Q2FY 11
30.4% in H1FY11
- EBIDTA up by : 27.3% in Q2FY11
20.6% in H1FY11
- PBT up by : 67.3% in Q2FY11
48.3% in H1FY11
- PAT & EPS up by : 52.7% in Q2FY11
24.2% in H1FY11

** Note : PBT, PAT & EPS for the previous financial year ended March 31st 2010 were before providing for Extra-ordinary item (non-cash charge) of 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 its' net worth.*

SEGMENT PERFORMANCE ANALYSIS :

Rs in Million

Particulars	For Quarter Ended (Unaudited)			For Half Year Ended (Unaudited)			For the previous FY Ended (Audited)
	30.09.2010	Var %	30.09.2009	30.09.2010	Var %	30.09.2009	31.03.2010
Segment Revenue							
Conductors	3,226.81	35.8%	2,376.86	6,170.03	18.2%	5,218.04	9,857.98
Transformer & Speciality Oils	3,442.69	38.1%	2,493.66	6,739.84	43.7%	4,691.62	10,251.52
Total	6,669.50	36.9%	4,870.52	12,909.87	30.3%	9,909.66	20,109.50
Less: Inter - Segment Revenue	2.63	56.5%	1.68	5.21	26.8%	4.11	7.42
Revenue from Operations	6,666.87	36.9%	4,868.84	12,904.66	30.3%	9,905.55	20,102.08
Segment Results before Interest and Tax							
Conductors	158.46	-18.8%	195.26	302.58	-17.1%	365.08	601.03
Transformer & Speciality Oils	395.10	77.6%	222.46	639.68	56.5%	408.70	879.54
Total	553.56	32.5%	417.72	942.25	21.8%	773.78	1,480.56
Interest (net)	(4.67)	-106.3%	73.87	(6.21)	-105.9%	104.67	195.60
Other Common expenses (net)	72.64	35.5%	53.63	123.11	9.2%	112.72	236.87
Profit before Tax after exceptional items	485.59	67.3%	290.22	825.36	48.3%	556.39	1,048.10
Tax	143.06	117.3%	65.84	242.68	178.2%	87.22	186.73
PAT	342.53	52.7%	224.38	582.68	24.2%	469.17	861.37
Segment Results - as % to Segment Revenue							
Conductors	4.9%		8.2%	4.9%		7.0%	6.1%
Transformer & Speciality Oils	11.5%		8.9%	9.5%		8.7%	8.6%
Total	8.3%		8.6%	7.3%		7.8%	7.4%
Capital Employed: (Segment Assets - Segment Liabilities)							
Conductors	1,443.91	25.4%	1,151.47	1,443.91	25.4%	1,151.47	1,232.41
Transformer & Speciality Oils	2,155.71	27.8%	1,692.64	2,155.71	27.8%	1,692.64	1,302.21
Unallocable Corporate/Segment : Assets Less Liabilities	1,495.39	2.1%	1,464.27	1,495.39	2.1%	1,464.27	1,352.60
Total Capital Employed in Company	5,095.01	18.3%	4,308.38	5,095.01	18.3%	4,308.38	3,887.22

Company on standalone basis :

For the Second Quarter :

- Net Sales increased from Rs. 4869.86 Million to Rs 6671.96 Million; representing a growth of Rs 1802.10 Million up by 37.0% over corresponding period of previous year.
- EBIDTA increased from Rs.407.73 Million to Rs. 519.01 Million; representing a growth of Rs. 111.28 Million up by 27.3% over corresponding period of previous year.
- PBT increased from Rs. 290.22 Million to Rs. 485.59 Million; representing a growth of Rs. 195.37 Million up by 67.3% over corresponding period of previous year.
- PAT increased from Rs. 224.38 Million to Rs. 342.53 Million; representing a growth of Rs. 118.15 Million up by 52.7% over corresponding period of previous year. This increase in PAT was in spite of increase in average tax incidence by 6.7% as tax exemption status for Silvassa plant of Oil division got over in the last quarter (Q4FY10) and the division contributed more to company's profit than Nalagarh plant of Conductor, which continues to enjoy tax exemption, has earned lower profit in this quarter.
- EPS increased from Rs. 6.94 to Rs. 10.59 registering a growth of Rs 3.65 up by 52.7% over corresponding period of previous year.

For the Half Year :

- Net Sales increased from Rs. 9902.35 Million to Rs 12912.10 Million; representing a growth of Rs 3009.75 Million up by 30.4% over corresponding period of previous year.
- EBIDTA increased from Rs. 736.33 Million to Rs. 887.76 Million; representing a growth of Rs. 151.43 Million up by 20.6% over corresponding period of previous year.
- PBT increased from Rs. 556.39 Million to Rs. 825.36 Million; representing a growth of Rs. 268.97 Million (48.3%) over corresponding period of previous year.
- PAT increased from Rs. 469.17 Million to Rs. 582.68 Million; representing a growth of Rs. 113.51 Million up by 24.2 % over corresponding period of previous year. This increase in PAT was in spite of increase in average tax incidence by 13.7%.
- EPS increased from Rs. 14.51 to Rs. 18.02 registering a growth of Rs 3.51 up by 24.2% over corresponding period of previous year.
- The Board of Directors at their meeting held on October 25th, 2010 have declared Interim Dividend of Rs 2.50 per share (25%) for the current financial year 2010-11.

Segment overview :

Conductor :

- Sales revenue in Q2 FY11 was up 35.8 % over the corresponding period of previous year from Rs. 2376.86 Million to Rs. 3226.81 Million representing a growth of Rs 849.95 Million. The corresponding volume growth was 14.0%.
- Sales revenue in H1 FY1 1 was up 18.2 % over the corresponding period of previous year from Rs. 5218.04 Million to Rs. 6170.03 Million representing a growth of Rs 951.99 Million. The corresponding volume growth was 12.1%.
- Segment Level profit for the Second Quarter down by 18.8% from Rs 195.26 Million to Rs 158.46 Million.
- Segment Level Profit for the Half Year down by 17.1 % from Rs 365.08 Million to Rs 302.58 Million.
- Conductor segment order book stood at Rs. 11,577 Million as of 30th September 2010. Orders worth Rs 3327 Million were received during this quarter which consisted of about Rs 1175 Million from overseas markets and Rs. 2152 Million domestically. There were no orders for conductors finalized by Power Grid. In spite of this situation, the company won several orders from new Transmission companies executing BOO projects and other turn key operators. This vindicates our position that going forward demand will be more broad based, reducing the dependence on Power Grid tenders.
- The company has participated in tenders worth Rs. 25000 Million with Power Grid since November 2009. None of these have been finalized yet. There are in addition, tenders worth Rs. 25,000 to 30,000 Million likely to be opened by Power Grid in the November 2010 to April 2011 timeframe. It is likely that a significant backlog of ordering will be cleared from December 2010 onwards.
- The company also expects that with the pace of implementation of power projects that have reached financial closure for about 45,000 MW picking up pace, the execution of transmission lines will also gather momentum as we approach mid 2011.
- The segment level profit as percentage to Revenue for the 2nd quarter and 1st half was at 4.9%. This can be attributed to orders which were taken in 2009; during a period of intense competition. Tender finalization from Power Grid, BOO Transmission lines and export markets were all hit post the financial markets collapse in 2008. However, the company expects a margin and volume expansion as we move into FY12.

- The company has been focusing on developing and promoting the use of High Temperature Conductors (HTC). In the last quarter the company has executed an HTC order of Rs. 32.5 Million which is a repeat order from an overseas utility. The second generation of HTC conductors of the company has also been approved by Power Grid. It is learnt that Power Grid for its projects in the 12th Plan is likely to consider these type of conductors, that should enable the company, which is a leader in this space in India, to differentiate its product offering.

Transformer and Specialty Oils :

- Sales revenue in Q2FY11 increased from Rs 2493.66 Million to Rs 3442.69 Million, representing a growth of Rs 949.03 Million up by 38.1 % over the corresponding period of previous year. The corresponding volume was up 3.6% as volume increased from 61,799 KL to 64,007 KL.
- Sales revenue in HYFY11 increased from Rs 4691.62 Million to Rs 6739.84 Million, representing a growth of Rs 2048.22 Million up by 43.7 % over the corresponding period of previous year. The corresponding volume was up 7.8% as volume increased from 121,030 KL to 130,517 KL.
- Segment Level profit for the Second Quarter profit increased from Rs 222.46 Million to Rs 395.10 Million; representing a growth of Rs 172.64 Million up by 77.6 % over the corresponding period of previous year.
- Segment Level profit for the Half Year increased from Rs 408.70 Million to Rs 639.68 Million; representing a growth of Rs 230.98 Million up by 56.5% over the corresponding period of previous year.
- The improved performance can be attributed largely to growth in volume, particularly from the transformer oil product line, and a sharp improvement in the product mix sold in the quarter. This included first set of shipments for 765 KV transformers Oil [Apar is the only company approved in India for this category at this stage], meeting the new specifications of Power Grid and BHEL for EHV transformers, several high specification export jobs for EHV transformers and other specialty grades of Industrial oils.
- The company has also for the first time in India, supplied high performance transformer oils to be charged in 400 KV HVDC transformers for Power Grid based on the new specifications set by Power Grid earlier in the year.

- The Specialty oil division's export sales also continue to grow. The company received approvals from Goodyear as a Global supplier for specialty rubber process oils and from Saudi Electric Company for supply to their transmission and distribution networks. This is strategically important since Saudi Arabia is the largest and most potential market in Middle East.
- 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, Italy) (ACL) for the second quarter was Rs 304.13 Million. ACL has earned a Profit of Rs 12.94 Million for the said quarter.

For the Half year ended, Net sales turnover was Rs 568.92 Million and Profit was Rs 25.20 Million The company has established two major Synthetic Technology product lines of Sigma Turbostar (for 4 wheeler and HCV's) and 4T Premium (for motor cycles). In the second half there are several new Synthetic based automotive products that are planned for launch. This will allow Agip to have a comprehensive product range at the top end of the market, with the highest performance product range.

Operations at Uniflex Cables Ltd (a subsidiary) (UCL) :

- Operations at Uniflex for the second quarter have been substantially improved over the corresponding period previous year. The turnover for the first half is expected to be over Rs 1600 Million, with about Rs. 1000 Million in the second quarter itself. The corresponding loss would also be lower.
- The company continues to focus on improving plant productivity, reduction in material wastage, pursuing new customer approvals to broad base and improve its customer base. These are essential steps in the back drop of a competitive market with intense pressure on margins.
- During the Second quarter, the company executed its largest ever HT cable order for Engineers India Limited (end customer is Mangalore Refineries) worth Rs 370 Million
- Pursuant to reference filed by UCL with the Board for Industrial and Financial Reconstruction (BIFR) UCL has been declared as Sick. As directed by BIFR, UCL shall file Draft Rehabilitation Scheme through the appointed Operating Agency in consultation with the Company for its' revival. The Company is providing all the required support for reviving and growing the business for its subsidiary.
