

Apar Industries Ltd
Investor Update
Q4 FY12

I. FINANCIAL PERFORMANCE

(Rs. in Million)

Particulars	Unaudited (Provisional)				Audited	
	Q4 FY12	Q4 FY11	Variance	FY 12	FY 11 (Audited)	Variance
Net Sales	8,928.36	7,787.50	14.6%	31,767.65	27,184.69	16.9%
Earning Before Finance Cost, Depreciation & Tax (EBFDTA)	499.97	524.95	-4.8%	1,874.45	1,988.65	-5.7%
EBFDTA (%)	5.6%	6.7%		5.9%	7.3%	
PBT - <i>Before Exceptional Item</i>	452.17	416.40	8.6%	868.66	1,596.62	-45.6%
Less : Exceptional Item *				*57.29	1.97	
PBT - <i>After Exceptional Item</i>	452.17	416.40	8.6%	811.37	1,594.65	-49.1%
PAT	360.53	226.39	59.2%	642.43	1,058.53	-39.3%
EPS Rs :	10.02	7.00	43.1%	18.02	32.74	-44.9%

*Note : During the Q1FY12 Company had provided for one time provision for Rs 57.29 Million on account of cancellation of Contract for supply of conductors. For details refer para 3 of Item no. III on Page 3 of Investor update for Q1FY12

Turnover higher by : 14.6% in Q4FY12
16.9% in FY12

PBT higher/(lower) by : 8.6 % in Q4FY12
(45.6)% in FY12

PAT higher/(lower) by : 59.2% in Q4FY12
(39.3)% in FY12

EPS higher/ (lower) by : 43.1% in Q4FY12
(44.9)% in FY12

II. SEGMENT PERFORMANCE ANALYSIS (Unaudited/Provisional):
Rs in Million

Particulars	Stand alone Financial results			Stand alone Financial results		
	for Quarter Ended (Unaudited)			for the year Ended (Unaudited)		for the Year Ended (Audited)
	31.03.2012	Var %	31.03.2011	31.03.2012	Var %	31.03.2011
Segment Revenue						
Conductors	4,230.38	1.8%	4,156.09	13,635.89	2.8%	13,258.17
Transformer & Speciality Oils	4,724.67	29.2%	3,658.22	18,179.16	30.3%	13,950.77
Others	27.07	56.8%	17.26	84.42	53.1%	55.15
Total	8,982.11	14.7%	7,831.56	31,899.46	17.0%	27,264.10
Less: Inter - Segment Revenue	4.01	80.5%	2.22	13.90	34.0%	10.38
Revenue from Operations	8,978.10	14.7%	7,829.33	31,885.56	17.0%	27,253.72
Segment Results before Interest and Tax						
Conductors	266.83	116.7%	123.12	642.17	24.7%	515.11
Transformer & Speciality Oils	274.62	-36.5%	432.17	1,401.11	-11.5%	1,583.93
Total	541.45	-2.5%	555.30	2,043.28	-2.7%	2,099.03
Finance cost (net)	10.15	-86.0%	72.62	918.31	260.2%	254.94
Other Common expenses (net)	79.13	19.4%	66.28	256.32	2.8%	249.44
Profit before exceptional items	452.17	8.6%	416.40	868.66	-45.5%	1,594.65
Exceptional item *	-		-	57.29	-	1.97
Profit after exceptional items	452.17	8.6%	416.40	811.37	-49.1%	1,592.68
Tax	91.65	-51.8%	190.01	168.95	-68.5%	536.12
PAT	360.53	59.2%	226.39	642.42	-39.3%	1,058.53
PAT Net Of Associate Profit/Loss						
Segment Results - as % to Segment Revenue						
Conductors	6.3%		3.0%	4.7%		3.9%
Transformer & Speciality Oils	5.8%		11.8%	7.7%		11.4%
Total	6.0%		7.1%	6.4%		7.7%
Capital Employed: (Segment Assets - Segment Liabilities)						
Conductors	1,157.87	-33.2%	1,732.21	1,157.87	-33.2%	1,732.21
Transformer & Speciality Oils	2,957.36	110.0%	1,408.31	2,957.36	110.0%	1,408.31
Assets Less Liabilities	2,806.08	54.3%	1,818.54	2,806.08	54.3%	1,818.54
Total Capital Employed in Company	6,921.31	39.6%	4,959.06	6,921.31	39.6%	4,959.06

III. Company on standalone basis:

For the Fourth Quarter :

- Net Sales increased from Rs 7,787.50 Million to Rs 8,928.36 Million; representing a growth of 14.6% over corresponding period of previous year.
- PBT increased from Rs 416.40 Million to Rs. 452.17 Million; up by 8.6% over corresponding period of previous year
- PAT increased from Rs 226.39 Million to Rs. 360.53 Million; increased by 59.2% over corresponding period of previous year,.
- Correspondingly, EPS increased from Rs. 7.00 to Rs. 10.02 ; increased by 43.1% over the previous year.

For the Financial Year :

- Net Sales increased from Rs 27,184.69 Million to Rs 31,767.65 Million; representing a growth of 16.9% over previous year.
- PBT (before Exceptional item of Rs 57.3 Million) stood at Rs 868.66 Million as against Rs 1,596.62 Million in the previous year
- PAT stood at Rs 642.43 Million as against Rs 1,058.53 Million in the previous year.
- EPS stood at Rs 18.02 as against Rs 32.74 in the previous year.

IV Segment overview :

A. Transformer and Specialty Oils :

- Sales revenue in Q4FY12 on a standalone basis increased by 29.2% over corresponding period of previous year from Rs. 3,658.22 Million to Rs.4,724.67 Million
- Sales revenue for the Financial year ended 2012 increased by 30.3% over previous year from Rs. 13,950.77 Million to Rs.18,179.16 Million.
- Segment Level profit for Q4FY12 stood at Rs 274.62 Million as against Rs 432.17 Million in the corresponding period of previous year.
- Segment Level profit for the Financial Year ended 2012 stood at Rs 1,401.11 Million as against Rs 1,583.93 Million in the previous year.
- Q4 FY12 saw increased sale of oil products from 62,324 KL to 70,015 KL reflecting a higher volume of 12.3% over the same period previous year.

- Prospects going forward look stronger in the Power Transformer sector than in the distribution transformer sector. There are several transmission lines and substations that are in the pipeline for building in the next 18 months, driving the demand for Transformer oils primarily in the 400 KV and 765 KV class, where the company has a relatively strong position. On the other hand, the distribution transformer market which has a strong dependence on the Electricity Boards is starved for funds, resulting in difficult circumstances both for transformer OEMs and ourselves. Overall, though, we are cautiously optimistic that shipments in FY13 will be about 8% higher than in FY12.
- The other major concern that remains for the oil business is the continuous depreciation of the Re. Due to its weakness and volatility, the resulting price increase from base oils is happening very frequently. There is an increasing time lag in the implementation of higher prices especially in the Industrial and Automotive sector. The other major concern is the tight monetary conditions in general (besides the very poor health of the SEBs) due to which the company will be forced to rationalize sales based on the debtors outstanding.
- Exports for the company continue to remain strong with an increase from 71,854 KL in FY11 to 83,342 KL in FY12. We expect a similar trend to continue in FY13. The company has further broadened its overseas client base in both Transformer oils and White-oil sub-segments.
- 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) stood at Rs 419.79 Million in Q4FY12 as against Rs 317.22 Million in Q4FY11 and for Financial Year ended 2012 it stood at Rs 1,632.47 Million as against Rs 1212.08 Million in the previous financial year 2011 .
- The total Sale volume of automotive grades grew by about 17% in the financial year 2012 compared to previous financial year.

B. Conductor :

- Sales revenue in Q4FY12 increased by 1.8% over corresponding period of previous year; from Rs. 4,156.09 Million to Rs. 4,230.38 Million.
- Sales revenue for the Financial Year ended 2012 increased by 2.8% over previous year; from Rs. 13,258.17 Million to Rs. 13,635.89 Million.
- Segment Level profit for Q4FY12 increased by 116.7% over corresponding period of previous year; from Rs. 123.12 Million to Rs. 266.83 Million.
- Segment Level profit (before Exceptional item of Rs 57.29 Million) for the Financial Year ended 2012 increased by 24.7 % over previous year; from Rs. 515.11 Million to Rs. 642.17 Million.
- Conductor segment saw better working in Q4FY12 as the proportion of low priced legacy orders have been largely executed and proportion of higher margin orders has increased.
- The order book as of 1st April 12 stood at Rs. 21292 Million and the orders in pipeline stood at Rs.720 Million. Of this Rs 7218 Million were received in Q4FY12. Based on interactions with Power Grid and other key buyers, there is expectation that the overall spend in FY13 should be about 10% higher than in FY12. Given the higher order backlog that the company is carrying, we expect better working in FY13 with a growth in sales volume of about 20% over FY12.

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

- Net sales in Q4FY12 stood at Rs 1,336.49 Million as against Rs 884.21 Million in Q4FY11, representing an increase of 51.2%. For the financial year ended FY12 sales were at Rs 3,516.91 Million as against Rs 3142.69 Million in the previous year; representing an increase of 11.9% .
- Profit after tax in Q4FY12 stood at Rs 50.51 Million as against a net loss of Rs 71.70 Million in Q4FY11 resulting in an improvement by Rs 122.21 Million. Net loss for the financial year ended 2012 reduced to Rs 222.24 Million from Rs 282.53 Million in the previous financial year.
- During the quarter, the company has incurred one time expenses of Rs 4.84 Million and for the financial year ended 2012 Rs 19.57 Million on account Voluntary Retirement Scheme which have been charged to Profit & Loss account. There is also a forex loss of Rs 9.20 Million for the financial year 2012.
- Approval for the Draft Rehabilitation Scheme of UCL submitted to BIFR is awaited. DRS envisage amalgamation of UCL with the Company w.e.f. 01st April 2010.

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