Apar Industries Ltd.

Q4 & FY'15 Earnings Presentation



Tomorrow's Progress Today

Strategic initiatives drive growth despite lacklustre domestic market

Revenue up 11% in FY'15 driven by 40% growth in conductors, 20% growth in exports & growing high value products

Rs 300cr capacity expansion in last 4 years

Successful commissioning of expansions

- Conductor capacities running at 100% to meet higher export demand
- Sp Oil achieved highest domestic volume sale in Q4FY'15
- OFC cables & Elasto cables revenue up 96% and 48% YOY in FY'15, respectively

Exports display strong growth

Conductor exports up more than 2X

- Total exports up 20% in FY'15 driven by strong export order book of conductors
- Conductor exports more than doubled to reach Rs 997cr in FY'15 from Rs 488cr in FY'14

High value products driving profitability

Contribution from high value products up

- Strategy to push higher value cables playing well with increasing contribution from Elasto/E-beam and OFC cables
- Received orders for HTC conductors amounting Rs 93.5cr in FY'15, up by 60% compared to FY'14
- Auto lubes shows 11.5% growth to reach 22824 KL
- Low value XLPE contribution down from 69% in FY'14 to 47% in FY'15

Turnaround in cables

Cable business posts positive EBITDA

- Posted increase of EBITDA from Rs 6 cr in FY'14 to EBITDA of Rs 34 cr in FY'15.
- CAGR of 28% in last 6 years since acquisition of Uniflex
- High Value E-beam & Elastomeric cables contribute 24% to cable revenues, up from 16% last year
- OFC cables contribution at 28%, up from 14% last year

Market conditions tough, early signs of improvements

Prospects of improving domestic market scenario:

- Increased activity in domestic conductor tendering seen, will improve H2FY16-17.
- Increased government push for higher voltage transmission to drive demand for high voltage T-oil, HTC conductors, both segments beneficial to the company's profitability. Apar best positioned in this business.
- Government initiatives proposed in the budget such as extended 10-year tax holiday for power projects and planned 5 new Ultra Mega Power Projects (UMPP) to further drive growth in the sector.
- Substantial increase in capacity addition of Solar & Wind Power expected which will boost demand for Elastomeric- E beam cables.
- Expected improvement in market sentiments and growing demand for new vehicles to drive Auto oils growth.

Source: www.macrotrends.net

Financial Performance



Business performance

Company Overview

Annexure

FY'15 (Consolidated): Revenue up 11% YOY

Figures in Rs Cr

Consolidated	Revenue	EBITDA (Margin %)	Profit after Tax (Margin%)
FY'15	5,122	254 (5.0%)	49 (1.0%)
	11% ↑	16% ↓	45% ↓
FY'14	4,632	302 (6.5%)	90 (1.9%)

- Revenue up 11% YOY from Rs 4,632cr in FY'14 to Rs 5,122cr in FY'15 driven by strong 40% growth in conductors
- EBITDA down 16% YOY from Rs 302cr in FY'14 to Rs 254cr in FY'15 due to margin pressure in conductor and oil businesses despite margin expansion in cables
- PAT down 45% YOY from Rs 90cr in FY'14 to Rs 49cr in FY'15
- Dividend of Rs 3.5 per share which represents 31% payout of stand alone PAT in line with company's long term declared dividend policy of 25%-30% of PAT.

Q4 FY'15 (Consolidated): Stable revenue in tough environment

Figures in Rs Cr

Consolidated	Revenue	EBITDA (Margin %)	Profit after Tax (Margin %)
Q4 FY'15	1,354	44 (3.3%)	9 (0.7%)
	1%	13%	56%
Q4 FY'14	1,371	51 (3.7%)	20 (1.5%)

- Revenue down 1% YOY from Rs 1,371cr in Q4FY'14 to Rs 1,354cr in Q4FY'15 due to de-growth in Sp oil segment; strong 22% growth in conductors partially offset the de-growth in Sp oil
- EBITDA down 13% YOY from Rs 51cr in Q4FY'14 to Rs 44cr in Q4FY'15 primarily due to margin pressure in overall lackluster market despite improved margins in cables segment
- PAT down 56% YOY from Rs 20cr in Q4FY'14 to Rs 9cr in Q4FY'15

Financial Performance

Business Performance

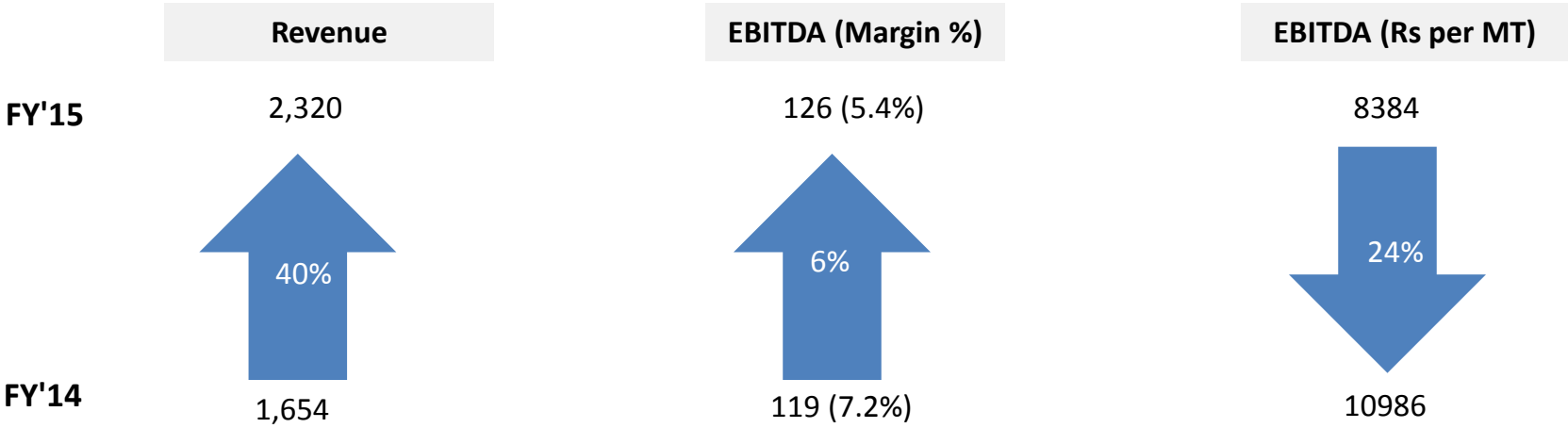


Company Overview

Annexure

Conductors drive growth: FY'15 revenue up 40% YOY, exports up 104%

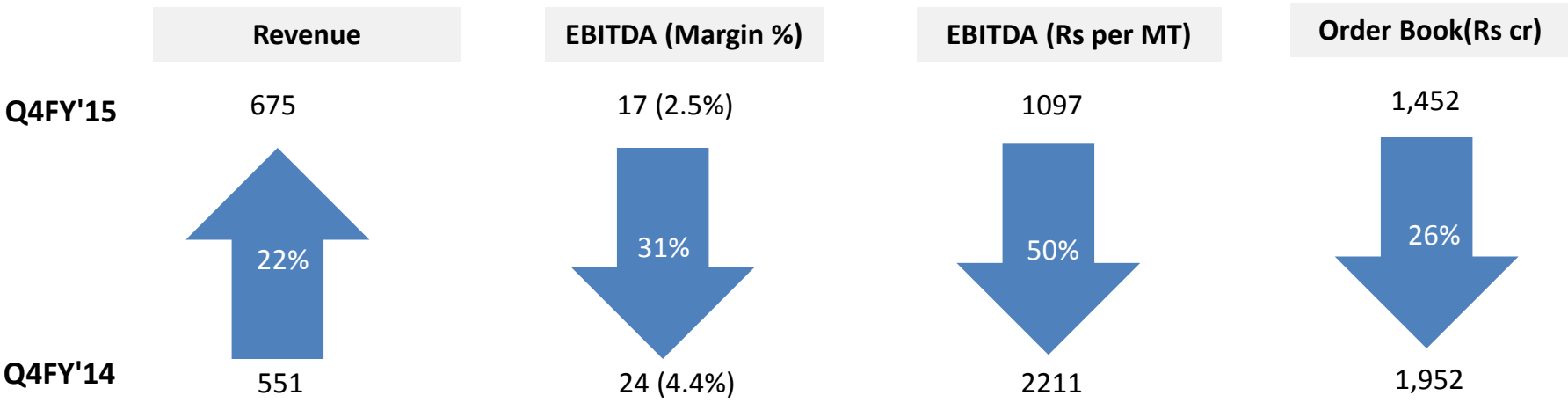
Figures in Rs Cr



- Revenue up 40% YOY from Rs 1,654cr in FY'14 to Rs 2,320cr in FY'15 driven by strong exports
- Exports up 104% from Rs 488cr FY'14 to Rs 997cr in FY'15
- EBITDA up 6% from Rs 119cr in FY'14 to Rs 126cr in FY'15
- Record production and sales but lower margins arising from competition due to low demand.

Conductors drive growth: Revenue in the quarter up 22% YOY

Figures in Rs Cr



- Revenue up 22% YOY from Rs 551cr in Q4FY'14 to Rs 675cr in Q4FY'15 driven by strong exports contributing to 33% of total sales
- EBITDA down 31% from Rs 24cr in Q4FY'14 to Rs 17cr in Q4FY'15 due to overall margin pressure in domestic markets
- Capacity utilisation touched 100% for consecutive second quarter driven by strong order execution
- Order book down 26% from Rs 1,952cr as on Mar 31, 2014 to Rs 1,452cr as on Mar 31, 2015. Export orders comprise 54% of order book

Specialty Oils: Marginal volume growth in FY'15 despite sluggish market

Figures in Rs Cr

	Revenue	EBITDA (Margin %)	EBITDA (Rs per KL)	EBITDA (After adjustment*)	EBITDA (After adjustment*) (Rs per KL)	Volume (KL)
FY'15	2,251	108 (4.8%)	3,300	89 (4.0%)	2,722	328,123
	6%	43%	43%	44%	44%	0.3%
FY'14	2,396	190 (7.9%)	5,791	159 (6.6%)	4,851	327,226

* After adjusting open period forex

- Revenue down 6% YOY from Rs 2,396cr in FY'14 to Rs 2,251cr in FY'15 on account of the steep fall in crude prices. However, increased volumes in Industrial & Automotive oils provides partial buffer.
- EBITDA after adjustment down 44% YOY due to inventory losses arising from steep fall in oil prices in H2FY'15
- Total shipment up marginally in FY'15 from 327,226KL to 328,123KL

Specialty Oils: Revenue down due to price pressure despite stable volumes

Figures in Rs Cr

	Revenue	EBITDA (Margin %)	EBITDA (Rs per KL)	EBITDA (After adjustment*)	EBITDA (After adjustment*) (Rs per KL)	Volume (KL)
Q4FY'15	530	22 (4.1%)	2,531	26 (5.0%)	3,049	86,063
	18% ↓	30% ↓	30% ↓	41% ↓	41% ↓	1% ↓
Q4FY'14	646	31 (4.8%)	3,592	45 (6.9%)	5,177	86,593

* After adjusting open period forex

- Revenue down 18% YOY from Rs 646cr in Q4FY'14 to Rs 530cr in Q4FY'15 due to drop in price of base oils.
- Drop in profitability due to overhang of inventory price correction made last quarter to bring inventory pricing in line with market
- Pricing of products across board has stabilised from March '15 onwards which should restore profitability.
- Total shipment down 1% YoY in Q4FY'15 from 86,593KL to 86,063KL

Growth in Automotive Lubricants continues



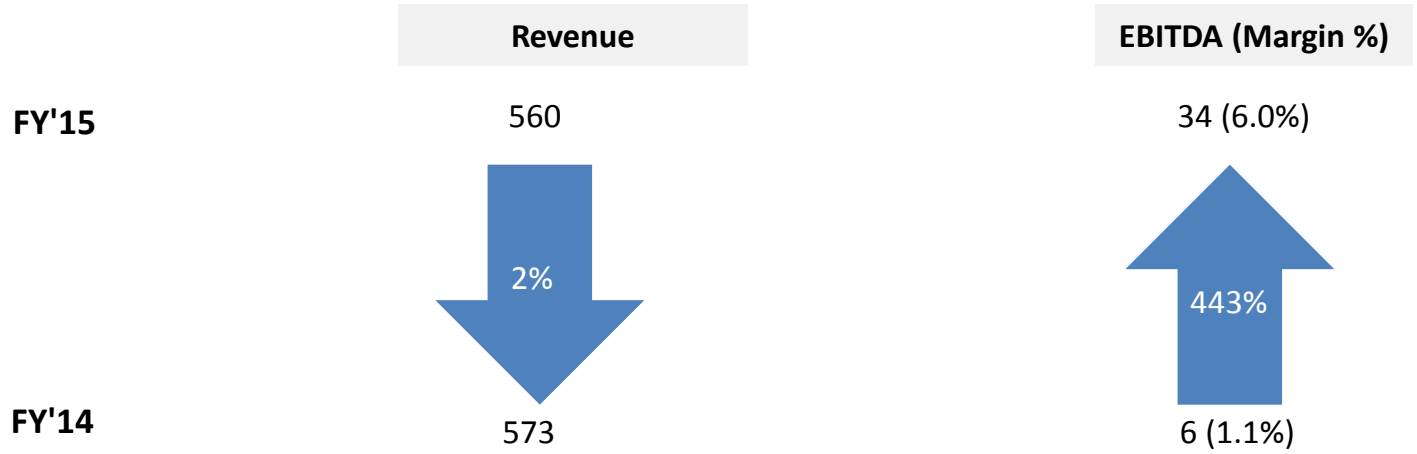




- Overall automotive lubricants sale up by 11.5% YOY.
- Industrial oils including industrial process oils have also grown by 12% YOY.
- Profitability in these segment benefited from lower RM prices.

Power & Telecom Cables business turns around; posted FY'15 EBITDA of Rs 34cr

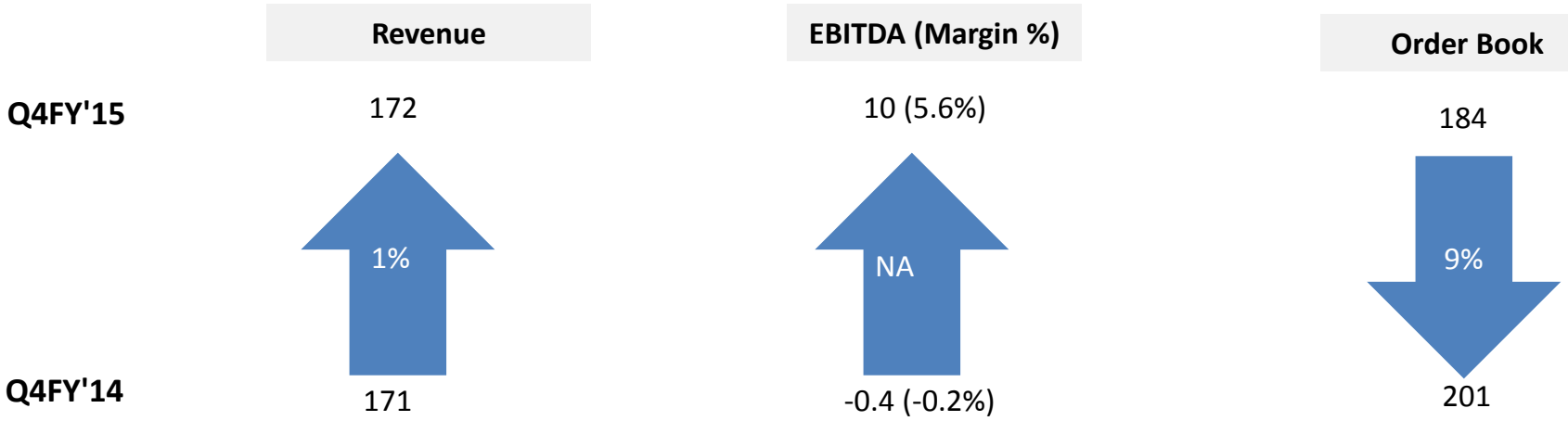
Figures in Rs Cr



- Power & Telecom cables revenue down 2% YoY from Rs 573cr in FY'14 to Rs 560cr in FY'15 with drop in HT-LT cables due to strategic shift away from Power Cables
- Posted increase of EBITDA from Rs 6 cr in FY'14 to EBITDA of 34cr in FY'15.
- Contribution of Fiber Optic Cables and Elastomeric cables increases to 51% in FY'15 from 29%
- OFC and Elastomeric cables up by 96% and 48% YOY, respectively
- Revenue from Elastomeric Cables will increase in FY'16 with government's push for renewable energy and demand from solar and wind sector

Power & Telecom Cables: Post positive EBITDA of Rs 10 cr

Figures in Rs Cr



- Revenue from Power & Telecom cables up 1% YOY from Rs 171cr in Q4FY'14 to Rs 172cr in Q4FY'15 driven by strong growth in OFC cables offsetting drop in HT-LT power cables due to strategic shift
- Revenue from OFC cables up by 88% driven by strong orders from government and private players
- Expected growth in wind mill and solar cable orders after receiving TuV approvals for facilities to drive growth in Elastomeric cables

Financial Performance

Business Performance

Company Overview



Annexure

Global leader in Conductors & Transformer Oils

Dominating global presence in power transmission & distribution

- 3rd largest conductors manufacturer and 4th largest transformer oil manufacturer in the world

Diverse Portfolio

- Over 400 types of specialty and automotive oils; largest range of conventional and new generation conductors and a comprehensive range of power and telecommunication cables

Driving growth through innovation

- Pioneer in adoption of new technologies and development of value added products creating new market segments through in-house research & development programmes

Trusted by prominent customers

- Multi-year relationships with Indian and global majors. Exports to 100 countries; plants strategically located close to ports in India

Strong Alliances

- Brand and manufacturing alliance with global energy leader ENI S.P.A Italy and technical alliance with CTC Global (USA) for manufacture of new generation carbon composite conductors

Expanding growth canvas on the back of robust financials

- Successfully entering and expanding new markets and business segments
- 18% 5-year CAGR in revenues, 16% 5 yr CAGR in EBITDA



Conductors



Transformer & Sp Oil



Auto Lubes



Cables

With established presence across diverse businesses

Conductors

23% market share
Total Capacity:
150,000MTA
Silvassa : 82629MT
Umbergaon : 20868MT
Athola : 46000MT



45% revenue contribution

Since 1958

Transformer & Sp Oils

45% market share
Total Capacity:4,44,000KL
Rabale : 222,000KL
Silvassa : 220,000 KL



38% revenue contribution

Since 1969

Power/Telecom Cables

Acquired Uniflex in 2008
Grew sales from Rs 129cr to Rs 556cr



11% revenue contribution

Since 2008

Auto Lubes

Licensing Agreement with ENI, Italy for ENI brand
Successful national rollout
Registered sales of Rs 275cr in FY15



5.4% revenue contribution

Since 2007

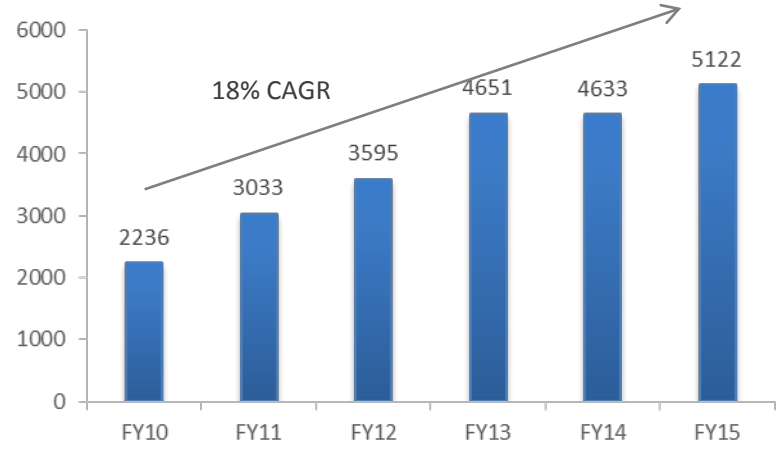
Competitive strengths

Market Leader in key segments	Best in class technology & diversified products	Strong relationships with large clientele	Strong export market	Diversified into new business for growth
• Top 5 largest producer in conductors and Sp Oil in the world. • 60% market share in power transformer oil and 40% in distribution transformer oil in India • Among largest bare overhead aluminum conductor manufacturers in India with market share of 23%	• Technology tie up with CTC-Global, USA for ACCC conductors. • Pioneer in Aluminum alloy rod and conductors in India • Manufactures over 300 different types of Specialty Oils • Launched India's most advanced E-beam facility; will help make superior cables • Among first to test successfully 765KV & 800KV conductors in India • Best in class in-house R&D center and NABL accredited QC labs	• Preferred supplier to over 80 % of its speciality oil customers in India • Product & plant approvals from many large clients across the globe • Supplies conductors to all top 25 global turnkey operators and leading utilities	• Exports to over 100 countries across the world • Exports grew to 34% of total sales in FY15 from 32% in FY14 • Developed green field conductor plant in Athola with focus on exports • Largest Indian conductor exporter • Developing export market in new territories. Exported conductors to USA, EU, middle east, Africa and Latin America	• Entered Auto lubes in 2007 under ENI brand through Licensing Agreement with ENI Italy • Acquired Uniflex to enter Cables business • Has setup Electron Beam irradiation facility for cables and other products

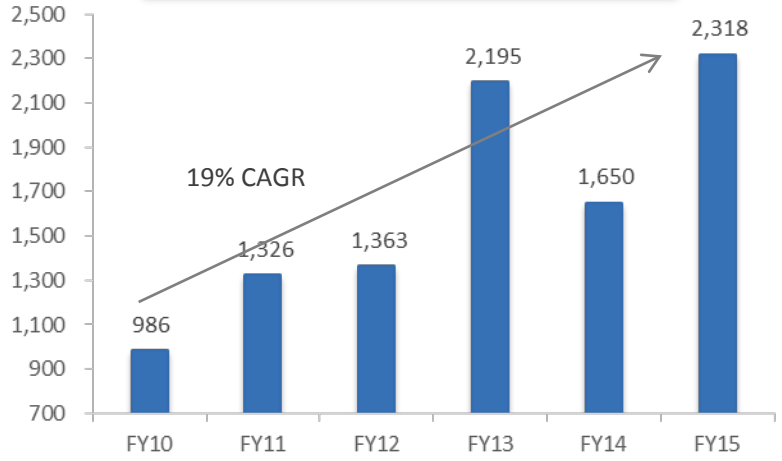
Strong revenue growth over the years

Figures in Rs Cr

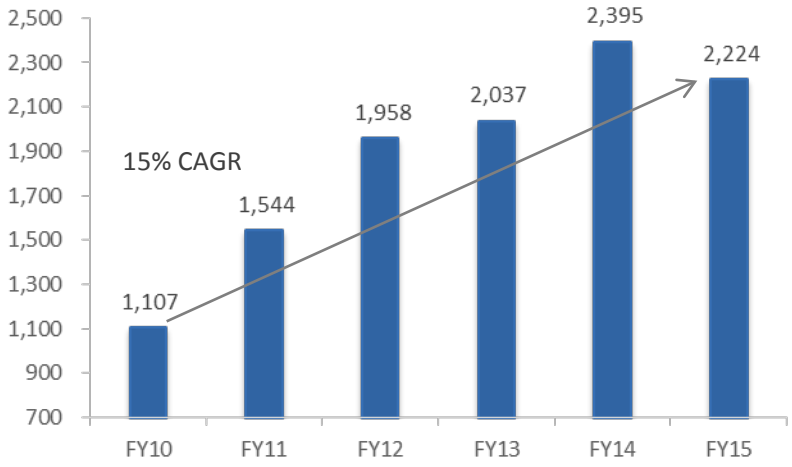
Consol Revenue



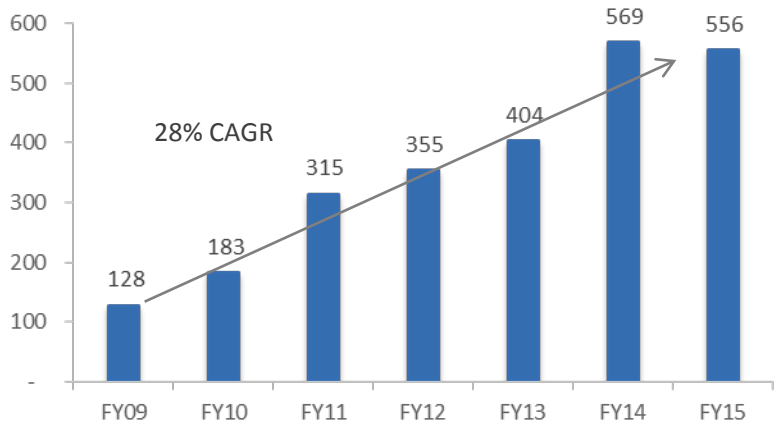
Conductor



Transformer & Sp Oil

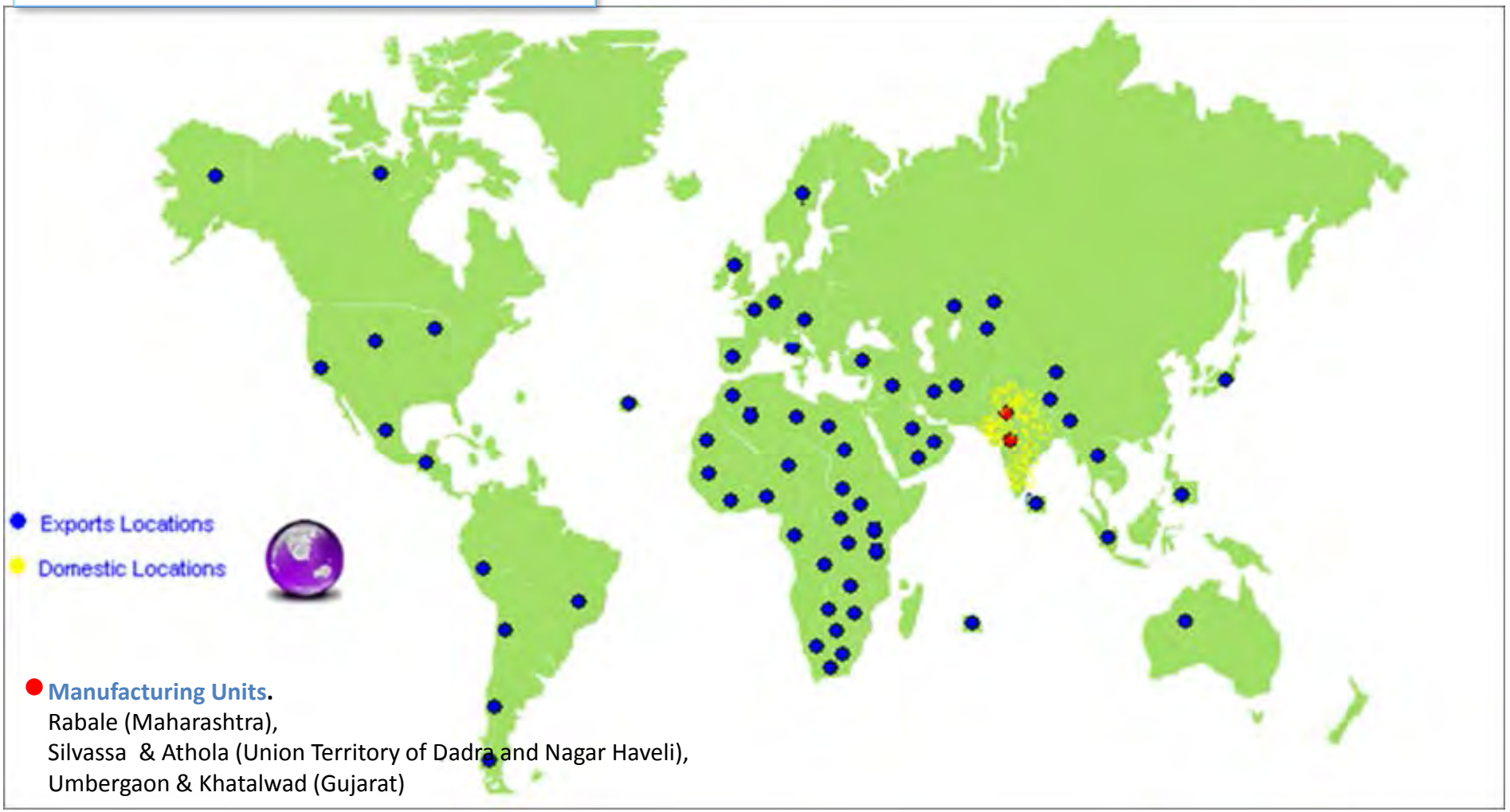


Power & Telecom Cables



Global Presence

Presence across 100 countries



Manufacturing Units.
Rabale (Maharashtra),
Silvassa & Athola (Union Territory of Dadra and Nagar Haveli),
Umbergaon & Khatalwad (Gujarat)

Financial Performance

Business Performance

Company Overview

Annexure



Q4 & FY'15 : Profit & Loss Statement

Particulars (Rs Cr)	Standalone								Consolidated		
	Q4 FY'15	Q4 FY'14	% Chg YoY	Q3 FY'15	% Chg QoQ	FY'15	FY'14	%Chg YoY	FY'15	FY'14	%Chg YoY
Net sales	1323.8	1294.9	**2.2%**	1290.4	**2.6%**	4968.7	4434.2	**12.1%**	5078.8	4581.3	**10.9%**
Other Operating Income	14.2	22.9	-38.0%	8.4	68.2%	42.3	47.7	-11.3%	43.0	50.4	-14.6%
Total Operating Income	**1338.0**	**1317.7**	**1.5%**	**1298.8**	**3.0%**	**5011.0**	**4481.9**	**11.8%**	**5121.9**	**4631.6**	**10.6%**
Total Expenditure	1293.6	1276.1	1.4%	1242.6	4.1%	4769.7	4210.1	13.3%	4869.8	4334.3	12.4%
Cost of Raw Materials	1096.5	1098.8	-0.2%	1045.2	4.9%	3985.9	3570.1	11.6%	4085.1	3675.5	11.1%
Employees Cost	17.5	14.6	19.6%	18.3	-4.5%	70.0	59.2	18.3%	79.4	66.8	18.8%
Other Expenditure	179.6	162.9	10.3%	179.1	0.3%	713.8	584.3	22.2%	705.4	595.5	18.5%
Transfer to Capital Asset	0.0	0.2	-93.9%	0.0	NA!	0.0	3.5	-99.7%	0.0	3.5	NA
Profit from operations before other income, finance costs and exceptional items	44.4	41.6	6.8%	56.2	-20.9%	241.2	271.9	-11.3%	252.0	297.4	-15.3%
Other Income	0.1	0.3	-63.1%	0.2	-21.3%	8.4	4.5	87.3%	1.7	4.5	-60.9%
EBITDA	**44.5**	**41.9**	**6.3%**	**56.3**	**-20.9%**	**249.6**	**276.4**	**-9.7%**	**253.8**	**301.9**	**-15.9%**
Depreciation	8.2	7.5	10.4%	8.2	-0.1%	31.0	26.9	15.5%	31.2	27.0	15.5%
EBIT	**36.3**	**34.4**	**5.4%**	**48.1**	**-24.85%**	**218.6**	**249.5**	**-12.4%**	**222.6**	**274.9**	**-19.0%**
Interest & Finance charges	16.4	6.8	140.2%	15.0	9.3%	65.4	-4.0	NA	65.2	-4.3	NA
Applicable net loss on foreign currency transactions and translation	5.5	9.4	-41.5%	29.4	-81.2%	84.7	149.8	-43.5%	84.7	149.8	-43.5%
Profit from ordinary activities after finance costs but before exceptional items	**14.4**	**18.2**	**-20.8%**	**3.7**	**285.%**	**68.5**	**103.6**	-34.0%	**72.7**	**129.4**	-43.8%
Exceptional items	0.2	0.0	NA	0.0	NA	0.2	0.9	-71.2%	0.2	0.9	-71.2%
PBT	**14.2**	**18.2**	**-22.2%**	**3.7**	**278.4%**	**68.2**	**102.8**	**-33.6%**	**72.5**	**128.5**	**-43.6%**
Tax Expense	4.9	6.3	-21.1%	1.2	322.8%	20.4	34.0	-40.2%	23.1	38.6	-40.3%
Net Profit	**9.2**	**11.9**	**-22.7%**	**2.6**	**258.1%**	**47.9**	**68.8**	**-30.4%**	**49.4**	**89.9**	**-45.0%**
Minority Interest (profit)/loss	0.0	0.0		0.0		0.0	0.0		0.1	**-0.3**	NA
Net Profit after taxes, minority interest	**9.2**	**11.9**	**-22.7%**	**2.6**	**258.1%**	**47.9**	**68.8**	**-30.4%**	**49.5**	**89.7**	**-44.8%**

Q4 & FY'15 : Key Ratios – Standalone

				Standalone		Consolidated	
Key Ratios (%)	**Q4 FY'15**	**Q4FY'14**	**Q3FY'15**	**FY'15**	**FY'14**	**FY'15**	**FY'14**
EBITDA Margin	3.3%	3.2%	4.3%	5.0%	6.2%	5.0%	6.5%
Net Margin	0.7%	0.9%	0.2%	1.0%	1.5%	1.0%	1.9%
Total Expenditure/ Total Operating Income	96.7%	96.8%	95.7%	95.2%	93.9%	95.1%	93.6%
Raw Material Cost/ Total Operating Income	82.0%	83.4%	80.5%	79.5%	79.7%	79.8%	79.4%
Staff Cost/ Total Operating Income	1.3%	1.1%	1.4%	1.4%	1.3%	1.5%	1.4%
Other Expenditure/ Total Operating Income	13.4%	12.4%	13.8%	14.2%	13.0%	13.8%	12.9%

Balance Sheet Statement – Consolidated : FY'15

Figures in Rs Cr

Balance Sheet	FY'15	FY'14
Liabilities		
Total Shareholder's Funds	**730**	**696**
Minority Interest	1	2
Non-current Liabilities:		
(a) Long-term borrowings	95	70
(b) Deferred tax liabilities (net)	27	22
(c) Other-long term liabilities	2	7
(d) Long-term provisions	4	3
Total Non-Current Liabilities	**128**	**102**
Current Liabilities:		
(a) Short-term borrowings	387	708
(b) Trade payables	1,573	1367
(c) Other current liabilities	121	98
(d) Short-term provisions	16	24
Total Current Liabilities	**2,096**	**2198**
Total Liabilities	**2,956**	**2998**
Assets		
Total Non-Current Assets	**450**	**422**
Current Assets:		
(a) Current investments	5	2
(b) Inventories	944	1017
(c) Trade receivables	1267	1104
(d) Cash and bank balances	100	231
(e) Short-term loans and advances	151	175
(f) Other current assets	39	48
Total Current Assets	**2,506**	**2576**
Total Assets	**2,956**	**2998**

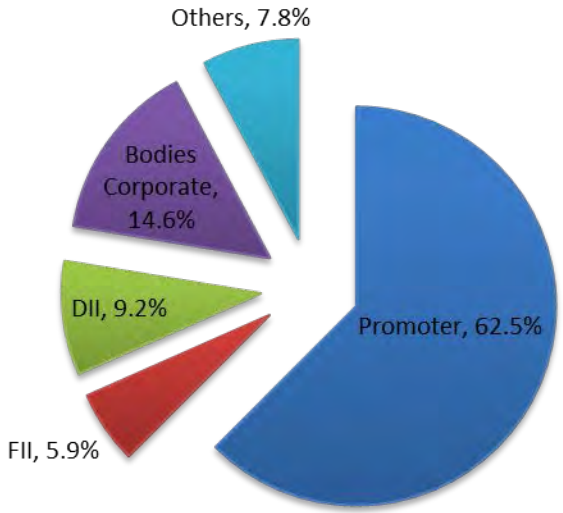
Q4 & FY'15 : Segment Analysis

						Standalone			Consolidated		
Segment (Rs Cr)	**Q4 FY'15**	**Q4FY'14**	**%YoY**	**Q3 FY'15**	**% QoQ**	**FY'15**	**FY'14**	**%YoY**	**FY'15**	**FY'14**	**%YoY**
Revenue											
Conductors	674.6	550.7	22.5%	655.6	2.9%	2320.1	1654.3	40.3%	2320.1	1654.3	40.3%
Transformer & Specialty Oils	487.3	593.7	-17.9%	501.0	-2.7%	2115.2	2246.6	-5.8%	2251.0	2396.4	-6.1%
Power & Telecom Cables	171.9	170.8	0.7%	139.7	23.1%	560.1	573.3	-2.3%	560.1	573.3	-2.3%
Others/Unallocated	5.8	4.4	32.2%	5.5	5.0%	23.4	17.90	30.8%	23.4	17.9	30.8%
Total	1339.6	1319.6	1.5%	1301.7	2.9%	5018.8	4492.1	11.7%	5154.6	4641.8	11.0%
Less: Inter - Segment Revenue	1.6	1.9	-14.9%	2.9	-44.8%	7.8	10.2	-23.5%	32.7	10.2	220.2%
Revenue from Operations	1338.0	1317.7	1.5%	1298.8	3.0%	5011.0	4481.9	11.8%	5121.9	4631.6	10.6%
Segment Results before Interest and Tax											
Conductors	14.0	21.5	-35.1%	32.1	-56.5%	117.4	109.8	6.9%	117.4	109.8	6.9%
Transformer & Specialty Oils	20.3	20.3	0.1%	12.3	65.0%	98.1	158.1	-38%	102.1	183.5	-44.3%
Power and Telecom Cables	6.3	-3.1	NA	8.2	-23.0%	20.1	-3.6	NA	20.1	-3.6	NA
Others/Unallocated	0.5	0.3	53.8%	0.3	51.5%	2.1	1.3	66.3%	2.1	1.3	66.3%
Total	41.1	39.1	5.2%	52.9	-22.4%	237.6	265.7	-10.6%	241.6	291.0	-17.00%
Less : Finance costs (net)	21.9	16.3	34.7%	44.4	-50.6%	150.1	145.8	2.9%	149.8	145.5	3.1%
Less : Unallocable expenditure net of income	5.0	4.6	9.1%	4.8	4.2%	19.3	17.0	13.4%	19.3	17.0	13.4%
Profit before Tax	14.1	18.2	-22.2%	3.7	278.5%	68.2	102.8	-33.6%	72.5	128.5	-43.6%
Segment Results – % to Segment Revenue											
Conductors	2.1%	3.9%		4.9%		5.1%	6.6%		5.1%	6.7%	
Transformer & Specialty Oils	4.2%	3.4%		2.5%		4.6%	7.0%		4.5%	7.7%	
Power and Telecom Cables	3.7%	-1.8%		5.8%		3.6%	-0.6%		3.6%	-0.6%	
Others	8.6%	7.4%		6.0%		8.9%	7.0%		8.9%	7.0%	
Total	3.1%	3.0%		4.1%		4.7%	5.9%		4.7%	6.3%	

Segment contribution- as % to total revenue	**Q4 FY'15**	**Q4 FY'14**	**Q3 FY'15**	**FY15**	**FY14**	**FY15**	**FY14**
Conductors	50.4	41.7	50.4	46.2	36.8	45.0	35.6
Transformer & Specialty Oils	36.4	45.0	38.5	42.1	50.0	43.7	51.6
Power and Telecom Cables	12.8	12.9	10.7	11.2	12.8	10.9	12.4

Shareholding pattern

As on Mar 31, 2015
Outstanding shares – 3,84,96,503



Major Non-Promoter Shareholders	Shareholding (%)
Templeton Strategic Emerging Markets Funds	9.45
HDFC Trustee Company	4.40
Reliance Capital	3.74
Raiffeisen Kapitalanlage	2.54
Goldman Sachs	2.50
ICICI Lombard	1.30
Aadi Financial Advisors	1.11

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