

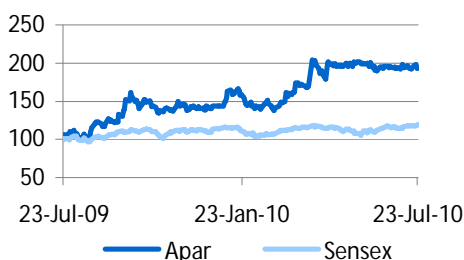
CMP Rs. 227

July 16, 2010

BSE Code	532259
BSE ID	APARIND
High/Low 1Y (Rs.)	284 / 113
Avg. vol (3m)	13,388
Market Cap (Rs Cr)	735
Net IB Debt (Rs Cr)	(327)
Enterprise value(Rs Cr)	408

Shareholding %	Mar-10	Jun-10
Promoters	62.15	62.15
MFs/ Fis/ Banks	13.64	14.84
FII's	1.86	2.66
Public & Others	22.35	20.35

Stock Chart (Relative to Sensex)



Stock Perf.(%)	1M	6M	1Yr
Absolute	(0.4)	21.8	93.0
Rel. to Sensex	(2.5)	14.2	74.0

Financials (Rs.Cr)	03/08	03/09	03/10
Revenue	1,771	2,643	2,251
y-o-y	17.2%	49.2%	-14.8%
EBITDA	125	56	153
y-o-y	17.1%	-54.9%	171.4%
PAT	89	(5)	24
EPS (Dil.)	27.5	(1.7)	7.6
y-o-y	85.4%	PL	LP
EBITDA Margin	7.1%	2.1%	6.8%
PAT Margin	5.0%	-0.2%	1.1%
D/E(x)	0.35	0.58	0.57
P/E(x)	8.3x	NA	30.0x
EV/EBITDA(x)	3.3x	7.2x	2.7x
ROCE	28.8%	9.4%	30.2%
ROE	31.2%	NA	1.3%

Financial Year ends at March 31

Qtry Fin	06/09	09/09	12/09	03/10
Revenue	659	505	488	521
PAT	(19)	24	22	22
EPS	(5.7)	7.6	6.9	6.9

 All figures in Rs. crores except for per share data
 Qtry fig. shows standalone results

Apar Industries Limited Company Overview

Apar Industries Limited is a leading manufacturer of speciality oils and conductors in India. Apar is the fifth largest manufacturer of transformer oils and conductors in the world and the largest domestic manufacturer of transformer oils with approx. 50 per cent market share. The company is the dominant supplier in the power transformer sector (132 KV to 800 KV). Apar is the second largest manufacturer of aluminium conductors in India with market share of 22 per cent. In Sep'08, Apar entered into power and telecom cables business by acquiring 66 per cent equity stake in Uniflex Cables.

Key Business Highlights

Investments in Power Sector – Opportunity for Apar

The investment in power transmission sector in the 11th five year plan is estimated at Rs 1,400 billion providing an investment opportunity of Rs 315 billion in the conductor segment. Apar with a 25 per cent market share stands to gain from the investment opportunity in the conductor segment. Ongoing expansion in the power sector will drive the transformer oil growth by 15 per cent. Apar is well positioned to take advantage of the emerging opportunities with a 50 per cent market share in transformer oil segment.

Cables business to break even in FY11

Uniflex expects sales of Rs 300 crores with exports of Rs 75 crores in FY11. To cater to the domestic demand, Uniflex Cables plans to increase its capacity at its Umargaon plant in Gujarat. Uniflex expects a cash break even level of profitability in FY11.

Export market provides a huge opportunity

IEA estimates USD 6.1 trillion of investments in T&D sectors during 2005-2030 (transmission USD1.8tn, distribution USD4.3tn). China and India are expected to account for 40 per cent of that. Apar contributes half of India's total export of aluminium power conductors and enjoys approvals from overseas utilities in strategic markets like Iran, Iraq, Middle East and Africa.

Rs 1083 crores order book in conductor business ensures revenue visibility

As on 1st April, 2010, Apar Industries had an order book position of Rs. 1083 crores in confirmed orders and Rs 286 crores in the pipeline. Approximately 75 per cent of these orders (confirmed and pipeline) will be executed in FY11.

Key Risks

- Aluminium and base oils are the two major raw materials of the company, any significant volatility in the price of crude oil and aluminium can affect the profitability of the company.
- Around 30 per cent of the business comes from the export markets; any significant change in currency valuation could affect the profitability.
- Delay in the orders / postponement of the order booked from the key clients like Power Grid will adversely affect the company's sales.

Valuations

The stock is currently trading at a P/E multiple of 30.0x on its FY10 EPS of Rs. 7.6 and 2.7x EV/EBITDA multiple based on FY10 EBITDA of Rs. 153 crores.

Business Description

Apar is the fifth largest manufacturer of transformer oils and conductors in the world

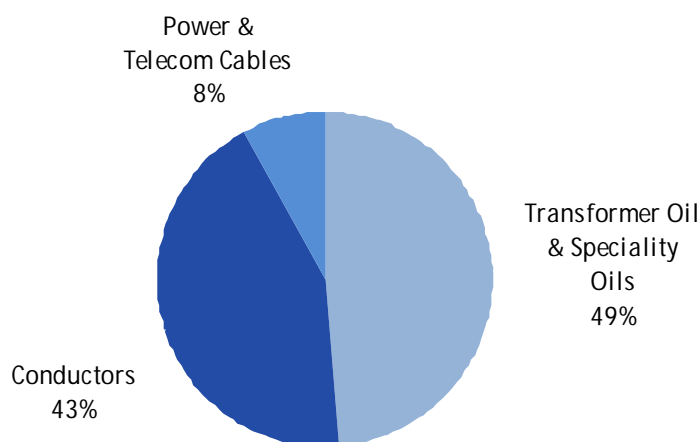
Incorporated in 1958, Apar Industries Limited is a leading manufacturer of speciality oils and conductors in India. The manufacturing facilities are located in Rabale, Silvassa and Nalagarh. Apar is the fifth largest manufacturer of transformer oils and conductors in the world. In the domestic market, Apar is the largest manufacturer with approximately 50 per cent market share and is the dominant supplier in the power transformer sector (132 KV to 800 KV). Apar is the second largest manufacturer of aluminium conductors in India with a market share of 22 per cent. In September 2008, Apar entered into the power and telecom cables business by acquiring 66 per cent equity stake in Uniflex Cables for a total consideration of Rs 84.5 crores. Apar derives about 75 per cent of its revenue from the power sector on the basis of end use. Apar's subsidiaries include Petroleum Specialties Pvt. Limited, Quantum Apar Speciality Oil Pvt. Ltd, Uniflex Cables Limited and Marine Cables & Wires Private Limited.

Revenue Composition

Apar has two main business segments: Transformer and speciality oils segment and Conductor segment. Power and telecom cables business is operated through its subsidiary - Uniflex Cables.

Break – Up of Consolidated Gross Revenue in FY10

Transformer oil and speciality oils segment contributed 49 per cent revenue in FY10



Source: Annual Report

Apar derives 28 per cent of its total revenue from the export market. Apar contributes half of India's total export of aluminium power conductors and a significant proportion of its domestic consumption.

Segment Product	Domestic Market	Export Market
Conductors	75%	25%
Transformers & Speciality Oils	69%	31%
Power / Telecom Cables	78%	22%
Total	72%	28%

Source: Annual Report