



APAR IND. Ltd



Initiating Coverage

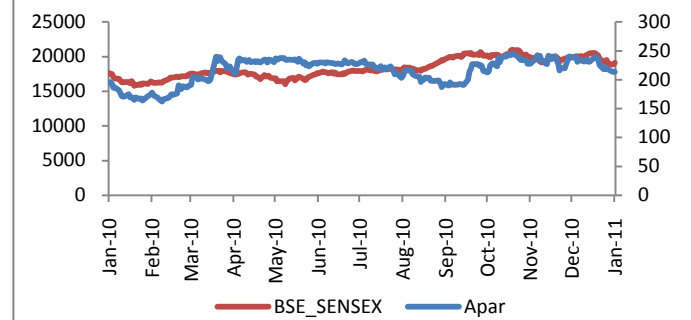
Apar Industries Ltd.

Recommendation	BUY
CMP (19/01/2011)	Rs. 214
Target Price	Rs. 354
Sector	Power Ancillary

Stock Details

BSE Code	532259
NSE Code	APARINDS
Bloomberg Code	APR IN
Market Cap (Rs. Crs)	689.5 Crs
Free Float (%)	37.85%
52- wk HI/Lo(Rs)	284-161
Avg. volume (Monthly)	37094
Face Value(Rs)	10
Dividend (FY 10)	50%
Shares o/s (Crs)	3.23

Relative Performance	1Mth	3Mth	1Yr
Apar Inds	-7.8%	-10.8%	24.9%
Sensex	-6.9%	-4.6%	16.7%



Shareholding Pattern as of 30/09/2010

Promoters Holding	62.1%
Institutional (Incl. FII)	16.3%
Corporate Bodies	12.6%
Public & others	8.7%

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Snapshot

Incorporated in 1958, Apar Industries Limited (Apar) is engaged in business of manufacturing transformer & specialty oil and power conductor. It is largest manufacturer of specialty oil (50% market share in transformer oil) with capacity of 337351 MTPA and second largest manufacture of power conductor (21% market share) with capacity of 114597 MTPA in India. In 2008, Apar exited polymer business & acquired Uniflex Cable which provides cables to Power & other Industry.

Investment Rationale

- Return to normal margin in conductor business by FY12, post completion of lower margin order, which were taken during the lean period coupled with improvement in volume will drive the profitability in conductors business.
- Change in product mix with increasing contribution from high margin transformer oil will improve the overall margin in oil business, which is apparent in Q2FY11.
- Apar acquired loss making company Uniflex (power cable business). It is expected to turnaround by FY12, which will lead to improvement in profitability.
- The high growth opportunity in power sector will drive the volume growth of Apar in its all the three segment Viz., Conductor, Oil & Power cables.

Valuation & Recommendation

We expect Apar's revenue to grow at a CAGR of 28.6% over FY10-FY12E on account of strong demand for power conductors & transformer oil business. Over FY10-12E, we expect EBITDA margin to expand to 8.1% (from current 6.1 %) due to execution of higher margin orders & change in product mix.

At CMP of 214, stock is trading P/E of 5.7x & 4.8x for FY11 and FY12 EPS of Rs. 37.4 and Rs. 44.3 respectively. Based on our estimated EPS for FY12 & PE multiple of 8.0x, we arrive at target price of Rs. 354.

We recommend BUY rating on the stock.

Year	Net Sales	Growth %	EBITDA	Margin %	Adj PAT	Margin %	EPS	PE	P/B
FY09A	2637.1	49.3%	50.3	1.9%	-3.53	-0.1%	-1.09	NA	2.5
FY10A	2235.6	-15.2%	137.4	6.1%	86.0	3.8%	26.6	8.0	2.4
FY11E	3075.3	37.6%	201.6	6.6%	122.8	4.0%	37.4	5.7	1.9
FY12E	3699.6	20.3%	300.8	8.1%	145.7	3.9%	44.3	4.8	1.5

Investment Rationale

Investment in Power Sector to Drive Growth

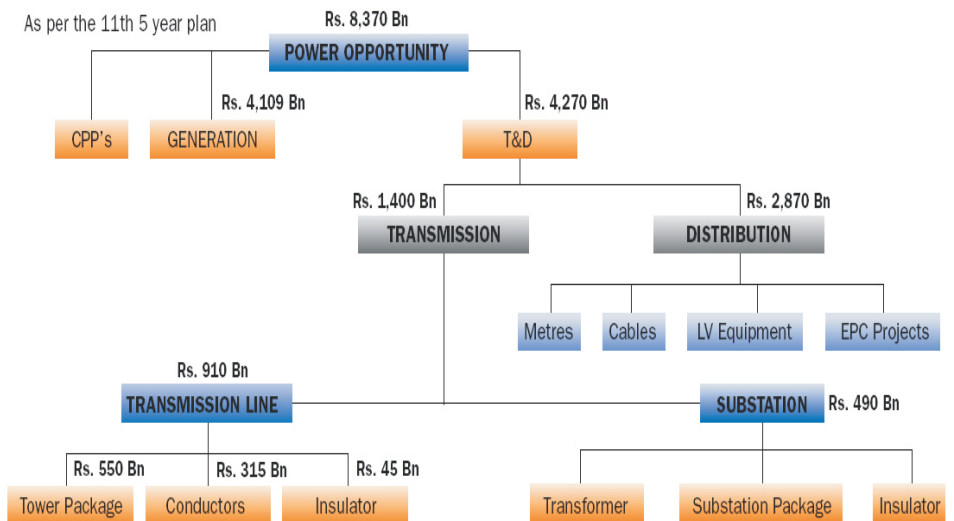
According to the Central Electricity Authority (CEA), India’s power generation systems had an installed capacity of around 157,229 MW. The Ministry of Power plans to establish an integrated National Power Grid in the country by 2012 with close to 200,000 MW generation capacities and 38,650 MW of inter-regional power transfer capacity. Considering the current inter-regional power transfer capacity of 20,750 MW, the corresponding investments in the transmission sector are expected to be augmented.

The overall investment in the power sector in the 11th five year plan (across all the segments) is estimated at Rs 8,370 billion, out of which Rs 1,400 billion is planned to be spent on transmission schemes providing an opportunity of Rs 315 billion (22%) in the conductor segment

The 11th five year plan will generate a demand for 1,12,323 MVA p.a. of transformers which will give rise to the demand for transformer oil. According to Industry sources, the requirement of transformer oil stands at 1,10,000 KL p.a. which results into 60-65 per cent of the transformer oil market accrued from the OEM segment. Apar is well positioned to take advantage of the emerging opportunities with a 50% per cent market share in transformer oil segment.

Investment in the power sector in 11th five-year plan is estimated at Rs 8,370 billion, providing an opportunity of Rs. 315 billion in the conductor segment

Investment in Power sector in 11th Plan



(Sources: Industry data, NB Research)

Initiating Coverage

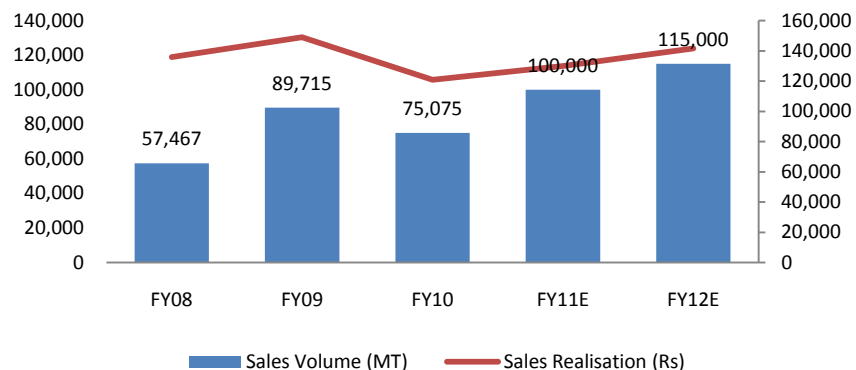
Apar Industries Ltd.

Second largest player with 25% market Share

Capacity expansion, Order inflow to drive growth & margin expansion.

Power conductors contributed around 47% of the company's sales in FY10. Apar is the second largest player after Sterlite Technologies in the Indian power conductors market with market share of 21%. PGCIL is largest domestic customer along with other domestic customer. Other domestic customers include Jyoti Structure, KEC International, L&T, ABB, Adani, Reliance and SEB's etc. Apar is also the largest exporter of Power conductors from India. It exports in the region of Middle East, Latin America, Europe, Africa etc and has presence in more than 43 countries. A major chunk of export demand is likely to come from emerging markets of Asia & African region.

Conductor-Volume & Realization



(Sources:- Company data, NB Research)

Apar's volume has grown at a CAGR of 29% (FY06-09), except in FY10, on account of delay in the floating tenders, postponement in awarding of contract by customer, mainly PGCIL. Going forward, Apar is ramping up its capacity from current 115000 MTPA to 155000 MTPA in next 2-3 years to sustain growth momentum. Apar's Power conductor business is likely to grow at a CAGR of 33.9% from FY10-FY12E on account of increase in volume, which would eventually result into revenue growth.

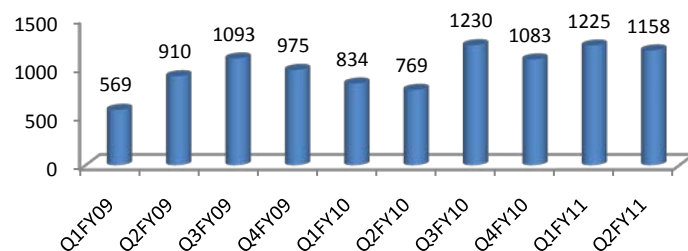
Total Order book of AIL is around Rs. 1176 Crs with export contributing 32% of total order book.

Strong order book of Rs. 1158 Crs in conductor segment provides revenue visibility

As on 30th Sept. 2010, current order book is around Rs. 1158 crs with export accounts around 36% share in total order book. During the year, the company is executing the orders which are of lower margins and were bagged during the global economic meltdown. The management expects to complete this tranche of orders during the current financial year. We expect improvement in margins from next year due to execution of higher margin orders.

Two tenders worth of Rs. 5000 Crs is expected to come out in next 6-8 months. We expect around Rs. 1000-1200 Crs worth of orders from PGCIL

Order Book (Rs in Crs)



(Sources: Company data, NB Research)

We believe that order inflow from the conductor division is expected to pick up significantly due to huge investment in the T&D segment. Two tenders worth Rs. 5000 crs is expected to be out by PGCIL in next 6-8 months. We expect Apar to grab at least Rs. 1000-1200 Crs from the order of PGCIL. Capacity augmentation, strong order book coupled with expected pick up of order inflow would enable Apar to post revenue growth.

Oil business: Banking on transformer growth.

Transformer oil is a highly refined mineral oil that is stable at high temperatures and has excellent electrical insulating properties. It forms around 5-7% of the total cost of transformer.

Leading manufacturer of transformer oil with around 55% market share

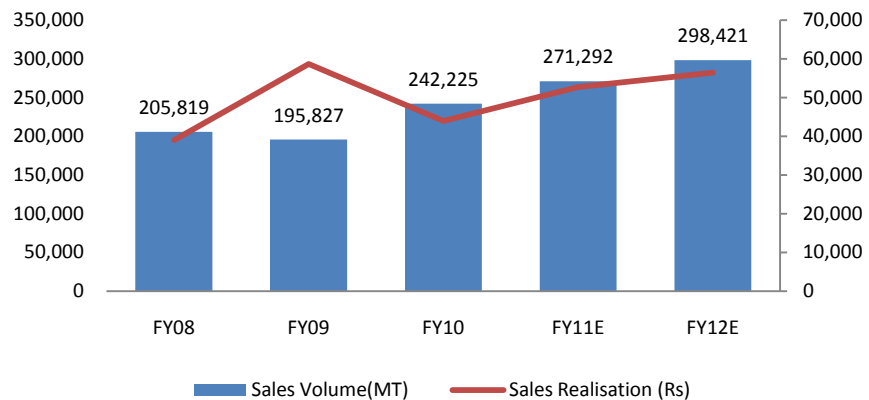
Apar is the only player who has got approval in 765 KV from both OEM & PGCIL.

The oil business contributes around 53% of Apar's overall revenue with major share of revenue contributes from transformer & white oil. White oil is used in FMCG & Pharma sector. The company also deals in industrial oil, rubber oil & automobile oil. It is market leader with more than 50% market share in transformer oil market in India (total market size in India is around Rs. 1400-1500 Crs). It ranks among the top five manufacturers and marketer of transformer oil in the world with capacity of 153495 MTPA. The transformer oil market includes OEM's as well as replacement market which include State electricity board & Private players. Apar is one of the leading suppliers to OEM's as it is the only domestic player who has got approval in 765 KV from both OEM's & PGCIL.

The oil business has grown at CAGR of 10% (from FY06to FY10). Going forward, we believe that the transformer oil segment will witness robust growth on account of demand, to be driven from OEM's due to ongoing massive investments underway, in the power sector. Apart from incremental demand driven by OEM's, the demand arising from replacement market is also significant as an existing transformer requires additional 5-10% oil every year.

Higher contribution from Transformer oil will lead increase in margin

Oil- Volume & Realization



(Sources: Company data, NB Research)

A change in product mix with increasing contribution from higher margin transformer oil will improve the overall margin in oil business. This is apparent from Q2FY11. We expect revenue to grow at CAGR of 25.7% from FY10-12E due to volume growth, change in product mix mainly from transformer product line which in turn will lead to growth & improvement in margins.

Signs of Turnaround in Uniflex cables

In 2008, Apar acquired 65% stake in Uniflex Cables limited (UCL), with an investment of Rs. 84.5 Crs. Uniflex is engaged in business of manufacturing PVC/elastomeric cables, power cables & telecom cables. Elastomeric cables are used in defense, ship-building industry, offshore platform, railways, mining Industry, nuclear power plant etc. Apart from it, Uniflex manufactures XLPE cables used in chemical and fertilizer Industry, underground cabling etc. UCL is also diversified into telephone cables.

The power cables industry is around 3x as large as the conductor industry and both these business are complementary to each other.

Apar has already invested Rs 10 crs in expanding and modernizing plants and machineries of Uniflex Cables. Further, over Rs 30-35 crs would be invested to double the present capacity. Following the expansion, management expect turnover to increase to more than Rs. 400 Crs in next 2-3 years. Apar is also focusing on diversifying into the areas where it can have synergies with existing business.

Uniflex to break even in FY12.....

Rs in crores	FY08	FY09	FY10	FY11E	FY12E
Revenue	106.70	127.86	180.60	300.00	363.64
EBITDA	2.06	-14.60	-10.26	-3.75	27.38
PAT	-8.04	-28.66	-26.84	-27.29	1.60
Cash Profit	-3.23	-23.44	-20.42	-20.56	8.67

(Sources-Company data, NB Research)

In past 3 years, the revenue of Uniflex has grown at CAGR of 16.4%. We expect Uniflex to post net revenue of Rs 300 Crs in FY 11 & 363 Crs in FY12. We believe Uniflex would start making profit from FY12 aided by growth in volume & decrease in operational cost.

Uniflex is expected to merge with Apar in current financial year. On Market capitalization basis, the merger will lead to dilution of around 1.65% of equity base of Apar. We have already factored the diluted equity in our estimates.

We have accounted Rs. 108 Crs accumulated losses of Uniflex in our estimates for FY11, which will result in lower effective tax rate.

As on 31st Aug. 2010, order book is around Rs 81 crs, with export contributes 44% export.

Uniflex is expected to break Even at cash level in FY21

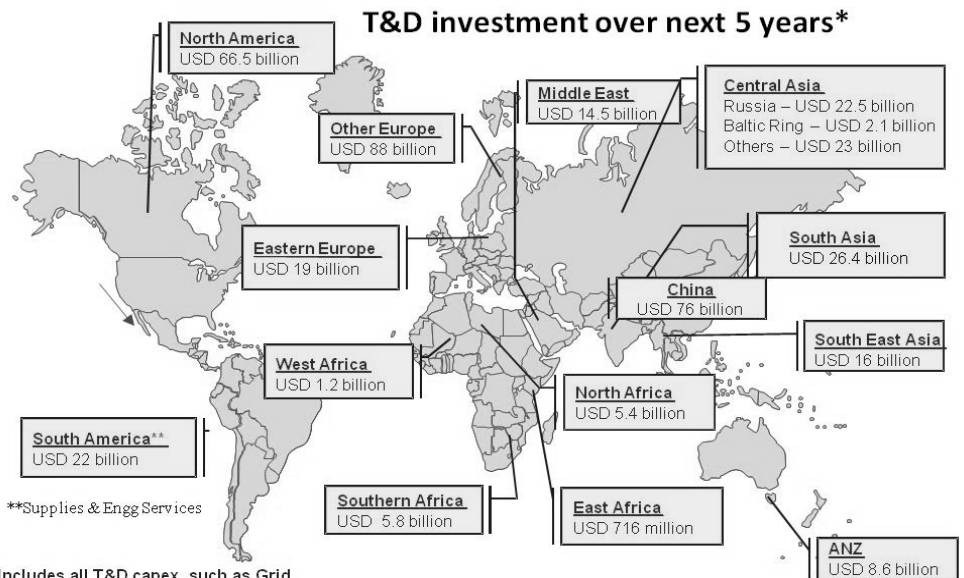
Uniflex is expected to merge with Apar at end of current financial year.

Apar derives 28% of its total revenue from export market

International market:- Provides huge opportunity

The International Energy Agency (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 this outlay.

Export contributes 32% from total Order book, mainly from African Region.



**Supplies & Engg Services

* Includes all T&D capex, such as Grid Automation, IT Systems, Equipment, etc.

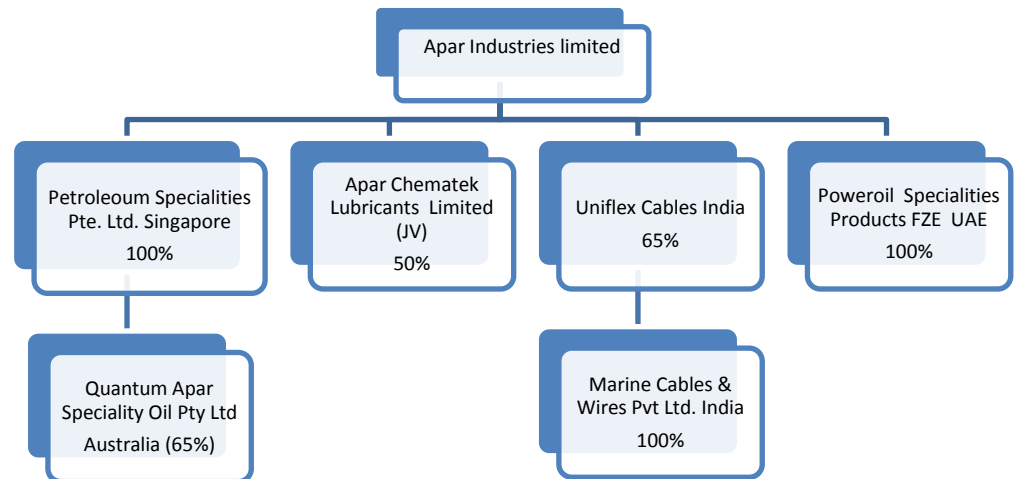
Source: ABS Energy research, Accenture research

(Sources:- IEA, NB Research)

Apar derives 36% of its total revenue from export market. It is one of the few companies with product approvals from global transformer players & Utilities. Apar contributes half of India's total export of aluminum power conductors & enjoys approvals from overseas utilities in markets like Africa, Middle East etc. Apar also exports to south Africa, Turkey, Singapore & Australia for manufacturing & distribution of specialty oil.

Business & Background

Incorporated in 1958, Apar Industries (Apar), formerly known as Gujarat Apar Polymers was promoted by late Dharmsinh Desai. Apar is engaged in business of specialty oil, power conductor business & power cable business. It is second largest manufacturer of power conductor with 21% market share. It is also the leading manufacturer of transformer oil (132 KV to 765KV) in India. In 2008, Apar entered into the power and telecom cable business by acquiring 65 per cent equity stake in Uniflex Cables for a total consideration of Rs 84.5 Crs. Apar is planning to ramp up the capacity of its conductor and cable segment. It plans to fund this capex through QIP of Rs 100 crs.



(Sources: Company data, NB Research)

Business Description

Apar has mainly two business segment:

- Power Conductors
- Oil Business

Power conductors: Apar manufactures full range of ACSR (Aluminum Conductors Steel Reinforced), AAC (All Alloy Conductors) & AAAC (All Aluminum Alloy Conductors) with manufacture capacity of 115000 MTPA. Apar's conductor division contributes around 47% to the total revenue.

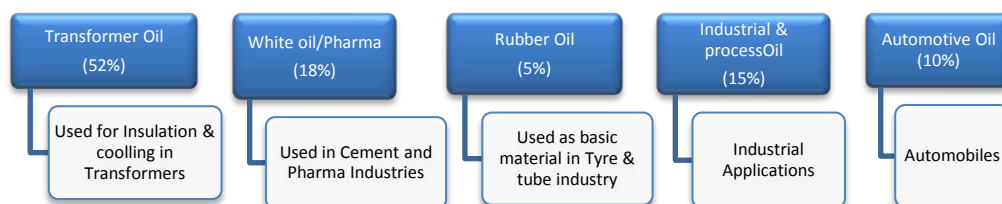
A major contribution to Apar's conductor business comes from ACSR conductors, which are more suitable for longer distance transmission line. It has three manufacturing facilities at Silvassa, Nalagarh & Umbergaon. It is planning to increase its capacity to 155000 MTPA in next 2-3 years with capex of Rs. 50-55 crs.

Products	Application	Key Customers	Outlook
AAC	Distribution of Electricity	PGCIL, Jyoti, ABB, NTPC, L&T, KEC Intl, Adani, Reliance Kalapatru Power etc.	Investment in T&D sector will drive the demand for power conductors
AAAC	T&D of electricity		
ACSR	T&D of electricity		

(Sources:- Company data, NB Research)

Oil Business:

This division makes transformer oil, industrial oil, white oil, automotive oil and rubber oil with capacity of 337357 MTPA. The oil business contributes around 53% of total revenue to the company. It has two manufacturing facilities located at Silvassa & Rabale. The Rabale facility caters mainly to overseas market. Transformer oil contributes maximum revenue & has a 50% market share in India. It ranks among the top five manufactures and marketers of transformer oil in the world. The division comprises following segments.



(Sources- Company data, NB Research)

AGIP Business: Apart from manufacturing transformer oil, white oil, rubber oil, Apar also manufactures automobile oil. The automobile oil is premium lubricant and sold under the brand name 'AGIP'. The Brand is under manufacturing & license agreement from ENI S.p.A of Italy and distributed by the joint venture (50% owned by Apar). The sales turnover of AGIP brand has increased by 31.1% to Rs 122 crores in FY10 due to increase in volume.

Other Developments:-

- Apar is focusing on the development of high margin products like high temperature conductors that increases the evacuation capacity by 50% to 100%.
- Electron beam (E- beam) technology cable: It is a new generation cable, which is used in ships, design sector, railroads and will eventually be used for house wires and LV cables etc. The significant property of E-beam is its resistance to temperature and fires. The total number of tenders for conventional cables has been reducing y-o-y, while those for EBEAM cables are increasing. The project will entail almost Rs 20-25 crs of capex. The technology can be used for various other products by electron beam curing.

Business Segments

	Specialty Oils	Conductors	Cables
Business Description	Offers various products that covers Power, Industrials FMCG, Automobile & Pharma	One of the largest conductors manufacture in India	Market wide range of Power and Telecommunication cables under the brand "Unicab"
Market share	50% in Transformer Oil	21%	NA
Products	Transformer Oil, white oil, Rubber oil, Industrial oil , Automotive Oil.	All Aluminum Conductors Aluminum Conductor Steel Reinforced All Aluminum Alloy Conductors High temperature conductors	Elastomeric Cables Power Cables Telecom Cables,
Plant Capacity	Rabale (152686 MTPA), Silvassa (184655 MTPA)	Silvassa (67412 MTPA), Nalagarh (29685), Umbergaon (17500 MTPA)	Umbergaon
Competitors	Savita Oil technologies, Raj Lubricants	Sterlite Technologies	KEC International, Finolex Cables, Torrent Cables, KEI Inds, NICCO.
Revenue Contribution (FY10)	49%	43%	8%

(Sources: Company data, NB Research)

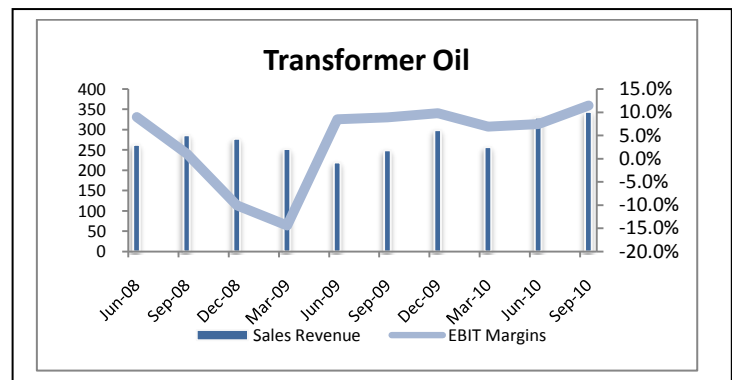
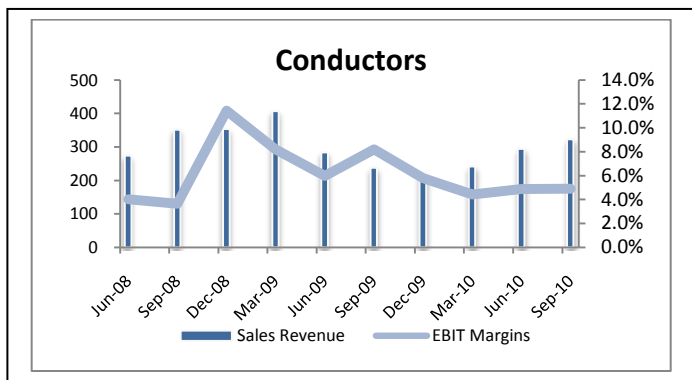
Risk concerns

- **Volatility in Raw Material Prices:** Aluminum and base oils are the two key raw materials. Prices of base oils are directly related to crude oil prices. Any significant volatility in the price of crude oil and aluminum can affect the profitability of the company.
- **Foreign exchange fluctuation:** Apar derives 30-35% of revenue from international market. Apart from exports, large chunk of raw material - base oil and aluminum is imported. Any significant fluctuation in currencies could affect the profitability of company going forward.
- **Delay in orders:** PGCIL is one of the major customers of Apar. Any delay or postponement of orders by PGCIL will adversely impact revenue and, in turn our estimates.

Quarterly Analysis(Q2FY11)

Standalone Financials	Q2FY11	Q2FY10	YoYVar(%)	Q1FY11	QoQVar(%)
Income from Operations	667.9	488.1	36.8%	625.0	6.9%
EBITDA	52.0	40.8	27.4%	36.9	40.8%
Other Income	0.0	0.0		0.0	-32.4%
Depreciation	3.6	3.0	22.0%	3.1	18.3%
EBIT	48.4	37.8	27.9%	33.9	42.7%
Interest	-0.5	7.4		-0.2	
PBT	48.9	30.4	60.5%	34.1	43.5%
Exceptional Expenses	0.2	1.4		0.0	
Tax, Deferred Tax & FBT	14.3	6.6	117.3%	10.0	43.6%
PAT	34.7	25.2	37.6%	24.1	44.2%
Adj. PAT	34.5	23.5	46.5%	24.1	43.2%
Equity Capital (Rs.10)	32.3	32.3	0.0%	32.3	0.0%
EPS	10.7	7.8	37.6%	7.5	44.2%
Adj. EPS	10.7	7.3	46.5%	7.5	43.2%
Ratios					
Operating Margins (%)	7.2	7.7	-50	5.4	182
Adj. NP margin (%)	5.2	4.8	34	3.9	131

- Apar's revenue grew by 36.8% to Rs 667.9 crores on YoY basis, mainly driven by volume growth & increased realizations in both Conductor & Oil segment. On QoQ basis, revenue increased by 6.9% due to increased realization though there was volume de- growth in both the segments.
- EBIT for the quarter stood at Rs 48.4 crores, up by 27.9% on YoY basis and 42.7% on QoQ basis.
EBIT margin for the conductor segment has declined by 330bps on YoY basis, due to lower margin order execution. Under oil segment, EBIT margin stood at 11.5%, up by 260 bps on YoY basis and 410 bps on QoQ basis. Increase in margin is on account of favorable change in product mix where higher volumes of transformer oil were sold during the quarter.



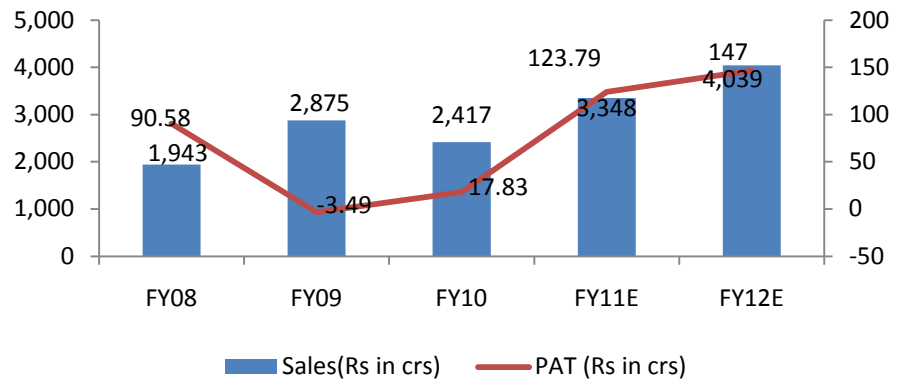
- APAR reported the adj PAT of Rs 34.5 crores in Q2FY11 as compared to Rs 23.5 crores in Q2FY10, registering a growth of 46.5% on YoY basis.
- Company reported adj EPS of Rs 10.7 in Q2FY11 against Rs 7.3 in Q2FY10.

Outlook & Valuation

We expect Apar to gain significantly from huge spending on power sector in India and other emerging economies as the company is the leader in transformer oils business in India and the second largest manufacturer of transmission conductors.

Revenue to grow at a CAGR of 25.7% on account of strong growth.....

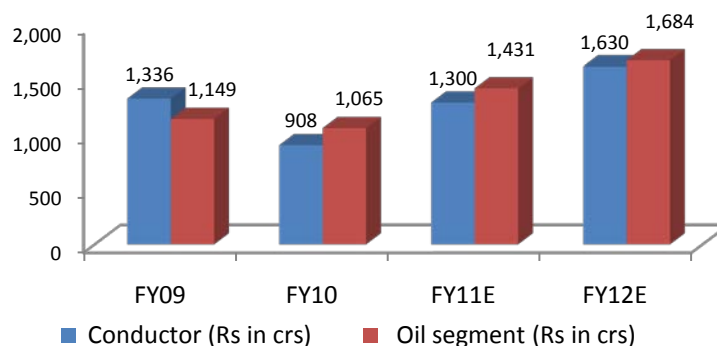
Apar's consolidated revenue has grown at a CAGR of 33.53% from FY06-09 led by strong demand from Power Sector. However, revenue declined in FY10 by 15% due to lower volume of sales.



(Sources:- Company data, NB Research)

We expect revenue to grow at a CAGR of 25.7% from FY10-12E due to volume growth & capacity augmentation in conductor segment. On profitability front, after dismal performance in last two years due to correction in commodity prices, we expect PAT to grow at a CAGR of 29.4% on account of higher realization & change in product mix.

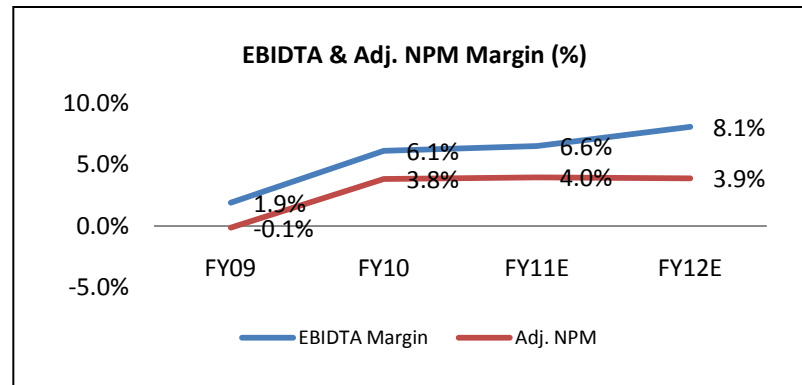
Strong Growth in Revenue in both Conductor & Oil Segment.



(Sources:-Company data, NB Research)

Margin to expand significantly in FY12.....

Historically EBIDTA margin of Apar has been in the range of 6-7% (except in FY09, where it came down sharply to around 1.9% due to decrease in sales volume & increase in raw material prices. Going forward, we expect, margin to scale up to around 8% on account of change in product mix & execution of high margin orders.



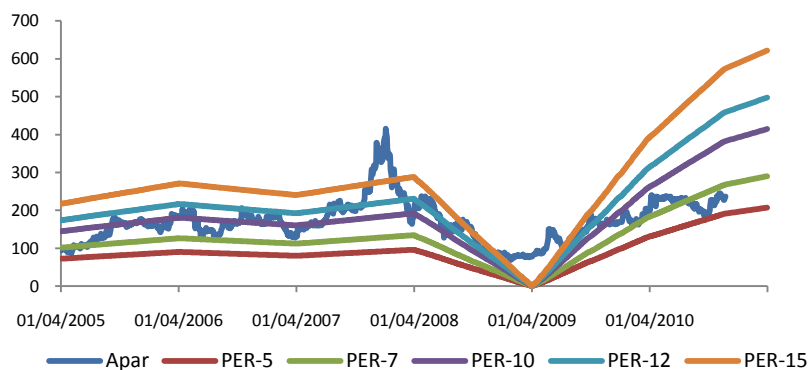
During FY11, due to Uniflex merger with Apar, the company would be enjoying tax benefit, resulting into lower effective tax.

On Segmental Front...

We expect conductor business revenue to grow at CAGR of 33.9% for FY10-12E due to higher capacity utilization, expected pick up in order inflow and greater focus on high temperature conductors. In oil business, we expect revenue to grow at a CAGR of 25.7% from FY10-12E due to volume growth, change in product mix ie, higher contribution from transformer oil business, which would in turn would lead into improvement in margins.

Valuation....

Historically the stock price of the company had traded at the multiple of 8-10x, except in FY09 due to global slowdown. Looking at the historical PE trend & future growth prospects of company, we assign a multiple of 8x for Apar.



(Sources:- Capital line, NB Research)

Based on our target P/E of 8x and our estimated EPS of 44.30 for FY12E, we assign a target of Rs. 354 per share, which results in potential upside of 66.2%. **We recommend BUY rating on the stock**

Initiating Coverage

Apar Industries Ltd.

Consolid P&L (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E	Financial Health (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E
Y/E - March					Y / E - March				
Revenues - Net	2637.1	2235.6	3075.3	3699.6	Share Capital	32.3	32.3	32.9	32.9
% change	49.3%	-15.2%	37.6%	20.3%	Reserves & Surplus	247.6	251.0	335.4	442.7
EBITDA	50.3	137.4	201.6	300.8	Misc. Exp (not w/o)	1.2	0.0	0.0	0.0
% change in EBITDA	-57.9%	172.9%	46.7%	49.2%	Net Worth	278.8	283.4	368.2	475.5
Interest	41.2	33.2	51.6	76.1	Total Loans	161.4	161.7	186.3	217.8
EBDT	9.1	104.2	150.0	224.7	Minority Interest	7.9	0.3	1.3	2.3
Depreciation	14.7	18.5	20.5	22.0	Deferred Tax Liabilities	6.3	7.2	7.6	10.0
Other Income	6.2	16.0	4.0	4.0	Total Liabilities	454.4	452.6	563.4	705.7
Exceptional Items	1.7	61.5	0.0	0.0	Goodwill	60.31	0.00	0.00	0.00
PBT	-1.1	40.2	133.5	206.7	Net Fixed Assets	179.3	181.0	207.6	230.6
Tax	2.4	22.4	9.7	59.9	Investments	0.0	0.0	0.0	0.0
PAT	-3.5	17.8	123.8	146.7	Current Assets				
Adj. PAT	-1.7	79.3	123.8	146.7	Inventories	363.5	439.2	576.3	719.6
Less: Share of Asso & MI	1.8	-6.7	1.0	1.0	Debtors	513.4	424.3	697.4	841.4
Cons PAT	-5.3	24.5	122.8	145.7	Cash & Bank	610.9	488.2	482.5	558.0
Cons Adj PAT	-3.5	86.0	122.8	145.7	Loans & Adv	169.1	173.5	220.7	292.6
Eq share cap (in Cr.)	32.3	32.3	32.9	32.9	Current Assets	1657.0	1525.2	1976.9	2411.5
Adj Diluted EPS	-1.1	26.6	37.4	44.4	Current liability & Provision	1441.9	1253.8	1621.3	1936.6
Cash EPS	2.9	13.3	43.6	51.1	Working Capital	215.1	271.4	355.7	475.0
DPS (%)	0%	50%	100%	100%	Total Assets	454.4	452.6	563.4	705.7
Standalone Qtrly	Dec.09	Mar.10	Jun.10	Sep.10	Cash Flow (Rs. In Cr)	FY09A	FY10A	FY11E	FY12E
Revenue	520.01	487.81	617.29	667.19	Operating				
EBITDA	40.70	23.92	36.92	51.98	Operating Income	50.3	137.4	201.6	300.8
Interest	8.28	0.81	-0.15	-0.46	Change in WC	144.2	-179.0	-90.0	-43.8
EBDT	32.43	23.11	37.07	52.44	Other Adjustment	7.1	-3.3	0.0	0.0
Dep	3.09	2.94	3.05	3.61	CF from Opeartion	201.7	-44.9	111.5	257.0
Other Inc.	0.10	0.14	0.03	0.02	Investment				
Exceptional Items	0.28	55.86	0.00	0.19	Capex	-141.6	-19.7	-47.0	-45.0
PBT	29.15	-35.55	34.05	48.66	Other Investment	37.4	0.0	0.0	0.0
Tax	6.91	3.04	9.96	14.31	Total Investment	-104.2	-19.7	-47.0	-45.0
Adj PAT	22.46	22.05	24.09	34.49	Financing				
Adj Diluted EPS (Rs.)	6.95	6.82	7.45	10.67	Dividend Paid	0.0	-18.9	-38.4	-38.4
Operational Ratio	FY09A	FY10A	FY11E	FY12E	Share Capital	0.0	0.0	0.5	0.0
EBITDA margin (%)	1.9%	6.1%	6.6%	8.1%	Premium / Reserve	0.0	0.0	0.0	0.0
Adj PAT margin (%)	-0.1%	3.8%	4.0%	3.9%	Borrowing	60.5	0.3	24.5	31.6
Adj EPS Growth (%)	NA	N/A	40.5%	18.7%	Other Income	4.5	16.0	4.0	4.0
Price Earnings (x)	NA	8.0	5.7	4.8	Other	0.0	0.0	0.0	0.0
Book Value (Rs.)	86.2	87.6	112.1	144.8	Interest	-41.2	-33.2	-51.6	-76.1
ROE (%)	-0.4%	18.7%	24.3%	22.2%	Tax Paid	-2.4	-22.4	-9.4	-57.5
ROCE (%)	-0.3%	11.6%	16.9%	16.0%	Total Financing	21.4	-58.1	-70.3	-136.5
Debt Equity Ratio	0.6	0.6	0.5	0.5	Net Chg. in Cash	118.9	-122.7	-5.8	75.5
Price / Book Value (x)	2.5	2.4	1.9	1.5	Cash at beginning	492.0	610.9	488.2	482.5
EV / Sales	0.3	0.4	0.3	0.2	Cash at end	610.9	488.2	482.5	558.0
EV / EBITDA	16.9	6.2	4.4	3.1					

Initiating Coverage
Apar Industries Ltd.

Ratio	FY09A	FY10A	FY11E	FY12E
Book Value (Rs.)	86.21	87.63	112.10	144.76
ROE (%)	-0.4%	18.7%	24.3%	22.2%
ROCE (%)	-0.3%	11.6%	16.9%	16.0%
Debt Equity Ratio	0.58	0.57	0.51	0.46

Valuation Matrix	FY09A	FY10A	FY11E	FY12E
Price Earnings (x)	NA	8.03	5.71	4.81
Price / Book Value (x)	2.48	2.44	1.90	1.47
EV / Sales	0.32	0.38	0.29	0.25
EV / EBIDTA	16.92	6.20	4.40	3.06

Note
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