

September 15, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
APAR INDUSTRIES LIMITED**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	27.38 (reduced from Rs.106.59 cr)	'CARE A+' (Single A Plus)	Reaffirmed
Short-term Bank Facilities	1,390.00 (enhanced from Rs.1,268.89 cr)	'PR1+' (PR One Plus)	Reaffirmed
Long-term/Short-term Bank Facilities	696.32 (enhanced from Rs.123.75 cr)	'CARE A+' (Single A Plus)/ 'PR1+' (PR One Plus)	Reaffirmed
<b>Total Facilities</b>	<b>2,113.70</b>		

**Rating Rationale**

The ratings continue to derive strength from the promoters' experience, well-established market position in the product segments it operates in, long-term relationship with its customers, diversified revenue profile, favourable capital structure and positive outlook for the power sector in the country.

The rating is however constrained by raw material price risk, high dependence on Government or public sector units and increasing competition.

AIL's ability to de-risk itself by progressing into different geographies and its ability to improve its margins in the environment of volatile raw material prices and performance of the loss-making subsidiary M/s Uniflex Cables Ltd.(UCL) (rated CARE BBB+(SO) / PR2(SO) for its bank facilities) remain key rating sensitivities.

**Company Profile**

AIL, founded by Mr. Dharmsinh D. Desai in the year 1958 is a leading manufacturer of Transformer & other Specialty Oils and Transmission & Distribution Overhead Conductors. AIL had also acquired a majority stake in Uniflex Cables Ltd. (UCL), known for its wide range of cables for the power and telecom sectors during FY09.

On a total income of Rs.1,983 crore, AIL earned a PAT of Rs.30.59 crore in FY10. On a consolidated level, AIL reported a PAT of Rs.24.44 crore on a total revenue of Rs.2,251.54 crore.

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