

December 29, 2025

## Management Meet Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	9,744		9,744	
Sales (Rs. m)	2,67,722	3,10,347	2,67,722	3,10,347
% Chng.	-	-	-	-
EBITDA (Rs. m)	21,959	25,413	21,959	25,413
% Chng.	-	-	-	-
EPS (Rs.)	303.8	348.2	303.8	348.2
% Chng.	-	-	-	-

### Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,85,812	2,32,445	2,67,722	3,10,347
EBITDA (Rs. m)	15,474	19,043	21,959	25,413
Margin (%)	8.3	8.2	8.2	8.2
PAT (Rs. m)	8,213	10,865	12,204	13,988
EPS (Rs.)	204.5	270.5	303.8	348.2
Gr. (%)	(0.5)	32.3	12.3	14.6
DPS (Rs.)	40.0	81.1	91.1	104.5
Yield (%)	0.5	0.9	1.1	1.2
RoE (%)	19.6	22.2	21.4	21.2
RoCE (%)	30.0	31.9	31.6	31.7
EV/Sales (x)	1.8	1.5	1.3	1.1
EV/EBITDA (x)	22.1	18.0	15.5	13.3
PE (x)	42.2	31.9	28.4	24.8
P/BV (x)	7.7	6.6	5.7	4.9

### Key Data

APAR.BO | APR IN

52-W High / Low	Rs.11,797 / Rs.4,270
Sensex / Nifty	85,041 / 26,042
Market Cap	Rs.346bn/ \$ 3,856m
Shares Outstanding	40m
3M Avg. Daily Value	Rs.760.13m

### Shareholding Pattern (%)

Promoter's	57.77
Foreign	9.24
Domestic Institution	22.64
Public & Others	10.35
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	(0.5)	(15.1)
Relative	(5.2)	(2.0)	(21.7)

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## Structural strength intact amid near-term delays

We interacted with the management of Apar Industries (APR) to assess the domestic demand environment, the implications of US reciprocal tariffs, and the company's overall business outlook. The management reiterated guidance of ~Rs30,000 EBITDA/mt and ~10% volume growth in conductors, alongside ~8% YoY growth in specialty oils in FY26. The impact of reciprocal tariffs is expected to be limited to order finalization timelines. The tariffs are unlikely to have a material financial impact. Domestically, demand continues to be driven by power T&D, renewables and railways, while exports are supported by the US, Asia, the Middle East and Africa. The cables business remains a key growth engine, with the management targeting ~Rs100bn in revenue, underpinned by capacity expansion and rising demand for specialty, power and low-duty cables. Q3FY26 is expected to remain muted due to elevated raw material prices and slower order finalizations, followed by a recovery in Q4FY26. The stock is trading at a P/E of 28.4x/24.8x on FY27/28E earnings. We maintain our 'HOLD' rating valuing the conductors/cables/specialty oils segment at a PE of 34x/34x/12x Sep'27E (same as earlier) arriving at SoTP-derived TP of Rs9,744 (same as earlier).

Chinese competition in non-US markets, pace of re-tendering in Indian market, and potential tariff impact on cables segment will be key monitorables in the medium term. However, we are long-term positive on the stock owing to 1) robust T&D capex driving demand across segments, 2) focus on premium conductors in the domestic market, 3) healthy traction in elastomeric cables used in renewables, defense and railways, and 4) market leadership in the growing transformer oils (T-oils) business.

## Management meet key takeaways:

**Conductors: Premium mix, capacity scale-up and domestic strength anchor EBITDA/mt of ~Rs30,000**

### EBITDA/mt to remain above Rs30,000 going forward

- EBITDA/mt of at least Rs30,000 is anticipated to be driven by higher contribution of **premium products (having higher margin compared to non-premium)** and the company's expansion into newer geographies.
- Margins will also be supported by an anticipated **~10% YoY volume growth in FY26**, driven by capacity expansion given the strong traction in the domestic market.
  - APR's conductors capacity stood at 2,50,000t in FY25, which is **anticipated to reach 2,75,000–2,80,000t by end-FY26**.
  - APR's **conductors capacity is anticipated to grow at ~10% CAGR** from FY26.
- H2FY26 outlook

- **Conductors' Q3FY26 performance is expected to be muted** due to higher raw material prices and slower order finalizations.
- **But the segment is expected to bounce back in Q4FY26** and see a healthy H1FY27.

#### **US tariff impact limited to order finalization delays**

- Conductors are metal-intensive products with **65-70% of aluminum or copper content**.
- **And this metal content is currently attracting ~50% tariff.**
- In most of the contracts, metal cost escalation clauses **allow APR to pass through any increase in costs due to tariffs**, thus protecting margins.
- Hence, the **impact of reciprocal tariffs is short term and limited to order finalization delays**.

#### **Domestic market dynamics**

- **APR commands strong leadership in niche conductor segments**, with ~50% market share in HTLS, ~20% in CTC, and ~70% in railways, reflecting high entry barriers.
- **CTC scale-up has materially improved APR's market positioning**, with volumes up ~3x post capex and 3–4 of 6 expansion phases already completed.
- **CTC is a structurally critical component**, forming ~30% of transformer cost, with APR contributing ~35% to overall production value.
- **Higher penetration of HTLS and CTC is expanding APR's domestic addressable market**, strengthening its participation across power T&D and transformer-led capex cycles.

#### **Exports**

- **Exports account for ~25% of conductors revenue**. The **US accounts for 5-8%** of total exports, while the volume contribution stands at 3-4%.
  - The US demand is driven by data centers, renewable energy and refurbishment projects from 50-60 year-old power plants.
- In FY25, the Middle East and Africa together accounted for 5-6% of APR's conductors revenue, while Asia stood at ~4% and others, including Europe, accounted for ~15%.

#### **Cables: Capacity and portfolio expansion to drive growth**

##### **Rs8.0bn capex driving ambitions of ~Rs100bn cables revenue**

- **APR is significantly expanding its cable manufacturing footprint**, increasing plant area from 25acres to 65acres with a focus on power and renewable cables.

- Capacity utilization stands at ~85%.
- The capex will enable a step-up in technical capability, **upgrading voltage capacity to 220kV from current 60kV** across both HT and LT segments.
- The expansion underpins an aggressive growth target, with **~Rs8.0bn capex (largely completed for exports and renewables) supporting ~Rs100bn revenue aspiration**.
- **Housing wires business of APR is expected to grow at 30-40% CAGR with 9-10% margin.**

#### US business

- Exports account for ~45% of cables revenue, of which, the **US accounts for 60%**, with the remaining coming from RoW.
- The US contribution to **exports stood at ~20%/18% in FY24/25**.
- **Margins from the US are 200-300bps higher** compared to domestic margins.
- **APR has ~5% market share in the USD40mn US market.**

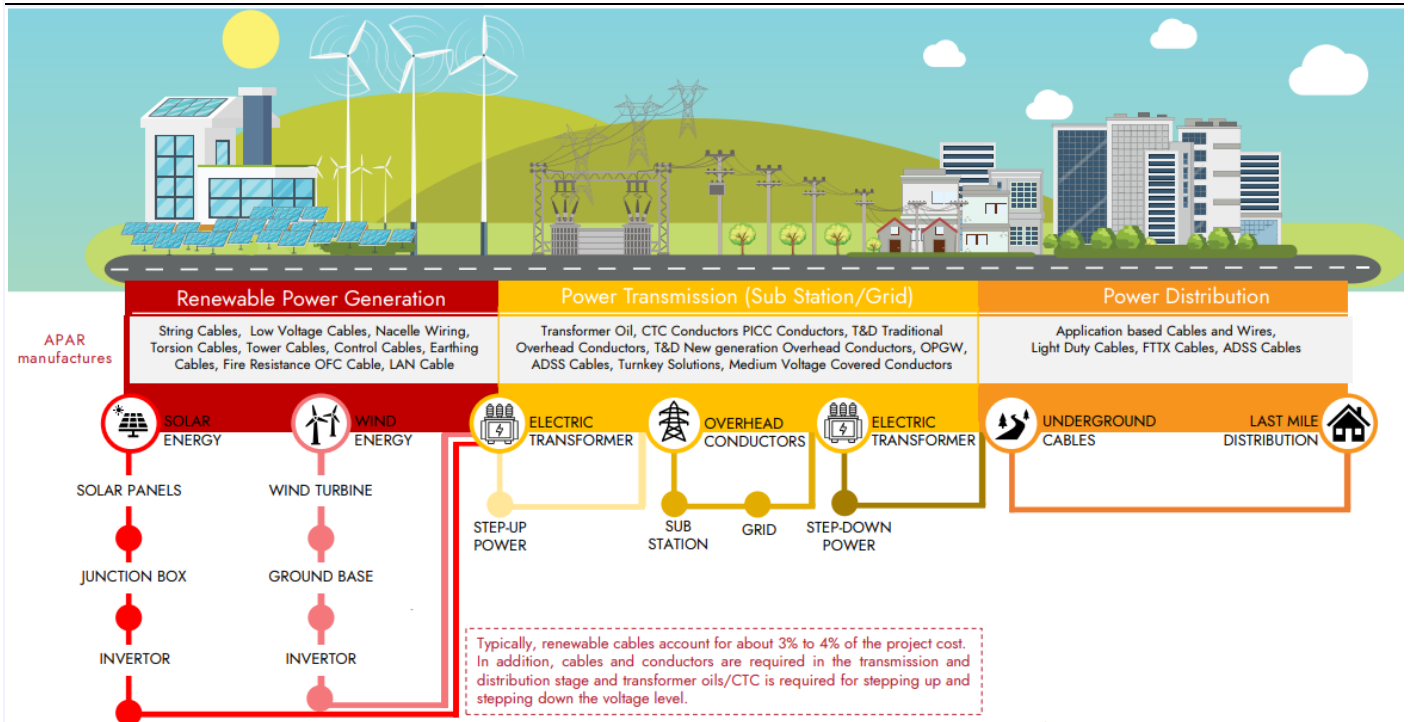
#### Non-US exports

- FY25 non-US exports breakup is as follows: Africa at ~4%, Europe at ~4%, Australia at ~3%; the rest came from the Middle, East, Asia and RoW.
- APR continues to face headwinds arising out of Chinese dumping in non-US markets.
- The management expects flattish growth YoY in FY26 from non-USA exports.

#### **Specialty oils: ~8% YoY growth expected in FY26**

- Specialty oils product mix includes, 1) **T-oils (35-40%** of specialty oils revenue), 2) **automotive oils (20-25%)** and 3) **non-oil (~35%)**.
- T-oils: 3<sup>rd</sup> largest player globally
  - **T-oil volumes stood at 1,90,000/2,20,000 KL in FY24/25.**
  - **Domestic/export mix is generally 60%/40%.** Export demand is driven by the Middle East and Africa.
  - **APR has 20-25% and >50% share in global and domestic T-oil markets, respectively.**
  - **The domestic T-oil business is expected to grow 10-12% YoY, while exports are expected to grow ~8% YoY in FY26.**
- Automotive oils, which forms 20-25% of specialty oils, has **margins of ~Rs4,000/KL.**
- The non-oil business, which forms ~35% of specialty oils, is expected to see flattish growth.

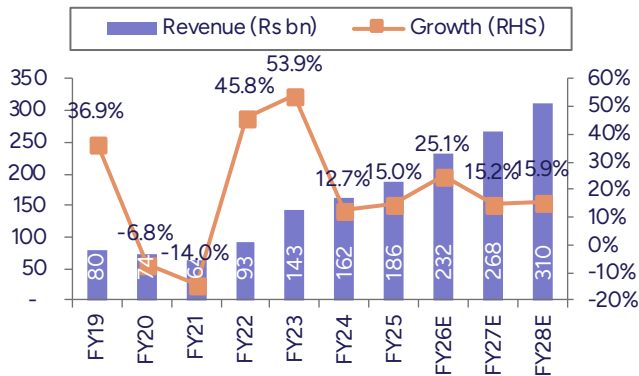
**Exhibit 1: APR's diversified offerings across renewable power generation, transmission and distribution value chain**



Source: Company, PL

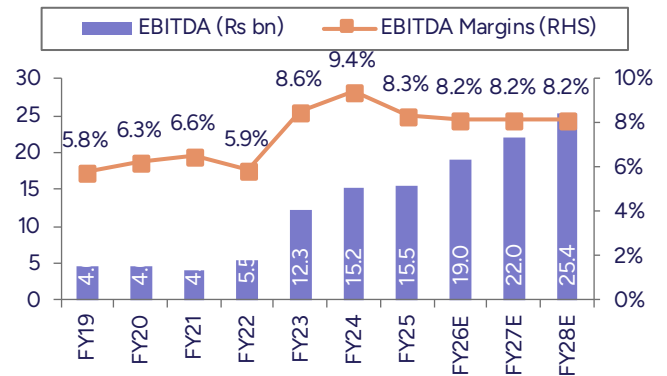
## Story in Charts:

**Exhibit 2: Revenue to clock ~18.6% CAGR over FY25-28E**



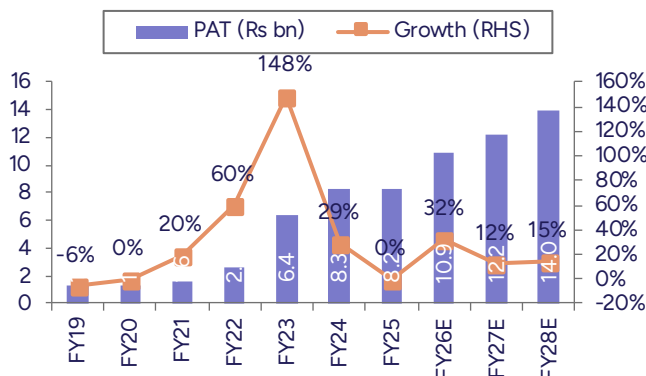
Source: Company, PL

**Exhibit 3: EBITDA margin to normalize at 8.0%-8.5%**



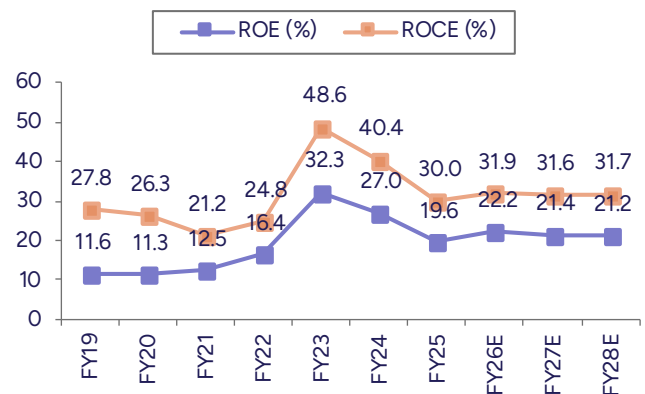
Source: Company, PL

**Exhibit 4: PAT to clock ~19.4% CAGR over FY25-28E**



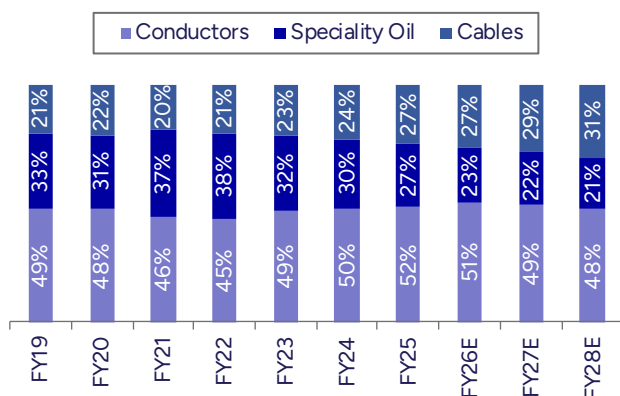
Source: Company, PL

**Exhibit 5: Return ratios to remain strong**



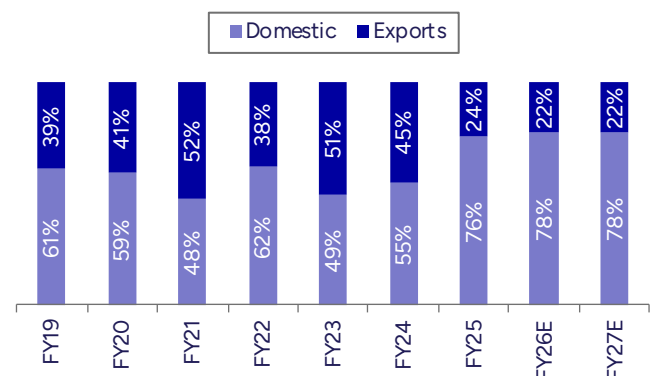
Source: Company, PL

**Exhibit 6: Cables mix improving**



Source: Company, PL

**Exhibit 7: Domestic demand to remain robust**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Net Revenues</b>	<b>1,85,812</b>	<b>2,32,445</b>	<b>2,67,722</b>	<b>3,10,347</b>
YoY gr. (%)	15.0	25.1	15.2	15.9
Cost of Goods Sold	1,47,393	1,82,208	2,07,317	2,38,923
Gross Profit	38,419	50,237	60,404	71,423
Margin (%)	20.7	21.6	22.6	23.0
Employee Cost	3,378	4,230	4,712	5,276
Other Expenses	19,567	26,964	33,733	40,734
<b>EBITDA</b>	<b>15,474</b>	<b>19,043</b>	<b>21,959</b>	<b>25,413</b>
YoY gr. (%)	1.6	23.1	15.3	15.7
Margin (%)	8.3	8.2	8.2	8.2
Depreciation and Amortization	1,322	1,491	1,767	2,110
<b>EBIT</b>	<b>14,153</b>	<b>17,551</b>	<b>20,192</b>	<b>23,303</b>
Margin (%)	7.6	7.6	7.5	7.5
Net Interest	4,089	4,165	5,095	5,986
Other Income	994	1,197	1,285	1,459
<b>Profit Before Tax</b>	<b>11,058</b>	<b>14,584</b>	<b>16,382</b>	<b>18,776</b>
Margin (%)	6.0	6.3	6.1	6.0
Total Tax	2,843	3,719	4,177	4,788
Effective tax rate (%)	25.7	25.5	25.5	25.5
<b>Profit after tax</b>	<b>8,214</b>	<b>10,865</b>	<b>12,204</b>	<b>13,988</b>
Minority interest	-	-	-	-
Share Profit from Associate	(1)	-	-	-
<b>Adjusted PAT</b>	<b>8,213</b>	<b>10,865</b>	<b>12,204</b>	<b>13,988</b>
YoY gr. (%)	(0.5)	32.3	12.3	14.6
Margin (%)	4.4	4.7	4.6	4.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>8,213</b>	<b>10,865</b>	<b>12,204</b>	<b>13,988</b>
YoY gr. (%)	(0.5)	32.3	12.3	14.6
Margin (%)	4.4	4.7	4.6	4.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,213	10,865	12,204	13,988
<b>Equity Shares O/s (m)</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>EPS (Rs)</b>	<b>204.5</b>	<b>270.5</b>	<b>303.8</b>	<b>348.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>22,888</b>	<b>30,888</b>	<b>35,888</b>	<b>38,888</b>
Tangibles	22,843	30,843	35,843	38,843
Intangibles	45	45	45	45
<b>Acc: Dep / Amortization</b>	<b>7,458</b>	<b>8,950</b>	<b>10,717</b>	<b>12,827</b>
Tangibles	7,458	8,950	10,717	12,827
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>15,430</b>	<b>21,939</b>	<b>25,171</b>	<b>26,062</b>
Tangibles	15,385	21,893	25,126	26,016
Intangibles	45	45	45	45
Capital Work In Progress	1,278	1,278	1,278	1,278
Goodwill	-	-	-	-
Non-Current Investments	126	111	111	111
Net Deferred tax assets	(30)	(30)	(30)	(30)
Other Non-Current Assets	1,582	1,627	1,606	1,862
<b>Current Assets</b>				
Investments	2,084	2,084	2,084	2,084
Inventories	33,105	37,892	44,009	51,016
Trade receivables	41,933	52,220	60,146	69,722
Cash & Bank Balance	7,610	8,106	10,893	14,616
Other Current Assets	8,526	8,833	9,103	10,552
<b>Total Assets</b>	<b>1,12,636</b>	<b>1,35,194</b>	<b>1,55,539</b>	<b>1,78,621</b>
<b>Equity</b>				
Equity Share Capital	402	402	402	402
Other Equity	44,634	52,239	60,782	70,574
<b>Total Networth</b>	<b>45,035</b>	<b>52,641</b>	<b>61,184</b>	<b>70,975</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,987	4,787	5,587	5,337
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,860	1,860	1,860	1,860
Trade payables	55,488	69,415	79,950	92,679
Other current liabilities	6,235	6,461	6,928	7,740
<b>Total Equity &amp; Liabilities</b>	<b>1,12,636</b>	<b>1,35,194</b>	<b>1,55,539</b>	<b>1,78,621</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	11,058	14,584	16,382	18,776
Add. Depreciation	1,322	1,491	1,767	2,110
Add. Interest	2,583	4,165	5,095	5,986
Less Financial Other Income	994	1,197	1,285	1,459
Add. Other	569	-	-	-
Op. profit before WC changes	15,531	20,240	23,244	26,872
Net Changes-WC	63	(1,401)	(3,323)	(4,928)
Direct tax	2,689	3,719	4,177	4,788
<b>Net cash from Op. activities</b>	<b>12,906</b>	<b>15,120</b>	<b>15,744</b>	<b>17,156</b>
Capital expenditures	(5,069)	(8,000)	(5,000)	(3,000)
Interest / Dividend Income	56	-	-	-
Others	(2,035)	-	-	-
<b>Net Cash from Invst. activities</b>	<b>(7,048)</b>	<b>(8,000)</b>	<b>(5,000)</b>	<b>(3,000)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(82)	800	800	(250)
Dividend paid	(2,046)	(3,259)	(3,661)	(4,196)
Interest paid	(2,701)	(4,165)	(5,095)	(5,986)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(4,829)</b>	<b>(6,624)</b>	<b>(7,957)</b>	<b>(10,433)</b>
<b>Net change in cash</b>	<b>1,029</b>	<b>496</b>	<b>2,787</b>	<b>3,723</b>
Free Cash Flow	7,809	7,120	10,744	14,156

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Per Share(Rs)</b>				
EPS	204.5	270.5	303.8	348.2
CEPS	237.4	307.6	347.8	400.8
BVPS	1,121.2	1,310.5	1,523.2	1,766.9
FCF	194.4	177.3	267.5	352.4
DPS	40.0	81.1	91.1	104.5
<b>Return Ratio(%)</b>				
RoCE	30.0	31.9	31.6	31.7
ROIC	28.0	29.1	29.5	30.6
RoE	19.6	22.2	21.4	21.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	38	33	33	33
<b>Valuation(x)</b>				
PER	42.2	31.9	28.4	24.8
P/B	7.7	6.6	5.7	4.9
P/CEPS	36.3	28.0	24.8	21.5
EV/EBITDA	22.1	18.0	15.5	13.3
EV/Sales	1.8	1.5	1.3	1.1
Dividend Yield (%)	0.5	0.9	1.1	1.2

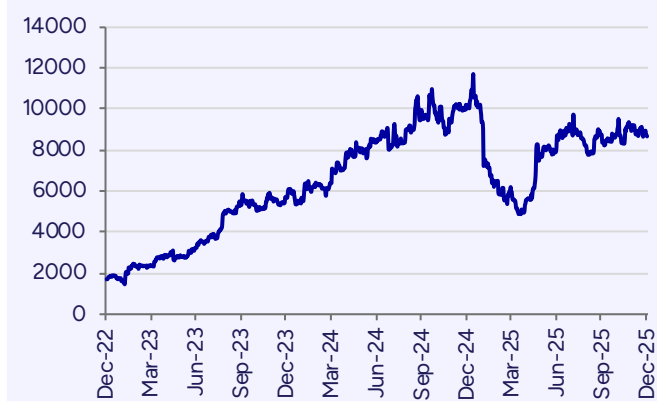
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>Net Revenue</b>	<b>47,164</b>	<b>52,098</b>	<b>51,042</b>	<b>57,154</b>
YoY gr. (%)	17.7	16.9	27.3	23.1
Raw Material Expenses	37,638	40,869	40,332	44,710
Gross Profit	9,526	11,228	10,709	12,445
Margin (%)	20.2	21.6	21.0	21.8
<b>EBITDA</b>	<b>3,561</b>	<b>4,582</b>	<b>4,523</b>	<b>4,609</b>
YoY gr. (%)	(12.1)	7.4	20.1	29.3
Margin (%)	7.6	8.8	8.9	8.1
Depreciation / Depletion	334	356	382	399
<b>EBIT</b>	<b>3,227</b>	<b>4,226</b>	<b>4,140</b>	<b>4,210</b>
Margin (%)	6.8	8.1	8.1	7.4
Net Interest	1,184	997	863	1,079
Other Income	342	171	248	274
<b>Profit before Tax</b>	<b>2,386</b>	<b>3,401</b>	<b>3,525</b>	<b>3,406</b>
Margin (%)	5.1	6.5	6.9	6.0
Total Tax	636	901	896	888
Effective tax rate (%)	26.6	26.5	25.4	26.1
<b>Profit after Tax</b>	<b>1,750</b>	<b>2,500</b>	<b>2,629</b>	<b>2,517</b>
Minority interest	-	-	-	-
Share Profit from Associates	(1)	(1)	-	-
<b>Adjusted PAT</b>	<b>1,749</b>	<b>2,500</b>	<b>2,629</b>	<b>2,517</b>
YoY gr. (%)	(19.6)	5.8	29.8	29.8
Margin (%)	3.7	4.8	5.2	4.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,749</b>	<b>2,500</b>	<b>2,629</b>	<b>2,517</b>
YoY gr. (%)	(19.6)	5.8	29.8	29.8
Margin (%)	3.7	4.8	5.2	4.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,749</b>	<b>2,500</b>	<b>2,629</b>	<b>2,517</b>
Avg. Shares O/s (m)	40	40	40	40
<b>EPS (Rs)</b>	<b>43.5</b>	<b>62.2</b>	<b>65.4</b>	<b>62.7</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	31-Oct-25	Hold	9,744	9,252
2	07-Oct-25	Hold	9,540	8,531
3	22-Sep-25	Hold	9,540	8,880
4	30-Jul-25	Hold	9,540	9,682
5	09-Jul-25	Accumulate	7,825	8,600
6	15-May-25	Accumulate	7,825	6,928
7	09-Apr-25	Accumulate	6,287	4,944
8	29-Jan-25	Accumulate	8,219	7,179
9	09-Jan-25	Accumulate	10,160	10,785

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,540	5,017
2	Apar Industries	Hold	9,744	9,252
3	BEML	Hold	1,982	1,987
4	Bharat Electronics	Hold	407	426
5	BHEL	Hold	250	270
6	Carborundum Universal	Hold	894	901
7	Cummins India	Hold	4,172	4,292
8	Elgi Equipments	Accumulate	561	500
9	Engineers India	BUY	255	190
10	GE Vernova T&D India	BUY	4,005	3,098
11	Grindwell Norton	Hold	1,744	1,676
12	Harsha Engineers International	Hold	407	388
13	Hindustan Aeronautics	BUY	5,507	4,749
14	Ingersoll-Rand (India)	Accumulate	4,271	3,804
15	Kalpataru Projects International	BUY	1,494	1,256
16	KEC International	BUY	932	768
17	Kirloskar Pneumatic Company	BUY	1,620	1,047
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	353	335
20	Siemens	Accumulate	3,470	3,145
21	Siemens Energy India	Accumulate	3,312	2,982
22	Thermax	Accumulate	3,513	3,061
23	Triveni Turbine	Accumulate	609	543
24	Voltamp Transformers	BUY	10,318	7,845

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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