

September 22, 2025

Management Meet Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	9,540		9,540	
Sales (Rs. m)	2,29,695	2,65,876	2,29,695	2,65,876
% Chng.	-	-	-	-
EBITDA (Rs. m)	19,047	21,808	19,047	21,808
% Chng.	-	-	-	-
EPS (Rs.)	271.3	302.4	271.3	302.4
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,61,530	1,85,812	2,29,695	2,65,876
EBITDA (Rs. m)	15,223	15,474	19,047	21,808
Margin (%)	9.4	8.3	8.3	8.2
PAT (Rs. m)	8,251	8,213	10,899	12,148
EPS (Rs.)	205.4	204.5	271.3	302.4
Gr. (%)	29.4	(0.5)	32.7	11.5
DPS (Rs.)	40.0	40.0	81.4	90.7
Yield (%)	0.5	0.5	0.9	1.0
RoE (%)	27.0	19.6	22.3	21.3
RoCE (%)	40.4	30.0	31.9	31.3
EV/Sales (x)	2.2	1.9	1.5	1.3
EV/EBITDA (x)	23.3	22.8	18.5	16.1
PE (x)	43.2	43.4	32.7	29.4
P/BV (x)	9.2	7.9	6.8	5.8

Key Data

APAR.BO | APR IN

52-W High / Low	Rs.11,797 / Rs.4,270
Sensex / Nifty	82,626 / 25,327
Market Cap	Rs.357bn/ \$ 4,049m
Shares Outstanding	40m
3M Avg. Daily Value	Rs.1000.41m

Shareholding Pattern (%)

Promoter's	57.77
Foreign	9.06
Domestic Institution	21.79
Public & Others	11.38
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.4	53.0	(7.8)
Relative	4.1	39.7	(7.2)

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Strong domestic outlook; watchful on tariffs

We interacted with the management of Apar Industries (APR) to discuss the implications of the US reciprocal tariffs, the prevailing demand environment, and prospects. Management indicated that the tariffs are unlikely to materially impact the conductors business, though they may have a marginal effect on the cables segment (~20% exposure to the US). In conductors, India's growing reconductoring opportunity is expected to be a key growth driver. The cables business is positioned for strong momentum, with management targeting to reach ~Rs100bn in revenue over the next three years, supported by rising demand for specialty, power, and low-duty cables driven by the energy transition. Meanwhile, APR's transformer oils segment is expected to maintain >10% revenue CAGR with healthy margins, underpinned by robust global demand and the company's dominant share in India's HVDC transformer oil market. The stock is trading at a P/E of 32.7x/29.4x on FY26/27E earnings. We maintain our 'Hold' rating valuing the Conductors/Cables/Specialty Oils segment at a PE of 35x/35x/12x Mar'27E (same as earlier) arriving at a SoTP-derived TP of Rs9,540 (same as earlier).

We believe, Chinese competition in non-US markets, pace of re-tendering in Indian market and potential tariff impact on cables segment to be key monitorable in 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, defence and railways, and 4) market leadership in the growing T-oils business.

Management meet key takeaways:

USA reciprocal tariff implications:

In FY25, the USA contributed ~8–9% of Apar's consolidated revenue, compared with ~11–12% in FY24 and ~16% in FY23. Apar exports conductors, cables, and specialty oils to the US market, with the revenue mix in FY25 comprising ~6% of conductors, ~5% of specialty oils, and ~20% of cables.

■ Implications for Conductors' business:

- In the conductors' business, management highlighted that **reciprocal tariffs create a level playing field in the US**, as all aluminium imports attract the same duties regardless of the country of origin.
- Since aluminium accounts for over 80% of a conductor's content, the **tariffs are not expected to have a material impact on Apar's conductors' business.**
- In cables, the composition is roughly 50% aluminium and 50% non-aluminium. **The reciprocal tariffs therefore apply only to the non-aluminium portion.**

- Despite the current 50% reciprocal tariffs, US customers **continue to source from Apar, as they can absorb the impact and pass it on to end users—** primarily utility companies.
- **Demand from the US remains strong given the absence of significant domestic manufacturing capacity in the USA**, which will take considerable time to develop.

Conductors: Domestic reconductoring to drive decadal opportunity

- Reconductoring demand in India remains strong, as upgrading with premium conductors such as HTLS offers significant advantages over building new transmission lines, including lower capital costs, resolution of right-of-way challenges, and faster execution.
- **Apar has executed over 160 reconductoring projects in India** and expects the momentum to sustain, driving a higher share of premium products in the coming years.
- Key domestic customers include state utilities such as **Gujarat Energy Transmission Corporation (GETCO)** and **Northeast Transmission Company (NETC)**.
- **Recent margin improvement in the conductors segment was supported by strong demand for premium conductors in India and higher export margins from the US market.**

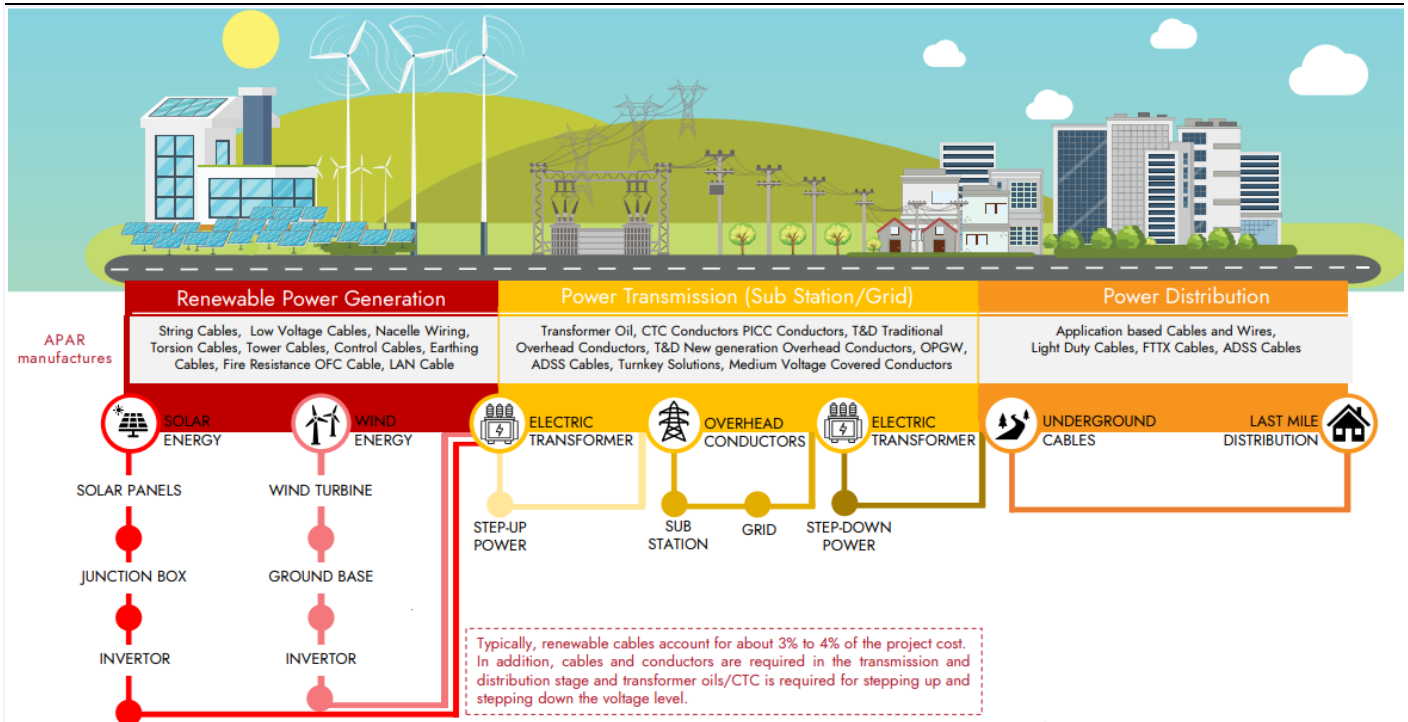
Cables: Apar targets to reach ~Rs100bn revenue in next three years

- **Management continues to guide for ~25% revenue growth in FY26** supported by volume growth and channel expansion.
- **Energy transition to renewable energy is driving robust demand for specialty cables such as cables** for solar, wind, defence, mining etc. which also has better margins.
- **The Low Duty Cables (LDC) revenue stood at ~Rs3.8bn in FY25** and is expected to clock a revenue CAGR of 35%-40% in next few years.
- Low voltage power cables have lower margins in India while high voltage cables have average margins. The competition in solar cables is high which has led to lower margins.

Transformer Oils (T-oils): Apar is 3rd largest T-oils player globally

- **Transformer oil accounts for ~5% of the total transformer cost** and its primary customers include leading transformer manufacturers such as Hitachi energy, Siemens energy, Bharat Bijlee, Voltamp Transformers etc.
- **Apar's transformer oil business is anticipated to clock more than 10% CAGR** over the next few years with better than average margins.
- **Apar has more than 80-90% market share in T-oils for HVDC transformers** in India.

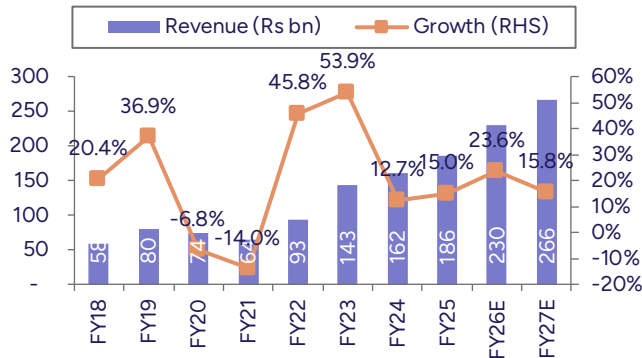
Exhibit 1: Apar's diversified offerings across the renewable power generation, transmission and distribution value chain



Source: Company, PL

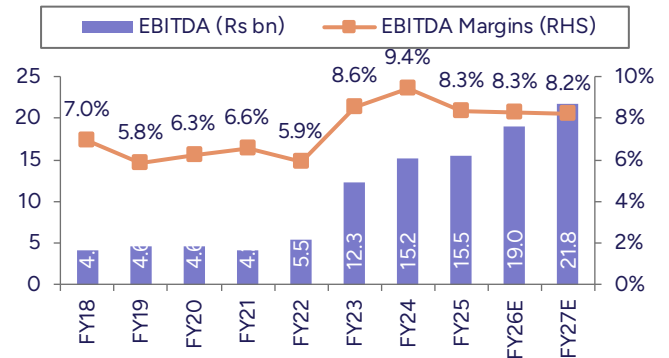
Story in Charts

Exhibit 2: Revenue to clock ~18.1% CAGR over FY25-27E



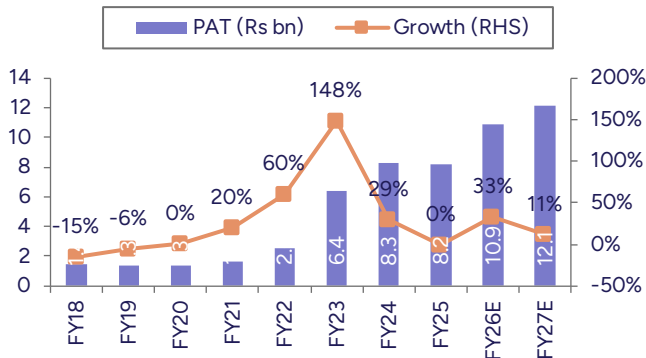
Source: Company, PL

Exhibit 3: EBITDA margins to normalize between ~8.0%-8.5%



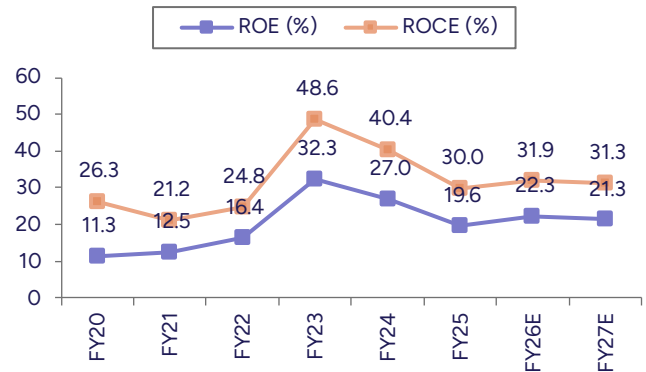
Source: Company, PL

Exhibit 4: PAT to clock ~13.8% CAGR over FY25-27E



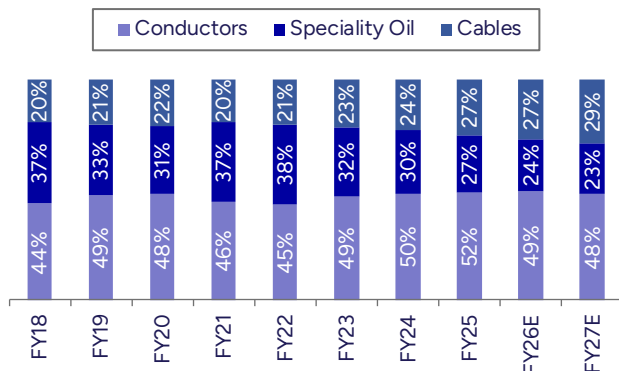
Source: Company, PL

Exhibit 5: Return ratios to remain strong



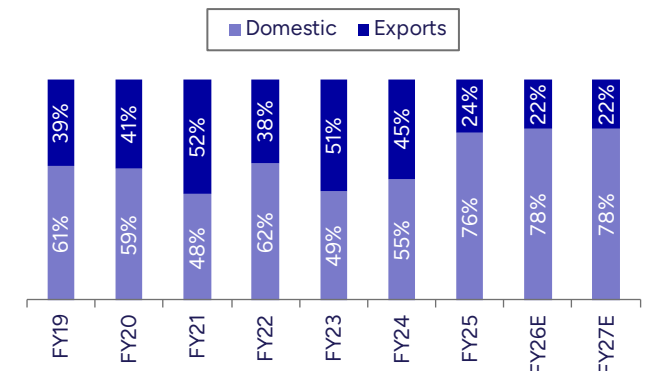
Source: Company, PL

Exhibit 6: Cables mix anticipated to improve going forward



Source: Company, PL

Exhibit 7: Domestic demand to remain robust



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,61,530	1,85,812	2,29,695	2,65,876
YoY gr. (%)	12.7	15.0	23.6	15.8
Cost of Goods Sold	1,25,400	1,47,393	1,79,823	2,05,888
Gross Profit	36,130	38,419	49,872	59,988
Margin (%)	22.4	20.7	21.7	22.6
Employee Cost	2,889	3,378	4,180	4,679
Other Expenses	18,019	19,567	26,645	33,500
EBITDA	15,223	15,474	19,047	21,808
YoY gr. (%)	24.1	1.6	23.1	14.5
Margin (%)	9.4	8.3	8.3	8.2
Depreciation and Amortization	1,157	1,322	1,491	1,767
EBIT	14,066	14,153	17,556	20,041
Margin (%)	8.7	7.6	7.6	7.5
Net Interest	3,866	4,089	4,121	5,064
Other Income	864	994	1,194	1,329
Profit Before Tax	11,065	11,058	14,629	16,306
Margin (%)	6.8	6.0	6.4	6.1
Total Tax	2,807	2,843	3,730	4,158
Effective tax rate (%)	25.4	25.7	25.5	25.5
Profit after tax	8,257	8,214	10,899	12,148
Minority interest	-	-	-	-
Share Profit from Associate	(6)	(1)	-	-
Adjusted PAT	8,251	8,213	10,899	12,148
YoY gr. (%)	29.4	(0.5)	32.7	11.5
Margin (%)	5.1	4.4	4.7	4.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,251	8,213	10,899	12,148
YoY gr. (%)	29.4	(0.5)	32.7	11.5
Margin (%)	5.1	4.4	4.7	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,251	8,213	10,899	12,148
Equity Shares O/s (m)	40	40	40	40
EPS (Rs)	205.4	204.5	271.3	302.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	18,310	22,888	30,888	35,888
Tangibles	18,281	22,843	30,843	35,843
Intangibles	28	45	45	45
Acc: Dep / Amortization	6,364	7,458	8,950	10,717
Tangibles	6,364	7,458	8,950	10,717
Intangibles	-	-	-	-
Net fixed assets	11,946	15,430	21,939	25,171
Tangibles	11,917	15,385	21,893	25,126
Intangibles	28	45	45	45
Capital Work In Progress	1,207	1,278	1,278	1,278
Goodwill	-	-	-	-
Non-Current Investments	97	126	111	111
Net Deferred tax assets	(9)	(30)	(30)	(30)
Other Non-Current Assets	1,155	1,582	1,608	1,595
Current Assets				
Investments	34	2,084	2,084	2,084
Inventories	28,645	33,105	37,443	43,706
Trade receivables	39,404	41,933	51,603	59,731
Cash & Bank Balance	6,460	7,610	8,511	11,122
Other Current Assets	6,441	8,526	8,728	9,040
Total Assets	96,158	1,12,636	1,34,396	1,54,968
Equity				
Equity Share Capital	402	402	402	402
Other Equity	38,363	44,634	52,263	60,766
Total Network	38,764	45,035	52,664	61,168
Non-Current Liabilities				
Long Term borrowings	3,946	3,987	4,787	5,587
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	810	1,860	1,860	1,860
Trade payables	48,131	55,488	68,594	79,399
Other current liabilities	4,498	6,235	6,461	6,924
Total Equity & Liabilities	96,158	1,12,636	1,34,396	1,54,968

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	11,065	11,058	14,629	16,306
Add. Depreciation	1,157	1,322	1,491	1,767
Add. Interest	2,749	2,583	4,121	5,064
Less Financial Other Income	864	994	1,194	1,329
Add. Other	588	569	-	-
Op. profit before WC changes	15,558	15,531	20,241	23,137
Net Changes-WC	(15,917)	63	(1,020)	(3,460)
Direct tax	2,474	2,689	3,730	4,158
Net cash from Op. activities	(2,833)	12,906	15,491	15,520
Capital expenditures	(3,296)	(5,069)	(8,000)	(5,000)
Interest / Dividend Income	110	56	-	-
Others	505	(2,035)	-	-
Net Cash from Invst. activities	(2,681)	(7,048)	(8,000)	(5,000)
Issue of share cap. / premium	9,826	-	-	-
Debt changes	901	(82)	800	800
Dividend paid	(1,530)	(2,046)	(3,269)	(3,644)
Interest paid	(2,845)	(2,701)	(4,121)	(5,064)
Others	-	-	-	-
Net cash from Fin. activities	6,352	(4,829)	(6,591)	(7,908)
Net change in cash	837	1,029	901	2,611
Free Cash Flow	(6,140)	7,809	7,491	10,520

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	205.4	204.5	271.3	302.4
CEPS	234.2	237.4	308.5	346.4
BVPS	965.0	1,121.2	1,311.1	1,522.8
FCF	(152.8)	194.4	186.5	261.9
DPS	40.0	40.0	81.4	90.7
Return Ratio(%)				
RoCE	40.4	30.0	31.9	31.3
ROIC	37.1	28.0	29.4	29.4
RoE	27.0	19.6	22.3	21.3
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	45	38	33	33
Valuation(x)				
PER	43.2	43.4	32.7	29.4
P/B	9.2	7.9	6.8	5.8
P/CEPS	37.9	37.4	28.8	25.6
EV/EBITDA	23.3	22.8	18.5	16.1
EV/Sales	2.2	1.9	1.5	1.3
Dividend Yield (%)	0.5	0.5	0.9	1.0

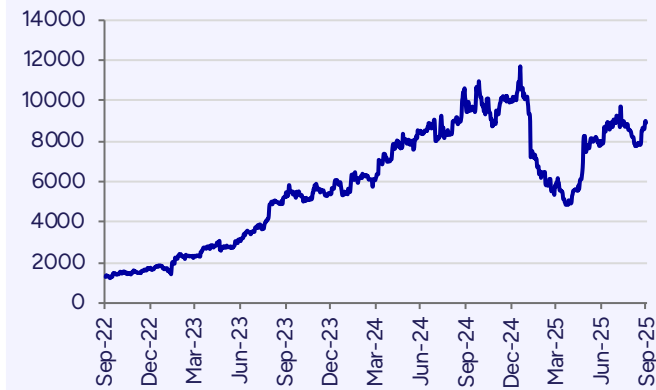
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	46,445	47,164	52,098	51,042
YoY gr. (%)	18.4	17.7	16.9	27.3
Raw Material Expenses	37,406	37,638	40,869	40,332
Gross Profit	9,039	9,526	11,228	10,709
Margin (%)	19.5	20.2	21.6	21.0
EBITDA	3,565	3,561	4,582	4,523
YoY gr. (%)	2.7	(12.1)	7.4	20.1
Margin (%)	7.7	7.6	8.8	8.9
Depreciation / Depletion	321	334	356	382
EBIT	3,245	3,227	4,226	4,140
Margin (%)	7.0	6.8	8.1	8.1
Net Interest	1,006	1,184	997	863
Other Income	328	342	171	248
Profit before Tax	2,567	2,386	3,401	3,525
Margin (%)	5.5	5.1	6.5	6.9
Total Tax	629	636	901	896
Effective tax rate (%)	24.5	26.6	26.5	25.4
Profit after Tax	1,938	1,750	2,500	2,629
Minority interest	-	-	-	-
Share Profit from Associates	-	(1)	(1)	-
Adjusted PAT	1,939	1,749	2,500	2,629
YoY gr. (%)	11.5	(19.6)	5.8	29.8
Margin (%)	4.2	3.7	4.8	5.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,939	1,749	2,500	2,629
YoY gr. (%)	11.5	(19.6)	5.8	29.8
Margin (%)	4.2	3.7	4.8	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,939	1,749	2,500	2,629
Avg. Shares O/s (m)	40	40	40	40
EPS (Rs)	48.3	43.5	62.2	65.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	30-Jul-25	Hold	9,540	9,682
2	09-Jul-25	Accumulate	7,825	8,600
3	15-May-25	Accumulate	7,825	6,928
4	09-Apr-25	Accumulate	6,287	4,944
5	29-Jan-25	Accumulate	8,219	7,179
6	09-Jan-25	Accumulate	10,160	10,785
7	31-Oct-24	Accumulate	10,353	9,430
8	07-Oct-24	BUY	10,399	9,514

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,600	5,093
2	Apar Industries	Hold	9,540	9,682
3	BEML	Hold	4,142	4,079
4	Bharat Electronics	Hold	374	387
5	BHEL	Hold	215	228
6	Carborundum Universal	Hold	835	841
7	Cummins India	Hold	3,895	3,807
8	Elgi Equipments	Accumulate	559	500
9	Engineers India	BUY	245	191
10	GE Vernova T&D India	Accumulate	2,706	2,473
11	Grindwell Norton	Hold	1,739	1,635
12	Harsha Engineers International	Hold	402	423
13	Hindustan Aeronautics	BUY	5,500	4,409
14	Ingersoll-Rand (India)	BUY	4,335	3,602
15	Kalpataru Projects International	Accumulate	1,366	1,184
16	KEC International	Accumulate	911	860
17	Kirloskar Pneumatic Company	BUY	1,636	1,260
18	Larsen & Toubro	BUY	4,144	3,496
19	Praj Industries	Hold	393	414
20	Siemens	Accumulate	3,431	3,115
21	Thermax	Hold	3,633	3,330
22	Triveni Turbine	BUY	650	530
23	Voltamp Transformers	BUY	10,285	8,892

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

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