NSE: APARINDS

Apar Industries Ltd

World's Largest Conductor Manufacturer · Cables · Transformer Oils · India Power T&D Play

RECOMMENDATION
ACCUMULATE

Entry ₹9,200–9,800 on dips

CMP	MKT CAP	P/E FY26E	P/E FY27E	EPS FY27E	ROCE	PROMOTER
₹10,022	₹40,301 Cr	~41x	~30x	₹339	32.7%	57.77%

52W RANGE	ANALYST TARGET
₹4,270–₹11,648	₹12,700

A1 — COMPANY OVERVIEW & VALUE CHAIN POSITION

Apar Industries (est. 1958, Mumbai) is a global industrial conglomerate operating across three synergistic segments: **Conductors** (power transmission), **Cables** (power + telecom), and **Transformer & Specialty Oils (T-Oils)**. The company is the world's largest manufacturer of HTLS (high-temperature low-sag) conductors and exports to 107 countries.

Apar is a direct beneficiary of India's T&D capex supercycle (₹9 lakh Cr over 5 years under NIP), global grid modernisation, and rising conductor demand for renewable energy integration in Europe and the US.

Conductors: World #1 · EHV Cables · Transformer Oils · HTLS / ACCC Specialist · 107 Export Countries · India T&D Supercycle

VALUE CHAIN POSITION

- **Upstream:** Aluminium + copper wire rod procurement (commodity pass-through)
- **Manufacturing:** Conductor stranding, cable extrusion, oil blending (Silvassa, Jharsuguda, Umbergaon)
- **Product IP:** HTLS composites (ACCC, ACSS), specialty cables (ADSS, subsea, HV/EHV)
- **Customers:** PGCIL, SEBs, Adani, L&T (India); global utilities (USA, Middle East, Europe)
- **Distribution Oils:** Direct to transformer manufacturers + industrial/automotive channel

A2 — BUSINESS SEGMENTS & CAPABILITIES

⚡ Conductors (~48% revenue)

World's Largest HTLS Mfr — +25.1% Q3

ACSR, ACSS, ACCC (composite core), HTLS — premium mix at 44.2%. Order book: ₹1,668 Cr (Dec-25). Volume CAGR 10.3% FY24-27E. EBITDA/MT target ₹40,000 by FY27E.

🔌 Cables (~30% revenue)

EHV + HV + ADSS + Optical — +7.6% Q3

Revenue CAGR 26.6% FY24-27E. Order book: ₹1,690 Cr. Domestic +34.6% Q3; exports -44.3% (US tariff headwind). Won ₹153 Cr Kavach railway order. New orders ₹500 Cr in pipeline.

🛢 T-Oils (~22% revenue)

Transformer + Specialty Oils — +18.4% Q3

Volume growth 21% Q3. Auto oil +14.6%, Industrial lubricants +15.7%. EBITDA/KL target ₹5,500 FY27E. Naphthenic oils for transformers globally. 5% revenue CAGR FY24-27E.

A3 — OPPORTUNITY & TAM

India T&D Supercycle

- India NIP: ₹9 lakh Cr power T&D investment over 5 years — largest global grid upgrade

Global Conductor Market

- Global conductor TAM: $20-25B growing 8-10% CAGR driven by renewable integration

- 38 GW solar + 6.3 GW wind added in CY2025; requires extensive conductor/cable networks
- PGCIL capex at ₹20,000+ Cr per annum; SEBs accelerating distribution upgrade
- InSTS (Interstate Transmission System) expansion: 500 GW RE integration by 2030
- Kavach railway safety rollout: 35,000+ km cables opportunity

- US IRA (Inflation Reduction Act): Grid upgrade demands >500,000 MT conductors — Apar pre-positioned
- Middle East grid modernisation: UAE, Saudi Arabia multi-billion grid projects
- Europe: Net-zero grid reconfiguration driving HTLS conductor demand
- HTLS conductors command 2-3x premium pricing vs conventional ACSR

A4 — OPERATIONS & PROJECT PIPELINE

Manufacturing Footprint

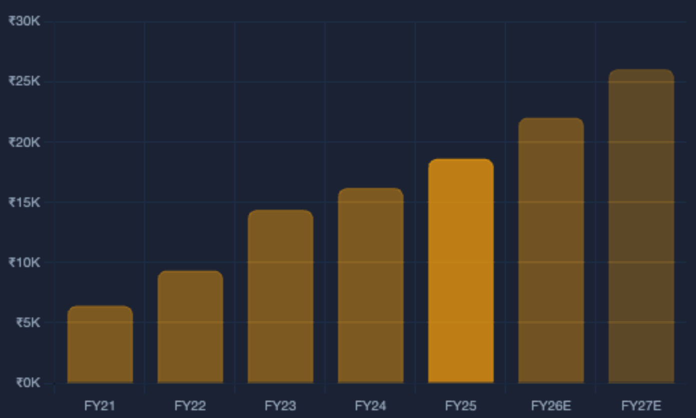
- Silvassa (conductor flagship + cable): ~1,60,000 MTPA conductor capacity
- Jharsuguda, Odisha: Conductor expansion plant
- Umbergaon, Gujarat: Oils + specialty lubricants
- Chennai: Submarine cables + EHV cable facility
- Rabale, Navi Mumbai: HQ + R&D centre

Order Book & Pipeline

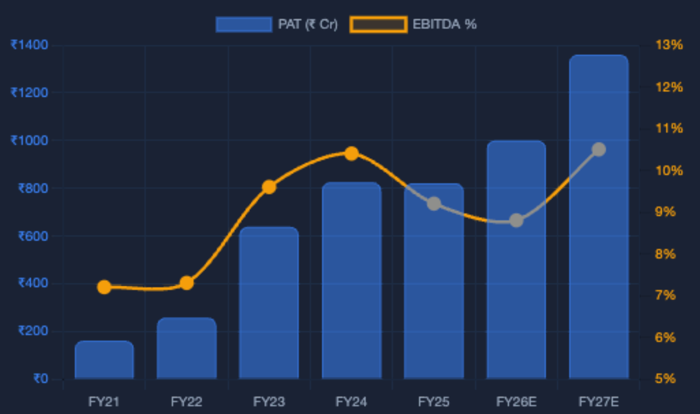
- Conductor pending order book: ₹1,668 Cr (Dec-25); Q4 FY25 inflow ₹2,114 Cr
- Cable pending order book: ₹1,690 Cr (Mar-25); fresh ₹500 Cr in pipeline
- Total order book: ~₹3,400 Cr (2–3 months revenue cover)
- 9M FY26 conductor volume: +8.4% YoY (despite export headwinds)
- Q2 FY26 conductor exports: +75% YoY — recovery underway

A5 — FINANCIALS: TRAILING & FORWARD ESTIMATES

REVENUE TREND (₹ CR)



PAT & EBITDA% TREND



METRIC	FY21	FY22	FY23	FY24	FY25A	*FY26E*	*FY27E*
Revenue (₹ Cr)	6,388	9,317	14,336	16,153	18,581	*22,000*	*26,000*
YoY Growth	-14%	+46%	+54%	+13%	+15%	*+18%*	*+18%*
EBITDA (₹ Cr)	459	676	1,371	1,684	1,714	*1,936*	*2,730*
EBITDA %	7.2%	7.3%	9.6%	10.4%	9.2%	*8.8%*	*10.5%*
PAT (₹ Cr)	**160**	**257**	**638**	**825**	**821**	***1,000***	***1,360***
EPS (₹)	41.9	67.1	166.6	205.4	204.5	*~249*	*~339*
P/E (at CMP ₹10,022)	—	—	—	—	49x	*~40x*	*~30x*

* FY26E/FY27E are internal estimates based on management guidance and Nuvama initiating coverage (Jan 2025). Nuvama FY27E EPS: ₹339.

Q3 FY26 & 9M FY26 — Latest Quarterly Performance

Q3 FY26 (Dec 2025)

Revenue	₹5,480 Cr
YoY Growth	+16.2%
EBITDA	₹483 Cr
EBITDA Margin	8.8%
PAT	₹209 Cr
PAT Growth	+19.4%
Domestic Growth	+30%
Export Growth	-11.2%

9M FY26 (All-Time High)

Revenue	₹16,299 Cr
YoY Growth	+22%
EBITDA	₹1,483 Cr
PAT	₹723 Cr
PAT Growth	+26.6%
H1 PAT	₹515 Cr
H1 Rev Growth	+25%

Segment Q3 FY26

Conductors Rev	+25.1%
Premium Mix	44.2%
Cables Rev	+7.6%
Cables Domestic	+34.6%
Cables Export	-44.3%
T-Oils Rev	+18.4%
T-Oils Volume	+21%

A6 — REGULATORY & GEOPOLITICAL LANDSCAPE

Tailwinds

- India NIP & PM-KUSUM: ₹9 lakh Cr T&D investments over 5 years
- US IRA: $370B green energy investment → conductor demand surge
- BIS (Bureau of Indian Standards) certification: barriers to Chinese imports for conductors
- RDSS (Revamped Distribution Sector Scheme): ₹3 lakh Cr for distribution upgrade
- Europe REPowerEU: Grid modernisation = significant HTLS conductor demand

Headwinds

- US Section 301 tariffs on Indian cables: Q3 FY26 US cable exports -65% YoY
- Aluminium price volatility: ~60% of conductor cost is aluminium (though largely pass-through)
- China dumping risk in some conductor segments at global level
- Domestic SEB payment delays affecting working capital cycle

A7 — Q3 FY26 CONCALL KEY INSIGHTS

Management Commentary

- MD Kushal Desai: "9M FY26 is all-time high across all metrics — very strong momentum in domestic demand"
- Conductor premium product mix at 44.2% — targeting 50%+ by FY27E for higher EBITDA/MT
- Cable export decline is transitory — US tariff situation being monitored; diversifying to Middle East and Europe
- T-Oils volume growth 21% — auto+industrial lubricants gaining market share
- New ₹500 Cr cable order pipeline expected to be billed in Q4 FY26
- Kavach railway project ₹153 Cr — first foray into railway signalling cables

Strategic Guidance

- FY27E target: Revenue ₹25,000-27,000 Cr (implied ~18-20% growth)
- Conductor EBITDA/MT: ₹35,000-40,000 range as premium mix scales
- Capex: ₹400-500 Cr over next 2 years for cable capacity expansion
- EHV cable market: targeting ₹2,000+ Cr revenue by FY28
- Working capital reduction: targeting DSO improvement (currently ~90 days)
- Dividend: Maintained payout ratio ~24%; growing in line with profits

A8 — BALANCE SHEET & FRAUD FILTER

Key Balance Sheet Metrics (FY25)

Total Debt	**₹585 Cr**
Debt/Equity	~0.15x (comfortable)
Cash & Equivalents	~₹200 Cr
Net Debt	~₹385 Cr
ROCE	**32.7%**
ROE	19.5%
Book Value/Share	₹1,208
P/BV	8.3x
Working Capital	Intensive (DSO ~90 days)
Promoter Pledge	NIL

Fraud Filter Checklist

- ✅ OCF vs PAT: Cash generation consistent with reported profits; OCF broadly tracking PAT
- ✅ Promoter holding stable at 57.77%; zero pledge; strong skin in game
- ✅ Auditor: S R B C & Co. LLP (EY network) — Big 4 quality; no adverse opinions
- ✅ Revenue recognition: Product sales (physical commodity) — straightforward, not service-based
- ⚠️ Working capital intensive: DSO ~90 days; inventory build-up periods; watch for stretch
- ✅ Dividend payout 24%: consistent return to shareholders; FCF positive in most years
- ✅ Credit rating: ICRA AA-; comfortable debt levels; strong interest coverage
- ⚠️ FY25 PAT dip (-0.5% YoY despite +15% revenue): margin pressure — under monitoring
- ✅ Related party transactions: within group entities; disclosed; no red flags per public disclosures
- ✅ Long operating history (since 1958); listed company; strong governance track record

A9 — P&L DEEP DIVE & MARGIN ANALYSIS

Margin Dynamics & Levers

- Conductors: EBITDA/MT is the key metric (₹35,000–₹40,000 target). Premium mix (HTLS, ACCC) drives improvement
- Cables: EBITDA margin target ~11.5% — EHV/HV cables command highest margins; commodity cables are lower margin
- T-Oils: EBITDA/KL target ₹5,500 — specialty/naphthenic oils are higher-margin vs standard transformer oil
- Raw material pass-through: Aluminium prices largely passed to customers — revenue fluctuates but margin/MT is relatively stable
- FY25 PAT flat despite revenue growth: One-off gratuity charge (new labour code) + US cable export headwind

5-Year Profit CAGR: 43.4%

METRIC	5Y CAGR	COMMENT
Revenue	+23.8%	Commodity + volume
EBITDA	+30.2%	Mix improvement
PAT	**+43.4%**	Operating leverage
EPS	+37.3%	No major dilution
Stock Price	+86%	5-year CAGR

A10 — VALUATION ANALYSIS

Scenario Analysis (P/E Based)

Valuation Context

- P/E FY27E ~30x: Reasonable for 43%+ 5-year PAT CAGR company with cyclical tailwinds

SCENARIO	FY27E EPS	MULTIPLE	PRICE TARGET
Base (Nuvama)	**₹339**	**38x blended**	**₹12,700**
Bull Case	₹370	42x FY27E	₹15,500
Bear Case	₹290	28x FY27E	₹8,100
Current Price	—	~40x FY26E	₹10,022

Nuvama (Jan 2025): SotP valuation at 38x blended FY27E EPS = ₹12,700. Bear case ₹8,100 is -19% from CMP — confirms disciplined entry important.

- ROCE 32.7%: Exceptional for a capital-goods manufacturer — commands premium multiple
- P/BV 8.3x: Elevated but justified by high ROE + ROCE; asset-light business model (commodity pass-through)
- Historical P/E range: 10–50x; currently at 40x FY26E — in upper band, not stretched if FY27 growth delivers
- Peer comparison: Sterlite Power (private), KEC International (15x), Polycab (50x) — Apar's diversified model warrants 35-45x

A11 — MANAGEMENT QUALITY SCORECARD

Key Leaders

- **Kushal Desai** — Chairman & MD; second generation; 30+ years in industry; well-respected strategist
- **Chaitanya Desai** — Managing Director; leads operational transformation and international expansion
- **Ramesh Iyer** — CFO; strong financial discipline; working capital management focus
- Promoter family: Desai family (57.77%); no pledge; consistent skin in game; dividend discipline

Management Quality Ratings

Capital Allocation	★★★★☆
Execution Track Record	★★★★★
Promoter Integrity	★★★★★
Guidance Accuracy	★★★★☆
Transparency/Disclosure	★★★★☆
Overall Score	8.5/10

A12 — RISK REGISTER

🌐 **US Tariff Risk (Cable Division) — HIGH**

US Section 301 tariffs caused cable exports to fall 44.3% in Q3 FY26 (US revenues -65%). If tariffs persist, FY27E cable estimates may need downward revision. Monitor quarterly.

Aluminium Price Volatility — MEDIUM

Conductors are ~60% aluminium by cost. While largely pass-through, extreme price swings can impact working capital and short-term margin. LME aluminium at elevated levels increases WC requirements.

📦 **Working Capital Intensity — MEDIUM**

DSO ~90 days is high. Government/SEB customers can delay payments, stretching working capital. Debt could increase if WC worsens. Cash conversion cycle monitoring essential.

💹 **Valuation Risk — MEDIUM**

At 40x FY26E P/E, significant growth is priced in. Any guidance miss on FY27 EPS (₹339) could trigger de-rating. Bear case ₹8,100 implies -19% from CMP.

🔄 **Commodity Revenue Mix — LOW-MEDIUM**

Revenue is heavily influenced by aluminium/copper prices. A crash in commodity prices could deflate topline significantly even with volume growth, creating headline noise.

A13 — CATALYSTS & MILESTONES

Q4 FY26	Strong Q4 results expected: ₹500 Cr+ cable orders billing + conductor volume recovery → confirm FY26E PAT ₹1,000 Cr
FY27 Ramp	Cable domestic business sustains 30%+ growth; EHV cable market share gains post-capex
US Trade	Resolution of US tariff situation for Indian cables could restore ₹500+ Cr export revenue
PGCIL Orders	PGCIL's ₹20,000 Cr capex program order flows for HTLS conductors and EHV cables
Premium Mix	Conductor premium product mix targeting 50%+ from 44.2% — each 1% improvement adds ~₹30-40 Cr EBITDA
Kavach Scale	₹153 Cr initial railway Kavach order could open a multi-hundred crore pipeline
Index Inclusion	Potential addition to CNX500 sector indices as market cap grows; passive inflows

PART B — TECHNICAL ANALYSIS & TRADE SETUP

B0 — STAGE ANALYSIS (WEINSTEIN METHOD)

STAGE 2 — ADVANCING Bull Market Phase

- 52W Low ₹4,270 → ATH ₹11,648: +173% surge in 12 months — classic Stage 2 advancing phase
- Currently at ₹10,022 = -14% from ATH; healthy consolidation / pullback within Stage 2
- Long-term base: Stock consolidated ₹2,000–₹4,500 zone for 2+ years before the Stage 2 breakout
- Volume: Strong accumulation volume on breakout; now lower volume on pullback — constructive
- 30-week MA: Uptrending; price above 30W MA = Stage 2 confirmed
- Risk: Extended run (+173%) without major correction — some distribution risk near ATH

Price Milestones

52W Low	₹4,270
Stage 2 Breakout	~₹5,000
ATH (52W High)	₹11,648
Current (CMP)	₹10,022
From ATH	-14%
From 52W Low	+135%
5-Year Stock CAGR	+86%

B1–B3 — MOMENTUM, KEY LEVELS & RELATIVE STRENGTH

B1: Momentum & Price Action

- Trend: Strong uptrend (HH-HL structure intact from lows of ₹4,270)
- RSI: Likely 55-65 range after pullback from overbought — constructive for re-entry
- MACD: Potential bearish crossover on weekly in overbought zone — watch for signal
- Pullback Pattern: -14% from ATH is Fibonacci 23.6% retracement of the full run — still shallow
- Volume Profile: Strong accumulation below ₹5,000; distribution signals muted at ATH
- Key observation: Stock needs to consolidate and build a new base post the 173% run before next leg

B2: Key Price Levels

ATH Resistance	₹11,648
CMP	₹10,022
Support 1 (Fib 38.2%)	₹9,200–₹9,500
Support 2 (Fib 50%)	₹7,900–₹8,200
Critical Support	₹7,500 (30W MA)
Preferred Entry Zone	₹9,200–₹9,800
Stop Loss (below)	₹7,800
Target 1	₹12,700
Target 2	₹15,500

B3: Relative Strength vs CNX500

- Strong relative outperformance: APARINDS +135% from 52W low vs CNX500 ~+20% — RS strongly positive
- RS Line trending up sharply since mid-2024; any RS line pullback to support = re-entry signal
- Sector context: Capital Goods / Power T&D is among the strongest sectors in India market since FY24
- Peer RS: Outperforming KEC, Sterlite Tech, Polycab on 1-year basis; premium justified by earnings quality
- Watch: If CNX500 corrects materially (>10%), Apar could see deeper pullback — manage position sizing

B4 — RISK:REWARD ANALYSIS

Scenario A — Preferred (Pullback Entry ₹9,500)

Entry	₹9,500
Stop Loss	₹7,800 (-17.9%)
Target 1 (Nuvama)	₹12,700 (+33.7%)
Target 2 (Bull)	₹15,500 (+63.2%)
R:R to T1	1 : 1.9
R:R to T2	1 : 3.5
Blended R:R	1 : 2.5

Scenario B — Current CMP Entry (₹10,022)

Entry	₹10,022
Stop Loss	₹7,800 (-22.2%)
Target 1	₹12,700 (+26.7%)
Target 2	₹15,500 (+54.7%)
R:R to T1	1 : 1.2
R:R to T2	1 : 2.5
Blended R:R	1 : 1.8

CMP entry gives acceptable R:R but Scenario A (pullback to ₹9,200–9,800) is preferred for better margin of safety.

Preferred Blended R:R

1 : 2.5

Entry ₹9,200–9,800 → T2 ₹15,500

Bull / Base / Bear Targets

BEAR	BASE	BULL
₹8,100	₹12,700	₹15,500
-19% from CMP	Nuvama Target	42x FY27E EPS

B5 — ENTRY / EXIT STRATEGY & MILESTONES

ENTRY ZONE	STOP LOSS	TARGET 1	TARGET 2
₹9,200–9,800	₹7,800	₹12,700	₹15,500
Fib 38.2% retracement / Stage 2 pullback	Below 50% retracement + 30W MA	Nuvama TP: 38x FY27E EPS ₹339	Bull case: 42x FY27E EPS

Exit & Review Milestones

Q4 FY26	Review: Revenue ≥₹5,800 Cr and PAT ≥₹270 Cr confirms FY26E trajectory → hold/add at dips
H1 FY27	Cable export recovery visible; conductor premium mix >48%; EBITDA/MT >₹38,000 → increase conviction
Stop Review	Close below ₹7,800 on weekly basis = structural breakdown; reduce position significantly
T1 Trigger	Price reaches ₹12,500–₹12,700: book 50% of position; trail stop for balance to T2 (₹15,500)

Bear Scenario If FY26E PAT misses ₹900 Cr materially: re-evaluate thesis; US tariff escalation = key risk to monitor

📋 Investment Thesis Summary

Apar Industries is India's most powerful play on the power T&D supercycle — combining the world's largest conductor franchise, a fast-growing cables division, and a specialty oils segment. The company has delivered 43.4% PAT CAGR over 5 years and exports to 107 countries. With India's ₹9 lakh Cr T&D investment plan and global grid modernisation tailwinds, the growth runway is multi-year.

Near-term US tariff headwinds in cables are a monitoring risk but the core India story is intact. At current P/E of ~40x FY26E, the stock requires patience — wait for a pullback to ₹9,200–9,800 for a compelling 1:2.5 R:R to Nuvama's ₹12,700 target (and 1:3.5 to bull case ₹15,500). The quality of management, governance, and business moat at the global conductor level make this a high-conviction hold in the power infrastructure basket.

ACCUMULATE ON DIPS | Entry ₹9,200–9,800 | T1: ₹12,700 | T2: ₹15,500 | Stop: ₹7,800 | R:R 1:2.5 (Base) | Horizon: 18–30 months