

October 30, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	9,744		9,540	
Sales (Rs. m)	2,67,722	3,10,347	2,65,876	3,09,617
% Chng.	0.7	0.2		
EBITDA (Rs. m)	21,959	25,413	21,808	25,353
% Chng.	0.7	0.2		
EPS (Rs.)	303.8	348.2	302.4	347.9
% Chng.	0.5	0.1		

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 (%)	0.4	0.9	1.0	1.1
RoE (%)	19.6	22.2	21.4	21.2
RoCE (%)	30.0	31.9	31.6	31.7
EV/Sales (x)	2.0	1.6	1.4	1.2
EV/EBITDA (x)	23.8	19.3	16.7	14.2
PE (x)	45.2	34.2	30.4	26.6
P/BV (x)	8.3	7.1	6.1	5.2

Key Data

APAR.BO | APR IN

52-W High / Low	Rs.11,797 / Rs.4,270
Sensex / Nifty	84,404 / 25,878
Market Cap	Rs.372bn/ \$ 4,190m
Shares Outstanding	40m
3M Avg. Daily Value	Rs.974.76m

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	13.0	65.1	(1.9)
Relative	7.5	57.0	(7.1)

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Healthy Q2; tariffs to cause near term headwinds

Quick Pointers:

- Revenue from the USA surged 122.1% YoY to ~Rs16bn in H1FY26, driven by a strong recovery in demand.
- Increase in metal prices and tariff uncertainty led to sharp dip in order bookings in H1FY26 which is expected to recover in H2FY26.

Apar Industries (APR) reported 23.1% YoY revenue growth while EBITDA margin expanded by 39bps YoY to 8.1%. The conductors division continues to perform well, driven by higher volumes, improved realizations, and a favorable mix, with domestic demand expected to strengthen in H2FY26. The cables segment is also poised for strong growth, supported by demand from wind additions and ongoing capacity expansion, which remains on track for commissioning by Q1FY27. Internationally, traction from the US remained robust during the quarter led by demand from data centers, transmission, and wind energy. After a brief lull, Apar has seen order inflow resumption from the US, albeit at lower margins. While slower order booking amid tariff uncertainty and higher metal prices may impact Q3FY26 performance, the company expects a strong rebound in Q4FY26 providing confidence to reaffirm its guidance of ~10% volume growth, baseline EBITDA of Rs30,000/MT in conductors and ~25% YoY growth in the cables business. We roll forward to Sep'27E and maintain our 'Hold' rating valuing Conductors/Cables/Specialty Oils segment at a PE of 34x/34x/12x Sep'27E (35x/35x/12x Mar'27E earlier) arriving at a revised SoTP-derived TP of Rs9,744 (Rs9,540 earlier).

Long term view: We believe, the tariff uncertainty from the US and Chinese competition in non-US markets 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. The stock is trading at a P/E of 30.4x/26.6x on FY27/28E earnings.

Strong US exports drove top line growth: Consolidated revenue rose 23.1% YoY to Rs57.2bn (PL: Rs54.3bn). Revenue mix stood at Conductors ~54%/ Speciality Oil ~23%/ Cables ~27%. Domestic/export mix stood at 65/35% (vs 70/30% in Q2FY25). EBITDA increased by 29.3% YoY to Rs4.6bn (PL: Rs4.5bn). EBITDA margin improved by 39bps YoY to 8.1% led by gross margin expansion (up 231bps YoY to 21.8%). PAT grew by 29.8% YoY to Rs2.5bn (PL: Rs2.6bn) aided by better operating performance partially offset by higher depreciation (+24.4% YoY), lower other income (-16.3% YoY) and higher interest expenses (+7.3% YoY to Rs1.1bn).

Volumes grew in all segments driven by strong domestic and US demand:

Conductors revenue grew 34.9% YoY to Rs31.0bn driven by higher volumes while US revenue was also up 145.7% YoY (vs lower base). Domestic sales grew 25.7% YoY to Rs23.5bn while exports grew by 74.5% YoY to Rs7.5bn. Conductors EBITDA/MT came in at Rs39,363 (PL: Rs37,500), while EBITDA margin stood at

8.0% (vs 8.9% in Q2FY26). Premium product mix stood at 45.4% (vs 42.2% in Q2FY25). Conductors order book stood at Rs71.7bn. Specialty Oils revenue was flat YoY to Rs13.4bn, with volumes up 8.2% YoY led by healthy growth in domestic transformer oils (+13.6% YoY) while automotive oil was up 3.7% YoY. Domestic/export mix stood at 57/43% (vs 55/45% in Q2FY25). Specialty Oils EBITDA/KL came in at Rs5,869 (PLe: Rs6,000) and EBITDA margin improved to 7.0% (vs 6.0% in Q2FY25). Cables revenue grew 25.1% YoY to Rs15.4bn primarily driven by better US business which grew by 121.2% YoY. Domestic sales grew 1.7% YoY to Rs8.9bn while exports grew 82.5% YoY to Rs6.5bn. Cables EBITDA margin improved to 10.2% (vs 9.7% in Q2FY25).

Exhibit 1: Strong gross margin expansion (+231bps YoY) led to EBITDA margin expansion of 39bps YoY to 8.1%

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Revenue	57,154	46,445	23.1%	54,349	5.2%	51,042	12.0%	108,196	86,550	25.0%
Gross Profit	12,445	9,039	37.7%	11,305	10.1%	10,709	16.2%	23,154	17,664	31.1%
Margin (%)	21.8	19.5	231	20.8	97.4	21.0	79	21.4	20.4	99
Employee Cost	997	879	13.4%	1,087	-8.3%	1,049	-5.0%	2,045	1,700	20.3%
as % of sales	1.7	1.9	(15)	2.0	(25.6)	2.1	(31)	1.9	2.0	(7)
Other expenditure	6,839	4,595	48.8%	5,669	20.6%	5,138	33.1%	11,977	8,633	38.7%
as % of sales	12.0	9.9	207	10.4	153.6	10.1	190	11.1	10.0	110
EBITDA	4,609	3,565	29.3%	4,549	1.3%	4,523	1.9%	9,132	7,331	24.6%
Margin (%)	8.1	7.7	39	8.4	(30.6)	8.9	(80)	8.4	8.5	(3)
Depreciation	399	321	24.4%	380	4.9%	382	4.4%	781	632	23.6%
EBIT	4,210	3,245	29.8%	4,169	1.0%	4,140	1.7%	8,351	6,699	24.7%
Margin (%)	7.4	7.0	38	7.7	(30.4)	8.1	(75)	7.7	7.7	(2)
Other Income	274	328	-16.3%	250	9.7%	248	10.6%	522	481	8.6%
Interest	1,079	1,006	7.3%	951	13.4%	863	25.0%	1,942	1,909	1.7%
PBT (ex. Extra-ordinaries)	3,406	2,567	32.7%	3,468	-1.8%	3,525	-3.4%	6,931	5,271	31.5%
Margin (%)	6.0	5.5	43	6.4	(42.2)	6.9	(95)	6.4	6.1	32
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	3,406	2,567	32.7%	3,468	-1.8%	3,525	-3.4%	6,931	5,271	31.5%
Total Tax	888	629	41.3%	884	-	896	-0.9%	1,784	1,307	36.5%
Effective Tax Rate (%)	26.1	24.5	160	25.5	-	25.4	66	25.7	24.8	95
Reported PAT	2,517	1,939	29.9%	2,584	-2.6%	2,629	-4.2%	5,146	3,964	29.8%
Adj. PAT	2,517	1,939	29.8%	2,584	-2.6%	2,629	-4.3%	5,146	3,964	29.8%
Margin (%)	4.4	4.2	23	4.8	(35.0)	5.2	(75)	4.8	4.6	18
Adj. EPS	62.7	48.3	29.8%	64.3	-2.6%	65.4	-4.3%	128.1	98.7	29.8%

Source: Company, PL

Exhibit 2: Strong demand from both domestic and export markets led to healthy volume growth across all segments

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Conductors										
Volume (MT)	62,937	54,145	16.2%	61,000	3.2%	57,132	10.2%	120,069	102,764	16.8%
Revenue (Rs mn)	31,002	22,988	34.9%	28,488	8.8%	27,847	11.3%	58,849	42,346	39.0%
EBITDA Adj (Rs mn)	2,480	2,040	21.6%	2,288	8.4%	2,500	-0.8%	4,980	3,910	27.4%
EBITDA margin (%)	8.0	8.9	(87)	8.0	(3)	9.0	(98)	8.5	9.2	(77)
EBITDA Adj. (Rs/MT)	39,363	37,702	4.4%	37,500	5.0%	43,688	-9.9%	38,095	38,885	-2.0%
Transformer & Specialty Oils										
Volume (KL)	160,651	148,524	8.2%	157,000	2.3%	149,497	7.5%	310,148	286,881	8.1%
Revenue (Rs mn)	13,422	13,393	0.2%	13,449	-0.2%	12,621	6.4%	26,043	26,045	0.0%
EBITDA Adj (Rs mn)	940	810	16.0%	942	-0.2%	1,050	-10.5%	1,990	1,770	12.4%
EBITDA margin (%)	7.0	6.0	96	7.0	(0)	8.3	(132)	7.6	6.8	85
EBITDA Adj. (Rs/KL)	5,869	5,473	7.2%	6,000	-2.2%	7,004	-16.2%	6,178	5,275	17.1%
Cables										
Revenue (Rs mn)	15,350	12,266	25.1%	15,332	0.1%	14,194	8.1%	29,544	22,683	30.2%
EBITDA Adj (Rs mn)	1,570	1,190	31.9%	1,518	3.4%	1,420	10.6%	2,990	2,260	32.3%
EBITDA margin (%)	10.2	9.7	53	9.9	33	10.0	22	10.1	10.0	16

Source: Company, PL

Exhibit 3: SoTP valuation- valuing Conductors/Cables/Specialty Oil segment at 34x/34x/12x Sep'27 earnings.

	Segmental PAT (Rs mn)	Valuation basis	Target multiple (x)	Targeted Value (Rs mn)	Value/Share
Conductors Segment	4,770	P/E	34	162,184	4,038
Cables Segment	6,056	P/E	34	205,897	5,126
Speciality Oil Segment	1,942	P/E	12	23,309	580
Total Target (Rs. Mn)				391,390	9,744

Source: Company, PL

Conference Call Highlights

- **Guidance:** Management maintained their guidance of ~10% volume growth on an annual basis along with EBITDA of Rs30,000/ton + tailwinds in the conductor segment. Furthermore, management re-affirmed the Cables growth guidance of ~25% YoY in FY26. Apar incurred total capex of Rs4.0bn in H1FY26 and expect to spend additional capex worth Rs8.0bn in H2FY26.
- **Conductors:** Segment's revenue growth was driven by better volumes, realizations and favorable product mix. Domestically, conductors offtake is expected to pick up in H2FY26 amid peak execution season while internationally, Apar is expanding and entering into new geographies including countries in Europe and Latin America along with few new customer onboarding in Canada. Despite a strong growth outlook for Apar's conductor segment, shot up prices of metals such as Aluminium and Copper has led to hesitation among customers for placing new orders which may impact order intake in Q3FY26.
- **Cables:** Cables business experienced slight slowdown in the domestic business due to seasonality which is expected to pick up in H2FY26. Strong traction from wind addition is driving demand for domestic business in H2. Meanwhile, solar cables and other cables containing higher metal content may face headwinds amid higher prices of Aluminium and Copper. On a medium-to-long term basis, management expects cables margin to hover between 10-12%. Its capacity expansion is on track and is expected to be operational by Q1FY27. Amid the current capacity utilization of ~85%, Apar is also developing a 66-acre land which may enable future capacity expansion for cables.
- **Specialty Oils & Lubricants:** Global transformer oil volume declined 4.6% YoY while domestic transformer oil volume grew by 13.6% YoY. Overall, lower volume growth was mainly on account of supply chain constraints leading to execution delays. Automotive oil volumes are up 3.7% YoY while Industrial lubricants recorded a growth of 18.8% YoY in Q2FY26.
- **Apar achieved ~Rs16.0bn revenue from the USA in H1FY26.** Traction from the US market continues to remain robust, driven by sustained demand from data centers, transmission, and wind energy segments. Apar has already achieved revenue of Rs16.0bn in H1FY26, the same level recorded for the entire FY25. While the tariff environment remains fluid, there have been encouraging developments on the trade negotiation front. After a few months of subdued activity, Apar has seen resumption of order inflows from the US, albeit at relatively lower margins. These orders are expected to be executed by the end of Q3 and through Q4FY26. However, revenue contribution from the US in Q3 is likely to remain moderate, weighed down by ongoing tariff uncertainties and global price increases in Aluminium and Copper.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,85,812	2,32,445	2,67,722	3,10,347
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
EBITDA	15,474	19,043	21,959	25,413
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
EBIT	14,153	17,551	20,192	23,303
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
Profit Before Tax	11,058	14,584	16,382	18,776
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
Profit after tax	8,214	10,865	12,204	13,988
Minority interest	-	-	-	-
Share Profit from Associate	(1)	-	-	-
Adjusted PAT	8,213	10,865	12,204	13,988
YoY gr. (%)	(0.5)	32.3	12.3	14.6
Margin (%)	4.4	4.7	4.6	4.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,213	10,865	12,204	13,988
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
Equity Shares O/s (m)	40	40	40	40
EPS (Rs)	204.5	270.5	303.8	348.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	22,888	30,888	35,888	38,888
Tangibles	22,843	30,843	35,843	38,843
Intangibles	45	45	45	45
Acc: Dep / Amortization	7,458	8,950	10,717	12,827
Tangibles	7,458	8,950	10,717	12,827
Intangibles	-	-	-	-
Net fixed assets	15,430	21,939	25,171	26,062
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
Current Assets				
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
Total Assets	1,12,636	1,35,194	1,55,539	1,78,621
Equity				
Equity Share Capital	402	402	402	402
Other Equity	44,634	52,239	60,782	70,574
Total Networth	45,035	52,641	61,184	70,975
Non-Current Liabilities				
Long Term borrowings	3,987	4,787	5,587	5,337
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
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
Total Equity & Liabilities	1,12,636	1,35,194	1,55,539	1,78,621

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
Net cash from Op. activities	12,906	15,120	15,744	17,156
Capital expenditures	(5,069)	(8,000)	(5,000)	(3,000)
Interest / Dividend Income	56	-	-	-
Others	(2,035)	-	-	-
Net Cash from Invst. activities	(7,048)	(8,000)	(5,000)	(3,000)
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	-	-	-	-
Net cash from Fin. activities	(4,829)	(6,624)	(7,957)	(10,433)
Net change in cash	1,029	496	2,787	3,723
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
Per Share(Rs)				
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
Return Ratio(%)				
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
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	38	33	33	33
Valuation(x)				
PER	45.2	34.2	30.4	26.6
P/B	8.3	7.1	6.1	5.2
P/CEPS	39.0	30.1	26.6	23.1
EV/EBITDA	23.8	19.3	16.7	14.2
EV/Sales	2.0	1.6	1.4	1.2
Dividend Yield (%)	0.4	0.9	1.0	1.1

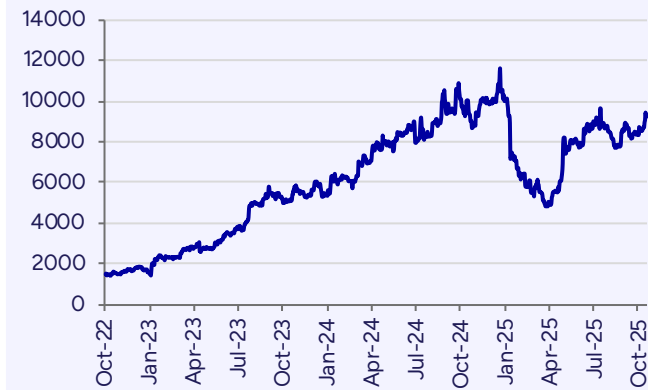
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	47,164	52,098	51,042	57,154
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
EBITDA	3,561	4,582	4,523	4,609
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
EBIT	3,227	4,226	4,140	4,210
Margin (%)	6.8	8.1	8.1	7.4
Net Interest	1,184	997	863	1,079
Other Income	342	171	248	274
Profit before Tax	2,386	3,401	3,525	3,406
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
Profit after Tax	1,750	2,500	2,629	2,517
Minority interest	-	-	-	-
Share Profit from Associates	(1)	(1)	-	-
Adjusted PAT	1,749	2,500	2,629	2,517
YoY gr. (%)	(19.6)	5.8	29.8	29.8
Margin (%)	3.7	4.8	5.2	4.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,749	2,500	2,629	2,517
YoY gr. (%)	(19.6)	5.8	29.8	29.8
Margin (%)	3.7	4.8	5.2	4.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,749	2,500	2,629	2,517
Avg. Shares O/s (m)	40	40	40	40
EPS (Rs)	43.5	62.2	65.4	62.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	9,540	8,531
2	22-Sep-25	Hold	9,540	8,880
3	30-Jul-25	Hold	9,540	9,682
4	09-Jul-25	Accumulate	7,825	8,600
5	15-May-25	Accumulate	7,825	6,928
6	09-Apr-25	Accumulate	6,287	4,944
7	29-Jan-25	Accumulate	8,219	7,179
8	09-Jan-25	Accumulate	10,160	10,785
9	31-Oct-24	Accumulate	10,353	9,430

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,584	5,224
2	Apar Industries	Hold	9,540	8,531
3	BEML	Hold	4,142	4,336
4	Bharat Electronics	Hold	374	410
5	BHEL	Hold	215	245
6	Carborundum Universal	Hold	835	919
7	Cummins India	Hold	3,895	3,957
8	Elgi Equipments	Accumulate	559	494
9	Engineers India	BUY	245	202
10	GE Vernova T&D India	Accumulate	2,706	3,098
11	Grindwell Norton	Hold	1,739	1,681
12	Harsha Engineers International	Hold	402	395
13	Hindustan Aeronautics	BUY	5,500	4,838
14	Ingersoll-Rand (India)	BUY	4,335	4,101
15	Kalpataru Projects International	Accumulate	1,366	1,273
16	KEC International	Accumulate	911	861
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	393	353
20	Siemens	Accumulate	3,431	3,246
21	Siemens Energy India	Hold	3,360	3,282
22	Thermax	Hold	3,633	3,185
23	Triveni Turbine	BUY	650	524
24	Voltamp Transformers	BUY	10,285	7,190

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

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