

26 February 2026

India | Equity Research | Initiating Coverage

Apar Industries Ltd

Capital Goods

Form is temporary, class is permanent

A trifecta of growth drivers – electricity demand, transmission and renewables – is driving demand for conductors, cables and transformer oil. Apar Industries (Apar) is on the cusp of benefitting from these secular trends, enabled by its leadership in these segments. It services the most profitable segments and markets within conductors and cables. It is leader in the most profitable segments of conductors in domestic market and the export market. It has shifted its focus on the premium segment of domestic conductor market compared to highly competitive conventional conductor segment. It has applied a similar template to ascend to the top in the cables business in wind and solar markets. Apar's dominance in transformer oil brings in steady cashflow. Its earnings have grown 6x in last four years. While its exports, especially to US, have seen some weakness in recent times, the US tariff headwinds are behind us. We believe, Apar is well set to capitalise and see a 21% CAGR over FY25–28E. The stock trades at 29x FY28E EPS. We initiate coverage on Apar with **BUY**.

The perfect conductor

Apar enjoys a dominant share – pegged at 30% – in India's conductor market. It has steered towards serving the less-competitive and highly profitable segments of the market – premium conductors and export markets. We expect demand for premium conductors to remain strong on account of: 1) surge in demand for reconductoring; 2) conductors for high-voltage transformers; and 3) shift in demand to high-efficiency conductors for transmission. The share of premium products in its conductor revenue grew from 20% in FY18 to 41% in FY25. As a result, its EBITDA/ tonne grew 5x over the last five years.

Wired to succeed

Apar has repurposed its cables portfolio to dominate niche segments and export markets. It leads the renewables generation segment – 70%/25% share in wind/solar cables – and has the largest share in the export markets for cables at ~11% in FY25. Apar continues to augment its retail portfolio and other emerging segments. The company continually invests in its distribution channels to grow the retail segment. It is also investing significantly in cable capacity expansion.

Well-oiled machine

Apar's transformer oil has been approved for all kinds of transformers in India, and globally. It is the largest manufacturer in India and third largest in the world. Rising transformer capacity should spur growth in the segment (inter-state transformer capacity likely to double).

Initiate coverage with BUY and TP of INR 12,750

Initiate coverage with **BUY** and TP of INR 12,750, valuing Apar at 35x FY28E EPS.

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	1,85,812	2,23,340	2,59,854	3,04,016
EBITDA	15,465	18,739	21,971	26,192
EBITDA Margin (%)	8.3	8.4	8.5	8.6
Net Profit	8,213	10,209	11,775	14,430
EPS (INR)	204.5	254.2	293.1	359.2
EPS % Chg YoY	(0.5)	24.3	15.3	22.5
P/E (x)	51.7	41.6	36.1	29.5
EV/EBITDA (x)	27.2	22.3	18.9	15.3
RoCE (%)	24.3	24.3	23.7	23.8
RoE (%)	19.6	20.9	20.5	21.2

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Market Data

Market Cap (INR)	425bn
Market Cap (USD)	4,673mn
Bloomberg Code	APR IN Equity
Reuters Code	APAR.BO
52-week Range (INR)	11,080 / 4,270
Free Float (%)	42.0
ADTV-3M (mn) (USD)	8.8

Price Performance (%)	3m	6m	12m
Absolute	18.4	30.7	66.8
Relative to Sensex	21.2	29.9	56.5

ESG Score	2023	2024	Change
ESG score	69.7	69.9	0.2
Environment	46.8	51.4	4.6
Social	78.3	81.0	2.7
Governance	80.6	80.0	(0.6)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

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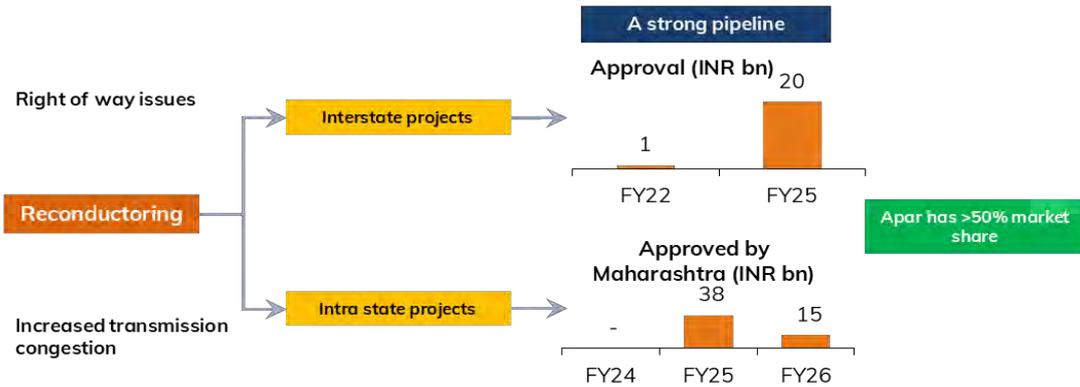
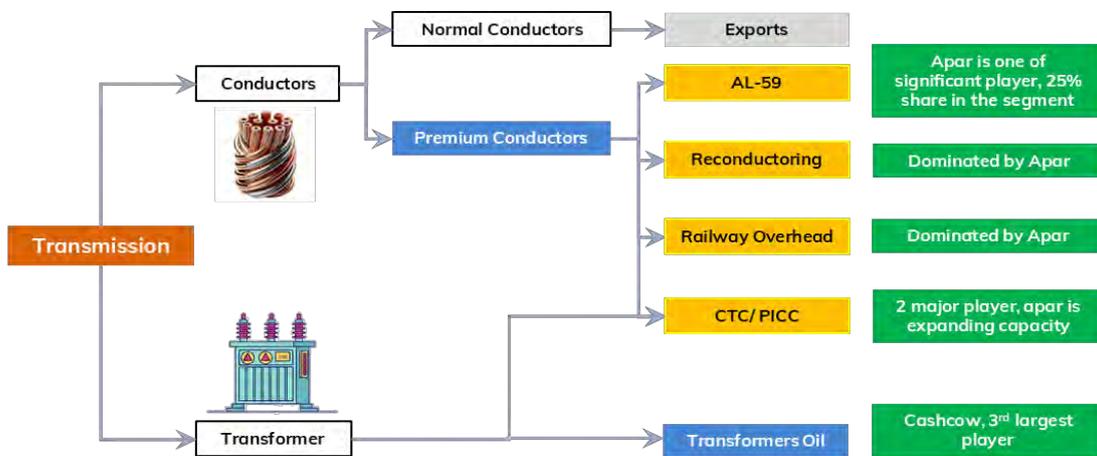
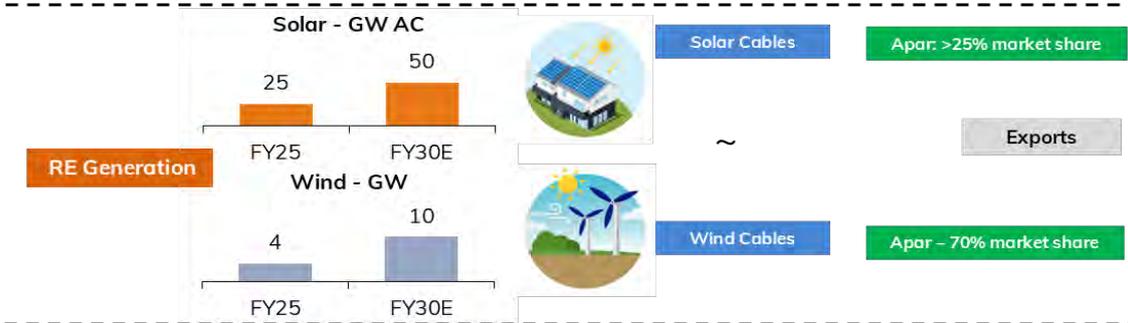
Investment argument

- Apar is an outlier in the cables and conductors market; unlike its peers, the company has a wider footprint. It is a beneficiary of investment in electrification, transmission and renewables.
- Investments in generation, transmission and distribution are accelerating led by Apar's need to: 1) meet demand; 2) decarbonize the grid; and 3) increase electrification of the economy.
- Investment in transmission capex is set to go up in India by 2x/1.5x in MVA/ckm in the next five years. The transmission capex is expected to go up in many of the other geographies as well. Exports contribute ~33% of Apar's revenue.
- Conductors contribute 52%/53% of revenue/EBITDA.
 - The share of premium or efficient conductors in the sector is rising on account of: 1) competitive bidding in transmission; 2) increasing need to transmit more power amidst land constraints; and 3) regulatory mandates.
 - Demand for HTLS conductors is growing in the domestic market given traction in reconductoring in inter-state and intra-state transmission. Reconductoring projects with larger size (by cost) and scope are being approved.
 - Electrification of transportation and new transformers are also leading to a rise in premium conductors (CTC and PICC conductors).
 - Apar has not only dominated the premium segments of conductors but has also opened the export market for conductors led by the rising restriction on Chinese imports in US. It has shifted its focus on the premium segment of domestic conductor market given its attractiveness compared to highly competitive conventional conductor segment.
- Cables contributes 27%/32% of revenue/EBITDA
 - Apar dominates in the B2B segment of cables. It has a significant market share in cables for evacuating renewables.
 - While Apar has a small market share in retail business, the company is aggressively building its distribution channel, which could boost sales.
 - Apar has marked its presence in cable industry with a strong market share in wind and solar cables. It is focusing primarily on institutional segment and is looking to build institutional cable business.
 - It is also the leading exporter of cables. It has the highest UL approvals in the Indian industry.
- Specialty oil contributes 27%/23% of revenue/EBITDA
 - Apar has an array of specialty oils – transformer oil, white oils, rubber process oils, industrial and automotive lubricants. Volume of specialty oils has grown at 8% over the last five years. Transformer oil is its largest sub-segment.
 - Transformer oil market is set to grow with the rise in transformer capacity. Apar is the third-largest transformer oil manufacturer in the world.
- The NEW Apar: Apar has reinvented itself over the last 8–10 years. It has moved to the most profitable segments of conductors, gained market share in cables and continues to lead the transformer oil market while doubling down on exports.
- **The financials:** Apar has had a strong run over the last 5 years.

- Revenue/EBITDA/PAT saw 20%/30%/60% CAGRs. EBITDA margin also improved to high single digits.
- Margins have improved 3x for conductors; volume CAGR stood at 7%. We bake in a lower margin/tonne for conductors (on high base) for the near term with a likely rebound in FY28E and a volume CAGR of ~11% over FY25–28E.
- Cables has been Apar's fastest growing segment (by revenue); revenue/EBITDA grew at 25%/23%. It is investing heavily in cables capacity expansion; we bake in 24% revenue CAGR over FY25–28E with EBITDA margins largely at current levels of ~10%.
- Specialty oil volume saw an 8% CAGR over the last three years. Exports contribute >40% of revenue. We bake in volume growth at ~10% CAGR over FY25–28E, mainly due to strong volume growth in 9MFY26. Transformer oil is expected to lead segment growth.
- **Underlying trends are likely to remain strong in the medium term. Thus, we believe, Apar's earnings could see 21% CAGR over the next three years. However, we do acknowledge weakness due to near-term headwinds in exports for a portion of FY26 (mainly in Q3FY26). Nonetheless, the headwinds from US tariff issues are seemingly over, clearing the brief overhang over US exports.**
- **Investments have doubled in the last three years for high-growth businesses –**
 - It largely invested in the conductors and cables businesses in FY25, which are witnessing high growth.
 - In addition, it is in the process of ramping up its transformer winding wire portfolio – a highly profitable business.
 - It is investing INR 13bn in FY26 and Q1FY27 – ramping up cable capacity with investment of INR 8bn.
- Apar is trading at ~29x FY28E earnings. We believe Apar is well positioned for growth given its high exposure to tailwinds in power generation and transmission in both domestic and export markets.

Exhibit 1: Summary in charts (1/2)

Apar – A perfect conductor



Apar has low market share in electrification market which is growing at > 15%

Source: I-Sec research, Company data, CTU, IEEMA

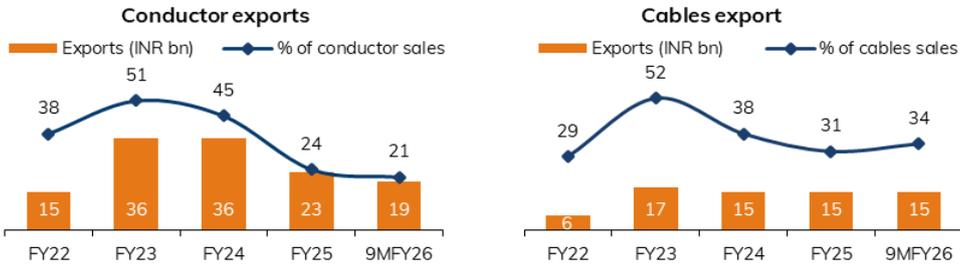
Exhibit 2: Summary in charts (2/2)

Apar's market presence & competitive advantage in export markets

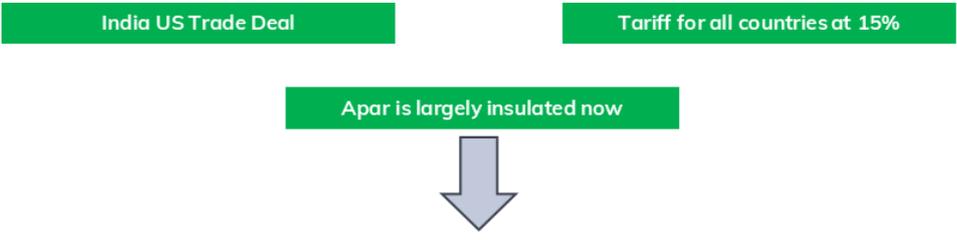
Built export footprint; Headwinds in US exports are receding

- Cables (25% of revenues)**: Apar is 2nd largest exporter. Maximum number of UL approvals from India: 19 at end of FY25 (highest in India)
- Export (33% of revenues)**: **Conductor (38% of revenues)**: Apar is largest exporter. It exports conventional conductors; building export markets for premium conductors
- Transformer and specialty Oil (36% of revenues)**: Apar is largest exporter

Export faltered in FY25 and 9MFY26



Tariff headwinds are behind us



INR bn	FY22	FY25	FY26E	FY27E	FY28E
Revenues					
Conductors	42	96	123	135	156
Cables	20	49	60	76	95
Specialty oil	36	51	55	63	70
EBITDA					
Conductors	2	8	10	11	13
Cables	1	5	6	8	10
Specialty oil	3	4	4	4	5
Profit					
EPS (INR)	3	8	10	12	14
EPS (INR)	67	204	254	293	359

Initiate on Apar with a BUY
Stock is trading at 29x FY28E earnings

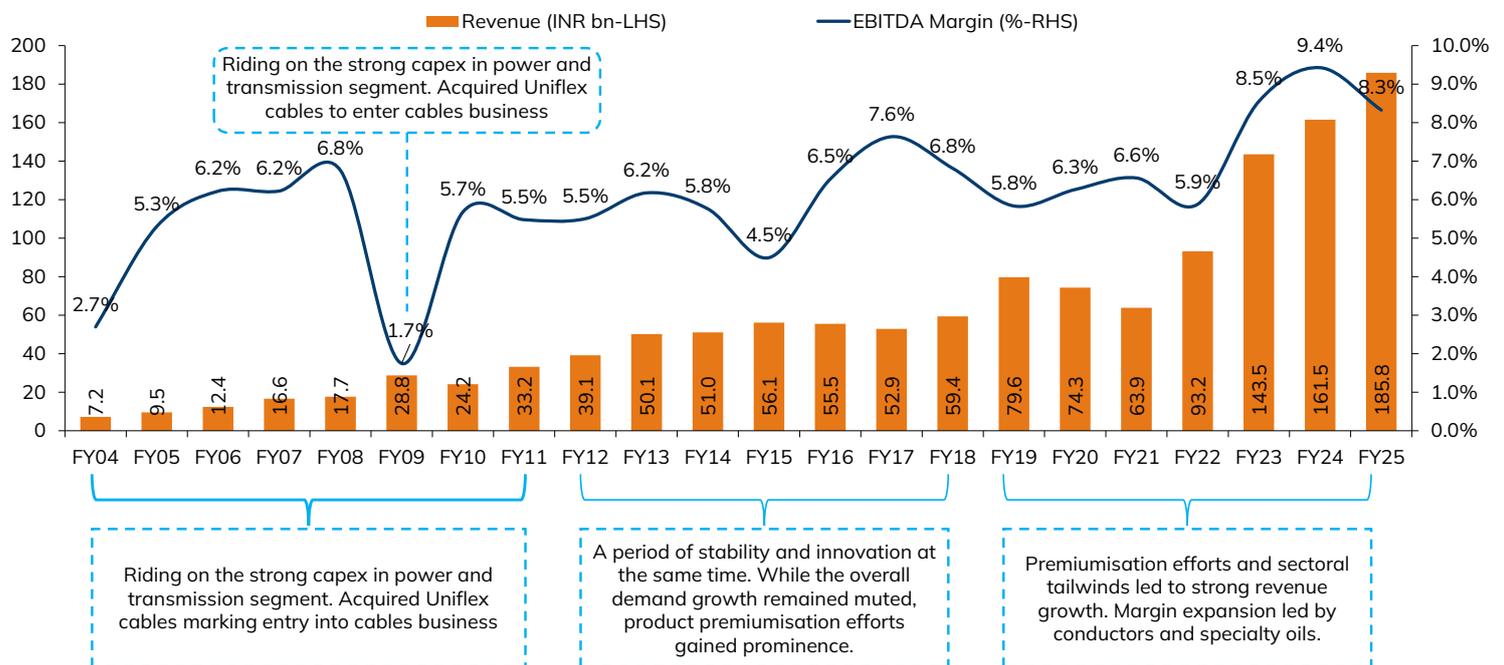
Source: I-Sec research, Company data

History – a leader by design

- Founded in 1958 as Power Cables Private Limited, the company started with the production of conventional conductors.
- 11 years down the line, it diversified into speciality oils and in next three decades; the company focused on expanding its conductor and speciality oil businesses.
- Apar benefited from large power generation capacity addition from CY02–12. India added 72GW of power generation capacity and the necessary transmission capacity for evacuation.
- Apar acquired Uniflex Cables Ltd in CY08. Uniflex was engaged in the business of manufacturing PVC/elastomeric cables with an installed capacity of 2,300km p.a. The acquisition was aimed at entering the last-mile segment in power sector i.e. domestic cables and wires.
- Apar shifted its focus from conventional to premium conductors and cables; it introduced high-efficiency conductors like HTLS, railway conductors and conductors for transformer industry.

Apar’s premiumisation and globalisation efforts have recently begun bearing fruit, exhibiting revenue/EBITDA/PAT CAGRs of 18%/21%/29% over FY18–25; thus, growing to INR 185.8bn/15.5bn/8.2bn. Focus on globalisation led to contribution of exports in revenue, growing from 31% in FY19 to 45% in FY24, before moderating to 33% in FY25.

Exhibit 3: A run-through of revenue growth over the years (INR bn)



Source: I-Sec research, Company data

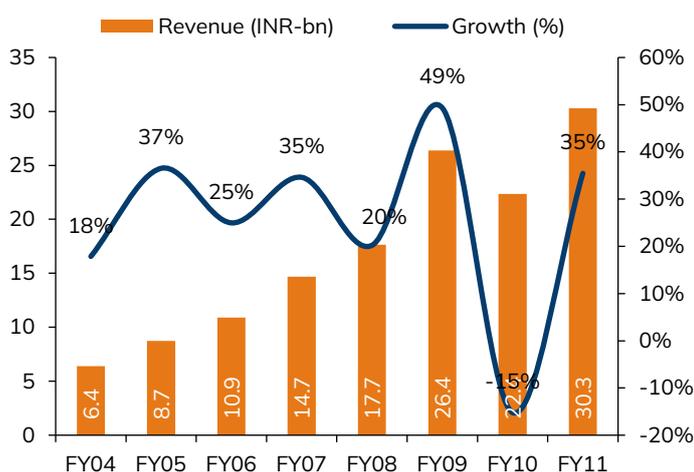
Brief pre-listing history

- Founded in 1958, Apar was originally known as Power Cables Private Ltd.
- It started with manufacturing of power transmission conductors and later in 1969; before entering into speciality oils segment with transformer oil products.
- In next three decades, Apar Industries broadened its product offerings with focus on value addition. It expanded its oil portfolio to an extensive range of transformer oils, white oils, petroleum jelly, industrial lubricants and automotive lubricants.

FY04–11: A period of secular growth

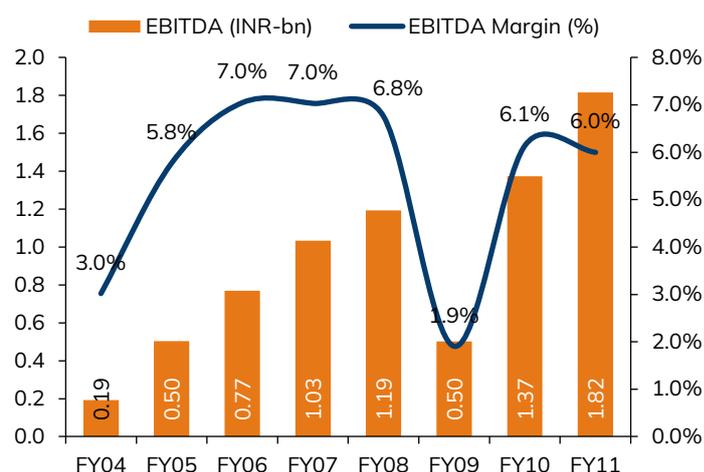
- India was reeling under large power deficits; and thus, large capex plans were announced to increase thermal generation capacity and transmission capacity.
- Apar was well placed to capitalise on capex announcements towards power and distribution sector in FY04; ~66% of its FY04 revenue came from conductor division.
- Apar acquired Uniflex Cables Ltd. to expand its product profile to the last mile, with the addition of cabling solutions. Uniflex was engaged in manufacturing PVC/ elastomeric cables, with an installed capacity of 2,300km p.a.
- This led to a strong 25% CAGR in revenue, from INR 6.4bn in FY04 to INR 30.3bn in FY11. Growth was largely led by –
 - **Conductor:** 28% revenue CAGR – from INR 2.4bn in FY04 to INR 13.3bn in FY11. Volumes increased from 29kt in FY04 to 103kt in FY11.
 - **Speciality oils:** 26% revenue CAGR – from INR 3bn in FY04 to INR 15bn in FY11. Volumes increased from 55mn ltr in FY04 to 259mn ltr in FY11.

Exhibit 4: Healthy revenue growth at 25% CAGR over FY04–11



Source: I-Sec research, Company data

Exhibit 5: EBITDA margin improved and remained at 6–7% barring a dip in FY09



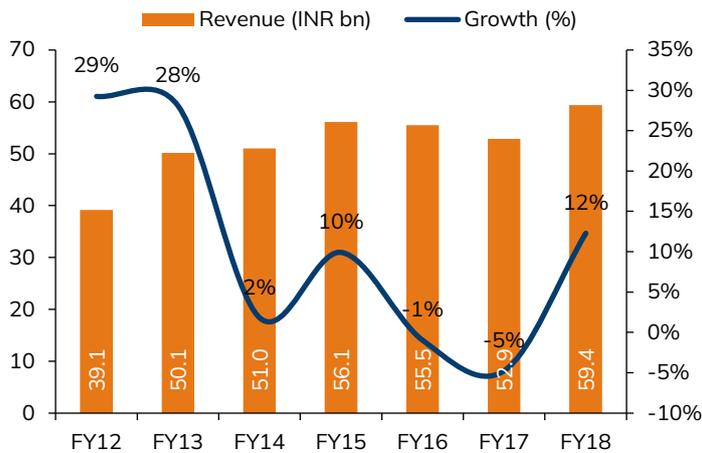
Source: I-Sec research, Company data

- As a result, EBITDA expanded at a 38% CAGR over FY04–11. Operating margin improved in FY05 to 6%, and largely remained at 6–7% during FY04–11; however, it dipped in FY09 to 1.9% due to inventory losses and forex losses owing to a sharp dip in crude oil prices.

FY12–18: Shifting from conventional to premium products

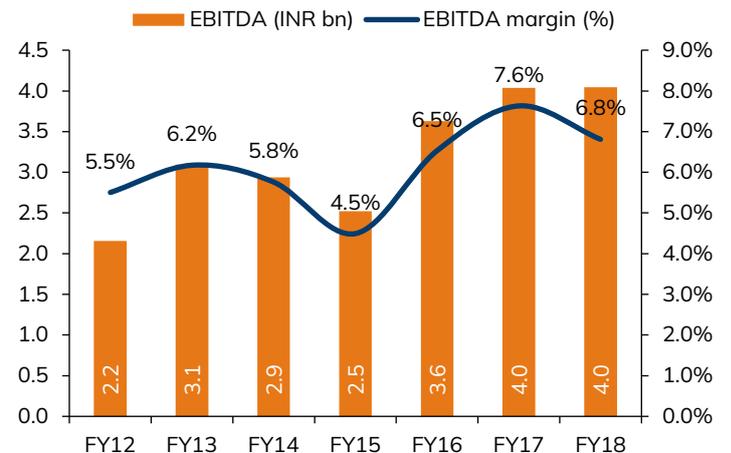
- Apar continued to benefit from increased capex towards power and transmission segment as power capacity addition remained strong. Also, contribution from the cables business improved.
- However, revenue growth slowed over FY12–18 to a 7.2% CAGR.
- While Apar witnessed healthy growth across segments over FY12–13, speciality oils segment faced headwinds over FY14–18, with a decline in revenue at 1% CAGR in five years; this was owing to lower realisation for specialty oils on fall in crude prices.
- EBITDA margin largely remained within the 5.5–7.5% range over FY12–18; except in FY15, when margins in the conductor and specialty oil segments were impacted due to fluctuation in aluminium and crude oil prices, respectively. EBITDA expanded at a CAGR of 11% over FY12–18 to INR 4bn.
- Finance costs, which averaged ~INR 300mn over FY07–11, increased sharply to INR 1.2bn–1.5bn over FY12–18. The increase was largely owing to net losses on foreign currency transactions and translation.
- As a result, PAT CAGR moderated to 5.5% over FY12–18 to INR 1.4bn.

Exhibit 6: Revenue growth remained muted owing to swings in commodity prices



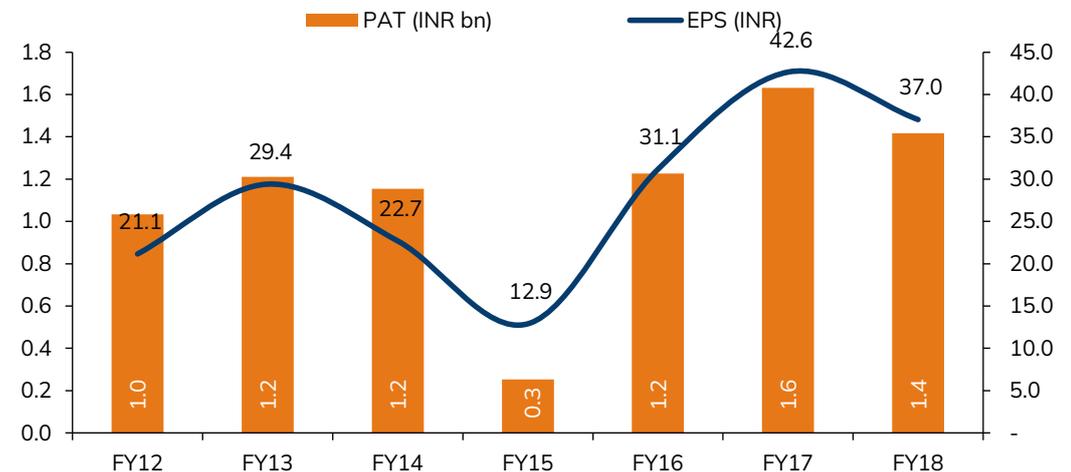
Source: I-Sec research, Company data

Exhibit 7: EBITDA expanded at an 11% CAGR; margins improved from FY16



Source: I-Sec research, Company data

Exhibit 8: PAT growth remained muted at 5.5% CAGR over FY12-18

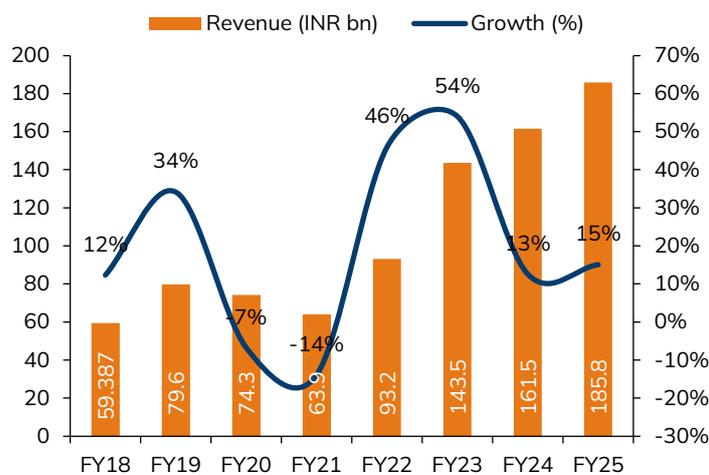


Source: Company data, I-Sec research

FY19–25: Reaping the benefits of past measures

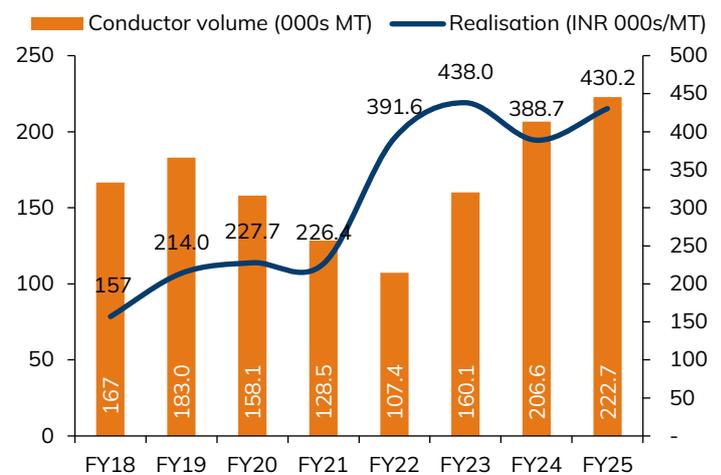
- The efforts towards premiumisation came to fruition. The revenue witnessed a strong growth at a CAGR of 18% over FY18-25 to INR 185.8bn. EBITDA grew at a CAGR of 21% to INR 15.5bn and PAT grew at 29% CAGR over the same period to INR 8.2bn.
- Revenue growth came across the following segments –
 - **Conductors** – revenue grew at 20% CAGR over FY18-25. Conductor volumes grew at 4% CAGR, while realisation improved substantially at 15% CAGR during the period led by premiumisation and globalisation efforts. Volumes jumped by 107% over FY22-25; revenue from exports increased by 45% in three years.
 - **Speciality oils** – revenue grew at 13% CAGR over FY18-25. Speciality oils realisation grew at 5% CAGR over FY18-25, while volumes grew at 8% CAGR over the period.
 - **Cables** – was the fastest growing segment with revenue growth of 23% CAGR over FY18-25. The growth was supported by tailwinds from increased capex towards power generation with focus on RE and transmission infrastructure. Over the last three years, revenue from cables business grew ~2.5x to INR 49.5bn in FY25 led by offtake in power cables, railway and defence businesses.

Exhibit 9: Revenue growth at 18% CAGR over FY18-25



Source: I-Sec research, Company data

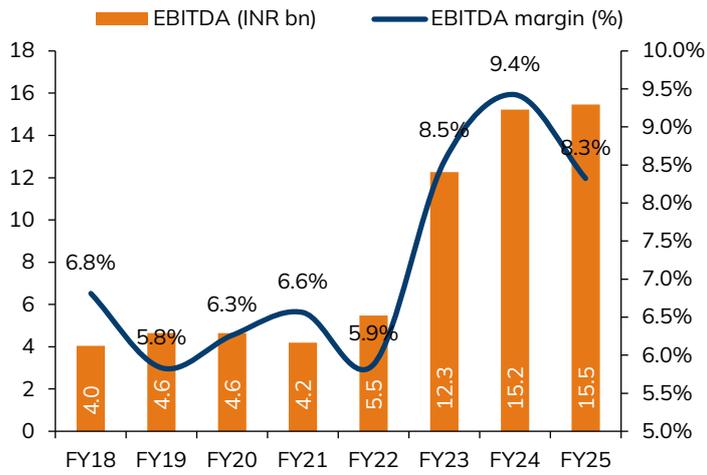
Exhibit 10: Realisation in conductors up 2.7x over FY18-25



Source: I-Sec research, Company data

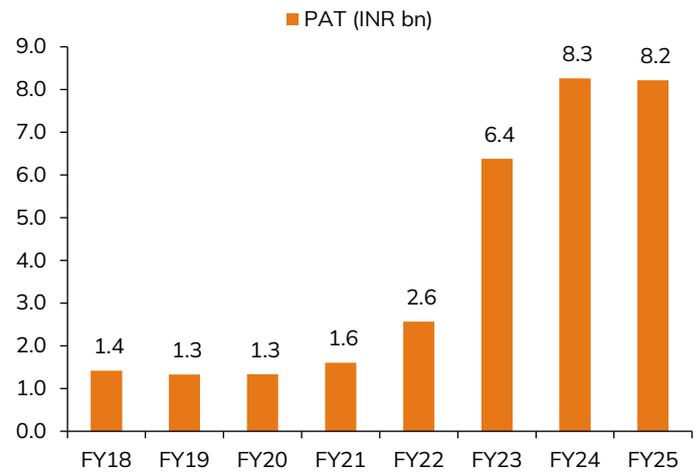
- EBITDA growth remained muted from FY19-22 despite the large increase in revenue owing to increased commodity prices and volatility in crude oil price. However, margins improved in last two years; FY25 EBITDA margin was up ~240bps vs. FY22 mainly due to improvement in margins for conductors, higher exports and increase in share of premium products.
- As a result, PAT grew at 29% CAGR over FY18-25 to INR 8.2bn (~5x of FY21 PAT).
- The company raised INR 10bn through qualified institutional placement (QIP) in Nov'23. It incurred capex of INR 5bn in FY25 and has planned capex of ~INR 13bn in FY26 and Q1FY27.
- Share of premium products and exports went up during the period; exports constituted ~33% of overall revenue in FY25.

Exhibit 11: EBITDA margin improved substantially in last 3 years...



Source: I-Sec research, Company data

Exhibit 12: ...as a result, PAT grew to INR 8.2bn in FY25



Source: I-Sec research, Company data

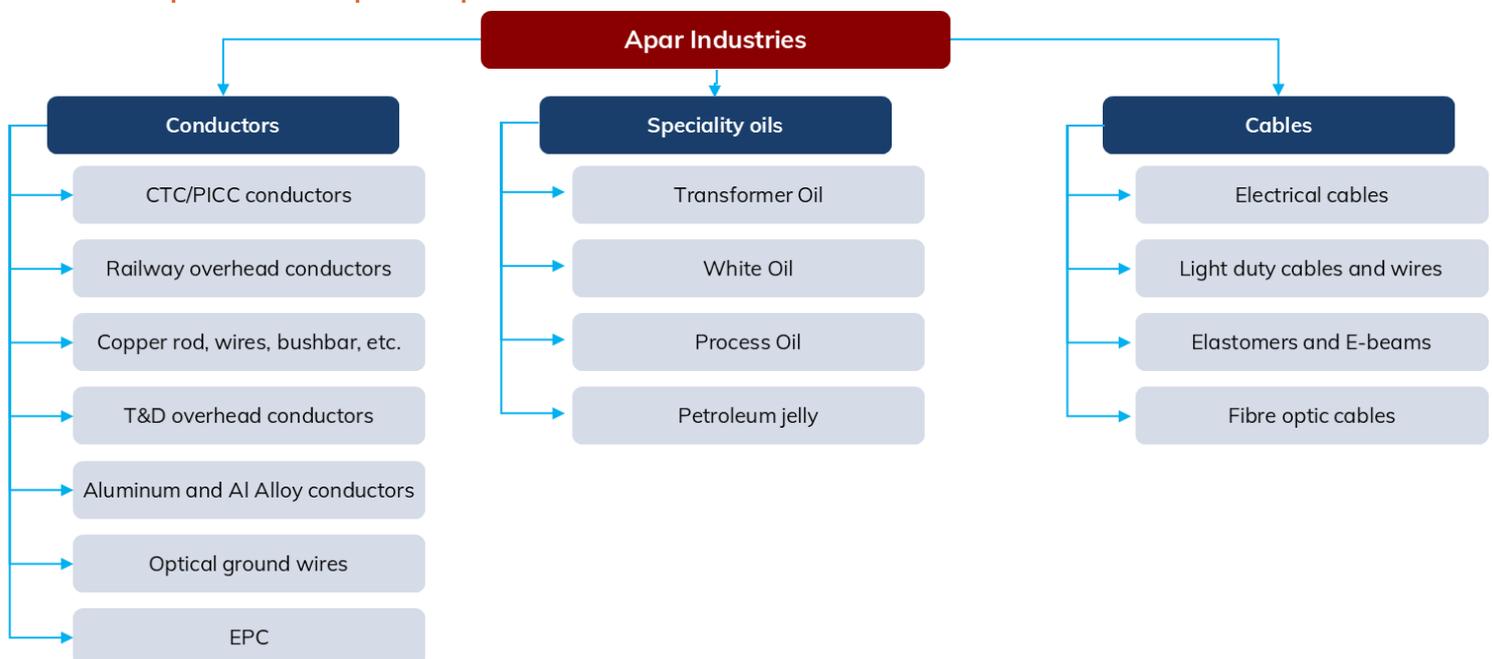
Business segments

- Apar primarily operates in three segments – a) conductors, b) speciality oils and c) cables.
- Apar manufactures various conductors like conventional copper and aluminium conductors, copper and aluminium rods and premium conductors such as HTLS, CTC/ PICC, railway conductors and OPGW.
- Under speciality oils segment, it has a manufacturing capacity of 925,000 KL across India and the UAE. It is present across white oil, transformer oils, rubber process oil, automotive and industrial lubricants.
- Cables business entails electrical cables for transmission and distributions segment, RE projects (solar and wind), elastomer cables and e-beam cables.

Apar Industries primarily operates in three segments –

- **Conductors:** They are used for transmitting electrical energy from power generation sources to end consumers, primarily through overhead power lines.
- **Transformer and specialty oils:** Mineral oil-based products used across diverse sectors, including for cooling and heat transfer, chemical characteristic alteration of compounds, lubrication and wear-and-tear protection and product finishing.
- **Cables:** It manufactures specialised cables and wires which include high-voltage power cables, medium-voltage and low voltage XLPE cables, elastomeric cables, hybrid cables, fibre optic cables and specialty cables.

Exhibit 13: Apar Industries product portfolio



Source: I-Sec research, Company data

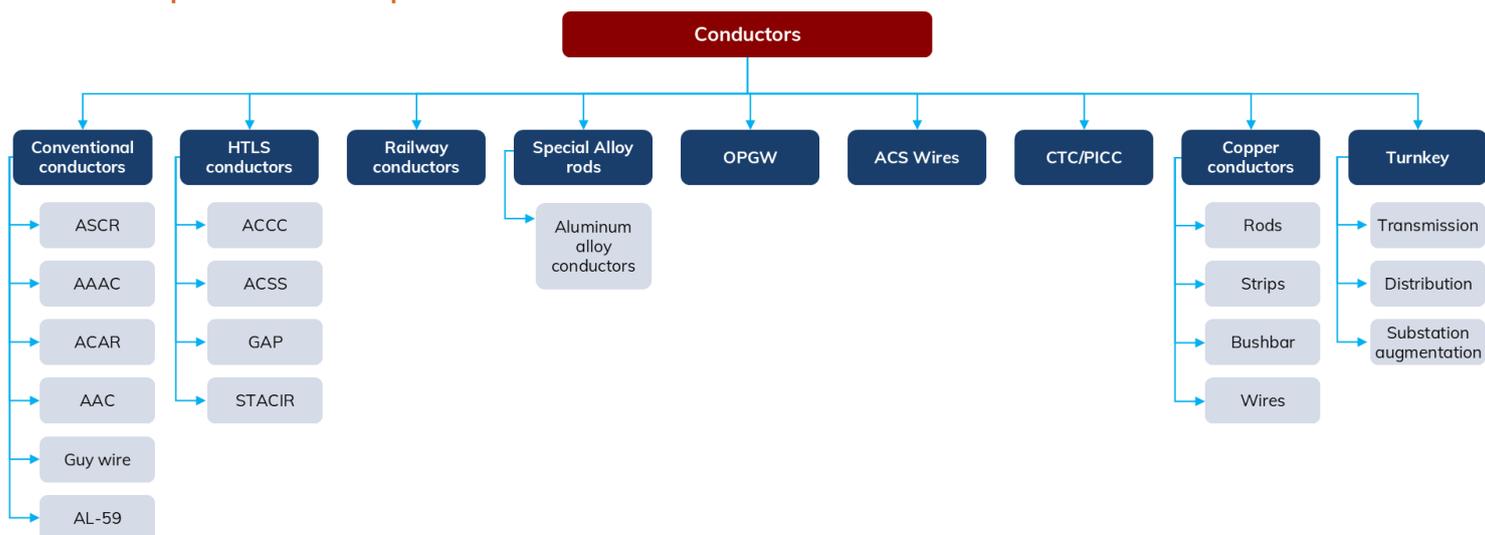
Conductors

Apar was India’s largest player in terms of sales of conductors in FY23 and was one of the leading exporters of conductors and cables from India (Source: CRISIL Report).

Apar manufactures conventional conductors and premium conductors, including HTLS conductors, ACCC conductors, solid shaped conductors, railway conductors, specialty alloy rods; CTC/PICC, BUSBAR, air expanded conductors and dull finished conductors.

Under its premiumisation initiative, it has added copper conductors for railways, copper transposed conductors for transformers and OPGW wires for power and telecommunication under its portfolio.

Exhibit 14: Apar’s conductors portfolio



Source: I-Sec research, Company data

Conventional conductors

Historically, conductors used for transmission and distribution lines were usually made of copper. However, aluminium conductors have replaced copper because of lower costs and lighter weight of aluminium compared with copper, having similar resistance. Aluminium conductors are of different types such as: (i) All Aluminium Conducts (AAC), (ii) All Alloy Aluminium Conductors (AAAC), (iii) Aluminium Conductors Steel Reinforced (ACSR), (iv) All Aluminium Alloy Conductor Steel Reinforced (AACSR), and (v) Aluminium Conductor Alloy Reinforced (ACAR), and AL-59 alloy conductors are manufactured from Al-Mg-Si (aluminium-magnesium-silica) rods.

HTLS conductors

HTLS stands for high temperature low sag; it is a conductor capable of not physically deteriorating and maintaining its transmission capabilities at higher temperatures than conventional conductors. HTLS conductors are capable of transmitting higher power with lower sag, thus, reducing resistance and losses.

Aluminium alloy conductors

As mentioned earlier, aluminium conductors have replaced copper conductors for better strength to weight ratio, lower cost and ease of manufacturing. Apar Industries is capable of producing mechanical grade, electrical grade, welding grade Al alloy conductors along with thermal resistant aluminium alloys like TAL, STAL and XTAL.

Railway conductors

Specifically, to cater to railways demand, Apar offers contact wires, catenary wires, jumper wires, feeder wires, span wires, dropper wires, anti-creep wires and bridle wires. Railway overhead contact wires are used to transmit electrical power to a moving railway locomotive.

CTC and PICC

Transposed cable or Continuously Transposed Conductor (CTC) is mostly used for windings on power transformers. It consists of a group of enamelled rectangular wires, usually with PVF (polyvinyl fluoride) enamel, which are transposed to create a rectangular strand; PICC is a paper insulated covered conductor.

Optical ground wire

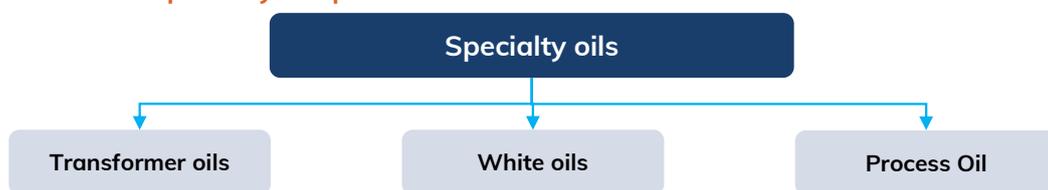
An optical ground wire (OPGW) is a type of cable that is used in overhead power lines. Such cable combines the functions of grounding and communications. An OPGW cable contains a tubular structure with one or more optical fibres in it, surrounded by layers of steel and aluminium wire. The OPGW cable is run between the tops of high-voltage electricity pylons. The conductive part of the cable serves to bond adjacent towers to earth ground, and shields the high-voltage conductors from lightning strikes.

Speciality oils

Specialty oils refer to a group of mineral oil-based products used across diverse sectors, including for cooling and heat transfer, chemical characteristic alteration of compounds, lubrication and wear-and-tear protection, and product finishing.

Apar is India's largest private manufacturer of specialty oils in terms of manufacturing capacity. It manufactures transformer oils, automotive and industrial lubricants, hydraulic and turbine oils, transformer oils for up to 800KV voltage class, technical grade and food grade white oils, petroleum jelly and metalworking fluids under this segment. Its transformer and specialty oils, sold under the 'Poweroil' brand and related sub-brands, have diverse industry applications, including use in power generation, transformation, transmission and distribution systems. It also has a licensing agreement with a European company for auto lubricants.

Exhibit 15: Speciality oils portfolio



Source: I-Sec research, Company data

Transformer oils

Transformer oils are specially formulated oils that have excellent cooling characteristics, high oxidation stability, lower gassing tendencies and stable insulating properties over its useful life. Apar also manufactures fire resistant fluids as well as standard grade, superior grade and premium grade transformer oils. Apar is world's third largest producer of transformer oil and India's largest private blender and marketer of speciality oil.

White oils

It manufactures a wide range of pharmaceutical/food-grade white oils under PEARL brand, and technical grade white oils under TOPAZ brand.

Process oils

It manufactures a wide range of products like hydraulic oil, engine oil, quenching oil, neat cutting oil, transmission oil, gear oil and EV lubricants. It also offers a water-based rust preventive oil and a high temperature chain lubricant.

Cables

Electric cables

Its electrical cables include insulated power cables, aerial bunch cables, overhead covered conductors, screened and instrumentation cables, underwater cables, railway signaling cables and tactical cables. It has also introduced automotive wires and wire harnesses especially for EVs.

Light duty cables

Its light duty cables are sold directly to consumers through its brands APAR Anushakti, APAR Mahashakti, APAR Shakti and APAR Tarang Shakti. It has also started offering fibre optic and LAN cables to telecom industry. The e-beam for house wires sold through brands like Apar Anushakti has more current carrying capacity, is melt resistant and can withstand high temperature.

Elastomer and E-beam cables

This category includes cables for railway locomotives and rolling stock, mining cables, ship and submarine cables, etc. Renewable cables (solar and wind cables) form a key part of this subsegment. Apar is a leader in wind cables with ~70% market share in India.

Transmission capex is taking off

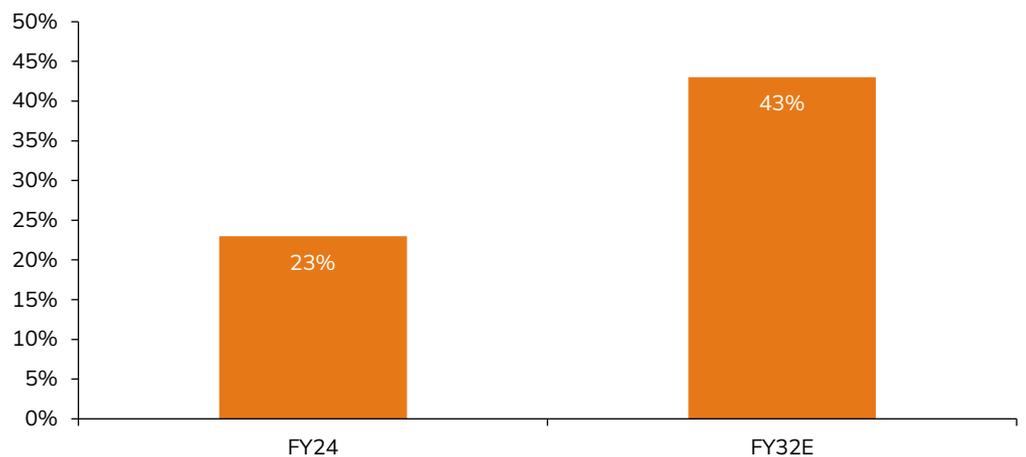
- India's peak electricity demand is estimated to increase from 203GW in FY22 to 277GW/366GW in FY27/FY32, as per NEP.
- The increase in electrification of the economy is likely to improve power demand and consequently should lead to increase in transmission capex.
- Also, greening of the grid is underway. The grid needs to evacuate 2x of current capacity by FY32 which should require substantial ramp-up in transmission infrastructure.
- As a result, we estimate India's transmission capex to double from its FY25 levels to INR 700-800bn p.a. in the next 4-5 years.
- Transmission needs conductors to bring electricity to load centers. It also entails transforming power at various voltages leading to demand for transformers; transformers need conductors and transformer oils.

India is expected to double its generation capacity over FY24–32E. It is looking to augment its transmission network primarily to evacuate renewable power leading to step jump expected in transmission capex. The capex is likely to fuel the demand for conductors and cables.

Increasing RE mix in the grid

As of now, renewables are 23% of total electricity consumption. As per NEP, the share is estimated to increase to 43% of electricity consumption by FY32. Incremental renewables mix could be met by wind and solar capacities. This necessitates continuous development of a robust national grid comprising high-capacity AC and HVDC systems along with investment in grid stability and grid automation.

Exhibit 16: RE generation share expected to go up

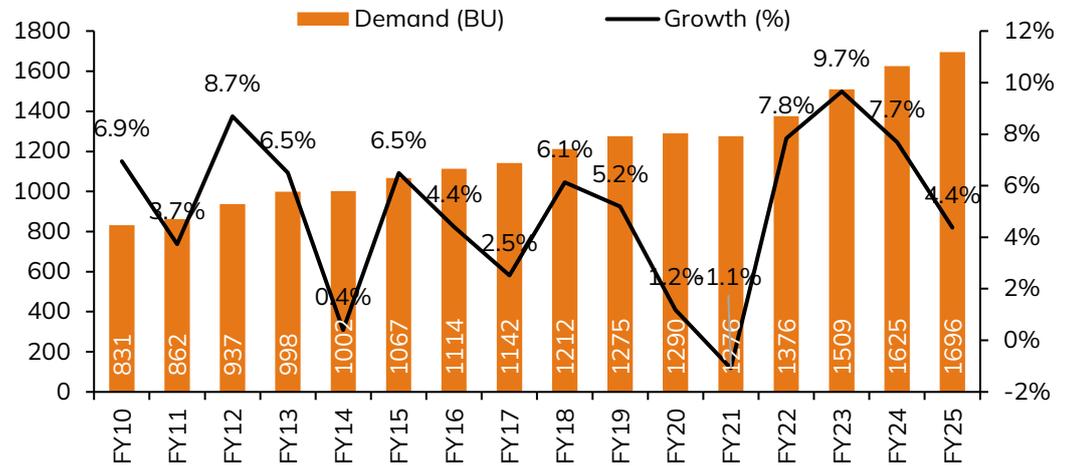


Source: I-Sec research, NEP

Increasing electricity demand...

India's electricity demand has risen at 5% in last 15 years. Growth, in last 3 years, has been better than this average. Despite subdued demand growth in 9MFY26, partly due to extended monsoon, the medium-long term demand prospects remain strong given the increasing electrification. The grid is likely to meet the load reliably with higher penetration of renewables.

Exhibit 17: Increasing electricity demand

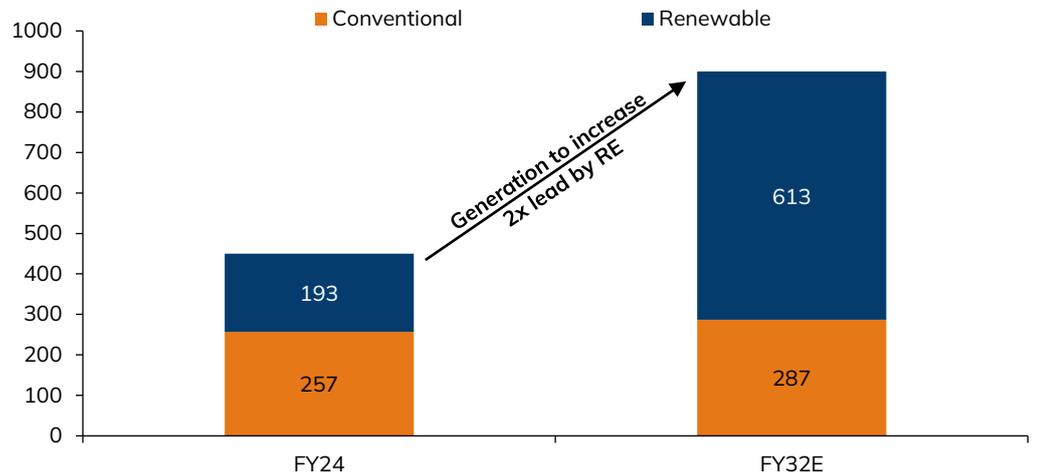


Source: I-Sec research, CEA

...resulting in 2x increase in generation capacity...

Total capacity of 900GW may be required to meet renewable obligations. As per NEP, India needs to add 450GW over FY25-30. Renewable generation capacity in total installed capacity mix is expected to change from 34% to ~51% by FY30.

Exhibit 18: Generation capacity to increase 2x (GW)



Source: I-Sec research, NEP

...leading to a sharp rise in transmission capex

As a result, the government is stepping up transmission capex to evacuate renewables from renewable resource rich locations to load centres.

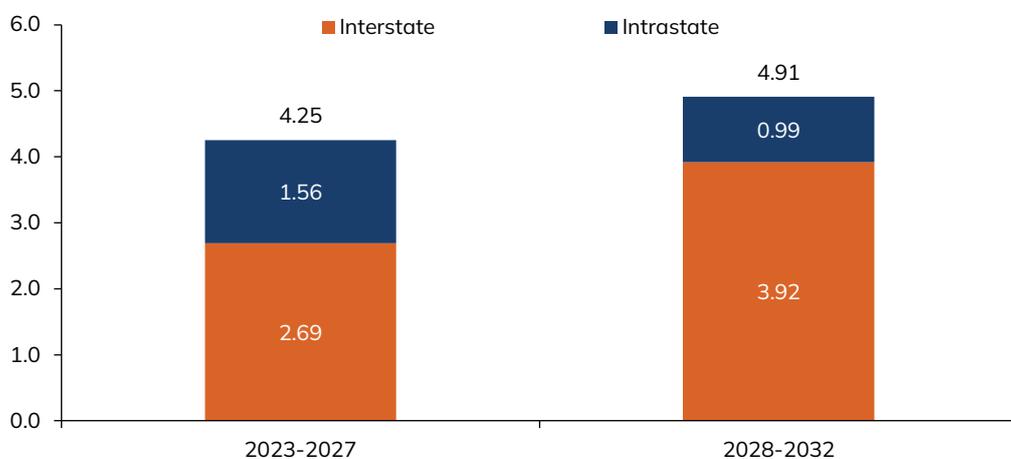
A host of estimates of transmission capex, indicate a step up

Different studies by different government agencies have estimated that huge capex is required to meet RE integration and demand. Below are three estimates that highlight the need to accelerate transmission capex:

National Electricity Plan (NEP) expects INR 9trn over a decade (CEA)

The NEP pegs total inter-state transmission capex at INR 9.2trn over 10 years till FY32. This also includes intra-state expenditure. It expects an investment of INR 6.6trn in interstate transmission and INR 2.55trn in intrastate transmission.

Exhibit 19: Transmission capex estimates as per NEP (INR trn)

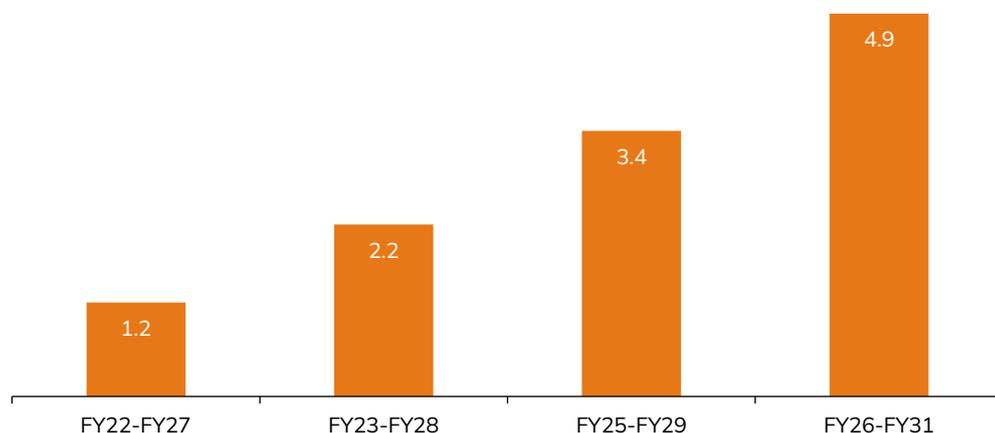


Source: I-Sec research, NEP

Rolling plan expects INR 4.9trn capex

Central Transmission Utility (CTU) has been drawing up plans for Inter-State Transmission System (ISTS) for up to next five years on rolling basis every year. The report covers year wise ISTS planned and under implementation across the country to integrate the RE generation and to cater the growing demand. The power project under implementation has gone up every year. Latest report pegs the expenditure at INR 4.9trn over FY26-31.

Exhibit 20: CTUIL rolling plan (INR trn)



Source: I-Sec research, CTUIL

Building into a strong pipeline

India has recently approved projects worth >INR 4trn. Out of which, INR 0.5trn was completed in FY24 with INR 0.3trn awarded on nomination basis and INR 1.5trn in FY25. We reckon potential bidding of ~INR 1trn annually over the next 3 years.

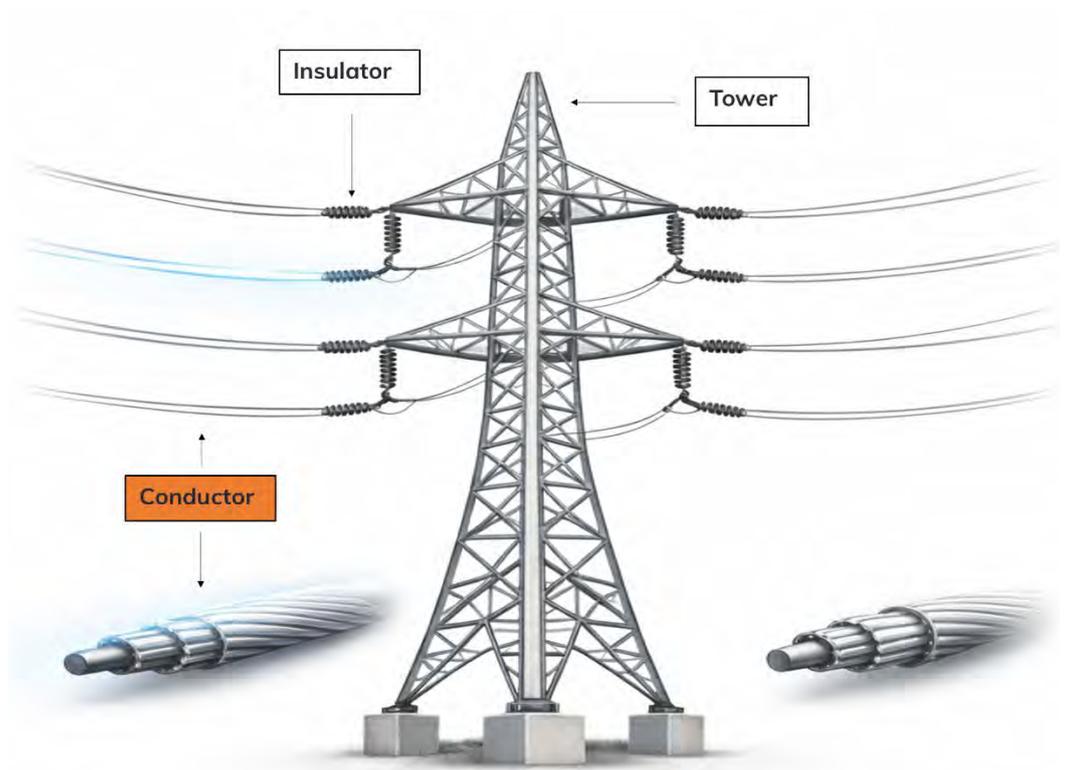
Exhibit 21: Project pipeline

Status of projects since Jan'21	INR bn	Details
Not awarded yet; near-term pipeline	1,063	Likely in next 12 months
Awarded	2,264	Huge pipeline
Cost Plus	817	Includes Andaman Paradeep HVDC
Total	4,144	

Source: I-Sec research, NCT

The growth in transmission line length bodes well for conductor demand; similarly, growth in substation capacity needs more transformers, thereby leading to higher demand for transformer oil and conductors.

Exhibit 22: Strong transmission capex outlook bodes well for conductors' demand



Conductor forms ~35% of total transmission line cost

Conventional	HTLS	AL-59	CTC/PICC (transformers)
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Industry tailwinds driving the demand for conductors and transformer oil



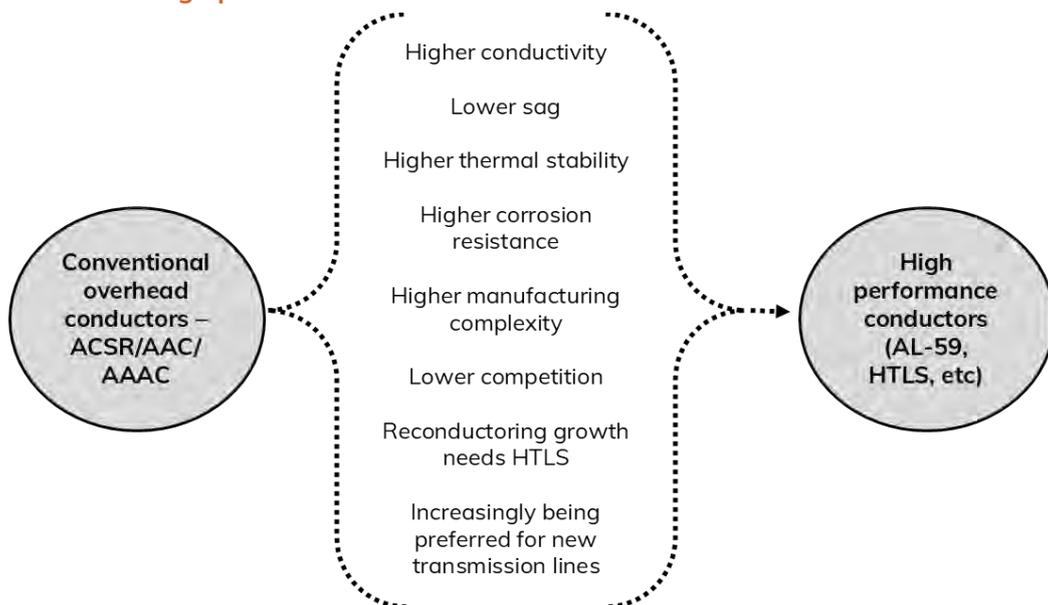
Source: I-Sec research, CTUIL, CEA

Value is shifting to premium conductors; reconductoring is crossing the Rubicon

- The competition is high at the lower end of segment of conductors and remains benign for premium segment of conductors.
- Premium conductors require generally advanced version of alloying aluminium and copper with different metals. Players with in-house alloying capabilities are at an advantage over competitors.
- Industry has shifted from normal conductors to AL59 (aluminum + magnesium + silicon) conductors for transmission led by its advantages while use cases for reconductoring are rising.
- Reconductoring can increase the transmission capacity with high-capacity conductors. Reconductoring is gaining traction as it provides efficiency in terms of execution time, cost and resources.
- Reconductoring also optimises the existing Right of Way (RoW); note that RoW is one of the key factors for delays in transmission project execution.
- High voltage transformers require usage of copper transposed conductors (CTC). CTC has been mandatory and is witnessing strong tailwinds.
- Besides, overhead conductors for railways and metros need copper and copper alloys’ conductors. High speed traction requires copper – magnesium wires – with only two qualified vendors in India – namely Apar and AB Elektrokoppar, Sweden.

The usage of premium conductors is rising with increasing awareness, lower energy losses and overall life-cycle cost. The premium segment has lower competition and higher profits.

Exhibit 23: High performance conductors vs. conventional overhead conductors

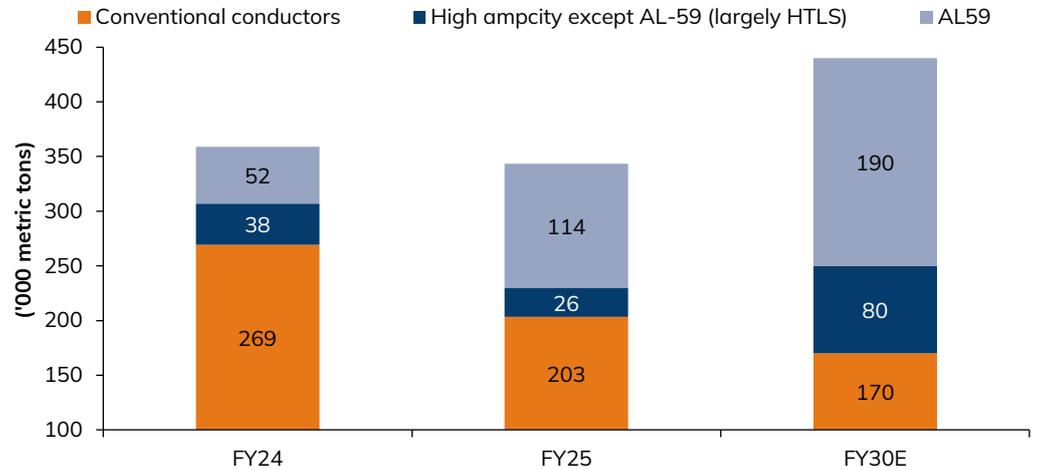


Source: I-Sec research

The old is being replaced by new

The old grid was using various alloys of aluminium for transmission. However, more efficient conductors are gaining traction. AL59 – an alloy of aluminium + magnesium + silica is replacing conventional conductors.

Exhibit 24: Penetration of HTLS and AL-59 is expected to go up



Source: I-Sec research, IEEMA

Reconductoring is crossing the Rubicon

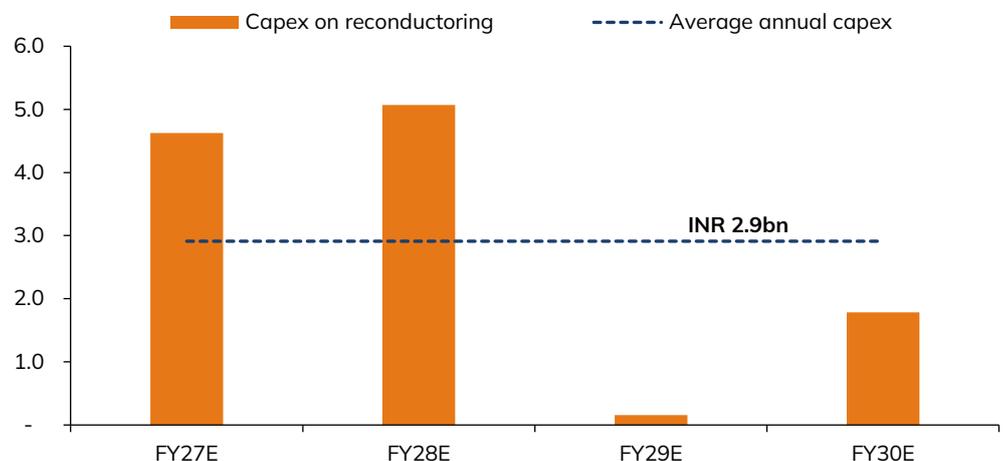
Transmission lines are facing delays on issues primarily related to right of way. The replacement of existing conductors with advanced conductors can reduce the overall capex and address transmission capacity in the near term.

Reconductoring is a faster as well as a cost-efficient way of strengthening the transmission network. The approval for reconductoring projects is gaining momentum.

Intra-state projects are being approved

While India is still in the process of framing a comprehensive plan for intra-state projects, it has firmed up the plans for Eastern and Northeastern states. High performance conductors are being proposed extensively to meet the transmission demand. Below is the expected addition for high performance ampacity conductors (or HTLS) by only Eastern and Northeastern states:

Exhibit 25: Capex on reconductoring approved by Eastern/Northeastern states

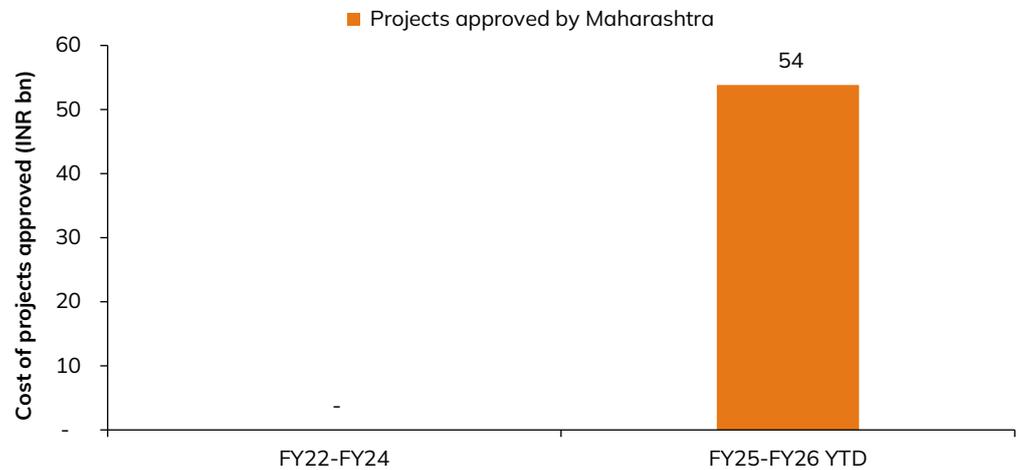


Source: I-Sec research; state resource adequacy plans, CEA

*Includes plans by Bihar, Jharkhand, Odisha, Sikkim, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura

We also expect large states to accelerate the replacement of existing conductors. As per the details available from state transmission committee meetings, Maharashtra approved INR 38bn of projects in FY25 and INR 16bn in YTD FY26. The pick-up in last two years highlights the increasing preference for reconductoring for de-congesting the transmission network.

Exhibit 26: Approvals for reconductoring projects by Maharashtra

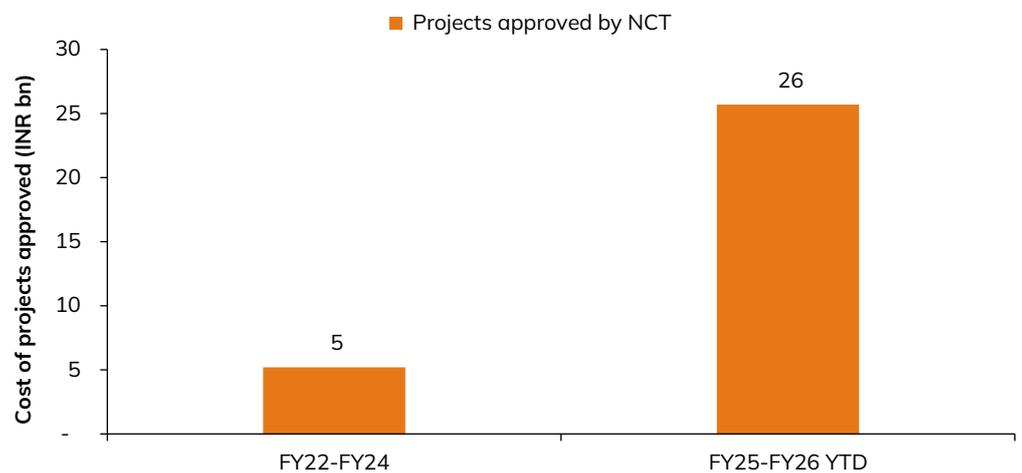


Source: I-Sec research, Maharashtra STU

Large inter-state projects gaining momentum

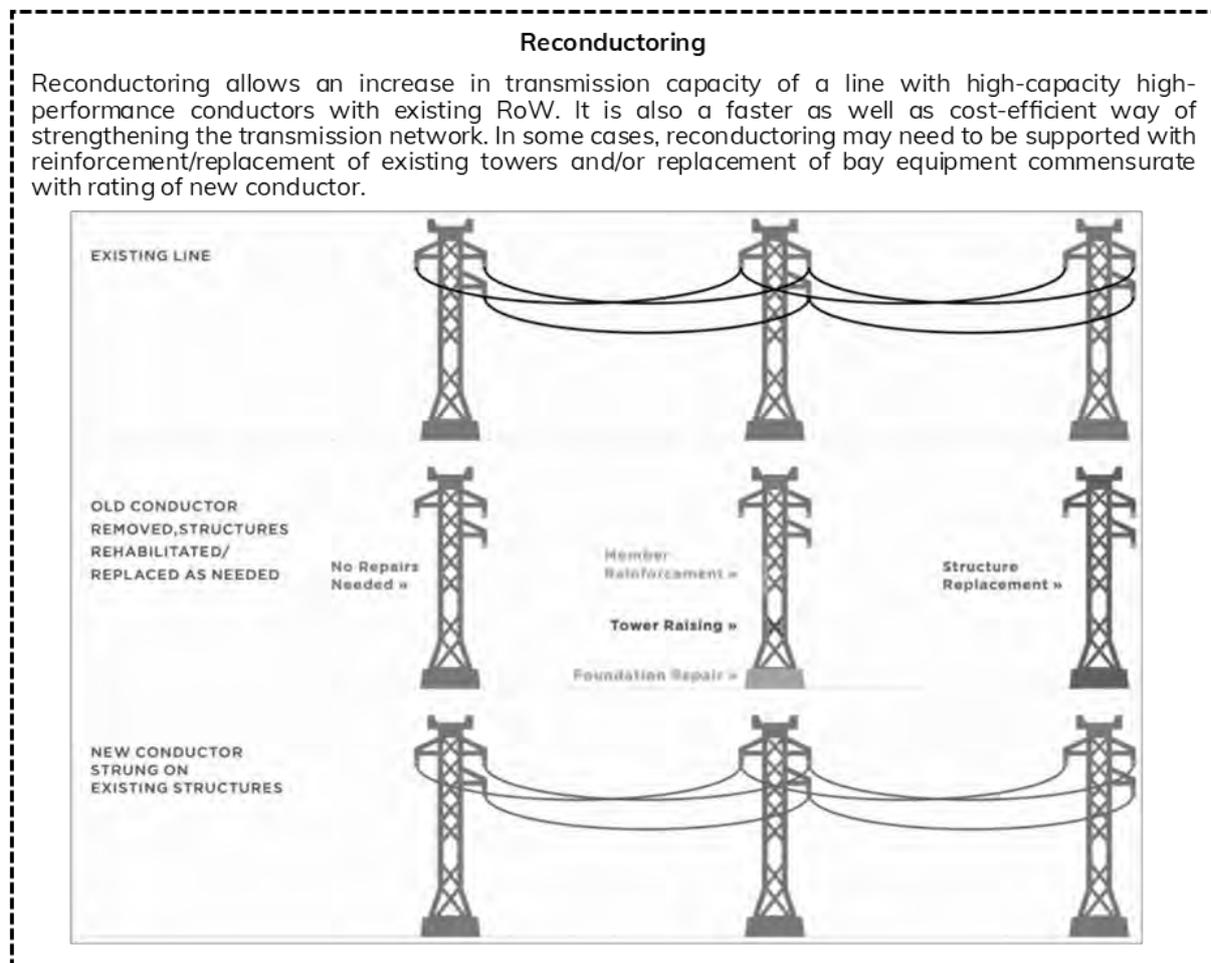
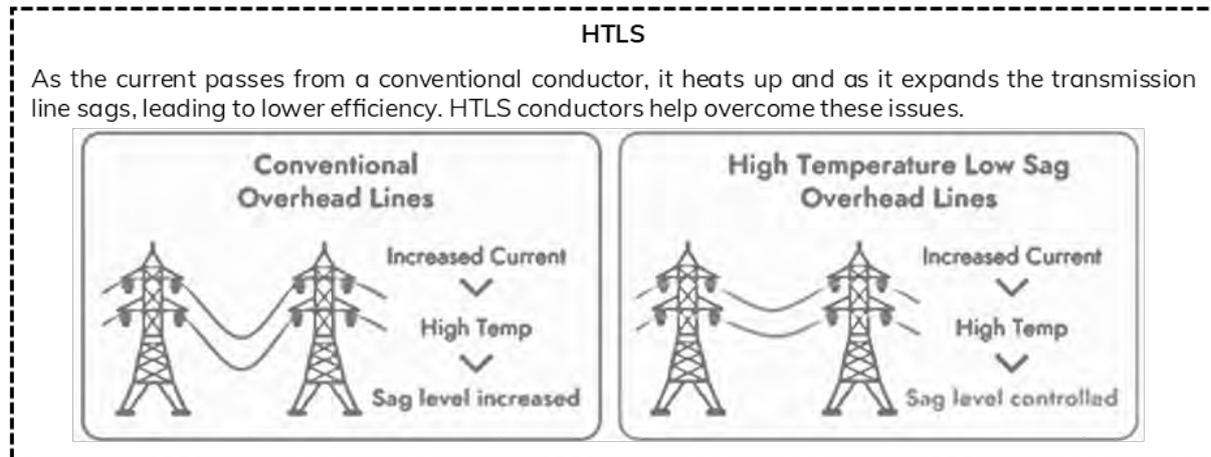
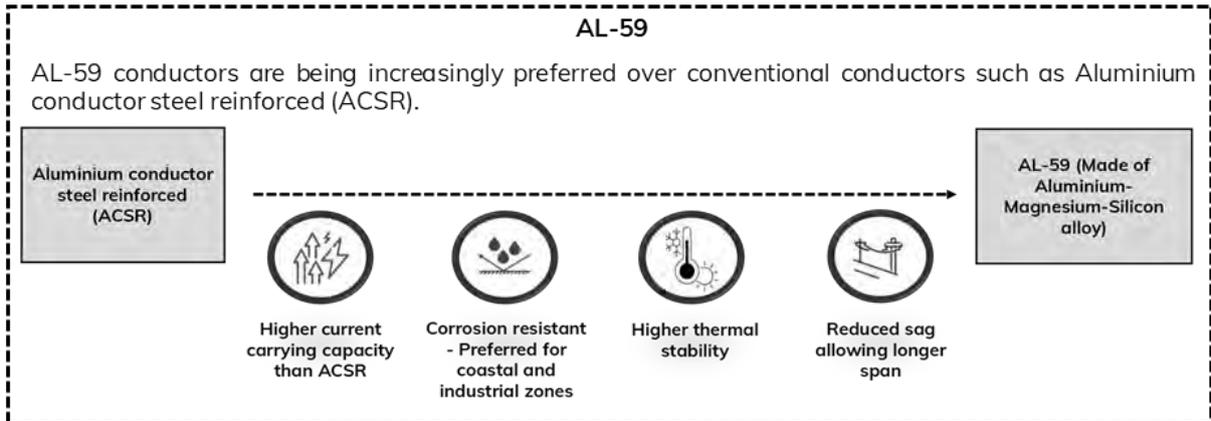
High-performance conductors are also being recommended for inter-state projects. Inter-state projects are large projects; National Transmission Committee (NCT) approved two projects totalling INR 20bn (cost) in FY26 YTD.

Exhibit 27: Approvals for inter-state reconductoring projects on the rise



Source: I-Sec research, NCT

Exhibit 28: Deep dive – AL-59, HTLS and reconductoring

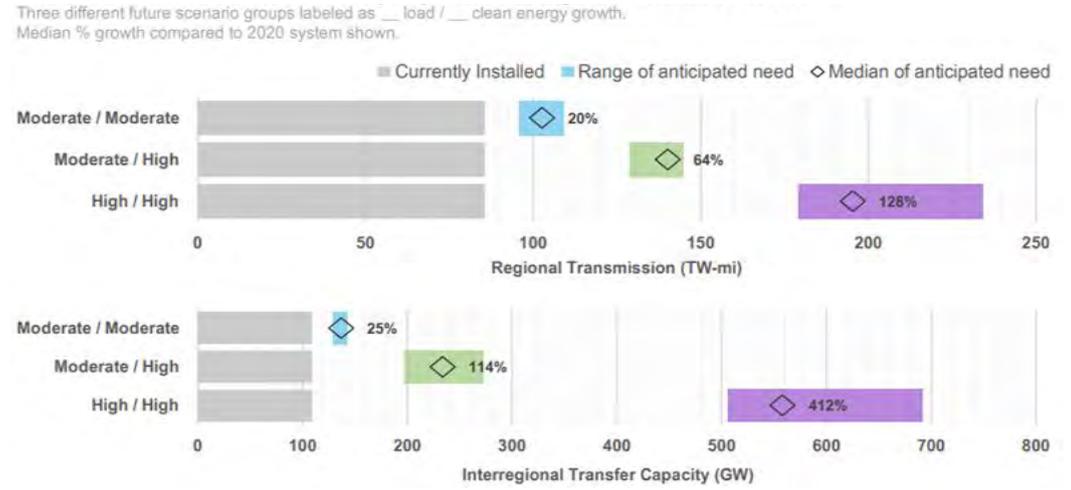


Source: I-Sec research, GridLab report on reconductoring

Reconductoring opportunity in US

Recognising the key role of the power sector in overall decarbonization, the US has set a goal of 100% carbon pollution-free electricity by CY35. This may need massive ramp-up in transmission infrastructure to integrate incremental RE into the grid.

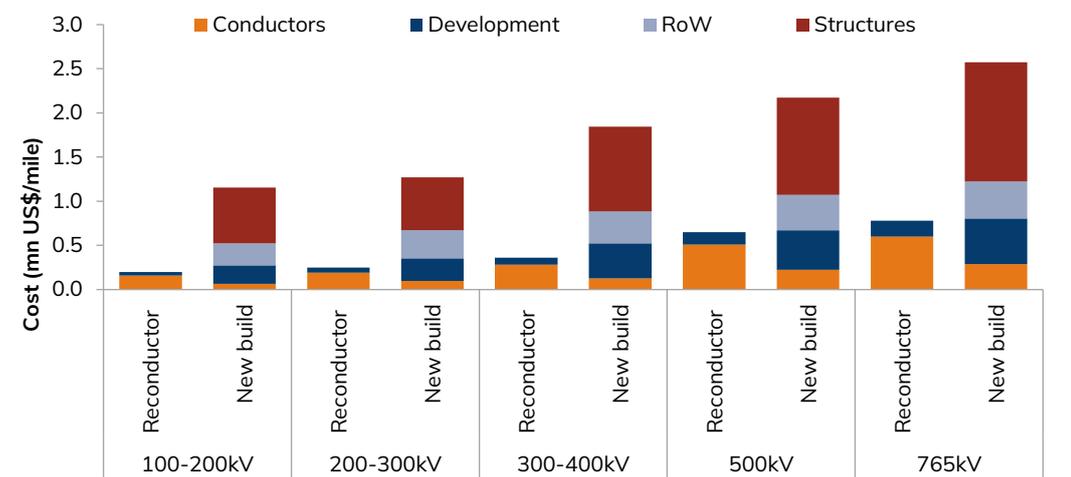
Exhibit 29: Transmission capacity ramp up required in US by CY35



Source: I-Sec research, National transmission needs study (US Department of Energy)

However, transmission connectivity is proving to be a bottleneck in the energy transition. At the end of CY22, more than 1,900GW of clean energy and storage capacity was seeking transmission interconnection in the US. New transmission projects have long gestation period, often riddled with delays and here lies the opportunity for reconductoring which is time and cost efficient vs. new lines.

Exhibit 30: Cost of reconductoring vs. new transmission lines (US and Europe)



Source: I-Sec research, accelerating transmission capacity expansion by using advanced conductors in existing right of way (University of California, Berkeley)

Multiple studies have highlighted the need for reconductoring of ageing transmission lines in the US. As per Caspary and Schneider (2022), an estimated 200,000 miles of existing transmission lines will require replacement over the next decade across NERC regions. The report finds that advanced conductor deployment to address 25% of this aging infrastructure need could increase existing transmission capacity to facilitate up to 27GW of generation capacity annually over the next decade. This could translate into a significant opportunity for overhead conductors over the next 5-7 years.

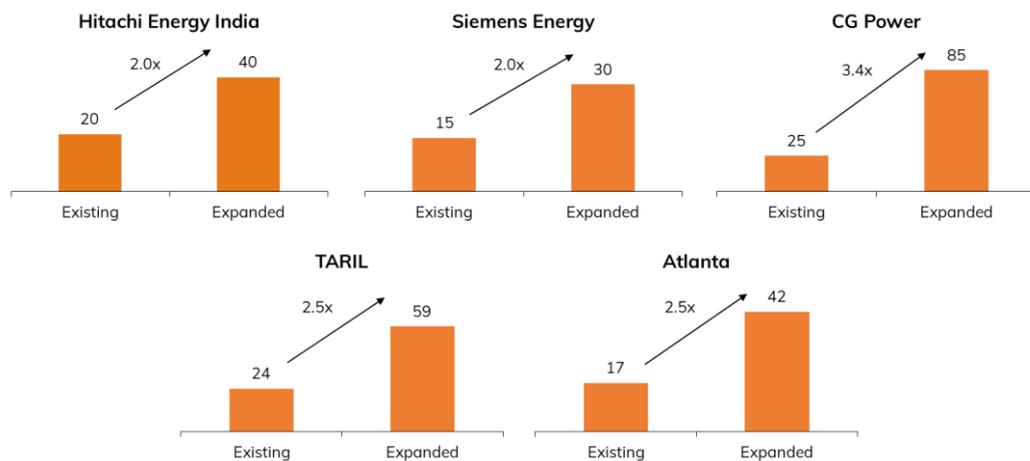
We expect India's conductor exports to US to grow at a healthy rate given 1) the increase in transmission capex expected in US over the 5-7 years leading to a surge in

demand for conductors, 2) US looking to diversify its trade from China to other economies and 3) India’s conductor manufacturers focusing on exports to US with right products and by acquiring more approvals.

Growing substation capacity is driving demand for transformer conductors

The strong transmission/generation capex entails high growth in substation capacity which needs transformers. Transformers are in high demand; this is reflected in the long lead time of >12 months for transformers and many major transformer manufacturers are ramping up capacity to bridge the demand-supply gap.

Exhibit 31: Indian transformer manufacturers are doubling capacity



Source: I-Sec research, Company data

The steel core and its magnetic winding wires are the most critical components of a transformer and are essential to voltage the changing mechanism of a transformer. They make up 35-40% of a transformer’s weight. These winding wires are - Continuously Transposed Conductors (CTC) and Paper Insulated Copper Conductors (PICC). We believe the TAM for specialised magnetic winding wires could be INR 55bn/INR 65bn in FY27/28E, respectively

Modernisation of railway infrastructure needs specialised conductors

India is in the process of modernising its railway infrastructure. Overhead conductors for railways and metros need copper and copper alloys’ conductors. We expect high speed railway to gain traction in the next five years; India has already announced a plan for seven high speed rail corridors. High speed traction requires specialised copper – magnesium wires – with only two qualified vendors in India – namely Apar and AB Elektrokoppar, Sweden.

Apar is in the most profitable segment in the market

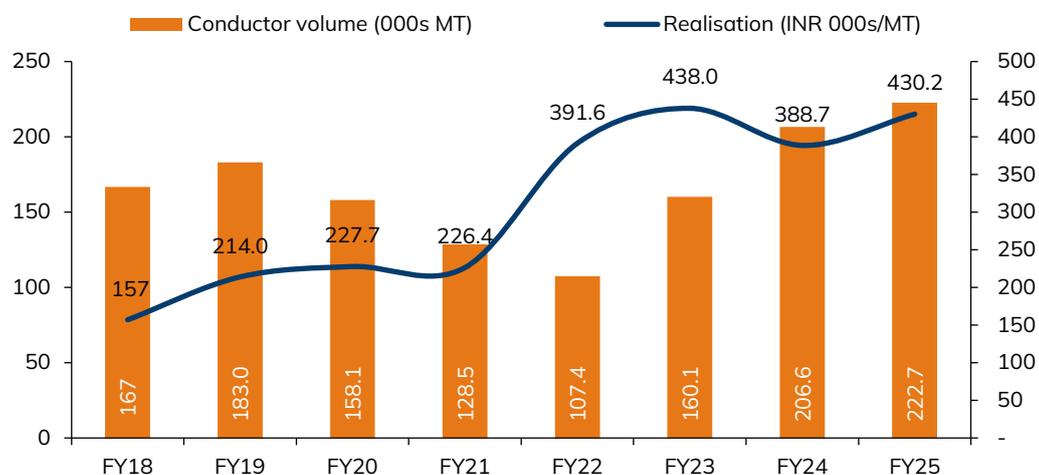
- Apar has been strategically focusing on increasing share of premium conductors in its business leading to higher margins.
- Premium conductors account for ~46% of its conductor segment revenue (in FY25) and the share is likely to go up in the coming years given the demand for premium products such as HTLS, CTC, etc. going up, especially in domestic market. Apar is also a leader in conductors for railway electrification.
- Exports form significant portion of Apar's conductor business (24% in FY25) and expected to be ~25% of its revenue going forward.
- The company is ramping up manufacturing capacity eyeing the strong demand outlook for premium conductors.

Strategic focus on high-margin products

Premiumisation

Apar has been focusing on technology innovation to cater to the changing dynamics of the power generation and transmission industry – long term power demand growth estimates, increasing penetration of RE in the grid, higher interstate transmission requirement, conductor durability, etc. This has allowed the company to be opportunity-ready to capture a big chunk of the demand for premium conductors. Apar also collaborated for technology tie-up with CTC-Global, USA, for ACCC conductors. Nearly 46% of Apar's conductor segment revenue came from premium products in FY25.

Exhibit 32: Premiumisation partly led to higher realisations for conductors



Source: I-Sec research, Company data

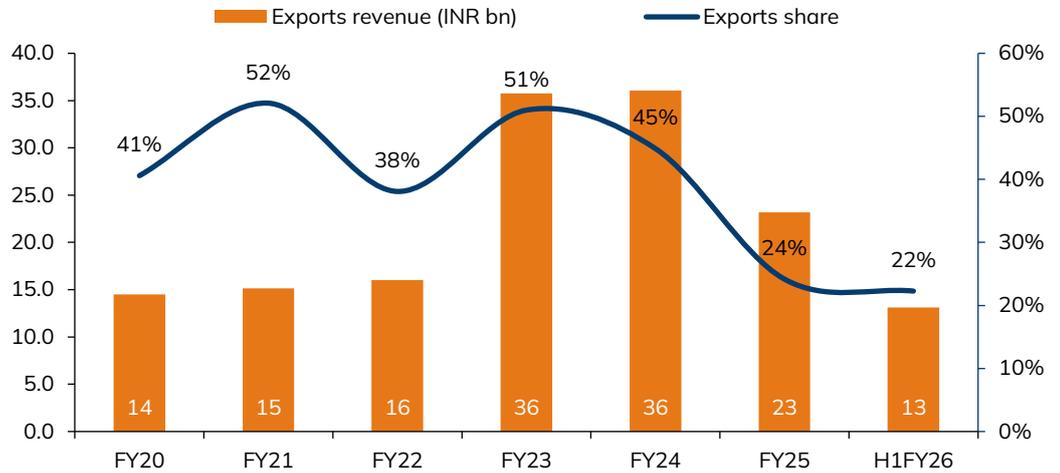
The company, among its premium range, introduced high temperature low sag (HTLS) in CY16. Apar provides turnkey solutions for transmission lines with its HTLS conductors; it has completed 165+ reconductoring projects and supplied 35,000+ km HTLS conductors in domestic and export market. We believe that given the transmission bottlenecks such as RoW and land acquisition, preference for reconductoring (which allows full utilisation of the existing RoW) could go up. This bodes well for Apar given its strong positioning in reconductoring.

Optical Ground Wires (OPGW) is another premium category in demand as it is able to serve both power transmission and data communication. Transmission lines are being laid in India with OPGW; Power Grid already has ~1,00,000km of telecom network integrated in its transmission lines using OPGW. Apar offers a wide range of OPGW variants and has approvals from Power Grid, BSNL, CACT, etc.

Globalisation

Apar gets a significant share of its conductor revenue through exports. In FY25, exports contributed 24% of its conductor revenue. Note that exports peaked in FY23 and FY24 due to high inventorisations in the US. Going forward, we expect export contribution at ~22-25% of the annual segment revenue.

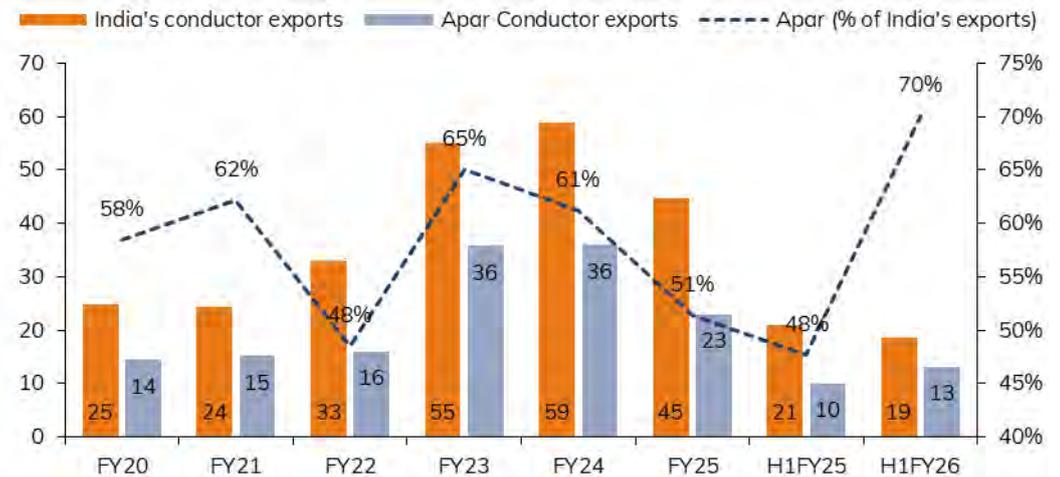
Exhibit 33: Conductor exports revenue and its share in total conductor revenue



Source: I-Sec research, Company data

Apar's is a leader among Indian companies in conductor exports contributing 51% to India's exports in FY25. In H1FY26, its conductor exports have gone up by ~31% YoY.

Exhibit 34: Apar is leader in conductor exports from India

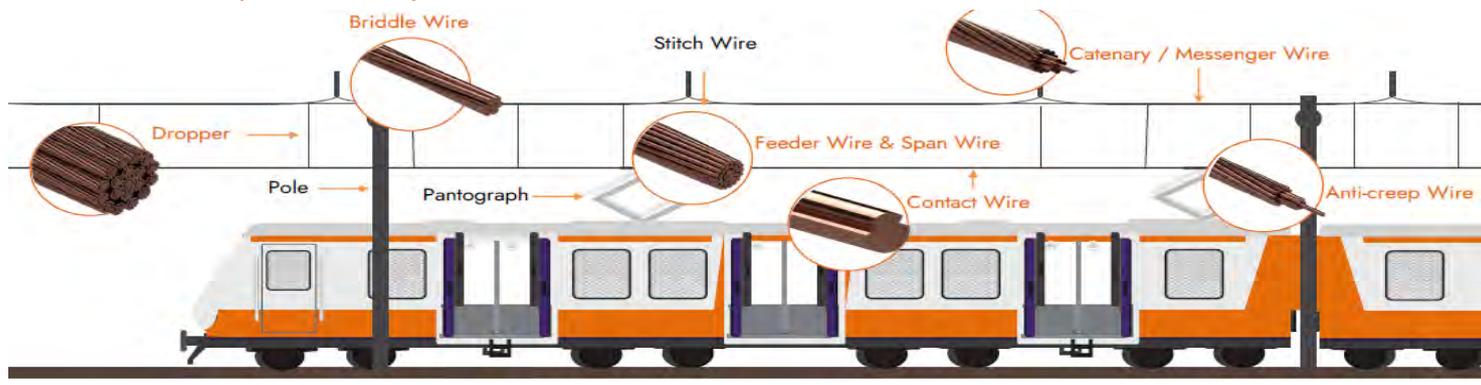


Source: I-Sec research, Company data

Railway conductors

India is looking to expand and modernise its railway infrastructure. India allocated ~INR 2.5trn in FY25 and FY26 budgets for railway capex. Railway overhead contact wires are used to transmit electrical power to a moving railway locomotive. Apar is the market leader in supply of conductors for railway electrification. It offers contact wires, catenary wires, jumper wires, feeder wires, span wires, dropper wires and bridle wires.

Exhibit 35: Railway conductors portfolio



Source: I-Sec research

There is a strong demand for copper conductors to support high speed rail projects such as Vande Bharat and bullet train. Apar has supplied >64,000 tons of copper conductors to Indian Railways as of FY25. Moreover, Apar has developed copper magnesium conductors for the high-speed rail overhead application. Although we do not expect a substantial growth in railway capex on a high base in near term, it is still expected to remain a significant contributor to Apar's conductor business over medium-long term given India's focus on modernisation of railway infrastructure with high-speed rail.

Eyeing the huge opportunity ahead; ramping-up manufacturing

Given the tailwinds in domestic and export markets for conductors, the company is taking up capex of ~INR0 3bn in FY26 and Q1FY27 to expand capacity by ~10% (~25KT). The capacity expansion is for premium conductors such as HTLS, CTC, etc. CTC capacity has been doubled recently and will likely treble by Dec'26. Note that CTC is a premium product being used in transformers and its demand outlook is strong driven by tailwinds in transformer demand.

Cables has too many legs to stand on

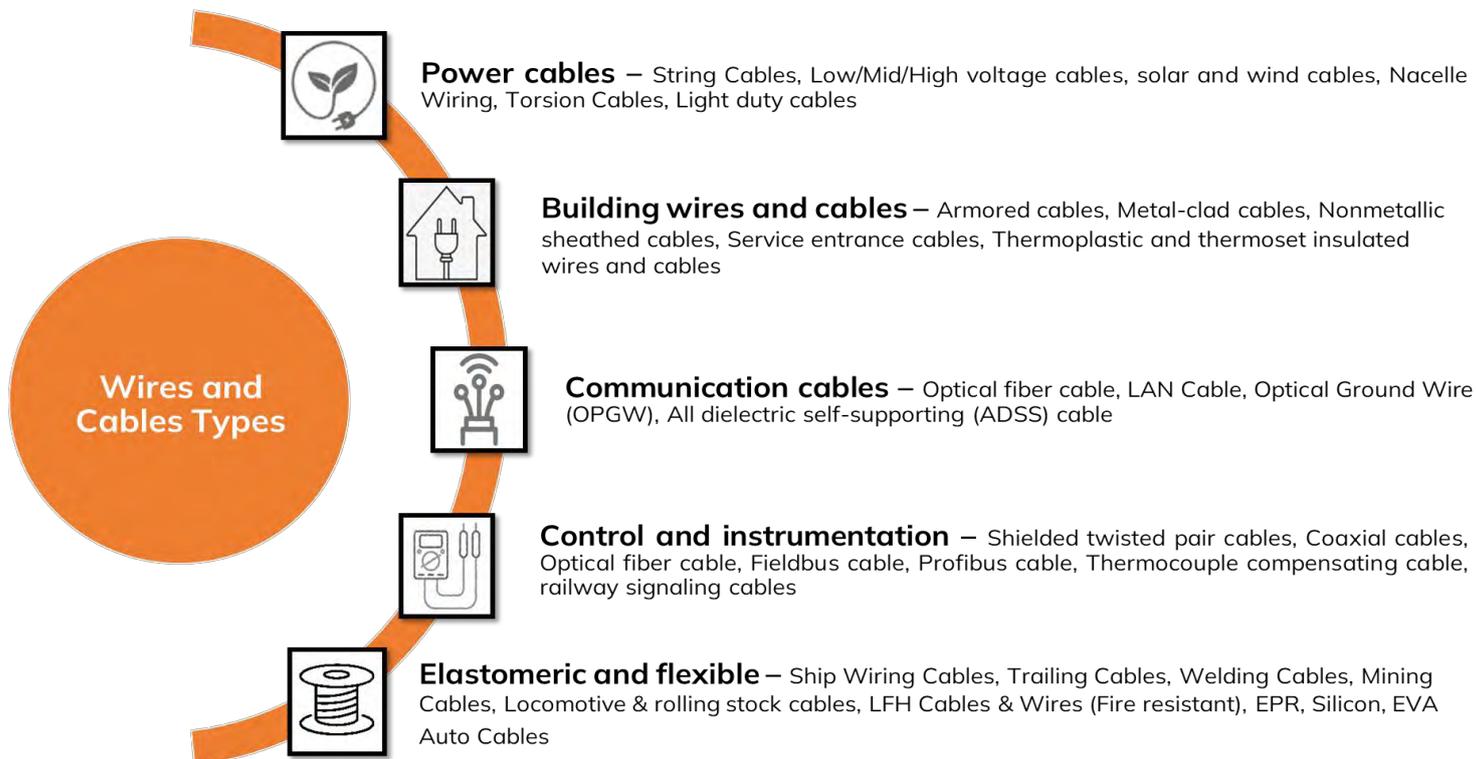
- Accelerating power demand and electrification are driving the growth in transmission and distribution, thereby, fueling the demand for cables
- Further, evolving mix of power generation with focus on renewables is fueling demand for renewable cables.
- India's cable market is estimated to be >INR 750bn and is driven by multiple growth engines – 1) transmission and distribution capex, 2) renewables capacity addition, 3) electrification in residential and commercial buildings, 4) industrial growth, 5) infrastructure development including smart cities, 6) technology driven growth driven by AI, digitisation, data centers, etc.
- Even worldwide, cables demand is on the rise and Indian manufacturers are looking to capitalise on the export opportunity particularly in the US and Europe.

Wires and cables have varied applications across several sectors. Their growth prospects are a function of drivers for the underlying sectors – power, telecom, construction, emerging industries such as data centres and overall industrial growth.

A multipronged segment

Cables have hundreds of SKUs based on composition and materials used. They can be broadly categorised basis end-use applications as given in the exhibit below:

Exhibit 36: Types of wires and cables



Source: I-Sec research

Domestic cables and wires market is estimated to be >INR 750bn. While the industrial cables market (low voltage, medium voltage, extra high voltage and elastomers) is estimated at 55-60% of the market, light duty cables (household cables) market is estimated to be >INR 320bn.

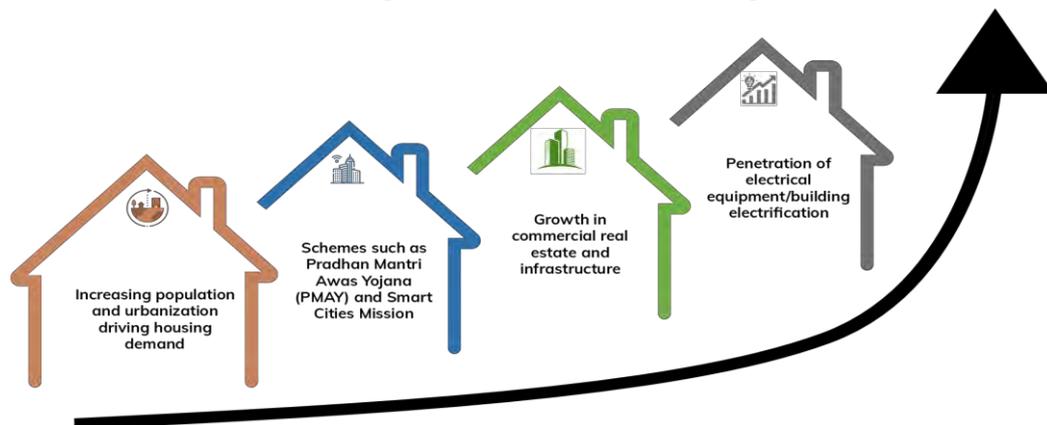
Power cables

To keep up with power demand growth, India is in the middle of high capex cycle throughout the power value chain – generation, transmission and distribution. Consequently, cables which have applications across the value chain have been witnessing robust growth. Power cables' demand is being majorly driven by generation capacity addition in India led by renewables. Renewables require 3-4% (by cost) of power cables. Its demand is expected to boost further with increasing RE penetration in the grid; RE installed base is expected to grow from 180GW (as of Sep'25) to >400GW by CY30. Doubling of India's power generation capacity from ~450GW to ~900GW expected by CY32 (as per NEP) is fuelling transmission capex (estimated INR 0.7-1trn annually in next 4-5 years). Further, strengthening of distribution infrastructure to supplement transmission growth and expansion of power-hungry data centres, railways/metro infrastructure, etc. could add to power cable demand.

Building wires and cables

India, the world's most populous country, has witnessed significant growth in building and construction led by housing segment. The housing growth was fuelled by rapid urbanisation as well as government programmes such as Pradhan Mantri Awas Yojana (PMAY). This along with growth in commercial buildings and infrastructure is driving demand for building wires and cables. The demand is being further pushed up due to increasing building electrification.

Exhibit 37: Drivers for building wires and cables' demand growth



Source: I-Sec research

Communication cables

India's communication cable market growth over the last few years was driven by the rapid expansion of the digital economy, fuelled by affordable tariffs, widespread mobile penetration and government initiatives like the National Broadband Mission and 5G rollout. India's optical fibre network has expanded >4x in 11 years (from 1.06mn km in FY14 to 4.2mn km in FY25). Increasing demand for high-speed internet, a push for fibre optic cables, infrastructure development for 6G and growth in data centres/cloud infrastructure could continue adding to the demand for communication cables.

Renewables chip in with their cable demand

- India is looking to increase share of green energy in its overall power supply mix; the efforts are part of its long-term target of net zero by 2070.
- India has set a target of 500GW non-fossil fuel-based capacity by FY30. We expect annual renewable capacity addition of 35-45GW in India over the next 5-6 years.
- Renewable cables form ~3-4% of the overall project cost of renewables. As a result, we estimate renewable cable opportunity of INR 60-80bn annually over the medium term.
- RE integration into grid and overall electrification is also leading to higher investments in transmission and distribution which also adds to the cable demand.

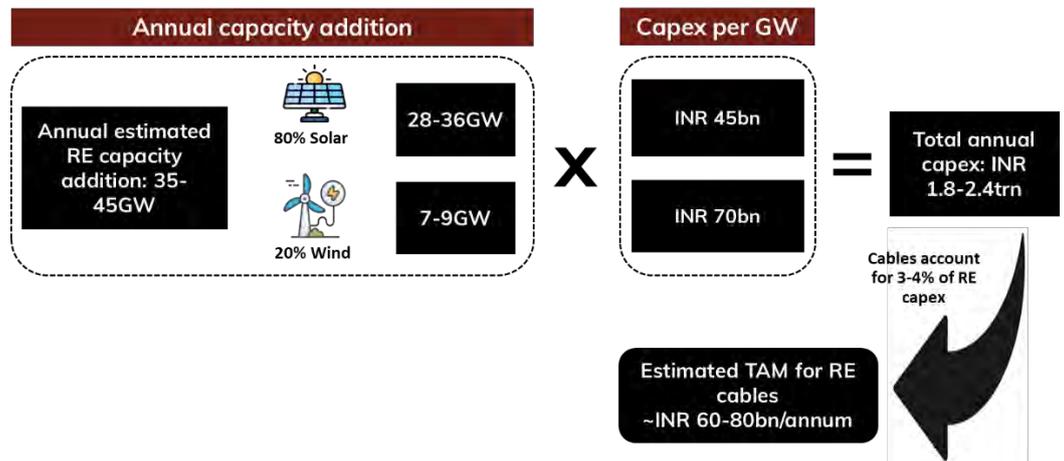
The grid is going green...

India is looking to accelerate its infusion of renewables into the power grid given – 1) increase in power demand (NEP estimates base demand of ~2,474BU in FY32 vs. ~1,694BU in FY25), 2) its net zero (by 2070) ambition requiring to reduce fossil-fuel based energy consumption. It is 4.5 years away from its targeted timeline for 500GW of renewable capacity. In order to achieve the target, it will have to add 40-50GW of RE capacity annually.

...expanding the cable TAM directly...

With the ramp up expected in RE capacity addition in next 4-5 years, the demand for RE cables could see a steep growth. We estimate renewables capex of INR 1.8-2.4trn/annum over the period. Note that cables account for 3-4% of the total capex in renewables. As a result, we estimate TAM for RE cables at INR 60-80bn annually. As an add-on, the surge in energy storage solutions provides further upside to TAM.

Exhibit 38: Estimated RE capex and TAM for RE cables



Source: I-Sec research

...and indirectly (through capex for grid integration)

Integrating renewables into grid requires higher transmission capex compared to conventional power. This is due to the concentration of renewable resources (with feasible solar irradiation and wind speeds) in select states, which are required to be connected to faraway demand areas, thus, leading to higher spend on transmission and distribution (T&D) infrastructure.

Building T&D infrastructure needs cables. With the scale of transmission capex (estimated at INR 700-800bn/annum) in next 4-5 years and likely expansion and modernisation of distribution infrastructure, RE integration is significantly adding to cables demand for T&D infrastructure.

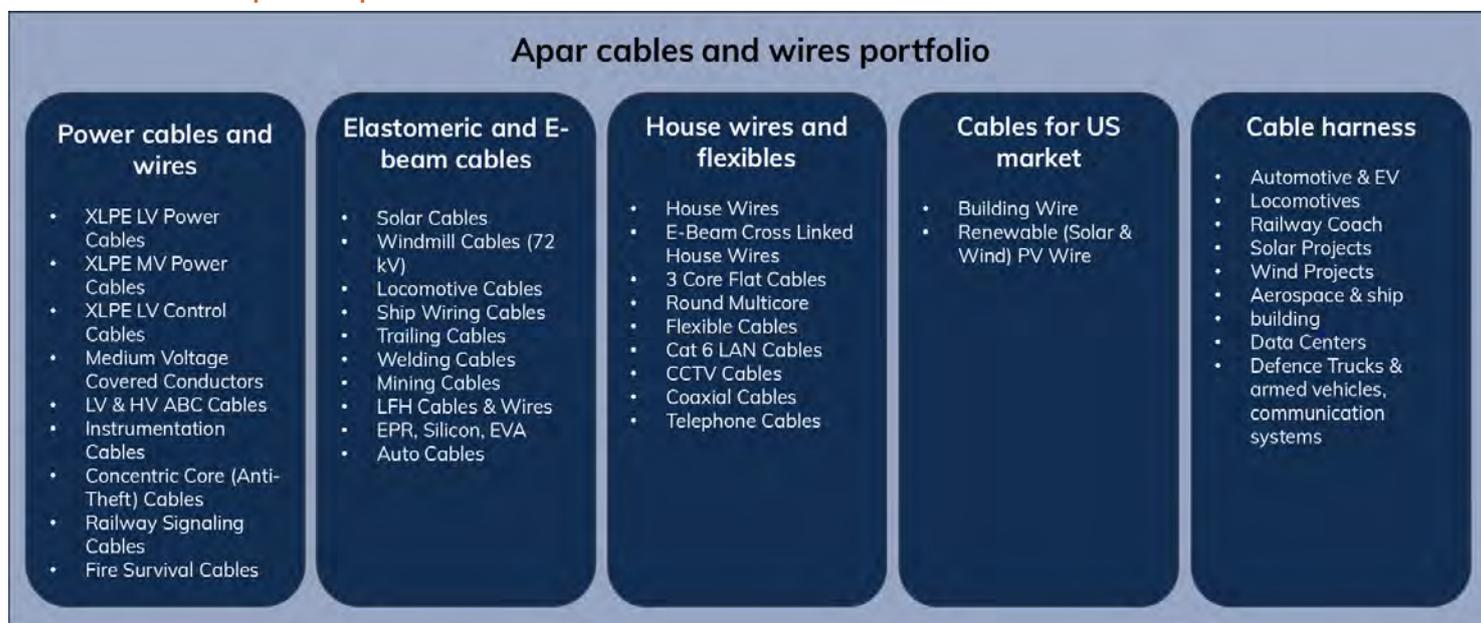
Apar is wired to succeed

- Apar is present in all key subsegments of cables market – renewables, power cables, communication, railway, cable harness, etc. Cables has been the fastest growing (revenue growth) segment for Apar over the last five years.
- It is a market leader in renewable cables; it has >70% market share in wind cables. The company is also a market leader in railway cables supplying for majority of Vande Bharat trains. Tailwinds in renewables capacity addition and power transmission and distribution bode well for healthy cable demand growth.
- Apar is also trying to increase its penetration in the retail market and has been substantially expanding its distribution and retail network over the last few years.
- Apar is also exporting to key export markets such as US and Europe; exports have formed >31% of its segmental revenue in last two years.
- To capture higher share of the growing market, the company is expanding its cable manufacturing capacity; it is investing ~INR 8bn largely for a greenfield capacity in Gujarat which is expected to come online by Q2FY27.

Presence in all key segments

Apar has a diverse set of offerings in its cable segment. It serves all key B2B segments such as power, railway, auto, data centers, cable harnesses, etc. It also has a bunch of offerings catering to the US market. Apart from B2B channels, the company is taking steps to gain higher market share in retail segment. In CY19, Apar brought E-beam technology to house wires, the first company to do so. It has been expanding its distribution network for retail.

Exhibit 39: Diverse product portfolio



Source: I-Sec research, Company data

Well positioned to win in renewable cables

Solar and wind cables have to withstand harsh weather, UV exposure, high electrical loads, high wind, moisture and temperature fluctuations. Apar's E-beam technology ensures better insulation leading to ~50% higher carrying capacity and longer lifespan of the cables. Apar has been one of the leading players in domestic renewable cables market. It has gained significant market share especially in wind projects where it has >70% market share. Renewables along with defense and EV cables contribute >30% of its cable segment revenue.

Power cables – biggest subsegment with strong tailwinds

Power cables are a key piece in power transmission and distribution infrastructure. Given the large capex planned in India and globally, we expect power cable demand to remain strong over the next 4-5 years. Apar also has strong presence in power cables across LV, MV and HV categories. It also supplies covered conductors for power distribution with higher safety in high population density and forest areas. Power cable is the largest subsegment in Apar's cable segment, contributing ~60% of its segmental revenue. We expect it to continue strong growth, given the tailwinds in transmission and distribution capex.

House wires, railway cables and cable harness

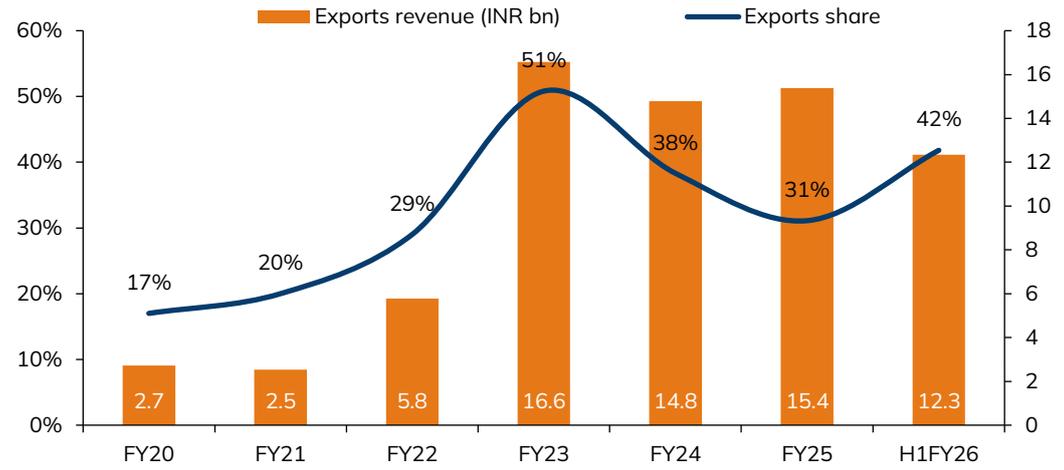
Apar is present in housing wires and cables market with a portfolio of E-beam house wires, communication cables, etc. It is also working towards expanding its retail distribution network trying to increase penetration in retail market. Further, it is a major player in railway cables. It has supplied cables to majority of Vande Bharat trains. It has also received approvals from Siemens and Bombardier supplying to Indian railways. Note that Siemens has received an order for 1,200 locomotives from the Indian railways. Apar also supplies optical fibre cables (OFC) used in communication and harness cables for solar, wind, automotive industry, etc.; OFC forms ~5% of its cables business.

Exports – a significant piece with strong potential upside

Apar draws a substantial portion of its cables business through exports, mainly to the US, the Middle East and European markets. Additionally, the company has expanded its market reach to Bahrain, Costa Rica, Mali, Burundi and Papua New Guinea. Exports formed 38.3% in FY24 and 31.1% in FY25 of its cables business. In H1FY26, the export mix was 41.8% (vs. 30.9% YoY). Its product range meets the required global standards including EN, IEC and UL standards; Apar has 19 UL approvals for its cables, highest for an Indian company. It has also received global approvals from wind turbine manufacturers like – Vestas, Siemens, Gamesa, Senvion, Envision, Nordex, GE, etc. Note that a large part of its cable exports comes from renewables and housing wires subsegments.

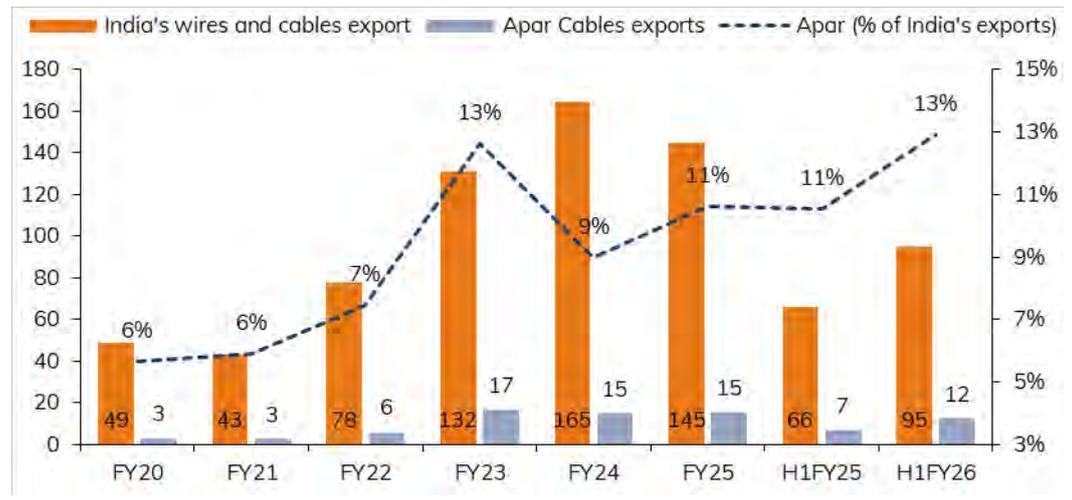
US and European markets import a substantial portion of its cable requirement. While China remains the biggest cable exporter to these markets, Indian companies including Apar are looking to grab higher share in these markets. Although, the ongoing tariff situation with US poses a near-term challenge, once the issue subsides, Indian exporters including Apar could increase the market share in a level-playing field (tariffs at par with other exporting countries).

Exhibit 40: Apar's cable export revenue and its share in overall revenue



Source: I-Sec research, Company data

Exhibit 41: Apar's cable exports grew 5x during the last 5 years outpacing growth in India's total cable exports



Source: I-Sec research, Company data

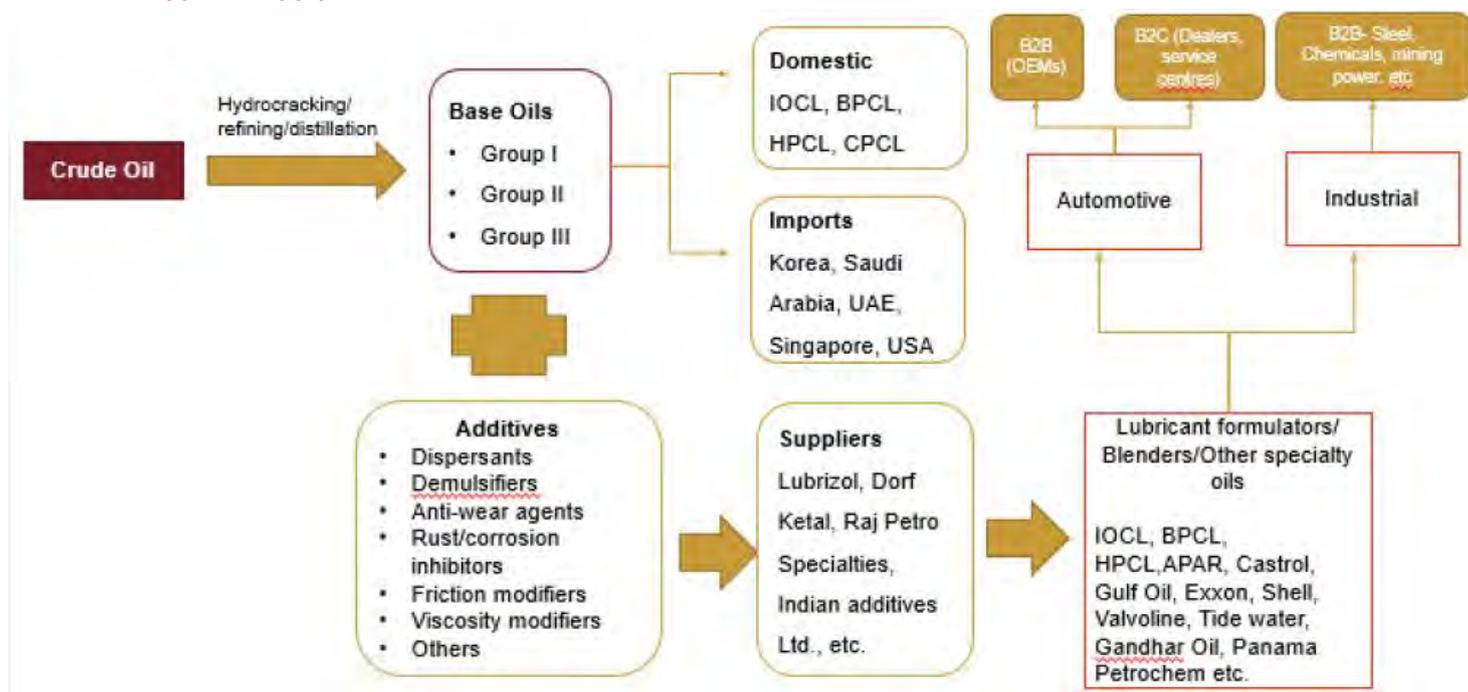
Apar has announced capex of INR 8bn over FY26 and Q1FY27 for capacity addition in cables division. It is investing in a greenfield cable manufacturing facility (~5km away from its existing facility in Khattalwada, Gujarat) for power cables, especially EHV cables. The facility is expected to become operational by Sep'26. As of Mar'25, its cable manufacturing capacity stood at 8,80,000km across its facilities in Umbergaon and Khattalwada in Gujarat.

Specialty oils and lubricants

- Specialty oils and lubricants have applications in diversified industries for cooling and heat transfer, chemical characteristic alteration of compounds, lubrication, wear-and-tear protection and product finishing
- A major chunk of India's specialty oil market (>85%) is contributed by automotive and industrial oils and lubricants; the remaining market is distributed among white oils, transformer oils, petroleum jelly and rubber process oil.
- India's specialty oil market is estimated to be >INR 620bn with steady 7-9% CAGR in the medium term. Automotive, manufacturing and heavy engineering make up >60% of the market (FY23)
- In our view, transformer oil market growth could outpace overall specialty oil market given strong tailwinds in transmission in India as well as globally, pushing up demand for transformers.

Specialty oils consist of white oils, automotive oils, transformer oils, industrial oils, rubber process oils etc. Base oils are the key raw materials in the production of specialty oils. Base oils and additives are combined to form specialty oils.

Exhibit 42: Typical supply chain in Indian market



Source: I-Sec research, Company, CRISIL

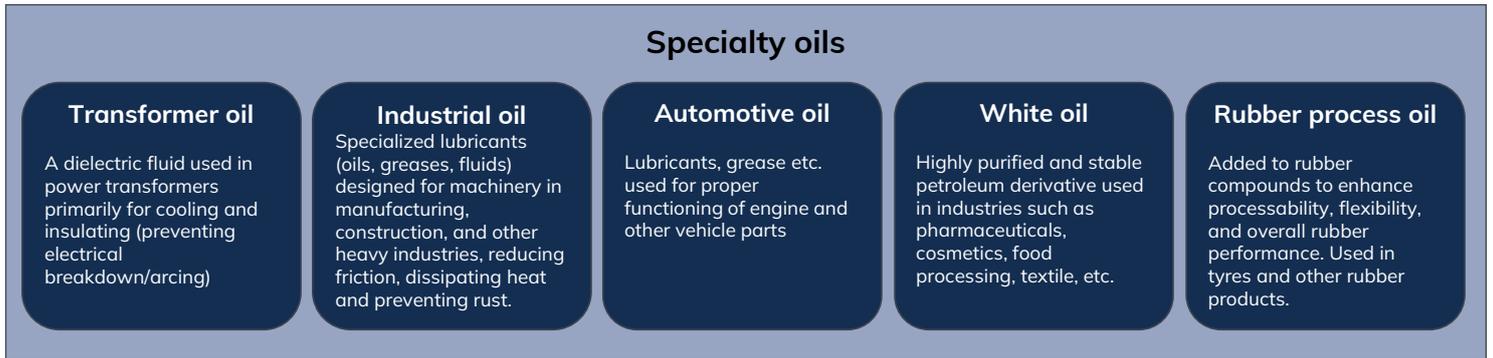
Base oil forms 40-50% of the overall cost structure of specialty oils. Base oils are made from crude oil directly. The production, availability and pricing of base oils are directly impacted by changes in the price of crude oil. Key lubricant manufacturing companies in India directly import base oil stocks from refiners since they require significant volumes annually.

Group I base oils have higher sulphur content (>0.03%) and less than 90% saturates which make them less preferred compared to Group II and Group III base oils. Prior to being used to create white oils, Group I base oils must undergo a lengthy purifying procedure. As a result, it is more expensive to produce white oils from Group I base oils.

In addition, the supply of Group II and Group III base oils has grown while that of Group I base oils has shrunk. Since Group I base oils have a greater processing cost, white oil providers favour Group II over the former. Additionally, Group II base oils are usually chosen over Group III base oils due to the latter's higher price.

Specialty oils are categorised as below:

Exhibit 43: Specialty oil types and applications

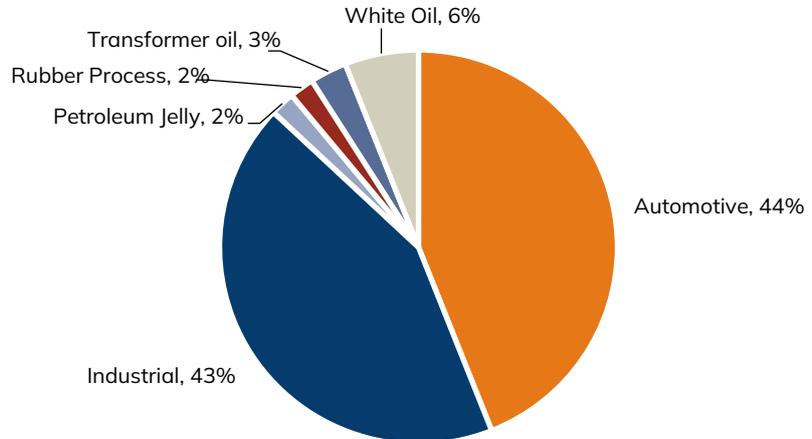


Source: I-Sec research

India’s specialty oil market is estimated at >INR 620bn and we estimate it to grow at 7-9% CAGR over the medium term.

Automotive and industrial oils are the largest segments in specialty oil with a combined estimated market share of >85%. White oil is the third largest segment with ~6% estimated market share. Transformer oil, though constitutes a small portion of the market, has strong tailwinds with step up in transmission capex worldwide to integrate renewables.

Exhibit 44: Indian specialty oil market share by product type in FY23



Source: I-Sec research, Company data, CRISIL MI&A

Transformer oil has strong fundamentals

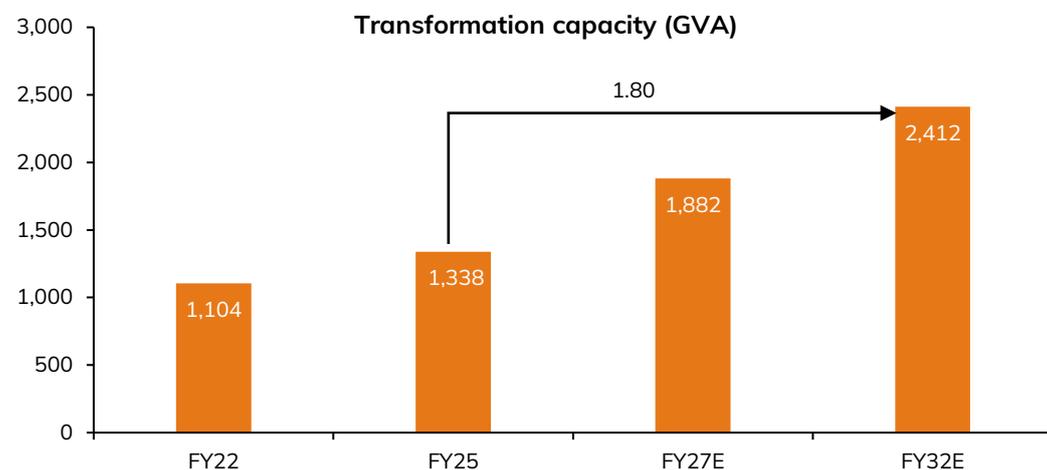
- Transformer oil performs two crucial tasks: (1) It prevents arcing; and (2) dissipates the heat produced by the device.
- Global transformer oil market is facing tailwinds from increasing investments in transmission infrastructure
- Major players are ExxonMobil, Nynas AB, Apar Industries, Phillips 66 and Chevron Corporation. The top 10 players account for 40-45% of the global transformer oil market.
- India's transmission capex cycle is also expected to peak in next 4-5 years, further pushing the transformer demand.

Transformer oil is a dielectric fluid used in transformers for a) cooling: absorbs heat from windings and dissipates it, often via radiators, b) arc quenching: helps to quench electrical arcs by absorbing and dissipating the energy, c) insulation: prevents electrical discharges and short circuits by providing a barrier between conductive parts, d) lubrication: acts as a lubricant for moving parts within the transformer.

India's transmission capex trajectory is getting steeper

India had bid out transmission projects worth over INR 2trn in FY24 and FY25. We believe domestic transmission bidding and capex outlook could remain strong in medium term, driven by India's ambitious RE capacity addition plans. As per NEP, India's substation capacity target is 2,412GVA by FY32, a strong 80% jump from FY25 level. Note that demand for transformers is already high with lead time of >12 months. We expect the demand to rise further, leading to strong demand outlook for transformer oil.

Exhibit 45: India's cumulative substation capacity planned as per NEP

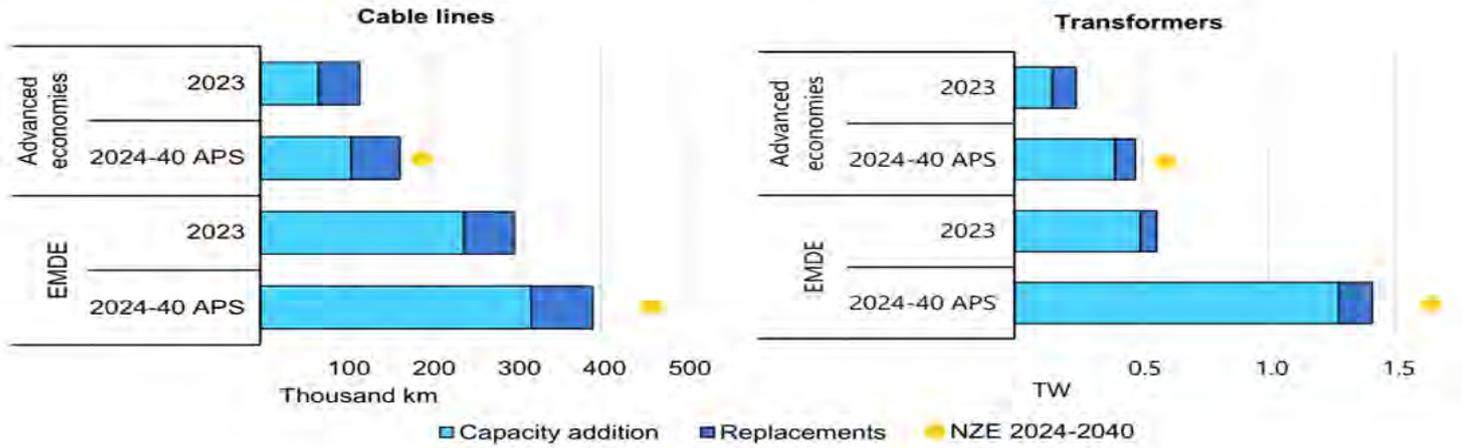


Source: I-Sec research, NEP

Global transformer oil demand to grow steadily

Global transmission infrastructure is also undergoing an overhaul with key regions chasing their net zero targets prompting surge in renewables capacity. IEA estimates annual transformer capacity addition and replacement to more than double its CY23 levels over CY24-40, with growth driven by EMDE (emerging market and developing economies). The growth in transformer installations is likely to generate healthy demand for transformer oil over long term. Global transformer oil market is estimated to grow at a steady pace of 6% CAGR over FY22-27 to reach ~USD 4.9bn (Source: CRISIL).

Exhibit 46: Global transmission network - average annual capacity additions and replacement per region



Source: IEA

Note: The estimate is as per Announced Pledges and Net Zero Emissions by 2050 scenarios, 2023-2040

APS – Announced pledges scenario; NZE – Net Zero emissions Scenario

Transformer oil replacement to ensure recurring demand

A transformer during its lifecycle of 30-35 years requires oil replacement. The fresh oil reduces the likelihood of electrical faults, ensuring stable operation and fewer disruptions. The replacement market with growing installed base further adds to the transformer oil opportunity.

Apar is a well-oiled machine

- Presence across key specialty oil segments – transformer oil, industrial oils and lubricants, auto lubricants, white oil and rubber process oil. Diversity in end-use industries reduces concentration risk and provides steady growth visibility.
- Apar is amongst the third largest transformer oil producer globally; it has ~50% market share in transformer oil in India.
- Exports revenue share has been consistently >40% in last 5 years; >49% of its transformer oil is sold in overseas markets; Apar has received approvals from major utilities and OEMs globally.
- Its hub and spoke distribution network has reached 125 countries with manufacturing capacity at 7,50,000KL in India and 1,75,000KL in the UAE.
- Apar is investing INR 2bn for a new storage terminal at JNPT port allowing for efficient import and distribution across its manufacturing plants in India and also for bulk export of its products.

Apar is a specialty oil major in India with longstanding presence and diverse product portfolio serving multiple end-use industries. It is the third largest transformer oil supplier globally. Nearly 40-45% of its segment revenue comes from exports. The segment is expected to grow at a steady rate over the next decade primarily due to likely demand growth and Apar's strong footprint in transformer oil.

Products catering to diverse end-use industries

Apar has a diverse portfolio of specialty oils and lubricants with 400+ products across – transformer oil, industrial oils and lubricants, auto lubricants, white oil and rubber process oil. It has 30+ grades in transformer oil and white oil. The portfolio offers steady growth given the applications in multiple end-use industries globally which limits demand shocks, if any.

A global major in transformer oils

Apar is the third largest transformer oil player globally. It manufactures transformer oil for up to 800kV class. Its transformer oil business is expected to grow at a higher rate compared to segment growth over medium term. Transformer oil demand growth stems from ramp up in transmission infrastructure globally. Apar already has approvals from major utilities and transformer OEMs across the globe putting it at an advantage to benefit from the expected demand growth in transformer oil.

Strong foothold in export markets

Exports form a good chunk of Apar's specialty oil revenue at ~40-45%. Almost half of its transformer oil is sold in overseas markets. It has been investing to expand its global reach and offerings. It commissioned specialty oil plant in Sharjah, UAE in CY18 providing proximity to customers in the Middle East and East Africa. Its distribution network covers more than 125 countries. Further, it partnered with ENI, Italy and ARKOS, Singapore for high-end lubricants. Apar is also amongst the approved supplier lists of major utilities and OEMs globally, including global majors such as Siemens, ABB, General Electric and Schneider.

Exhibit 47: Global approvals in place

Meeting international standards	Utility approvals (non-exhaustive list)	OEM approvals
<ul style="list-style-type: none"> • IEC Standard • ASTM Standard • BS • DIN Standard 	<ul style="list-style-type: none"> • SEC Saudi Arabia • OETC Oman • MEW Kuwait • TNB Malaysia • ADWEA and SEWA in UAE • MOE Iraq • STEG Tunisia • Eskom South Africa • Power Grid India • WEG Argentina (underway) 	<ul style="list-style-type: none"> • General Electric • Schnider • Siemens • ABB • Tyree • Areva • Hyundai Electric • Huysong Heavy Industries

Source: I-Sec research, Company data

Investing to augment supply-chain efficiencies and unlock bulk exports

Apar is investing ~INR 2bn in specialty oil business in FY26 and Q1FY27. It is building a storage terminal in JNPT port, which would allow it to bring down supply-chain cost for incoming base oil. The company is also planning to start bulk exports of transformer oils and white oils from the terminal.

New products targeting data centre opportunity

Eyeing the cooling requirement in fast growing data centre ecosystem, Apar has added a new product offering – single-phase immersive cooling. Apar believes the cooling solution could enable higher rack densities, extend hardware lifespan by minimising temperature swings, lower energy usage by 30-50% and reduce water dependency (no chillers needed).

Tariff headwinds are seemingly over

- US had raised tariffs on Indian exports to 25% effective Aug'25. Additionally, it started imposing 25% tariff for the import of Russian oil. Thus, cable and conductor exports went into a tailspin.
- Apar was strongly impacted, with US geography forming a sizeable portion of its sales pie.
- Now, the tariffs announced by US have been invalidated by the US Supreme court. Subsequently, US has now announced 15% tariff across exporting countries.
- As a result, we expect improvement in cables and conductors' exports to US. Apar is likely to regain share. It has developed and is quite entrenched in the US market.

Exports hold a significant share (~1/3rd for FY25) in Apar's overall revenue with US being a key export market. In FY25, ~41% of its conductors and cables export revenue came from the geography. Given this, the US-India tariff issue in FY26 led to uncertainties in its export business outlook. In this light, the recent positive development on the US tariff issue is expected to clear the overhang.

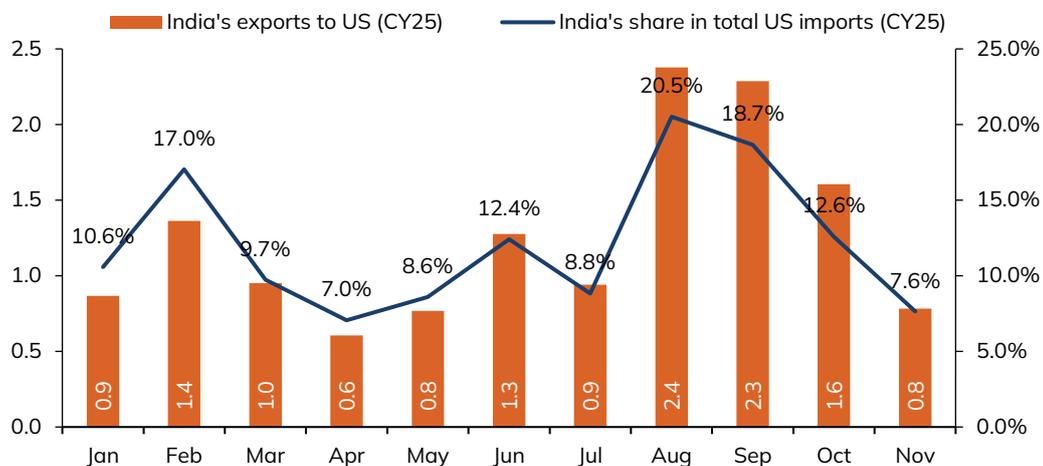
The export engine...

Exports have been a key pillar of Apar's business over the years. In FY25, exports formed ~33% of its overall revenue; its three key segments have significant share of exports – conductors (24%), cables (31%) and specialty oil (44%). The company has been strengthening foothold in export markets by getting requisite approvals for its products.

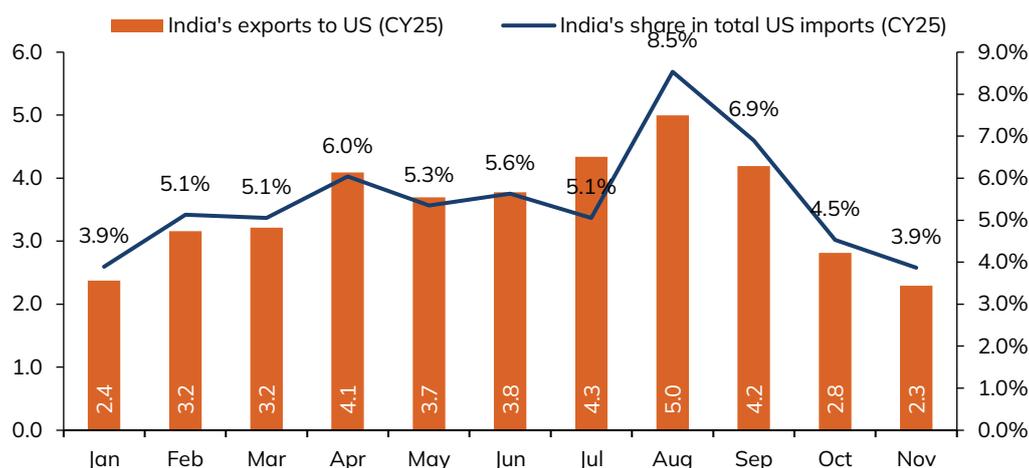
...was briefly threatened by US tariff issue

In Aug'25, US imposed 25% reciprocal tariff on imports from India, with an additional tariff of 25% subsequently. The 50% total tariff hike substantially reduced the price competitiveness of Indian goods in US market compared with other exporting countries. This led to murkier near-term outlook for Apar's conductors and cables exports. Note that US formed ~41% of its conductors and cables exports (by revenue) in FY25. The tariff issue impacted its order inflow for cables in Q2FY26 from US market. Impact of higher tariffs was also seen in India's monthly conductors and cables exports to US post Sep'25 as shown below:

Exhibit 48: Monthly conductor exports by India to US (INR bn)



Source: I-Sec research, Company data

Exhibit 49: Monthly wires and cables exports by India to US (INR bn)


Source: I-Sec research, Company data

However, the overhang seems to be fading off

After nearly six months of the additional tariff imposition by US, India-US reached a trade deal in Feb'26 wherein reciprocal US tariffs on Indian goods were reduced to 18%, from 25% and additional 25% tariff has been discontinued. India's relative standing vs. other key exporting countries, post the tariff revision, is shown in **Exhibits 50–51** below:

Exhibit 50: Relative tariffs – India vs. top conductor exporters to US

Exporting country	Share in US conductor imports		Tariff (HTS code - 7604.29.10.10)	
	CY24	8MCY25	Total	Under trade agreements
Canada	26%	27%	50.5%	35.0%
Mexico	15%	14%	47.5%	35.0%
India	12%	12%	45.4%	
Bahrain	7%	6%	43.0%	38.0%
Vietnam	5%	5%	46.0%	
Germany	4%	5%	43.0%	
Dominican Republic	4%	1%	43.0%	38.0%
Turkey	4%	3%	44.5%	
Ecuador	3%	3%	44.5%	

Source: I-Sec research

Note: Absolute tariffs on other conductor HS codes may vary, but relative standing of India vs other exporting countries largely remains the same as shown above

Exhibit 51: Relative tariffs – India vs. top wires and cables exporters to US

Exporting country	Share in US wires and cables' imports		Tariff (HTS code - 7408.11.60.00)	
	CY24	8MCY25	Total	Under trade agreements
Mexico	28%	27%	53.0%	25.0%
Canada	27%	18%	63.0%	25.0%
South Korea	9%	10%	34.0%	32.5%
China	9%	7%	68.0%	
Poland	4%	4%	34.0%	
India	3%	5%	37.0%	
Germany	2%	3%	34.0%	
Vietnam	2%	3%	38.0%	
Taiwan	2%	2%	38.0%	

Source: I-Sec research

Note: Absolute tariffs on other wires and cables HS codes may vary, but relative standing of India vs other exporting countries largely remains the same as shown above

However, subsequently, the US supreme court invalidated tariffs imposed by Trump administration in CY25. US now has declared 15% tariffs across countries on exports to US. This substantially improves price competitiveness of Indian exporters compared to their global counterparts (compared to last 6 months).

Apar's vantage: Improving trade dynamics with key export markets

For Apar, we believe, the reduced tariffs on US exports not just clears the overhang on its exports outlook, but also improves the US export outlook for the company. Further, the recently announced India-EU free-trade deal, although might take some time to formalise, is expected to aid Indian exports to European markets. We expect Apar to benefit from this in the medium term. Note that Apar is the largest conductor exporter and second largest wires and cables exporter in India.

Competitors

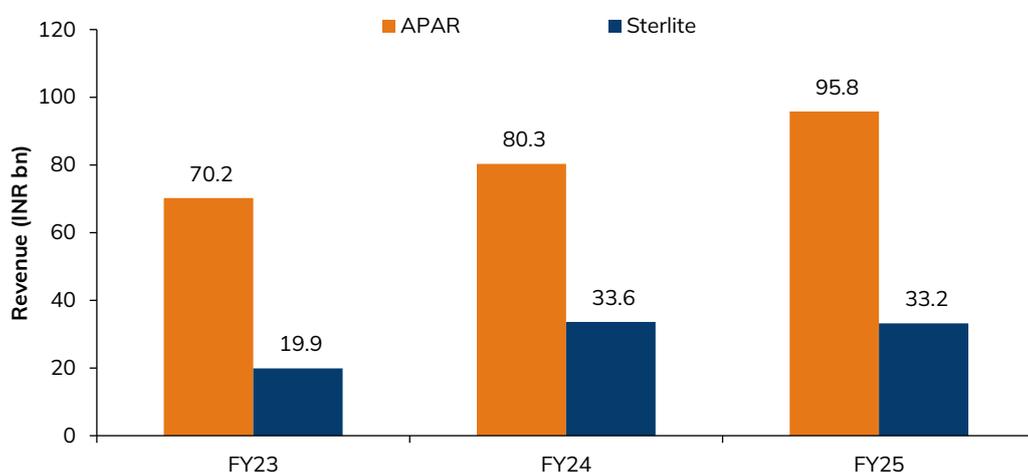
- Apar does not have a single competitor present across all the three segments it operates in. However, it faces significant competition from various companies in specific segments/subsegments.
- Apar is the largest conductor manufacturer in India in terms of sales. Some large competitors in conductor segment are Sterlite Electric and Gupta Power. However, both the companies have presence in other segments, too.
- Some large competitors in cables segment include Polycab, KEI and Havells. However, most of these companies are largely present in domestic/household cables and wires while Apar has small but growing presence in retail market and is largely present in B2B market.
- In specialty oil business, it has various products. Transformer oil is the largest subsegment and Apar is strongly positioned as the third largest transformer oil player globally with approvals from large OEMs and transmission companies.

Conductors

Domestic conductor market can be largely divided into two segments – 1) conventional conductors; and 2) high-efficiency conductors. High-efficiency conductors are more sophisticated and complex products to manufacture.

Currently, there are two major players in conductor market – 1) Apar; and 2) Sterlite Electric. The two players cover >50% of conductor market in India and Indian exports; note that domestic conductor market is estimated at >INR 185bn, while exports from India stood at ~INR 45bn in FY25.

Exhibit 52: Conductor segment revenue of major players – Apar and Sterlite



Source: I-Sec research, Company data

Conventional conductors are more a commodity and there is long tail of organised and un-organised players. Apart from Apar and Sterlite, other key players in conventional conductors are Gupta Power and JSK industries. For specialised conductors such as HTLS and AL-59, which are growing at a higher rate, the competition is limited. Only four players including Apar and Sterlite exist in Power Grid's approved vendor list for both HTLS and AL-59.

Exhibit 53: Vendor approvals from Power Grid for specialised conductors

	HTLS	AL-59
Apar Industries	✓	✓
Sterlite Electric	✓	✓
Gupta Power Infrastructure Ltd	✓	✓
Transrail Lighting Ltd.	✓	✓
GALAXY TRANSMISSION PVT ITD		✓
Lumino Industries Ltd.		✓
Palriwal Industries Private Limited		✓
KEC Asian Cables Limited		✓
JSK Industries Pvt. Ltd.		✓
Cabcon India Limited (Unit III)		✓

Source: I-Sec research, Power Grid

Apar and Sterlite had conductor production capacity of >210ktpa and 117ktpa, as of FY25, respectively. Apar is the leader in the pack with revenue of INR 96bn from conductor division with an EBIT margin of ~9%, owing to its higher share of high-efficiency conductors and exports share in the revenue. Sterlite had revenue of INR 33bn from conductors in FY25. Apar's conductor volumes stood at 223KT in FY25, >2x of 106KT by Sterlite. Apar is further expanding its capacity by ~25KT; the new capacity is for premium conductors and is expected to come online by end of H1FY27.

Cables and wires

Cables and wires market can be broadly classified into – a) industrial cables and wires and b) domestic cables and wires.

Exhibit 54: Leading cables and wires manufacturers in India (INR mn)

Apar (cables segment)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	11,370	16,870	16,030	12,700	19,940	32,630	38,589	49,447
Change (%)		48%	-5%	-21%	57%	64%	18%	28%
EBIT	911	1,730	1,546	328	798	3,168	4,051	4,595
EBIT Margin (%)	8.0%	10.3%	9.6%	2.6%	4.0%	9.7%	10.5%	9.3%
Polycab	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	63,170	70,640	75,900	75,910	1,07,930	1,27,770	1,62,806	1,92,366
Change (%)		12%	7%	0%	42%	18%	27%	18%
EBIT	6,407	8,351	9,309	9,069	10,545	16,724	24,078	26,203
EBIT Margin (%)	10.1%	11.8%	12.3%	11.9%	9.8%	13.1%	14.8%	13.6%
KEI	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	27,270	33,600	39,860	35,740	51,230	62,540	72,686	85,508
Change (%)		23%	19%	-10%	43%	22%	16%	18%
EBIT	2,964	3,664	4,414	4,164	4,864	5,708	7,570	9,749
EBIT Margin (%)	10.9%	10.9%	11.1%	11.7%	9.5%	9.1%	10.4%	11.4%
Havells	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	26,830	32,350	29,940	31,800	46,450	55,330	63,176	71,836
Change (%)		21%	-7%	6%	46%	19%	14%	14%
EBIT	4,380	5,217	3,321	4,038	5,405	5,247	7,161	7,715
EBIT Margin (%)	16.3%	16.1%	11.1%	12.7%	11.6%	9.5%	11.3%	10.7%

Source: I-Sec research, Company data

Apar had revenue of INR 49.5bn from cables and wires segment with an EBIT of 9.3% in FY25. Nearly 31% of its revenue comes from export markets and of the rest only INR 3.8bn has come from B2C and the rest from B2B cables and wires segment. Exports form a key component of Apar's cable business with ~31% and 42% revenue share in FY25 and H1FY26, respectively. Apar has 19 UL approvals for cables, highest among Indian companies; UL approvals are required for cable supply to US market.

Apart from Apar, most competitors have presence in B2B and B2C channels. KEI has a revenue of INR 85.5bn in FY25 with an EBIT margin of 11.4%. KEI offers a blend of industrial high-tension cables and domestic cables. Polycab has the highest revenue of INR 192bn in FY25, largely from wires and cables segment, with an EBIT margin of 13.6%.

The competition in B2C/domestic cables is steep and could intensify further with big players such as Ultratech (part of Aditya Birla Group) planning an entry into the cables market. However, Apar has an early-mover advantage in B2B, as it has been continuously stacking-up approvals from various customers in India and key export markets; lack of these approvals can be an entry barrier for new players in B2B/industrial segment, as it can take considerable time upfront.

Further, Apar has market leadership in wind cables with >70% market share and also holds significant presence in solar cables. The company is also investing INR 8bn in cables segment in FY26 and Q1FY27. A large part of this is for a greenfield cable facility in Gujarat for power cables. Apar is looking to double its capacity for LV cables and quadruple its capacity for MV cables by end of H1FY27.

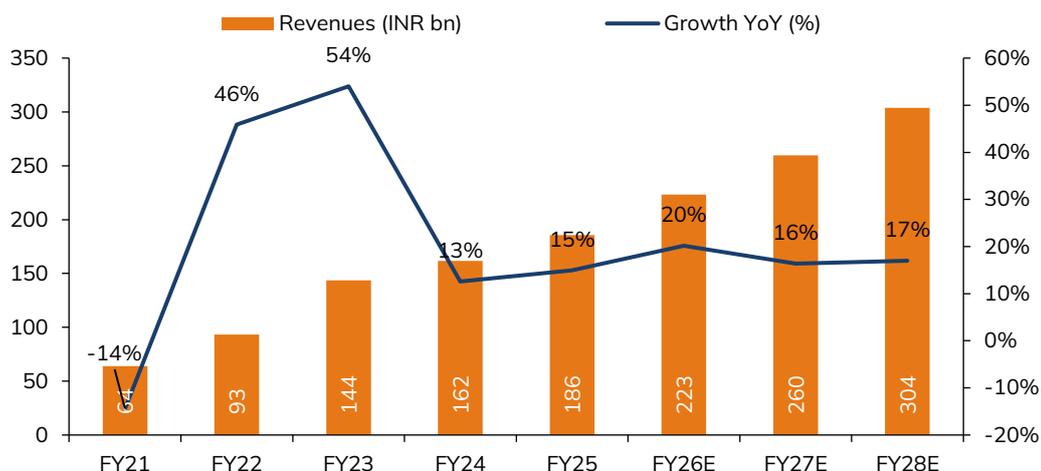
Financials

- Apar's revenue/EBITDA/PAT CAGRs over the last five years was 20%/30%/60%. We estimate its revenue/EBITDA/PAT CAGRs over FY25-28 to be 18%/19%/21%.
- Revenue growth is expected to be led by conductors (18%) and cables (24%), while specialty oil segment could grow at ~11% over FY25-28E.
- Segmental margins – conductor margins are expected to be at of 8.2-8.3%; cable margins could improve slightly by 30-40bps (vs. FY25) with ongoing capex leading to higher scale; specialty oil margins may improve slightly to ~7.2% (vs. 7% in FY25).
- Apar has a substantial capex plan of INR 13bn for FY26 and Q1FY27, with 50:50 debt:equity funding mix. This is estimated to increase its gross block by ~50%, leading to an increase in depreciation and finance costs.

Revenue CAGR of 18% likely over FY25-28E

Apar is likely to witness a revenue CAGR of 18% over FY25-28E to INR 304bn (vs. INR 186bn in FY25). In 9MFY26, the company achieved revenue of INR 163bn. Its revenue growth over FY25-28E is expected to be led by cables and conductor segments, while specialty oil segment could grow at a moderate pace.

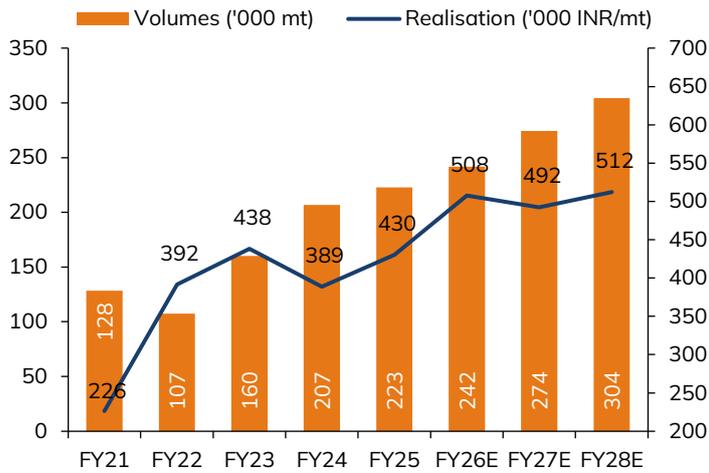
Exhibit 55: Revenue CAGR of 18% over FY25-28E



Source: I-Sec research, Company data

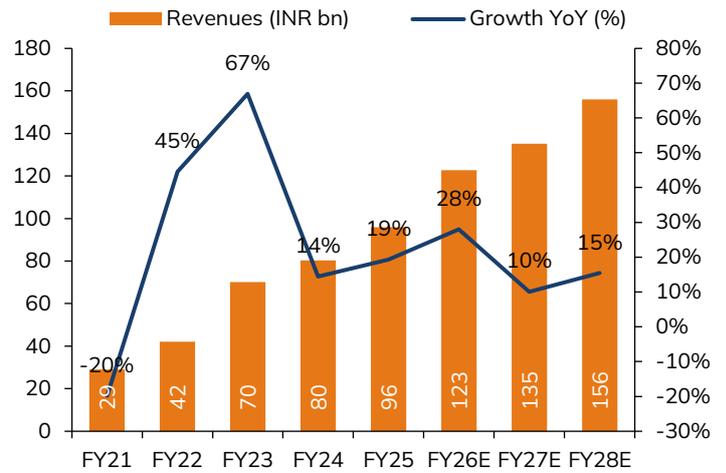
We expect conductors demand to remain strong; and thus, envisage a volume CAGR of 11% over FY25-28E. We expect volume growth to be 14%/11% in FY27E/FY28E. Conductor realisation was in an uptrend in 9MFY26; we expect a slight moderation in the near term and an increase in FY28E vs. current levels (~INR 5,06,000/mt in 9MFY26). As a result, we expect conductor revenue CAGR of 18% over FY25-28E to reach INR 156bn in FY28E.

Exhibit 56: Conductor volume may grow at 11% CAGR over FY25-28E



Source: I-Sec research, Company data

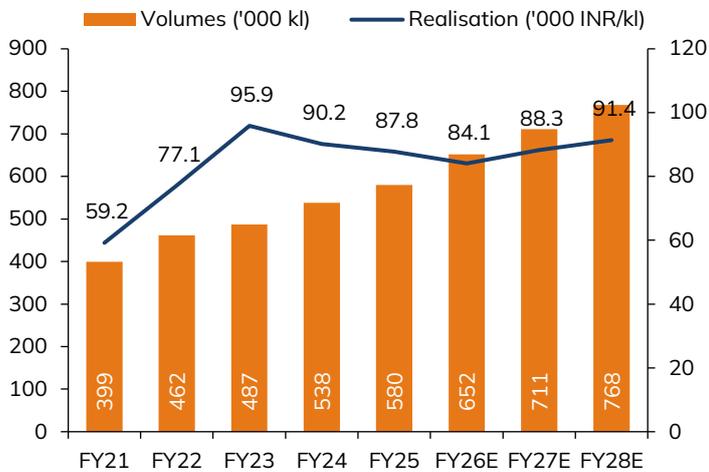
Exhibit 57: Conductor revenue could grow at 18% CAGR over FY25-28E



Source: I-Sec research, Company data

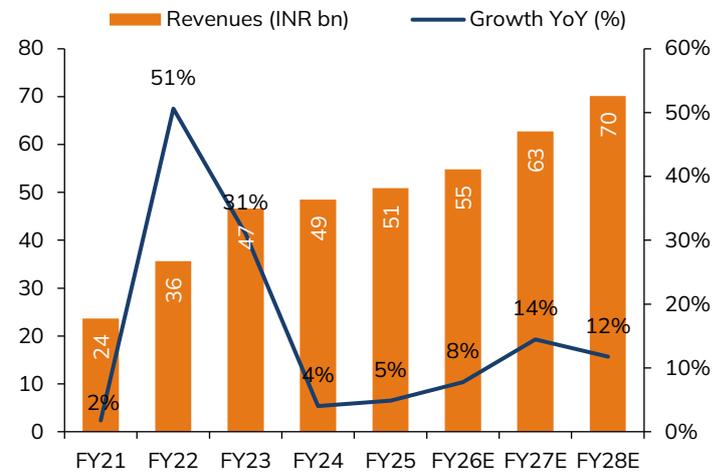
Specialty oils segment volume may report moderate growth of 10% over FY25-28 to 768kL. Realisation could go up in FY27/28, after a dip in FY26. Overall realisation CAGR is estimated at 1% over FY25-28. As a result, we expect specialty oil segment revenue to grow at 11% over the 3-year period (by FY28E).

Exhibit 58: Specialty oil volume estimated to grow at 10% CAGR over FY25-28E



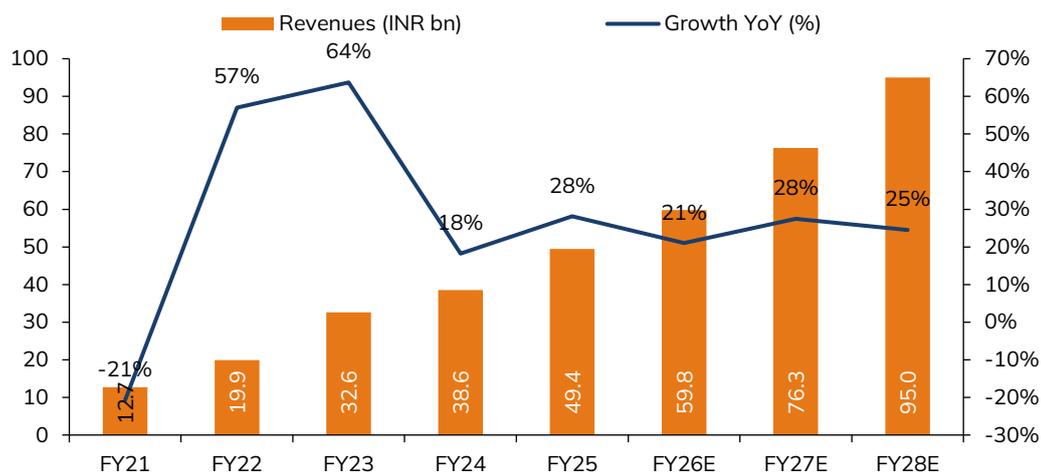
Source: I-Sec research, Company data

Exhibit 59: Specialty oil revenue could grow at 11% CAGR over FY25-28E



Source: I-Sec research, Company data

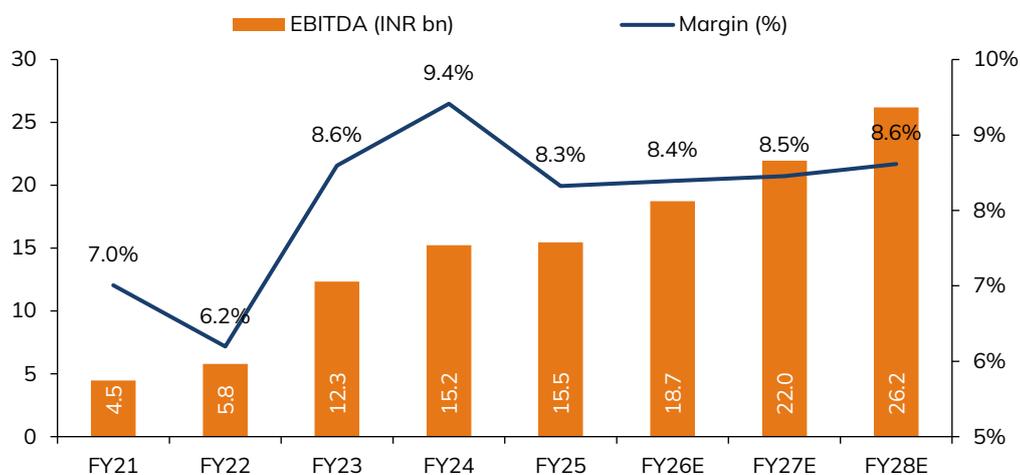
Cables revenue grew 2.5x in the last three years. Given the healthy demand from power generation and electrification, we expect cables revenue see a 24% CAGR over FY25-28E. Exports are also expected to grow at a healthy rate given that US tariff headwinds in FY26 are now likely behind. Note that cables revenue grew 22% in 9MFY26, with export contribution going up to 34%, from 31% in FY25.

Exhibit 60: Cables revenue is expected expand at 24% CAGR over FY25-28E

Source: I-Sec research, Company data

Operating margin profile

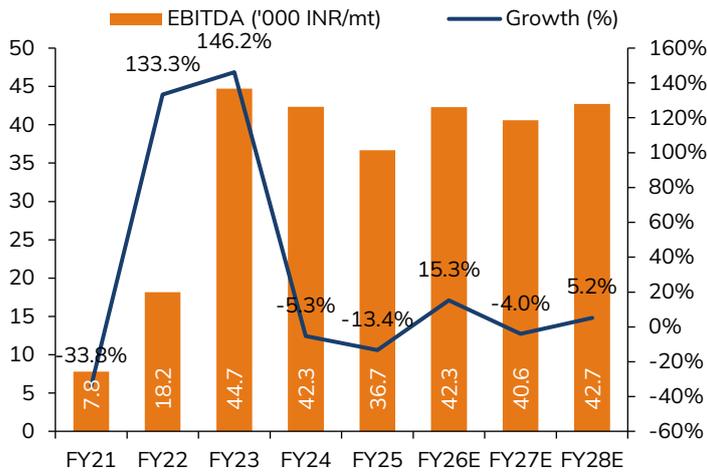
Apar's EBITDA margin witnessed a strong improvement in operating margin in recent years owing to product premiumisation, exports and tailwinds in power generation and transmission. We do not expect any material improvement in overall EBITDA margin in next three years.

Exhibit 61: EBITDA expected to grow at a CAGR of 19% over FY25-28E

Source: I-Sec research, Company data

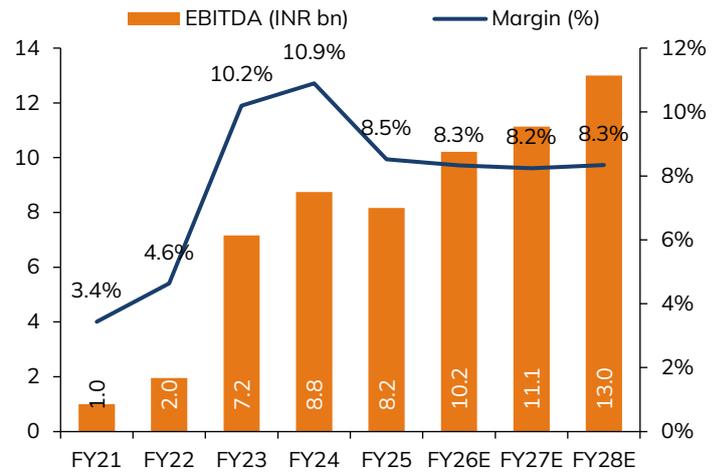
We estimate EBITDA margin to moderate slightly for conductors (20–30bps) during the projection period; however, cables and specialty oil margins are expected to improve by 20–30bps, leading to largely unchanged overall margins. The capex being done in cables should lead to an increase in scale; alongside, strong demand is expected to improve margins. In case of specialty oil, the company is investing in a greenfield terminal at JNPT port, which could lead to cost efficiencies and allow for bulk exports; consequently, margins may improve a tad. However, majority of the estimated EBITDA growth is expected to be driven by an uptick in revenue.

Exhibit 62: Conductor EBITDA/mt



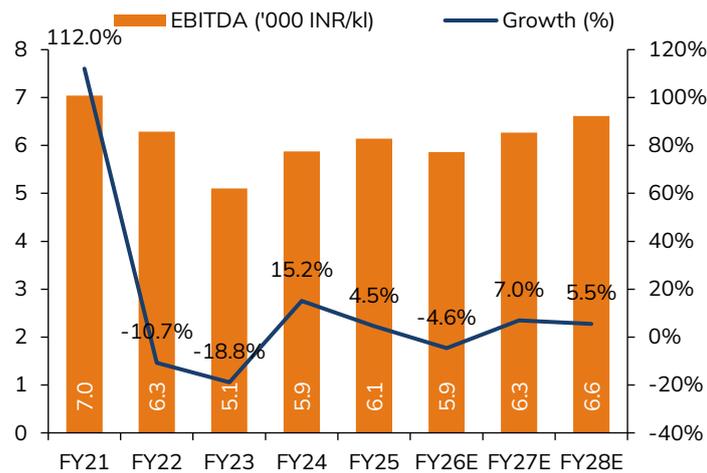
Source: I-Sec research, Company data

Exhibit 63: Conductor EBITDA could grow at 17% over FY25-28E



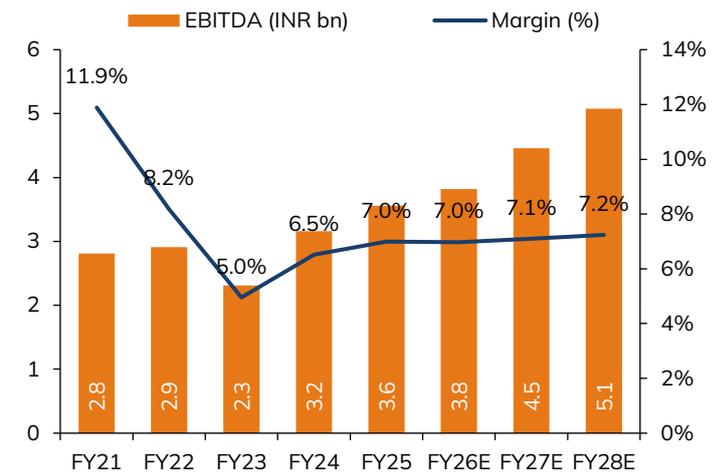
Source: I-Sec research, Company data

Exhibit 64: Specialty oil EBITDA/kl



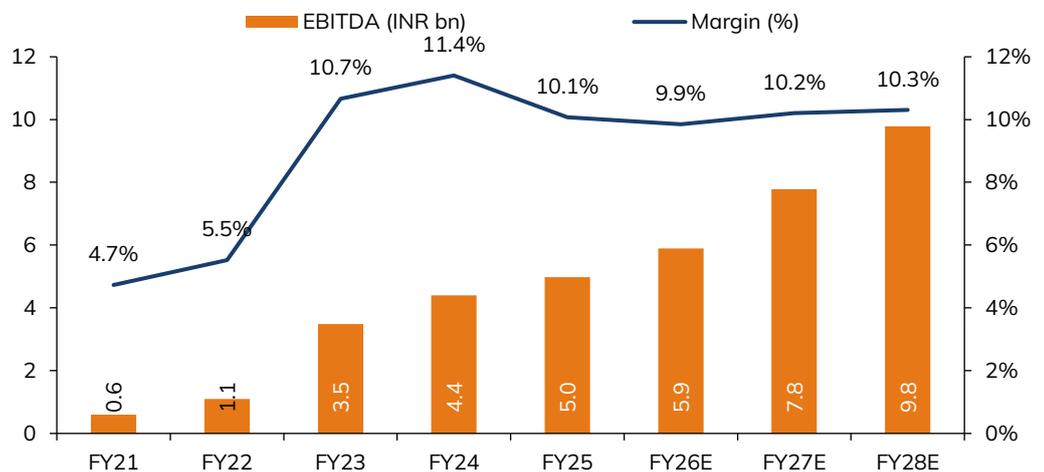
Source: I-Sec research, Company data

Exhibit 65: Specialty oil EBITDA could grow at 13% over FY25-28E



Source: I-Sec research, Company data

Exhibit 66: Cable segment EBITDA could grow at 25% CAGR over FY25-28E

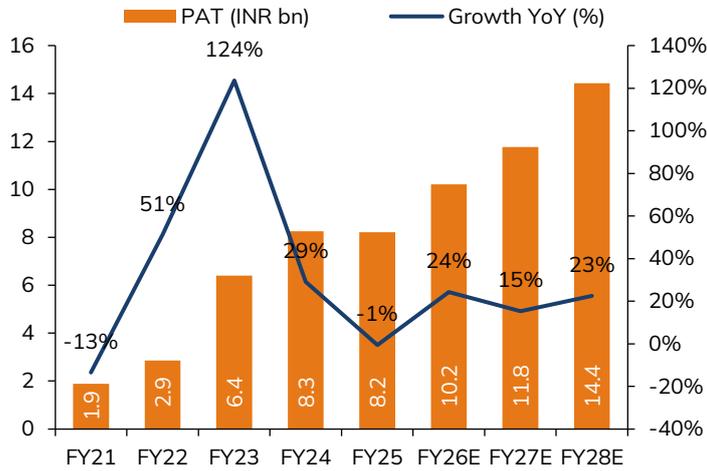


Source: I-Sec research, Company data

Profit estimated to expand at 21% CAGR over FY25–28E

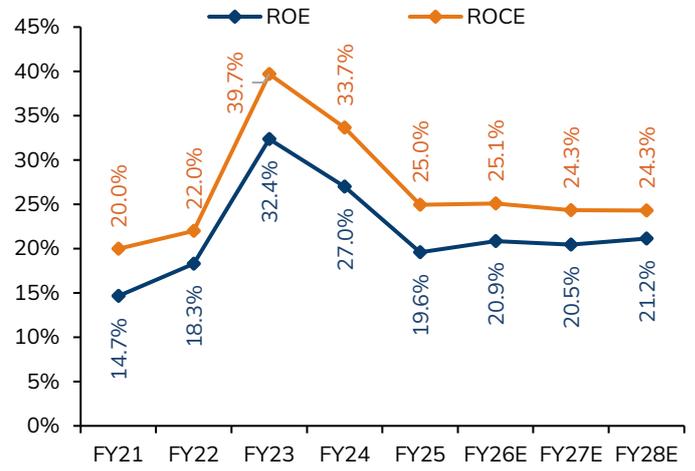
We expect PAT to see a CAGR of 21% over FY25–28E to INR 14.4bn in FY28E. The company is undertaking capex of INR 13bn in FY26 and Q1FY27, which is likely to increase gross block by ~50%. The capex is to be funded with 50:50 debt:equity mix. This should increase depreciation and interest costs in FY27/28E.

Exhibit 67: PAT could see a 21% CAGR over FY25-28E



Source: I-Sec research, Company data

Exhibit 68: RoE/RoCE to remain healthy at >20%/>24%



Source: I-Sec research, Company data

Outlook and valuation

Apar is a focused play on India's energy infrastructure growth story with presence largely concentrated in power and power ancillary segments like transmission, distribution and RE generation. It was one of India's largest manufacturers and exporters of conductors and cables in FY25 and was also the largest private manufacturer of speciality oils in domestic market with a capacity of >750,000KL.

Historically, Apar has demonstrated its expertise in conductor segment with healthy growth led by volumes as well as product premiumisation. In the last 10 years, it has focused on product premiumisation and has tapped into newer opportunities both in domestic as well as exports markets. It has introduced new products like high temperature low sag (HTLS), aluminium and Al alloy conductors, railway conductors, and optical ground wires (OPGW). This has enabled the company to improvise and produce higher-yielding products in the same capacity and improve its profitability substantially. Going forward, Apar aims to focus on HTLS and AL59 conductors, CTC for transformers, copper-magnesium alloy conductors required for railways and high-speed rail applications. We expect HTLS conductor demand to be strong in the medium term on traction in reconductoring.

Its cable segment revenue has seen a 25% CAGR over the last five years. It is a prominent player in renewable cables with 70% market share in wind cables. It has a diverse set of cable portfolio (power cables, building wires and cables, telecom cables, etc.) with presence across B2B and B2C channels. The company is also investing significantly in cable capacity expansion and increasing penetration in B2C market.

Apar's specialty oil business is growing at a steady pace and is expected to continue expanding led by transformer oil, as transformer installation is being ramped up globally. Note that Apar is the third-largest transformer oil player in the world.

The company is investing heavily in its businesses for capacity expansion and supply-chain efficiencies. It is undertaking capex of ~INR 13bn over FY26 and Q1FY27, largely for capacity expansion for conductors and cables.

Given the strong tailwinds in power transmission, generation and electrification in the medium term in both domestic and export markets, we expect revenue/EBITDA to expand at 18%/19% CAGRs over FY25–28E, led by volume growth across segments. We estimate earnings CAGR of 21% over the same period to INR 14.4bn in FY28E. Basis the trading multiples for its key peers in cables and conductors and given higher exposure of its portfolio to tailwinds in power transmission, generation and electrification, we value the stock at 35x FY28E EPS. We initiate coverage on Apar with a **BUY** rating and target price of **INR 12,750**.

Exhibit 69: PE-based target price of INR 12,750

	FY28E PAT (INR mn)	Multiple PE (x)	FY28E equity value (INR mn)	No. of shares (mn)	Equity value per share (INR)
Valuation	14,430	35	512,152	40	12,750

Source: I-Sec research

Exhibit 70: Peer valuation

Company Name	P/E (x)*			EV/EBITDA (x)*		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Apar Industries Ltd	42	36	30	23	19	16
KEI Industries Ltd	50	43	35	36	29	24
Havells India Ltd	57	45	38	39	30	26
Polycab India Ltd	44	38	32	30	26	22
RR Kable	33	27	23	23	18	15
Castrol India Ltd	18	16	17	12	11	11

Source: Bloomberg, *as on 23 Feb'26

Key risks

Delays in execution of power generation and transmission projects

Nearly two-thirds of Apar's revenue comes from domestic market (in FY25). The domestic market for its products is currently experiencing tailwinds from India's focus on renewable capacity addition and large transmission capex plans. Any delays in on-ground execution of RE and transmission projects could consequently impact/delay the demand for conductors, cables, transformer oil, etc.

Unfavorable development, if any, in US tariff issue

US had imposed 50% of additional tariff (25% reciprocal tariff + 25% additional as penalty) on Indian exports (with some exemptions) in H1FY26; this reduced the price competitiveness of Indian exports to the US. After the tariffs were recently invalidated by the US Supreme Court in Feb'26, US has now announced 15% tariff across countries, ending India's disadvantageous standing in last 6 months compared to other key exporting countries. However, any unfavourable development in the US tariff issue could impact Apar's exports to US and have a bearing on its earnings growth.

Increase in competitive intensity

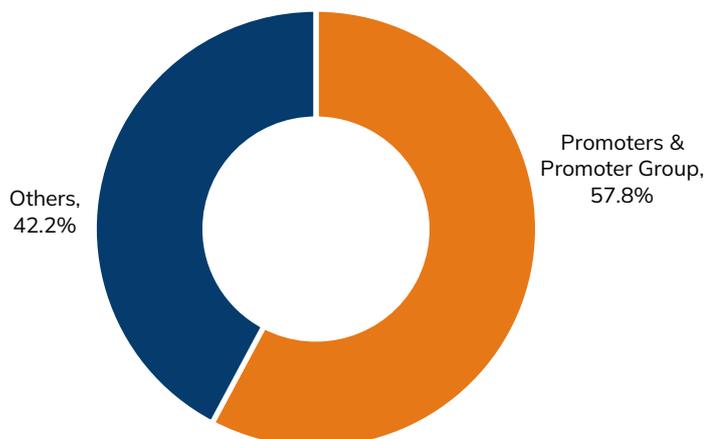
Apar is well positioned with respect to competition in India in many of its product categories. However, some of the major groups, Adani and Aditya Birla group, are entering the cables business. Although this is not likely to impact Apar's largely industrial/B2B cable business in near-medium term, it can increase overall competition in fast growing cables market in India. Also, increase in competitive intensity in export markets, including competition from players in other geographies and local players, could negatively impact exports growth.

Delays in planned capacity expansion

Apar is investing INR 13bn in FY26 and Q1FY27; a large part of which is for capacity expansion of cables and conductors. The company is targeting to complete the capacity expansion by H1FY27; material delays in capacity expansion could impact its earnings growth.

Shareholding pattern and management details

Exhibit 71: Shareholding pattern (Sep'25)



Source: I-Sec research, Company data

Exhibit 72: Key management personnel

Name	Designation	Details
Mr. Kushal Desai	Chairman and Managing Director	Mr. Kushal Desai is currently Chairman & Managing Director of Apar Industries. He has a Bachelor of Science degree in Electrical Engineering from the Moore School of Electrical Engineering and a business degree from the Wharton School, both of which are a part of University of Pennsylvania.
Mr. Chaitanya Desai	Managing Director	Mr. Chaitanya Desai is currently the Managing Director of Apar Industries, the world's largest manufacturer of aluminium and alloy conductors. He has a Bachelor of Science (Hons.) degree in Chemical Engineering from the University of Pennsylvania and a Bachelor of Science degree in Economics (Hons.) from the Wharton Business School.
Mr. Manish Agarwal	CEO – Apar's conductor & telecommunications business	Mr. Manish Agarwal is the Chief Executive Officer – Conductor & Telecommunications Businesses at APAR Industries. Mr. Agarwal is a Harvard alumnus and an energy infrastructure specialist with an impressive career spanning over 27 years. A veteran in the power and telecom sectors, he is renowned as a leading voice shaping policy priorities in the manufacturing, specialized EPC, and infrastructure industries. He is a passionate proponent of disruptive technologies and has played a pivotal role in driving their adoption in the transmission sector.
Mr. Chandrashekhar Shrotri	CEO – APAR's cable business	Mr. Chandrashekhar Shrotri serves as the CEO of APAR's Cables Business, a pivotal role within the APAR Industries conglomerate. In this capacity, Mr. Shrotri is responsible for guiding the strategic direction and operational excellence of the cables division. He brings a deep understanding of industry dynamics and customer needs.
Mr. Suyash Saraogi	President Strategy & Projects	Mr. Suyash Saraogi is currently President Strategy & Projects at Apar Industries. He has a Bachelor of Science degree in Mechanical Engineering from the University of Pennsylvania, and a business degree from the Wharton Business School. Suyash heads the strategic initiatives at Apar, including sustainability (environmental, social and governance), transformation projects in the areas of Industry 4.0 etc.
Mr. VK Bajaj	Senior President – Business Strategy & Innovation	Mr. VK Bajaj is currently Senior President – Business Strategy & Innovation of the cable division. He is an electrical engineer from IIT Kanpur. He has an experience of over 40 years in different capacities and markets, mostly in various top of the line cable companies.

Source: I-Sec research

Annexures

Exhibit 73: End-use segments of specialty oils

Specialty oil	Applications
White oil	<p>Consumer products Beauty & personal care (BPC): Used as emollients and moisturisers in skincare creams, hair products as hair oils and styling gels, shaving creams and lotions. Consumer food: Food-grade white oils are commonly used as a lubricating agent in food processing, releasing agent and a de-foaming agent. Pharmaceuticals: Bases for tropical formulations such as pomades, balms, creams and lotions; a delivery system for injectables, pharmaceutical active components, vaccinations and laxatives. Adhesives and sealants: Applied in adhesive and hotmelt compositions. Textiles: Employed in the production of wool, pulverisation of cotton bales and production of specialised lubricants for textile machinery. Others: Includes agrochemicals, paints and papers. Used as a solvent or ingredient in oil paint, high molecular weight polyethylene, rubber and leather manufacturing.</p>
Petroleum jelly	<p>The end-use segments of petroleum jelly include pharmaceutical, cosmetics, personal care, food, textile and others. The pharmaceutical and medical segments are anticipated to experience extremely rapid revenue growth during the projection period, led by the increased use of petroleum jelly as a maintenance therapy for atopic dermatitis, a powerful occlusive moisturiser and for prevention of skin infections following ambulatory procedures. Petroleum jelly helps reduce the amount of air loss to the front of the masks and offers an additional barrier against skin irritation triggered by surgical spectacles. Petroleum jelly is generally accessible in all healthcare settings and provides a practical and affordable method for dermatitis treatment and prevention.</p>
Automotive oil	<p>Heavy commercial vehicles, passenger vehicles, two wheelers, light commercial vehicles. Used as lubricants, grease, etc. for proper functioning of engine and other vehicle parts.</p>
Transformer oil	<p>Transmission and distribution power: Use of transformer oil provides necessary insulation required for proper functioning of the equipment, thereby, preventing any electrical breakdown. Railway: Specialty oil has multiple use cases in railways including lubricants, which helps in smooth functioning of critical parts like engines, bearings, etc. which not only helps in overall functioning but also helps in optimising maintenance costs.</p>
Industrial oil	<p>In heavy construction equipment manufacturing, industrial oil acts as a critical component to ensure optimal friction levels and proper lubrication, which helps in reducing downtime. Oil & gas: Use of industrial oil in the oil & gas industry ensures proper working of multiple equipment throughout the process of extraction, refining and distribution as well as reduces the maintenance costs of machinery by optimising friction.</p>
Rubber process oil	<p>Tyre: Used as processing oils while mixing of rubber compounds and acts as an internal lubricant; thereby, improving the blending of rubber formulations and overall performance of tire tread. Footwear: Use of specialty oil allows the needed flexibility by enhancing the performance of rubber compounds which ensures better quality products.</p>

Source: I-Sec research

Exhibit 74: Introduction to wires, cables

Cables	Description	Applications
Power Cable	A power cable is an assembly of two or more conductors with insulation and a protective jacket. The power cables industry is classified into low voltage (1.1 kV and below), medium voltage (3.3-66.0 kV), and extra high voltage (132 kV and above) cables. These cables are predominantly used in sub-transmission and distribution of power.	Transmission and distribution of electricity in mainly commercial and industrial settings.
Housing Wires	Housing or building wires are usually made up of copper and aluminium. These are majorly used in residential settings and their carrying capacity/ voltage depends on their end use.	Commonly used in everyday household items like for connecting household appliances, and power outlets.
Communication Cables	Communication cables are specifically designed to support data transmission across distance at high speed and minimal loss. Examples include, LAN cables, and optic fibre cables.	Used for transmission of data/ voice/video signals at high speed without major energy loss.
Instrumentation cables	Instrumentation cables are generally used in industrial settings to carry low voltage signals with high accuracy. These cables are properly shielded to ensure no external signal interference and are mainly used to monitor/ control electric systems. The functions of measurement and control are vital in manufacturing and processing applications.	Some applications include industrial equipment control, process controls for e.g. in oil and gas or chemical plants, or mass transit systems, which require cables to demonstrate be resistance to heat, harsh environment and chemicals.
Other special cables	This class of cables includes cables that are especially designed for a particular end use/ industry due to particular requirements. These types of cables are usually provided as customised solutions against stringent requirements, including temperature, tensile strength and chemical resistance. For example, solar cables, which are required to have lifetime reliability of up to 30 years, resistance to extreme temperatures (-40°C to 120°C), ozone, and ultraviolet (UV), halogen free, flame and fire retardancy, etc.	Multiple specialised applications, including sonar detection, mine sweeping and defence purposes across industries like marine, defence and aerospace.

Source: I-Sec research

Exhibit 75: Types of conductors

Conductor	Description
AAC – All Aluminium	AAC conductors are used in low and high voltage overhead lines, majorly in urban areas where spans are usually short but high conductivity is required.
ACSR – Aluminium Conductor Steel Reinforced	ACSR conductor is a high-capacity, high-strength stranded conductor typically used in overhead power lines due to its superior conductivity, low weight and low cost.
AAAC – All Aluminium Alloy Conductors	AAAC conductors are made from high strength aluminium magnesium-silicon alloy, designed to get better strength to weight ratio and offer improved electrical properties, excellent sag-tension characteristics and superior corrosion resistance when compared with ACSR.
OPGW- Optical Ground Wire/ Optical fibre composite overhead ground	OPGW is a type of cable/ wire used in transmission lines construction. Additionally, OPGW replacing earth wires could create backbone for intercountry high-capacity data transmission across all transmission network.
High ampacity conductors	These conductors are designed to carry a large amount of current without significant voltage drop or overheating. They typically have larger cross-sectional area, which reduces resistance and allows to carry higher currents safely.
AL-59 alloy conductors	These are alloy conductors of aluminium + magnesium + silica alloy type. They have a conductivity of 59%, and hence, have less DC resistance and high current carrying capacity

Source: I-Sec research

Exhibit 76: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	57.8	57.8	57.8
Institutional investors	30.9	31.9	32.6
MFs and other	19.5	20.4	21.6
Banks/ FIs	2.0	2.1	1.5
Insurance Cos.	0.3	0.1	0.1
FIs	9.1	9.3	9.4
Others	11.4	10.4	9.7

Source: Bloomberg, I-Sec research

Exhibit 77: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 78: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Net Sales	1,85,812	2,23,340	2,59,854	3,04,016
Operating Expenses	22,954	29,279	37,795	43,732
EBITDA	15,465	18,739	21,971	26,192
EBITDA Margin (%)	8.3	8.4	8.5	8.6
Depreciation & Amortization	1,322	1,615	2,018	2,272
EBIT	14,143	17,124	19,954	23,920
Interest expenditure	4,089	4,132	5,197	5,776
Other Non-operating Income	1,003	804	1,091	1,277
Recurring PBT	11,057	13,796	15,848	19,421
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,843	3,587	4,073	4,991
PAT	8,213	10,209	11,775	14,430
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	8,213	10,209	11,775	14,430
Net Income (Adjusted)	8,213	10,209	11,775	14,430

Source Company data, I-Sec research

Exhibit 79: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	93,733	1,28,815	1,46,806	1,60,898
of which cash & cash eqv.	6,864	11,560	18,633	32,725
Total Current Liabilities & Provisions	62,869	92,207	1,02,556	1,02,556
Net Current Assets	30,864	36,608	44,250	58,342
Investments	2,195	2,195	2,195	2,195
Net Fixed Assets	15,385	19,270	24,752	23,181
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,278	1,278	1,278	1,278
Total Intangible Assets	45	45	45	45
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	49,767	59,396	72,521	85,040
Liabilities				
Borrowings	4,701	6,531	10,291	10,791
Deferred Tax Liability	30	30	30	30
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	402	402	402	402
Reserves & Surplus	44,634	52,433	61,797	73,817
Total Net Worth	45,035	52,834	62,199	74,219
Minority Interest	-	-	-	-
Total Liabilities	49,767	59,396	72,521	85,040

Source Company data, I-Sec research

Exhibit 80: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	7,942	9,161	11,206	14,430
Working Capital Changes	(272)	(1,048)	(569)	-
Capital Commitments	(3,538)	(3,885)	(5,482)	1,572
Free Cashflow	11,480	13,046	16,689	12,858
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(3,538)	(3,885)	(5,482)	1,572
Issue of Share Capital	-	-	-	-
Interest Cost	3	-	-	-
Inc (Dec) in Borrowings	646	1,830	3,760	500
Dividend paid	(1,942)	(2,410)	(2,410)	(2,410)
Others	(2,087)	-	-	-
Cash flow from Financing Activities	(3,380)	(580)	1,350	(1,910)
Chg. in Cash & Bank balance	1,024	4,695	7,074	14,091
Closing cash & balance	6,864	11,560	18,633	32,725

Source Company data, I-Sec research

Exhibit 81: Key ratios

(Year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	204.5	254.2	293.1	359.2
Adjusted EPS (Diluted)	204.5	254.2	293.1	359.2
Cash EPS	237.4	294.3	343.4	415.8
Dividend per share (DPS)	52.7	52.7	52.7	52.7
Book Value per share (BV)	1,121.1	1,315.3	1,548.4	1,847.6
Dividend Payout (%)	25.8	20.7	18.0	14.7
Growth (%)				
Net Sales	14.9	20.2	16.3	17.0
EBITDA	1.6	21.2	17.3	19.2
EPS (INR)	(0.5)	24.3	15.3	22.5
Valuation Ratios (x)				
P/E	51.7	41.6	36.1	29.5
P/CEPS	44.6	35.9	30.8	25.4
P/BV	9.4	8.0	6.8	5.7
EV / EBITDA	27.2	22.3	18.9	15.3
P / Sales	2.3	1.9	1.6	1.4
Dividend Yield (%)	0.5	0.5	0.5	0.5
Operating Ratios				
Gross Profit Margins (%)	20.7	21.5	23.0	23.0
EBITDA Margins (%)	8.3	8.4	8.5	8.6
Effective Tax Rate (%)	25.7	26.0	25.7	25.7
Net Profit Margins (%)	4.4	4.6	4.5	4.7
NWC / Total Assets (%)	48.2	42.2	35.3	30.1
Net Debt / Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Debt / EBITDA (x)	(0.3)	(0.4)	(0.5)	(0.9)
Profitability Ratios				
RoCE (%)	24.3	24.3	23.7	23.8
RoE (%)	19.6	20.9	20.5	21.2
RoC (%)	24.3	24.3	23.7	23.8
Fixed Asset Turnover (x)	13.6	12.9	11.8	12.7
Inventory Turnover Days	70	87	81	70
Receivables Days	88	103	96	82
Payables Days	117	148	139	119

Source Company data, I-Sec research

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