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SEC/2208/2022 August 22, 2022

National Stock Exchange of India Ltd. "Exchange Plaza", C-1, Block G, Bandra- Kurla Complex, Bandra (E), **Mumbai – 400 051.** **Scrip Symbol : APARINDS** **Kind Attn.: The Manager, Listing Dept.**	BSE Ltd. Corporate Relationship Department, 27th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, **Mumbai - 400 001.** **Scrip Code : 532259** **Kind Attn. : Corporate Relationship Dept.**

Sub. : Submission of Transcript of Investor Conference made on August 16, 2022

Ref.: Reg. 30 read with Para A (15) of Part A of Schedule III & all other applicable Regulations, if any, of the SEBI (LODR) Regulations, 2015 ("Listing Regulations"), as amended from time to time

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Dear Sir,

Kindy refer to our letter no. SEC/1608/2022 dated August 16, 2022 w.r.t. submission of link of Audio Recording of Investor Conference – August 2022.

Pursuant to the provisions of Regulation 30(6) of the Listing Regulations, we are submitting herewith the transcript of the Investor Conference – August 2022 of the Company made on August 16, 2022.

The aforesaid transcript is also made available at the website of the Company at www.apar.com.

Kindly take note of this.

Thanking you,
Yours faithfully,

For APAR Industries Limited

(Sanjaya Kunder)
Company Secretary

Encl. : As above

"APAR Industries Limited Investors Conference Call"

August 16, 2022

MANAGEMENT: MR. RAMESH IYER – CFO, APAR INDUSTRIES LIMITED.

NIRMAL BANG SECURITIES PVT. LTD.: MR. HITESH :

Hitesh: Good morning, everybody. On behalf of Nirmal Bang Institutional Equities, I welcome you all to the session with the Management of APAR Industries, as part of our virtual investor conference.

The company is represented today by Mr. Ramesh Iyer, who is the CFO. At the outset I would like to thank him for taking the time out for the conference. And I would request him to commence the session with some of his opening remarks and presentation on the business environment as it stands today. After which we can open up the floor to question and answers. So, thank you so much. And over to you, sir.

Ramesh Iyer: Thank you Hitesh. Good morning to everyone. I will give you a brief background about the Company. We have our corporate presentation that we had put on our website. And I would like to take you through the website presentation, to get you an introduction into the Company.

So, a brief background about APAR Industries, we are a six-decade old company which was founded by the grandfather of current promoters. We basically are into three basic segments, which is, Specialty Oil and Lubricants, Conductors, and Cables. We have a small division of Polymers and Automotive solutions, but basically the Oil, Conductor and Cable division, predominantly takes care of most of the business that we are in. So, we broadly are into the electricity transmission stage, our products are designed for electricity transmission. and the conductors and cables are for that purpose, about a third of our oil business also gets into transformer, which actually helps in the transmission stage.

We are amongst the largest in terms of global aluminium and alloy conductors manufacturer. We are amongst the largest manufacturer of transformer oil, we are third largest globally. And in terms of renewable space that’s there in India, we are about number one, when it comes to cable products.

Our consolidated revenue stood at about Rs. 9,346 crores for FY'22, over the period of 5 years our CAGR grew at about 14.1%.

So, basically our vision is to be global leader in the energy, infrastructure, transportation and telecommunications sectors, by providing the best solutions and value creations for our stakeholders. We believe in innovation, because that’s a core to our business. And success of our Company has been largely the innovation led, we want to be ahead of the curve when it comes to the competition and be able to understand the customer needs and service them in better innovative products.

Very briefly are our 60 years of legacy, it's actually started from 1958 in the conductor business, and over a period of time we diversified into multiple businesses, oils, auto lubes and slowly we started manufacturing at our plant at Rabale. And over a period of last 60 years, we have been able to get into three very big business divisions.

So, we are the only Company in this space at such a scale to have three kinds of divisions that is there basically Conductors, Cables and Specialty Oils. Each of the business division has its own strengths. And it's well diversified within the product category itself, there are multiple kinds of product lines within the conductors, within the cables and also within oils and lubricants that helps to serve our customers.

This slide shows our brands for our different product categories. We have about eight plants in all. We have three plants for our oil divisions, two conductors and two for cables. One of the oil plant is located at Sharjah in the Free Trade Zone.

CONDUCTORS

So, in terms of conductors, we are one of the largest global manufacturers having strong leadership and competitive edge in the marketplace, FY'22 revenue stood at about Rs. 4,200 crores for 5 years CAGR stand at about 13.3%. We have invested about close to Rs. 350 crores over the last 6 years. And that has basically helped to innovate our products and maintain strong leadership position in the market.

Our EBITDA per metric tonne stands at a high number of 17,095, which is historical high in FY'22. Key driver of the business has also been our focus on high-value products, which we call as a premium products, which, as of FY'22, it's close to half of our value, which has risen from about 25% to 30% way back in FY'19, FY'20 and FY21. So, that's been a key focus for this particular division.

Some credentials on our conductor business is presented in the next slide.

OIL & LUBRICANTS

We are third largest in the transformer oils globally. FY22 revenue stood about Rs. 3,500 crores growing about 16% CAGR over the last 5 years. We have a capacity of about 5.5 lakh kL per annum basis. Here also we have invested about Rs. 230 crores over the last 6 years to setup capacity in this division.

CABLES

We are the largest domestic player in the renewable space --. We kind of have a 60% share in Wind sector. We have a very high share in the Solar segment as well in India. Our FY'22 revenue was close to about Rs. 2,000 crores, we are growing about 18% CAGR over the last 5 years. FY'22 has been very strong year from a cable perspective.

Also, this was a year where we could venture into new geographies from an export perspective. And that has helped to increase our revenue during FY'22. We have invested about Rs. 300 crores in the last 6 years into this division.

So, we have looked at LDC as a business vertical, and we want to grow in this space. It is the Light Duty Cables business within the Cable division, and that's a business where you want to grow and lots of efforts have been put within the Company in terms of developing channels, in terms of having complete, separate team who will be catering to this business. We recently roped in a new Brand Ambassador, Sonu Sood as the face of APAR Industries, and over the next six to eight months we have a film production which will be soon on air with our Light Duty Cable range of products.

So, clearly our focus is on revenue growth with increased efficiencies, enhancing operational efficiencies, increasing penetration in high growth markets, boosting customer revenue for the India business and continue to invest in R&D Design, and Engineering.

Our unique capabilities are the diverse businesses across the product portfolio, market segment customer base and geographies. We seem to be well-positioned to capture the industry trends, both globally as in India. We have a strong competitive position and attractive growing markets coupled with lower costs and strategically located manufacturing footprints, our stronger financial performance sustained over the years, robust in-house technology, innovation and R&D capabilities, and an experienced management team, and technically skilled and motivated employees.

FINANCIAL PERFORMANCE

Our financial performance continues to be strong. If you at last 6 years the growth has always been on an increasing curve. Exports stands at a good, close to about 40% of the revenue in FY'22. EBITDA is strong at Rs. 574 crore, close to about single digit percentage. All the three divisions have been consistently growing in terms of value over the last several years.

BALANCE SHEET

Balance sheet continues to be strong we have very less debt on our books. And ROE stands at a 16.5% in FY'20.

We export to about 140 plus countries across our three product lines, and the export revenue has been up 35% YoY and actually contributed to about 38% of FY'22 revenues This is a number which we want to increase further and in cable business, once exports starts picking up more during FY'23, you will the percentage actually going up in this particular year.

A little brief details about the industries that we cater to, and a brief details of our customer mix. So, basically we export 38% and then 21% to various industries and corporate groups like Cosmetics, Pharma, Rubber, Plastics, Lubricants etc. There are 11% that goes to specific industry groups, which includes Rail, Defense, Shipping, Mining and Telecom. 6.4% goes to OEMs. Another 6% goes to EPC transmission companies and there are utilities transmission companies about 6%. There are products on the renewable space that goes there about 4%. About 1.5% goes to the utilities which are basically the Electricity Distribution Boards, and about 1.5% to EPCs which a diversified customer base across other verticals and the rest are balances.

So, with overall change in our customer mix, there has been limited exposure to the state-owned electricity distribution boards. The key growth drivers will continue to be driven by the spends that is happening because of global level with more and more electrification rise in power spending, new transmission, distribution system globally will be helpful for our business to grow in the future.

Clearly, China Plus One strategy will help us as customers want to have an increase vendor beyond China so risk is diverse in manufacturing capabilities**.** There is more focus on carbon neutrality, green energy will actually help us adopt many of our renewable products that we have in the pipeline. So, these are all plusses that will help us to grow in future. And also consolidation of supplier base with more organized business and higher compliance will be a boon for our industry.

We believe in product diversification and innovation that will be core for us. The renewable energy power infrastructure -- significant increase in product capacities for solar, wind and power telecom convergence, exploring new markets with exports lead focus, B2B, wider distribution network B2C, implementing supply chain and production process and innovation and digitalization.

On ESG based on CRISIL report, we ranked third among the industrial sectors. So, we have ESG champions across our locations to look at ESG and areas where we can improve our ESG scores. A few slides here on how we do good for the society.

So, I am not going to cover the financial overview, I am sure you would have looked at this earlier. So, I just thought of covering the brief background of the Company and I am willing to take on any questions that you may have on this front.

Hitesh: Now we will open the floor for question and answers. If you want to ask a question you can use the Raise Hand function of Zoom or you can come in directly introduce yourself and your company name and go ahead.

Prasheel: Hi, Prasheel here. I had a question on, there is a movement of China Plus One that's happening. So, are we seeing any traction on that front? Are we seeing some interest from other companies?

Ramesh Iyer: Actually, yes, so this will actually benefit companies especially located in India, which has good capital availability, low cost manufacturing capabilities, etc. So, if you look at overseas countries, a lot of their imports has been from China, and they really want to have alternate supplier base over there. And therefore, markets like India, which are kind of having this capability definitely would be an advantageous position. And actually, we are also seeing a lot of demand coming in from countries like U.S. and Europe, because of this China Plus One policy. So, yes, that's actually going to be as I mentioned, a key growth driver for us, and it will be a boon for us as well as so many other companies in India.

Prasheel: What would be the typical acceptance period for you to regularly supply to them? Could you throw some light on that, like you become a regular supplier to your customer. So, what would be typical acceptance cycle?

Ramesh Iyer: So, our image is well-known in the market, and we have been in this business for the last 60 years or so. And we have that kind of legacy in terms of demonstrating our product capabilities to existing as well as new customers. What also happens in this kind of business is that, before the kind of product gets finally sold, there are detailed specification based on which we need to first manufacture the product after that there is a period of inspection, and the customers themselves, with their representatives come and inspect the products, to ensure that it falls within all the parameters of the specification. And only after, then the kind of sales, invoicing and billing happens there.

So, basically, once a product is inspected, when it is in-line with the specification, then you already get the acceptance over there. And we have had quite a good kind of image from our customers in terms of our quality, approved products and our innovative capabilities. And therefore, the product acceptance happens with the quality parameters and then you successfully invoice the product.

Prasheel: My second question is regarding the demand prospects. So, we have seen this Ukraine/Russia conflicts, so how is demand in Europe? And it would be very helpful if you could give us kind of a segment wise demand scenario for the Europe region?

Ramesh Iyer: We don't have direct impact of the Russia/Ukraine War, because our exposure to Russia and Ukraine is essentially negligible, but it actually throws a lot of opportunities from Europe continent perspective and they are different looking at alternative forms of energy and renewables going to be the more of the demand requirements. And with the renewables going up or potential of getting into the solar and wind will actually help us. And therefore, our cable business would grow because of that.

And also with increase in renewable what happens that you will need more of your transformers and transformation capacity. And therefore, one part of our oil business which is basically transformer oil, that requirement will also go. So, our transformer oil business is about one-third of our oil business actually gets into the transformer and with increase in the renewable sources of energy requirement, you will need more transformers and therefore it will help us to kind of have more volumes on our T oil business.

So, over a long period of time, I would say definitely this will throw a lot of opportunities for companies like us. And we feel that at this stage having a wide basket of products with us, it will help us to kind of meet the challenges or the requirements of the customer that comes around.

Prasheel: Moving our questions to cables like even during our conference call we were very optimistic on the cable business and we were expecting to be the largest contributor of revenues going ahead. So, if I were to look at a 7 to 8 year kind of and outlook. So, how would I be seeing cables business as being your driver of the growth, so what are the key growth drivers, could you highlight that?

Ramesh Iyer: So, the growth drivers will actually come from key things that I kind of talked about in the presentation, basically is about the level of infrastructure spends that happens globally, as well as in India, with urbanization and electrification, the requirement of electrification would just increase over a period of time. And also China Plus One would be a key growth driver for us. And from a cable perspective mode all these kinds of renewable energy would be a kind of growth driver for us.

So, the reason why now we have kind of feel that cable would kind of be our largest business segment, because I have already mentioned in our earnings call, the addressable market is huge potential there, it's kind of much more than the combined market of oil and conductor business. And that is where the opportunity lies for us as well as many other players around. And if we are able to tap that market we will be able to definitely have kind of good volumes over a period of 7 to 8 years, as you mentioned.

So, that's a key thing for us, to be able to service to the renewable sector, to be kind of a supplier from a China Plus One perspective, and also to tap the opportunities that happens on a global platform when each of the countries are getting into the infrastructure spending.

Prasheel: So, a question regarding to Indian market, so there has also been a big power push from the government, but considering the discoms financial health is not much better, so would that have a impact on demand, if I were to look from a medium term perspective?

Ramesh Iyer: Not that significant because as I was mentioning, in my slide, our exposure to kind of distribution company is just about 1.5%. So, that's a mix that we have. And therefore the advantage for APAR is that we are widely spread across our three businesses. So, our customers this Distribution Electricity Board, which is about 1.5%, besides we cater to a wide range of industries, corporate, we cater to special industry groups like Railways, like the Mining sector, the Shipbuilding and Defense. We cater to a lot of transmission companies, when it comes to transmitting the electricity part, we cater to a lot of EPC companies which in turn do work for transmission over there. So, we have a wide range of basket there.

And post-COVID the spends on infrastructure will be increasing, slowly, definitely it's will be on a higher side. And these actually present us a good opportunity. So, there could be a momentively kind of ups and downs, but I think clearly a medium to long term perspective, we really see the kind of spends happening on infrastructures. And therefore, those things will actually help us more. Also, what happens is that with lot of urbanization and requirement of electrification, these things are kind of have a tendency to increase over a period of time.

Prasheel: Second, we are rolling out our B2C kind of cable and we are coming out with a very differentiable aspect in terms of higher power capacity. So, could you throw a light on that, how differentiated is the product versus our current typical players like a Havells or a Polycab kind of thing? And secondly on the replicability aspect, if someone were to look at how replicable they would take, could they easily replicate our wires?

Ramesh Iyer: So, I think the key thing, as people like us would even consider as very important thing that we need as part of house wiring is protection and safety. And the product that we have on our basket, which already we are marketing in Kerala, and also we are expanding further South southern area, is to increase that shock absorbing capacity, by about 50%. So, from an average wire that you see in the market, the unique and differentiated product that we have, actually increases the shock resistant capacity by about 50%. And therefore, it's much more shock resistant, so to say. And it's our key feature, because once you do a wiring, which actually happens once in many years, and you want to be sure that the wiring is all intact, you don't want to get into removing the wiring and then relaying the wires etc. So, this has a larger flame retardant and melt resistant capacity. And therefore we call it as a very unique and differentiated product.

The product is already there in the Kerala market, it's there for the last three years in Kerala and Gujarat. And we are expanding to many other southern states and also in the western part, that's our plan. And in terms of the technology, basically, currently, we are the only player in this industry to kind of use this technology, we haven't seen any other competition using this technology so successfully as we are, because, that's the way it is. So, we are actually using this thing very successfully. We already have three E-Beam machine which actually help us to do this kind of a product, not only on our LDC segment, but also in our some of the B2B segment and the fourth E-Beam machine is likely to be commissioned by the 3rd Quarter of this financial year.

Prasheel: Just to follow up on that, if there is a sudden power surge, that wouldn't affect the appliance. Is my understanding correct?

Ramesh Iyer: So, this wire will have a higher shock absorbing capacity than the normal wire. So, it will be higher by about 50%, the normal wire as a kind of 70 degrees capacity to absorb shock, this will be 50% higher, it is 105 degrees.

Prasheel: But if our product starts gaining a lot of traction, so let's say Havells or a Polycab kind of a player would look at, so can they easily replicate this?

Ramesh Iyer: It won't be easy to replicate that, it definitely needs a lot of efforts and technical capabilities to be doing that thing. But it's not impossible at the same time, but if you see on the market, there are no other products with that technology, which is there.

Prasheel: On the price differential front, how would be the price differential versus a typical wire, so are we on the higher end or it would be a similar kind of pricing?

Ramesh Iyer: So, pricing, basically, in our case would depend on lot of market competitive forces, we are at a very nascent stage in this category. And it's also subject to our raw material price, which is copper, which kind of now keeps on moving. So, we would like to be about around the range of the price at which it's operating in the market. Current our focus is to kind of develop channels, and have a proper distribution and retail channel there, have a proper team in place do proper branding, and more importantly, do a lot of demonstrations of our products, because unless this product is understood by consumers like you and me, nobody would like to go and buy that thing. So, it's important for us to kind of communicate our uniqueness and differentiated product abilities. And that is where there has been a focus here and the more awareness that it kind of creates, it will ultimately get more traction as we go along.

Prasheel: What would be our typical target like, it's not clearly the consumer that would be driving, it's more like to you kind of outsource your decision to a typical electrician. So, are we targeting a electrician kind of crowd or are we targeting kind of a consumer or a B2B builder kind of a market?

Ramesh Iyer: So, it can be both, definitely as you rightly said, these products are influencer based. And so therefore it's very important for us to influence electricians who are there because the consumer actually outsource this part to the electrician. And therefore it's very important for us to work on the electrician to explain them how important, how safety this product is at. At the same time we are also into the project business for this product. And we will also be doing an awareness with the consumers. And therefore you see Brand Ambassador getting signing up, and also we will have our films and advertisement there. Because it's also important that beyond the electrician, the consumer is also aware that such kind of products exist in the market. So, we will push from all directions, not only the consumers, but also influencers, like electricians, we have a lot of Electricians meets, Nukkad Meets that happens, wherein we will be able to demonstrate our product, and its uniqueness to the influencers.

Prasheel: So, just a small follow up. So, on the project side, so is that part of business more price sensitive? So, what is unique USP to sell over there?

Ramesh Iyer: Project business, will always be more price sensitive, but there also our messaging is clear in terms of this protection that is there. And clearly even if you look at a project, once they are able to showcases this project and buildings are made of wires, which are 50%, more shock absorbant definitely it will have a great significance and the kind of approach. So, our USP is going to be the same thing, which is flame retardant and melt resistance, and having a more shock resistant capacity than the other players that are available in the market.

Moderator: A reminder again to the participants, if you want to ask a question, please come in directly introduce yourself or you can use the Raise Hand function of Zoom or if you want, you can also put the question to us on chat window.

Abhijeet: Good morning this is Abhijeet from Lucky Investment Managers, pardon my ignorance, I haven't tracked the company for the last couple of quarters. But from what I recall, when I used to track the company is, we used to have a very volatile EBITDA margin based on the raw material prices. So, if you can just throw some light on what steps you have taken to reduce the volatility across the segments? And how should we look at it going forward?

Ramesh Iyer: So, volatility Abhijeet is there mainly because the raw material that gets into our products are volatile. If you look at oil, base oil, which actually gets extracted from the crude oil and that gets into the raw materials. And then if you look at conductors, we have aluminum and copper, which again, it's so volatile that it actually changes by the hour. And also for our cable business, a large part of the raw material is from aluminum and copper.

So, basically, the volatility would remain in the system. And therefore, the EBITDA, if you look at it as a percentage it will keep on changing, because it is a function of your bottom-line as compared to your top-line wherein the top line can change depending on our raw material pricing there. So, what we do is that we kind of hedge our raw material purchasing wherever it is possible, say, for example, the aluminum and copper, it is possible to hedge that thing. So, the moment we get an order we immediately back to back hedge the same for the raw material so that our margins are kind of protected on the day when we accept the order. So, that when we finally go on to execute the order and sell the order, which could be a couple of months down the line, or maybe later, our margins don't get disturbed. And therefore, we use this hedging as a very strong risk management tool within our company, to hedge the raw metal that are possible to hedge.

From oil perspective, we cannot hedge the oil because that's something it's not possible to do. It's not available to do hedging, but we hedge our foreign exchange. So, partly to the extent of forex, it kind of gets hedged.

So, the volatility would be there. And therefore we kind of also measure our profitability on a per unit measurement, because if you are able to pass on the high cost of raw materials to our customers, as well as even the cost comes down, the customer actually benefits with that. We don't want to get more benefit nor we want to lose because of the fluctuation in the price of raw materials. So, basically the increase or decrease in the raw material component, the final hit or loss is getting taken by our customers directly. And we kind of ensure that the price at which we have accepted the order is what we are able to get the raw materials from our suppliers, mainly because of our hedging strategy that will take place.

Hitesh: Thank you, Abhijeet. So, in the interest of time Prasheel do you have any more questions to continue?

Prasheel: Yes, I have a few. Taking questions from our previous participant, so basically, our EBITA per ton, if I were to look, since we are targeting some post interest level so this is why our EBITDA per ton is increasing. So, going ahead with commodity prices falling and interest costs are rising. So, how would our EBITDA per ton would typically look like.

Ramesh Iyer: This EBITDA per ton, especially when it comes to post interest, it's a function of many items like interest itself is a combination of multiple items, for example one is the interest rate itself you know SOFR rates kind of increasing will have an impact there. Then also the exchange rate increases, that also has an impact on interest, because now, from an accounting perspective, you can actually put a part of the exchange difference as part of our interest cost. Then you have your the value of the purchase itself, if you look at aluminum, and copper, the price either goes up or goes down, and therefore your absolute value of purchases actually go up or down. And therefore the interest costs will also go up to that extreme.

So, there are really a multiple elements in interest. And also these behave differently for different businesses. And depending on the situation that prevails at that point of time the interest can go up or come down, say for instance, this particular quarter your interest in April to June as well as from last quarter, they would have gone up because the exchange rate has gone up. The kind of rate that's from 75 to 80. And gradually, if you see the SOFR rates are going up. But also if you see now your aluminum price is coming down, its come down by about 30% odd.

So, on one hand, you see that the rates are going up on one hand, you see that the prices are coming down. So, that actually it's a kind of a moving parts to determine the interest costs. But you see that as your rates goes up, typically your interest costs will go up and also depending on your underlying cost of raw materials, it will keep on fluctuating at that. So, from an EBITDA point of view that's what we measure it on a per unit basis. And we also propose that from a Q2 perspective, we would like to build in the EBITDA post-interest and call it more as an EBDTA. And the reason is that whatever be the interest costs, we are able to price it to our customers. For us interest on working capital is like any other raw material, or any other factor of production, like labor, power, etc. and it's very material amount, and therefore, it's very important for us to factor that interest into the customers pricing structure. Sometimes you see actually see the EBITDA going up when interest rates are high. And that is the reason because the EBITDA actually factors the increase in the prices that we charge to customers due to increase in interest cost and whereas the interest line is appearing below and therefore, your EBITDA can go up your interest line also go up and therefore the resultant EBDTA would be a pure basis for us to look at the number.

Prasheel: So, if we are to look at this EBDTA number so that would be largely stable, is my understanding correct over a long time.

Ramesh Iyer: So, actually, that's also it's not right to say it would be stable, because if you see for our conductor business, clearly we are focusing on high premium products. And therefore, the mix is clearly shifting from low margin products to high margin products. And if you see that kind of mix changing, your profitability will improve. Again for business like us it's not right to do a quarter wise comparison. It's better to the longish point of view so that the consistency is maintained. For instance, if you look at the 1st Quarter of this year, the oil profitability has been very high and as we already mentioned during the earnings call it is a function of high prices for oil at the same time the lower cost that has got sold and as the time progresses, the weighted average cost will improve, and there will be tightening in terms of the selling price over there.

So, the businesses, basically, we actually look at it on a longish period of time, so that you are able to get a sense of the direction where it is going. So, our EBITDA would kind of move up depending on how we are able to execute the premium products in the market, how we are able to capture more of renewable products that is there in the cable market, and how from oil perspective, we are able to match the timing of the oil pricing as well as the cost of raw materials.

Prasheel: So, on the conductor part of business, so would it be possible kind of, to give a differential margin on how our premium product margin would be versus our normal product would be?

Ramesh Iyer: That's actually been difficult, because there is a multiple kind of conductors that are prevailing and it caters to different product formulation, different designs. So, there is not a kind of something which is normal, something which is premium and that you have x spread between the two, because it all depends on your formulation, it depends on the contents that get into the product, customer specifications are there, it also depends on the exchange rates which are prevailing, depends on your price at which you are able to book the aluminum and copper etc. So, very difficult to get that kind of spread between the two, the only thing you can get is a direction. If you look at the last entire full financial year, our EBITDA per metric ton has been in the range of about 17,000 per MT. If you go back, let's say one or two years before, it will be much lower than that. So, over a 12 month period is where you kind of get the trend and based on that you will be able to see how the numbers kind of go from there.

Prasheel: And on the export side, so is there a differential between export margin and domestic margin? And if there is could you give a color on that also?

Ramesh Iyer: Yes, so the export conventional conductors is definitely much more profitable than the domestic one, that's clearly happening. And therefore we are also looking at the opportunities where our margins are increasing on the export conventional conductors. So, one we have a premium products and one we have the normal products as you say, and within the normal product, which is a conventional conductors, the export margin is a bit higher. And we are actually seeing a lot of export orders coming in or rather we kind of taking more of export orders there, because we also want to look at utilizing our capacity with products which have higher margins. And with infrastructure spending higher in some of the U.S. market, we are able to tap some of those customers and get those orders in our pipeline.

Prasheel: So, would it be possible to give some color on the margin differential, let's say for a conventional conductor, which is an export order versus domestic orders, so would it be possible to give some color on that?

Ramesh Iyer: That can be difficult, as I said, because it depends on a lot of moving parts. And the specifications are very different for each and every order. So, we basically are into the make to order business. So, depending on the order that comes in, and the price that we are able to capture at that point of time, the customer's need, the customer's urgency, etc, all plays it's roles. So, it's very difficult to kind of put a kind of number into this differential margin.

Prasheel: Final question on the conductor side. So, if you are looking at a longer term picture, so our share of exports and our share of high value products have been increasing. So, is there a particular number we are targeting for any of this criteria that it should be this much percentage of our order book or something like that?

Ramesh Iyer: We want to get into more profitable businesses and that's the key of our diversification strategy that we have done. And these are actually conscious attempts to get into that space. Because if you look at why six years earlier, it was largely the conventional conductors. And those markets are a lot of competitive in nature. So, how do we kind of be ahead of the curve, being different from our competitors, being able to develop products to suit our customers, and also having a more profitable margin that we have. So, from the capacity that we have, we would like to allocate it to products running higher margins.

So, in terms of targets, well, we don't have a target there, but we really focus on all these premium products as far as possible to kind of get into our pipeline, both from a premium product point of view as well as from tapping the export potential.

Prasheel: A question on the cable said, we are also seeing our Defense push in India. So, how would that help us in terms, especially for our cables business, so, could you throw some light on how that Defense push is likely to help us.

Ramesh Iyer: So, our products are catering to various industries, we are into Railways, we are into Defense, we are into Solar, Mining, navy, etc. And, supplying cable products for Defense sector is also an important area of our business. And the more the spends are there on these fronts from the Government of India, these kinds of business will be more for us. And we have successfully proven our record in terms of servicing these kinds of sectors. A lot of things are available on our social networking site and publicly available information. And we are kind of very hopeful to be able to service these customers. And that is where we also are ahead of the curve in terms of competition to be able to have this product ready in our basket. So, there are a lot of in-house R&D that keeps on happening parallely as we look at the year down the line, the future years in terms of potential customer requirements, customer visit, etc. And so that when that opportunities are there, we kind of are ready with the product that we have on our basket. So, all kinds of infrastructure spends and spends more on Defense actually be a boon for our business and in times to come.

Prasheel: What would our typical R&D spend as a percentage of sales, could you throw some light on that?

Ramesh Iyer: R&D spend are all expensed out, we don't kind of look at it separately. The thing is that we have that kind of R&D available with us and the key thing is that if you look at our journey, in the last few years, we would actually know how the products have been evolved. And more than looking at the number of spends that we have in R&D, if you look at the kinds of products that we have developed over the last so many years, that will give us a feel of how the R&D as a function is operating within the company.

So, we have new products in all our divisions, basically oil, conductor and cable. And over the last so many years, a lot of innovation ,product diversifications has happened, which actually will give you a better picture than looking at the percentage or the number of spends that we do on R&D.

Prasheel: But then if you are looking at that and our R&D has been quite good, so what would be a typical attrition in the R&D team? Would it be high or it's very minimal? Because it would be some key person, so is there some key person risk on the R&D side of things?

Ramesh Iyer: No, we don't have those kinds of attrition levels. In fact generally in APAR attrition levels are very low. So, we don't have those risks that we foresee.

Prasheel: And final question, we are also into that auto lube segment. So, what are we doing there, kind of incentivizing again, because the main target would not be a typical customer, but a mechanic or someone like that. So, how are we looking at that segment?

Ramesh Iyer: So, again, here are the influences are these mechanics. And in order to motivate them, we have very recently implemented a Mechanic Loyalty App Program. So, the mechanics don't need to kind of submit their claim to the retailer and the retailer gets to distributor and from the distributor, it comes to the company. So, they don't need to do all those things. They just need to comply with certain formalities in the app and the money gets transferred directly from the company to the mechanic instantly. So, it's actually helping the mechanics to kind of get their kind of rewards immediately and not kind of wait for various procedure to happen.

So, here also we look at developing our influencer community, which is basically the mechanics and that's what we do incentivizing mechanics.

Prasheel: Just a final question from my side. So, are we looking over a medium have to separate our three businesses and kind of list them as individual entities or something like that?

Ramesh Iyer: So, nothing of this, we have kind of talked about anywhere as of now. If there is anything, definitely it would be available publicly. But as of now, we have not kind of talked about anything till now.

Hitesh: So, I think we are out of questions now. So, we will close the session here. On behalf of Nirmal Bang Institutional Equities I once again thank Mr. Ramesh Iyer, for joining us and sharing all the details with us and to all the participants who joint and asked the questions. Thank you, everybody, and have a good day.