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SEC/0211/2023 **By E-filing** November 02, 2023

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

Sub. : Submission of Transcript of Investors Conference Call made on Un-audited Financial Results (Standalone & Consolidated) of APAR Industries Limited (the Company) for Q2FY24.

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/ Madam,

Kindy refer to our letter no. SEC/2610/2023 dated October 26, 2023 w.r.t. submission of link of Audio Recording of post Investors Conference Call made on Un-audited Financial Results (Standalone & Consolidated) of the Company for Q2FY24.

Pursuant to the provisions of Regulation 30(6) of the Listing Regulations, we are submitting herewith the transcript of the Investors Conference Call made on the Un-audited Financial Results (Standalone & Consolidated) of the Company for Q2 and Six Months period ended September 30, 2023 on October 26, 2023.

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

SANJAY A RAJU KUNDER

Digitally signed by SANJAYA RAJU KUNDER
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Date: 2023.11.02 10:38:15 +05'30'

(Sanjaya Kunder)
Company Secretary

Encl. : As above

"APAR Industries Limited
Q2 FY2024 Earnings Conference Call"

October 26, 2023

ANALYST:	**MR. AMBESH TIWARI - S-ANCIAL TECHNOLOGIES**
MANAGEMENT:	**MR. KUSHAL DESAI - CHAIRMAN & MANAGING DIRECTOR – APAR INDUSTRIES LIMITED** **MR. CHAITANYA DESAI – MANAGING DIRECTOR – APAR INDUSTRIES LIMITED** **MR. RAMESH IYER – CHIEF FINANCIAL OFFICER - APAR INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to APAR Industries Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ambesh Tiwari from S-Ancial Technologies. Thank you and over to you Sir!

Ambesh Tiwari: Good afternoon everyone. This is Ambesh Tiwari from S-Ancial Technologies. I welcome to all H1 & Q2 FY2024 earnings conference call for APAR Industries to discuss the business performance. We have from the management side, we have Mr. Kushal Desai, Chairman & Managing Director, Mr. Chaitanya Desai, Managing Director, CFO Mr. Ramesh Iyer. I will now pass on the mic to Mr. Kushal Desai for opening remarks. Thank you and over to you Sir!

Kushal Desai: Thank you Ambesh. Good afternoon, everyone and welcome to the APAR Industries Q2 and first half FY2024 earnings call. I would like to begin by giving a quick overview of our business and then get into more details on each of the three major segments performance. During the second quarter of FY2024, in the last quarter, the consolidated revenue came in at 3,926 Crores, which is up 21% year-on-year. We witnessed volume growth across all three divisions. Our exports grew 26.3% year-on-year, contributing to 49% of the overall company's revenue compared to 47% a year ago. The EBITDA is up 58% year-on-year to 374 Crores at an EBITDA margin of 9.5%. Profit after tax came in at 174 Crores, which is 69% higher than the previous year. Profit after tax margin is at 4.4% compared to 3.2% in the same quarter previous year.

Now looking at the figures for the first half and comparing them to the previous period so H1 consolidated revenue came in at 7,699 Crores, which is up 22% year-on-year. Export revenue has grown by 39% and this was led largely by the cable business growing, the conductor division growing and the transformer oil segment growing. The EBITDA for the half year is up 56% year-on-year to 743 Crores. We could attribute this to premiumization of the product and a better product mix besides the growth that has taken place.

Looking at each individual business, conductor business revenue in Q2 FY2024 has grown by 35% year-on-year to reach 1,943 Crores and the volume growth is 79% in the quarter. The export revenue grew by 158% year-on-year, contributing to 51% of the conductor divisions overall revenue. The EBITDA per metric ton post forex adjustment is at Rs. 39,007 per metric tonne. One of the highlight that we have achieved during this period has been that we have improved our reconductoring execution capabilities and this has resulted in higher productivity resulting in a better position to implement product faster as well as in more challenging situations. Reconductoring is a very critical part of the whole premiumization effort of the conductor business and these important developments should hold in terms of making it more efficient. During the first half, revenues came in at 3,717 Crores, which is up 24% year-on-year. Volumes are up 51% year-on-year, EBITDA per metric tonne for the first half period came in at an Rs. 38,885 per metric tonne, which is 31% higher than the same period in the previous year. Our total order book for conductor stands today at 5,977 Crores.

Coming to the Oil division, Q2 FY2024 revenues came at 1,200 Crores. The volume grew by 18% in the quarter compared to the same period previous year making it an all-time high for a second quarter of a year. Exports contributed towards 47% of revenues. The EBITDA post forex adjustment came in at Rs. 4,562 per kl. One of the issues that we faced in the oil division is that our major base oil supplier supplying refinery suffered some issues in terms of their supply chain and the refinery turn around that they have post the end of life of a catalyst and due to this there were some huge complications resulting in lesser supplies to APAR, this affected profitability of the quarter as we had to go into the spot market and buy quantities of base oil to bridge the gap.

Having said that, the contracted base oil supplies have started improving from September onwards and some of the lost volume due to this is being bridged by the refinery. During half year ended, the oil revenue has grown by 7% year-on-year to 2,400 Crores, the volume has grown by 16% compared to the previous period. The EBITDA post open period forex is at Rs.5,275 per kl, lubricant revenue came at 423 Crores with a volume of 34,918 kiloliters.

Coming to our cable business, the cable business revenue has grown 16% year-on-year in the second quarter of FY2024 to reach Rs.882 Crores. Our export mix is 51% in Q2. The EBITDA post forex came in at 98 Crores, which is about 11.1% of revenues so that is up 40% compared to the previous period. As mentioned in the earlier earnings calls, we are witnessing a slowdown in some of the distribution channels, especially those distributors in stock and sell in the US and to some extent in Europe and there has been restocking of excess inventory that they have been carrying which has led to relatively lower growth rate in the second quarter. As mentioned earlier, this phenomenon is expected to run for a few months post which the regular purchase cycle should pick up. Overall in the first half of FY2024, cable revenues are up 32% year-on-year at 1,849 Crores, the overall export business contributed to 52% of sales. EBITDA post forex has come in at 11.3% versus 8.5% in the previous period so with this, I would like to come to the end of my comments.

I would like to mention that we have a very detailed investor presentation deck, which has been uploaded on our website post the investor day that APAR had. We have also uploaded our third ESG report, which is also available on our website and it captures all the ESG activities which APAR has done in the last year, which is quite significant compared to what was done in the previous two periods. So this journey is a journey that we are well entrenched on continuing going forward. I would like to thank everyone for joining this call and I would like to transfer the call back to our moderator.

Moderator: Thank you. Ladies and gentlemen, kindly note that the company has issued a postal ballot notice dated September 28th, 2023, to its shareholders seeking their approval under applicable law for issuance of securities. The postal ballot is available on the websites of the stock exchanges. In light of this, to comply with the applicable restrictions around publicity, the company will not be taking any questions on guidance, projections, forecasts pertaining to its business and financial performance, or any questions related to proposed funding requirements.

We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good afternoon, Sir and congratulations on the excellent quarter. The first question is how has been the inquiry from transmission sector and renewables within the domestic market for conductors and cables separately if you can throw some light there?

Kushal Desai: The inquiries Mohit is quite strong both in the transmission side as well as from the cable side, there are a number of corridors which have been announced, transmission corridors and in addition to that, given the general level of activity that is happening in electrification, the cable requirements also have been quite strong.

Mohit Kumar: Is it possible to share the order book breakup for the conductors within domestic and export?

Ramesh Iyer:: Out of the order book that we have for the conductor business about 5,900 Crores, 51% would be exports and the rest would be domestic.

Mohit Kumar: Understood Sir. Second question, is there anything of reconductoring volumes in your total mix for the H1 if possible and we expect that mix to change the domestic market in terms of opportunity going forward?

Ramesh Iyer: We talk about premium products typically and the premium products in the conductor division is in the range of 40% to 45%, Q2 also has been in that range and a similar percentage is also there in the order book that is pending as of September 30, 2023.

Mohit Kumar: Understood, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Anika Mittal from Invent Analytics Advisory LLP. Please go ahead.

Anika Mittal: Congrats Sir good set of numbers, two questions one is on the freight rates. Freight rates are rising again but the contract which we had brought should have entered as a lower rates, should that mean we are going to witness falling EBITDA going forward like last year the same thing was tailwind for us so in a similar way will it be a headwind or how we should look at it?

Kushal Desai: Freight rate correction has already happened and we spoke about it quite extensively in the last board call that the correction of freight rate has started from the beginning of our financial year from about March, April onwards so fundamentally after that freight rates have been in a certain range, so freight rate is factored in today as we price the product in fact in many cases customers have shifted to an FOB purchase because they were seeing that freight rates were kind of correcting and falling. So there are customers who have actually shifted from DDP to an FOB business so they are more control on the freight. So what we are looking at today is basically just quoting freight on a spot basis.

Anika Mittal: I was looking at the BBIY index that is the freight index so that was rising in month of September so I thought freight prices are rising so if that is the case....

Kushal Desai: I get your question just want to clarify basically these freight industry do not really play such a huge role and there is no correlation of that we do not take it account in any price variation or any such formula, all I can say is that the freight rates right now are quite stable they remains stable through the quarter and the increase in freight rates are not being seen today on container freight, but there is increased freight rates which you are seeing on bulk transportation as in for base oils and specialty chemicals and things like that so bulk of our business, which is containerized cargo movement, especially on the export side, the freight rate is quite flat.

Anika Mittal: Understood like realizations EBITDA per tonne on the conductor side. So this quarter there is a rise Q-on-Q basis so what is reason?

Ramesh Iyer: We have been already mentioning earlier also the EBITDA percentage in conductor, the reason for that is largely because of the premiumization of the products that has been happening for the last one and half to two years now and also because of the increase in the exports percentage.

Kushal Desai: So in the last quarter we had good execution and completion of projects that happened of HTLS as well as OPGW so with some of the items that I mentioned that we have been working on productivity of faster execution of projects. Last quarter saw good pickup in terms of productivity especially in more challenging requirements, you did not have a simple plain terrain. So our execution in Q2 was better than what had originally been envisaged.

Anika Mittal: Our guidance is intact accross three segments? Like we mentioned in earlier quarter.

Ramesh Iyer: In the beginning of the call, I think there was a statement that we cannot take any questions on guidance so we would like to stick to that one.

Anika Mittal: Okay Sir. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Charanjit Singh from DSP Mutual Funds. Please go ahead.

Charanjit Singh: Thanks for the opportunity and congratulations on great set of numbers. Sir my first question is regarding exports so in the previous call your commentary on exports was really cautious, but despite that we have delivered a very strong growth in the exports in both conductors as well as cables segment. If you can touch upon, on the ground how the export markets are shaping up, and the various projects which you would see in the international markets, basically U.S. markets on the renewable side. So what are the key markets which you are seeing and how the traction is you know going on the ground that is on the export side?

Kushal Desai: On the export front in the last earnings call we mentioned that since the supply chains have eased, de-inventorisation is taking place. So that effect has very much been in place. What you see are the shipments which had been scheduled and already went through, fresh order intake which is coming in through the quarter has been a bit slower especially from distributors, people who stock and hold stock in the warehouse and then sell the product because they are all looking at reducing their inventory levels which in the current situation is too high given that the supply chain has now been fully restored so as we mentioned earlier also that there is a period where there will be a slowdown in terms of execution for the US and Europe market and in Q2 we have seen that in the order inflow which has come in for immediate execution whereas the orders which have come in as I mentioned in the last quarter earnings call also is that they are for a longer dated delivery so fundamentally once the de-inventorisation process is over when it should get into a normal cycle so that is what we mentioned earlier and the feet on the ground pretty much as we speak today seem to be in that same direction.

Charanjit Singh: So Sir, if you have to look at the kind of grid ramp up which is happening in US and the European markets and take a maybe a little longer term view rather than quarterly view on the export markets then how you would see that market from demand supply perspective and overall growth perspective?

Kushal Desai: So as I mentioned earlier also in the previous quarters call, the fundamental market scenario has not changed so the long term execution and the shift towards renewable energy moving from electricity being about 20% of the energy mix to 40% of the energy mix by 2050 and renewable energy forming almost 75%-80% of that growth in the electricity addition, all those parameters remain pretty much intact so our sense is that whatever this de-inventorization thing which we have been talking about from the last quarter onwards is more something that a tactical thing happening in this period, the factors which I mentioned earlier, they still hold good even today where you have got higher interest costs so the cost of carrying inventory also is much higher and the unpredictability factor that was there before because of supply chain, raw material outages etc, all that has disappeared. So today an order which is placed is being executed within a relatively short cycle and that cycle is a quite a predictable cycle so that is why this whole de-inventorization is taking place. But I think these two things are uncoupled the de-inventorization in the short term which is happening and the demand which is fundamentally there are two decoupled, we should decouple those two things, they are two different effects so hope I have been able to answer that question.

Charanjit Singh: Yes that is very helpful so thanks for the detailed answer. So just on the cables segment, so cable segment, we saw revenue growth of 16% during the quarter on Y-o-Y basis so if you can touch upon could this growth have been you know higher pertaining factors which could have impacted our growth in the cables and wires segment and domestic market, how did we see in this segment and how the wires as a business is doing for us within this cable and wire segment that is my last question, Sir?

Ramesh Iyer: Yes, the same effect as Charanjit we spoke about, because of deinventorization that is being followed by the Western countries, we have seen that impact in Q2 otherwise we see the quarter one growth rate was much higher than in Q2 so we are slowly seeing that impact what we just spoke about. On the wire business that is progressing as planned and we are increasing the number of our electrician meets and the number of retail touch points also there and we are already down there in the 17 states. We are present across India as of now so that is going as per our plan now that we mentioned.

Kushal Desai: As Ramesh has mentioned the rollout you know continues to be reasonably strong so as we keep expanding our footprint the acceptance of the wires and the distribution of our wires are continuing to grow and we have seen that many of our competitors also are now seeing that this category and this type of wires actually is a clear stand out so some of our competitors are also now looking at trying to provide similar performance levels of wires like Anushakti but we see that as a very positive step because (A) It recognizes the strategy which we are following and

(B) If other powerful entrance also start promoting the same type of wire, the whole category will end up growing with us having the first mover sort of advantage. So in short, that part of the business is growing. Our distributor presence has almost doubled over the one year period. Our retailer presence also has increased by almost 70%, the states that we are active in today, and Ramesh says from 13 states we are now active in 17 states and the 18th one just went active in the month of September. We also focus quite heavily on demonstrations, so the demonstrations because once you see the performance of our wires through a demonstrated test so the demonstrations which we did in 12 months, we have completed in 1/2 and this year the same thing with electrician meet, the same thing nukkad meets with these shops. So basically our activity in the market has doubled what we did in the entire last financial year we have done the same similar numbers in the first half. So all these demand generation activities have been going on quite strongly and as a consequence even the sales is also showing similar sort of growth.

Charanjit Singh: Got it, Sir. Thanks a lot for taking my questions and all the best for the future.

Moderator: Thank you. The next question is from the line of Riya Mehta from Aequitas Investments. Please go ahead.

Riya Mehta: Good evening, Sir, Riya Mehta from Aequitas. My first question is if you could just elaborate a little bit on the capex progress that was announced earlier and the capex plan that we have for H2 of this year and next year for both cables and conductors?

Ramesh Iyer: So our capex spend till September is about 150 Crores and bulk of it is there into the cable division and the conductor division over there and we have capex of about 350-400 Crores by the end of the year and will be very close to that number as we go into the second half.

Riya Mehta: Okay and any plan for the next years, capex plan for next year?

Ramesh Iyer: Well, this still give us capacity for the next year and as we get into the later years, we will inform more about the guidance that on capex front and other areas.

Riya Mehta: Okay and capex that we had announced last year, we had plans of commissioning and ramping up this year. Just wanted to know how that is progressing, especially on the cable front?

Kushal Desai: It is pretty much on schedule.

Riya Mehta: Okay so have you commissioned any part of it?

Kushal Desai: So there are lines which have come in and the lines have been put together and have been commissioned.

Riya Mehta: Okay typically what duration can we expect for full ramp up of the capacities that will be coming this year?

Kushal Desai: So you will see in FY2025, you will see the full, to a large extent the loading of these plants, so they are all getting commissioned through this financial year and our expectation is that by the end fourth quarter as we mentioned earlier also that this round of capex will get over, which will then allow for the running in the next year for almost a year and a half the ratio is about 10 to 12 times so 400 Crores capex can get you 4000 to 5000 Crores of revenue at a base level.

Riya Mehta: And we expect say next year to be full ramp up for this 400 odd Crores?

Kushal Desai: Yes expectation is that all this has been put together based on what we have seen, in terms of new tenders and customer requirements which have been indicated so based on that, the capex has been put in on what we think are relevant products and it should during the course of the next financial year get fully loaded.

Riya Mehta: Okay and the second question is more on the opportunity side so two aspects, if you could elaborate upon the opportunity size like we have and whether we will benefit from that in a meaningful way, one is the Bharat Net part in India and the other is I think what I understand is there is a $3.5 billion investment announced by US for reconductoring their grid and strengthening their power grid so would we be able to benefit out of this and what is the kind of opportunity we can look out of these two initiatives?

Kushal Desai: So let me answer the question to the extent I am allowed to answer, with these restrictions that are there. We have spoken about the Bharat Net opportunity in the last call that we had. The Bharat Net opportunity is it is not yet finalized and in its final form announced for tendering, but is that a very advanced stage and APAR would be in a position to participate in the Bharat Net because we qualify with all the EPC capabilities that we have. We have the ability to participate in that tender which is there from the understanding that we have that I explained last time is that in the case of Bharat Net it is expected that this time it will be like an end to end tender where it is not only a supply, but then there is also you have to run the network for an X period of time so it is a supply and running the network and there will also be restrictions on the number of bids that any single company can make so this would clear to open up opportunities to people who have the capability and the qualifications to bid on it.

Riya Mehta: We would be in position to taking up orders for end to end solution as in running up the network as well?

Kushal Desai: Yes we have every intention of bidding against at least one package so all the final form of Bharat Net is not out I think it is just at a prefinalization and tendering stage. But as we mentioned earlier in some of our earnings calls on the Investor Day meetings that we have every intention of participating.

Riya Mehta: Okay, understood.

Kushal Desai: As far as US is concerned, we have approvals and we have been in dialogue with number of utilities in the United States. We also have an active sales force on the ground in the United States so any massive amount of work which happens on the re-conductoring side and addition of new transmission lines etc, the company would participate. You would have seen that in even in last year's numbers that after India, our second largest market actually the United States contributed to over 25% of our revenues so we do have a significant presence there and the company is continuing to invest in growing the presence.

Riya Mehta: Right this has to be re-conductoring opportunity, where would it be a premium product like OPGW and HEC or would it be our conventional product?

Kushal Desai: So the funds that have been allocated, the United States market actually is run purely by private players so unlike in India where you have semi government or you have like state electricity, state transmission company involved etc., so this opportunity is something that has just been announced so I do not think you know all the details of that are all yet spelled out but our sense is that there will be a combination of both because generally re-conductoring opportunity results in using an existing infrastructure and reconductoring a line meeting certain constraints so usually a reconductoring job requires HTLS or a premium conductor but the market in the US, our expectation is, as we mentioned earlier also that a number of new lines are coming up there which are executing or rather transmitting power from new and renewable energy locations so like a new wind farm or a new solar farm, you have the transmission line evacuating power from there into the grid so that line can be designed to be either a conventional conductor line or an HTLS type of line. Most of the reconductoring jobs require a higher HTLS component for you to really make it meaningful.

Riya Mehta: Okay and on the oil segment, so we have seen this last couple of months being very volatile in terms of crude oil prices which I understand impacts our margins and also that there was some supply chain issues that was mentioned in the presentation so I just wanted to understand how have things been so far in Q3?

Kushal Desai: I am constrained in terms of being able to talk about future, but as I mentioned in our commentary we had some issues from our largest refinery and supply source with whom we have been working with for over 20 plus year so there was a hiccup in terms of their supply chain during the second quarter that resulted in us having to buy raw materials on a spot basis etc., which was more expensive because you had to buy it from a source which was very short delivery to make up for, these sort of things are not predictable, but in the month of September, shipments have been restored almost back to its normal level for all grade and in certain grades additional products have been also shipped to us or are being shipped to us to compensate for part of the problem so as a consequence, we have ended up paying a higher price in Q2 the material which should have been used in Q2 is actually some of it is spilling over into Q3 and as a consequence, basically the higher price paid in the previous quarter will get offset to some extent in this quarter just in terms of the timing of the delivery.

Riya Mehta: Okay understood and just last question on a couple of data points what would be percentage of export orders in the conductor new orders of about 2500 Crores this quarter and what will be the execution period of order books for both cables and conductors?

Ramesh Iyer: Order inflow of the export part of the new order for Q2 will be about 43% and typically the execution time is about six to seven months. But as we mentioned earlier also we do get some orders in this period for which the execution will happen next year also.

Riya Mehta: Okay and the cables?

Ramesh Iyer: Cable order book stands about 1,000 Crores and the cables are a much shorter execution period as of now, about just about less than 10% of the cable order book that for which the deliveries will happen in the next year or so of all will be in the short term.

Kushal Desai: There is a bit of a que in terms of delivery into 1,000 Crores order book that is there, it has the domestic portion of it is, very short cycle. The export portion of it has some deliveries now and a larger portion of its deliveries are in Q4 given that the de-inventorization thing is happening right now.

Riya Mehta: Okay and this new order for conductors you mentioned where you know the export is 42%, what will be the premium product percentage? Share of premium product?

Ramesh Iyer: Premium product should be in the range of 40% to 42%.

Riya Mehta: Okay thank you so much.

Moderator: Thank you. The next question is from the line of Amit Anwani from Prabhudas Lilladhar Pvt Ltd. Please go ahead.

Amit Anwani: Thanks for taking my question. My first question is on the de-inventorization which you are mentioning for exports, which you did mention in the last quarter as well. Just wanted to understand you are saying, if my understanding is right, distribution network will be seeing some inventory adjustment. How much would be that percentage distribution in exports and domestic market for you in conductor?

Kushal Desai: You mean conductor going into the distribution versus transmission is that? We don't do much in terms of conductors that go into the distribution side. The bear conductors are largely on, so 95% would be transmission and 5% distribution side. We have a hybrid product which is in between conductor and a cable which is called a medium voltage covered conductor. So that medium voltage covered conductor is a distribution conductor, but having an insulation, very specialized insulation layer on top so we are the leader in terms of MVCC in India and so that is the play which we have on the distribution side.

Amit Anwani: My question, actually was you said that our distribution channel has increased and there would be…

Kushal Desai: So that is from the building wire standpoint where you have distributors as in people who go shop to shop and distribute through all the retail outlets and things.

Amit Anwani: So that we are seeing inventory adjustments, right?

Kushal Desai: That we are not seeing any adjustment here. What we are talking about is okay, let me clarify what I meant is that we have there are several mega distributors in the United States who bring product, stock it and then sell it. So those distributors who are carrying a very high level of inventory that ran into 8, 9, 10 months also of inventory have now started de-inventorizing and destocking the inventory levels that they are holding. So this is affecting or has affected the short-term shipments that are happening to the United States.

Amit Anwani: Right so how much percent that would be?

Kushal Desai: Our total sales, export sales have been about 52% for the cable business so wire distribution, actually that number is, I do not have the exact number, but what is happening in terms of is that we are moving more and more towards dealing directly with the EPC contractors for the large jobs so when you have big re-conductoring jobs when you would have that is why we have added people on the ground in the United States, so reconductoring work will largely happen with utility and EPC people and most of the transmission line work also happens to the big utilities through EPC and direct. The smaller utilities actually buy it through the distribution channel. The more channel remain active, but it depends on where the dollars are being spent. Participation in those channels will then be dictated by that so the smaller utilities are doing upgradation capex sort of work, then it goes through a distribution channel. If the larger utilities are doing work, then they typically buy directly or through an EPC contractor.

Amit Anwani: Sir on re-conductoring, which you did highlighted that we are increasing the pace of execution and so are we talking this about the domestic market or is my understanding correct that now re-conductoring opportunity will also depending on an export market and the mix there will also see a lot of re-conductoring growth apart from the conductor which saw a robust growth in exports market so if you would like to just clarify on that?

Chaitanya Desai: Yes re-conductoring as a demand is happening both in India and outside India. APAR has been doing re-conductoring turnkey projects only in India where we are doing the execution work and where we mentioned about our productivity having improved, re-conductoring demand from outside India, we are participating in that through supply of product only. We are not actually taking it on to end to end.

Kushal Desai: Question was that are both the markets growing and so the thing is that reconductoring is generally growing because as we have been saying in the past, electricity consumption everywhere is increasing so wherever there is a right of way issue and you are not able to put up a parallel transmission line and the only viable option is to reconductor with the line of higher capacity so that sort of phenomena you will start finding everywhere happening around the world and our participation right now in domestic is to do both supply as well as EPC whereas overseas we are doing only supply.

Amit Anwani: Right sir within cables, how was the contribution and growth of elastomeric cables and E-BEAM cables for H1?

Ramesh Iyer: Elastomeric cable has gone up by about 40% in H1.

Amit Anwani: Okay sure Sir and so this capex which you said 350 Crores by the end of this year, this would lead to capacity increase by how much percentage over the base of last year if you would like to have?

Ramesh Iyer: Asset turnover is in the range of 10 to 14 depending on the category of products that will get used.

Amit Anwani: Sure my last question is on the interest cost. This quarter we saw interest cost going significantly up on a sequential basis and I can see oil business on the breakup provided on the PPT roughly 45 Crores towards oil business which appears high so any understanding we would like to give, how should we read the interest cost numbers going forward and also on the working capital as we understand that typically we have interest bearing acceptances and we used to see interest costs as percentage of sales around 2-2.5%, which has gone up to 3% this quarter, so any understanding on working capital and interest cost going forward whether we target, how should we read on this?

Ramesh Iyer: Yes, so sequentially the interest cost is high because the first quarter the interest on discounting was less and second quarter the interest on discounting is high and therefore that is one of the reasons for the increase on a sequential basis. The other thing is that of course the volumes in the second quarter is much higher than in the first quarter, not only in terms of sales, but also in terms of procurement etc. You also see exchange rate going up slightly towards the end of Q2 and the increase in exchange also has an impact on how the interest costs will go up.

Kushal Desai: Even interest rate itself has increased so wherever you have had open letter of credit of 180 days which was opened earlier, the interest rate was frozen at the time you open the letter of credit because it is fully financed so as the percentage of the LC is being opened, or more current interest rates, the rates are much higher than before given the high percentage. So whatever Ramesh has said plus this impact is what is resulting in higher interest costs. It will taper off because I think I mean depending on the rate hike whatever more happens it taper off at whatever level of so far is there today, on the import side and on the domestic side also whatever RBI guidance etc, I think it seems like it is flattening out so on that basis you know you can extrapolate what the interest costs would look like.

Ramesh Iyer: On your question on working capital, typically we are in the range of 35 days net working capital so historically it has always been in that range and that is what we are being maintained even in this half of the year.

Moderator: Thank you. The next question is from the line of Dhanan Bagrodia from ASK. Please go ahead.

Dhanan Bagrodia: Congratulations on a good set of numbers again. Sir I know you will not speak much on guidance but just a little bit on realization and would that be similar base or there would be scope for more reduction?

Ramesh Iyer: So as we said, we cannot talk about guidance so can't talk about realization also. Excuse us for this time.

Dhanan Bagrodia: Okay capex what you see, let us see this is capex would be for the next year?

Ramesh Iyer: Yes. So we have already spent about 150 Crore in this year.

Dhanan Bagrodia: 400 for this year, what would be for the next year?

Ramesh Iyer: Well, for the next year, we will share the information as we get into the close of the year.

Dhanan Bagrodia: Okay perfect sure.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.

Himanshu Upadhyay: Congrats on good set of numbers. I had a question on this oil itself or the base oil what we stated despite that we had a phenomenal volume growth rate of 18% so the impact was completely moderating and how much are the spot prices higher versus long term prices generally are they significantly higher?

Kushal Desai: So Himanshu here, fundamentally order inflow was strong, primarily led by the growth that we saw in transformer oil and to answer the second part of your question which is the difference in the spot market varies all the time so depending upon which is happening with crude and what is happening with gas oil or diesel and then the supply demand that is out there so if anybody goes in to pick up large quantities automatically the spot market correct upward, whereas the contract is based on formula pricing etc., so as I mentioned earlier, we have definitely seen an erosion in our profitability in the second quarter because we have to buy more from the spot market given that there were supply chain challenges from one of our largest supplier refineries that we work with. But having said that, as I mentioned in September, the shipment started normalizing and they have also tried to make up for loss volume.

Himanshu Upadhyay: See my question is what we have seen crude price have moved up in last three four months, our price is formula based with a lag of one month time so what you will be getting now will be the lower price point or it would be from what the current price is whatever volume?

Kushal Desai: All formulas are backward looking so as a consequence when prices are rising, formula pricing is always beneficial because it is backward looking. When prices are falling then the reverse trend takes place.

Himanshu Upadhyay: So my question is the volume what we missed from July, August, and lets say for those two months the product what we will be getting will be based on July, August price points or it will be forward only. So the volume which went?

Kushal Desai: Pricing goes based on every month and benefitting to the effect that some of the shipments got a little bit delayed, but the refinery has tried to cover up some of the shortfall which has happened obviously when they had significantly reduced production, they are not in a position to cover the entire gap but they try to cover some of that gap.

Himanshu Upadhyay: Okay I had question on transformers side, see what our understanding globally that there is a shortage of transformers, and many Chinese companies are gaining market share like Jin Tong, Eon all those in the US and Europe market. What impact does it have on our business because what I understand we do not supply to Chinese players and are we seeing opportunity coming up for even our MNC customers on the transformer side to explore outside India and will it benefit us or some of your thoughts on how the scenario will pan out?

Kushal Desai: So transformer demand has been quite strong and fundamentally it is coming from the increase in the number of substations that are coming up and during our Investor Day presentation, we had a chart. In fact you will see the investor presentation deck. It gives an idea in terms of you know how cables, conductors, transformers/transformer oil is used along the entire supply chain. So what is happening is that renewable energy has a higher intensity of substation and each substation needs a transformer to step up the power or step down the power. So there is a shortage of transformer in certain area because the demand has suddenly gone up from being very stable, for example the US market transformer manufacturers are completely are fully booked. I am not so sure about Chinese companies being able to penetrate the

US market because there are very high duties which are there on pretty much all Chinese products including antidumping duty in place so I would not be able to comment on that we do not sell transformer oil into the U.S. market simply because of very high logistics cost for transformer oil relative to you know the local refineries and their ability to service project sites so our focus on export in transformer oil is fundamentally been ex the United States. So to answer your question on are we seeing export orders coming on Indian transformer manufacturers who are part of the MNC system. We have been seeing export but the domestic market itself is very strong. So there is a lot of transformer demand especially India itself as all these transmission lines and renewable energy sites are coming up. So we have a strong supply that is going into the domestic market servicing all these transformer manufactures. So I think most of them are quite focused on just supplying to the Indian market at this stage.

Himanshu Upadhyay: One more thing in the presentation what we see on the conductor side so Q2, the volume growth is much ahead of the revenue even in our order book which is high, the volume would be much higher than the value terms or what was there last year. Should we assume that?

Kushal Desai: So there is no correlation in that. So it all depends upon the time you have book the metal and because you could have a metal that was booked one year ago, when the metal price was...

Himanshu Upadhyay: That is the whole reason I wanted to understand?

Kushal Desai: You will not be able to correlate because that is such a dynamic picture that it will keep on changing depending on that is the reason why we go by EBITDA per metric tonne as metric because aluminum was at a relatively lower price a year ago or two years ago, people have taken advantage of even COVID time and booked two years in advance and hedged metal, so you can have a different price points on the metal so the metrics that we look at is EBITDA per a metric ton and the amount of conventional products versus premium products because that is actually the measure by which one can get an idea in terms of sort of realization and margin company can have so otherwise the correlation is very difficult to track and explain.

Himanshu Upadhyay: Okay and one last thing you see we want to raise capital nearly 1000 Crores and we gave a dividend of 160?

Kushal Desai: I am not in a position to answer on that as regulation does not allow us to comment at all on fund raise so we will defer that question at this stage.

Himanshu Upadhyay: Okay thank you. But I think the document what has been sent on the postal is very vague and I think some more clarity would have been beneficial for us to understand.

Kushal Desai: You may want to take it with the regulator.

Himanshu Upadhyay: Okay thank you.

Moderator: Thank you. The next question is from the line of Abhijeet from YES Securities. Please go ahead.

Abhijeet: Good evening, Sir. Congratulations on a very good set of results. My question is on the US export market, so as I understand it last year conductor revenue was around 7000 Crores and you mentioned 25% that was from US? Around 1500 Crores odd revenue from US and given the size of electricity consumption, size of electricity market in the US, I assume this as percentage of market and their target to increase the contribution from the renewable sources, the market is quite huge in terms of compared with the revenue that we have right now so the scope to increase the revenue new forward is huge for such a big market so what is our strategy going forward to penetrate and to get more revenue from the market and what is the kind of competitive landscape that you are seeing there? Are there local players or there are players who are exporters like us from the different countries, can you comment on that and our strategy in terms of increasing our market share in the economy

Kushal Desai: So I have limitations Abhijeet is in terms of again what I can specifically answer. I will just stick to what I had mentioned earlier as well as in all our previous communication that all of these countries have signed up to this, decarbonization through, you know, COP 26, COP 27, etc. They have all set up significant targets. If you go to an investor presentation deck, you will see various charts and things which are supporting what sort of growth is expected over the next 15, 20, 25 years in these markets as far as renewable energy is concerned so all I can say is that we have had a focus on U.S. market. We have been engaging with various utilities there and we have been engaging with various EPC players there so it has for the last few years been a very strategic market for us. It will continue to be a strategic market 26% of APAR revenues comes from the US market so it is clearly market of focus for us and unfortunately, I am not in a position to you know answer anything specifically on forecast in the future etc., as such but as the execution plan happen in the US based on whatever announcement these governments have made and the targets that they have taken it is natural thing that demand will sort of follow.

Abhijeet: I understand demand scenario is very strong in the next 10-20 years, but what about the competitive scenario there in terms of supply and how favorable are we placed to capture the incremental demand that comes out of these markets?

Kushal Desai: Again, I understand, but unfortunately Abhijeet I cannot answer that, given the fact that this gets into the area of, future and forecast so I cannot specifically answer that I just want to clarify that the export that we have to US 16% of APAR total revenue in FY2023 so it is very significant market from that standpoint.

Abhijeet: Thank you so much.

Moderator: Thank you. The next question is from the line of Sakshee Chhabra from Svan Investment. Please go ahead.

Sakshee Chhabra: I wanted to understand that the dealer that you mentioned about was that only pertaining to exports or is that even on the domestic side?

Kushal Desai: This is pertaining specifically to a large importer distributor in the United States and Europe because the supply chain were broken during COVID and it was taking very long to get containers, shipment, clear them and deliver them to client side all large importers, distributors in the United States and Europe were having elevated levels of inventory. So domestic side that problem never really existed so this is purely US and Europe sort of phenomena.

Sakshee Chhabra: So then what would be the reason that on Q-o-Q basis there has been dip in the domestic side of cables business?

Ramesh Iyer: Well, it depends on the orders and execution we typically do not look at it on quarterly basis.

Kushal Desai: But there is net increase that has happens in terms of if you at Q2 on the domestic side, Q2 of our domestic side is higher than the same period previous year so overall growth in the domestic side of the business in fact the domestic demand for cable was always strong and it continues to remain strong and APAR has chosen to focus more on the export because we were getting better realization and higher profitability, good cash flow but the domestic demand for wires and cable has remained reasonably strong through the year in fact in FY2023 domestic demand in India grew by 20% plus compared to the previous period of wire and cable category.

Sakshee Chhabra: Okay but there is no specific reason for the sequential dip?

Ramesh Iyer: It has grown as compared to Q1 growth rates may have slightly come down, but overall there is growth in Q2 as compared to Q1.

Kushal Desai: That number there is actually a year-on-year growth as well as sequential growth in the cable domestic side.

Sakshee Chhabra: Okay, so the difference is only because of export?

Kushal Desai: Yes. Export shipment in Q2 were lower, growth percentage was lower than previous period. As you know destocking that phenomena started fundamentally when you want to reduce inventory from holding 8-10 months down to the normal two to three months, we have about six months of excess stock which has to reduce so that is the phenomena which has been basically seen.

Sakshee Chhabra: Can you also explain the disconnect that is there on conductor side between the realization on EBITDA per unit, on quarter-on-quarter basis, the realization has come down but the EBITDA per unit has gone up?

Ramesh Iyer: So the realization is different thing it depends price on your aluminum or copper so that is why typically it is good to look only at EBITDA per metric tonne because the prices of metal fluctuates.

Kushal Desai: For the quarter there is no correlation with the prices that exist in that quarter, it depends upon the hedging, when order was placed, what the client requires from usin terms of hedging etc. So that is reason why keeping on track on per tonne realization is not easy to track. Earlier I explained that the company if the customer asked us to hedge it for six months in advance then we would hedge it, now in the six months if aluminum goes up then that is precisely the reason why the client wanted to hedge the product and fix the pricing on it so it is difficult to see the realization per ton and that is the reason why we focus on EBITDA per ton as well as what is the percentage of premium products that are sold that will give you an idea of mix which will drive the profitability.

Sakshee Chhabra: Got it.

Moderator: Thank you. As there are no further questions I would now like to hand over the conference to Mr. Kushal Desai for closing comments.

Kushal Desai: Thank you everyone for joining our call for this quarter and I also like to wish everybody season greetings and very happy and

prosperous Diwali and New Year which is pending in the next few weeks so thank you very much for joining us.

Moderator: **Thank you. On behalf of APAR Industries Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.**