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By E-Filing

August 04, 2025

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
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**Sub. : Submission of Transcript of the conference call on Un-audited Financial Results
(Standalone & Consolidated) on Q1FY26 (2025-26)**

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

Dear Sir / Madam,

Kindly refer our letter dated July 29, 2025, under Ref. no. SEC/2907/2025, w.r.t. submission of Audio Recording link of the conference call on the Un-audited Financial Results (Standalone & Consolidated) of the Company for Q1FY26 (2025-26).

Pursuant to the provisions of Regulation 30(6) of the Listing Regulations, we are submitting herewith the transcript of the conference call made on July 29, 2025 on the Un-audited Financial Results (Standalone & Consolidated) of the Company for Q1FY26 (2025-26).

The aforesaid transcript is also made available at the website of the Company viz. 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 Q1 FY'26 Earnings Conference Call"

July 29, 2025



**MANAGEMENT: MR. KUSHAL DESAI - CHAIRMAN & MANAGING DIRECTOR,
APAR INDUSTRIES LIMITED**

**MR. CHAITANYA DESAI - MANAGING DIRECTOR, APAR
INDUSTRIES LIMITED**

MR. RAMESH IYER - CFO, APAR INDUSTRIES LIMITED

MODERATOR: MR. AMBESH TIWARI — S-ANCIAL TECHNOLOGIES

Moderator: Ladies and gentlemen, good day and welcome to the 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.

I now hand the conference over to Mr. Ambesh Tiwari from S-Ancial Technologies. Thank you and over to you, sir.

Ambesh Tiwari: Thank you. Good afternoon, everyone. I welcome you all to the Q1 FY'26 Earnings Call for APAR Industries to discuss the 'Business Performance' and 'Outlook'.

We have from the Management side, Mr. Kushal Desai – Chairman and Managing Director; Mr. Chaitanya Desai – Managing Director and CFO – Mr. Ramesh Iyer. I will now pass on 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 Q1 FY'26 Earnings Call.

I would like to start by actually giving a quick overview of our performance, then get into a quick industry update and then post that we can look at the segmental performance and finally open the floor to questions.

We have started off FY'26 with a notable 1st Quarter Result. Our revenue for the quarter grew 27.3% over the same period last year to reach Rs. 5,104 crores and this was driven by growth in the domestic business particularly. Export revenues contributed about 31.6% to the turnover. Our EBITDA is up 27% year-on-year to about Rs. 501 crores which is at a margin of about 9.8%. Profit after tax came in

at Rs. 263 crores which is about 30% growth year-on-year with an absolute margin of 5.2%.

In terms of key industry highlights:

India's renewable energy sector has recorded its strongest growth in the last three years with power generation rising by about 24% in the first half of 2025 compared to the same period in 2024. The renewable power generation has reached 134 billion kilowatt hours in the January to June period which is the highest semi-annual growth rate that has been seen right from 2022 onwards. June 2025 alone added about 7.3 gigawatts of renewable energy. This is about four times what it was in the same period a year ago which was 1.4 gigawatts. So, this sharp increase has primarily been driven by both expansion in solar and wind and this has been further advancing India's clean energy transition.

In the meanwhile, you will also find that coal-based electricity generation has declined by nearly 3% in the first half of 2025 and this was influenced to some extent by milder summer temperatures that reduced the overall power demand. However, we expect that in the short to near term there will be an increase in conventional energy as well to ensure that the base load is being maintained.

In terms of recent tenders and projects in the renewable sector:

I would like to point out that in June 2025, approximately 6.8 gigawatts of renewable energy tenders were issued for project development reflecting that the sector is still seeing momentum. SECI which is a solar energy corporation of India has invited bids for 2 gigawatts of interstate transmission systems connected to solar projects along with additional between 1 gigawatt and 4 gigawatts of energy storage systems as well. During the same period, 520 megawatt of EPC tenders were announced including 260 megawatt of solar EPC floated by NTPC in Rajasthan. Further, about 1.6 gigawatts of BESS, which is battery energy storage

systems capacity and 312 megawatts of renewable energy capacity were also awarded to developers. So, there is a lot of action that is happening in this sector and you will see that increasingly more and more systems are requiring storage solutions in place.

On the transmission side:

According to Central Electricity Authority India has added 22,190 MVA of new substation capacity in the 1st Quarter of FY'26. This is of 220 kV class and above and this is more than double what was added in the same period last year. However, this achievement is still significantly short of the planned capacity which was supposed to be 48,185 MVA for the quarter. So, there is a pent-up demand which is continuing to be built up. In contrast, the addition of transmission lines in the 1st Quarter of FY'26 was much below target. Only 1,031 circuit kilometers of lines which are 220 kV and above were added, representing just 17% of what had been targeted which was 6,000 circuit kilometers. Some of these delays have been actually attributed to segments where the right of way has not come through and there is a lot of attention being provided to get these clearances and once again, we feel that as these clearances come through, there will be significant call-ups and demand coming up. So, in the full year FY'26, the planned addition of transmission lines stands at 24,400 circuit kilometers, which is planned to be 2.5 times what it was in FY'25.

Now, coming to more specifically the business performance by each segment, I will cover the conductor segment first, follow that up with the Specialty oil segment and then finally close with the cables.

So, in terms of our Conductor Division:

Q1 FY'26 revenues grew by 43.9%, say 44% year-on-year on the back of improved product mix, higher realization as well as volume growth. The volume has grown

by about 18% versus Q1 FY'26. Exports contributed about 20% to the overall revenue of the Conductor Division as opposed to almost 30% in Q1 FY'25. As I mentioned in my opening remarks, on the conductor side, the domestic business was quite strong during this period and the domestic order book as well as the expected business to be awarded as I mentioned in my opening remarks continues to look strong. Our US revenues grew by almost 83% over Q1 FY'25 and 8.6% over the fourth quarter of FY'25. Looking at our premium product mix that contributed 43.5% in Q1 FY'26 compared to 37.1% in the last year. On the profitability front, the EBITDA post-open period FOREX came in at Rs. 43,688 per metric ton as against Rs. 38,532 per metric ton in the same period last year. This can be attributed to an improved US and export product mix as well as growth in the premium business. If you look at the order book, our current order book stands at Rs. 7,779 crores and the new orders received during the quarter were about Rs. 3,135 crores. So, all in all, the conductor business has put in a very strong performance.

Coming to the oil business:

Even though the revenues seem to be flat over last year, given that the average price of crude gas oil and some of the derivatives were lower than the same period previous year, however, the volume has grown by 8.1% compared to Q1 FY'25. Transformer oil volume was higher by 7.4%. The domestic transformer oil volume grew by almost 20%. So, it's really the overseas business which was a bit slower. Automotive oil grew by about 8.4%. Industrial lubricants grew by around 15.9% year-on-year. However, as I said, the export side was a little bit slower. Many transformer oil projects in some of our key markets like Saudi Arabia, South Africa and Australia have got a bit delayed. We do have a strong order book but its execution has been pushed out by a few months. For the first time, the export mix actually came down to 36.7% which used to always remain 40%+. Last year, on a comparable basis, it was about 45% of our revenues. Our expectation is that this

is a temporary blip and as the project executions start picking up, you will see this whole equation reverse. When you look at EBITDA per KL, it came in at Rs 7,004 as opposed to Rs 6,935 per KL a year ago.

Now, coming to our cable segment, revenues in Q1 FY'26 posted a revenue growth of 36.3% and revenues have reached Rs 1,419 crores. There has been a strong export performance in the cables segment. Domestic revenues grew 19.7% year-on-year whereas our US revenues actually grew 136% over the same period last year. Part of this was customers calling up product to meet a deadline of 1st August where tariffs will change pending a conclusion on the tariff agreement between India and the US. So, if you look at the export mix, it came in at 41.3% versus 33.2% a year ago. If you see EBITDA post FOREX that also grew almost proportionately by 32.2% to reach Rs 142 crores. The EBITDA margin came in at around 10% which is marginally lower than what it was in Q1 FY'25. The current pending order book stands at about Rs 1,653 crores.

If you look at exports in the non-US markets, we continue to encounter some headwinds due to the subsidized exports taking place from China. I mentioned in the last earnings call that we had at the end of the full year results where Chinese products are being subsidized by between 8% and 12% and that trend continues. The trade deal with the US unfortunately has not yet been closed. So, the impact on India still remains a bit uncertain until this issue is settled. However, pending the finalization of the import duty structure, we are given to understand that many US clients are sitting on the fence. They are going a little slower in terms of ordering as they are not clear exactly what the landed cost will be. Having said that, we are hopeful that the India duty rates should not be a huge disadvantage compared to some of the countries that so far, we have been having to compete with which are fundamentally Vietnam, Cambodia, Indonesia, Korea, Mexico and the EU. However, we are optimistic that in the medium-to-long term, the demand in the energy sector with all the various initiatives that are running continues to

remain strong. In Europe, ESG requirements are continuing to increase and in fact, participation in tenders is becoming contingent upon clearing a certain basic ESG screening. So, as I mentioned in the last earnings call as well that we are continuing with our planned CAPEX spending of about Rs.1300 crores. So, far, we have incurred Rs.150 crores of CAPEX in Q1 and we additionally expect, based on the orders that have been placed, about Rs.350 crores to be spent in the next few months, within the quarter maybe running up to the month of October. This will enable us to be prepared for the future and tap the various opportunities that come by.

I would also point out that we have a detailed corporate presentation in the investor section of our website. Also, this year APAR has released an integrated annual report. It is a very comprehensive report which covers not only the financial performance but it integrates ESG considerations within the report. We would be happy if all of you go through it and if any of you have any feedback because this is a gigantic exercise that has been undertaken and it is for the first time that we have done it. Please feel free to give us your comments and feedback because this is something that will continue going forward.

So, with this, I would like to come to the end of my comment and I would like to turn it over for any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.

Vidit Trivedi: Hi, sir. Thank you for the opportunity and congratulations on a great set of numbers. My first question is with respect to the Conductor Division. We have seen the realization as close to 43,000. My question is how sustainable are these levels or should we stick to the earlier guided range of 30,000 plus tailwinds?

- Ramesh Iyer:** Yes, we have always been saying this. Our Conductor Division because of the various products that we have, the premium and non-premium mix changes and also the geography mix changes and different product categories have different margins. So, always they have been saying that our guidance has been about 30,000 plus tailwinds and in many ways the tailwinds are not so easy to predict. So, we continue with the same guidance, 30,000 plus tailwinds and the tailwinds will depend on the use of premium mix and non-premium mix on the various metals involved, the geography mix, the kind of products which are there. Comprehensive mix of that will determine the EBITDA for the quarter.
- Vidit Trivedi:** Got it, sir. Second, on the U.S. growth this year in the Conductor Division, it's close to 83%. So, can we assume that this is also because of the pre-buying? As sir mentioned that in the cables division, a lot of activity was seen because of the pre-buying?
- Ramesh Iyer:** Yes, so. To some extent, yes, we can see that one of those activities because this duty structure is uncertain at this stage and therefore customers have been insisting for some early deliveries.
- Vidit Trivedi:** Sir, what's the rate of duty when we export to the U.S. and the other players export to the U.S.?
- Ramesh Iyer:** Ours is subjected to reciprocal tariff which is 10% plus the duty which was already there about 5%. That is what the products from India we are subject to. But different countries have different rates of duties. In some cases, the reciprocal tariffs are there and also as you have been reading the newspapers, there is a duty on aluminum and steel also. So, that duty is different and the reciprocal taxes are on top of that.
- Vidit Trivedi:** Got it, sir. Thank you. All the best.

- Moderator:** Thank you. The next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.
- Nitin Arora:** Hi, sir. Just first question on the conductors. When we look at your export mix on a quarter-on-quarter basis, it has still not moved that much as a share in conductors. Then it looked like to us that this realization growth has come from the domestic side largely. Can you throw some light? Is this analysis correct and how you're seeing domestic prices specifically AL59 and also if you can throw some light, do you think there is a likelihood of expanding more of these capacities because you yourself said that domestic demand continues to remain strong. So, just on one of that aspect, if you can throw some light.
- Chaitanya Desai:** So, on the first point, it is correct that the domestic market is the one which has driven the growth compared to the export. And on the second point, the various products which we have been expanding in on the copper side as well as on the aluminum side, both have grown in the domestic market. We see more of a possibility of growth in volume rather than expansion in margins, especially on AL59.
- Nitin Arora:** And on the pricing of AL59, how that has been panning out? Why I am asking you this because it was always our exports which used to drive EBITDA per ton or realization per ton on the conductor. But this is the first time we are seeing that export market is so strong that it's taking your EBITDA or rather your realization or EBITDA per ton so higher. So, on the pricing side, do you see any risk in the domestic market or you think the demand is so strong that this pricing will remain for the next 1-2 years or 3 years? How you are looking for a little on a longer term?
- Ramesh Iyer:** So, Nitin, the function of EBITDA was one, exports as you rightly said, but also the function was on the premium products that we have been selling in the domestic market. We have the premium products that get sold on the domestic market and the standard products that goes to the export market. These two have been

accounting for the high EBITDA margins. And as you have seen in the earlier, even in the non-premium part of the domestic business, largely because of AL59, we have been able to get a higher price as compared to the traditional ACSR conductors. And as of now, and it has been happening for the last 2-3 quarters, the entire AL59 has replaced the traditional ACSR market. So, there are these three things at least on a big scale that is accounting for the higher EBITDA. Export was just one part of it, but the high premium mix as well as more use of AL59 has also added to the EBITDA margin for the division.

Nitin Arora:

Just one on that export part, I think you explained in the last call as well, because one is obviously the reciprocal tariff. The other part, even on the steel, aluminum, they are putting a lot of tariff. I am talking about US. That's where sir touched base that there might be a situation that he might start looking putting capacities there. Because as you rightly said in the starting of your point, what will be the landed cost, nobody knows at this point in time. And that's for every country, given steel and aluminum, I think the duties are similar. India is not known how much they will put on us, but at least for the other markets, the duty on steel and aluminum is about 30%-40%.

Kushal Desai:

I will just clarify that. The tariff in the US, there is one which is a reciprocal tariff. However, the basic materials, which is steel, aluminum, copper and a few others are falling under a completely separate classification called Section 232, which are products of strategic nature to the government of the United States. There, the tariff is an absolute tariff. Currently, for all of these three items, that is steel, aluminum and copper, it is at 50%. If a local conductor manufacturer need to import aluminum or someone needs to import copper or steel for that matter, they also have to pay 50%. So, the situation is a little bit fluid in terms of where this is finally going to settle. Because just recently, it was just about a month ago that it was increased from 25% to 50%. And copper, which was previously zero, has also come into this 50% band. So, there have been so many changes that have

happened that I think a little bit more time will allow all of this to settle down. In the meantime, there will also be some more clarity in terms of the reciprocal tariff that India will have with respect to the US. What I mentioned earlier in terms of the rates with some of the countries from where imports are taking place, that is a reciprocal tariff. So, the Section 232 is an absolute number. There is no reciprocal tariff, nothing. It is just a fixed number irrespective of pretty much where the import takes place. I just hope that I have clarified this. A little bit complicated, but this is what our understanding is based on whatever US advisors have informed us.

Nitin Arora: So, this is very helpful. So, basically, anyone either you supplying from India or someone else supplying from the other country, the raw material import cost is the same or any US local player also importing that, the duties are the same as of now.

Chaitanya Desai: The American manufacturer will have a 50% duty on his raw material, not ours. We don't have 50% on our raw material.

Kushal Desai: So, supposing we are exporting a cable which is having aluminum in it at the moment, so right now the reciprocal tariff is 10%, the basic duty is 5%, so you end up paying 15%. If today I file a bill of entry in the United States for aluminum ingots, it would actually attract a 50% custom duty under Section 232. Now, what the final Indian tariff settles at, we need to still understand. But I mentioned a few countries, the EU currently, the settled deal is at 15% reciprocal tariff and you have got Vietnam which is I think at 19% or 20%, Indonesia is at 19%, etc. Japan is at 15%.

Nitin Arora: Let me ask you this way, sir, at what percentage you think will go favor for India at least for our business? I don't know about any other business.

Kushal Desai: We were previously competing when the tariffs were the same. When the tariff was the same for Indonesia, Vietnam, India, Korea, Japan, all these places. So, if we are not at a disadvantage relative to these countries, then the customer will be

bearing a higher price and whatever is the effect of the project cost going up will result in some amount of demand getting a bit handicapped. But we will not be then at a competitive disadvantage to these countries. The EU is at 15% which is lower than the rest of the Asian countries that the export is happening. But I think in the course of the next few days, I think there should be more clarity on this particular front.

Nitin Arora: Very helpful, sir. I will come back in the queue. Thank you so much.

Moderator: Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, sir. Thanks for taking my question. First question on the cables business. This quarter, we saw a pretty strong export growth. Export number for cable is almost Rs. 586 crores versus almost Rs. 350 crores-Rs. 400 crores run rate for the whole of last year. And despite that, the margins are keeping at about 10%. So, first thing I would like to understand is which strong export is coming from only US or these other functions also. And second, despite export contribution going up this quarter, why the margins are still keeping at 10% for cable?

Kushal Desai: So, there is an overall growth in exports. A larger portion has gone to the US market. Part of it was, as I mentioned in my opening remarks, to try to pick up a tariff where it had been declared at that 10%. There has been some impact that has happened because in some contracts, the customer has paid the higher tariff, the 10% reciprocal tariff. In some cases, we have had to negotiate and compromise with the client and make sure that all of this product has gone through. So, combination of these plus some of the freight rates also had gone up in the short term when everyone is trying to push the product into the US during this interim period where the tariff was pushed back. So, there have been so many moving parts. So, I would not look at it as a fundamental change in the business economics. What fundamentally can change is if the tariff situation becomes something that is

highly unfavorable. I also want to emphasize that the US market on cables is about \$55 billion and 40% of those cables are still imported. And even though there are a bunch of new plants which are being declared, if you look at the cumulative output of those 4-5 major plants which are coming there, the output would just add up to a few billion dollars. And the growth rate there is about 3% a year, year-on-year, at least so far. So, just the growth is equal to \$1.5 billion or \$1.65 billion a year. So, our assumption is or thinking is that once this noise settles down, there will be a certain, the demand should start coming in. The issue right now is that if someone were to say that what is the landed cost of my product, we are not in a position to give that number.

Amit Anwani:

Sir, again for cables, earlier we were talking about the competition increasing. So, any change on domestic market on the competition front for cables as well as both?

Kushal Desai:

So, on the cable side, the competition does continue. There has really been very little change in the intensity of competition. We have been focusing on certain areas where APAR has been fairly strong. One of the segments which has been growing very rapidly is the wind segment because that is something that was very slow for the last few years. Currently, there are several new windmills going in, especially the hybrid projects, which is a combination of solar and wind. So, we are seeing a good growth on the elastomeric cable and the windmill side. But otherwise, there is no change in the, there is no major change in the competitive intensity, still remains competitive. So, our emphasis has been really on improving productivity and taking out conversion costs, energy efficiency. We have a bunch of new windmills which are coming through for our own third-party captive, which will also help reduce power costs, etc.

Amit Anwani:

Right. Sir, on cables part, the premium mix has gone up significantly. Q4 it was about Rs. 1,300 odd crores. This quarter also, roughly about Rs. 1,200 odd crores. The run rate previously was only Rs. 800-Rs. 900 crores. So, I wanted to

understand, you explained that the reason also for EBITDA per ton being higher is the standard product sales in US and premium product sales in India. So, I wanted to understand which premium products we are talking about, if you could explain more in the domestic market, which has contributed very strong contribution from premium products during this quarter and in Q4 as well?

Kushal Desai: So, generally, there has been improved execution on the HTLS, which is the high temperature, low sag. There has also been a growth in the entire copper set of products. We have overhead railway conductors, we have copper transposition conductors going to transformers, and we have bus bars. So, that range also has grown besides the HTLS and some of the execution of the semi-EPC turnkey projects that we have on the HTLS. So, overall, that whole group, every line item has pretty much shown an increase on that side. That's how we are seeing, even the order book has increased by almost 8 percentage points from the same period in the previous year.

Amit Anwani: Right. Any color on, that is my last question, any color on the non-US business this quarter and how has been the performance in non-US business for conductors?

Kushal Desai: So, the non-US business inquiries continue, but we are finding in many cases, some of the domestic projects are more interesting than going down in pricing for exports in certain geographies, especially Africa and some parts of Latin America etc., where the Chinese products carry a fairly high level of acceptability. So, our strategy has always been that what is our best net back that we get and based on that, we have been allocating where we want to export. Over the last few years and including in this CAPEX cycle, we keep on increasing the fungibility of our equipment. So, it gives us so much more flexibility to be able to move around within the product mix. So, that's why sometimes you find that Ramesh starts off being more conservative and then the numbers, because if the opportunity comes up, we have the ability to switch on the fly.

- Amit Anwani:** Just a clarification on CAPEX, we said Rs.1,300 crores and Rs.370 crores is additional or it is part of it?
- Kushal Desai:** That's the execution of that. So, when we spoke about this Rs. 1,300 crores, which we expect to spend by June of 2026, of that Rs. 150 crores physically has been already spent and then Rs. 350 crores is what we expect to spend in the next few months. So, progressively it will go through, the big payouts will come actually around November, December, January when you pay for all the equipment's because initially you pay 20%-30% of the value of the equipment and the rest of it comes later on. So, progressively this is being executed.
- Amit Anwani:** Understood sir. Thank you so much and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.
- CA Garvit Goyal:** Good evening, sir and congrats for a decent set of numbers. My first question is from your opening remarks. You mentioned about the transmission lines that we have achieved 17% of our annual target for FY'26. So, is it due to monsoons entering earlier in India or any structural issues that you are seeing?
- Kushal Desai:** No, so last year, number was very majorly affected because of the elections as well. But if you are talking about so far in the 1st Quarter, 17% of the planned quantity has been executed. So, if you were to split it into four quarters, it should have been about 25%. So, there is a little bit of and part of it is because the monsoons did come in a bit early. There is also a right of way issue. Many lines have got stuck because of right of way acquisition matters. There is also a few forest permissions and clearances that are required. So, the expectation is that given the fact that so much solar is being added, these lines also will have to speed up. And I think everybody right from CEA downward including the PMO's office, everyone is aware of this particular issue. This is on the back of last year being

also relatively missing the plan as I mentioned by a fairly large number. So, there is a good amount of pent-up demand which should come up in the domestic market.

CA Garvit Goyal: Got it, sir. And secondly, there are some issues happening in the industry related to delays in approval for solar projects that are to be connected with grid and some land availability issues that you rightly mentioned in the domestic market. So, conductors are also an important component in the wiring of the solar plant. So, are you seeing any slowdown here in the orders in Q1?

Kushal Desai: So, we have had a reasonably good order book as we mentioned, Rs. 3,175 crores approximately. So, the order flow has still come in. And our expectation is it should continue as this execution takes place. If they had gone as per the plan, there would have been more business than we have been awarded. But our plants are running pretty much full and in a way actually, it will time some of the expanded equipment that is coming in.

CA Garvit Goyal: Okay. But actually, I am just trying to understand from you regarding the industry issues that recently came into picture regarding some approval getting delayed with respect to solar paths to be connected with the grid. And secondly, on this ISTS waiver that is removed from the inter-transmission connectivity. So, are these issues anyway going to impact our business going ahead?

Kushal Desai: I don't think so. In fact, these are matters which have to get resolved. And I think as I mentioned, even at the highest level, there is a reasonably good understanding of what the issues are. So, people are all working towards solutions on this. So, in fact, on the contrary, I believe that in the months going out, you may see stronger demand. Once these issues get sorted out, there will be more ordering that will take place.

- CA Garvit Goyal:** Got it, sir. Thank you very much, sir. That's it from my side, sir. All the best for the future.
- Kushal Desai:** Thank you.
- Moderator:** Thank you. The next question is from the line of Charanjit Singh from DSP. Please go ahead.
- Charanjit Singh:** Hello, sir. Thanks for the opportunity. Sir, my question is on the premium conductors. So, especially in the domestic market, if you can help us understand in terms of the demand supply scenario and from the growth perspective, what is the current size of the market and how do you see over the next 2 to 3 years? This is mainly for the domestic market premium conductors.
- Ramesh Iyer:** Charanjit, there are no sources to get the market information on this kind of premium products. But what is also happening due to various right of way issues and the general increase in electrification, there is more tendency to switch to reconductoring due to which the work on reconductoring is happening on a, may happen on a faster pace. So, as I said, there are no sources to get this market information. And overall, there is, as I said, there's more tendency to do more of reconductoring projects because of various right of way issues, because of time cost, because of capital cost outlay by the utilities company. So, there is more tendency on the premium part of the conductor business.
- Charanjit Singh:** Okay. Sir, in terms of the execution of the projects and especially in the US market, how you are seeing that on the ground and when you are saying in terms of the stocking and the inventory buildup which has happened there, this could be for what duration you would generally see the kind of inventory buildup happening there?
- Kushal Desai:** So, Charanjit, on the buildup, it's not really, these are all projects which are being executed. So, most of the products have actually gone to project sites. And I think

calling them up a little bit sooner is only because these guys, whoever has been importing the products in has already given a fixed price previously for the build. So, this is not like the kind of stocking up that happened at COVID, where there were several months of destocking to take place, at least not in our products, because we were not in a position, we were already running at a full capacity. We only gave some preference to clear off orders where the settlement had taken place with the customer in terms of we will land it prior to 31st of July. So, I don't see really a big overhang from the current supply. What will be critical to see is where this tariff finally lands up and hopefully, it will not be disadvantageous to India. If it isn't, then we would continue to see the order flow taking place. And on the contrary, we have really improved our go-to-market channels, the distributors we signed up. We have today a team of three full-time representatives in the US. We have a fourth colleague who is going to be joining shortly. So, the team is being enhanced and our sense is that once the noise settles down, then I think business should start picking up again.

Charanjit Singh:

Got it, sir. Sir, on the EBITDA per ton perspective, would you like to change your guidance in terms of what the number has been or you would like to maintain at the earlier level of guidance itself?

Ramesh Iyer:

So, we have been increasing these guidance's on the conductor EBITDA per metric ton. You have times where competition is putting a lot pressure. As you see in the domestic market, there is pressure on prices and also in the non-US market, there is pressure on prices. But wherever we feel that we have that confidence that the EBITDA cannot go beyond X level, that's where we put our guidance on. And we have been increasing that. Having said that, in the last quarter, we increased further to 30,000 plus tailwinds. For now, we are studying and depending on how the future quarter and US tariffs and there are so many moving parts to all of this, currently we would like to maintain it at 30,000 plus the tailwinds. And as I said, the tailwinds could be positive depending on various things that happen. But we

are not able to predict the exact amount of what kind of tailwinds that will happen in a quarter.

Kushal Desai: So, we will probably wait until all this quarter gets settled down. I think after that, if any revision has to be done, I think a more appropriate time would be once all this settles down in terms of US tariff, etc.

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

Kushal Desai: Thank you.

Moderator: Thank you. The next question is from the line of Nilabh Jadey, an Individual Investor. Please go ahead.

Nilabh Jadey: Hello. Congratulations on a good number, sir. One question I have regarding, for a long time you were telling earlier, at least in 2024, we have heard that you are facing a lot of competition from China because they are transshipping the goods to Vietnam. So, now, how is the situation panning out after this transshipment tariff has come in? Are you facing some better ecosystem with regards to the competition? You mentioned that they are still giving 8% to 10% subsidy. But this transshipment was a major issue you were facing earlier. How are things now?

Kushal Desai: So, I think the current US administration is very much aware of this. And I think the undertones have been very clear that if they start picking up activities of this sort, then there could be an immediate change in the tariff that that country is facing, whether it's Vietnam or whether it's Cambodia, etc. So, I think the level of heightenedness that is available now is much higher than what it was prior to the Trump administration coming in. So, I think it's something for us to wait and watch. But if this transshipment route is being used, then I think whoever is using it is really gambling on this. That's the sense that we have.

- Charanjit Singh:** And another question, I am listening to your conversations. One thing is, I know there are a lot of confusion right now in terms of tariffs, because raw materials are higher tariff in USA. So, net, even 8% to 10% subsidy China is giving, but there are a lot of tariffs have come in, almost 30% tariffs on Chinese products. So, net-net, I do not factor the products, what is the competitive advantage? How much competitive advantage China is now having over us with the subsidies and, etc.? How much in terms of percentage?
- Kushal Desai:** The subsidies constitute anywhere between 8% and 12%. In terms of efficiency of conversion cost, etc., there is no difference. We are able to, in a level playing field, we are in a position to compete against the Chinese on a day-in day-out basis.
- Charanjit Singh:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Nikhil from Kizuna Wealth. Please go ahead.
- Nikhil:** Yes. Hi sir. And thank you for giving me the opportunity and congratulations on a great set of numbers.
- Kushal Desai:** Thank you.
- Nikhil:** So, my first question is like, with so much uncertainty to cables export, so are we still guiding 25% value growth in the cable segment?
- Ramesh Iyer:** Yes, we are still guiding 25% value growth in the cables.
- Nikhil:** So, that's great to hear. And then my second question is like, let's say India, as you mentioned that tariff, we have the tariff of total with the duty is 15%. And if you assume that reciprocal tariff goes to 15% to 20%, and then our landed cost would be like 25% to 30%. So, will we be advantage over the Chinese competition or not with that kind of scenario?

Kushal Desai: So, currently, the Chinese tariff is generally running 20% higher. So, when the interim tariff for India and various countries was at 10%, the Chinese tariff was at 30%. So, right now, it seems like the new normal they're looking at is a 15%, which is what they have finalized with Japan, what they finalized with the EU, etc. So, you know it's all speculation right now. As a matter of a few days, I think some of this should start getting settled down. But I don't think India will be at a disadvantage relative to China and a 10% gap, at least as far as the US market is concerned, may not really be much of a worry going forward. Also, as we mentioned in the last call, this is not the first time that China has had such subsidies, where the Shanghai Metal Exchange is so much lower than LME and the premium basically doesn't exist there at the moment. So, the Chinese government when the losses go up of the subsidy become too large, they have in the past just completely reversed it as well. So, it's not something that will be sitting with us forever. We have seen it happen a couple times before and we have seen it getting reversed as well.

Nikhil: Okay, sir, that's great to hear. And then my next question is like, the cable segment, how was the volume growth in that segment? And are you assuming the same kind of volume growth going forward too?

Ramesh Iyer: We don't report volumes in the cable segment, because there are number of categories within the segment. So, we are only reporting the value. But yes, I mean...

Kushal Desai: To answer the question that yes, there is the demand, domestic demand remains reasonably strong. For us, what's important is that the premium segments are the segments where we differentiate ourselves, the demand for that should be strong, then that's how our domestic participation happens. We are seeing the wind sector is doing reasonably well. We are also seeing that solar is continuing to expand. We are supplying several data centers in India. So, we see that the demand generally in the domestic market has been strong. What may get affected in the

short term for the cable side is the export to the US because, until this tariff thing gets sorted out. But fundamental demand, maybe we don't see too much of a let up. It will continue to be there.

Nikhil:

Yes, sir. And so my next question is like the new contracts that we are signing on new orders that we're getting, who will pay the tariff? Like, are we supposed to pay the tariffs or will be split between the client and you? So, what are the what are the new norms of these orders that we're taking?

Kushal Desai:

So, tariff today is coming as a line item. So, it comes with a straightforward assumption today saying that, okay, the tariff at the moment that we priced it like this, whatever changes happen is not to APAR's account, it will be to the client's account. And if the client is not willing to accept that, then we are actually not taking on the business and we are just sitting it out. The orders that are continuing to come in today are those attached to projects which are advanced stages of execution, because you see, the cost of the cable is about 5% of the cost of the project. So, even if you have a 10% difference, it becomes only half a percent on the project. So, delays in the project actually would result in a much higher overrun than just paying the increased tariff. So, we are not taking on any more tariff risks for new orders and new business that we have been signing on ever since this whole tariff thing got declared. So, whatever compromises had to be made was before this whole order book, which we were carrying prior to the declaration of the tariff, the 10% increase that happened of the reciprocal tariff. And the same thing is also true on the conductor side. Both the divisions, APAR, has been following exactly the same practice.

Nikhil:

Okay, sir. That's really great to hear. And so my next question is like, on our conductor's order inflow, we are at a 5 quarter high order inflows on the conductor segment. So, sir, majority of this might be from the domestic business, as you said. So, are we looking at the export, how are the export RFPs and all that, in terms of conductor side business order inflow?

Chaitanya Desai: Yes, they are okay, as in, like it was explained in an earlier question, answered towards that, that we are getting the RFQs, and we are giving the quotations, but our success ratio has dropped because of the intense competition from China, which is subsidized, but this may not last for long, hopefully. So, we are keeping with the market, and we are actively sort of, you know, trying to make inroads again into that marketplace, but at a reasonable price.

Nikhil: Okay, sir, that's great to hear, sir. Thank you for giving the opportunity, sir, and all the best.

Chaitanya Desai: Yes, thanks.

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

Himanshu Upadhyay: Yes, hi, good afternoon. My question was on the oil business, okay. What we are seeing is, we are having pretty good growth rate on the better products, transformer oil, auto oil, and which we have been highlighting in industrial lubricants versus rubber processing oil and some of those segments. But the margins wise, it seems there is not much of an improvement, okay. Though it seems YoY it is some improvement, but again, the price of crude has fallen.

Kushal Desai: So, I think the reference which I read out and I mentioned during my opening remarks is a quarter-to-quarter reference. So, if you see in the 1st Quarter of last year, it was also the highest margin that was there in the year. So, if you see on an absolute level, a margin of 7,000 plus EBITDA per KL is one of the higher margins that we have had.

Himanshu Upadhyay: And are we seeing these margins what we are having, what we are expecting? Will it be because of product mix improvement, majorly or volatility is helping?

Kushal Desai: No, the volatility is actually not helping at all. It's actually dragging things down. It would have been even higher. It's really the mix, the transformer oil part of the business has grown and so has the lubricant side of the business, as I mentioned in my earlier remarks. So, these are the two segments which have grown. The white oil business has actually, export side of the white oil business has de-grown because that's really something that's very tactical for us. The margins weren't good. So, we just allowed that part of the business to slip a little bit.

Himanshu Upadhyay: And the transformer oil and oil business, some of those challenges which are there on the conductor side, are those similar challenges on the transformer oil and ...?

Kushal Desai: No, so the market segment, the geographic mix is very different for our transformer oil business compared to what we do on conductor and cables. In conductor and cables, both of their largest market outside India is the America. So, when you add up the United States, Canada and some of the LATAM countries, that's where their focus is. If you look at our transformer oil business, we are very strong in Asia, all across Asia, right, including Australia. We have a very strong position in South Africa. We have a strong position in Turkey. And we are the largest in the GCC. So, it's a completely different geographic footprint. So, there, the challenges which were there is that some of the projects in these countries in Saudi and Australia, South Africa got postponed a little bit. So, even though we have a good order book, the execution of that got pushed out.

Himanshu Upadhyay: Okay. Yes. Thank you so much.

Moderator: Thank you. The next question is from the line of Sagar Dhawan from ValueQuest. Please go ahead.

Sagar Dhawan: Yes, thanks for the opportunity and congratulations on a good set of numbers. My question is on the US demands. Basically, keeping the tariff-related uncertainties aside for a minute, what is your outlook on the US demand after the big beautiful

bill getting passed as an act? Because it puts a service, it puts a place in service deadline for the renewable projects to come in to avail the incentives. So, does it change anything on the demands front for you in the US because of the urgency it creates for the renewable projects?

Kushal Desai:

So, if you look at a renewable, it falls under actually three buckets. You have solar, you have onshore wind, you have offshore wind. So, for a long time, we have been saying that the offshore wind side has been one which cannot operate without significant subsidies. And that's the first one that's getting killed. If you look at the other end of the spectrum, which is solar, solar can actually be viable even without subsidies. It's the cheapest form of power today, pretty much in most of the world. And in North America, it's a good source of power because most of the country receives fairly good sunshine. So, we don't expect any massive change coming from the solar side. The wind side could face some challenges, especially projects where the subsidy is playing an important role and the plant load factor is not good based on just the natural amount of wind that's flowing. So, that could have some compensatory effect. However, on the other hand, one sector in the US which is going extraordinarily strong is the whole data center market. And data centers require both upgradation of transmission lines coming into them as well as a reasonable amount of cables. So, we don't see overall the demand scenario actually getting affected. We feel that there will still continue to be a growth in the North American market.

Sagar Dhawan:

Got it. And the question that I had was again on the US, any plans of setting up a local manufacturing capacity in the US? You talked about it in the past. What is your view now?

Kushal Desai:

So, we have been doing our homework on it. However, at this stage, until this whole tariff thing becomes clear, because suddenly there was this increase from 25% to 50% for import of aluminum, ingots, copper rods, all these things. So, that would obviously have a material impact if you were to manufacture locally in the

United States. So, we have been doing our homework quietly in terms of figuring out what could be the possibilities there. But we haven't taken a call. I think we need more clarity before a commitment can be made.

Sagar Dhawan: Understood. And one last question from my side is on the conductor volume growth, you've been guiding for about 10% volume growth on conductors. Any change in that guidance or are we sticking to that number?

Ramesh Iyer: We are sticking to the same number, 10% on an annual basis. Some quarters may be but I think on an annual basis, 10% volume growth is what we are guiding.

Sagar Dhawan: And sir if I heard correctly, in answer to the earlier participant, you're running at full capacity. Did I hear that correctly?

Kushal Desai: We are pretty much for most of the products on the conductor side, we are running at capacity. However, you know, as part of the Rs. 1,300 crores, there is almost Rs. 400 crores, Rs. 300 and odd crores into expanding the conductor, various products that are in that division.

Sagar Dhawan: Okay, so by when does that line come online? It is an additional capacity that you are getting.

Kushal Desai: Equipment are starting to come in and getting installed, but a chunk of them are coming actually in Q3 and early Q4.

Sagar Dhawan: Okay. That is it from me. Thank you.

Kushal Desai: Okay.

Moderator: Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

- Amit Anwani:** Yes, just a couple of things on conductor as the realization has been high in Q1 and Q4. Are we expecting similar number like 4,80,000 per ton, that is what we reported? Just wanted to understand on realization going forward for conductors?
- Ramesh Iyer:** It depends on the product mix Amit. It's not possible to predict that way. And as you know that our business runs on order book and there are one, it comes from the pending order book and another would be the orders that we get during the quarter. And due to the various product categories which are there, so it's difficult to get that number whether what kind of trend will continue in terms of realization. So, we are more guided with the EBITDA per ton. Also, aluminum price and copper prices fluctuate.
- Kushal Desai:** And there is a big difference between the two. One is almost 3.5 times.
- Ramesh Iyer:** So, when that price of metal fluctuates, the composition of that changes. So, it's a bit difficult to predict that number.
- Kushal Desai:** So, everybody in the business is actually measured on a per ton basis. So, that's a good measure to track because variable compensation, bonuses, everything is based on fundamentally that metrics. And that's the metrics which we also put out for investors and in the public. So, we just, I think, focusing on that rather than the realization, I think, would be better in terms of setting up your model as well.
- Amit Anwani:** And sir, you highlighted about reconducting being a very strong opportunity in domestic market. Just wanted to understand what was the reconducting contribution in terms of volume or what is the percentage of reconducting of current order book? How much reconducting would be there? So, any color on reconducting contribution?
- Kushal Desai:** We don't actually end up giving sub-segments within that. We classify a certain set of products which are premium products and this falls within that. I can only tell you that as these right-of-way issues continue, the best solution is

reconductoring. And theoretically, we feel that every conductor that has been put into India a few years ago is actually primed for being reconducted. So, we don't have a breakup of that. We don't give the breakup of that because it's sensitive information. But otherwise, as you can see that whole sector or section is growing and that includes the reconductoring portion of the business.

Amit Anwani: Right. And so, any color on the competition is reconductoring? What are products we're supplying? Are we just one or two players or how is the market?

Chaitanya Desai: There are players who are getting into the business. The largest is clearly ourselves. Then after that, you have Sterlite Power and following that is JSK. But the way we do the business is not just supplying the conductor but we also do the entire solution for the utility. So, it's one thing to produce a conductor. It's another thing to be able to provide that solution. And having done now close to 200 plus projects in the country, we really have a very strong ability to actually execute these reconductoring projects. So, even if competition comes in, A, the market itself will grow and B, the expertise doesn't lie just in doing a conductor production but in providing the entire solution which is far more difficult to do.

Amit Anwani: Right. Lastly, sir, on cables business, if possible to share the breakup of specialty cables, power cables, elastomeric, LTC and the kind of growth we have witnessed in this quarter?

Ramesh Iyer: We give the total only, Amit. We don't share the breakups of that.

Amit Anwani: Okay. But sir, any color on the growth of total specialty cable portfolio? Has this been higher than the total growth in the cable business?

Kushal Desai: I think it's been almost similar. As I said, the segments have moved for us where we have done more work with respect to data centers in India. We are supplying pretty much every major data center company. Recently, we also got into the global Microsoft approved vendor list for cables to data centers. So, that includes the

approval for the US market. And so, once this whole tariff overhang settles down, that's another opportunity for growth. But otherwise, we have seen the power cable side growing. We have seen a little higher growth in the flexible elastomeric side because the wind has actually picked up very substantially compared to previous periods. But otherwise, it's really growth across segments. The railway side has been also steady. As they add more Vande Bharat trains, etc., we are still at 90% of the supply to Vande Bharat trains as well. So, it's quite a secular growth.

Amit Anwani: Great, sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Balasubramaniam from Arihant Capital. Please go ahead.

Balasubramaniam: Good evening, sir. From the solar industry, model manufacturing capacity is almost doubling up, and how we are leveraging our solar cables and conductor side, and is there any risk of oversupply in the solar segment, which is impacting margins?

Kushal Desai: So, on the solar side, we have substantially increased our own. So, if you look at the solar cable, as you've seen that investor presentation that we have, which is the comprehensive company presentation, 140-odd page. So, that is a slide which gives all the different types of cables used in the renewable energy. So, one is the string cable, which is the cable that's connecting the panel. That is where APAR actually has a very strong position because those are electron beam cables. We do our own compounding. We manufacture the whole cable end-to-end, every component that goes into it. So, that part of the business has been substantially growing for us. The margins there may have come a little bit under pressure because the volumes are just higher, but that business has been growing quite substantially. Then there is the cables which connect the panels into the substation, which is essentially a power cable. And the requirements in the US are quite unique. The requirements in India are relatively straightforward. So, that part of

the business for us, we just measure it up against other opportunities that we have for power cables. So, the solar cables which we talk about, where APAR has a very strong position is the DC cables, which are the cables that are used for stringing the panel. So, there we have invested in capacity. We have capacity to grow. And in fact, my sense is that the highest amount of addition is still to come because as Reliance starts producing their own modules, there will be a huge amount of execution that they will do. Similarly, as you know, I read out earlier in the opening remarks, the momentum of more and more solar projects continues to grow. The solar projects are very large in size. So, you will start seeing more premium conductors being used so that the evacuation that can be done from those sites is actually carrying much higher power from those sites.

Balasubramaniam: Okay, sir. So, from the oil storage terminal side, how much cost reductions we can expect from JNPT expansions? Will this improve our export competitiveness?

Kushal Desai: So, first of all, what's happening today is that since we have exhausted building storage within our existing facilities, we actually have rented out a whole lot of tanks outside. So, this is going to result in actually consolidation of that. A lot of tank land is basically sitting on companies which previously used to manufacture liquid products and they have shut down and they have been renting out these tanks. So, as time passes by, the rental value on these tanks is continuing to grow or companies are going to redevelopment of that land. So, you will see that tank capacity will start getting a little bit more scarce as well as will get more expensive. So, this is one way of actually consolidating our stocking, making sure that the base oils are also maintained with very good quality in terms of storage because we use so many third party facilities, we don't have as much control on how the product gets into the tank, gets out of the tank. And it does open up as you did the possibility of exporting product in bulk which we haven't been doing so far. It's all going out in flexi bags etc. So, that bulk portion is still a discovery that needs

to take place but the project can be justified simply on a payback based on external storage cost.

Balasubramaniam: Got it, sir. So, on that export side, especially we are focused on aluminum alloy cables, 8000 series, especially for US. Is there any copper demand lacking due to cost or any performance factors?

Kushal Desai: No. So, previously what was happening is that copper in the US had zero duty whereas the cables carried a duty that was the same as aluminum. So, as a consequence, there was more competitiveness that a local US manufacturer had to produce copper based cables compared to aluminum alloy based 8000 series. Now, the situation has changed where copper hasn't moved into that strategic 232 section. So, we have to see. We have capacity that's coming on stream within the next few months. So, once the dust settles, we can move around in terms of whether to produce more copper or to produce more aluminum alloy or to actually allocate more cables to be produced for the US market itself. So, there's a lot of flexibility that will come at our end as this CAPEX is getting executed. So, it's something that one has to still discover based on how this whole tariff thing settles down. But whichever way it goes, the product mix-wise, we are very flexible.

Balasubramaniam: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.

Mayank Bhandari: Thanks for the opportunity, sir. I have one clarification. Our export in the oil business, does it include the sale that we are doing from the Sharjah plant?

Kushal Desai: Yes, absolutely, it is the global sales that we report.

Mayank Bhandari: And what was the FY'25 number for that Sharjah plant?

Ramesh Iyer: It's about 1,000 crores.

Kushal Desai: FY'25 exact number you will find in the annual report because all the subsidiary numbers are there in place. But the number that we have been talking about is the overall consolidated number.

Mayank Bhandari: Okay. So, and just in terms of understanding the aspect there in the Middle East, we are hearing very good demand, particularly in the construction side. So, I mean, how is the business of specialty oils particularly panning out from that segment? I mean, what kind of growth we should anticipate from that particular plant in Sharjah?

Kushal Desai: I didn't get your question clearly. Can you just rephrase your question again, please?

Mayank Bhandari: Specialty oils, Sharjah plant, I mean, if we are exporting from Sharjah to nearby countries, I am assuming. So, I mean, how is the business growing in terms of the demand environment, if you could comment on that?

Kushal Desai: Yes. So, actually, it's a mixed bag. Some countries are doing very well. Like, for example, there's a lot of infrastructure being added in Saudi Arabia, given that they have a commitment to increase in-country value. So, as a consequence, there's a lot of new plants coming up, a lot of new requirements coming up from there. And the government is also expanding the infrastructure substantially, because other countries where demand is flat to marginally declining. Like you've got Oman, you've got Qatar. Qatar did a huge build-up before the World Cup. Some of the North African countries are a little slow. So, Egypt has improved a bit, but it's nowhere close to what its peak was. However, from our plant in Hamriyah, we also export product into Australia and South Africa is covered from there, for example. So, it all depends on which geographies. But the thing is that APAR produces exactly the same slate of products. Whatever we produce in Hamriyah, those formulations are identical to what we produce in India. So, we have actually 100% fungibility for our client. So, we end up looking at wherever

the freight and logistics are better, both in terms of timeline as well as in terms of cost. And then we work with our customers to allocate where it makes sense for them to receive the product from.

Mayank Bhandari: And sir, we were planning to leverage on this cost advantage from that plant. So, why is this segment then overall not delivering growth? And the growth has been quite muted for quite some time.

Kushal Desai: So, everything is relative. When you look at the growth relative to what the whole segment is growing at, the entire Specialty oil lubricant segment itself is growing at around 2%-3%. So, when you have an 8% growth, you are at around 2.5-3 times the market. Also, there are sub-segments in there. As I mentioned earlier in my opening remarks, the transformer oil side is proportionately growing because a lot of electrical networks are getting added. The white oil side, we have been dropping it off because we do not like the margins on some of those products and we treat that significantly more tactical. But if you see the overall business of the oil side, the sales volume, if you see, every year, every quarter has been hitting all-time highs. And it is not a very huge number, but it is very consistently been growing. And today, if you see the quantity of base oil that APAR imports into India and blends in India is larger than any single base oil refinery that runs in India. If you take the largest refinery of IOC, you take the largest refinery of HPC, we consume more than that entire refinery can produce. So, it is a very steady business. It is not a business that is going to grow at the pace of the conductor business or the cable business, but it is a very good cash flow business.

Mayank Bhandari: Okay. So, just to sum it up, whether your overall business, whether the Sharjah plant will grow faster in this oil business or the overall domestic business will grow faster?

Kushal Desai: So, I believe that the domestic business is actually growing faster than the Hamriyah business because we have transformer oil, which is a big portion of our

domestic business. We also have lubricants, which is a big portion of our domestic business here. Having said that, the Sharjah plant is an extraordinarily efficient plant. So, the fixed structure there is not very high. And so, you have a lot of ability to actually scale up and down depending on the opportunities that the market presents itself.

Mayank Bhandari: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Sushil Dhoot from Insightful Investment LLP. Please go ahead.

Sushil Dhoot: Yes. So, my question actually is a couple of things. From a more longer term on a structural perspective, what really worries you most in terms of, if you just have to do some brainstorming in terms of what can go wrong, so, for instance, other than China, which is not likely to be possible where duties will be lower than India from a US perspective. Is there another country who has the capacities and the capabilities to export into US if that particular country has a lower duty than us eventually? Will that be something that will worry us, number one? Number two, on the fact that you now have power storage, which is more affordable, and if wind overall slows down, is that something that can affect our longer term growth rate? So, these kind of questions is what basically answers that I am looking for.

Kushal Desai: Okay. So, on a structural basis, you see, what is our biggest worry? Our biggest worry is actually the geopolitical tensions which are there, because they are coming in from all kinds of different directions. Like the US right now and the Trump administration is not just increasing tariffs, but it's threatening that if you use Russian oil, then we will... basically, there is a tariff whip that is being used to try to pull these things. So, that adds to a certain level of uncertainty. I am not sure whether any of this is sustainable, but it can cause a lot of short term confusion. So, obviously, that's something that would keep... it has to be very high on the risk level. In terms of the renewable energy front, I think we have relatively less worry,

simply because there is no other option that's out there. Again, there may be some short-term issues, you may have someone carrying an opinion, but the fact actually, you can't change facts. And the problem that seems to be there with some of the administrations around the world is that they are playing around with facts. You can play around with an opinion, but you can't play around with a fact. So, when you do that, then it's only a short term thing before the reality dawns on you. So, the thing is that we focused a lot on where the demand of the market is going to come from. The solar demand is going to be universal everywhere because it is the fastest, cheapest form of power.

Sushil Dhoot:

Sir, this is not solar, completely?

Kushal Desai:

Yes, on the wind side, we are focusing basically to a large extent on the wind in India because what has happened here is that given that solar was cheaper and very easy to add, a lot of emphasis has been given to solar. There are two issues coming up with solar. One is that if you want to build really huge solar farms, land is starting to get difficult. And so, not everybody can build in the salt pans of Kutch and in the Thar desert and things like that. And also, the seasonality of solar is a little high given that we do have a four-month monsoon when it falls and wind actually complements it completely. So, as a consequence, you are seeing that new tenders coming out are coming out with the hybrid and they are coming out with a certain minimum power that you have to deliver. So, that can be delivered based on a combination of solar wind and the amount of battery storage that you put in. So, when you look at all these things, and I think the regulators are getting very smart now by pushing for all these combinations, etc. So, our sense is that wind is not going anywhere. Wherever there are big subsidies required to run wind, then you will have a problem. So, we are focusing actually North America has some of the best wind tunnels. And they are also in places where Mr. Trump is not in a position to see the windmill because they are like way out of where he would typically play golf or go on a holiday or travel around. So, I don't think wind

is going to disappear. It's a little unpopular for some powerful people in the world, but the economics are not changing, especially where a plant load factor remains good.

Sushil Dhoot: Okay. So, we are not leaning excessively on wind in case wind slows down for whatever reason, whether in India or US. That is not going to change materially our secular growth rate?

Kushal Desai: I don't think so. But at the moment, India has still got a huge runway to go on wind. The one thing that hasn't yet picked up, but is going to pick up because it's right at the top of the regulator's discussion is the replacement of windmills on existing land. You see, the windmills that went in 10 years, 15 years, 20 years ago, were of a very suboptimal size. And they are occupying some of the best wind real estate in the country. So, that is going to change because you are going to go from 250 kilowatts to upwards of 3.5 megawatts. So, the amount of wind that you can generate per acre of land is going to dramatically change if the old windmills are pulled down and the new ones are put in place. There are some policy issues that need to be ironed out to help the change to happen. And moment that happens you will see large-scale replacement of windmills happening. And as a consequence, again, good demand for cables because the towers will be replaced. So, we really think that this is a very long-term thing. It's not going to really get affected.

Sushil Dhoot: And sir, any one or two particular countries other than China, because the US is doing bilateral now with most of the countries, where the duty structure turns out to be lower than India, for that particular country, then where are exports particularly of conductors or cables and cables both can get impacted?

Kushal Desai: So, I think that makes sense to take a call once the dust settles on this. I think in the next few weeks, there will be the letters going out to various countries, especially those that haven't got into very serious dialogues with the United States.

But if 15% seems to be the bottom, and if India is in that ballpark, then we don't see anything major upsetting this whole game.

Sushil Dhoot: My understanding is just that if Vietnam, Cambodia, Korea, or I don't know, Bahrain, or someone gets 10%-15% differential versus India, then do they have those kinds of capacities where they can really...

Kushal Desai: If something happens where Bahrain is 10% cheaper than India, then obviously their conductors will land cheaper, but they don't do cables. There are still some specialty conductors which we do, especially the HTLS and some other special forms which are quite popular in the US, which will continue to go from here. So, I think, Sushil, we will wait for it till all this happens, then take a call.

Sushil Dhoot: Fair enough. Thank you so much and best of luck for the year ahead.

Kushal Desai: Thank you so much.

Moderator: Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you for the opportunity. So, my first question is on the interest that we paid for quarter is around Rs. 85 crores, even though our execution is almost similar to what we did in Quarter 4. So, I wanted to understand if this lower interest outflow is majorly because of lower net working capital cycle, or is it because we paid off some long-term borrowings and our total cost has come down?

Ramesh Iyer: So, we have used cash and internal accruals to fund our purchases as compared to the letter of credit. So, when you do the letter of credit, you have an interest element, but when you do cash purchases, that kind of cost comes down. So, that's the reason you see in this particular quarter, there is a reduction in the finance cost. It's also a measure of more working capital utilization that we are able to generate cash and internal accruals more to be able to purchase on cash basis.

Vignesh Iyer: So, basically, instead of the working capital usage, we have gone for the internal accruals, right? I mean, that has resulted in this lower interest outflow, right? If I get it right?

Ramesh Iyer: Yes.

Vignesh Iyer: Okay. And secondly, sir, on the cable division side, we have seen exceptional growth in this quarter. And if I remember from your commentary, at the start of the call, it is because of higher procurement from US due to fear of tariff. So, can we assume that the other three quarters on a normalized basis could consistently give us a 25% growth?

Ramesh Iyer: We have been targeting 25% growth. Now, actual number can be more or less depending on what kind of orders we get during that quarter. At the same time, domestic business is also very strong. Our domestic business also growing by 20% odd. So, we won't be able to give that impact how much will happen if that, you know, US thing, US orders would have not got executed, what would have been the growth rates, those would be difficult to predict. But overall, we feel that for the blended division, 25% value growth should be something that we can guide for.

Vignesh Iyer: Okay. That's all from my side, sir. And all the best for the year ahead.

Ramesh Iyer: Thank you.

Moderator: Thank you. That was the last question for today. I now hand the conference over to Mr. Kushal Desai for closing comments.

Kushal Desai: Thank you everyone for joining our earnings call. As I mentioned, we fundamentally remain fairly optimistic about the business. There are a few overhangs and short-term clouds, particularly around the US tariffs. The domestic side of the business, we feel continues to remain fairly strong right across the

transformer cable as well as the transformer oil side. As I mentioned earlier, there was a little slowdown in some of the strategic markets for our transformer oil exports side of the business due to project delays, but that is also picking up. And I guess once the dust settles on the whole US tariff and import policies, then we should start seeing business again, picking up there and getting to more normalized levels. So, with that, I would once again like to thank everyone for taking the time to be on our earnings call. Thank you very much.

Moderator:

On behalf of APAR Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.