



“APAR Industries Limited
Q4 FY26 Earnings Conference Call”
May 28, 2026



MANAGEMENT: **MR. KUSHAL DESAI – CHAIRMAN AND MANAGING DIRECTOR – APAR INDUSTRIES LIMITED**
MR. CHAITANYA DESAI – MANAGING DIRECTOR – APAR INDUSTRIES LIMITED
MR. RAMESH IYER – CHIEF FINANCIAL OFFICER – APAR INDUSTRIES LIMITED

MODERATOR: **MR. AMBESH TIWARI – S-ANCIAL TECHNOLOGIES**

Moderator: Ladies and gentlemen, good day, and welcome to the APAR Industries Limited Q4 FY26 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 this conference call, please signal an operator by pressing star then zero on your touch-tone 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: Thank you. Good afternoon, everyone, and I welcome you all to the Q4 FY26 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 over to Mr. Kushal Desai for opening remarks. Thank you, and over to you, sir.

Kushal Desai: Yes. Thank you, Ambesh, and good afternoon, everyone, and welcome to APAR Industries Q4 and annual FY26 earnings call. I would like to start by giving a quick outline of our performance, followed by a short industry update. I will follow this up with more details then on the individual segment performances of the three major segments. And then finally, we can open the floor up to questions.

We have concluded FY26 with a reasonably healthy growth trajectory, reaching an all-time high revenue of INR22,902 crores. APAR has come a long way over the last 5 years, scaling up its top line from INR6,406 crores in FY21 to now INR22,902 crores in FY26. So this represents a CAGR of approximately 29% over these 5 years.

The consolidated revenue for the quarter stands at INR6,603 crores, which was almost equal to the annual sales of FY21, representing a growth of 26.7% over the last year of Q4. This performance can be attributed to growth primarily coming from the domestic business and improved product mix as well as operating discipline. Shipments to the United States were also higher in this quarter.

Domestic revenues grew 33.6% over Q4 FY25 and exports grew by 13.3%. On a sequential quarter basis, exports have grown by 30% as the U.S. business started scaling up, especially post the realigned U.S. tariffs. The U.S. revenues are higher than the same period last year by about 28.8% and 250% higher over the sequential quarter. So export as a mix is approximately 27.6% in Q4 FY26 compared to about 31.3% in Q4 FY25.

EBITDA post forex for the quarter came in at INR584 crores, representing a year-on-year growth of approximately 19.3%. The PAT margin is at 3.8%, which is only 100 basis points lower than the same period previous year. However, this number, is to give you a better idea of the operating performance and putting it in context, I'd like to state that if you look at just the operating activities, there are a few onetime provisions that have been made that have impacted the fourth quarter.

That includes an impact of gratuity and leave encashment, which we have further increased by approximately INR8 crores. There is a mark-to-market impact of an ECB loan that the company has due to the sharp depreciation of the rupee that happened in the first quarter. And then there is a one-off provision for an old legal case based on the recommendations of our auditors that we have moved from contingent liabilities into a provision.

So if you exclude these non-operating impacts which are amounting to INR31 crores, the PAT which came in at INR254 crores would have been at INR285 crores. And so on an operating basis, the growth would be at around 14% compared to the same period previous year.

On an annual basis, the revenues have reached INR22,902 crores, as I explained, which is 23.3% higher than FY25. Domestic revenue is up by 29%. Export revenue is up by about 12%. The U.S. revenues have grown by almost 50% versus the same period last year. The export mix stands at about 30% for the year. EBITDA post open period forex grew by 23% to INR2,067 crores at an EBITDA margin of 9%. The PAT has grown by 19% to INR977 crores at a margin of 4.3%.

So, I'd like to also cover some industry highlights. There has been a substantial increase in the clean energy additions which have happened, the non-fossil fuel-based capacity additions, which for the last quarter has been 50 gigawatts plus, which is the highest ever in a financial year. This brings the country's total non-fossil capacity to anywhere between 250 crores and 270 crores, propelling India to be the third largest in the world in renewable energy deployment.

Solar power has been the leader in terms of additions, which has now crossed 140 gigawatts, and there has been a record annual addition of about 54 gigawatts in FY26 alone. Wind power has also increased with a capacity increase of approximately 6 gigawatts in FY26. Both of these are significant milestones in the country's renewable energy journey and is almost double of what it was in the previous years.

On the data center front, India is rapidly expanding in this sector. The current data center capacity in India is anywhere between 1.5 and 1.7 gigawatts, which is expected to scale in a base case to 5 gigawatts by 2030 with a more optimistic estimate going up to 7 to 8 gigawatts. This will attract more than 30 billion in investments, powering India's move towards being a trillion-dollar digital economy.

On the transmission infrastructure and grid side, there has been a transformation capacity addition in FY26 of 113,000 MVA, which is 30% higher than what existed in FY25, though it is short of the planned target of 126,000 MVA. So, we have about 13,000 MVA short, which is approximately 11% lower than what had been planned. Nearly 48% of the transformation capacity added in FY26 was at the high voltage, which is at 765 KV voltage level, with 54,000 MVA already commissioned. And this is again the highest ever annual addition in this voltage class. This significantly strengthened the ISPS, which is the interstate transmission system grid for bulk power and renewable energy transfer.

The government had adopted a planning and implementation approach that prioritizes grid-readiness, transmission expansion and energy storage deployment as integral components of the

renewable energy across the country. As for the National Electricity Plan, the transmission network is expected to expand from approximately 5 lakh circuit kilometers to about 6.5 lakh circuit kilometers by 2032 with transformation capacity scaling from about 1,429 gigavolt to 2,354 gigavolt amps. And the interregional transmission capacity is also set to increase from 120 gigawatts to about 143 gigawatts by 2027 and by a further 168 gigawatts by 2032.

Now coming to the segmental performance. I would first like to cover our Conductor division. So, we concluded Q4 FY26 with the highest top line for the Conductor division. Revenue for the quarter reached INR3,764 crores, representing a significant 29.9% year-on-year growth. This growth was driven by increase in volume, improvement in the product mix, and also there was the tailwind of commodity price increases that happened.

Sales volume is up by 9%. The domestic business grew 34.8%. Export revenue grew by 14.6% compared to last year. And on a sequential basis, it is up by 48.7%. The export mix is at around 21.6% in Q4 FY26 versus 24.5% a year ago. This difference is primarily because the domestic business in the last quarter was fairly strong. The U.S. business, as I stated earlier, started scaling up, and in Q4 FY26, it is almost at par with Q4 FY25 for the Conductor division, but compared to Q3 FY26 is up by over 150%.

Premium products continue to grow. And in this quarter, the premium products came in at 49.3% versus 44.3% in the last year. EBITDA post open period forex stands at INR44,919 per metric ton compared to INR41,430 a metric ton a year ago. So, the EBITDA margins have grown largely on account of the improved product mix.

On a full year basis, the revenues are up 32.7% to reach INR12,712 crores. And with this, the Conductor division has crossed the INR10,000 crores milestone, which is a historic milestone for us. Volumes have grown in the year by 8.6%. Domestic revenues are up 38.3%. Export revenues are up by about 15%, and premium product contributions to revenue stands at 45.8% for the year. The EBITDA margin post forex came in at INR43,012 per metric ton compared to INR36,683 per metric ton a year ago.

Order inflow during the year came in at INR11,450 crores. The order book as on March 31 stands at a healthy INR7,671 crores. So this year marks the highest ever installation that our project division have also done, which is about 1,949 circuit kilometers, and that helped address the growing power demand for residential and industrial users and farmers and also debottleneck the grid coming into Mumbai and helping Navi Mumbai become the data center capital of India thus far. Both CTC and busbars, which are our main copper products, have also recorded a strong growth in the year.

Coming to the oil division. Our revenues from operations grew to 5.6 lakh kiloliters and the volume level is at par with -- sorry, our revenue from operations grew by 5.6%. The volume is approximately at par with the same period previous year, and this was largely because exports were very severely affected in the month of March due to the Middle East disruption, both in terms of supply chain as well as in terms of a sudden increase taking place in the freight, which required the company to go back to customers and negotiate a higher freight increase.

In fact, the supply chain for petroleum products came to a grinding halt with all major refineries curtailing production and also reducing contract volumes which were signed up with us. There was also no visibility of what would happen in the month of April as we started the month of April, and there was uncertainty even in terms of what the price level would be in the month of April. We stopped booking fresh orders in March by the first week and only focused on completing execution of all the pending orders.

There were increases in freight. There were increases in packing charges and other incidental costs, and the company systematically negotiated that with all its customers and executed all the pending orders in the March period. We only started booking right towards the end of the month and in the beginning of April. The supplies against contracts to APAR reduced by 50% from the key contracted refineries in the month of April. And in the month of May now it is expected to get largely restored but, of course, at significantly higher prices.

So if you look at the global transformer oil volume, it was marginally down by 1.4%, and the domestic transformer volume, in spite of all these problems, was up by 8.5%. Automotive oil grew by 19.5%. Industrial lubricant grew by 6.1%. Exports contributed 36.3% to the overall oil division revenues in Q4 as compared to 41.7% a year ago.

EBITDA per KL post foreign exchange stands at about INR5,656 per KL as against INR5,873 per KL. There was a fairly large provision made for foreign exchange which is almost INR15 crores in the month of March with the sliding of the rupee taking place post the war starting.

On a 12-month revenue basis, revenues have grown by 6%, posting INR5,373 crores. The transformer oil business grew by 3.5% overall at a global level. The domestic transformer oil business grew by 12.2%, even though we were on target to actually cross 15% as the quarter has started. Automotive oil is up 11.1% versus the previous year. Industrial oil is up 13.8%. Export mix stands at 39.8% for the year compared to 44.4% for the year ago. EBITDA per KL came in at INR5,943 per KL as against INR 6,145 per KL year ago

Now moving to the Cable division. Revenues for the quarter reached INR1,903 crores, up 35% over Q4 of FY25. Domestic revenues grew by 35.4% and exports grew by 33.6% over Q4. The U.S. revenues are up 52.2% over the last year Q4. Export mix was at 28.1% in Q4 FY26 versus 28.4% in the fourth quarter of '25. The EBITDA post forex grew 34.5% year-on-year to reach INR202 crores at an EBITDA margin of 10.6%. The pending order remains at approximately INR1,800 crores.

For the full year, revenues for the 12-month FY26 came in at INR6,220 crores, which is up 25.8% year-on-year. This year, our Cable division overtook the oil division to be the second largest business segment for APAR. The domestic revenues are up 23.6%. Export revenues are up 30.6% year-on-year. The U.S. revenue is higher by 46.7%. The export mix stands at 32.3% in this period. The EBITDA post forex grew by 27.1% to INR633 crores at a margin of 10.2%.

Our B2B channel business which we have started, this is only the second year of its operation, has now crossed INR500 crores. We also expanded our distribution network by adding 120 new B2C distributors and 25 new B2B distributors. There's clearly been an impact from the war on

both the price and availability of specialty polymers, many of this were being sourced from multinational plants that are located in the Middle East area, notably in Abu Dhabi.

The prices have also increased our aluminum and copper and polymers in general across the board. This has limited the ability of the company to aggressively book orders for specialty cables in the short term given the shortage that has been there of these polymers. There will be a near-term impact in both volumes and margins.

In terms of concluding remarks, I would like to conclude that the financial year 2026 has been a good year in spite of all the volatility and the war at the end of the period disrupting supplies. Despite the multiple iterations in the U.S. tariffs throughout the year, the increase in LME prices and the recent Middle East war, the company has still reported a strong growth. However, as I mentioned earlier, the short-term period, as mentioned, will see slowing demand.

And there are several factors for this. You have significantly higher metal prices. Added to that are higher premiums both for aluminum and copper. There is higher freight costs involved, including the war premiums that have been applied on all export shipments. The Middle East is where the maximum amount of problems are there because the containers are being transferred without complete insurance cover, resulting in some of the projects being actually deferred or delayed.

There have been several manpower issues in the recent months at various project sites with the elections coming up in the East, and this has impacted the transit of goods to some extent within the country, but much larger in the form of the operation of the ports. So with these effects, some of the customers are actually preferring to postpone the delivery of their materials.

We also see, in addition to this, that domestic players have started increasing their capacities, and this is increasing some amount of pricing pressure. The Chinese competition is still quite severe in certain parts of the world. There is a fairly large difference between LME and the Shanghai Metal Exchange, what we call the SHFE prices which, for aluminum, has increased to about \$330 to \$360 a ton.

However, having said that, structurally, energy infrastructure fundamentals remain intact with the growth in T&D, rising electricity demand and evacuation infrastructure being increased, data center expansion, the growing presence of EVs, more opportunities for reconducting and upgradation of aging lines and, finally, the significant investment happening in ultra-high voltage transmission infrastructure and HVDC. All of these opportunities continue to provide a robust growth runway for the company, and we are quite focused and well positioned to capitalize on this.

We plan to increase our capex for FY27 to about INR1,500 crores in addition to the FY26 capex that we have incurred of INR740 crores. This is to ensure that we have a capacity in place to meet future demand given the longer capex cycle that is taking place. So with this, I would like to leave you all with an optimistic note that in spite of the short-term problems that are there, we still see a very strong future coming up.

With this update, I'd like to conclude my presentation. I'd like to thank all of you for joining this call and would like to open up the floor to questions, please.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Nitin Arora with Axis Mutual Fund.

Nitin Arora: Hi. Thanks for taking my questions.

Moderator: I'm sorry to interrupt, Nitin. You are not quite audible.

Nitin Arora: Am I audible?

Moderator: Yes, now it's much better. Please go ahead.

Nitin Arora: All right. Thank you for taking my question, sir. Just on your outlook on U.S. market. I remember a few calls back, you also talked about the data center opportunity which you were seeing. You mentioned Microsoft and everyone as well. How big is these opportunities are becoming for you? Because given such tariff challenging yield, you're still able to deliver such high profitability on the conductor side despite U.S. being down for us. So going in FY27-FY28, how this U.S. opportunity looks like to you because you're increasing again the capex, which looks like a very high visibility you are seeing? So just your take first on a little detailed way on the U.S. capex.

Kushal Desai: So Nitin, the U.S. market, we are seeing actually a very strong traction in the U.S. market. It is being clearly led by the data center opportunity there. All the major public companies, data is already available from the numbers that they have given, from the Q1 earnings call that the Metas and the Amazons, Googles of the world have already had. So we have already taken positive steps in this direction. We've supplied to 3 major data center projects so far in the U.S. The total of cables that have gone in there is in the range of about \$15 million.

And with this, we are now slowly getting more and more access and RFQs which we are being asked to bid upon. So we see the cable side on the data center growing and being a larger opportunity for APAR as time passes by. We have also made certain capex provisions for adding specific capacity to produce the data center cables which are required in the U.S. that are of a significantly higher specification than the data center tables that are going into India.

On the conductor side, we have had extensive discussions with various utilities there, both public utilities and the IOUs. And from whatever we see of the amount of capital that they are allocating to improve their transmission line capacities and modernization of the grid, we see that this business will only continue to increase year-on-year. So we are seeing fairly strong signal and visibility across the board in the U.S.

What has helped is that it is a tariff situation. Even though there are tariffs, it has settled down. And this is also helpful in terms of customers having to take decisions. Last year was a very difficult period, and in spite of that, we grew because the end customer, the moment they have had an imported product from India, they were not clear what the landed cost will be, which really affects their decision-making. And as a consequence, that had an effect in terms of where

we stood. That, I think, is today something that is much more settled. And so you will see in FY27, a larger APAR presence in terms of sales in the U.S.

Nitin Arora: Okay. And when you announced this capex, is it something that these hyperscalers are trying to block...?

Moderator: You're still not audible. Could you please use your phone on the handset mode?

Nitin Arora: Am I audible now?

Moderator: No, not really.

Kushal Desai: Yes, we can hear. Yes. Go ahead, Nitin.

Kushal Desai: No, I think, Nitin, the line is totally garbled right now. Hello?

Nitin Arora: Yes. Am I audible?

Kushal Desai: Yes, yes, now. Please go ahead.

Nitin Arora: Yes. So I'm asking on this capex, which we have announced and upsized again. Is it like coming more from the U.S. data center hyperscaler side, where they are trying to block your capacity the way they are doing for all the vendors around the world? Or is it a mix of both India capex and U.S. capex altogether?

Kushal Desai: So it's looking at all the opportunities. If you will see that even as I mentioned earlier that even in India, the data center expansion is there. There is also an expansion happening on solar and wind in India. There is a significant increase in solar capacity that we are seeing getting lined up in the U.S. as well.

So the U.S. is being led by data centers. But unlike in the case of fiber and some of the other things that are going directly and blocking capacities here, these are largely projects which are awarded to EPC players. And then EPC players in turn go into the market and start picking up or ordering the business. The capex increase we are seeing is fundamentally overall demand growing with the U.S. being one market where we see significant growth besides India. So these are the two markets which APAR is really focusing on.

Nitin Arora: Just last question, sir, on the profitability. Even if U.S. increases next year in exposure and you're already able to do 44,000 in conductor for the whole year, how one should think about profitability of the conductor business next year?

Ramesh Iyer: So Nitin, we typically give guidance for medium to long-term perspective as we have always been doing consistently in the past. And based on the historical EBITDA margin that we have made, we expect that from a medium to long-term perspective, our conductor margins could be in the range of INR35,000 to INR36,000 per metric ton.

And this has been resulting because of the impact of high premium products, the reconducting opportunity as well as the copper mix that is going up. So in line with that, we expect this margin to be high.

Also to note is that with the increase in the metal prices, you will see higher interest costs also coming in because the metal price is going up. So as we are looking at EBITDA, which is earnings before interest, so to that extent, our interest cost, the EBITDA will also grow.

And of course, these are, of course, excluding the tailwinds. We always talk about EBITDA plus tailwind. So it's in the range of INR35,000 to INR36,000 per metric ton plus the tailwinds coming our way.

Kushal Desai:

See, one thing, Nitin, I'll add to this is that there is still -- whether it's the U.S. or whether it's India, there is a short-term slowdown in ordering because especially with aluminum, aluminum moves along with the cost of energy. And because of this whole war-related problem, as I mentioned in my opening remarks, there is very sharp increase in the price of aluminum. There is a premium increase.

So if you look at the MJP, which is a mean premium of Japan, that also has increased. And the freight costs have increased everywhere. In the U.S., they are at all-time high, prices of diesel, gasoline and everything.

So there is a small -- meaning I expect a short-term slowdown. But the kind of budgets which are being allocated, and these are being allocated right from the big data center companies, the budgets which are getting approved in the Board meetings of these big utilities is showing a very strong picture going forward.

You may not be able to place things like what you are asking in the exact buckets, Nitin, because of the uncertainty in the current environment. But the makings of an allocation, very serious allocations from all these different players, that will drive the market in the future.

And that's one of the reasons why we have committed to a larger capex because given that the current scenario, the capex cycle also is significantly longer than what it was 2 to 3 years ago. From the time you order equipment from a top equipment suppliers at the time, you get the equipment coming in and the installation takes place. That cycle has got dragged out. So I hope that answers your question. Hello?

Moderator:

So the participant has dropped so we'll move to the next participant. That would be Umesh Raut with Nomura Holdings. Please go ahead.

Umesh Raut:

Hi, sir. Good evening. And congrats for a strong set of numbers in cable and conductor division. My first question is pertaining to our current capacity utilization in these 3 divisions and, at the same time, if you can give us a further detailed breakup of INR1,500 crores of capex that you are planning for FY27.

Ramesh Iyer:

Yes. So on the conductor division, our capacity utilization currently will be about 90% to 95%. And similarly, for cables, it could be close to about 85% to 90%. Oil division, as the operation

are not so capital intensive, we would have enough capacity because it would be in the range of 65% to 70% capacity.

Kushal Desai: Lubricants is higher at the moment. Lubricant capacity is running at almost 85% to 90% for the small can and the bucket filling because as you've seen, there's been a substantial growth in the last year. And the company is making some further investments as part of this capex to debottleneck that.

Ramesh Iyer: Anything else you wanted, Umesh?

Umesh Raut: Yes. A breakup of INR1,500 crores of capex that you are planning for FY27.

Ramesh Iyer: Around INR400 crores would be coming from conductor division, around INR200-odd crores on oil division, and cable would be in the range of INR850 crores.

Umesh Raut: Okay. Got it. My second question is pertaining to domestic market. Now that a lot of these large HVDC projects are entering into execution mode, so just wanted to know whether the material awarding for these projects are already being done or it is expected to come up in FY27. And second, any kind of delay in tender finalization that you've seen in domestic market for transmission lines?

Kushal Desai: So the answer to the first question is no. These HVDC projects have just been awarded. So both conductor and the oil will come significantly later. Fortunately, the 2 main players in this -- or rather, the 3 main players in this are Hitachi Energy, your GE and Siemens. And APAR is the principal and only supplier to all of these 3 companies so far in terms of the HVDC transformer oil. So none of these orders have started getting awarded. I think the business will run through FY27, FY28 also in terms of the awards taking place. Second question you had, Umesh?

Umesh Raut: Regarding current tendering pipeline in terms of finalization, how it is happening, whether you are seeing any delays because of inflationary pressures, where earlier probable estimates for transmission lines could be different now given that copper and aluminum have both seen significant inflation. Any kind of revision to that as it will take approval times. So any kind of delays that you can anticipate in first half FY27 in domestic market?

Kushal Desai: So we've seen effect of both. In some cases where we already have the orders and where the customer needs to actually block the metal, they have been delaying the delivery of those supplies. Also, there is some amount of postponement that is happening because the factor is not just metal.

Manpower is a big problem in India at the moment, especially with Bihar -- with the West Bengal elections and the elections in the Northeast. A lot of the workforce at project sites come from those areas and those jurisdictions. So there has been a little bit of a slowdown that's coming from these things.

But our sense is that the time should pass and you will have a pickup. If you see last year, the second half of the year had a tremendous execution intensity compared to the first half. So maybe a similar sort of phenomenon may come up in this year.

But short term, as I mentioned, they definitely are all these moving parts which have resulted in higher costs, and people are postponing decisions and deliveries wherever they can, even on all the fiber optic OPGW, all that because the fiber costs have gone up 3x and 4x what they were compared to about a year ago.

Umesh Raut:

Understood. My last question is pertaining to data center. Now three parts to this question. One, any rough idea about how much of value of cable supply that you can give to 1 megawatt or 1 gigawatt of data infrastructure, suppose, in the U.S.?

Second, do you see pricing in data center user industry to be relatively far better than the other user industries? And third, any color on potential long-term contracts that you can get on the lines of similarly what we have seen on the fiber side in domestic market from U.S. customers? So any kind of long-term contracts or tying up of capacity that you are now discussing with the large players in U.S. data center market?

Kushal Desai:

So the last question, I can tell you that as far as our wires and cables are concerned, there is no blocking of capacity that we are seeing with not only as per any of the major players around the world. Because the way it runs is that is then placed on an EPC contractor. EPC contractor then places it on to an electrical contractor who then does the contracting.

First question, the data center is very, very dramatically. So if you see the kind of spec that runs in India is totally different than what runs in the U.S. Also, the spec that runs in a data center, which is a general data center versus an AI data center, is also vastly different.

And the third thing is that we are seeing that the bill of materials is also evolving as NVIDIA's new chips are being utilized and things like that, the electrical requirements are also starting to change.

But to give you an idea, a medium-sized data center that you would supply in the U.S. would be taking about \$10 million to \$12 million worth of cables -- of just the medium voltage cable. And you would probably have something equivalent in terms of the other low voltage cables in this. About \$25 million, \$30 million for a medium-sized data center in the U.S.

Over here in India, you are looking at about INR2 crores worth of cables for a 50-megawatt kind of facility. Yes, 50 megawatts. Correct. So if it's 100 megawatts, it would be about INR5 crores to INR6 crores, like that.

Umesh Raut:

Okay. Got it. Sir, last question. I mean, I know that you are guiding for INR35,000 to INR36,000 of EBITDA per ton on its conductor side. But if I look at our pending order backlog where export mix is relatively higher at about 39%, while we did about 21% export sales in conductor in last year, and probably I think there is also a higher room to supply to U.S. because this especially in last year was weak. So considering all these things, it looks like you can report probably improvement on last year's EBITDA per ton number, put it at about INR43,000. So any color over here?

Ramesh Iyer:

So that's what we always indicate, INR35,000 to INR36,000 plus tailwinds. And as you can see, the order book is not representing the entire requirement for the year. Also, there will be some

order books -- part of some order book that could spill over to the next financial year. And as we indicated earlier, these are like our medium to long-term guidance. We don't give the guidance for next year.

So we have been increasing our guidance historically. It used to be about INR8,000 to INR10,000. And from there, gradually that has gone up now to INR35,000 to INR36,000, which even the earlier quarter was about INR30,000. So as and when we see more visibility, we would take the call on that. But for now, we feel that on a medium to long-term basis, our margins could be in the range of INR35,000 to INR36,000 plus tailwinds.

Umesh Raut: Okay, sir. Thank you so much and all the very best.

Moderator: The next question comes from the line of Mohit Kumar with ICICI Securities. Please go ahead.

Mohit Kumar: Good afternoon and thanks for the opportunity. So my first question is can you just help us with your dependence on the Middle East for Specialty Oils business in terms of sourcing and sales?

Kushal Desai: Okay. So in terms of sourcing, the refinery that we source a reasonable amount of quantity and have a long-term contract with is Saudi Aramco base oil refinery in Yanbu. So that refinery at the moment is still running. It hasn't shut down at all through the entire period. And they have been shipping product out of there.

It's one of the refineries that has actually met every quarter's requirement including in the month of April and now in the month of May. So from a sourcing standpoint, there is not a major impact from the refinery in the Middle East.

On the contrary, what has happened is that Saudi Aramco other subsidiary, S-Oil, which is our largest supplier, and Formosa, which is out of Taiwan and many of the other refineries, they had a major shock in the month of April, where the raw materials which are on the way to the refinery got stranded.

So that's the reason why in the month of April, all these issues have taken place. By the time, we came into the month of May. Alternate arrangements have been made as well as Saudi have started lowering large amount of quantities from Yanbu. So out of the 9 million to 10 million barrels that they were loading previously from Ras Tanura, that has been substituted with about 7 million barrels from Yanbu itself. So there has been a bit of a substitution that has come in.

On the sales side, our transformer oil, we have a very strong supply going into Saudi Arabia and Kuwait, and both of those had been affected. There were no shipments that went to these geographies in March. Nothing went in the month of April.

However, in May, we have made shipments after getting the increased freight costs, etcetera, from these refineries. So I would still see -- and these are suppliers that have gone into projects which are at very advanced stage, where commissioning of the transformers and all that was coming up.

So I see that the Middle East business will continue to remain a little bit subdued until this war gets completed. There's also an impact in the Conductor division where we have certain contracts with Iraq and some of these places, where the deliveries will get pushed out until there's a resolution over here.

Mohit Kumar: Understood.

Kushal Desai: Does that answer your question?

Mohit Kumar: Yes, it did. My second question, can you help us the growth outlook in premium conductors in domestic markets and compare the inquiry pipeline with the last year. I'm specifically talking about AL59, HTLS, overhead, CTC conductors and copper plates. Yes.

Chaitanya Desai: Generally, we see a good growth prospect in this year. There was a little bit of holding back of tenders last year. This year, we expect more tenders to be finalized. And accordingly, the supplies will be more forthcoming.

And with regard to CTC also, there has been good growth in the transformer segment. While there has been overall more supply also because of the expansions which have come through for us as well as competitors, but overall market is growing. So we see that as a positive.

Kushal Desai: So Mohit, as you see, as I mentioned in my opening remarks, 45.8% is the mix that we had of premium products. And if you look at that as a percentage of the current order book, it's a little over 50%. So you will see continuing growth happening in these areas, I mean, as Chaitanya mentioned.

Mohit Kumar: Understood. Sir, last question. Is it possible to sell the CTC conductor export markets? And where are we in terms of getting those approvals?

Kushal Desai: So there is absolutely a possibility of exporting it. So far, we had really not exported products because there was a major deficit in the domestic market. And to tell you honestly, given the deep relationship that APAR has had on the transformer oil side with all the major power transformer manufacturers across the country who are the main users of the CTC, so obviously, there was a lot of pressure to supply them as well.

Now having gone through 5 phases of expansion within APAR, we are now in a position to start exporting the product. Initially, we have got approvals from Middle East manufacturers and has started exporting to them. We are now working towards getting approvals in Europe and the United States as well. So as you see, as we look at FY27 and FY28, we will want to broad base ourselves and look at exports.

Europe is definitely something which is an attractive market. In the case of the U.S., there is a tariff that the India CTC faces compared to a product that's manufactured locally in the U.S. But we are in the process of exploring this because I don't think there's sufficient CTC manufactured in the U.S. by itself.

Mohit Kumar: Understood, sir. And...

- Kushal Desai:** We'll see that as a higher percentage going forward.
- Mohit Kumar:** Thank you, sir. Thank you.
- Kushal Desai:** Okay.
- Moderator:** Thank you. The next question comes from the line of Amit Anwani with PL Capital. Please go ahead.
- Amit Anwani:** Hi, sir. Thank you for the opportunity. Sir, first question on the Cables capex, which you said probably about INR850 crores capex, which we have envisaged for this year also. With earlier capexes, we were probably trying for roughly about INR10,000 crores revenue. So any change in terms of the volumes we want to achieve after this round of capex? As you said, you're frontloading the capex for the future years. So what's the kind of long-term outlook?
- Kushal Desai:** Capex is working towards getting to that INR10,000 crores. We have already spent about INR400 crores in FY26. And if you look at all the carry-forward projects which we have into FY27, that's about INR850 crores. So the total spending has actually increased by almost about INR400 crores compared to what we had planned earlier.
- And most of this is going into -- there's a certain set going into expansion of medium-voltage cables, both XLP as well as rubber-based, that go into data centers going into general expansions for utilities, industries, all of that. There is a capacity increase for what we produce for the wind sector. There's a capacity increase of what we produce for solar. There's also a capacity increase for what we produce for the railways and defence.
- So it's quite a broad-based. And we are seeing -- this is a capex towards that INR10,000 crores. We're pulling it forward a little bit. We would have staged it out -- instead of spending INR1,200 crores in 2 years, we would have otherwise spent INR800 crores in 2 years and then INR400 crores in the third year, were trying to actually pull it forward.
- Amit Anwani:** Right, right. Sir, is the capacity kind of fungible? Since it's a data center, there would be different specs in India and also in exports and your building capabilities there. So is the current capacity fungible there? And second, like what kind of expectations we have in terms of data center kind of contribution going forward since you're building this capacity for that also?
- And second, on margin, we have about 10.2%. How these margins can move? Because you also talked about some competition in the domestic market and players are actually setting up their own setups for this. So on these two aspects, yes, that's the question.
- Kushal Desai:** Okay. In terms of fungibility, the machineries are capable of producing a different specification of products. So the U.S. has a combination of XLP, but largely rubber-based for the data center. So that's one of the reasons why we have added a capacity expansion to produce a much larger quantity of these medium voltage EPR or polymer-based cables. So as expansion happens, the fungibility is going to remain reasonably high.

Second thing is you're talking about the competition coming in. Yes, there is a competition coming in. You heard some very big names. After UltraTech disrupted the paints market, now they are investing and wanting to launch basically wires. We see our strength really in cables and especially in the specialty cables for all the segments that I mentioned to you.

I don't think either the current plan or the immediate launch that UltraTech is going to do -- the Aditya Birla Group is going to do is going to affect these high-value products. I think their focus is much more on the building wires and the building segment. Similarly, the Adani Group also seems to be focused more on the wires and the LDC or the light-duty cables, which go through the distribution network.

But we feel there is a very large access that's available in the market both in India as well as overseas, and we are continuing to look at growing irrespective of what happens with respect to some of these players. There could be increased competition. To some extent, you may lose a percentage or so in EBITDA here or there. But the overall size of the pie will continue to grow.

Amit Anwani: Right. And sir, on Conductors, how the premium product volumes would have grown this year? And what's the outlook for next year in terms of the overall volume growth in Conductor and especially the premium product volumes growth in Conductors?

Kushal Desai: Overall figures, we are continuing to look at a 10% growth year-on-year on our Conductor side by volume. We are looking -- continuing to look at growing by 25% a year in our cable side of the business as well. So all these expansions are all in line with that. We needed a 25% CAGR to be able to get INR10,000 crores in that 5-year time frame when we launched the program. So we are very much on track, in fact, maybe slightly ahead.

Amit Anwani: Right. So premium conductor, how would have been the volume growth?

Kushal Desai: So premium conductors, as I mentioned, as a percentage...

Chaitanya Desai: 45% is for the year.

Kushal Desai: 45.8%, so almost 46% for the year.

Amit Anwani: Right. Lastly, on the U.S. sales. How was the U.S. sales for this year? And then what are the expectations you're building in for FY27 in terms of U.S. sales?

Kushal Desai: So last year was, obviously, year-end was very badly affected because of that 20% premium that India had to pay or a penalty because of the Russian oil purchase angle. Currently, the duty structures have got rationalized. The total duty that you pay on Indian product is 25% for both copper as well as aluminum cables because it falls under the Section 232.

So the pricing is at that level. We feel that our business will go up in FY27. It will further go up in FY28 because we are spending a lot of time in getting approvals there and started getting from a much wider range of customers initial orders. So you'll see significant growth over the previous year in the U.S. market on the cable side.

Similarly, we see that the conductor side also will be higher than what we have seen in last year's numbers. The short-term factors are not looking good because of higher freight costs and the product cost itself being high. As I mentioned a couple of times on the call so far, everybody in the world is pushing out decisions to the extent that they can because the moment the war gets over and energy costs come down, you will automatically see an impact happening, especially on aluminum.

Amit Anwani: Understood, sir. Thank you, sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Amitoj Singh with 360 ONE Capital. Please go ahead.

Amitoj Singh: Yes. Thank you so much sir for taking the question. My first question was on the U.S. tariff scenario. Recently, the US has changed their Section 232 tariffs. There is a flat tariff for 50% of conductors and 25% on cables. So how do we see the pipeline evolving due to these tariffs? Is it beneficial for APAR? And how has the customer reaction been? That's first question.

Kushal Desai: So what actually it has done under 232 is with whatever rationalization has been done. It seems like that now this is here to stay for a while. So the uncertainty which was really the big problem that existed in the last financial year, that problem is now -- at least visibility is there. You can do a proper computation in terms of what the landed cost will be. So in that sense, it is positive.

I guess India is still continuing to have discussions with the U.S. government, and I don't know whether there could be reduced tariffs coming in. But otherwise, in the meantime, whatever plans and whatever I'm discussing is considering the current tariffs under Section 232. And we see that with tariffs, we will grow significantly in FY27 over FY26 as far as the U.S. market is concerned.

Chaitanya Desai: Yes. Please bear in mind, even an American producer will incur the duty on the aluminum.

Kushal Desai: Exactly, of 50%. And the U.S. imports close to 90% of its aluminum, whereas it imports less than 5% of its copper. So the impact on exporting products to the U.S., which are aluminum-based products is not as high as a barrier which exists when you export copper-based products.

Amitoj Singh: Makes sense. And we export largely aluminum to the U.S. That is fair. Okay.

Kushal Desai: Yes.

Amitoj Singh: Makes sense. Yes. And sir, second question was on the competitive intensity in the domestic market. There is -- I think there's private player who has -- who is almost coming up with their carbon score technology for conductors and is, I think, close to getting a PGCIL approval. So any comments on that or any R&D that we are doing apart from our HTLS segment that would negate that effect? Just your comments on that, sir.

Chaitanya Desai: See, even earlier on, actually, but in all these tenders with power grid and others, there is a requirement to have past performance successfully. So if the parties who are coming up new,

they will not be given that easy access to sell and be acceptable or eligible in the tender. They may come in vendor development-type program, but it may take time for them to get established.

Kushal Desai:

The ACCC conductor is up to 3x more expensive than the ACSR, which is the cheapest base conductor. The difference between the two is more than made up based on two aspects. One is lower line losses and significantly higher amount of power that you can transfer on the line. So unless those two are actually proved in field conditions, there is no easy way of taking a risk on the higher cost of the conductor.

So it's not -- if someone comes up with a new composite core, it is not easy to actually just start getting large-scale orders on that. Because if you fail on these two counts, then the conductor has become very expensive, number one. Number two is that most of these jobs are for debottlenecking, right?

For example, I mentioned earlier about Navi Mumbai. So APAR has debottlenecked one arterial line coming into Mumbai and about 4 or 5 smaller lines. This has enabled more than doubling the amount of power that has been able to come into the city. Now you see the stakes are so high in terms of a project like that, that you can't try out new products that easily. So the entry barriers are extremely high.

Amitoj Singh:

Makes sense. Makes sense, Yes. Thank you so much for taking my questions. Those were my questions. Thank you and all the best.

Moderator:

Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for their closing remarks.

Kushal Desai:

I'd like to conclude by essentially saying that as in my concluding remarks, that we see at the moment that there is a little bit of uncertainty because of the war situation, the prices of metals, high premiums, high freight costs, etcetera, some amount of postponement in decision-making as a consequence of this or ordering of materials which have been ordered.

But as you look at the fundamental structure and the energy infrastructure, it continues to remain extremely strong. And we are very bullish. And based on that, we have increased our own capex programs and preponed it because we see that there is a strong runway available over the next 3 to 5 years. I'd also like to take this opportunity to thank all of you for joining this call. And I know today is a public holiday, and thank you very much for being with us.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of APAR Industries, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.