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SEC/3107/2026 **By E-Filing** July 31, 2026

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

Sub. : Submission of Transcript of the earnings conference call on Un-audited Financial Results (Standalone & Consolidated) for Q1FY27 (2026-27)

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

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Dear Sir / Madam,

Kindy refer our letter dated July 24, 2026, under Ref. no. SEC/2407/2026, w.r.t. submission of Audio Recording link of the earnings conference call made on the Un-audited Financial Results (Standalone & Consolidated) of the Company for Q1FY27 (2026-27).

Pursuant to the provisions of Regulation 30(6) of the Listing Regulations, we are now submitting herewith the transcript of the said conference call made on July 24, 2026 on the Un-audited Financial Results (Standalone & Consolidated) of the Company for Q1FY27 (2026-27).

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

SANJAY A RAJU KUNDER Digitally signed by SANJAYA RAJU KUNDER Date: 2026.07.31 15:25:40 +05'30'

(Sanjaya Kunder)
Company Secretary

Encl. : As above

"APAR Industries Limited
Q1 FY27 Earnings Conference Call"
July 24, 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 Q1 FY27 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to 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 FY27 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 the CFO, Mr. Ramesh Iyer. I will now pass on to Mr. Kushal Desai for the opening remarks. Thank you, and over to you, sir.

Kushal Desai: Yes. Thank you, Ambesh. Good afternoon, everyone, and welcome to the APAR Industries Q1 FY27 Earnings Call. Before we start, I did want to mention that the company has issued a notice to its shareholders seeking the approval under applicable law for the issuance of securities. So under these guidelines, to comply with them, we have specifically restrictions around publicity.

The company will not be in a position to actually take any questions on guidance, projections, forecasts pertaining to its business and financial performance or questions related to the proposed funding requirements. So having said that, I will focus and limit myself to giving an outline of our consolidated financial performance and thereafter, deliberate on each division-wise performance, and then we can open up the floor to questions.

Coming to our financial performance, we started FY27 on a fairly strong note. Our consolidated revenues grew by over 29%. So we had 29.1% versus last year. The revenue has reached INR6,591 crores. The domestic revenue grew by 36.8%. Export revenue grew by 12.4% and the export mix is at 27.5% compared to 31.6% in the previous year.

If we come to EBITDA, EBITDA post open period forex has grown to INR814 crores, representing a growth of 62.7% year-on-year. The margin came in at 12.4% compared to 9.8% a year ago. The steep growth in EBITDA is attributed to higher sales realization as well as unit profitability across all three divisions, with our oil division being the highest incremental contributor.

So if you look at profit after tax, profit after tax has increased by 77.7% to reach INR467 crores from a year ago. The PAT margin came in at 7.1%, so it's up about 200 basis points. This incidentally is the highest quarterly sales as well as profit number that we have achieved in the history of the company.

Otherwise, this has been a fairly challenging quarter from an external perspective, given the impact of the U.S.-Iran war, various logistics difficulties that have happened in the export markets and fairly significant manpower-related shortages in the month of May, which coincided with holidays as well as local elections. However, in spite of all this, the teams at APAR have managed to deliver a very good result, demonstrating superior risk management as well as strong discipline in execution.

Coming to the conductor division. Our revenues grew by 19.9% to reach INR3,338 crores. Volume for the quarter was down 6.7% compared to a year ago. This can be attributed fundamentally to a surge in the metal prices that have impacted delivery schedules of orders which are in hand, where customers have withheld manufacturing clearance, especially due to the sudden increase in the price of aluminum and where customers were not having hedged metal. So, in most of these contracts, there is a certain leeway in terms of delivery, where the end contract has to be delivered, say, in 18 months or 24 months or 36 months. So, there is a little bit of a leeway.

In this case, we attribute this that in the absence of the aluminum hedge, because of the sudden increase in prices, there are some customers who are waiting for prices to come down and then hedge the metal and give manufacturing clearance. So overall, we see this as temporary because the orders have already been placed. And there is only a certain time line to which a delay can be done as there are very stringent penalties for the overall delay in the project execution.

Domestic revenue is up 19.3%, while export revenues grew 22.2%. The export mix stands at 20.5%, which is marginally higher than what it was a year ago. What is heartening to know is that the premium segment of the Conductors division contributed well to overall revenues of 50.3% compared to 43.7% a year ago.

So most of these delays, which I spoke about, of manufacturing clearance has been largely for conventional conductors going into the domestic market against TBCB projects and other projects of that type, whereas the premium products continue to get executed. And that's how the mix has actually increased.

It has also had a direct relationship with the higher EBITDA that I'm going to explain later. So EBITDA post foreign exchange grew 14% year-on-year to INR285 crores. EBITDA growth is attributable to a higher share of the premium mix due to which despite a slightly lower volume of conventional conductors, the absolute EBITDA has grown, which came in at INR53,418 per ton compared to INR43,688 per ton a year earlier.

This quarter, APAR has also achieved its all-time highest reconducting installations. APAR also has got an approval from one of the largest U.S. utilities for OPGW with 144 counts, which is a very critical approval for the U.S. market. The trend of products is that it has been increasing in terms of the fiber count given the fact that there is more and more data transfer that is taking place. The pending order book stands at around INR10,190 crores with an export proportion of 56.8%. New orders received by the conductor division were INR5,245 crores in the quarter, of which exports contributed to 65.8%.

This includes large orders exceeding INR2,800 crores from two major overseas electric utility companies, one in the U.S. and the other one in Europe, with a delivery schedule that is spread over the next few years. Coming to the oil division. Revenue here grew by 34.7% year-on-year to reach INR1,701 crores.

Volume for the quarter stands at 129,085 kL, down 13.7% compared to a year ago and down -- yes, the volumes were affected really because of our facility in the UAE, which because of this crisis and the resulting closure of the Hamriyah port was restricted to only making local deliveries of the product that it had in inventory.

The India volume is down only by 4.4%. And this is quite creditable given the fact that in the very first month, which was in the month of April, the brunt of the initial impact of the war and the movement of vessels took place during that time frame.

Domestic transformer oil volumes reduced by 6.2%. Global transformer volumes were down by about 8%. However, auto oil volumes grew by 6.6% and our industrial lubricant volumes grew by 12.1%. So the company managed to navigate this volatile environment quite adroitly by executing all the pending orders that were there at the start of the year and then maximizing the realizable value of the inventory, which we had on hand.

So, with the price of crude oil and gas oil having risen very sharply at the beginning of the quarter and then falling quite sharply at the end of the period, the company has followed the requirements of accounting standards and has provided for approximately INR94 crores for the oil division in the quarter.

However, post taking this provision into account, the EBITDA margins came in at a substantially higher level of INR25,482 per kL compared to INR7,004 per kL a year ago. The overall EBITDA has grown by 214% to reach INR329 crores. And this is about 290% more than what it was in the sequential quarter.

Coming to the cable division. Cable revenues grew 29.5% to reach INR1,838 crores. Domestic revenue grew 59.9%. Export revenue is down by 13.7%. Export mix stands at 27.6%, with the U.S. revenue actually growing 2.5% year-on-year. The new order inflow has started increasing from the U.S. Today, APAR is approved in the U.S. for cables being supplied to data centers of Meta, Microsoft and Google by various major electrical contractors.

The U.S. market is actually 66% copper and 33% aluminum. With these approvals, APAR has started receiving orders and participating in RFQs, which are for copper cables that cover both low voltage as well as medium voltage segments and are of the PVC variety, XLPE variety as well as rubber.

Thus far, cable exports to the U.S. have been mostly aluminum cables. The pending order today stands at INR1,925 crores. So it largely covers the plan or the requirement for the current -- for the coming quarter compared to INR1,653 crores from a year ago. EBITDA post open ForEx came in at INR194 crores, which is up 36.7%.

The EBITDA margin has come in at 10.6% in Q1, which is up by 60 basis points over a year ago. So, in conclusion, the company has produced a good result with demonstrating strong execution capabilities with all three divisions increasing profitability year-on-year, making this the all-time high quarterly sales and profit of any quarter in APAR's history.

With this, I would like to end my comments and now open the floor to questions and answers. I would like to remind that the company will not be able to take questions on guidance, projections, forecasts pertaining to the business or any questions related to the proposed funding requirements as per the regulations. I'd also like to thank all of you for attending this call. And with that, we are open for questions, please. Thank you.

Moderator: We have a first question from the line of Amit Anwani from PL Capital.

Amit Anwani: Congratulations for a very strong set of numbers. So, first question on the oil business, I understand you cannot guide, but how one should think why there was like the INR25,000 per kL? You have given some explanation in the press. But just wanted to understand, shall we consider that business will be as usual in the remaining period? And why this INR25,000 per kL, which came this quarter?

Ramesh Iyer: So Amit, as we have already mentioned earlier, in the case of oil, we typically carry inventory in the system, which has historical cost. And in terms of rising gasoline price, the IC gas price when it rises, you are able to get a premium pricing in the market. So with the historical cost based on which you have procured and the current price, which is on a higher side, the margins looks disproportionately higher, which is the reason -- due to which we have got the high margin in this particular quarter.

And that's the reason -- that's what explains why the margin is so high. And as you can see that the current situation is volatile in terms of how the crude oil price, how the gas oil price moves. So that's -- we'll have those volatility as long as this price keeps on fluctuating in times to come.

On your second question, whether we'll get the similar margin in the future or not, that's something, as we explained, we won't be able to answer that at this stage. At the same time, as we have already mentioned that depending on the prices of the products, in line with the requirements of accounting standards, we have made provisions to the extent it is necessary as on 30th of June.

Amit Anwani: Right. Sir, second question on the premium products where we saw a very strong contribution there. And you explained two things. One, the premium product was good. And second, there was a higher contribution of reconducting. So on premium product, just wanted to understand what exactly is contributing to the volume drives as you did highlight, probably if you could highlight the key products where the growth is happening.

And second, we saw the export probably, especially in the U.S., the numbers are not highly encouraging this quarter. So any color on that would help. The premium products, what is -- which products are driving the growth in domestic market? And when are we really expecting the bounce back in the U.S. for this business?

Kushal Desai: So let me answer both the questions one by one. So first, when we're talking about the premium product, the entire category has grown in the quarter. So whether it's the HTLS, as we mentioned, that it's been the highest quarter in which we've done the physical installation that has happened. There's also been growth across the copper range of products, which is your copper transposed conductors. There's been supply that's gone to the railways, busbars.

The whole range has actually gone up. Why you see a higher EBITDA per ton, as was explained earlier, is that the orders on hand for which the manufacturing clearance got postponed were none of these premium product ranges, but it was mostly the conventional conductors, either AL-59 or other conventional types, which customers have pushed out taking delivery of the product.

So that's why you see a drop in the volume, even though you actually have the order on hand. But the profitability was high because of basically the HTLS reconductoring as well as these products.

On the U.S. front, if you recall in the last earnings call that we had, which was not very long ago, basically, there was a quarter when the Section 232 was initially -- put all these grades -- or classifications came under 232. Because of which, for one quarter, there was very little ordering. There was a lot of confusion in the market, even with the local players in terms of what the pricing would be like, etcetera, etcetera, what the legislation was like.

So we are kind of facing the corollary of that period where there were no orders, which have spilled into this period. And keep in mind that most of the U.S. deliveries are on a DDP basis. So as a consequence, even if the product is manufactured, unless and until it reaches the client side, the revenue cannot be recognized.

So there is a bit of a lag in terms of the recognition of U.S. revenues. The quarter has otherwise seen good business in the U.S. because we've completed receiving approvals, as I mentioned, on the cable side from the three -- from three companies, which are very large in terms of data center expenditures.

In addition to that, two major utilities, one in Europe and one in the U.S., have finalized in this current quarter, big rate contract. So I think the lower shipments, which have been there is primarily attributed to just the timing. The rest of it is the order books, which are representative of whatever we've got in this quarter itself, are showing that the export deliveries will take place as these orders get executed.

Amit Anwani: Right. Sir, lastly, on the cables, you did highlighted about participating in the RFQs for the copper. And I think you highlighted about 66% and 33% copper and aluminum portion there. So just a clarification. Currently, we are doing aluminum and now we will be participating in RFQs for copper. Is it the understanding?

Kushal Desai: Yes. So I mean, it's not that we did not have the range of products, but the market access is important. And with these approvals coming in place, they not only form why are they so important? They're important not only because these major infrastructure builders on the data center side can now -- meaning contractors who are servicing their data centers can procure from us, but it also forms a reference for other data center, meaning for other electrical contractors. So once you have approvals of these three, then market access automatically improves.

So, so far, whatever business you saw at APAR, it was largely just aluminum. Going forward, we will be able to participate now in aluminum and copper because of these approvals which have come in, in this quarter.

Amit Anwani: Right. Sir, what explains the margin increase? Because I can see domestic has grown by 60% for cables and also the margins have gone up by 60 bps. So is it...

Kushal Desai: It is the domestic market, which is there. We've been continuing to supply to defense, railways, Indian Railways bought quite a lot of product in the last quarter. Defense bought some products in the last quarter. So it's just a good product mix that has been sold in the domestic market.

Ramesh Iyer: And it's also, Amit, in line with the guidance that we give, about 10% to 11%, it's hovering around that particular number.

Amit Anwani: Correct. Sir, lastly, and I'll close that, U.S. sales, if you could share for cables and conductors this quarter?

Ramesh Iyer: We don't give specific sales for that geography, Amit.

Moderator: We have a next question from the line of Umesh Raut from Nomura.

Umesh Raut: Yes. Sir, my first question is on the conductor side. So if I look at our existing order backlog, that is now touching closer to INR10,000 crores. And out of that, I think there are two large orders contributing about INR3,000 crores, which are executable over the course of next 4 years.

So first, I want to have a color about remaining backlog, how much of that is executable during the course of next couple of years? If you can guide in terms of execution time line for remaining order backlog. And in terms of geographical mix as well, out of INR10,000 crores, how much of is being contributed by the U.S. or Europe?

Ramesh Iyer: Yes. So barring those two orders, we'll have a large part of it being executable in about close to the year or so. There may be a few orders that may spill over the next year. And what was your second question?

Umesh Raut: In general overall backlog mix in between, say, India, U.S., Europe, Africa and then rest of Asia.

Kushal Desai: Even, geography mix. Most of it is domestic...

Ramesh Iyer: The export mix, are you asking?

Umesh Raut: Total backlog mix. Yes, even -- I mean, within the exports, export contributed about, I think, 66% now. I think if you can give mix between exports or...

Ramesh Iyer: It's actually -- exports are spread across the different continents between U.S., Africa, Asia, Latin America. It's actually spread out.

Umesh Raut: So I'm asking how much being contributed by Europe and North America within the total backlog?

Kushal Desai: The bulk of the product is coming from the America, North America, Latin America and Europe. And it's the backlog. So out of that INR10,190 crores, export is about -- as I mentioned in the earlier statement, it's about 56.8%. That's coming from the America and Europe -- I mean, North and South America and Europe. The rest of it is all domestic.

Umesh Raut: Understood. Understood. Second question is basically about these two large orders that you have received in the conductor business. So is it fair to assume that this is just a start that you are seeing good opportunities on the utility side in overseas market and probably now, approvals are also there for you? So in future, we can expect a recurrence of similar kind of orders? And second, to kind of fulfill these requirements, if there is any plan to kind of set up manufacturing presence beyond APAR.

Kushal Desai: Unfortunately, you're putting -- you're going into a territory where that Lakshman Rekha is drawn. I would urge you to look at all the commentary that has come in, in previous earnings calls. And from that, you will be able to figure out where exactly the company stands. So these are, of course, two very large utilities.

They are amongst the largest utilities in their geographies. And so very prestigious to have actually got this business. It's multiyear business because many of these utilities work on a plan that runs across a few years. And for one line, they usually would take a single vendor to supply. That's the best answer I can give.

Umesh Raut: Okay. Okay. Understood. Just if you can give me color about the breakup in between, say, conventional products and premium products in these two orders? Is it more towards premium or it is traditional...

Kushal Desai: Overseas markets are largely taking -- overseas markets still largely take varieties of conventional ACSR or AAAC. There is some small quantities which are there of some of the premium ACCC and OPGW, etcetera, also embedded in this. So it's a combination of it, but largely conventional.

Moderator: We have a next question from the line of Vidit Trivedi from Asian Markets Securities.

Vidit Trivedi: Congratulations on great set of numbers. Sir, last quarter, you indicated that material ordering from the large HVDC projects would gradually flow through FY27. So, could you please help us understand what proportion of the current order book is now related to HVDC and premium products? And would it be possible for you to tell us when can we start all these orders to contributing meaningfully to the volumes and margins?

Chaitanya Desai: So, in the last quarter, we did receive a very small part, which was pertaining to HVDC. We are -- we've already mentioned in the past, as you correctly mentioned, that other orders will be flowing in. So there -- I had mentioned in the last quarter that as -- that high-voltage products are actually -- not only in India building infrastructure for this, but also in the overseas markets, there's more and more high voltage that's going in.

So in this quarter, part of the large order that we've got from a U.S. utility involves actually a high-voltage transmission line. Much of India's ordering is still to come. So just as Chaitanya mentioned, some of it has started now, but this is like a multiyear sort of transmission lines that are going to come in, not only transmission, the entire HVDC system. So they have just recently been awarded. So most -- a little bit of the ordering has come in this quarter, but most of that ordering is still to come.

Vidit Trivedi: Got it, sir. Sir, conductor volumes, as you've mentioned, they were -- they took a hit during this quarter. So just wanted to check, have orders, inquiries and booking activity normalized after the recent moderation in copper and aluminum prices?

Kushal Desai: Yes.

Vidit Trivedi: Sir, what's the capacity utilization across all the three divisions?

Ramesh Iyer: It ranges for different products, and it ranges anywhere between 80% to 90% for different product categories across the division.

Chaitanya Desai: And as you know, we are doing a fair amount of capex. So we are building our capacity for the growth.

Kushal Desai: Yes. So you see, in the last couple of earnings calls, a lot of details have been provided on the capex, etcetera. So the current capacities, as Ramesh has mentioned, are running very high as a high percentage, and that will get debottlenecked through these capex investments that are taking place.

Moderator: We have our next question from the line of Ganeshram from Unifi Capital.

Ganeshram: The first question I wanted to ask was just when I look at the conductor segment, on the order book, you have about 57% in exports, largely in the conventionals. And this quarter, we've had a good domestic premium mix. My reading is that typically, the export in conventionals comes at a lower realization EBITDA per ton. Would that understanding be correct?

Ramesh Iyer: Actually, it will depend on different product specifications. It may not be true to generalize that export comes at a lower margin because each product has its own specifications requirement and the margins for each product are different.

Ganeshram: Got it. But as you have it on your order book now, would it be lower than what you've seen this quarter? Or how is it?

Kushal Desai: No, no. So if you take the pecking order, which we've spoken about even in the past, you typically have HTLS, which is the highest. Then you've got, fundamentally, in the domestic market, you have conventional products, which are -- in the domestic market, conventional products are at much lower relative margin compared to the same products being sent overseas.

The fundamental difference is the quality standards that are required as well as the acceptance criteria that is there for it. So our strategy has been -- which we've spoken about very much in the past, that we focus on premium products in the domestic market and the standard product range, we would rather focus on the export markets. So this is pretty much what has happened in this quarter. It is exactly in line with that. Otherwise, you're comparing basically apples and oranges.

Ganeshram: Exactly. Sorry, go ahead. That's exactly why I was asking that question, right? Because this quarter, the exports from what you're saying, I mean, there was obviously a decline. I mean, in the volume terms, I think you -- there are some orders being held back. So domestically, we've sold more of the premium variant, right? So the export mix this quarter is 22%. But in your order book, it's 57%. So as you start executing the conventional exports, they might be at a lesser realization than the premium in domestic.

Kushal Desai: Yes.

Ganeshram: Although higher than the -- yes, that's the clarification I wanted basically.

Kushal Desai: So let me just clarify. What has happened in this quarter is that where the orders are in place, but the manufacturing clearance has been delayed is largely in the domestic market.

Chaitanya Desai: Also, I'd like to clarify the order book also has these two orders, which are over a few years. So the premium business will come, but with a shorter cycle compared to these two export orders, which are over a few years. So it is possible that the ratio between the premium and the conventional will be similar, except that the order book position will vary depending on, time to time, what sort of orders we receive.

Ganeshram: Got it. Got it. Got it. That's very clear. And in volume terms, we've degrown 7%. If you could just break that up by exports and domestic for the quarter, what was the growth -- degrowth in each -- per conductor?

Kushal Desai: I had given that data earlier. If you see the domestic revenue is up 19.3% in the conductor division. Domestic revenue grew by 19.3%. Export revenues grew by 22.2%. So the export mix came in at 20.5%, and the domestic sales was at 79.5%. What is different is that the premium products in the conductor division contributed to 50.3% in this quarter compared to 43.7% from a year ago.

Ganeshram: Yes. I think the reason I'm asking that question, just as a follow-up, is because at the realization level, you're right, I have the number. But because I don't know the realization for domestic and export separately, I'm not able to understand the volume.

Kushal Desai: I think you're getting confused that -- when we said that the volumes for the quarter were down by 6.7%, it's largely because of what happened in the domestic market.

Ganeshram: Okay. Exports have grown.

Kushal Desai: Not in the overseas market. In the overseas market, actually, it's -- the revenues came -- grew by 22.2%.

Ganeshram: Okay. And just the last question on working capital. If you could just tell us where the position is compared to last year.

Ramesh Iyer: Working capital is in the range of 45 to 50 days. That has been fairly constant over the period.

Kushal Desai: In fact, in this quarter, we have actually improved our working capital number of days, debtors and inventory in the conductor division compared to what it was previously. And I think part of the execution discipline, which has shown in the results of this quarter is that in spite of the price of the commodities having shot up so much, the number of days that are involved in terms of -- outstanding have still been maintained at the same level, pretty much, both in terms of debtors as well as in terms of inventory. So the working capital management has been handled relatively very well in this quarter in spite of all these disruptions.

Moderator: We have our next question from the line of Anany Ranjan from PhillipCapital.

Anany Ranjan: Congratulations on a good set of numbers for the last quarter. My question is, could you clarify the EBITDA per metric ton for the premium product mix as compared to the standard product mix in the conductor division?

Ramesh Iyer: We don't actually give this breakup, Anand. So we just give a blended number based on the actual number. So we don't give the breakup of this EBITDA margins.

Kushal Desai: So this year's number is INR53,148 per ton and last year was, at the same time, was INR43,688. So almost INR10,000 higher than last year.

Moderator: We have our next question from the line of Natasha Jain from PhillipCapital.

Natasha Jain: Congratulations on a great set of numbers. A few questions. One, could you call out the volume growth in cables, both on the domestic and export front?

Kushal Desai: So in cables, I can give you the revenue growth because we produce such a huge variety of cables that the physical volume number makes -- has no relevance. So the revenue has grown by 29.5%. Of that, the domestic revenue has grown by almost 60%, whereas the export revenue is down by 13.7% compared to a year ago. And the export mix is at 27.6%, with the U.S. revenues having grown by around 2.5% quarter-on-quarter -- I mean, from a year ago.

Natasha Jain: Got it. And sir, you mentioned that you've done -- until now you've done majority aluminum cables and now, you shift to copper. So is there a difference -- a stark difference in terms of margin there?

Kushal Desai: No. So it's not that we will switch to copper. The -- previously, the -- see, there are two fundamental segments in terms of copper cables that go into the U.S. One of them are low-voltage cables that go into just day-to-day products. Like in India, for example, you've got house wires, you have wires that -- for residential complexes and things like that, where the pricing and the competition levels are very high. The other range of copper products fundamentally goes into the data centers and for medium voltage. So to utilities as well as data centers, those sort of things where you carry a higher amount of power.

So erstwhile, we were in a position to compete in the aluminum cable side, but we did not have access to the market on the medium voltage and some of these requirements which were coming in from data centers, etcetera, etcetera. Now having got these approvals by -- in this quarter, we actually ended up completing the approval process for all the three, which is Meta, Microsoft and Google. We are now in a position to be able to start filling in these RFQs.

In this quarter, we've already filled in a whole lot of RFQs for which -- as in this quarter, I mean April to June. And our business in this area is going to start increasing. A few orders in this quarter have already come in from this segment. So the aluminum business will still continue. The copper business will actually be something which we were not able to do earlier, which based on the approvals which have come in, in the April, June quarter, we can now start participating.

Natasha Jain: Got it. And sir, between our entire cable split into LV, MV, HV, is -- can you give that split, if possible, what do we cater to maximum here?

Kushal Desai: So in our cable side, the elastomeric cable is -- has a small component, which is medium voltage, which is the cables that go into the windmills. Everything else is actually low voltage because it's going into the railways, defense, solar, DC solar, all that sort of stuff. It's the power cable side where this sort of a breakup actually makes sense.

And there, APAR is largely in the medium voltage, 11 kV and 33 kV. These are the two categories that we are largely involved in the power cable side. The specialty cables are all basically all in the low-voltage category only, but they have special polymers or special construction, etcetera.

Natasha Jain: Got it. Sir, just two more quick questions. One, if you could throw some color as to how your wires portfolio is doing. And I understand you cannot give guidance, but I'm asking more from an industry point of view. So metal prices have been extremely volatile.

When copper just rose sharply, we heard from the trade that there has been severe downtrading that happened to cheaper brands. Now the reverse has also happened because aluminum fell so sharply, so people just postponed or they fear about inventory devaluation. So how do we look at this at least from a near-term point of view where extreme volatility is there in metal?

Kushal Desai: So I would say that as far as APAR is concerned, we are still a very new player in this area. Specifically, if you take, in this quarter, sales for wires grew 46%, and our focus has been on increasing distributor and retailer presence.

So we've -- the number of active towns that our presence is in has increased 17%. Our distributor addition has been 25% in the quarter compared to a year ago. And the retail account presence has increased by 51%, which has resulted in an overall increase in sales by 46% in the B2C retail.

We also have a B2B channel business, where the channel business for us has grown 92% year-on-year. There, the distributor presence has increased by 60% and the number of active towns that we are selling our LDC cables and other cables through the distribution setup has increased by 73%. So overall, the channel business has actually been a very large component of the domestic increase that has happened.

Natasha Jain: Understood. And sir, on the volatility side of it?

Kushal Desai: So volatility is something that it has affected everybody. As Chaitanya had mentioned that in the quarter, you had copper price go up, you had aluminum price go up. Even in the case of oil, some of the lower volumes, part of the lower volumes are attributed that in the first month, there was a huge disruption in the supply chain itself. But subsequently, as the product started coming in with the supply chain improving, many customers have just postponed their purchase and they're running down their inventories.

I don't think fundamental demand has changed very much in the quarter. So if you track secondary sales that we have had for our wires and the secondary sales that we have had for our B2B channel, it's not really been affected too much. It's the stocking. Even in our lubricant side, we saw a destocking taking place because in the -- there was an anticipation that with the Strait of Hormuz opening up, you would have commodity prices all falling. But that has not entirely happened. So it's really secondary sales not having got so badly affected, it's the primary sales that has got reduced.

Moderator: We have our next question from the line of Siddhartha Biyanee from GEF Capital.

Siddhartha Biyanee So just wanted to understand a little bit more on this metal volatility that we are just discussing. From the time the war has actually started, the MJP premiums have really increased significantly. Just if you could throw us some guidance on -- not guidance specifically, just how the premiums have been now? And have they fallen off from the highs of the war?

Chaitanya Desai: So one part is to do with the LME. So the LME has gone up, and that is a much bigger delta compared to the premium, which is the MJP. So basically, what we were saying is that when both these two increased because of the war, the customers who have contracts with APAR and they have placed orders on us, but they give manufacturing clearance after they hedge their metal prices. But if the metal price of LME in their case has gone up much higher compared to what they have budgeted, they had the flexibility to postpone their deliveries to a small extent.

So that phenomena happened where they postponed the deliveries. And accordingly, some of the conventional conductors, which we talked about in this last quarter, those manufacturing clearances got delayed and hence, our volume dropped. And subsequently, we clarified that when the Strait of Hormuz had been temporarily sort of somewhat opened up, that time the metal prices had reduced.

And they have remained at the lower numbers since then compared to the peaks that happened at the beginning of the war. And since that has happened, the customers who had the little bit leeway to postpone, they exhausted that, and now they have started giving manufacturing clearances to kind of cope up and complete the projects on time. I hope I could clarify.

Siddhartha Biyanee This was clarification, sir. My only other question and follow-up to this is, while obviously, LME can be hedged typically and that sort of mitigates the movement up and down over the period of time. This MJP premium, which is over and above the LME, is something which we understand cannot be hedged in the market, right? So is APAR exposed to the vagaries of movement of these MJP premiums, so to say?

Chaitanya Desai: Yes, we are, and there is no way to hedge it. The only thing is we do make contracts with suppliers. So we kind of effectively hedge ourselves to the extent we lock in the premium with the suppliers through a mutually agreed contract.

Siddhartha Biyanee Okay. And where are you seeing currently the MJP premiums today, sir? Just for my reference.

Chaitanya Desai: So it's a public knowledge. So it has gone up quarter-to-quarter.

Moderator: We have our next question from the line of Vedansh Dokania from ZTO Capital Advisors. Please go ahead. Hello Vedansh, are you there? So, the participant got disconnected. We have a next question from the line of Ganeshram from Unifi Capital.

Ganeshram: So, on specialty oils, I wanted to understand, in simple terms, basically, you had low-cost inventory, but you were selling at market prices, so you made a larger realization, right? So, if the situation reverses, right, and I'm just asking a theoretical question, not forward assumption. But if you're sitting on higher cost inventory, which you procured and market prices decline, what would happen to the EBITDA per kiloliter?

Kushal Desai: So, the thing is -- let me clarify in terms of lower cost inventory. What happens is that APAR buys under two routes. You end up buying on the basis of contracts and spot. So roughly, we buy about 65-odd percent on contracts and around 35% on a spot basis. You take the overall purchase.

So, all contracts are backward looking because there is some index or there is a time frame that is taken into account. So, when prices are rising, those contracts are usually -- the contract price is lower than spot prices. When the market starts falling, then the contract prices generally are higher than spot prices.

So, in this particular case, obviously, there has been a benefit, which is what we explained, that in the rising price trends, anybody who buys on contract would end up benefiting more than anyone who buys -- relies more on spot. And when the reversal takes place, the exact reverse effect happens.

So, part of the provision that APAR has made of this INR94 crores has also been taking into account the accounting principles that are in place, which fundamentally -- so if you see at the end of the quarter, the prices had actually come quite a bit off the peak because at that time, there was no issue. I mean, the current problem is a very recent problem that's happened only a few days ago.

So as a consequence, when you follow the accounting principles, you end up taking the provision. So we've actually played absolutely by the book. General trend, what you're saying is that when the prices start falling, then a reversal takes place. One of the actions that APAR has taken in this quarter is that we have degrown our total inventory.

So, it limits the problem that will happen or it reduces the problem that will happen if a reversal takes place. Because if you were normally working on, say, 100, today, you're working on an inventory which is lower than 100. So there's a little bit more -- the inventory has gone down. There's more just-in-time sort of supplies that are taking place.

Ganeshram: Got it. Got it. Got it. Got it. That is very clear. And another question was just on the U.S., right? So generally, what's the tariff that is actually being applied on conductors and cables separately? And why do we see cables in the U.S. is growing, however, conductors, I think you explained partly that they wanted to wait and watch and now that the order flow has come up. Going forward, do we think that both of them will converge on the growth path? Or do you see there is some difference in how we should view these two segments in the U.S. market?

Kushal Desai: So, the -- first, let me answer the conductor side. So, the conductor side, there is a certain -- so there are public utilities there and there are what I call independent-owned utilities or IOUs. They are all governed -- they are all geographic monopolies. So, they are governed basically by a regulator, and the regulator determines everything.

So, in the U.S., the regulators ensure that a larger portion is bought from locally produced product. So about 70% of the U.S. market is based on local U.S. production of conductors. The market that APAR is a major player in is in the 30% market, which is the import component of what U.S. utilities have.

So it's not that the conductor market is not growing. It depends on if the utilities are getting approvals from the regulator of only using local U.S. product, and if the local U.S. product is available, then they have to buy that. If the U.S. local product is not available, then there is a certain system by which they can get a limited quantity from an overseas supplier.

On the cable side, the market is not regulated in the same manner. I mean it is regulated as far as the utilities is concerned, but the utilities are a very small proportion -- or I wouldn't say very small, a smaller proportion of the total market. There's a lot of cables that go into residential, industrial and now, data center applications as well. And these guys are not regulated by the way the conductor or the utility market is regulated. So that's the reason why you're finding the export of cables taking place.

But having said that, our conductor business also has been exporting to the U.S. That export has been growing. And we've just got this fairly large INR2,800 crores between two utilities is amongst the largest orders that we've ever got in our history. So one of them is out of the U.S., one of them is out of Europe.

Ganeshram: Yes. Yes. Got it. Okay. And just a clarification on the tariffs, what is the actual tariff being paid on cables and conductors separately?

Kushal Desai: So depending on the type of product and the tariff classification, it goes into all different sections and different tariff levels. So the lowest tariff level is the basic -- whatever the basic tariff is, which varies, I think, from 2.5% to 5%.

And then on top of that, if you are under Section 232, then it can be anywhere between 25% and 50%. And if you are under the Section 122, it's just getting obsoleted today and is being replaced by Section 301. So 301 for India at the moment, it appears, because we have to still see the exact fine print and everything, appears to be 10%.

Ganeshram: Got it. Got it. But generally, conductors tend to carry a higher Section 232 tariff from what I've seen, right?

Kushal Desai: All bare products are covered under 232 with a 50% duty. So aluminum is 50%, rods are at 50% and conductors are also at 50%.

Ganeshram: And are customers willing to absorb this tariff? Or are they on wait-and-watch to see if there'll be more relief? I mean, going by the order you received, I'm assuming they are ready, but just to get -- hear your thoughts.

Chaitanya Desai: Yes. No. As of now, the things have now more or less crystallized or stabilized there on Section 232 with regard to aluminum and the customers are paying this 50% tariff duty because even in the local market, the conductor manufacturer in the U.S. has to pay 50% duty on the aluminum. So everything has gone up to the extent of 50%.

Kushal Desai: There's a large amount of aluminum that is imported in the U.S. If you actually see some of the commentary that we've had in our previous earnings calls, copper -- U.S. is pretty self-sufficient in copper, whereas in the case of aluminum, the U.S. imports a large amount of aluminum. Canada is one of the major suppliers to the U.S. where the 232 also applied. Also, they were importing aluminum from many other countries, including India. So aluminum side is all at 50%, no matter what stage you bring it in, whether you bring it in as an ingot, you bring it as a rod or you bring it in as a conductor.

Ganeshram: No, fair point. The only reason I asked that question is because the last time around, they were -- it seems like they were assessing the tariff on the metal portion of the finished product, which means it's whatever value add we do, that arbitrage is there to capture. But in the new tariff list that they released, it seems that they're capturing that 50% on the value of the entire product, not just the metal content. So I just wanted to clarify because of that?

Chaitanya Desai: You're right. There was a change made in the Section 232 precisely to simplify things.

Moderator: We have our next question from the line of Amit Anwani from PL Capital.

Amit Anwani: Sir, just one follow-up question on the approvals from Meta, Microsoft and Google. So will we be servicing only the requirement in the U.S. market for them? Or will it be for any data centers coming in India or elsewhere in the geography? Is there any special...

Kushal Desai: The thing is that we have been supplying everybody in India. The difference that is there -- but the approvals and your credentials of supply in India don't count at all in the United States because the quality of the wire that is being bought or the cable that is being bought in India is of a very low standard.

And in fact, it's similar to what would be supplied in a residential complex or in some industrial -- to an industrial shed or whatever. Whereas the U.S. standard is a completely different standard and it's far more complex as well as the material content is far more intensive. So it's a different design and everything -- there's no commonality between the two.

So initially, we were under the impression that, oh, we've been supplying these data centers here in India, and we should get automatic -- that would give us an automatic entry into a calling card in the U.S., but we discovered that these are totally two different sets of products, and you had to build your credentials from scratch in the U.S. So today, we have approvals from all these three guys.

We have received orders from various electrical contractors that are supplying to these three companies, data centers. And we have now been able to start participating in RFQs that are coming out of building data centers for these three companies.

Amit Anwani: Right. And does it require any approvals of -- are we -- our current factories capable to -- since you said it's a complex product. So will you be supplying from India? Is there any requirement to do any investment in the U.S.?

Kushal Desai: We have the manufacturing capability in place. That's how all the assessments and everything have been done. So it entails some of these big contractors, they do not only product assessment, they also do manufacturing infrastructure, quality systems, all that. So all that assessment has been done after that, only these approvals are in place.

Amit Anwani: Right. Any quantum, like what's the size of each order or any quantum we are expecting this year?

Kushal Desai: There are so many data centers. First of all, I can't make any forward-looking statements. But in general, there are many, many sizes of data centers even amongst these players. And the orders come fundamentally from the main electric contractors. So the way it operates is that they would have approved brands which are there, that the Microsoft or a Meta or a Google finds acceptable. So the contractor can use any of those brands within that set of brands when they bid on the job.

So you get various sizes, meaning various quantities also because some people place the entire order at one time, somebody wants to place it month by month. So it's really entirely up to the electrical contractor of how they want to go about their ordering. Ultimately, they are just working towards a time line for final delivery.

They may also do a combination of some products from local manufacturers in the U.S. and some import. So it's a completely flexible game. I mean there's no single rule to it yet. I mean we are also relatively new. So I guess a pattern will emerge in due course of time.

Moderator: We have our next question from the line of Arya Biju, an Individual Investor.

Arya Biju: Sir, can you give a clarity on the inventory. Sir you mentioned you had decreased the inventory. So can you -- like was it for semiconductor section?

Kushal Desai: Sorry, no. You're talking about -- I didn't follow. Can you come again? Which...

Arya Biju: So you mentioned about degrowing your total inventory in Q1. So can you specify which segment you are talking about?

Kushal Desai: You're talking about the inventory which we are holding in our specialty oils division.

Arya Biju: Okay. And just one more thing. You mentioned about a decline in India volumes of 4% because of the port closure. So can you give some more details on that?

Kushal Desai: No, no, we said our domestic volumes in the quarter compared to a year ago have reduced by 4.4% in the oil division. So more of it came in the first month where the supplies were a little bit constrained, and then got caught up in the second and third month of the quarter. So when the quarter started, we weren't sure. We thought maybe there could be a larger shortfall. But in the end, it was only 4.4% for us by volume.

The Hamriyah plant of ours in the UAE actually had a significant reduction because the Hamriyah port and, in fact, pretty much most of the liquid ports there are closed. And as a consequence, we had to only sell what was in stock in the tanks when the war started, in short.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Kushal Desai: I'd like to take this opportunity to thank everyone for continuing to be -- attending our earnings calls. And just as concluding remarks, I was going to say that the quarter has been a reasonably strong quarter. All three divisions have done well and increased their profitability year-on-year. And this was the highest quarter in terms of revenues and margins for APAR. So thank you very much for attending the call.

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